

GLENBARD WASTEWATER AUTHORITY,
GLEN ELLYN, ILLINOIS

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

GLENBARD WASTEWATER AUTHORITY, GLEN ELLYN, ILLINOIS

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FINANCIAL SECTION

This section includes:

Independent Auditors' Report

Management's Discussion and Analysis

Basic Financial Statements

Other Supplementary Information

INDEPENDENT AUDITORS' REPORT

This section includes the opinion of the Authority's independent auditing firm.



INDEPENDENT AUDITORS' REPORT

May 17, 2021

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

We have audited the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Glenbard Wastewater Authority, Illinois, as of and for the year ended December 31, 2020, 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 the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 business-type activities, each major fund, and the aggregate remaining fund information of the Glenbard Wastewater Authority, Illinois, as of December 31, 2020, 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 a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The other supplementary information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Matters – Continued

Other Information - Continued

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 December 31, 2019 financial statements, and we expressed an unmodified audit opinions on the respective financial statements of the business-type activities, and the aggregate remaining fund information in our report dated June 4, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Lauterbach & Amen, LLP

LAUTERBACH & AMEN, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

GLENBARD WASTEWATER AUTHORITY, GLEN ELLYN, ILLINOIS

Management's Discussion and Analysis

December 31, 2020

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 2020 which began on January 1, 2020 and concluded on December 31, 2020. 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 can be found in the financial section of this report.

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, GLEN ELLYN, ILLINOIS

Management's Discussion and Analysis

December 31, 2020

Background and Overview of the Financial Statements - Continued

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, 2020 increased by \$324,103 or by 3.7% compared to balances at the close of the prior fiscal year. The Operating Fund experienced an increase in cash balance of \$159,283, while the Equipment Replacement Fund's cash balance increased by \$164,820. The Equipment Replacement Fund received loan proceeds from the Illinois Environmental Protection Agency (IEPA) in the amount of \$1.3 million and has incurred capital costs of \$4.3 million. The main project undertaken is the Facility Improvement Project (FIP), which entails a series of updates to the facility. See the financial section of this report for detailed cash flow information.
2. Total Operating Fund expenses for fiscal year 2020 were \$4,019,833, a decrease of \$330,591 or (7.6%) compared to the previous fiscal year. For additional information concerning changes in operating costs compared to the prior fiscal year, the Operating Fund Expenses chart in this Management's Discussion and Analysis.
3. Total Operating Fund expenses were under the approved budget of \$4,602,094 by \$582,261 or (12.7%). Additional budget comparison information is located in the financial section of this report.
4. Amounts due from/(to) each of the Villages as of December 31, 2020, include following components:

GLENBARD WASTEWATER AUTHORITY, GLEN ELLYN, ILLINOIS

Management's Discussion and Analysis

December 31, 2020

Financial Highlights - Continued

| | Village of Lombard | Village of Glen Ellyn | Totals |
|--|-----------------------|--------------------------|------------------|
| Billing Adjustment for the Fiscal Year Ended on December 31, 2020 | \$ (208,885) | (144,538) | (353,423) |
| Billing Adjustment - July 2020 to December 2020 | 6,547 | (6,547) | — |
| Cumulative Balance Due from (to) Villages | <u>(202,338)</u> | <u>(151,085)</u> | <u>(353,423)</u> |

*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.

1. The percentage of wastewater flow contributed by each of the partners to the Glenbard Plant for 2019 compared to the previous three years is shown below:

| | FY 2018 | FY 2019 | FY 2020 |
|-----------------------|---------|---------|---------|
| Village of Lombard | 58.79% | 59.41% | 59.28% |
| Village of Glen Ellyn | 41.21% | 40.59% | 40.72% |

A history of annual flow data is presented on Schedule of Allocation Costs.

2. The Authority has a minimum working cash policy for its Operating Fund equal to 25% of operating expenses (see Note 3). The Authority's net working cash balance of \$1,439,597 as of December 31, 2020 is equivalent to a 33.9% reserve level, above the minimum 25% level by \$377,611.
3. The Authority invested significantly in capital projects during 2020. The Authority completed the Facility Improvement Project (FIP) in 2020. This project includes improvements to the raw sewage pump building, improvements and modifications to the filter building, modification of the non-potable water system, improvements to the natural gas system serving the treatment facility and improvements to the final clarifiers. As of December 31, 2020, \$20.2 million had been expended on this project.

GLENBARD WASTEWATER AUTHORITY, GLEN ELLYN, ILLINOIS

Management's Discussion and Analysis

December 31, 2020

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.

| | FY 2018 | FY 2019 | FY 2020 |
|--------------------------------------|--------------|------------|------------|
| Current and Other Assets | \$ 8,015,153 | 9,767,599 | 10,049,485 |
| Deferred Outflows | 704,968 | 169,825 | 82,533 |
| Capital Assets | 48,911,990 | 50,675,581 | 52,497,950 |
| Total Assets & Deferred Outflows | 57,632,111 | 60,613,005 | 62,629,968 |
| Long Term Debt | 16,332,685 | 18,060,570 | 18,450,374 |
| Other Liabilities | 2,935,222 | 2,322,276 | 2,576,779 |
| Deferred Inflows | 125,366 | 424,894 | 818,225 |
| Total Liabilities & Deferred Inflows | 19,393,273 | 20,807,740 | 21,845,378 |
| Net Investment in Capital Assets | 32,962,382 | 32,218,654 | 33,603,245 |
| Restricted | 5,276,456 | 7,586,611 | 7,181,345 |
| Total Net Position | 38,238,838 | 39,805,265 | 40,784,590 |

The total net position of the Authority increased \$979,325 to \$40,784,590, an increase of 2.5% 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 other revenue streams such as connection fees, FOG (fats, oils, and grease) revenue and leachate revenue. The Illinois Municipal Retirement Fund (IMRF) Pension Expense in the Operating Fund also decreased from \$63,511 in 2019 to a negative \$228,113, a decrease of \$291,624. This is due to positive investment returns for IMRF which positively impacted pension expense.

For more detailed information, see the Statement of Net Position, which can be found in the financial section of this report.

GLENBARD WASTEWATER AUTHORITY, GLEN ELLYN, ILLINOIS

Management's Discussion and Analysis

December 31, 2020

Authority's Financial Analysis - Continued

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.

| | FY 2018 | FY 2019 | FY 2020 |
|--------------------------|--------------|------------|------------|
| Operating Revenues | \$ 7,431,990 | 7,779,218 | 7,889,975 |
| Non-Operating Revenues | 593,123 | 1,344,347 | 748,882 |
| Total Revenues | 8,025,113 | 9,123,565 | 8,638,857 |
| Depreciation Expense | 2,495,940 | 2,464,158 | 2,453,593 |
| Other Operating Expenses | 4,460,155 | 4,995,218 | 4,457,538 |
| Non-Operating Expenses | 142,141 | 97,762 | 748,401 |
| Total Expenses | 7,098,236 | 7,557,138 | 7,659,532 |
| Changes in Net Position | 926,877 | 1,566,427 | 979,325 |
| Net Position – Beginning | 37,311,961 | 38,238,838 | 39,805,265 |
| Net Position – Ending | 38,238,838 | 39,805,265 | 40,784,590 |

For more detailed information, see the Statement of Revenues, Expenses and Changes in Net Position, which can be found in the financial section of this report.

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, GLEN ELLYN, ILLINOIS

Management's Discussion and Analysis

December 31, 2020

Authority's Financial Analysis - Continued

Revenues - Continued

Operating Fund Revenues - Continued

A comparison of Operating Fund operating revenues from charges to the Villages for the fiscal year ended December 31, 2020 compared to the previous two years is shown in the table below.

| Partner | FY 2018 | FY 2019 | FY 2020 | \$ Change from 2019 to 2020 | % Change from 2019 to 2020 |
|-----------------------|--------------|--------------|--------------|--------------------------------|-------------------------------|
| Village of Lombard | \$ 2,311,758 | \$ 2,521,328 | \$ 2,518,863 | \$ (2,465) | (0.06%) |
| Village of Glen Ellyn | 1,620,232 | 1,722,890 | 1,730,062 | 7,172 | 0.17% |
| Totals | 3,931,990 | 4,244,218 | 4,248,925 | 4,707 | 0.11% |

Operating revenues charged to the Villages are directly correlated to changes in operating costs. An analysis of operating costs can be found in the financial section of this report.

Equipment Replacement Fund Revenues

A comparison of Equipment Replacement Fund revenues for the fiscal year ended December 31, 2020 compared to the previous two years is shown in the table below:

| Revenue | FY 2018 | FY 2019 | FY 2020 | \$ Change from 2019 to 2020 | % Change from 2019 to 2020 |
|--------------------------|--------------|--------------|--------------|--------------------------------|-------------------------------|
| Lombard (1) | \$ 1,905,091 | \$ 1,933,042 | \$ 1,989,294 | \$ 56,252 | 1.17% |
| Glen Ellyn (1) | 1,594,909 | 1,601,958 | 1,651,756 | 49,798 | 1.03% |
| Excess Contributions (2) | 159,394 | 449,410 | 181,469 | (267,941) | (5.55%) |
| Connection Fees (3) | 100,890 | 299,462 | 142,566 | (156,896) | (3.25%) |
| Leachate Revenue (4) | 139,300 | 215,063 | 159,075 | (55,988) | (1.16%) |
| Cell Tower Revenue (5) | 52,844 | 54,958 | 57,157 | 2,199 | 0.05% |
| FOG Revenue (6) | 23,944 | 99,009 | 105,174 | 6,165 | 0.13% |
| Investment Income (7) | 69,995 | 139,792 | 37,937 | (101,855) | (2.11%) |
| Other Income (9) | (17,644) | 32,060 | 5,050 | (27,010) | (0.56%) |
| Total Revenues | 4,028,723 | 4,824,754 | 4,329,478 | (495,276) | (10.27%) |

GLENBARD WASTEWATER AUTHORITY, GLEN ELLYN, ILLINOIS

Management's Discussion and Analysis

December 31, 2020

Authority's Financial Analysis - Continued

Revenues - Continued

Equipment Replacement Fund Revenues - Continued

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 2019 fiscal year, both Villages contributed their portion of the operating surplus in the Operating Fund to the Equipment Replacement Fund.
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 2019 had greater fees than FY 2020 fees due to large development projects in 2019.
4. Leachate is the groundwater collected from around old/out of service garbage landfills. The revenue from leachate is dependent on how much leachate is received. As leachate generation is largely based off of rainfall, and as 2020 had less precipitation than 2019, the revenues for this category are lower.
5. 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 was 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 resumed to receive FOG in 2018, however at a much reduced rate. The Authority increased its FOG treatment in 2019 and 2020 at a measured pace.
6. During 2020, overall interest rates greatly decreased. For example, the Illinois Funds, a local government investment pool administered by the State Treasurer, paid an average interest rate for the month of January 2020 of 1.685%. By December 2020, its monthly average interest rate was 0.093%.
7. The Authority receives revenue 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. In 2020, the Authority received \$24,000 for the sale of surplus energy credits and \$16,000 for the sale of scrap metal. This income is offset by a loss on disposal of capital assets.

GLENBARD WASTEWATER AUTHORITY, GLEN ELLYN, ILLINOIS

Management's Discussion and Analysis

December 31, 2020

Authority's Financial Analysis - Continued

Expenses

Operating Fund Expenses

A comparison of Operating Fund expenses for FY 2020 compared to the previous two years is shown in the table below:

| | FY 2018 | FY 2019 | FY 2020 | 2020 Percent of Total | \$ Change from 2019 to 2020 | % Change from 2019 to 2020 |
|--------------------|------------------|------------------|------------------|-----------------------------|--------------------------------|-------------------------------|
| Personnel Services | \$ 1,583,762 | \$ 1,700,843 | \$ 1,738,147 | 43.24% | \$ 37,304 | 0.86% |
| IMRF Pension | (132,646) | 63,511 | (228,113) | (5.67)% | (291,624) | (6.70%) |
| Contractual | | | | | | |
| Maintenance (2) | 414,474 | 521,820 | 446,436 | 11.11% | (75,384) | (1.73%) |
| Service Charge | 129,270 | 131,726 | 134,228 | 3.34% | 2,502 | 0.06% |
| Sludge Removal | 153,121 | 193,648 | 217,405 | 5.41% | 23,757 | 0.55% |
| Utilities (4) | 672,769 | 692,316 | 618,717 | 15.39% | (73,599) | (1.69%) |
| Insurance (5) | 348,912 | 397,451 | 397,787 | 9.90% | 336 | 0.01% |
| Other (6) | 183,330 | 206,622 | 184,036 | 4.58% | (22,586) | (0.52%) |
| Commodities (7) | 467,999 | 442,487 | 511,190 | 12.72% | 68,703 | 1.58% |
| Totals | <u>3,820,991</u> | <u>4,350,424</u> | <u>4,019,833</u> | <u>100.02%</u> | <u>(330,591)</u> | <u>(7.60%)</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.
2. The agency recognized IMRF pension expense of \$160,728 in 2019. In 2020, the agency recognized pension revenue of \$98,660, a difference of \$259,388. This is due to a positive change in the investment market when comparing 2019 to 2020, particularly in the equity markets. This positively impacts the IMRF pension expense.
3. In 2020, less preventive maintenance was required. This amount varies from year to year based on the number of hours equipment is operated, the total quantities of equipment in service, etc.

GLENBARD WASTEWATER AUTHORITY, GLEN ELLYN, ILLINOIS

Management's Discussion and Analysis

December 31, 2020

Authority's Financial Analysis - Continued

Expenses - Continued

Operating Fund Expenses - Continued

4. In addition to the Authority's continuing policy to implement energy efficient measures, 2020 had less precipitation than occurred in 2019. Less precipitation resulted in lower influent flows, so there was less pumping and treatment. As there was less electrical usage needed, utility costs were reduced.
5. Chemical costs increased from \$74,036 in 2019 to \$152,204 in 2020. This increase was due to the addition of two more chemical systems at the Authority; a sodium hypochlorite system used to disinfect plant water and a hydrogen peroxide system used for odor control.

Equipment Replacement Fund Expenses

The Authority invested over \$4.3 million in the continued replacement and rehabilitation of various capital equipment and plant upgrades during the fiscal year ended December 31, 2020. The major project undertaken during the year was the Facility Improvement Plan.

Capital Assets

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

| | <u>FY 2018</u> | <u>FY 2019</u> | <u>FY 2020</u> |
|--------------------------------------|-------------------|-------------------|-------------------|
| Nondepreciable Capital Assets | \$ 15,677,188 | 19,642,970 | 22,523,629 |
| Depreciable Capital Assets | 95,732,343 | 95,984,800 | 97,271,616 |
| Less: Accumulated Depreciation | (62,497,541) | (64,952,189) | (67,297,295) |
| Total Net Depreciable Capital Assets | <u>33,234,802</u> | <u>31,032,611</u> | <u>29,974,321</u> |
| Total Net Capital Assets | <u>48,911,990</u> | <u>50,675,581</u> | <u>52,497,950</u> |

For more detailed information, see Note 3.

GLENBARD WASTEWATER AUTHORITY, GLEN ELLYN, ILLINOIS

Management's Discussion and Analysis

December 31, 2020

Authority's Financial Analysis - Continued

Long-Term Debt

A schedule of the Authority's State of Illinois EPA loan balances at December 31, 2020 is presented below.

| | <u>Amount</u> |
|------------------------------|-------------------|
| Digester Project | \$ 2,695,261 |
| Facility Improvement Project | <u>16,199,444</u> |
| | <u>18,894,705</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.

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.

BASIC FINANCIAL STATEMENTS

GLENBARD WASTEWATER AUTHORITY, GLEN ELLYN, ILLINOIS

Statement of Net Position

December 31, 2020

(with Comparative Information for December 31, 2019)

See Following Page

GLENBARD WASTEWATER AUTHORITY, GLEN ELLYN, ILLINOIS

Statement of Net Position

December 31, 2020

(with Comparative Information for the Fiscal Year Ended December 31, 2019)

| | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|---|--------------------------|--------------------------|
| ASSETS | | |
| Current Assets | | |
| Restricted Cash and Investments | | |
| Working Cash Account | \$ 1,439,597 | 1,280,314 |
| Equipment Replacement Account | 7,742,120 | 7,577,300 |
| Receivables - Net of Allowances | | |
| Accounts | 45,912 | 41,751 |
| Member Contributions | 1,858 | 15,373 |
| IEPA Loans | — | 681,798 |
| Prepays | 98,753 | 129,741 |
| Inventories | 61,362 | 41,322 |
| Total Current Assets | <u>9,389,602</u> | <u>9,767,599</u> |
| Noncurrent Assets | | |
| Capital Assets | | |
| Nondepreciable | 22,523,629 | 19,642,970 |
| Depreciable | 97,271,616 | 95,984,800 |
| Accumulated Depreciation | <u>(67,297,295)</u> | <u>(64,952,189)</u> |
| | 52,497,950 | 50,675,581 |
| Other Assets | | |
| Net Pension Asset - IMRF | 659,883 | — |
| Total Noncurrent Assets | <u>53,157,833</u> | <u>50,675,581</u> |
| Total Assets | <u>62,547,435</u> | <u>60,443,180</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred Items - IMRF | <u>82,533</u> | <u>169,825</u> |
| Total Assets/Deferred Outflows of Resources | <u>62,629,968</u> | <u>60,613,005</u> |

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

| | December 31, 2020 | December 31, 2019 |
|---|--------------------------|--------------------------|
| LIABILITIES | | |
| Current Liabilities | | |
| Accounts Payable | \$ 1,521,611 | 1,377,632 |
| Accrued Payroll | 41,080 | 91,736 |
| Accrued Interest Payable | 28,381 | 34,268 |
| Unearned Rental Revenue | 24,909 | 23,952 |
| Member Accounts Payable | 355,281 | 207,097 |
| Current Portion of Long-Term Debt | 605,517 | 587,591 |
| Total Current Liabilities | <u>2,576,779</u> | <u>2,322,276</u> |
| Noncurrent Liabilities | | |
| Compensated Absences Payable | 128,849 | 113,905 |
| Net Pension Liability - IMRF | — | 48,853 |
| FIP Loan Payable | 16,199,444 | 15,202,551 |
| Digester Loan Payable | 2,122,081 | 2,695,261 |
| Total Noncurrent Liabilities | <u>18,450,374</u> | <u>18,060,570</u> |
| Total Liabilities | <u>21,027,153</u> | <u>20,382,846</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred Items - IMRF | <u>818,225</u> | <u>424,894</u> |
| Total Liabilities/Deferred Inflows of Resources | <u>21,845,378</u> | <u>20,807,740</u> |
| NET POSITION | | |
| Net Investment in Capital Assets | 33,603,245 | 32,218,654 |
| Restricted | <u>7,181,345</u> | <u>7,586,611</u> |
| Total Net Position | <u><u>40,784,590</u></u> | <u><u>39,805,265</u></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, 2020

(with Comparative Information for the Fiscal Year Ended December 31, 2019)

| | December 31, 2020 | December 31, 2019 |
|---|-------------------|-------------------|
| Operating Revenues | | |
| Charges for Services | \$ 7,889,975 | 7,779,218 |
| Operating Expenses | | |
| Personnel Services | 1,738,147 | 1,700,843 |
| IMRF Pension Expense | (228,113) | 63,511 |
| Contractual Services | | |
| Maintenance | 446,436 | 521,820 |
| Service Charge | 134,228 | 131,726 |
| Sludge Removal | 217,405 | 193,648 |
| Utilities | 618,717 | 692,316 |
| Insurance | 397,787 | 397,451 |
| Other | 184,557 | 206,622 |
| Commodities | 511,190 | 442,487 |
| Maintenance of Capital Facilities and Equipment | 4,351,098 | 4,884,441 |
| Less: Capital Outlay | (3,913,914) | (4,239,647) |
| Depreciation | 2,453,593 | 2,464,158 |
| Total Operating Expenses | 6,911,131 | 7,459,376 |
| Operating Income | 978,844 | 319,842 |
| Nonoperating Revenues (Expenses) | | |
| Surplus Contributions | 181,469 | 449,410 |
| Connection Fees | 142,566 | 299,462 |
| Enernoc Demand Response | 19,631 | 23,494 |
| Leachate Revenues | 159,075 | 215,063 |
| Fats, Oil & Grease Waste Fees | 105,174 | 99,009 |
| Cell Tower Revenues | 57,157 | 54,958 |
| Other Income | 46,852 | 20,464 |
| Sale of Capital Assets | (61,433) | (11,898) |
| Investment Income | 36,958 | 182,487 |
| Interest Expense | (686,968) | (85,864) |
| | 481 | 1,246,585 |
| Change in Net Position | 979,325 | 1,566,427 |
| Net Position - Beginning | 39,805,265 | 38,238,838 |
| Net Position - Ending | 40,784,590 | 39,805,265 |

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, 2020

(with Comparative Information for the Fiscal Year Ended December 31, 2019)

| | December 31, 2020 | December 31, 2019 |
|---|--------------------|--------------------|
| Cash Flows from Operating Activities | | |
| Receipts from Customers and Villages | \$ 9,303,999 | 8,922,758 |
| Payments to Employees | (1,510,034) | (1,764,354) |
| Payments to Suppliers | (2,920,235) | (3,788,573) |
| | <u>4,873,730</u> | <u>3,369,831</u> |
| Cash Flows from Capital and Related Financing Activities | | |
| Purchase of Capital Assets | (4,337,395) | (4,239,647) |
| Interest Expense | (686,968) | (85,864) |
| Payment of Principal | (884,667) | (545,395) |
| Loan Proceeds | 1,322,445 | 3,052,714 |
| | <u>(4,586,585)</u> | <u>(1,818,192)</u> |
| Cash Flows from Investing Activities | | |
| Investment Income | <u>36,958</u> | <u>182,487</u> |
| Net Change in Cash and Cash Equivalents | 324,103 | 1,734,126 |
| Cash and Cash Equivalents | | |
| Beginning | <u>8,857,614</u> | <u>7,123,488</u> |
| Ending | <u>9,181,717</u> | <u>8,857,614</u> |
| Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities | | |
| Operating Income | 978,844 | 319,842 |
| Adjustments to Reconcile Operating Income to Net Income to Net Cash | | |
| Provided by (Used in) Operating Activities: | | |
| Depreciation Expense | 2,453,593 | 2,464,158 |
| Other Income | 711,924 | 1,161,860 |
| Other Expense - IMRF | (228,113) | 63,510 |
| (Increase) Decrease in Current Assets | 702,100 | (18,320) |
| Increase (Decrease) in Current Liabilities | <u>255,382</u> | <u>(621,219)</u> |
| Net Cash Provided by Operating Activities | <u>4,873,730</u> | <u>3,369,831</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, 2020

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.

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.

Notes to the Financial Statements

December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

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

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.

GLENBARD WASTEWATER AUTHORITY, GLEN ELLYN, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

Restricted Cash and Investments

Please 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. Prepays/inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method.

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 |

Notes to the Financial Statements

December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Deferred Outflows/Inflows of Resources

Deferred outflow/inflow of resources represents an acquisition/reduction 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.

Net Position

In the government-wide financial statements, equity is classified as net position and displayed in three 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 legislation.

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.

GLENBARD WASTEWATER AUTHORITY, GLEN ELLYN, ILLINOIS

Notes to the Financial Statements

December 31, 2020

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.

NOTE 3 - DETAIL NOTES ON ALL FUNDS

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. Illinois Funds is not registered with the SEC as an investment company. 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, Concentration Risk, and Custodial Credit Risk

Deposits. At year-end, the carrying amount of the Authority's deposits totaled \$1,739,617 and the bank balances totaled \$2,001,056. The Authority also has \$3,748,279 invested in the Illinois Funds and \$3,693,821 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, 2020

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

Interest Rate Risk, Credit Risk, Concentration Risk, and Custodial Credit 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 rated AA by Standard & Poor's.

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, 2020, 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 the total cash and investment portfolio (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:

| Project | Expended to Date | Remaining Commitment |
|--|---------------------|-------------------------|
| Electric Service Design | \$ 375,916 | 4,382,084 |
| Electric Service Design | 110,288 | 40,112 |
| Biosolids Dewatering Improvement Project | 271,466 | 102,634 |
| Facility Improvement Plan Phase I | 1,047,450 | 38,156 |
| Facility Improvement Plan Phase II | 16,431,337 | 1,369,922 |
| | 18,236,457 | 5,932,908 |

GLENBARD WASTEWATER AUTHORITY, GLEN ELLYN, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

CAPITAL ASSETS

The following is a summary of capital asset activity for the year:

| | Beginning Balances | Increases | Decreases | Ending Balances |
|---|-----------------------|------------------|------------------|--------------------|
| Nondepreciable Capital Assets | | | | |
| Land | \$ 943,212 | — | — | 943,212 |
| Property Easement | 168,607 | — | — | 168,607 |
| Construction in Progress | 18,531,151 | 4,037,238 | 1,156,579 | 21,411,810 |
| | <u>19,642,970</u> | <u>4,037,238</u> | <u>1,156,579</u> | <u>22,523,629</u> |
| Depreciable Capital Assets | | | | |
| Glenbard Plant | 67,797,371 | 1,456,736 | 169,920 | 69,084,187 |
| 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>95,984,800</u> | <u>1,456,736</u> | <u>169,920</u> | <u>97,271,616</u> |
| Less Accumulated Depreciation | | | | |
| Glenbard Plant | 44,119,279 | 1,658,379 | 108,487 | 45,669,171 |
| Stormwater Plant | 9,193,115 | 258,762 | — | 9,451,877 |
| North Regional Interceptor | 7,964,523 | 299,345 | — | 8,263,868 |
| South Regional Interceptor | 3,675,272 | 237,107 | — | 3,912,379 |
| | <u>64,952,189</u> | <u>2,453,593</u> | <u>108,487</u> | <u>67,297,295</u> |
| Total Net Depreciable Capital Assets | <u>31,032,611</u> | <u>(996,857)</u> | <u>61,433</u> | <u>29,974,321</u> |
| Total Net Capital Assets | <u>50,675,581</u> | <u>3,040,381</u> | <u>1,218,012</u> | <u>52,497,950</u> |

Depreciation was allocated to the members as follows:

| | |
|-----------------------|-------------------------|
| Village of Lombard | \$ 1,340,643 |
| Village of Glen Ellyn | <u>1,112,950</u> |
| | <u><u>2,453,593</u></u> |

GLENBARD WASTEWATER AUTHORITY, GLEN ELLYN, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 3 - DETAIL NOTES ON ALL FUNDS - 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 \$637,002, including interest at 2.500%, through July 31, 2024. | \$ 3,254,376 | — | 559,115 | 2,695,261 |
| 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. | 15,202,551 | 1,322,445 | 325,552 | 16,199,444 (b) |
| | <u>18,456,927</u> | <u>1,322,445</u> | <u>884,667</u> | <u>18,894,705</u> |

(a) Includes construction interest.

(b) Amounts disbursed as of the date of the audit report is \$16,524,996. 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, 2020

NOTE 3 - DETAIL NOTES ON ALL FUNDS - 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 | \$ 142,381 | 37,610 | 18,805 | 161,186 | 32,337 |
| Net Pension Liability/(Asset) - IMRF | 48,853 | — | 708,736 | (659,883) | — |
| Loans Payable | 18,456,927 | 1,322,445 | 884,667 | 18,894,705 | 573,180 |
| | <u>18,648,161</u> | <u>1,360,055</u> | <u>1,612,208</u> | <u>18,396,008</u> | <u>605,517</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 |
| 2021 | \$ 573,180 | 63,822 |
| 2022 | 587,599 | 49,403 |
| 2023 | 602,381 | 34,621 |
| 2024 | 617,534 | 19,468 |
| 2025 | 314,567 | 3,932 |
| Totals | <u>2,695,261</u> | <u>171,246</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, 2020

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

NET POSITION

Net Position Classification

Net position consists of the following as of December 31, 2020 and December 31, 2019:

| | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|--|--------------------------|--------------------------|
| Net Position | | |
| Net Investment in Capital Assets | \$ 33,603,245 | 32,218,654 |
| Equipment Replacement Account (Restricted) | 6,423,653 | 7,057,032 |
| Working Cash Account (Restricted) | <u>757,692</u> | <u>529,579</u> |
| Total Net Position | <u><u>40,784,590</u></u> | <u><u>39,805,265</u></u> |

Net investment in capital assets was comprised of the following as of December 31, 2020 and December 31, 2019:

| | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|--|--------------------------|--------------------------|
| Business-Type Activities | | |
| Capital Assets - Net of Accumulated Depreciation | \$ 52,497,950 | 50,675,581 |
| Less Capital Related Debt: | | |
| Loans Payable | <u>(18,894,705)</u> | <u>(18,456,927)</u> |
| Net Investment in Capital Assets | <u><u>33,603,245</u></u> | <u><u>32,218,654</u></u> |

GLENBARD WASTEWATER AUTHORITY, GLEN ELLYN, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 3 - DETAIL NOTES ON ALL FUNDS - 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, 2020 and December 31, 2019 are as follows:

| | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|--|--------------------------|--------------------------|
| Beginning Balance | \$ 39,275,686 | 37,645,748 |
| Revenue and Expense Results within | | |
| Equipment Replacement Sub-Fund | (655,651) | (30,106) |
| Surplus Contributions | 181,469 | 449,410 |
| Investment Income | 37,937 | 139,792 |
| Service Fees Charged to Villages | 3,641,050 | 3,535,000 |
| Depreciation | <u>(2,453,593)</u> | <u>(2,464,158)</u> |
| | 40,026,898 | 39,275,686 |
| Less: Net Investment in Capital Assets | <u>(33,603,245)</u> | <u>(32,218,654)</u> |
| Restricted for Future Plant and Equipment Replacement | <u>6,423,653</u> | <u>7,057,032</u> |

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, 2020

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

NET POSITION - Continued

Working Cash Account - Continued

| | Village of Lombard | Village of Glen Ellyn | December 31, 2020 | December 31, 2019 |
|--|-----------------------|--------------------------|--------------------|--------------------|
| Operating Expenses (as Defined in Intergovernmental Agreement) | \$ 2,518,283 | 1,729,663 | 4,247,946 | 4,286,913 |
| Minimum Working Capital Balance (25% of Operating Expenses) | <u>629,571</u> | <u>432,416</u> | <u>1,061,987</u> | <u>1,071,728</u> |
| Cash and Investments - Operating Sub-Fund | | | 1,439,597 | 1,280,314 |
| Less: Outstanding Encumbrances | | | — | <u>(27,117)</u> |
| Working Cash | | | 1,439,597 | 1,253,197 |
| Less: Required Working Cash | | | <u>(1,061,987)</u> | <u>(1,071,728)</u> |
| Working Cash over Minimum Requirement | | | <u>377,611</u> | <u>181,469</u> |

Working cash balance computation:

| | Village of Lombard | Village of Glen Ellyn | Totals |
|---------------------|-----------------------|--------------------------|------------------|
| Amount Required | \$ (629,571) | (432,416) | (1,061,987) |
| Amount Available | <u>853,427</u> | <u>586,170</u> | <u>1,439,597</u> |
| Cash Reserve Excess | <u>223,856</u> | <u>153,754</u> | <u>377,611</u> |

Notes to the Financial Statements

December 31, 2020

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 \$5,000 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. As of December 31, 2020, the Authority's has no member reserve balance with IRMA.

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.

Notes to the Financial Statements

December 31, 2020

NOTE 4 - OTHER INFORMATION - Continued

CONTINGENT LIABILITIES

Litigation

The Authority does not have any pending or threatened litigation, claims or assessments as of the opinion date.

Financial Impact from COVID-19

In March 2020, the World Health Organization declared the COVID-19 virus a public health emergency. As of the date of this report, the extent of the impact of COVID-19 on the Authority's operations and financial position cannot be determined.

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.

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).

GLENBARD WASTEWATER AUTHORITY, GLEN ELLYN, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Plan Descriptions - Continued

Benefits Provided - Continued. 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, 2020, the measurement date, the following employees were covered by the benefit terms:

Active Plan Members 17

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, 2020

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, 2020, the Authority's contribution was 9.69% of covered payroll.

Net Pension (Asset). The Authority's net pension (asset) was measured as of December 31, 2020. 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, 2020, using the following actuarial methods and assumptions:

| | |
|----------------------------|---------------------|
| Actuarial Cost Method | Entry Age Normal |
| Asset Valuation Method | Fair Value |
| Actuarial Assumptions | |
| Interest Rate | 7.25% |
| Salary Increases | 2.85% to 13.75% |
| Cost of Living Adjustments | 2.25% |
| Inflation | 2.25% |

For nondisabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

GLENBARD WASTEWATER AUTHORITY, GLEN ELLYN, ILLINOIS

Notes to the Financial Statements

December 31, 2020

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 | 28.00% | 3.25% |
| Domestic Equities | 37.00% | 5.75% |
| International Equities | 18.00% | 6.50% |
| Real Estate | 9.00% | 5.20% |
| Blended | 7.00% | 3.60% - 7.60% |
| Cash and Cash Equivalents | 1.00% | 1.85% |

Discount Rate

The discount rate used to measure the total pension liability was 7.25%, 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 Fund'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 net 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, 2020

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 (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|-------------------------------|------------------------|-------------------------------------|------------------------|
| Net Pension Liability/(Asset) | 390,236 | (659,883) | (1,504,020) |

Changes in the Net Pension Liability

| | Total Pension Liability (A) | Plan Fiduciary Net Position (B) | Net Pension Liability/(Asset) (A) - (B) |
|---|--------------------------------------|---------------------------------------|---|
| Balances at December 31, 2019 | \$ 9,856,618 | 9,807,765 | 48,853 |
| Changes for the Year: | | | |
| Service Cost | 141,607 | — | 141,607 |
| Interest on the Total Pension Liability | 631,258 | — | 631,258 |
| Changes of Benefit Terms | — | — | — |
| Difference Between Expected and Actual Experience of the Total Pension Liability | 55,840 | — | 55,840 |
| Changes of Assumptions | (60,076) | — | (60,076) |
| Contributions - Employer | — | 129,454 | (129,454) |
| Contributions - Employees | — | 65,444 | (65,444) |
| Net Investment Income | — | 1,265,793 | (1,265,793) |
| Benefit Payments, Including Refunds of Employee Contributions | (458,906) | (458,906) | — |
| Other (Net Transfer) | — | 16,674 | (16,674) |
| Net Changes | 309,723 | 1,018,459 | (708,736) |
| Balances at December 31, 2020 | 10,166,341 | 10,826,224 | (659,883) |

GLENBARD WASTEWATER AUTHORITY, GLEN ELLYN, ILLINOIS

Notes to the Financial Statements

December 31, 2020

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN - Continued

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

For the year ended December 31, 2020, the Authority recognized pension revenue of \$98,659. At December 31, 2020, the Authority reported deferred outflows or 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 | \$ 75,065 | — | 75,065 |
| Change in Assumptions | 7,468 | (40,711) | (33,243) |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | — | (777,514) | (777,514) |
| Total Deferred Amounts Related to IMRF | <u>82,533</u> | <u>(818,225)</u> | <u>(735,692)</u> |

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 |
|----------------|---|
| 2021 | \$ (204,929) |
| 2022 | (94,196) |
| 2023 | (309,642) |
| 2024 | (126,925) |
| 2025 | — |
| Thereafter | — |
| Total | <u>(735,692)</u> |

Notes to the Financial Statements

December 31, 2020

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. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. Therefore, the Authority has not recorded a liability as of December 31, 2020.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Schedule Employer Contributions
Illinois Municipal Retirement Fund
- Schedule of Changes in the Employer's Net Pension Liability
Illinois Municipal Retirement Fund

GLENBARD WASTEWATER AUTHORITY, GLEN ELLYN, ILLINOIS

**Illinois Municipal Retirement Fund
Schedule of Employer Contributions
December 31, 2020**

| 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% |
| 2018 | 122,310 | 122,242 | (68) | 1,236,706 | 9.88% |
| 2019 | 97,218 | 97,218 | — | 1,359,696 | 7.15% |
| 2020 | 129,454 | 129,454 | — | 1,335,802 | 9.69% |

Notes to the Required Supplementary Information:

| | |
|-------------------------------|---|
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level % Pay (Closed) |
| Remaining Amortization Period | 23 Years |
| Asset Valuation Method | 5-Year Smoothed Fair Value |
| Inflation | 2.50% |
| Salary Increases | 3.35% - 14.25% |
| Investment Rate of Return | 7.25% |
| Retirement Age | See the Notes to the Financial Statements |
| Mortality | IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). |

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
Schedule of Changes in the Employer's Net Pension Liability
December 31, 2020**

| | <u>2015</u> |
|---|------------------------------|
| Total Pension Liability | |
| Service Cost | \$ 123,338 |
| Interest | 605,696 |
| Differences Between Expected and Actual Experience | 97,561 |
| Change of Assumptions | 9,922 |
| Benefit Payments, Including Refunds of Member Contributions | <u>(399,698)</u> |
| Net Change in Total Pension Liability | 436,819 |
| Total Pension Liability - Beginning | <u>8,214,126</u> |
| Total Pension Liability - Ending | <u><u>8,650,945</u></u> |
| Plan Fiduciary Net Position | |
| Contributions - Employer | \$ 128,318 |
| Contributions - Members | 54,005 |
| Net Investment Income | 39,822 |
| Benefit Payments, Including Refunds of Member Contributions | <u>(399,698)</u> |
| Other (Net Transfer) | 45,862 |
| Net Change in Plan Fiduciary Net Position | <u>(131,691)</u> |
| Plan Net Position - Beginning | <u>8,073,123</u> |
| Plan Net Position - Ending | <u><u>7,941,432</u></u> |
| Employer's Net Pension Liability/(Asset) | <u><u>\$ 709,513</u></u> |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 91.80% |
| Covered Payroll | \$ 1,186,197 |
| Employer's Net Pension Liability as a Percentage of Covered Payroll | 59.81% |

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

| 2016 | 2017 | 2018 | 2019 | 2020 |
|-----------|-----------|-----------|-----------|------------|
| 128,961 | 137,350 | 114,501 | 130,468 | 141,607 |
| 628,935 | 615,459 | 609,697 | 623,086 | 631,258 |
| (67,729) | (73,414) | 51,409 | 106,951 | 55,840 |
| (9,982) | (257,267) | 221,936 | — | (60,076) |
| (434,992) | (431,868) | (428,162) | (459,666) | (458,906) |
| 245,193 | (9,740) | 569,381 | 400,839 | 309,723 |
| 8,650,945 | 8,896,138 | 8,886,398 | 9,455,779 | 9,856,618 |
| 8,896,138 | 8,886,398 | 9,455,779 | 9,856,618 | 10,166,341 |
| 139,480 | 135,586 | 122,242 | 97,218 | 129,454 |
| 59,117 | 58,474 | 64,375 | 62,987 | 65,444 |
| 543,260 | 1,413,859 | (469,664) | 1,484,513 | 1,265,793 |
| (434,992) | (431,868) | (428,162) | (459,666) | (458,906) |
| (20,365) | (220,476) | 163,467 | (13,052) | 16,674 |
| 286,500 | 955,575 | (547,742) | 1,172,000 | 1,018,459 |
| 7,941,432 | 8,227,932 | 9,183,507 | 8,635,765 | 9,807,765 |
| 8,227,932 | 9,183,507 | 8,635,765 | 9,807,765 | 10,826,224 |
| 668,206 | (297,109) | 820,014 | 48,853 | (659,883) |
| 92.49% | 103.34% | 91.33% | 99.50% | 106.49% |
| 1,294,237 | 1,298,110 | 1,236,706 | 1,359,696 | 1,335,802 |
| 51.63% | (22.89%) | 66.31% | 3.59% | (49.40%) |

OTHER SUPPLEMENTARY INFORMATION

GLENBARD WASTEWATER AUTHORITY, GLEN ELLYN, ILLINOIS

Combining Statement of Net Position

December 31, 2020

See Following Page

GLENBARD WASTEWATER AUTHORITY, GLEN ELLYN, ILLINOIS

Combining Statement of Net Position

December 31, 2020

| | Operating Sub-Fund | Equipment Maintenance Sub-Fund | Totals |
|---|-----------------------|--------------------------------------|-------------------|
| ASSETS | | | |
| Current Assets | | | |
| Restricted Cash and Investments | | | |
| Working Cash Account | \$ 1,439,597 | — | 1,439,597 |
| Equipment Replacement Account | — | 7,742,120 | 7,742,120 |
| Receivables - Net of Allowances | | | |
| Accounts | 1,290 | 44,622 | 45,912 |
| Member Contributions | | | |
| Village of Lombard | — | 1,858 | 1,858 |
| Prepays | 53,369 | 45,384 | 98,753 |
| Inventories | — | 61,362 | 61,362 |
| Total Current Assets | <u>1,494,256</u> | <u>7,895,346</u> | <u>9,389,602</u> |
| Noncurrent Assets | | | |
| Capital Assets | | | |
| Nondepreciable | — | 22,523,629 | 22,523,629 |
| Depreciable | — | 97,271,616 | 97,271,616 |
| Accumulated Depreciation | — | (67,297,295) | (67,297,295) |
| | <u>—</u> | <u>52,497,950</u> | <u>52,497,950</u> |
| Other Assets | | | |
| Net Pension Asset - IMRF | 659,883 | — | 659,883 |
| Total Noncurrent Assets | <u>659,883</u> | <u>52,497,950</u> | <u>53,157,833</u> |
| Total Assets | <u>2,154,139</u> | <u>60,393,296</u> | <u>62,547,435</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred Items - IMRF | <u>82,533</u> | <u>—</u> | <u>82,533</u> |
| Total Assets and Deferred Outflows of Resources | <u>2,236,672</u> | <u>60,393,296</u> | <u>62,629,968</u> |

| | Operating Sub-Fund | Equipment Maintenance Sub-Fund | Totals |
|--|-----------------------|--------------------------------------|-------------------|
| LIABILITIES | | | |
| Current Liabilities | | | |
| Accounts Payable | \$ 105,066 | 1,416,545 | 1,521,611 |
| Accrued Payroll | 41,080 | — | 41,080 |
| Accrued Interest Payable | — | 28,381 | 28,381 |
| Unearned Rental Revenue | — | 24,909 | 24,909 |
| Member Accounts Payable | | | |
| Village of Glen Ellyn | 149,227 | 1,858 | 151,085 |
| Village of Lombard | 204,196 | — | 204,196 |
| Current Portion of Long-Term Debt | 32,337 | 573,180 | 605,517 |
| Total Current Liabilities | <u>531,906</u> | <u>2,044,873</u> | <u>2,576,779</u> |
| Noncurrent Liabilities | | | |
| Compensated Absences Payable | 128,849 | — | 128,849 |
| FIP Loan Payable | — | 16,199,444 | 16,199,444 |
| Digester Loan Payable | — | 2,122,081 | 2,122,081 |
| Total Noncurrent Liabilities | <u>128,849</u> | <u>18,321,525</u> | <u>18,450,374</u> |
| Total Liabilities | <u>660,755</u> | <u>20,366,398</u> | <u>21,027,153</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred Items - IMRF | 818,225 | — | 818,225 |
| Total Liabilities and Deferred Inflows of Resources | <u>1,478,980</u> | <u>20,366,398</u> | <u>21,845,378</u> |
| NET POSITION | | | |
| Net Investment in Capital Assets | — | 33,603,245 | 33,603,245 |
| Restricted | 757,692 | 6,423,653 | 7,181,345 |
| Total Net Position | <u>757,692</u> | <u>40,026,898</u> | <u>40,784,590</u> |

GLENBARD WASTEWATER AUTHORITY, GLEN ELLYN, ILLINOIS

**Combining Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended December 31, 2020**

| | Operating Sub-Fund | Equipment Maintenance Sub-Fund | Totals |
|---|-----------------------|--------------------------------------|-------------|
| Operating Revenues | | | |
| Charges for Services | \$ 4,248,925 | 3,641,050 | 7,889,975 |
| Operating Expenses | | | |
| Personnel Services | 1,738,147 | — | 1,738,147 |
| IMRF Pension Expense | (228,113) | — | (228,113) |
| Contractual Services | | | |
| Maintenance | 446,436 | — | 446,436 |
| Service Charge | 134,228 | — | 134,228 |
| Sludge Removal | 217,405 | — | 217,405 |
| Utilities | 618,717 | — | 618,717 |
| Insurance | 397,787 | — | 397,787 |
| Other | 184,036 | 521 | 184,557 |
| Commodities | 511,190 | — | 511,190 |
| Maintenance of Capital Facilities and Equipment | — | 4,351,098 | 4,351,098 |
| Less: Capital Outlay | — | (3,913,914) | (3,913,914) |
| Depreciation | — | 2,453,593 | 2,453,593 |
| Total Operating Expenses | 4,019,833 | 2,891,298 | 6,911,131 |
| Operating Income | 229,092 | 749,752 | 978,844 |
| Nonoperating Revenues (Expenses) | | | |
| Surplus Contributions | — | 181,469 | 181,469 |
| Connection Fees | — | 142,566 | 142,566 |
| Enernoc Demand Response | — | 19,631 | 19,631 |
| Leachate Revenues | — | 159,075 | 159,075 |
| Fats, Oil & Grease Waste Fees | — | 105,174 | 105,174 |
| Cell Tower Revenues | — | 57,157 | 57,157 |
| Other Income | — | 46,852 | 46,852 |
| Sale of Capital Assets | — | (61,433) | (61,433) |
| Investment Income | (979) | 37,937 | 36,958 |
| Interest Expense | — | (686,968) | (686,968) |
| | (979) | 1,460 | 481 |
| Change in Net Position | 228,113 | 751,212 | 979,325 |
| Net Position - Beginning | 529,579 | 39,275,686 | 39,805,265 |
| Net Position - Ending | 757,692 | 40,026,898 | 40,784,590 |

GLENBARD WASTEWATER AUTHORITY, GLEN ELLYN, ILLINOIS

**Combining Statement of Cash Flows
For the Fiscal Year Ended December 31, 2020**

| | Operating Sub-Fund | Equipment Maintenance Sub-Fund | Totals |
|---|-----------------------|--------------------------------------|--------------------|
| Cash Flows from Operating Activities | | | |
| Receipts from Customers and Villages | \$ 4,279,945 | 5,024,054 | 9,303,999 |
| Payments to Employees | (1,510,034) | — | (1,510,034) |
| Payments to Suppliers | (2,609,649) | (310,586) | (2,920,235) |
| | <u>160,262</u> | <u>4,713,468</u> | <u>4,873,730</u> |
| Cash Flows from Capital and Related Financing Activities | | | |
| Purchase of Capital Assets | — | (4,337,395) | (4,337,395) |
| Interest Expense | — | (686,968) | (686,968) |
| Payment of Principal | — | (884,667) | (884,667) |
| Loan Proceeds | — | 1,322,445 | 1,322,445 |
| | <u>—</u> | <u>(4,586,585)</u> | <u>(4,586,585)</u> |
| Cash Flows from Investing Activities | | | |
| Investment Income | (979) | 37,937 | 36,958 |
| | <u>159,283</u> | <u>164,820</u> | <u>324,103</u> |
| Net Change in Cash and Cash Equivalents | | | |
| | 159,283 | 164,820 | 324,103 |
| Cash and Cash Equivalents | | | |
| Beginning | 1,280,314 | 7,577,300 | 8,857,614 |
| Ending | <u>1,439,597</u> | <u>7,742,120</u> | <u>9,181,717</u> |
| Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities | | | |
| Operating Income (Loss) | 229,092 | 749,752 | 978,844 |
| Adjustments to Reconcile Operating Income to Net Income to Net Cash | | | |
| Provided by (Used in) Operating Activities: | | | |
| Depreciation Expense | — | 2,453,593 | 2,453,593 |
| Other Income | — | 711,924 | 711,924 |
| Other Expense (Revenue) - IMRF | (228,113) | — | (228,113) |
| (Increase) Decrease in Current Assets | 31,020 | 671,080 | 702,100 |
| Increase (Decrease) in Current Liabilities | 128,263 | 127,119 | 255,382 |
| | <u>160,262</u> | <u>4,713,468</u> | <u>4,873,730</u> |
| Net Cash Provided by Operating Activities | <u>160,262</u> | <u>4,713,468</u> | <u>4,873,730</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, 2020

(with Comparative Information for the Fiscal Year Ended December 31, 2019)

| | For the Fiscal Year Ended December 31, 2020 | | |
|--------------------------|---|-----------|-----------------------------|
| | Budget | Actual | Variance Over (Under) |
| Operating Revenues | | | |
| Charges to Villages | \$ 4,592,094 | 4,248,925 | (343,169) |
| Operating Expenses | | | |
| Personnel Services | 1,797,543 | 1,738,147 | (59,396) |
| IMRF Pension Expense | — | (228,113) | (228,113) |
| Contractual Services | | | |
| Maintenance | 746,672 | 446,436 | (300,236) |
| Service Charge | 134,229 | 134,228 | (1) |
| Sludge Removal | 185,000 | 217,405 | 32,405 |
| Utilities | 591,200 | 618,717 | 27,517 |
| Insurance | 380,300 | 397,787 | 17,487 |
| Other | 229,650 | 184,036 | (45,614) |
| Commodities | 537,500 | 511,190 | (26,310) |
| Total Operating Expenses | 4,602,094 | 4,019,833 | (582,261) |
| Operating Income (Loss) | (10,000) | 229,092 | 239,092 |
| Nonoperating Revenues | | | |
| Investment Income | 10,000 | (979) | (10,979) |
| Change in Net Position | — | 228,113 | 228,113 |
| Net Position - Beginning | | 529,579 | |
| Net Position - Ending | | 757,692 | |

| For the Fiscal Year Ended December 31, 2019 | | |
|---|-----------|-----------------------------|
| Budget | Actual | Variance Over (Under) |
| \$ 4,435,940 | 4,244,218 | (191,722) |
| 1,728,690 | 1,700,843 | (27,847) |
| — | 63,511 | 63,511 |
| 637,625 | 521,820 | (115,805) |
| 131,725 | 131,726 | 1 |
| 195,000 | 193,648 | (1,352) |
| 607,800 | 692,316 | 84,516 |
| 373,100 | 397,451 | 24,351 |
| 460,700 | 206,622 | (254,078) |
| 311,300 | 442,487 | 131,187 |
| 4,445,940 | 4,350,424 | (95,516) |
| (10,000) | (106,206) | (96,206) |
| 10,000 | 42,695 | 32,695 |
| — | (63,511) | (63,511) |
| | 593,090 | |
| | 529,579 | |

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, 2020

(with Comparative Information for the Fiscal Year Ended December 31, 2019)

| | For the Fiscal Year Ended December 31, 2020 | | |
|---|---|-------------------|-----------------------------|
| | Budget | Actual | Variance Over (Under) |
| Operating Revenues | | | |
| Charges to Villages | \$ 3,641,050 | 3,641,050 | — |
| Operating Expenses | | | |
| Contractual | | | |
| Other | — | 521 | (521) |
| Maintenance of Capital Facilities and Equipment | 8,301,434 | 4,351,098 | (3,950,336) |
| Less: Capital Outlay | — | (3,913,914) | (3,913,914) |
| Depreciation | — | 2,453,593 | 2,453,593 |
| Total Operating Expenses | 8,301,434 | 2,891,298 | (5,411,178) |
| Operating Income (Loss) | (4,660,384) | 749,752 | 5,411,178 |
| Nonoperating Revenues (Expenses) | | | |
| Surplus Contributions | — | 181,469 | 181,469 |
| Connection Fees | 50,000 | 142,566 | 92,566 |
| Enernoc Demand Response | 26,000 | 19,631 | (6,369) |
| Leachate Revenues | 117,000 | 159,075 | 42,075 |
| Fats, Oil & Grease Waste Fees | 75,000 | 105,174 | 30,174 |
| Cell Tower Revenues | 75,000 | 57,157 | (17,843) |
| Other Income | 1,000 | 46,852 | 45,852 |
| Sale of Capital Assets | — | (61,433) | (61,433) |
| Investment Income | 10,000 | 37,937 | 27,937 |
| Interest Expense | (747,065) | (686,968) | 60,097 |
| Loan Proceeds | 1,500,000 | 1,322,445 | (177,555) |
| Digester Loan Principal | (559,115) | (559,115) | — |
| FIP Loan Principal | (325,552) | (325,552) | — |
| Less Items to Statement of Net Position | — | (437,778) | (437,778) |
| Total Nonoperating Revenues (Expenses) | 222,268 | 1,460 | (220,808) |
| Change in Net Position | <u>(4,438,116)</u> | 751,212 | <u>5,190,370</u> |
| Net Position - Beginning | | <u>39,275,686</u> | |
| Net Position - Ending | | <u>40,026,898</u> | |

For the Fiscal Year Ended December 31, 2019

| Budget | Actual | Variance Over (Under) |
|--------------------|-------------------|-----------------------------|
| \$ 3,535,000 | 3,535,000 | — |
| — | — | — |
| 8,266,000 | 4,884,441 | (3,381,559) |
| — | (4,239,647) | (4,239,647) |
| — | 2,464,158 | 2,464,158 |
| 8,266,000 | 3,108,952 | (5,157,048) |
| (4,731,000) | 426,048 | 5,157,048 |
| — | 449,410 | 449,410 |
| 90,000 | 299,462 | 209,462 |
| 25,000 | 23,494 | (1,506) |
| 120,000 | 215,063 | 95,063 |
| 50,000 | 99,009 | 49,009 |
| 53,000 | 54,958 | 1,958 |
| 1,000 | 20,464 | 19,464 |
| — | (11,898) | (11,898) |
| 15,000 | 139,792 | 124,792 |
| (91,607) | (85,864) | 5,743 |
| 2,500,000 | 3,052,714 | 552,714 |
| (545,395) | (545,395) | — |
| — | — | — |
| — | (2,507,319) | (2,507,319) |
| 2,216,998 | 1,203,890 | (1,013,108) |
| <u>(2,514,002)</u> | 1,629,938 | <u>4,143,940</u> |
| | <u>37,645,748</u> | |
| | <u>39,275,686</u> | |

GLENBARD WASTEWATER AUTHORITY, GLEN ELLYN, ILLINOIS

**Consolidated Year-End Financial Report
December 31, 2020**

| CSFA # | Program Name | State | Federal | Other | Totals |
|-------------|--------------------------------------|--------------|---------|-----------|-----------|
| 532-60-0379 | USEPA Drinking Water Revolving Funds | \$ 1,049,535 | — | — | 1,049,535 |
| | Other Grant Programs and Activities | — | — | — | — |
| | All Other Costs Not Allocated | — | — | 6,609,997 | 6,609,997 |
| | Totals | 1,049,535 | — | 6,609,997 | 7,659,532 |



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENTAL AUDITING STANDARDS**

May 17, 2021

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Glenbard Wastewater Authority, Illinois, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated May 17, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. According, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lauterbach & Amen, LLP

LAUTERBACH & AMEN, LLP

GLENBARD WASTEWATER AUTHORITY, GLEN ELLYN, ILLINOIS

**Schedule of Comparative Flows - Last Ten Fiscal Years
December 31, 2020 (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 |
| 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 |
| 2018 | 1,873,111 | 41.21% | 2,672,566 | 58.79% | N/A | N/A | N/A | N/A |
| 2019 | 1,835,852 | 40.59% | 2,686,639 | 59.41% | N/A | N/A | N/A | N/A |
| 2020 | 1,770,908 | 40.72% | 2,578,333 | 59.28% | 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

**Schedule of Allocation Costs
December 31, 2020 (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, 2020, not included elsewhere in the accompanying financial statements follows:

1. Total Water Flow

| Participant | Glenbard Plant | |
|-----------------------|-----------------------|----------------|
| | Gallons (in 000's) | Percent |
| Village of Lombard | 2,578,333 | 59.28% |
| Village of Glen Ellyn | 1,770,908 | 40.72% |
| | <u>4,349,241</u> | <u>100.00%</u> |

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, 2020, as follows:

| | |
|------------------------------|---------------------------|
| | <u>Operating Fund</u> |
| Operating Revenue | |
| Amounts Billed Prior | |
| to Billing Adjustments | \$ 4,592,094 |
| Other Revenues | (979) |
| Adjustment | <u>(343,169)</u> |
| Operating Revenue Applicable | |
| to Operating Expenses | <u>4,247,946</u> |
| Operating Expenses | |
| Personnel Services | 1,738,147 |
| Contractual Services | |
| Maintenance | 446,436 |
| Service Charge | 134,228 |
| Sludge Removal | 217,405 |
| Utilities | 618,717 |
| Insurance | 397,787 |
| Other | 184,036 |
| Commodities | <u>511,190</u> |
| Total Operating Expenses | <u>4,247,946</u> |

GLENBARD WASTEWATER AUTHORITY, GLEN ELLYN, ILLINOIS

Schedule of Allocation Costs - Continued
December 31, 2020 (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 | \$ 2,518,283 | 59.28% |
| Village of Glen Ellyn | 1,729,663 | 40.72% |
| | <u>4,247,946</u> | <u>100.00%</u> |

C. The computation of the billing adjustment for the fiscal year ended December 31, 2020 follows:

| | Village of Lombard | Village of Glen Ellyn | Totals |
|--|-----------------------|--------------------------|------------------|
| Charges | | | |
| Total Operating Expenses (Depreciation Excluded) | \$ 2,518,283 | 1,729,663 | 4,247,946 |
| Equipment Replacement Reserve | 1,989,292 | 1,651,758 | 3,641,050 |
| Total Operating Charges | <u>4,507,575</u> | <u>3,381,421</u> | <u>7,888,996</u> |
| Amount Billed | 4,711,045 | 3,522,099 | 8,233,144 |
| Plus: Credit for Other Revenues Received | 5,415 | 3,860 | 9,275 |
| Revenues Available to Offset | | | |
| Operating Changes | <u>4,716,460</u> | <u>3,525,959</u> | <u>8,242,419</u> |
| Amount Due from (to) Villages | <u>(208,885)</u> | <u>(144,538)</u> | <u>(353,423)</u> |

GLENBARD WASTEWATER AUTHORITY, GLEN ELLYN, ILLINOIS

Schedule of Allocation Costs - Continued
December 31, 2020 (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, 2020 are as follow:

| | Village of Lombard | Village of Glen Ellyn | Totals |
|---|-----------------------|--------------------------|------------------|
| Amounts Due from (to) Villages | | | |
| Billing Adjustment for the Fiscal Year Ended December 31, 2020 (as shown the prior page) | \$ (208,885) | (144,538) | (353,423) |
| Billing Adjustments: | | | |
| July 2020 to December 2020 | 6,547 | (6,547) | — |
| Cumulative Balance Due from (to) Villages* | <u>(202,338)</u> | <u>(151,085)</u> | <u>(353,423)</u> |

*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, 2020 | Receivable (Payable) December 31, 2019 | Amount Received |
|-----------------------|------------------|---|---|--------------------|
| Village of Lombard | \$ 4,711,045 | (38,625) | (58,152) | 4,614,268 |
| Village of Glen Ellyn | 3,522,099 | 68,648 | (133,571) | 3,457,176 |
| | <u>8,233,144</u> | <u>30,023</u> | <u>(191,723)</u> | <u>8,071,444</u> |