

NORTHWEST VERMONT SOLID WASTE MANAGEMENT DISTRICT

AUDIT REPORT AND FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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FOTHERGILL SEGALE & VALLEY

Certified Public Accountants



INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Northwest Vermont Solid Waste Management District
Fairfax, Vermont

Report on the Financial Statements

We have audited the accompanying financial statements of the Northwest Vermont Solid Waste Management District as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the District'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 the 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Northwest Vermont Solid Waste Management District, as of June 30, 2021 and 2020, and the respective changes in its financial position, and its cash flows for the years 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 on pages three through six 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.

Respectfully submitted,



FOTHERGILL SEGALE & VALLEY, CPAs
Montpelier, Vermont
Vermont Public Accountancy License #110

January 10, 2022

NORTHWEST VERMONT SOLID WASTE MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2021 AND 2020

This Management's Discussion and Analysis (MD&A) provides a general overview and serves as an introduction to the basic financial statements of the Northwest Vermont Solid Waste Management District (the District) for the fiscal years ended June 30, 2021 and 2020. The basic financial statements are comprised of the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows, as well as the Notes to Financial Statements which provide additional information that is essential to a full understanding of the data provided in the statements.

This financial report presents the District's financial position as of June 30, 2021 as compared with its financial position as of June 30, 2020 and June 30, 2019, and any financial developments during fiscal year 2021 for all programs combined.

Reporting the District as a Whole

One of the most important questions one might ask about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The three statements presented as Exhibits A, B, and C report information about the District as a whole and about its activities in a way that helps to answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These three statements report the District's net position and corresponding changes, along with the analysis of cash flows. The amount of the District's net position – the difference between assets and liabilities – is one way to measure the District's financial health, or financial position. Over time, increases or decreases in net position are one indicator of whether the District's financial health is improving or deteriorating. You will need to consider other non-financial factors to assess the overall health of the District.

Governmental accounting standards prescribe that Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Based on the above definition, the District is accounted for utilizing enterprise fund accounting.

NORTHWEST VERMONT SOLID WASTE MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2021 AND 2020

Financial Highlights

Statement of Net Position

	2021	2020	2019	2021 Net Change	2020 Net Change
Current and other assets	\$ 1,047,884	\$ 975,209	\$ 908,346	\$ 72,675	\$ 66,863
Capital assets	1,233,582	1,251,910	1,305,627	(18,328)	(53,717)
Total assets	<u>2,281,466</u>	<u>2,227,119</u>	<u>2,213,973</u>	<u>54,347</u>	<u>13,146</u>
Long-term liabilities	350,000	400,000	476,925	(50,000)	(76,925)
Other liabilities	102,645	81,808	65,060	20,837	16,748
Total liabilities	<u>452,645</u>	<u>481,808</u>	<u>541,985</u>	<u>(29,163)</u>	<u>(60,177)</u>
Net assets:					
Invested in capital assets, net of related debt	883,582	851,910	828,702	31,672	23,208
Unrestricted	945,239	893,401	843,286	51,838	50,115
Total net position	<u>\$ 1,828,821</u>	<u>\$ 1,745,311</u>	<u>\$ 1,671,988</u>	<u>\$ 83,510</u>	<u>\$ 73,323</u>

The District's total net position, defined as the amount by which the assets exceeded the liabilities, was \$1,828,821 at June 30, 2021 and \$1,745,311 at June 30, 2020. The most significant factors in the \$83,510 increase in the 2021 balances as compared with 2020 are the increase in accounts receivable and reduction of the long-term debt. The most significant factor in the \$73,323 increase in the 2020 balances as compared with 2019 is the reduction of the long-term debt.

Summary of Revenues, Expenses, and Changes in Net Position

	2021	2020	2019	2021 Net Change	2020 Net Change
Operating revenues:					
Municipal assessments	\$ 51,352	\$ 51,202	\$ 51,082	\$ 150	\$ 120
Fees and surcharges	888,950	856,967	842,434	31,983	14,533
Drop off income	631,854	490,428	516,283	141,426	(25,855)
Material sales and other	132,562	82,640	101,720	49,922	(19,080)
Total operating revenues	<u>1,704,718</u>	<u>1,481,237</u>	<u>1,511,519</u>	<u>223,481</u>	<u>(30,282)</u>
Operating expenses	<u>1,611,523</u>	<u>1,394,926</u>	<u>1,323,123</u>	<u>216,597</u>	<u>71,803</u>
Income from operations	93,195	86,311	188,396	6,884	(102,085)
Nonoperating revenues (expenses)	<u>(9,685)</u>	<u>(12,988)</u>	<u>(18,695)</u>	<u>3,303</u>	<u>5,707</u>
Change in net assets	<u>\$ 83,510</u>	<u>\$ 73,323</u>	<u>\$ 169,701</u>	<u>\$ 10,187</u>	<u>\$ (96,378)</u>

Operating revenues. The District's total operating revenues increased by \$223,481 or 15%, and decreased by \$30,282 or 2%, for the 2021 and 2020 fiscal years, respectively, as compared to the respective prior periods. The increase in operating revenues over 2020 is primarily due to increased utilization of all of the District's waste management services. As Covid restrictions relaxed, though in a fluctuating manner, businesses and schools reopened. Compost collection income increased significantly as these entities fully reopened and resumed District services. As well,

NORTHWEST VERMONT SOLID WASTE MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2021 AND 2020

there was expansion within the composting program. District drop off sites were fully operational for all recycling and disposal services, and the District was able to hold normal Household Hazardous Waste (HHW) collections both at the Georgia Recycling Center and remote collections, each increasing revenue over the previous year. As well, the District realized the funds from approved Covid-related grants from the State of Vermont, which increased FY21 revenue.

The key factors for the decrease in operating revenues in 2020 were primarily related to the Covid-19 pandemic. Commercial compost route income decreased approximately \$10,000 from FY20 over FY19 due to school, restaurant and other customer closures and reduced hours starting in March 2020. Sale of recyclables was down approximately \$15,000 and recycling income was down approximately \$11,000 due to market pricing, material acceptance limits at our sites, and a site closure that reduced material during the initial stages of the "Stay at Home" Executive Order from the Governor of the State of Vermont. Our HHW collection events in the Spring of this year were cancelled due to the Covid-19 pandemic, which reduced our HHW income slightly.

Operating expenses. The District's operating expenses increased by \$216,597 (16%) in 2021 and increased by \$71,803 (5%) in 2020 as compared with prior years' expenses.

Primary factor in the change for 2021 as compared with 2020 is:

- The District continued to expand services and promote its core message while accommodating Covid-related effects. The economic effects increased operational expenses within all District areas of service. Material movement and compost collection experienced trucking expenses higher than anticipated as numerous unexpected trucking repair costs were incurred as well as rental truck expenses that were necessary to remain operational during those periods of repair. This, along with regular maintenance and daily operational fuel averaging substantially higher than the prior year, contributed to higher District expenses. Other contributing factors included employee benefits having incurred medical premium increases and an increase in recycling expenses, though this reflects the increased efforts and ongoing commitment of the District in recycling education and compliance and is also offset to some extent within recycling income.

Primary factor in the change for 2020 as compared with 2019 is:

- The District continued to expand its services and promote its core messages of reduce, re-use, recycle, and proper disposal. This and the State of Vermont's expanded Universal Recycling Law led to increased demand for its services in the first half of the year, especially through our composting programs. That led to increased volume of material that passed through district drop-off sites and programs and therefore needed more labor to manage and incurred more fees for proper management. However, the primary reason for the increased expense was Covid related. From personnel to supplies and materials to infrastructure improvements to accommodate both the Governor's Stay at Home Order and Federal and State Covid Guidance for Operations, the District expended well over \$40,000 on Covid related issues with a large portion (though not all) to be reimbursed by both FEMA and the State LEGR Grant.

NORTHWEST VERMONT SOLID WASTE MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2021 AND 2020

Capital Assets

At June 30, 2021, the District had \$1,233,582 invested in a broad range of capital assets that include land, trucks and trailers, furniture and equipment, land improvements, buildings and improvements, and equipment net of accumulated depreciation. (See Table below) This amount represents a net decrease from 2020 to 2021 of \$18,328 and a net decrease of \$53,717 from 2019 to 2020. A refurbished pneumatic gas forklift and warehouse rack system were purchased in 2021 for \$33,815.

**Capital Assets at Year-End
(Net of Accumulated Depreciation)**

	2021	2020	2019
Land	\$ 501,845	\$ 501,845	\$ 501,845
Trucks and trailers	303,700	303,700	303,700
Furniture and fixtures	7,245	7,245	7,245
Land improvements	23,209	23,209	23,209
Buildings and improvements	780,862	780,862	780,862
Equipment	244,763	210,948	210,948
Accumulated depreciation	(628,042)	(575,899)	(522,182)
Totals	<u>\$ 1,233,582</u>	<u>\$ 1,251,910</u>	<u>\$ 1,305,627</u>

Debt Administration

At year-end, the District had \$350,000 in bonds and notes outstanding in 2021 versus \$400,000 in 2019 and \$476,925 in 2019. In fiscal year 2021 this was a decrease of \$50,000 and in fiscal year 2020 this was a decrease of \$76,925 as shown in the table below.

Outstanding Debt at Year-End

	2021	2020	2019
Vermont Municipal Bond	\$ 350,000	\$ 400,000	\$ 455,000
Notes payable	0	0	21,925
Totals	<u>\$ 350,000</u>	<u>\$ 400,000</u>	<u>\$ 476,925</u>

Economic Factors and Next Year's Budget and Rates

District surcharges are scheduled to increase by 50 cents per ton for FY23, and there will be a municipal assessment increase of 10 cents per 2020 census-determined resident for each town. Infrastructure upgrades continue in the planning stage with the grant having been extended due to Covid-related issues. FY22 continues to feel effects of Covid but is currently fully operational.

NORTHWEST VERMONT SOLID WASTE MANAGEMENT DISTRICT

STATEMENTS OF NET POSITION

JUNE 30, 2021 AND 2020

	<u>ASSETS</u>	
	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash	\$ 752,769	\$ 780,903
Accounts receivable (Net of allowance for doubtful accounts of \$11,000 for 2021 and \$9,000 for 2020)	234,965	133,614
Grant receivable	7,509	9,793
Prepaid expenses	41,552	41,459
Inventory	11,089	9,440
TOTAL CURRENT ASSETS	<u>1,047,884</u>	<u>975,209</u>
CAPITAL ASSETS		
Land	501,845	501,845
Other capital assets, net of accumulated depreciation	731,737	750,065
TOTAL CAPITAL ASSETS	<u>1,233,582</u>	<u>1,251,910</u>
TOTAL ASSETS	<u>\$ 2,281,466</u>	<u>\$ 2,227,119</u>
	<u>LIABILITIES AND NET POSITION</u>	
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 43,435	\$ 30,309
Other accrued liabilities	59,210	51,499
Current portion long-term debt	50,000	50,000
TOTAL CURRENT LIABILITIES	<u>152,645</u>	<u>131,808</u>
Long-term liabilities - due after one year	300,000	350,000
TOTAL LIABILITIES	<u>452,645</u>	<u>481,808</u>
NET POSITION		
Invested in capital assets, net of related debt	883,582	851,910
Unrestricted	945,239	893,401
TOTAL NET POSITION	<u>1,828,821</u>	<u>1,745,311</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 2,281,466</u>	<u>\$ 2,227,119</u>

NORTHWEST VERMONT SOLID WASTE MANAGEMENT DISTRICT
 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
OPERATING REVENUES		
Municipal assessments	\$ 51,352	\$ 51,202
Fees and surcharges	888,950	856,967
Grants	89,043	66,803
Miscellaneous income	608	365
Sales of recyclables	42,911	15,472
Drop off income	631,854	490,428
TOTAL OPERATING REVENUES	1,704,718	1,481,237
OPERATING EXPENSES		
Administrative Expenses:		
Insurance	60,472	56,511
Utilities	14,634	16,454
Office supplies	9,381	8,027
Warehouse supplies	4,895	8,880
Equipment lease	1,667	1,416
Postage	1,408	1,423
Dues and subscriptions	6,834	8,113
Advertising	144	2,980
Plowing and mowing	2,405	2,405
Bank service charges	2,057	55
Depreciation expense	52,143	53,718
Miscellaneous	8,227	23,707
Equipment repairs	72,321	79,222
Building repairs	652	4,532
Personnel Expenses:		
Salaries and wages	664,719	570,544
Employee benefits	295,449	258,705
Board of Supervisors:		
Property tax expense	9,668	9,297
Legal and accounting	8,687	11,712
Payroll processing	4,166	3,653
Direct Services:		
Education outreach	10,368	10,614
Hazardous waste	33,619	28,325
Recycling and drop offs	347,607	234,633
TOTAL OPERATING EXPENSES	1,611,523	1,394,926
OPERATING INCOME	93,195	86,311
NON-OPERATING REVENUE AND EXPENSE		
Interest income	4,070	3,295
Interest expense	(13,755)	(16,283)
TOTAL NON-OPERATING REVENUE AND EXPENSE	(9,685)	(12,988)
CHANGE IN NET POSITION	83,510	73,323
NET POSITION - BEGINNING	1,745,311	1,671,988
NET POSITION - ENDING	\$ 1,828,821	\$ 1,745,311

NORTHWEST VERMONT SOLID WASTE MANAGEMENT DISTRICT
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2021

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM (TO) OPERATING ACTIVITIES		
Receipts from customers and users	\$ 1,514,324	\$ 1,474,936
Receipts from grants	91,327	77,429
Payments to suppliers	(587,828)	(527,187)
Payments to employees	(952,457)	(808,860)
	<u>65,366</u>	<u>216,318</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM (TO) CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(33,815)	0
Principal payments on debt	(50,000)	(76,925)
Interest paid on long-term debt	(13,755)	(16,283)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(97,570)</u>	<u>(93,208)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipt of investment income	<u>4,070</u>	<u>3,295</u>
NET INCREASE (DECREASE) IN CASH	(28,134)	126,405
CASH - BEGINNING OF YEAR	<u>780,903</u>	<u>654,498</u>
CASH - END OF YEAR	<u>\$ 752,769</u>	<u>\$ 780,903</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 93,195	\$ 86,311
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	52,143	53,718
(Increase) decrease in:		
Accounts receivable	(101,351)	60,502
Grant receivable	2,284	10,626
Prepaid expenses	(93)	(14,911)
Inventory	(1,649)	3,324
Increase (decrease) in:		
Other accrued liabilities	7,711	20,389
Accounts payable	13,126	(3,641)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 65,366</u>	<u>\$ 216,318</u>

NORTHWEST VERMONT SOLID WASTE MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

The Northwest Vermont Solid Waste Management District was created on December 30, 1987 for the purpose of providing for the efficient, economical and environmental sound disposal and reduction of solid waste generated by member municipalities and their residents. Presently the District is comprised of 15 municipalities located in Franklin and Grand Isle counties. Other municipalities are welcome to join the District. Each member municipality has appointed a representative to the District's Board of Supervisors. The District collected \$51,352 for fiscal year June 30, 2021 and \$51,202 for fiscal year June 30, 2020, in revenues from its member municipalities.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below.

Reporting Entity

The criteria of oversight responsibility, special financing relationships and scope of public service were used in determining the agencies or entities which comprise the District for financial reporting purposes. Oversight responsibility is determined by the extent of financial interdependency, control over the selection of the governing authority and management, ability to significantly influence operations and accountability for fiscal matters. Based on these criteria, there are no other agencies or entities which should be combined with the financial statements of the District. Likewise, the District is not considered a component unit of any other government's reporting entity.

Basis of Presentation

Enterprise Funds - Enterprise Funds are used to account for operations: (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Based on the above definition, the District is accounted for utilizing enterprise fund accounting.

Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise fund financial statements are reported using the economic resources measurement focus; as such, all assets and liabilities associated with the operation of these funds (whether current or noncurrent) are included on the balance sheet. Fund equity (i.e., total net position) is segregated into invested in capital assets net of related debt, restricted net position, and unrestricted net position. Operating statements present increases (revenues) and decreases (expenses) in total net position.

NORTHWEST VERMONT SOLID WASTE MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

Basis of accounting refers to the timing for recognition of revenues and expenses, regardless of the measurement focus applied. These financial statements are prepared utilizing the accrual basis of accounting. Accordingly, revenues and expenses are recognized at the time goods and services are provided or received, regardless of the timing of cash payment or receipt related to those transactions.

Operating and Nonoperating Revenues/Expenses

Operating revenues are defined as income received from tipping fees, solid waste management fees, license fees, grants and sale of materials. Nonoperating revenues are defined as income received from sources other than that defined above, and include investment income, rental income, capital contributions, and income from the sale of equipment. Operating expenses are defined as the ordinary costs and expenses of the District for operations, maintenance and repairs. Operating expenses include the cost of operating the solid waste programs as well as administrative and general expenses and depreciation and amortization. Nonoperating expenses include interest on bonds, notes or other indebtedness, and amortization of bond issuance costs.

Estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Inventory

Inventory is stated at cost, based upon the first in first out (FIFO) method.

Capital Assets

Capital assets purchased or acquired with an original cost of \$3,000 or more are reported at historical cost or estimated historical cost. Donated fixed assets are stated at their fair value on the date donated. Depreciation is recorded using the straight line method. Estimated useful lives range from 5 – 40 years.

NORTHWEST VERMONT SOLID WASTE MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash and cash equivalents represent demand deposits.

Receivables

Receivables are shown net of an allowance for uncollectible accounts for the estimated losses that will be included in the collection of the receivables. The estimated losses are based on the judgment of management and a review of the current status of existing receivables.

Prepaid Expenses

Prepaid expenses are primarily associated with insurance premiums and equipment service contracts paid in advance of the covered period.

Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources in the government-wide Statement of Net Position.

Invested in capital assets, net of related debt – consist of historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.

Restricted Net Position – represents amounts that cannot be appropriated or are legally reserved for a specific purpose by a grant, contract, or other binding agreement.

Unrestricted Net Position – indicates that portion of net position which is available for expenditure in future periods.

The District first utilized restricted resources to finance qualifying activities.

NOTE 2 – DEPOSITS

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have formal deposit or investment policies. As of June 30, 2021, the District's bank balance of \$783,876 is entirely insured through the FDIC.

NORTHWEST VERMONT SOLID WASTE MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 3 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2021 is as follows:

	<u>June 30, 2020</u>	<u>Additions</u>	<u>Depreciation</u>	<u>June 30, 2021</u>
Capital assets not depreciated:				
Land	\$ 501,845	\$ 0	\$ 0	\$ 501,845
Depreciable capital assets:				
Trucks and trailers	303,700	0	0	303,700
Furniture and fixtures	7,245	0	0	7,245
Land improvements	23,209	0	0	23,209
Buildings and improvements	780,862	0	0	780,862
Equipment	210,948	33,815	0	244,763
Total depreciable capital assets	<u>1,325,964</u>	<u>33,815</u>	<u>0</u>	<u>1,359,779</u>
Accumulated depreciation:				
Trucks and trailers	135,711	0	25,320	161,031
Furniture and fixtures	7,247	0	0	7,247
Land improvements	23,209	0	0	23,209
Buildings and improvements	248,928	0	19,680	268,608
Equipment	160,804	0	7,143	167,947
Total accumulated depreciation	<u>575,899</u>	<u>0</u>	<u>52,143</u>	<u>628,042</u>
Depreciable capital assets, net	<u>750,065</u>	<u>33,815</u>	<u>(52,143)</u>	<u>731,737</u>
Capital assets, net	<u>\$ 1,251,910</u>	<u>\$ 33,815</u>	<u>\$ (52,143)</u>	<u>\$ 1,233,582</u>

NOTE 4 – LONG-TERM LIABILITIES

The District had the following long-term liabilities at June 30, 2021:

Bond payable with Vermont Municipal Bond Bank, interest ranging from 3.865%-4.665%, annual principal payments of \$55,000 through December, 2019 then \$50,000 through December, 2027.	\$ 350,000
Less current portion of long-term liabilities	<u>(50,000)</u>
Long-term liabilities, non current	<u>\$ 300,000</u>

Changes in long-term liabilities are as follows:

	<u>June 30, 2020</u>	<u>Reductions</u>	<u>June 30, 2021</u>	<u>Amounts Due Within One Year</u>
Municipal bond payable	\$ 400,000	\$ (50,000)	\$ 350,000	\$ 50,000

NORTHWEST VERMONT SOLID WASTE MANAGEMENT DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021 AND 2020

NOTE 4 – LONG-TERM LIABILITIES (Continued)

The bond will mature approximately as follows:

Year ending	Principal	Interest
2022	\$ 50,000	\$ 11,386
2023	50,000	9,074
2024	50,000	6,894
2025	50,000	4,647
2026-2028	150,000	3,705
Totals	<u>\$ 350,000</u>	<u>\$ 35,706</u>

NOTE 5 – PENSION PLAN

The District participates in a defined contribution plan administered by the International City Management Association Retirement Corporation (ICMA Retirement). Plan provisions are established or amended by a District resolution. The District contributes 5% of eligible compensation to the plan. Of the District's total payroll of \$643,169, \$491,344 was covered under the plan. For the fiscal year ended June 30, 2021, the District contributed \$24,855 and the employees contributed \$23,534. For the fiscal year ended June 30, 2020, the District contributed \$23,151 and the employees contributed \$23,614.

NOTE 6 – CONCENTRATION OF ACCOUNTS RECEIVABLE

Accounts receivable from four customers accounted for approximately 69% of the total accounts receivable balance reported as of June 30, 2021 and four customers accounted for approximately 79% of the total accounts receivable balance reported as of June 30, 2020.

NOTE 7 – LEASES

In December, 2016, the District entered into a 60 month operating lease with De Lage Landen Financial Services, Inc. for the lease of a copier. The lease calls for monthly payments of \$128. Lease payments for 2021 were \$1,667 and for 2020 were \$1,416.

The minimum lease payments are as follows:

2022	\$ 1,150
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NORTHWEST VERMONT SOLID WASTE MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 8 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. There have been no claims in any of the past three (3) fiscal years.

NOTE 9 – UNRESTRICTED NET POSITION

Unrestricted net position in the proprietary fund is \$945,239. \$387,987 has been designated by the Board for capital maintenance and \$177,289 for Revenue Reserve.

NOTE 10 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 10, 2022, the date which the financial statements were available for issue. Management is not aware of any subsequent events which require disclosure.