

SOLID WASTE AGENCY OF NORTHERN COOK COUNTY

Fiscal Year 2000

Annual Report

ANNUAL REPORT: FISCAL YEAR 2000

SOLID WASTE AGENCY OF NORTHERN COOK COUNTY

Executive Summary

The Solid Waste Agency of Northern Cook County (SWANCC) was formed in 1988 to provide an efficient and environmentally sound waste system for the use and benefit of its members. The Agency has developed and implemented a Solid Waste Management Plan that provides this efficient and environmentally sound waste system. The key components of the plan call for waste reduction, efficient transportation and transfer of waste, and economical and environmentally sound disposal of waste.

In the Fiscal Year ended on April 30, 2000, the Agency disposed of 248,775 tons of solid waste generated by its member communities. SWANCC also handled 4,817 tons of commercial waste and 12,326 tons of landscape waste. A tipping fee of \$44.00 per ton was charged to members based on the adopted FY2000 budget. Actual revenues exceeded expenditures resulting in a rebate to members of approximately \$3.85 per ton. The resulting actual tipping fee is the lowest since 1995, the year the transfer station opened. Excess revenues and conservative budgeting will allow the Agency to keep its budgeted tipping fee at \$44.00 per ton for FY2001, the fifth year in a row with no tipping fee increase.

The Agency charged its members \$26.07 per ton for its debt service payments. The debt service payments have been stabilized since the maximum payment of \$27.98 per ton in FY1998.

SWANCC continued its legal arguments for the right to construct the Northwest Cook County Bafefill by successfully petitioning the U.S. Supreme Court. This winter, the nation's highest court will review the Seventh Circuit's affirmation of the Army Corps jurisdiction over the Agency's property.

To better inform and educate the public, SWANCC kicked off its website in FY2000. The site, www.swancc.org, is updated weekly and provides a wealth of information for residents and the Agency's board members.

SWANCC continued its education and community outreach programs in an effort to increase waste reduction and recycling activities. School education programs reached out to over 30,000 students in area schools.

The Agency continues to focus its efforts in providing efficient and environmentally sound disposal of the members' solid waste.

SOLID WASTE AGENCY OF NORTHERN COOK COUNTY

Introduction

The Solid Waste Agency of Northern Cook County (SWANCC) is a joint municipal action agency incorporated in the State of Illinois. The Agency was formed in 1988 to provide a regional approach to the solid waste management needs of its member communities. SWANCC's 23 member communities represent over 700,000 residents in northern Cook County, Illinois.

Financial Overview

The Agency is funded solely by its members through monthly payments made in accordance with the Project Use Agreement with each member. During the budget process, each member's waste commitment for the upcoming year is calculated based on a three year rolling average. Projections of O&M charges and Fixed Costs are prepared in the budget and allocated to each member based on their waste commitment allocation. 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.

O&M Charges - Operation and Maintenance (O&M) Charges are those costs the Agency incurs for its day to day operations. This includes the operation and maintenance of the Wheeling Township Transfer Station (WTTS) and the Agency's administrative expenses. The O&M charge for Fiscal Year 2000 was budgeted at \$44.00 per ton based on members delivering 239,000 tons of waste to the WTTS. This was the fourth consecutive year that the O&M charge has been budgeted at \$44.00 per ton.

Fixed Costs - Fixed costs are related to the Agency's financing and do not vary as a function of the amount of member waste delivered to the Agency. The Fiscal Year 2000 budget set the fixed cost charge at \$26.07 per ton. Members are billed for this fixed charge along with their O&M charge.

True-up - At the end of the fiscal year, SWANCC's agreements with the individual members require an annual true-up of actual costs that were incurred during the fiscal year. Prior to the true-up, members paid bills based on estimated costs developed during the budget process. The true-up also accounts for the actual waste deliveries by each member.

Since the Agency's fixed costs are predictable and do not vary as a function of the amount of waste delivered, the actual fixed cost charge will remain at the budgeted level of \$26.07 per ton. Members that over delivered waste will be billed an additional \$26.07 per ton for each

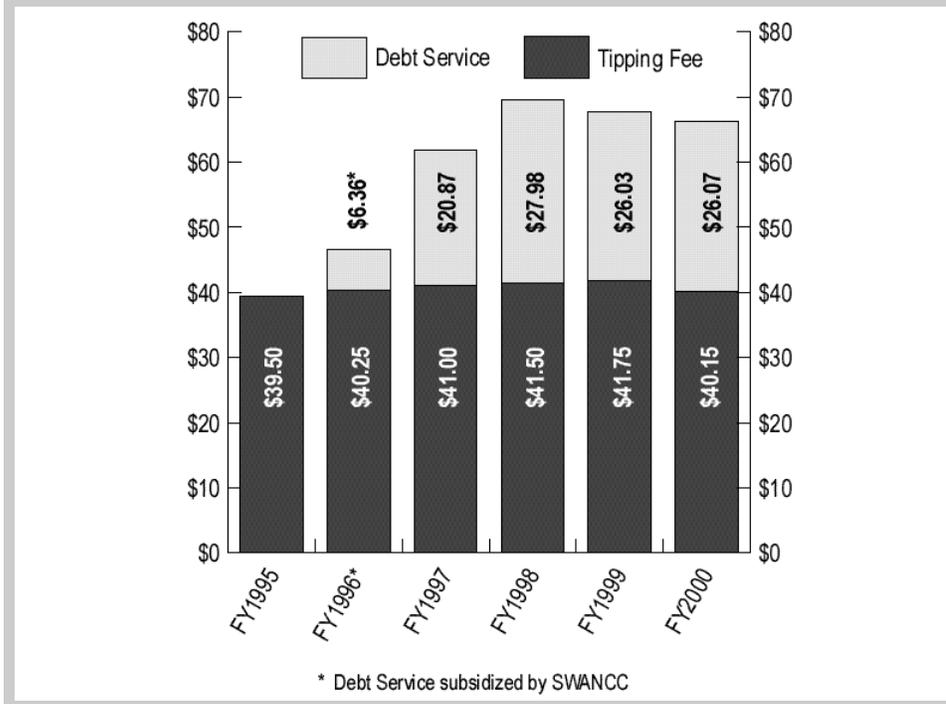
SOLID WASTE AGENCY OF NORTHERN COOK COUNTY

ton over their commitment. Those that under-delivered will get a rebate of \$26.07 per ton for the amount under their commitment.

After accounting for all costs incurred by the Agency in FY2000, the actual O&M charge was \$40.15 per ton, \$3.85 less than the budgeted value. A majority of the reduction can be attributed to the negotiated savings for use of the Rolling Meadows Transfer Station. Groot Recycling and Waste Services exercised its right of refusal and agreed to this rate and keep the waste flowing to the Wheeling Township Transfer Station. Individual members may see a credit or a debit depending on the magnitude of their actual waste deliveries.

Chart 1 shows the historical fixed costs and O&M costs charged by the Agency.

CHART 1 - Actual Member O&M Charges and Fixed Costs



Waste Processing Operations

Wheeling Township Transfer Station - The use of a refuse transfer station is an integral component of SWANCC's comprehensive solid waste management plan for its member communities. The Agency is enjoying much success in its operations at the Wheeling Township Transfer Station in the Village of Glenview. The 82,000-square-foot, state-of-the-art facility opened to serve SWANCC members on February 1, 1994. As of January 1, 1996, all twenty-three SWANCC member communities are bringing waste to the Wheeling Township Transfer Station.

At the transfer station, waste from curbside collections is compacted into bales before covered trucks transport it for disposal. No hazardous or industrial waste is accepted at the transfer sta-

SOLID WASTE AGENCY OF NORTHERN COOK COUNTY

tion. The operating plan includes specified routes for transfer trailer trucks entering and exiting the facility, a comprehensive daily cleanup procedure, and special air and noise filtration systems.

During FY2000, the Agency processed 265,918 tons of member, commercial and landscape waste through the Glenview facility.

Member Deliveries -

In FY2000 members delivered 248,775 tons of residential municipal solid waste. This is 416 tons (0.17%) less than in FY1999. Chart 2 shows the growth of member waste deliveries to the WTTS since its opening in 1994.

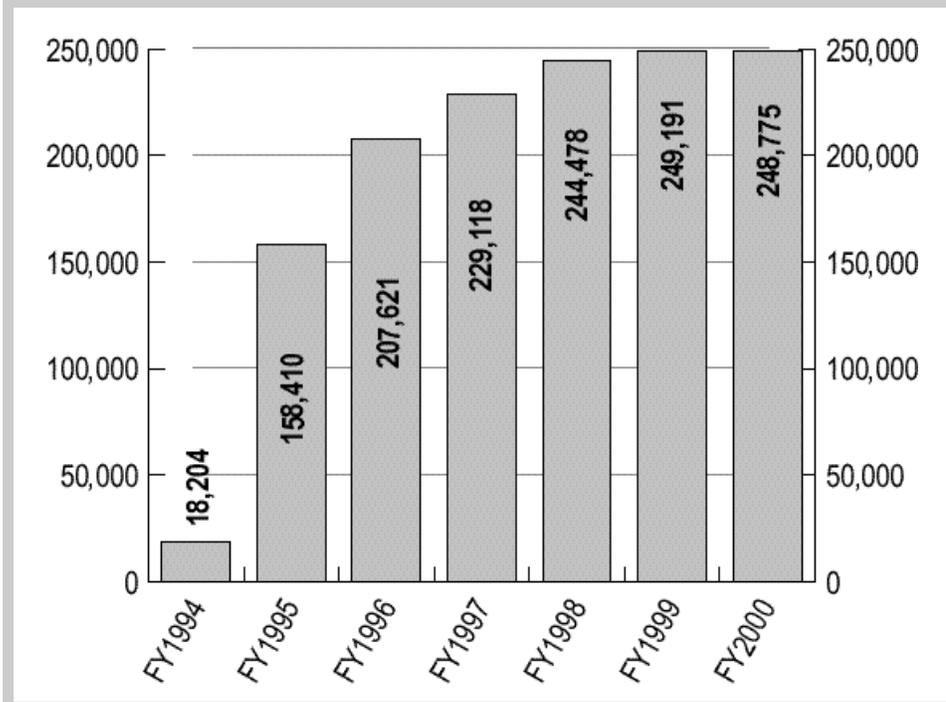
Member deliveries were 9,775 (4.09%) over the budgeted deliveries for FY2000. Member waste deliveries are

expected to increase in the future due to growth in the western most communities and the addition of multi-family waste to the member deliveries.

Commercial Accounts - Due to continued consolidation in the solid waste industry, the amount of commercial waste brought to the WTTS has declined in recent years. In FY2000 this trend reversed itself with the majority of SWANCC's commercial accounts now being smaller construction contractors that haul their own waste. In FY2000, commercial accounts brought 4,817 tons of material to the WTTS compared to 4,625 tons in FY1999.

Landscape Waste - Landscape waste continues to be the Agency's fastest growing non-member segment. Through extensive marketing to landscapers, the Agency has seen an increase in deliveries as well as the building of long term relationships which will continue to see landscape waste delivered to the facility for years to come. In FY2000, 57 landscape waste contractors

CHART 2 - Member Waste Deliveries in Tons



SOLID WASTE AGENCY OF NORTHERN COOK COUNTY

delivered 12,326 tons of landscape waste to the WTTS which was up from 10,658 tons in FY1999.

Landscape tipping fees were increased \$1 per ton from FY1999 rates for members while outside users saw larger rate increases. The FY2000 leaf disposal rate was increased to \$36 per ton for member communities.

CHART 3 - Commercial and Landscape Waste Deliveries

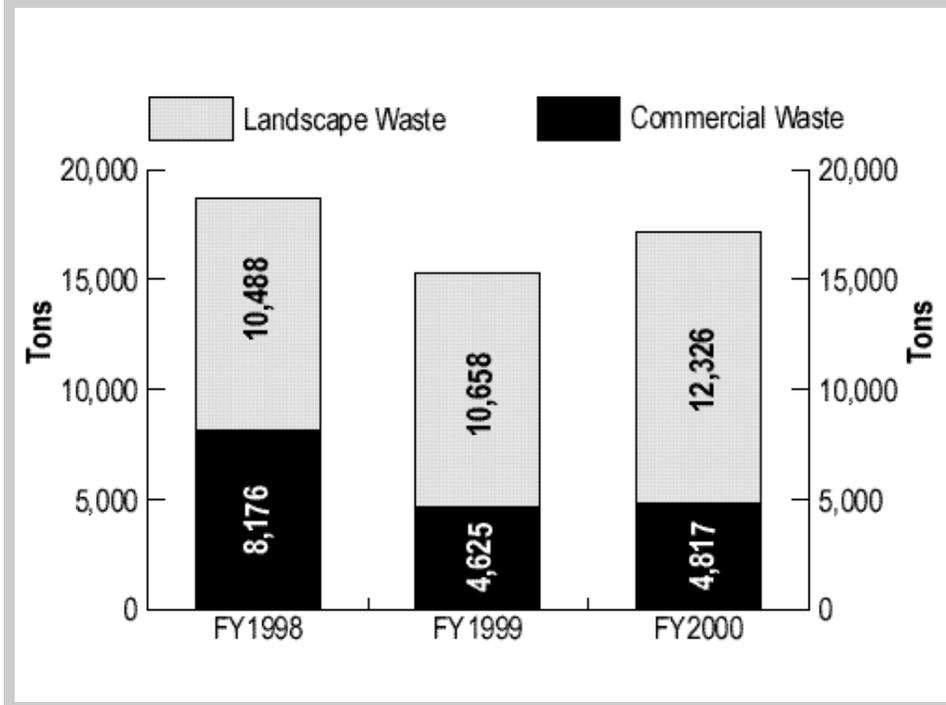


Chart 3 shows the historical deliveries for both commercial accounts and landscape waste.

Balefill Development

The Northwest Cook County Balefill is a 142-acre disposal site located on an abandoned strip-mine in unincorporated Cook County. The Balefill has received approval from Cook County and the Illinois Environmental Protection Agency. SWANCC has filed two Section 404 Clean Water Act permit applications with the Army Corps of Engineers to fill 17 acres of water in order to develop the facility. The Corps denied the Agency's applications on January 31, 1991 and July 21, 1994 respectively.

The Agency filed suit in December 1994 against the Corps of Engineers contending that the Corps does not have jurisdiction over the site. On March 25, 1998, the Federal District Court ruled against SWANCC and found that the Corps of Engineers does have jurisdiction over the 17 acres of water on the site.

On May 21, 1998, SWANCC appealed the United States Federal District Courts decision to

SOLID WASTE AGENCY OF NORTHERN COOK COUNTY

uphold the United States Army Corps of Engineers jurisdiction over the Balefill property. The case was briefed during FY99, and the Seventh Circuit Court of Appeals held oral arguments concerning the case on January 8, 1999. On October 7, 1999, the Court of Appeals affirmed the lower courts decision agreeing with the U.S. Army Corps exercise of jurisdiction over the property.

U.S. Supreme Court - On November 10, 1999, the Agency's Board of Directors approved a motion to appeal the Seventh Circuit Court of Appeals' decision. Consequently, on January 14, 2000 the Agency filed a petition with the United States Supreme Court asking for a review of the Seventh Circuit's decision. On May 24, 2000, the court granted SWANCC's petition and agreed to hear the case. Written briefs were filed with the court including 19 "friends of the court" briefs supporting the Agency's position. Oral arguments were heard on October 31, 2000 and a decision is expected before the court adjourns in June 2001.

Overview of land - The Agency currently owns approximately 560 acres of land located in Cook and Kane Counties. Of this total, 410 acres are located in Cook County and are considered necessary for the development of the Balefill project. Of this 410 acres, only 142 will be used for the actual balefill while the rest will be used for open space, buffer, and industrial development.

This leaves approximately 150 acres of land in Kane County that is not necessary for the development of the Balefill.

Approval of Sale of surplus land - On July 14, 1999, the Agency's Board of Directors passed a resolution authorizing the Executive Director to sell any surplus real estate located in Kane County. Negotiations for the sale of this land continued throughout FY2000.

April 29, 2000 Electronics Recycling Event



SOLID WASTE AGENCY OF NORTHERN COOK COUNTY

Special Collections

Electronics - The Agency coordinated three no-cost computer and electronics recycling events in FY2000. Area residents and small businesses were encouraged to bring out-dated computers, small appliances and electronics to each event. The first collection was held on July 16 and 17, 1999 in Evanston. Approximately 213 residents brought 15,984 pounds of materials for collection. 413 residents attended the second event, held on October 23, 1999 at Motorola's Arlington Heights Campus, bringing 42,108 pounds of equipment for recycling. And finally, on April 29, 2000 at Motorola's Arlington Heights Campus, 1,341 residents brought 216,513 pounds of equipment for recycling. In total, over 137 tons of material was recycled.

System Service International, Inc. (SSI) of Lombard, Illinois breaks down the components of these items, recycling over 95% of the material into new products. SSI specializes in electronic products recycling, servicing corporate accounts nationwide.

As technology increases and people are upgrading their equipment, more and more of these items are appearing in the trash. There are both potentially harmful and valuable materials in the equipment, which can be recovered and recycled.

Household Hazardous Waste - One of the more difficult problems in waste management is the proper handling and disposal of household hazardous waste (HHW). Traditionally, the Illinois Environmental Protection Agency (IEPA) has conducted numerous one-day HHW collection events in the spring and fall. Due to budget constraints, the IEPA reduced the number of collection events during FY2000. As a result, the Agency did not conduct a HHW collection during FY2000.

The Agency continues to lobby for additional collections for HHW and also encourages residents to only buy as much of these products as they will use in order to reduce dependence on the sporadic collection programs.

Recycling

Curbside overview - During 1999, recycling in SWANCC communities dipped slightly to just below 40%. For the 1999 calendar year, SWANCC communities diverted 149,864 tons of material from a generated waste stream of 384,690 tons. This represents a recycling rate of 39.0% compared to 40.0% in 1998. At the Agency's current tipping fee charge, member communities avoided \$6,594,016 of disposal costs for this material. Calculations are made based on quarterly reports submitted by member communities indicating the amounts of recyclables

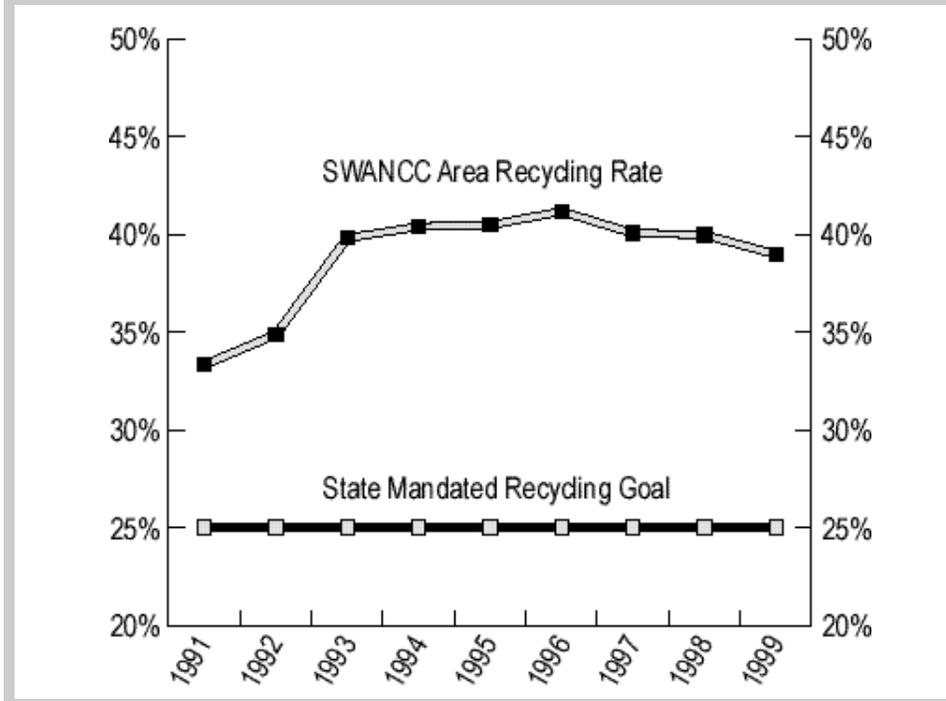
SOLID WASTE AGENCY OF NORTHERN COOK COUNTY

and landscape waste collected in their communities. A computer program called WasteCalc is used by SWANCC staff to tabulate recycling statistics. All 23 SWANCC communities have curbside recycling programs for single-family homes and many offer programs for multi-family buildings.

The 1999 WasteCalc statistics show that SWANCC communities diverted

64,397 tons of landscape waste, 63,013 tons of paper and paperboard, 2,985 tons of plastics, 2,927 tons of ferrous metals, 2,145 tons of aluminum and 14,397 tons of glass.

CHART 4 - SWANCC Member Recycling Rates



The historical combined recycling rates for all SWANCC communities is shown on Chart 4.

SWANCC staff has concluded that recycling rates have leveled off due to a natural equilibrium reached by the current recycling programs. In the future, SWANCC will be investigating and promoting changes to current recycling programs in an attempt to push recycling rates higher.

Skokie Pilot Project - In FY2000, The Agency teamed up with the Village of Skokie and Groot Recycling and Waste Industries, Inc. to conduct a one-year pilot project intended to increase recycling rates. The SWANCC-wide recycling rate has been stagnant at 40% for the past seven years. It is hoped that information learned during this pilot project will help recycling rates grow when changes are implemented community-wide.

At the core of the project is a new 65 gallon recycling cart. The cart is divided to allow paper and fiber materials to be placed on one side with containers and non-fibers being placed on the other side. The cart is equipped with wheels for easy maneuvering and a lid to prevent blowing

SOLID WASTE AGENCY OF NORTHERN COOK COUNTY

litter and exposure of materials to the elements. The cart can contain more than three times the amount of material that can be placed in the traditional orange bins used by Skokie. It is hoped that these features will increase the amount of recyclables collected by the Village of Skokie.

A preliminary survey of the pilot participants showed that 43% of the participants were overflowing their orange bins on a regular basis. Forty-nine percent (49%) indicated that they felt blowing litter has increased since the inception of the Village's orange bin recycling program.

Village of Skokie Recycling Cart



Educational Programs

SWANCC offers numerous educational programs to schools in the region. Approximately 1,200 superintendents, principals, teachers, librarians, PTA presidents, environmental committee chairpersons and other interested parties receive Teachers Resources newsletter four times during the school year. Detailed listings of schools participating in SWANCC programs can be found on SWANCC's website at www.swancc.org. SWANCC's educational programs and components include:

April Environmental Calendar - SWANCC distributed 58,896 April 2000 Environmental Awareness calendars. Fifteen SWANCC communities ordered copies of the calendar with most of the listed communities opting to print community-specific program information on the reverse side of the calendar, and most distributed the calendar to school children. This is the ninth year that SWANCC offered the calendar to its members at no cost.

SOLID WASTE AGENCY OF NORTHERN COOK COUNTY

"Art of Garbage"

Project - SWANCC repeated its "Art of Garbage" project for the seventh year. A total of 75 posters from eleven schools were received. The 20" x 24" posters, bearing a waste reduction theme and made from variety of materials, are framed and hang in the visitor gallery at the Wheeling Township Transfer Station.

Earth Flag Presentation



Earth Flag Program -

During spring 2000, SWANCC began award ceremonies for its five FY2000 Earth Flag schools. To qualify for the 3' x 5' nylon flag featuring the image of the Earth as taken from the Apollo 17, a school must hold a school-wide source reduction activity (such as having waste-free lunch days), hold a school-wide reuse activity (such as a book exchange), recycle at least white paper and allow SWANCC staff to give 45-minute presentations to one entire grade level of students and the entire faculty.

Earth Flag Extension Program - Nine schools participated in SWANCC's Earth Flag Extension program during FY2000, a program that recognizes Earth Flag schools that demonstrate an ongoing commitment to waste reduction.

Earth Plaque Program - In FY2000, SWANCC offered the Earth Plaque program to schools completing Earth Flag and Earth Flag Extension programs. New challenges are set to practice waste reduction in order for a school to receive a year bar that is put on the school's existing Earth plaque. Seven schools achieved this award.

Kraft Bag Program - Approximately 25,000 Kraft handle bags were given to elementary schools (K-8) for "locker clean-out" activities during spring, 2000. The sturdy, informational bags provided a solution to school-end locker and desk leftovers. Students were encouraged to take home school supplies, clothing items, moldy lunch containers, etc. Each Kraft bag listed

SOLID WASTE AGENCY OF NORTHERN COOK COUNTY

SWANCC's twenty-three members on one side and featured a check list of items to be taken home or returned to school, as well as a list of non-profit organizations and agencies to donate unwanted things to on the reverse side. Interesting recycling facts and school recycling program information are listed on the inseams of each bag.

Recycled-Content Products Kits - SWANCC's three Recycled-Content Products Kits, containing more than 50 recycled-content items, traveled to 22 area schools or municipalities during FY2000. Schools or municipalities can borrow a kit from one day to two weeks. Index cards containing information about each item make it easy to display the recycled products in a case or on a table.

Recycled Products Resource Listing Guide - The Recycled Products Resource Listing Guide was updated and reprinted during FY2000, which contains referrals for recycled-content product suppliers, waste reduction oriented products and web sites for Agencies and institutions providing free environmental materials and resources to educators. The guide was inserted in the winter, 1999 edition of Teachers Resources.

Recycled Fashion Show - During FY2000, four area high schools hosted SWANCC's Recycled Fashion Show. This show requires 21 models, either students or teachers, and features more than thirty pieces of clothing and accessories all made, at least in part, from recycled plastic.

Six-Pack Ring Recycling Contest - For the fifth year, SWANCC sponsored a six-pack ring recycling contest for area schools. The contest is held in cooperation with ITW Hi-Cone, Itasca, the company that manufactures six-pack rings. Schools participating in ITW's Ring Leader Recycling Program are given free kits to collect the materials. Each kit includes a recycled plastic tree of which students hang the six-pack rings they bring from home and that are generated from school functions.

SWANCC announced the contest in fall, 1999, and all schools interested in competing were required to register with SWANCC. Throughout the year, participating schools shipped boxes of the materials to ITW Hi-Cone's Fullerton, California plant for recycling. At the conclusion of the contest, ITW provided weight reports for all registered schools, and the contest winners were determined.

A total of 34 schools participated in the 1999/00 contest, recycling a total of 4,040 pounds of six-pack rings. As there are approximately 125 six-pack rings in a pound, this amounts to 505,000 six-pack rings.

Waste Reduction Grants - In FY2000, SWANCC allocated just over \$3,800 in waste reduction grant funds to SWANCC-area schools. The grants, for \$200 or less, were used to purchase

SOLID WASTE AGENCY OF NORTHERN COOK COUNTY

waste reduction equipment such as classroom recycling bins, worm composting bins, white erase boards, can crushers, etc.

Wheeling Township Transfer Station Field Trips - SWANCC continued to offer no-cost field trip tours of the Wheeling Township Transfer Station during FY2000. Over 900 people of all ages toured the facility during the fiscal year.

Old Shoe Recycling - In spring, 2000, 3,865 pairs of old gym shoes were collected from forty-seven SWANCC-area schools for Nike's *Reuse-A-Shoe* program. Old athletic shoes are ground up and used as material for new running tracks.

Agency Administration

The Agency is governed by a Board of Directors that consists of one director elected by each member municipality. Each municipality also elects one or more alternate directors; however, each municipality may only cast one vote when appropriate at Board meetings regardless of whether both the director and any alternates are present.

The Board of Directors establishes general policies of the Agency, makes all appropriations, approves contracts for solid waste disposal and all Project Use Agreements, adopts resolutions providing for the issuance of bonds or notes by the Agency, adopts by-laws, rules and regulations and exercises these powers and duties as outlined in the Agency By-Laws or the Agency Agreement. The SWANCC Board of Directors meet on the second Wednesday of each month at 6:00 p.m. Board meetings are generally held at the Business Conference Center at Oakton Community College, Des Plaines.

Those serving as Agency Officers through April 30, 2000 include the following:

Officers

Chairman

George Van Dusen, Mayor
Village of Skokie

Vice-Chairman

Madeleine Grant, President
Village of Lincolnwood

SOLID WASTE AGENCY OF NORTHERN COOK COUNTY

Secretary/Treasurer

William R. Balling, Manager
Village of Buffalo Grove

Those serving on the Board of Directors through April 30, 2000 include the following:

Village of Arlington Heights

Arlene Mulder, President, Director
William Dixon, Manager, Alternate Director

Village of Barrington

Robert R. Irvin, Manager, Director
Ronald M. Hamelberg, President, Alternate Director
Daniel T. Frommeyer, Alternate Director

Village of Buffalo Grove

Elliott Hartstein, President, Director
William Balling, Manager, Alternate Director

Village of Elk Grove Village

Craig Johnson, President, Director
Gary Parrin, Manager, Alternate Director
James P. Petri, Trustee, Alternate Director
Chris Prochno, Trustee, Alternate Director
Raymond R. Rummel, Asst. Manager, Alternate Director

City of Evanston

Edmund Moran, Jr., Alderman, Director
Roger Crum, Manager, Alternate Director

Village of Glencoe

Robert W. Hogue, Manager, Director
James Webb, President, Alternate Director
Robert Paley, Trustee, Alternate Director, Alternate Directors

Village of Glenview

Nancy Firfer, President, Director
Paul McCarthy, Manager, Alternate Director

SOLID WASTE AGENCY OF NORTHERN COOK COUNTY

Village of Hoffman Estates

James H. Norris, Manager, Director
Michael O'Malley, President, Alternate Director
Board of Trustees, Alternate Directors

Village of Inverness

John A. Tatoes, President, Director
Linda Fleming, Trustee, Alternate Director
Curt Carver, Administrator, Alternate Director

Village of Kenilworth

W. John McGinnis, Trustee, Director
Kenneth Terlip, Manager, Alternate Director

Village of Lincolnwood

Madeleine Grant, President, Director
Robert Bocwinski, Administrator, Alternate Director

Village of Morton Grove

Joe Weiss, Trustee, Director
Don Sneider, Trustee, Alternate Director

Village of Mount Prospect

Timothy Corcoran, Trustee, Director
Paul Hoefert, Trustee, Alternate Director

Village of Niles

Louella Preston, Trustee, Director
Abe Selman, Manager, Alternate Director
Board of Trustees, Alternate Directors

Village of Palatine

Rita Mullins, Mayor, Director
Michael J. Cassidy, Manager, Alternate Director

City of Park Ridge

Ronald Wietecha, Mayor, Director
Tim Schuenke, Manager, Alternate Director

SOLID WASTE AGENCY OF NORTHERN COOK COUNTY

City of Prospect Heights

Edward Rotchford, Mayor, Director

Thomas O'Donoghue, Alderman, Alternate Director

City of Rolling Meadows

Thomas Menzel, Mayor, Director

Mark Evenson, Alderman, Alternate Director

William Barlow, Manager, Alternate Director

Village of Skokie

George Van Dusen, Mayor, Director

Albert Rigoni, Manager, Alternate Director

Village of South Barrington

David L. Pierce, Manager, Director

Village of Wheeling

Greg Klatecki, President, Director

Craig Anderson, Manager, Alternate Director

Board of Trustees, Alternate Directors

Village of Wilmette

Heidi Voorhees, Manager, Director

Nancy Canafax, President, Alternate Director

Frank Whitehand, Trustee, Alternate Director

Village of Winnetka

Louise A. Holland, President, Director

Douglas Williams, Manager, Alternate Director

Executive Committee

The Executive Committee of the Agency consists of seven members of the Board of Directors. Executive Committee members are elected by the Board, and alternate directors may be elected with the consent of the applicable Board member. Each member of the Executive Committee is entitled to one vote on the Committee. The Executive Committee may take any action not specifically reserved to the Board of Directors by the Act, the Agency Agreement or the By-Laws.

SOLID WASTE AGENCY OF NORTHERN COOK COUNTY

The SWANCC Executive Committee generally meets on the fourth Wednesday of each month at 8:30 a.m. Executive Committee meetings are held at the Wheeling Township Transfer Station, Three Providence Drive, Glenview. Those serving on the Executive Committee are:

Chairman

William Balling
Manager, Village of Buffalo Grove

Albert J. Rigoni
Manager, Village of Skokie

Timothy Corcoran
Trustee, Village of Mt. Prospect

Edward Rotchford
Mayor, City of Prospect Heights

William Dixon
Manager, Village of Arlington Heights

Douglas Williams
Manager, Village of Winnetka

Madeleine Grant
President, Village of Lincolnwood

Staff

The day-to-day operations of the Agency are administered by four professionals employed by the Agency.

C. Brooke Beal - Executive Director of the Agency.
Steven Schilling, P.E. - Assistant Executive Director.
Mary S. Allen - Recycling and Education Director.
Candice L. Messerschmidt - Executive Secretary.

**Financial Statements
April 30, 2000 and 1999**

SOLID WASTE AGENCY OF NORTHERN COOK COUNTY

Balance Sheets

April 30, 2000 and 1999

Assets	<u>2000</u>	<u>1999</u>
Current assets:		
Cash and cash equivalents	\$ 995,287	1,404,374
Accounts receivable – financing members	763,257	559,883
Accounts receivable – other	297,667	992,193
Restricted cash and investments:		
Operation and maintenance account:		
Cash and cash equivalents	1,884,036	2,189
Investments	—	1,015,434
Residual account:		
Cash and cash equivalents	2,876,129	2,839,506
Investments	<u>1,950,962</u>	<u>1,882,180</u>
Total current assets	<u>8,767,338</u>	<u>8,695,759</u>
Restricted cash and investments:		
Debt service account:		
Cash and cash equivalents	4,354,089	4,319,776
Investments	6,176,352	6,157,248
Accrued interest receivable	<u>3,394</u>	<u>15,395</u>
Total restricted assets	<u>10,533,835</u>	<u>10,492,419</u>
Property, plant, and equipment:		
Land	1,600,000	1,600,000
Transfer station building	16,144,567	16,144,567
Transfer station baling equipment	2,465,641	2,465,641
Furniture, fixtures, and equipment	5,955	5,955
Balefill project costs	<u>10,597,000</u>	<u>10,597,000</u>
	30,813,163	30,813,163
Accumulated depreciation	<u>(3,171,909)</u>	<u>(2,663,725)</u>
Net property, plant, and equipment and balefill	<u>27,641,254</u>	<u>28,149,438</u>
Debt issuance costs, net	<u>1,146,417</u>	<u>1,266,437</u>
Total assets	\$ <u>48,088,844</u>	<u>48,604,053</u>

See accompanying notes to financial statements.

SOLID WASTE AGENCY OF NORTHERN COOK COUNTY

Balance Sheets

April 30, 2000 and 1999

Liabilities and Fund Equity (Deficit)	<u>2000</u>	<u>1999</u>
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,378,734	1,684,594
Current portion of long-term debt	2,500,000	2,160,000
Due to members	570,720	191,572
Accrued interest payable	1,730,947	1,794,232
Deferred revenue	<u>1,422,207</u>	<u>1,395,529</u>
Total current liabilities	<u>7,602,608</u>	<u>7,225,927</u>
Long-term liabilities:		
Long-term debt, less current portion	59,819,440	62,233,057
Unamortized loss on refunding	<u>(2,039,301)</u>	<u>(2,320,087)</u>
Total long-term liabilities	<u>57,780,139</u>	<u>59,912,970</u>
Total liabilities	<u>65,382,747</u>	<u>67,138,897</u>
Fund equity (deficit):		
Contributed capital	4,723,340	4,723,340
Accumulated deficit	<u>(22,017,243)</u>	<u>(23,258,184)</u>
Total fund equity (deficit)	(17,293,903)	(18,534,844)
Commitments and contingencies		
Total liabilities and fund equity (deficit)	\$ <u>48,088,844</u>	<u>48,604,053</u>

SOLID WASTE AGENCY OF NORTHERN COOK COUNTY

Statements of Operations

Years ended April 30, 2000 and 1999

	<u>2000</u>	<u>1999</u>
Transfer station operations:		
Revenues – charges to member communities	\$ 16,473,643	17,181,901
Expenses – transfer station operations	<u>(10,611,385)</u>	<u>(11,171,669)</u>
Operating profit from transfer station operations	5,862,258	6,010,232
Impairment to deferred balefill costs (note 8)	—	(21,098,753)
General and administrative	(752,664)	(833,867)
Depreciation and amortization	<u>(908,989)</u>	<u>(994,299)</u>
Net income (loss) before nonoperating income (expense)	<u>4,200,605</u>	<u>(16,916,687)</u>
Nonoperating income (expense):		
Interest income	671,294	1,059,257
Interest expense	(3,785,356)	(3,926,511)
Miscellaneous income	100,873	15,361
Realized and unrealized gains	<u>53,525</u>	<u>(67,452)</u>
Total nonoperating expense	<u>(2,959,664)</u>	<u>(2,719,345)</u>
Net income (loss)	\$ <u>1,240,941</u>	<u>(19,636,032)</u>

See accompanying notes to financial statements.

SOLID WASTE AGENCY OF NORTHERN COOK COUNTY

Statements of Changes in Fund Equity (Deficit)

Years ended April 30, 2000 and 1999

		<u>Contributed capital</u>	<u>Accumulated deficit</u>	<u>Total</u>
Balance at April 30, 1998, as restated	\$	4,723,340	(3,622,152)	1,101,188
Net loss		<u>—</u>	<u>(19,636,032)</u>	<u>(19,636,032)</u>
Balance at April 30, 1999		4,723,340	(23,258,184)	(18,534,844)
Net loss			<u>1,240,941</u>	<u>1,240,941</u>
Balance at April 30, 2000	\$	<u>4,723,340</u>	<u>(22,017,243)</u>	<u>(17,293,903)</u>

See accompanying notes to financial statements.

SOLID WASTE AGENCY OF NORTHERN COOK COUNTY

Statements of Cash Flows

Years ended April 30, 2000 and 1999

	<u>2000</u>	<u>1999</u>
Cash flows from operating activities:		
Net operating income (loss)	\$ 4,200,605	(16,916,687)
Adjustments to reconcile net operating income (loss) to net cash used in operating activities:		
Impairment to deferred balefill costs	—	21,098,753
Depreciation and amortization	908,989	994,297
Amortization of bond discount	86,384	107,260
Realized and unrealized loss	53,525	(67,452)
Other nonoperating income	100,873	215,361
Changes in assets and liabilities:		
Accounts receivable – financing members	(203,374)	(59,021)
Accounts receivable – other	694,526	(643,061)
Accounts payable and accrued expenses	(305,860)	32,985
Deferred revenue and due to members	<u>405,826</u>	<u>82,103</u>
Net cash provided by operating activities	<u>5,941,494</u>	<u>4,844,538</u>
Cash flows from capital and related financing activities:		
Bond principal payments	(2,160,000)	(2,040,000)
Interest payments	<u>(3,848,641)</u>	<u>(3,984,208)</u>
Net cash used in capital and related financing activities	<u>(6,008,641)</u>	<u>(6,024,208)</u>
Cash flows from investing activities:		
Change in investments, net	927,548	(1,079)
Acquisition of plant, property, and equipment	—	(5,955)
Interest	<u>683,295</u>	<u>1,048,826</u>
Net cash provided by investing activities	<u>1,610,843</u>	<u>1,041,792</u>
Net increase (decrease) in cash and cash equivalents	1,543,696	(137,878)
Cash and cash equivalents at beginning of year	<u>8,565,845</u>	<u>8,703,723</u>
Cash and cash equivalents at end of year	\$ <u>10,109,541</u>	<u>8,565,845</u>

See accompanying notes to financial statements.

SOLID WASTE AGENCY OF NORTHERN COOK COUNTY

Notes to Financial Statements

(1) Organization

The Solid Waste Agency of Northern Cook County (the Agency) is a municipal joint action agency created as of May 2, 1988 under the provisions of the Intergovernment Cooperation Act, 5 ILLCS 220/3.2 (the Act). The Agency is empowered to plan, finance, construct, and operate a solid waste disposal system. The Agency has initiated action to meet its intentions to acquire equipment and to construct and equip a waste project (the Project) to dispose of the municipal waste received from its members on a site acquired by the Agency. The Project is planned to consist of the Balefill site and a transfer station in the Village of Glenview.

The Wheeling Township Transfer Station commenced operations February 1, 1994. Pursuant to the Project Use Agreements described below, charges to the member communities using the Wheeling Township Transfer Station at April 30, 2000 and 1999 resulted in charges of approximately \$44 per ton.

The Agency consists of the following municipalities:

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

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 policy 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 agreement or the bylaws of the Agency.

The Executive Committee of the Agency consists of seven persons elected 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 Act, the Agency agreement, or the bylaws.

The authority to designate management, influence operations, and formulate budgets rests with the Board of Directors and Executive Committee. Criteria have been developed to determine whether other entities with activities that affect the Agency should be included within its financial reporting entity. The criteria include but are not limited to whether the Agency has governing or fiscal control or accountability for other entities. No other entity meets these criteria, and none is included within the Agency's reporting entity. In addition, no one member has the ability to significantly influence operations; therefore, the Agency is not a component unit of any other governmental reporting entity.

SOLID WASTE AGENCY OF NORTHERN COOK COUNTY

Each member community was obligated under an agreement with the Agency to pay its pro rata share of the principal and interest on the 1990 Notes (based on the population of that member) and any equity contribution imposed by the Agency, which was imposed through November 1, 1994, on those member communities which were members of the Agency at the time of issuance of the 1990 Notes. The 1990 Notes were fully repaid by November 1, 1994. Those communities that executed the long-term Project Use Agreement in connection with the issuance of the 1992 Contract Revenue Bonds had their share of principal and interest on the 1990 Notes and equity contributions paid for by the Agency in conjunction with that issuance.

In connection with the 1992 Bonds, member communities are obligated under Project Use Agreements with the Agency to pay their allocable share of the Project costs (as defined). Three original member communities did not enter into the long-term Project Use Agreement and were obligated for their share of the 1990 Notes (aggregating \$2,001,145) and any equity contribution. In fiscal 1995, the three member communities' pro rata share of the principal and interest of the 1990 Notes was \$360,710. In addition, during 1995 these three member communities were assessed \$74,107, as their share of the required equity contribution. Such amounts have been recorded as contributed capital.

(2) Significant Accounting Policies

The accounting policies for the Agency, as reflected in the accompanying financial statements, conform to generally accepted accounting principles applicable to proprietary funds of governmental units. The Agency adopted Governmental Accounting Standards Board (GASB) Statement No. 20 which requires the Agency to apply accounting pronouncements not addressed by GASB prior to December 1, 1989. All pronouncements subsequent to this time will not be implemented unless addressed by GASB.

The financial records are maintained utilizing the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The Agency was being accounted for as a development stage enterprise through February 1, 1994 (date the Wheeling Township Transfer Station commenced operations); therefore, all costs incurred through that date in connection with the development of the Project have been capitalized. Since February 1, 1994, direct expenses for the Balefill site and its share of net interest costs have been capitalized and included in the cost of the Balefill. (See note 6)

Deposits in The Illinois Funds (money market) are reflected in cash and cash equivalents in the accompanying financial statements. Restricted investments consist of U.S. Government securities and a repurchase agreement, and are stated at fair value.

Discount on long-term debt is amortized as additional interest expense on the straight-line method over the term of the debt. Amortization expense for the years ended April 30, 2000 and 1999 was \$86,383 and \$107,260, respectively.

Through April 30, 1998, interest, net of related interest income, and amortization of long-term debt issuance costs incurred in connection with development of the Project were capitalized as a cost of the Project and would be amortized over the estimated useful life of the Project upon completion. Effective May 1, 1998, the Agency ceased capitalizing such costs due to the decision of the United States Court of Appeals for the Seventh Circuit (see note 6).

SOLID WASTE AGENCY OF NORTHERN COOK COUNTY

Depreciation is provided using the straight-line method over the estimated useful lives of the plant and equipment as follows:

	<u>Years</u>
Transfer station building	38
Transfer station baling equipment	30
Furniture, fixtures, and equipment	<u>5</u>

Maintenance and repair expenses are charged to operations as incurred. Significant costs of improvements are capitalized as part of property, plant, and equipment.

For purposes of the statement of cash flows, the Agency considers all highly liquid investments (including restricted assets) with an original maturity of three months or less to be cash equivalents.

Certain 1999 amounts have been reclassified to conform with the 2000 presentation.

Management of the Agency has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent liabilities and the amounts of revenues and expenses to prepare these financial statements in accordance with generally accepted accounting principles. Actual results could differ from those estimates.

(3) Cash and Investments

Investments

Under Illinois law the Agency is restricted to investing funds in direct or fully guaranteed obligations of the U.S. Government; interest-bearing demand or time deposits in banks and savings and loan associations, whose deposits are fully insured up to \$100,000 by the Federal Depository Insurance Corporation; commercial paper of U.S. corporations with assets exceeding \$500,000,000 rated in the highest classification by at least two rating agencies; insured accounts of an Illinois credit union chartered under United States or Illinois law; money market mutual funds whose portfolios consist solely of U.S. Government obligations or agreements to repurchase these same types of obligations; The Illinois Funds (money market); and repurchase agreements which meet instrument transaction requirements of Illinois law.

Bank Deposits

The carrying amounts and bank balances of the Agency's deposits were \$10,109,541 and \$10,125,174, respectively, at April 30, 2000 and \$8,565,845 and \$8,567,488, respectively, at April 30, 1999. The bank balance of \$69,663 and \$202,189 at April 30, 2000 and 1999, respectively, were covered by the Federal Depository Insurance Corporation. The remaining balances were uninsured and uncollateralized.

SOLID WASTE AGENCY OF NORTHERN COOK COUNTY

Investments

A summary of the Agency's investments at April 30, 2000 and 1999 is as follows:

	<u>2000</u>		<u>1999</u>	
	<u>Book value</u>	<u>Fair value</u>	<u>Book value</u>	<u>Fair value</u>
U.S. Government securities fully guaranteed by the U.S. Government and held by the Trustee in the Agency's name	\$ 6,173,400	6,171,582	7,173,623	7,168,151
Uncategorized investments:				
The Illinois Funds	4,770	4,770	4,531	4,531
Illinois Metropolitan Investment Fund	<u>1,950,962</u>	<u>1,950,962</u>	<u>1,882,180</u>	<u>1,882,180</u>
	\$ <u>8,129,132</u>	<u>8,127,314</u>	<u>9,060,334</u>	<u>9,054,862</u>

(4) Long-term Debt

Long-term debt consists of the following at April 30, 2000 and 1999:

	<u>2000</u>	<u>1999</u>
\$55,650,000 Contract Revenue Bonds, Series 1992, bearing interest at 5.65% to 6.65%, maturing 2000 to 2015	\$ 29,265,000	30,135,000
\$4,400,000 Contract Revenue Bonds, Series 1994, bearing interest at 4.50% to 5.55%, maturing 2000 to 2015	4,400,000	4,400,000
\$29,085,000 Contract Revenue Bonds, Series 1995A, bearing interest at 4.50% to 6.00%, maturing 2000 to 2015	29,085,000	29,085,000
\$1,810,000 Contract Revenue Bonds, Series 1995B, bearing interest at 5.70% to 6.00%, maturing in 2000	<u>250,000</u>	<u>1,540,000</u>
	63,000,000	65,160,000
Less unamortized discount	<u>680,560</u>	<u>766,943</u>
Long-term debt	\$ <u>62,319,440</u>	<u>64,393,057</u>

The resolutions authorizing the issuance of the 1995, 1994, and 1992 Bonds provide for the establishment of the following accounts to which the net proceeds were deposited:

Acquisition and Construction Account – Amounts deposited in this account may be used to pay the costs of construction, financing expenses, prior note refundings, and debt service on the 1995, 1994, and 1992 Bonds if a deficiency exists in the Debt Service Account. Any excess funds in this account are to be transferred to the Debt Service Account.

Revenue Account – All revenues of the Agency are to be deposited into this account as soon as practicable after receipt.

Operation and Maintenance Account – Amounts deposited in this account are used to pay those costs of the project which vary as a function of the amount of waste delivered to the project and do not constitute fixed costs.

Debt Service Account – Amounts deposited in this account are used to pay principal of and interest on the 1995,

SOLID WASTE AGENCY OF NORTHERN COOK COUNTY

1994, and 1992 Bonds. To the extent available, excess funds on deposit in the Acquisition and Construction Account are to be transferred to this account.

Subordinated Indebtedness Account – Amounts are deposited in this account as required to pay principal or sinking fund installments of and interest on each issue of subordinated indebtedness.

Environmental Account – Amounts deposited may, upon a determination of the Agency, be applied to the payment of such claims, losses, damages, liabilities, reparations, or reimbursements which may be required to be covered pursuant to conditions in permits, community mitigation agreements, or state or federal law.

Renewal and Replacement Account – Amounts deposited may be applied to the payment of the costs of renewals, replacements, repairs, and other extraordinary operation and maintenance expenses to the extent not paid from the Operation and Maintenance Account.

Self-Insurance Account – Amounts deposited may be applied to the payment of claims or losses to the extent not covered by an insurance policy or surety bond.

Rebate Account – The Agency is to make transfers from the Revenue Account to the Rebate Account to the extent required to maintain the tax-exempt status of the interest paid on the 1995, 1994, and 1992 Bonds in accordance with the Tax Exemption Certificate and Agreement.

Residual Account – Amounts deposited are to be used to fund certain deficiencies in the Operation and Maintenance Account, Debt Service Account, or Subordinated Indebtedness Account. Any excess funds in this account may be transferred to any other account or, upon certain conditions, to the Agency.

Proceeds from the 1992 Bonds were used to refund a portion of the 1990 Notes, to finance construction of the Wheeling Township Transfer Station (Transfer Station), to finance part of the design and initial costs of the remaining components of the Project, to pay capitalized interest on a portion of the 1992 Bonds, to fund the Debt Service Reserve account in an amount equal to the maximum annual aggregate debt service on the 1992 Bonds, to fund the Operation and Maintenance Account in the amount of \$1,000,000, and to pay costs of issuance.

Proceeds from the 1994 Bonds were used to refund a portion of the 1990 Notes, to fund a debt service reserve account, to fund capitalized interest through January 1, 1996, and to pay costs of issuance. The Agency placed certain proceeds from the subsequent debt issues in an irrevocable trust to provide for future debt service payments on the 1990 Notes.

On January 4, 1996, the Agency issued \$29,085,000 of Contract Revenue Bonds, Series 1995A (the 1995A Bonds) which were issued as private activity bonds. The Agency also issued \$1,810,000 of Contract Revenue Bonds, Series 1995B (the 1995B Bonds) which were issued as taxable bonds. The 1995 Bonds were issued for the purposes of purchasing or providing for the payment of those 1992 Bonds allocable to the Transfer Station in connection with the proposed change of use of the Transfer Station by the Agency. The Agency has elected to change the use of the Transfer Station under the Internal Revenue Code to permit it to enter into a long-term contract for private operation of the Transfer Station and hauling and disposal of member waste as well as to implement one or more contracts with private parties for delivery of waste to the Transfer Station. Proceeds from the 1995A Bonds and 1995B Bonds were used to purchase a portion of the 1992 Notes, to fund a debt service reserve account, and to pay costs of issuance. The transaction resulted in a difference between the reacquisition price and the net carrying amount of the old debt of approximately \$3,300,000. This difference, reported in the accompanying financial statements as a deduction from long-term debt, is being charged to operations through year 2015 using the effec-

SOLID WASTE AGENCY OF NORTHERN COOK COUNTY

tive interest method. Amortization expense for the years ended April 30, 2000 and 1999 was \$280,786 and \$306,553, respectively.

The Agency placed certain proceeds from the 1995B Bonds in an irrevocable trust to provide for future debt service payments on \$1,365,000 principal amount maturing in 2000 of the 1992 Notes. The aggregate amount of defeased debt, which is outstanding at April 30, 2000 and 1999, is \$1,365,000.

The annual requirements to amortize all debt outstanding as of April 30, 2000 are as follows:

Year ending		Principal	Interest	Total
April 30,				
2001	\$	2,500,000	3,692,680	6,192,680
2002		2,620,000	3,570,690	6,190,690
2003		2,770,000	3,420,650	6,190,650
2004		2,935,000	3,256,850	6,191,850
2005		3,110,000	3,083,060	6,193,060
Thereafter		<u>49,065,000</u>	<u>19,025,160</u>	<u>68,090,160</u>
	\$	<u>63,000,000</u>	<u>36,049,090</u>	<u>99,049,090</u>

(5) Commitments

Effective May 1, 1995, the Agency and Groot executed a new, long-term contract, by which Groot will operate the Wheeling Township Transfer Station until April 30, 2014 and provide for processing, hauling, and disposal of waste delivered to the Wheeling Township Transfer Station. Both the Agency and Groot have a one-time option to terminate this contract on April 30, 2004. If the Agency terminates the operation and maintenance and hauling components of the contract, the Agency is required to pay \$250,000 per year to Groot for as long as the disposal services are provided under the contract. Additionally, the Agency has the option, at any time, to terminate the disposal component of the contract, if the proposed Balefill or other cost-effective waste disposal technologies become available. Payments to Groot for the years ended April 30, 2000 and 1999 totaled \$9,869,838 and \$10,761,107, respectively.

(6) Contingent Liabilities

On July 21, 1994, the Chicago District of the United States Army Corps of Engineers denied the Agency's request for a permit to fill waters of the United States on the Balefill property pursuant to the provisions of Section 404 of the Clean Water Act. The Agency challenged the Army's decision in the United States District Court. On April 16, 1998, the trial court denied the Agency's motion and granted the Army's motion for partial summary judgment with respect to the Agency's challenge to the Army's jurisdiction over the Balefill site.

On October 7, 1999, the United States Court of Appeals for the Seventh Circuit affirmed the trial court's holding that the Army properly exercised jurisdiction over the Balefill property. On May 22, 2000, the United States Supreme Court granted the Agency's petition certiorari. The case is set for argument on October 31, 2000.

The Balefill site cannot be developed as planned by the Agency unless the courts overturn the Army's decision. Should the Agency not be able to develop all or a portion of the Balefill site in its currently proposed manner, generally accepted accounting principles would require the Project's carrying value be adjusted to net realizable value. Due to the adverse court rulings, an adjustment was recorded in 1999 in the financial statements to record the Project's carrying value to its net realizable value. Such adjustment amounted to a charge of \$21,098,753 during fiscal year 1999 and was determined from an analysis prepared by management.

SOLID WASTE AGENCY OF NORTHERN COOK COUNTY

SWANCC MEMBER COMMUNITIES

Village of Arlington Heights
Village of Barrington
Village of Buffalo Grove
Village of Elk Grove Village
City of Evanston
Village of Glencoe
Village of Glenview
Village of Hoffman Estates
Village of Inverness
Village of Kenilworth
Village of Lincolnwood
Village of Morton Grove

Village of Mount Prospect
Village of Niles
Village of Palatine
City of Park Ridge
City of Prospect Heights
City of Rolling Meadows
Village of Skokie
Village of South Barrington
Village of Wheeling
Village of Wilmette
Village of Winnetka

The Solid Waste Agency of Northern Cook County (SWANCC) is a unit of local government and a not-for-profit corporation. Twenty-three communities in northern Cook County joined together to form SWANCC in 1988. SWANCC developed a long-term plan to manage the region's municipal solid waste that was adopted by its Board of Directors in 1991. Since then, SWANCC has been at work implementing this economically stable and environmentally safe solution to the region's solid waste management needs.

Solid Waste Agency of Northern Cook County

1616 East Golf Road
Des Plaines, IL 60016
Phone 847/296-9205
Fax 847/296-9207
www.swancc.org

