

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

Gurnee, Illinois

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Years Ended November 30, 2011 and 2010

SOLID WASTE AGENCY OF LAKE COUNTY, ILLINOIS
Gurnee, Illinois

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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, 2011 and 2010, 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. Affected area compensation fees now 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, 2011 and 2010, 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 be presented to supplement the financial statements. Such missing information, although not to be part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the financial statements in an appropriate operational, economical, or historical context. Our opinion on the financial statements is not affected by this missing information.

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

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

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
June 8, 2012

SOLID WASTE AGENCY OF LAKE COUNTY

STATEMENTS OF NET ASSETS

As of November 30, 2011 and 2010

	ASSETS	
	<u>2011</u>	<u>2010</u>
CURRENT ASSETS		
Cash	\$ 2,151,330	\$ 2,030,063
Other receivables, net of allowance for uncollectible accounts	140,124	100,291
Prepaid insurance	18,963	18,981
Total Current Assets	<u>2,310,417</u>	<u>2,149,335</u>
NONCURRENT ASSETS		
Restricted assets		
Equipment replacement fund	120,000	120,000
Capital Assets		
Plant in service	2,154,946	2,154,946
Accumulated depreciation	(826,994)	(742,212)
Total Noncurrent Assets	<u>1,447,952</u>	<u>1,532,734</u>
TOTAL ASSETS	<u>3,758,369</u>	<u>3,682,069</u>
	LIABILITIES	
CURRENT LIABILITIES		
Accounts payable	290,811	102,680
Accrued payroll	5,303	4,227
Due to the County	-	2,372
Early retirement benefit	-	15,987
Total Current Liabilities	<u>296,114</u>	<u>125,266</u>
Total Liabilities	<u>296,114</u>	<u>125,266</u>
	NET ASSETS	
Invested in capital assets	1,327,952	1,412,734
Restricted	120,000	120,000
Unrestricted	<u>2,014,303</u>	<u>2,024,069</u>
TOTAL NET ASSETS	<u>\$ 3,462,255</u>	<u>\$ 3,556,803</u>

See accompanying notes to financial statements.

SOLID WASTE AGENCY OF LAKE COUNTY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

For the Years Ended November 30, 2011 and 2010

	2011	2010
OPERATING REVENUES		
County surcharge - current	\$ 577,052	\$ 541,391
County surcharge - transfer from County	-	1,866,221
Affected area compensation fees	-	388,611
Member fees	220,956	223,559
Other miscellaneous	83,766	19,025
Allowance for uncollectible accounts	<u>(29,192)</u>	<u>(29,192)</u>
Total Operating Revenues	<u>852,582</u>	<u>3,009,615</u>
OPERATING EXPENSES		
Personnel services	366,870	441,512
Operational services	26,289	24,518
Contractual services	469,067	898,154
Capital outlay	5,694	326
Depreciation	<u>84,782</u>	<u>84,782</u>
Total Operating Expenses	<u>952,702</u>	<u>1,449,292</u>
OPERATING INCOME (LOSS)	<u>(100,120)</u>	<u>1,560,323</u>
NON-OPERATING INCOME		
Investment income	5,572	17,508
Miscellaneous grant received	-	5,000
Total Non-Operating Income	<u>5,572</u>	<u>22,508</u>
CHANGE IN NET ASSETS	<u>(94,548)</u>	<u>1,582,831</u>
NET ASSETS - Beginning of Year	<u>3,556,803</u>	<u>1,973,972</u>
NET ASSETS - END OF YEAR	<u><u>\$ 3,462,255</u></u>	<u><u>\$ 3,556,803</u></u>

See accompanying notes to financial statements.

SOLID WASTE AGENCY OF LAKE COUNTY

STATEMENTS OF CASH FLOWS

For the Years Ended November 30, 2011 and 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from members and the County	\$ 809,774	\$ 3,362,744
Paid to suppliers for goods and services	(330,184)	(1,184,499)
Paid to employees for services	(366,870)	(404,978)
Net Cash Flows From Operating Activities	<u>112,720</u>	<u>1,773,267</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	<u>8,547</u>	<u>17,508</u>
Net Change in Cash and Cash Equivalents	121,267	1,790,775
CASH AND CASH EQUIVALENTS – Beginning of Year	<u>2,150,063</u>	<u>359,288</u>
CASH AND CASH EQUIVALENTS – END OF YEAR	<u>\$ 2,271,330</u>	<u>\$ 2,150,063</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss)	\$ (100,120)	\$ 1,560,323
Non-operating income	-	5,000
Non-cash items included in operating income (loss)		
Depreciation	84,782	84,782
Changes in assets and liabilities		
Affected area compensation fees receivable	-	271,178
Other receivables	(42,808)	76,951
Prepaid insurance	18	11,688
Accounts payable	188,131	40,459
Due to the County	(2,372)	2,372
Affected area compensation expense payable	-	(297,037)
Accrued payroll and early retirement benefit	<u>(14,911)</u>	<u>17,551</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 112,720</u>	<u>\$ 1,773,267</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO BALANCE SHEET ACCOUNTS		
Cash	\$ 2,151,330	\$ 2,030,063
Equipment replacement fund	<u>120,000</u>	<u>120,000</u>
CASH AND CASH EQUIVALENTS	<u>\$ 2,271,330</u>	<u>\$ 2,150,063</u>

See accompanying notes to financial statements.

SOLID WASTE AGENCY OF LAKE COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended November 30, 2011 and 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 Lake County 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 As of and for the Years Ended November 30, 2011 and 2010

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

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. Breakdown of accounts receivable is as follows:

	2011	2010
Statutory fee receivable	\$ 136,271	\$ 83,382
Member receivable	119,595	100,484
Interest receivable	1,026	4,001
Less: Allowance for doubtful accounts	<u>(116,768)</u>	<u>(87,576)</u>
Total Other Receivables	<u>\$ 140,124</u>	<u>\$ 100,291</u>

Accounts payable consists of amounts due from SWALCO to outside parties for goods and services received.

SOLID WASTE AGENCY OF LAKE COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended November 30, 2011 and 2010

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

ASSETS, LIABILITIES AND NET ASSETS (cont.)

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.

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 in 2010 and are reflected in 2010 operating expenses. A liability for future health insurance and dental benefits has been reported in the 2010 statement of net assets. The benefit expired in October of 2011, therefore there is no outstanding liability reported in the 2011 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 As of and for the Years Ended November 30, 2011 and 2010

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

EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, Statement No. 61, *The Financial Reporting Entity: Omnibus*, Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement No. 62 *Derivative Instruments: Applications of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53*. Application of these standards may restate portions of these financial statements.

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 2011 follows:

	Balance 12/1/10	Increases	Decreases	Balance 11/30/11
Capital assets, not being depreciated				
Land	\$ 166,217	\$ -	\$ -	\$ 166,217
Total Capital Assets Not Being Depreciated	166,217	-	-	166,217
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	1,988,729	-	-	1,988,729
Total Capital Assets	2,154,946	-	-	2,154,946
Less: Accumulated depreciation	(742,212)	(84,782)	-	(826,994)
Net Capital Assets	<u>\$ 1,412,734</u>			<u>\$ 1,327,952</u>

SOLID WASTE AGENCY OF LAKE COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended November 30, 2011 and 2010

NOTE 3 – CHANGES IN CAPITAL ASSETS (cont.)

A summary of changes in capital assets for 2010 follows:

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

NOTE 4 – NET ASSETS

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, 2011 or 2010.

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.

SOLID WASTE AGENCY OF LAKE COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended November 30, 2011 and 2010

NOTE 4 – NET ASSETS (cont.)

The following calculation supports the net assets invested in capital assets, net of related debt as of November 30, 2011 and 2010:

	2011	2010
Plant in service	\$ 2,154,946	\$ 2,154,946
Accumulated depreciation	<u>(826,994)</u>	<u>(742,212)</u>
Total Net Assets Invested in Capital Assets	<u>\$ 1,327,952</u>	<u>\$ 1,412,734</u>

NOTE 5 – CONTINGENCIES AND COMMITMENTS

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.

NOTE 6 – RISK MANAGEMENT

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.

SOLID WASTE AGENCY OF LAKE COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended November 30, 2011 and 2010

NOTE 7 – EMPLOYEES RETIREMENT SYSTEM

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 2011, 2010, and 2009. The employer rate for calendar years 2011, 2010, and 2009 were 11.44%, 8.59%, and 8.59%, 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.

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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 As of and for the Years Ended November 30, 2011 and 2010

NOTE 9 – RELATED PARTIES

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.

NOTE 10 – COUNTY TRANSFER

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS BUDGET AND ACTUAL

For the Year Ended November 30, 2011

	Original and Final Budget	Actual	Variance
OPERATING REVENUES			
County surcharge - current	\$ 611,625	\$ 577,052	\$ (34,573)
Member fees	190,000	220,956	30,956
Other miscellaneous	62,700	83,766	21,066
Allowance for doubtful accounts	-	(29,192)	(29,192)
Total Operating Revenues	<u>864,325</u>	<u>852,582</u>	<u>(11,743)</u>
OPERATING EXPENSES			
Personnel services	358,980	366,870	(7,890)
Operational services	28,050	26,289	1,761
Contractual services	579,870	469,067	110,803
Capital outlay	9,500	5,694	3,806
Depreciation	-	84,782	(84,782)
Total Operating Expenses	<u>976,400</u>	<u>952,702</u>	<u>23,698</u>
OPERATING INCOME	<u>(112,075)</u>	<u>(100,120)</u>	<u>11,955</u>
NON-OPERATING INCOME			
Investment income	18,660	5,572	(13,088)
Total Non-Operating Income	<u>18,660</u>	<u>5,572</u>	<u>(13,088)</u>
CHANGE IN NET ASSETS	<u>(93,415)</u>	<u>(94,548)</u>	<u>\$ (1,133)</u>
NET ASSETS - Beginning of Year	<u>3,556,803</u>	<u>3,556,803</u>	
NET ASSETS - END OF YEAR	<u>\$ 3,463,388</u>	<u>\$ 3,462,255</u>	

See independent auditors' report and notes to required supplementary information.

SOLID WASTE AGENCY OF LAKE COUNTY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS BUDGET AND ACTUAL For the Year Ended November 30, 2010

	Original and Final Budget	Actual	Variance
OPERATING REVENUES			
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	899,960	3,009,615	2,109,655
OPERATING EXPENSES			
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	1,013,600	1,449,292	(435,692)
OPERATING INCOME	(113,640)	1,560,323	1,673,963
NON-OPERATING INCOME			
Investment income	36,080	17,508	(18,572)
Miscellaneous grant received	-	5,000	5,000
Total Non-Operating Income	36,080	22,508	(13,572)
CHANGE IN NET ASSETS	(77,560)	1,582,831	\$ 1,660,391
NET ASSETS - Beginning of Year	<u>1,973,972</u>	<u>1,973,972</u>	
NET ASSETS - END OF YEAR	<u>\$ 1,896,412</u>	<u>\$ 3,556,803</u>	

See independent auditors' report and notes to required supplementary information.

SOLID WASTE AGENCY OF LAKE COUNTY, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended November 30, 2011

BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using generally accepted accounting principles and the accrual basis of accounting. We also note depreciation expense is not budgeted.

SOLID WASTE AGENCY OF LAKE COUNTY, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS For the Year Ended November 30, 2011

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.

Entire County Including SWALCO

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)
11/30/2011	\$ -	\$ 27,362,000	\$ 27,362,000	0.00%	\$ 132,341,000	20.68%
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%

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.