

Fiscal Year 2004

Annual Report and Audited Financial Statements

May 1, 2003 to April 30, 2004



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 750,000 residents in northern Cook County, Illinois.

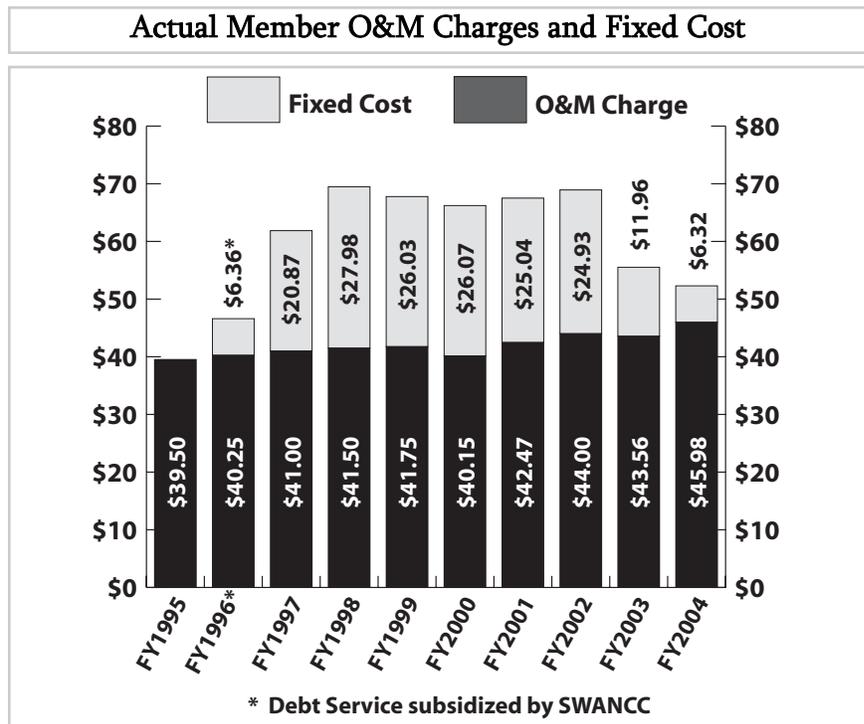
This Annual Report covers the Agency's Fiscal Year 2004 beginning on May 1, 2003 and ending on April 30, 2004.

Financial Results

The Agency is funded solely by its members through monthly payments made in accordance with each member's Project Use Agreement. 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.

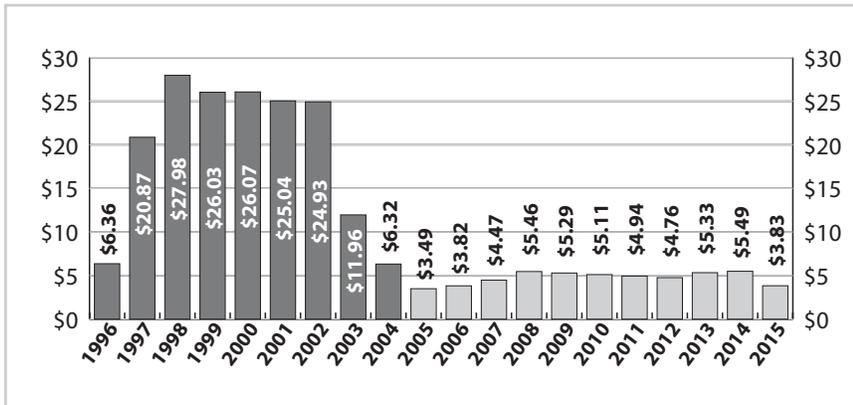
Budgeted O&M Charges - Operation and Maintenance (O&M) Charges are those costs the Agency incurs for its day-to-day operations. This includes the operation and maintenance of the Glenview Transfer Station (GTS) and the Agency's administrative expenses. The O&M charge for FY2004 was budgeted at \$46.00 per ton based on members delivering 261,239 tons of waste to the GTS. Approximately \$502,000 in retained earnings from FY2003 was used to offset higher expenses in FY2004. Without the use of the retained earnings, the per ton tipping fee would have been approximately \$48.00 per ton.

Budgeted 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 FY2004 budget set the fixed cost charge at \$6.32 per ton, \$5.64 (47%) less than FY2003. Two months into FY2003, the Agency’s budget was amended to reduce the fixed cost charge to \$11.96 per ton, a 52% reduction from the FY2002 rate. This reduction was a result of the defeasance and refinancing of the Agency’s debt. Another defeasance in early FY2005 has allowed the Agency to further reduce its fixed costs for the future. Members are billed for the fixed cost charge along with their O&M charge.

Historical and Projected Fixed Cost Charge (\$ per Ton)



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 remained at the budgeted level of \$6.32 per ton. Members that over-delivered are billed an additional \$6.32 per ton for each ton over their commitment. Those that under-delivered will get a rebate of \$6.32 per ton for the amount under their commitment.

After accounting for all costs incurred by the Agency in FY2004, the actual O&M charge was \$45.98 per ton, \$0.02 lower than the budgeted value. Individual members may see a credit or a debit depending on the magnitude of their actual waste deliveries.

Since FY1997, the Agency has operated within its budget and has returned excess revenues back to the members.

Glenview Transfer Station

The Glenview Transfer Station (GTS) is the Agency’s flagship solid waste transfer facility located in Glenview, Illinois. It is an 85,000 square-foot facility that can handle over 1,600 tons of municipal solid waste each day. The purpose of the GTS is to provide member commu-

SWANCC’s Glenview Transfer Station



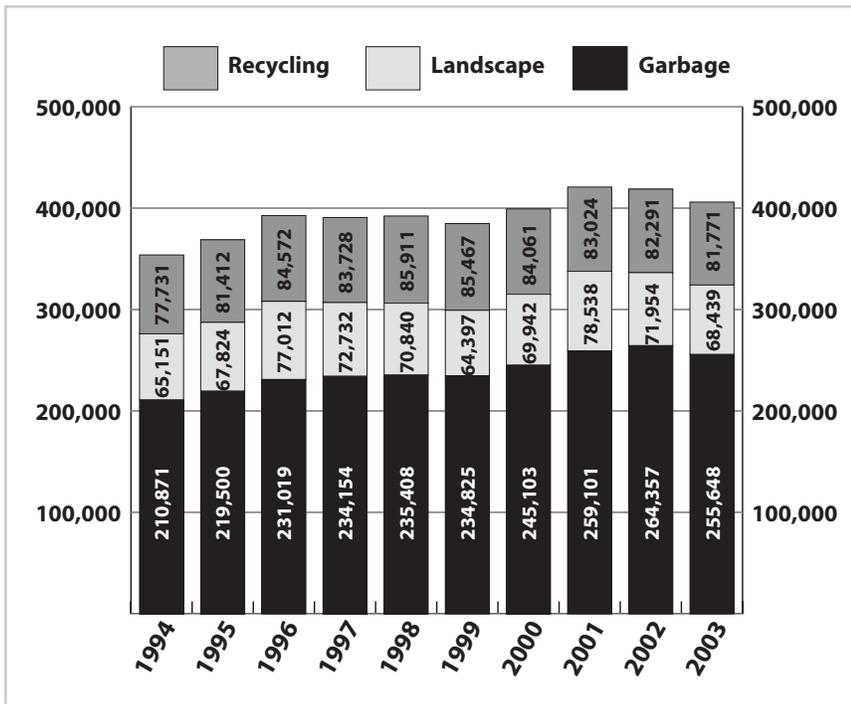
nities with a centralized dumping location that allows refuse collection vehicles to tip their load and quickly return to their collection routes. At the GTS, refuse is baled and loaded into semi-trailers for transport to the landfill. Using this system, the refuse from three collection vehicles can be loaded onto a single trailer.

In FY2004, member communities delivered a total of 274,305 tons of municipal solid waste to the transfer station. This is an increase of 3,401 tons (1.3%) from FY2003. The increase can be attributed to increases in per capita waste generation due to the accelerating economic growth experienced during FY2003. Per capita waste generation grows during periods of accelerating economic growth.

A total of 12,899 tons of non-member solid waste was delivered to the transfer station by refuse haulers, contractors, and private citizens. The transfer station also handled 20,486 tons of landscape waste in FY2004. Landscape waste is processed separate from the solid waste and is transported to a composting facility for recycling. These combined deliveries resulted in \$189,822 of revenues for the Agency, an increase of \$53,568 (39.3%) over FY2003.

Recycling

2003 Calendar Year Member Waste Generation (Tons)



Recycling by member communities is tracked by Agency staff using a specialized software package called WasteCalc. Data provided by communities and waste haulers to generate calendar year statistics. A calendar year basis is used to avoid confusion with the public when releasing recycling data. The following discussion of recycling is for the calendar year 2003.

A primary goal of the Agency's Solid Waste Management Plan is to recycle as much of our garbage as possible. Since 1995, SWANCC communities have recycled over 750,000 tons of recyclable material with their

curbside recycling programs. While saving nearly three years of landfill space, member communities have also avoided over \$32 million in disposal fees. These numbers clearly illustrate the importance of curbside recycling programs. In 2003, member communities recycled 81,771 tons of material compared to 82,291 tons in 2002 (down 0.6%).

Agency staff has identified flaws in the collection system for recyclable material. Programs using 18-gallon recycling bins do not have enough space for the amount of recyclables generated by residents. Programs that are switching to a 65-gallon cart for recycling are maximizing the collection of recyclables by giving the resident sufficient space for their material. These programs are popular due to the ease of use and cleanliness of the system. It is believed that as more communities switch to cart programs, the amount of material collected will reverse its trend and begin rising.

Single-stream Recyclables Await Sorting



Community Outreach

SWANCC conducts numerous community outreach programs that benefit member communities. Popular programs are the special collections that are co-sponsored by the Agency. During FY2004, the Agency cosponsored two Computer/Electronics Recycling collections that recycled over 245,000 pounds of old computers and electronics. Unfortunately, due to the increased Illinois landfill taxes the Agency was unable to fund any Household Chemical Waste collections in FY2004. These types of collections are the single largest generator of inquiries to the Agency from the public.

The Agency communicates to the public a number of ways. SWANCC's website at www.swancc.org is continuously updated to provide accurate and timely information for the

Computer and Electronics Recycling Collection



public and member communities. In April 2004, the Agency published a newsletter called *Recycling Etc.* This newsletter provides information regarding recycling, special collections and other SWANCC programs. Over 250,000 copies were distributed directly to residents as an insert in the Sunday Chicago Tribune and the Tribune's direct mail Local Values. This publication was so well received that the Agency will be publishing two issues in FY2005. Finally, Agency staff responds to numerous phone calls and emails from the public on a daily basis.

Member communities rely on the Agency to provide expertise with solid waste related issues. In FY2003, the Agency completed a pilot project show the benefits of using 65-gallon carts for recycling collection. By the end of FY2004, six SWANCC communities had implemented a 65-gallon cart program for recycling. Members were also provided with special recycling containers to be placed at special events and public facilities. Additionally, Agency expertise is consulted by member communities to review programs and contracts.

Education 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 *Waste Ed* 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:

“Earth” Programs: During Spring 2004, SWANCC awarded four Earth plaque awards and thirteen Earth plaque extension awards to schools that met SWANCC's criteria by April 30th, which involved implementing school-wide waste reduction activities for the entire school year.

Nike “Reuse-a-Shoe” Shoe Recycling Collection



Eco-Friendly Fashion Show: Five schools and five adult groups scheduled SWANCC's unique program during the past year. This thirty-minute presentation features wearable articles made from recycled materials or environmentally-friendly fibers. SWANCC requires that the host guarantee a minimum of 100 people in the audience, not including models.

April Environmental Awareness Calendar: A total of 70,000 April calendars were distributed within 16 SWANCC communities. Four municipalities had community-specific program information printed on the reverse side of the calendar to promote their recycling programs and special events.

“Art of Garbage”: Ten schools contributed to SWANCC's annual “Art of Garbage” exhibit. The framed posters hang in the visitor gallery at SWANCC's Glenview Transfer Station for one year. The 20” by 24” posters impart a waste reduction message, either drawn or made in collage fashion out of items that would normally be thrown away (except food waste). The exhibit opening was

held on Saturday, June 5, 2004, in conjunction with the SWANCC's transfer station public open house.

Locker Clean-Out Bags for Schools: For the fifth year, sturdy brown handled bags were offered to help make end-of-the-year clean up easy. Sixty-five schools, fifteen more than last year, requested the bags and received a handout to help organize a school-wide locker clean-out. The newly designed bag lists SWANCC's member communities and an environmental message.

Shoe Collection: For the fifth year, SWANCC coordinated an athletic shoe drive for Nike's "Reuse-a-Shoe" program. Over seventy SWANCC-area schools and a dozen businesses or community groups participated. Representatives that registered with SWANCC brought their shoes to the transfer station June 3 - 5, 2004. A total of 6,200 pairs of shoes were collected for recycling and eight large garbage bags of shoes that were "like new" were donated to charity. Through a random drawing, two elementary schools, two middle schools and two high schools, as well as three businesses and three community groups received a recycled plastic "hand" chair from SWANCC. All participating groups were eligible to win.

Waste Grant Program: A total of thirty-eight SWANCC-area schools, eleven more than last year, received grants as part of the Agency's School Waste Reduction Grant Program. Each school received up to \$200 for waste reduction projects or up to two "bottle" recycling receptacles. Examples of grant award projects include the purchase of recycling bins; reusable food containers and lunch bags; dry erase boards, outdoor or vermi-composting bins and SWANCC-recommended waste reduction resource materials, such as videos and books.

Nike "Reuse-a-Shoe" Shoe Recycling Collection



Administration

The Agency is governed by a Board of Directors consisting 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 meets on the second Wednesday of each month at 6:00 p.m.

Those serving as Agency Officers through April 30, 2004 include the following:

Chairman

George Van Dusen, Mayor, Village of Skokie

Vice-Chairman

Timothy Corcoran, Trustee, Village of Mt. Prospect

Secretary/Treasurer

William R. Balling, Manager, Village of Buffalo Grove

Those serving on the Board of Directors through April 30, 2004 include the following:

Village of Arlington Heights

Arlene J. Mulder, President, Director
William Dixon, Manager, Alt. Director

Village of Barrington

Denise Pieroni, Director of Admin. Services, Director
Marshall S. Reagle, President, Alt. Director
Jack Schaefer, Trustee, Alt. Director

Village of Buffalo Grove

Elliott Hartstein, President, Director
William Balling, Manager, Alt. Director

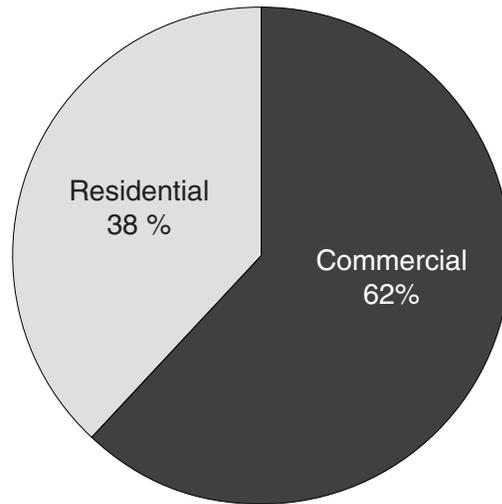
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Solid Waste Management in the SWANCC Region

Waste Generation

SWANCC mainly deals with residential municipal solid waste (MSW). But this only accounts for nearly 40% of the total amount of MSW generated in the SWANCC region. The majority of MSW (over 60%) is generated commercially. This waste is generated by businesses, industry, and institutions. In total, the SWANCC region generated over 1,000,000 tons of MSW during the calendar year 2003. This material is managed by recycling, composting of landscape waste, and landfilling of the remaining fraction.

SWANCC Region Waste Source



Residential MSW Collection, Recycling and Disposal

Disposal, Collection and Recycling Costs



The average household in the SWANCC region generates 2,240 pounds of solid waste in a year. That average household will pay \$13.45 per month to have that material collected, recycled and disposed of. The chart to the right breaks down how that money is spent.

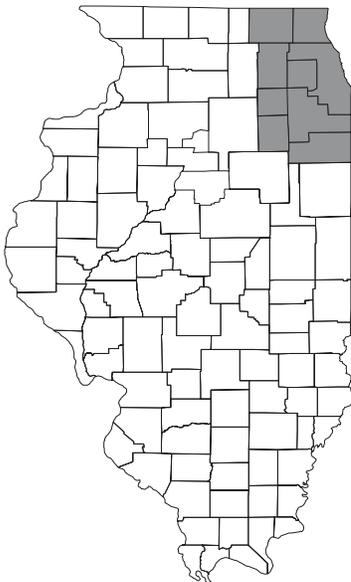
Recycling

SWANCC communities are undergoing change regarding their recycling programs. As collection contracts are being renewed, communities are adding a 65-gallon cart for recycling collection. The communities that have already implemented this “single-stream” recycling collection have seen an increase in the amount of recyclables collected and a corresponding decrease in the amount of waste disposed from their community. Also, communities are implementing commercial waste franchises that greatly expand recycling opportunities for businesses. These two programs combined will result in a significant increase in recycling in the SWANCC region.

Recycling Cart vs. Recycling Bin



Illinois and the Chicago Metro Region



Disposal

Landfill capacity is reported by the Illinois Environmental Protection Agency in its Annual Landfill Capacity Report. The 16th Annual Report states that the State of Illinois has 13 years of landfill life remaining. Unfortunately, the Chicago region only has 5 years of remaining landfill life or 10.6% of the remaining airspace in the State. This is troubling when you consider that the Chicago region generates 71.6% of the State's waste.

< Continued From Page 7 >

Village of Elk Grove Village

Craig Johnson, President, Director
Gary Parrin, Manager, Alt. Director
James P. Petri, Trustee, Alt. Director
Chris Prochno, Trustee, Alt. Director

City of Evanston

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

Village of Glencoe

Anthony J. Ruzicka, Jr., President, Director
Paul M. Harlow, Manager, Alt. Director
Robert Paley, Trustee, Alt. Director

Village of Glenview

Lawrence R. Carlson, President, Director
Paul McCarthy, Manager, Alt. Director

Village of Hoffman Estates

James H. Norris, Manager, Director
William McLeod, President, Alt. Director
Board of Trustees, Alt. Directors

Village of Inverness

John Willis, Trustee, Director
Curt Carver, Administrator, Alt. Director

Village of Kenilworth

W. John McGinnis, Trustee, Director
Max Slankard, Manager, Alt. Director

Village of Lincolnwood

Peter Moy, President, Director
Timothy Wiberg, Administrator, Alt. Director

Village of Morton Grove

James Karp, Trustee, Director
Steven Blonz, Trustee, Alt. Director

Village of Mount Prospect

Timothy Corcoran, Trustee, Director
Gerald "Skip" Farley, President, Alt. Director
Paul Hoefert, Trustee, Alt. Director

Village of Niles

Louella Preston, Trustee, Director
Mary Kay Morrissey, Manager, Alt. Director
Board of Trustees, Alt. Directors

Village of Palatine

Rita Mullins, Mayor, Director
Reid Ottesen, Manager, Alt. Director

City of Park Ridge

Mike MaRous, Acting Mayor, Director
Tim Schuenke, Manager, Alt. Director

City of Prospect Heights

Rodney Pace, Mayor, Director
Matthew Zimmerman, Administrator, Alt. Director

City of Rolling Meadows

Kenneth Nelson, Mayor, Director
Thomas M. Melena, Manager, Alt. Director

Village of Skokie

George Van Dusen, Mayor, Director
Albert Rigoni, Manager, Alt. Director

Village of South Barrington

David L. Pierce, Manager, Director

Village of Wheeling

Greg Klatecki, President, Director
F. Wallace Douthwaite, Manager, Alt. Director
Board of Trustees, Alt. Directors

Village of Wilmette

Mike Earl, Manager, Director
Nancy Canafax, President, Alt. Director

Village of Winnetka

Michael F. Duhl, President, Director
Douglas Williams, Manager, Alt. 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.

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 Glenview Transfer Station, Three Providence Drive, Glenview. Those serving on the Executive Committee are:

Chairman

William Balling, Manager, Village of Buffalo Grove

Members

Nancy Canafax, President, Village of Wilmette
Timothy Corcoran, Trustee, Village of Mt. Prospect
William Dixon, Manager, Village of Arlington Heights
James H. Norris, Manager, Village of Hoffman Estates
Albert J. Rigoni, Manager, Village of Skokie
Anthony J. Ruzicka, Jr., President, Village of Glencoe

Staff

The day-to-day operations of the Agency are administered by five 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
Elizabeth Gresham - Executive Secretary
Leslie Handler - Education Coordinator

**Solid Waste Agency
of Northern Cook County
Glenview, Illinois**

Annual Financial Report

**For the Year Ended
April 30, 2004**

Wolf & Company LLP
Certified Public Accountants

SOLID WASTE AGENCY OF NORTHERN COOK COUNTY, GLENVIEW, ILLINOIS

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INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT

The Honorable Chairman
Members of the Board of Directors
Solid Waste Agency of Northern Cook County
Glenview, Illinois

We have audited the basic financial statements of the Solid Waste Agency of Northern Cook County as of and for the year ended April 30, 2004 as listed in the accompanying table of contents. These financial statements are the responsibility of the Solid Waste Agency of Northern Cook County's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements for the year ended April 30, 2003 were audited by other auditors whose report dated August 18, 2003 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Solid Waste Agency of Northern Cook County as of April 30, 2004, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Agency has adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussions and Analysis – For State and Local Governments*, Statement No. 37, *Basic Financial Statements – and Management's Discussions and Analysis – For State and Local Governments: Omnibus*, and Statement No. 38, *Certain Financial Note Disclosures*, as of May 1, 2003. This results in a change in the format and content of the basic financial statements including notes to financial statements.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Wolf & Company LLP

Oak Brook, Illinois
September 13, 2004

MANAGEMENT'S DISCUSSION AND ANALYSIS

FY2004 - Management Discussion and Analysis

Introduction

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. The Agency has operated a solid waste transfer station, located in the Village of Glenview, since 1994. In addition to operating the transfer station, the Agency provides various education, recycling and 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 establishes two charges each fiscal year, one for operation and maintenance costs (tipping fees) and another for fixed costs (debt service). The historical rates for these charges are shown in Chart 1.

Projections of Operations and Maintenance and Fixed Costs are used to prepare 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.

Financial Overview

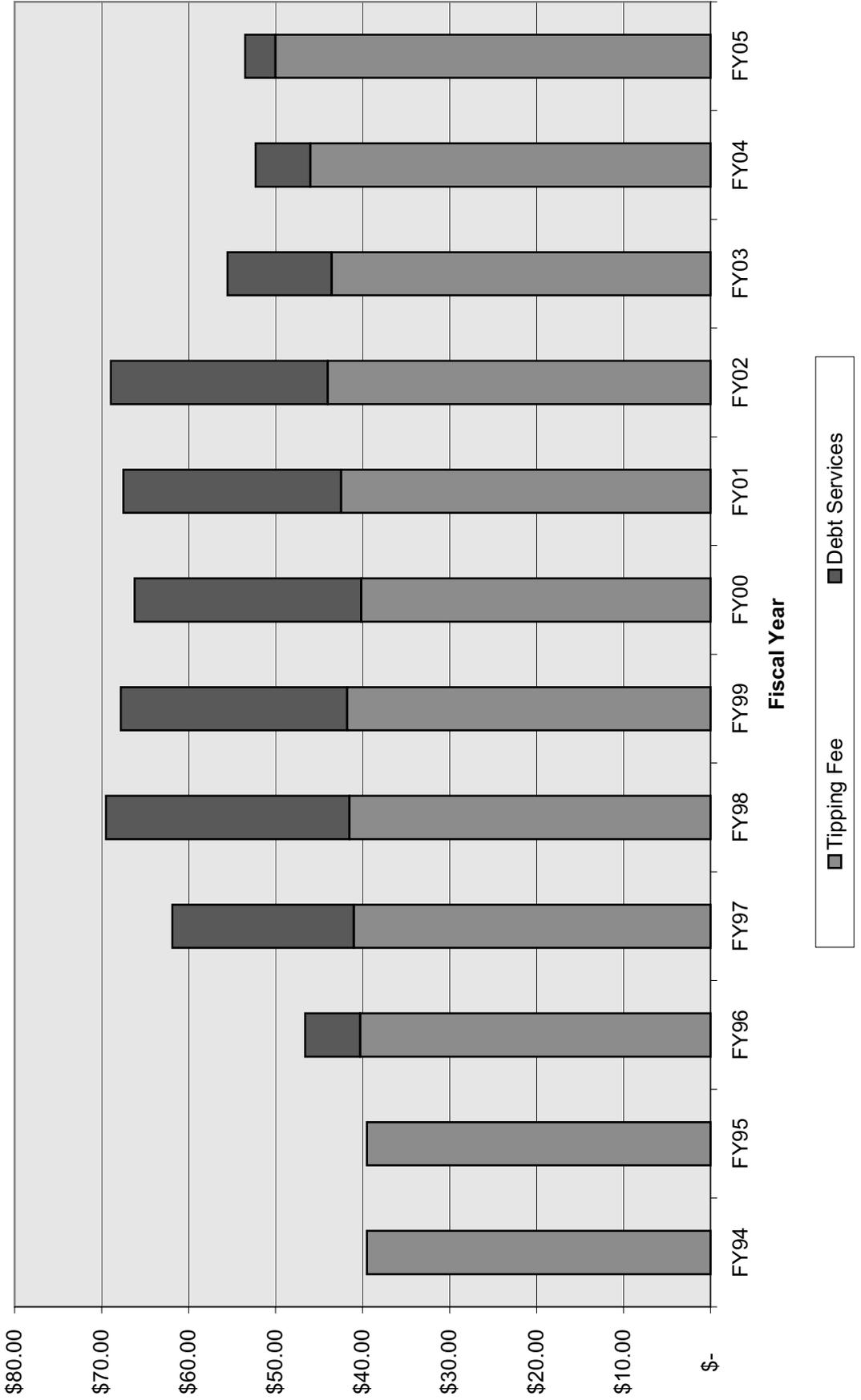
The Agency's FY2004 revenues were down 70.03% from FY2003 for the following reasons; the Agency's debt service costs was reduced from \$2.78 million to \$1.51 million, investment earnings were down primarily due to the reduction in the principal of the Agency's repurchase agreement that was held in the Agency's debt service reserve account, and a substantial gain from the sale of property in FY2003.

In addition, the Agency utilized \$532,302 in excess revenue from FY2003 to subsidize FY2004 costs, an increase of \$332,302 from the subsidized amount used in FY2003.

Overall the Agency's FY2004 expenses were down 16.30% from FY2003 due to the reduction in the Agency debt service payments, a 16.30% reduction in general and administrative costs, and a larger loss on bond refunding in FY2003.

Conversely, the expenses related to the operations of the Glenview transfer station increased 5.08% due to the increase in waste deliveries and contractual increases in the operating contract for the facility.

**Chart 1
Member Rates and Charges**



The Agency's outstanding debt has been reduced over the past years. In FY2003 the Agency defeased \$35.21 million in outstanding debt, reducing the Agency's ongoing debt service payments as reflected by reducing the FY2004 interest expense by 76.78%.

The following Table 1 compares the revenues and expenses from FY2004 to FY2003.

	TABLE 1			
	<u>FY2004</u>	<u>FY2003</u>	<u>Difference</u>	<u>% Change</u>
Glenview Transfer Stations Operations				
Revenues - Charges to Members	\$ 14,297,493	\$ 15,479,094	\$ (1,181,601)	-7.63%
Expenses - Transfer Station Operations	(12,973,081)	(12,345,819)	(627,262)	5.08%
Total Profit from GTS Operations	1,324,412	3,133,275	(1,808,863)	-57.73%
General and Administrative Expenses	(945,437)	(1,129,556)	184,119	-16.30%
Depreciation	(508,183)	(508,183)	-	0.00%
Operating Income (Loss)	(129,208)	1,495,536	(1,624,744)	-108.64%
Non-Operating Revenue (Expenses)				
Interest Income	93,320	324,750	(231,430)	-71.26%
Interest Expense	(236,031)	(1,016,611)	780,580	-76.78%
Amortization	(61,062)	(70,355)	9,293	-13.21%
Loss on Refunding	(445,722)	(3,052,134)	2,606,412	-85.40%
Miscellaneous	120,922	104,857	16,065	15.32%
Gain on Sale of Balefill Land	-	8,672,047	(8,672,047)	-100.00%
Realized and Unrealized Gain on Investments	43,648	168,388	(124,740)	-74.08%
Total Nonoperating Revenue Net	(484,925)	5,130,942	(5,615,867)	-108.96%
Net Income (Loss)	(614,133)	6,626,478	(7,240,611)	-108.89%
Net Assets Beginning	9,813,088	3,186,610	6,626,478	207.95%
Net Assets Ending	9,198,955	9,813,088	(614,133)	-6.00%
Total Revenues	\$ 14,555,383	\$ 24,749,136	\$ (10,193,753)	-70.03%
Total Operating Expenses	(15,169,516)	(18,122,658)	2,953,142	-16.30%
Net Income (Loss)	(614,133)	6,626,478	(7,240,611)	1224.78%

Operations

The Agency's Glenview transfer station (GTS) processes waste delivered by the members and customers of the Agency. The amount of waste delivered to the Agency from all sources has continued to increase each year. Chart 2 shows the historical waste deliveries to the GTS by area.

The Glenview transfer station has been operated by Groot Recycling and Waste Services since 1994 and under a long-term contract that commenced in 1995 and terminates in 2014. The Agency has the right to terminate the contract in 2009.

Groot is compensated on per ton basis for each component of the contract. The following are the rates by work area for FY2003 and FY2004.

Table 2 – GTS Operating Costs Per Ton

<u>Component</u>	<u>FY2003</u>	<u>FY2004</u>	<u>Difference</u>	<u>Percentage</u>
Operations	12.79	13.01	0.22	1.72%
Transportation	8.51	8.41	(0.10)	-1.18%
Disposal	25.89	27.70	1.81	6.99%
Credits	(3.75)	(4.16)	0.41	10.93%
Total	\$43.44	\$44.96	\$1.52	3.50%

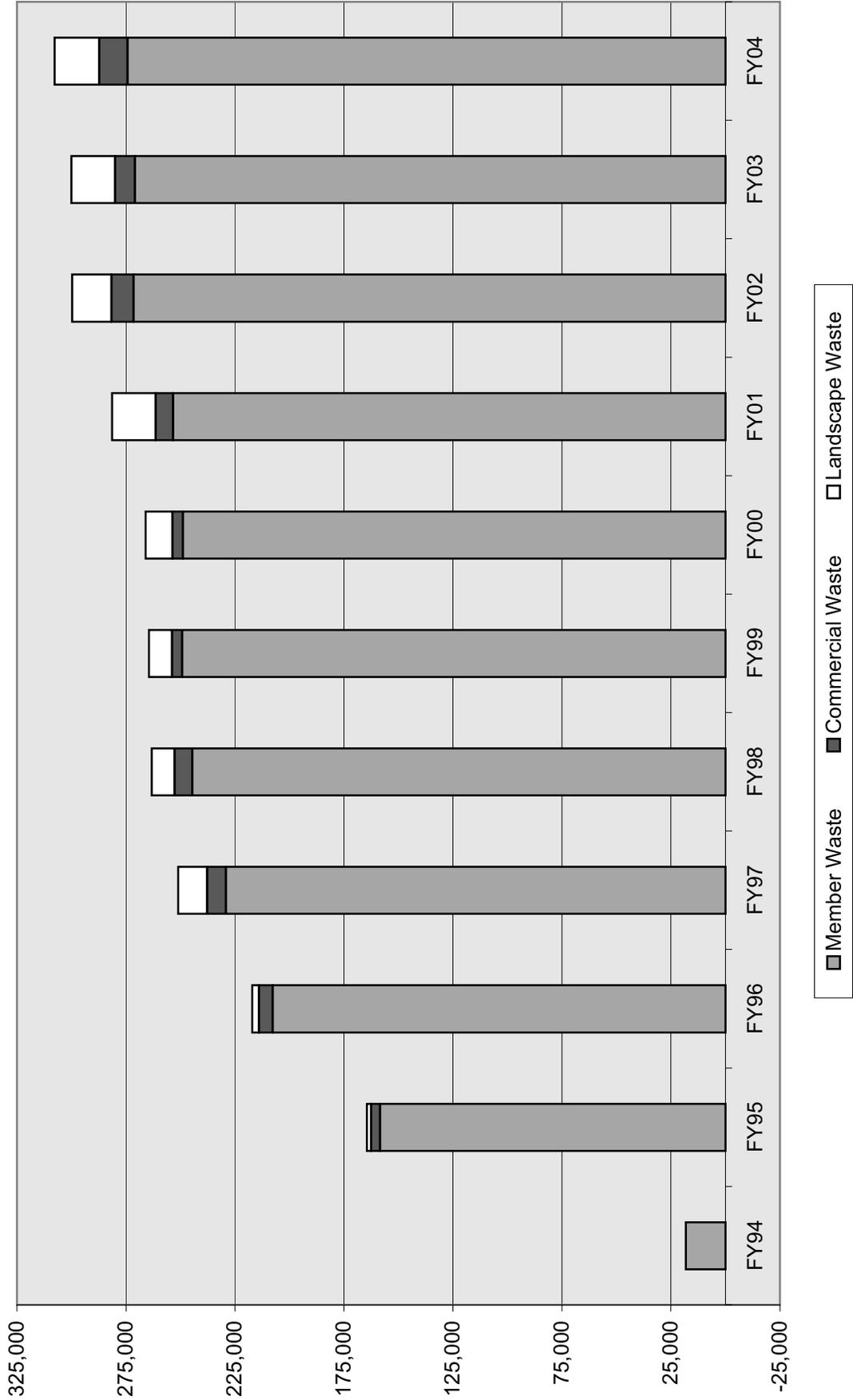
The non-member tonnage delivered to the Agency increased 15% from FY2003 to FY2004 as shown in Table 3. The largest increase was in commercial solid waste deliveries, which increased 42% in FY2004. Landscape waste deliveries, the other component in the non-member waste, was up 2% over FY2003. In addition, the average profit per ton increased from \$4.67 to \$5.69 or 21.66%.

Table 3 – Non-Member Waste Program

<u>Fiscal Year</u>	<u>Tonnage</u>	<u>Profit</u>	<u>Avg. Profit / Ton</u>
FY2003	29,154	\$136,254	\$4.67
FY2004	33,385	\$189,822	\$5.69
% Change	14.51%	39.31%	21.84%

Overall, the GTS operated efficiently and effectively serving the members and non-members alike.

Chart 2
Total Waste Delivered



BASIC FINANCIAL STATEMENTS

SOLID WASTE AGENCY OF NORTHERN COOK COUNTY, GLENVIEW, ILLINOIS

Statement of Net Assets
 April 30, 2004 and 2003

ASSETS	2004	2003
Current Assets		
Cash and Cash Equivalents	\$ 2,773,155	1,035,070
Accounts Receivable		
Financing Members	394,859	546,132
Financing Members - True Up	678,751	787,037
Other	51,842	-
Restricted Cash and Investments		
Operation and Maintenance Account		
Cash and Cash Equivalents	1,196,121	2,450,802
Residual Account		
Cash and Cash Equivalents	2,748,640	4,133,995
Total Current Assets	<u>7,843,368</u>	<u>8,953,036</u>
Restricted Cash and Investments - Debt Service Account		
Cash and Cash Equivalents	1,228,879	1,281,330
Investments	2,471,568	996,568
Accrued Interest Receivable	34,562	-
Total Restricted Assets - Debt Service Account	<u>3,735,009</u>	<u>2,277,898</u>
Capital Assets		
Cost	20,210,208	20,216,163
Accumulated Depreciation	<u>(5,198,686)</u>	<u>(4,696,458)</u>
Net Capital Assets	<u>15,011,522</u>	<u>15,519,705</u>
Debt Issuance Costs, Net	<u>228,764</u>	<u>275,559</u>
Total Assets	<u><u>26,818,663</u></u>	<u><u>27,026,198</u></u>

See accompanying Notes to the Financial Statements and Independent Auditor's Report.

SOLID WASTE AGENCY OF NORTHERN COOK COUNTY, GLENVIEW, ILLINOISStatement of Net Assets
April 30, 2004 and 2003

	2004	2003
LIABILITIES AND FUND EQUITY		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 3,064,179	1,959,977
Current Portion of Long-Term Debt	3,640,000	1,900,000
Accrued Interest Payable	101,667	230,754
Deferred Revenue	1,236,228	1,089,735
Total Current Liabilities	<u>8,042,074</u>	<u>5,180,466</u>
Long-Term Liabilities		
Long-Term Debt, Less Current Portion	10,525,954	13,426,686
Unamortized Loss on Refunding	(948,320)	(1,394,042)
Total Long-Term Liabilities	<u>9,577,634</u>	<u>12,032,644</u>
Total Liabilities	<u>17,619,708</u>	<u>17,213,110</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	1,793,888	1,587,061
Restricted for Debt Service, Net of Accrued Interest	3,633,342	2,047,144
Unrestricted	3,771,725	6,178,883
Total Fund Equity	<u>9,198,955</u>	<u>9,813,088</u>
Total Liabilities and Net Assets	<u>26,818,663</u>	<u>27,026,198</u>

See accompanying Notes to the Financial Statements and Independent Auditor's Report.

SOLID WASTE AGENCY OF NORTHERN COOK COUNTY, GLENVIEW, ILLINOISStatement of Activities
Years Ended April 30, 2004 and 2003

	2004	2003
Transfer Station Operations		
Revenues - Charges to Member Communities	\$ 14,297,493	15,479,094
Expenses - Transfer Station Operations	(12,973,081)	(12,345,819)
Total Profit from Transfer Station Operations	<u>1,324,412</u>	<u>3,133,275</u>
General and Administrative Expense	(945,437)	(1,129,556)
Depreciation	(508,183)	(508,183)
Operating Income (Loss)	<u>(129,208)</u>	<u>1,495,536</u>
Nonoperating Revenue (Expenses)		
Interest Income	93,320	324,750
Interest Expense	(236,031)	(1,016,611)
Amortization Expense	(61,062)	(70,355)
Loss on Refunding	(445,722)	(3,052,134)
Miscellaneous Income	120,922	104,857
Gain on Sale of Balefill Land	-	8,672,047
Realized and Unrealized Gains on Investments	43,648	168,388
Total Nonoperating Revenue (Expenses), Net	<u>(484,925)</u>	<u>5,130,942</u>
Net Income (Loss)	(614,133)	6,626,478
Net Assets, Beginning	<u>9,813,088</u>	<u>3,186,610</u>
Net Assets, Ending	<u><u>9,198,955</u></u>	<u><u>9,813,088</u></u>

See accompanying Notes to the Financial Statements and Independent Auditor's Report.

SOLID WASTE AGENCY OF NORTHERN COOK COUNTY, GLENVIEW, ILLINOIS

Statement of Cash Flows
Years Ended April 30, 2004 and 2003

	2004	2003
Cash Flows from Operating Activities		
Received from Members for Services	\$ 14,703,545	16,021,016
Payments to Employees	(219,780)	(235,994)
Payments to Suppliers	(12,646,378)	(13,414,598)
Net Cash Provided by Operating Activities	<u>1,837,387</u>	<u>2,370,424</u>
Cash Flows from Noncapital and Related Financing Activities		
Other Nonoperating Income	<u>120,922</u>	<u>104,857</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from Disposal of Capital Assets	-	13,102,994
Proceeds from Issuance of Bonds	-	24,100,000
Bond Principal Payments	(1,175,000)	(3,995,000)
Deposit with Bond Escrow Agent	-	(62,250,298)
Interest Payments	(365,117)	(1,894,937)
Net Cash Used by Capital and Related Financing Activities	<u>(1,540,117)</u>	<u>(30,937,241)</u>
Cash Flows from Investing Activities		
Change in Investments	(1,475,000)	8,057,625
Interest Income	102,406	674,255
Net Cash Provided (Used) by Investing Activities	<u>(1,372,594)</u>	<u>8,731,880</u>
Net Decrease in Cash and Cash Equivalents	(954,402)	(19,730,080)
Cash and Cash Equivalents		
May 1	<u>8,901,197</u>	<u>28,631,277</u>
April 30	<u>7,946,795</u>	<u>8,901,197</u>
Consisting of		
Unrestricted Cash and Cash Equivalents	2,773,155	1,035,070
Operations and Maintenance Account	1,196,121	2,450,802
Residual Account	2,748,640	4,133,995
Debt Service Account	1,228,879	1,281,330
	<u>7,946,795</u>	<u>8,901,197</u>

See accompanying Notes to the Financial Statements and Independent Auditor's Report.

SOLID WASTE AGENCY OF NORTHERN COOK COUNTY, GLENVIEW, ILLINOIS

Statement of Cash Flows
 Years Ended April 30, 2004 and 2003

	2004	2003
Reconciliation of Operating Income to Cash		
Provided by Operating Activities		
Net Operating Income (Loss)	\$ (129,208)	1,495,536
Adjustments to Reconcile Net Operating Income (Loss)		
to Net Cash Provided by Operating Activities		
Depreciation	508,183	508,183
Changes in Operating Assets and Liabilities		
Accounts Receivable		
Financing Members	151,273	(43,555)
Financing Members - True Up	108,286	829,926
Other	(51,842)	-
Accounts Payable and Accrued Expenses	1,104,202	(175,217)
Deferred Revenue	146,493	(244,449)
Net Cash Provided by Operating Activities	<u>1,837,387</u>	<u>2,370,424</u>

See accompanying Notes to the Financial Statements and Independent Auditor's Report.

SOLID WASTE AGENCY OF NORTHERN COOK COUNTY, GLENVIEW, ILLINOIS

Notes to the Financial Statements
April 30, 2004

1. Summary of Significant Accounting Policies

A. General

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 ILCS 220/3.2 (the Act). 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, 2004 and 2003 resulted in charges of approximately \$46 and \$44 per ton, respectively.

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 financial statements of the Agency have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. 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.

SOLID WASTE AGENCY OF NORTHERN COOK COUNTY, GLENVIEW, ILLINOIS

Notes to the Financial Statements
April 30, 2004

1. Summary of Significant Accounting Policies (Cont.)

B. Reporting Entity

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.

C. Basis of Accounting

The financial records of the Agency are maintained within a single proprietary fund utilizing the accrual basis of accounting. Under this method, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred. Operating revenue is earned proportionately as operating expenses are incurred or as additional charges are made to the member municipalities. Operating revenue is charged to the member municipalities in accordance with the intergovernmental agreement. Other revenue is recognized as earned.

D. Description of Funds

Governmental resources are allocated to and accounted for in individual funds based on the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into a single fund and generic fund type.

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the Agency is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the Agency has decided that periodic determination of revenues earned, expenses incurred and net income or loss is appropriate for capital maintenance, public policy, management control, accountability or other purposes. Pursuant to GASB Statement No. 21, *Accounting and Financial Reporting for Proprietary Funds*, the Agency has chosen to apply all GASB pronouncements, as well as those FASB pronouncements issued on or before November 30, 1989, to account for the enterprise fund.

E. Cash and Investments

The Agency considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments with a maturity of one year or less are stated at cost plus or minus amortized discount or premium. Investments with an original maturity of greater than one year are stated at fair value in accordance with GASB Statement No. 31.

F. Deferred Revenue

Payments from member communities for periods subsequent to year end and received in the current year are reported as deferred revenue.

SOLID WASTE AGENCY OF NORTHERN COOK COUNTY, GLENVIEW, ILLINOIS

Notes to the Financial Statements
April 30, 2004

1. Summary of Significant Accounting Policies (Cont.)

G. Interest Rate Swap Agreement

The Agency entered into an interest rate swap agreement to modify interest rates on outstanding debt. Other than the net interest expense resulting from this agreement, no amounts are recorded in the financial statements.

H. Capital Assets

Property, plant, and equipment are recorded at cost. If actual cost cannot be determined, estimated historical cost is used; donated fixed assets are valued at their estimated fair market value on the date donated.

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:

<u>Assets</u>	<u>Useful Lives</u>
Transfer Station Building	38 Years
Transfer Station Baling Equipment	30 Years

I. Bond Discounts/Issuance Costs

Discounts and issuance costs related to the issuance of bonds are amortized using the effective interest method over the term of the debt. Amortization expense for the years ended April 30, 2004 and 2003 totaled \$61,062 and \$70,355, respectively.

J. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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.

K. Comparative Data

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Agency's financial position and operations. Certain amounts in the 2003 financial statements have been reclassified to conform with the 2004 presentation.

SOLID WASTE AGENCY OF NORTHERN COOK COUNTY, GLENVIEW, ILLINOIS

Notes to the Financial Statements
April 30, 2004

2. Deposits and Investments

Permitted Deposits and Investments – Statutes authorize the Agency to make 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 funds with portfolios of securities issued or guaranteed by the United States 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 Money Market Fund and the Illinois Metropolitan Investment Fund.

The Illinois Funds Money Market Fund, an external investment pool, was developed and implemented in 1975 by the Illinois General Assembly under the jurisdiction of the Treasurer, who has regulatory oversight for the pool. The fair value of the position of the pool is the same as the value of the pool shares.

The Illinois Metropolitan Investment Fund (IMET) is an investment fund under the Illinois Municipal Code. IMET invests exclusively in U.S. government-backed securities. The Board consists of Illinois municipal officers. The fair value of the position of the pool is the same as the value of the pool shares.

A. Deposits

At year-end the carrying amount of the Agency's deposits totaled \$174,936, and the bank balances totaled \$189,798.

	<u>Bank Balances</u>
Category 1	
Deposits covered by federal depository insurance, or by collateral held by the Agency, or its agent, in the Agency's name.	\$ 77,055
Category 2	
Deposits covered by collateral held by the pledging financial institution's trust department, or by its agent, in the Agency's name.	-
Category 3	
Deposits covered by collateral held by the pledging financial institution, or its trust department, or its agent but not in the Agency's name, and deposits which are uninsured and uncollateralized.	<u>112,743</u>
Total Deposits	<u>189,798</u>

SOLID WASTE AGENCY OF NORTHERN COOK COUNTY, GLENVIEW, ILLINOIS

Notes to the Financial Statements
April 30, 2004

2. Deposits and Investments (Cont.)

B. Investments

The Agency's investments are categorized to give an indication of the level of risk assumed by the Agency at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the Agency or its agent in the Agency's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Agency's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the Agency's name, and uninsured, unregistered and uncollateralized investments.

	Carrying Amount			
	Category			Total
	1	2	3	
U.S. Treasury and Agency Obligations	\$ 1,475,000			1,475,000
Repurchase Agreement	996,568			996,568
	2,471,568	-	-	2,471,568
* U.S. Treasury Money Market				5,483,195
* Illinois Metropolitan Investment Fund				2,283,331
* Illinois Funds Money Market Fund				5,333
Total Investments				10,243,427
* (Not Subject to Risk Categorization)				

3. Capital Assets

The following schedule is a summary of capital asset changes during the year.

	Balance, May 31	Additions	Deletions	Balance, April 30
Capital Assets Not Being Depreciated				
Land	\$ 1,600,000			1,600,000
Capital Assets Being Depreciated				
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	-
	18,616,163	-	5,955	18,610,208
Less Accumulated Depreciation For				
Transfer Station Building	3,931,455	424,804		4,356,259
Transfer Station Baling Equipment	760,239	82,188		842,427
Furniture, Fixtures, and Equipment	4,764	1,191	5,955	-
	4,696,458	508,183	5,955	5,198,686
Total Capital Assets Being Depreciated, Net	13,919,705	(508,183)	-	13,411,522
	15,519,705	(508,183)	-	15,011,522

SOLID WASTE AGENCY OF NORTHERN COOK COUNTY, GLENVIEW, ILLINOIS

Notes to the Financial Statements
April 30, 2004

4. Long-Term Debt

At April 30, 2004, debt consisted of the following:

	Balance May 1	Issuances	Retirements	Balance April 30	Due Within One Year
\$4,400,000 Contract Revenue Bonds, Series 1994, bearing interest at 4.50% to 5.55%, maturing through 2015 (See note 7)	\$ 1,530,000		210,000	1,320,000	1,320,000
\$29,085,000 Contract Revenue Bonds, Series 1995A, bearing interest at 4.50% to 6.00%, maturing through 2015 (See note 7)	2,310,000		490,000	1,820,000	1,820,000
\$24,100,000 Contract Revenue Bonds, Series 2002, bearing interest at variable rates, maturing through 2015	11,575,000		475,000	11,100,000	500,000
	15,415,000	-	1,175,000	14,240,000	3,640,000
Less Unamortized Discount	88,314		14,268	74,046	
Long-Term Debt	15,326,686	-	1,160,732	14,165,954	

Annual debt service requirements to maturity are as follows:

Fiscal Year	Principal	Interest	Total
2005	\$ 3,640,000	414,842	4,054,842
2006	600,000	318,000	918,000
2007	800,000	300,000	1,100,000
2008	1,100,000	276,000	1,376,000
2009	1,100,000	243,000	1,343,000
2010-2014	6,000,000	714,000	6,714,000
2015	1,000,000	30,000	1,030,000
	14,240,000	2,295,842	16,535,842

Maturities of the Contract Revenue Bonds, Series 1994 and 1995A are included in the fiscal year 2005 debt service requirement. See note 7.

The resolutions authorizing the issuance of the 1994, 1995A, and 2002 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 and 1994 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.

SOLID WASTE AGENCY OF NORTHERN COOK COUNTY, GLENVIEW, ILLINOIS

Notes to the Financial Statements
April 30, 2004

4. Long-Term Debt (Cont.)

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 2002, 1995, and 1994 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 and 1994 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 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 of the 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 using the effective interest method over the term of the debt.

SOLID WASTE AGENCY OF NORTHERN COOK COUNTY, GLENVIEW, ILLINOIS

Notes to the Financial Statements
April 30, 2004

4. Long-Term Debt (Cont.)

During the year ended April 30, 2002, the Agency defeased \$2,125,000 of its Contract Revenue Bonds, Series 1992, and \$600,000 of its Contract Revenue Bonds, Series 1994. The difference between the carrying amount of the reacquisition price and the net carrying amount of the old debt amounted to approximately \$108,000. This difference, reported in the accompanying financial statements as a deduction from long-term debt, is being charged to operations through year 2015.

During the year ended April 30, 2003, the Agency issued \$24,100,000 of 2002 revenue bonds for an advance refunding of \$24,635,000 of 1992 revenue bonds. Additionally, the Agency defeased \$1,700,000 of its Contract Revenue Bonds, Series 1994, \$22,210,000 of its Contract Revenue Bonds, Series 1995, and \$11,300,000 of its Contract Revenue Bonds, Series 2002 with proceeds from the sale of land.

Amortization expense of the unamortized loss on refunding for the years ended April 30, 2004 and 2003 was \$445,722 and \$170,672, respectively.

On July 9, 2002, the Agency entered into an interest rate cap agreement relating to its outstanding Second Lien Contract Revenue Bonds, Series 2002A, which the Agency issued as variable rate bonds. Pursuant to the terms of the interest rate cap agreement, the interest rate payable on the Second Lien Contract Revenue Bonds, Series 2002A by the Agency is capped at 4.75%. If the interest rate payable to the bondholders is more than 4.75%, the counterparty to the interest rate cap agreement is obligated to make a payment to the Agency in an amount relating to the excess, which is then paid to the bondholders. In return for the interest rate cap protection, the Agency pays the counterparty a premium. The interest rate cap agreement expires on May 1, 2004, at which time the Agency intends to enter into another interest rate cap agreement.

5. Commitments

Effective May 1, 1995, the Agency and Groot Recycling and Waste Services, Inc. (Groot) executed a new, long-term contract, by which Groot will operate the Glenview Transfer Station until April 20, 2014 and provide for processing, hauling, and disposal of waste delivered to the Glenview Transfer Station. Both the Agency and Groot have a one-time option to terminate this contract on April 30, 2009. 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, 2004 and 2003 totaled \$12,550,819 and \$11,941,631, respectively.

6. Sale of Land

On November 5, 2002, the Agency sold the remainder of its balefill land to Realen Homes, LP. Net sales proceeds amounted to \$12,652,995. During 2003, the Agency recorded a gain on sale of balefill land of \$8,672,047, which is included in the accompanying statement of activities.

7. Subsequent Event

In May of 2004, the \$1,320,000 Contract Revenue Bonds, Series 1994 were called, and the \$1,820,000 Contract Revenue Bonds, Series 1995A were defeased. Funds were deposited with an Escrow Agent to provide future principal and interest requirements of the issues. The balance of the bond discount, issuance costs and unamortized loss on refunding related to the 1994 and 1995A bonds of approximately \$739,000 will be charged against net assets in fiscal year 2005.

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

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