

WEST COOK COUNTY SOLID WASTE AGENCY

FINANCIAL STATEMENTS

YEAR ENDED APRIL 30, 2020 AND 2019



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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 business type activities of the West Cook County Solid Waste Agency as of and for the years ended April 30, 2020 and 2019 and the related notes to the financial statements, which collectively 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 the business type activities of the West Cook County Solid Waste Agency as of April 30, 2020 and 2019, and the respective 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.

Independent Auditor's Report

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 18 and 19 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 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. The Additional Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare 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. Elise, Inserra & Co., P.C.

August 4, 2020

Management's Discussion and Analysis

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, 2020 and 2019. 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, 2020 and 2019 were \$72,639 and \$185,485, respectively. For the years ended April 30, 2020 and 2019, net position decreased by \$112,846 and \$106,786, respectively, as expenses exceeded revenues. Of the 2019 decrease, \$30,981 relates to accrued IMRF pension expense. The term "net position" represents the difference between total assets and deferred outflows of resources and total liabilities and deferred inflows of resources.

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/deferred inflows of resources. The difference between assets/deferred outflows of resources and liabilities/deferred inflows of resources 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 and deferred inflows by \$72,639 and \$185,485 as of the close of the years 2020 and 2019, respectively. The entire net position balance is unrestricted.

Management's Discussion and Analysis

Condensed Statement of Net Position

	April 30,	
	2020	2019
Current Assets	\$ 1,219,399	\$ 983,778
Total Assets	1,219,399	983,778
Deferred Outflows Related to Pension (IMRF)	192,570	301,442
Total Assets and Deferred Outflows of Resources	\$ 1,411,969	\$ 1,285,220
Current Liabilities	\$ 643,825	\$ 326,339
Noncurrent Liabilities	568,042	698,747
Total Liabilities	1,211,867	1,025,086
Deferred Inflows Related to Pension (IMRF)	127,463	74,649
Total Liabilities and Deferred Inflows of Resources	1,339,330	1,099,735
Net Position		
Unrestricted	72,639	185,485
Total Net Position	\$ 72,639	\$ 185,485

Condensed Statement of Changes in Net Position

	For Years Ended April 30,	
	2020	2019
Revenues		
Regional Disposal Project Contracts	\$ 3,297,057	\$ 3,755,371
Membership Dues	60,452	51,025
Other Income	30,746	35,197
Interest Income	555	602
Total Revenues	3,388,810	3,842,195
Expenses		
Regional Disposal Project Contractor	3,063,512	3,486,978
Payroll and Payroll Taxes	193,394	190,655
Pension Expense	132,535	128,605
Employee Benefits	51,037	49,539
Consultants	12,168	42,650
Professional Fees	19,827	19,384
Supplies and Equipment	9,952	10,725
Meetings and Conferences	2,317	6,024
Telephone	6,511	5,636
Insurance	4,826	2,424
Travel	2,213	2,263
Postage	1,757	1,667
Professional Dues	1,426	1,645
Printing and Copying	181	533
Publication / PR	-	253
Bad Debts	-	-
Total Expenses	3,501,656	3,948,981
Change in Net Position	(112,846)	(106,786)
Net Position,		
Beginning of Year	185,485	292,271
End of Year	\$ 72,639	\$ 185,485

Management's Discussion and Analysis

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	2020	2019
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 522,444	\$ 419,261
Receivables	693,949	560,087
Prepaid Insurance	3,006	4,430
Total Current Assets	1,219,399	983,778
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pension (IMRF)	192,570	301,442
Total Assets and Deferred Outflows of Resources	<u>\$ 1,411,969</u>	<u>\$ 1,285,220</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable to Waste Contractor	\$ 532,995	\$ 265,811
Due to Affiliated Agency	104,224	51,737
Other Payables and Accruals	6,606	8,791
Total Current Liabilities	643,825	326,339
NONCURRENT LIABILITIES		
Net Pension Obligation	568,042	698,747
Total Liabilities	1,211,867	1,025,086
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows Related to Pension (IMRF)	127,463	74,649
Total Liabilities and Deferred Inflows of Resources	<u>1,339,330</u>	<u>1,099,735</u>
NET POSITION		
Unrestricted	72,639	185,485
Total Net Position	<u>\$ 72,639</u>	<u>\$ 185,485</u>

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

Basic Financial Statements

WEST COOK COUNTY SOLID WASTE AGENCY

STATEMENTS OF ACTIVITIES

YEARS ENDED APRIL 30

	2020	2019
REVENUES		
Regional Disposal Project Contracts	\$ 3,297,057	\$ 3,755,371
Membership Dues	60,452	51,025
Other Income	30,746	35,197
Interest Income	555	602
Total Revenues	<u>3,388,810</u>	<u>3,842,195</u>
EXPENDITURES / EXPENSES		
Regional Disposal Project Contractor	3,063,512	3,486,978
Payroll and Payroll Taxes	193,394	190,655
Pension Expense	132,535	128,605
Employee Benefits	51,037	49,539
Consultants	12,168	42,650
Professional Fees	19,827	19,384
Supplies and Equipment	9,952	10,725
Meetings and Conferences	2,317	6,024
Telephone	6,511	5,636
Insurance	4,826	2,424
Travel	2,213	2,263
Postage	1,757	1,667
Professional Dues	1,426	1,645
Printing and Copying	181	533
Publication / PR	-	253
Bad Debts	-	-
Total Expenses	<u>3,501,656</u>	<u>3,948,981</u>
Change in Net Position	(112,846)	(106,786)
NET POSITION		
Beginning of Year	<u>185,485</u>	<u>292,271</u>
End of Year	<u>\$ 72,639</u>	<u>\$ 185,485</u>

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

Basic Financial Statements

WEST COOK COUNTY SOLID WASTE AGENCY

STATEMENTS OF CASH FLOWS

YEARS ENDED APRIL 30

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers and Users	\$ 3,225,402	\$ 3,664,365
Interagency Pension Reimbursement	29,546	31,047
Cash Paid to Employees	(176,310)	(172,776)
Cash Paid to Suppliers	(2,975,455)	(3,708,258)
Net Cash Provided By (Used) in Operating Activities	103,183	(185,622)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	-	-
CASH FLOWS FROM INVESTING ACTIVITIES	-	-
NET CHANGE INCREASE (DECREASE) IN CASH	103,183	(185,622)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	419,261	604,883
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 522,444	\$ 419,261
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (112,846)	\$ (106,786)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By (Used In) Operating Activities		
(Increase) Decrease in Receivables	(133,862)	(146,783)
(Increase) Decrease in Prepaid Expenses	1,424	1,323
(Increase) Decrease in Deferred Outflows	108,872	(37,029)
Increase (Decrease) in Accounts Payable to Waste Contractor	267,184	65,695
Increase (Decrease) in Due to Affiliated Agency	52,487	(25,091)
Increase (Decrease) in Accrued Expenses	(2,185)	3,806
Increase (Decrease) in Net Pension Obligation	(130,705)	65,345
Increase (Decrease) in Deferred Inflows of Resources	52,814	(6,102)
Net Cash Provided By (Used In) Operating Activities	\$ 103,183	\$ (185,622)

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

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 and a money market account.

E. Receivables

Receivables represent amounts due to the Agency related to the Regional Disposal Project, membership dues of non-RDP organizations who are members, and receivables from their waste hauler for fees. The Agency anticipates collecting 100% of the amounts due. 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 and Inflows of Resources

Deferred outflows and inflows 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. The post-measurement date IMRF pension payments are recorded as deferred outflows. See Note 5 for additional information on the deferred outflows and inflows.

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 and inflows 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.

Note 2: Deposits

At April 30, 2020 and 2019, the carrying amounts of the Agency's deposits were \$522,444 and \$419,261, respectively, and the bank balances were \$522,994 and \$637,336, respectively. Of the bank balance \$451,711 and \$451,157 were covered by federal depository insurance and \$71,282 and \$186,179 were uninsured and uncollateralized for 2020 and 2019, 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, one employee is participating. The Agency contribution was \$4,103 for 2020 and \$4,022 for 2019.

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 as Other Income.

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, 2020 and 2019, the following employees were covered by the benefit terms:

Note 5: Defined Benefit Pension Plan (Continued)

	IMRF
Retirees and Beneficiaries currently receiving benefits	1
Inactive Plan Members entitled to but not yet receiving benefits	1
Active Plan Members	3
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 2020 and 2019 was 36.72% and 38.15%, respectively. For the fiscal year ended April 30, 2020 and 2019, the Agency contributed \$98,168 and \$102,369 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, 2019 and 2018. 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, 2019 and 2018:

- 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 2.50%.
- *Salary Increases* were expected to be 3.35% to 14.25%.
- The *Investment Rate of Return* was assumed to be 7.24%.
- *Projected Retirement Age* was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study from years 2014 to 2016.
- 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 2015). 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-2017 (base year 2015). 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

Note 5: Defined Benefit Pension Plan (Continued)

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	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	37%	5.75%
International Equity	18	6.50%
Fixed Income	28	3.25%
Real Estate	9	5.20%
Alternative Investments	7	3.60-7.60%
Cash Equivalents	1	1.85%
Total	<u>100%</u>	

Single Discount Rate. A Single Discount Rate of 7.24% was used to measure the total pension liability for 2019 and 2018. 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, for 2019 the expected rate of return on plan investments is 7.25%, the municipal bond rate is 2.75%, and the resulting single discount rate is 7.24%. For 2018, the rates are 7.25%, 3.71% and 7.24%, respectively.

Notes to Financial Statements

Note 5: Defined Benefit Pension Plan (Continued)

Changes in the Net Pension Liability for 2019

	Total Pension Liability (A)	Plan Net Position (B)	Net Pension Liability (B)-(A)
Balances at December 31, 2018	\$ 1,632,295	\$ 933,548	\$ 698,747
Changes for the year:			
Service Cost	29,570	-	29,570
Interest on the Total Pension Liability	117,373	-	117,373
Differences Between Expected and Actual Experience of the Total Pension Liability	(5,139)	-	(5,139)
Changes of Assumptions	-	-	-
Contributions - Employer	-	98,168	(98,168)
Contributions - Employees	-	11,579	(11,579)
Net Investment Income	-	160,827	(160,827)
Benefit Payments, including Refunds of Employee Contributions	(51,816)	(51,816)	-
Other (Net Transfer)	-	1,935	(1,935)
Net Changes	89,988	220,693	(130,705)
Balances at December 31, 2019	\$ 1,722,283	\$ 1,154,241	\$ 568,042

Changes in the Net Pension Liability for 2018

	Total Pension Liability (A)	Plan Net Position (B)	Net Pension Liability (B)-(A)
Balances at December 31, 2017	\$ 1,513,672	\$ 880,270	\$ 633,402
Changes for the year:			
Service Cost	27,766	-	27,766
Interest on the Total Pension Liability	112,524	-	112,524
Differences Between Expected and Actual Experience of the Total Pension Liability	(17,820)	-	(17,820)
Changes of Assumptions	46,621	-	46,621
Contributions - Employer	-	104,145	(104,145)
Contributions - Employees	-	11,323	(11,323)
Net Investment Income	-	(31,155)	31,155
Benefit Payments, including Refunds of Employee Contributions	(50,468)	(50,468)	-
Other (Net Transfer)	-	19,433	(19,433)
Net Changes	118,623	53,278	65,345
Balances at December 31, 2018	\$ 1,632,295	\$ 933,548	\$ 698,747

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the plan's net pension asset, calculated using a Single Discount Rate of 7.24%, 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:

Notes to Financial Statements

Note 5: Defined Benefit Pension Plan (Continued)

	1% Decrease (6.24%)	Current (7.24%)	1% Increase (8.24%)
2019 Net Pension Liability	<u>\$ 782,900</u>	<u>\$ 568,042</u>	<u>\$ 387,782</u>
	1% Decrease (6.24%)	Current (7.24%)	1% Increase (8.24%)
2018 Net Pension Liability	<u>\$ 907,746</u>	<u>\$ 698,747</u>	<u>\$ 523,986</u>

Pension Expense and Deferred Outflows of Resources Related to Pensions. For the year ended April 30, 2020 and 2019 the Agency recognized IMRF pension expense of \$128,432 and \$124,583, respectively. At April 30, 2020 and 2019, the Agency reported deferred outflows of resources related to pensions from the following sources:

2019

<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	\$ 75,797	\$ 14,104
Changes of assumptions	26,829	17,099
Net difference between projected and actual earnings on pension plan investments	<u>60,864</u>	<u>96,260</u>
Total Deferred Amounts to be recognized in pension expense in future periods	163,490	127,463
Pension Contributions made subsequent to the Measurement Date	<u>29,080</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u>\$ 192,570</u>	<u>\$ 127,463</u>

2018

<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	\$ 144,008	\$ 13,984
Changes of assumptions	37,143	25,445
Net difference between projected and actual earnings on pension plan investments	<u>90,494</u>	<u>35,220</u>
Total Deferred Amounts to be recognized in pension expense in future periods	271,645	74,649
Pension Contributions made subsequent to the Measurement Date	<u>29,797</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u>\$ 301,442</u>	<u>\$ 74,649</u>

Notes to Financial Statements

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:

<u>Year Ending December 31</u>	<u>Net Deferred Outflows of Resources</u>
2020	\$ 55,880
2021	(5,640)
2022	4,389
2023	(18,602)
2024	-
Thereafter	-
Total	<u>\$ 36,027</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, the GASB statement number 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, requires consideration of the potential implicit subsidy due to the possible demographic differences of the retired population.

During the year, the Agency hired an actuary to complete the estimated liability of the implicit subsidy. The amount computed was immaterial to the financial statements and so was not recorded, or disclosed.

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, 2023.

Note 9: Commitment

In February 2018, the Organization entered into a long-term contract, through December of 2028, 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.

Notes to Financial Statements

Note 10: Subsequent Event

In 2020, the COVID-19 pandemic struck the world with far reaching effects. Due to this virus, many municipalities, businesses and individuals have been significantly harmed financially. This may result in a decrease in future revenue collections, the amount of which cannot be currently quantified.

Required Supplementary Information

WEST COOK COUNTY SOLID WASTE AGENCY

MULTIYEAR SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

CALENDAR YEAR ENDED DECEMBER 31,

	2019	2018	2017	2016	2015
Total Pension Liability					
Service Cost	\$ 29,570	\$ 27,766	\$ 28,391	\$ 25,210	\$ 43,031
Interest on the Total Pension Liability	117,373	112,524	108,430	97,652	69,220
Benefit Changes	-	-	-	-	-
Difference between Expected and Actual Experience	(5,139)	(17,820)	10,090	67,929	322,363
Assumption Changes	-	46,621	(42,137)	-	1,673
Benefit Payments and Refunds	(51,816)	(50,468)	(49,134)	(47,847)	(45,240)
Net Change in Total Pension Liability	89,988	118,623	55,640	142,944	391,047
Total Pension Liability - Beginning	1,632,295	1,513,672	1,458,032	1,315,088	924,041
Total Pension Liability - Ending (a)	\$ 1,722,283	\$ 1,632,295	\$ 1,513,672	\$ 1,458,032	\$ 1,315,088
Plan Fiduciary Net Position					
Employer Contributions	\$ 98,168	\$ 104,145	\$ 111,865	\$ 46,046	\$ 36,723
Employee Contributions	11,579	11,323	11,214	10,719	10,083
Pension Plan Net Investment Income	160,827	(31,155)	114,028	45,991	3,116
Benefit Payments and Refunds	(51,816)	(50,468)	(49,134)	(47,847)	(45,240)
Other	1,935	19,433	(16,879)	3,150	24,059
Net Change in Plan Fiduciary Net Position	220,693	53,278	171,094	58,059	28,741
Plan Fiduciary Net Position - Beginning	933,548	880,270	709,176	651,117	622,376
Plan Fiduciary Net Position - Ending (b)	\$ 1,154,241	\$ 933,548	\$ 880,270	\$ 709,176	\$ 651,117
Net Pension Liability/(Asset) - Ending (a) - (b)	\$ 568,042	\$ 698,747	\$ 633,402	\$ 748,856	\$ 663,971
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	67.02%	57.19%	58.15%	48.64%	49.51%
Covered Valuation Payroll	\$ 257,320	\$ 251,619	\$ 249,201	\$ 238,208	\$ 224,064
Net Pension (Asset) Liability as a Percentage of Covered Valuation Payroll	220.75%	277.70%	254.17%	314.37%	296.33%

This is presented to illustrate the requirements 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.

Required Supplementary Information

WEST COOK COUNTY SOLID WASTE AGENCY

SCHEDULE OF EMPLOYER PENSION 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
2019	\$ 98,168	\$ 98,168	\$ -	\$ 257,320	38.15%
2018	104,145	104,145	-	251,619	41.39%
2017	111,866	111,866	-	249,201	44.89%
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 2018 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 2019 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: 3.25%
Price Inflation: 2.50%, approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases: 3.35% to 14.25%, 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 2017 valuation pursuant to an experience study of the period 2014 to 2016.
Mortality: RP-2014 Blue Collar Health Annuitant Mortality Table and RP-2017 (base year 2015) 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, 2017 actuarial valuations.

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>2020</u>	<u>2019</u>
REVENUES		
Regional Disposal Project Contracts	\$3,297,057	\$ 3,755,371
Interest Income	555	602
Total Revenues	<u>3,297,612</u>	<u>3,755,973</u>
EXPENSES		
Regional Disposal Project Contractor	3,063,512	3,486,978
Payroll and Payroll Taxes	77,737	75,938
Consultants	10,320	42,650
Pension	28,816	30,138
Benefits	20,451	19,825
Professional Fees	10,641	10,032
Supplies and Equipment	4,373	4,434
Telephone	2,920	2,540
Insurance	2,254	1,322
Meetings and Conferences	1,029	1,132
Travel	806	789
Professional Dues	592	709
Postage	757	627
Printing and Copying	79	271
Publication / PR	-	-
Total Expenses	<u>3,224,287</u>	<u>3,677,385</u>
Change in Net Position Related to RDP	<u>\$ 73,325</u>	<u>\$ 78,588</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.