

SOUTHERN WINDSOR/WINDHAM COUNTIES
SOLID WASTE MANAGEMENT DISTRICT

AUDIT REPORT AND FINANCIAL STATEMENTS

JUNE 30, 2022

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FOTHERGILL SEGALE & VALLEY

Certified Public Accountants



INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
Southern Windsor/Windham Counties Solid Waste Management District
Ascutney, Vermont

Qualified Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the Southern Windsor/Windham Counties Solid Waste Management District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Southern Windsor/Windham Counties Solid Waste Management District's basic financial statements as listed in the table of contents.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the major fund of the Southern Windsor/Windham Counties Solid Waste Management District, as of June 30, 2022, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinions

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 Southern Windsor/Windham Counties 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 qualified audit opinions.

Matter Giving Rise to the Qualified Opinions

Management has not adopted GASB Statement No. 87 Leases. Accounting principles generally accepted in the United States of America require recognition of certain leased assets and liabilities for leases that previously were classified as operating leases and added additional note disclosures. It established a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset on the government wide

financial statements. The amount by which this departure would affect the assets, liabilities, fund balances, and net assets of the General Fund and Governmental Activities and disclosures has not been determined.

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 Southern Windsor/Windham Counties 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 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 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 Southern Windsor/Windham Counties 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 Southern Windsor/Windham Counties 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

December 29, 2022

SOUTHERN WINDSOR/WINDHAM COUNTIES
SOLID WASTE MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022

Our discussion and analysis of Southern Windsor/Windham Counties Solid Waste Management District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2022. Please read it in conjunction with the District's financial statements which begin at Exhibit A.

Financial Highlights

- The District's net position increased by \$40,953 in fiscal year 2022 compared to an increase of \$55,706 in fiscal year 2021.
- The cost of all of the District's programs was \$236,037 this year, compared to \$267,686 last year, with no new programs added.
- The fund balance for the General Fund was \$243,290 as of June 30, 2022, compared to \$221,642 as of June 30, 2021. As of June 30, 2022, \$209,855 of the General Fund balance is unassigned and available for future budgets.
- During fiscal year 2022, General Fund revenues exceeded expenditures by \$21,648 which was better than budget by \$4,764.

Using This Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (Exhibits A and B) provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements are Exhibit C, Exhibit E and Exhibit G. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

Reporting the District as a Whole

The financial statements of the District as a whole begin on Exhibit A. One of the most important questions asked 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 Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets (net of accumulated depreciation) 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 revenue and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in net position. You can think of the District's net position – the difference between assets and liabilities – as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. You may need to consider other non-financial factors, however, such as changes in the District's program activities as may be mandated by state government.

In the Statement of Net Position and the Statement of Activities, we report all the District's activities as governmental activities.

SOUTHERN WINDSOR/WINDHAM COUNTIES
SOLID WASTE MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022

Reporting the District's Most Significant Fund – Fund Financial Statements

The financial statements of the District's major governmental fund are reflected on Exhibit C through Exhibit G. These fund financial statements provide detailed information about the most significant funds – not the District as a whole. The Board establishes funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain assessments, grants and other money (like grants received from the State of Vermont).

- **Governmental fund** – The District's basic services are reported in a governmental fund, which focus on how money flows into and out of that fund and the balances left at year-end that are available for spending. This fund is reported using a measurement focus called current financial resources, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental fund in Exhibit D and F.

The District as a Whole

During the year, the District's net position increased by \$40,953 from \$251,173 to \$292,126. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the District's governmental activities.

Table 1
Statement of Net Position

	2022	2021	Net Change
Current and other assets	\$ 281,906	\$ 281,833	\$ 73
Capital assets, net of depreciation	48,836	29,531	19,305
Total assets	<u>330,742</u>	<u>311,364</u>	<u>19,378</u>
Other liabilities	38,616	60,191	(21,575)
Total liabilities	<u>38,616</u>	<u>60,191</u>	<u>(21,575)</u>
Net position:			
Invested in capital assets	48,836	29,531	19,305
Unrestricted	243,290	221,642	21,648
Total net position	<u>\$ 292,126</u>	<u>\$ 251,173</u>	<u>\$ 40,953</u>

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) changed from \$221,642 at June 30, 2021 to \$243,290 at June 30, 2022.

SOUTHERN WINDSOR/WINDHAM COUNTIES
SOLID WASTE MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022

Table 2
Statement of Changes in Net Position

	<u>2022</u>	<u>2021</u>	<u>Net Change</u>
REVENUES			
Program revenues:			
Charges for services	\$ 245,926	\$ 241,394	\$ 4,532
Operating grants and contributions	25,414	71,918	(46,504)
General revenues:			
Earnings on investments	116	1,299	(1,183)
Miscellaneous	5,534	8,781	(3,247)
Total revenues	<u>276,990</u>	<u>323,392</u>	<u>(46,402)</u>
PROGRAM EXPENSES			
Waste management programs	178,323	202,325	(24,002)
Household hazardous waste	57,714	65,361	(7,647)
Total program expenses	<u>236,037</u>	<u>267,686</u>	<u>(31,649)</u>
Change in net position	<u>\$ 40,953</u>	<u>\$ 55,706</u>	<u>\$ (14,753)</u>

Governmental Activities

Table 3 highlights the cost of each of the District's largest governmental activities as well as each activity's net cost (total cost less program revenue). The net cost shows the financial burden that was placed on the District's members by each of these activities.

Table 3
Governmental Activities

	<u>Total Cost of Services 2022</u>	<u>Net Revenue (Expense) of Services 2022</u>	<u>Total Cost of Services 2021</u>	<u>Net Revenue (Expense) of Services 2021</u>
Waste management programs	\$ 178,323	\$ 66,878	\$ 202,325	\$ 39,069
Household hazardous waste	57,714	(31,575)	65,361	6,557
Totals	<u>\$ 236,037</u>	<u>\$ 35,303</u>	<u>\$ 267,686</u>	<u>\$ 45,626</u>

SOUTHERN WINDSOR/WINDHAM COUNTIES
SOLID WASTE MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022

The District's Funds

As the District completed the year, its governmental fund (as presented in the Balance Sheet on Exhibit C) reported a fund balance of \$243,290, which is greater than last year's total of \$221,642, an increase of \$21,648.

General Fund Budgetary Highlights

The explanation on some of the larger variances in the budget reflected on Exhibit G are as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
Revenues:			
Surcharge income	\$ 220,000	\$ 238,901	\$ 18,901
Grant income	39,422	25,414	(14,008)
Expenditures:			
Outside services - oper & mgmt	172,288	149,976	22,312
Capital outlays	0	20,040	(20,040)

Revenues:

The surcharge income is based upon the amount of tonnage collected from the haulers in District towns so the budgeted amount for surcharge income is an estimate of what the District anticipates receiving.

Grant income was lower than anticipated due to (1) only one Household Hazardous Waste (HHW) collection event held during the year and (2) no State funding of pesticide disposal. The shortfall was partially offset by additional grant funds received from the State to construct the new HHW facility.

Expenditures:

The cost of outside administrative & management services was lower than anticipated.

Capital outlays were higher than anticipated due to additional site work at the new HHW facility.

Capital Assets

At June 30, 2022, the District had \$48,836 invested in capital assets. (See Table 4 below.) The District had capital additions of \$20,040 for site work at the HHW facility.

Table 4
Capital Assets at Year-End
(Net of Accumulated Depreciation)

	<u>2022</u>	<u>2021</u>	<u>Net Change</u>
Equipment	\$ 28,907	\$ 29,531	(\$624)
HHW Facility Site	19,929	0	19,929
Total	<u>\$ 48,836</u>	<u>\$ 29,531</u>	<u>\$ 19,305</u>

SOUTHERN WINDSOR/WINDHAM COUNTIES
SOLID WASTE MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022

Economic Factors and Next Year's Budget

The Board does not see any major changes that might occur in FY 23 that will have a significant impact on the District's financial position.

Contacting the District's Financial Management

This financial report is designed to provide citizens, taxpayers, customers, grantors 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 any questions about this report or need additional financial information, contact the District's Office at Southern Windsor/Windham Counties Solid Waste Management District, PO Box 320, Ascutney, Vermont 05030.

SOUTHERN WINDSOR/WINDHAM COUNTIES
SOLID WASTE MANAGEMENT DISTRICT

EXHIBIT A

STATEMENT OF NET POSITION

JUNE 30, 2022

	<u>Total Governmental Activities</u>	
ASSETS		
Cash	\$ 199,242	
Accounts receivable - others	61,619	
Accounts receivable - State	12,610	
Prepaid expenses and inventory	8,435	
Capital assets - net of accumulated depreciation of \$6,844	<u>48,836</u>	
Total assets		330,742
LIABILITIES AND NET POSITION		
LIABILITIES		
Accounts payable		<u>38,616</u>
NET POSITION		
Invested in capital assets	48,836	
Unrestricted	<u>243,290</u>	
Total net position (Exhibit B)		<u>\$ 292,126</u>

SOUTHERN WINDSOR/WINDHAM COUNTIES
SOLID WASTE MANAGEMENT DISTRICT

EXHIBIT B

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Expense) Revenue and Change in Net Position in Net Position Governmental Activities</u>
Governmental Activities:				
Waste management programs	\$ 178,323	\$ 245,201	\$ 0	\$ 66,878
Household hazardous waste	57,714	725	25,414	(31,575)
Total governmental activities	\$ 236,037	\$ 245,926	\$ 25,414	35,303
General Revenues:				
Earnings on investments				116
Miscellaneous				5,534
Total general revenues				5,650
Change in net position				40,953
Net position - July 1, 2021				251,173
Net position - June 30, 2022 (Exhibit A)				\$ 292,126

See Notes to Financial Statements.

SOUTHERN WINDSOR/WINDHAM COUNTIES
SOLID WASTE MANAGEMENT DISTRICT

EXHIBIT C

BALANCE SHEET

GOVERNMENTAL FUND

JUNE 30, 2022

	<u>General Fund</u>	
ASSETS		
Cash	\$ 199,242	
Accounts receivable - others	61,619	
Accounts receivable - State	12,610	
Prepaid expenses and inventory	<u>8,435</u>	
Total assets		<u>\$ 281,906</u>
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable		\$ 38,616
FUND BALANCE		
Nonspendable - prepaids and inventory	8,435	
Committed for future needs	25,000	
Unassigned	<u>209,855</u>	
Total fund balance		<u>243,290</u>
Total liabilities and fund balance		<u>\$ 281,906</u>

SOUTHERN WINDSOR/WINDHAM COUNTIES
SOLID WASTE MANAGEMENT DISTRICT

EXHIBIT D

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION

JUNE 30, 2022

TOTAL FUND BALANCE - GOVERNMENTAL FUND	\$ 243,290
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets as of June 30, 2022 are \$55,680 and the accumulated depreciation is \$6,844.	<u>48,836</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	<u>\$ 292,126</u>

SOUTHERN WINDSOR/WINDHAM COUNTIES
SOLID WASTE MANAGEMENT DISTRICT

EXHIBIT E

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

GOVERNMENTAL FUND

YEAR ENDED JUNE 30, 2022

	General Fund
REVENUES	
Surcharge income	\$ 238,901
Grant income	25,414
Glass collection	6,300
HHW facility customer charge	725
Interest	116
Other income	5,534
Total revenues	276,990
EXPENDITURES	
Current	
Waste Management Programs	
Outside services - administrative	149,976
Reviewer fees	1,450
Legal and professional	8,090
Dues and subscriptions	5,485
Insurance	1,869
Miscellaneous	759
Compost bins	5,723
Program expenses	2,055
Rent - office	1,800
Website	64
Workshops and conferences	308
Glass collection	280
Household hazardous waste	57,443
Capital outlays	20,040
Total expenditures	255,342
NET CHANGE IN FUND BALANCE	21,648
FUND BALANCE - JULY 1, 2021	221,642
FUND BALANCE - JUNE 30, 2022	\$ 243,290

SOUTHERN WINDSOR/WINDHAM COUNTIES
SOLID WASTE MANAGEMENT DISTRICT

EXHIBIT F

RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

TOTAL NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUND \$ 21,648

Amounts reported for governmental activities in the statement of
activities are different because:

Capital outlays are reported in governmental funds as expenditures.
However, in the statement of activities, the cost of those assets is
allocated over their estimated useful lives as depreciation expense.
This is the amount by which depreciation expense of \$735 exceeds
capital outlays net of disposals of \$20,040 in the period.

19,305

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 40,953

SOUTHERN WINDSOR/WINDHAM COUNTIES
SOLID WASTE MANAGEMENT DISTRICT

EXHIBIT G

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCE - COMPARED TO BUDGET

GENERAL FUND

YEAR ENDED JUNE 30, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Surcharge income	\$ 220,000	\$ 238,901	\$ 18,901
Grant income	39,422	25,414	(14,008)
Glass collection	12,000	6,300	(5,700)
HHW facility customer charge	7,000	725	(6,275)
Interest	1,200	116	(1,084)
Other income	200	5,534	5,334
Total revenues	<u>279,822</u>	<u>276,990</u>	<u>(2,832)</u>
EXPENDITURES			
Current			
Waste Management Programs			
Outside services - operations & management	172,288	149,976	22,312
Reviewer fees	5,000	1,450	3,550
Legal and professional	7,500	8,090	(590)
Dues and subscriptions	6,500	5,485	1,015
Insurance	1,800	1,869	(69)
Miscellaneous	150	759	(609)
Compost bins	2,800	5,723	(2,923)
Program expenses	2,300	2,055	245
Rent - office	1,800	1,800	0
Website	500	64	436
Workshops and conferences	3,000	308	2,692
Glass collection	5,000	280	4,720
Household hazardous waste	54,300	57,443	(3,143)
Capital outlays	0	20,040	(20,040)
Total expenditures	<u>262,938</u>	<u>255,342</u>	<u>7,596</u>
NET CHANGE IN FUND BALANCE	<u>\$ 16,884</u>	21,648	<u>\$ 4,764</u>
FUND BALANCE - JULY 1, 2021		<u>221,642</u>	
FUND BALANCE - JUNE 30, 2022		<u>\$ 243,290</u>	

SOUTHERN WINDSOR/WINDHAM COUNTIES
SOLID WASTE MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

Southern Windsor/Windham Counties Solid Waste Management District was formed under Act 78 of Vermont Statutes, Solid Waste Bill in 1989. The District is a union municipal corporation whose purpose is to educate and inform the public on solid waste management, to search for alternative solid waste management methods and future landfill sites, and to manage solid waste. It receives state funds and user disposal fees.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is primarily responsible for establishing GAAP for state and local governments through its pronouncements (including Statements and Interpretations). The more significant accounting policies established by GAAP and used by the District are discussed below.

Reporting Entity

The District's basic financial statements include the accounts of all District operations. Based on the criteria for including organizations as component units within the District's reporting entity, as set forth in GASB 14 and as amended by GASB 39, Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, the District has no component units.

Basic Financial Statements – Government-Wide Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (focusing on the District's major funds). The government-wide financial statements categorize activities as either governmental or business type. All of the District's program services are classified as governmental activities.

The government-wide statements are prepared using the economic resources measurement focus and display information about the District as a whole. The government-wide Statement of Net Position presents all of the District's activities on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported as invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities for which both restricted and unrestricted resources are available.

SOUTHERN WINDSOR/WINDHAM COUNTIES
SOLID WASTE MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The government-wide Statement of Activities reports both the gross and net cost of each of the District's governmental functions. The functions are also supported by general government revenue (surcharge, investment income, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenue, consisting of operating and capital grants and contributions. Program revenue must be directly associated with the governmental function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by governmental function) are normally covered by general revenue.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

Basic Financial Statements – Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenue and expenditures. The various funds are reported by major funds within the financial statements.

The emphasis in fund financial statements is on the major funds in the governmental category. GASB No. 34 and No. 37 set forth minimum criteria for the determination of major funds. The General Fund is the only fund of the District and is a major fund.

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental fund of the District:

General Fund is the main operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

SOUTHERN WINDSOR/WINDHAM COUNTIES
SOLID WASTE MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus

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

Basis of Accounting

Basis of accounting refers to the point at which revenue or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual

The financial activity in the government-wide financial statements is presented on the accrual basis of accounting. Revenue is recognized when transactions occur and expenses are recognized when incurred.

Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenue is recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within six months after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, compensated absences, claims and judgments, and certain prepaids are recognized when due.

SOUTHERN WINDSOR/WINDHAM COUNTIES
SOLID WASTE MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Contributed assets, if any, are reported at fair value as of the date received. 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 following estimated useful lives:

Machinery and Equipment	5-10 years
Storage Sheds/HHW Facility	15 years

Fund Balance

GASB Statement 54 “*Fund Balance Reporting and Governmental Type Definitions*” provides fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of spending constraints placed on the purposes for which resources can be used:

Nonspendable – Amounts that are not in spendable form (such as inventory or prepaids) or are required to be maintained intact.

Restricted - Amounts constrained to specific purposes by their providers (such as grantors and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed – Amounts constrained to specific purposes by the government itself, using the highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

Assigned - Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Unassigned - All amounts not included in other spendable classifications.

The Board of Supervisors is the highest level of decision-making authority and establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. Assigned fund balance is established by the Board of Supervisors through adoption or amendment of the budget as intended for specific purchases.

SOUTHERN WINDSOR/WINDHAM COUNTIES
SOLID WASTE MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide Net Position

Net position represents the difference between assets and liabilities in the statement of net position. Government-wide net position is divided into three components:

Investment in capital assets – consist of the historical cost of capital assets less accumulated depreciation.

Restricted net position – Net position is reported as restricted when there are legal limitations imposed on its use by legislation or external restrictions by creditors, grantors, laws or regulations of other governments.

Unrestricted net position – all other net position is reported in this category.

Budgets

Budgets are developed using the modified accrual basis of accounting and were approved by the Board of Supervisors.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and cash. Accordingly, actual results could differ from those estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

Custodial Credit Risk – Deposits. 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. None of the District's June 30, 2022 bank balance was exposed to custodial credit risk.

NOTE 3 - RECEIVABLES

Receivables consist of \$61,619 owed by customers of the District and \$12,610 in grant funds owed by the State of Vermont. A provision for doubtful accounts has not been established because management considers all accounts to be collectible based upon a favorable history over a substantial period of time.

SOUTHERN WINDSOR/WINDHAM COUNTIES
SOLID WASTE MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 4 - CAPITAL ASSETS

A summary of changes in capital assets are as follows:

	Balance June 30, 2021	Additions	Depreciation	Balance June 30, 2021
Storage sheds	\$ 6,960	\$ 0	\$ 0	\$ 6,960
HHW facility	28,680	20,040	0	48,720
Less accumulated depreciation	(6,109)	0	(735)	(6,844)
Total capital assets, net of depreciation	\$ 29,531	\$ 20,040	\$ (735)	\$ 48,836

Depreciation of \$464 was charged to waste management programs, and depreciation of \$271 was charged to HHW.

NOTE 5 - 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 6 - CONCENTRATION OF REVENUE

The District charges disposal fees to various haulers in Windsor and Windham counties. One hauler made up 34% of the total fees charged during fiscal year 2022. However, if this hauler ceased operations, the District believes it is probable that another hauler would take their place.

NOTE 7 – OPERATING LEASE

The District leases five acres of land under a ten year lease commencing on December 31, 2021, with two options to renew for five years each. The land is the site of a household hazardous waste drop-off and storage site. The rent payments will increase annually based on the change in the Consumer Price Index, but not greater than 3%. Total expense for the year ended June 30, 2022 was \$4,250.

SOUTHERN WINDSOR/WINDHAM COUNTIES
SOLID WASTE MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 7 – OPERATING LEASE (Continued)

Minimum future payments under the lease are as follows:

Fiscal year 2023	\$	8,500
Fiscal year 2024		8,500
Fiscal year 2025		8,500
Fiscal year 2026		8,500
Fiscal year 2027		8,500
Fiscal years 2028-32		<u>38,250</u>
	\$	<u>80,750</u>

NOTE 8 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 29, 2022, the date which the financial statements were available for issue. Management is not aware of any subsequent events which require disclosure.