

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

Gurnee, Illinois

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Years Ended November 30, 2012 and 2011

SOLID WASTE AGENCY OF LAKE COUNTY, ILLINOIS
Gurnee, Illinois

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Baker Tilly Virchow Krause, LLP
Ten Terrace Ct, PO Box 7398
Madison, WI 53707-7398
tel 608 249 6622
fax 608 249 8532
bakertilly.com

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, 2012 and 2011, 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.

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, 2012 and 2011, 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 Vernon Krause, LLP

Madison, Wisconsin
June 13, 2013

SOLID WASTE AGENCY OF LAKE COUNTY

STATEMENTS OF NET ASSETS

As of November 30, 2012 and 2011

	ASSETS	
	2012	2011
CURRENT ASSETS		
Cash	\$ 1,912,119	\$ 2,151,330
Other receivables, net of allowance for uncollectible accounts	168,037	140,124
Prepaid insurance	20,110	18,963
Total Current Assets	<u>2,100,266</u>	<u>2,310,417</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	(900,857)	(826,994)
Total Noncurrent Assets	<u>1,374,089</u>	<u>1,447,952</u>
TOTAL ASSETS	<u>3,474,355</u>	<u>3,758,369</u>
	LIABILITIES	
CURRENT LIABILITIES		
Accounts payable	78,170	290,811
Accrued payroll	8,301	5,303
Total Current Liabilities	<u>86,471</u>	<u>296,114</u>
Total Liabilities	<u>86,471</u>	<u>296,114</u>
	NET ASSETS	
Invested in capital assets	1,254,089	1,327,952
Restricted	120,000	120,000
Unrestricted	<u>2,013,795</u>	<u>2,014,303</u>
TOTAL NET ASSETS	<u>\$ 3,387,884</u>	<u>\$ 3,462,255</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, 2012 and 2011

	2012	2011
OPERATING REVENUES		
County surcharge - current	\$ 661,906	\$ 577,052
Member fees	220,313	220,956
Other miscellaneous	166,632	83,766
Allowance for uncollectible accounts	(29,192)	(29,192)
Total Operating Revenues	<u>1,019,659</u>	<u>852,582</u>
OPERATING EXPENSES		
Personnel services	391,464	366,870
Operational services	30,767	26,289
Contractual services	611,200	469,067
Capital outlay	1,389	5,694
Depreciation	73,863	84,782
Total Operating Expenses	<u>1,108,683</u>	<u>952,702</u>
OPERATING LOSS	<u>(89,024)</u>	<u>(100,120)</u>
NONOPERATING INCOME		
Investment income	4,653	5,572
Miscellaneous education campaign donations	<u>10,000</u>	-
Total Nonoperating Income	<u>14,653</u>	<u>5,572</u>
CHANGE IN NET ASSETS	<u>(74,371)</u>	<u>(94,548)</u>
NET ASSETS - Beginning of Year	<u>3,462,255</u>	<u>3,556,803</u>
NET ASSETS - END OF YEAR	<u><u>\$ 3,387,884</u></u>	<u><u>\$ 3,462,255</u></u>

See accompanying notes to financial statements.

SOLID WASTE AGENCY OF LAKE COUNTY

STATEMENTS OF CASH FLOWS

For the Years Ended November 30, 2012 and 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from members and the County	\$ 1,001,328	\$ 809,774
Paid to suppliers for goods and services	(854,146)	(330,184)
Paid to employees for services	(391,464)	(366,870)
Net Cash Flows From Operating Activities	<u>(244,282)</u>	<u>112,720</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	<u>5,071</u>	<u>8,547</u>
Net Change in Cash and Cash Equivalents	(239,211)	121,267
CASH AND CASH EQUIVALENTS – Beginning of Year	<u>2,271,330</u>	<u>2,150,063</u>
CASH AND CASH EQUIVALENTS – END OF YEAR	<u>\$ 2,032,119</u>	<u>\$ 2,271,330</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating loss	\$ (89,024)	\$ (100,120)
Nonoperating income	10,000	-
Noncash items included in operating loss		
Depreciation	73,863	84,782
Changes in assets and liabilities		
Other receivables	(28,331)	(42,808)
Prepaid insurance	(1,147)	18
Accounts payable	(212,641)	188,131
Due to the County	-	(2,372)
Accrued payroll	<u>2,998</u>	<u>(14,911)</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ (244,282)</u>	<u>\$ 112,720</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENTS OF NET ASSETS		
Cash	\$ 1,912,119	\$ 2,151,330
Equipment replacement fund	<u>120,000</u>	<u>120,000</u>
CASH AND CASH EQUIVALENTS	<u>\$ 2,032,119</u>	<u>\$ 2,271,330</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, 2012 and 2011

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 (one permanent seat for Lake County, two seats for members with 30,000 or more residents and six at large seats), 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.

SOLID WASTE AGENCY OF LAKE COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended November 30, 2012 and 2011

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.

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:

	<u>2012</u>	<u>2011</u>
Statutory fee receivable	\$ 110,619	\$ 136,271
Member receivable	202,770	119,595
Interest receivable	608	1,026
Less: Allowance for doubtful accounts	<u>(145,960)</u>	<u>(116,768)</u>
Total Other Receivables	<u>\$ 168,037</u>	<u>\$ 140,124</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, 2012 and 2011

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

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, 2012 and 2011

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. 63 – *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*; GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*; Statement No. 66, *Technical Corrections - 2012 an amendment of GASB Statements No. 10 and No. 62*; Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*; and Statement No. 68, *Accounting and Financial reporting for Pensions - an amendment of GASB Statement No. 27*. 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 2012 follows:

	<u>Balance 12/1/11</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 11/30/12</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	(826,994)	(73,863)	_____ -	(900,857)
Net Capital Assets	<u>\$ 1,327,952</u>			<u>\$ 1,254,089</u>

SOLID WASTE AGENCY OF LAKE COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended November 30, 2012 and 2011

NOTE 3 – CHANGES IN CAPITAL ASSETS (cont.)

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	<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	<u>214,037</u>	<u>-</u>	<u>-</u>	<u>214,037</u>
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>(742,212)</u>	<u>(84,782)</u>	<u>-</u>	<u>(826,994)</u>
Net Capital Assets	<u>\$ 1,412,734</u>			<u>\$ 1,327,952</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, 2012 or 2011.

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 - This component of net assets consists 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, 2012 and 2011

NOTE 4 – NET ASSETS (cont.)

The following calculation supports the net assets invested in capital assets, net of related debt as of November 30, 2012 and 2011:

	2012	2011
Plant in service	\$ 2,154,946	\$ 2,154,946
Accumulated depreciation	<u>(900,857)</u>	<u>(826,994)</u>
Total Net Assets Invested in Capital Assets	<u><u>\$ 1,254,089</u></u>	<u><u>\$ 1,327,952</u></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, 2012 and 2011

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 2012, 2011, and 2010. The employer rate for calendar years 2012, 2011, and 2010 were 11.47%, 11.44%, and 10.96%, 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.

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.

REQUIRED SUPPLEMENTARY INFORMATION

SOLID WASTE AGENCY OF LAKE COUNTY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS BUDGET AND ACTUAL Year Ended November 30, 2012

	Original and Final Budget	Actual	Variance
OPERATING REVENUES			
County surcharge - current	\$ 668,265	\$ 661,906	\$ (6,359)
Member fees	190,000	220,313	30,313
Other miscellaneous	108,500	166,632	58,132
Allowance for doubtful accounts	-	(29,192)	(29,192)
Total Operating Revenues	<u>966,765</u>	<u>1,019,659</u>	<u>52,894</u>
OPERATING EXPENSES			
Personnel services	390,605	391,464	(859)
Operational services	39,350	30,767	8,583
Contractual services	594,460	611,200	(16,740)
Capital outlay	2,500	1,389	1,111
Depreciation	-	73,863	(73,863)
Total Operating Expenses	<u>1,026,915</u>	<u>1,108,683</u>	<u>(81,768)</u>
OPERATING INCOME	<u>(60,150)</u>	<u>(89,024)</u>	<u>(28,874)</u>
NONOPERATING INCOME			
Investment income	14,070	4,653	(9,417)
Miscellaneous education campaign donations	-	10,000	10,000
Total Nonoperating Income	<u>14,070</u>	<u>14,653</u>	<u>583</u>
CHANGE IN NET ASSETS	<u>(46,080)</u>	<u>(74,371)</u>	<u>\$ (28,291)</u>
NET ASSETS - Beginning of Year	<u>3,462,255</u>	<u>3,462,255</u>	
NET ASSETS - END OF YEAR	<u>\$ 3,416,175</u>	<u>\$ 3,387,884</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

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>
NONOPERATING INCOME			
Investment income	<u>18,660</u>	<u>5,572</u>	<u>(13,088)</u>
Total Nonoperating 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, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended November 30, 2012

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, 2012

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)
11/30/2012	\$ -	\$ 29,659,000	\$ 29,659,000	0.00%	\$ 119,608,000	24.80%
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.