

Audited Financial Statements
and Other Financial Information

Northwest Vermont Solid Waste Management District

June 30, 2024



Proven Expertise & Integrity

NORTHWEST VERMONT SOLID WASTE
MANAGEMENT DISTRICT

CONTENTS

JUNE 30, 2024

| | PAGE |
|--|---------|
| INDEPENDENT AUDITOR'S REPORT | 1 - 3 |
| MANAGEMENT'S DISCUSSION AND ANALYSIS | 4 - 7 |
| <u>BASIC FINANCIAL STATEMENTS</u> | |
| GOVERNMENT-WIDE FINANCIAL STATEMENTS | |
| STATEMENT A - STATEMENT OF NET POSITION | 8 |
| STATEMENT B - STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION | 9 |
| STATEMENT C - STATEMENT OF CASH FLOWS | 10 |
| NOTES TO FINANCIAL STATEMENTS | 11 - 20 |
| INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> | 21 - 22 |



Proven Expertise & Integrity

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities of the Northwest Vermont Solid Waste Management District, as of and for the year ended June 30, 2024 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business type activities of the Northwest Vermont Solid Waste Management District as of June 30, 2024 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 opinions.

3 Old Orchard Road, Buxton, Vermont 04093
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609
www.rhrsmith.com

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 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 opinions. 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 GAAS and *Government 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 GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatements 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 controls 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 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2025, on our consideration of the Northwest Vermont Solid Waste Management District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Northwest Vermont Solid Waste Management District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Northwest Vermont Solid Waste Management District's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
June 17, 2025

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

(UNAUDITED)

The following management's discussion and analysis of the Northwest Vermont Solid Waste Management District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2024. Please read it in conjunction with the District's financial statements.

Financial Statement Overview

The Northwest Vermont Solid Waste Management District's basic financial statements include the following components: 1) government-wide financial statements and 2) notes to the financial statements.

Basic Financial Statements

The basic financial statements include financial information in the government-wide financial statements. There are no fund financial statements as the District only has one fund. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation of the financial statements.

The District's financial statements provide a broad view of the District's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in regard to the District's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The District's financial statements include the following statements:

The Statement of Net Position - this statement presents *all* of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position.

The Statement of Revenues, Expenses and Changes in Net Position - this statement presents information that shows how the government's net position changed during the period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Statement of Cash Flows - this statement presents information on the effects changes in assets, deferred outflows of resources, liabilities, deferred inflows of resources and operations have on cash during the course of the fiscal year.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the District's financial statements. The Notes to Financial Statements can be found following the Statement of Cash Flows.

Financial Analysis

Our analysis below focuses on the net position and changes in net position of the District's business-type activities. The District's total net position increased by \$2,714 from \$2,048,923 to \$2,051,637.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased to a balance of \$1,268,307 at the end of this year.

Table 1
Northwest Vermont Solid Waste Management District
Net Position
June 30

| | <u>2024</u> | <u>2023</u> |
|---------------------------------------|----------------------------|----------------------------|
| Assets: | | |
| Current Assets | \$ 2,129,026 | \$ 1,228,126 |
| Noncurrent Assets - Capital Assets | <u>1,210,610</u> | <u>1,172,376</u> |
| Total Assets | <u>3,339,636</u> | <u>2,400,502</u> |
| Liabilities: | | |
| Current Liabilities | 114,316 | 127,141 |
| Noncurrent Liabilities | <u>1,173,533</u> | <u>224,358</u> |
| Total Liabilities | <u>1,287,849</u> | <u>351,499</u> |
| Deferred Inflows of Resources: | | |
| Deferred Inflows Related to Income | <u>150</u> | <u>80</u> |
| Total Deferred Inflows of Resources | <u>150</u> | <u>80</u> |
| Net Position: | | |
| Net Investment in Capital Assets | 4,838 | 914,439 |
| Restricted | 778,492 | 689,674 |
| Unrestricted | <u>1,268,307</u> | <u>444,810</u> |
| Total Net Position | <u><u>\$ 2,051,637</u></u> | <u><u>\$ 2,048,923</u></u> |

Revenues and Expenses

Revenues for the District's business-type activities increased by 4.73%, while total expenses increased by 13.02%.

Table 2
Northwest Vermont Solid Waste Management District
Change in Net Position
For the Years Ended June 30,

| | <u>2024</u> | <u>2023</u> |
|-------------------------|----------------------------|----------------------------|
| Revenues | | |
| Municipal assessments | \$ 62,670 | \$ 57,448 |
| Fees and surcharges | 1,204,049 | 1,162,104 |
| Grants | 54,977 | 49,589 |
| Recycling income | 136,391 | 149,144 |
| Drop off income | 370,058 | 340,707 |
| Interest income | 16,323 | 4,250 |
| Miscellaneous | 50,914 | 46,517 |
| Total Revenues | <u>1,895,382</u> | <u>1,809,759</u> |
| Expenses | | |
| Administration | 144,071 | 132,848 |
| Salaries and benefits | 1,048,527 | 920,735 |
| Recycling and drop offs | 357,409 | 304,941 |
| Direct services | 55,267 | 52,805 |
| Repairs and maintenance | 181,299 | 174,051 |
| Supplies | 15,349 | 13,221 |
| Depreciation | 59,087 | 57,137 |
| Miscellaneous | 15,710 | 9,177 |
| Interest expense | 15,193 | 9,074 |
| Total Expenses | <u>1,891,912</u> | <u>1,673,989</u> |
| Change in Net Position | 2,714 | 135,770 |
| Net Position - July 1 | <u>2,048,923</u> | <u>1,913,153</u> |
| Net Position - June 30 | <u><u>\$ 2,051,637</u></u> | <u><u>\$ 2,048,923</u></u> |

Capital Asset and Long-Term Debt Administration

Capital Assets

As of June 30, 2024, the net book value of capital assets recorded by the District increased by \$38,234 from the prior year. This increase is the result of current year additions of \$98,077 less net disposals of \$756 and depreciation expense of \$59,087.

Table 3
Northwest Vermont Solid Waste Management District
Capital Assets (Net of Depreciation)
June 30,

| | 2024 | 2023 |
|------------------------------------|---------------------|---------------------|
| Land and construction in progress | \$ 571,308 | \$ 501,846 |
| Land improvements | 23,209 | 23,209 |
| Building and building improvements | 780,862 | 780,862 |
| Machinery and equipment | 324,533 | 295,918 |
| Vehicles | 288,705 | 303,700 |
| Right of use lease | 10,102 | 10,102 |
| | <u>1,998,719</u> | <u>1,915,637</u> |
| Less accumulated depreciation | <u>(788,109)</u> | <u>(743,261)</u> |
| Total | <u>\$ 1,210,610</u> | <u>\$ 1,172,376</u> |

Debt

As of June 30, 2024, the District had \$1,205,772 in bonds payable and a lease liability compared with \$257,937 in the prior year. See Note 4 of Notes to Financial Statements for more detailed information.

Economic Factors and Next Year's Budgets and Rates

The District is working toward maintaining a sufficient unrestricted net position to sustain government operations for a period of approximately eight months, while also maintaining reserve accounts for future capital and program needs.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Business Manager at 158 Morse Drive, Fairfax, Vermont 05454.

NORTHWEST VERMONT
SOLID WASTE MANAGEMENT DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2024

ASSETS

Current Assets

| | |
|---|------------------|
| Cash and cash equivalents | \$ 1,608,029 |
| Investment | 247,494 |
| Accounts receivable (net of allowance for uncollectibles) | 235,430 |
| Prepaid items | 34,942 |
| Inventory | 3,131 |
| Total current assets | <u>2,129,026</u> |

Noncurrent assets:

Capital assets:

| | |
|--|------------------|
| Land and construction in progress | 571,308 |
| Buildings and equipment, net of accumulated depreciation | 633,530 |
| Right of use lease asset | 5,772 |
| Total noncurrent assets | <u>1,210,610</u> |

TOTAL ASSETS

\$ 3,339,636

LIABILITIES

Current liabilities:

| | |
|--|----------------|
| Accounts payable | \$ 44,470 |
| Accrued payroll liability | 15,467 |
| Accrued compensated absences | 2,214 |
| Current portion of long-term obligations | 52,165 |
| Total current liabilities | <u>114,316</u> |

Noncurrent liabilities:

Noncurrent portion of long-term obligations:

| | |
|------------------------------|------------------|
| Bonds payable | 1,150,000 |
| Lease payable | 3,607 |
| Accrued compensated absences | 19,926 |
| Total noncurrent liabilities | <u>1,173,533</u> |

TOTAL LIABILITIES

1,287,849

DEFERRED INFLOWS OF RESOURCES

| | |
|-----------------|-----|
| Deferred income | 150 |
|-----------------|-----|

TOTAL DEFERRED INFLOWS OF RESOURCES

150

NET POSITION

| | |
|----------------------------------|------------------|
| Net investment in capital assets | 4,838 |
| Restricted | 778,492 |
| Unrestricted | 1,268,307 |
| TOTAL NET POSITION | <u>2,051,637</u> |

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES
AND NET POSITION

\$ 3,339,636

See accompanying independent auditor's report and notes to financial statements.

NORTHWEST VERMONT
SOLID WASTE MANAGEMENT DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024

| | |
|--|---------------------|
| OPERATING REVENUES | |
| Municipal assessments | \$ 62,670 |
| Fees and surcharges | 1,181,079 |
| Hazardous waste fees | 22,970 |
| Grants | 54,977 |
| Recycling income | 136,391 |
| Drop off income | 370,058 |
| Miscellaneous | 50,914 |
| TOTAL OPERATING REVENUES | <u>\$ 1,879,059</u> |
| OPERATING EXPENSES | |
| Administrative Expenses: | |
| Insurance | 73,842 |
| Utilities | 14,960 |
| Office supplies/equipment | 15,349 |
| Postage | 1,340 |
| Dues and subscriptions | 18,567 |
| Advertising | 1,094 |
| Plowing and mowing | 2,880 |
| Facilities expenses | 178,419 |
| Bank service charges | 5,809 |
| Miscellaneous | 757 |
| Personnel Expenses: | |
| Salaries and wages | 747,125 |
| Employee benefits | 301,402 |
| Board of Supervisors: | |
| Property tax expense | 10,470 |
| Legal and accounting | 12,552 |
| Payroll processing | 5,437 |
| Direct Services: | |
| Education outreach | 7,196 |
| Hazardous waste | 48,071 |
| Recycling and drop offs | 357,409 |
| Depreciation | 59,087 |
| Miscellaneous | 14,953 |
| TOTAL OPERATING EXPENSES | <u>1,876,719</u> |
| OPERATING INCOME (LOSS) | <u>2,340</u> |
| NONOPERATING REVENUES (EXPENSES) | |
| Interest income | 16,323 |
| Interest expense | (15,193) |
| TOTAL NONOPERATING REVENUES (EXPENSES) | <u>374</u> |
| CHANGE IN NET POSITION | 2,714 |
| NET POSITION - JULY 1 | <u>2,048,923</u> |
| NET POSITION - JUNE 30 | <u>\$ 2,051,637</u> |

See accompanying independent auditor's report and notes to financial statements.

STATEMENT C

NORTHWEST VERMONT
SOLID WASTE MANAGEMENT DISTRICTSTATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2024

| | |
|---|----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Receipts from state/federal grants | \$ 55,047 |
| Receipts from assessments | 72,431 |
| Receipts from customers | 1,751,515 |
| Other receipts | 50,914 |
| Payments to employees | (1,052,017) |
| Payments to suppliers | (778,408) |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u>99,482</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Interest income | 16,323 |
| (Increase) decrease in investments | (106,892) |
| NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES | <u>(90,569)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | |
| Principal paid on capital debt | (52,165) |
| Interest paid on debt | (15,193) |
| Debt proceeds | 1,000,000 |
| (Purchase) of capital assets | (98,077) |
| NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES | <u>834,565</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 843,478 |
| CASH AND CASH EQUIVALENTS - JANUARY 1 | <u>764,551</u> |
| CASH AND CASH EQUIVALENTS - DECEMBER 31 | <u><u>\$ 1,608,029</u></u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES: | |
| Operating income (loss) | \$ 2,340 |
| Adjustment to reconcile operating income to net cash provided (used) by operating activities: | |
| Depreciation expense | 59,087 |
| Changes in operating assets, deferred outflows of resources, liabilities and deferred inflows of resources: | |
| (Increase) decrease in accounts receivable | 41,017 |
| (Increase) decrease in due from other governments | 9,761 |
| (Increase) decrease in prepaid items | (3,023) |
| (Increase) decrease in inventory | 1,715 |
| Increase (decrease) in accounts payable | (7,995) |
| Increase (decrease) in accrued payroll | (4,979) |
| Increase (decrease) in accrued compensated absences | 1,489 |
| Increase (decrease) in deferred income | 70 |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u><u>\$ 99,482</u></u> |

See accompanying independent auditor's report and notes to financial statements.

NORTHWEST VERMONT
SOLID WASTE MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

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 19 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 is exempt from federal income taxation under Internal Revenue Code Section 501 (c)(1).

Reporting Entity

The District's 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 District's combined financial statements include all accounts and all operations of the District. We have determined that the District has no component units as described in GASB Statement No. 14 and amended by GASB Statements No. 39 and No. 61.

Implementation of New Accounting Standards

During the year ended June 30, 2024, the following statement of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 100 "Accounting Changes and Error Corrections - an Amendment of GASB Statement No. 62". The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. Management has determined the impact of this Statement is not material to the financial statements.

NORTHWEST VERMONT
SOLID WASTE MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus - Basic Financial Statements

1. Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Operating revenues include charges for services, intergovernmental reimbursements and other miscellaneous fees which are a direct result of the enterprise activity. Nonoperating revenues are any revenues which are generated outside of the general enterprise activity, i.e. interest income. The following is a description of the enterprise funds of the District:

- a. Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) established fees and charges based on a pricing policy designed to recover similar costs.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

1. Accrual

Governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Deposits and Investments

The District's 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 acquisition.

NORTHWEST VERMONT
SOLID WASTE MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

It is the District's policy to value investments at fair value. None of the District's investments are reported at amortized cost. For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. The District's Treasurer is authorized by State Statutes to invest all excess funds in the following:

- Obligations of the U.S. Government, its agencies and instrumentalities
- Certificates of deposit and other evidence of deposits at banks, savings and loan associations and credit unions
- Repurchase agreements
- Money market mutual funds

The Northwest Vermont Solid Waste Management District has no formal investment policy but instead follows the State of Vermont Statutes.

Receivables

Receivables include amounts due from governmental agencies and local businesses. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible accounts is estimated to be \$11,000 as of June 30, 2024. Accounts receivable netted with allowances for uncollectible accounts were \$235,430 for the year ended June 30, 2024.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Inventories

Inventories consist of expendable supplies held for consumption and are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. The costs of inventories are recorded as expenditures when used (consumption method). The general fund inventory consists of operational supplies on hand at the end of the year and other maintenance non-expendable supplies.

NORTHWEST VERMONT
SOLID WASTE MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated capital assets are reported at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

A right of use lease asset is required to be reported at the present value of payments expected to be made during the lease term including and any/all other required financial lease obligations in accordance with the terms of the lease and excluding interest. A lease asset will be amortized in a straight-line basis over the lease term or the useful life of the underlying asset (whichever is shorter).

Estimated useful lives are as follows:

| | |
|-------------------------|---------------|
| Buildings | 15 years |
| Land improvements | 15 - 25 years |
| Machinery and equipment | 5 - 10 years |

Long-term Obligations

The accounting treatment of long-term obligations depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term obligations to be repaid from business-type resources are reported as liabilities in the financial statements. The long-term obligations consist of bonds payable, a lease liability and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

NORTHWEST VERMONT
SOLID WASTE MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislations adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

Program Revenues

Program revenues include all directly related income items applicable to a particular program (charges to customers or applicants for goods, services or privileges provided; operating or capital grants and contributions, including special assessments).

Operating/Nonoperating Proprietary Fund Revenues

Operating revenues consist mainly of direct revenue sources and/or charges for services applicable to that fund's ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end. The District does not utilize encumbrance accounting for its general fund.

Use of Estimates

During the preparation of the District's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

NORTHWEST VERMONT
SOLID WASTE MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 - DEPOSITS AND INVESTMENTS

The District's investment policies, which follow state statutes, authorize the District to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Vermont, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. These investment policies apply to all District funds.

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The District does not have a policy covering custodial credit risk. However, the District maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF.

At June 30, 2024, the District's cash balance amounting to \$1,608,029 were comprised of bank deposits of \$1,605,792. Bank deposits are adjusted primarily by outstanding checks and deposits in transit to reconcile to the District's cash balance. \$1,604,700 in deposits were insured by federal depository insurance and \$1,092 was uninsured and consequently exposed to custodial credit risk.

| <u>Account type</u> | <u>Bank Balance</u> |
|---------------------|-------------------------|
| Checking accounts | \$ 144,056 |
| Money market | <u>1,461,736</u> |
| | <u>\$ 1,605,792</u> |

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the District does not have a policy for custodial credit risk for investments.

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses

NORTHWEST VERMONT
SOLID WASTE MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

arising from fluctuations in interest rates. Certificates of deposit held with local financial institutions for \$247,495 are excluded from interest rate risk as these investments are considered held to maturity and are therefore not measured at fair value.

At June 30, 2024, the Department's investments of \$247,495 in a certificate of deposit were all insured by federal depository insurance and consequently were not exposed to custodial credit risk.

Credit risk - Statutes for the State of Vermont authorize the District to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Vermont, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The District does not have an investment policy on credit risk. Generally, the District invests excess funds in various savings accounts and certificates of deposit.

NOTE 3 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2024:

| | Balance, 7/1/23 | Additions | Disposals | Balance, 6/30/24 |
|------------------------------------|---------------------|------------------|-----------------|---------------------|
| Non-depreciated assets: | | | | |
| Land | \$ 501,846 | \$ - | \$ - | \$ 501,846 |
| Construction in progress | - | 69,462 | - | 69,462 |
| | <u>501,846</u> | <u>69,462</u> | <u>-</u> | <u>571,308</u> |
| Depreciated assets: | | | | |
| Land improvements | 23,209 | - | - | 23,209 |
| Building and building improvements | 780,862 | - | - | 780,862 |
| Machinery and equipment | 295,918 | 28,615 | - | 324,533 |
| Vehicles | 303,700 | - | (14,995) | 288,705 |
| Right of use lease | 10,102 | - | - | 10,102 |
| | <u>1,413,791</u> | <u>28,615</u> | <u>(14,995)</u> | <u>1,427,411</u> |
| Less: accumulated depreciation | <u>(743,261)</u> | <u>(59,087)</u> | <u>14,239</u> | <u>(788,109)</u> |
| | <u>670,530</u> | <u>(30,472)</u> | <u>(756)</u> | <u>639,302</u> |
| Net capital assets | <u>\$ 1,172,376</u> | <u>\$ 38,990</u> | <u>\$ (756)</u> | <u>\$ 1,210,610</u> |

NORTHWEST VERMONT
SOLID WASTE MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 4 - LONG-TERM DEBT

Long-term debt activity for the year ended June 30, 2024 was as follows:

| | Balance, 7/1/23 | Additions | Reductions | Balances 6/30/24 | Current Portion |
|-----------------|--------------------|------------------|-----------------|---------------------|--------------------|
| Bond payable | \$ 250,000 | \$1,000,000 | \$ (50,000) | \$1,200,000 | \$ 50,000 |
| Lease liability | 7,937 | - | (2,165) | 5,772 | 2,165 |
| | <u>257,937</u> | <u>1,000,000</u> | <u>(52,165)</u> | <u>1,205,772</u> | <u>52,165</u> |

The following is a summary of a bonds and lease liability payable:

Bond payable

Bond payable With Vermont Municipal Bond Bank, fixed interest rate of 3.80% per annum, annual principal payments of \$50,000 through November, 2044.

\$ 1,000,000

Bond payable With Vermont Municipal Bond Bank, fixed interest rate ranging from 3.865% - 4.665% per annum, annual principal payments of \$55,000 through December, 2019 then \$50,000 through December, 2027.

200,000

\$ 1,200,000

Lease liability

In January, 2022, the District entered into a 60 month operating lease with De Lage Landen Financial Services Financial Services, Inc. for the lease of a copier. The lease calls for monthly payments of \$180. Lease payments for 2023 were \$2,165.

5,772

Total bond and lease liability payable

\$ 1,205,772

NORTHWEST VERMONT
SOLID WASTE MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 4 - LONG-TERM DEBT (CONTINUED)

The following is a summary of the minimum future bond and lease liability payments for the following fiscal years:

| | <u>Bond Payable</u> | | <u>Lease liability</u> | <u>Total</u> |
|-----------|---------------------|-------------------|------------------------|---------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Payment</u> | <u>Debt Service</u> |
| 2025 | \$ 50,000 | \$ 46,189 | \$ 2,165 | \$ 98,354 |
| 2026 | 100,000 | 42,930 | 2,165 | 145,095 |
| 2027 | 100,000 | 38,709 | 1,442 | 140,151 |
| 2028 | 100,000 | 34,478 | - | 134,478 |
| 2029 | 50,000 | 31,408 | - | 81,408 |
| 2030-2034 | 250,000 | 128,486 | - | 378,486 |
| 2035-2039 | 250,000 | 80,899 | - | 330,899 |
| 2040-2044 | 250,000 | 33,311 | - | 283,311 |
| 2045-2049 | 50,000 | 9,200 | - | 59,200 |
| | <u>\$ 1,200,000</u> | <u>\$ 445,610</u> | <u>\$ 5,772</u> | <u>\$ 1,651,382</u> |

NOTE 5 - NET INVESTMENT IN CAPITAL ASSETS

The following is the calculation of the net investment in capital assets for the District at June 30, 2024:

| | |
|----------------------------------|-----------------|
| Invested in capital assets | \$ 1,998,719 |
| Accumulated depreciation | (788,109) |
| Outstanding capital related debt | (1,205,772) |
| | <u>\$ 4,838</u> |

NOTE 6 - RESTRICTED NET POSITION

At June 30, 2024, the District had the following restricted net position.

| | |
|----------------------------|-------------------|
| Capital reserve | \$ 582,303 |
| Committed for future needs | 196,189 |
| Total restricted | <u>\$ 778,492</u> |

NORTHWEST VERMONT
SOLID WASTE MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 7 - 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; and natural disasters for which the District either carries commercial insurance or participates in a public entity and self-insured risk pool sponsored by the Vermont League of Cities and Towns (VLCT). Based on the coverage provided by the insurance purchased, the District is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2024. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

The District is a member of VLCT and uses their established insurance trust: the Property and Casualty Intermunicipal Fund, Inc. (PACIF) for multi-line insurance and the Vermont League of Cities. PACIF is a nonprofit corporation formed to provide insurance and risk management programs for Vermont cities and towns and is owned by the participating members. The Trust is not licensed insurance carriers and members are not protected by the Vermont Insurance Guaranty Association.

To provide insurance coverage, PACIF has established a self-funded insurance trust. It provides extensive coverage for losses to member municipalities for property damage, auto accidents, injured employees, public official liability and employment practices liability. Members gain additional benefits from PACIF's unique public safety and risk management programs as well as dedicated in-house claims adjusters. In the event that total contributions assessed to and made by all members result in an actual or projected financial deficit and PACIF is unable to meet its required obligations, the program will be terminated with each member assessed their proportionate share of the deficit.

NOTE 8 - CONCENTRATION OF REVENUE

The District charges disposal fees to various haulers in Franklin County and Grand Isle counties. One hauler made up 47.11% of the total fees charged during fiscal year 2024. However, if this hauler ceased operations, the District believes it is probable that another hauler would take their place.

NOTE 9 - CONTINGENCIES

With regard to pending legal claims or any unasserted claims, it is not feasible at this time to predict or determine their outcome. Management believes, however, that settlement amounts, if any, will not have a material adverse effect on the District's financial position.



Proven Expertise & Integrity

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

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 of the Northwest Vermont Solid Waste Management District as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the Northwest Vermont Solid Waste Management District's basic financial statements and have issued our report thereon dated June 17, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Northwest Vermont Solid Waste Management District's internal control over financial reporting (internal control) as a basis of designing 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 Northwest Vermont Solid Waste Management District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Northwest Vermont Solid Waste Management District'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 organization'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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Northwest Vermont Solid Waste Management District'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 financial statements. 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*. We noted certain other matters that we reported to management of Northwest Vermont Solid Waste Management District in a separate letter dated June 17, 2025.

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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine
June 17, 2025