




SOLID WASTE AGENCY OF LAKE COUNTY, IL

MEMORANDUM

To: Glenn Ryback, Chairman, Executive Committee
From: Walter S. Willis, Executive Director 
Subject: June 2015 Meeting Notice Information
Date: May 29, 2015

Attached you will find the agenda for this month's meeting, the minutes from the April 2015 meeting, and the referenced consent, action and information items.

Please let Amy Bartemio know if you will be attending and what your lunch order is.

**SOLID WASTE AGENCY OF LAKE COUNTY, IL
EXECUTIVE COMMITTEE**

**Thursday, June 4, 2015 12:00 Noon
1311 N. Estes Street Gurnee, IL 60031**

1. CALL TO ORDER..... Chairman Ryback
2. ROLL CALL Secretary
3. APPROVAL OF MINUTES
April 16, 2014
4. NEW AGENDA ITEMS
5. PUBLIC COMMENT ON AGENDA ITEMS
6. EXECUTIVE COMMITTEE ITEMS Chairman Ryback

Consent Item

1. Expenditure Report (*April 2015*)

Action Items

1. Fiscal Year 2014 Audit
2. IMRF, Change in Authorized Agent
3. Revised Capital Replacement Policy and New Cash Balance Policy
4. Veolia Invoices (NIP)

Information Items

1. Household Chemical Waste Program Update (NIP)
2. 1st Quarter 2015 Recycling and Per Ton Payment Report
3. 1st Quarter 2015 Residential Electronics Collection Program Summary (NIP)
4. Recycle-O-Rama Event, June 2015
5. Project and Program Updates
7. EXECUTIVE SESSION – IF NEEDED
8. ADJOURNMENT

SOLID WASTE AGENCY OF LAKE COUNTY (SWALCO)

EXECUTIVE COMMITTEE

SIGN IN SHEET

April 16, 2015

COMMUNITY	REPRESENTATIVE	TITLE
ELLIS	Mike Ellis	VILLAGE MANAGER
MANDEL	Steven Mandel	LAKE COUNTY BOARD
MUETZ	Port	VILLAGE ADMINISTRATOR
NORRIS	John Norris	MAYOR
RYBACK	Gerrit Ryback	MAYOR
SOTO	Trude Soto	MAYOR
TALBETT	Michael Talbett	VILLAGE ADMINISTRATOR
WAGENER	Steve Wagener	TRUSTEE
WARDA	Theresa Warda	SENIOR PLANNER
MOUNT	N/A	SWALCO BOD CHAIRMAN

		SWALCO EXECUTIVE BOARD VOTING RECORD/04.16.15							
REPRESENTATIVE		Consent March 2015 expenditures		NEW HCW Labor Contract \$126,075					
Attendance		A	N	A	N	A	N	A	N
MIKE ELLIS	✓	✓		✓					
STEVEN MANDEL	✓	✓		✓					
PATRICK MUETZ	✓	✓		✓					
JOHN NORRIS	✓	✓		✓					
GLENN RYBACK	✓	✓		✓					
LINDA SOTO	✓	✓		✓					
MICHAEL TALBETT	✓	✓		✓					
JOHN WAGENER	✓	✓		✓					
NIMROD WARDA	✓	✓		✓					

(9) Fullhouse!
 (9) Carries
 (9) Carries

PUBLIC SIGN-IN SHEET

(Executive Committee Meeting)

Name

Address

Representing

None

Date: 04/16/15



MINUTES

SOLID WASTE AGENCY OF LAKE COUNTY, IL EXECUTIVE COMMITTEE

Thursday, April 16, 2015 12:00 NOON
1311 N. ESTES STREET, GURNEE, IL 60031

CALL TO ORDER

Chairman Ryback called the meeting to order at 12:02 pm with 9 members present.

APPROVAL OF MINUTES

Motion by *John Norris* seconded by *Pat Muetz* to approve the Executive Meeting minutes of 03/12/2015.

NEW AGENDA ITEMS

PUBLIC COMMENT

None

EXECUTIVE COMMITTEE ITEMS

None

CONSENT ITEM

Expenditure Report (March 2015).

Motion by *Linda Soto*, seconded by *Steven Mandel*.

Motion was approved.

ACTION ITEMS

1. HCW Labor/Bid Award

Steve Nelson SWALCO gave a brief review and recommendation of our solicitations for RFP 15016. Veolia Environmental Services (Veolia Environmental) is currently under contract with SWALCO to provide the HAZMAT trained labor force and licensed transport vehicles for our HCW Program. The contract expires April 30, 2015. No extensions are available.

The bid was sent to three very reputable environmental services companies (Veolia Environmental Services, Heritage Environmental and R3 Environmental Management, Inc.), the bid opening occurred on April 9, 2015.

Two quotes were received, one from Veolia Environmental (\$126,075) the other from Heritage Environmental (\$212,555). R3 Environmental elected to no-bid the opportunity.

Based on the review conducted by staff and Lake County Purchasing Department Veolia Environmental met all the requirements of the bid specification and is the lowest responsive bidder. Their bid in the amount of \$126,075 is within the amount staff budgeted for FY 2015. The amount expended under this contract will vary based upon the services requested of Veolia.

Approval is sought to award this opportunity to Veolia Environmental in the amount of \$126,075.

Motion by *Steven Mandel*, seconded by *John Norris* to approve the new contract with Veolia Environmental Services for a the bid amount of \$126,075.

Motion was approved on a roll call vote of 9 to 0

INFORMATION ITEMS

1. Cash Balance Policy

Walter Willis provided a summary of the tentative cash balance policy. Over the past three years the SWALCO Board of Directors has approved the expenditure of \$80,000 for the RecycleFirstTrashLast education campaign and more recently the expenditure of \$200,000 to keep SWALCO's electronics recycling program operating into 2015. Such expenditures have created a need to have a formal policy regarding the appropriate cash balance that should be maintained by SWALCO for fiscal prudence, so that future expenses, either budgeted or unbudgeted, can be evaluated in relation to a cash balance policy, which we currently do not have. Walter recommended a fund balance of \$1,500,000 (as the minimum balance) be established. Furthermore, if we are faced with spending that would lower the fund balance below \$1.5 million, the Finance Committee would reform and be required to develop a plan for stabilizing the fund balance at an appropriate level.

2. Earth Month and Beyond 2015 – Assisting our Members

Merleanne Rampale gave a brief summary of Earth Day/Earth Month. The entire month of April has come to be recognized as a month to focus on environmental awareness. With that in mind, we will again continue to assist our communities in a variety of ways to help celebrate Earth Month and beyond: acting as a resource when questions arise or research needs to be done, creating flyers and other promotional materials for SWALCO & member events, giving presentations around the region, helping organizations or municipalities develop and create Earth Day and eco-events and programs, or adding an environmental component into a community event, writing articles or providing information for websites, village/city newsletters and e-News, or attending village/city special events to provide interesting displays, educational information and resources to the local community.

NEXT EXECUTIVE COMMITTEE MEETING: Thursday, June 4, 2015 - 12:00 p.m.

NEXT BOARD MEETING: Thursday, June 25, 2015 - 7:00 p.m. Hainesville Village Hall,
100 N. Hainesville Road, Hainesville, IL 60030

ADJOURNMENT (12:55 p.m.): Motion by *Mike Ellis*, seconded by *Linda Soto* to adjourn.
Motion was approved.

Consent - 1. Expenditure Approval

ISSUE: Approve Expenditures

RECOMMENDATION: I recommend approval

TIMING: Routine

BACKGROUND: The Board of Directors authorized the Executive Director to pay expenditures under \$10,000. The Executive Director submits the monthly expenditures to the Board for approval.

The total for Administration \$151,208.19; Education \$5400.00; Household Chemical Waste \$8873.00; Recycling \$39,046.07; ***Total expenditures for April 2015 - \$204,527.26***

ENCLOSED DOCUMENTS: BOSS Account Analysis Report

STAFF: Walter Willis, Executive Director
Amy Bartemio, Executive Office Manager

SWALCO - April 2015 EXPENDITURE BUDGET

SWALCO \- Solid Waste Prog-SWALCO Administration-Regular Salaries And Wages----			
Budget Amount:	351,087.960	Funds Available:	204,126.45
		Beginning Balance for Period	120,214.71
		Total Expenditures	26,746.80
		Ending Balance for Period	146,961.51

SWALCO \- Solid Waste Prog-SWALCO Administration-Part Time Salaries And Wages----			
Budget Amount:	42,417.96	Funds Available:	26,322.91
		Beginning Balance for Period	12,233.30
		Total Expenditures	3,861.75
		Ending Balance for Period	16,095.05

SWALCO \- Solid Waste Prog-SWALCO Administration-Overtime Salaries And Wages----			
Budget Amount:	0.00	Funds Available:	-41.98
		Beginning Balance for Period	0.00
		Total Expenditures	41.98
		Ending Balance for Period	41.98

SWALCO \- Solid Waste Prog-SWALCO Administration-Special Pay----			
Budget Amount:	17,100.00	Funds Available:	10,220.82
		Beginning Balance for Period	5,628.42
		Total Expenditures	1,250.76
		Ending Balance for Period	6,879.18

SWALCO \- Solid Waste Prog-SWALCO Administration-Office Supplies----			
Budget Amount:	1,750.00	Funds Available:	1,067.39
		Beginning Balance for Period	310.04
		Total Expenditures	372.57
		Ending Balance for Period	682.61

SWALCO \- Solid Waste Prog-SWALCO Administration-Food & Provisions----			
Budget Amount:	2,210.00	Funds Available:	1,566.00
		Beginning Balance for Period	435.90
		Total Expenditures	208.10
		Ending Balance for Period	644.00

SWALCO \- Solid Waste Prog-SWALCO Administration-Auditing & Accounting----			
Budget Amount:	7,500.00	Funds Available:	2,826.00
		Beginning Balance for Period	0.00
		Total Expenditures	4,674.00
		Ending Balance for Period	4,674.00

SWALCO \- Solid Waste Prog-SWALCO Administration-Trips & Training----			
Budget Amount:	8,800.00	Funds Available:	8,470.36
		Beginning Balance for Period	210.00
		Total Expenditures	119.64
		Ending Balance for Period	329.64

SWALCO \- Solid Waste Prog-SWALCO Administration-Gas For Heating----			
Budget Amount:	15,000.00	Funds Available:	11,630.12
		Beginning Balance for Period	1,478.96
		Total Expenditures	1,890.92
		Ending Balance for Period	3,369.88

SWALCO \- Solid Waste Prog-SWALCO Administration-Electricity----					
Budget Amount:	12,000.00	Funds Available:	5,842.76	Beginning Balance for Period	5,129.21
				Total Expenditures	1,028.03
				Ending Balance for Period	6,157.24

SWALCO \- Solid Waste Prog-SWALCO Administration-Water And Sewer Charges----					
Budget	500.00	Funds	400.93	Beginning Balance for Period	48.34
				Total Expenditures	50.73
				Ending Balance for Period	99.07

SWALCO \- Solid Waste Prog-SWALCO Administration-Telephone----					
Budget Amount:	7,000.00	Funds Available:	4,187.64	Beginning Balance for Period	2,157.32
				Total Expenditures	655.04
				Ending Balance for Period	2,812.36

SWALCO \- Solid Waste Prog-SWALCO Administration-Liability Insurance----					
Budget	61,478.00	Funds	9,797.00	Beginning Balance for Period	2,036.00
Amount:		Available:			
				Total Expenditures	49,645.00
				Ending Balance for Period	51,681.00

SWALCO \- Solid Waste Prog-SWALCO Administration-Unemployment Compensation----					
Budget	625.00	Funds	0.00	Beginning Balance for Period	0.00
Amount:		Available:			
				Total Expenditures	625.00
				Ending Balance for Period	625.00

SWALCO \- Solid Waste Prog-SWALCO Administration-Office Equip Maint----					
Budget	1,200.00	Funds	63.28	Beginning Balance for Period	1,072.76
Amount:		Available:			
				Total Expenditures	63.96
				Ending Balance for Period	1,136.72

SWALCO \- Solid Waste Prog-SWALCO Administration-Equip Rental----					
Budget	3,100.00	Funds	899.56	Beginning Balance for Period	821.48
Amount:		Available:			
				Total Expenditures	172.37
				Ending Balance for Period	993.85

SWALCO \- Solid Waste Prog-SWALCO Administration-Postage----					
Budget	250.00	Funds	212.78	Beginning Balance for Period	0.00
Amount:		Available:			
				Total Expenditures	37.22
				Ending Balance for Period	37.22

SWALCO \- Solid Waste Prog-SWALCO Administration-Indirect Cost Allocations----					
Budget	49,273.00	Funds	0.00	Beginning Balance for Period	0.00
Amount:		Available:			
				Total Expenditures	49,273.00
				Ending Balance for Period	49,273.00

SWALCO \- Solid Waste Prog-SWALCO Administration-H/L/D Employee Benefits----			
Budget Amount:	79,608.00	Funds Available:	47,160.79
		Beginning Balance for Period	25,889.61
		Total Expenditures	6,557.60
		Ending Balance for Period	32,447.21
SWALCO \- Solid Waste Prog-SWALCO Administration-Retirement Benefits/FICA----			
Budget Amount:	30,102.95	Funds Available:	18,173.15
		Beginning Balance for Period	9,593.73
		Total Expenditures	2,336.07
		Ending Balance for Period	11,929.80
SWALCO \- Solid Waste Prog-SWALCO Administration-Retirement Benefits/IMRF----			
Budget Amount:	34,707.05	Funds Available:	30,845.49
		Beginning Balance for Period	3,583.91
		Total Expenditures	277.65
		Ending Balance for Period	3,861.56
SWALCO \- Solid Waste Prog-SWALCO Administration-Miscellaneous Contingency----			
Budget Amount:	5,000.00	Funds Available:	1,498.17
		Beginning Balance for Period	3,101.83
		Total Expenditures	400.00
		Ending Balance for Period	3,501.83
SWALCO \- Solid Waste Prog-SWALCO Administration-Miscell Contractual Servi----			
Budget Amount:	13,360.00	Funds Available:	7,444.00
		Beginning Balance for Period	3,830.00
		Total Expenditures	920.00
		Ending Balance for Period	4,750.00
SWALCO \- Solid Waste Prog-Education--Miscell Contractual Servi----			
Budget Amount:	4,000.00	Funds Available:	-1,400.00
		Beginning Balance for Period	0.00
		Total Expenditures	5,400.00
		Ending Balance for Period	5,400.00
SWALCO \- Solid Waste Prog-Household Hazard Waste---Operational Supplies----			
Budget Amount:	14,000.00	Funds Available:	8,194.62
		Beginning Balance for Period	2,027.94
		Total Expenditures	1,674.92
		Ending Balance for Period	3,702.86
SWALCO \- Solid Waste Prog-Household Hazard Waste---Miscellaneous Commodities----			
Budget Amount:	500.00	Funds Available:	301.10
		Beginning Balance for Period	189.01
		Total Expenditures	9.89
		Ending Balance for Period	198.90
SWALCO \- Solid Waste Prog-Household Hazard Waste---Consultants----			
Budget Amount:	157,900.00	Funds Available:	148,893.91
		Beginning Balance for Period	10,869.00
		Total Expenditures	5,037.09
		Ending Balance for Period	15,906.09
SWALCO \- Solid Waste Prog-Household Hazard Waste---Garbage Disposal----			
Budget Amount:	6,800.00	Funds Available:	1,800.00
		Beginning Balance for Period	808.16
		Total Expenditures	202.04
		Ending Balance for Period	1,010.20

SWALCO \- Solid Waste Prog-Household Hazard Waste---All Other Maintenance----			
Budget Amount:	16,250.00	Funds Available:	13,786.75
		Beginning Balance for Period	514.19
		Total Expenditures	1,949.06
		Ending Balance for Period	2,463.25

SWALCO \- Solid Waste Prog-Recycling---Miscellaneous Commodities---			
Budget Amount:	6,500.00	Funds Available:	3,162.32
		Beginning Balance for Period	3,137.68
		Total Expenditures	200.00
		Ending Balance for Period	3,337.68

SWALCO \- Solid Waste Prog-Recycling---Miscell Contractual Servi---			
Budget Amount:	200,000.00	Funds Available:	0.00
		Beginning Balance for Period	51,628.88
		Total Expenditures	38,846.07
		Ending Balance for Period	90,474.95

TOTAL EXPENDITURES \$ 204,527.26

A -1 . Fiscal Year 2014 Audit

ISSUE: Whether to recommend to the SWALCO Board of Directors that the Fiscal Year 2014 audit be approved.

RECOMMENDATION: SWALCO staff recommends approval of the financial audit.

BACKGROUND: SWALCO's By-Laws and Illinois law requires that municipal joint action agencies undertake an annual financial audit. This year the firm of Baker Tilley Virchow Krause, LLP conducted the audit, the same firm that audits Lake County government.

The audit includes the required communication of internal control related matters, and financial statements for fiscal years ending November 2014 and 2013. This year's audit was completed in conformance with the Government Accounting Standard Board (GASB) 34 model. The audit was found to be satisfactory and did not contain any material weaknesses in our financial reporting. I want to thank Lake County's Finance Department (Gary Gordon and Patrice Sutton) and Amy Bartemio for their hard work in obtaining this clean audit. Upon your approval the 2014 audit will be forwarded to the Board of Directors for its final action.

ENCLOSED DOCUMENTS: Final Draft, Fiscal Year 2014 Financial Audit

STAFF: Walter S. Willis, Executive Director

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

Gurnee, Illinois

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Years Ended November 30, 2014 and 2013

SOLID WASTE AGENCY OF LAKE COUNTY, ILLINOIS

Gurnee, Illinois

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As of and for the Years Ended November 30, 2014 and 2013

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BAKER TILLY

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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, 2014 and 2013, and the related notes to the financial statements, which comprise the basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to SWALCO's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SWALCO as of November 30, 2014 and 2013, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors
Solid Waste Agency of Lake County

Other Matters

Required Supplementary Information

SWALCO 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

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 basic financial statements. Such 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, 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 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.

Baker Tully Vuchel Krause, LLP

Madison, Wisconsin
April 22, 2015

SOLID WASTE AGENCY OF LAKE COUNTY

STATEMENTS OF NET POSITION As of November 30, 2014 and 2013

ASSETS		
	2014	2013
CURRENT ASSETS		
Cash	\$ 2,267,808	\$ 2,098,493
Receivables	194,915	177,917
Prepaid insurance	21,673	20,110
Total Current Assets	<u>2,484,396</u>	<u>2,296,520</u>
NONCURRENT ASSETS		
Designated assets		
Equipment replacement fund	104,232	104,232
Capital Assets		
Plant in service	2,154,946	2,154,946
Accumulated depreciation	<u>(1,024,942)</u>	<u>(962,897)</u>
Total Noncurrent Assets	<u>1,234,236</u>	<u>1,296,281</u>
TOTAL ASSETS	<u>3,718,632</u>	<u>3,592,801</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	67,387	90,401
Accrued payroll	9,061	8,689
Total Current Liabilities	<u>76,448</u>	<u>99,090</u>
Total Liabilities	<u>76,448</u>	<u>99,090</u>
NET POSITION		
Investment in capital assets	1,130,004	1,192,049
Unrestricted	<u>2,512,180</u>	<u>2,301,662</u>
TOTAL NET POSITION	<u>\$ 3,642,184</u>	<u>\$ 3,493,711</u>

See accompanying notes to financial statements.

SOLID WASTE AGENCY OF LAKE COUNTY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION For the Years Ended November 30, 2014 and 2013

	2014	2013
OPERATING REVENUES		
County surcharge - current	\$ 708,278	\$ 672,493
Member fees	237,170	288,589
Other miscellaneous	232,559	183,127
Total Operating Revenues	<u>1,178,007</u>	<u>1,144,209</u>
OPERATING EXPENSES		
Personnel services	403,571	391,770
Operational services	43,154	40,240
Contractual services	526,622	533,039
Buildings and equipment maintenance	3,273	17,490
Depreciation	62,045	62,040
Total Operating Expenses	<u>1,038,665</u>	<u>1,044,579</u>
OPERATING INCOME (LOSS)	<u>139,342</u>	<u>99,630</u>
NONOPERATING INCOME		
Investment income	9,131	6,197
CHANGE IN NET POSITION	148,473	105,827
NET POSITION - Beginning of Year	<u>3,493,711</u>	<u>3,387,884</u>
NET POSITION - END OF YEAR	<u>\$ 3,642,184</u>	<u>\$ 3,493,711</u>

See accompanying notes to financial statements.

SOLID WASTE AGENCY OF LAKE COUNTY

STATEMENTS OF CASH FLOWS For the Years Ended November 30, 2014 and 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from members and the County	\$ 1,166,127	\$ 1,134,450
Paid to suppliers for goods and services	(597,254)	(578,150)
Paid to employees for services	(403,571)	(391,770)
Net Cash Flows From Operating Activities	<u>165,302</u>	<u>164,530</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	<u>4,013</u>	<u>6,076</u>
Net Change in Cash and Cash Equivalents	169,315	170,606
CASH AND CASH EQUIVALENTS – Beginning of Year	<u>2,202,725</u>	<u>2,032,119</u>
CASH AND CASH EQUIVALENTS – END OF YEAR	<u>\$ 2,372,040</u>	<u>\$ 2,202,725</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss)	\$ 139,342	\$ 99,630
Noncash items included in operating income		
Depreciation	62,045	62,040
Changes in assets and liabilities		
Other receivables	(11,880)	(9,759)
Prepaid insurance	(1,563)	-
Accounts payable	(23,014)	12,231
Accrued payroll	<u>372</u>	<u>388</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 165,302</u>	<u>\$ 164,530</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENTS OF NET POSITION		
Cash	\$ 2,267,808	\$ 2,098,493
Equipment replacement fund	<u>104,232</u>	<u>104,232</u>
CASH AND CASH EQUIVALENTS	<u>\$ 2,372,040</u>	<u>\$ 2,202,725</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, 2014 and 2013

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 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.

SOLID WASTE AGENCY OF LAKE COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended November 30, 2014 and 2013

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 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:

	2014	2013
Statutory fee receivable	\$ 183,583	\$ 136,795
Member receivable	5,485	40,393
Interest receivable	5,847	729
Total Other Receivables	<u>\$ 194,915</u>	<u>\$ 177,917</u>

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

As of and for the Years Ended November 30, 2014 and 2013

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

ASSETS, LIABILITIES AND NET POSITION (cont.)

Designated Assets

During fiscal year 2009, the Agency authorized a replacement account to fund any future replacement of capital items. In addition, the Agency authorized a facilities improvement account to fund improvement projects in 2013. Unspent funds from the facilities improvement account were transferred back to the replacement account in 2013.

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.

EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 68, *Accounting and Financial reporting for Pensions – an amendment of GASB Statement No. 27*; Statement No. 69, *Government Combinations and Disposals of Government Operations*; Statement No. 70, *Accounting and Financial Reporting for Non-exchange Financial Guarantees*; Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*; and Statement No. 72, *Fair Value Measurement and Application*. When they become effective, application of these standards may restate portions of these financial statements.

SOLID WASTE AGENCY OF LAKE COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended November 30, 2014 and 2013

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

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

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 2014 follows:

	Balance 12/1/13	Increases	Decreases	Balance 11/30/14
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	(962,897)	(62,045)	-	(1,024,942)
Net Capital Assets	\$ 1,192,049			\$ 1,130,004

SOLID WASTE AGENCY OF LAKE COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended November 30, 2014 and 2013

NOTE 3 – CHANGES IN CAPITAL ASSETS (cont.)

A summary of changes in capital assets for 2013 follows:

	Balance 12/1/12	Increases	Decreases	Balance 11/30/13
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	(900,857)	(62,040)	-	(962,897)
Net Capital Assets	\$ 1,254,089			\$ 1,192,049

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, 2014 or 2013.

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.

SOLID WASTE AGENCY OF LAKE COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended November 30, 2014 and 2013

NOTE 4 – NET POSITION (cont.)

The following calculation supports the investment in capital assets as of November 30, 2014 and 2013:

	2014	2013
Plant in service	\$ 2,154,946	\$ 2,154,946
Accumulated depreciation	<u>(1,024,942)</u>	<u>(962,897)</u>
Total Investment in Capital Assets	<u>\$ 1,130,004</u>	<u>\$ 1,192,049</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.

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, 2014 and 2013

NOTE 7 – EMPLOYEES RETIREMENT SYSTEM

SWALCO has an agent multi-employer defined benefit pension plan with Illinois Municipal Retirement Fund (IMRF). In September 2013, SWALCO established their own IMRF account. Prior to this time, SWALCO employees were covered under the county IMRF account. The IMRF provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. IMRF acts as a common investment and administrative agent for local governments and school districts in Illinois. 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 financial report that includes financial statements and required supplementary information (RSI). That report may be obtained online at www.imrf.org.

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 2014, 2013, and 2012. SWALCO is required to contribute at an actuarially determined rate. SWALCO's required employer rate for 2014 and 2013 under the new IMRF account was 8.80%. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while supplemental retirement benefits rate is set by statute. The employer rate for calendar years 2013 and 2012 were 11.79%, and 11.47%, respectively under the county IMRF account. All employer contributions are now made by SWALCO as of mid-2013. Prior to the change, employer contributions were made by the county with a portion of the cost being allocated to SWALCO. The actuarial valuation of the plan was computed for the county as a whole and; therefore, it is impractical to determine SWALCO's proportionate share prior to the change prior to 2014.

For November 30, 2014, SWALCO's annual pension contribution of \$29,443 was equal to their required contribution. The required contribution was determined as part of the December 31, 2012 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2012 included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of the plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The plan's overfunded actuarial accrued liability at December 31, 2012 is being amortized as a level percentage of projected payroll on an open 10 year basis. As of December 31, 2014, the most recent actuarial valuation date, the actuarial value of the assets totaled \$1,326,564 and the actuarial accrued liability totaled \$856,121 for an unfunded actuarial accrued liability (UAAL) of (\$470,442) and a funded ratio of 154.95%. The covered payroll for calendar year 2014 was \$361,475. Because the plan was overfunded, there is no ratio of the UAAL to the covered payroll.

Trend Information – SWALCO - IMRF

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
11/30/14	\$ 29,443	100%	\$ -
11/30/13	16,262*	100	-

* Represents SWALCO's annual pension cost for partial year after transition to their own IMRF account.

SOLID WASTE AGENCY OF LAKE COUNTY, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended November 30, 2014 and 2013

NOTE 7 – EMPLOYEES RETIREMENT SYSTEM (cont.)

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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.

NOTE 10 – SUBSEQUENT EVENTS

The Agency evaluated subsequent events through April 22, 2015, the date the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements.

On April 2, 2015, the Board of Directors of the Agency approved an agreement with Dynamic Recycling to provide transportation and recycling services for the Agency's residential electronic recycling program for an amount not to exceed \$200,000.

REQUIRED SUPPLEMENTARY INFORMATION

SOLID WASTE AGENCY OF LAKE COUNTY

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

For the Year Ended November 30, 2014

	Original and Final Budget	Actual	Variance
OPERATING REVENUES			
County surcharge - current	\$ 635,000	\$ 708,278	\$ 73,278
Member fees	275,920	237,170	(38,750)
Other miscellaneous	163,550	232,559	69,009
Total Operating Revenues	<u>1,074,470</u>	<u>1,178,007</u>	<u>103,537</u>
OPERATING EXPENSES			
Personnel services	402,795	403,571	(776)
Operational services	53,950	43,154	10,796
Contractual services	604,900	526,622	78,278
Capital outlay	3,500	3,273	227
Depreciation	-	62,045	(62,045)
Total Operating Expenses	<u>1,065,145</u>	<u>1,038,665</u>	<u>26,480</u>
OPERATING INCOME	<u>9,325</u>	<u>139,342</u>	<u>130,017</u>
NONOPERATING INCOME			
Investment income	5,000	9,131	4,131
CHANGE IN NET POSITION	14,325	148,473	<u>\$ 134,148</u>
NET POSITION - Beginning of Year	<u>3,493,711</u>	<u>3,493,711</u>	
NET POSITION - END OF YEAR	<u>\$ 3,508,036</u>	<u>\$ 3,642,184</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 POSITION BUDGET AND ACTUAL

For the Year Ended November 30, 2013

	Original and Final Budget	Actual	Variance
OPERATING REVENUES			
County surcharge - current	\$ 635,000	\$ 672,493	\$ 37,493
Member fees	238,000	288,589	50,589
Other miscellaneous	153,750	183,127	29,377
Total Operating Revenues	<u>1,026,750</u>	<u>1,144,209</u>	<u>117,459</u>
OPERATING EXPENSES			
Personnel services	391,840	391,770	70
Operational services	49,450	40,240	9,210
Contractual services	597,060	533,039	64,021
Capital outlay	3,500	17,490	(13,990)
Depreciation	-	62,040	(62,040)
Total Operating Expenses	<u>1,041,850</u>	<u>1,044,579</u>	<u>(2,729)</u>
OPERATING INCOME	<u>(15,100)</u>	<u>99,630</u>	<u>114,730</u>
NONOPERATING INCOME			
Investment income	12,000	6,197	(5,803)
CHANGE IN NET POSITION	<u>(3,100)</u>	<u>105,827</u>	<u>\$ 108,927</u>
NET POSITION - Beginning of Year	<u>3,387,884</u>	<u>3,387,884</u>	
NET POSITION - END OF YEAR	<u>\$ 3,384,784</u>	<u>\$ 3,493,711</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, 2014

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 (UNAUDITED)

For the Year Ended November 30, 2014

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, which is not considered material to these financial statements.

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)
12/1/2013	\$ -	\$ 31,964,000	\$ 31,964,000	0.00%	\$ 125,558,900	25.46%
12/1/2012	-	30,511,959	30,511,959	0.00%	124,979,909	24.41%
12/1/2011	-	29,659,000	29,659,000	0.00%	119,608,000	24.80%
12/1/2010	-	27,362,000	27,362,000	0.00%	132,341,000	20.70%
12/1/2009	-	46,157,000	46,157,000	0.00%	153,979,000	30.00%
12/1/2008	-	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 for the period prior to SWALCO changing to their own account and discussed in greater detail in Note 7 of these financial statements.

SOLID WASTE AGENCY OF LAKE COUNTY, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES OF FUNDING PROGRESS - ILLINOIS MUNICIPAL RETIREMENT FUND (UNAUDITED) For the Year Ended November 30, 2014

SWALCO Employees

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)
12/31/2014	\$ 1,326,564	\$ 856,121	\$ (470,443)	154.95%	\$ 361,475	(130.15%)
12/31/2013	1,183,680	749,769	(433,911)	157.87%	177,774	(244.08%)
12/31/2012	21,443	-	(21,443)	0.00%	-	0.00%

In September 2013, SWALCO established their own IMRF account. Prior to this time, SWALCO employees were covered under the county IMRF account. We have omitted the IMRF required supplemental information for the period prior to SWALCO changing to their own account as this is shown in the county financial statements. This change is discussed in greater detail in Note 7 of the financial statements.

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

Gurnee, Illinois

COMMUNICATION TO THOSE CHARGED
WITH GOVERNANCE AND MANAGEMENT

As of and for the Year Ended November 30, 2014

SOLID WASTE AGENCY OF LAKE COUNTY, ILLINOIS

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**REQUIRED COMMUNICATION OF INTERNAL CONTROL RELATED MATTERS
IDENTIFIED IN THE AUDIT TO THOSE CHARGED WITH GOVERNANCE**



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

In planning and performing our audit of the financial statements of the Solid Waste Agency of Lake County, Illinois (SWALCO) as of and for the year ended November 30, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered its internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of its internal control. Accordingly, we do not express an opinion on the effectiveness of its internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

This communication is intended solely for the information and use of management, the Board of Directors, and others within the organization and is not intended to be, and should not be, used by anyone other than these specified parties.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
April 22, 2015

OTHER COMMUNICATIONS TO THOSE CHARGED WITH GOVERNANCE

TWO WAY COMMUNICATION REGARDING YOUR AUDIT

As part of our audit of your financial statements, we are providing communications to you throughout the audit process. Auditing requirements provide for two-way communication and are important in assisting the auditor and you with more information relevant to the audit.

As this past audit is concluded, we use what we have learned to begin the planning process for next year's audit. It is important that you understand the following points about the scope and timing of our next audit:

- a. We address the significant risks of material misstatement, whether due to fraud or error, through our detailed audit procedures.
- b. We will obtain an understanding of the five components of internal control sufficient to assess the risk of material misstatement of the financial statements whether due to error or fraud, and to design the nature, timing, and extent of further audit procedures. We will obtain a sufficient understanding by performing risk assessment procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented. We will use such knowledge to:
 - > Identify types of potential misstatements.
 - > Consider factors that affect the risks of material misstatement.
 - > Design tests of controls, when applicable, and substantive procedures.

We will not express an opinion on the effectiveness of internal control over financial reporting or compliance with laws, regulations, and provisions of contracts or grant programs.

- c. The concept of materiality recognizes that some matters, either individually or in the aggregate, are important for fair presentation of financial statements in conformity with generally accepted accounting principles while other matters are not important. In performing the audit, we are concerned with matters that, either individually or in the aggregate, could be material to the financial statements. Our responsibility is to plan and perform the audit to obtain reasonable assurance that material misstatements, whether caused by errors or fraud, are detected.

We are very interested in your views regarding certain matters. Those matters are listed here:

- a. We typically will communicate with your top level of management unless you tell us otherwise.
- b. We understand that the Board of Directors has the responsibility to oversee the strategic direction of your organization, as well as the overall accountability of the entity. Management has the responsibility for achieving the objectives of the entity.
- c. We need to know your views about your organization's objectives and strategies, and the related business risks that may result in material misstatements.
- d. Which matters do you consider warrant particular attention during the audit, and are there any areas where you request additional procedures to be undertaken?
- e. Have you had any significant communications with regulators or grantor agencies?
- f. Are there other matters that you believe are relevant to the audit of the financial statements?

TWO WAY COMMUNICATION REGARDING YOUR AUDIT (cont.)

Also, is there anything that we need to know about the attitudes, awareness, and actions of SWALCO concerning:

- a. SWALCO's internal control and its importance in the entity, including how the Board of Directors oversee the effectiveness of internal control?
- b. The detection or the possibility of fraud?

We also need to know if you have taken actions in response to developments in financial reporting, laws, accounting standards, governance practices, or other related matters, or in response to previous communications with us.

With regard to the timing of our audit, here is some general information. If necessary, we may do preliminary financial audit work during the months of October-December, and sometimes early January. Our final financial fieldwork is scheduled during the spring to best coincide with your readiness and report deadlines. After fieldwork, we wrap up our financial audit procedures at our office and may issue drafts of our report for your review. Final copies of our report and other communications are issued after approval by your staff. This timing may vary depending on a number of factors.

Keep in mind that while this communication may assist us with planning the scope and timing of the audit, it does not change the auditor's sole responsibility to determine the overall audit strategy and the audit plan, including the nature, timing, and extent of procedures necessary to obtain sufficient appropriate audit evidence.

We realize that you may have questions on what this all means, or wish to provide other feedback. We welcome the opportunity to hear from you.

**COMMUNICATION OF OTHER CONTROL DEFICIENCIES, RECOMMENDATIONS
AND INFORMATIONAL POINTS TO MANAGEMENT THAT ARE NOT
MATERIAL WEAKNESSES OR SIGNIFICANT DEFICIENCIES**

PRIOR YEAR COMMENTS AND RECOMMENDATIONS

ACCOUNTS RECEIVABLE RECONCILIATION

During the audit, we noted that a reconciliation of outstanding invoices due to SWALCO at year end could not be provided. Receivables are a highly liquid asset and they should be strictly controlled. We recommend staff prepare monthly reconciliations of the accounts to the general ledger to ensure collections are being tracked and made in a timely fashion.

Status 11/30/2014

It was noted during the audit that reconciliations of accounts receivable were being performed by SWALCO staff. During the process of reconciling these accounts, SWALCO staff identified an additional billing to Waukegan which an allowance for uncollectible accounts had not been set up for in the past. Due to the fact that all past dues from Waukegan had been forgiven as part of their reinstatement as a member, the amount was written off against revenue in 2014.

DESIGNATED CASH ACCOUNTS

In 2013, the Executive Committee approved a resolution to transfer funds from the equipment replacement fund to a new facilities improvement account. The resolution required that all unspent funds from this facilities improvement account be placed back into the equipment replacement fund. The initial deposit was made from the equipment replacement account to the general operating account rather than setting up a facilities improvement account. In addition, the unspent funds from the transfer were not placed into the equipment replacement fund after the projects took place. We recommend SWALCO develop a process to track funds designated by the board or restricted by third parties to ensure compliance with the requirements.

Status 11/30/14

It was noted during the audit that SWALCO transferred all remaining unspent funds back into the equipment replacement fund as of 11/30/14 as required by the resolution.

REQUIRED COMMUNICATIONS BY THE AUDITOR TO THOSE CHARGED WITH GOVERNANCE



BAKER TILLY

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

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

Thank you for using Baker Tilly Virchow Krause, LLP as your auditor.

We have completed our audit of the financial statements of the Solid Waste Agency of Lake County, Illinois (SWALCO) for the year ended November 30, 2014, and have issued our report thereon dated April 22, 2015. This letter presents communications required by our professional standards.

***OUR RESPONSIBILITY UNDER AUDITING STANDARDS
GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA***

The objective of a financial statement audit is the expression of an opinion on the financial statements. We conducted the audit in accordance with auditing standards generally accepted in the United States of America. These standards require that we plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements prepared by management with your oversight are free of material misstatement, whether caused by error or fraud. Our audit included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit does not relieve management or the Board of Directors of their responsibilities.

As part of the audit we obtained an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing and extent of further audit procedures. The audit was not designed to provide assurance on internal control or to identify deficiencies in internal control.

OTHER INFORMATION IN DOCUMENTS CONTAINING AUDITED FINANCIAL STATEMENTS

Our responsibility does not extend beyond the audited financial statements identified in this report. We do not have any obligation to and have not performed any procedures to corroborate other information contained in client prepared documents, such as official statements related to debt issues.

PLANNED SCOPE AND TIMING OF THE AUDIT

We performed the audit according to the planned scope and timing previously communicated to you.

QUALITATIVE ASPECTS OF THE ENTITY'S SIGNIFICANT ACCOUNTING PRACTICES

Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by SWALCO are described in Note 1 to the financial statements. We noted no transactions entered into by SWALCO during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

QUALITATIVE ASPECTS OF THE ENTITY'S SIGNIFICANT ACCOUNTING PRACTICES (cont.)

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements is depreciation. We evaluated the key factors and assumptions used to develop the depreciation estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

The disclosures in the financial statements are neutral, consistent, and clear.

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

We encountered no significant difficulties in dealing with management in performing our audit.

CORRECTED AND UNCORRECTED MISSTATEMENTS

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has elected to pass on adjusting for the estimated potential liability of SWALCO's proportionate share of the County's Other Post-Employment Benefits (OPEB) liability. The effect of the uncorrected adjustment on the financial statements increases in expenses and decreases current year income by \$6,296 and increases liabilities and decreases net position by \$37,293.

Copies of all audit adjustments are attached.

DISAGREEMENTS WITH MANAGEMENT

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS

In some cases, management may decide to consult with other accountants about auditing and accounting matters. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

MANAGEMENT REPRESENTATIONS

We have requested certain representations from management that are included in the management representation letter. That letter follows this required communication.

Board of Directors
Solid Waste Agency of Lake County

INDEPENDENCE

We are not aware of any relationships between Baker Tilly Virchow Krause, LLP and SWALCO that, in our professional judgment, may reasonably be thought to bear on our independence.

Relating to our audit of the financial statements of SWALCO for the year ended November 30, 2014, Baker Tilly Virchow Krause, LLP hereby confirms that we are, in our professional judgment, independent with respect to SWALCO in accordance with the Code of Professional Conduct issued by the American Institute of Certified Public Accountants. We provided no services to SWALCO other than audit services provided in connection with the audit of the current year's financial statements and the following nonaudit services which in our judgment do not impair our independence.

- > Financial statement preparation
- > Adjusting journal entries

None of these nonaudit services constitute an audit under generally accepted auditing standards, including *Government Auditing Standards*.

OTHER AUDIT FINDINGS OR ISSUES

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as SWALCO's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

RESTRICTION ON USE

This information is intended solely for the use of the Board of Directors and management and is not intended to be, and should not be, used by anyone other than these specified parties.

We welcome the opportunity to discuss the information included in this letter and any other matters. Thank you for allowing us to serve you.

Baker Tilly Virchow Krause LLP

Madison, Wisconsin
April 22, 2015

MANAGEMENT REPRESENTATIONS



SOLID WASTE AGENCY OF LAKE COUNTY, IL

Antioch	Highland Park	Lindenhurst	Third Lake
Bannockburn	Highwood	Long Grove	Tower Lakes
Beach Park	Island Lake	Mundelein	Vernon Hills
Deer Park	Kildeer	North Barrington	Volo
Deerfield	Lake Barrington	North Chicago	Wadsworth
Fox Lake	Lake Bluff	Park City	Wauconda
Grayslake	Lake County	Port Barrington	Waukegan
Great Lakes NTC	Lake Forest	Riverwoods	Winthrop Harbor
Green Oaks	Lake Villa	Round Lake	Zion
Gurnee	Lake Zurich	Round Lake Beach	
Hainesville	Libertyville	Round Lake Heights	
Hawthorn Woods	Lincolnshire	Round Lake Park	

April 22, 2015

Baker Tilly Virchow Krause, LLP
Ten Terrace Court
P.O. Box 7398
Madison, WI 53707-7398

Dear Baker Tilly Virchow Krause, LLP:

We are providing this letter in connection with your audit of the 2014 financial statements of the Solid Waste Agency of Lake County, Illinois (SWALCO) as of November 30, 2014 and 2013 and for the years then ended for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position of SWALCO, results of operations, and cash flows in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control over financial reporting, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter.
2. The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America. We have engaged you to advise us in fulfilling that responsibility.
3. We acknowledge our responsibility 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.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates are reasonable.
6. Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been

7. All events subsequent to the date of the financial statements and for which accounting principles generally accepted in the United States of America require adjustment or disclosure have been adjusted or disclosed. No other events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.
8. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
9. We believe the effect of the uncorrected financial statement misstatement for the unrecorded OPEB expense and liability of \$6,296 and \$37,923, respectively, is immaterial to the financial statements as a whole. All other audit and bookkeeping adjustments have been included in our financial statements, and we are in agreement with those adjustments.
10. There are no known or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with accounting principles generally accepted in the United States of America.
11. Guarantees, whether written or oral, under which the agency is contingently liable, if any, have been properly recorded or disclosed.
12. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as financial records and related data, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of The Board of Directors and the Executive Committee or summaries of actions of recent meetings for which minutes have not yet been prepared.
13. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
14. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a. Management,
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.
15. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, regulators, or others.
16. We have no knowledge of known instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
17. We have disclosed to you all known related parties and all the related party relationships and transactions of which we are aware.
18. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
19. We have taken timely and appropriate steps to remedy fraud, violations of laws, regulations, contracts or grant agreements, or abuse that you have reported to us.

20. The agency has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
21. We are responsible for compliance with federal, state, and local laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all federal, state, and local laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
22. There are no:
 - a. Violations or possible violations of budget ordinances, federal, state, and local laws or regulations (including those pertaining to adopting and amending budgets), provisions of contracts and grant agreements, tax or debt limits, whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, or for reporting on noncompliance.
 - b. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by accounting principles generally accepted in the United States of America.
 - c. Rates being charged other than the rates as authorized by the applicable authoritative body.
23. In regards to the nonattest services performed by you listed below, we have 1) made all management decisions and performed all management functions; 2) designated an individual with suitable skill, knowledge, or experience to oversee the services; 3) evaluated the adequacy and results of the services performed, and 4) accepted responsibility for the results of the services.
 - a. Financial statement preparation
 - b. Adjusting journal entries

None of these non attest services constitute an audit under generally accepted auditing standards, including *Government Auditing Standards*.
24. SWALCO has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
25. SWALCO has complied with all aspects of contractual agreements that would have a material effect on the financial statement in the event of noncompliance.
26. The financial statements properly classify all funds and activities.
27. Components of net position (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.
28. SWALCO has no derivative financial instruments such as contracts that could be assigned to someone else or net settled, interest rate swaps, collars or caps.
29. Provisions for uncollectible receivables have been properly identified and recorded. All write-offs of uncollectible receivables have been identified and recorded.
30. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
31. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated/amortized. Any known impairments have been recorded and disclosed.
32. We have appropriately disclosed SWALCO's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available and have determined that net position were properly recognized under the policy.

33. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

Sincerely,

Solid Waste Agency of Lake County, Illinois

Signed: Walt S. Huff

Signed: Patrice Sutton

Signed: _____

Solid Waste Agency of Lake County, Illinois

Year End: November 30, 2014

Adjusting Journal Entries

Date: 12/1/2013 To 11/30/2014

TB. 2

Done By	In-Charge	Manager
Partner	ROD 4/3/2015	
JCA 4/6/2015	Pre-Issuance	

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Misstatement
CJE1	11/30/2014	Accounts Receivable - Adjustment	930-0000000-14015	10.6		26,693.12			
CJE1	11/30/2014	Accounts Receivable - Adjustment	930-0000000-14015	10.6		11,049.01			
CJE1	11/30/2014	All Other Miscellaneous Revenue	930-9200010-49910	10.6			26,693.12		
CJE1	11/30/2014	All Other Miscellaneous Revenue	930-9200010-49910	10.6			11,049.01		
To accrue 4th quarter revenue from Sims invoice, Waste Management per ton invoice, and Waste Management rebate to 2014.									
						37,742.13	37,742.13		
Net Income (Loss)			148,471.28						

A – 2. IMRF, Change in Authorized Agent

ISSUE: Whether to recommend to the Board of Directors that we change the Illinois Municipal Retirement Fund (IMRF) authorized agent from Larry Clark to Walter Willis.

RECOMMENDATION: SWALCO staff recommends that the Executive Committee recommend approval of a change in the authorized agent.

BACKGROUND: Larry Clark, SWALCO's legal counsel, is currently the authorized agent for SWALCO's IMRF account. As such, important communication from IMRF is sent to Mr. Clark, who then must send it on to SWALCO. In order to "remove the middle man" it makes more sense for a SWALCO employee to be the authorized agent with IMRF. In order to make this change we must fill out the appropriate form (attached), make a new appointment via resolution (attached), send this resolution and form to IMRF, and then establish a new user ID with IMRF for the new agent. It also makes sense that the authorized agent be SWALCO's Executive Director so that important information regarding our annual contribution rate and audit related information is sent to the person (i.e., the Executive Director) who is responsible for SWALCO's annual budget and its annual audit.

ENCLOSED DOCUMENTS: IMRF Form 2.20 and Resolution naming Walter Willis as new authorized agent.

STAFF: Walter S. Willis, Executive Director



NOTICE OF APPOINTMENT OF AUTHORIZED AGENT

IMRF Form 2.20 (Rev. 10/2014)

INSTRUCTIONS

- The governing body of an IMRF employer (including townships) can appoint any qualified party as the employer's IMRF Authorized Agent.
- The governing body makes the appointment by adopting a resolution.
- The clerk or secretary of the governing body must certify the appointment (see Certification below).
- Mail the completed form to the Illinois Municipal Retirement Fund.
- A copy of the completed form should be retained by the employer.
- The new Authorized Agent will need to register for a new User ID on IMRF Employer Access.

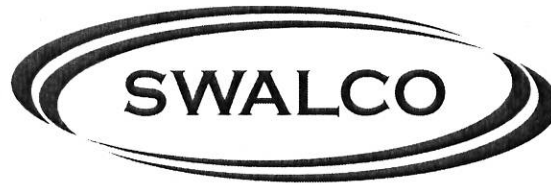
EMPLOYER NAME		EMPLOYER IMRF I.D. NUMBER	
AUTHORIZED AGENT'S SALUTATION <input type="checkbox"/> Dr. <input type="checkbox"/> Mr. <input type="checkbox"/> Mrs. <input type="checkbox"/> Ms.	LAST NAME	FIRST NAME	MIDDLE INITIAL JR., SR., II, ETC.
TYPE OF GOVERNING BODY			
DATE APPOINTMENT MADE (MM/DD/YYYY)	EFFECTIVE DATE OF APPOINTMENT (MM/DD/YYYY)	POSITION TITLE	
<p>Powers and duties delegated to Authorized Agent pursuant to Sec. 7-135 of Illinois Pension Code by governing body (P.A. 97-0328 removed the requirement that the Authorized Agent be a participant in IMRF to file a petition or cast a ballot):</p> <p>To file Petition for Nominations of an Executive Trustee of IMRF <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>To cast a Ballot for Election of an Executive Trustee of IMRF <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>X</p> <p>SIGNATURE OF AUTHORIZED AGENT NAMED ABOVE _____ DATE (MM/DD/YYYY) _____</p>			
CERTIFICATION			
<p>I, _____, do hereby certify that I am _____</p> <p>NAME CLERK OR SECRETARY</p> <p>of the _____</p> <p>NAME OF EMPLOYER</p> <p>and the keeper of its books and records and the foregoing appointment and delegation were made by resolution duly adopted on the date indicated.</p> <p>SEAL _____</p> <p>SIGNATURE OF CLERK OR SECRETARY _____</p>			
BUSINESS ADDRESS			
All correspondence and communications with the Authorized Agent are to be addressed as follows:			
NAME (IF DIFFERENT FROM ABOVE)			
<input checked="" type="checkbox"/> Mr. <input type="checkbox"/> Mrs. <input type="checkbox"/> Ms.			
BUSINESS ADDRESS			
CITY STATE AND ZIP + 4			
DAYTIME TELEPHONE NO. (with Area Code)		ALTERNATE TELEPHONE NUMBER (with Area Code)	
FAX NO. (with Area Code)		EMAIL ADDRESS	

Illinois Municipal Retirement Fund

2211 York Road Suite 500 Oak Brook, IL 60523-2337

Member Services Representatives 1-800-ASK-IMRF (1-800-275-4673) Fax (630) 706-4289

www.imrf.org



SOLID WASTE AGENCY OF LAKE COUNTY, IL

RESOLUTION

No. _____

WHEREAS, the Solid Waste Agency of Lake County (SWALCO) was established as Municipal Joint Action Agency in 1991; and

WHEREAS, in 1991 the SWALCO Board of Directors enacted a resolution and made application to participate in the Illinois Municipal Retirement Fund and was subsequently accepted into IMRF's pension program; and

WHEREAS, SWALCO's current authorized agent with IMRF is its legal counsel, Mr. Larry M. Clark; and

WHEREAS, in order to streamline the communication between IMRF and SWALCO it is preferred that the authorized agent for SWALCO be a full time employee of SWALCO.

NOW, THEREFORE, BE IT RESOLVED that:

1. The current Executive Director of SWALCO, Walter Willis, is appointed as the Authorized Agent with IMRF.

Approved this _____ day of _____, 2015.

AYES:

NAYS:

ABSENT:

BY:

ATTEST:

A-3. Revised Capital Replacement Policy and New Cash Balance Policy

ISSUE: Whether to: 1) modify the existing Capital Replacement Fund policy by increasing the amount set aside in that fund from approximately \$104,232 to \$500,000, and 2) establish a Cash Balance Policy.

RECOMMENDATION: SWALCO staff recommends approval of the increased set aside for the Capital Replacement Fund, and for the establishment of the recommended Cash Balance Policy.

BACKGROUND: After further discussions with the Executive Committee at its April 16, 2015 meeting and with Mike Ellis (village manager of Grayslake) it was decided to modify this action item to include consideration of amending the Capital Replacement Fund policy concurrent with the consideration of a new policy for the Cash Balance. This is primarily due to the fact that both policies impact each other and need to be considered at the same time to insure we are looking at the bigger picture of SWALCO's capital and cash assets. Below is background information regarding both policies.

Capital Replacement Fund Policy. On December 11, 2008 the Executive Committee approved the formal establishment of the Capital Replacement Fund. Prior to that date the agency had begun setting aside \$50,000 per year based on the 2006 recommendation of the Finance Committee. The December 11, 2008 action item established a separate fund (previously the money had been left in SWALCO's cash balance fund) and modified the set aside from \$500,000 to \$120,000. The \$500,000 set aside was based on a Capital Item Replacement Table developed by Steve Nelson (see attachment). Our facility is now 13 years old and many of the costs shown in the table are now growing closer as the expected life expectancy of many key features of our facility are now met or soon will be.

While SWALCO has been very diligent in the maintenance of the facility (Steve Nelson takes great care to have our facility inspected and serviced on an ongoing basis) and believes this will pay dividends as key items will likely be functional beyond their life expectancy, it is only a matter of time before we do incur substantial replacement costs. Given that the cash balance at the beginning of this fiscal year was approximately \$2.2 million, now is the appropriate time to recommend we transfer money from this account to the Capital Replacement Fund. Staff is recommending we transfer approximately \$395,768 (this will result in \$500,000 being in the Fund as there is \$104,232 already in it) from the cash balance fund to the Capital Replacement Fund as originally recommended by the Finance Committee in 2006.

Cash Balance Fund Policy. Over the past three years the SWALCO Board of Directors has approved the expenditure of \$80,000 for the RecycleFirstTrashLast education campaign and more recently the expenditure of \$200,000 to keep SWALCO's electronics recycling program operating into 2015. Such expenditures have created a need to have a formal policy regarding the appropriate cash balance that should be maintained by SWALCO for fiscal prudence, so that future expenses, either budgeted or unbudgeted, can be evaluated in relation to a cash balance policy, which we currently do not have.

Walter Willis consulted three Board members, Drew Irvin, Kent Street and Mike Ellis, for feedback and guidance on developing a cash balance policy. Having such policies is standard for

most municipalities (see attached document regarding determining appropriate level of unrestricted fund balance) and their expertise was helpful. The attached document outlines several key factors to consider when determining the appropriate amount of the fund balance, including:

- The predictability of revenues and volatility of expenses.
- The perceived exposure to significant one-time outlays.
- The potential for other funds to drain the cash balance resources and the availability of resources in these other funds.
- Liquidity of the fund.
- Any commitments and assignments tied to the fund.

Of these factors the most relevant to SWALCO are the first three – predictability of revenues/expenses, exposure to one-time outlays, and potential for other funds to drain the cash balance. Liquidity is not a significant issue nor do we have future commitments of money that would imperil the fund balance. The predictability of our revenues is most impacted by the finite life of the two in-county landfills, which as of January 1, 2015 was 7 years (Countryside LF) and 13 years (Zion LF) of remaining life. With the landfill revenues representing 64% of our annual revenue this is significant and the fact the landfills will ultimately close must be factored into our fund balance determination. We will receive a host fee of \$0.45 per ton at the Groot Transfer Station when it begins operation in 2016, but that is less than the \$0.95 we receive when the waste is landfilled in Lake County. Looking into the future, if additional transfer stations are sited in Lake County we can expect to receive a similar host fee, but again about half of what we received from the landfills.

If the Executive Committee and Board of Directors ultimately approve increasing the balance of the Capital Replacement Fund to \$500,000 this will help address concerns related to exposure to one-time outlays and the potential for other funds to drain the cash balance. By having such a reserve in the Capital Replacement Fund we minimize our exposure to one-time costs related to our facility by having the money allocated to pay for future replacement needs.

Relevant numbers that need to be considered when developing a cash balance policy include the following:

- Current cash balance: \$2.2 million; approximately \$1,804,232 if money is moved to the Capital Replacement Fund as recommended in this action item
- Annual approved budget expenditures: FY 2015 - \$1,030,905, FY 2014 - \$1,065,145 and FY 2013 - \$1,041,850
- Anticipated revenue for FY 2015: \$1,048,785
- Sources of FY 2015 revenue: landfill surcharge - \$669,000 (64%); O&M fee - \$277,305 (26%); miscellaneous revenue from WMRA agreement, textiles program, hauler licensing and rain barrel/composter sales - \$97,480 (9%); and interest income - \$5,000 (less than 1%).

Given the factors outlined above in setting a fund balance, I am recommending we establish a fund balance of \$1,200,000 as the minimum balance. If we are faced with spending that would lower the fund balance below \$1.2 million, the Finance Committee would reform and be required to develop a plan for stabilizing the fund balance at an appropriate level.

At the April 16, 2015 meeting of the Executive Committee there was discussion regarding the proposed balance (at that time staff had recommended setting the balance at \$1.5 million), and that it is higher than typically set aside by municipal or county government, which is more in the range of 20% to 40% of the annual budget amount. The \$1.2 million would be closer to 120% of SWALCO's annual budget. The factors that have lead staff to recommending such a high fund balance are as follows:

- Unlike municipal and county government, SWALCO's primary funding source, landfill surcharge, is linked to source that has limited life and that will eventually expire once the landfills fill up.
- SWALCO relies on State funding for its HCW program in the range of \$350,000 to \$400,000 per year for the transportation and management of the nearly 600,000 pounds of HCW we collect every year. Reliance on State funding moving forward is very tenuous given the State's dire fiscal situation and this necessities carrying a higher than normal cash balance.
- SWALCO will soon be faced, later this summer, with another key decision on our e-scrap program. If HB 1455 does not play out as hoped and increase the need for more pounds to be collected by collectors such as SWALCO we will be faced with having to provide more funding to keep the program running or shutting down the sites for the rest of the year. If a decision is made to allocate more funding for electronics recycling, the relatively high cash balance we have will continue to be eroded.
- Any alternative we develop once the fund dips below \$1.2 million will likely take 2 to 3 years to investigate and fully implement. The loss of landfill revenue in the next decade being replaced by lower fees from 1 or more transfer stations may result in a loss of nearly \$350,000 per year in revenues. We could quickly see our cash balance dwindle during this key transition time, again another reason for a higher than normal cash balance.

The plan is to discuss this as an action item at our June meeting and to then send off to the BOD for a final vote. The BOD action item would include a resolution that would establish the cash balance policy (recommended balance and plan to activate the Finance Committee) moving forward for SWALCO.

ENCLOSED DOCUMENTS: Capital Item Replacement Table, and Email from Drew Irvin with article entitled, "Determining the Appropriate Level of Unrestricted Fund Balance in the General Fund"

STAFF: Walter Willis, Executive Director

OFFICE/HCW FACILITY
CAPITAL ITEM REPLACEMENT TABLE
New Construction - April 2002

Item Number	Item Description	Purchase Price est.	Life Expectancy est.	End of Life Replacement Cost*
1	HVAC	\$103,500	15 Yrs.	\$139,297
2	Roofing	\$50,000	15 Yrs.	\$67,293
3	Asphalt Paving	\$105,000	10 Yrs.	\$127,994
4	Site Concrete	\$44,600	15 Yrs.	\$60,026
5	Epoxy Flooring	\$19,000	25 Yrs.	\$31,172
6	(3) Foam Generators	\$15,000	25 Yrs.	\$24,609
7	Backup Generator	\$25,000	15 Yrs.	\$33,647
8	24ft. Box Truck	\$52,000	15 Yrs.	\$69,985
				\$554,023
* End of Life Replacement Cost based on a 2% annual cost escalator				

From: Drew Irvin <dirvin@lakebluff.org>
Sent: Thursday, March 05, 2015 6:00 PM
To: Willis, Walter S.
Subject: GFOA Determining the Appropriate Level of Unrestricted Fund Balance in the General Fund

Determining the Appropriate Level of Unrestricted Fund Balance in the General Fund

Type:
Best Practice

Approved by GFOA's Executive Board:
October 2009

Background:

Accountants employ the term *fund balance* to describe the net assets of governmental funds calculated in accordance with generally accepted accounting principles (GAAP). Budget professionals commonly use this same term to describe the net assets of governmental funds calculated on a government's budgetary basis.¹ In both cases, fund balance is intended to serve as a measure of the financial resources available in a governmental fund.

Accountants distinguish up to five separate categories of fund balance, based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts can be spent: *nonspendable fund balance*, *restricted fund balance*, *committed fund balance*, *assigned fund balance*, and *unassigned fund balance*.² The total of the last three categories, which include only resources without a constraint on spending or for which the constraint on spending is imposed by the government itself, is termed *unrestricted fund balance*.

It is essential that governments maintain adequate levels of fund balance to mitigate current and future risks (e.g., revenue shortfalls and unanticipated expenditures) and to ensure stable tax rates. Fund balance levels are a crucial consideration, too, in long-term financial planning.

In most cases, discussions of fund balance will properly focus on a government's general fund. Nonetheless, financial resources available in other funds should also be considered in assessing the adequacy of unrestricted fund balance (i.e., the total of the amounts reported as committed, assigned, and unassigned fund balance) in the general fund.

Credit rating agencies monitor levels of fund balance and unrestricted fund balance in a government's general fund to evaluate a government's continued creditworthiness. Likewise, laws and regulations often govern appropriate levels of fund balance and unrestricted fund balance for state and local governments.

Those interested primarily in a government's creditworthiness or economic condition (e.g., rating agencies) are likely to favor increased levels of fund balance. Opposing pressures often come from unions, taxpayers and citizens' groups, which may view high levels of fund balance as "excessive."

Recommendation:

GFOA recommends that governments establish a formal policy on the level of unrestricted fund balance that should be maintained in the general fund.³ Such a guideline should be set by the appropriate policy body and should provide both a

temporal framework and specific plans for increasing or decreasing the level of unrestricted fund balance, if it is inconsistent with that policy.⁴

The adequacy of unrestricted fund balance in the general fund should be assessed based upon a government's own specific circumstances. Nevertheless, GFOA recommends, at a minimum, that general-purpose governments, regardless of size, maintain unrestricted fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures.⁵ The choice of revenues or expenditures as a basis of comparison may be dictated by what is more predictable in a government's particular circumstances.⁶ Furthermore, a government's particular situation often may require a level of unrestricted fund balance in the general fund significantly in excess of this recommended minimum level. In any case, such measures should be applied within the context of long-term forecasting, thereby avoiding the risk of placing too much emphasis upon the level of unrestricted fund balance in the general fund at any one time.

In establishing a policy governing the level of unrestricted fund balance in the general fund, a government should consider a variety of factors, including:

- The predictability of its revenues and the volatility of its expenditures (i.e., higher levels of unrestricted fund balance may be needed if significant revenue sources are subject to unpredictable fluctuations or if operating expenditures are highly volatile);
- Its perceived exposure to significant one-time outlays (e.g., disasters, immediate capital needs, state budget cuts);
- The potential drain upon general fund resources from other funds as well as the availability of resources in other funds (i.e., deficits in other funds may require that a higher level of unrestricted fund balance be maintained in the general fund, just as, the availability of resources in other funds may reduce the amount of unrestricted fund balance needed in the general fund);⁷
- Liquidity (i.e., a disparity between when financial resources actually become available to make payments and the average maturity of related liabilities may require that a higher level of resources be maintained); and
- Commitments and assignments (i.e., governments may wish to maintain higher levels of unrestricted fund balance to compensate for any portion of unrestricted fund balance already committed or assigned by the government for a specific purpose).

Furthermore, governments may deem it appropriate to exclude from consideration resources that have been committed or assigned to some other purpose and focus on unassigned fund balance rather than on unrestricted fund balance.

Naturally, any policy addressing desirable levels of unrestricted fund balance in the general fund should be in conformity with all applicable legal and regulatory constraints. In this case in particular, it is essential that differences between GAAP fund balance and budgetary fund balance be fully appreciated by all interested parties.

Committee:

Accounting, Auditing, and Financial Reporting
Governmental Budgeting and Fiscal Policy

Notes:

¹ For the sake of clarity, this recommended practice uses the terms GAAP fund balance and budgetary fund balance to distinguish these two different uses of the same term.

² These categories are set forth in Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which must be implemented for financial statements for periods ended June 30, 2011 and later.

³ Sometimes restricted fund balance includes resources available to finance items that typically would require the use of unrestricted fund balance (e.g., a contingency reserve). In that case, such amounts should be included as part of unrestricted fund balance for purposes of analysis.

⁴ See Recommended Practice 4.1 of the National Advisory Council on State and Local Budgeting governments on the need to "maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures" (Recommended Practice 4.1).

⁵ In practice, a level of unrestricted fund balance significantly lower than the recommended minimum may be appropriate for states and America's largest governments (e.g., cities, counties, and school districts) because they often are in a better position to predict contingencies (for the same reason that an insurance company can more readily predict the number of accidents for a pool of 500,000 drivers than for a pool of fifty), and because their revenues and expenditures often are more diversified and thus potentially less subject to volatility.

⁶ In either case, unusual items that would distort trends (e.g., one-time revenues and expenditures) should be excluded, whereas recurring transfers should be included. Once the decision has been made to compare unrestricted fund balance to either revenues or expenditures, that decision should be followed consistently from period to period.

⁷ However, except as discussed in footnote 4, not to a level below the recommended minimum.

Download Best Practice

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**NORTH SHORE LIFE
LAKE BLUFF STYLE**

I – 2. 1st Quarter 2015 Recycling and Per Ton Payment Report

BACKGROUND: Attached are the reported tabulations of residential recyclables and waste for the first quarter of 2015. Tonnage totals are reported by quarter for the calendar year. The information is provided by refuse hauling companies servicing residential customers in Lake County.

The 2013 and 2014 tonnage figures are listed for comparison purposes. The first three months of 2015 illustrate that 12,904.15 tons of recyclables were collected from Lake County communities. Compared to previous year's first quarter totals, Lake County communities have experienced a 4.5% decrease in recycling volume as compared to the same period of 2014 (13,516.45 tons). Waste generation rates also declined during this same period, though slightly less (2.4%). Overall, the volume of both waste and recycling collected during this period has declined by nearly 3% from the same period of 2014.

Staff attributes the decline in both streams to extreme weather conditions in the first quarter of 2015. This trend is illustrated in the attached Waste and Recycling Comparison table.

Market values, for all recyclable commodities are at 5 year record lows. This trend has unfortunately continued into the second quarter. Due to this weakening, Agency Member Per Ton Payments, declined to \$4.50 per ton for January and then dropped to zero for February and March. Staff does not expect a rebound in the market to occur in the second quarter.

With the index dropping below \$65 for February and March, the Agency will only receive the \$1 per ton education bonus from Waste Management Recycle America for the volume directed to them during the month January (\$3,520.52).

ENCLOSED DOCUMENTS: Municipal Summary Table – 1st Quarter 2015 Recycling Summary; Municipal Summary Table – 1st Quarter 2015 Waste Disposal Summary; Waste and Recycling Comparison Table 1st Quarter 2013 - 2015; SWALCO Members Per Ton Payment Summary 1st Qtr. 2015, Quarterly Single Stream Value Calculation for SWALCO Contract Rebate Q1 2015.

STAFF: Peter Adrian, Recycling Coordinator.

Solid Waste Agency of Lake County
Municipal Recycling Summary
1st Quarter 2015

(as reported by haulers)

MUNICIPALITY	SERVICE PROVIDER	Jan 2015	Feb 2015	Mar 2015	1st Qtr 2015 TOTAL	1st Qtr 2014 TOTAL	1st Qtr 2013 TOTAL
ANTIOCH*	Waste Management, Inc. Antioch	92.40	67.00	89.40	248.80	296.20	286.30
BANNOCKBURN*	Lakeshore Recycling Systems	7.05	6.39	7.31	20.75	14.71	
BEACH PARK*	Advanced Disposal Services. Waukegan	55.42	60.98	57.65	174.05		
BEACH PARK	Waste Management, Inc. Antioch					6.30	6.10
BEACH PARK	Groot Industries					90.86	89.03
BEACH PARK*	TOTAL	55.42	60.98	57.65	174.05	97.16	95.13
DEERFIELD*	Waste Management, Inc. Wheeling	197.45	161.45	193.27	552.17	664.66	607.47
DEER PARK*	Groot Industries	35.75	32.66	41.19	109.60	99.63	117.29
FOX LAKE*	Waste Management, Inc. Antioch	45.50	37.10	52.10	134.70	158.80	153.10
GRAYSLAKE*	Waste Management, Inc. Antioch	173.50	132.30	160.60	466.40	553.80	530.00
GRAYSLAKE Drop-Off	Waste Management, Inc. Antioch	5.30	0.00	7.50	12.80	14.94	19.46
GRAYSLAKE*	TOTAL	178.80	132.30	168.10	479.20	568.74	549.46
GREEN OAKS*	Groot Industries	38.19	32.83	39.80	110.82	117.36	133.68
GURNEE*	Waste Management, Inc. Antioch	201.70	170.10	207.90	579.70	717.60	692.70
HAINESVILLE*	Advanced Disposal Services. Waukegan	21.38	20.20	19.96	61.54	66.99	72.40
HAWTHORN WOODS*	Waste Management, Inc. Wheeling	106.05	81.36	99.16	286.57	318.99	297.77
HIGHLAND PARK*	Advanced Disposal Services. Northbrook	347.00	309.00	380.00	1,036.00	1,052.91	1,011.64
HIGHWOOD*	Advanced Disposal Services. Northbrook	31.60	27.00	30.75	89.35	83.14	71.63
ISLAND LAKE*	Waste Management, Inc. Antioch	82.80	61.90	70.60	215.30	251.60	240.90
KILDEER*	Waste Management, Inc. Wheeling	54.78	41.25	40.76	136.79	156.30	133.23
LAKE BARRINGTON*	Waste Management, Inc. Antioch	39.50	32.20	38.10	109.80	127.70	123.40
LAKE BLUFF*	Groot Industries	57.41	56.14	75.11	188.66	216.73	215.53
LAKE BLUFF Drop-Off	Groot Industries	7.02	3.08	4.78	14.88	13.26	19.22
LAKE BLUFF*	TOTAL	64.43	59.22	79.89	203.54	229.99	234.75
LAKE FOREST*	Municipal Collection	239.09	190.08	248.53	677.70	678.17	667.17
LAKE VILLA*	Waste Management, Inc. Antioch	50.20	30.00	35.40	115.60	135.00	113.80
LAKE ZURICH*	Waste Management, Inc. Wheeling	219.35	172.60	217.16	609.11	635.33	617.56
LIBERTYVILLE*	Groot Industries	166.87	149.37	195.35	511.59	536.73	554.70
LINCOLNSHIRE*	Waste Management, Inc. Wheeling	67.14	53.05	54.96	175.15	238.39	192.42
LINDENHURST*	Groot Industries	121.73	99.73	136.56	358.02	360.23	337.53
LONG GROVE*	Waste Management, Inc. Wheeling	92.52	70.49	88.29	251.30	295.73	227.77
MUNDELEIN*	Groot Industries	250.31	179.01	214.71	644.03	662.07	696.38
NORTH BARRINGTON	Waste Management, Inc. Antioch	38.10	31.50	34.20	103.80	120.60	116.80
NORTH CHICAGO*	Advanced Disposal Services. Waukegan	18.22	27.13	34.58	79.93	191.34	164.70
GLNTC Housing*	Advanced Disposal Services. Waukegan	41.75	22.52	34.89	99.16	82.75	
GLNTC Housing	Waste Management, Inc. Antioch						40.90
GLNTC Housing*	TOTAL	41.75	22.52	34.89	99.16	82.75	40.90
PARK CITY*	Groot Industries	8.18	7.62	9.08	24.88	25.44	25.08
PORT BARRINGTON*	Waste Management, Inc. Antioch	7.60	6.80	9.20	23.60	28.20	24.00
RIVERWOODS*	Lakeshore Recycling Systems	48.46	27.61	46.68	122.75	87.60	95.43
ROUND LAKE*	Waste Management, Inc. Antioch	128.20	97.10	118.70	344.00	410.90	392.00
ROUND LAKE BEACH*	Waste Management, Inc. Antioch	179.20	131.90	150.20	461.30	558.10	538.20
ROUND LAKE HEIGHTS*	Groot Industries	18.97	12.01	13.56	44.54	54.03	56.41
ROUND LAKE PARK*	Advanced Disposal Services. Waukegan						24.50
ROUND LAKE PARK*	Groot Industries	25.17	22.47	27.17	74.81	77.25	47.62
ROUND LAKE PARK*	Waste Management, Inc. Antioch	25.90	21.70	26.00	73.60	87.90	84.90
ROUND LAKE PARK*	TOTAL	51.07	44.17	53.17	148.41	165.15	157.02
THIRD LAKE*	Waste Management, Inc. Antioch	11.10	8.40	8.00	27.50	31.40	30.50
TOWER LAKES*	Waste Management, Inc. Antioch	10.90	7.30	8.80	27.00	32.10	31.10
VERNON HILLS*	Advanced Disposal Services. Waukegan	183.95	130.96	187.27	502.18	486.22	496.20
VOLO*	Groot Industries	33.91	25.87	38.04	97.82	77.07	
WADSWORTH*	Groot Industries	21.18	17.04	17.99	56.21	84.75	87.64
WADSWORTH*	Waste Management, Inc. Antioch	0.07	0.06	0.07	0.20	2.30	
WADSWORTH*	PrairieLand Disposal					0.97	
WADSWORTH*	Lakes Disposal	2.20	2.20	2.50	6.90	6.88	
WADSWORTH*	Advanced Disposal Services. Waukegan	3.26	2.99	3.34	9.59	2.38	
WADSWORTH*	TOTAL	26.71	22.29	23.90	72.90	97.28	87.64
WAUCONDA*	Waste Management, Inc. Antioch	79.40	62.70	73.60	215.70	252.60	239.80
WAUKEGAN*	Advanced Disposal Services. Waukegan	343.72	262.07	345.36	951.15	624.15	666.70
WINTHROP HARBOR*	Groot Industries	59.18	37.38	42.00	138.56	137.01	138.27
ZION*	Advanced Disposal Services. Waukegan	114.31	88.55	102.23	305.09	189.48	124.00
LAKE COUNTY	Groot Industries	145.19	132.81	169.08	447.08	390.85	466.28
LAKE COUNTY	Advanced Disposal Services. Waukegan	5.56	4.92	6.01	16.49	34.49	
LAKE COUNTY	Waste Management, Inc. Antioch	236.90	188.40	204.80	630.10	743.00	709.00
LAKE COUNTY	Waste Management, Inc. Wheeling	47.78	37.09	44.16	129.03	132.56	139.03
LAKE COUNTY	TOTAL	435.43	363.22	424.05	1,222.70	1,300.90	1,314.31
TOTALS		4,645.37	3,694.37	4,564.41	12,904.15	13,516.45	12,967.24

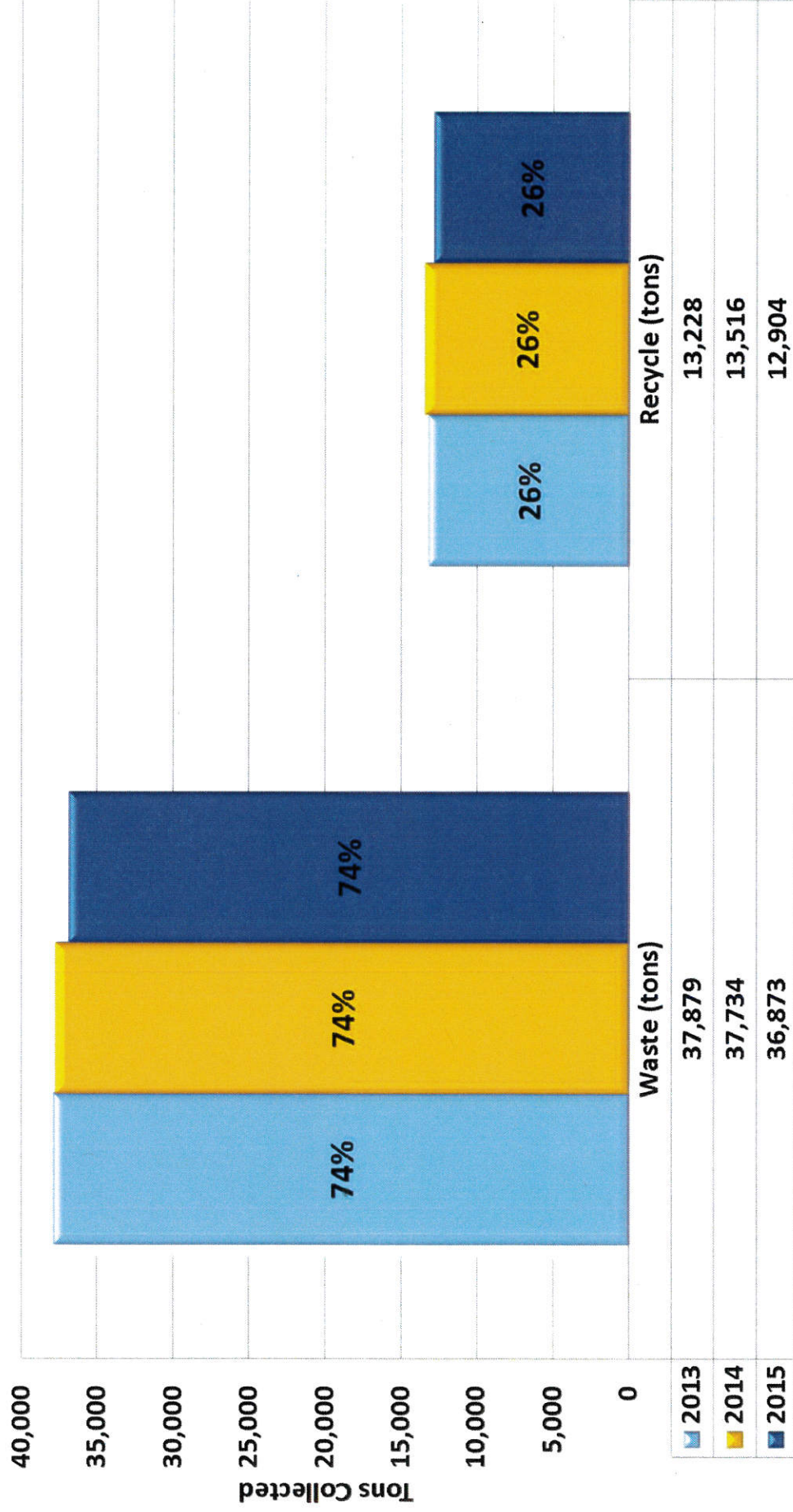
*Municipalities Utilizing Recycling Carts

Solid Waste Agency of Lake County
Municipal Waste Disposal Summary
1st Quarter 2015
(as reported by haulers)

MUNICIPALITY	SERVICE PROVIDER	Jan 2015	Feb 2015	Mar 2015	1st Qtr 2015 TOTAL	1st Qtr 2014 TOTAL	1st Qtr 2013 TOTAL
ANTIOCH*	Waste Management, Inc. Antioch	203.30	171.50	217.70	592.50	633.00	671.20
BANNOCHKBURN*	Lakeshore Recycling Systems	18.93	18.46	34.07	71.46	78.42	
BEACH PARK*	Advanced Disposal Services. Waukegan	343.61	266.58	307.21	917.40		
BEACH PARK	Waste Management, Inc. Antioch					50.20	53.30
BEACH PARK	Groot Industries					430.04	457.51
BEACH PARK*	TOTAL	0.00	0.00	0.00	917.40	480.24	510.81
DEERFIELD*	Waste Management, Inc. Wheeling	363.07	304.37	392.29	1,059.73	1,057.68	1,092.28
DEER PARK*	Groot Industries	86.15	70.82	93.33	250.30	231.11	234.39
FOX LAKE*	Waste Management, Inc. Antioch	117.00	102.30	153.50	372.80	396.70	398.10
GRAYSLAKE*	Waste Management, Inc. Antioch	352.00	308.30	368.20	1,028.50	1,087.20	1,127.10
GRAYSLAKE Drop-Off	Waste Management, Inc. Antioch	0.00	0.00	0.00	0.00	0.00	0.00
GRAYSLAKE*	TOTAL	352.00	308.30	368.20	1,028.50	1,087.20	1,127.10
GREEN OAKS*	Groot Industries	85.76	72.71	94.28	252.75	357.35	325.17
GURNEE*	Waste Management, Inc. Antioch	433.40	368.10	450.50	1,252.00	1,318.00	1,397.60
HAINESVILLE*	Advanced Disposal Services. Waukegan	63.10	51.76	60.27	175.13	159.07	200.20
HAWTHORN WOODS*	Waste Management, Inc. Wheeling	234.46	162.96	206.30	603.72	588.86	519.31
HIGHLAND PARK*	Advanced Disposal Services. Northbrook	517.00	436.00	529.00	1,482.00	1,433.14	1,357.11
HIGHWOOD*	Advanced Disposal Services. Northbrook	97.64	82.74	93.67	274.05	250.24	207.26
ISLAND LAKE*	Waste Management, Inc. Antioch	170.30	139.20	160.00	469.50	494.00	507.80
KILDEER*	Waste Management, Inc. Wheeling	103.39	87.12	91.73	282.24	320.07	293.61
LAKE BARRINGTON*	Waste Management, Inc. Antioch	101.60	80.60	90.90	273.10	291.50	287.50
LAKE BLUFF*	Groot Industries	113.35	79.19	125.04	317.58	295.61	299.82
LAKE BLUFF Drop-Off	Groot Industries	12.58	10.91	12.07	35.56	34.65	34.08
LAKE BLUFF*	TOTAL	125.93	90.10	137.11	353.14	330.26	333.90
LAKE FOREST*	Municipal Collection	521.92	393.12	535.53	1,450.57	1,345.66	1,366.43
LAKE VILLA*	Waste Management, Inc. Antioch	66.50	50.30	68.40	185.20	197.90	195.70
LAKE ZURICH*	Waste Management, Inc. Wheeling	406.03	345.97	417.41	1,169.41	1,373.89	1,234.90
LIBERTYVILLE*	Groot Industries	360.52	280.97	350.74	992.23	1,231.06	1,185.65
LINCOLNSHIRE*	Waste Management, Inc. Wheeling	173.69	112.77	145.76	432.22	510.81	535.24
LINDENHURST*	Groot Industries	324.97	282.03	403.66	1,010.66	1,000.07	922.73
LONG GROVE*	Waste Management, Inc. Wheeling	262.12	186.53	241.91	690.56	705.64	612.06
MUNDELEIN*	Groot Industries	607.12	488.55	604.02	1,699.69	1,610.54	1,640.60
NORTH BARRINGTON	Waste Management, Inc. Antioch	100.90	76.60	110.60	288.10	296.90	507.80
NORTH CHICAGO*	Advanced Disposal Services. Waukegan	321.61	284.84	386.67	993.12	919.67	930.20
GLNTC Housing	Waste Management, Inc. Antioch						271.00
GLNTC Housing*	Advanced Disposal Services. Waukegan	69.43	54.63	64.57	188.63	214.03	
GLNTC Housing*	TOTAL	69.43	54.63	64.57	188.63	214.03	271.00
PARK CITY*	Groot Industries	29.66	16.76	30.61	77.03	76.00	69.63
PORT BARRINGTON*	Waste Management, Inc. Antioch	21.10	17.70	25.50	64.30	68.60	72.70
RIVERWOODS*	Lakeshore Recycling Systems	118.42	85.15	106.11	309.68	278.46	289.79
ROUND LAKE*	Waste Management, Inc. Antioch	366.20	314.80	372.80	1,053.80	1,126.40	1,146.70
ROUND LAKE BEACH*	Waste Management, Inc. Antioch	484.90	413.30	544.60	1,442.80	1,536.40	1,605.60
ROUND LAKE HEIGHTS*	Groot Industries	71.61	50.30	57.69	179.60	192.24	192.19
ROUND LAKE PARK*	Advanced Disposal Services. Waukegan						63.20
ROUND LAKE PARK*	Groot Industries	96.46	78.70	103.82	278.98	289.15	164.61
ROUND LAKE PARK*	Waste Management, Inc. Antioch	51.90	40.00	58.00	149.90	159.90	108.10
ROUND LAKE PARK*	TOTAL	148.36	118.70	161.82	428.88	449.05	335.91
THIRD LAKE*	Waste Management, Inc. Antioch	26.30	24.50	37.20	88.00	93.60	98.90
TOWER LAKES*	Waste Management, Inc. Antioch	24.20	22.60	31.00	77.80	81.20	84.60
VERNON HILLS*	Advanced Disposal Services. Waukegan	505.52	380.87	508.03	1,394.42	1,355.54	1,224.10
VOLO*	Groot Industries	93.50	84.71	114.50	292.71	274.38	
WADSWORTH*	Groot Industries	74.24	53.39	64.38	192.01	380.73	407.76
WADSWORTH*	Waste Management, Inc. Antioch	2.10	1.60	2.20	5.90	3.00	
WADSWORTH*	Paireland Disposal					3.14	
WADSWORTH*	Lakes Disposal	6.70	6.70	7.10	20.50	17.24	
WADSWORTH*	Advanced Disposal Services. Waukegan	25.62	21.53	26.43	73.58	25.69	
WADSWORTH*	TOTAL	108.66	83.22	100.11	291.99	429.80	407.76
WAUCONDA*	Waste Management, Inc. Antioch	196.60	155.00	216.00	567.60	606.00	642.30
WAUKEGAN*	Advanced Disposal Services. Waukegan	1,533.95	1,221.21	1,606.31	4,361.47	4,347.62	4,842.00
WINTHROP HARBOR*	Groot Industries	166.12	113.29	133.00	412.41	498.33	500.13
ZION*	Advanced Disposal Services. Waukegan	480.91	387.06	545.29	1,413.26	1,549.96	1,373.10
LAKE COUNTY	Advanced Disposal Services. Waukegan	45.63	39.42	52.68	137.73	348.03	414.60
LAKE COUNTY	Groot Industries	577.65	483.80	620.94	1,682.39	1,643.91	1,890.12
LAKE COUNTY	Waste Management, Inc. Antioch	1,230.80	977.70	1,264.50	3,473.00	3,598.40	3,557.30
LAKE COUNTY	Waste Management, Inc. Wheeling	111.48	97.61	103.87	312.96	311.34	265.82
LAKE COUNTY	TOTAL	1,965.56	1,598.53	2,041.99	5,606.08	5,901.68	6,127.84
TOTALS		12,629.41	10,191.05	13,134.68	36,872.54	37,778.27	37,878.90

*Municipalities Utilizing Recycling Carts

Lake County Residential Waste & Recycling Comparison 1st Quarter 2013 - 2015



SWALCO PER TON PAYMENT SUMMARY
1st QUARTER 2015
(as reported by haulers)

Participating Members & Townships	1st Qtr. 2015 TONS			Total Tons Collected	Total Per Ton Payment	Payment With County and SWALCO Portion
	Jan	Feb	Mar			
ANTIOCH*	92.40	67.00	89.40	248.80	\$ 415.80	\$ 415.80
BANNOCKBURN*	7.05	6.39	7.31	20.75	\$ 31.73	\$ 31.73
BEACH PARK*	55.42	60.98	57.65	174.05	\$ 249.39	\$ 249.39
DEERFIELD*	197.45	161.45	193.27	552.17	\$ 888.53	\$ 888.53
ELA TOWNSHIP*	47.78	37.09	44.26	129.13	\$ 215.01	\$ 161.26
FOX LAKE*	45.50	37.10	52.10	134.70	\$ 204.75	\$ 204.75
GRAYSLAKE*	178.80	132.30	168.10	479.20	\$ 804.60	\$ 804.60
GREEN OAKS*	38.19	32.83	39.80	110.82	\$ 171.86	\$ 171.86
GURNEE*	201.70	170.10	207.90	579.70	\$ 907.65	\$ 907.65
HAINESVILLE*	21.38	20.20	19.96	61.54	\$ 96.21	\$ 96.21
HAWTHORN WOODS*	106.05	81.36	99.16	286.57	\$ 477.23	\$ 477.23
ISLAND LAKE*	82.80	61.90	70.60	215.30	\$ 372.60	\$ 372.60
KILDEER*	54.78	41.25	40.76	136.79	\$ 246.51	\$ 246.51
LAKE BARRINGTON	39.50	32.20	38.10	109.80	\$ 177.75	\$ 177.75
LAKE BLUFF*	64.43	59.22	79.89	203.54	\$ 289.94	\$ 289.94
LAKE COUNTY					\$ 193.03	\$ 193.03
LAKE VILLA*	50.20	30.00	35.40	115.60	\$ 225.90	\$ 225.90
LAKE ZURICH*	219.35	172.60	217.16	609.11	\$ 987.08	\$ 987.08
LIBERTYVILLE*	166.87	149.37	195.35	511.59	\$ 750.92	\$ 750.92
LINCOLNSHIRE*	67.14	53.05	54.96	175.15	\$ 302.13	\$ 302.13
LINDENHURST*	121.73	99.73	136.56	358.02	\$ 547.79	\$ 547.79
LONG GROVE	92.52	70.49	88.29	251.30	\$ 416.34	\$ 416.34
MUNDELEIN*	250.31	179.01	214.71	644.03	\$ 1,126.40	\$ 1,126.40
NORTH BARRINGTON*	38.10	31.50	34.20	103.80	\$ 171.45	\$ 171.45
PARK CITY*	8.18	7.62	9.08	24.88	\$ 36.81	\$ 36.81
PORT BARRINGTON*	7.60	6.80	9.20	23.60	\$ 34.20	\$ 34.20
RIVERWOODS*	48.46	27.61	46.68	122.75	\$ 218.07	\$ 218.07
ROUND LAKE*	128.20	97.10	118.70	344.00	\$ 576.90	\$ 576.90
ROUND LAKE BEACH*	179.20	131.90	150.20	461.30	\$ 806.40	\$ 806.40
ROUND LAKE HEIGHTS*	18.97	12.01	13.56	44.54	\$ 85.37	\$ 85.37
ROUND LAKE PARK*	51.07	44.17	53.17	148.41	\$ 229.82	\$ 229.82
THIRD LAKE*	11.10	8.40	8.00	27.50	\$ 49.95	\$ 49.95
TOWER LAKES	10.90	7.30	8.80	27.00	\$ 49.05	\$ 49.05
VERNON HILLS*	183.95	130.96	187.27	502.18	\$ 827.78	\$ 827.78
WADSWORTH	27.34	22.83	24.53	74.70	\$ 123.03	\$ 123.03
WARREN TOWNSHIP*	123.80	93.90	104.90	322.60	\$ 557.10	\$ 417.82
WAUKEGAN*	343.72	262.07	345.36	951.15	\$ 1,546.74	\$ 1,546.74
WAUCONDA*	79.40	62.70	73.60	215.70	\$ 357.30	\$ 357.30
WINTHROP HARBOR*	59.18	37.38	42.00	138.56	\$ 266.31	\$ 266.31
SWALCO credit @ \$1.00 per ton on 3,520.52 tons	\$3,520.52	\$0.00	\$0.00			\$3,520.52
TOTAL	3,520.52	2,739.87	3,379.94	9,640.33	\$ 15,842.34	\$ 19,362.86

\$215.01 - 25% (\$53.75) = \$161.26 (\$1,252.25 balance due to County for O&M on 1,306 homes)

Paid from Ela Township (\$53.75) & Warren Township (\$139.28) for O&M to County

\$557.10 - 25% (\$139.28) = \$417.82 (\$5,346.72 balance due to County for O&M on 5,486 homes)

Blended Index Value	Per Ton Payment
January 2015	\$66.50
February 2015	\$60.56
March 2015	\$60.78

Lake County MRF, BU 01800
Quarterly Single Stream Value Calculation for the SWALCO Contract Rebate
Q1 2015

Commodity/Material	Source	%	Actual January Per Ton \$	January Value	Actual February Per Ton \$	February Value	Actual March Per Ton \$	March Value
ONP #8	OBM Chicago HS	36.64%	\$ 55.00	\$ 20.15	\$ 50.00	\$ 18.32	\$ 50.00	\$ 18.32
OCC #11	OBM Chicago HS	10.29%	\$ 70.00	\$ 7.20	\$ 65.00	\$ 6.69	\$ 65.00	\$ 6.69
Mixed Paper #2	OBM Chicago HS	12.91%	\$ 40.00	\$ 5.16	\$ 35.00	\$ 4.52	\$ 35.00	\$ 4.52
Three-Mix Glass	Actual	19.59%	\$ (18.14)	\$ (3.55)	\$ (18.59)	\$ (3.64)	\$ (19.00)	\$ (3.72)
Tin	Waste News HS	1.67%	\$ 120.00	\$ 2.00	\$ 120.00	\$ 2.00	\$ 105.00	\$ 1.75
Aluminum	Waste News HS	1.14%	\$ 1,600.00	\$ 18.24	\$ 1,640.00	\$ 18.70	\$ 1,640.00	\$ 18.70
PET	Waste News HS	3.14%	\$ 340.00	\$ 10.68	\$ 300.00	\$ 9.42	\$ 280.00	\$ 8.79
HDPE Natural	Waste News HS	1.16%	\$ 680.00	\$ 7.89	\$ 520.00	\$ 6.03	\$ 540.00	\$ 6.26
HDPE Colored	Waste News HS	0.96%	\$ 480.00	\$ 4.61	\$ 390.00	\$ 3.74	\$ 480.00	\$ 4.61
Tubs & Lids	Fixed	0.14%	\$ 50.00	\$ 0.07	\$ 50.00	\$ 0.07	\$ 50.00	\$ 0.07
Large Rigid Plastic	Fixed	0.39%	\$ 50.00	\$ 0.20	\$ 50.00	\$ 0.20	\$ 50.00	\$ 0.20
Mixed Plastic Film	Actual	0.34%	\$ (51.34)	\$ (0.17)	\$ (45.84)	\$ (0.16)	\$ (45.11)	\$ (0.15)
Residue	Actual	11.63%	\$ (51.34)	\$ (5.97)	\$ (45.84)	\$ (5.33)	\$ (45.11)	\$ (5.25)
Total		100.00%		\$ 66.50		\$ 60.56		\$ 60.78
The monthly rebate per ton is -----								
				\$ 4.50				
Directed SWALCO tons for month -----				3,520.52				
Monthly per ton credit due to SWALCO members -----				\$ 15,842.34				
\$1.00 per ton education credit due to SWALCO -----				\$ 3,520.52				
Total monthly rebate due to SWALCO and members ----->				\$ 19,362.86				

If the Stream Value is ...

at least ...	\$	-	but no more than ...	\$	64.99	then the rebate per ton is ...	\$	-
at least ...	\$	65.00	but no more than ...	\$	69.99	then the rebate per ton is ...	\$	4.50
at least ...	\$	70.00	but no more than ...	\$	74.99	then the rebate per ton is ...	\$	7.00
at least ...	\$	75.00	but no more than ...	\$	79.99	then the rebate per ton is ...	\$	7.50
at least ...	\$	80.00	but no more than ...	\$	84.99	then the rebate per ton is ...	\$	8.00
at least ...	\$	85.00	but no more than ...	\$	89.99	then the rebate per ton is ...	\$	8.50
at least ...	\$	90.00	but no more than ...	\$	94.99	then the rebate per ton is ...	\$	12.00
at least ...	\$	95.00	but no more than ...	\$	99.99	then the rebate per ton is ...	\$	15.50
at least ...	\$	100.00	but no more than ...	\$	104.99	then the rebate per ton is ...	\$	19.00
at least ...	\$	105.00	but no more than ...	\$	109.99	then the rebate per ton is ...	\$	22.00
at least ...	\$	110.00	but no more than ...	\$	114.99	then the rebate per ton is ...	\$	25.00
at least ...	\$	115.00	but no more than ...	\$	119.99	then the rebate per ton is ...	\$	28.00
at least ...	\$	120.00	but no more than ...	\$	124.99	then the rebate per ton is ...	\$	31.00
at least ...	\$	125.00	but no more than ...	\$	129.99	then the rebate per ton is ...	\$	34.00
at least ...	\$	130.00	and above ...	\$		then the rebate per ton is ...	\$	37.00

I - 4. Recycle-O-Rama Event, June 2015

BACKGROUND:

On Saturday, June 20, 2015 SWALCO will sponsor a community recycling and shredding event at the Westfield Hawthorn Shopping Center in Vernon Hills, with Rep. Carol Sente and her staff, the Vernon Hills Park District, Village of Vernon Hills and Westfield Hawthorn. This is a residential event (no businesses). We are still working out final logistics, but are currently planning to collect the following items:

- Clothing and Textiles
- Stuffed Animals
- Shoes
- Eyeglasses
- Hearing Aids
- Bicycles and Bicycle Parts – new, used or broken
- Documents for Shredding (may be limit - TBA)

Confirmation with full list of items that will be collected that day, and details including time and other information will be announced soon. A flyer and info will be sent to all of our Directors and member communities. We will not be collecting electronics at this event. We plan to handout information to participants that come through on other recycling opportunities.

SWALCO also hopes to hold our regular Recycle-O-Rama in the Fall, as well as other Recycle-O-Ramas we've helped to put together and establish for groups we work with, including Townships and Park Districts. These will be announced as they are planned.

STAFF: Merleanne Rampale, Public Information Officer/Education Director

I – 5. Project and Program Updates

BACKGROUND: The following are updates on several projects and programs we are currently working on:

1. Not including data from the May 28th pharmaceuticals collection we have processed 3,534 pounds of drugs from local law enforcement with nearly 27 pounds being controlled substances with an estimated street value of over \$285,000. We now have 24 local police departments in Lake County collecting pharmaceuticals. SWALCO was recently contacted by McHenry County about helping them dispose of drugs collected in that county. This issue of outside entities wanting to utilize our facility is a topic we plan to discuss in more detail with the Executive Committee on June 4th.
2. Walter Willis attended the mandatory pre-bid meetings held by Highland Park and Highwood on their joint commercial franchise RFP and joint residential franchise RFP. Proposals are due on June 12 (residential) and June 26 (commercial). The commercial franchises have been implemented in Deerfield and Bannockburn (May 1) with very few complaints or issues and the final one is Gurnee beginning August 1. Walter is also providing assistance to Antioch and Vernon Hills on their residential contracts.
3. To date 5 members have contacted Walter or expressed interest in passing the commercial franchise ordinance. Walter attended a meeting in Round Lake Beach on May 18th and the Finance Committee recommended placing the ordinance on its calendar for action at the June Village Board meeting with a favorable recommendation.
4. SWALCO recently had an upgrade to its internet connection and now has much faster access to the internet. With this done, we will be transitioning to a new phone system as well with new phones that have already been purchased. We are still using the original phones we have had since opening this office. Amy Bartemio has been attending meetings Lake County has held to select a new website vendor. This will be a big change for all Lake County departments and for SWALCO as the County changes its software and support approach to website content management.
5. The Lake County Board recently approved substantial revisions to the County's compensation and classification plan and policy. The intent is to provide a better method for employees to receive pay increases and job growth through recognition of exemplary performance. Walter attended a meeting with the HR department on May 20th to learn more about the program and its impact on SWALCO's employees. The new program will begin next year, this year's review process will continue as in the past. All employees will have new pay grade numbers and pay grade ranges, some of which will impact our budgeting for salaries in the coming years. Lake County HR will be scheduling a meeting to go over the new compensation and classification policy with SWALCO's employees in the near future.
6. The electronics bill (HB 1455) passed both chambers with unanimous votes. We have asked that Speaker Madigan send the bill to the governor without waiting the 30 days allowed, to date the bill has not been sent yet. Pete Adrian has obtained a proposal from a new vendor that we intend to discuss with the EC in more detail on June 4th, at that time we will also update the EC on when we expect the \$200,000 in funding to expire and what steps to take if HB 1455 does not provide the expected relief. To assist with the long term legislative fix to the electronics law Walter Willis intends to provide funding of \$1,000 to the Product Stewardship Institute (along with other units of local government) to provide assistance this summer and fall during the process the IEPA will initiate to get

feedback on the current law and to work towards a long term fix. This funding will be taken from the contingency line item in the 2015 budget.

7. Walter is moderating a session on waste reduction at the College of Lake County's 5th Green Conference on May 27th and will giving a presentation on Lake County's food scrap composting efforts at the Midwest Compost School Conference in Lake Zurich during the evening of June 2nd.
8. On April 27th Senator Bush convened a meeting on carpet recycling that was attended by over 25 people from the carpet industry, recyclers and local government (including Steve Mandel, John Norris and Linda Soto). This meeting will be followed up with another meeting on June 17th in Chicago where we hope to develop a more detailed plan for increasing carpet recycling in IL and nearby states. Senator Bush has been very helpful in this effort and has stated she will not pursue legislation as long as this voluntary effort produces meaningful results.

ENCLOSED DOCUMENTS: None

STAFF: Walter Willis, Executive Director