

**WEST COOK COUNTY SOLID
WASTE AGENCY**

FINANCIAL STATEMENTS

YEAR ENDED APRIL 30, 2016 AND 2015



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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 year ended April 30, 2016 and the related notes to the 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 audit. We conducted our audit 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 the Agency as of April 30, 2016, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 5 to the financial statements, in 2016 the Agency adopted GASB 68, Accounting and Financial Reporting for Pensions. Our opinion is not modified with respect to this matter. As a result, the net pension obligation, deferred outflows related to pensions and the change in net pension liability, recognized as pension expense, were recorded in the financial statements.

Prior Year Audited by Other Auditors

The 2015 financial statements were audited by other auditors and their report thereon, dated July 9, 2015, expressed an unmodified opinion. The comparative information presented herein as of and for the year ended April 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 16 and 17 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 an opinion on the financial statements that collectively comprise the 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 is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. The 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. Chase, Inserra & Co., P.C.

September 2, 2016

WEST COOK COUNTY SOLID WASTE AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2016 AND 2015

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, 2016 and 2015. 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, 2016 and 2015 were \$715,263 and \$1,155,359, respectively. For the years ended April 30, 2016 and 2015, net position decreased by \$440,096 (taking in account the prior period adjustment of \$81,195) and \$201,834, respectively, as expenses exceeded revenues. Of the 2016 decrease, \$425,041 relates to accrued IMRF pension expense which the Agency did not have to accrue in 2015. 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 \$715,263 and \$1,155,359 as of the close of the years 2016 and 2015, respectively. The entire net position balance is unrestricted.

Condensed Statement of Net Position

	April 30,	
	2016	2015
Current Assets	\$ 1,634,484	\$ 1,675,393
Total Assets	1,634,484	1,675,393
Deferred Outflows Related to Pension (IMRF)	320,125	-
Total Assets and Deferred Outflows of Resources	\$ 1,954,609	\$ 1,675,393
Current Liabilities	575,375	520,034
Noncurrent Liabilities	663,971	-
Total Liabilities	1,239,346	520,034
Net Position		
Unrestricted	715,263	1,155,359
Total Net Position	\$ 715,263	\$ 1,155,359

Condensed Statement of Changes in Net Position

	For Years Ended April 30,	
	2016	2015
Revenues		
Regional Disposal Project Contracts	\$ 3,735,579	\$ 3,641,414
Keep West Cook Beautiful Grant	-	6,000
Tipping Fee Surcharge	-	1,851
Interest Income	1,039	196
Other Income	9,501	19,655
Total Revenues	3,746,119	3,669,116
Expenses		
Regional Disposal Project Contractor	3,500,396	3,439,360
Pension Expense	465,378	22,488
Payroll and Payroll Taxes	168,510	209,691
Employee Benefits	39,590	72,087
Consultants	33,360	49,655
Insurance	20,021	5,889
Professional Fees	16,108	17,330
Supplies and Equipment	9,066	13,665
Telephone	5,265	3,690
Meetings and Conferences	3,201	3,193
Postage	2,230	2,471
Travel	2,126	1,019
Professional Dues	1,730	1,135
Printing and Copying	271	1,016
Publication / PR	158	1,316
Events	-	20,945
Keep West Cook Beautiful	-	6,000
Total Expenses	4,267,410	3,870,950
Change in Net Position	(521,291)	(201,834)
Net Position,		
Beginning of Year, as Originally Stated	1,155,359	1,357,193
Cumulative Effect of Change in Accounting Principle	81,195	-
Beginning of Year, as Restated	1,236,554	1,357,193
End of Year	\$ 715,263	\$ 1,155,359

Significant Events

As required by Generally Accepted Accounting Principles (GAAP), this year, the Agency adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. As explained further in the financial statements, notes and the required supplementary information, this change brought about a large increase in the pension expense and liabilities reported in the financial statements for 2016.

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 POSITON

APRIL 30

ASSETS	<u>2016</u>	<u>2015</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 989,103	\$ 978,671
Receivables	641,743	693,092
Prepaid Insurance	<u>3,638</u>	<u>3,630</u>
Total Current Assets	1,634,484	1,675,393
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pension (IMRF)	<u>320,125</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>1,954,609</u>	<u>1,675,393</u>
 LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable Waste Contractor	517,841	458,675
Due to Affiliated Agency	46,632	55,260
Other Payables and Accruals	<u>10,902</u>	<u>6,099</u>
Total Current Liabilities	575,375	520,034
NONCURRENT LIABILITIES		
Net Pension Obligation	<u>663,971</u>	<u>-</u>
Total Liabilities	<u>1,239,346</u>	<u>520,034</u>
NET POSITION		
Net Position		
Unrestricted	<u>715,263</u>	<u>1,155,359</u>
Total Net Position	<u>\$ 715,263</u>	<u>\$ 1,155,359</u>

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>2016</u>	<u>2015</u>
REVENUES		
Regional Disposal Project Contracts	\$ 3,735,579	\$ 3,641,414
Keep West Cook Beautiful Grant	-	6,000
Tipping Fee Surcharge	-	1,851
Interest Income	1,039	196
Other Income	9,501	19,655
Total Revenues	<u>3,746,119</u>	<u>3,669,116</u>
EXPENDITURES / EXPENSES		
Regional Disposal Project Contractor	3,500,396	3,439,360
Pension Expense	465,378	22,488
Payroll and Payroll Taxes	168,510	209,691
Employee Benefits	39,590	72,087
Consultants	33,360	49,655
Insurance	20,021	5,889
Professional Fees	16,108	17,330
Supplies and Equipment	9,066	13,665
Telephone	5,265	3,690
Meetings and Conferences	3,201	3,193
Postage	2,230	2,471
Travel	2,126	1,019
Professional Dues	1,730	1,135
Printing and Copying	271	1,016
Publication / PR	158	1,316
Events	-	20,945
Keep West Cook Beautiful	-	6,000
Total Expenses	<u>4,267,410</u>	<u>3,870,950</u>
Change in Net Position	<u>(521,291)</u>	<u>(201,834)</u>
NET POSITION		
Beginning of Year, as Originally Stated	1,155,359	1,357,193
Cumulative Effect of Change in Accounting Principle	81,195	-
Beginning of Year, as Restated	<u>1,236,554</u>	<u>1,357,193</u>
End of Year	<u>\$ 715,263</u>	<u>\$ 1,155,359</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>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers and Users	\$ 3,797,468	\$ 3,500,963
Cash Paid to Suppliers and Employees	<u>(3,787,036)</u>	<u>(3,798,394)</u>
Net Cash Provided By (Used) in Operating Activities	<u>10,432</u>	<u>(297,431)</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	10,432	(297,431)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>978,671</u>	<u>1,276,102</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 989,103</u>	<u>\$ 978,671</u>
 CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (521,291)	\$ (201,834)
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	51,349	(168,153)
(Increase) Decrease in Prepaid Expenses	(8)	(112)
(Increase) Decrease in Deferred Outflows	(320,125)	-
Increase (Decrease) in Accounts Payable	50,538	68,751
Increase (Decrease) in Accrued Expenses	4,803	3,917
Increase (Decrease) in Net Pension Obligation	<u>663,971</u>	<u>-</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 10,432</u>	<u>\$ (297,431)</u>

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

WEST COOK COUNTY SOLID WASTE AGENCY

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2016 AND 2015

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 demand deposit accounts and money market accounts (2015 only).

E. Receivables

Receivables represent amounts due to the Agency related to the Regional Disposal Project. The Agency anticipates collecting 100% of the amount 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 accrued 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 8. 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.

K. Reclassifications

Some amounts have been classified in the current year differently than the prior year. Most of these amounts relate to benefits, pensions and payroll taxes.

NOTE 2 – DEPOSITS

At April 30, 2016 and 2015, the carrying amounts of the Agency's deposits were \$989,103 and \$978,671, respectively, and the bank balances were \$1,292,541 and \$893,532, respectively. Of the bank balance for 2016, \$250,000 was covered by federal depository insurance and \$1,042,541 was uninsured and uncollateralized. The 2015 bank balance was fully insured.

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 \$3,425 for 2016 and \$8,252 for 2015.

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 in 2016 the pension cost, which is reported at gross. The offsetting amount for pensions in 2016 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.

NOTE 5 – DEFINED BENEFIT PENSION PLAN (Continued)

Employees Covered by Benefit Terms. As of April 30, 2016 and 2015, the following employees were covered by the benefit terms:

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

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 2016 and 2015 was 19.33% and 16.39%, respectively. For the fiscal year ended April 30, 2016 and 2015, the Agency contributed \$36,912 and \$30,572 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, 2015 and 2014. 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, 2015 and 2014:

- 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 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.

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

NOTE 5 – DEFINED BENEFIT PENSION PLAN (Continued)

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	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	38%	7.39%
International Equity	17	7.59%
Fixed Income	27	3.00%
Real Estate	8	6.00%
Alternative Investments	9	2.75-8.15%
Cash Equivalents	1	2.25%
Total	100%	

Single Discount Rate. A Single Discount Rate of 7.49% 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 3.57%, and the resulting single discount rate is 7.49%.

Changes in the Net Pension Asset.

	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

NOTE 5 – DEFINED BENEFIT PENSION PLAN (Continued)

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	\$ <u>844,715</u>	\$ <u>663,971</u>	\$ <u>515,304</u>

Pension Expense and Deferred Outflows of Resources Related to Pensions. For the year ended April 30, 2016 the Agency recognized IMRF pension expense of \$461,953. At April 30, 2016 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</u>	<u>Deferred Inflows of Resources</u>
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Differences between expected and actual experience	\$ 268,624	\$ -
Changes of assumptions	1,394	-
Net difference between projected and actual earnings on pension plan investments	<u>35,618</u>	<u>-</u>
Total Deferred Amounts to be recognized in pension expense in future periods	<u>305,636</u>	<u>-</u>
Pension Contributions made subsequent to the Measurement Date	<u>14,489</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	\$ <u>320,125</u>	\$ <u>-</u>

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

<u>Year Ending April 30</u>	<u>Net Deferred Outflows of Resources</u>
2017	\$ 62,923
2018	62,923
2019	62,923
2020	62,921
2021	53,946
Thereafter	<u>-</u>
Total	\$ <u>305,636</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.

NOTE 6 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

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 – 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 this year. 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 this year. The effect on net position in the current year for this change in accounting principle was a decrease of \$425,041.

NOTE 9 – 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.

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
Total Pension Liability	
Service Cost	\$ 43,031
Interest on the Total Pension Liability	69,220
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience of the total Pension Liability	322,363
Changes of Assumptions	1,673
Benefit Payments, including Refunds of Employee Contributions	(45,240)
Net Change in Total Pension Liability	391,047
Total Pension Liability – Beginning of Year	924,041
 Total Pension Liability – End of Year	 \$ 1,315,088
 Plan Fiduciary Net Position	
Contributions – Employer	\$ 36,723
Contributions – Employee	10,083
Net Investment Income	3,116
Benefit Payments, including Refunds of Employee Contributions	(45,240)
Other (Net Transfer)	24,059
Net Change in Plan Fiduciary Net Position	28,741
Plan Fiduciary Net Position – Beginning of Year	622,376
 Plan Fiduciary Net Position – End of Year	 \$ 651,117
 Net Pension Asset – Ending	 \$ 663,971
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	49.51%
 Covered Valuation Payroll	224,064
 Net Pension Liability as a Percentage of Covered Valuation Payroll	296.33%

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
2015	\$ 36,724	\$ 36,724	\$ -	\$ 224,064	16.39%

*Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2015 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 2015 Contribution Rates:

Actuarial Cost Method:	Aggregate entry age normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	10-year rolling period
Asset Valuation Method:	5-year smoothed market; 20% corridor
Wage Growth:	4%
Price Inflation:	3%, approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases:	4.40% to 16%, 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 2011 valuation pursuant to an experience study of the period 2008 to 2010.
Mortality:	RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men, 120% of the table rates were used. For women, 92 percent of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.
Other Information:	
Notes:	There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2013, 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

	2016	2015
REVENUES		
Regional Disposal Project Contracts	\$ 3,735,579	\$ 3,641,414
Interest Income	1,039	196
Total Revenues	3,736,618	3,641,610
 EXPENSES		
Regional Disposal Project Contractor	3,500,396	3,439,360
Payroll and Payroll Taxes	68,518	69,570
Consultants	21,360	37,655
Benefits	16,189	40,115
Pension	13,093	-
Professional Fees	10,307	13,430
Supplies and Equipment	3,770	5,823
Telephone	2,400	1,609
Insurance	1,807	1,520
Meetings and Conferences	1,292	959
Postage	965	1,067
Professional Dues	665	46
Printing and Copying	152	447
Travel	80	49
Publication / PR	34	158
Total Expenses	3,641,028	3,611,808
 Change in Net Position Related to RDP	\$ 95,590	\$ 29,802

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.



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

In planning and performing our audit of the financial statements of West Cook County Solid Waste Agency (the Agency) for the year ended April 30, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's 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. However, as discussed below, we identified deficiencies in internal control that we consider to be material weaknesses.

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 consider the following deficiencies in the Agency's internal control to be material weaknesses:

Segregation of Duties – An effective system of internal accounting control is reliant upon the proper segregation of duties associated with operating, recording and custodial functions. Currently, the Deputy Treasurer does the billing, makes and records deposits, prepares checks and reconciles the bank accounts among other duties. As is the case with many organizations your size, there is a lack of proper segregation of duties due to personnel limitations.

Financial Statement Reporting – A fully developed internal control system consists not only of the ability to properly record transactions, but to make all significant journal entries and prepare full disclosure financial statements in accordance with generally accepted accounting principles as they apply to local governments. This includes recent pronouncements from the governmental accounting standards board such as GASB 68, *Accounting and Financial Reporting for Pensions*. Since the Agency does not have this specialized skill internally, auditing standards make it clear this is a recognized part of the organization's internal control system and should be highlighted as a material weakness.

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

McClure, Inserra & Co., Chartered

September 2, 2016



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, 2016. 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 May 10, 2016. 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 2016. However, a newly effective accounting standard, GASB 68, was implemented which required the recording of a net pension obligation, deferred outflows related to pensions and accrued pension expense. 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.