

NORTHWEST VERMONT SOLID WASTE MANAGEMENT DISTRICT

AUDIT REPORT AND FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

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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

Opinion

We have audited the accompanying financial statements of the Northwest Vermont Solid Waste Management District as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Northwest Vermont Solid Waste Management District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Northwest Vermont Solid Waste Management District as of June 30, 2022 and 2021, and the changes in financial position, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Northwest Vermont Solid Waste Management District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Northwest Vermont Solid Waste Management District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Northwest Vermont Solid Waste Management District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Northwest Vermont Solid Waste Management District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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

FOTHERGILL SEGALE & VALLEY, CPAS

Montpelier, Vermont

Vermont Public Accountancy License #110

February 21, 2023

NORTHWEST VERMONT SOLID WASTE MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2022 AND 2021

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, 2022 and 2021. 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, 2022 as compared with its financial position as of June 30, 2021 and June 30, 2020, and any financial developments during fiscal year 2022 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, 2022 AND 2021

Financial Highlights

Statement of Net Position

	2022	2021	2020	2022 Net Change	2021 Net Change
Current and other assets	\$ 1,068,435	\$ 1,047,884	\$ 975,209	\$ 20,551	\$ 72,675
Capital assets	1,221,574	1,233,582	1,251,910	(12,008)	(18,328)
Total assets	<u>2,290,009</u>	<u>2,281,466</u>	<u>2,227,119</u>	<u>8,543</u>	<u>54,347</u>
Long-term liabilities	300,000	350,000	400,000	(50,000)	(50,000)
Other liabilities	76,858	102,645	81,808	(25,787)	20,837
Total liabilities	<u>376,858</u>	<u>452,645</u>	<u>481,808</u>	<u>(75,787)</u>	<u>(29,163)</u>
Net assets:					
Invested in capital assets, net of related debt	921,574	883,582	851,910	37,992	31,672
Unrestricted	991,577	945,239	893,401	46,338	51,838
Total net position	<u>\$ 1,913,151</u>	<u>\$ 1,828,821</u>	<u>\$ 1,745,311</u>	<u>\$ 84,330</u>	<u>\$ 83,510</u>

The District's total net position, defined as the amount by which the assets exceeded the liabilities, was \$1,913,151 at June 30, 2022 and \$1,828,821 at June 30, 2021. The most significant factors in the \$84,330 increase in the 2022 balances as compared with 2021 are the increase in cash and reduction of the long-term debt. 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.

Summary of Revenues, Expenses, and Changes in Net Position

	2022	2021	2020	2022 Net Change	2021 Net Change
Operating revenues:					
Municipal assessments	\$ 51,354	\$ 51,352	\$ 51,202	\$ 2	\$ 150
Fees and surcharges	898,183	888,950	856,967	9,233	31,983
Drop off income	602,105	631,854	490,428	(29,749)	141,426
Material sales and other	125,155	132,562	82,640	(7,407)	49,922
Total operating revenues	<u>1,676,797</u>	<u>1,704,718</u>	<u>1,481,237</u>	<u>(27,921)</u>	<u>223,481</u>
Operating expenses	<u>1,585,244</u>	<u>1,611,523</u>	<u>1,394,926</u>	<u>(26,279)</u>	<u>216,597</u>
Income from operations	91,553	93,195	86,311	(1,642)	6,884
Nonoperating revenues (expenses)	<u>(7,223)</u>	<u>(9,685)</u>	<u>(12,988)</u>	<u>2,462</u>	<u>3,303</u>
Change in net assets	<u>\$ 84,330</u>	<u>\$ 83,510</u>	<u>\$ 73,323</u>	<u>\$ 820</u>	<u>\$ 10,187</u>

Operating revenues. The District's total operating revenues decreased by \$27,921 or 2%, and increased by \$223,481 or 15%, for the 2022 and 2021 fiscal years, respectively, as compared to the respective prior periods.

NORTHWEST VERMONT SOLID WASTE MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2022 AND 2021

The key factors for the decrease in operating revenues in 2022 are due to a combination of factors. Sale of recyclables was down due to a significant drop in market pricing from the previous year's record highs. Additionally, the District's drop-off income was down due to reduced waste and recycling tonnage and customers. Waste volume traditionally trends down during times of significant economic downturn similar to the one experienced in 2022.

The increase in operating revenues in 2021 was 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, 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.

Operating expenses. The District's operating expenses decreased by \$26,279 (2%) in 2022 and increased by \$216,597 (16%) in 2021 as compared with prior years' expenses.

Primary factors in the change for 2022 as compared with 2021:

- Decreased expenses were experienced in trash disposal due to a decrease in trash tonnage likely due to the overall downturn in the economy experienced in 2022. Additionally, decreasing bond expenses and significantly fewer vehicle repair costs helped lower the District's overall expenses.

Primary factors in the change for 2021 as compared with 2020:

- 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.

Capital Assets

At June 30, 2022, the District had \$1,221,574 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 2021 to 2022 of \$12,008 and a net decrease of \$18,328 from 2020 to 2021. Three roll off boxes were purchased in 2022 for \$43,909.

NORTHWEST VERMONT SOLID WASTE MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2022 AND 2021

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

	2022	2021	2020
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	288,672	244,763	210,948
Accumulated depreciation	(683,959)	(628,042)	(575,899)
Totals	<u>\$ 1,221,574</u>	<u>\$ 1,233,582</u>	<u>\$ 1,251,910</u>

Debt Administration

At year-end, the District had \$300,000 in bonds in 2022 versus \$350,000 in 2021 and \$400,000 in 2020. In fiscal year 2022 this was a decrease of \$50,000 and in fiscal year 2021 this was a decrease of \$50,000 as shown in the table below.

Outstanding Debt at Year-End

	2022	2021	2020
Vermont Municipal Bond	<u>\$ 300,000</u>	<u>\$ 350,000</u>	<u>\$ 400,000</u>

Economic Factors and Next Year's Budget and Rates

District surcharges are scheduled to increase by 25 cents per ton starting in FY24, and there will be a municipal assessment increase of 10 cents per capita. Additionally, as inflation continues to increase, the District will investigate an increase in the pricing of our services for waste and recycling services.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with an understanding of the District's finances and to demonstrate the District's accountability for the financial resources it receives and disburses. If you have questions about this report or need additional financial information, contact the Business Manager of Northwest Vermont Solid Waste Management District, 158 Morse Drive, Fairfax, VT 05454.

NORTHWEST VERMONT SOLID WASTE MANAGEMENT DISTRICT

STATEMENTS OF NET POSITION

JUNE 30, 2022 AND 2021

	<u>ASSETS</u>	
	<u>2022</u>	<u>2021</u>
CURRENT ASSETS		
Cash	\$ 798,828	\$ 752,769
Accounts receivable (Net of allowance for doubtful accounts of \$11,000 for 2022 and 2021)	202,286	234,965
Grant receivable	25,761	7,509
Prepaid expenses	31,859	41,552
Inventory	9,701	11,089
TOTAL CURRENT ASSETS	<u>1,068,435</u>	<u>1,047,884</u>
CAPITAL ASSETS		
Land	501,845	501,845
Other capital assets, net of accumulated depreciation	719,729	731,737
TOTAL CAPITAL ASSETS	<u>1,221,574</u>	<u>1,233,582</u>
TOTAL ASSETS	<u>\$ 2,290,009</u>	<u>\$ 2,281,466</u>
	<u>LIABILITIES AND NET POSITION</u>	
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 40,074	\$ 43,435
Other accrued liabilities	36,784	59,210
Current portion long-term debt	50,000	50,000
TOTAL CURRENT LIABILITIES	<u>126,858</u>	<u>152,645</u>
Long-term liabilities - due after one year	250,000	300,000
TOTAL LIABILITIES	<u>376,858</u>	<u>452,645</u>
NET POSITION		
Invested in capital assets, net of related debt	921,574	883,582
Unrestricted	991,577	945,239
TOTAL NET POSITION	<u>1,913,151</u>	<u>1,828,821</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 2,290,009</u>	<u>\$ 2,281,466</u>

NORTHWEST VERMONT SOLID WASTE MANAGEMENT DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
OPERATING REVENUES		
Municipal assessments	\$ 51,354	\$ 51,352
Fees and surcharges	898,183	888,950
Grants	70,666	89,043
Miscellaneous income	266	608
Sales of recyclables	54,223	42,911
Drop off income	602,105	631,854
TOTAL OPERATING REVENUES	1,676,797	1,704,718
OPERATING EXPENSES		
Administrative Expenses:		
Insurance	61,822	60,472
Utilities	14,233	14,634
Office supplies	12,360	9,381
Warehouse supplies	3,176	4,895
Equipment lease	1,911	1,667
Postage	2,182	1,408
Dues and subscriptions	12,295	6,834
Advertising	3,402	144
Plowing and mowing	2,521	2,405
Bank service charges	2,743	2,057
Depreciation expense	55,917	52,143
Miscellaneous	13,449	8,227
Equipment repairs	116,567	72,321
Building repairs	16,698	652
Personnel Expenses:		
Salaries and wages	621,750	664,719
Employee benefits	280,389	295,449
Board of Supervisors:		
Property tax expense	9,959	9,668
Legal and accounting	8,779	8,687
Payroll processing	4,196	4,166
Direct Services:		
Education outreach	4,336	10,368
Hazardous waste	26,025	33,619
Recycling and drop offs	310,534	347,607
TOTAL OPERATING EXPENSES	1,585,244	1,611,523
OPERATING INCOME	91,553	93,195
NON-OPERATING REVENUE AND EXPENSE		
Interest income	4,163	4,070
Interest expense	(11,386)	(13,755)
TOTAL NON-OPERATING REVENUE AND EXPENSE	(7,223)	(9,685)
CHANGE IN NET POSITION	84,330	83,510
NET POSITION - BEGINNING	1,828,821	1,745,311
NET POSITION - ENDING	\$ 1,913,151	\$ 1,828,821

NORTHWEST VERMONT SOLID WASTE MANAGEMENT DISTRICT
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM (TO) OPERATING ACTIVITIES		
Receipts from customers and users	\$ 1,638,810	\$ 1,514,324
Receipts from grants	52,414	91,327
Payments to suppliers	(619,468)	(587,828)
Payments to employees	(924,565)	(952,457)
	147,191	65,366
CASH FLOWS FROM (TO) CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(43,909)	(33,815)
Principal payments on debt	(50,000)	(50,000)
Interest paid on long-term debt	(11,386)	(13,755)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(105,295)	(97,570)
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipt of investment income	4,163	4,070
	46,059	(28,134)
NET INCREASE (DECREASE) IN CASH	46,059	(28,134)
CASH - BEGINNING OF YEAR	752,769	780,903
CASH - END OF YEAR	\$ 798,828	\$ 752,769
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 91,553	\$ 93,195
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	55,917	52,143
(Increase) decrease in:		
Accounts receivable	32,679	(101,351)
Grant receivable	(18,252)	2,284
Prepaid expenses	9,693	(93)
Inventory	1,388	(1,649)
Increase (decrease) in:		
Other accrued liabilities	(22,426)	7,711
Accounts payable	(3,361)	13,126
	\$ 147,191	\$ 65,366
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 147,191	\$ 65,366

NORTHWEST VERMONT SOLID WASTE MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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 \$51,354 for fiscal year June 30, 2022 and \$51,352 for fiscal year June 30, 2021, 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, 2022 AND 2021

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, 2022 AND 2021

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, 2022, the District's bank balance was \$803,960, of which \$771,923 was insured through the FDIC.

NORTHWEST VERMONT SOLID WASTE MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 3 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2022 is as follows:

	<u>June 30, 2021</u>	<u>Additions</u>	<u>Depreciation</u>	<u>June 30, 2022</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	244,763	43,909	0	288,672
Total depreciable capital assets	<u>1,359,779</u>	<u>43,909</u>	<u>0</u>	<u>1,403,688</u>
Accumulated depreciation:				
Trucks and trailers	161,031	0	25,320	186,351
Furniture and fixtures	7,247	0	0	7,247
Land improvements	23,209	0	0	23,209
Buildings and improvements	268,608	0	19,680	288,288
Equipment	167,947	0	10,917	178,864
Total accumulated depreciation	<u>628,042</u>	<u>0</u>	<u>55,917</u>	<u>683,959</u>
Depreciable capital assets, net	<u>731,737</u>	<u>43,909</u>	<u>(55,917)</u>	<u>719,729</u>
Capital assets, net	<u>\$ 1,233,582</u>	<u>\$ 43,909</u>	<u>\$ (55,917)</u>	<u>\$ 1,221,574</u>

NOTE 4 – LONG-TERM LIABILITIES

The District had the following long-term liabilities at June 30, 2022:

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.	\$ 300,000
Less current portion of long-term liabilities	<u>(50,000)</u>
Long-term liabilities, non current	<u>\$ 250,000</u>

Changes in long-term liabilities are as follows:

	<u>June 30, 2021</u>	<u>Reductions</u>	<u>June 30, 2022</u>	<u>Amounts Due Within One Year</u>
Municipal bond payable	<u>\$ 350,000</u>	<u>\$ (50,000)</u>	<u>\$ 300,000</u>	<u>\$ 50,000</u>

NORTHWEST VERMONT SOLID WASTE MANAGEMENT DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2022 AND 2021

NOTE 4 – LONG-TERM LIABILITIES (Continued)

The bond will mature approximately as follows:

Year ending	Principal	Interest
2023	\$ 50,000	\$ 9,074
2024	50,000	6,894
2025	50,000	4,647
2026	50,000	2,497
2027	50,000	1,202
2028	50,000	6
Totals	<u>\$ 300,000</u>	<u>\$ 24,320</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 \$637,594, \$459,140 was covered under the plan. For the fiscal year ended June 30, 2022, the District contributed \$22,957 and the employees contributed \$23,701. For the fiscal year ended June 30, 2021, the District contributed \$24,855 and the employees contributed \$23,534.

NOTE 6 – CONCENTRATION OF ACCOUNTS RECEIVABLE

Accounts receivable from three customers accounted for approximately 77% of the total accounts receivable balance reported as of June 30, 2022 and four customers accounted for approximately 69% of the total accounts receivable balance reported as of June 30, 2021.

NOTE 7 – LEASES

In January, 2022, 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 \$180. Lease payments for 2022 were \$1,911 and for 2021 were \$1,667.

The minimum lease payments are as follows:

2023	\$ 2,165
2024	2,165
2025	2,165
2026	2,165
2027	1,443

NORTHWEST VERMONT SOLID WASTE MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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 \$991,577. \$426,334 has been designated by the Board for capital maintenance and \$196,989 for Revenue Reserve.

NOTE 10 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 21, 2023, the date which the financial statements were available for issue. Management is not aware of any subsequent events which require disclosure.