



Board of Directors
West Cook County Solid Waste Agency
River Grove, Illinois

We have audited the financial statements of the governmental activities and each major fund of West Cook County Solid Waste Agency (the Agency) for the year ended April 30, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated February 17, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of the Council's Significant Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Agency 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 2017. We noted no transactions entered into by the West Cook County Solid Waste Agency during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the West Cook County Solid Waste Agency's financial statements were:

The actuarial estimates of net pension obligation and deferred outflows of resources. We evaluated the key factors and assumptions used to develop this estimate and have determined it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of cash deposits.

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

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing 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 agreed to correct all such misstatements. The corrected misstatements were primarily related to the new pension standard.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, 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.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 31, 2017.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the West Cook County Solid Waste Agency's financial statements or a determination of the type of auditor's 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.

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 the West Cook County Solid Waste Agency'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 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.

We were engaged to report on Additional Information, which accompanies the financial statements but is not RSI. With respect to the Additional Information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the Additional Information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the board of directors and management of West Cook County Solid Waste Agency and is not intended to be, and should not be, used by anyone other than these specified parties.

M. Clare, Incena & Co., Pctd.

July 31, 2017

**WEST COOK COUNTY SOLID
WASTE AGENCY**

FINANCIAL STATEMENTS

YEAR ENDED APRIL 30, 2017 AND 2016



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
West Cook County Solid Waste Agency
River Grove, Illinois

We have audited the accompanying financial statements of the West Cook County Solid Waste Agency as of and for the years ended April 30, 2017 and 2016 and the related notes to the financial statements, which comprise the Agency's 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.

Auditor's 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 audit 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 auditor's 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 the entity'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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of West Cook County Solid Waste Agency as of April 30, 2017 and 2016, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information on pages 3 through 5 and 17 and 18 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise West Cook County Solid Waste Agency's basic financial statements. The accompanying financial information listed as Additional Information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

M. Elmer, Imberger & Co., P.C.

July 31, 2017

WEST COOK COUNTY SOLID WASTE AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS

APRIL 30, 2017 AND 2016

As management of West Cook County Solid Waste Agency, this narrative overview and analysis is provided of the Agency's financial activities for the years ending April 30, 2017 and 2016. It is recommended that readers consider this information in conjunction with the financial statements as a whole.

Overview of the Financial Statements

Management's discussion and analysis serves as an introduction to the Agency's financial statements. The statements presented include a statement of net position, statement of activities, statement of cash flows and notes to the financial statements.

Financial Highlights

The Agency's total net position as of April 30, 2017 and 2016 were \$557,157 and \$715,263, respectively. For the years ended April 30, 2017 and 2016, net position decreased by \$158,106 and \$440,096, respectively, as expenses exceeded revenues. Of the 2017 decrease, \$72,631 relates to accrued IMRF pension expense. The term "net position" represents the difference between total assets and deferred outflows of resources and total liabilities.

Financial Statements

The financial statements of the Agency are intended to provide the reader with an understanding of the financial position of the Agency as of the close of the fiscal years, the results of activities and cash flows for the years then ended.

The statement of net position provides information on the Agency's assets/deferred outflows of resources, and liabilities. The difference between assets/deferred outflows of resources and liabilities represents the net position for the Agency. The statement of activities reflects the results of the Agency's revenues, expenses and activities during the year and the corresponding effect on the net position. This statement shows the source of Agency revenues and how those revenues were used to provide services.

Notes to the financial statements provide additional information that is essential for a full understanding of the information provided in the basic financial statements. Required Supplementary Information consists of more information on the pension liability and on employer contributions.

Financial Analysis

Net position may serve, over time, as a useful indicator of a government's financial position. The Agency's assets and deferred outflows exceeded liabilities by \$557,157 and \$715,263 as of the close of the years 2017 and 2016, respectively. The entire net position balance is unrestricted.

Condensed Statement of Net Position

	April 30,	
	2017	2016
Current Assets	\$ 1,211,449	\$ 1,634,484
Total Assets	1,211,449	1,634,484
Deferred Outflows Related to Pension (IMRF)	332,379	320,125
Total Assets and Deferred Outflows of Resources	\$ 1,543,828	\$ 1,954,609
Current Liabilities	237,815	575,375
Noncurrent Liabilities	748,856	663,971
Total Liabilities	986,671	1,239,346
Net Position		
Unrestricted	557,157	715,263
Total Net Position	\$ 557,157	\$ 715,263

Condensed Statement of Changes in Net Position

	For Years Ended April 30,	
	2017	2016
Revenues		
Regional Disposal Project Contracts	\$ 3,771,843	\$ 3,735,579
Membership Dues	66,725	-
Other Income	17,941	9,501
Keep West Cook Beautiful Grant	6,000	-
Interest Income	-	1,039
Total Revenues	3,862,509	3,746,119
Expenses		
Regional Disposal Project Contractor	3,544,826	3,500,396
Payroll and Payroll Taxes	175,334	168,510
Pension Expense	138,584	465,378
Consultants	53,825	33,360
Employee Benefits	43,951	39,590
Professional Fees	27,828	16,108
Supplies and Equipment	10,177	9,066
Insurance	6,108	20,021
Keep West Cook Beautiful	6,000	-
Telephone	5,522	5,265
Meetings and Conferences	2,507	3,201
Professional Dues	2,289	1,730
Postage	2,150	2,230
Travel	1,428	2,126
Publication / PR	86	158
Printing and Copying	-	271
Total Expenses	4,020,615	4,267,410
Change in Net Position	(158,106)	(521,291)
Net Position,		
Beginning of Year, as Originally Stated	715,263	1,155,359
Cumulative Effect of Change in Accounting Principle	-	81,195
Beginning of Year, as Restated	715,263	1,236,554
End of Year	\$ 557,157	\$ 715,263

Economic Factors

Currently, management is not aware of any changes in conditions that could have a significant effect on the financial position or results of activities of the Agency in the near future.

Requests for Information

This financial report is designed to provide a general overview of the Agency's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, West Cook County Solid Waste Agency, 2000 Fifth Avenue, Building N, River Grove, Illinois 60171.

BASIC FINANCIAL STATEMENTS

WEST COOK COUNTY SOLID WASTE AGENCY

STATEMENTS OF NET POSITION

APRIL 30

ASSETS	2017	2016
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 562,380	\$ 989,103
Receivables	645,509	641,743
Prepaid Insurance	3,560	3,638
Total Current Assets	1,211,449	1,634,484
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pension (IMRF)	332,379	320,125
Total Assets and Deferred Outflows of Resources	1,543,828	1,954,609
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable to Waste Contractor	203,310	517,841
Due to Affiliated Agency	24,283	46,632
Other Payables and Accruals	10,222	10,902
Total Current Liabilities	237,815	575,375
NONCURRENT LIABILITIES		
Net Pension Obligation	748,856	663,971
Total Liabilities	986,671	1,239,346
NET POSITION		
Net Position		
Unrestricted	557,157	715,263
Total Net Position	\$ 557,157	\$ 715,263

The accompanying notes are an integral part of these financial statements.

WEST COOK COUNTY SOLID WASTE AGENCY

STATEMENTS OF ACTIVITIES

YEARS ENDED APRIL 30

	<u>2017</u>	<u>2016</u>
REVENUES		
Regional Disposal Project Contracts	\$3,771,843	\$ 3,735,579
Membership Dues	66,725	-
Other Income	17,941	9,501
Keep West Cook Beautiful Grant	6,000	-
Interest Income	-	1,039
Total Revenues	<u>3,862,509</u>	<u>3,746,119</u>
EXPENDITURES / EXPENSES		
Regional Disposal Project Contractor	3,544,826	3,500,396
Payroll and Payroll Taxes	175,334	168,510
Pension Expense	138,584	465,378
Consultants	53,825	33,360
Employee Benefits	43,951	39,590
Professional Fees	27,828	16,108
Supplies and Equipment	10,177	9,066
Insurance	6,108	20,021
Keep West Cook Beautiful	6,000	-
Telephone	5,522	5,265
Meetings and Conferences	2,507	3,201
Professional Dues	2,289	1,730
Postage	2,150	2,230
Travel	1,428	2,126
Publication / PR	86	158
Printing and Copying	-	271
Total Expenses	<u>4,020,615</u>	<u>4,267,410</u>
Change in Net Position	<u>(158,106)</u>	<u>(521,291)</u>
NET POSITION		
Beginning of Year, as Originally Stated	715,263	1,155,359
Cumulative Effect of Change in Accounting Principle	-	81,195
Beginning of Year, as Restated	<u>715,263</u>	<u>1,236,554</u>
End of Year	<u>\$ 557,157</u>	<u>\$ 715,263</u>

The accompanying notes are an integral part of these financial statements.

WEST COOK COUNTY SOLID WASTE AGENCY

STATEMENTS OF CASH FLOWS

YEARS ENDED APRIL 30

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers and Users	\$3,834,802	\$ 3,797,468
Grants Received	6,000	-
Cash Paid to Suppliers and Employees	<u>(4,267,525)</u>	<u>(3,787,036)</u>
Net Cash Provided By (Used) in Operating Activities	<u>(426,723)</u>	<u>10,432</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
	<u>-</u>	<u>-</u>
NET CHANGE INCREASE (DECREASE) IN CASH	(426,723)	10,432
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>989,103</u>	<u>978,671</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 562,380</u>	<u>\$ 989,103</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (158,106)	\$ (521,291)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By (Used In) Operating Activities		
Prior Period Adjustment	-	81,195
(Increase) Decrease in Receivables	(3,766)	51,349
(Increase) Decrease in Prepaid Expenses	78	(8)
(Increase) Decrease in Deferred Outflows	(12,254)	(320,125)
Increase (Decrease) in Accounts Payable to Waste Contractor	(314,531)	59,166
Increase (Decrease) in Due to Affiliated Agency	(22,349)	(8,628)
Increase (Decrease) in Accrued Expenses	(680)	4,803
Increase (Decrease) in Net Pension Obligation	<u>84,885</u>	<u>663,971</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ (426,723)</u>	<u>\$ 10,432</u>

The accompanying notes are an integral part of these financial statements.

WEST COOK COUNTY SOLID WASTE AGENCY

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2017 AND 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

West Cook County Solid Waste Agency (the Agency) is duly organized and exists under the provisions of the laws of the State of Illinois, and is operating under the provisions of the State of Illinois, approved in 1988, and all laws amendatory thereto.

The financial statements of West Cook County Solid Waste Agency have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Agency's accounting policies are described below.

A. Reporting Entity

The Agency includes all entities for which the Agency exercised oversight responsibility as defined by GASB.

The Agency has developed criteria to determine whether outside agencies should be included within its financial reporting entity. The criteria include, but are not limited to, whether the Agency (1) selects the governing authority or management, (2) has the ability to significantly influence operations, or (3) has accountability for fiscal matters (e.g., final budget approval, responsibility for funding deficits, management of assets, etc.). Using these criteria, the Agency has not included in its financial statements the activities of any other entity.

B. Basis of Presentation

The Agency reports its finances as one proprietary fund. A subset of this fund is the Regional Disposal Project which tracks the revenues and expenses of solid waste removed for participating governmental units.

C. Basis of Accounting

The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

D. Cash and Cash Equivalents

Cash and cash equivalents represent amounts in a demand deposit account.

E. Receivables

Receivables represent amounts due to the Agency related to the Regional Disposal Project and for 2017, membership dues of non-RDP organizations who are members. The Agency anticipates collecting 100% of the amounts due. Therefore, no allowance for doubtful accounts has been recorded.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Compensated Absences

Vacation pay can be accrued up to 105 hours at the end of each calendar year. Any earned, but unused vacation is paid upon termination or retirement of the employee. Vacation pay was not recorded at year end as it is considered immaterial to the financial statements.

G. Deferred Outflows of Resources

Deferred outflows of resources related to pension expense represent amounts which report the difference between expected and actual experience, changes in assumptions and the net difference between projected and actual earnings on pension plan investments. Also, post-measurement date IMRF pension payments are recorded here. See Note 5 for additional information on the deferred outflows.

H. Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

I. Defined Benefit Pension Plan (IMRF)

For purposes of measuring the net pension obligation and deferred outflows of resources related to pensions and pension expense, information about the fiduciary net position of the Illinois Municipal Retirement Fund (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.

J. Implementation of New Accounting Standard

In 2016, the Agency adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Adoption of GASB No. 68 resulted in a restatement of beginning net position, which is described further in Note 9. In addition, the Statement changed the requirements for information disclosed in the footnotes to the financial statements and information required to be presented as required supplementary information.

NOTE 2 – DEPOSITS

At April 30, 2017 and 2016, the carrying amounts of the Agency's deposits were \$562,380 and \$989,103, respectively, and the bank balances were \$917,123 and \$1,292,541, respectively. Of the bank balance for 2017 and 2016, \$250,000 was covered by federal depository insurance and \$667,123 and \$1,042,541 was uninsured and uncollateralized for 2017 and 2016, respectively.

NOTE 3 – SECTION 457 PLAN

The Agency has a Section 457 pension plan fund through ICMA. All employees are eligible to participate by contributing a portion of their salary on a tax-deferred basis. In addition, the Agency can make contributions to the employee deferred accounts. Currently, two employees are participating. The Agency contribution was \$3,559 for 2017 and \$3,425 for 2016.

NOTE 4 – DUE TO AFFILIATED AGENCY

The Agency shares offices and expenses with another entity, including two employees for which the affiliated entity reimburses the Agency for 50% of their payroll and benefit costs. These payroll and related costs are shown at net of reimbursement on the Agency’s financial statements, except the pension cost, which is reported at gross. The offsetting amount for pensions is shown under Other Revenue.

NOTE 5 – DEFINED BENEFIT PENSION PLAN

IMRF 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.

Benefits Provided. IMRF has three benefit plans. The Agency participates in the Regular Plan (RP). 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.

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 April 30, 2017 and 2016, the following employees were covered by the benefit terms:

	IMRF
Retirees and Beneficiaries currently receiving benefits	1
Inactive Plan Members entitled to but not yet receiving benefits	1
Active Plan Members	3
Total	5

NOTE 5 – DEFINED BENEFIT PENSION PLAN (Continued)

Contributions. As set by statute, the Agency's Regular Plan Members are required to contribute 4.50% 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 2017 and 2016 was 44.89% and 19.33%, respectively. For the fiscal year ended April 30, 2017 and 2016, the Agency contributed \$63,131 and \$36,912 to the plan, respectively. The Agency 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 Obligation. The Agency's net pension obligation was measured as of December 31, 2016 and 2015. The pension liability amounts used to calculate the net pension obligations were determined by actuarial valuations as of those dates.

Actuarial Assumptions. The following are the methods and assumptions used to determine total pension liability at December 31, 2016 and 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 7.49%.
- *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 2012). 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 2012). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

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:

NOTE 5 – DEFINED BENEFIT PENSION PLAN (Continued)

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return 2017	Long-Term Expected Real Rate of Return 2016
Domestic Equity	38%	7.60%	7.39%
International Equity	17	7.80%	7.59%
Fixed Income	27	3.00%	3.00%
Real Estate	8	6.15%	6.00%
Alternative Investments	9	5.25-8.50%	2.75-8.15%
Cash Equivalents	1	2.25%	2.25%
Total	<u>100%</u>		

Single Discount Rate. A Single Discount Rate of 7.50% was used to measure the total pension liability. 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 3.78%, and the resulting single discount rate is 7.49%.

Changes in the Net Pension Asset for 2016

	Total Pension Liability (A)	Plan Net Position (B)	Net Pension Liability (B)-(A)
Balances at December 31, 2015	\$ 1,315,088	\$ 651,117	\$ 663,971
Changes for the year:			
Service Cost	25,210	-	25,210
Interest on the Total Pension Liability	97,652	-	97,652
Differences Between Expected and Actual Experience of the Total Pension Liability	67,929	-	67,929
Changes of Assumptions	-	-	-
Contributions - Employer	-	46,046	(46,046)
Contributions - Employees	-	10,719	(10,719)
Net Investment Income	-	45,991	(45,991)
Benefit Payments, including Refunds of Employee Contributions	(47,847)	(47,847)	-
Other (Net Transfer)	-	3,150	(3,150)
Net Changes	<u>142,944</u>	<u>58,059</u>	<u>84,885</u>
Balances at December 31, 2016	\$ <u>1,458,032</u>	\$ <u>709,176</u>	\$ <u>748,856</u>

NOTE 5 – DEFINED BENEFIT PENSION PLAN (Continued)

Changes in the Net Pension Asset for 2015

	Total Pension Liability (A)	Plan Net Position (B)	Net Pension Liability (B)-(A)
Balances at December 31, 2014	\$ 924,041	\$ 622,376	\$ 301,665
Changes for the year:			
Service Cost	43,031	-	43,031
Interest on the Total Pension Liability	69,220	-	69,220
Differences Between Expected and Actual Experience of the Total Pension Liability	322,363	-	322,363
Changes of Assumptions	1,673	-	1,673
Contributions - Employer	-	36,723	(36,723)
Contributions - Employees	-	10,083	(10,083)
Net Investment Income	-	3,116	(3,116)
Benefit Payments, including Refunds of Employee Contributions	(45,240)	(45,240)	-
Other (Net Transfer)	-	24,059	(24,059)
Net Changes	391,047	28,741	362,306
Balances at December 31, 2015	\$ 1,315,088	\$ 651,117	\$ 663,971

Sensitivity of the Net Pension Asset to Changes in the Discount Rate. The following presents the plan's net pension asset, calculated using a Single Discount Rate of 7.49%, as well as what the plan's net pension asset would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Decrease (6.49%)	Current (7.49%)	1% Increase (8.49%)
Net Pension Liability	\$ 947,965	\$ 748,856	\$ 584,125

Pension Expense and Deferred Outflows of Resources Related to Pensions. For the year ended April 30, 2017 and 2016 the Agency recognized IMRF pension expense of \$138,584 and \$461,953, respectively. At April 30, 2017 the Agency reported deferred outflows of resources related to pensions from the following sources:

<u>Deferred Amounts Related to Pensions</u>	<u>Deferred Outflows of Resources 2017</u>	<u>Deferred Outflows of Resources 2016</u>
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Differences between expected and actual experience	\$ 270,340	\$ 268,624
Changes of assumptions	1,115	1,394
Net difference between projected and actual earnings on pension plan investments	29,349	35,618
Total Deferred Amounts to be recognized in pension expense in future periods	300,804	305,636
Pension Contributions made subsequent to the Measurement Date	31,575	14,489
Total Deferred Amounts Related to Pensions	\$ 332,379	\$ 320,125

NOTE 5 – DEFINED BENEFIT PENSION PLAN (Continued)

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

Year Ending December 31	Net Deferred Outflows of Resources
2017	\$ 76,056
2018	76,056
2019	76,054
2020	67,079
2021	5,559
Thereafter	-
Total	<u>\$ 300,804</u>

NOTE 6 – OTHER POSTEMPLOYMENT BENEFITS

The Agency is required to offer employees, who are IMRF vested, continued health insurance coverage upon retirement. The retiree pays the entire health insurance premium, so there is no explicit subsidy by the Agency. However, GASB statements numbers 43 and 45 related to Postemployment Benefit Plans Other than Pensions require consideration of the potential implicit subsidy due to the likely demographic differences of the retired population.

No amounts have been computed or recorded related to this potential liability/expense. The Agency believes all such amounts, if any, are immaterial.

NOTE 7 – RISK MANAGEMENT

The Agency is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions, injuries to employees and natural disasters. As such, the Agency carries commercial insurance for all risks of loss. Settled claims resulting from these risks have historically not exceeded insurance coverage in the past three years and there have been no significant reductions in coverage.

NOTE 8 – INTERGOVERNMENTAL AGREEMENT FOR OFFICE SPACE

On September 26, 2006, Triton College entered into an intergovernmental agreement to provide office space for the Agency and its affiliate for the opportunity to collaborate in the development and delivery of training programs to meet the needs of the affiliate's members. This agreement has been extended through December 31, 2018.

NOTE 9 – CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE

A prior period adjustment increasing net position at the beginning of the year was made to recognize the cumulative effect of a change in accounting principle. GASB 68 was required to be implemented in 2016. An increase to the net position as of April 30, 2015 in the amount of \$81,195, (\$382,860 net deferred outflows related to pensions less \$301,665 net pension liability) was recorded due to the implementation of GASB 68. The effect on net position in 2016 for this change in accounting principle was a decrease of \$425,041.

NOTE 10 – COMMITMENT

In January 2009, the Organization entered into a long-term contract, through December of 2018, for waste hauling services. The contract contains certain minimums, and penalties for not reaching them. To date, the Organization has met all minimums and anticipates no penalties. West Cook County Solid Waste Agency is in the process of renegotiating this contract to have a new one in place when this contract expires.

REQUIRED SUPPLEMENTARY INFORMATION

WEST COOK COUNTY SOLID WASTE AGENCY

SCHEDULE OF CHANGES IN THE NET PENSION ASSET AND RELATED RATIOS

CALENDAR YEAR ENDED DECEMBER 31

	2015	2016
Total Pension Liability		
Service Cost	\$ 43,031	\$ 25,210
Interest on the Total Pension Liability	69,220	97,652
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience of the total Pension Liability	322,363	67,929
Changes of Assumptions	1,673	-
Benefit Payments, including Refunds of Employee Contributions	(45,240)	(47,847)
Net Change in Total Pension Liability	391,047	142,944
Total Pension Liability – Beginning of Year	924,041	1,315,088
Total Pension Liability – End of Year	\$ 1,315,088	\$ 1,458,032
Plan Fiduciary Net Position		
Contributions – Employer	\$ 36,723	\$ 46,046
Contributions – Employee	10,083	10,719
Net Investment Income	3,116	45,991
Benefit Payments, including Refunds of Employee Contributions	(45,240)	(47,847)
Other (Net Transfer)	24,059	3,150
Net Change in Plan Fiduciary Net Position	28,741	58,059
Plan Fiduciary Net Position – Beginning of Year	622,376	651,117
Plan Fiduciary Net Position – End of Year	\$ 651,117	\$ 709,176
Net Pension Asset – Ending	\$ 663,971	\$ 748,856
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	49.51%	48.64%
Covered Valuation Payroll	\$ 224,064	\$ 238,208
Net Pension Liability as a Percentage of Covered Valuation Payroll	296.33%	314.37%

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

WEST COOK COUNTY SOLID WASTE AGENCY
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Calendar Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a Percentage of Covered Valuation Payroll
2016	\$ 46,046	\$ 46,046	\$ -	\$ 238,208	19.33%
2015	36,724	36,724	-	224,064	16.39%

*Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2016 Contribution Rate**

Valuation Date: Actuarially determined contribution rates are calculated as of December 31 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine 2016 Contribution Rates:

Actuarial Cost Method: Aggregate entry age normal
Amortization Method: Level percentage of payroll, closed
Remaining Amortization Period: 27-year closed period until remaining period reaches 15 years, then 15 year rolling period
Asset Valuation Method: 5-year smoothed market; 20% corridor
Wage Growth: 3.50%
Price Inflation: 2.75%, approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases: 3.75% to 14.50%, including inflation
Investment Rate of Return: 7.50%
Retirement Age: Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2014 valuation pursuant to an experience study of the period 2011 to 2013.
Mortality: RP-2014 Blue Collar Health Annuitant Mortality Table and RP-2014 (base year 2012) Disabled Mortality Table with adjustments to match current IMRF experience.

Other Information:

Notes: There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2014, actuarial valuation; note two year lag between valuation and rate setting.

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

ADDITIONAL INFORMATION

WEST COOK COUNTY SOLID WASTE AGENCY

SCHEDULE OF REGIONAL DISPOSAL PROJECT REVENUES AND EXPENSES

YEARS ENDED APRIL 30

	<u>2017</u>	<u>2016</u>
REVENUES		
Regional Disposal Project Contracts	\$3,771,843	\$ 3,735,579
Interest Income	-	1,039
Total Revenues	<u>3,771,843</u>	<u>3,736,618</u>
EXPENSES		
Regional Disposal Project Contractor	3,544,826	3,500,396
Payroll and Payroll Taxes	70,404	68,518
Consultants	53,825	21,360
Professional Fees	21,842	10,307
Pension	20,139	13,093
Benefits	18,003	16,189
Supplies and Equipment	4,364	3,770
Insurance	2,947	1,807
Telephone	2,520	2,400
Meetings and Conferences	1,317	1,292
Postage	914	965
Professional Dues	572	665
Publication / PR	43	34
Travel	14	80
Printing and Copying	-	152
Total Expenses	<u>3,741,730</u>	<u>3,641,028</u>
Change in Net Position Related to RDP	<u>\$ 30,113</u>	<u>\$ 95,590</u>

REGIONAL DISPOSAL PROJECT DEFINED:

The Regional Disposal Project (RDP) is a program designed to provide cost-effective and environmentally sound long-term transfer and disposal of municipal solid waste for West Cook County Solid Waste Agency participating communities and other governmental and private sector entities, utilizing contractual relationships with privately owned and operated transfer and disposal facilities.