

**WEST COOK COUNTY SOLID  
WASTE AGENCY**

**FINANCIAL STATEMENTS  
AS OF APRIL 30, 2015 AND 2014**

**TOGETHER WITH AUDITOR'S REPORT**

# Dugan & Lopatka

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
West Cook County Solid Waste Agency:

We have audited the accompanying financial statements of West Cook County Solid Waste Agency (the Agency), which comprise the statement of net assets as of April 30, 2015 and 2014, and the related statements of revenues, expenditures and change in net assets and cash flows for the years ended April 30, 2015 and 2014, and the related notes to the financial statements.

### *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, implementations, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, 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 of 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.

MEMBER

**INPACT**  
INTERNATIONAL ALLIANCE OF  
PROFESSIONAL ACCOUNTANTS

To the Board of Directors of  
West Cook County Solid Waste Agency:  
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***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, 2015 and 2014 and the change in its net assets and its cash flow for the years then ended with accounting principles generally accepted in the United States of America.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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.

  
DUGAN & LOPATKA

Wheaton, Illinois  
July 9, 2015

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The management of West Cook County Solid Waste Agency (the Agency) offers readers of the financial statements the following narrative overview and analysis of the financial activities for the year ended April 30, 2015.

### **BASIC FINANCIAL STATEMENTS**

Our basic financial statements are prepared using enterprise fund accounting that uses the same basis of accounting as private-sector business enterprises. The Agency is operated under one enterprise fund, with a component unit. Under this method of accounting, an economic resources measurement focus and an accrual basis of accounting are used. Revenue is recorded when earned and expenses are recorded when incurred. The basic financial statements include a statement of net assets; a statement of revenues, expenses, and changes in net assets; and a statement of cash flows. These statements are followed by notes to the financial statements. In addition to the basic financial statements, this report also contains supplementary information in the form of a schedule of revenues and expenditures for the Regional Disposal Project.

The statement of net assets presents information on the assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The statement of revenues, expenses, and change in net assets reports the operating revenues and expenses and non-operating revenue and expenses of the Agency for the fiscal year with the difference - the net income or loss - being combined with any capital contributions to determine the year-end net assets at the end of the fiscal year.

The statement of cash flows reports cash and cash equivalent activities for the fiscal year resulting from operating activities, non-capital financing activities, capital and related financing activities, and investing activities. The net result of these activities added to the beginning of the year cash balance reconciles to the cash and cash equivalent balance at the end of the current fiscal year. Contrary to the other basic financial statements, this statement is prepared on a cash basis.

### **FINANCIAL HIGHLIGHTS**

Assets exceeded liabilities by \$1,155,359 at the close of the fiscal year of which all is unrestricted and available to meet ongoing and future obligations of the Agency.

The change in net assets is \$(201,834).

The statement of cash flows, that identifies the sources and uses of cash activity for the fiscal year, indicates cash and cash equivalents decreased a net of \$(297,431) for the year.

**NET ASSETS**

	April 30,	
	2015	2014
Current and other assets	\$ 1,675,393	\$ 1,804,559
Current liabilities	520,034	447,366
Net assets:		
Undesignated	1,155,359	1,357,193
Designated	-	-
Total net assets	\$ 1,155,359	\$ 1,357,193

The largest portion of the Agency's net assets, \$978,671 and \$1,276,102 for the years ended April 30, 2015 and 2014, respectively, is invested in Illinois Funds. Those assets represent resources available to meet both the Agency's current and capital obligations.

**CHANGES IN NET ASSETS**

	April 30,	
	2015	2014
Operating revenues:		
Regional Disposal Project	\$ 3,641,610	\$ 3,560,161
General Fund	27,506	29,857
Total operating revenues	3,669,116	3,590,018
Operating expenses:		
Regional Disposal Project	3,611,808	3,531,701
General Fund	259,142	292,165
Total operating expenses	3,870,950	3,823,866
Net (loss)	\$ (201,834)	\$ (233,848)

The financial statement is divided into two parts: Regional Disposal Project and the General Fund.

**REVENUE:**

The Regional Disposal Project's (RDP) largest source of operating revenue of \$3,641,610 and \$3,560,161 for the years ended April 30, 2015 and 2014, respectively, is generated from contractual income. The Agency's General Fund has operating revenue generated by grant income or annual dinner of \$6,000 and \$19,655, respectively. The overall revenue for the Agency had an increase of 2% in 2015. The overall increase is a result of the service fees collected in 2015 from members in the Agency, which is then passed to Allied Waste.

**EXPENSES:**

The total operating expenses for the Agency before depreciation as a whole were \$3,870,950 and \$3,823,866 for the years ended April 30, 2015 and 2014, respectively. The most significant expenses were contracted RDP labor of \$3,439,360 and \$3,361,258 for the years ended April 30, 2015 and 2014, respectively, and salaries and payroll taxes of \$209,691 and \$230,181 for the years ended April 30, 2015 and 2014, respectively. Expenses stayed relatively stable.

***Requests for Information.** The financial report is intended to provide an overview of the finances of West Cook County Solid Waste Agency for those with an interest in this organization. Questions concerning any information contained in this report may be directed to the Controller, 2000 Fifth Ave, River Grove, Illinois 60171.*

EXHIBIT 1

WEST COOK COUNTY SOLID WASTE AGENCY  
STATEMENT OF NET ASSETS  
APRIL 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 978,671	\$ 1,276,102
Receivables	693,092	524,939
Prepaid expenses	3,630	3,518
Total current assets	<u>1,675,393</u>	<u>1,804,559</u>
	<u>\$ 1,675,393</u>	<u>\$ 1,804,559</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable - Trade	\$ 458,675	\$ 379,863
- Collaborative entity	55,260	65,321
Accrued expenses	6,099	2,182
Total liabilities	<u>520,034</u>	<u>447,366</u>
COMMITMENTS		
NET ASSETS:		
Undesignated	1,155,359	1,357,193
Designated	<u>-</u>	<u>-</u>
Total net assets	<u>1,155,359</u>	<u>1,357,193</u>
	<u>\$ 1,675,393</u>	<u>\$ 1,804,559</u>

The accompanying notes are an integral part of this statement.

WEST COOK COUNTY SOLID WASTE AGENCY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN NET ASSETS  
FOR THE YEARS ENDED APRIL 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
REVENUES:		
Tipping fee surcharge	\$ 1,851	\$ 4,889
RDP contract income	3,641,414	3,559,882
Keep West Cook Beautiful	6,000	6,000
Investment income	196	279
Miscellaneous income	<u>19,655</u>	<u>18,968</u>
Total revenues	<u>3,669,116</u>	<u>3,590,018</u>
EXPENDITURES:		
RDP expenditures	3,439,360	3,361,258
Events	20,945	18,908
Publication/PR	1,316	1,376
Payroll and payroll taxes	209,691	230,181
Employee benefits	72,087	82,209
Pension expense	22,488	25,472
Professional fees	17,330	11,724
Consultants	49,655	54,775
Insurance	5,889	5,552
Postage	2,471	2,342
Printing and copying	1,016	957
Travel expenses	1,019	3,113
Meetings and conferences	3,193	3,789
Supplies and equipment	13,665	8,415
Telephone	3,690	2,845
Professional dues	1,135	950
Keep West Cook Beautiful	<u>6,000</u>	<u>10,000</u>
Total expenditures	<u>3,870,950</u>	<u>3,823,866</u>
CHANGE IN NET ASSETS	(201,834)	(233,848)
NET ASSETS, Beginning of year	<u>1,357,193</u>	<u>1,591,041</u>
NET ASSETS, End of year	<u>\$ 1,155,359</u>	<u>\$ 1,357,193</u>

The accompanying notes are an integral part of this statement.



WEST COOK COUNTY SOLID WASTE AGENCY  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED APRIL 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers and users	\$ 3,500,963	\$ 3,656,419
Cash paid to suppliers and employees	<u>(3,798,394)</u>	<u>(3,963,341)</u>
Cash (used in) operating activities	<u>(297,431)</u>	<u>(306,922)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale of investments	<u>-</u>	<u>105,471</u>
Cash provided by investing activities	<u>-</u>	<u>105,471</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(297,431)	(201,451)
CASH AND CASH EQUIVALENTS, Beginning of year	<u>1,276,102</u>	<u>1,477,553</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 978,671</u>	<u>\$ 1,276,102</u>
CHANGE IN TOTAL NET ASSETS	\$ (201,834)	\$ (233,848)
Adjustments to reconcile change in net assets to net cash (used in) operating activities:		
(Increase) decrease in receivables	(168,153)	66,401
(Increase) in prepaid expenses	(112)	(256)
Increase (decrease) in accounts payable	68,751	(133,438)
Increase (decrease) in accrued expenses	<u>3,917</u>	<u>(5,781)</u>
Net cash (used in) operating activities	<u>\$ (297,431)</u>	<u>\$ (306,922)</u>

The accompanying notes are an integral part of this statement.

WEST COOK COUNTY SOLID WASTE AGENCY  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2015 AND 2014

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

West Cook County Solid Waste Agency (the Agency), Cook County, Illinois, 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 accounting policies of the Agency conform to generally accepted accounting principles applicable to local governmental units. These basic principles have been promulgated by the Governmental Accounting Standards Board and are detailed in their publication entitled "Governmental Accounting and Financial Reporting Standards." The following is a summary of the more significant policies:

The financial statements were available to be issued on July 9, 2015, with subsequent events being evaluated through this date.

Reporting Entity -

The financial statements of the Agency include those separately administered activities that are controlled by the Agency's Board of Directors. Control or dependence is determined on the basis of the following characteristics:

- Financial interdependency
- Selection of governing authority
- Designation of management
- Ability to significantly influence operations
- Accountability for fiscal matters

Based on the above criteria, no entities other than the Agency have been determined to meet any of the above criteria for inclusion in the financial statements as of April 30, 2015 and 2014.

Fund Accounting -

The accounts of the Agency are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Governmental Fund Types -

Governmental Funds are those through which most governmental functions of the Agency are financed. The acquisition, use and balances of the Agency's expendable financial resources and the related liabilities (arising from cash transactions) are accounted for through governmental funds.

The General Fund is the general operating fund of the Agency. It is used to account for all financial resources except those required to be accounted for in another fund. The Regional Disposal Project is a part of the General Fund. At April 30, 2015 and 2014, there are no other funds required.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Accounting Method -

The Agency maintains records on the accrual basis, which recognizes revenues as they are earned and expenses as they are incurred.

Cash and Cash Equivalents -

For purposes of the statement of cash flows, the Agency considers all short-term investments purchased with an original maturity of three months or less to be cash equivalents.

At year end, the carrying amount of the Agency's deposits totaled \$978,671 and \$1,276,102 and the bank balances totaled \$893,532 and \$1,227,967 at April 30, 2015 and 2014, respectively.

	<u>Bank Balances</u>
Category 1:	
Deposits covered by federal depository insurance, or collateral by the Agency, or its agent, in the Agency's name.	\$ -
Category 2:	
Deposits covered by collateral held by pledging financial institution's trust department, or by its agent, in the Agency's name.	-
Category 3:	
Deposits covered by collateral held by the pledging financial institution, or its trust department, or its agent but not in the Agency's name, and deposits which are uninsured and uncollateralized.	-
Illinois funds*	<u>893,532</u>
Total deposits	<u>\$ 893,532</u>

\* Not subject to the above risk categorization as defined by the Governmental Accounting Standards Board (GASB). Deposits are collateralized and fully insured, however, at various levels depending on the type of deposits on hand.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Receivables -

Receivables are stated at the amount the Agency expects to collect from outstanding balances. The Agency provides for probable uncollectible amounts as an expense on the statement of revenue, expenditures and change in net assets and a credit to an allowance for doubtful accounts on its assessment of the current status of individual accounts.

Property and Equipment -

The Agency generally capitalizes assets costing \$500 or more. Property and equipment are stated at cost. Donated assets are recorded at their fair market value on the date of donation. Repairs and maintenance charges are expensed as incurred.

Estimates -

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates and assumptions that affect reported amounts and disclosures. Actual results could differ from those estimates.

(2) LEASE COMMITMENTS:

The Agency is leasing office space for use by its administration through a shared commitment with a related party. The lease requires no payments for the space. The Agency also leases office equipment under an operating lease expiring in October, 2016. Lease expense for the years ended April 30, 2015 and 2014 was \$6,089 and \$5,617, respectively.

Future minimum lease payments under the above-shared commitment leases are as follows:

2016	\$	2,719
2017		953

(3) PENSION PLAN:

The Agency has a Section 457 savings plan (the Plan) covering all employees. The Agency makes contributions to the Plan up to a certain percentage of the individual participant's compensation. Starting in January, 2009, the Agency began to contribute to the Illinois Municipal Retirement Fund. The employer is required to contribute 16.39% and 15.55%, in 2015 and 2014 respectively, of the total monthly payroll while a participating employee must contribute 4.5% of his or her earnings. Total expense for the years ended April 30, 2015 and 2014 was \$22,488 and \$25,472, respectively.

(4) COLLABORATIVE ENTITY:

Amount is due to entity that is a collaborative entity with the Agency.

	<u>2015</u>	<u>2014</u>
West Central Municipal Conference	\$ <u>55,260</u>	\$ <u>65,321</u>

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## INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION

To the Board of Directors of  
West Cook County Solid Waste Agency:

We have audited the financial statements of West Cook County Solid Waste Agency as of and for the years ended April 30, 2015 and 2014, and have issued our report thereon dated July 9, 2015, which expressed an unmodified opinion on those financial statements. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of revenues and expenditures for the Regional Disposal Project 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 relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

  
DUGAN & LOPATKA

Wheaton, Illinois  
July 9, 2015

MEMBER

**IMPACT**

INTERNATIONAL ALLIANCE OF  
PROFESSIONAL ACCOUNTANTS

WEST COOK COUNTY SOLID WASTE AGENCY  
SCHEDULE OF REVENUES AND EXPENDITURES  
FOR THE YEARS ENDED APRIL 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
REVENUES:		
RDP contract income	\$ 3,641,414	\$ 3,559,882
Investment income	<u>196</u>	<u>279</u>
Total RDP income	<u>3,641,610</u>	<u>3,560,161</u>
EXPENDITURES:		
RDP contractor expense	3,439,360	3,361,258
Payroll and benefits	109,685	110,775
Professional fees	13,476	6,589
Consultants	37,655	42,775
Printing and copying	447	973
Insurance	1,520	1,388
Rent	1,588	959
Supplies and equipment	4,235	1,859
Travel expenses	49	905
Meetings and conferences	1,117	2,056
Postage	1,067	996
Telephone	<u>1,609</u>	<u>1,168</u>
Total expenditures	<u>3,611,808</u>	<u>3,531,701</u>
CHANGE IN NET ASSETS	<u>\$ 29,802</u>	<u>\$ 28,460</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.