



Solid Waste Agency of Lake County, Illinois

Financial Statements and
Required Supplementary Information

November 30, 2023 and 2022

Solid Waste Agency of Lake County, Illinois

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November 30, 2023 and 2022

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Independent Auditors' Report

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

Opinion

We have audited the accompanying financial statements of the Solid Waste Agency of Lake County, Illinois (SWALCO), as of and for the years ended November 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise SWALCO's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of SWALCO as of November 30, 2023 and 2022, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SWALCO and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audits opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SWALCO's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SWALCO's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SWALCO's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic 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 basic financial statements, and other knowledge we obtained during our audit of the basic 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.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Baker Tilly US, LLP

Chicago, Illinois
May 23, 2024

FINANCIAL STATEMENTS

Solid Waste Agency of Lake County, Illinois

Statements of Net Position
November 30, 2023 and 2022

	2023	2022
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 2,602,742	\$ 2,384,387
Receivables	231,992	183,097
Prepaid items	6,333	21,487
	2,841,067	2,588,971
Total current assets		
Noncurrent Assets		
Designated assets:		
Equipment replacement fund	197,126	242,102
Restricted assets:		
Net pension asset	388,176	1,342,556
Capital assets:		
Plant in service	2,331,492	2,299,796
Accumulated depreciation	(1,617,305)	(1,549,376)
	1,299,489	2,335,078
Total noncurrent assets		
	4,140,556	4,924,049
Total assets		
Deferred Outflows of Resources		
Deferred outflows related to pension	441,996	34,263
	441,996	34,263
Total deferred outflows of resources		
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	49,031	38,260
Accrued payroll	117,741	91,351
Unearned revenue	-	2,277
	166,772	131,888
Total current liabilities		
	166,772	131,888
Total liabilities		
Deferred Inflows of Resources		
Deferred inflows related to pension	-	511,593
	-	511,593
Total deferred inflows of resources		
Net Position		
Net investment in capital assets	714,187	750,420
Restricted for:		
Pension	388,176	1,342,556
Unrestricted	3,313,417	2,221,855
	\$ 4,415,780	\$ 4,314,831
Total net position		

See notes to financial statements

Solid Waste Agency of Lake County, Illinois

Statements of Revenues, Expenses and Changes in Net Position

Years Ended November 30, 2023 and 2022

	2023	2022
Operating Revenues		
County surcharge, current	\$ 924,421	\$ 1,056,360
Member fees	318,830	315,221
Other miscellaneous	153,897	102,801
 Total operating revenues	 1,397,148	 1,474,382
Operating Expenses		
Personnel services	637,730	658,569
Operational services	23,133	25,859
Contractual services	592,424	418,343
Buildings and equipment maintenance	31,742	16,737
Pension expense (income)	39,380	(177,881)
Depreciation	67,929	72,972
 Total operating expenses	 1,392,338	 1,014,599
 Operating income (loss)	 4,810	 459,783
Nonoperating Income		
Investment income	96,139	4,135
 Total nonoperating income	 96,139	 4,135
 Change in net position	 100,949	 463,918
Net Position, Beginning	 4,314,831	 3,850,913
Net Position, Ending	 \$ 4,415,780	 \$ 4,314,831

Solid Waste Agency of Lake County, Illinois

Statements of Cash Flows

Years Ended November 30, 2023 and 2022

	2023	2022
Cash Flows From Operating Activities		
Received from members and the County	\$ 1,348,253	\$ 1,463,450
Paid to suppliers for goods and services	(601,587)	(429,309)
Paid to employees for services	(637,730)	(658,569)
Net cash flows from operating activities	<u>108,936</u>	<u>375,572</u>
Cash Flows From Capital and Related Financing Activities		
Acquisition and construction of capital assets	(31,696)	-
Net cash flows from capital and related financing activities	<u>(31,696)</u>	<u>-</u>
Cash Flows From Investing Activities		
Investment income	<u>96,139</u>	<u>4,135</u>
Net cash flows from investing activities	<u>96,139</u>	<u>4,135</u>
Net change in cash and cash equivalents	<u>173,379</u>	<u>379,707</u>
Cash and Cash Equivalents, Beginning	<u>2,626,489</u>	<u>2,246,782</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 2,799,868</u></u>	<u><u>\$ 2,626,489</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Flows From Operating Activities		
Operating income (loss)	\$ 4,810	\$ 459,783
Noncash items included in operating income:		
Depreciation	67,929	72,972
Changes in assets and liabilities:		
Other receivables	(48,895)	(10,932)
Prepaid insurance	15,154	7,992
Accounts payable	10,771	22,912
Accrued payroll	26,390	2,624
Pension related deferrals and liabilities	35,054	(181,914)
Unearned revenue	(2,277)	2,135
Net cash flows from operating activities	<u>\$ 108,936</u>	<u>\$ 375,572</u>
Reconciliation of Cash and Cash Equivalents to Statements of Net Position		
Cash and investments	\$ 2,602,742	\$ 2,384,387
Equipment replacement fund	<u>197,126</u>	<u>242,102</u>
Cash and cash equivalents	<u><u>\$ 2,799,868</u></u>	<u><u>\$ 2,626,489</u></u>

Solid Waste Agency of Lake County, Illinois

Notes to Financial Statements
November 30, 2023 and 2022

Note 1. Summary of Significant Accounting Policies

The financial statements of Solid Waste Agency of Lake County, Illinois (SWALCO or the Agency), 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 43 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.

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.

Solid Waste Agency of Lake County, Illinois

Notes to Financial Statements
November 30, 2023 and 2022

Note 1. Summary of Significant Accounting Policies (continued)

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, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position

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. Breakdown of accounts receivable is as follows:

	2023	2022
Statutory fee receivable	\$ 231,992	\$ 179,902
Member receivable	-	918
Interest receivable	-	2,277
 Total other receivables	 \$ 231,992	 \$ 183,097

SWALCO anticipates no issues with collections from member communities and others. As such, no allowance for uncollectible accounts is considered necessary.

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
November 30, 2023 and 2022

Note 1. Summary of Significant Accounting Policies (continued)

Restricted Assets

Restricted assets have been reported in connection with the net pension asset balance since this balance must be used to fund employee benefits.

Designated Assets

During fiscal year 2009, the Agency authorized a replacement account to fund any future replacement of capital items. As of November 30, 2023 and 2022, the Agency had designated assets of \$197,126 and \$242,102, respectively.

Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items and are accounted for on the consumption method.

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 estimated acquisition value at the time of contribution to SWALCO. Major outlays for SWALCO capital assets are capitalized as projects are constructed. Capital assets in service are depreciated using the straight-line method over the following useful lives:

	Years
Land improvements	5-10
Buildings	30
Office furniture and equipment	2-10

Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources to pensions and pension expense, information about the fiduciary net position of the Illinois Municipal Retirement Fund (IMRF or the Fund) and additions to /deductions from IMRF's fiduciary net position have been determined on the same basis as they are reported by IMRF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until that future time.

Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

Solid Waste Agency of Lake County, Illinois

Notes to Financial Statements
November 30, 2023 and 2022

Note 1. Summary of Significant Accounting Policies (continued)

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.

Effect of New Accounting Standards on Current Period Financial Statements

The Governmental Accounting Standards Board (GASB) has approved the following:

- Statement No. 100, *Accounting Changes and Error Corrections—Amendment of GASB Statement No. 62*
- Statement No. 101, *Compensated Absences*
- Statement No. 102, *Certain Risk Disclosures*

When they become effective, application of these standards may restate portions of these financial statements.

Comparative Data

Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

Note 2. Deposits and Investments

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, SWALCO's deposits may not be returned to SWALCO.

SWALCO maintains certain deposits at the same institutions as the County. The custodial credit risk pertaining specifically to SWALCO's resources at these institutions cannot be determined individually for those accounts.

State statutes authorize SWALCO to make deposits in interest bearing depository accounts in federally insured and/or state chartered banks, savings and loan associations and credit unions. As of November 30, 2023, SWALCO had deposits, consisting of cash of \$2,799,868. As of November 30, 2022, SWALCO had deposits, consisting of cash of \$894,026 and non-participating certificates of deposit of \$1,732,463, all with federally insured financial institutions.

The County's current investment policy addresses custodial credit risk. The County's investment policy states that it will not maintain funds in any financial institution that is not a member of the FDIC or National Credit Union Association Systems (NCUA). Furthermore, the County will not maintain funds in any financial institutions that do not collateralize all funds in excess of the FDIC or NCUA insurance limits. Refer to the County financial statements for additional details.

Solid Waste Agency of Lake County, Illinois

Notes to Financial Statements
November 30, 2023 and 2022

Note 3. Changes in Capital Assets

A summary of changes in capital assets for 2023 follows:

	Balance 12/1/22	Increases	Decreases	Balance 11/30/23
Capital assets, not being depreciated:				
Land	\$ 166,217	\$ -	\$ -	\$ 166,217
Capital assets being depreciated:				
Land improvements	266,606	-	-	266,606
Buildings	1,678,340	31,696	-	1,710,036
Office furniture and equipment	188,633	-	-	188,633
Total capital assets being depreciated	2,133,579	31,696	-	2,165,275
Total capital assets	2,299,796	31,696	-	2,331,492
Less accumulated depreciation	(1,549,376)	(67,929)	-	(1,617,305)
Net capital assets	\$ 750,420	\$ (36,233)	\$ -	\$ 714,187

A summary of changes in capital assets for 2022 follows:

	Balance 12/1/21	Increases	Decreases	Balance 11/30/22
Capital assets, not being depreciated:				
Land	\$ 166,217	\$ -	\$ -	\$ 166,217
Capital assets being depreciated:				
Land improvements	266,606	-	-	266,606
Buildings	1,678,340	-	-	1,678,340
Office furniture and equipment	188,633	-	-	188,633
Total capital assets being depreciated	2,133,579	-	-	2,133,579
Total capital assets	2,299,796	-	-	2,299,796
Less accumulated depreciation	(1,476,404)	(72,972)	-	(1,549,376)
Net capital assets	\$ 823,392	\$ (72,972)	\$ -	\$ 750,420

Solid Waste Agency of Lake County, Illinois

Notes to Financial Statements
November 30, 2023 and 2022

Note 4. Net Position

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

Net Investment in Capital Assets - This component of net position 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 net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds. SWALCO has no debt outstanding as of November 30, 2023 or 2022.

Restricted - This component of net position consists of constraints placed on net position 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 Position - This component of net position consists of net position that do not meet the definition of "restricted" or "net investment in capital assets."

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 investment in capital assets as of November 30, 2023 and 2022:

	2023	2022
Plant in service	\$ 2,331,492	\$ 2,299,796
Accumulated depreciation	<u>(1,617,305)</u>	<u>(1,549,376)</u>
Total investment in capital assets	<u><u>\$ 714,187</u></u>	<u><u>\$ 750,420</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 agreements are available from SWALCO offices.

Solid Waste Agency of Lake County, Illinois

Notes to Financial Statements
November 30, 2023 and 2022

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.

Note 7. Employee Retirement System

Plan Description

The Agency's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases and death benefits to plan members and beneficiaries. The Agency's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Annual Comprehensive Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position and required supplementary information. The report is available for download at www.imrf.org.

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

All three IMRF benefit plans have two tiers. Employees hired before January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Benefits Provided

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

Solid Waste Agency of Lake County, Illinois

Notes to Financial Statements
November 30, 2023 and 2022

Note 7. Employee Retirement System (continued)

Employees Covered by Benefit Terms

As of December 31, 2022 and 2021, the following employees were covered by the benefit terms:

	2022	2021
Retirees and beneficiaries currently receiving benefits	3	3
Inactive plan members entitled to but not yet receiving benefits	2	2
Active plan members	5	5
 Total	 10	 10

Contributions

As set by statute, the Agency's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Agency's annual contribution rate for calendar year 2023 and 2022 was 0.90% and 0.89%, respectively. SWALCO also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability (Asset)

The Agency's net pension liability (asset) was measured as of December 31, 2022 and 2021. The total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date.

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of IMRF and additions to/deductions from IMRF fiduciary net position have been determined on the same basis as they are reported by IMRF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Solid Waste Agency of Lake County, Illinois

Notes to Financial Statements
November 30, 2023 and 2022

Note 7. Employee Retirement System (continued)

Actuarial Assumption

The following are the methods and assumptions used to determine total pension liability (asset) at December 31, 2022 and 2021:

- The Actuarial Cost Method used was Entry Age Normal.
- The Asset Valuation Method used was Market Value of Assets.
- The Inflation Rate was assumed to be 2.25%.
- Salary Increases were expected to be 2.85% to 13.75%, including inflation.
- The Investment Rate of Return was assumed to be 7.25%.
- Projected Retirement Age was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2020 valuation according to an experience study from years 2017 to 2019.
- For Non-disabled Retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables and future mortality improvements projected using scale MP-2020.
- For Disabled Retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables and future mortality improvements projected using scale MP-2020.
- For Active Members the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables and future mortality improvements projected using scale MP-2020.
- The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Projected Returns/Risk	
		One Year Arithmetic	Ten Year Geometric
Equities	39.00 %	3.25 %	1.90 %
International equities	15.00	4.89	3.15
Fixed income	25.00	(0.50)	(0.60)
Real estate	10.00	4.20	6.20
Alternatives	10.00		
Private equity	-	8.85	5.50
Commodities	-	2.90	1.70
Cash equivalents	1.00	(0.90)	(0.90)
Total	<u>100</u> %		

Solid Waste Agency of Lake County, Illinois

Notes to Financial Statements
November 30, 2023 and 2022

Note 7. Employee Retirement System (continued)

Discount Rate

A Discount Rate of 7.25% was used to measure the total pension liability (asset). The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return (7.25%) on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate (4.05%) based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

IMRF's fiduciary net position as of December 31, 2022 was projected to be available to make all projected future benefit payments of active and inactive members and all benefit recipients of the plan. For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 4.05% and the resulting single discount rate is 7.25%.

Solid Waste Agency of Lake County, Illinois

Notes to Financial Statements
November 30, 2023 and 2022

Note 7. Employee Retirement System (continued)

Changes in the Net Pension Liability (Asset): The following table shows the components of the Agency's annual pension liability (asset) and related fiduciary net position for the calendar years ended December 31, 2022 and 2021:

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Asset) (A) - (B)
Balances at December 31, 2020	\$ 2,910,931	\$ 3,866,527	\$ (955,596)
Changes for the year:			
Service cost	48,554	-	48,554
Interest on the total pension liability	208,596	-	208,596
Changes of benefit terms	-	-	-
Differences between expected and actual experience of the total pension liability	24,946	-	24,946
Changes of assumptions	-	-	-
Contributions, employer	-	3,853	(3,853)
Contributions, employees	-	19,485	(19,485)
Net investment income	-	648,491	(648,491)
Benefit payments, including refunds of employee contributions	(116,057)	(116,057)	-
Other (net transfer)	-	(2,773)	2,773
Net changes	166,039	552,999	(386,960)
Balances at December 31, 2021	\$ 3,076,970	\$ 4,419,526	\$ (1,342,556)
Changes for the year:			
Service cost	38,268	-	38,268
Interest on the total pension liability	218,746	-	218,746
Changes of benefit terms	-	-	-
Differences between expected and actual experience of the total pension liability	128,242	-	128,242
Changes of assumptions	-	-	-
Contributions, employer	-	4,231	(4,231)
Contributions, employees	-	21,160	(21,160)
Net investment income	-	(596,801)	596,801
Benefit payments, including refunds of employee contributions	(157,831)	(157,831)	-
Other (net transfer)	-	2,286	(2,286)
Net changes	227,425	(726,955)	954,380
Balances at December 31, 2022	\$ 3,304,395	\$ 3,692,571	\$ (388,176)

Solid Waste Agency of Lake County, Illinois

Notes to Financial Statements
November 30, 2023 and 2022

Note 7. Employee Retirement System (continued)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the plan's net pension liability (asset) as of December 31, 2023 and 2022, calculated using a Single Discount Rate of 7.25%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

Net Pension Liability (Asset)	1% Lower (6.25%)	Current Discount (7.25%)	1% Higher (8.25%)
December 31, 2022	\$ (43,615)	\$ (388,176)	\$ (675,079)
December 31, 2021	(1,021,911)	(1,342,556)	(1,606,639)

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the years ended November 30, 2023 and 2022, the Agency recognized pension expense (income) of \$ 39,660 and (\$177,995), respectively. At November 30, 2023 and 2022, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	November 30, 2023		November 30, 2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred amounts to be recognized in expense in future periods:				
Differences between expected and actual experience	\$ 103,583	\$ -	\$ 28,357	\$ 3,669
Changes of assumptions	781	-	2,144	
Net difference between projected and actual earnings on pension plan investments	333,495	-	-	507,924
Total deferred amounts to be recognized in pension expense in future periods	437,859	-	30,501	511,593
Pension contributions made subsequent to the measurement date	4,137	-	3,762	-
Total deferred amounts related to pensions	\$ 441,996	\$ -	\$ 34,263	\$ 511,593

Solid Waste Agency of Lake County, Illinois

Notes to Financial Statements
November 30, 2023 and 2022

Note 7. Employee Retirement System (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

	<u>Net Deferred Outflows/Inflows of Resources</u>
Years ending December 31:	
2023	\$ 36,203
2024	99,323
2025	119,834
2026	<u>182,499</u>
 Total	 <u>\$ 437,859</u>

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.

Note 10. Subsequent Events

The Agency evaluated subsequent events through the date the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements. No significant events were noted.

REQUIRED SUPPLEMENTARY INFORMATION

Solid Waste Agency of Lake County, Illinois

Statement of Revenues, Expenses and Changes in Net Position -

Budget and Actual

Year Ended November 30, 2023

	Original and Final Budget	Actual	Variance
Operating Revenues			
County surcharge, current	\$ 898,000	\$ 924,421	\$ 26,421
Member fees	315,876	318,830	2,954
Other miscellaneous	<u>171,800</u>	<u>153,897</u>	<u>(17,903)</u>
 Total operating revenues	 <u>1,385,676</u>	 <u>1,397,148</u>	 <u>11,472</u>
Operating Expenses			
Personnel services	673,839	637,730	36,109
Operational services	38,050	23,133	14,917
Contractual services	709,206	592,424	116,782
Buildings and equipment maintenance	32,000	31,742	258
Pension expense (income)	4,804	39,380	(34,576)
Depreciation	-	67,929	(67,929)
 Total operating expenses	 <u>1,457,899</u>	 <u>1,392,338</u>	 <u>65,561</u>
Operating Income (Loss)			
	<u>(72,223)</u>	<u>4,810</u>	<u>77,033</u>
Nonoperating Income			
Investment income	17,285	96,139	78,854
 Change in net position	 <u>\$ (54,938)</u>	 <u>100,949</u>	 <u>\$ 155,887</u>
Net Position, Beginning			
		<u>4,314,831</u>	
Net Position, Ending			
		<u>\$ 4,415,780</u>	

Solid Waste Agency of Lake County, Illinois

Statement of Revenues, Expenses and Changes in Net Position -

Budget and Actual

Year Ended November 30, 2022

	Original and Final Budget	Actual	Variance
Operating Revenues			
County surcharge, current	\$ 743,000	\$ 1,056,360	\$ 313,360
Member fees	287,323	315,221	27,898
Other miscellaneous	<u>138,490</u>	<u>102,801</u>	<u>(35,689)</u>
 Total operating revenues	 <u>1,168,813</u>	 <u>1,474,382</u>	 <u>305,569</u>
Operating Expenses			
Personnel services	665,053	658,569	6,484
Operational services	32,050	25,859	6,191
Contractual services	465,222	418,343	46,879
Buildings and equipment maintenance	17,255	16,737	518
Pension expense (income)	4,379	(177,881)	182,260
Depreciation	<u>-</u>	<u>72,972</u>	<u>(72,972)</u>
 Total operating expenses	 <u>1,183,959</u>	 <u>1,014,599</u>	 <u>169,360</u>
Operating Income (Loss)			
	<u>(15,146)</u>	<u>459,783</u>	<u>474,929</u>
Nonoperating Income			
Investment income	<u>4,000</u>	<u>4,135</u>	<u>135</u>
 Change in net position	 <u>\$ (11,146)</u>	<u>463,918</u>	<u>\$ 475,064</u>
Net Position, Beginning			
		<u>3,850,913</u>	
Net Position, Ending			
		<u>\$ 4,314,831</u>	

Solid Waste Agency of Lake County, Illinois

Notes to Required Supplementary Information
November 30, 2023 and 2022

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

Illinois Municipal Retirement Fund

Schedule of Changes in the Agency's Net Pension Liability (Asset) and Related Ratios

As of Measurement Date

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service cost	\$ 38,268	\$ 48,554	\$ 49,114	\$ 49,143	\$ 45,265	\$ 47,951	\$ 47,865	\$ 44,802	\$ 48,289
Interest on the total pension liability	218,746	208,596	196,859	188,842	178,364	175,349	168,268	162,272	150,456
Differences between expected and actual experience	128,242	24,946	24,396	(18,492)	39,064	(6,760)	(20,058)	(76,621)	(113,552)
Changes of assumptions	-	-	4,870	-	68,379	(70,935)	-	-	76,878
Benefit payments, including refunds of member contributions	(157,831)	(116,057)	(110,103)	(107,688)	(105,261)	(102,863)	(100,563)	(3,502)	(2,077)
Net change in total pension liability	227,425	166,039	165,136	111,805	225,811	42,742	95,512	126,951	159,994
Total Pension Liability, Beginning	3,076,970	2,910,931	2,745,795	2,633,990	2,408,179	2,365,437	2,269,925	2,142,974	1,982,980
Total Pension Liability, Ending (A)	\$ 3,304,395	\$ 3,076,970	\$ 2,910,931	\$ 2,745,795	\$ 2,633,990	\$ 2,408,179	\$ 2,365,437	\$ 2,269,925	\$ 2,142,974
Plan Fiduciary Net Position									
Employer contributions	\$ 4,231	\$ 3,853	\$ 3,705	\$ 3,346	\$ 3,309	\$ 3,441	\$ 3,416	\$ 3,751	\$ 29,569
Employee contributions	21,160	19,485	20,081	19,064	18,850	18,222	17,879	17,770	16,266
Net investment income (loss)	(596,801)	648,491	499,809	571,087	(192,179)	513,968	185,576	14,083	165,146
Benefit payments, including refunds of member contributions	(157,831)	(116,057)	(110,103)	(107,688)	(105,261)	(102,863)	(100,563)	(3,502)	(2,077)
Other (net transfer)	2,286	(2,773)	22,909	2,197	42,924	(38,435)	9,372	(175,295)	(86,686)
Net change in plan fiduciary net position	(726,955)	552,999	436,401	488,006	(232,357)	394,333	115,680	(143,193)	122,218
Plan Fiduciary Net Position, Beginning	4,419,526	3,866,527	3,430,126	2,942,120	3,174,477	2,780,144	2,664,464	2,807,657	2,685,439
Plan Fiduciary Net Position, Ending (B)	\$ 3,692,571	\$ 4,419,526	\$ 3,866,527	\$ 3,430,126	\$ 2,942,120	\$ 3,174,477	\$ 2,780,144	\$ 2,664,464	\$ 2,807,657
Employer's Net Pension Liability (Asset) - Ending (a) - (b)	\$ (388,176)	\$ (1,342,556)	\$ (955,596)	\$ (684,331)	\$ (308,130)	\$ (766,298)	\$ (414,707)	\$ (394,539)	\$ (664,683)
Plan fiduciary net position as a percentage of the total pension liability (asset)	111.75%	143.63%	132.83%	124.92%	111.70%	131.82%	117.53%	117.38%	131.02%
Covered-employee payroll	\$ 470,227	\$ 433,011	\$ 446,239	\$ 423,651	\$ 418,887	\$ 404,931	\$ 397,304	\$ 394,891	\$ 366,905
Employer's net pension liability as a percentage of covered-employee payroll	(82.55%)	(310.05%)	(214.14%)	(161.53%)	(73.56%)	(189.24%)	(104.38%)	(99.91%)	(181.16%)

Notes to Schedule:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which is available.

Solid Waste Agency of Lake County, Illinois

Illinois Municipal Retirement Fund
Schedule of Employer Contributions

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 4,232	\$ 3,854	\$ 3,704	\$ 3,346	\$ 3,309	\$ 3,442	\$ 3,417	\$ 3,751	\$ 29,569
Contributions in relation to the actuarially determined contribution	(4,231)	(3,853)	(3,705)	(3,346)	(3,309)	(3,441)	(3,416)	(3,751)	(29,569)
Contribution deficiency (excess)	\$ 1	\$ 1	\$ (1)	\$ -	\$ -	\$ 1	\$ 1	\$ -	\$ -
Covered-employee payroll	\$ 470,227	\$ 433,011	\$ 446,239	\$ 423,651	\$ 418,887	\$ 404,931	\$ 397,304	\$ 394,891	\$ 366,905
Contributions as a percentage of covered-employee payroll	0.90%	0.89%	0.83%	0.79%	0.79%	0.85%	0.86%	0.95%	8.06%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which is available.

Notes to Schedule:

Valuation date:

Actuarially determined contribution rates are calculated as of December 31 each year, which are 11 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Aggregate entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	29 years
Asset valuation method	5-Year smooth market, 20% corridor
Wage growth	2.75%
Inflation	2.25%
Salary increases	2.85% to 13.75% including inflation
Investment rate of return	7.25%
Retirement Age	

Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2020 valuation pursuant to an experience study of the period 2017-2019. For Non-disabled Retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. For Disabled Retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For Active Members the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

Other information:

There were no benefit changes during the year.