



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

**MEMORANDUM**

To: Michael Talbett, Chairman, Executive Committee

From: Walter S. Willis, Executive Director *RS*

Subject: May 2017 Meeting Notice Information

Date: May 12, 2017

Attached you will find the agenda for this month's meeting, the minutes from the March 2017 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 and hope to see you on May 18th at noon.

**SOLID WASTE AGENCY OF LAKE COUNTY, IL**  
**EXECUTIVE COMMITTEE**  
**Thursday, May 18, 2017 12:00 pm**  
**1311 N. Estes Street Gurnee, IL 60031**

1. CALL TO ORDER..... Chairman Talbott
2. ROLL CALL ..... Secretary
3. APPROVAL OF MINUTES  
*March 16, 2017*
4. NEW AGENDA ITEMS
5. PUBLIC COMMENT ON AGENDA ITEMS
6. EXECUTIVE COMMITTEE ITEMS ..... Chairman Talbott

**Consent Item**

1. Expenditure Reports (*February & March 2017*)

**Action Items**

1. Fiscal Year 2016 Audit

**Information Items**

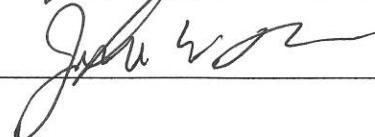
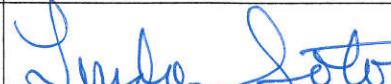
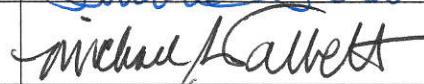
1. Earth Month & Beyond
2. Compost Bin & Rain Barrel Sale & Education
3. Tire Recycling Event 2017
4. 1st Quarter 2017 Electronics Program Update
5. 2017 Legislative Update
6. Project and Program Updates

7. EXECUTIVE SESSION
8. ADJOURNMENT

**SOLID WASTE AGENCY OF LAKE COUNTY (SWALCO)  
EXECUTIVE COMMITTEE**

SIGN IN SHEET

March 16, 2017

| COMMUNITY | REPRESENTATIVE   | TITLE                 |
|-----------|--|-----------------------|
| ELLIS     |  | VILLAGE MANAGER       |
| MUETZ     |     | VILLAGE ADMINISTRATOR |
| NORRIS    |     | MAYOR                 |
| ROTHING   |  | VILLAGE PRESIDENT     |
| SOTO      |    | MAYOR                 |
| TALBETT   |  | VILLAGE ADMINISTRATOR |
| WAGENER   |   | TRUSTEE               |
| WARDA     |  | SENIOR PLANNER        |
| **TBD     |  | LAKE COUNTY BOARD     |

|        |  |                     |
|--------|--|---------------------|
| RYBACK |  | SWALCO BOD CHAIRMAN |
|--------|--|---------------------|

| REPRESENTATIVE  |   | SWALCO EXECUTIVE BOARD VOTING RECORD/03.16.17 |   |   |   |   |   |   |   |   |   |
|-----------------|---|---|---|---|---|---|---|---|---|---|---|
|                 |   | Consent<br>Dec 2014<br>Jan 2017               |   | Ins<br>Renewal<br>GL, Pollution<br>etc.<br>\$ immediate payment |   | Violation<br>HCW<br>Approval<br>increased<br>to 375 |   | IEPA<br>HCW<br>Agreement<br>(upon Dr. Corral) |   |   |   |
| Attendance      |   | A   | N | A   | N | A   | N | A   | N | A | N |
| MIKE ELLIS      |   |   |   |   |   |   |   |   |   |   |   |
| PATRICK MUETZ   | ✓ | ✓   |   | ✓   |   | ✓   |   | ✓   |   | ✓ |   |
| JOHN NORRIS     | ✓ | ✓   |   | ✓   |   | ✓   |   | ✓   |   | ✓ |   |
| BUD ROTHING     |   |   |   |   |   |   |   |   |   |   |   |
| LINDA SOTO      | ✓ | ✓   |   | ✓   |   | ✓   |   | ✓   |   | ✓ |   |
| MICHAEL TALBETT | ✓ | ✓   |   | ✓   |   | ✓   |   | ✓   |   | ✓ |   |
| JOHN WAGENER    | ✓ | ✓   |   | ✓   |   | ✓   |   | ✓   |   | ✓ |   |
| NIMROD WARD     | ✓ | ✓   |   | ✓   |   | ✓   |   | ✓   |   | ✓ |   |

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# PUBLIC SIGN-IN SHEET

### (Executive Committee Meeting)

Name \_\_\_\_\_

## Address

## Representing

none

A blue line graph is plotted on a grid of 12 horizontal black lines. The line starts at the top left, curves down and to the right, then turns sharply upwards and to the right again, ending near the bottom right corner. The grid lines are evenly spaced and provide a scale for the graph.

Date: 03/16/17



MINUTES

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

**EXECUTIVE COMMITTEE**

Thursday, March 16, 2017 12:00 am

1311 N. ESTES STREET, GURNEE, IL 60031

**CALL TO ORDER**

Chairman Talbott called the meeting to order at 12:00 am with 6 members present.

**APPROVAL OF MINUTES**

Motion by *John Norris* seconded by *Pat Muetz* to approve the Executive meeting minutes of 12.15.16

*Motion was unanimously approved.*

**NEW AGENDA ITEMS**

**PUBLIC COMMENT - *None***

**EXECUTIVE COMMITTEE ITEMS – *None***

**CONSENT ITEM**

Expenditure Reports (December 2016 & January 2017).

Motion by *John Norris*, seconded by *Nimrod Warda*.

*Motion was approved.*

**ACTION ITEMS**

**1. Insurance Renewals (GL, Pollution, Automotive & Commercial Property)**

Steve Nelson SWALCO gave a brief update of the four insurance policies up for renewal. The policies are: general liability insurance, pollution legal liability insurance, business automotive insurance and commercial property insurance. Maintaining these policies is vital to our operation and protection of our Agency. The existing policies expire on March 31, 2017.

Insurance broker, Arthur J. Gallagher Risk Management Services (AJ Gallagher), was asked to obtain quotes from top rated (class A or better) insurance carriers for renewal of these policies. This year AJ Gallagher recommends four carriers, Navigators Specialty Insurance Company (Navigators) for the general liability, pollution legal liability and automotive insurance and two carriers for the commercial property insurance. Kinsale Insurance Company (Kinsale) will insure the property and building structure while Hartford Steam Boiler Inspection Insurance Company (Hartford Steam) will insure the equipment (forklift, generator, can crusher etc.).

Navigator's "bundled" policy provides the greatest coverage, lowest deductibles and lowest overall cost. Navigator's policy also has the lowest deductible for the Pollution Legal Liability policy (\$25,000/occurrence vs. \$100,000/occurrence on other policies). Navigators quote for the three policies is \$34,390 (inclusive of state mandated fees). Kinsale Insurance Company's quote for the Commercial Property insurance coverage is \$11,886 (inclusive of state mandated fee) while Hartford Steam's quote for equipment coverage is \$633. Note: All policies are annual policies and all policies exclude terrorism coverage. The combined total for these policies is \$46,909.

Motion by *Linda Soto*, seconded by *John Norris* to approve these policies and to pay the invoices immediately upon receipt. *Motion was approved on a roll call vote of 5 to 0.*

**2. Veolia HCW Contract Extension**

Steve Nelson discussed our current contract with Veolia Environmental, the company performs chemical handling and transportation services for our Household Chemical Waste collection

program. The contract, entered into on May 1, 2015, has a one-year term with four one-year extension options. SWALCO exercised our first one-year extension in April 2016. That extension is due to expire on April 30, 2017. Staff is very pleased with the services provided by Veolia ES and requests permission to exercise the first of four extensions available under the contract. This extension will secure their services through April 30, 2018. Staff also requests permission to negotiate a moderate price (3% maximum) increase only if a justifiable request is made.

Motion by *John Norris*, seconded by *Pat Muetz* to approve the second Veolia contract extension.  
***Motion was approved on a roll call vote of 5 to 0.***

### **3. IEPA HCW Agreement Renewal**

Steve Nelson discussed our current agreement which outlines the roles and responsibilities of both the IEPA and SWALCO. It addresses operational guidelines, IEPA disposal funding and names the IEPA as the generator of record for the wastes collected through the Program. Our current Intergovernmental Agreement expires on June 5, 2017. The draft agreement contains minor modifications and verbiage updates proposed by the IEPA. The fundamental terms and conditions of the Agreement remain unchanged; the additions/modifications of significance are as follows:

- Section 5.5 of the previous IGA has been completely removed by the IEPA. In summary, Section 5.5 stated if the IEPA invoked a suspension SWALCO could continue the Program by making payments directly to the IEPA for the continued services of the IEPA transportation/disposal contractors. The IEPA would monitor expenses and notify SWALCO when additional monies to cover expenses.
- The newest version of Section 5.5 states (in summary) if a suspension is invoked SWALCO could, at our discretion, continue the Program but SWALCO would assume complete financial and legal responsibility for the waste disposal and related supplies until the suspension is lifted.
- The newest version of the Agreement strengthens the verbiage related to IEPA's ability to suspend the Agreement due to fiscal reasons. The previous version basically said "subject to appropriation of funds". The newest version adds to the "subject to appropriation of funds" clause by including "fiscal Governor's Offices directives".

Motion by *Linda Soto*, seconded by *John Norris* to allow Staff to negotiate and execute this Agreement subject to General Counsel review/input.  
***Motion was approved on a roll call vote of 5 to 0.***

## **INFORMATION ITEMS**

### **1. Tire Recycling Event – June 2017**

Merleanne Rampale presented event flyers and discussed the upcoming tire collection event. SWALCO, Lake County Health Department, Lake County Farm Bureau, Lake County Fairgrounds and Clarke Mosquito will co-sponsor a tire recycling collection event this year, on Wednesday, June 21 from 8:30 a.m. to 12:30 pm at the Lake County Fairgrounds. The event will be in conjunction with the Illinois EPA. We encourage Member communities and other government institutions to take advantage of this unique opportunity to dispose of unwanted tires at no cost. Residents will also be able to bring in their unwanted tires at \$2.00 per tire. Passenger car, truck, tractor, and other governmental vehicle tires will be accepted. Illinois EPA will fund collection of the tires from government entities.

### **2. 2016 4th Quarter Recycling & Per Ton Payment**

Pete Adrian gave a brief report of tabulations of curbside recyclable material tonnage and recycling by member community for the fourth quarter of 2016. In 2016, 57,228 tons of recyclables were collected from Lake County communities. Compared to the previous year's 58,472 tons collected, Lake County communities have experienced a 2.1% decline in the volume of recycling collected.

Conversely, the overall waste disposal rates for our communities increased slightly over 1% of that which was collected in 2015. Market values, of most recyclable material grades continued to show improvement during the fourth quarter. However, the rates for glass, mixed plastic film and residue caused the rebate amount to hold at \$4.50 for each month of the fourth quarter.

The overall volume of recyclables that were directed to WMRA by Agency members totaled 43,353.57 tons. Within the SWALCO agreement with WMRA, a \$5 per ton bonus would be paid to the Agency for every ton in excess of 42,000 tons for the year. Therefore, the Agency has also received a bonus payment of \$6,767.85 for the additional 1,353.57 tons directed for the year.

### **3. Executive Committee Position Openings in 2017**

Walter Willis discussed members of the Executive Committee will have expiring terms: John Wagener, Mike Ellis, John Norris and Nimrod Warda. All four members have expressed an interest in serving another 2-year term, but that does not preclude others from nominating themselves for consideration. The Executive Committee will also have one more seat opening up as Mayor Linda Soto is not running for re-election in April and so this March meeting will be her last as a member of the Executive Committee. We have valued Mayor Soto's commitment to SWALCO and our mission. Nominations will be received until June 1, 2017 for those that are interested in serving.

### **4. Project and Program Updates – Brief Updates Given by Walter Willis**

Walter Willis provided summaries and updates regarding several projects and programs we are currently working on:

- Legislative efforts continue for the electronics issue and last week SWALCO received a copy of draft bill being supported by the manufacturers. This is significant in that this is the first time the manufacturers have put in writing what they are willing to do in IL. We have a meeting planned for March 8<sup>th</sup> with the stakeholder group and I will be able to update the EC on that meeting and what the bill is starting to look like for SWALCO and our program. We are tracking over 20 bills right now and again are facing a fight with another bill that intends to limit municipal franchising powers (SB 1807).
- SWALCO staff are working on a flyer to boost participation in the food scrap programs here in Lake County by getting the word out before and during National Compost Awareness Week (May 7-13). Besides distributing the flyer we are considering working with Highwood and Lake Bluff to hold a media event at the Lake Bluff compost site during Compost Awareness Week, and highlight both of their groundbreaking programs and the other programs available in Lake County (i.e., the drop offs in Grayslake and Lake Barrington and the ride along programs in 12 other towns).
- Negotiations continue with Groot/Waste Connections regarding designating its Round Lake Park Transfer Station and the Winnebago Landfill (located near Rockford) as "SWALCO designated pollution control facilities", a provision most members have in their franchise hauling contracts. I met with Groot/Waste Connections on February 14<sup>th</sup> and we are now waiting for their attorneys to complete their review of the proposed host agreement.
- Staff is working on several events this coming spring: 1) recycling event with Senator Bush and possibly holding her event in conjunction with Lindenhurst's Earth Day event on April 22<sup>nd</sup>, 2) a shredding/electronics/latex paint collection event on May 20<sup>th</sup> along with Rep. Sente and the township, 3) the rain barrel and composter sale we hold each year with the Forest Preserve's Native Plant sale on May 13<sup>th</sup>, and 4) the June 21 tire collection event that will be free for local governments bringing tires in and cost \$2 per tire for residents to participate. A flyer was already sent out about the tire event for local governments in the county, only government has its costs covered under the IEPA's tire program.

**EXECUTIVE SESSION:** None

**NEXT EXECUTIVE COMMITTEE MEETING:** Thursday, May 18, 2017 - 12:00 p.m.

**NEXT BOARD MEETING:** Thursday, April 13, 2017 - 7:00 p.m. Hainesville Village Hall, 100 N. Hainesville Road, Hainesville, IL 60030

**ADJOURNMENT (12:59 p.m.):** Motion by Linda Soto, seconded by John Norris to adjourn. **Motion was approved.**

Memo to the Executive Committee

May 18, 2017

**Consent - 1. Expenditure Approval**

**ISSUE:** Approve Expenditures

**RECOMMENDATION:** We recommend approval

**TIMING:** Routine

**BACKGROUND:** The Board of Directors authorized the Executive Director to pay expenditures under \$20,000. The Executive Director submits the monthly expenditures to the Board for approval.

The total for Administration \$48,025.90; Education \$0.00 Household Chemical Waste \$14,038.61; Recycling \$0.00 ***Total expenditures for February 2017 - \$62,064.51***

The total for Administration \$95,806.43; Education \$9.59; Household Chemical Waste \$8,818.89; Recycling \$44.41 ***Total expenditures for March 2017 - \$104,679.32***

**ENCLOSED DOCUMENTS:** Account Analysis Report

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

# SWALCO - FEBRUARY 2017 EXPENDITURE REPORT

| SWALCO I- Solid Waste Prog-SWALCO Administration-Regular Salaries And Wages----   |             |                  |            |                              |
|---|-------------|------------------|------------|------------------------------|
| Budget  | 367,278.000 | Funds Available: | 268,070.30 | Beginning Balance for Period |
| Amount:   |             |                  |            | 70,612.92                    |
|   |             |                  |            | <b>Total Expenditures</b>    |
|   |             |                  |            | <b>28,594.78</b>             |
|   |             |                  |            | Ending Balance for Period    |
|   |             |                  |            | 99,207.70                    |
| SWALCO I- Solid Waste Prog-SWALCO Administration-Part Time Salaries And Wages---- |             |                  |            |                              |
| Budget  | 50,643.00   | Funds Available: | 36,983.32  | Beginning Balance for Period |
| Amount:   |             |                  |            | 9,753.93                     |
|   |             |                  |            | <b>Total Expenditures</b>    |
|   |             |                  |            | <b>3,905.75</b>              |
|   |             |                  |            | Ending Balance for Period    |
|   |             |                  |            | 13,659.68                    |
| SWALCO I- Solid Waste Prog-SWALCO Administration-Special Pay----                  |             |                  |            |                              |
| Budget  | 17,100.00   | Funds Available: | 12,722.34  | Beginning Balance for Period |
| Amount:   |             |                  |            | 3,126.90                     |
|   |             |                  |            | <b>Total Expenditures</b>    |
|   |             |                  |            | <b>1,250.76</b>              |
|   |             |                  |            | Ending Balance for Period    |
|   |             |                  |            | 4,377.66                     |
| SWALCO I- Solid Waste Prog-SWALCO Administration-Office Supplies----              |             |                  |            |                              |
| Budget  | 1,250.00    | Funds Available: | 826.22     | Beginning Balance for Period |
| Amount:   |             |                  |            | 34.78                        |
|   |             |                  |            | <b>Total Expenditures</b>    |
|   |             |                  |            | <b>389.00</b>                |
|   |             |                  |            | Ending Balance for Period    |
|   |             |                  |            | 423.78                       |
| SWALCO I- Solid Waste Prog-SWALCO Administration-Food and Provisions----          |             |                  |            |                              |
| Budget  | 2,000.00    | Funds Available: | 1,817.65   | Beginning Balance for Period |
| Amount:   |             |                  |            | 150.80                       |
|   |             |                  |            | <b>Total Expenditures</b>    |
|   |             |                  |            | <b>31.55</b>                 |
|   |             |                  |            | Ending Balance for Period    |
|   |             |                  |            | 182.35                       |
| SWALCO I- Solid Waste Prog-SWALCO Administration-Trips And Training----           |             |                  |            |                              |
| Budget  | 8,400.00    | Funds Available: | 7,958.46   | Beginning Balance for Period |
| Amount:   |             |                  |            | -13.46                       |
|   |             |                  |            | <b>Total Expenditures</b>    |
|   |             |                  |            | <b>455.00</b>                |
|   |             |                  |            | Ending Balance for Period    |
|   |             |                  |            | 441.54                       |
| SWALCO I- Solid Waste Prog-SWALCO Administration-Gas For Heating----              |             |                  |            |                              |
| Budget  | 14,000.00   | Funds Available: | 10,704.50  | Beginning Balance for Period |
| Amount:   |             |                  |            | 1,993.46                     |
|   |             |                  |            | <b>Total Expenditures</b>    |
|   |             |                  |            | <b>1,302.04</b>              |
|   |             |                  |            | Ending Balance for Period    |
|   |             |                  |            | 3,295.50                     |
| SWALCO I- Solid Waste Prog-SWALCO Administration-Electricity----                  |             |                  |            |                              |
| Budget  | 14,000.00   | Funds Available: | 9,604.63   | Beginning Balance for Period |
| Amount:   |             |                  |            | 2,756.03                     |
|   |             |                  |            | <b>Total Expenditures</b>    |
|   |             |                  |            | <b>1,639.34</b>              |
|   |             |                  |            | Ending Balance for Period    |
|   |             |                  |            | 4,395.37                     |

| SWALCO 1- Solid Waste Prog-SWALCO Administration-Water & Sewer----                |           |                  |           |                              |
|---|-----------|------------------|-----------|------------------------------|
| Budget  | 300.00    | Funds Available: | 252.10    | Beginning Balance for Period |
| Amount:   |           |                  |           | <b>Total Expenditures</b>    |
|   |           |                  |           | <b>47.90</b>                 |
| Ending Balance for Period   |           |                  |           |                              |
|   |           |                  |           | <b>47.90</b>                 |
| SWALCO 1- Solid Waste Prog-SWALCO Administration-Telephone----                    |           |                  |           |                              |
| Budget  | 6,000.00  | Funds Available: | 4,653.93  | Beginning Balance for Period |
| Amount:   |           |                  |           | <b>Total Expenditures</b>    |
|   |           |                  |           | <b>445.09</b>                |
| Ending Balance for Period   |           |                  |           |                              |
|   |           |                  |           | <b>1,346.07</b>              |
| SWALCO 1- Solid Waste Prog-SWALCO Administration-Equip Rental----                 |           |                  |           |                              |
| Budget  | 3,700.00  | Funds Available: | 1.56      | Beginning Balance for Period |
| Amount:   |           |                  |           | <b>Total Expenditures</b>    |
|   |           |                  |           | <b>172.37</b>                |
| Ending Balance for Period   |           |                  |           |                              |
|   |           |                  |           | <b>666.11</b>                |
| SWALCO 1- Solid Waste Prog-SWALCO Administration-Liability Insurance----          |           |                  |           |                              |
| Budget  | 56,158.00 | Funds Available: | 56,145.00 | Beginning Balance for Period |
| Amount:   |           |                  |           | <b>Total Expenditures</b>    |
|   |           |                  |           | <b>13.00</b>                 |
| Ending Balance for Period   |           |                  |           |                              |
|   |           |                  |           | <b>13.00</b>                 |
| SWALCO 1- Solid Waste Prog-SWALCO Administration-H/L/D Employee Benefits----      |           |                  |           |                              |
| Budget  | 75,706.95 | Funds Available: | 57,025.95 | Beginning Balance for Period |
| Amount:   |           |                  |           | <b>Total Expenditures</b>    |
|   |           |                  |           | <b>6,262.56</b>              |
| Ending Balance for Period   |           |                  |           |                              |
|   |           |                  |           | <b>18,681.00</b>             |
| SWALCO 1- Solid Waste Prog-SWALCO Administration-Retirement Benefits/FICA----     |           |                  |           |                              |
| Budget  | 31,971.03 | Funds Available: | 24,401.79 | Beginning Balance for Period |
| Amount:   |           |                  |           | <b>Total Expenditures</b>    |
|   |           |                  |           | <b>2,482.26</b>              |
| Ending Balance for Period   |           |                  |           |                              |
|   |           |                  |           | <b>7,569.24</b>              |
| SWALCO 1- Solid Waste Prog-SWALCO Administration-Retirement Benefits/IMRF----     |           |                  |           |                              |
| Budget  | 3,552.00  | Funds Available: | 2,623.93  | Beginning Balance for Period |
| Amount:   |           |                  |           | <b>Total Expenditures</b>    |
|   |           |                  |           | <b>264.50</b>                |
| Ending Balance for Period   |           |                  |           |                              |
|   |           |                  |           | <b>928.07</b>                |
| SWALCO 1- Solid Waste Prog-SWALCO Administration-Miscell Contractual Services---- |           |                  |           |                              |
| Budget  | 11,250.00 | Funds Available: | 2,150.00  | Beginning Balance for Period |
| Amount:   |           |                  |           | <b>Total Expenditures</b>    |
|   |           |                  |           | <b>770.00</b>                |
| Ending Balance for Period   |           |                  |           |                              |
|   |           |                  |           | <b>2,610.00</b>              |

| SWALCO \- Solid Waste Prog-Household Hazard Waste-Operational Supplies----  |            |                  |            |                              |
|---|------------|------------------|------------|------------------------------|
| Budget Amount:  | 14,500.00  | Funds Available: | 5,053.09   | Beginning Balance for Period |
|   |            |                  |            | 2,225.09                     |
|   |            |                  |            | <b>Total Expenditures</b>    |
|   |            |                  |            | <b>2,556.70</b>              |
|   |            |                  |            | Ending Balance for Period    |
|   |            |                  |            | 4,781.79                     |
| SWALCO \- Solid Waste Prog-Household Hazard Waste-Laboratory Supplies----   |            |                  |            |                              |
| Budget Amount:  | 100.00     | Funds Available: | 0.26       | Beginning Balance for Period |
|   |            |                  |            | 0.00                         |
|   |            |                  |            | <b>Total Expenditures</b>    |
|   |            |                  |            | <b>99.74</b>                 |
|   |            |                  |            | Ending Balance for Period    |
|   |            |                  |            | 99.74                        |
| SWALCO \- Solid Waste Prog-Household Hazard Waste-Miscellaneous----         |            |                  |            |                              |
| Budget Amount:  | 500.00     | Funds Available: | 405.37     | Beginning Balance for Period |
|   |            |                  |            | 83.30                        |
|   |            |                  |            | <b>Total Expenditures</b>    |
|   |            |                  |            | <b>11.33</b>                 |
|   |            |                  |            | Ending Balance for Period    |
|   |            |                  |            | 94.63                        |
| SWALCO \- Solid Waste Prog-Household Hazard Waste-Consultants----           |            |                  |            |                              |
| Budget Amount:  | 152,300.00 | Funds Available: | 115,152.38 | Beginning Balance for Period |
|   |            |                  |            | 147.62                       |
|   |            |                  |            | <b>Total Expenditures</b>    |
|   |            |                  |            | <b>10,874.30</b>             |
|   |            |                  |            | Ending Balance for Period    |
|   |            |                  |            | 11,021.92                    |
| SWALCO \- Solid Waste Prog-Household Hazard Waste-Garbage Disposal----      |            |                  |            |                              |
| Budget Amount:  | 8,900.00   | Funds Available: | 4,400.00   | Beginning Balance for Period |
|   |            |                  |            | 182.59                       |
|   |            |                  |            | <b>Total Expenditures</b>    |
|   |            |                  |            | <b>162.59</b>                |
|   |            |                  |            | Ending Balance for Period    |
|   |            |                  |            | 345.18                       |
| SWALCO \- Solid Waste Prog-Household Hazard Waste-All Other Maintenance---- |            |                  |            |                              |
| Budget Amount:  | 16,750.00  | Funds Available: | 11,946.05  | Beginning Balance for Period |
|   |            |                  |            | 1,470.00                     |
|   |            |                  |            | <b>Total Expenditures</b>    |
|   |            |                  |            | <b>333.95</b>                |
|   |            |                  |            | Ending Balance for Period    |
|   |            |                  |            | 1,803.95                     |

**TOTAL EXPENDITURES \$ 62,064.51**

# SWALCO - MARCH 2017 EXPENDITURE REPORT

| SWALCO I- Solid Waste Prog-SWALCO Administration-Regular Salaries And Wages----   |             |                  |            |                              |
|---|-------------|------------------|------------|------------------------------|
| Budget  | 367,278.000 | Funds Available: | 239,751.30 | Beginning Balance for Period |
| Amount:   |             |                  |            | 99,207.70                    |
|   |             |                  |            | <b>Total Expenditures</b>    |
|   |             |                  |            | <b>28,319.00</b>             |
|   |             |                  |            | Ending Balance for Period    |
|   |             |                  |            | 127,526.70                   |
| SWALCO I- Solid Waste Prog-SWALCO Administration-Part Time Salaries And Wages---- |             |                  |            |                              |
| Budget  | 50,643.00   | Funds Available: | 32,519.63  | Beginning Balance for Period |
| Amount:   |             |                  |            | 13,659.68                    |
|   |             |                  |            | <b>Total Expenditures</b>    |
|   |             |                  |            | <b>4,463.69</b>              |
|   |             |                  |            | Ending Balance for Period    |
|   |             |                  |            | 18,123.37                    |
| SWALCO I- Solid Waste Prog-SWALCO Administration-Over Time Salaries And Wages---- |             |                  |            |                              |
| Budget  | 0.00        | Funds Available: | 0.00       | Beginning Balance for Period |
| Amount:   |             |                  |            | 0.00                         |
|   |             |                  |            | <b>Total Expenditures</b>    |
|   |             |                  |            | <b>104.62</b>                |
|   |             |                  |            | Ending Balance for Period    |
|   |             |                  |            | 104.62                       |
| SWALCO I- Solid Waste Prog-SWALCO Administration-Special Pay----                  |             |                  |            |                              |
| Budget  | 17,100.00   | Funds Available: | 11,471.58  | Beginning Balance for Period |
| Amount:   |             |                  |            | 4,377.66                     |
|   |             |                  |            | <b>Total Expenditures</b>    |
|   |             |                  |            | <b>1,250.76</b>              |
|   |             |                  |            | Ending Balance for Period    |
|   |             |                  |            | 5,628.42                     |
| SWALCO I- Solid Waste Prog-SWALCO Administration-Food and Provisions----          |             |                  |            |                              |
| Budget  | 2,000.00    | Funds Available: | 1,581.69   | Beginning Balance for Period |
| Amount:   |             |                  |            | 182.35                       |
|   |             |                  |            | <b>Total Expenditures</b>    |
|   |             |                  |            | <b>235.96</b>                |
|   |             |                  |            | Ending Balance for Period    |
|   |             |                  |            | 418.31                       |
| SWALCO I- Solid Waste Prog-SWALCO Administration-Trips And Training----           |             |                  |            |                              |
| Budget  | 8,400.00    | Funds Available: | 7,865.80   | Beginning Balance for Period |
| Amount:   |             |                  |            | 441.54                       |
|   |             |                  |            | <b>Total Expenditures</b>    |
|   |             |                  |            | <b>92.66</b>                 |
|   |             |                  |            | Ending Balance for Period    |
|   |             |                  |            | 534.20                       |
| SWALCO I- Solid Waste Prog-SWALCO Administration-Dues And Subscriptions----       |             |                  |            |                              |
| Budget  | 6,500.00    | Funds Available: | 4,988.50   | Beginning Balance for Period |
| Amount:   |             |                  |            | 1,012.00                     |
|   |             |                  |            | <b>Total Expenditures</b>    |
|   |             |                  |            | <b>500.00</b>                |
|   |             |                  |            | Ending Balance for Period    |
|   |             |                  |            | 1,512.00                     |
| SWALCO I- Solid Waste Prog-SWALCO Administration-Gas For Heating----              |             |                  |            |                              |
| Budget  | 14,000.00   | Funds Available: | 8,674.07   | Beginning Balance for Period |
| Amount:   |             |                  |            | 3,295.50                     |
|   |             |                  |            | <b>Total Expenditures</b>    |
|   |             |                  |            | <b>2,030.43</b>              |
|   |             |                  |            | Ending Balance for Period    |
|   |             |                  |            | 5,325.93                     |

| SWALCO I- Solid Waste Prog-SWALCO Administration-Electricity---- |           |                  |                              |                 |
|--|-----------|------------------|------------------------------|-----------------|
| Budget   | 14,000.00 | Funds Available: | Beginning Balance for Period | 4,395.37        |
| Amount:  |           |                  | <b>Total Expenditures</b>    | <b>1,187.53</b> |
|  |           |                  | Ending Balance for Period    | 5,582.90        |

| SWALCO I- Solid Waste Prog-SWALCO Administration-Water & Sewer---- |        |                  |                              |             |
|--|--------|------------------|------------------------------|-------------|
| Budget   | 300.00 | Funds Available: | Beginning Balance for Period | 47.90       |
| Amount:  |        |                  | <b>Total Expenditures</b>    | <b>9.28</b> |
|  |        |                  | Ending Balance for Period    | 57.18       |

| SWALCO I- Solid Waste Prog-SWALCO Administration-Telephone---- |          |                  |                              |               |
|--|----------|------------------|------------------------------|---------------|
| Budget   | 6,000.00 | Funds Available: | Beginning Balance for Period | 1,346.07      |
| Amount:  |          |                  | <b>Total Expenditures</b>    | <b>475.89</b> |
|  |          |                  | Ending Balance for Period    | 1,821.96      |

| SWALCO I- Solid Waste Prog-SWALCO Administration-Office Equip Maintenance---- |          |                  |                              |               |
|---|----------|------------------|------------------------------|---------------|
| Budget  | 1,200.00 | Funds Available: | Beginning Balance for Period | 180.00        |
| Amount:   |          |                  | <b>Total Expenditures</b>    | <b>684.00</b> |
|   |          |                  | Ending Balance for Period    | 864.00        |

| SWALCO I- Solid Waste Prog-SWALCO Administration-Equip Rental---- |          |                  |                              |               |
|---|----------|------------------|------------------------------|---------------|
| Budget  | 3,700.00 | Funds Available: | Beginning Balance for Period | 666.11        |
| Amount:   |          |                  | <b>Total Expenditures</b>    | <b>172.37</b> |
|   |          |                  | Ending Balance for Period    | 838.48        |

| SWALCO I- Solid Waste Prog-SWALCO Administration-Postage---- |       |                  |                              |              |
|--|-------|------------------|------------------------------|--------------|
| Budget   | 50.00 | Funds Available: | Beginning Balance for Period | 0.00         |
| Amount:  |       |                  | <b>Total Expenditures</b>    | <b>11.05</b> |
|  |       |                  | Ending Balance for Period    | 11.05        |

| SWALCO I- Solid Waste Prog-SWALCO Administration-Liability Insurance---- |           |                  |                              |                  |
|--|-----------|------------------|------------------------------|------------------|
| Budget   | 56,158.00 | Funds Available: | Beginning Balance for Period | 13.00            |
| Amount:  |           |                  | <b>Total Expenditures</b>    | <b>46,907.00</b> |
|  |           |                  | Ending Balance for Period    | 46,920.00        |

| SWALCO I- Solid Waste Prog-SWALCO Administration-H/L/D Employee Benefits---- |           |                  |                              |                 |
|--|-----------|------------------|------------------------------|-----------------|
| Budget   | 75,706.95 | Funds Available: | Beginning Balance for Period | 18,681.00       |
| Amount:  |           |                  | <b>Total Expenditures</b>    | <b>6,262.56</b> |
|  |           |                  | Ending Balance for Period    | 24,943.56       |

| SWALCO \- Solid Waste Prog-SWALCO Administration-Retirement Benefits/FICA---- |           |                  |                              |                 |
|---|-----------|------------------|------------------------------|-----------------|
| Budget  | 31,971.03 | Funds Available: | Beginning Balance for Period | 7,569.24        |
| Amount:   |           |                  | <b>Total Expenditures</b>    | <b>2,511.84</b> |
|   |           |                  | Ending Balance for Period    | 10,081.08       |

| SWALCO \- Solid Waste Prog-SWALCO Administration-Retirement Benefits/IMRF---- |          |                  |                              |               |
|---|----------|------------------|------------------------------|---------------|
| Budget  | 3,552.00 | Funds Available: | Beginning Balance for Period | 928.07        |
| Amount:   |          |                  | <b>Total Expenditures</b>    | <b>267.79</b> |
|   |          |                  | Ending Balance for Period    | 1,195.86      |

| SWALCO \- Solid Waste Prog-SWALCO Administration-Miscell Contractual Services---- |           |                  |                              |               |
|---|-----------|------------------|------------------------------|---------------|
| Budget  | 11,250.00 | Funds Available: | Beginning Balance for Period | 2,610.00      |
| Amount:   |           |                  | <b>Total Expenditures</b>    | <b>320.00</b> |
|   |           |                  | Ending Balance for Period    | 2,930.00      |

| SWALCO \- Solid Waste Prog-Education-Operational Supplies---- |          |                  |                              |             |
|---|----------|------------------|------------------------------|-------------|
| Budget  | 4,000.00 | Funds Available: | Beginning Balance for Period | 0.00        |
| Amount:   |          |                  | <b>Total Expenditures</b>    | <b>9.59</b> |
|   |          |                  | Ending Balance for Period    | 9.59        |

| SWALCO \- Solid Waste Prog-Household Hazard Waste-Operational Supplies---- |           |                  |                              |                 |
|--|-----------|------------------|------------------------------|-----------------|
| Budget   | 14,500.00 | Funds Available: | Beginning Balance for Period | 4,781.79        |
| Amount:  |           |                  | <b>Total Expenditures</b>    | <b>1,571.28</b> |
|  |           |                  | Ending Balance for Period    | 6,353.07        |

| SWALCO \- Solid Waste Prog-Household Hazard Waste-Laboratory Supplies---- |        |                  |                              |               |
|---|--------|------------------|------------------------------|---------------|
| Budget  | 100.00 | Funds Available: | Beginning Balance for Period | 99.74         |
| Amount:   |        |                  | <b>Total Expenditures</b>    | <b>107.86</b> |
|   |        |                  | Ending Balance for Period    | 207.60        |

| SWALCO \- Solid Waste Prog-Household Hazard Waste-Consultants---- |            |                  |                              |                 |
|---|------------|------------------|------------------------------|-----------------|
| Budget  | 152,300.00 | Funds Available: | Beginning Balance for Period | 11,021.92       |
| Amount:   |            |                  | <b>Total Expenditures</b>    | <b>4,498.96</b> |
|   |            |                  | Ending Balance for Period    | 15,520.88       |

| SWALCO \- Solid Waste Prog-Household Hazard Waste-Garbage Disposal---- |          |                  |                              |               |
|--|----------|------------------|------------------------------|---------------|
| Budget   | 8,900.00 | Funds Available: | Beginning Balance for Period | 345.18        |
| Amount:  |          |                  | <b>Total Expenditures</b>    | <b>162.59</b> |
|  |          |                  | Ending Balance for Period    | 507.77        |

| SWALCO  - Solid Waste Prog-Household Hazard Waste-All Other Maintenance---- |           |                  |   |
|---|-----------|------------------|---|
| Budget  | 16,750.00 | Funds Available: | Beginning Balance for Period              |
| Amount:   |           |                  | 1,803.95                                  |
|   |           |                  | <b>Total Expenditures</b> <b>2,269.20</b> |
|   |           |                  | Ending Balance for Period <b>4,073.15</b> |

| SWALCO  - Solid Waste Prog-Household Hazard Waste-Miscellaneous Contractual Services---- |          |                  |   |
|--|----------|------------------|---|
| Budget   | 5,000.00 | Funds Available: | Beginning Balance for Period            |
| Amount:  |          |                  | 0.00                                    |
|  |          |                  | <b>Total Expenditures</b> <b>209.00</b> |
|  |          |                  | Ending Balance for Period <b>209.00</b> |

| SWALCO  - Solid Waste Prog-Recycling-Miscellaneous Commodities---- |          |                  |  |
|--|----------|------------------|--|
| Budget   | 4,500.00 | Funds Available: | Beginning Balance for Period           |
| Amount:  |          |                  | 39.91                                  |
|  |          |                  | <b>Total Expenditures</b> <b>44.41</b> |
|  |          |                  | Ending Balance for Period <b>84.32</b> |

**TOTAL EXPENDITURES \$ 104,679.32**

### **A -1 . Fiscal Year 2016 Audit**

**ISSUE:** Whether to recommend to the SWALCO Board of Directors that the Fiscal Year 2016 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 2016 and 2015. 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.

As with last year's audit related to the pension/GASB 68 we have an "uncorrected misstatement" due to the difference in our Net Pension Liability (Asset) as calculated by IMRF's actuary and the final audited plan position. The difference is \$240,526 between the two with the final audit indicating a lower net asset position than the actuary. Regardless, we still have a Net Pension Asset not a liability and we expect that next year IMRF will have fixed this issue for future audits.

I want to thank Lake County's Finance Department and Amy Bartemio for their hard work in obtaining this clean audit. Upon your approval, the 2016 audit will be forwarded to the Board of Directors for its final action.

**ENCLOSED DOCUMENTS:** Final Draft, Fiscal Year 2016 Financial Audit

**STAFF:** Walter S. Willis, Executive Director

**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, 2016

**DRAFT**

## SOLID WASTE AGENCY OF LAKE COUNTY, ILLINOIS

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DRAFT

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

**DRAFT**

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, 2016, 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.

Madison, Wisconsin  
\_\_\_\_\_, 2017

OTHER COMMUNICATIONS TO THOSE CHARGED WITH GOVERNANCE

DRAFT

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## **TWO WAY COMMUNICATION REGARDING YOUR AUDIT**

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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?

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## **TWO WAY COMMUNICATION REGARDING YOUR AUDIT (cont.)**

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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.

REQUIRED COMMUNICATIONS BY THE AUDITOR TO THOSE CHARGED WITH GOVERNANCE

DRAFT

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, 2016, and have issued our report thereon dated           , 2017. 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 the department are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2016. We noted no other transactions entered into by the department 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.

Board of Directors  
Solid Waste Agency of Lake County

**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 estimates affecting the financial statements are depreciation and the net pension asset and related deferrals. 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. We evaluated the key factors and information used to calculate the net pension asset and related deferrals, however we were unable to obtain sufficient information from IMRF to determine that these amounts are reasonable in relation to the financial statements taken as a whole and as a result modified our opinion.

***Financial Statement Disclosures***

The disclosures in the notes to 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 expenses and decreases current year income by \$1,781 and increases liabilities and decreases net position by \$44,274. Management has determined that the effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

In addition, the net pension asset resulting from GASB 68 is calculated and recorded by an actuary. The actuary used preliminary plan data to calculate the plan net position, which differed from the final audited plan net position. The difference would decrease the net pension asset by \$240,526. As information is not available to calculate the impact on expenses or deferrals, this is an uncorrected misstatement.

In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate to the financial statements taken as a whole.

***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.

Board of Directors  
Solid Waste Agency of Lake County

***MANAGEMENT REPRESENTATIONS***

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

***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, 2016, 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.

***OTHER MATTERS***

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.

Madison, Wisconsin  
\_\_\_\_\_, 2017

DRAFT

MANAGEMENT REPRESENTATIONS

\_\_\_\_\_, 2017

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 financial statements of Solid Waste Agency of Lake County, Illinois (SWALCO) as of November 30, 2016 and 2015 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.

*Financial Statements*

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, if any, 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 appropriately accounted for and disclosed in accordance with the requirements of accounting principles generally accepted in the United States of America.

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 \$1,781 and \$44,274, respectively, is immaterial to the financial statements as a whole. All other known 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.

*Information Provided*

12. We have provided you with:

- 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.
- Additional information that you have requested from us for the purpose of the audit.
- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- Minutes of the meetings of The Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.

13. We have disclosed to you 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:

- Management,
- Employees who have significant roles in internal control, or
- 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.

*Other*

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, noncompliance with provisions 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, debt contracts, and IRS arbitrage regulations; 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, including legal and contractual provisions for reporting specific activities in separate funds.
22. There are no:
  - a. Violations or possible violations of budget ordinances, federal, state, and local laws or regulations (including those pertaining to adopting, approving and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants 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, except those already disclosed in the financial statement, if any.
  - 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 to customers 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) accepted 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 nonattest 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, if any, 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.

34. We assume responsibility for, and agree with, the information provided by the Illinois Municipal Retirement Fund as audited by the KPMG relating to the net pension asset/liability and related deferred outflows and deferred inflows and have adequately considered the reasonableness of the amounts and disclosures used in the financial statements and underlying accounting records. We also assume responsibility for the census data that has been reported to the plan.

Sincerely,

Solid Waste Agency of Lake County, Illinois

Signed: \_\_\_\_\_

Signed: \_\_\_\_\_

Signed: \_\_\_\_\_

DRAFT

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

Gurnee, Illinois

**FINANCIAL STATEMENTS**

Including Independent Auditors' Report

As of and for the Years Ended November 30, 2016 and 2015

**DRAFT**

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

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Solid Waste Agency of Lake County  
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, 2016 and 2015, 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.

To the Board Directors  
Solid Waste Agency of Lake County

***Basis for Qualified Opinion***

SWALCO has implemented GASB 68: *Accounting and Financial reporting for Pensions – an amendment of GASB Statement No. 27* and GASB 71: *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, to account for their pension activities associated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple employer defined pension plan in which SWALCO participates. Based on the December 31, 2015 measurement date, SWALCO reported a net pension asset, deferred outflows of resources, and deferred inflows or resources of \$402,531, \$220,116, and \$98,091, respectively, on the Statement of Net Position as of November 30, 2016. The related pension expense of \$156,137 is included in the Statement of Changes in Net Position for the year then ended. This information was calculated and reported in an actuarial report that utilized preliminary plan data provided to the actuary by IMRF. A subsequent audited financial statement of the fiduciary net position of each individual IMRF employer revealed significant differences between the net position used by the actuary and the net position reported in the audited financial statement. The audited plan net position is \$240,526 lower than that used by the actuary. This difference would affect the carrying amounts of the aforementioned balances. Therefore, we are unable to obtain sufficient appropriate audit evidence about the carrying amount of SWALCO's net pension asset, deferred outflows of resources, and deferred inflows of resources with IMRF as of November 30, 2016 and the net pension expense associated with IMRF for the year then ended. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

***Qualified Opinion***

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of SWALCO as of November 30, 2016 and 2015, and the changes in its financial position and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

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

To the Board Directors  
Solid Waste Agency of Lake County

SWALCO has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires 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.

Madison, Wisconsin  
\_\_\_\_\_, 2017

DRAFT

## SOLID WASTE AGENCY OF LAKE COUNTY

### STATEMENTS OF NET POSITION

As of November 30, 2016 and 2015

|                                       | <b>ASSETS</b>       |                     |
|---------------------------------------|---------------------|---------------------|
|                                       | <u>2016</u>         | <u>2015</u>         |
| <b>CURRENT ASSETS</b>                 |                     |                     |
| Cash                                  | \$ 1,840,424        | \$ 1,836,654        |
| Receivables                           | 141,583             | 131,433             |
| Prepaid insurance                     | 20,234              | 21,407              |
| Total Current Assets                  | <u>2,002,241</u>    | <u>1,989,494</u>    |
| <b>NONCURRENT ASSETS</b>              |                     |                     |
| Designated assets                     |                     |                     |
| Equipment replacement fund            | 500,000             | 500,000             |
| Restricted assets                     |                     |                     |
| Net pension asset                     | 402,531             | 673,832             |
| Capital Assets                        |                     |                     |
| Plant in service                      | 2,154,946           | 2,154,946           |
| Accumulated depreciation              | (1,149,030)         | (1,086,986)         |
| Total Noncurrent Assets               | <u>1,908,447</u>    | <u>2,241,792</u>    |
| <b>TOTAL ASSETS</b>                   | <b>3,910,688</b>    | <b>4,231,286</b>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b> |                     |                     |
| Deferred outflows related to pension  | 220,116             | 86,424              |
| <b>CURRENT LIABILITIES</b>            |                     |                     |
| Accounts payable                      | 32,007              | 35,197              |
| Accrued payroll                       | 12,688              | 10,635              |
| Total Current Liabilities             | <u>44,695</u>       | <u>45,832</u>       |
| <b>Total Liabilities</b>              | <b>44,695</b>       | <b>45,832</b>       |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                     |                     |
| Deferred inflows related to pension   | 98,091              | 79,563              |
| <b>NET POSITION</b>                   |                     |                     |
| Net investment in capital assets      | 1,005,916           | 1,067,960           |
| Restricted for:                       |                     |                     |
| Pension                               | 402,531             | 673,832             |
| Unrestricted                          | <u>2,579,571</u>    | <u>2,450,523</u>    |
| <b>TOTAL NET POSITION</b>             | <b>\$ 3,988,018</b> | <b>\$ 4,192,315</b> |

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, 2016 and 2015

|   | 2016                | 2015                |
|---|---------------------|---------------------|
| <b>OPERATING REVENUES</b>                             |                     |                     |
| County surcharge - current                            | \$ 711,624          | \$ 723,982          |
| Member fees   | 241,160             | 277,650             |
| Other miscellaneous                                   | 62,175              | 105,168             |
| Total Operating Revenues                              | <u>1,014,959</u>    | <u>1,106,800</u>    |
| <b>OPERATING EXPENSES</b>                             |                     |                     |
| Personnel services                                    | 432,810             | 407,826             |
| Operational services                                  | 40,951              | 35,957              |
| Contractual services                                  | 534,712             | 734,264             |
| Buildings and equipment maintenance                   | 1,404               | 171                 |
| Pension expense                                       | 156,137             | 119,674             |
| Depreciation  | 62,044              | 62,044              |
| Total Operating Expenses                              | <u>1,228,058</u>    | <u>1,359,936</u>    |
| <b>OPERATING INCOME (LOSS)</b>                        |                     |                     |
|   | <u>(213,099)</u>    | <u>(253,136)</u>    |
| <b>NONOPERATING INCOME</b>                            |                     |                     |
| Investment income                                     | 8,802               | 2,900               |
| Total Nonoperating Income                             | <u>8,802</u>        | <u>2,900</u>        |
| <b>CHANGE IN NET POSITION</b>                         |                     |                     |
|   | <u>(204,297)</u>    | <u>(250,236)</u>    |
| NET POSITION - Beginning of Year                      | 4,192,315           | 3,642,184           |
| Cumulative effect of a change in accounting principle | -                   | 800,367             |
| <b>NET POSITION - END OF YEAR</b>                     | <u>\$ 3,988,018</u> | <u>\$ 4,192,315</u> |

See accompanying notes to financial statements.

## SOLID WASTE AGENCY OF LAKE COUNTY

### STATEMENTS OF CASH FLOWS

For the Years Ended November 30, 2016 and 2015

|  | 2016                       | 2015                       |
|--|----------------------------|----------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                            |                            |
| Received from members and the County   | \$ 1,008,351               | \$ 1,167,944               |
| Paid to suppliers for goods and services   | (577,031)                  | (800,742)                  |
| Paid to employees for services   | (432,810)                  | (407,826)                  |
| Net Cash Flows From Operating Activities   | <u>(1,490)</u>             | <u>(40,624)</u>            |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                            |                            |
| Investment income  | 5,260                      | 5,238                      |
| <b>Net Change in Cash and Cash Equivalents</b>   | <b>3,770</b>               | <b>(35,386)</b>            |
| CASH AND CASH EQUIVALENTS – Beginning of Year  | <u>2,336,654</u>           | <u>2,372,040</u>           |
| <b>CASH AND CASH EQUIVALENTS – END OF YEAR</b>   | <b><u>\$ 2,340,424</u></b> | <b><u>\$ 2,336,654</u></b> |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b> |                            |                            |
| Operating income (loss)  | \$ (213,099)               | \$ (253,136)               |
| Noncash items included in operating income   |                            |                            |
| Depreciation   | 62,044                     | 62,044                     |
| Changes in assets and liabilities  |                            |                            |
| Other receivables  | (6,608)                    | 61,144                     |
| Prepaid insurance  | 1,173                      | 266                        |
| Accounts payable   | (3,190)                    | (32,190)                   |
| Accrued payroll  | 2,053                      | 1,574                      |
| Pension related deferrals and liabilities  | <u>156,137</u>             | <u>119,674</u>             |
| <b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>  | <b><u>\$ (1,490)</u></b>   | <b><u>\$ (40,624)</u></b>  |
| <b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENTS OF NET POSITION</b>             |                            |                            |
| Cash   | \$ 1,840,424               | \$ 1,836,654               |
| Equipment replacement fund   | <u>500,000</u>             | <u>500,000</u>             |
| <b>CASH AND CASH EQUIVALENTS</b>   | <b><u>\$ 2,340,424</u></b> | <b><u>\$ 2,336,654</u></b> |

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, 2016 and 2015

---

### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

SWALCO is a municipal corporation formed by Lake County and 43 municipalities within Lake County for the purpose of implementing the Lake County Solid Waste Management Plan. SWALCO has a Board of Directors made up from these members, an Executive Committee (one permanent seat for Lake County, two seats for members with 30,000 or more residents and six at large seats), a Legislative Committee and five staff members. SWALCO is established pursuant to the Intergovernmental Cooperation Act of the State of Illinois, the Illinois Local Solid Waste Disposal Act, the Illinois Planning and Recycling Act and Lake County Board Resolution #38 of September 12, 1989. Operations began on February 21, 1991. Following criteria established by GASB, SWALCO is not considered a component unit of the county.

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

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

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

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

#### ***FUNDING***

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

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

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

## SOLID WASTE AGENCY OF LAKE COUNTY, ILLINOIS

### NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended November 30, 2016 and 2015

---

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

---

##### **MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (cont.)**

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.

GASB issued Statement No. 68 – *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB No. 68*, in June 2012 and November 2013, respectively. These statements establish accounting and financial reporting standards for the accounting and reporting of the Agency's agent multiple employer pension plan. This statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employer*. The Agency adopted these statements effective December 1, 2014. The cumulative impact of the implementation is shown in Note 11.

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### **ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION**

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

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

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

Other receivables consist of membership fees being paid over a number of years from member communities and other miscellaneous amounts due to SWALCO. Breakdown of accounts receivable is as follows:

|                             | <u>2016</u>    | <u>2015</u>    |
|-----------------------------|----------------|----------------|
| Statutory fee receivable    | \$ 134,532     | \$ 127,014     |
| Member receivable           | -              | 500            |
| Interest receivable         | 7,051          | 3,509          |
| Miscellaneous receivables   | -              | 410            |
| <br>Total Other Receivables | <br>\$ 141,583 | <br>\$ 131,433 |

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

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

### **NOTES TO FINANCIAL STATEMENTS** As of and for the Years Ended November 30, 2016 and 2015

---

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

---

##### **ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION (cont.)**

###### ***Receivables/Payables* (cont.)**

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

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

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

###### ***Designated Assets***

During fiscal year 2009, the Agency authorized a replacement account to fund any future replacement of capital items. The Agency authorized an increase in this account in fiscal 2015.

###### ***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 estimated acquisition 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       |

###### ***PENSIONS***

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

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

### **NOTES TO FINANCIAL STATEMENTS** As of and for the Years Ended November 30, 2016 and 2015

---

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

---

##### ***ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION (cont.)***

###### ***DEFERRED OUTFLOWS OF RESOURCES***

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

###### ***DEFERRED INFLOWS OF RESOURCES***

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

###### ***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***

GASB has approved GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, Statement No. 80, *Blending Requirements for Certain Component Units*, an amendment of GASB Statement No. 14, Statement No. 81, *Irrevocable Split-Interest Agreements*, and Statement No. 82, *Pension Issues*, an amendment of GASB Statements No. 67, No. 68, and No. 73. When they become effective, application of these standards may restate portions of these financial statements.

###### ***COMPARATIVE DATA***

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

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#### **NOTE 2 – DEPOSITS AND INVESTMENTS**

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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.

## SOLID WASTE AGENCY OF LAKE COUNTY, ILLINOIS

### NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended November 30, 2016 and 2015

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#### **NOTE 3 – CHANGES IN CAPITAL ASSETS**

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A summary of changes in capital assets for 2016 follows:

|   | Balance<br>12/1/15         | Increases       | Decreases | Balance<br>11/30/16        |
|---|----------------------------|-----------------|-----------|----------------------------|
| Capital assets, not being depreciated     |                            |                 |           |                            |
| Land                                      | <u>\$ 166,217</u>          | \$ -            | \$ -      | <u>\$ 166,217</u>          |
| Capital assets being depreciated          |                            |                 |           |                            |
| Land improvements                         | 96,352                     |                 |           | 96,352                     |
| Buildings                                 | 1,678,340                  |                 |           | 1,678,340                  |
| Office furniture and equipment            | 214,037                    |                 |           | 214,037                    |
| Total Capital Assets Being<br>Depreciated | <u>1,988,729</u>           | -               | -         | <u>1,988,729</u>           |
| Total Capital Assets                      | <u>2,154,946</u>           | -               | -         | <u>2,154,946</u>           |
| Less: Accumulated depreciation            | <u>(1,086,986)</u>         | <u>(62,044)</u> | -         | <u>(1,149,030)</u>         |
| Net Capital Assets                        | <u><u>\$ 1,067,960</u></u> |                 |           | <u><u>\$ 1,005,916</u></u> |

A summary of changes in capital assets for 2015 follows:

|   | Balance<br>12/1/14         | Increases       | Decreases | Balance<br>11/30/15        |
|---|----------------------------|-----------------|-----------|----------------------------|
| Capital assets, not being depreciated     |                            |                 |           |                            |
| Land                                      | <u>\$ 166,217</u>          | \$ -            | \$ -      | <u>\$ 166,217</u>          |
| Capital assets being depreciated          |                            |                 |           |                            |
| Land improvements                         | 96,352                     |                 |           | 96,352                     |
| Buildings                                 | 1,678,340                  |                 |           | 1,678,340                  |
| Office furniture and equipment            | 214,037                    |                 |           | 214,037                    |
| Total Capital Assets Being<br>Depreciated | <u>1,988,729</u>           | -               | -         | <u>1,988,729</u>           |
| Total Capital Assets                      | <u>2,154,946</u>           | -               | -         | <u>2,154,946</u>           |
| Less: Accumulated depreciation            | <u>(1,024,942)</u>         | <u>(62,044)</u> | -         | <u>(1,086,986)</u>         |
| Net Capital Assets                        | <u><u>\$ 1,130,004</u></u> |                 |           | <u><u>\$ 1,067,960</u></u> |

## SOLID WASTE AGENCY OF LAKE COUNTY, ILLINOIS

### NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended November 30, 2016 and 2015

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#### **NOTE 4 – NET POSITION**

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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, 2016 or 2015.

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

**Unrestricted net position** - This component of net position consists of net position that do not meet the definition of "restricted" or "net investment in capital assets."

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

The following calculation supports the investment in capital assets as of November 30, 2016 and 2015:

|   | <u>2016</u>                | <u>2015</u>                |
|---|----------------------------|----------------------------|
| Plant in service                          | \$ 2,154,946               | \$ 2,154,946               |
| Accumulated depreciation                  | <u>(1,149,030)</u>         | <u>(1,086,986)</u>         |
| <b>Total Investment in Capital Assets</b> | <b><u>\$ 1,005,916</u></b> | <b><u>\$ 1,067,960</u></b> |

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#### **NOTE 5 – CONTINGENCIES AND COMMITMENTS**

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##### ***CONTINGENT LIABILITIES***

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

##### ***LANDFILL CONTRACTS***

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

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

### **NOTES TO FINANCIAL STATEMENTS** As of and for the Years Ended November 30, 2016 and 2015

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#### **NOTE 6 – RISK MANAGEMENT**

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

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#### **NOTE 7 – EMPLOYEE RETIREMENT SYSTEM**

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##### ***PLAN DESCRIPTION***

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

##### ***BENEFITS PROVIDED***

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

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

## SOLID WASTE AGENCY OF LAKE COUNTY, ILLINOIS

### NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended November 30, 2016 and 2015

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#### **NOTE 7 – EMPLOYEE RETIREMENT SYSTEM (cont.)**

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##### ***BENEFITS PROVIDED (cont.)***

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

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

##### ***EMPLOYEES COVERED BY BENEFIT TERMS***

As of December 31, 2015 and 2014, the following employees were covered by the benefit terms:

|  | <u>2015</u>   | <u>2014</u>   |
|--|---------------|---------------|
| Retirees and Beneficiaries currently receiving benefits          | 4             | 4             |
| Inactive Plan Members entitled to but not yet receiving benefits | 2             | 3             |
| Active Plan Members  | <u>5</u>      | <u>5</u>      |
| <br>Total  | <br><u>11</u> | <br><u>12</u> |

##### ***CONTRIBUTIONS***

As set by statute, the Agency's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Agency's annual contribution rate for calendar year 2016 and 2015 was .95% and 8.18%. SWALCO also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

##### ***NET PENSION LIABILITY (ASSET)***

The Agency's net pension liability (asset) was measured as of December 31, 2015. The total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date.

## SOLID WASTE AGENCY OF LAKE COUNTY, ILLINOIS

### NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended November 30, 2016 and 2015

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#### **NOTE 7 – EMPLOYEE RETIREMENT SYSTEM (cont.)**

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##### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

##### **ACTUARIAL ASSUMPTION**

The following are the methods and assumptions used to determine total pension liability (asset) at December 31, 2015:

- > The Actuarial Cost Method used was Entry Age Normal.
- > The Asset Valuation Method used was Market Value of Assets.
- > The Inflation Rate was assumed to be 2.75%.
- > Salary Increases were expected to be 3.75% to 14.50%, including inflation.
- > The Investment Rate of Return was assumed to be 7.50%.
- > Projected Retirement Age was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- > The IMRF-specific rates for Mortality (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- > For Disabled Retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- > For Active Members, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

## SOLID WASTE AGENCY OF LAKE COUNTY, ILLINOIS

### NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended November 30, 2016 and 2015

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#### NOTE 7 – EMPLOYEE RETIREMENT SYSTEM (cont.)

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##### ACTUARIAL ASSUMPTION (cont.)

> The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

| Asset Class            | Target Allocation | Projected Returns/Risk |                    |
|------------------------|-------------------|------------------------|--------------------|
|                        |                   | One Year Arithmetic    | Ten Year Geometric |
| Equities               | 63.2%             | 9.15%                  | 7.60%              |
| International Equities | 2.6%              | 9.80%                  | 7.80%              |
| Fixed Income           | 23.5%             | 3.05%                  | 3.00%              |
| Real Estate            | 4.3%              | 7.35%                  | 6.15%              |
| Alternatives           | 4.5%              |                        |                    |
| Private Equity         |                   | 13.55%                 | 8.50%              |
| Hedge Funds            |                   | 5.55%                  | 5.25%              |
| Commodities            |                   | 4.40%                  | 2.75%              |
| Cash Equivalents       | <u>1.9%</u>       | 2.25%                  | 2.25%              |
| Total                  | 100%              |                        |                    |

##### **SINGLE DISCOUNT RATE**

A Single Discount Rate of 7.50% was used to measure the total pension liability (asset). The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.56%, and the resulting single discount rate is 7.50%.

## SOLID WASTE AGENCY OF LAKE COUNTY, ILLINOIS

### NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended November 30, 2016 and 2015

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#### **NOTE 7 – EMPLOYEE RETIREMENT SYSTEM (cont.)**

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##### ***CHANGES IN THE NET PENSION LIABILITY (ASSET)***

|  | Total<br>Pension<br>Liability<br>(A) | Plan<br>Fiduciary<br>Net Position<br>(B) | Net Pension<br>Liability<br>(Asset)<br>(A) - (B) |
|--|--------------------------------------|--|--|
| Balances at December 31, 2013  | \$ 1,982,980                         | \$ 2,749,032                             | \$ (766,052)                                     |
| Changes for the year:  |                                      |  |  |
| Service Cost   | 48,289                               | -  | 48,289   |
| Interest on the Total Pension Liability  | 150,456                              | -  | 150,456  |
| Changes of Benefit Terms   | -                                    | -  | -  |
| Differences Between Expected and Actual<br>Experience of the Total Pension Liability | (113,552)                            | -  | (113,552)  |
| Changes of Assumptions   | 76,878                               | -  | 76,878   |
| Contributions - Employer   | -                                    | 29,569                                   | (29,569)   |
| Contributions - Employees  | -                                    | 16,266                                   | (16,266)   |
| Net Investment Income  | -                                    | 169,025                                  | (169,025)  |
| Benefit Payments, including Refunds<br>of Employee Contributions                     | (2,077)                              | (2,077)                                  | -  |
| Other (Net Transfer)   | -                                    | (145,009)                                | 145,009  |
| Net Changes  | 159,994                              | 67,774                                   | 92,220   |
| Balances at December 31, 2014  | \$ 2,142,974                         | \$ 2,807,657                             | \$ (673,832)                                     |
| Changes for the year:  |                                      |  |  |
| Service Cost   | 44,802                               | -  | 44,802   |
| Interest on the Total Pension Liability  | 162,272                              | -  | 162,272  |
| Changes of Benefit Terms   | -                                    | -  | -  |
| Differences Between Expected and Actual<br>Experience of the Total Pension Liability | (76,621)                             | -  | (76,621)   |
| Changes of Assumptions   | -                                    | -  | -  |
| Contributions - Employer   | -                                    | 3,751                                    | (3,751)  |
| Contributions - Employees  | -                                    | 17,770                                   | (17,770)   |
| Net Investment Income  | -                                    | 14,129                                   | (14,129)   |
| Benefit Payments, including Refunds<br>of Employee Contributions                     | (3,502)                              | (3,502)                                  | -  |
| Other (Net Transfer)   | -                                    | (176,498)                                | 176,498  |
| Net Changes  | 126,951                              | (144,350)                                | 271,301  |
| Balances at December 31, 2015  | <u>\$ 2,269,925</u>                  | <u>\$ 2,672,456</u>                      | <u>\$ (402,531)</u>                              |

## SOLID WASTE AGENCY OF LAKE COUNTY, ILLINOIS

### NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended November 30, 2016 and 2015

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#### **NOTE 7 – EMPLOYEE RETIREMENT SYSTEM (cont.)**

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##### ***SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE***

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

| Net Pension Liability (Asset) | 1% Lower<br>(6.50%) | Current Discount<br>(7.50%) | 1% Higher<br>(8.50%) |
|-------------------------------|---------------------|-----------------------------|----------------------|
| December 31, 2015             | (118,180)           | (402,531)                   | (640,385)            |
| December 31, 2014             | (402,687)           | (673,832)                   | (900,104)            |

##### ***PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES, AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS***

For the year ended November 30, 2016, the Agency recognized pension expense of \$156,137. At November 30, 2016, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| Deferred Amounts Related to Pensions   | November 30, 2016              |                               | November 30, 2015              |                               |
|--|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
|  | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| <i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>    |                                |                               |                                |                               |
| Differences between expected and actual experience                               | \$ -                           | \$ 97,312                     | \$ -                           | \$ 78,525                     |
| Changes of assumptions   | 29,448                         | -                             | 53,163                         | -                             |
| Net difference between projected and actual earnings on pension plan investments | 173,742                        | 779                           | 27,722                         | 1,038                         |
| Total Deferred Amounts to be recognized in pension expense in future periods     | 203,190                        | 98,091                        | 80,885                         | 79,563                        |
| <i>Pension Contributions made subsequent to the Measurement Date</i>             |                                |                               |                                |                               |
|  | 16,926                         | -                             | 5,539                          | -                             |
| Total Deferred Amounts Related to Pensions                                       | \$ 220,116                     | \$ 98,091                     | \$ 86,424                      | \$ 76,563                     |

## SOLID WASTE AGENCY OF LAKE COUNTY, ILLINOIS

### NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended November 30, 2016 and 2015

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#### **NOTE 7 – EMPLOYEE RETIREMENT SYSTEM (cont.)**

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##### **PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES, AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (cont.)**

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

| Year Ending<br>December 31 | Net Deferred<br>Outflows<br>of Resources | Net Deferred<br>Inflows<br>of Resources |
|----------------------------|--|---|
| 2016                       | \$ 56,571                                | \$ 43,603                               |
| 2017                       | 56,571                                   | 43,603                                  |
| 2018                       | 46,612                                   | 10,691                                  |
| 2019                       | 43,436                                   | 194                                     |
| <b>Total</b>               | <b>\$ 203,190</b>                        | <b>\$ 98,091</b>                        |

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

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

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

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#### **NOTE 9 – RELATED PARTIES**

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

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

### **NOTES TO FINANCIAL STATEMENTS** As of and for the Years Ended November 30, 2016 and 2015

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#### **NOTE 10 – SUBSEQUENT EVENTS**

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

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#### **NOTE 11 – CUMULATIVE EFFECT OF A CHANGE IN ACCOUNTING PRINCIPLE**

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The Agency adopted GASB Statement No. 68 effective December 1, 2015. The cumulative effect of implementation is reflected as a change in net position as follows:

|   |                     |
|---|---------------------|
| Net pension liability (asset) December 1, 2015      | \$ (766,052)        |
| Deferred outflows December 1, 2015                  | (34,315)            |
| Cumulative Effect of Change in Accounting Principle | <u>\$ (800,367)</u> |

REQUIRED SUPPLEMENTARY INFORMATION

DRAFT

## SOLID WASTE AGENCY OF LAKE COUNTY

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

For the Year Ended November 30, 2016

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|   | Original and<br>Final Budget | Actual              | Variance            |
|---|------------------------------|---------------------|---------------------|
| <b>OPERATING REVENUES</b>               |                              |                     |                     |
| County surcharge - current              | \$ 695,000                   | \$ 711,624          | \$ 16,624           |
| Member fees                             | 277,650                      | 241,160             | (36,490)            |
| Other miscellaneous                     | 45,300                       | 62,175              | 16,875              |
| Total Operating Revenues                | <u>1,017,950</u>             | <u>1,014,959</u>    | <u>(2,991)</u>      |
| <b>OPERATING EXPENSES</b>               |                              |                     |                     |
| Personnel services                      | 427,201                      | 432,810             | (5,609)             |
| Operational services                    | 38,910                       | 40,951              | (2,041)             |
| Contractual services                    | 558,969                      | 534,712             | 24,257              |
| Capital outlay                          | 1,500                        | 1,404               | 96                  |
| Depreciation                            | -                            | 62,044              | (62,044)            |
| Pension Expense                         | -                            | 156,137             | (156,137)           |
| Total Operating Expenses                | <u>1,026,580</u>             | <u>1,228,058</u>    | <u>(201,478)</u>    |
| <b>OPERATING INCOME</b>                 |                              |                     |                     |
|   | <u>(8,630)</u>               | <u>(213,099)</u>    | <u>(204,469)</u>    |
| <b>NONOPERATING INCOME</b>              |                              |                     |                     |
| Investment income                       | 9,000                        | 8,802               | (198)               |
| <b>CHANGE IN NET POSITION</b>           |                              |                     |                     |
|   | 370                          | (204,297)           | <u>\$ (204,667)</u> |
| <b>NET POSITION - Beginning of Year</b> | <u>4,192,315</u>             | <u>4,192,315</u>    |                     |
| <b>NET POSITION - END OF YEAR</b>       | <u>\$ 4,192,685</u>          | <u>\$ 3,988,018</u> |                     |

## SOLID WASTE AGENCY OF LAKE COUNTY

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

For the Year Ended November 30, 2015

|   | Original and<br>Final Budget | Actual              | Variance            |
|---|------------------------------|---------------------|---------------------|
| <b>OPERATING REVENUES</b>                             |                              |                     |                     |
| County surcharge - current                            | \$ 669,000                   | \$ 723,982          | \$ 54,982           |
| Member fees   | 277,305                      | 277,650             | 345                 |
| Other miscellaneous                                   | 97,480                       | 105,168             | 7,688               |
| Total Operating Revenues                              | <u>1,043,785</u>             | <u>1,106,800</u>    | <u>63,015</u>       |
| <b>OPERATING EXPENSES</b>                             |                              |                     |                     |
| Personnel services                                    | 410,606                      | 407,826             | (2,780)             |
| Operational services                                  | 38,560                       | 35,957              | (2,603)             |
| Contractual services                                  | 578,239                      | 734,264             | 156,025             |
| Capital outlay  | 3,500                        | 171                 | (3,329)             |
| Depreciation  | -                            | 62,044              | 62,044              |
| Pension Expense                                       | -                            | 119,674             | 119,674             |
| Total Operating Expenses                              | <u>1,030,905</u>             | <u>1,359,936</u>    | <u>329,031</u>      |
| <b>OPERATING INCOME</b>                               |                              |                     |                     |
|   | 12,880                       | (253,136)           | (266,016)           |
| <b>NONOPERATING INCOME</b>                            |                              |                     |                     |
| Investment income                                     | 5,000                        | 2,900               | (2,100)             |
| <b>CHANGE IN NET POSITION</b>                         |                              |                     |                     |
|   | 17,880                       | (250,236)           | \$ <u>(268,116)</u> |
| <b>NET POSITION - Beginning of Year</b>               |                              |                     |                     |
|   | <u>3,642,184</u>             | <u>3,642,184</u>    |                     |
| Cumulative effect of a change in accounting principle | -                            | 800,367             |                     |
| <b>NET POSITION - END OF YEAR</b>                     | <u>\$ 3,660,064</u>          | <u>\$ 4,192,315</u> |                     |

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

### **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

For the Year Ended November 30, 2016

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#### ***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.

**DRAFT**

## SOLID WASTE AGENCY OF LAKE COUNTY, ILLINOIS

### REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS For the Year Ended November 30, 2016

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)<br>-Entry Age (b) | Unfunded AAL (UAAL)<br>(b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|--------------------------|-------------------------------|---|------------------------------|--------------------|---------------------|---|
| 12/1/2015                | \$ -                          | \$ 21,659,000                             | \$ 21,659,000                | 0.00%              | \$ 147,131,683      | 14.72%  |
| 12/1/2014                | -                             | 34,142,000                                | 34,142,000                   | 0.00%              | 139,361,000         | 24.50%  |
| 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 MUNICIPAL RETIREMENT FUND**

**SCHEDULE OF CHANGES IN THE AGENCY'S NET PENSION LIABILITY (ASSET)  
AND RELATED RATIOS**

|  | As of Measurement Date     |                            |
|--|----------------------------|----------------------------|
|  | 2015                       | 2016                       |
| <b>TOTAL PENSION LIABILITY</b>   |                            |                            |
| Service cost   | \$ 48,289                  | \$ 44,802                  |
| Interest   | 150,456                    | 162,272                    |
| Differences between expected and actual experience                           | (113,552)                  | (76,621)                   |
| Changes of assumptions   | 76,878                     | -                          |
| Benefit payments, including refunds of member contributions                  | <u>(2,077)</u>             | <u>(3,502)</u>             |
| Net Change in Total Pension Liability  | 159,994                    | 126,951                    |
| <b>TOTAL PENSION LIABILITY - Beginning</b>                                   | <u>1,982,980</u>           | <u>2,142,974</u>           |
| <b>TOTAL PENSION LIABILITY - ENDING (A)</b>                                  | <u><u>2,142,974</u></u>    | <u><u>2,269,925</u></u>    |
| <b>PLAN FIDUCIARY NET POSITION</b>   |                            |                            |
| Employer contributions   | \$ 29,569                  | \$ 3,751                   |
| Employee contributions   | 16,266                     | 17,770                     |
| Net investment income  | 169,025                    | 14,129                     |
| Benefit payments, including refunds of member contributions                  | (2,077)                    | (3,502)                    |
| Other (net transfer)   | <u>(145,009)</u>           | <u>(176,498)</u>           |
| Net Change in Plan Fiduciary Net Position                                    | 67,774                     | (144,350)                  |
| <b>PLAN FIDUCIARY NET POSITION - Beginning</b>                               | <u>2,749,032</u>           | <u>2,816,806</u>           |
| <b>PLAN FIDUCIARY NET POSITION - ENDING (B)</b>                              | <u><u>2,816,806</u></u>    | <u><u>2,672,456</u></u>    |
| Employer's Net Pension Liability (Asset) - Ending (a) - (b)                  | <u><u>\$ (673,832)</u></u> | <u><u>\$ (402,531)</u></u> |
| Plan fiduciary net position as a percentage of the total pension liability   | 131.44%                    | 117.73%                    |
| Covered-employee payroll   | \$ 361,475                 | \$ 394,891                 |
| Employer's net pension liability as a percentage of covered-employee payroll | -186.41%                   | -101.93%                   |

**Notes to Schedule:**

The Agency implemented GASB Statement No. 68 in fiscal year 2015. Information prior to fiscal year 2015 is not available.

**SOLID WASTE AGENCY OF LAKE COUNTY**  
**ILLINOIS MUNICIPAL RETIREMENT FUND**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

As of November 30,

|  | 2015           | 2016           |
|--|----------------|----------------|
| Actuarially determined contribution                                  | \$ 8,188       | \$ 3,751       |
| Contributions in relation to the actuarially determined contribution | <u>(8,188)</u> | <u>(3,751)</u> |
| Contribution deficiency (excess)                                     | <u>\$ -</u>    | <u>\$ -</u>    |
| Covered-employee payroll   | \$ 379,623     | \$ 404,052     |
| Contributions as a percentage of covered-employee payroll            | 2.16%          | 0.93%          |

**Notes to Schedule:**

The Agency implemented GASB Statement No. 68 in fiscal year 2015. Information prior to fiscal year 2015 is not available.

**Valuation date:**

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

**Methods and assumptions used to determine contribution rates:**

|                               |  |
|-------------------------------|--|
| Actuarial cost method         | Entry age normal   |
| Amortization method           | Level percentage of payroll, closed  |
| Remaining amortization period | 29 years   |
| Asset valuation method        | 5-Year Smoothed Market   |
| Inflation                     | 3.00%  |
| Salary increases              | 4.40% to 16.00% including inflation  |
| Investment rate of return     | 7.50%  |
| Retirement Age                | Experience-based table of rates that are specific to the type of eligibility condition |
| Mortality                     | RP-2000 CHBCA  |

**Other information:**

There were no benefit changes during the year.

NOTE: All information obtained from pages 10 & 11 of the Agency's IMRF Valuation Report

### **I-1. Earth Month and Beyond – Events, Education & Assisting our Communities**

**BACKGROUND:** Each year, Earth Day — April 22 — marks the anniversary of what is considered by many to be the beginning of the modern environmental movement. The First Earth Day celebration was held in 1970, so this year, 2017, we celebrate 47 years of Earth Days.

The entire month of April has come to be recognized as a month to focus on environmental awareness. 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.

We have been out at a variety of events already this Winter and Spring including the One Earth Film Festival, library programs, presentations to local community groups, Forest Preserve events, Health, Wellness and Environmental Fairs, as well as others. Now we're gearing up for Earth month and beyond and this Spring will be a very busy one. SWALCO's Public Information and Education Director has assisted numerous groups including towns, schools, libraries, park districts, corporations, a variety of Green Teams, churches and other organizations in putting events, programs and celebrations together. We'll be out at many of these and other events to speak with people about SWALCO's programs and services, as well as other environmental topics. We find residents have many questions they would like to be answered and are happy to have a resource in front of them that can answer questions knowledgeably on a variety of environmental topics.

We will also continue to work on projects/initiatives with all our member communities, with Environmental Commissions and other groups throughout the community. Events this year include: Lunch and Learn at CLC, Lake County Health Department Earth Day activities, Visits and displays at corporate Earth Day events, School celebrations and formal presentations to various community groups. Other Recycle-O-Rama events include a Shred and Latex Paint event on Saturday, April 22 at Lindenhurst Water Treatment Plant sponsored by SWALCO, Sen. Melinda Bush and Village of Lindenhurst. This will be a companion event with the Village's annual Earth Day Celebration. Village of North Barrington will be collecting textiles and shoes and hosting other activities for Earth and Arbor Day. The Reuse-A-Shoe Round-up will take place at Vernon Hills Public Works on April 26 & 27 at Vernon Hills Public Works. Compost Bin, Rain Barrel and Native Plant Sale is May 13. We are also planning an event in May with Vernon Hills Park District and Rep. Sente on May 20 at Hawthorne Mall which will include electronics and latex paint recycling and shredding. A tire recycling event for both government entities and residents will be held on June 21 at the Lake County Fairgrounds - Sponsored by SWALCO, Lake County Health Department, LC Farm Bureau, the Fairgrounds and Clarke. Look for additional info on that. Flyers/links for these events can be found on the SWALCO website.

We are planning summer events for World Environment Day and more, fall events with Fremont Township, Village of Riverwoods, Waukegan Park District and other groups. Please contact Merleanne if you'd like to see how we can assist your community, or would like some

help in planning activities or events for summer, fall, next year, or if you'd like guidance or help with any of your other environmental/sustainability endeavors or projects.

**STAFF:** Merleanne Rampale, Public Information and Education Director

## **I – 2. Compost Bin and Rain Barrel Sale and Education**

### **BACKGROUND:**

Start preparing your wish lists now. The Agency plans to host our annual one day sale at the Native Plant, Compost Bin and Rain Barrel event at Independence Grove in Libertyville on Saturday, May 13 from 9:00 am to 3:00 pm. The event is in partnership with the Stormwater Management Commission and Lake County Forest Preserves. The Forest Preserves will also continue to sell plants on Sunday.

Quantities may be limited. The products are made from recycled materials and are available at half the retail cost. We will also be selling composting accessories. If we have products left after the sale, they will become available for purchase at our offices.

Using rain barrels, backyard composting and planting native species are all sustainable and environmentally sound practices that are not only good for the pocketbook, but for the home, community and beyond:

- Rain barrels reuse stormwater from rooftops and divert water from storm drains, decreasing the impact of runoff to streams and minimizing sewer overflows during heavy rainfall.
- In addition to creating a nutrient rich soil for yards and gardens, composting at home means residents will dispose of less material in their waste, diverting a large percentage of materials from our landfills.
- Compost can reduce the amount of water needed in a garden and helps improve resistance to plant diseases and insect pests.

Several communities have offered rebates to their residents who purchased bins or barrels. Other communities have purchased bins and barrels to have available to residents to purchase right in the village/city. Please notify Merleanne if your community plans to offer a rebate for residents this year, or if you are interested in making these available to your residents to purchase at your Village/City Hall or another local site. We'll be sending out details to all our member communities and Directors once we have more details and flyers, and ask you to please help us promote the event. The promotional materials and flyers will also note the numerous benefits to residents and the environment.

This year, we are adding additional presentations including timely, interesting and related topics – presented by SWALCO and Forest Preserves, beginning at 11:00, after the initial rush has calmed.

Please save the date. We'd love to have you come out and join us.

**STAFF:** Merleanne Rampale, Public Information Officer and Education Director

### **I-3. SWALCO Tire Recycling Event 2017**

**BACKGROUND:** Tires have been banned from Illinois landfills for many years. Illinois citizens produce more than 12 million used tires annually. This is equivalent to one used tire per person every year. Every discarded tire is a potential habitat for disease-carrying organisms and insects, particularly mosquitoes. The risk of West Nile Virus and other mosquito-borne illnesses, as well as other health and environmental problems, can be reduced by eliminating waste tires in the environment.

Throughout the years, SWALCO has offered opportunities for government entities and residents to bring in their unwanted tires for recycling. Every few years, the Agency has offered a collection day to help eliminate these large, aesthetically unpleasing objects and potential health risks from the community, and dispose of them in a safe and environmentally friendly way, by recycling.

SWALCO, Lake County Health Department, Lake County Farm Bureau, Lake County Fairgrounds and Clarke Mosquito will co-sponsor a tire recycling collection event this year, on Wednesday, June 21 from 8:30 a.m. to 12:30 pm at the Lake County Fairgrounds, 1060 East Peterson Road, Grayslake. The event will be in conjunction with the Illinois EPA.

Additionally, this year, we will offer an opportunity to recycle latex paint via EPaints. They will be on site during the event and will handle all of the latex paint transactions. Payment can be by cash or credit card. Oil-based paint products, spray cans, solvents, or leaking cans will not be accepted. Fees are noted in the flyers.

We encourage Member communities and other government institutions to take advantage of this unique opportunity to dispose of unwanted tires at no cost. Residents will also be able to bring in their unwanted tires at \$2.00 per tire. Passenger car, truck, tractor, and other governmental vehicle tires will be accepted. Illinois EPA will fund collection of the tires from government entities. SWALCO, Lake County Health Department, Lake County Farm Bureau and Clarke will fund any processing and transportation costs above and beyond what the collected fees for residential tires will cover.

SWALCO staff have met with Township Highway Commissioners and the LCDOT group to share information about the event and we will be sharing through our social media, e-news and other. We ask Members to help us get the word out in your community.

**STAFF:** Merleanne Rampale, Public Information & Education Director

**ATTACHMENTS:** 2 event flyers: 1) for Municipalities and 2) for Government Entities

# Tire & Latex Paint Recycling

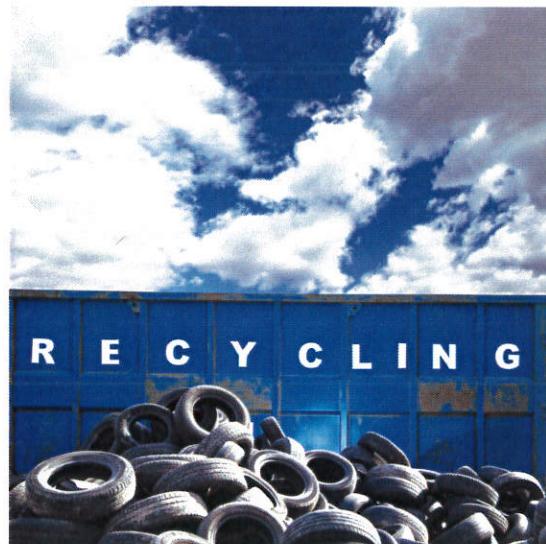
Wednesday, June 21, 2017; 8:30 am to 12:30 pm

Lake County Fairgrounds, 1060 East Peterson Road, Grayslake, IL

## Tire Recycling For Units of Local Government

(County and Township Departments, and Municipalities)

Passenger Car, Truck and Tractor Tires Accepted—NO RIMS ALLOWED



A rare opportunity to...

- Help the environment.
- Decrease the spread of West Nile and other mosquito-borne illnesses.
- Manage unwanted tires safely and conveniently.

*Tire Recycling is free of charge for Units of Local, Lake County, IL Government.*

*The tire recycling event is in conjunction with the Illinois EPA and is FREE OF CHARGE for Units of Local Government. Sponsored by SWALCO, Lake County Health Department, Lake County Farm Bureau, Clarke, and Lake County Fairgrounds. NO tire dealers, commercial trucking or businesses.*



Additional Opportunity to Recycle  
Latex Paint (For a Fee—Same Location & Time)  
Epaint Recycling Solutions, (847) 666-8351



Fees for Latex Paint Recycling:

1 Quart Can = \$1.00 each; 1 Gallon Can = \$3.00 each

5 Gallon Can = \$10.00 each

*Payment can be by cash or credit card. Oil-based paint products, spray cans, solvents, or leaking cans, not accepted.*

Please visit [swalco.org](http://swalco.org), or call 847-336-9340 for more information.



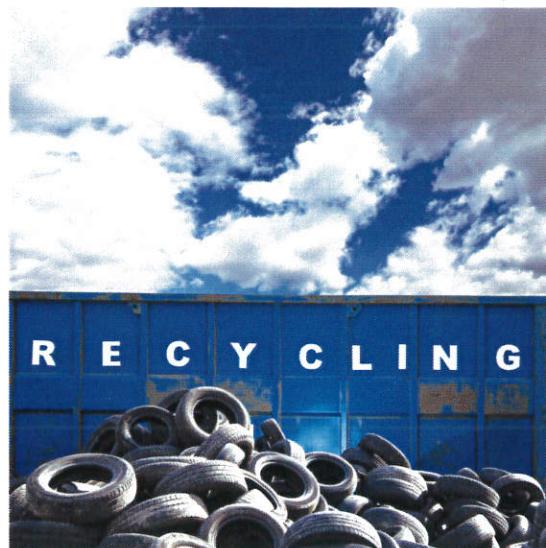
# Tire & Latex Paint Recycling

Wednesday, June 21, 2017; 8:30 am to 12:30 pm

Lake County Fairgrounds, 1060 East Peterson Road, Grayslake, IL

## Tire Recycling For Residents of Lake County

Passenger Car, Truck and Tractor Tires Accepted—NO RIMS ALLOWED



A rare opportunity to...

- Help the environment.
- Decrease the spread of West Nile and other mosquito-borne illnesses.
- Manage unwanted tires safely and conveniently.

*There is a fee of \$2.00 per tire (cash only) to residents to help offset costs of transportation & recycling of tires.*

*The tire recycling event is in conjunction with the Illinois EPA. Sponsored by SWALCO, Lake County Health Department, Lake County Farm Bureau, Clarke, and Lake County Fairgrounds.*

**NO tire dealers, commercial trucking or businesses.**



## Additional Opportunity to Recycle

**Latex Paint (For a Fee—Same Location & Time)**

Epaint Recycling Solutions, (847) 666-8351



### Fees for Latex Paint Recycling:

1 Quart Can = \$1.00 each; 1 Gallon Can = \$3.00 each

5 Gallon Can = \$10.00 each

*Payment can be by cash or credit card. Oil-based paint products, spray cans, solvents, or leaking cans, not accepted.*

Please visit [swalco.org](http://swalco.org), or call 847-336-9340 for more information.



#### **I – 4 . 1st Quarter 2017 Electronics Program Update**

**BACKGROUND:** During the 1st quarter of 2017, a total of 817,073 pounds of electronics were collected by the six permanent collection sites. Comparing the first quarter of 2016 to volume collected at the same time last year (904,329 lbs.) the program experienced a 10% decrease in volume collected during the same period.

The Agency incurred a total cost of \$61.50 from Electronic Recyclers International and no cost from Vintage Tech Recyclers.

Further comparison of past years' date reveals that the volume of televisions and monitors collected in Q1 2017 has reached a historic high point for the program regarding the volume of TV's and monitors collected. During the first three months of 2017, a total of 600,456 pounds of TV's and monitors were collected. Never has the volume of TV's and monitors been this high. They account for nearly 74% of the total volume collected for 2017.

SWALCO continues to maintain electronics collection and processing contracts with two electronics recycling vendors. Our 2017 contract with Vintage Tech Recyclers is for a total of 500,000 lbs., and our contract with Electronic Recyclers International, is for 4 million pounds for the year.

With the addition of Vintage Tech contract, staff has been able to develop an agreement with Advanced Deposal to cover the transportation and recycling of electronics that Advanced Disposal collects from the City of Waukegan, City of North Chicago, City of Zion, and Village of Hainesville. We hope to see the Advanced Disposal program expand to cover other communities they serve within Lake County.

Staff would once again like to thank the host collection locations that are operating for 2017. They are certainly on track to meet or exceed the volumes of electronics that were collected in 2016. The Agency is grateful for their support and the leadership they demonstrate to the residents of Lake County.

**ENCLOSED DOCUMENTS:** SWALCO Electronics Collection Program 2017 Summary; 2017 SWALCO Electronics Collection Program Host Site Summary

**STAFF:** Peter Adrian, Recycling Coordinator.

**SWALCO Electronics Collection Program**  
**2017 Summary**

|              | Total Net Lbs. | CED's / EED's Lbs. | % CED's / EED's | Non Compliant Lbs. | % Non Compliant | TV's & Monitors | % TV's & Monitors | Deduction for Prohibited Material | Member Credit | SWALCO Credit | Total Credit By Month | Total Credit By Quarter |
|--------------|----------------|--------------------|-----------------|--------------------|-----------------|-----------------|-------------------|-----------------------------------|---------------|---------------|-----------------------|-------------------------|
| Jan-17       | 271,295        | 271,295            | 100.0%          | 0                  | 0.0%            | 195,493         | 72.1%             | \$0.00                            |               |               |                       |                         |
| Feb-17       | 241,947        | 241,534            | 99.8%           | 413                | 0.2%            | 174,265         | 72.0%             | \$61.95                           |               | \$ (61.95)    |                       |                         |
| Mar-17       | 303,831        | 303,831            | 100.0%          | 0                  | 0.0%            | 230,698         | 75.9%             | \$0.00                            |               |               | \$ (61.95)            |                         |
| Apr-17       |                | #DIV/0!            |                 | #DIV/0!            |                 | #DIV/0!         |                   | \$0.00                            |               |               |                       |                         |
| May-17       |                | #DIV/0!            |                 | #DIV/0!            |                 | #DIV/0!         |                   | \$0.00                            |               |               |                       |                         |
| Jun-17       |                | #DIV/0!            |                 | #DIV/0!            |                 | #DIV/0!         |                   | \$0.00                            |               |               | \$ -                  |                         |
| Jul-17       |                | #DIV/0!            |                 | #DIV/0!            |                 | #DIV/0!         |                   | \$0.00                            |               |               |                       |                         |
| Aug-17       |                | #DIV/0!            |                 | #DIV/0!            |                 | #DIV/0!         |                   | \$0.00                            |               |               |                       |                         |
| Sep-17       |                | #DIV/0!            |                 | #DIV/0!            |                 | #DIV/0!         |                   | \$0.00                            |               |               | \$ -                  |                         |
| Oct-17       |                | #DIV/0!            |                 | #DIV/0!            |                 | #DIV/0!         |                   | \$0.00                            |               |               |                       |                         |
| Nov-17       |                | #DIV/0!            |                 | #DIV/0!            |                 | #DIV/0!         |                   | \$0.00                            |               |               |                       |                         |
| Dec-17       |                | #DIV/0!            |                 | #DIV/0!            |                 | #DIV/0!         |                   | \$0.00                            |               |               | \$ -                  |                         |
| <b>TOTAL</b> | <b>817,073</b> | <b>816,660</b>     | <b>99.9%</b>    | <b>413</b>         | <b>0.1%</b>     | <b>600,456</b>  | <b>73.5%</b>      | <b>\$0.00</b>                     |               |               | <b>\$ (61.95)</b>     |                         |

|              |                  |                  |              |              |             |                  |              |               |  |  |                      |               |
|--------------|------------------|------------------|--------------|--------------|-------------|------------------|--------------|---------------|--|--|----------------------|---------------|
| Q1           | 817,073          |                  |              |              |             |                  |              |               |  |  |                      |               |
| Q2           | 0                |                  |              |              |             |                  |              |               |  |  |                      |               |
| Q3           | 0                |                  |              |              |             |                  |              |               |  |  |                      |               |
| Q4           | 0                |                  |              |              |             |                  |              |               |  |  |                      |               |
| Jan-16       | 298,198          | 297,274          | 99.7%        | 924          | 0.3%        | 188,188          | 63.1%        | \$0.00        |  |  |                      |               |
| Feb-16       | 205,429          | 205,314          | 99.9%        | 115          | 0.1%        | 131,641          | 64.1%        | \$0.00        |  |  |                      |               |
| Mar-16       | 400,702          | 400,266          | 99.9%        | 436          | 0.1%        | 237,841          | 59.4%        | \$0.00        |  |  | \$ -                 |               |
| Apr-16       | 447,942          | 446,999          | 99.8%        | 943          | 0.2%        | 255,870          | 57.1%        | \$0.00        |  |  |                      |               |
| May-16       | 418,125          | 418,125          | 100.0%       | 0            | 0.0%        | 274,264          | 65.6%        | \$0.00        |  |  |                      |               |
| Jun-16       | 356,193          | 355,713          | 99.9%        | 480          | 0.1%        | 259,296          | 72.8%        | \$0.00        |  |  | \$ (120.00)          | \$ (120.00)   |
| Jul-16       | 261,040          | 261,040          | 100.0%       | 0            | 0.0%        | 193,487          | 74.1%        | \$0.00        |  |  |                      |               |
| Aug-16       | 317,228          | 316,404          | 99.7%        | 824          | 0.3%        | 223,370          | 70.4%        | \$0.00        |  |  | \$ (206.00)          |               |
| Sep-16       | 219,907          | 219,907          | 100.0%       | 0            | 0.0%        | 158,013          | 71.9%        | \$0.00        |  |  | \$ (206.00)          |               |
| Oct-16       | 215,746          | 215,746          | 100.0%       | 0            | 0.0%        | 148,885          | 69.0%        | \$0.00        |  |  |                      |               |
| Nov-16       | 234,049          | 233,873          | 99.9%        | 176          | 0.1%        | 157,616          | 67.3%        | \$0.00        |  |  | \$ (44.00)           |               |
| Dec-16       | 297,839          | 297,537          | 99.9%        | 302          | 0.1%        | 205,477          | 69.0%        | \$0.00        |  |  | \$ (1,654.96)        | \$ (1,698.96) |
| <b>TOTAL</b> | <b>3,672,398</b> | <b>3,668,198</b> | <b>99.9%</b> | <b>4,200</b> | <b>0.1%</b> | <b>2,433,948</b> | <b>66.3%</b> | <b>\$0.00</b> |  |  | <b>\$ (2,024.96)</b> |               |

|    |           |  |  |  |  |  |  |  |  |  |  |  |
|----|-----------|--|--|--|--|--|--|--|--|--|--|--|
| Q1 | 904,329   |  |  |  |  |  |  |  |  |  |  |  |
| Q2 | 1,222,260 |  |  |  |  |  |  |  |  |  |  |  |
| Q3 | 798,175   |  |  |  |  |  |  |  |  |  |  |  |
| Q4 | 747,634   |  |  |  |  |  |  |  |  |  |  |  |

|              |                  |                  |              |                |             |                  |              |               |  |  |                        |                |
|--------------|------------------|------------------|--------------|----------------|-------------|------------------|--------------|---------------|--|--|------------------------|----------------|
| Jan-15       | 199,162          | 176,855          | 88.8%        | 22,307         | 11.2%       | 143,280          | 71.9%        | \$0.00        |  |  | \$ (31,069.40)         |                |
| Feb-15       | 148,506          | 135,683          | 91.4%        | 12,823         | 8.6%        | 102,899          | 69.3%        | \$0.00        |  |  | \$ (15,445.69)         |                |
| Mar-15       | 256,194          | 233,856          | 91.3%        | 22,338         | 8.7%        | 183,378          | 71.6%        | \$0.00        |  |  | \$ (26,945.84)         | \$ (73,460.93) |
| Apr-15       | 269,756          | 247,101          | 91.6%        | 22,655         | 8.4%        | 185,338          | 68.7%        | \$0.00        |  |  | \$ (25,608.22)         |                |
| May-15       | 417,111          | 406,306          | 97.4%        | 10,805         | 2.6%        | 306,167          | 73.4%        | \$0.00        |  |  | \$ (31,413.16)         |                |
| Jun-15       | 426,483          | 402,774          | 94.4%        | 23,709         | 5.6%        | 309,206          | 72.5%        | \$0.00        |  |  | \$ (33,807.41)         | \$ (90,828.79) |
| Jul-15       | 441,424          | 424,788          | 96.2%        | 16,636         | 3.8%        | 288,252          | 65.3%        | \$0.00        |  |  | \$ (32,454.82)         |                |
| Aug-15       | 363,341          | 354,797          | 97.6%        | 8,544          | 2.4%        | 244,615          | 67.3%        | \$0.00        |  |  | \$ (26,219.53)         |                |
| Sep-15       | 321,923          | 320,398          | 99.5%        | 1,525          | 0.5%        | 215,817          | 67.0%        | \$0.00        |  |  | \$ (7,380.82)          | \$ (66,055.17) |
| Oct-15       | 291,943          | 291,842          | 100.0%       | 119            | 0.0%        | 184,876          | 63.3%        | \$0.00        |  |  | \$ -                   |                |
| Nov-15       | 299,230          | 298,089          | 99.6%        | 1,141          | 0.4%        | 196,428          | 65.6%        | \$0.00        |  |  | \$ -                   |                |
| Dec-15       | 290,158          | 289,951          | 99.9%        | 207            | 0.1%        | 203,789          | 70.2%        | \$0.00        |  |  | \$ -                   | \$ -           |
| <b>TOTAL</b> | <b>3,725,231</b> | <b>3,582,440</b> | <b>96.2%</b> | <b>142,809</b> | <b>3.8%</b> | <b>2,564,045</b> | <b>68.8%</b> | <b>\$0.00</b> |  |  | <b>\$ (230,344.89)</b> |                |

|    |           |  |  |  |  |  |  |  |  |  |  |  |
|----|-----------|--|--|--|--|--|--|--|--|--|--|--|
| Q1 | 603,862   |  |  |  |  |  |  |  |  |  |  |  |
| Q2 | 1,113,350 |  |  |  |  |  |  |  |  |  |  |  |
| Q3 | 1,126,688 |  |  |  |  |  |  |  |  |  |  |  |
| Q4 | 881,331   |  |  |  |  |  |  |  |  |  |  |  |

429,557 71.1%

## 2017 SWALCO Electronics Collection Program Host Site Summary

| Location          | Total Trailers | Net Weight     | CED Ewaste Mixed | Printers     | CED Computers | CED Monitors  | CED TV's       | Non CED    | Fees for Non CED |
|-------------------|----------------|----------------|------------------|--------------|---------------|---------------|----------------|------------|------------------|
| Grayslake         | 22             | 346,553        | 106,045          | 2,833        | 803           | 6,162         | 230,297        | 413        | \$ 61.95         |
| Grant Township    | 11             | 177,823        | 25,618           | 1,892        | 5,390         | 1,247         | 143,676        | 0          | \$ -             |
| Advanced Disposal | 6              | 113,333        | 6,900            | 0            | 558           | 568           | 105,307        | 0          | \$ -             |
| Cuba Township     | 5              | 85,733         | 21,052           | 876          | 2,975         | 1,258         | 59,572         | 0          | \$ -             |
| Highland Park     | 4              | 77,320         | 24,394           | 0            | 8,751         | 3,530         | 40,645         | 0          | \$ -             |
| Praireland        | 2              | 16,311         | 7,006            | 1,111        | 0             | 0             | 8,194          | 0          | \$ -             |
|                   | <b>50</b>      | <b>817,073</b> | <b>191,015</b>   | <b>6,712</b> | <b>18,477</b> | <b>12,765</b> | <b>587,691</b> | <b>413</b> | <b>\$ 61.95</b>  |

## **I - 5. 2017 Legislative Update**

**BACKGROUND:** This session has been very active for SWALCO, we are involved in negotiations on several bills and tracking numerous other ones. The bills of special note are highlighted below:

- SB 1417 – the long awaited escrap bill has been filed, and overall is a good bill for our program. We will be guaranteed 5 sites and can add more if we want. The bill will become effective in 2019 and we will be able to continue to run a no cost program to the residents. Program year 2018 will continue as this year has and we expect no disruptions to our program. Senator Althoff worked very hard on this issue for Lake County the past 2 to 3 years and she was vital to the stakeholders finally agreeing in early May to the language that was filed.
- SB 1597 – this bill began as a bill to address the use of compostable bags and proper labeling and color to make their use more uniform. In early May the IL Retail Merchants sent SWALCO a proposal (with Senator Link's knowledge) to allow for a 5 cent fee on carry out bags in return for a “ban on bag bans” statewide that would preempt home rule. The money could be significant (over \$1M per year on the low end) and the current bill (it was filed on May 5<sup>th</sup>) does not include the compostable bag component any longer. The Legislative Committee has provided some thoughts on this idea and we definitely need to work on the bill as it currently stands. We are in contact with Senator Link about needing to provide more input, as other counties and municipalities throughout the state are still in the process of getting back to me.
- SB 1456 – this bill will allow DK Organics’ landscape waste transfer station near Lake Bluff to accept food scraps once it receives an experimental permit. This bill is moving along without opposition.
- SB 1807 – this bill would strip franchising authority from municipalities for construction and demolition debris. We fought this bill last year and it died in the House. The bill was passed by the Senate again this year and we will see if we can stop it in the House again.
- SB 1561 – this bill would limit county powers under the Solid Waste Planning and Recycling Act and prohibit counties from adopting parallel permitting programs for pollution control facilities (Cook County did several years ago). We did work out language with the waste industry and are now neutral on this bill.

**ENCLOSED DOCUMENTS:** Legislative Tracking Document from Lobbyist

**STAFF:** Walter Willis, Executive Director



Strategic Advocacy  
Group

## SWALCO LEGISLATION AS OF MAY 8, 2016

|    |      |                    |                   |                                |         |        |  |  |
|----|------|--------------------|-------------------|--------------------------------|---------|--------|--|--|
| SB | 1456 | Julie A. Morrison  | Mike Fortner      | EPA-POLLUTION CONTROL FACILITY | 5/3/17  | House  | Assigned to Environment                          | SWALCO Support                           |
| SB | 1561 | David Koehler      | Lawrence Walsh    | POLLUTION CONTROL-COUNTIES     | 5/9/17  | House  | Assigned to Environment                          | Amended to Neutral/Support               |
| SB | 1807 | Don Harmon         | Kelly M. Burke    | MUNI-CONSTRUCT & DEMO DEBRIS   | 5/9/17  | House  | Assigned to Environment                          | SWALCO Oppose                            |
| SB | 1936 | Pamela J. Althoff  | William Davis     | REPEAL FUNDS-PROJECTS-BOARDS   | 5/9/17  | House  | Assigned to Executive Committee                  | SWALCO Oppose                            |
| HB | 524  | Barbara Wheeler    | Pamela J. Althoff | SAFE PHARMACEUTICAL DISPOSAL   | 5/2/17  | Senate | Placed on Calendar Order of 2nd Reading May 3    | Amended to Neutral/Support               |
| HB | 772  | Jehan Gordon-Booth | David Koehler     | ELECTRONIC RECYCLE-ACCREDIT    | 5/4/17  | Senate | Placed on Calendar Order of 2nd Reading May 5    | SWALCO Support                           |
| HB | 3014 | Anthony DeLuca     | Melinda Bush      | RECYCLING-UNLAWFUL MATERIALS   | 5/4/17  | Senate | Placed on Calendar Order of 2nd Reading May 5    | SWALCO Support                           |
| SB | 1597 | Terry Link         |                   | COMPOSTABLE BAGS-RETAIL        | 4/26/17 | Senate | Placed on Calendar Order of 3rd Reading April 27 | SWALCO Support -- Amendment has problems |
| SB | 1703 | Neil Anderson      |                   | UTILITIES-TECH                 | 4/26/17 | Senate | Placed on Calendar Order of 3rd Reading April 27 | SWALCO Support                           |
| SB | 680  | Pamela J. Althoff  | Barbara Wheeler   | EXPIRED UNUSED DRUG DISPOSAL   | 4/25/17 | House  | Referred to Rules Committee                      | Amended to Neutral/Support               |
| SB | 1417 | Pamela J. Althoff  |                   | ELECTRONIC PRODUCTS RECYCLING  | 5/5/17  | Senate | Placed on Calendar Order of 2nd Reading May 5    | Amended to Potential Agreement           |

## **I – 6. Project and Program Updates**

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

1. SWALCO and its members held a press conference on May 10<sup>th</sup> to highlight the year-round food scrap collection programs in Highwood and Lake Bluff (first in the State) and to recognize the efforts of the other towns and local haulers and compost site operators to grow the food scrap programs in Lake County. May 7-13 was also International Compost Awareness Week, which was highlighted as well. The press attention is important to continue to keep this topic on the forefront and to let Lake county residents know about all the programs ongoing in the County.
2. On April 22<sup>nd</sup>, SWALCO cosponsored, along with Senator Bush and the Village of Lindenhurst, a recycling event for paper shredding and latex paint. 274 cars came to the three-hour event, 218 came for the shredding and 78 for the latex paint. 7,080 pounds of paper were collected and 700 gallons of paint were collected. This was our first event with ePaint and in total they received \$2,050 and had collection costs of \$300. We received a check for 25% of the net or \$438. SWALCO staff has been busy with HCW events (April 29 in Antioch and May 6 in Vernon Hills) and upcoming events for rain barrels and composters (May 13) and escrap/shredding/latex paint with Rep Sente, Vernon Hills, and the Vernon Hills Park District on May 20<sup>th</sup>.
3. SWALCO is also planning a tire collection event on June 21 that will be free for local governments bringing tires in and cost \$2 per tire for residents to participate. This event may need to be postponed due to IEPA not having a tire contractor under contract by the June 21<sup>st</sup> date. We are staying in close contact with IEPA and will need to know soon if that date can be met or not.
4. The Village of Volo recently enacted a C&D recycling ordinance and passed a commercial franchising ordinance to begin the 3 year study. Fox Lake recently extended its hauling contract with WMI and became the 15<sup>th</sup> member with a food scrap option its contact. Round Lake Beach is in negotiations with WMI and is looking to add food scraps plus adding another regional drop-off site for curbside recyclables (similar to Grayslake's popular site).

**ENCLOSED DOCUMENTS:** None

**STAFF:** Walter Willis, Executive Director