SOLID WASTE AGENCY OF NORTHERN COOK COUNTY WHEELING, ILLINOIS

ANNUAL FINANCIAL REPORT

For the Year Ended April 30, 2022

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WHEELING, ILLINOIS
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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Directors
Solid Waste Agency of Northern Cook County
Wheeling, Illinois

Opinions

We have audited the accompanying financial statements of the Solid Waste Agency of Northern Cook County, Wheeling, Illinois (the Agency), as of and for the year ended April 30, 2022, and the related notes to financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Solid Waste Agency of Northern Cook County, Wheeling, Illinois as of April 30, 2022, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under these standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objective are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Sikich LLP

Naperville, Illinois
August 19, 2022

GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS

Introduction

This discussion and analysis of the Solid Waste Agency of Northern Cook County (the "Agency") is designed to provide the reader an objective and easily readable analysis of the Agency's financial activities for the past fiscal year (FY2022) which concluded on April 30, 2022, in comparison with the fiscal year ending April 30, 2021 (FY2021). Also highlighted are significant financial transactions and issues, comparisons to prior year activities, any relevant trend information, and changes in the Agency's financial position.

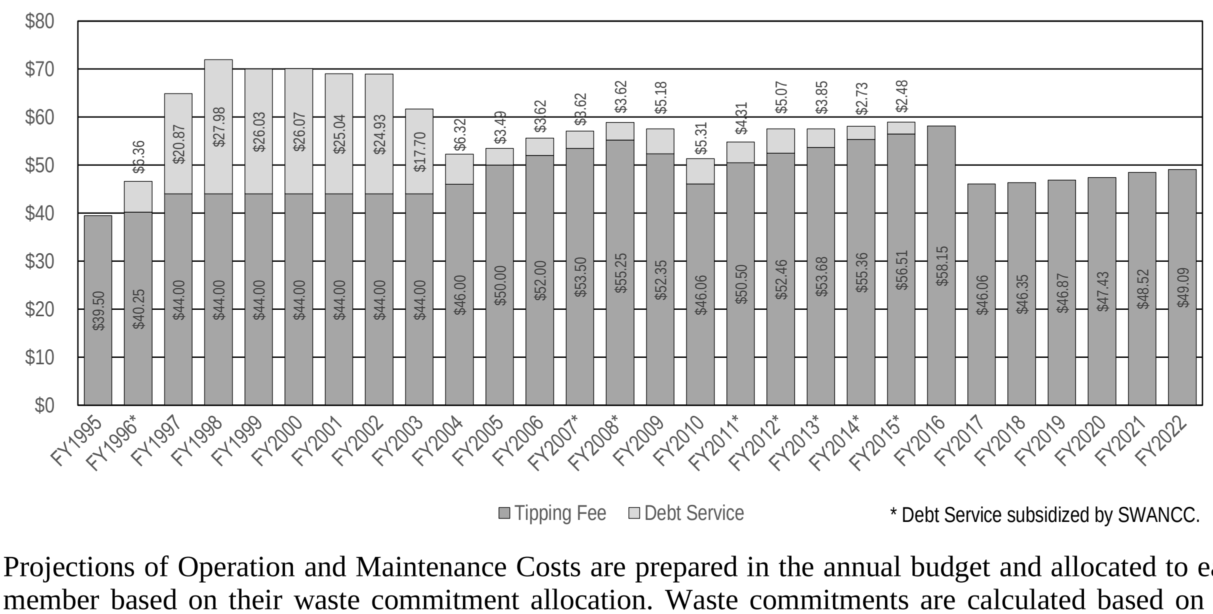
This discussion and analysis is an integral part of the Agency's financial statements and should be read in conjunction with the financial statements, which begin on page 4.

Background

The Solid Waste Agency of Northern Cook County was formed in 1988 to provide comprehensive solid waste management programs to its twenty-three member communities. Since 1994, the Agency has owned a solid waste transfer station in the Village of Glenview to provide solid waste transfer and disposal services to its members. In addition to operating the transfer station, the Agency provides various consulting, education, recycling, and specialty waste reduction programs for the residents of its member communities.

The Agency has no taxing authority and derives the majority of its revenue from member payments for processing waste at the Glenview Transfer Station. The Agency in prior years established two charges each fiscal year, one for operation and maintenance costs (tipping fees) and another for fixed costs (debt service). However, in FY2016 the Agency made the last payment on its 2008 bonds, resulting in no debt service tipping fee for future years. The historical rates for member tipping fees are shown in **Chart 1**.

Chart 1 – Tipping Fees (Per Ton)



Projections of Operation and Maintenance Costs are prepared in the annual budget and allocated to each member based on their waste commitment allocation. Waste commitments are calculated based on the average annual disposal in the three completed fiscal years prior to budget development (i.e., in FY2022, waste commitments were calculated based on the annual average of member deliveries in FY2020, FY2019, and FY2018). Each member receives a monthly bill for their allocation of Agency costs. After the end of the fiscal year, actual Agency costs are calculated, and actual member deliveries are determined. A true-up is used to either rebate billings to communities that under-deliver or invoice additional charges for over-deliveries of waste based on the actual cost of service.

Fund Structure

The Agency's only fund is an enterprise fund. As such, transactions are recorded utilizing the economic resources measurement focus and the accrual basis of accounting.

Overview of Financial Statements

The Agency's summary of net position for FY2022 is included in **Table 1**, along with comparative information for FY2021 and FY2020. The Agency's net position decreased by 1.5% from FY2021 to FY2022. The Agency's FY2022 net position includes establishment of a reserve fund with an initial balance of $403,000 restricted to use for future large maintenance and repair items at the Glenview Transfer Station associated with the roof, HVAC systems, and/or structural elements, with reserve funds utilized at the direction of the Agency's governing body.

Table 1 – Statement of Net Position

	FY2022	FY2021	FY 2020
Assets:			
Current Assets	$ 2,193,750	$ 2,404,188	$ 1,806,080
Capital Assets	6,266,056	6,767,324	7,148,737
Total Assets	8,459,806	9,171,512	8,954,817
Liabilities:			
Current Liabilities	1,885,051	2,491,634	1,870,544
Total Liabilities	1,885,051	2,491,634	1,870,544
Deferred Inflows of Resources			
Deferred rent	-	6,855	34,284
Net Position:			
Net investment in capital assets	6,266,056	6,767,324	7,148,737
Restricted	403,000	-	-
Unrestricted	(94,301)	(94,301)	(98,748)
Total Net Position	$ 6,574,755	$ 6,673,023	$ 7,049,989

For more detailed information, see the Statement of Net Position beginning on page 4.

Table 2 below provides the Statement of Revenues, Expenses and Changes in Net Position.

Table 2 – Statement of Revenues, Expenses, and Changes in Net Position

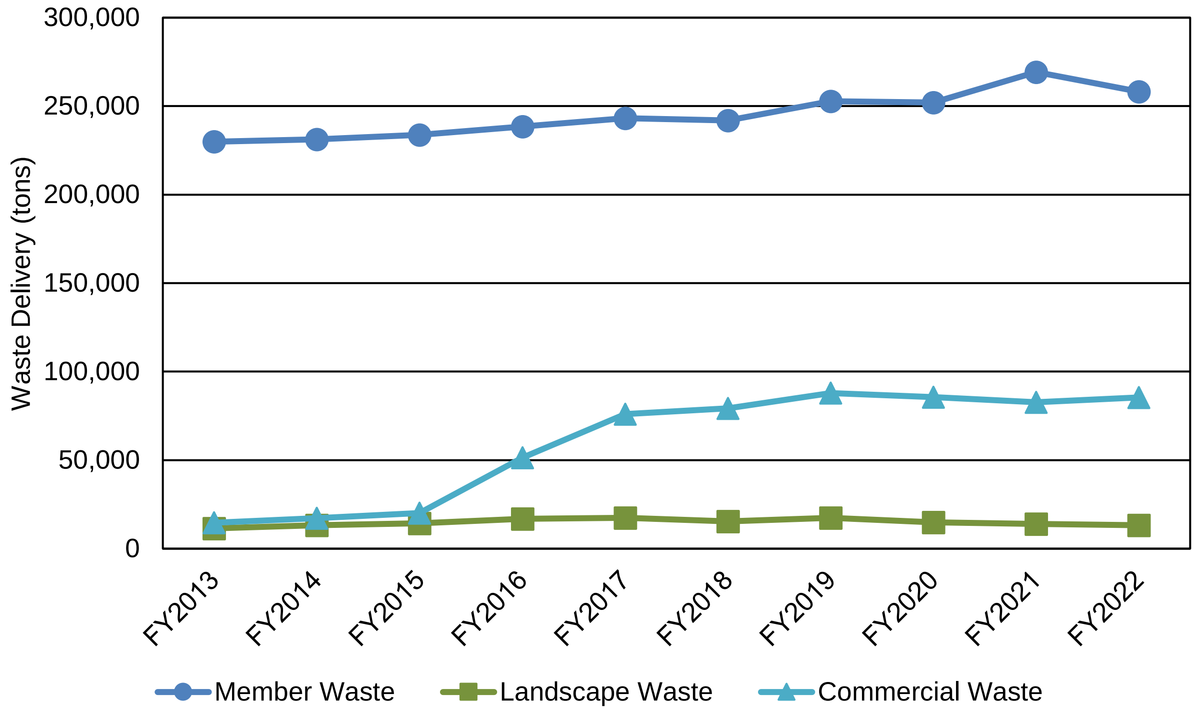
	FY2022	FY2021	Difference	% Change
Glenview Transfer Station (GTS) Operations				
Revenues - Charges to Members	$ 14,108,064	$ 13,994,154	$ 113,910	0.81%
Expenses - GTS Operations	(12,643,569)	(12,957,392)	313,823	-2.42%
Revenues - Recycling Incentive Program	812,389	-	812,389	
Expenses - Recycling Incentive Program	(812,389)	-	(812,389)	
Total Profit from GTS Operations	1,464,495	1,036,762	427,733	41.26%
General and Administrative Expenses	(1,055,575)	(915,633)	(139,942)	15.28%
Depreciation	(501,268)	(540,348)	39,080	-7.23%
Operating Income (loss)	(92,348)	(419,219)	326,871	-77.97%
Non-operating Revenues (Expenses)				
Interest Income	(28,931)	4,545	(33,476)	-736.55%
Miscellaneous Income	23,011	-	23,011	
Total Non-operating Revenues (Expenses), Net	(5,920)	4,545	(10,465)	-230.25%
Net Income (Loss) Before Capital Contributions	(98,268)	(414,674)	316,406	-76.30%
Capital Contributions	-	37,708	(37,708)	
Change in Net Position	(98,268)	(376,966)	278,698	-73.93%
Net Position Beginning of Year	6,673,023	7,049,989	(376,966)	-5.35%
Net Position End of Year	$ 6,574,755	$ 6,673,023	$ (98,268)	-1.47%
Total Revenues	$ 14,914,533	$ 14,036,407	$ 878,126	6.26%
Total Operating Expenses	(15,012,801)	(14,413,373)	(599,428)	4.16%
Net Income (Loss)	$ (98,268)	$ (376,966)	$ 278,698	-73.93%

In FY2022, the Agency experienced an operating loss of $92,348, a nearly 80% decline in operating loss compared to FY2021 when the operating loss was $419,219. The operating loss reflects an increase in member revenue and decrease in operating expenses compared to FY2021, which together nearly fully offset Agency administrative expenses and depreciation. The Agency has made an operational decision not to fund depreciation on the Glenview Transfer Station, which is therefore a sizable expense to be recognized annually.

Glenview Transfer Station Operations

The Agency's Glenview Transfer Station (GTS) processes and provides for disposal of waste delivered by the members and customers of the Agency. Annual member and commercial waste deliveries over the past 10 years are shown in **Chart 2**.

Chart 2 – Glenview Transfer Station Waste Deliveries, FY2013-FY2022



The amount of waste delivered to the Agency from all sources totaled 357,050 tons of waste in FY2022, down 2.4% from FY2021. The reduction in tonnage is due to a decline in member waste deliveries, which had spiked in FY2021 due to the Covid-19 pandemic and the issuance of stay-at-home orders. FY2022 member waste deliveries returned to a disposal tonnage in line with pre-pandemic disposal trends, totaling 258,263 tons. Commercial waste haulers and small contractors delivered 85,498 tons of commercial waste to the GTS in FY2022, an increase of 3.4% from FY2021. Landscape waste deliveries continue to remain steady through the landscape season (mid-March through mid-December), with 13,289 tons delivered in FY2022.

The GTS has been operated by Groot Industries (Groot) since 1994. Current operations are conducted under the terms of the operating contract that commenced September 1, 2015 and terminates December 31, 2031. Under the GTS operating contract, Groot is compensated by the Agency on a per ton basis for the receipt, transfer, transport, and disposal of member waste. The FY2022 disposal rate paid to Groot was $47.91 per ton of member waste. Groot received monthly payments during the year based on an estimated 1,032 tons per day of member waste deliveries. At the end of the fiscal year, a true-up with Groot occurs to reconcile the actual deliveries with the estimated billing. Based on total member deliveries and the contracted per-ton disposal rate, FY2022 transfer and disposal cost for member waste was $12,373,361.

Groot's contract includes certain building and scale maintenance expenses up to a maximum dollar value per year; in FY2022, limits were $26,212 for building maintenance and $19,660 for scale maintenance. Building and scale maintenance expense in excess of these limits is passed through to the Agency. Total GTS maintenance expenses paid by the Agency in FY2022 were $101,694 and included routine maintenance items as well as minor repairs. No significant maintenance or repair occurred during the year. Groot also pays all building utilities (electric, gas, water, and communications) under its contract.

The current GTS contract also includes provisions for credits to the Agency in exchange for the facility being available to support regional transfer and disposal needs beyond the Agency's member tonnage. The operating contract requires Groot to deliver a minimum of 25,000 tons of waste per year (on average, 100 tons per day) through its own or other third-party commercial haulers. Additional commercial (non-member) waste is received at the facility from small contractors, residents, and other businesses with incidental disposal needs; the Agency's pricing structure and low per load tonnage minimum compared to other transfer stations in the area is attractive for small quantity haulers and provides a valuable service to the market. In FY2022, 45,719 tons were delivered from large commercial haulers, and an additional 39,778 tons were delivered from small contractors and other sources. All non-member waste and landscape waste delivered to the GTS results in a credit to the Agency; total credits in FY2022 equaled $1,429,534 paid on 98,787 tons of non-member waste, a slight increase from the FY2021 credit amount of $1,417,537 paid on 96,547 tons of material. Credits received on non-member waste serve to offset operational costs of the Agency.

Overall, the GTS operated efficiently and effectively in FY2022 with no downtime in waste processing from operational or regulatory issues. Operations continue to show little to no impact from the Covid-19 pandemic, and the Agency will maintain an open line of communication with Groot to be responsive to their operational and safety concerns.

Recycling Incentive Program

The Agency continues to provide its Recycling Incentive Program (RIP) as part of the GTS operating contract. The RIP provides for Groot to remit to the Agency a market-based payment for all recyclables delivered by participating members to the program when material value exceeds processing costs, whether material is collected by Groot or another hauler. Recycling revenue is calculated monthly based on the market basket of commodities established in the contract and their current index value. The RIP terms do not guarantee revenue, and revenues are not received when the commodity value is less than the contracted processing cost. When commodity values exceed the processing cost, revenue over the processing cost is split equally between Groot and SWANCC.

The processing cost in FY2022 was $81.85 per ton. Beginning in June 2021 and continuing monthly through the end of FY2022, the blended market value of recyclables exceeded the processing cost and the Agency received RIP revenue. This is the first time since April 2017 that RIP revenue has been received; the lack of revenue over the past four years was the result of sustained, depressed commodity markets in response to national and international market constraints.

As of the end of FY2022, 15 member communities are participating in the RIP. Arlington Heights withdrew from the RIP at the end of FY2021, while Elk Grove Village began participating in November 2021, maintaining the same number of participating members as in FY2021. Participating members delivered 43,286 tons of recyclables in FY2022, a decrease of 6,741 tons from the prior year; the decrease is principally attributed to Arlington Heights withdrawing from the program. RIP revenue in FY2022 was $812,389. All revenue was rebated to the participating members based on their proportional share of tonnage delivered. No revenue was retained by the Agency.

Capital Assets

Net capital assets decreased by $501,268 during FY2022 as a result of depreciation expense, with no offset contributed by capital asset additions during the year. See Note 3 for additional information on the Agency's capital assets.

Debt Activity

The Agency had no long-term debt for the fiscal reporting period.

Contacting the Agency

This financial report is designed to provide the users of these financial statements an overview of the Agency's operations and finances and to demonstrate accountability for the funds it receives. Questions concerning these financial statements may be directed to Christina Seibert, 77 West Hintz Road, Suite 200, Wheeling, Illinois 60090.

BASIC FINANCIAL STATEMENTS

SOLID WASTE AGENCY OF NORTHERN COOK COUNTY
WHEELING, ILLINOIS

STATEMENT OF NET POSITION

April 30, 2022

CURRENT ASSETS	
Unrestricted cash and investments	$ 1,554,193
Accounts receivable	
Billings in advance	10,895
Other receivable	158,006
Due from members - true up	458,261
Prepaid expenses	12,395
Total current assets	2,193,750
NONCURRENT ASSETS	
Capital assets, net of depreciation	6,266,056
Total noncurrent assets	6,266,056
Total assets	8,459,806
CURRENT LIABILITIES	
Accounts payable	849,605
Accrued payroll	26,635
Unearned revenue	1,008,811
Total current liabilities	1,885,051
Total liabilities	1,885,051
NET POSITION	
Net investment in capital assets	6,266,056
Restricted	403,000
Unrestricted (deficit)	(94,301)
TOTAL NET POSITION	$ 6,574,755

See accompanying notes to financial statements.

SOLID WASTE AGENCY OF NORTHERN COOK COUNTY
WHEELING, ILLINOIS

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION

For the Year Ended April 30, 2022

OPERATING REVENUES	
Charges to member communities	$ 14,108,064
Charges for recycling incentive program	812,389
Total operating revenues	14,920,453
OPERATING EXPENSES	
Transfer station operations	12,643,569
Recycling incentive program operations	812,389
General and administrative	1,055,575
Depreciation	501,268
Total operating expenses	15,012,801
OPERATING INCOME (LOSS)	(92,348)
NON-OPERATING REVENUES (EXPENSES)	
Investment income (loss)	(28,931)
Miscellaneous revenue	23,011
Total non-operating revenues (expenses)	(5,920)
CHANGE IN NET POSITION	(98,268)
NET POSITION, MAY 1	6,673,023
NET POSITION, APRIL 30	$ 6,574,755

See accompanying notes to financial statements.

SOLID WASTE AGENCY OF NORTHERN COOK COUNTY
WHEELING, ILLINOIS

STATEMENT OF CASH FLOWS

For the Year Ended April 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from members and users	$ 15,056,909
Miscellaneous revenues	23,011
Payments to suppliers and members	(14,589,116)
Payments to employees	(539,112)
Net cash from operating activities	(48,308)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
None	-
Net cash from noncapital financing activities	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
None	-
Net cash from capital and related financing activities	-
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sale of investments	200,001
Net cash from investing activities	200,001
NET INCREASE IN CASH AND CASH EQUIVALENTS	151,693
CASH AND CASH EQUIVALENTS, MAY 1	790,314
CASH AND CASH EQUIVALENTS, APRIL 30	$ 942,007
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES	
Operating income (loss)	$ (92,348)
Adjustments to reconcile operating income (loss) to net cash from operating activities	
Depreciation	501,268
Miscellaneous revenue	23,011
Changes in assets and liabilities	
Accounts receivable - billings in advance	66,802
Other receivable	(115,673)
Due from members - true up	185,327
Prepaid expenses	(3,257)
Accounts payable	(655,263)
Accrued payroll	(10,769)
Unearned revenue	59,449
Deferred rent	(6,855)
NET CASH FROM OPERATING ACTIVITIES	$ (48,308)
CASH AND INVESTMENTS	
Cash and cash equivalents	$ 942,007
Investments	612,186
TOTAL CASH AND INVESTMENTS	$ 1,554,193
NONCASH TRANSACTIONS	
Unrealized gain (loss) on investments	$ (28,931)

See accompanying notes to financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Solid Waste Agency of Northern Cook County, Wheeling, Illinois (the Agency) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Agency's accounting policies are described below.

a. Reporting Entity

The Agency was organized as a municipal corporation in the State of Illinois in May of 1988, under the provisions of the Intergovernmental Cooperation Act (5 ILCS 220/3.2) (Illinois Compiled Statutes). The Agency is empowered to plan, finance, construct, and operate a solid waste disposal system to dispose of the waste received from its members.

The Glenview Transfer Station, located in the Village of Glenview, commenced operations February 1, 1994. Pursuant to the Project Use Agreements, charges to the members' communities using the Glenview Transfer Station at April 30, 2022 resulted in charges of approximately $49 per ton.

During the fiscal year reported, the following municipalities were members of the Agency:

Arlington Heights
Barrington
Buffalo Grove
Elk Grove Village
Evanston
Glencoe
Glenview
Hoffman Estates
Inverness
Kenilworth
Lincolnwood
Morton Grove
Mount Prospect
Niles
Palatine
Park Ridge
Prospect Heights
Rolling Meadows
Skokie
South Barrington
Wheeling
Wilmette
Winnetka

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Reporting Entity (Continued)

The Agency is governed by a Board of Directors consisting of one official selected by each member community who serves a two-year term. Each Director has one vote. The Board of Directors determines the general policies of the Agency; makes all appropriations; approves contracts for solid waste disposal; adopts resolutions providing for the issuance of bonds or notes by the Agency; adopts by-laws, rules, and regulations; and exercises such powers and performs such duties as may be prescribed in the Agency or the by-laws of the agency.

The Executive Committee of the Agency consists of seven persons by the Board of Directors. Each person is entitled to one vote on the Executive Committee. The Executive Committee may take any action not specifically reserved to the Board of Directors by the Intergovernmental Cooperation Act, the Agency agreement or the by-laws.

In evaluating how to define the Agency for financial reporting purposes, management has considered all potential component units. Criteria for including a component unit in the Agency's reporting entity principally consist of the potential component unit's financial interdependency and accountability to the Agency. Based upon those criteria, there are no potential component units to be included in the reporting entity. The Agency itself is not a component unit of another governmental entity, but rather is considered to be a jointly governed organization.

b. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. Proprietary fund operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net position.

The accrual basis of accounting is utilized by proprietary funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Basis of Accounting (Continued)

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and production and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Agency are charges to member communities for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

c. Capital Assets - Property, Plant, and Equipment

Property, plant, and equipment are recorded at cost. If actual cost cannot be determined, estimated historical cost is used; donated capital assets are recorded at acquisition value at the date of donation. Capital assets are defined by the Agency as assets with an initial, individual cost of more than $25,000 and an estimated useful life in excess of one year. Depreciation of property, plant, and equipment has been provided for over the estimated useful lives using the straight-line method. Estimated useful lives are as follows:

	Years
Building and improvements	38
Machinery and equipment	10-15

Leasehold improvements are amortized over the shorter of the remaining lease term or the economic life of the leasehold improvement. Maintenance and repairs are charged to expense in the year incurred. Expenses that extend the useful life or increase productivity of property, plant, and equipment are capitalized.

d. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Agency's proprietary funds consider all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

e. Investments

Investments and negotiable certificates of deposits with a maturity date greater than one year from the date of purchase are recorded at fair value. Investments with a maturity date of less than one year from the date of purchase are recorded at amortized cost. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond the date of this report, if any, are recorded as prepaid expenses and recognized as expense when consumed.

g. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to future period(s). In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future period(s) and so it will not be recognized as an inflow of resources (revenue) until that time. These amounts are deferred and recognized as an inflow of resources in the period these amounts become available.

h. Compensated Absences

Employees earn vacation based on their anniversary date with the Agency. Earned vacation may be accumulated and is payable to the employee upon termination of employment and, therefore, is accrued through April 30. Accumulated sick leave is convertible to vacation days at a 3:1 ratio at fiscal year end and is then payable upon termination of employment and, therefore, is accrued.

i. Unearned Revenue

Members are billed at the beginning of the month for the following month’s services. These billings in advance of services are included in unearned revenue and are recognized as revenue at the beginning of the month. Unearned revenue at April 30, 2022 was $1,008,811.

j. Net Position

Restricted net position, if any, is reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose, externally imposed by outside entities, or as a result of enabling legislation adopted by the Agency. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Net investment in capital assets represents the book value of capital assets less any outstanding long-term debt principal issued to construct or acquire capital assets.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

l. Postponement of Implementation of Certain Authoritative Guidance

In accordance with the provisions of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, the Agency has delayed the implementation of GASB Statement No. 87, *Leases* to April 30, 2023.

2. DEPOSITS AND INVESTMENTS

The Agency's investment policy authorizes the Agency to invest in all investments allowed by Illinois Compiled Statutes (ILCS). These include deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States Government or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, The Illinois Funds (created by the Illinois State Legislature under the control of the State Comptroller that maintains a $1 per share value which is equal to the participants fair value), and the Illinois Metropolitan Investment Fund (IMET), a not-for-profit investment trust formed pursuant to the Illinois Municipal Code and managed by a Board of Trustees elected from the participating members. IMET is not registered with the SEC as an investment company. Investments in IMET are valued at IMET's share price, the price for which the investment could be sold. The Agency's investment policy does limit its deposits to financial institutions that are members of the FDIC system and are capable of posting collateral for amounts in excess of FDIC insurance.

It is the policy of the Agency to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Agency and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objectives of the policy are, in order of priority, safety, liquidity, and rate of return.

2. DEPOSITS AND INVESTMENTS (Continued)

a. Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Agency's deposits may not be returned to it. The Agency's investment policy requires pledging of collateral for all bank balances in excess of federal depository insurance to be held at an independent third party institution in the name of the Agency. Letters of credit issued by a Federal Home Loan Bank are also an acceptable form of collateral. The amount of collateral provided will not be less than 100% of net amount of public funds secured. At April 30, 2022, the bank balances were fully insured or collateralized.

b. Investments

Credit risk is the risk that the issuer of a debt security will not pay its par value upon maturity. The Agency limits its exposure to credit risk by primarily investing in money market mutual funds and external investment pools. The IMET 1-3 Year Fund is rated AAA by Standard and Poor's.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Agency will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Agency's investment policy requires all investments to be processed on a delivery versus payment (DVP) basis with the underlying investments held by an independent third party custodian and evidenced by safekeeping receipts. IMET is not subject to custodial credit risk.

Concentration of credit risk is the risk that the Agency has a high percentage of its investments invested in one type of investment. The Agency's investment policy does not set specific limits of diversification of investments to avoid unreasonable risk.

As of April 30, 2022, the Agency had the following investments and maturities in debt securities.

		Investment Maturities (in Years)			
	Fair Value	Less than 1	1-5	6-10	More than 10
IMET	$ 612,186	$ -	$ 612,186	$ -	$ -
TOTAL	$ 612,186	$ -	$ 612,186	$ -	$ -

2. DEPOSITS AND INVESTMENTS (Continued)

b. Investments (Continued)

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Agency attempts to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the Agency will not directly invest in securities maturing more than one year from the date of purchase. Reserve funds may be invested in securities exceeding one or two years if the maturity of such investments are made to coincide as nearly as practicable with the expected use of the funds. The investment period must be approved by the Agency's Board of Directors.

The Agency categorizes the fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The Agency has the following recurring fair value measurements as of April 30, 2022: the IMET 1 to 3 Year Fund, a mutual fund, is measured based on the net asset value of the shares in IMET, which is based on the fair value of the underlying investments in the mutual fund (Level 3 input).

3. CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2022 was as follows:

	Balances May 1	Additions	Retirements	Balances April 30
Capital assets not being depreciated				
Land	$ 1,381,800	$ -	$ -	$ 1,381,800
Total capital assets not being depreciated	1,381,800	-	-	1,381,800
Capital assets being depreciated				
Building and improvements	17,416,439	-	-	17,416,439
Leasehold improvements	412,000	-	-	412,000
Machinery and equipment	197,096	-	-	197,096
Total capital assets being depreciated	18,025,535	-	-	18,025,535

3. CAPITAL ASSETS (Continued)

	Balances May 1	Additions	Retirements	Balances April 30
Less accumulated depreciation for				
Building and improvements	$ 12,222,289	$ 478,314	$ -	$ 12,700,603
Leasehold improvements	397,290	14,710	-	412,000
Machinery and equipment	20,432	8,244	-	28,676
Total accumulated depreciation	12,640,011	501,268	-	13,141,279
Total capital assets being depreciated, net	5,385,524	(501,268)	-	4,884,256
CAPITAL ASSETS, NET	$ 6,767,324	$ (501,268)	$ -	$ 6,266,056

4. DEFERRED RENT

During 2014, the Agency entered into a lease agreement as described in Note 5. In this agreement, the Agency and landlord agreed to a buildout of the current office space being leased, whereby the Agency would pay $220,000 of the costs and the landlord would pay $192,000. Leasehold improvements made by the lessee funded by the landlord incentives are recorded by the Agency as leasehold improvements and amortized over the life of the lease. The incentive provided by the landlord is recorded as deferred rent and is amortized as reductions to the lease expense.

Deferred rent activity for the year ended April 30, 2022 was as follows:

	Balances May 1	Issuances	Reductions	Balances April 30	Due Within One Year
Deferred rent	$ 6,855	$ -	$ 6,855	$ -	$ -
TOTAL DEFERRED RENT	$ 6,855	$ -	$ 6,855	$ -	$ -

5. OPERATING LEASES

The Agency leases office space from the Village of Wheeling (the Village) under an operating lease which expires in July 2021. On March 1, 2021, the operating lease was renewed for an additional seven years and expires in July 2028. Monthly base rental payments range from $5,714 to $7,456 over the term of the lease. Under the terms of the lease, the Agency is responsible for their share of the real estate taxes and operating expenses on the property.

5. OPERATING LEASES (Continued)

Under the operating leases, leasehold improvements of $192,000 were financed by the Agency's landlord. Costs of $192,000 are included in the leasehold improvements and deferred rent, net accumulated amortization of $192,000 on the statement of net position at April 30, 2022.

Total cash paid for rent for the year ended April 30, 2022 totaled $74,383.

Minimums future base rental payments are as follows:

Fiscal Year Ended	Amount
2023	$ 76,611
2024	78,909
2025	81,279
2026	83,721
2027	86,235
Thereafter	111,189
TOTAL	$ 517,944

6. EMPLOYEE BENEFIT PLANS

The Agency sponsors a salary reduction plan for the benefits of certain eligible employees. The plan allows for participant contributions pursuant to the provisions of Internal Revenue Code 457(b). The plan provides for Agency to make contributions of 6% of the participant's eligible compensation and matching contributions for the first 6% of participant's elected contribution. Provisions may be amended only by the Board of Directors. The Agency's contributions totaled $44,684 for the year ended April 30, 2022. There were no forfeitures reflected in pension expense and there was no liability outstanding for unpaid benefits at April 30, 2022.

7. RISK MANAGEMENT

The Agency is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; illnesses of employees; and injuries to the Agency's employees. The Agency purchases health insurance through a member community and participates in municipal risk management pooling, the Illinois Counties Risk Management Trust (ICRMT). Risks covered include workers' compensation, earthquake, fire, flood, general liability, employee health, and other risks associated with operations. The pool is responsible for establishing the rights and responsibilities of the member agencies and retains the risk of loss. There were no significant reductions in insurance coverage and settlements did not exceed insurance coverage during the past three fiscal years.

8. COMMITMENTS AND CONTINGENCIES

Commitments

The Agency and Groot Recycling and Waste Services, Inc. (Groot) has a contract by which Groot operates the Glenview Transfer Station until December 2031 and provides for processing, hauling, and disposal of waste delivered to the Glenview Transfer Station. Payments to Groot for the year ended April 30, 2022 totaled $11,811,435.

Contingent Liabilities

The Agency is not aware of any significant litigation that it believes would have a material effect on the balances reported at April 30, 2022. No provision has been made in the accompanying financial statements.