

**ANNUAL MEETING
OF THE
GLENBARD WASTEWATER AUTHORITY**

Agenda

**November 15, 2018
Meeting 6:00 pm
Lorraine G. Gerhardt Community Room
Village of Lombard Village Hall
255 E. Wilson
Lombard, Illinois**

- 1.0 Call to Order
- 2.0 Pledge of Allegiance
- 3.0 Roll Call
- 4.0 Introduction of Board Members and the GWA Team
- 5.0 Public Comment
- 6.0 Consent Agenda

Motion to Approve the Minutes from the November 28, 2017 Annual Meeting of the Glenbard Wastewater Authority Board.

- 7.0 Annual Financial Reports FY2017 (Lauterbach & Amen, LLP)

Jamie Wilkey, a Partner in the firm of Lauterbach & Amen, LLP will briefly review the financial status of the Authority for the FY2017 period ending December 31, 2017. Usual areas for review are: fund equity, receivables, payables, liabilities, service fee, maintenance, cash flow and flow splits.

Motion to Accept the FY2017 Annual Financial Reports as presented by Christina Coyle and Jamie Wilkey, Lauterbach and Amen, LLP.

- 8.0 Comments by GWA Full Board Chairperson – Keith Giagnorio, Village of Lombard
- 9.0 Executive Director, Matt Streicher, will summarize significant events from CY2018 and present information on goals and projects that are planned for CY2019.
- 10.0 Proposed CY2019 Budget
 - Operations and Maintenance - \$4,445,941
 - Capital Plan – \$9,023,000

Motion to Approve the CY2019 Glenbard Wastewater Authority Budget in the amount of \$13,468,941.

- 11.0 Other Business
- 12.0 Adjournment

SECTION 6.0

CONSENT AGENDA – APPROVE MINUTES FROM NOVEMBER 28, 2017 MEETING

**Minutes
2017 Annual Meeting
Glenbard Wastewater Authority
Tuesday, November 28, 2017**

1.0 Call to Order

Glen Ellyn Village President McGinley called the meeting to order at 6:00 p.m.

2.0 Roll Call

Present: Diane McGinley, John Chereskin, Bill Enright, Peter Ladesic, Craig Pryde, Mark Senak, Keith Giagnorio, Sharon Kuderna, Reid Foltyniewicz, Mike Fugiel, Bill Johnston, Robyn Pike, William Ware and Dan Whittington

Absent: Gary Fasules and John Kenwood

Glen Ellyn Staff Present:
Village Manager Mark Franz
Assistant Village Manager Bill Holmer
Public Works Director Julius Hansen
Finance Director Christina Coyle
Recording Secretary Debbie Solomon

Lombard Staff Present:
Village Manager Scott Niehaus
Public Works Director Carl Goldsmith
Finance Director Tim Sexton

Glenbard Wastewater Staff Present:
Interim Executive Director Matt Streicher
Maintenance Superintendent John Braga
Environmental Resources Coordinator Laurie Frieders
Administrative Secretary Gayle Lendabarker

Legal Counsel
Greg Dose

3.0 Pledge of Allegiance

Glen Ellyn Village President McGinley led the Pledge of Allegiance.

4.0 Introduction of Board Members and the Glenbard Wastewater Authority (GWA) Team

Glen Ellyn Village President McGinley had the members of the Glen Ellyn Village Board, the Glen Ellyn staff, the Lombard Village Board, the Lombard staff and the GWA staff introduce themselves.

5.0 Public Comment

None

6.0 Consent Agenda:

A motion was made by Glen Ellyn Trustee Ladesic and seconded by Lombard Village President Giagnorio to approve Consent Agenda Items 1-17.

Aye (10): Diane McGinley, Bill Enright, Peter Ladesic, Craig Pryde, Mark Senak, Keith Giagnorio, Reid Foltyniewicz, Bill Johnston, William Ware and Dan Whittington

Abstain (2): Mike Fugiel and Robyn Pike

Absent (2): Gary Fasules and John Kenwood

7.0 Annual Financial Reports FY2016 (Lauterbach & Amen, LLP)

Glen Ellyn Finance Director Coyle provided an overview of the Fiscal Year 2016 Audited Financial Statements for the Glenbard Wastewater Authority for the period ending December 31, 2016

Jamie Wilkey, a partner in the firm of Lauterbach & Amen, LLP, provided a review of the financial status of the Glenbard Wastewater Authority for the FY2016 period including fund equity, receivables, payables, liabilities, service fee, maintenance, cash flow and slow splits.

Glen Ellyn Trustee Enright asked about former employees on the health insurance program to which Glen Ellyn Finance Director Coyle stated former employees can stay on the health insurance program at their own discretion and pay 100% for these premiums. Glen Ellyn Trustee Enright asked about the salary increases to which Glen Ellyn Finance Director Coyle stated the actuarial assumptions are chosen by the IMRF, and not by the GWA or either Village.

Glen Ellyn Trustee Senak asked if the reduction in monies from the State of Illinois might affect the GWA. Glen Ellyn Finance Director Coyle stated the GWA receives no direct revenues from the State of Illinois so this is not an issue; however, there could possibly be an issue if there was a reduction in grant monies.

A motion was made by Lombard Village President Giagnorio and seconded by Glen Ellyn Trustee Pryde, that the Annual Financial Report for the Glenbard Wastewater Authority for the Fiscal Year ending December 31, 2016, be approved. The motion carried by the following vote:

Aye (12): Diane McGinley, Bill Enright, Peter Ladesic, Craig Pryde, Mark Senak, Keith Giagnorio, Reid Foltyniewicz, Mike Fugiel, Bill Johnston, Robyn Pike, William Ware and Dan Whittington

Absent (2): Gary Fasules and John Kenwood

8.0 Comments by GWA Full Board Chairperson – President Diane McGinley, Village of Glen Ellyn

Glen Ellyn Village President McGinley stated she will be passing the torch back to Lombard Village President Giagnorio for 2018. Glen Ellyn Village President McGinley stated it is wonderful to see how the two Village staffs and Village Boards work together. Glen Ellyn Village President McGinley stated the odor issues that arose in July were handled well by all, and she thanked GWA Interim Executive Director Streicher and the GWA staff for stepping up and responding to the residents. Glen Ellyn Village President

McGinley stated the GWA staff does report to Glen Ellyn Public Works Director Hansen, and Glen Ellyn is the lead agency for the GWA in respect to the Human Resources piece.

Lombard Village President Giagnorio thanked Glen Ellyn Village President McGinley and the Glen Ellyn Village Board for hosting the meeting at the Village Links/Reserve 22. Lombard Village President Giagnorio thanked GWA Interim Executive Director Streicher, Administrative Secretary Lendabarker and the other GWA staff members for stepping up during changes at the plant and when the GWA plant came under fire. Lombard Village President Giagnorio stated the two Village Boards do get along well, and both Village Managers and both Public Works Directors do work well together.

9.0 GWA Interim Executive Director Streicher will summarize significant events from CY2017 and present information on goals and projects that are planned for CY2018

GWA Interim Executive Director Streicher presented an overview of the significant events from CY2017. GWA Interim Executive Director Streicher referred to the presentation in the packets and thanked the Executive Oversight Committee (EOC) for their leadership this year. The EOC Representatives are Glen Ellyn Village President Diane McGinley, Glen Ellyn Trustee Bill Enright, Glen Ellyn Village Manager Mark Franz, Glen Ellyn Public Works Director Julius Hansen, Lombard Village President Giagnorio, Lombard Trustee Mike Fugiel, Lombard Village Manager Scott Niehaus and Lombard Public Works Director Goldsmith. GWA Interim Executive Director Streicher referred to a map of the GWA's Facilities Planning Area and showed the following on the map: the Stormwater Plant, the St. Charles Road Lift Station, the North Regional Interceptor pipe, the South Regional Interceptor pipe, the Valley View Pump Station and the GWA Treatment Facility.

GWA Interim Executive Director Streicher referred to the 2017 Key Performance Indicators page and stated 3,000,000,000 gallons have been treated to date with the five-year average being 3,500,000,000 gallons. GWA Interim Executive Director Streicher stated the Main Plant has had no Permit Excursions since April 4, 2013; however, there were two excursions for the Combined Sewer Outfall Facility during the October 15-16, 2017, wet-weather event. GWA Interim Executive Director Streicher the GWA has had no Lost-Time Injuries since 2013, and the number of Odor Complaints rose significantly this year due to the Digester issue.

GWA Interim Executive Director Streicher stated the big project has been the Facility Improvements Project and reviewed the Project Bid Opening, the Forecasted Benefits of this project, the Project Change Orders and the new Project Cost of \$17,600,572.66. GWA Interim Executive Director Streicher stated the project completion date has been delayed until November 2019 due to the contractor-request change order for sub-surface conditions that needed to be negotiated. GWA Interim Executive Director Streicher stated the cost for this project will then be spread out another two years.

GWA Interim Executive Director Streicher reviewed the 2017 Digester Upset incident and stated due to an organic overload of Fats, Oils and Grease, there was an odor released from the Digester at a high concentration. GWA Interim Executive Director Streicher stated going forward, the GWA will monitor the feed rate and the Digester health on a daily basis and be more proactive with public communication.

GWA Interim Executive Director Streicher referred to the Partner Allocations Operation and Maintenance slide and stated the increase from 2017 to 2018 is due to the Digester Upset. GWA Interim Executive Director Streicher stated they will be using conservative numbers moving forward.

Glen Ellyn Trustee Enright asked about oxygen use. GWA Interim Executive Director Streicher stated the Digesters are anaerobic so they do not need oxygen for these, but they do regularly bring in oxygen from Airgas for other needs.

GWA Interim Executive Director Streicher referred to the Operation and Maintenance Flow Drives Partner Allocations slide and stated the flow is split between the two Villages. GWA Interim Executive Director Streicher stated they do use a five-year average to determine this flow split, and the Glen Ellyn percentage is slightly down while the Lombard percentage is slightly up. GWA Interim Executive Director Streicher stated the Glen Ellyn Share is 44.45% while the Lombard Share is 55.55%.

GWA Interim Executive Director Streicher stated the EOC did approve a 3.0% increase in the GWA Capital Fund due to Capital Projects coming down the road. GWA Interim Executive Director Streicher stated the Capital Contribution split is figured differently than the Operations and Maintenance split where half the Capital is split evenly and then the other half is split based on flow.

GWA Interim Executive Director Streicher stated the Top CY2017 Capital Projects were the Facility Improvement Project Construction and Engineering, the Ultra Violet Disinfection System Upgrade and the Biological Phosphorus Removal Engineering. GWA Interim Executive Director Streicher stated the Top CY2018 Capital Projects will be the continuation of the Facility Improvement Project Construction and Engineering, the Electric Service Distribution System Rehabilitation Project and the Facility Planning.

There was discussion regarding workers' compensation and the Heat and Power project.

Lombard Village Manager Niehaus stated the GWA is now officially located in Glen Ellyn with a new address of 945 Bemis Road in Glen Ellyn.

10.0 Proposed CY2018 Budget

GWA Interim Executive Director Streicher stated the Proposed CY2018 Partner Allocations will have an overall 4.0% increase which is mostly related to the Digester process and additional electrical usage.

GWA Interim Executive Director Streicher stated the Proposed CY2018 Budget will be \$13,370,737.

A motion was made by Lombard Trustee Ware and seconded by Glen Ellyn Trustee Senak, that the Glenbard Wastewater Authority approve the CY2018 Budget in the amount of \$13,370,737. The motion carried by the following vote:

Aye (12): Diane McGinley, Bill Enright, Peter Ladesic, Craig Pryde, Mark Senak, Keith Giagnorio, Reid Foltyniewicz, Mike Fugiel, Bill Johnston, Robyn Pike, William Ware and Dan Whittington

Absent (2): Gary Fasules and John Kenwood

11.0 Other Business

Glen Ellyn Village President McGinley thanked Lombard Village Manager Niehaus for his work in the past year and stated it is great to see him in action. Glen Ellyn Village President McGinley stated Village Manager Niehaus has a great way with customers.

12.0 Adjournment

A motion was made by Glen Ellyn Trustee Pryde and seconded by Lombard Trustee Foltyniewicz, that the Annual Meeting of the Village of Glen Ellyn Board and the Village of Lombard Village Board known as the Glenbard Wastewater Authority held on Tuesday, November 28, 2017 be adjourned at 6:59 p.m. The motion carried by the following vote:

Aye (12): Diane McGinley, Bill Enright, Peter Ladesic, Craig Pryde, Mark Senak, Keith Giagnorio, Reid Foltyniewicz, Mike Fugiel, Bill Johnston, Robyn Pike, William Ware and Dan Whittington

Absent (2): Gary Fasules and John Kenwood

Respectfully submitted,

Debbie Solomon
Recording Secretary for the Village Board of Glen Ellyn

Reviewed and approved,

John A. Chereskin
Village Clerk, Glen Ellyn

SECTION 7.0

ANNUAL FINANCIAL REPORTS

MEMORANDUM

TO: Executive Oversight Committee
FROM: Christina Coyle, Finance Director
DATE: May 31, 2018
RE: 2017 Audited Financial Statements



2017 Audited Financial Statements

Attached is the Annual Audited Financial Statements for the Glenbard Wastewater Authority for the fiscal year that ended December 31, 2017.

Financial highlights for the Authority's fiscal year 2017 (FY2017) are presented on pages MD&A2 and MD&A3 of the report. A complete narrative summary of the Authority's operations and financial position is found in Management's Discussion and Analysis on pages MD&A1 through 9. I will present highlights of the financial report during the EOC meeting and our audit partner, Jamie Wilkey, will present the auditor's opinion.

The Authority again received an unmodified audit opinion from the auditing firm, Lauterbach & Amen LLP, which is the highest and best opinion.

Operating Fund Surplus

The Operating Fund Surplus, before the long term pension adjustment, was \$159,394. We annually adjust the partners' contributions to match expenses. Using this measure, the Village of Lombard is owed \$96,441 and Glen Ellyn is owed \$62,953 for the fiscal year ended December 31, 2017.

As of December 31, 2017, the Authority's working cash was 29.7% of operating expenses, or \$188,563 above minimum 25% as set in the current intergovernmental agreement. A complete schedule detailing the working cash calculation may be found in the notes to the financial statements (page 18-19). As the amount of working cash over the minimum requirement is greater than the operating surplus for the year, we are able to distribute the entire FY2017 surplus amount.

The operating surplus may be either rebated back to each community or may be distributed to the Capital Fund. In the past, the operating surplus has been distributed to the Capital Fund and has been used for either specific projects or to offset future Capital Fund rate increases to both Villages. The Executive Oversight Committee directed staff to distribute the 2016 operating surplus to the Capital Fund and to restrict the funds to accelerate the repayment of the loan for the Facility Improvement Project. Accelerating the repayment of this loan would reduce the amount of interest that would need to be paid on the loan.

Other Communications

There are two other communications that are included as attachments to this memo.

SAS114 Letter: This letter is a required communication between the auditors and those charged with governance. It highlights certain areas that auditors are required to disclose each year to those charged with governance.

Management Letter: This letter only highlights forthcoming accounting standards for the coming year. There are no internal control matters reported in the letter.

Proposed Action Items:

Motion to accept the Audited Financial Statements of the Glenbard Wastewater Authority for the fiscal year ended December 31, 2017 and to forward the audit report to the full Authority Board for final approval at the next annual meeting.

Motion to distribute the operating surplus of \$159,394 in a manner determined by the Executive Oversight Committee.

**GLENBARD WASTEWATER
AUTHORITY GLEN ELLYN, ILLINOIS**

MANAGEMENT LETTER

**FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2017**



April 18, 2018

The Honorable Chairman
Members of the Board of Directors
Glenbard Wastewater Authority
Glen Ellyn, Illinois

In planning and performing our audit of the financial statements of the Glenbard Wastewater Authority, for the fiscal year ended December 31, 2017, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

We do not intend to imply that our audit failed to disclose commendable aspects of your system and structure. For your consideration we herein submit our comments and suggestions which are designed to assist in effecting improvements in internal controls and procedures. Those less significant matters, if any, which arose during the course of the audit, were reviewed with management as the audit field work progressed.

The accompanying comments and recommendations are intended solely for the information and use of the Members of the Board of Directors, management, and others within the Glenbard Wastewater Authority.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Authority personnel. We would be pleased to discuss our comments and suggestions in further detail with you at your convenience, to perform any additional study of these matters, or to review the procedures necessary to bring about desirable changes.

We commend the finance department for the well prepared audit package and we appreciate the courtesy and assistance given to us by the entire Authority staff.

Lauterbach + Amen LLP
LAUTERBACH & AMEN, LLP

PRIOR RECOMMENDATIONS

1. GASB STATEMENT NO. 74 FINANCIAL REPORTING FOR POST-EMPLOYMENT BENEFIT PLANS OTHER THAN PENSION PLANS AND GASB STATEMENT NO. 75 ACCOUNTING AND FINANCIAL REPORTING FOR POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Comment

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 74, *Financial Reporting for Post-Employment Benefits Plans Other Than Pension Plans*, which applies to individual postemployment benefit plans, and Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*, which applies to the state and local government employers that sponsor the plans. The Statements apply to the reporting of other post-employment benefits, including medical, dental, life, vision and other insurance coverages provided by the employer post-employment. The Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to the other post-employment benefit plans, and specifically identify the methods and assumptions that are to be used in calculating and disclosing these OPEB accounts in the financial statements. The Statements also provide for additional note disclosures and required supplementary information and are intended to improve information provided by state and local government employers regarding financial support to their OPEB plans. GASB Statement No. 75 applies to the employer's reporting of other post-employment benefit plans and is applicable to the Glenbard Wastewater Authority's financial statements for the year ended December 31, 2018.

Recommendation

We recommended that the Glenbard Wastewater Authority reach out to the private pension actuary engaged to provide the OPEB actuarial calculations in order to confirm the timeline for implementation and to review requested materials that will be required in order to implement the provisions and requirements of the new Statements. Lauterbach & Amen, LLP will also work directly with the Glenbard Wastewater Authority to assist in the implementation process, including assistance in determining the implementation timeline with the Glenbard Wastewater Authority and private actuary, providing all framework for the financial statements in order to complete the implementation, and assist in answering any questions or concerns the Glenbard Wastewater Authority might have related to the implementation process or requirements.

Status

This comment has not been implemented and will be implanted for the year ended December 31, 2018, as required.

**FISCAL YEAR 2017
(LAUTERBACH & AMEN,
LLP)**

GLENBARD WASTEWATER AUTHORITY
GLEN ELLYN, ILLINOIS

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2017

GLENBARD WASTEWATER AUTHORITY, GLEN ELLYN, ILLINOIS

Table of Contents

	PAGE
<u>FINANCIAL SECTION</u>	
INDEPENDENT AUDITORS' REPORT	1 - 2
MANAGEMENT DISCUSSION AND ANALYSIS	MD&A 1 - 9
FINANCIAL STATEMENTS	
Statement of Net Position	3 - 4
Statement Revenues, Expenses and Changes in Net Position	5
Statement of Cash Flows	6
Notes to Financial Statements.....	7 - 27
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Employer Contributions Illinois Municipal Retirement Fund.....	28
Schedule of Changes in the Employer's Net Pension Liability Illinois Municipal Retirement Fund.....	29
SUPPLEMENTAL STATEMENTS AND SCHEDULES	
Combining Statement of Net Position	30 - 31
Combining Statement Revenues, Expenses, and Changes in Net Position.....	32
Combining Statement of Cash Flows	33
Schedule of Revenues, Expenses and Changes in Net Position – Budget and Actual – Operating Sub-Fund.....	34 - 35
Schedule of Revenues, Expenses and Changes in Net Position – Budget and Actual – Equipment Replacement Sub-Fund	36 - 37
Schedule of Comparative Flows (Unaudited).....	38
Schedule of Allocation Costs (Unaudited)	39 - 41

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT



INDEPENDENT AUDITORS' REPORT

April 18, 2018

The Honorable Chairman
Members of the Board of Directors
Glenbard Wastewater Authority
Glen Ellyn, Illinois

We have audited the accompanying financial statements of the Glenbard Wastewater Authority, Illinois, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Authority'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 opinions 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 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 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 Authority'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 Authority'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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Glenbard Wastewater Authority, Illinois, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Glenbard Wastewater Authority, Illinois' basic financial statements. The supplemental schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such 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 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 supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Comparative Flows and the Schedule of Allocation of Costs have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Prior-Year Comparative Information

We have previously audited Glenbard Wastewater Authority's 2016 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated May 12, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.


LAUTERBACH & AMEN, LLP

MANAGEMENT DISCUSSION AND ANALYSIS

GLENBARD WASTEWATER AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2017

This discussion and analysis of the Glenbard Wastewater Authority (the "Authority") is designed to provide the reader an objective and easily readable analysis of the Authority's financial activities for the fiscal year 2017 which began on January 1, 2017 and concluded on December 31, 2017. Also highlighted in this analysis are significant financial transactions and issues, comparisons to prior year activities, any relevant trend information, and changes in the Authority's financial position.

This discussion and analysis is an integral part of the Authority's financial statements and should be read in conjunction with the financial statements, which begin on page 3.

Background and Overview of the Financial Statements

The Authority was established by an intergovernmental agreement dated November 28, 1977 between the neighboring villages of Lombard and Glen Ellyn, Illinois for the purpose of jointly treating and processing wastewater. Prior to creation of the Authority, wastewater processing was decentralized. The Authority processes wastewater for the Villages of Lombard and Glen Ellyn as well as certain other areas in DuPage County.

The four principal components of the Authority are the Glenbard Plant, the Lombard Combined Sewerage Treatment Facility (LCSTF) facility, the North Regional Interceptor (NRI) and the South Regional Interceptor (SRI). The original construction cost of these facilities was approximately \$43 million, with \$32 million contributed by a grant from the United States Environmental Protection Agency (USEPA) and the remaining \$11 million contributed by Lombard and Glen Ellyn.

The Board of Directors of the Authority consists of the Village President and six Trustees from each of the Villages of Lombard and Glen Ellyn. The Executive Oversight Committee (EOC) is responsible for overseeing the operational aspects of the Authority's activities and is composed of both Village Presidents, both Village Managers, one Trustee representative from each Village Board and one staff member, traditionally the Public Works Director, of each Village. The Committee meets monthly and reviews operational and staff reports, approves Authority expenditures, awards various contracts for services, reviews the financial statements, reviews and recommends an annual budget to the full Authority Board and performs other functions as defined in the intergovernmental agreement.

The Village of Glen Ellyn is identified by the intergovernmental agreement as the "operating" or lead agency of the Authority. In its capacity as lead agency, Glen Ellyn performs operational supervision, accounting, personnel and administrative services for the Authority on a contractual basis.

The Authority's accounting and financial transactions are recorded in two separate funds – the Operating Fund and the Equipment Replacement Fund.

The Operating Fund pays for the day-to-day operating costs of the Glenbard Plant, LCSTF, NRI and SRI and includes costs such as staff salaries and benefits, contractual services, sludge removal, utilities, insurance and related expenses. Operating costs are allocated between the Lombard and Glen Ellyn partners based on a five year rolling average of the percentage of wastewater flow contributed by each community.

GLENBARD WASTEWATER AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2017

Each Village contributes a monthly amount to the Authority based on the adopted Operating Fund budget for the year. These contributions are adjusted two times per fiscal year based on actual wastewater flow share between the parties. Also, an adjustment is made after the conclusion of the fiscal year so that total year-end operating revenues are equivalent to total year-end operating expenses, excluding the adjustment for the IMRF pension obligation.

The Equipment Replacement Fund was established to accumulate funds for the repair and replacement of plant components as needed and was a required element for the initial grant assistance received from the Federal EPA. The two partners contribute a budgeted amount to the Equipment Replacement Fund each year based the wastewater flow split percentage of the Glenbard Plant and associated infrastructure.

Financial Highlights

1. The Authority's overall cash position at December 31, 2017 increased by \$2.73 million or by 104% compared to balances at the close of the prior fiscal year. The Operating Fund experienced an increase in cash balance of \$133,736, while the Equipment Replacement Fund's cash balance increased by \$2.60 million. The Equipment Replacement Fund received loan proceeds from an Illinois Environmental Protection Agency (IEPA) loan in the amount of \$7.5 million and has incurred capital costs of \$9.9 million. The main project undertaken is the Facility Improvement Project (FIP), which entails a series of updates to the facility. See page 33 for detailed cash flow information.
2. Total Operating Fund expenses for fiscal year 2017 were \$4,107,986, a decrease of \$129,738 or 3.1% compared to the previous fiscal year. For additional information concerning changes in operating costs compared to the prior fiscal year, see page 8 of this Management's Discussion and Analysis.
3. Total Operating Fund expenses were under the approved budget of \$4,184,550 by \$76,564 or 1.8%. Savings were seen on maintenance costs (under budget by \$177,293) and commodities (under budget by \$103,229). Additional budget comparison information is located on pages 34 - 35.
4. Amounts due from/(to) each of the Villages as of December 31, 2017, include following components:

	Village of Lombard	Village of Glen Ellyn	Total
Amounts Due from (to) Villages			
Billing Adjustment for the Fiscal Year Ended on December 31, 2017	\$ (96,441)	(62,953)	(159,394)
Billing Adjustment - July 2017 to December 2017	109,906	(109,906)	-
Miscellaneous Receivable (Payable)	-	1,210	1,210
Cumulative Balance Due from (to) Villages	13,465	(171,649)	(158,184)

GLENBARD WASTEWATER AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2017

5. The percentage of wastewater flow contributed by each of the partners to the Glenbard Plant for 2017 compared to the previous three years is shown below:

	FY 2015	FY 2016	FY 2017
Lombard	54.75%	55.61%	57.35%
Glen Ellyn	45.25%	44.39%	42.65%

A history of annual flow data is presented on page 38.

6. The Authority has a minimum working cash policy for its Operating Fund equal to 25% of operating expenses (see Note 3 on page 18 - 19). The Authority's net working cash balance of \$1,198,358 as of December 31, 2017 is equivalent to a 29.7% reserve level, above the minimum 25% level by \$188,563.
7. The Authority invested significantly in capital projects during 2017. The Authority embarked on the Facility Improvement Project (FIP) in 2017. This project includes improvements to the raw sewage pump building, improvements and modifications to the filter building, modification of the non-potable water system, installation of a reclaimed water system, improvements to the natural gas system serving the treatment facility and improvements to the final clarifiers. As of December 31, \$8.1 million had been expended on this project.
8. In 2017, an imbalance in the digesters caused a foul odor in the surrounding neighborhoods. To address the imbalance, the Authority temporarily halted processing of fats, oils, and grease (FOG). The Authority also incurred additional costs for chemicals and sludge removal to address the upset digester.

Authority's Financial Analysis

Net Position

The Statement of Net Position includes all of the Authority's assets/deferred outflows and liabilities/deferred inflows and provides information about the nature and amount of investments in resources and the obligations to creditors. This statement provides the basis for evaluating the capital structure and assessing the liquidity and financial flexibility of the Authority.

A summary of the Authority's Statement of Net Position is presented on the next page.

GLENBARD WASTEWATER AUTHORITY**MANAGEMENT'S DISCUSSION AND ANALYSIS**
December 31, 2017

	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>
Current and Other Assets	\$ 4,737,766	\$ 2,848,307	\$ 6,258,960
Deferred Outflows	518,751	400,244	239,180
Capital Assets	<u>37,675,061</u>	<u>38,913,771</u>	<u>46,255,289</u>
Total Assets & Deferred Outflows	<u>42,931,578</u>	<u>42,162,322</u>	<u>52,753,429</u>
Long Term Debt	4,850,739	4,331,782	11,348,756
Other Liabilities	3,080,999	1,854,562	3,167,456
Deferred Inflows	<u>-</u>	<u>51,668</u>	<u>925,256</u>
Total Liabilities & Deferred Inflows	<u>7,931,738</u>	<u>6,238,012</u>	<u>15,441,468</u>
Net Investment in Capital Assets	32,318,101	34,063,033	34,374,524
Restricted	<u>2,681,739</u>	<u>1,861,277</u>	<u>2,937,437</u>
Total Net Position	<u>\$34,999,840</u>	<u>\$35,924,310</u>	<u>\$37,311,961</u>

The total net position of the Authority increased \$1,387,651 to \$37,311,961, an increase of 3.9% from the prior fiscal year, due to the contribution by the Villages of the previous year operating surplus to the Equipment Replacement Fund as well as increases in other revenue streams such as connection fees, FOG (fats, oils, and grease) revenue and grant revenue.

For more detailed information, see the Statement of Net Position beginning on page 3.

GLENBARD WASTEWATER AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2017

Activities

The Statement of Revenues, Expenses and Changes in Net position provides an indication of the Authority's financial health. A summary of the Authority's Statement of Revenues, Expenses and Changes in Net Position is presented below.

	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>
Operating Revenues	\$ 7,267,893	\$ 7,455,808	\$ 7,421,656
Non-Operating Revenues	<u>680,880</u>	<u>868,299</u>	<u>1,286,271</u>
Total Revenues	<u>7,948,773</u>	<u>8,324,107</u>	<u>8,707,927</u>
Depreciation Expense	2,525,016	2,624,572	2,549,513
Other Operating Expenses	4,416,232	4,649,616	4,658,182
Non-Operating Expenses	<u>151,674</u>	<u>125,449</u>	<u>112,581</u>
Total Expenses	<u>7,092,922</u>	<u>7,399,637</u>	<u>7,320,276</u>
Changes in Net Position	855,851	924,470	1,387,651
Net Position – Beginning of Year	<u>34,143,989</u>	<u>34,999,840</u>	<u>35,924,310</u>
Net Position – End of Year	<u><u>\$34,999,840</u></u>	<u><u>\$35,924,310</u></u>	<u><u>\$37,311,961</u></u>

For more detailed information, see the Statement of Revenues, Expenses and Changes in Net Position on page 5.

Revenues

Operating Fund Revenues

Operating Fund operating revenues consist of contributions made by the Villages of Lombard and Glen Ellyn. These contributions are initially based on the adopted Operating Fund budget for the year and are adjusted so that total year-end operating revenues are equivalent to total year-end operating expenses, excluding depreciation expense and IMRF GASB 68 pension adjustment. Amounts that are contributed by the partners in excess of total year-end operating expenses are distributed based on each partner's five-year rolling average wastewater flow and are recorded in the Statement of Net Position as liabilities payable to the respective Villages.

GLENBARD WASTEWATER AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2017

A comparison of Operating Fund operating revenues from charges to the Villages for the fiscal year ended December 31, 2017 compared to the previous two years is shown in the table below.

Partner	FY 2015	FY 2016	FY 2017	\$ Change from 2016 to 2017	% Change from 2016 to 2017
Village of Lombard	\$2,190,422	\$2,294,324	\$2,306,219	\$ 11,895	0.52%
Village of Glen Ellyn	1,810,471	1,831,484	1,715,437	(116,047)	-6.34%
Total	<u>\$4,000,893</u>	<u>\$4,125,808</u>	<u>\$4,021,656</u>	<u>\$ (104,152)</u>	<u>-2.52%</u>

In 2017, the Combined Heat and Power system was operational and reduced utility costs from \$1.0 million in 2016 to \$646,000 in 2017. That was offset by increased costs in sludge removal and maintenance, and commodities.

Equipment Replacement Fund Revenues

A comparison of Equipment Replacement Fund revenues for the fiscal year ended December 31, 2017 compared to the previous two years is shown in the table below:

Revenue	FY 2015	FY 2016	FY 2017	\$ Change from 2016 to 2017	% Change from 2016 to 2017
Lombard ¹	\$ 1,713,122	\$ 1,760,068	\$ 1,826,913	\$ 66,845	3.8%
Glen Ellyn ¹	1,553,878	1,569,932	1,573,087	3,155	0.2%
Excess Contributions ²	244,704	142,157	48,692	(93,465)	-65.7%
Connection Fees ³	145,130	67,124	290,110	222,986	332.2%
Leachate Revenue ⁴	133,389	166,863	156,100	(10,763)	-6.5%
Cell Tower Revenue ⁵	26,651	27,179	52,616	25,437	93.6%
FOG Revenue ⁶	-	35,818	167,806	131,988	NA
Investment Income ⁷	10,918	6,260	11,936	5,676	90.7%
Grant Revenue ⁸	57,000	383,000	517,390	134,390	NA
Other Income ⁹	53,871	41,472	24,097	(17,375)	-41.9%
Total Revenues	<u>\$ 3,938,663</u>	<u>\$ 4,199,873</u>	<u>\$ 4,668,747</u>	<u>\$ 468,874</u>	<u>11.2%</u>

¹. Each partner contributes an annual amount to be allocated for reinvestment in plant infrastructure and rehabilitation. Contributions are determined annually as a part of the budget preparation process and are allocated based on the wastewater flows contributed by each partner at the Glenbard Plant.

². As part of the closeout of the 2016 fiscal year, both Villages contributed their portion of the operating surplus in the Operating Fund to the Equipment Replacement Fund.

GLENBARD WASTEWATER AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2017

- ^{3.} New connections to the respective sanitary sewer systems of the partners are charged a fee which is paid into the Equipment Replacement Fund. FY 2017 had greater fees than FY 2016 fees due to a few larger development projects.
- ^{4.} Beginning in FY2012/13, the Authority began processing Leachate at the rate of two trucks per day. In FY2013/14, the number of trucks increased to three per day. In April 2014, the number of trucks was increased to a maximum of 6 per day.
- ^{5.} GWA has an agreement with AT&T to house a cell phone tower on its premises. Beginning in November 2016, Verizon also entered into an agreement with the Authority to house a cell tower on the premises of the Glenbard plant.
- ^{6.} Starting in 2016, the Authority began collecting Fats, Oils, and Grease (FOG) revenue. The Authority processes unwanted FOG from outside customers in the Authority's treatment process. This is a new revenue stream for the Authority. This process was halted at the end of FY17 as it caused an imbalance in the digester, resulting in a foul odor which disturbed neighboring subdivisions. The Authority plans to restart receiving FOG in 2018 once best practices are honed.
- ^{7.} During 2017, interest rates rose as well as the cash balance in the Equipment Replacement Fund.
- ^{8.} The Authority received state grants for its Combined Heat and Power capital project in 2016 and 2017.
- ^{9.} The Authority received revenue in 2015 and 2016 for the EnerNoc Demand Response Program, which enables program participants to receive payment for being available to reduce or eliminate electricity consumption when the reliability of the electric grid is in jeopardy. No revenue was received in FY2017.

GLENBARD WASTEWATER AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2017

Expenses

Operating Fund Expenses

A comparison of Operating Fund expenses for FY 2017 compared to the previous two years is shown in the table below:

	FY 2015	FY 2016	FY 2017	2017 Percent of Total	\$ Change from 2016 to 2017	% Change from 2016 to 2017
Personnel Services ¹	\$1,545,124	\$1,592,611	\$1,583,225	38.54%	\$ (9,386)	-0.6%
IMRF Pension Expense	178,077	113,490	68,806	1.67%	(44,684)	-39.4%
Contractual Services						
Maintenance ²	444,683	451,733	478,057	11.64%	26,324	5.8%
Service Charge	126,500	128,372	128,372	3.12%	0	0.0%
Sludge Removal ³	150,591	155,380	179,218	4.36%	23,838	15.3%
Utilities ⁴	1,001,479	1,015,080	645,708	15.72%	(369,372)	-36.4%
Insurance	399,545	408,304	400,937	9.76%	(7,367)	-1.8%
Other ⁵	191,498	225,496	198,992	4.84%	(26,504)	-11.8%
Commodities ⁶	150,690	147,258	424,671	10.35%	277,413	188.4%
Total	<u>\$4,188,187</u>	<u>\$4,237,724</u>	<u>\$4,107,986</u>	<u>100.00%</u>	<u>(\$129,738)</u>	<u>-3.1%</u>

- ¹. Personnel services include salaries for 17 full-time and 7 part-time/seasonal staff positions, overtime, Social Security and Medicare employer costs, and required retirement contributions to the Illinois Municipal Retirement Fund (IMRF) for full-time employees. Costs of employee health plan benefits are reflected in the "Insurance" category. In 2016, an Assistant Director/Engineer position was added.
- ². The Combined Heat and Power system was operational in FY17, increasing maintenance costs as the system requires annual maintenance of the systems.
- ³. In 2017, an imbalance of the digester caused a foul odor at the facility. Additional sludge hauling was done to remove any solids which may be contributing to the odor.
- ⁴. The implementation of the Combined Heat and Power system reduced costs for utilities, mainly for electric power. However, costs for natural gas were also decreased for FY17.
- ⁵. There was an approximate \$21,500 reduction in design engineering expenses.
- ⁶. The Authority began purchasing liquid oxygen rather than producing it, raising commodity costs by \$236,854. Also, chemical costs increased by \$20,000 trying to neutralize the odor that occurred in FY17.

GLENBARD WASTEWATER AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2017

Equipment Replacement Fund Expenses

The Authority invested over \$9.9 million in the continued replacement and rehabilitation of various capital equipment and plant upgrades during the fiscal year ended December 31, 2017. The major projects undertaken during the year were the UV System Upgrade and the Facility Improvement Plan.

Capital Assets

A schedule of the Authority's capital asset balances is presented below.

	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>
Capital Assets, Not Being Depreciated	<u>\$ 3,689,853</u>	<u>\$ 1,757,788</u>	<u>\$10,599,278</u>
Capital Assets Being Depreciated	88,870,523	94,636,354	95,685,895
Less: Accumulated Depreciation	<u>(54,885,315)</u>	<u>(57,480,371)</u>	<u>(60,029,884)</u>
Total Capital Assets Being Depreciated, Net	<u>33,985,208</u>	<u>37,155,983</u>	<u>35,656,011</u>
Net Capital Assets	<u><u>\$37,675,061</u></u>	<u><u>\$38,913,771</u></u>	<u><u>\$46,255,289</u></u>

For more detailed information, see Note 3 on page 14.

Long-Term Debt

A schedule of the Authority's State of Illinois EPA loan balances at December 31, 2017 is presented below.

	<u>Amount</u>
Digester Project	<u>\$ 4,331,782</u>
Facility Improvement Project	<u>7,548,983</u>
	<u><u>\$ 11,880,765</u></u>

The Authority is in process of drawing down funds for the Facility Improvement Project and the total approved loan amount is \$16,725,000. A final repayment schedule will not be available until construction is complete and final disbursements are reimbursed.

For more detailed information, see Note 3 on pages 15 - 16.

Contacting the Authority's Financial Management

This financial report is designed to provide the users of these financial statements an overview of the Authority's operations and finances and to demonstrate accountability for the funds it receives. Questions concerning these financial statements may be directed to the Authority at 945 Bemis Road, Glen Ellyn, IL 60137.

FINANCIAL STATEMENTS

GLENBARD WASTEWATER AUTHORITY, GLEN ELLYN, ILLINOIS

Statement of Net Position

December 31, 2017

(with Comparative Information for December 31, 2016)

See Following Page

GLENBARD WASTEWATER AUTHORITY, GLEN ELLYN, ILLINOIS

Statement of Net Position

December 31, 2017

(with Comparative Information for December 31, 2016)

	December 31, 2017	December 31, 2016
ASSETS		
Current Assets		
Restricted Cash and Investments		
Working Cash Account	\$ 1,220,060	1,086,324
Equipment Replacement Account	4,130,035	1,532,712
Accounts Receivable - Net of Allowances		
Accounts Receivable	42,987	47,323
Member Contributions	31,770	42,395
Loans	385,126	-
Deposits	-	33,682
Inventory and Prepaids	151,873	105,871
Total Current Assets	5,961,851	2,848,307
Noncurrent Assets		
Capital Assets		
Nondepreciable Capital Assets	10,599,278	1,757,788
Depreciable Capital Assets	95,685,895	94,636,354
Accumulated Depreciation	(60,029,884)	(57,480,371)
Total Capital Assets	46,255,289	38,913,771
Other Assets		
Net Pension Asset - IMRF	297,109	-
Total Noncurrent Assets	46,552,398	38,913,771
Total Assets	52,514,249	41,762,078
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Items - IMRF	239,180	400,244
Total Assets and Deferred Outflows of Resources	52,753,429	42,162,322

The notes to the financial statements are an integral part of this statement.

	December 31, 2017	December 31, 2016
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 2,177,347	298,084
Unearned Rental Revenue	22,144	21,297
Members Payable	189,954	79,352
Accrued Payroll	70,623	76,124
Interest Payable	45,613	51,078
Current Portion of Long-Term Debt	557,962	547,249
Total Current Liabilities	<u>3,063,643</u>	<u>1,073,184</u>
Noncurrent Liabilities		
Compensated Absences	103,813	113,172
Net Pension Liability - IMRF	-	668,206
FIP Loan Payable	7,548,983	-
Digester Loan Payable	3,799,773	4,331,782
Total Noncurrent Liabilities	<u>11,452,569</u>	<u>5,113,160</u>
Total Liabilities	14,516,212	6,186,344
DEFERRED INFLOWS OF RESOURCES		
Deferred Items - IMRF	<u>925,256</u>	<u>51,668</u>
Total Liabilities and Deferred Inflows of Resources	<u>15,441,468</u>	<u>6,238,012</u>
NET POSITION		
Net Investment in Capital Assets	34,374,524	34,063,033
Restricted	<u>2,937,437</u>	<u>1,861,277</u>
Total Net Position	<u>37,311,961</u>	<u>35,924,310</u>

The notes to the financial statements are an integral part of this statement.

GLENBARD WASTEWATER AUTHORITY, GLEN ELLYN, ILLINOIS**Statement of Revenues, Expenses, and Changes in Net Position****For the Fiscal Year Ended December 31, 2017****(with Comparative Information for the Fiscal Year Ended December 31, 2016)**

	December 31, 2017	December 31, 2016
Operating Revenues		
Charges to Villages	\$ 7,421,656	7,455,808
Operating Expenses		
Personnel Services	1,648,081	1,669,810
IMRF Pension Expense	69,337	128,868
Contractual Services		
Maintenance	478,057	451,733
Service Charge	128,372	128,372
Sludge Removal	179,218	155,380
Utilities	645,708	1,015,080
Insurance	404,506	411,909
Other	198,992	225,496
Commodities	424,671	147,258
Maintenance of Capital Facilities and Equipment	481,240	315,710
Depreciation	2,549,513	2,624,572
Total Operating Expenses	7,207,695	7,274,188
Operating Income	213,961	181,620
Nonoperating Revenues (Expenses)		
Surplus Contributions	48,692	142,157
Connection Fees	290,110	67,124
Leachate Revenues	156,100	166,863
Fats, Oil & Grease Waste Fees	167,806	35,818
Enernoc Demand Response	-	25,112
Cell Tower Revenues	52,616	27,179
Other Income	15,638	515
Sale of Capital Assets	13,374	12,365
Grant Revenue	517,390	383,000
Investment Income	24,545	8,166
Interest Expense	(112,581)	(125,449)
Total Nonoperating Revenues (Expenses)	1,173,690	742,850
Change in Net Position	1,387,651	924,470
Net Position - Beginning	35,924,310	34,999,840
Net Position - Ending	37,311,961	35,924,310

The notes to the financial statements are an integral part of this statement.

GLENBARD WASTEWATER AUTHORITY, GLEN ELLYN, ILLINOIS

Statement of Cash Flows

For the Fiscal Year Ended December 31, 2017

(with Comparative Information for the Fiscal Year Ended December 31, 2016)

	December 31, 2017	December 31, 2016
Cash Flows from Operating Activities		
Receipts from Charges to Villages	\$ 8,164,852	8,274,429
Payments to Employees	(1,717,418)	(1,669,810)
Payments to Suppliers	(767,335)	(4,048,803)
	<u>5,680,099</u>	<u>2,555,816</u>
Cash Flows from Capital and Related Financing Activities		
Purchase of Capital Assets	(9,891,031)	(3,863,528)
Disposal of Capital Assets	-	246
Issuance of Capital Related Debt	7,548,983	
Interest and Fiscal Charges	(112,581)	(125,449)
Payment of Loans Principal	(518,956)	(506,222)
	<u>(2,973,585)</u>	<u>(4,494,953)</u>
Cash Flows from Investing Activities		
Investment Income	<u>24,545</u>	<u>8,166</u>
Net Change in Cash and Cash Equivalents	2,731,059	(1,930,971)
Cash and Cash Equivalents		
Beginning	<u>2,619,036</u>	<u>4,550,007</u>
Ending	<u>5,350,095</u>	<u>2,619,036</u>
Reconciliation of Operating Income to Net Cash		
Provided (Used) by Operating Activities		
Operating Income	213,961	181,620
Adjustments to Reconcile Operating Income to Net Income to Net Cash		
Provided by (Used In) Operating Activities:		
Depreciation Expense	2,549,513	2,624,572
Other Income	1,261,726	860,133
Other Expense	-	128,868
(Increase) Decrease in Current Assets	(518,530)	(41,512)
Increase (Decrease) in Current Liabilities	<u>2,173,429</u>	<u>(1,197,865)</u>
Net Cash Provided by Operating Activities	<u>5,680,099</u>	<u>2,555,816</u>

The notes to the financial statements are an integral part of this statement.

GLENBARD WASTEWATER AUTHORITY, GLEN ELLYN, ILLINOIS

Notes to the Financial Statements December 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Glenbard Wastewater Authority, Glen Ellyn, Illinois, Illinois (the “Authority”) was created and established by an agreement dated November 28, 1977, between the Villages of Lombard, Illinois and Glen Ellyn, Illinois, for the purpose of jointly treating and processing wastewater. This agreement has been amended since inception. The last amendment was April 17, 2014. The wastewater is treated in two plants, known as the Glenbard Wastewater Authority and the Lombard Storm Water Facility.

Construction of the facilities was financed by monies appropriated by the Villages and by grants from the U.S. Environmental Protection Authority. The Village of Glen Ellyn, as the designated lead Authority, maintained the Glenbard Lead Authority Construction Fund, which included all transactions relating to planning, design, and construction of the wastewater treatment facilities. The cost of the facilities, which aggregated \$43,297,682, was contributed to the Authority by the Glenbard Lead Authority Construction Fund.

In accordance with the 1977 agreement, as amended in April 1998 and April 2014, the Village of Glen Ellyn provides certain management services (administration, personnel, payroll, data processing, and accounting services) to the Authority. The Village is reimbursed for such services and, therefore, receives a service charge (overhead fee) pursuant to the agreement.

The government-wide financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the Authority’s accounting policies established in GAAP and used by the Authority are described below.

REPORTING ENTITY

In evaluating how to define the Authority for financial reporting purposes, management has considered all potential component units. Criteria for including a component unit in the Authority’s reporting entity principally consist of the potential component unit’s financial interdependency and accountability to the Authority. Based on those criteria, there are no potential component units to be included in the reporting entity. The Authority itself is not a component unit of another governmental entity, but rather is considered to be a jointly governed organization.

BASIS OF PRESENTATION

In the Statement of Net Position, the Authority’s activities are reported on a full accrual, economic resources basis, which recognizes all long-term assets/deferred outflows and receivables as well as long-term obligations/deferred inflows.

GLENBARD WASTEWATER AUTHORITY, GLEN ELLYN, ILLINOIS

Notes to the Financial Statements December 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

The Authority uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The Authority utilizes a single proprietary fund. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to outside parties.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

All proprietary funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets/deferred outflows and liabilities/deferred inflows (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

The Authority’s basic financial statements are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the Authority are charges to customers for services. Operating expenses include the cost of services, administrative expenses, and depreciation and amortization on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

GLENBARD WASTEWATER AUTHORITY, GLEN ELLYN, ILLINOIS

Notes to the Financial Statements December 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued

Cash and Investments

For the purpose of the Statement of Net Position, the cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of purchase.

Investments are generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, the Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All of the Authority's investments are in 2a7-like investment pools that are measured at the net asset value per share determined by the pool.

Restricted Cash and Investments

Refer to the working cash account and equipment replacement account sections in the Net Position note for details on assets restricted under intergovernmental and grant agreements.

Receivables

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. There is no allowance for uncollectible since these amounts are expected to be fully collectible. The Authority reports member contributions as its major receivable.

Prepays/Inventories

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in both the government-wide and fund financial statements. Prepaids/inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method.

GLENBARD WASTEWATER AUTHORITY, GLEN ELLYN, ILLINOIS

Notes to the Financial Statements December 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued

Capital Assets

Capital assets purchased or acquired are reported at historical cost or estimated historical cost. For movable property, the Authority's capitalization policy includes all items with a unit cost of \$20,000 or more (depending on asset class) and an estimated useful life that is greater than one year. Renovations to buildings and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. Donated capital assets are recorded at estimated acquisition value at the date of donation. Depreciation has been provided using the straight-line method over the following estimated useful lives of the assets:

Vehicles	7 Years
Land Improvements	7 - 20 Years
Equipment	10 - 15 Years
Buildings and Improvements	10 - 45 Years
Sewer Lines	40 - 50 Years

Deferred Outflows/Inflows of Resources

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

Compensated Absences

The Authority grants a specific number of annual leave hours bi-weekly with pay to its employees. Earned annual leave and compensatory time may be accumulated and is payable to the employee upon termination of employment and, therefore, is accrued through year-end. Long-term accumulated sick leave is not reimbursable upon termination of employment and, therefore, is not accrued.

Long-Term Obligations

In the financial statements long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Loan premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Loans payable are reported net of the applicable loan premium or discount. Loan issuance costs are reported as expenses at the time of issuance.

GLENBARD WASTEWATER AUTHORITY, GLEN ELLYN, ILLINOIS

Notes to the Financial Statements December 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued

Net Position

In the government-wide financial statements, equity is classified as net position and displayed in two components:

Net Investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislations.

Unrestricted – All other net position balances that do not meet the definition of “restricted” or “net investment in capital assets.”

The Authority considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund position is available.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

Budgeted amounts used for comparison in this report are obtained from the operating budget of the Authority, approved by Glenbard Wastewater Authority Board of Directors, which is prepared in accordance with generally accepted accounting principles, except that depreciation expense is not part of the operating budget, and note principal payments are budgeted as expenses. The budget amounts included in the supplemental information are from the final adopted budget, including all amendments, which were not significant. The budget lapses at the end of the fiscal year.

GLENBARD WASTEWATER AUTHORITY, GLEN ELLYN, ILLINOIS

Notes to the Financial Statements December 31, 2017

NOTE 3 – DETAILED NOTES ON THE BASIC FINANCIAL STATEMENTS

DEPOSITS AND INVESTMENTS

Permitted Deposits and Investments – Statutes authorize the Authority to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, obligations of States and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds and Illinois Metropolitan Investment Fund investment pools.

Illinois Funds is an investment pool management by the Illinois Public Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. Although not registered with the SEC, Illinois Funds does operate in a manner consistent with Rule 2a7 of the investment company Act of 1940. Investments in Illinois Funds are valued at the share price, the price for which the investment could be sold.

The Illinois Metropolitan Investment Fund (IMET) is a non-for-profit investment trust formed pursuant to the Illinois Municipal Code. IMET is managed by a Board of Trustees elected from the participating members. IMET is not registered with the SEC as an Investment Company. Investments in IMET are valued at the share price, the price for which the investment could be sold.

Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk

Deposits. At year-end, the carrying amount of the Authority's deposits totaled \$2,726,624 and the bank balances totaled \$2,764,641. The Authority also has \$1,055,990 invested in the Illinois Funds and \$1,567,481 in IMET at year end.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority's investment policy states they will attempt to match its investments with anticipated cash flows requirements. Unless matched to a specific cash flow, the Authority will not directly invest in securities maturing more than five years from the date of purchase. Any investment purchased with a maturity longer than four years must be supported with written documentation explaining the reason for the purchase and must be supported with written documentation explaining the reason for the purchase and must be specifically approved by the Authority Board. The Authority's investments in the Illinois Funds and IMET have an average maturity of less than one year.

GLENBARD WASTEWATER AUTHORITY, GLEN ELLYN, ILLINOIS

Notes to the Financial Statements December 31, 2017

NOTE 3 – DETAILED NOTES ON THE BASIC FINANCIAL STATEMENTS – Continued

DEPOSITS AND INVESTMENTS – Continued

Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Authority may invest in any type of security authorized by the State of Illinois Public Funds Investment Act (30 ILCS 235/) regarding the investment of public funds. The Authority's investments in the Illinois Funds is rated AAAM by Standard & Poor's and the Authority's investment in IMET is not rated.

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority's policy requires that funds on deposit in excess of FDIC limits be secured by some form of collateral. The Authority will accept government securities, obligations of federal agencies, obligations of federal instrumentalities, and obligations of the State of Illinois. At year end, the entire bank balance was covered by collateral, federal depository or equivalent insurance.

For an investment, this is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At December 31, 2017, the Authority's investment in the Illinois Funds and IMET funds are not subject to custodial credit risk.

Concentration of Credit Risk. This is the risk of loss attributed to the magnitude of the Authority's investment in a single issuer. At year-end, the Authority does not have any investments over 5 percent of cash and investments (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

CONSTRUCTION COMMITMENTS

The Authority has entered into contracts for the construction or renovation of various facilities as follows:

<u>Project</u>	<u>Expended to Date</u>	<u>Remaining Commitment</u>
Facility Improvement Plan	\$ 8,109,891	10,379,409

GLENBARD WASTEWATER AUTHORITY, GLEN ELLYN, ILLINOIS

Notes to the Financial Statements December 31, 2017

NOTE 3 – DETAILED NOTES ON THE BASIC FINANCIAL STATEMENTS – Continued

CAPITAL ASSETS

The following is a summary of capital assets as of the date of this report:

	Beginning Balances	Additions	Deletions	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 466,788	-	-	466,788
Construction in Progress	1,291,000	9,699,162	857,672	10,132,490
	<u>1,757,788</u>	<u>9,699,162</u>	<u>857,672</u>	<u>10,599,278</u>
Depreciable Capital Assets				
Glenbard Plant	66,448,925	1,049,541	-	67,498,466
Stormwater Plant	11,865,247	-	-	11,865,247
North Regional Interceptor	10,751,759	-	-	10,751,759
South Regional Interceptor	5,570,423	-	-	5,570,423
	<u>94,636,354</u>	<u>1,049,541</u>	<u>-</u>	<u>95,685,895</u>
Less Accumulated Depreciation				
Glenbard Plant	39,036,324	1,751,747	-	40,788,071
Stormwater Plant	8,416,284	259,307	-	8,675,591
North Regional Interceptor	7,063,812	301,352	-	7,365,164
South Regional Interceptor	2,963,951	237,107	-	3,201,058
	<u>57,480,371</u>	<u>2,549,513</u>	<u>-</u>	<u>60,029,884</u>
Total Net Depreciable Capital Assets	<u>37,155,983</u>	<u>(1,499,972)</u>	<u>-</u>	<u>35,656,011</u>
Total Net Capital Assets	<u>38,913,771</u>	<u>8,199,190</u>	<u>857,672</u>	<u>46,255,289</u>

Depreciation was allocated to the members as follows:

Village of Lombard	\$ 1,368,451
Village of Glen Ellyn	<u>1,181,062</u>
	<u>2,549,513</u>

GLENBARD WASTEWATER AUTHORITY, GLEN ELLYN, ILLINOIS

Notes to the Financial Statements December 31, 2017

NOTE 3 – DETAILED NOTES ON THE BASIC FINANCIAL STATEMENTS – Continued

LONG-TERM DEBT

Loans Payable

The Authority has entered into loan agreements to provide low interest financing for capital improvements. Loans currently outstanding are as follows:

Issue	Beginning Balances	Issuances	Retirements	Ending Balances (a)
Anaerobic Digester Loan Payable dated October 10, 2007, due in annual installments of \$319,271, including interest at 2.500%, through July 31, 2024.	\$ 4,850,738	-	518,956	4,331,782 (b)
Facility Improvement Project Loan Payable dated September 23, 2016, due in annual installments of \$425,208, including interest at 1.750%, through October 10, 2039.	-	7,548,983	-	7,548,983 (c)
	4,850,738	7,548,983	518,956	11,880,765

(a) Includes construction interest.

(b) Amounts disbursed as of the date of the audit report is \$7,703,497. Total approved loan amount is \$7,700,000. The future debt service shown here has been calculated based on a preliminary repayment schedule issued by the IEPA and adjusted for final disbursements reimbursed. As of December 31, 2017, there were no additional loan requests outstanding. The original amount exceeds the \$7,700,000 due to estimated construction interest.

(c) Amounts disbursed as of the date of the audit report is \$7,548,983. Total approved loan amount is \$16,725,000. The final repayment schedule for this loan will not be available until construction is complete and final disbursements are reimbursed.

GLENBARD WASTEWATER AUTHORITY, GLEN ELLYN, ILLINOIS

Notes to the Financial Statements December 31, 2017

NOTE 3 – DETAILED NOTES ON THE BASIC FINANCIAL STATEMENTS – Continued

LONG-TERM DEBT – Continued

Long-Term Liability Activity

Changes in long-term liabilities during the fiscal year were as follows:

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
Compensated Absences	\$ 141,465	11,699	23,398	129,766	25,953
Net Pension Liability/(Asset) - IMRF	668,206	-	965,315	(297,109)	-
Loans Payable	4,850,738	7,548,983	518,956	11,880,765	532,009
	<u>5,660,409</u>	<u>7,560,682</u>	<u>1,507,669</u>	<u>11,713,422</u>	<u>557,962</u>

Debt Service Requirements to Maturity

The annual debt service requirements to maturity, including principal and interest, are as follows:

Fiscal Year	Loans Payable	
	Principal	Interest
2018	\$ 532,009	104,990
2019	545,394	91,607
2020	559,115	77,887
2021	573,180	63,822
2022	587,599	49,402
2023	602,381	34,621
2024	617,534	19,467
2025	314,570	3,932
	<u>4,331,782</u>	<u>445,728</u>

The Facility Improvement Project Loan Payable does not have final repayment schedule; therefore, is not included in the debt service requirements to maturity above.

GLENBARD WASTEWATER AUTHORITY, GLEN ELLYN, ILLINOIS

Notes to the Financial Statements December 31, 2017

NOTE 3 – DETAILED NOTES ON THE BASIC FINANCIAL STATEMENTS – Continued

NET POSITION

Net Position Classification

Net position consists of the following as of December 31, 2017 and December 31, 2016:

	December 31, 2017	December 31, 2016
Net Position		
Net Investment in Capital Assets	\$ 34,374,524	34,063,033
Equipment Replacement Account (Restricted)	2,476,993	1,332,027
Working Cash Account (Restricted)	460,444	529,250
Total Net Position	<u>37,311,961</u>	<u>35,924,310</u>

Net investment in capital assets was comprised of the following as of December 31, 2017 and December 31, 2016:

	December 31, 2017	December 31, 2016
Business-Type Activities		
Capital Assets - Net of Accumulated Depreciation	\$ 46,255,289	38,913,771
Less Capital Related Debt:		
Loans Payable	<u>(11,880,765)</u>	<u>(4,850,738)</u>
Net Investment in Capital Assets	<u>34,374,524</u>	<u>34,063,033</u>

GLENBARD WASTEWATER AUTHORITY, GLEN ELLYN, ILLINOIS

Notes to the Financial Statements December 31, 2017

NOTE 3 – DETAILED NOTES ON THE BASIC FINANCIAL STATEMENTS – Continued

NET POSITION – Continued

Equipment Replacement Fund

The equipment replacement account is required under the grant agreement from the U.S. Environmental Protection Agency and represents accumulated funds held for plan and equipment replacement. The activities for the years ended December 31, 2017 and December 31, 2016 are as follows:

	December 31, 2017	December 31, 2016
Beginning Balance	\$ 35,395,060	34,357,100
Revenue and Expense Results within Equipment Replacement Sub-Fund	545,342	184,115
Surplus Contributions	48,692	142,157
Investment Income (Loss)	11,936	6,260
Service Fees Charged to Villages	3,400,000	3,330,000
Depreciation	(2,549,513)	(2,624,572)
	36,851,517	35,395,060
Less: Net Investment in Capital Assets	(34,374,524)	(34,063,033)
Restricted for Future Plant and Equipment Replacement	2,476,993	1,332,027

Working Cash Account

The agreement dated November 28, 1977 and all amended agreements as of March 31, 1987 between the Villages were amended as of April 16, 1998. The purpose of the amendment was to provide the Authority the ability to maintain a working cash account as of the end of the fiscal year at a level not less than 25% of the annual operating and maintenance expenses exclusive of depreciation and equipment replacement. Working cash is calculated as the total general ledger cash and short-term investment balances less all current and prior open encumbrances (Operating Sub-Fund only). In the event the working cash balance at the end of the fiscal year is less than 25% of the annual operating expenses exclusive of depreciation and equipment replacement, each of the Villages will contribute an amount sufficient to adjust the working cash balance to the minimum amount required. The required contribution by the Villages is based upon their proportionate share of total operating expenses for the year. No additional funding is required by the Villages in the event the minimum 25% of operating expense working cash requirement is satisfied as of the end of the fiscal year. Additionally, the amendment also was designed to modify the payment process with the Villages. The following is the calculation of the working cash account required:

GLENBARD WASTEWATER AUTHORITY, GLEN ELLYN, ILLINOIS

**Notes to the Financial Statements
December 31, 2017**

NOTE 3 – DETAILED NOTES ON THE BASIC FINANCIAL STATEMENTS – Continued

NET POSITION – Continued

Working Cash Account – Continued

	Village of Lombard	Village of Glen Ellyn	December 31, 2017	December 31, 2016
Operating Expenses (as Defined in Intergovernmental Agreement)	\$ 2,316,268	1,722,912	4,039,180	4,124,234
Minimum Working Capital Balance (25% of Operating Expenses)	\$ 579,067	430,728	1,009,795	1,031,059
Cash and Investments - Operating Sub-Fund			\$ 1,220,060	1,086,324
Less: Outstanding Encumbrances			(21,702)	(520)
Working Cash			1,198,358	1,085,804
Less: Required Working Cash			(1,009,795)	(1,031,059)
Working Cash over Minimum Requirement			188,563	54,746

Working cash balance computation:

	Village of Lombard	Village of Glen Ellyn	Totals
Amount Required	\$ (579,067)	(430,728)	(1,009,795)
Amount Available	666,407	531,951	1,198,358
Cash Reserve Excess	87,340	101,223	188,563

GLENBARD WASTEWATER AUTHORITY, GLEN ELLYN, ILLINOIS

Notes to the Financial Statements December 31, 2017

NOTE 4 – OTHER INFORMATION

RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and injuries to the Authority's employees. These risks are covered by commercial insurance. There has been no significant reduction in coverage in any program from coverage in the prior year. For all programs, settlement amounts have not exceeded insurance coverage for the past three years.

Municipal Insurance Cooperative Association

Effective January 1, 2003, the Authority joined together with other local governments in Illinois in the Municipal Insurance Cooperative Association (MICA). MICA is a public entity risk pool operating a common risk management and insurance program for its member governments. The Authority pays an annual premium to MICA based upon the Authority's prior experience within the pool. Amounts paid into the pool in excess of claims for any coverage year may be rebated back to members in subsequent periods. The Authority is not aware of any additional premiums owed to MICA for the current or prior year claims. The Authority pays the first \$1,000 for property, liability and crime claims. MICA maintains selective reinsurance contracts to cover potential claims to the total loss aggregate for all members of \$11,750,000. MICA also purchases excess coverage of \$400,000,000 for property liability and \$9,000,000 for other liability.

Intergovernmental Risk Management Agency (IRMA)

Prior to joining MICA, the Authority participated in the Intergovernmental Risk Management Agency (IRMA) through December 31, 2002. IRMA is an organization of municipalities and special districts in Northeastern Illinois which have formed an association under the Illinois Intergovernmental Cooperation's Statute to pool its risk management needs. The agency administers a mix of self-insurance and commercial insurance coverages; property/casualty and workers' compensation claim administration/litigation management services; unemployment claim administration; extensive risk management/loss control consulting and training programs; and a risk information system and financial reporting service for its members.

IRMA has actuarially calculated loss reserves for claims incurred while the Authority was an active member. The Authority has continuing responsibilities to IRMA for any open claims that exceed the reserved amounts. These claims are offset by the Authority's \$28,533 member reserve balance with IRMA.

GLENBARD WASTEWATER AUTHORITY, GLEN ELLYN, ILLINOIS

Notes to the Financial Statements December 31, 2017

NOTE 4 – OTHER INFORMATION – Continued

RISK MANAGEMENT – Continued

Intergovernmental Personnel Benefit Cooperative (IPBC)

Risks for medical and death benefits for employees and retirees are provided for through the Authority's participation in the Intergovernmental Personnel Benefit Cooperative (IPBC) (through the Village of Glen Ellyn). IPBC acts as an administrative agency to receive, process and pay such claims as may come within the benefit program of each member. IPBC maintains specific reinsurance coverage for claims in excess of \$50,000 per individual employee participant. The Authority pays premiums to IPBC based upon current employee participation and its prior experience factor with the pool. Current year overages or underages for participation in the pool are adjusted into subsequent years' experience factor for premiums.

CONTINGENT LIABILITIES

Litigation

The Authority is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Authority's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the Authority.

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN

Illinois Municipal Retirement Fund (IMRF)

The Authority contributes to the Illinois Municipal Retirement Fund (IMRF), through the Village of Glen Ellyn's, a defined benefit agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local governments and school districts in Illinois. IMRF provides retirement, disability, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained online at www.imrf.org. The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly.

Plan Descriptions

Plan Administration. All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

GLENBARD WASTEWATER AUTHORITY, GLEN ELLYN, ILLINOIS

Notes to the Financial Statements December 31, 2017

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

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

IMRF provides two tiers of pension benefits. 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.

Plan Membership. As of December 31, 2017, the measurement date, the following employees were covered by the benefit terms:

Active Plan Members

16

A detailed breakdown of IMRF membership for the Village, Library, and the Authority combined is available in the Village of Glen Ellyn's comprehensive annual financial report.

GLENBARD WASTEWATER AUTHORITY, GLEN ELLYN, ILLINOIS

Notes to the Financial Statements

December 31, 2017

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

Contributions. As set by statute, the Authority's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. For the year-ended December 31, 2017, the Authority's contribution was 10.44% of covered payroll.

Net Pension Liability. The Authority's net pension liability was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed, as of December 31, 2017, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	7.50%
Salary Increases	3.39% - 14.25%
Cost of Living Adjustments	2.50%
Inflation	2.50%

For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). IMRF specific rates 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-2017 (base year 2015). IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for nondisabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

GLENBARD WASTEWATER AUTHORITY, GLEN ELLYN, ILLINOIS

Notes to the Financial Statements December 31, 2017

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

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

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	27%	3.0%
Domestic Equities	38%	6.9%
International Equities	17%	6.8%
Real Estate	8%	5.8%
Blended	9%	2.65% - 7.35%
Cash and Cash Equivalents	1%	2.3%

Discount Rate

The discount rate used to measure the total pension liability was 7.50%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that Authority contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the IMRF's fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability/(asset) to changes in the discount rate. The table below presents the pension liability/(asset) of the Authority calculated using the discount rate as well as what the Authority's net pension liability/(asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

GLENBARD WASTEWATER AUTHORITY, GLEN ELLYN, ILLINOIS**Notes to the Financial Statements
December 31, 2017****NOTE 4 – OTHER INFORMATION – Continued****EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued****Illinois Municipal Retirement Fund (IMRF) – Continued****Discount Rate Sensitivity – Continued**

		1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability/(Asset)	\$	688,864	(297,109)	(1,114,050)

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2016	\$ 8,896,138	8,227,932	668,206
Changes for the Year:			
Service Cost	137,350	-	137,350
Interest on the Total Pension Liability	615,459	-	615,459
Difference Between Expected and Actual Experience of the Total Pension Liability	(73,414)	-	(73,414)
Changes of Assumptions	(257,267)	-	(257,267)
Contributions - Employer	-	135,586	(135,586)
Contributions - Employees	-	58,474	(58,474)
Net Investment Income	-	1,413,859	(1,413,859)
Benefit Payments, Including Refunds of Employee Contributions	(431,868)	(431,868)	-
Other (Net Transfer)	-	(220,476)	220,476
Net Changes	(9,740)	955,575	(965,315)
Balances at December 31, 2017	8,886,398	9,183,507	(297,109)

GLENBARD WASTEWATER AUTHORITY, GLEN ELLYN, ILLINOIS

Notes to the Financial Statements December 31, 2017

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement – Continued

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2017, the Authority recognized pension expense of \$204,571. At December 31, 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ -	(73,381)	(73,381)
Change in Assumptions	-	(184,280)	(184,280)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	239,180	(667,595)	(428,415)
Total Deferred Amounts Related to IMRF	239,180	(925,256)	(686,076)

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

Fiscal Year	Net Deferred (Inflows) of Resources
2018	\$ (173,972)
2019	(149,066)
2020	(196,139)
2021	(166,899)
2022	-
Thereafter	-
Total	(686,076)

GLENBARD WASTEWATER AUTHORITY, GLEN ELLYN, ILLINOIS

Notes to the Financial Statements

December 31, 2017

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS

The Authority has evaluated its potential other post-employment benefits liability. Former employees who choose to retain their rights to health insurance through the Authority are required to pay 100% of the current premium. However, there is minimal participation. As the Authority provides no explicit benefit, and there is minimal participation, there is no material implicit subsidy to calculate in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. Therefore, the Authority has not recorded a liability as of December 31, 2017.

REQUIRED SUPPLEMENTARY INFORMATION

GLENBARD WASTEWATER AUTHORITY, GLEN ELLYN, ILLINOIS

Illinois Municipal Retirement Fund

Required Supplementary Information

Schedule of Employer Contributions

December 31, 2017

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 128,318	\$ 128,318	\$ -	\$ 1,186,197	10.82%
2016	140,036	139,480	(556)	1,294,237	10.78%
2017	134,225	135,586	1,361	1,298,110	10.44%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	26 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	2.75%
Salary Increases	3.75% - 14.50%
Investment Rate of Return	7.50%
Retirement Age	See the Notes to the Financial Statements
Mortality	An IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012).

Note:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

GLENBARD WASTEWATER AUTHORITY, GLEN ELLYN, ILLINOIS

Illinois Municipal Retirement Fund

Required Supplementary Information

Schedule of Changes in the Employer's Net Pension Liability

December 31, 2017

	2015	2016	2017
Total Pension Liability			
Service Cost	\$ 123,338	128,961	137,350
Interest	605,696	628,935	615,459
Differences Between Expected and Actual Experience	97,561	(67,729)	(73,414)
Change of Assumptions	9,922	(9,982)	(257,267)
Benefit Payments, Including Refunds of Member Contributions	(399,698)	(434,992)	(431,868)
Net Change in Total Pension Liability	436,819	245,193	(9,740)
Total Pension Liability - Beginning	8,214,126	8,650,945	8,896,138
Total Pension Liability - Ending	8,650,945	8,896,138	8,886,398
Plan Fiduciary Net Position			
Contributions - Employer	\$ 128,318	139,480	135,586
Contributions - Members	54,005	59,117	58,474
Net Investment Income	39,822	543,260	1,413,859
Benefit Payments, Including Refunds of Member Contributions	(399,698)	(434,992)	(431,868)
Other (Net Transfer)	45,862	(20,365)	(220,476)
Net Change in Plan Fiduciary Net Position	(131,691)	286,500	955,575
Plan Net Position - Beginning	8,073,123	7,941,432	8,227,932
Plan Net Position - Ending	7,941,432	8,227,932	9,183,507
Employer's Net Pension Liability	\$ 709,513	668,206	(297,109)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	91.80%	92.49%	103.34%
Covered Payroll	\$ 1,186,197	1,294,237	1,298,110
Employer's Net Pension Liability as a Percentage of Covered Payroll	59.81%	51.63%	(22.89)%

Note:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

SUPPLEMENTAL SCHEDULES

GLENBARD WASTEWATER AUTHORITY, GLEN ELLYN, ILLINOIS

**Combining Statement of Net Position
December 31, 2017**

See Following Page

GLENBARD WASTEWATER AUTHORITY, GLEN ELLYN, ILLINOIS

**Combining Statement of Net Position
December 31, 2017**

	Operating Sub-Fund	Equipment Replacement Sub-Fund	Totals
ASSETS			
Current Assets			
Restricted Cash and Investments			
Working Cash Account	\$ 1,220,060	-	1,220,060
Equipment Replacement Account	-	4,130,035	4,130,035
Accounts Receivable - Net of Allowances			
Accounts Receivable	-	42,987	42,987
Member Contributions			
Village of Lombard	-	31,770	31,770
Loans	-	385,126	385,126
Prepays	84,745	25,806	110,551
Inventory	-	41,322	41,322
Total Current Assets	1,304,805	4,657,046	5,961,851
Noncurrent Assets			
Capital Assets			
Nondepreciable Capital Assets	-	10,599,278	10,599,278
Depreciable Capital Assets	-	95,685,895	95,685,895
Accumulated Depreciation	-	(60,029,884)	(60,029,884)
Total Capital Assets	-	46,255,289	46,255,289
Other Assets			
Net Pension Asset - IMRF	284,957	12,152	297,109
Total Noncurrent Assets	284,957	46,267,441	46,552,398
Total Assets	1,589,762	50,924,487	52,514,249
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Items - IMRF	229,398	9,782	239,180
Total Assets and Deferred Outflows of Resources	1,819,160	50,934,269	52,753,429

	Operating Sub-Fund	Equipment Replacement Sub-fund	Totals
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 112,452	2,064,895	2,177,347
Unearned Rental Revenue	-	22,144	22,144
Accrued Payroll	70,623	-	70,623
Interest Payable	-	45,613	45,613
Members Accounts Payable			
Village of Glen Ellyn	140,157	31,492	171,649
Village of Lombard	18,305	-	18,305
Current Portion of Long-Term Debt	25,953	532,009	557,962
Total Current Liabilities	367,490	2,696,153	3,063,643
Noncurrent Liabilities			
Compensated Absences	103,813	-	103,813
FIP Loan Payable	-	7,548,983	7,548,983
Digester Loan Payable	-	3,799,773	3,799,773
Total Noncurrent Liabilities	103,813	11,348,756	11,452,569
Total Liabilities	471,303	14,044,909	14,516,212
DEFERRED INFLOWS OF RESOURCES			
Deferred Items - IMRF	887,413	37,843	925,256
Total Liabilities and Deferred Inflows of Resources	1,358,716	14,082,752	15,441,468
NET POSITION			
Net Investment in Capital Assets	-	34,374,524	34,374,524
Restricted	460,444	2,476,993	2,937,437
Total Net Position	460,444	36,851,517	37,311,961

GLENBARD WASTEWATER AUTHORITY, GLEN ELLYN, ILLINOIS

**Combining Statement of Revenues, Expenses, and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended December 31, 2017**

	Operating Sub-Fund	Equipment Replacement Sub-Fund	Totals
Operating Revenues			
Charges to Villages	\$ 4,021,656	3,400,000	7,421,656
Operating Expenses			
Personnel Services	1,583,225	64,856	1,648,081
IMRF Pension Expense	68,806	531	69,337
Contractual Services			
Maintenance	478,057	-	478,057
Service Charge	128,372	-	128,372
Sludge Removal	179,218	-	179,218
Utilities	645,708	-	645,708
Insurance	400,937	3,569	404,506
Other	198,992	-	198,992
Commodities	424,671	-	424,671
Maintenance of Capital Facilities and Equipment	-	481,240	481,240
Depreciation	-	2,549,513	2,549,513
Total Operating Expenses	4,107,986	3,099,709	7,207,695
Operating Income (Loss)	(86,330)	300,291	213,961
Nonoperating Revenues (Expenses)			
Surplus Contribution	-	48,692	48,692
Connection Fees	-	290,110	290,110
Leachate Revenues	-	156,100	156,100
Fats, Oil & Grease Waste Fees	-	167,806	167,806
Cell Tower Revenues	-	52,616	52,616
Other Income	4,915	10,723	15,638
Sale of Capital Assets	-	13,374	13,374
Grant Revenue	-	517,390	517,390
Investment Income	12,609	11,936	24,545
Interest Expense	-	(112,581)	(112,581)
Total Nonoperating Revenues (Expenses)	17,524	1,156,166	1,173,690
Change in Net Position	(68,806)	1,456,457	1,387,651
Net Position - Beginning	529,250	35,395,060	35,924,310
Net Position - Ending	460,444	36,851,517	37,311,961

GLENBARD WASTEWATER AUTHORITY, GLEN ELLYN, ILLINOIS

**Combining Statement of Cash Flows
December 31, 2017**

	Operating Sub-Fund	Equipment Replacement Sub-Fund	Totals
Cash Flows from Operating Activities			
Receipts from Charges to Villages	\$ 3,928,078	4,236,774	8,164,852
Payments to Employees	(1,652,031)	(65,387)	(1,717,418)
Payments to Suppliers	(2,154,920)	1,387,585	(767,335)
	<u>121,127</u>	<u>5,558,972</u>	<u>5,680,099</u>
Cash Flows from Capital and Related Financing Activities			
Purchase of Capital Assets	-	(9,891,031)	(9,891,031)
Issuance of Capital Related Debt	-	7,548,983	7,548,983
Interest and Fiscal Charges	-	(112,581)	(112,581)
Payment of Bond Principal	-	(518,956)	(518,956)
	<u>-</u>	<u>(2,973,585)</u>	<u>(2,973,585)</u>
Cash Flows from Investing Activities			
Investment Income	<u>12,609</u>	<u>11,936</u>	<u>24,545</u>
Net Change in Cash and Cash Equivalents	133,736	2,597,323	2,731,059
Cash and Cash Equivalents			
Beginning	<u>1,086,324</u>	<u>1,532,712</u>	<u>2,619,036</u>
Ending	<u>1,220,060</u>	<u>4,130,035</u>	<u>5,350,095</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities			
Operating Income	(86,330)	300,291	213,961
Adjustments to Reconcile Operating Income to Net Income to Net Cash			
Provided by (Used In) Operating Activities:			
Depreciation Expense	-	2,549,513	2,549,513
Other Income	4,915	1,256,811	1,261,726
(Increase) Decrease in Current Assets	(98,493)	(420,037)	(518,530)
Increase (Decrease) in Current Liabilities	301,035	1,872,394	2,173,429
Net Cash Provided by Operating Activities	<u>121,127</u>	<u>5,558,972</u>	<u>5,680,099</u>

GLENBARD WASTEWATER AUTHORITY, GLEN ELLYN, ILLINOIS

Operating Sub-Fund

**Statement of Revenues, Expenses, and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended December 31, 2017
(with Comparative Information for the Fiscal Year Ended December 31, 2016)**

	For the Fiscal Year Ended December 31, 2017		
	Budget	Actual	Variance Over (Under)
Operating Revenues			
Charges to Villages	\$ 4,181,050	4,021,656	(159,394)
Operating Expenses			
Personnel Services	1,648,000	1,583,225	(64,775)
IMRF Pension Expense	-	68,806	68,806
Contractual Services			
Maintenance	655,350	478,057	(177,293)
Service Charge	128,400	128,372	(28)
Sludge Removal	170,000	179,218	9,218
Utilities	422,100	645,708	223,608
Insurance	411,000	400,937	(10,063)
Other	221,800	198,992	(22,808)
Commodities	527,900	424,671	(103,229)
Total Operating Expenses	4,184,550	4,107,986	(76,564)
Operating Income (Loss)	(3,500)	(86,330)	(235,958)
Nonoperating Revenues			
Other Income (Loss)	-	4,915	12,423
Interest Income	3,500	12,609	23
Total Nonoperating Revenues	3,500	17,524	12,446
Change in Net Position	-	(68,806)	(223,512)
Net Position - Beginning		529,250	
Net Position - Ending		460,444	

For the Fiscal Year Ended December 31, 2016		
Budget	Actual	Variance Over (Under)
\$ 4,174,500	4,125,808	(48,692)
1,619,400	1,592,611	(26,789)
-	113,490	113,490
542,250	451,733	(90,517)
128,400	128,372	(28)
170,000	155,380	(14,620)
905,750	1,015,080	109,330
422,800	408,304	(14,496)
219,300	225,496	6,196
170,100	147,258	(22,842)
4,178,000	4,237,724	59,724
(3,500)	(111,916)	11,032
-	(3,480)	12,423
3,500	1,906	23
3,500	(1,574)	12,446
-	(113,490)	23,478
	642,740	
	529,250	

GLENBARD WASTEWATER AUTHORITY, GLEN ELLYN, ILLINOIS

Equipment Replacement Sub-Fund

Statement of Revenues, Expenses, and Changes in Net Position - Budget and Actual For the Fiscal Year Ended December 31, 2017 (with Comparative Information for the Fiscal Year Ended December 31, 2016)

	For the Fiscal Year Ended December 31, 2017		Variance Over (Under)
	Budget	Actual	
Operating Revenues			
Charges to Villages	\$ 3,400,000	3,400,000	-
Operating Expenses			
Personnel Services	97,000	64,856	32,144
IMRF Pension Expense	-	531	(531)
Contractual			
Insurance	5,000	3,569	1,431
Maintenance of Capital Facilities and Equipment	13,978,000	481,240	13,496,760
Depreciation	-	2,549,513	(2,549,513)
Total Operating Expenses	14,080,000	3,099,709	10,980,291
Operating Income (Loss)	(10,680,000)	300,291	10,980,291
Nonoperating Revenues (Expenses)			
Surplus Contributions	-	48,692	48,692
Connection Fees	125,000	290,110	165,110
Leachate Revenues	140,000	156,100	16,100
Fats, Oil & Grease Waste Fees	100,000	167,806	67,806
Enernoc Demand Response	-	-	-
Cell Tower Revenues	49,000	52,616	3,616
Other Income	10,000	10,723	723
Sale of Capital Assets	-	13,374	13,374
Grant Revenue	500,000	517,390	17,390
Investment Income (Loss)	20,000	11,936	(8,064)
Interest Expense	(131,000)	(112,581)	18,419
Debt Issuance	10,334,000	7,548,983	(2,785,017)
Digester Loan Principal	(506,000)	(518,956)	(12,956)
Less Items to Statement of Net Position	-	(7,030,027)	(7,030,027)
Total Nonoperating Revenues (Expenses)	10,641,000	1,156,166	(9,484,834)
Change in Net Position	(39,000)	1,456,457	1,495,457
Net Position - Beginning		35,395,060	
Net Position - Ending		36,851,517	

For the Fiscal Year Ended December 31, 2016		
Budget	Actual	Variance Over (Under)
\$ 3,330,000	3,330,000	-
98,000	77,199	20,801
-	15,378	(15,378)
15,000	3,605	11,395
10,385,000	315,710	10,069,290
-	2,624,572	(2,624,572)
10,498,000	3,036,464	7,461,536
(7,168,000)	293,536	7,461,536
-	142,157	142,157
50,000	67,124	17,124
117,000	166,863	49,863
-	35,818	35,818
20,000	25,112	5,112
26,000	27,179	1,179
11,000	3,995	(7,005)
-	12,365	12,365
900,000	383,000	(517,000)
17,000	6,260	(10,740)
(130,780)	(125,449)	5,331
8,000,000	-	(8,000,000)
(506,222)	(506,222)	-
-	506,222	506,222
8,503,998	744,424	(7,759,574)
<u>1,335,998</u>	1,037,960	<u>(298,038)</u>
	<u>34,357,100</u>	
	<u>35,395,060</u>	

GLENBARD WASTEWATER AUTHORITY, GLEN ELLYN, ILLINOIS

Schedule of Comparative Flows - Last Ten Fiscal Years December 31, 2017 (Unaudited)

Fiscal Year	Glenbard				North Regional Interceptor			
	Glen Ellyn		Lombard		Glen Ellyn		Lombard	
	Gallons (in 000's)	Percent	Gallons (in 000's)	Percent	Gallons (in 000's)	Percent	Gallons (in 000's)	Percent
2009	\$ 2,371,469	48.39%	\$ 2,529,403	51.61%	\$ 1,102,789	36.32%	\$ 1,933,862	63.68%
2010	2,150,813	47.29%	2,397,365	52.71%	923,648	33.42%	1,840,040	66.58%
2011	2,269,677	47.17%	2,542,361	52.83%	1,022,527	34.17%	1,970,275	65.83%
2012	1,958,098	47.65%	2,151,514	52.35%	861,399	34.81%	1,612,956	65.19%
2013	1,755,400	46.70%	2,003,538	53.30%	792,733	34.97%	1,474,329	65.03%
2014	1,773,595	44.61%	2,201,911	55.39%	759,050	32.07%	1,607,612	67.93%
2014*	1,163,852	45.43%	1,398,187	54.57%	N/A	N/A	N/A	N/A
2015	1,939,993	45.25%	2,347,125	54.75%	N/A	N/A	N/A	N/A
2016	1,890,348	44.39%	2,368,065	55.61%	N/A	N/A	N/A	N/A
2017	1,916,548	42.65%	2,576,590	57.35%	N/A	N/A	N/A	N/A

*For the eight months ended December 31, 2014.

N/A - The North Regional Interceptor flows are no longer used in the billing computations in the Schedule of Allocation of Costs.

GLENBARD WASTEWATER AUTHORITY, GLEN ELLYN, ILLINOIS, ILLINOIS

Schedule of Allocation Costs December 31, 2017 (Unaudited)

The agreement between the Villages of Lombard and Glen Ellyn for the purpose of jointly treating and processing wastewater requires certain information to accompany the annual financial statements. This information is from the Operating Sub-Fund. The combined data, including the Equipment Replacement and Working Cash Accounts, is part of the general purpose financial statements. Such required information for the year ended December 31, 2017, not included elsewhere in the accompanying financial statements follows:

1. Total Water Flow

Participant	Glenbard Plant	
	Gallons (in 000's)	Percent
Village of Lombard	2,576,590	57.35%
Village of Glen Ellyn	1,916,548	42.65%
	4,493,138	100.00%

2. Factors and Amounts Used in Computing Final Billing

A. Operating revenue and expenses, based on wastewater flow, were allocated among the operating facilities for the fiscal year ended December 31, 2017, as follows:

	Operating Fund
Operating Revenue	
Amounts Billed Prior	
to Billing Adjustments	\$ 4,181,050
Other Revenues	17,524
Adjustment	(159,394)
Operating Revenue Applicable	
to Operating Expenses	4,039,180
Operating Expenses	
Personnel Services	\$ 1,583,225
Contractual Services	
Maintenance	478,057
Service Charge	128,372
Sludge Removal	179,218
Utilities	645,708
Insurance	400,937
Other	198,992
Commodities	424,671
Total Operating Expenses	4,039,180

GLENBARD WASTEWATER AUTHORITY, GLEN ELLYN, ILLINOIS, ILLINOIS

Schedule of Allocation Costs – Continued December 31, 2017 (Unaudited)

2. Factors and Amounts Used in Computing Final Billing – Continued

B. The allocation of operating expenses based on the wastewater flow of Glenbard Plant follows:

Participant	Amount	Percent
Village of Lombard	\$ 2,316,268	57.35%
Village of Glen Ellyn	1,722,912	42.65%
	<u>4,039,180</u>	<u>100.00%</u>

C. The computation of the billing adjustment for the fiscal year ended December 31, 2017 follows:

	Village of Lombard	Village of Glen Ellyn	Totals
Charges			
Total Operating Expenses (Depreciation Excluded)	\$ 2,316,268	1,722,912	4,039,180
Equipment Replacement Reserve	1,826,913	1,573,087	3,400,000
Total Operating Charges	<u>4,143,181</u>	<u>3,295,999</u>	<u>7,439,180</u>
Amount Billed	4,229,573	3,351,477	7,581,050
Plus: Credit for Other Revenues Received	<u>10,049</u>	<u>7,475</u>	<u>17,524</u>
Revenues Available to Offset Operating Changes	<u>4,239,622</u>	<u>3,358,952</u>	<u>7,598,574</u>
Amount Due from (to) Villages	<u>(96,441)</u>	<u>(62,953)</u>	<u>(159,394)</u>

GLENBARD WASTEWATER AUTHORITY, GLEN ELLYN, ILLINOIS, ILLINOIS

Schedule of Allocation Costs – Continued December 31, 2017 (Unaudited)

2. Factors and Amounts Used in Computing Final Billing – Continued

D. Amounts due from (to) the Village of Lombard and the Village of Glen Ellyn at December 31, 2017 are as follows:

	Village of Lombard	Village of Glen Ellyn	Totals
Amounts Due from (to) Villages			
Billing Adjustment for the Fiscal Year Ended			
December 31, 2017 (as shown the prior page)	\$ (96,441)	(62,953)	(159,394)
Billing Adjustments:			
July 2017 to December 2017	109,906	(109,906)	-
Miscellaneous Receivables	-	1,210	1,210
Cumulative Balance Due from (to) Villages*	13,465	(171,649)	(158,184)

*This balance is the end result of actual expenses compared to actual fiscal flow splits on an accrual basis after any necessary audit adjustments are made.

3. Total Revenue Billed and Received per Authority:

Participant	Amount Billed	Receivable (Payable) December 31, 2017	Receivable (Payable) December 31, 2016	Amount Received
Village of Lombard	\$ 4,229,573	96,441	31,281	4,164,413
Village of Glen Ellyn	3,351,477	62,953	17,411	3,305,935
	7,581,050	159,394	48,692	7,470,348

SECTION 8.0

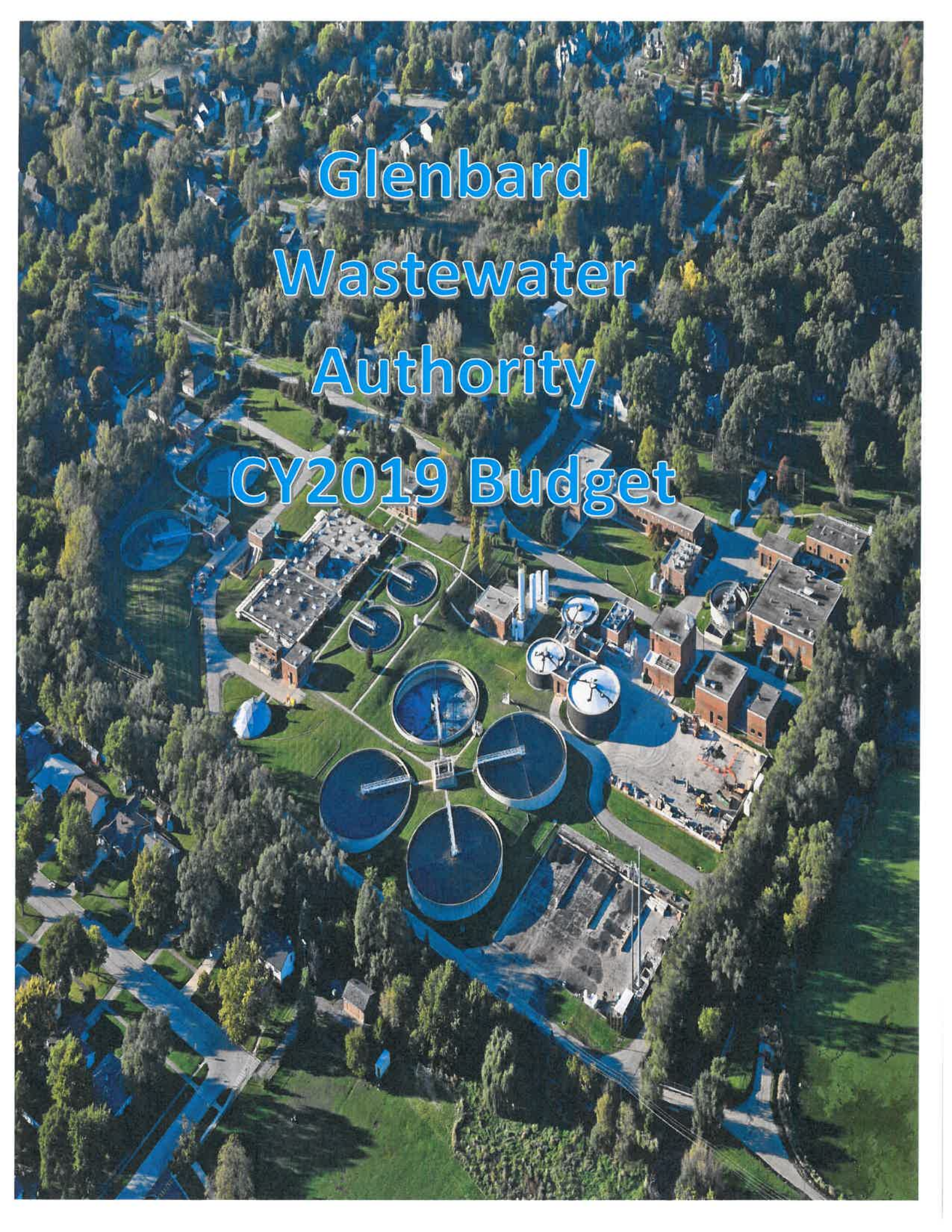
**COMMENTS BY GWA
FULL BOARD
CHAIRPERSON -
PRESIDENT KEITH
GIAGNORIO – VILLAGE
OF LOMBARD**

SECTION 9.0

**GWA PRESENTATION –
MATT STREICHER
EXECUTIVE DIRECTOR**

SECTION 10.0

PROPOSED CY2019 BUDGET APPROVAL



Glenbard Wastewater Authority CY2019 Budget

October 25, 2018

President Keith Giagnario and
Members of the Glenbard Wastewater Authority Board
Lombard, Illinois 60148

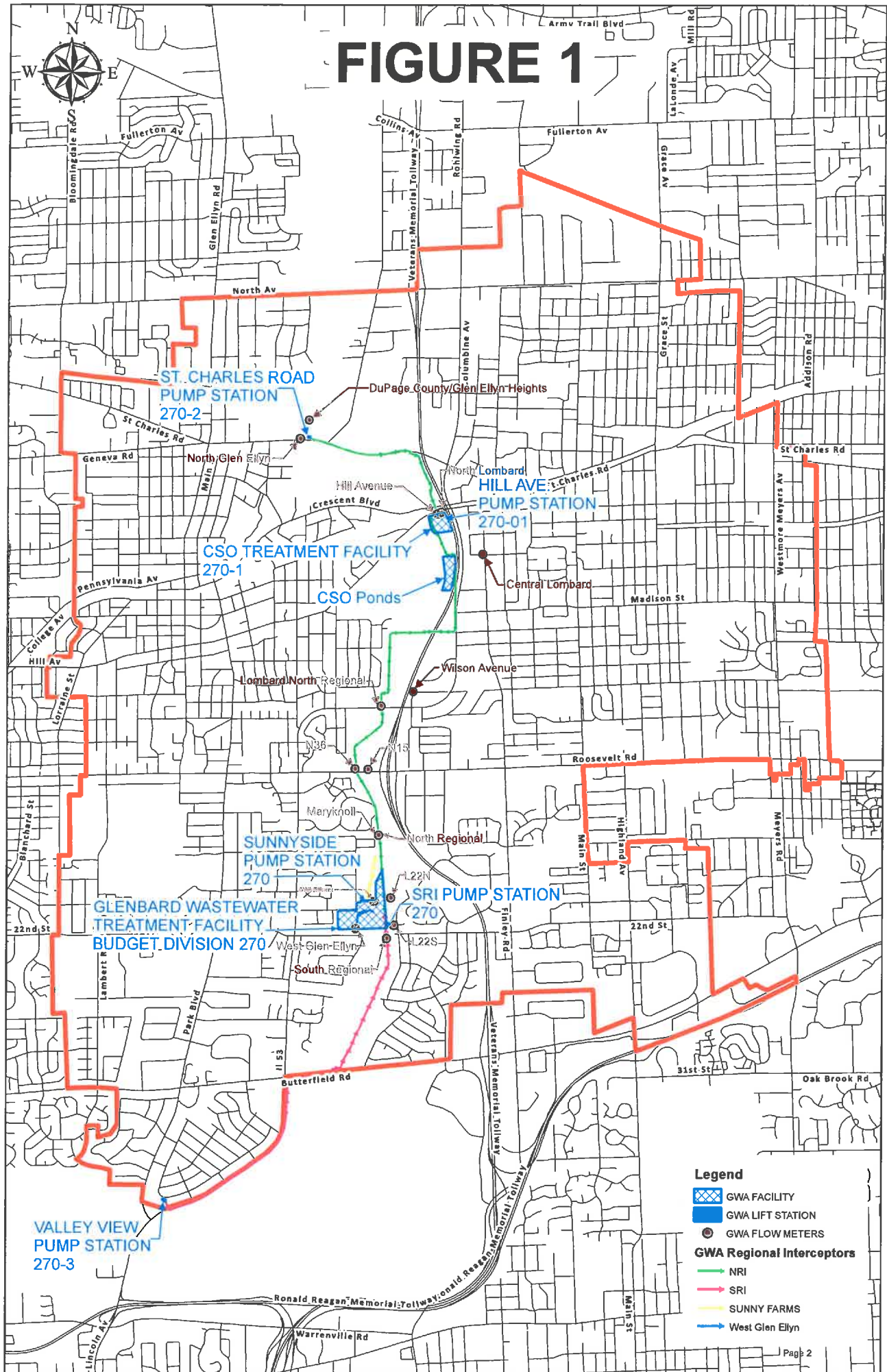
Subject: January 1, 2019 - December 31, 2019 Glenbard Wastewater Authority
Budget (CY2019)

I am pleased to present for your review and consideration the proposed Glenbard Wastewater Authority (Authority) CY2019 Budget. The Glenbard Team, with the help of the Village Managers, Public Works Directors, and Finance Directors developed the proposed budget that is being recommended for approval to the Glenbard Wastewater Authority Board. The proposed CY2019 partner allocation shows an overall increase of \$89,241 or 1.1% compared to the approved CY2018 budget. The budget reflects a substantial capital improvement plan with the continuation of the Facility Improvements Project construction. The most significant moderate-sized project is the design engineering for the new electrical distribution grid. Smaller projects include equipment rehabilitation and replacement, small capital projects, and minor infrastructure upgrades. The Facility Improvements Project construction expenses are scheduled to be offset with a loan through the IEPA Clean Water Initiative supported by Governor Rauner at a low interest rate of 1.75%. The proposed budget includes funding that will assure continued plant operation that exceeds regulatory standards resulting in improved water quality of the East Branch of the DuPage River.

BACKGROUND

REGIONALIZATION -- The Illinois Pollution Control Board required regionalization of wastewater treatment facilities in 1974 by creating Facility Planning Areas (FPA). The Glenbard FPA, Region IV-B, originally contained 14,000 acres or 22 square miles and has been amended several times by Glen Ellyn and Lombard and now appears to contain approximately 14,157 acres or 22 ¼ square miles. Recommendations for FPA amendments are made to the Villages by the EOC and are usually done to add small adjacent areas. On occasion small adjacent areas are lost to other FPA's. As of October 2018, the Glenbard FPA contains a population equivalent (P.E.) of 107,708 which is an increase of 1,056 (P.E.) from October, 2017. The FPA is projected to contain a P.E. of 109,125 when fully developed. Figure 1 shows the FPA map with the individual components of the Authority.

FIGURE 1



FACILITIES -- The Glenbard Wastewater Authority was created in 1977 by an intergovernmental agreement between the Village of Lombard and the Village of Glen Ellyn for the purpose of jointly constructing and operating advanced wastewater treatment facilities. The new facilities opened in 1982 and operate 24 hours per day 365 days per year.

The major components of the Authority, as depicted in Figure 1, are the 16.02 MGD (Million Gallons per Day) Glenbard Advanced Wastewater Treatment Facilities, the SRI Lift Station, the Sunnyside Lift Station, the 58.0 MGD Stormwater Plant, the Hill Avenue Lift Station, the North Regional Interceptor (NRI), the St. Charles Road Lift Station, the South Regional Interceptor (SRI), and the Valley View Lift Station.

The Glenbard Advanced Wastewater Treatment Facility is designed to provide Wastewater Treatment to an average flow of 16.02 MGD of domestic wastewater utilizing activated sludge with High Pure Oxygen. The plant utilizes a Supervisory Control and Data Acquisition (SCADA) system which enables the plant to run unmanned during off hours.

The Glenbard Wastewater Authority Stormwater Plant is an excess flow treatment plant that accepts combined sanitary and storm sewer from the Village of Lombard.

In addition to receiving flow from Glen Ellyn and Lombard the Authority also treats flow from the Illinois-American Water Company, a private utility company in the Valley View/Butterfield area, and from DuPage County, in the Glen Ellyn Heights area.

COST -- The grant eligible planning, design and construction costs of the new facilities totaled \$42.6 million dollars in 1982. The individual components and costs are the Glenbard Advanced Treatment Facility at \$27.2 million dollars, the Glenbard Wastewater Authority Stormwater Plant at \$5.6 million dollars, the North Regional Interceptor (NRI) at \$7.2 million dollars, and the South Regional Interceptor (SRI) at \$2.6 million dollars. The design grant was applied for in 1974, and the construction grant was awarded in 1977. The United States Environmental Protection Agency (USEPA) contributed \$32.0 million dollars toward construction. Lombard and Glen Ellyn contributed \$10.6 million. Glen Ellyn, as lead agency, was the recipient of the USEPA funds and administered the federal grant application, processing, and close out. The USEPA grant was closed-out in January of 1990.

REGULATION -- The Glenbard Wastewater Treatment Plant treats approximately 3.5 - 5.5 billion gallons of wastewater (depending on the amount of rain) annually which is discharged to the East Branch of the DuPage River. The Illinois Environmental Protection Agency (IEPA), through a National Pollutant Discharge Elimination System (NPDES) permit, regulates the discharge parameters.

AUTHORITY ORGANIZATION

AUTHORITY BOARD - The Board of Trustees from the Villages of Lombard and Glen Ellyn govern the Authority. The primary tasks of the Authority Board are to approve an annual budget and audit. Other major responsibilities are to amend the 2014 Intergovernmental Agreement and pass other resolutions as needed. The Board generally meets once a year.

EXECUTIVE OVERSIGHT COMMITTEE - The Executive Oversight Committee (EOC) was formed in 1984. The EOC is currently composed of the Village Presidents of Lombard and Glen Ellyn, a Trustee from each Village who is appointed by the respective Village President, the Village Managers from Lombard and Glen Ellyn, and the Public Works Director from each village. The EOC meets once a month or when necessary and has the primary responsibilities to set the strategic vision, review and approve all borrowing, contracts and expenditures, recommend FPA amendments, review the audit, and recommend an annual budget.

OPERATING "LEAD" AGENCY - The Village of Glen Ellyn is the operating or "lead" agency for the Authority and provides overall supervision, accounting, personnel, and other management services on a contractual basis for the Authority.

PERSONNEL – The day-to-day operation of the facilities is overseen by the Authority's Executive Director who is appointed and approved by the Executive Oversight Committee. A preliminary budget allotment of 18.75 highly qualified individuals who are employed with the Authority. Seventeen (17) employees work full-time while another six (6) work part-time. Eleven employees are certified by the Illinois Environmental Protection Agency in wastewater treatment operations, and seven (7) of those eleven (11) employees hold Class I certificates, the highest certification possible within the State of Illinois.

BUDGET ORGANIZATION

The Authority has adopted a calendar year budget to coincide with a January 1st to December 31st budget year consistent with the lead agency, the Village of Glen Ellyn. Most of the revenues for Authority operations are derived through monthly payments from the two Villages. Additional revenue is realized from connection fees collected on new structures built in the service area, landfill leachate treatment, cellular tower land lease agreements and interest income. There are two major funds: Operations and Maintenance (Fund 270) and the Capital Fund (Fund 40).

Div. 270 - Glenbard Plant (SRI Lift Station & Sunnyside Lift Station)
includes:

- 270-1 – Glenbard Stormwater Plant (Hill Avenue Lift Station)
- 270-2 – North Regional Interceptor (St. Charles Lift Station)
- 270-3 – South Regional Interceptor (Valley View Lift Station)

The following is the fund allocation of the Capital fund:

Fund 40 - Equipment Replacement Fund

OPERATION AND MAINTENANCE (O&M) DIVISION

The O&M division records those transactions that are related to the daily operation and maintenance of the Authority. Operations are defined as the control of the treatment processes and equipment that make up the treatment works. This includes personnel management, equipment operation and monitoring, record keeping, laboratory, process control, solids handling, safety and emergency operation planning.

Maintenance is defined as the preservation of functional integrity of equipment and structures. This includes preventive, predictive, and corrective maintenance. The Operations and Maintenance Budget Revenue is allocated to Division 270 with Operations and Maintenance Budget Expenses tracked as follows:

	Estimated CY2018	Proposed CY2019
Division		
270 - Glenbard Plant	\$3,836,541	\$4,248,691
SRI L.S		
Sunnyside L.S		
270-1 - Stormwater Plant	\$ 129,375	\$ 142,100
Hill Ave. L.S		
270-2 - N. Reg. Int.	\$ 25,010	\$ 32,950
St. Charles Rd. L.S		
270-3 - S. Reg. Int.	\$ 12,001	\$ 22,200
Valley View L.S		
	-----	-----
	\$4,002,927	\$4,445,941

Cash Reserves / Working Cash

CY 2018

Cash Reserves at January 1, 2018	1,220,060
CY18 Projected Surplus/(Deficit)	493,988
Projected Cash Reserves at December 31, 2018	1,714,048
Less: Estimated Encumbrances at December 31, 2018	-
Projected Working Cash at December 31, 2018	1,714,048
Less: CY2018 Required Minimum Working Cash	(1,096,600) *
Projected Working Cash Surplus at December 31, 2018	617,448

Cash Reserves / Working Cash

CY 2019

Projected Cash Reserves at December 31, 2018	1,714,048
CY2019 Projected Surplus/(Deficit)	-
Projected Cash Reserves at December 31, 2019	1,714,048
Less: Estimated Encumbrances at December 31, 2019	-
Projected Working Cash at December 31, 2019	1,714,048
Less: FY2019 Required Minimum Working Cash	(1,110,160) **
Projected Working Cash Surplus at December 31, 2019	603,888

* 25% of CY2018 Operating Expenses of \$4,386,400

** 25% of CY2019 Operating Expenses of \$4,440,641

The seven most significant cost centers in the proposed CY2019 O&M budget are as follows:

1. **Personnel:** The CY2019 proposed GWA team level is at 18.75 full time equivalents (FTE). Personnel costs for the past twenty years of full time equivalent staff are shown below. SY14 figures indicate expenses for only 8 months due to transitioning to a calendar year in 2015. The figures are indicative of the efficiencies realized through the elimination of multiple shifts, automation and monitoring, and other optimization measures:

	<u>Budget</u>	<u>Actual</u>	<u>FTE</u>
FY98	\$1,433,080	\$1,212,197	27.5
FY99	\$1,286,970	\$ 981,950	25.0
FY00	\$1,074,863	\$ 837,826	20.0
FY01	\$ 897,041	\$ 720,472	18.3
FY02	\$ 882,500	\$ 806,680	17.9
FY03	\$ 936,000	\$ 919,780	17.0
FY04	\$ 979,600	\$ 974,996	16.8
FY05	\$1,065,500	\$1,120,334	15.9
FY06	\$1,163,100	\$1,127,850	15.9
FY07	\$1,219,100	\$1,140,272	15.9
FY08	\$1,254,550	\$1,112,348	14.9
FY09	\$1,197,300	\$1,102,174	14.3
FY10	\$1,235,100	\$1,188,486	15.8
FY11	\$1,328,200	\$1,308,850	15.8
FY12	\$1,372,900	\$1,314,985	15.8
FY13	\$1,368,150	\$1,306,959	15.8
FY14	\$1,410,000	\$1,373,903	15.8
SY14	\$1,066,800	\$1,012,932	17.8
CY15	\$1,555,700	\$1,545,123	17.8
CY16	\$1,619,400	\$1,570,000	18.8
CY17	\$1,647,000	\$1,635,200	18.8
CY18	\$1,612,000	\$1,648,790	18.8 (Estimated)
CY19	\$1,728,690		

2. **O&M:** Expenses are budgeted in the amount of \$700,525. This includes electrical, mechanical, operational, laboratory and administrative operation and maintenance of plant equipment and the maintenance of buildings and grounds. It is imperative that the capital investment that the Villages have made in their wastewater facility be operated and maintained appropriately. These funds, coupled with those in Fund 40 allocated to Plant Equipment Rehabilitation, provide an excellent plan to operate and maintain the Glenbard Plant process equipment. Maintenance funds cover both routine and non-routine repairs.

3. **Utilities:** Electric power, natural gas, water, and telecommunications comprise Utilities, the third largest cost center in the O&M budget. The sum of these utility costs is shown below. The largest component of the utility bill is electrical power used for pumping systems, mixing, and various in-plant processes.

	<u>Actual</u>
FY05	\$606,375
FY06	\$588,400
FY07	\$693,128
FY08	\$1,194,869
FY09	\$769,137
FY10	\$873,093
FY11	\$976,915
FY12	\$1,163,751
FY13	\$752,600
FY14	\$799,084
SY14	\$560,071 (8 Month Budget)
CY15	\$760,826
CY16	\$1,023,100
CY17	\$645,708
CY18	\$634,653 (Estimated)
CY19	\$607,800

4. **Support Services:** The following are budgeted as support for each of the specific disciplines; Operations, Maintenance, Maintenance Building and Grounds, and Electrical. The CY2019 budget is proposed at a cumulative amount of \$405,350. This includes the cost of specialized support services that are more effectively and/or efficiently purchased or contracted than completed internally. Support Services range from \$200 per year for software support to \$122,000 per year which includes upgraded flow meters, data analysis and meter maintenance fees.
5. **Insurance:** Expenses are budgeted in the amount of \$373,100 for Liability and Health. This number represents all insurance required for the Authority's daily business.
6. **Liquid Oxygen:** The newer process of having liquid oxygen delivered versus producing it onsite provides the Authority with flexibility to operate the biological process with lower dissolved oxygen levels which translate into saving cost on liquid hauling. The budget amount for this line item is \$345,000.
7. **Fees:** Expenses are budgeted in the amount of \$285,476. Fees include payments for service, memberships, or regulatory fees during CY2019.

CAPITAL FUND

This fund records those transactions that are related to the capital expenditures of the Authority. Capital can be spent on replacing “like for like” equipment at its useful life or for upgrading old processes to new technology.

The revenue for the capital plan is funded via the following components: equipment replacement fund, interest earned in the Capital and O&M funds, sanitary sewer/GWA connection fees paid to both Villages, landfill leachate treatment, cell tower revenues, miscellaneous revenues and borrowing.

	Estimated CY2018	Proposed CY2019
Fund 40 – Equip. Replacement		
Debt Payment	\$ 637,001	\$ 637,001
Project Expenses	\$ 8,511,591	\$ 8,116,000
Property Acquisition	\$ 169,000	\$ 150,000
Total	\$ 9,317,592	\$ 8,903,001

Proposed CY2019 capital expenses of \$8,903,001 are 4.45% or \$414,591 lower than the CY2018 estimated capital expenses. The decrease reflects the projects that were deferred or removed from the budget due to the construction and engineering of the Facility Improvements Project per the Equipment Replacement Plan presented to you within the Capital Equipment Replacement Fund 40 Footnotes, as well as the shift of the personnel costs for the Assistant Director from Fund 40 to Fund 270.

ALLOCATION OF EXPENSES

The Villages of Lombard and Glen Ellyn split the expenses for system operation and maintenance according to wastewater flows contributed by each partner based on the previous five (5) year average.

A total of 17 remote meters are located at key points in the Authority’s system to enable the Authority to monitor flows which are allocated for billing purposes between the Villages of Lombard and Glen Ellyn. The Flow Meters also identify the flows associated with non-member entities such as DuPage County located on the North side of the GWA Facility Planning Area, and Illinois American Water Company located on the South side of the GWA Facility Planning Area.

In CY2019 a five-year average flow split of 42.56% (Glen Ellyn) and 57.44% (Lombard) is being utilized to estimate the expense allocations for the Wastewater Treatment Facilities. The true ups during the budget year will adjust the members budgeted portions as the flow splits become actual.

The CY2018 budget is inclusive of O&M Division 270 with expense allocation tracking for all facilities. Glen Ellyn recoups some of their operating costs through billings to DuPage County and Illinois-American Water Company.

The ***Total O&M Budget Allocation*** estimates are as follows:

	Budgeted CY2018	Proposed CY2019
Village of Lombard	\$2,433,686	\$2,548,004
Village of Glen Ellyn	<u>\$1,947,532</u>	<u>\$1,887,936</u>
Total	\$4,381,400	\$4,435,941

The overall O&M contribution by the two Villages has increased by \$89,541 or 1.1% more than the CY2018 budget. The allocation to the Villages for the support of the O&M portion of the budget is \$4,435,941. The allocation to the Villages for support of the proposed Capital Fund is \$3,535,000.

CONCLUSION

The total proposed CY2019 budget and comparisons are as follows:

	Budgeted CY2018	Proposed CY2019
O&M	\$ 4,386,400	\$ 4,445,941
Capital	<u>\$ 8,984,337</u>	<u>\$ 9,023,000</u>
Total	\$13,370,737	\$13,468,641

Respectfully Submitted,



Matt Streicher, P.E. BCCE
Executive Director
Glenbard Wastewater Authority

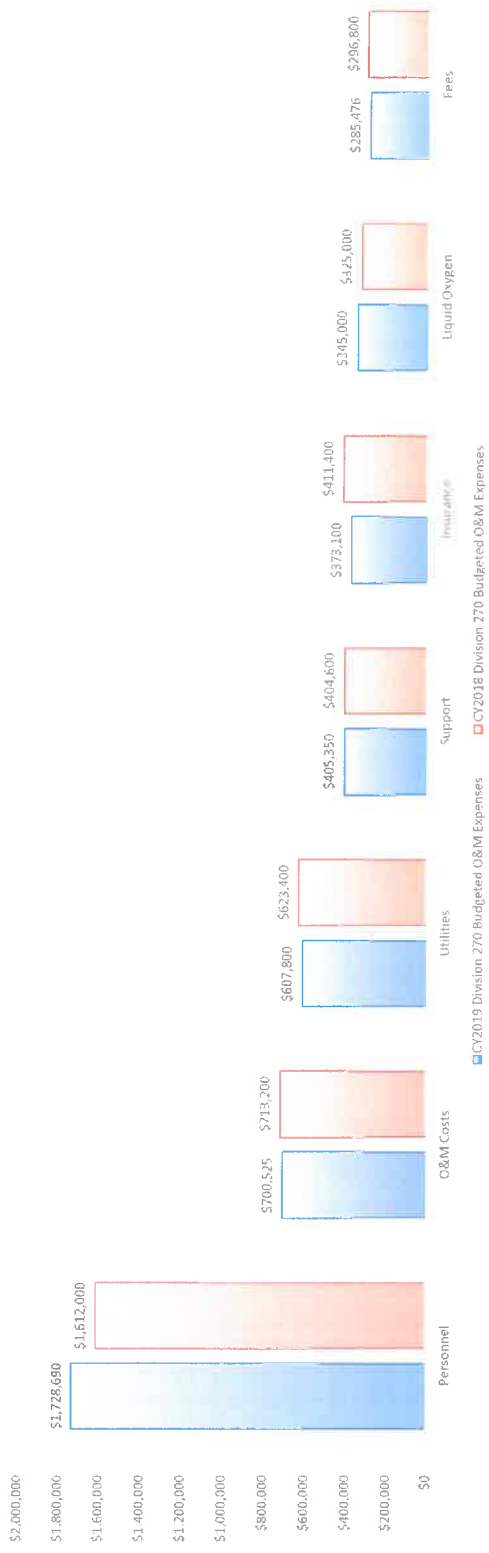
Glenbard Wastewater Authority
 Budget CY2019
 All Funds
 Expense Allocation to Partners

APPROVED CY2018 EXPENSES ALLOCATED TO PARTNERS			
	LOMBARD	GLEN ELLYN	TOTAL
Fund 27 -- Operation & Maintenance Fund	2,433,868	1,947,532	4,381,400
TOTAL O&M BUDGET	2,433,868	1,947,532	4,381,400
CAPITAL EQUIPMENT REPLACEMENT FUND	1,847,125	1,652,875	3,500,000
TOTAL O&M AND CAPITAL BUDGETS	4,280,993	3,600,407	7,881,400
ESTIMATED ACTUAL CY2018 EXPENSES ALLOCATED TO PARTNERS			
	LOMBARD	GLEN ELLYN	TOTAL
Div. 270 -- Glenbard Plant / SRI L.S. / Sunnyside L.S.	2,100,506	1,736,035	3,836,541
270-1 -- Stormwater Plant / Hill Ave L.S.	70,833	58,542	129,375
270-2 -- North Reg. Int. / St. Charles Rd. L.S.	13,693	11,317	25,010
270-3 -- South Reg. Int. / Valley View L.S.	6,571	5,431	12,001
TOTAL O&M BUDGET	2,191,603	1,811,325	4,002,927
CAPITAL EQUIPMENT REPLACEMENT FUND	1,780,750	1,619,250	3,400,000
TOTAL O&M AND CAPITAL BUDGETS	3,972,353	3,430,575	7,402,927
CY2018 BUDGET OVER (UNDER)	(308,640)	(169,832)	(478,473)
PROPOSED CY2019 PARTNERS ALLOCATION			
	LOMBARD	GLEN ELLYN	TOTAL
Fund 27 -- Operation & Maintenance Fund	2,548,004	1,887,936	4,435,941
TOTAL O&M BUDGET	2,548,004	1,887,936	4,435,941
CAPITAL EQUIPMENT REPLACEMENT FUND	1,899,002	1,635,998	3,535,000
TOTAL O&M AND CAPITAL BUDGETS	4,447,006	3,523,934	7,970,941
Proposed CY2019 Partners Allocation Compared to Approved Expenses Allocated to Partners CY2018:			
Operation & Maintenance	\$ 114,136	(\$59,596)	\$54,541
	% 4.7%	-3.1%	1.2%
Capital Improvements	\$ 51,877	-\$16,877	\$35,000
	% 2.8%	-1.0%	1.0%
Total O&M and Capital Budgets	\$ 166,013	-76,473	89,541
	% 3.9%	-2.1%	1.1%

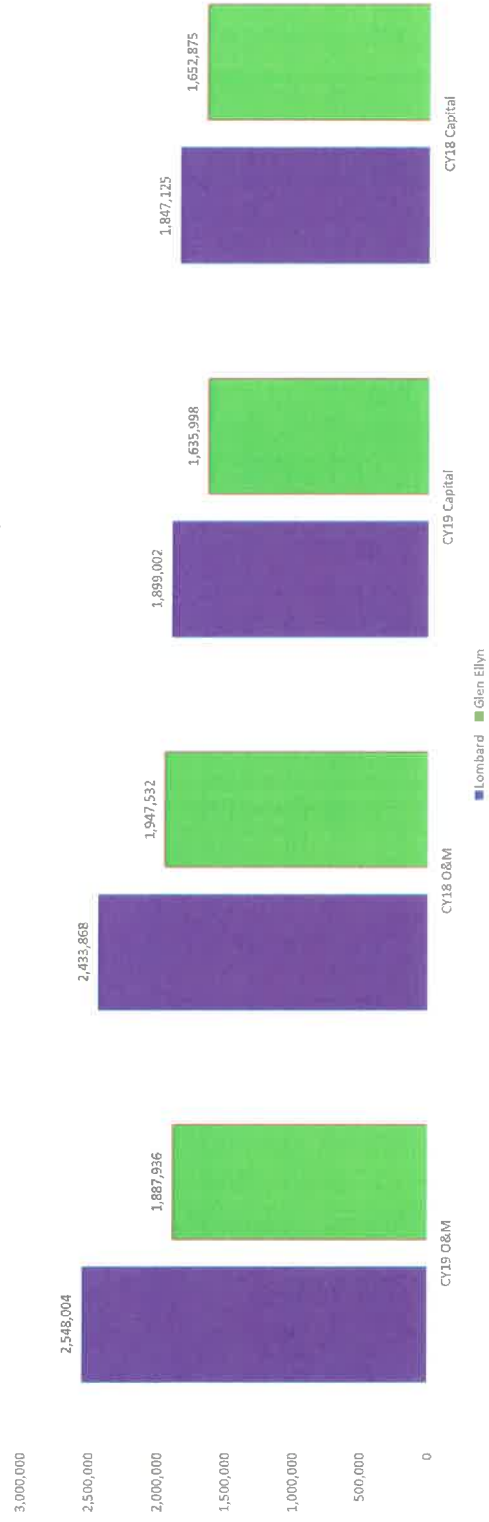
Glenbard Wastewater Authority Budget CY2019 Operations & Maintenance				
SUMMARY BY DIVISION				
Expense Allocation to Partners REVENUES	Actual CY2017	Budgeted CY2018	Estimated CY2018	Budgeting CY2019
Div. 270 – Glenbard Wastewater Authority	4,021,656	4,381,400	4,174,500	4,435,941
Interest O&M Fund	12,609	5,000	3,000	10,000
Miscellaneous Revenue	4,915	0	0	0
IRMA Reimbursement	0	0	0	0
Total Revenues	4,039,180	4,386,400	4,177,500	4,445,941
EXPENSES	Actual CY2017	Budgeted CY2018	Estimated CY2018	Budgeting CY2019
Div. 270 – Glenbard Plant / SRI L.S. / Sunnyside L.S.	3,886,357	4,187,600	3,836,541	4,248,691
270-1 – Stormwater Plant / Hill Ave L.S.	119,473	142,700	129,375	142,100
270-2 – North Reg. Int. / St. Charles Rd. L.S.	20,647	33,900	25,010	32,950
270-3 – South Reg. Int. / Valley View L.S.	12,703	22,200	12,001	22,200
Total O&M Expense:	4,039,181	4,386,400	4,002,927	4,445,941
Village of Glen Ellyn O&M Expenditures	1,827,729	1,949,755	1,779,301	1,892,192
Village of Lombard O&M Expenditures	2,211,451	2,436,645	2,223,626	2,553,748
Budget (Over) Under	(1)	0	174,573	0
Use of Available Cash				

Glenbard Wastewater Authority CY2018 Total Budget				
	Actual CY2017	Budgeted CY2018	Estimated CY2018	Budgeting CY2019
Operations & Maintenance	\$4,039,181	\$4,386,400	\$4,002,927	\$4,445,941
Capital Costs (Expenses & Debt Repayment)	\$3,212,289	\$8,984,337	\$9,440,291	\$9,023,000
TOTAL	\$7,251,469	\$13,370,737	\$13,443,218	\$13,468,941

CY2018/CY2019 Division 270 Budgeted O&M Comps



CY2018/CY2019 Member Contribution Comps



Budget CY2019**Operations & Maintenance****Division 270****Expense Allocation to Partners****REVENUE**

		Actual CY2017	Budgeted CY2018	Estimated CY2018	Budgeting CY2019
Operation/Maintenance					
450010	Glen Ellyn Share - 42.56%	1,715,437	1,947,532	1,926,949	1,887,936
450015	Lombard Share - 57.44%	2,306,219	2,433,868	2,247,551	2,548,004
	Partners Allocation	4,021,656	4,381,400	4,174,500	4,435,941
	Interst Income - O&M Fund	12,609	5,000	3,000	10,000
	Misc. Revenue	4,915	0	0	0
	IRMA Reimbursement	0	0	0	0
DIVISION 270		4,039,180	4,386,400	4,177,500	4,445,941

NOTE: The flow splits used to calculate partner payments for CY2019 are as follows:

Flow Split for Glen Ellyn: 42.56%

Flow Split for Lombard 57.44%

(for 5 yrs. Average ending 12/31/17)

NOTE: The flow splits used to calculate partner payments for CY2018 are as follows:

Flow Split for Glen Ellyn: 44.45%

Flow Split for Lombard 55.55%

(for 5 yrs. Average ending 12/31/16)

NOTE: The flow splits used to calculate partner payments for CY2017 are as follows:

Flow Split for Glen Ellyn: 45.25%

Flow Split for Lombard 54.75%

(for 5 yrs. Average ending 12/31/15)

Budget CY2019
Operations and Maintenance
Division 270
Expense Allocation to Partners

		Footnotes	EXPENSES				% Difference CY18-CY19	\$ Difference CY18-CY19
			Actual CY2017	Budgeted CY2018	Estimated CY2018	Budgeting CY2019		
Personnel Services								
510100	Salaries - Regular	1	1,243,772	1,250,000	1,286,186	1,392,000	11.4%	142,000
510110	Salaries - Part-Time Ops.	2	54,704	45,000	58,108	60,000	33.3%	15,000
510200	Salaries - Overtime	3	53,301	51,000	62,470	51,000	0.0%	0
510300	Salaries - Temporary/Seasonal		1,578	25,000	4,000	7,000	-72.0%	(18,000)
510400	FICA		100,172	108,000	103,926	115,515	7.0%	7,515
510500	IMRF	4	129,700	133,000	134,100	103,175	-22.4%	(29,826)
	Total		1,583,225	1,612,000	1,648,790	1,728,690	7.2%	116,690
Contractual Services and Commodities								
520305	Employee Recognition		558	1,000	251	1,000	0.0%	0
520310	Dues/Subs./Fees		15,362	15,900	4,902	15,750	-0.9%	(150)
520615	Recruiting/Testing		1,501	1,000	5,111	1,000	0.0%	0
520620	Employee Education	5	12,352	20,700	15,784	19,000	-8.2%	(1,700)
520625	Travel (Mileage)		0	500	53	750	50.0%	250
520700	Pro. Serv.-Legal Support	6	20,681	15,000	20,798	15,000	0.0%	0
520750	Legal Notices		581	500	627	500	0.0%	0
520760	Regulatory Fees		52,741	55,000	52,735	53,000	-3.6%	(2,000)
520770	DuPage River Salt Creek Work Group Fee	7	25,278	31,300	31,242	33,600	7.3%	2,300
520806	Pro. Serv.-Lab Support		23,594	30,000	19,528	27,500	-8.3%	(2,500)
520810	External Consulting Fees	8	13,616	30,000	14,067	20,000	-33.3%	(10,000)
520820	Audit Fees / Pro. Serv. - Acct.	9	10,800	14,300	11,100	11,400	-20.3%	(2,900)
520830	Bank Charges		25	0	0	0		
520885	Insurance - Liability (MICA)	10	167,443	154,000	144,016	160,000	3.9%	6,000
520895	Insurance - Health	11	233,495	257,400	209,530	213,100	-17.2%	(44,300)
520970	Maint. - Bldg. & Grds.		4,557	11,000	14,387	12,000	9.1%	1,000
520971	Bldg. & Grounds - Support		41,436	61,100	51,317	56,550	-7.4%	(4,550)
520975	Maint. - Equipment		99,064	157,600	50,589	157,825	0.1%	225
520976	Maint. - Support	12	46,216	61,900	39,868	62,500	1.0%	600
520980	Maint. - Electronics		54,893	70,000	47,127	66,000	-5.7%	(4,000)
520981	Elect. - Support	13	197,476	206,900	188,700	219,900	6.3%	13,000
520990	Operations - Supplies		9,394	15,900	14,252	14,100	-11.3%	(1,800)
520991	Operations - Support		4,567	15,000	3,994	7,000	-53.3%	(8,000)
521055	Professional Services - Other Support		1,904	2,000	1,741	4,000	100.0%	2,000
521070	Overhead Fees	14	128,372	129,300	129,270	131,726	1.9%	2,426
521150	Sludge Disposal - Land Applied	15	179,218	220,000	119,041	195,000	-11.4%	(25,000)
521195	Telecommunications		29,685	31,400	27,884	31,800	1.3%	400
521201	Electric Power	16	427,921	435,000	448,171	400,000	-8.0%	(35,000)
521202	Natural Gas	17	66,567	45,000	53,357	60,000	33.3%	15,000
521203	Water		50,009	20,000	28,454	25,000	25.0%	5,000
521204	Self-Gen Gas		4,436	6,000	4,917	6,000	0.0%	0
530100	Office Expenses		15,236.86	20,000	12,450	16,500	-17.5%	(3,500)
530106	Operating Supplies - Lab		15,010.37	20,000	10,249	20,000	0.0%	0
530107	Pretreatment Expenses		0.00	5,500	0	4,500	-18.2%	(1,000)
530200	Administrative Purchases		182.20	3,500	0	500	-85.7%	(3,000)
530225	Safety		17,951.59	16,900	14,302	17,500	3.6%	600
530440	Chemicals	18	90,653.36	65,000	42,206	90,000	38.5%	25,000
530443	Liquid Oxygen	19	236,854.77	325,000	352,883	345,000	6.2%	20,000
530445	Uniforms		3,501.82	5,000	2,847	5,000	0.0%	0
	Total		2,303,131	2,575,600	2,187,751	2,520,001	-2.2%	(55,599)
TOTAL DIVISION 270			3,886,357	4,187,600	3,836,541	4,248,691	1.5%	61,091

**CY2018 DIVISION 270
O&M FOOTNOTES**

(1) SALARIES (\$1,392,000):

This budget number includes salaries provided for seventeen (17) full-time staff members. The full-time equivalent for all staff is approximately 18.8 including part-time operators and seasonal staff.

(2) SALARIES - PART-TIME OPERATORS (\$60,000):

The Glenbard Plant operates 24 hours per day, 7 days per week. The SCADA System monitors the plant while it is not manned. Work *is* required on weekends and holidays to assure continued treatment and processing to meet stream discharge standards. Most of this work involves solids processing that must be done 7 days per week. For approximately seventeen (17) years we have used Part-Time Operators to provide operational inspections and solids processing on weekends and holidays. The use of five (5) part-time operations staff has allowed the full-time operations staff to work a regular work week without needing to work swing shifts or weekend work unless a situation arises. This has worked out well, and has resulted in not only better working arrangements for the full-time operations staff, but also utilizes an expanded pool of operators who can be called upon to help with the plant operations. This item is based on the equivalent of one (1) full time 40 hour per week employee.

(3) SALARIES – OVERTIME (\$51,000):

GWA continues to trend overtime and manage this expense with best management practices in mind.

(4) IMRF (\$103,175):

This represents a \$29,825 reduction compared to the CY2018 budget number of \$133,000.

(5) EMPLOYEE EDUCATION (\$19,000):

The employee education line item this year includes but not limited to the following:

Illinois Public Sector Institute (IPSI) Training	\$6,000
WEF Technical Conference	\$2,000
IWEA, CSWEA, IAWA Technical & Annual Conf.	\$4,000
NACWA Pretreatment Conference	\$1,000

(6) PROFESSIONAL SERVICE LEGAL (\$15,000):

This item had no increase from CY2018 and is used for legal needs regarding projects and contract reviews, lease agreements, access, and all other legal consultation.

- (7) **DUPAGE RIVER SALT CREEK WORK GROUP (\$33,600):**
The increase in the work group dues is a direct correlation to the support we provide as members to keep the administrative functions in tact as we continue to collaborate with the IEPA with regard to our NPDES permits. The project initiatives that the East / West Branch DuPage River & Salt Creek watersheds are providing to the IEPA are imperative to the impacts of the nutrient standards relating to point source dischargers. The work group has been recognized by the IEPA as a leader in developing remediation to stream standards particularly relating to habitat improvements. The work group believes that stream remediation is the path to healthier streams and rivers versus costly implementation of nutrient discharge limits at treatment plants for phosphorus and total nitrogen. Educating communities about chloride utilization, storm water best management practices, and the discontinued use of coal tar sealants have also been important functions provided by this group. The IEPA has granted the Authority with two permit cycles (10 years) without impending NPDES limits for phosphorus, and is currently in negotiations to get another permit cycle (5 years) included onto the exemption.
- (8) **External Consulting Fees (\$20,000):**
This item covers the cost to hire a consulting engineer for small specific tasks required to implement equipment changes, operational changes or general consultation. In CY2019 the Authority anticipates needing to use external consultants for a number of small jobs or studies.
- (9) **AUDIT FEES (\$11,400):**
The Audit fees for the Authority cover the cost of the Village of Glen Ellyn as the "Operating Agency" to hire a third-party financial firm to provide an Audit of the CY2018 financials.
- (10) **INSURANCE LIABILITY (\$160,000):**
This item represents the annual premium cost of our coverage with Municipal Insurance Cooperative Agency (MICA), a pooled insurance program, which provides a protected self-insured plan. Included in this expense line is the annual premium payment to MICA for CY2019 and an excess liability policy. This Line item is the is a \$6,000 increase from the number that was utilized for the CY2018 budget number of \$154,000. Liability insurance consists of 2/3's Workman Comp costs and 1/3 Property insurance costs.
- (11) **INSURANCE HEALTH (\$213,100):**
Health care is provided through the Village of Glen Ellyn insurance plan. This line item reflects a \$44,300 decrease over the CY2018 budget number of \$257,400.

(12) MAINTENANCE SUPPORT (\$62,500):

This line item reflects work previously budgeted in the Maintenance-Contractual line item. This represents a \$600 increase from the CY2018 budget number of \$61,900. A few of the most significant expenses included in this item in CY2018 are:

Vehicle Maintenance (Provided by VGE) Costs	\$36,700
Miscellaneous Equipment Maintenance	\$15,700
Maintenance Garage	\$1,500
Combined Heat & Power	\$8,000

(13) ELECTRICAL SUPPORT (\$219,900)

This line item reflects a increase in CY2019 compared to CY2018 budget number of \$206,900. The increase is attributed to increased costs in annual service contract increases.

(14) OVERHEAD FEES (\$131,276):

Overhead fees per the Intergovernmental Agreement (IGA) are based on the annually published CPI-U Chicago increase of 1.9% for the CY2019 budget. In 2015 the administrators for the member Villages reviewed the demands of the Authority regarding the Operating Agency's responsibility for oversight and felt that after three years (per the IGA) the review of workload allocation and the cost to support the Authority is acceptable until the next review due this year.

(15) SLUDGE DISPOSAL FEES (195,000):

Sludge disposal fees have been calculated based the new bid price that was obtained in CY2018 for a 3-year contract, and estimated volume of sludge produced. This cost includes the costs of hauling sludge off plant site daily in order to better mitigate odors.

(16) ELECTRIC POWER (\$400,000):

In CY2017 The Authority signed a four (4) year agreement which began in CY2018 (February) with Direct Energy for a Fixed Fee of \$0.04436/KWH (reduction from previous 3-year contract with Dynegy Energy for \$.0478/KWH.) Our power consumption is directly impacted by wet weather conditions impacting our facilities. The Authority originally estimated this cost to be much lower (\$300,000) due to the potential electricity being produced by Combined Heat & Power (CHP) engine generators, however due to the digester upset, conservative numbers have been reinserted into the budget keeping in mind the uncertainty of the co-digestion/HSW program, and it's affect on the ability to generate more electricity. The \$400,000 budget number for CY2019 is based on past trends and predicted CHP Electricity production, as well as normal operating parameters for the plant.

(17) NATURAL GAS (\$60,000):

In CY2017 The Authority signed a four (4) year agreement which began in CY2018 (April 1) with Constellation Energy Services for a Fixed Fee of \$2.78 per dekatherm (reduction from previous 3-year contract with Integrys Energy for a Fixed Fee of \$4.19 per dekatherm) The Authority is looking to continue to reduce our natural gas costs with the CHP process which as a secondary savings driver will reduce the need for natural gas as a fuel for our 1.5 million BTU boilers used to heat the anaerobic digesters. The hot water created by the engines is used to

heat the digester which lowers the temperature of the water as it recirculates back through the engine and gets reheated. The hydronic process of the CHP system is complicated due to the needs of two processes, the anaerobic digester heating demands and the CHP engine cooling demands. The two must work together to successfully regulate the temperatures each one specifically needs. The hot water if not needed by the boilers, will be cooled by the radiators to keep the CHP's from overheating.

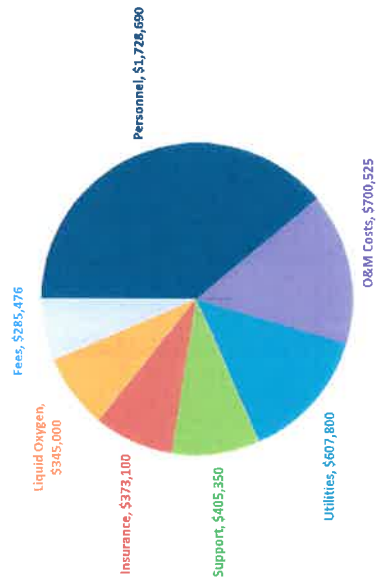
(18) CHEMICALS (\$90,000):

Chemicals used in the daily operation of the plant are included in this section at expected levels consistent with our recent history. Different chemicals are used for sludge dewatering, odor control, acid wash, and mineral deposition throughout the plant. Polymer production costs continue to increase annually due to the product being petroleum based. This item saw a significant increase from CY2018 due to higher hauling costs, as well as the additional of a chemical system related to the Facility Improvement Project

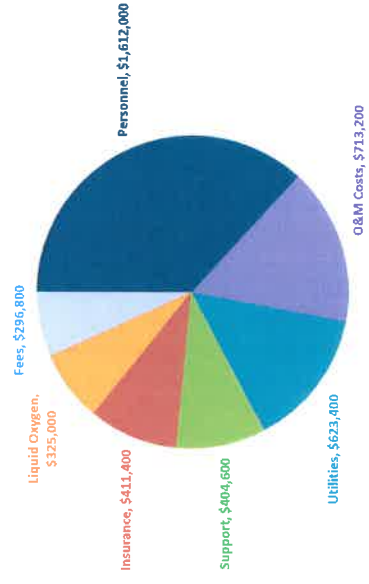
(19) Liquid Oxygen (\$345,000)

In CY2018 the Authority began to haul in pure oxygen from an outside provider. The transition to hauling it from an outside provider has allowed us to start using less energy, while still operating the high purity oxygen system, and gave us the ability to fine tune our operations prior to converting to a biological nutrient removal processes. Performing the transition could avoid shocks to the biological components of the overall treatment process as a result of moving directly from High Purity Oxygen (HPO) Activated Sludge process to Biological Nutrient Removal (BNR). The transition to liquid hauling would also consume less staff time since the cryogenic plant would no longer be in operation, and would reduce overall operational costs. This line item has a \$20,000 increase from CY2018 due to trying to refine actual numbers based on historical usage. Since this is still a relatively new process, we continue to refine the number as we have more historical data to base it off of.

CY2019 O&M EXPENSES



CY2018 O&M EXPENSES



Budget CY2019

EXPENSES

Operations & Maintenance

Division 270-1

Stormwater Plant & Hill Avenue Lift Station

		Actual CY2017	Budgeted CY2018	Estimated CY2018	Budgeting CY2019	% Difference CY18-CY19	\$ Difference CY18-CY19
Operations & Maintenance							
	Regulatory Fees	20,000	21,000	20,000	20,000	-4.8%	(1,000)
520970	Maint. - Bldgs. & Grnds. / Support	10,009	12,000	17,562	12,200	1.7%	200
520975	Maint. - Equipment	4,437	5,200	1,488	5,400	3.8%	200
520980	Maint. - Electronics	0	4,000	3,630	4,000	0.0%	0
521201	Electric Power	33,664	40,000	34,809	40,000	0.0%	0
521202	Natural Gas	2,837	4,500	4,124	4,500	0.0%	0
521203	Water	3,246	5,500	3,597	5,500	0.0%	0
530105	Operations Supplies	435	500	400	500	0.0%	0
Commodities							0
530440	Chemicals	44,846	50,000	43,765	50,000	0.0%	0
Total 270-1		119,473	142,700	129,375	142,100	-0.4%	(600)

Budget CY2019

EXPENSES

Operations & Maintenance

270-2

NRI / St. Charles Road L.S.

Actual
CY2017

Budgeted
CY2018

Estimated
CY2018

Budgeting
CY2019

St. Charles Rd. Lift Station					
520970 SC	Maint. - Bldg. & Grnds.	49	400	139	450
520975 SC	Maint - Equipment	1,261	9,000	2,446	9,000
520980 SC	Maint. - Electronics	2,824	3,000	4,211	3,000
521201 SC	Electric Power	16,513	21,000	18,215	20,000
Total		20,647	33,400	25,010	32,450
North Regional Interceptor					
520970 NRI	Maint. - Piping & Grnds.	0	500	0	500
Total		0	500	0	500
Total 270-2		20,647	33,900	25,010	32,950

Budget CY2019

EXPENSES

Operations & Maintenance

270-3

SRI / Valley View L.S.

		Actual CY2017	Budgeted CY2018	Estimated CY2018	Budgeting CY2019
Valley View Lift Station					
520970 VV	Bldg. & Grnds. Support	49	700	139	700
520975 VV	Maint. - Equipment	697	5,000	739	5,000
520980 VV	Maint. - Electronics	1,128	1,000	0	1,000
521201 VV	Electric Power	9,322	13,000	9,626	13,000
521203 VV	Water	1,508	2,000	1,498	2,000
Total		12,703	21,700	12,001	21,700
South Regional Interceptor					
520970	Maint. - Piping & Grnds.	0	500	0	500
Total		0	500	0	500
Total 270-3		12,703	22,200	12,001	22,200

Capital

GLENBARD WASTEWATER AUTHORITY FUND 40 CAPITAL PLAN

REVENUE in Thousands \$	Schedule	CY(2018)	CY(2019)	CY(2020)	CY(2021)	CY(2022)	CY(2023)	CY(2024)	CY(2025)	CY(2026)	CY(2027)	CY(2028)	CY(2029)	CY(2030)
		Estimated	Budgeting	Planning	Planning	Planning	Planning	Planning	Planning	Planning	Planning	Planning	Planning	Planning
Proceeds from Borrowing	1	7200	2500				6500	8000						0
Investment Income		12	15	10	10	10	10	10	10	10	10	10	10	20
Glen Ellyn Conn Fees		50	50	25	25	25	25	25	25	25	25	25	25	25
Lombard Conn Fees		34	40	25	25	25	25	25	25	25	25	25	25	25
Demand Response Program		36	25	26	26	27	27							
Leachate Revenue	2	126.7	120	117	117	117	117	117	117	117	117	117	117	117
Fats Oil & Grease (FOG) / Industrial Waste Tipping Fees		20	50	75	75	75	75	75	75	75	75	75	75	75
Cell Tower Revenue	3	53.73	53	55	58	60	62	65	67	70	73	76	79	70
Operating Surplus Transfers	4	159	0											
Pretreatment Fines		0	0											
Misc. Revenue		6	10	10	10	10	10	10	10	10	10	10	10	10
Capital Fund Contribution - Glen Ellyn		1653	1636	1607	1623	1639	1655	1672	1689	1705	1723	1740	1757	1775
Capital Fund Contribution - Lombard		1847	1899	1964	1983	2003	2023	2043	2064	2084	2105	2126	2148	2169
Total Capital Fund Contribution	5	3500	3535	3570	3606	3642	3679	3715	3752	3790	3828	3866	3905	3944
TOTAL REVENUE		11197	8368	3913	3952	3991	10530	12042	4081	4122	4163	4204	4246	4295
EXPENSES in Thousands \$		CY(2018)	CY(2019)	CY(2020)	CY(2021)	CY(2022)	CY(2023)	CY(2024)	CY(2025)	CY(2026)	CY(2027)	CY(2028)	CY(2029)	CY(2030)
Debt Service Payments:		Estimated	Budgeting	Planning	Planning	Planning	Planning	Planning	Planning	Planning	Planning	Planning	Planning	Planning
Ana Digester Project Debt Payment (P&I)	6	637	637	637	637	637	637	637	319					
FIP Debt Payment Actual (P&I)				497	995	995	995	995	995	995	995	995	995	995
Bio P Debt Payment Scheduled (P&I)									969	969	969	969	969	969
Debt Service Payment Subtotal		637	637	1134	1632	1632	1632	1632	2283	1964	1964	1964	1965	1965
Debt Service Subtotal		637	637	1134	1632	1632	1632	1632	2283	1964	1964	1964	1965	1965
Capital Improvements														
Property Acquisition - DCFPD NRI Easement Purchase		169	150											
Capital Improvement Projects														
Vehicle and Equipment Replacement	7	40	0	64	126	71	184	248	137	141	130	130	130	130
Small Capital Projects	8	96,982	165	100	100	100	100	100	100	100	100	100	100	100
Infrastructure Improvements	9	108,557	112	300	300	300	300	300	300	300	300	300	300	300
Roof Replacements - Updated based on Repl. Schedule	10	142.27	144	349	43	172	0	0	97	149	175	65	50	34
Plant Equipment Rehabilitation	11	510,415	310	300	300	300	300	300	300	300	300	300	300	300
Cryo Maintenance/Atmospheric Vaporizer Lease		20	20	20	20	25	25	25						
Facility Plan	12	59						150					175	
Odor Control Study		29												
DuPage River Salt Creek Work Group	13													
Assessment Cost for Watershed Projects		159,478	265	273	281	289								
Odor Control Capital Improvement	14			250										
Facility Improvements Project	15													
Engineering		123	120											
Construction/(IEPA Loan)		7200	3500											
Sludge Lagoon Cleanout														
North Sludge Lagoon				200										
South Sludge Lagoon														
Bemis Road and Administrative Parking Lot Improvements					400									
Electric Service Distribution System Rehabilitation Project	16													
Engineering		145.5	100											
Construction			2500											
Admin Building HVAC Construction			1000											
Biological Phosphorus Removal														
Studies & Reports				200										
Engineering					750	750								
Construction							6500	8000						
Grit Building MCC Replacement														
Engineering						29								
Construction						221								
PLC Replacements - Campus Wide					1600									
Purchase & Installation														
Biosolids Dewatering Equipment Replacement / Covered Storage														
Engineering				603										
Construction					2000									
Stormwater Plant Barscreen & Grit Collection System Upgrade														
Engineering									532					
Construction										2200	2200			
Anticipated Future Projects per the 20 Year 2013 Facility Plan.														
O&M Manual Updates											380			
Primary Waste Activated Sludge Thickening											1600			
Liquid Biosolids Storage Improvements											1100			
Project Total		8634	8236	2659	5920	2257	7409	9123	934	1522	6285	3095	1055	864
IFT/DEBT SERVICES / PROJ TOTAL		9440	9023	3793	7552	3889	9041	10755	3217	3486	8249	5059	3020	2829
Cash on Hand 1/1		4130	5887	3262	3382	(218)	(115)	1373	2660	3525	4161	75	(780)	446
cash/loss FY		1767	(2625)	120	(3600)	102	1489	1287	864	638	(4088)	(855)	1226	1466
Cash on Hand 12/31		5887	3262	3382	(218)	(115)	1373	2660	3525	4161	75	(780)	446	1912

Improvements Removed Due to Planned Decommissioning of the Production Plant and eventual conversion to a Biological Phosphorus Removal Facility

~ UNOX Deck Control Improvements - \$395,000	\$395,000
~ Final Unox Stage Modifications - \$234,000	\$234,000
~ Cryo Building MCC and PLC Replacements - \$306,000	\$306,000
~ Intermediate Pump Station Modifications - Included in the BPR Project - \$1,500,000	\$1,500,000
~ Chemical Phosphorus Removal - Not needed due to the BPR Project - \$761,000	\$761,000
TOTAL REDUCTIONS OR OFFSETS IN CAPITAL SPENDING	\$3,196,000

2806
GWA

**CY2019
FUND 40
CAPITAL FOOTNOTES**

(1) Proceeds From Borrowing (\$2,500,000):

This line item depicts the borrowing needs for CY2019 necessary to fund the Facility Improvements Project (FIP). The total amount being requested to borrow between CY2017 and CY2019 is \$16,725,000. The total estimated 20-year Debt payment scheduled to begin in CY2020 for the FIP is \$19,924,327.

(2) Leachate Revenue (\$120,000):

We have extended the contract to Waste Management to include delivering up to 42,000 gallons per day, five days per week at \$0.025/gallon. The Authority has been averaging 21,000 gallons per day which equates to approximately \$140,000/year in additional revenue. There are a couple reasons to leave a conservative number in for this item; if for any reason the leachate has any ill effects on the treatment process, Waste Management will halt all deliveries until the process recuperates. Also, leachate flow is heavily dependent on rainfall, so if less than average precipitation amounts are experienced, there will be a decrease in leachate revenue.

(3) Cell Tower Revenue (\$53,000):

In CY2016 the Authority and the Village of Glen Ellyn negotiated with TowerCo to build a new tower capable of accepting up to four carriers. The new tower was built in CY2017, and added Verizon as a carrier, therefore adding our anticipated revenue from leasing the land for the cellular tower. The Authority has estimated approximately \$53,000 in revenue for this lease in CY2018. This could be increased if additional carriers sign onto the tower

(4) Operating Surplus Transfers (\$159,000):

The EOC approved the audit reported CY2017 O&M surplus to be transferred to the Capital Fund 40 at the June 14, 2018 meeting. Originally, specific instructions for use of the transfer were approved by the EOC, however due to increased costs related to the FIP these funds were no longer designated to be set aside.

(5) Capital Fund Contributions (\$3,535,000):

The Capital Improvement Fund 40 relies on dedicated contributions from both communities to support GWA capital expenses. Based on Facility Planning efforts during FY2013 and FY2014 the Capital Fund 40 will be increased annually based on project demands for an estimated 20 years.

The current rate of increase for the Capital Fund is calculated at 1% annually which is a 1% increase compared to CY2016 & CY2017.

(6) Anaerobic Digester Improvement Project Debt Payment

(\$637,000): This is the principal and interest payment for the IEPA Loan utilized for the 2007-2013 installation of a new 80' digester at the Glenbard Plant. Also included in this project was some cleanup work from the BIP Project. The amount of the loan was \$7,543,026 to be paid back over fifteen (15) years at an interest rate of 2.5%. Substantial completion was awarded near the end of FY2011. Final Completion of the Anaerobic Digester Project was awarded in November 2013.

(7) Rolling Stock (\$0):

GWA has no anticipated replacement of rolling stock for CY2019

(8) Small Capital Improvements (\$165,000):

This cost center provides for small capital improvements. A few of the planned improvements for CY2019 are listed below:

Thermal Imaging Camera	\$15,000
Grinder Exchange Program	\$20,000
Screw Pump – Lower Bearing Replacement	\$10,000
Electrical Combined Heat & Power Spare Parts	\$10,000
Mechanical Combined Heat & Power Spare parts	\$10,000
Dewatering Truck Bay Overhead Door Replacement	\$15,000
Overhead Door Safety Bumper Replacement	\$30,000
PVC Stock	\$5,000
Metal Stock	\$5,000

(9) Infrastructure Improvements (\$112,000):

This cost center provides for various infrastructure improvements throughout the GWA Facilities. A few of the planned projects for CY2019 are listed below:

Plant Fiber Testing and Repairs	\$30,000
Dewatering Building Rooftop AC/Heater Replacement	\$50,000
Roof Replacement Consulting	\$7,000
High Strength Waste Improvements/Modifications	\$25,000

(10) Roof Replacements (\$144,000):

This year GWA will be performing minor roofing replacements at the Glenbard Plant while we evaluate the updated plan for future needs.

(11) Plant Equipment Rehabilitation (\$310,000):

This cost center provides for various equipment rehabilitations throughout the GWA Facilities. The planned projects for CY2018 are listed below:

Year Two of Three Year Plan to televise and inventory our interceptors	\$100,000
Siloxane and Hydrogen Sulfide Media Replacement	\$50,000

Moyno Pumps Spare Parts	\$25,000
Gravity Thickener Mechanism and Bridge Painting	\$40,000
SRI Pump Station Concrete Lining System	\$50,000

(12) Facility Improvements Plan

GWA conducted an equipment related study that will be during CY2018 to identify the GWA needs for the future. The Facility Plan is addressing the needs for repair, upgrades, or replacement pertaining to aging infrastructure and more stringent regulations that would require different types of processes. A significant focus of last year's Facility Plan was to identify any odor control solutions that could be implemented, and their associated costs. The Authority updates its Facility Plan about every 5 years in order to stay current with it's needs to the future, as well as to make sure the anticipated projects stay eligible for State Revolving Loan funds.

(13) DuPage River Salt Creek Work Group (\$265,000):

The project initiatives that the East / West Branch DuPage River & Salt Creek watersheds are providing to the IEPA are imperative to the impacts of the nutrient standards relating to point source dischargers. The work group has been recognized by the IEPA as a leader in developing remediation to stream standards particularly relating to habitat improvements. The work group believes that stream remediation is the path to healthier streams and rivers versus the implementation of overly stringent nutrient discharge limits for phosphorus and total nitrogen. Educating communities about chloride utilization, storm water best management practices, and the discontinued use of coal tar sealants have also been important functions provided by this group. The IEPA has granted the Authority with first of two potential permit cycles (10) years without impending NPDES limits for phosphorus. If the Authority fails to support the assessed fees as agreed to per the commitment agreement with the DRSCWG we may be facing a phosphorus limit as low as .1 mg/l versus a 1.0 mg/l

(14) Odor Control Capital Improvement (\$250,000):

Due to continuing odor issues with neighbors adjacent to the main plant, funds are being inserted into the Capital plan for a larger scale odor control improvement, which will be identified in the Facility Plan

(15) Facility Improvements Project (FIP) (\$3,620,000):

The FIP project had been awarded to Boller Construction Company of Waukegan, IL in the amount of \$16,725,000 and focuses on the aging infrastructure of our Influent Pumping Station, Sand Filters and underground utility replacements of natural gas and non-potable water

lines. The majority of all of these systems are approximately 17 years old with some of the components being original 1977 equipment. The most recent improvement to all of this was to the influent gates for the barscreen and raw pumping station which were replaced in the early 2000's. The main focus at the influent pumping station is to replace the Raw Pumps, Variable Frequency Drives, Motor Control Centers, and Hydraulic Actuators. The station will be updated with pumps that will be able to reduce impacts to the interceptor sewers during high flow events due to their high head loss suction capabilities. The Sand Filters are being replaced with what is called a disk filter in an effort to remove significant recycles flows, and mechanical maintenance demands. Due to recent complications, the overall project cost is now at \$17,701,258,83, and expected to be complete in November 2019

(16) Electric Service Distribution System Rehabilitation Project (\$2,600,000):

Due to recent electrical failures this project had been moved up to be constructed in CY2019. This was identified in our previous 5-year capital project plan in the Facility Plan as being needed. A RFQ/RFP process selected an engineer in CY2018 to perform the design and engineering. This project will be bid in early CY2019 and is anticipated to be \$2.5M with \$100k in construction engineering fees.

The electrical power distribution system is served from a single connection to the local electric utility's distribution system. In the event of loss of utility supply, three on-site 800 kW natural gas generators can produce ample power to serve the facility. The facility has two medium voltage underground distribution circuits, and either circuit can be used to serve all critical plant loads—from the utility or from the generators. However, the two underground circuits share common duct banks and common manholes. Thus, a single event could cause failure of both underground circuits. Alternatives to mitigate these single points of failure will be considered in the analyses. While all the critical plant loads are connected to both medium voltage underground distribution circuits, the Main Cryogenic Compressor and the Administration Building do not have redundant step-down transformers. Thus, a single failure of the step-down transformer to these loads will result in loss of critical power. Alternatives for a redundant transformer or back-up 480 V supply to these two critical loads will be addressed in the analyses. A previous power system study has identified that the protective devices in the supply to the Sludge Dewatering Building and the Digester Building are not appropriately rated to interrupt a worst-case short-circuit event. Appropriate equipment replacement will be addressed in the analyses. As part of the facility's existing maintenance and testing plan, plant staff periodically performs cable testing on the distribution network. The cables being tested must be

isolated from the system prior to testing, and the act of cable disconnection (determination) is very time-consuming. Plant staff have expressed an interest in adding disconnect switches to specific circuits to reduce man-hours required to perform the cable testing. Alternatives for more efficient cable testing will be developed in the analyses. The site lighting is aging and appears to be corroding. Replacement of the site lighting will be included in this scope. Any potential incentives or grant funding related to the site lighting or other electrical work shall be explored as well.

Budget CY2019
Glenbard Treatment Facility
Fund 40 Capital Plan
Capital Improvements Detail

	Estimated CY2018	Budgeting CY2019
PROCEEDS FROM BORROWING	7,200,000	2,500,000
INVESTMENT INCOME	12,000	15,000
CONNECTION FEES - GLEN ELLYN	50,000	50,000
CONNECTION FEES - LOMBARD	34,000	40,000
ENERNOC DEMAND RESPONSE PROGRAM	36,000	25,000
LEACHATE REVENUE	126,700	120,000
FATS OIL & GREASE (FOG) / INDUSTRIAL WASTE TIPPING FEES	20,000	50,000
CELL TOWER REVENUE	53,730	53,000
OPERATING SURPLUS TRANSFERS	159,419	0
PRETREATMENT FINES	0	0
MISCELLANEOUS REVENUE	5,500	1,000
EQUIPMENT REPLACEMENT FUND		
	GLEN ELLYN - 46.28%	1,652,875
	LOMBARD - 53.72%	1,847,125
REVENUES TOTAL:	11,197,349	6,389,000
PRINCIPAL & INTEREST:		
IEPA DIGESTER PRINCIPAL	532,011	545,395
IEPA DIGESTER INTEREST	104,990	91,607
PRINCIPAL & INTEREST TOTALS:	637,001	637,001
CAPITAL IMPROVEMENTS		
PROPERTY ACQUISITION		
	SPENT/ESTIMATED TO SPEND	169,000
CAPITAL IMPROVEMENT PROJECTS		
VEHICLE AND EQUIPMENT REPLACEMENT	40,089	0
SMALL CAPITAL PROJECTS	96,982	165,000
INFRASTRUCTURE UPGRADES	108,557	112,000
ROOF REPLACEMENTS	142,270	144,000
PLANT EQUIPMENT REHABILITATION	510,415	310,000
CRYO MAINTENANCE/ATMOSPHERIC VAPORIZER PURCHASE OR LEASE	20,000	20,000
FACILITIES PLAN UPDATE/ODOR CONTROL STUDY	88,300	0
ADMINISTRATION BUILDING HVAC REHABILITATION CONSTRUCTION/ENGINEERING	0	1,000,000
DUPAGE RIVER SALT CREEK WORKGROUP ASSESSMENT	159,478	265,000
FACILITY IMPROVEMENTS PROJECT	7,200,000	3,500,000
ELECTRIC SERVICE DISTRIBUTION SYSTEM REHABILITATION PROJECT CON. ENG		100,000
ELECTRIC SERVICE DISTRIBUTION SYSTEM REHABILITATION PROJECT	145,500	2,500,000
CAPITAL IMPROVEMENTS TOTALS:	8,511,591	8,116,000
PRINCIPAL & INTEREST / CAPITAL IMPROVEMENTS TOTALS	9,317,592	8,903,001

Appendix

CY2019
GLENBARD WASTEWATER AUTHORITY EQUIPMENT REPLACEMENT FUND

FUND 40

		Actual CY17 Bdgt	Approved CY18 Bdgt	Estimated CY18 Bdgt	Budgeting CY19 Bdgt
5966	Equipment Replacement Flow Split - Total = Half of the Whole	1,700,000	1,750,000	1,750,000	1,767,500
*	Glen Ellyn Flow Split - 42.56%	769,250	777,875	777,875	752,248
*	Lombard Flow Split - 57.44%	930,750	972,125	972,125	1,015,252
	Equipment Replacement Split in Equity - Total = Half of the Whole	1,700,000	1,750,000	1,750,000	1,767,500
	Glen Ellyn Flow Split - 50%	850,000	875,000	875,000	883,750
	Lombard Flow Split - 50%	850,000	875,000	875,000	883,750
	Total	3,400,000	3,500,000	3,500,000	3,535,000

	Total	Percentage by Contribution
Total Glen Ellyn Equipment Replacement Fund Contribution:	1,619,250	1,652,875
Total Lombard Equipment Replacement Fund Contribution:	1,780,750	1,847,125
		46.28%
		53.72%

* Indicates Current 5 Year Avg. Flow Split for CY2018

SECTION 11.0

OTHER BUSINESS

SECTION 12.0

ADJOURNMENT