

**SOLID WASTE AGENCY OF  
LAKE COUNTY, ILLINOIS**

Gurnee, Illinois

**FINANCIAL STATEMENTS**

Including Independent Auditors' Report

Years Ended November 30, 2010 and 2009

**SOLID WASTE AGENCY OF LAKE COUNTY, ILLINOIS**  
Gurnee, Illinois

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November 30, 2010 and 2009

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Solid Waste Agency of Lake County, Illinois  
Gurnee, Illinois

We have audited the accompanying statements of net assets of the Solid Waste Agency of Lake County, Illinois (SWALCO), as of and for the years ended November 30, 2010 and 2009, and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of SWALCO's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 audits provide a reasonable basis for our opinion.

As discussed in Note 1, in 2010 SWALCO changed its accounting policy related to affected area compensation fees. As of the current year, affected area compensation fees flow directly from landfill owners to Lake County.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Solid Waste Agency of Lake County, Illinois, as of November 30, 2010 and 2009, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

SWALCO has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to supplement, although not to be part of, the financial statements.

The budgetary comparison information (pages 12 – 13) and schedule of funding progress (page 14) is not a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Baker Tilly Virchow Krause LLP*

Madison, Wisconsin  
June 10, 2011

# SOLID WASTE AGENCY OF LAKE COUNTY

## STATEMENTS OF NET ASSETS November 30, 2010 and 2009

<b>ASSETS</b>		
	<u>2010</u>	<u>2009</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 2,030,063	\$ 239,288
Affected area compensation fees receivable	-	271,178
Other receivables, net of allowance for uncollectible accounts	100,291	177,242
Prepaid insurance	18,981	30,669
Total Current Assets	<u>2,149,335</u>	<u>718,377</u>
<b>NON-CURRENT ASSETS</b>		
Restricted assets		
Equipment replacement fund	120,000	120,000
Capital Assets		
Plant in service	2,154,946	2,154,946
Accumulated depreciation	(742,212)	(657,430)
Total Non-Current Assets	<u>1,532,734</u>	<u>1,617,516</u>
<b>TOTAL ASSETS</b>	<u>3,682,069</u>	<u>2,335,893</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	102,680	62,221
Affected area compensation expense payable	-	297,037
Accrued payroll	4,227	2,663
Due to the County	2,372	-
Early retirement benefit	15,987	-
Total Current Liabilities	<u>125,266</u>	<u>361,921</u>
Total Liabilities	<u>125,266</u>	<u>361,921</u>
<b>NET ASSETS</b>		
Invested in capital assets	1,412,734	1,497,516
Restricted	120,000	120,000
Unrestricted	<u>2,024,069</u>	<u>356,456</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 3,556,803</u>	<u>\$ 1,973,972</u>

See accompanying notes to financial statements.

## SOLID WASTE AGENCY OF LAKE COUNTY

### STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS Years Ended November 30, 2010 and 2009

	2010	2009
<b>OPERATING REVENUES</b>		
County surcharge - current	\$ 541,391	\$ 803,986
County surcharge - transfer from County	1,866,221	-
Affected area compensation fees	388,611	1,563,269
Member fees	223,559	220,576
Other miscellaneous	19,025	6,550
Allowance for uncollectible accounts	(29,192)	(58,384)
Total Operating Revenues	<u>3,009,615</u>	<u>2,535,997</u>
<b>OPERATING EXPENSES</b>		
Personnel services	441,512	392,009
Operational services	24,518	34,195
Contractual services	898,154	2,094,268
Capital outlay	326	18,945
Depreciation	84,782	91,624
Total Operating Expenses	<u>1,449,292</u>	<u>2,631,041</u>
<b>OPERATING INCOME (LOSS)</b>	<u>1,560,323</u>	<u>(95,044)</u>
<b>NON-OPERATING INCOME</b>		
Investment income	17,508	2,075
Miscellaneous grant received	5,000	-
Total Non-Operating Income	<u>22,508</u>	<u>2,075</u>
<b>CHANGE IN NET ASSETS</b>	1,582,831	(92,969)
NET ASSETS - Beginning of Year	<u>1,973,972</u>	<u>2,066,941</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 3,556,803</u>	<u>\$ 1,973,972</u>

See accompanying notes to financial statements.

# SOLID WASTE AGENCY OF LAKE COUNTY

## STATEMENTS OF CASH FLOWS Years Ended November 30, 2010 and 2009

	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Received from members and the County	\$ 3,362,744	\$ 2,612,773
Paid to suppliers for goods and services	(1,184,499)	(2,132,397)
Paid to employees for services	(404,978)	(387,684)
Net Cash Flows From Operating Activities	<u>1,773,267</u>	<u>92,692</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment income	<u>17,508</u>	<u>2,075</u>
<b>Net Change in Cash and Cash Equivalents</b>	1,790,775	94,767
CASH AND CASH EQUIVALENTS – Beginning of Year	<u>359,288</u>	<u>264,521</u>
<b>CASH AND CASH EQUIVALENTS – END OF YEAR</b>	<u>\$ 2,150,063</u>	<u>\$ 359,288</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ 1,560,323	\$ (95,044)
Adjustments		
Non-operating income	5,000	-
Non-cash items included in operating income (loss)		
Depreciation	84,782	91,624
Changes in assets and liabilities		
Affected area compensation fees receivable	271,178	(55,264)
Other receivables	76,951	132,040
Prepaid insurance	11,688	11,102
Accounts payable	40,459	27,084
Due to the County	2,372	-
Affected area compensation expense payable	(297,037)	(15,555)
Accrued payroll and early retirement benefit	<u>17,551</u>	<u>(3,295)</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>\$ 1,773,267</u>	<u>\$ 92,692</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO BALANCE SHEET ACCOUNTS</b>		
Cash	\$ 2,030,063	\$ 239,288
Equipment replacement fund	<u>120,000</u>	<u>120,000</u>
<b>CASH AND CASH EQUIVALENTS</b>	<u>\$ 2,150,063</u>	<u>\$ 359,288</u>

See accompanying notes to financial statements.

# SOLID WASTE AGENCY OF LAKE COUNTY, ILLINOIS

## NOTES TO FINANCIAL STATEMENTS

November 30, 2010 and 2009

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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The financial statements of Solid Waste Agency of Lake County, Illinois (SWALCO), have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to enterprise funds of government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The significant accounting principles and policies utilized by SWALCO are described below:

#### ***REPORTING ENTITY***

SWALCO is a municipal corporation formed by Lake County and 41 municipalities within Lake County for the purpose of implementing the Lake County Solid Waste Management Plan. SWALCO has a Board of Directors made up from these members, an Executive Committee (three at large and six elected members), a Legislative Committee and five staff members. SWALCO is established pursuant to the Intergovernmental Cooperation Act of the State of Illinois, the Illinois Local Solid Waste Disposal Act, the Illinois Planning and Recycling Act and Lake County Board Resolution #38 of September 12, 1989. Operations began on February 21, 1991. Following criteria established by GASB, SWALCO is not considered a component unit of the county.

#### ***MISSION STATEMENT AND OBJECTIVES***

SWALCO implements a regional approach to solid waste management by addressing the economic, political and environmental issues in Lake County, and by meeting the following objectives:

- > Implement and update the Lake County Solid Waste Management Plan.
- > Facilitate an efficient, reliable and environmentally sound waste disposal system.
- > Advise and assist SWALCO members regarding solid waste management issues.
- > Educate the public regarding the implications of solid waste management options.
- > Identify and disseminate information regarding techniques to reduce, reuse and recycle solid waste.

The entity generally does not dispose of solid waste for its members.

#### ***FUNDING***

The agency is funded from a surcharge imposed at sanitary landfills. The surcharge also funds the Health Department's enforcement program. The Agency also receives a yearly operations and maintenance fee from its members based on the number of households in each member community.

In addition, the agency received host fees from the landfills and transferred those fees to Lake County through the beginning of fiscal year 2010. Currently, the host fees are transferred directly to Lake County and are not included in the financial statements of SWALCO.

# **SOLID WASTE AGENCY OF LAKE COUNTY, ILLINOIS**

## **NOTES TO FINANCIAL STATEMENTS**

November 30, 2010 and 2009

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### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

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#### ***MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION***

SWALCO is presented following enterprise fund accounting. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business or where the governing body has decided that the determination of revenues earned, costs incurred and net income is necessary for management accountability.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in SWALCO's financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Entities also have the option of following subsequent private-sector guidance subject to this same limitation. SWALCO has elected not to follow subsequent private-sector guidance.

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

#### ***ASSETS, LIABILITIES AND NET ASSETS***

##### ***Deposits and Investments***

For purposes of the statement of cash flows, cash and cash equivalents have original maturities of three months or less from the date of acquisition. SWALCO's deposits and investments are maintained by the Treasurer of Lake County in pooled deposit and investment accounts. The county's policy is to maintain collateral for all deposits.

##### ***Receivables/Payables***

Other receivables consist of membership fees being paid over a number of years from member communities and other miscellaneous amounts due to SWALCO, net of an allowance for doubtful accounts. Accounts payable consists of amounts due from SWALCO to outside parties for goods and services received.

##### ***Restricted Assets***

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by external parties. During fiscal year 2009, the Agency authorized a replacement account to fund any future replacement of capital items.



# SOLID WASTE AGENCY OF LAKE COUNTY, ILLINOIS

## NOTES TO FINANCIAL STATEMENTS

November 30, 2010 and 2009

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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#### *ASSETS, LIABILITIES AND NET ASSETS (cont.)*

##### *Affected Area Compensation Fees Receivable / Expense Payable*

Affected area compensation fees receivable consists of a per ton solid waste fee due to SWALCO from in county landfill owners. Affected area compensation expense payable consists of amounts due to Lake County from the per ton solid waste fee. In 2010, SWALCO reached an intergovernmental agreement with Lake County stating that the affected area compensation fees would be paid from in county landfill owners directly to Lake County, eliminating the related receivable and payable for SWALCO.

##### *Prepaid Insurance*

Prepaid insurance represents insurance premiums which benefit subsequent periods.

##### *Capital Assets*

Capital assets are generally defined by SWALCO as assets with an initial, individual cost of more than \$25,000 and an estimated useful life in excess of one year.

Capital assets of SWALCO are recorded at cost or the fair market value at the time of contribution to SWALCO. Major outlays for SWALCO capital assets are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the capital assets constructed, net of interest earned on the invested proceeds over the same period. Capital assets in service are depreciated using the straight-line method over the following useful lives:

	<u>Years</u>
Land improvements	5 – 10
Buildings	30
Office furniture and equipment	2 – 10

##### *Early Retirement Benefits*

In 2010, the county offered early retirement incentives to all county employees who agreed to begin their retirement no later than October 29, 2010. Eligible employees were allowed to continue health insurance and dental benefits, making contributions at the same monthly rate as full-time regular employees, for two years or to continue health and dental insurance benefits, making contributions at the same monthly rate as full-time regular employees, for one year and receive one week of pay for every two years of service above seven years with a maximum total payout of \$20,000. One employee from SWALCO accepted the early retirement incentives. Cash payouts were made prior to year end and are reflected in operating expenses. A liability for future health insurance and dental benefits has been reported in the statement of net assets.

#### *REVENUES AND EXPENSES*

SWALCO distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with SWALCO's principal ongoing operations. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

# SOLID WASTE AGENCY OF LAKE COUNTY, ILLINOIS

## NOTES TO FINANCIAL STATEMENTS November 30, 2010 and 2009

### NOTE 2 – DEPOSITS AND INVESTMENTS

Generally accepted accounting principles require the disclosure of SWALCO's cash and investment balances and their applicable risks. SWALCO's cash and investments are commingled with the Treasurer of Lake County, Illinois; therefore, individual fund bank balances cannot be determined. Please refer to Lake County's statements for further information.

### NOTE 3 – CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for 2010 follows:

	Balance 12/1/09	Increases	Decreases	Balance 11/30/10
Capital assets, not being depreciated				
Land	\$ 166,217	\$ -	\$ -	\$ 166,217
Total Capital Assets Not Being Depreciated	<u>166,217</u>	<u>-</u>	<u>-</u>	<u>166,217</u>
Capital assets being depreciated				
Land improvements	96,352	-	-	96,352
Buildings	1,678,340	-	-	1,678,340
Office furniture and equipment	214,037	-	-	214,037
Total Capital Assets Being Depreciated	<u>1,988,729</u>	<u>-</u>	<u>-</u>	<u>1,988,729</u>
Total Capital Assets	<u>2,154,946</u>	<u>-</u>	<u>-</u>	<u>2,154,946</u>
Less: Accumulated depreciation	<u>(657,430)</u>	<u>(84,782)</u>	<u>-</u>	<u>(742,212)</u>
Net Capital Assets	<u>\$ 1,497,516</u>			<u>\$ 1,412,734</u>

A summary of changes in capital assets for 2009 follows:

	Balance 12/1/08	Increases	Decreases	Balance 11/30/09
Capital assets, not being depreciated				
Land	\$ 166,217	\$ -	\$ -	\$ 166,217
Total Capital Assets Not Being Depreciated	<u>166,217</u>	<u>-</u>	<u>-</u>	<u>166,217</u>
Capital assets being depreciated				
Land improvements	96,352	-	-	96,352
Buildings	1,678,340	-	-	1,678,340
Office furniture and equipment	214,037	-	-	214,037
Total Capital Assets Being Depreciated	<u>1,988,729</u>	<u>-</u>	<u>-</u>	<u>1,988,729</u>
Total Capital Assets	<u>2,154,946</u>	<u>-</u>	<u>-</u>	<u>2,154,946</u>
Less: Accumulated depreciation	<u>(565,806)</u>	<u>(91,624)</u>	<u>-</u>	<u>(657,430)</u>
Net Capital Assets	<u>\$ 1,589,140</u>			<u>\$ 1,497,516</u>

# SOLID WASTE AGENCY OF LAKE COUNTY, ILLINOIS

## NOTES TO FINANCIAL STATEMENTS

November 30, 2010 and 2009

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### NOTE 4 – NET ASSETS

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GASB No. 34 requires the classification of net assets into three components - invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

Invested in capital assets, net of related debt - This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds. SWALCO has no debt outstanding as of November 30, 2010 or 2009.

Restricted - This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets - The component of net asset consist of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

When both restricted and unrestricted resources are available for use, it is the agency's policy to use restricted resources first, then unrestricted resources as they are needed.

The following calculation supports the net assets invested in capital assets, net of related debt as of November 30, 2010 and 2009:

	2010	2009
Plant in service	\$ 2,154,946	\$ 2,154,946
Accumulated depreciation	<u>(742,212)</u>	<u>(657,430)</u>
Total Net Assets Invested in Capital Assets	<u>\$ 1,412,734</u>	<u>\$ 1,497,516</u>

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### NOTE 5 – CONTINGENCIES AND COMMITMENTS

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#### *CONTINGENT LIABILITIES*

Due to the nature of SWALCO's operations, claims and legal actions against hazardous waste disposal may be incurred. No amount has been recorded as a loss because the probability, or amount, cannot be reasonably estimated.

#### *LANDFILL CONTRACTS*

SWALCO has executed waste disposal capacity agreements with seven landfills. The agreements were executed to provide guaranteed disposal capacity to the participating communities over their agreed to terms. The agreements further call for monthly payments to SWALCO based on the tonnage received from the members. Complete terms and conditions of the agreement are available from SWALCO offices.

# **SOLID WASTE AGENCY OF LAKE COUNTY, ILLINOIS**

## **NOTES TO FINANCIAL STATEMENTS**

November 30, 2010 and 2009

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### **NOTE 6 – RISK MANAGEMENT**

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SWALCO is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers' compensation; and health care of its employees. These risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial liability in any of the past three years. There were no significant reductions in coverage compared to the prior year.

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### **NOTE 7 – EMPLOYEES RETIREMENT SYSTEM**

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All full-time employees participate in the Illinois Municipal Retirement Fund (IMRF) through Lake County. The IMRF provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. All permanent employees expected to work over 600 hours a year are eligible to participate in the IMRF. Employees participating in the IMRF were required by statute to contribute 4.5% of their annual covered salary in calendar years 2010, 2009, and 2008. The employer rate for calendar years 2010, 2009, and 2008 were 8.59%, 8.59%, and 9.02%, respectively. All employer contributions are made by the county with a portion of the cost being allocated to SWALCO. The actuarial valuation of the plan is computed for the county as a whole and; therefore, it is impractical to determine SWALCO's proportionate share.

IMRF is established under statutes adopted by the Illinois General Assembly, and is governed by a Board of eight Trustees who must also be participating members and one Trustee who must be receiving an IMRF annuity. The IMRF issues an annual financial report which may be obtained by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, IL 60523-2337, or by visiting the IMRF website at <http://www.imrf.org>.

Further details regarding the county's entire commitment to the fund can be found in the Lake County, Illinois financial statements.

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### **NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

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All full-time employees participate in a single-employer self-insured health care plan administered through Lake County. The Plan provides limited health care coverage at 100% of the active premium rate. The State of Illinois requires IMRF employers who offer health insurance to their active employees to offer the same health insurance to disabled members, retirees, and surviving spouses at the same premium rate for active employees. Therefore an implicit rate subsidy exists for retirees (that is, the difference between the premium rate charged to retirees for the benefit and the estimated rate that would be applicable to those retirees if that benefit were acquired for them as a separate group) resulting from the participation in postemployment healthcare plans that cover both active employees and retirees. The plan operates on a pay-as-you-go funding basis. No assets are accumulated or dedicated to funding the retiree health insurance benefits. The actuarial valuation of the plan is computed for the county as a whole. The Agency's portion of the liability is not considered material to the financial statements.

Further details regarding the county's entire commitment to the health care plan can be found in the Lake County, Illinois financial statements.

# **SOLID WASTE AGENCY OF LAKE COUNTY, ILLINOIS**

## **NOTES TO FINANCIAL STATEMENTS** November 30, 2010 and 2009

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### **NOTE 9 – RELATED PARTIES**

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SWALCO is a stand-alone government as determined by criteria established by GASB. Lake County does provide certain services including, but not limited to, banking, general ledger, payroll and other data processing.

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### **NOTE 10 – COUNTY TRANSFER**

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Lake County had collected a surcharge fee under Section 22.15 of the Environmental Protection Act. All fees, taxes and surcharges collected under this section are required to be utilized for solid waste management purposes, including long-term monitoring and maintenance of landfills, planning, implementation, inspection, enforcement and other activities consistent with the Solid Waste Management Act and the Local Solid Waste Disposal Act. SWALCO negotiated with Lake County to transfer at least a portion of these funds. In 2010, Lake Country transferred \$1,866,000 to SWALCO. This amount is included on the statement of revenues, expenses and changes in net assets as a county surcharge under operating revenues.

## REQUIRED SUPPLEMENTARY INFORMATION

# SOLID WASTE AGENCY OF LAKE COUNTY

## STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS BUDGET AND ACTUAL Year Ended November 30, 2010

	Budget	Actual	Variance
<b>OPERATING REVENUES</b>			
County surcharge - current	\$ 707,460	\$ 541,391	\$ (166,069)
County surcharge - previous	-	1,866,221	1,866,221
Affected area compensation fees	-	388,611	388,611
Member fees	190,000	223,559	33,559
Other miscellaneous	2,500	19,025	16,525
Allowance for doubtful accounts	-	(29,192)	(29,192)
Total Operating Revenues	<u>899,960</u>	<u>3,009,615</u>	<u>2,109,655</u>
<b>OPERATING EXPENSES</b>			
Personnel services	384,290	441,512	(57,222)
Operational services	29,300	24,518	4,782
Contractual services	590,510	898,154	(307,644)
Capital outlay	9,500	326	9,174
Depreciation	-	84,782	(84,782)
Total Operating Expenses	<u>1,013,600</u>	<u>1,449,292</u>	<u>(435,692)</u>
<b>OPERATING INCOME</b>	<u>(113,640)</u>	<u>1,560,323</u>	<u>1,673,963</u>
<b>NON-OPERATING INCOME</b>			
Investment income	36,080	17,508	(18,572)
Miscellaneous grant received	-	5,000	5,000
Total Non-Operating Income	<u>36,080</u>	<u>22,508</u>	<u>(13,572)</u>
<b>CHANGE IN NET ASSETS</b>	<u>(77,560)</u>	<u>1,582,831</u>	<u>\$ 1,660,391</u>
<b>NET ASSETS - Beginning of Year</b>	<u>1,973,972</u>	<u>1,973,972</u>	
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 1,896,412</u>	<u>\$ 3,556,803</u>	

See independent auditors' report and accompanying notes.

# SOLID WASTE AGENCY OF LAKE COUNTY

## STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

### BUDGET AND ACTUAL

Year Ended November 30, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>OPERATING REVENUES</b>			
County surcharge	\$ 941,715	\$ 803,986	\$ (137,729)
Affected area compensation fees	1,717,825	1,563,269	(154,556)
Member fees	170,000	220,576	50,576
Other miscellaneous	4,500	6,550	2,050
Allowance for uncollectible accounts	-	(58,384)	(58,384)
Total Operating Revenues	<u>2,834,040</u>	<u>2,535,997</u>	<u>(298,043)</u>
<b>OPERATING EXPENSES</b>			
Personnel services	388,290	392,009	(3,719)
Operational services	44,050	34,195	9,855
Contractual services	2,374,235	2,094,268	279,967
Capital outlay	43,300	18,945	24,355
Depreciation	-	91,624	(91,624)
Total Operating Expenses	<u>2,849,875</u>	<u>2,631,041</u>	<u>218,834</u>
<b>OPERATING INCOME</b>	<u>(15,835)</u>	<u>(95,044)</u>	<u>(79,209)</u>
<b>NON-OPERATING INCOME</b>			
Investment income	<u>-</u>	<u>2,075</u>	<u>2,075</u>
<b>CHANGE IN NET ASSETS</b>	(15,835)	(92,969)	<u>\$ (77,134)</u>
<b>NET ASSETS - Beginning of Year</b>	<u>2,066,941</u>	<u>2,066,941</u>	
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 2,051,106</u>	<u>\$ 1,973,972</u>	

See independent auditors' report and accompanying notes.



## SOLID WASTE AGENCY OF LAKE COUNTY, ILLINOIS

### REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS November 30, 2010

The schedule of funding progress, presented as required supplementary information, present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. The schedule below represents Lake County as a whole, and does not separate SWALCO's proportionate share.

County							
Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)	
11/30/2010	\$ -	\$ 46,157,000	\$ 46,157,000	0.00%	\$ 153,979,000	30.00%	
11/30/2009	-	47,307,231	47,307,231	0.00%	144,383,846	32.76%	
11/30/2008	-	43,576,000	43,576,000	0.00%	138,830,621	31.40%	

We have omitted the IMRF required supplemental information as this is shown in the county financial statements and discussed in greater detail in Note 8 of these financial statements.