

RUTLAND COUNTY SOLID WASTE DISTRICT
FINANCIAL STATEMENTS
DECEMBER 31, 2021

RUTLAND COUNTY SOLID WASTE DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
Rutland County Solid Waste District
Rutland, Vermont

Opinions

We have audited the accompanying financial statements of the governmental activities and the business-type activities of the Rutland County Solid Waste District as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the 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 respective financial position of the governmental activities, the business-type activities of Rutland County Solid Waste District as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United State of America.

Basis for 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 sections of our report. We are required to be independent of Rutland County Solid Waste District, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit opinions.

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 Rutland County Solid Waste 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 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 judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, 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 circumstance, but not for the purpose of expressing an opinion on the effectiveness of Rutland County Solid Waste 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Rutland County Solid Waste 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 our audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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, which 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.

O'Brien, R. J. 2022.09.22

Lic. No. 92-0000260

Rutland, Vermont
September 22, 2022

Rutland County Solid Waste District

Financial Management Discussion & Analysis

For the Year Ending December 31, 2021

The Discussion and analysis of the financial performance of the Rutland County Solid Waste District (“the District”) provides an overall review of the District’s financial activities for the year ended December 31, 2021. The purpose of this discussion and analysis is to look at the District’s financial performance as a whole in a way that readers can understand and review the overall general operations of the District.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2021 are as follows:

- The fund balance ending December 31, 2021 was \$837,447 compared to \$293,873 at the end of the previous year.
- Net assets for all governmental activities increased from \$30,796 in 2020 to \$378,492 in 2021.
- The overall change in net assets increased from \$1,926,982 in 2020 to \$2,374,527 in 2021; an increase of \$447,545. This is due to the changes in reporting methods in meeting GASB 34 a requirement for all funds. These changes are in part the result of including the inventory of assets from the general office operations instead of only the Material Recovery Facility.

USING THIS ANNUAL FINANCIAL REPORT

This annual report consists of a series of financial statements and notes to those statements. The basic financial statements of the District include both government-wide statements and fund financial statements.

The Statement of Net Assets and Statement of Activities—also referred to as the “government-wide” financial statements—provide information about the activities of the whole District, presenting both an aggregate view of the District’s finances and a long-term view of those assets. These statements distinguish between the governmental and business-type activities of the District.

Major fund financial statements provide the next level of detail about the District’s funds. The fund financial statements report on the operating results and financial position of the District’s most significant funds in more detail than the government-wide statements. There are two fund categories that are listed –the governmental fund or “General Fund” and the proprietary fund also known as the Material Recovery Facility Fund (MRF).

For the District, the governmental fund presents the revenue and expenditures associated with all the programs offered by the District. The proprietary fund is limited to the general operations and debt service associated with the MRF. The government-wide and proprietary fund financial

statements are reported using the accrual basis of accounting. Governmental funds are reported using the modified accrual basis of accounting.

REPORTING THE DISTRICT AS A WHOLE

Statement of Net Assets and Statement of Activities

While this document contains information about the funds used by the District to provide services to our citizens, the view of the District as a whole looks at all financial transactions and gives the reader an idea on how things are. These statements include all assets and liabilities using the accrual basis of accounting, similar to the accounting used by private sector companies. This basis of accounting accounts for all the current year's revenues and expenses regardless of when the cash is received or paid.

These two statements report the District's net assets and the change in those assets. This change in net assets is important because it tells the reader whether, for the District as a whole, the financial position of the District has improved or diminished. However, in evaluating the overall position of the District, non-financial information such as changes in the condition of the District's capital assets will also need to be evaluated.

In the Statement of Net Assets and the Statement of Activities, the District is divided into two kinds of activities:

- Governmental Activities— For the Rutland County Solid Waste District, governmental activities generally are financed by grants and in whole or in part by fees charged to external parties.
- Business-Type Activities—For the Rutland County Solid Waste District, business-type activities are solely tied into the costs associated with general operations of and formerly debt service for bonds and notes from the original purchase of the Material Recovery Facility.

Changes in Net Assets

For 2021 the Statement of Activities shows that net assets of the District's governmental activities increased from \$518,540 in 2020 to \$1,018,335 in 2021.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objects. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and proprietary funds. Fund financial reports provide detailed information about the

District's major funds. In the case of the District, the governmental fund is the General Fund and the proprietary fund is the Materials Recycling Fund.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. This is used to account for all the financial resources of the District.

Because the focus of governmental funds is more than that of the government-wide financial statements, it is useful to compare the information presented for governmental fund with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Proprietary Funds: The District maintains one type of proprietary fund—the Material Recovery Facility Fund. This represents funds associated primarily with the debt associated for the purchase of Old Viccon plant in 1994 as a Material Recovery Facility. The fund accounts for activities similar to those found in a private sector where the determination of net income is necessary or useful to sound financial administration.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 11 of the audit report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$837,447.

The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Governmental Activities

Total assets of the District equal \$1,155,074 and of that \$214,802 is considered capital related. Total liabilities of the District equal \$136,739 all of which are current liabilities. Total net assets of the District are \$1,018,335.

Total revenues of the District General Fund were \$2,164,649 compared to \$1,721,849 of total expenses. With a fund transfer to the Proprietary Fund of \$442,800 the net change in fund balances was \$422,271.

The District administrative activities and programs relate to the governing body and staff in performance of their primary duties and subsidiary activities. These activities directly support other programs of the District and service its citizens.

Administration: As noted below, the surcharge of the district is the primary revenue source for the operations associated with the overall administrative work for the District. In 2021 this amounted to \$821,938 The District surcharge remains the lowest District in the State at \$19.97 per ton. The trash tonnage is increasing slightly. The expenditures of inflation not seen in 20 years, expenditures of the department are for salaries and benefits for Administrative Staff the normal expenditures for general office operations. It also, now subsidizes deficiencies in each other program.

Construction & Demolition: The District discontinued the C & D Program in October of 2013; therefore, any material coming in is sent out as trash for landfill. The District has accepted construction and demolition materials as part of its waste reduction program. As much as possible and as time and finances permit, the construction and demolition material are ground on site and sent to a landfill as ground cover. Construction and demolition also include the acceptance of clean wood that is ultimately ground and used for various markets including fuel, compost, and ground cover. This program ran a deficit of (\$43,409) over budget.

Grants: The District continues to pursue and acquire grants provided by the state and federal governments. Depending on the timing of the grant, whether or not it might be a fiscal year vs. our calendar year budget has an effect on occasions as to when reimbursements from the grants are received, therefore it is possible to receive revenue into the next calendar year budget. In 2021, the District received \$58,258 in grant monies. The grant money received was associated with the Administrative Department, District's Household Hazardous Waste Program, and Recycling Program. The grant amount is prorated by the state based on the population served by the District. The monies are used for public outreach programs and for assistance in disposal costs

Waste Disposal: During 2021, residents and businesses in our member municipalities disposed of approximately 41,158 tons of municipal solid waste, this was 32,107 in 2020, and in 2019 it was 35,036 tons. The tip fee to us is \$63.59 per ton, handling and transportation from the District Transfer Station at Gleason Road to the landfill is \$25.57 per ton. This number usually increase each year with the Federal CPI index. State taxes is \$6.00 per ton, and the host community fee is \$1.00 per ton. The sum equals \$116.13 per ton for disposal; at 2020 \$114.70; 2019 at \$113.30; 2018 at \$111.63, and 2017 at \$110.10.

The District's surcharge rate for 2020 is still \$19.97 a ton. It has only changed two times since 1999. This surcharge accounts for approximately 39.1% of the revenue received for the general fund and brought in \$821,938. This is up 0.9% from last year. This revenue also funds the operations of general administration. The District has been able to maintain the surcharge rate, but will need to re-evaluate this in the near future based on how much this subsidizes other programs or from another source.

Transfer Station Fees: The transfer station fees are made up of several components including: cost of the disposal of municipal solid waste, transfer station scale fee, permit sticker fees, sale of

metal, tire disposal fees and a host community fee. Last year the district implemented an online annual permit process and increase the cost of this annual permit 50 percent. An in-district permit went from \$10 to \$15 per year. Even with an upturn in the economy and cost increases, the District Board did make a couple of minor price adjustments where needed. In 2016 the general tipping fee was raised and remained at \$145.00/ton and the non-district residents is \$160/ton and non-permit holders rate remained at \$180/ton. In 2021 the District budgeted revenue at \$838,000 and received \$1,012,601. This produced a surplus of \$174,601. Budgeted expenses were \$839,852 and actual expenses were \$859,326. This produced an overall deficit of (\$19,474).

Household Hazardous Waste (HHW): Rutland County Solid Waste District operates an extensive Household Hazardous Waste (HHW) program for district residents. The program operates year-round HHW depot open Monday – Saturday from the Gleason Road facility and scheduled (32) thirty-two collections at (14) fourteen town transfer stations through the spring, summer, and fall. The HHW program collects and safely disposes of hazardous, flammable, toxic materials, anti-freeze, pesticides, used motor oil, asbestos, fluorescent bulbs, computers, and electronics.

Since July of 2014, the District started accepting latex paint as per the new Paint Care Recycling Program. Several local paint stores and hardware stores started accepting it as well. Residents and limited amounts from Commercial Painters can drop off latex and oil-based paints off for free. The Paint Care Program is funded by a tax on the purchase of any new paint. The District saves some labor time since we no longer have to batch the paint and not pay for the disposal.

This program is funded by in part by the District surcharge; fees charged to residents and businesses for the disposal of the materials, fees collected for servicing non-district Towns that do not offer these types of programs and with the assistance of a grant from the State of Vermont.

The Household Hazardous Waste program has been historically budgeted with a deficit and is done so in part based on how the revenue stream is set up and with the philosophy of encouraging residents and businesses properly dispose of their HHW. In 2019 this program occurred \$173,488 in expenses and received \$36,921 in charges for services, plus \$20,643 in grants. This produced a deficient line item of (\$115,924). This year there were a few changes pursuant to COVID 19. This included implementing best practices standards by requiring an online appointment process at the Gleason Road permanent depot facility. This allowed staff to cover staff deficiencies in other programs when no appointment was made. Historically, in 2018 we had a \$120,241 deficit, in 2019 we had a \$116,323 deficit. In 2020 it was a \$12,589 deficit. This is a \$115,065 change in a positive direction. This year 2021, \$31,232 in revenue was received, and \$130,208 was expensed. Totaling \$98,976 deficit. Circumstances that have changed this year included, that the Board of Supervisors voted at their July meeting to not require appointments on three of the seven days.

Recycling: The District owns a Material Recovery Facility (MRF), on Green Hills Lane in Rutland City that is leased by Casella Waste Management for their operations. The MRF accepts seventeen recyclable commodities from transfer stations, commercial haulers and large generators for processing and sale for re-use. These materials include, tin and aluminum cans, clear plastic bottles, opaque bottles, junk mail, magazines, newspapers, cardboard, boxboard, printer's waste, glass, #1 PETE, #2 HDPE, and #5 PP. Residents receive some of these materials directly at the transfer

station; some are picked up by the District or Casella at various town transfer stations. Casella Waste Management is responsible for the processing of the material and for finding a market for the sale of the various materials. Depending on the market, the revenues can be substantial. This year this program occurred \$243,436 in expenses and received \$171,870 in charges for services. This produced a deficient line item of (\$71,566).

The Recycling program also receives revenue from the District's backyard compost program – the sale of compost bins to residents to encourage this activity- and a yard waste program that the district runs out of the transfer station. The District accepts brush and leaves throughout the year and then periodically has this material ground on site to make various grades of mulch.

Other Programs: The District also offers other waste management, education, and reduction programs. Some of the examples are as follows:

- **Food Waste Program** - In 2018 The Vermont Legislature has pushed back the deadline of this program to July 1, 2020 for all haulers and residents. The state estimates that 30% of material going to the landfill is food waste alone. In the case of especially banning food waste that will affect trash tonnage levels and the revenue received by the District from the trash surcharge. Casella picks up food scraps for \$15 per cart. It is picked up weekly and is transported to either Vermont Natural Ag in Middlebury or to our compost facility in Bennington Vermont (formally operated by TAM). Both sites are fully certified and are commercial compost facilities. This program ran (\$32,595) deficit this year.
- **Merry Mulch Program** - The District is continuing with its “Merry Mulch” program in collecting and processing over 1,000 Christmas trees annually. The District accepts Christmas trees for free for a period of two to three weeks after the holidays. The material is ground for fuel for the McNeil Energy Plant in Burlington.
- **Concrete/Asphalt Recycling Program** – This program began in 1996-97 on private property adjacent to the MRF. Since this time, the transfer station has collected a huge stockpile of concrete contaminated with asphalt, rebar, and other inert materials. The cost to remove this was \$48,750.

The District is now accepting small quantities of clean concrete from residents at the Gleason Road Transfer Station and will be shipping that material off site and cleaning up this space.

General Fund - Net Results - Total revenues from the general fund was \$2,164,649 --- \$188,279 more than anticipated. Total expenses from the general fund were \$1,721,849 --- \$363,218 less than anticipated.

Business-Type Activities

The District's Business-Type Activities is limited to the essential costs associated with general operations of the Material Recovery Facility (MRF) that was purchased by the District in 1994 through bonds and state grants. In 2001 the District amended its original agreement with Casella Waste Management with Casella leasing the MRF and assuming full responsibility for its operation with the District still having ownership. Operating revenues are based on a twenty-year pre-paid lease agreement between the District and Casella and the yearly-accumulated depreciation of the Property and the Plant over 40 years and the equipment over a 5 to 10-year period.

For 2021, the revenue for the pre-paid lease agreement was \$47,243. The Operating Expenses of depreciation, amortization, insurance and misc. equated to \$86,434 for an operating loss of (\$39,191). Once the transfer from the general fund of (\$23,559) occurred a net loss of (\$15,637) resulted. By adding this amount to the depreciation on grant funded fixed assets of (\$36,619) a total decrease in net assets is obtained at (\$52,250). The net result amounts to a decrease in accumulated the net assets from \$1,408,442 to \$1,356,192.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The District's outlook for 2023 remains conservative. Revenues for recyclables have been increasing. The District remained stable. Continued review of fee increases will help ward off some of the concerns associated with program cost.
- More detail will be given to Capital Improvement Plan (CIP), this will plan and map five years of larger expenses (assets over \$10,000 with a life of five years or greater) into the future. This will reduce cost in the long run, and plan for the tools needed to operate.
- This year we worked on stormwater runoff, and several other delayed maintenance items at the transfer station. Next year we plan on continuing this effort.
- RCSWD's MRF has an existing operational SWDP (permit number 3245-9050) expires on June 22, 2023. A full NOI (including site plans, engineering feasibility analyses, stormwater system designs, and applicable stormwater impact fees) needs to be submitted to the WMD prior to the expiration of RCSWD's current permit. Cost for this project may be approximately +/- \$400,000.
- Capital Improvement at MRF – The District will be required to obtain a permit for the new 3-acre regulations from the State of Vermont. This process has been on the horizon for some time. The district has hired engineers from Sanborn Head & Associates, Inc. to mitigate and assist in navigating the new rules. The District submitted their required Notice of Intent (NOI) on December 1, The District has set funds in the Capital Improvement Plan in preparation of this multi-year project.
- Due to the labor extensiveness of issuing permits on many staff, the district will work on efficiencies on the online permit process it implemented two years ago.
- The district will continue accepting debit/credit cards to our members. This is an added convenience to other accepted methods of payments.
- RCSWD completed writing and implementing its 2020-2025 Solid Waste Implementation Plan (SWIP)

- Maintaining Federal and State Standards – The district will be reviewing all aspects of its' operations to increase standards. This will include staffing, training, risk assessments, OSHA Standards, HHW operations, etc. This may include additional cost.
- To assist the District in complying with its SWIP a new website and social media channels enhances capacity for training and outreach.

RUTLAND COUNTY SOLID WASTE DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2021

		Governmental Activities	Business-Type Activities	Total
<u>Assets</u>				
Cash - Unrestricted	Note 2	\$ 500,191	\$ 20,730	\$ 520,921
Cash - Restricted for CIP	Note 5	316,014	-	316,014
Accounts Receivable		112,856	-	112,856
Grants Receivable		8,461	-	8,461
Prepaid Expense		2,750	-	2,750
Property, Plant, and Equipment, Net of Accumulated Depreciation	Note 4	214,802	1,335,462	1,550,264
Total Assets		<u>\$ 1,155,074</u>	<u>\$ 1,356,192</u>	<u>\$ 2,511,266</u>
<u>Liabilities and Net Assets</u>				
Liabilities:				
Accounts Payable		\$ 16,610	\$ -	\$ 16,610
Accrued Employee Pension Plan		6,540	-	6,540
Accrued Expenses		23,692	-	23,692
Accrued PTO		33,914	-	33,914
Deferred Revenue	Note 6	55,983	-	55,983
Total Liabilities		<u>136,739</u>	<u>-</u>	<u>136,739</u>
Net Position:				
Invested in Capital Assets, Net of Related Debt		214,802	-	214,802
Restricted - Board Designed CIP	Note 5	316,014	723,977	1,039,991
Unrestricted		487,519	632,215	1,119,734
Total Net Position		<u>1,018,335</u>	<u>1,356,192</u>	<u>2,374,527</u>
Total Liabilities and Net Position		<u>\$ 1,155,074</u>	<u>\$ 1,356,192</u>	<u>\$ 2,511,266</u>

The Accompanying Notes are an Integral Part of the Financial Statements

RUTLAND COUNTY SOLID WASTE DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Expenses	Program Revenues		Net Revenues and Changes in Net Assets		Total
		Charges for Services	Grants	Governmental Activities	Business-Type Activities	
Functions/Programs:						
Governmental Activities:						
Administration	\$ 380,961	\$ 858,697	\$ 10,810	\$ 488,546	\$ -	\$ 488,546
Transfer Station	859,326	1,014,249	-	154,923	-	154,923
Hazardous Household Waste	130,308	31,232	47,448	(51,628)	-	(51,628)
Recycling	243,436	171,870	-	(71,566)	-	(71,566)
Construction and Demolition Debris	73,256	30,343	-	(42,913)	-	(42,913)
Food Waste	32,595	-	-	(32,595)	-	(32,595)
Depreciation	45,746	-	-	(45,746)	-	(45,746)
	<u>1,765,628</u>	<u>2,106,391</u>	<u>58,258</u>	<u>399,021</u>	<u>-</u>	<u>399,021</u>
Business-Type Activities:						
Material Recovery Facility	86,434	47,243	-	-	(39,191)	(39,191)
Total Primary Government	<u>\$ 1,852,062</u>	<u>\$ 2,153,634</u>	<u>\$ 58,258</u>	<u>399,021</u>	<u>(39,191)</u>	<u>359,830</u>
General Revenues and Expenses:						
Interest Income				-	1	1
Gain/Loss on the Disposal of an Asset				5,050	-	5,050
Funds Transferred to State for Disposal of an Asset Purchased with Grant Funds				(2,020)	-	(2,020)
Depreciation on Fixed Assets				-	(36,619)	(36,619)
Acquired by Government Grants				(23,559)	23,559	-
Transfers - Note 10						
Total General Revenues and Transfers				<u>(20,529)</u>	<u>(13,059)</u>	<u>(33,588)</u>
Change in Net Position				<u>378,492</u>	<u>(52,250)</u>	<u>326,242</u>
Net Position, January 1, 2021 (Before Prior Period Adjustment)				518,540	1,408,442	1,926,982
Prior Period Adjustment (Note 14)				<u>121,303</u>	<u>-</u>	<u>121,303</u>
Net Position, January 1, 2021, as Restated				<u>639,843</u>	<u>1,408,442</u>	<u>2,048,285</u>
Net Position, December 31, 2021				<u>\$ 1,018,335</u>	<u>\$ 1,356,192</u>	<u>\$ 2,374,527</u>

The Accompanying Notes are an Integral Part of the Financial Statements

RUTLAND COUNTY SOLID WASTE DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2021

		<u>Governmental Fund Types</u>
		<u>General Fund</u>
<u>Assets</u>		
Cash - Unrestricted	Note 2	\$ 500,191
Cash - Restricted		316,014
Accounts Receivable		112,856
Prepaid Expenses		2,750
Grants Receivable		<u>8,461</u>
Total Assets		<u>\$ 940,272</u>
<u>Liabilities and Fund Balances</u>		
Liabilities:		
Accounts Payable		\$ 16,610
Accrued Employee Pension Plan		6,540
Accrued Expenses		23,692
Deferred Revenue	Note 6	<u>55,983</u>
Total Liabilities		<u>102,825</u>
Fund Balances:		
Fund Balance - Unassigned		<u>837,447</u>
Total Liabilities and Fund Balances		<u>\$ 940,272</u>
Reconciliation of Fund Balance to Net Position of:		
Fund Balance for Governmental Funds		\$ 837,447
Capital Assets (net of accumulated depreciation) used in Governmental Activities are not financial resources and, therefore, are not reported in the funds.		214,802
Accrued Vacation is not due and payable in the current period and, therefore, it is not reported in the funds.		<u>(33,914)</u>
Net Position of Governmental Activities		<u>\$ 1,018,335</u>

The Accompanying Notes are an Integral Part of the Financial Statements

RUTLAND COUNTY SOLID WASTE DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2021

	General Fund		Variance
	Budget	Actual	Favorable (Unfavorable)
Revenues:			
Transfer Station Fees	\$ 838,000	\$ 1,012,601	\$ 174,601
Surcharge - Waste Haulers	818,770	821,938	3,168
Miscellaneous	38,100	36,759	(1,341)
Compost	83,000	62,251	(20,749)
Construction and Demolition Debris Fees	36,500	30,343	(6,157)
Sales of Recycling Materials	44,000	109,619	65,619
Hazardous Household Waste	32,000	31,232	(768)
Grants	82,000	58,258	(23,742)
Municipal Transfer Station	4,000	1,648	(2,352)
Total Revenues	1,976,370	2,164,649	188,279
Expenses:			
District Transfer Station	839,852	859,326	(19,474)
General, Administrative, and Central Office	882,234	355,014	527,220
Hazardous Household Waste	179,372	130,308	49,064
Recycling	52,743	243,436	(190,693)
Construction and Demolition Debris	29,847	73,256	(43,409)
Food Waste	5,519	15,823	(10,304)
Compost	60,000	16,772	43,228
Town Services	25,000	22,552	2,448
Enforcement	10,500	5,362	5,138
Total Expenses	2,085,067	1,721,849	363,218
Net Change in Fund Balances Before Other Financing Uses	(108,697)	442,800	551,497
Other Financing Uses:			
Gain/Loss on Disposal of an Asset	-	5,050	5,050
Transfer to State for Proceeds on the Sale of an Asset Acquired with Grant Funds	-	(2,020)	(2,020)
Fund Transfer to Proprietary Fund	-	(23,559)	(23,559)
Total Other Financing Use	-	(20,529)	(20,529)
Net Change in Fund Balances	\$ (108,697)	422,271	\$ 530,968
Fund Balance, January 1, 2021, (Before Prior Period Adjustment)		293,873	
Prior Period Adjustment (Note 14)		121,303	
Fund Balance, January 1, 2021, as Restated		415,176	
Fund Balance, December 31, 2021		\$ 837,447	

The Accompanying Notes are an Integral Part of the Financial Statements

RUTLAND COUNTY SOLID WASTE DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENSES AND CHANGES IN FUND BALANCES OF
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2021

Amounts reported for Governmental Activities in the Statement of Activities (Exhibit B) are different because:

Net Change in Fund Balance - Total Government Funds (Exhibit D)	\$ 422,271
Depreciation expense deducted on the Statement of Activities, but not from Governmental Funds.	(45,746)
Accrued long-term liabilities for vacation pay are expensed as paid in Governmental Funds, but expensed as accrued in the Statement of Activities. The increase in the expense in the Statement of Activities represents the net increase in the accrued expense.	<u>1,967</u>
Change in Net Position of Governmental Activities (Exhibit B)	<u><u>\$ 378,492</u></u>

RUTLAND COUNTY SOLID WASTE DISTRICT
STATEMENT OF NET POSITION - PROPRIETARY FUND
DECEMBER 31, 2021

		<u>Material Recovery Facility</u>
<u>Assets</u>		
Current Assets:		
Cash	Note 2	\$ 20,730
Total Current Assets		20,730
Property, Plant, and Equipment, Net of Accumulated Depreciation	Note 4	<u>1,335,462</u>
Total Assets		<u>\$ 1,356,192</u>
<u>Liabilities and Net Position</u>		
Current Liabilities:		
Accounts Payable		<u>\$ -</u>
Total Current Liabilities		<u>-</u>
Total Liabilities		<u>-</u>
Net Position:		
Invested in Capital Assets, Net of Related Debt:		
Restricted	Note 5	723,977
Unrestricted		<u>632,215</u>
Total Net Position		<u>1,356,192</u>
Total Liabilities and Net Position		<u>\$ 1,356,192</u>

The Accompanying Notes are an Integral Part of the Financial Statements

RUTLAND COUNTY SOLID WASTE DISTRICT
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Material Recovery Facility</u>
Operating Revenues:	
Lease Income - Casella	<u>\$ 47,243</u>
Operating Expenses:	
Depreciation	62,868
Other	<u>23,566</u>
Total Operating Expenses	<u>86,434</u>
Operating Loss	(39,191)
Non-Operating Income and Expense:	
Interest Income	<u>1</u>
Loss Before Operating Transfers	(39,190)
Transfers from General Fund	<u>23,559</u>
Net Loss	(15,631)
Depreciation on Fixed Assets Acquired by Grants from Government Units	<u>(36,619)</u>
Decrease in Net Position	(52,250)
Net Position, January 1, 2021	<u>1,408,442</u>
Net Position, December 31, 2021	<u><u>\$ 1,356,192</u></u>

The Accompanying Notes are an Integral Part of the Financial Statements

RUTLAND COUNTY SOLID WASTE DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Material Recovery Facility</u>
Cash Flows From Operating Activities:	
Cash Paid to Suppliers	\$ (3,400)
Cash Flows From Capital and Related Financing Activities:	
Interest Earned	1
Cash Flows From Non-Capital Financing Activities:	
Transfers from Other Funds	<u>23,559</u>
Net Decrease in Cash and Equivalents	20,160
Cash and Equivalents, January 1, 2021	<u>570</u>
Cash and Equivalents, December 31, 2021	<u><u>\$ 20,730</u></u>
 Reconciliation of Operating Loss to Net Cash Used by Operating Activities	
Operating Loss	<u>\$ (39,191)</u>
Adjustments to Reconcile Operating Loss to Net	
Cash Used by Operating Activities:	
Depreciation and Amortization	62,868
Decrease in Accounts Payable	(398)
Increase in Accounts Receivable	201
Decrease in Prepaid Lease	<u>(26,880)</u>
Total Adjustments	<u>35,791</u>
Net Cash Used by Operating Activities	<u><u>\$ (3,400)</u></u>

The Accompanying Notes are an Integral Part of the Financial Statements

RUTLAND COUNTY SOLID WASTE DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 1 Summary of Significant Accounting Policies

Reporting Entity

Rutland County Solid Waste District ("the District") operates as a union municipal district under the authority of the laws of the State of Vermont.

The District was formed April 14, 1980, to manage solid waste for its member municipalities through collection, removal, transportation, disposal, recovery, or recycling. The legal provisions of the District are described in Vermont Statutes Annotated, Chapter 121.

The District is governed by a Board of Supervisors composed of three representatives from the City of Rutland and one representative from each of the other member municipalities. Rutland County Solid Waste District, for financial reporting purposes, consists only of the funds and account groups of the District. The District's elected Board of Supervisors has no oversight responsibility for any other governmental entity. Control or dependence on the Board is determined by budget adoptions, designation of management, influence over operations, and accountability for fiscal matters. The District is not includable as a component unit within any other reporting entity.

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

Except where noted, the accounting policies of the Rutland County Solid Waste District conform to GAAP (generally accepted accounting principles), as applicable to governments. The following is a summary of the more significant policies.

Basis of Presentation

The accounts of the District are organized on the basis of funds, where each fund is a separate entity with its own self-balancing accounts consisting of assets, liabilities, fund equity, revenue, and expenditures, as appropriate. Resources are accounted for in individual funds, based upon the purpose for which they are to be spent and any restrictions there may be on resource spending.

The basic financial statements of the District include both government-wide statements and fund financial statements. The focus of the government-wide statements is to report the operating results and financial position of the District as a whole and to present a long-term view of the District's finances. The focus of the fund financial statements is a short-term view of the operating results and financial position of the most significant funds comprising the District.

Note 1 Summary of Significant Accounting Policies – (Continued)

Government-Wide Statements: The Statement of Net Position and the Statement of Activities provide information about the District. These statements include the financial activities of the overall government. Eliminations have been made to minimize double counting activities between funds. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed by grants and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities and for each segment of the District's business-type activities. Direct expenses are those specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those where each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The District reports on the following major governmental and enterprise funds:

Governmental Fund Types:

General Fund – General Fund, a governmental fund, is used to account for all financial resources of the District.

Proprietary Fund Types:

Material Recovery Facility – The Material Recovery Facility accounts for activities similar to those found in a private sector, where the determination of net income is necessary or useful for sound financial administration.

Budgets

Budgets are developed using the modified accrual or accrual basis of accounting and are approved by the Board of Supervisors. Any amendments to the budget are also approved by the Board of Supervisors.

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. As of December 31, 2021, they were not aware of any that should be disclosed.

Note 1 Summary of Significant Accounting Policies – (Continued)

Basis of Accounting

Basis of accounting refers to the point where revenue and expenditures 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.

The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flow takes place. Non-exchange transactions, where the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Grant revenue and donations are recognized in the fiscal year all eligibility requirements have been satisfied.

Governmental funds are reported using the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means the amount is collectible within the current period, or soon enough thereafter, to be used to pay liabilities of the current period. The District considers all revenues reported in governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, where they are recognized as expenditures in governmental funds when paid. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Measurement Focus

The accounting and financial reporting treatment 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 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 assets) is segregated into investment 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 assets.

Governmental fund financial statements are reported using the current financial resources measurement focus. This means only current assets and current liabilities are generally reported on their balance sheets. The fund balance is reported in classifications that comprise a hierarchy based on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The classifications of fund balance are Non-spendable, Restricted, Committed, Assigned, and Unassigned. Non-spendable and Restricted fund balances represent the restricted classifications and Committed, Assigned, and Unassigned represent the unrestricted classifications.

Note 1 Summary of Significant Accounting Policies – (Continued)

Non-spendable fund balance includes amounts that cannot be spent because they are either 1) not in a spendable form, such as inventory or prepaid items, or 2) legally or contractually required to be maintained intact. Restricted fund balance is externally (outside the District) enforceable limitations imposed by creditors, grantors, contributors, laws and regulations of other governments, or laws through constitutional provisions or enabling legislation. Committed fund balance is self-imposed limitations imposed at the highest level of decision making authority, namely the Board of Directors. The Board of Supervisors' approval is required to commit resources or to rescind the commitment.

Assigned fund balance represents limitations imposed by management. Assigned fund balance requests are submitted to the District Manager for approval/non-approval. Unassigned fund balance represents the residual net resources in excess of the other classifications. The General Fund is the only fund that can report a positive unassigned fund balance and any governmental fund can report a negative unassigned fund balance.

When both restricted and unrestricted resources are available for specific expenditures, restricted resources are considered spent before unrestricted resources. Within unrestricted resources, Committed and Assigned are considered spent (if available) before unassigned amounts.

Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of available spending resources during a specific time period.

Concentration of Risk

The District receives a significant portion of its revenues from tipping surcharges from one hauler (see Note 3). Additionally, the District receives revenues from the State of Vermont as capital improvement grants.

Credit Risk

The District grants credit to customers consisting primarily of municipalities and haulers. A substantial portion of the haulers' ability to honor their obligations may be dependent upon the waste management economy in New England. The District does not require collateral for its receivables.

Use of Estimates

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

Note 1 Summary of Significant Accounting Policies – (Continued)

Cash and Cash Equivalents

The District considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

The District considers cash restricted to the extent of any fund balances that are committed due to Board designations and cash that is legally restricted as to withdrawal or usage.

Accounts Receivable

Accounts receivable are shown net of an allowance for doubtful accounts of zero at December 31, 2021. Accounts receivable are substantially all due from municipalities and local haulers.

Capital Assets

Capital assets are reported at actual cost. Contributed assets are recorded at their estimated fair value at the time received. Major outlays for capital assets and improvements are capitalized as constructed. The cost of normal maintenance and repairs not adding to the value of the asset or materially extending the assets' lives are not capitalized.

Capital assets reported in the government-wide and proprietary fund financial statements are depreciated in order to charge the cost of these assets to expense over their estimated service lives using the straight-line method of calculating depreciation. Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets are as follows:

	<u>Estimated Life</u>	<u>Capitalization Threshold</u>
Facility	40 years	\$10,000
Equipment, Furniture and Fixtures	5 - 10 years	\$10,000

Fund Balances

Fund balances are classified based on any restrictions placed on those balances or any tentative plans management may have made for those balances. Reservations of fund balances represent amounts that cannot be appropriated or are legally restricted for a specific purpose by a grant, contract, or other binding agreement. Designations of fund balances represent tentative management plans that are subject to change. Undesignated funds are available for future appropriations.

Tipping/Surcharge Tax

The District General Fund assesses a tax to residents, businesses and municipalities based on the weight of solid waste generated.

Note 1 Summary of Significant Accounting Policies – (Continued)

Capitalization of Interest Costs

The District capitalizes interest costs incurred during construction. During 2021, no such interest costs were incurred.

Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick time. Unused vacation time must be used within the next succeeding fiscal year and is paid to the employee upon termination of their employment if they have been employed by the District for at least six months. The accrual for unused vacation time, based on current pay rates, is recorded in the government-wide financial statements. Payments for unused vacation time are recorded as expenditures in the year they are paid. No liability is recorded for earned but unused sick time because it is not a vested benefit.

Date of Management's Review

Subsequent events were evaluated through September 22, 2022, which is the date the financial statements were available to be issued.

Implementation of new Accounting Standards

During the fiscal year ended December 31, 2020, the District implemented the following:

GASB Statement No. 88 "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements."

This statement defines debt for purposes of disclosure in notes to the financial statements as a liability that arises from contractual obligations to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in the notes to the financial statements, including unused lines of credit; assets pledged as collateral for debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

Management has determined the impact of GASB Statement No. 88 is not material to the financial statements.

Note 2 Cash and Investments

There is one category of credit risk applicable to the District's bank balance:

FDIC insured or collateralized with securities held by the District or by the District's agent in the District's name.

Balances held in each category as of December 31, 2021, are as follows:

	Carrying Amount	Bank Balance
General Funds- Unrestricted	\$ 499,191	\$ 522,768
General Funds- Restricted CIP	316,014	316,014
MRF Accounts	20,730	20,730
Total Cash	<u>\$ 835,935</u>	<u>\$ 859,512</u>

The FDIC insures accounts to \$250,000 per financial institution. The District held its cash accounts in two financial institutions during the year. At December 31, 2021, the total amount uninsured was \$338,782.

Note 3 Concentration of Services - Commercial Lease

Since July 24, 2001, Casella Waste Management has not been considered a related party. At that time, the District and Casella amended the original agreement stating Casella shall assume full responsibility for the operation of the facility. The new twenty-year prepaid lease agreement states Casella will incur all operational and occupancy costs associated with the facility and the District will occupy and maintain the existing administrative space, be responsible for the debt service, and only costs associated with scales, leased equipment and property taxes, if any.

Terms specify the prepaid rent is equal to the net non-current payables due to Casella as of July 24, 2001. This amount is included in deferred revenue of the Proprietary Fund and will be recognized as rental income on a discounted basis assuming an average inflation rate of 3.5% over the term of the lease. This agreement ended in 2021. Total prepaid lease paid under this contract was \$26,880.

A new contract with Casella was approved during the fiscal year ending 2017, whereby their commercial lease was renewed for a term of ten additional years, from September 5, 2021, through September 4, 2031, and is payable monthly at \$5,091 per month.

Note 4 Property, Plant and Equipment

The following is a summary of the general fund and proprietary fund fixed assets and bond costs:

	<u>January 1, 2021</u>	<u>Net Additions/Disposals</u>	<u>December 31, 2021</u>
<u>General Fund Fixed Assets:</u>			
Equipment	\$ 1,371,230	\$ -	\$ 1,371,230
Less: Accumulated Depreciation	<u>(1,110,682)</u>	<u>(45,746)</u>	<u>(1,156,428)</u>
Net	<u>\$ 260,548</u>	<u>\$ (45,746)</u>	<u>\$ 214,802</u>
<u>Proprietary Fund Fixed Assets:</u>			
Facility	\$ 3,794,946	\$ -	\$ 3,794,946
Equipment	183,549	-	183,549
Furniture and Fixtures	<u>8,700</u>	<u>-</u>	<u>8,700</u>
	3,987,195	-	3,987,195
Less: Accumulated Depreciation	<u>(2,552,247)</u>	<u>(99,486)</u>	<u>(2,651,733)</u>
Net	<u>\$ 1,434,948</u>	<u>\$ (99,486)</u>	<u>\$ 1,335,462</u>

Depreciation expense for the year ended December 31, 2021, was \$45,746 and \$62,868 for the business-type activity fund. Depreciation on those assets acquired with restricted net assets was \$36,619.

Note 5 Restricted Funds

The Proprietary Fund balance sheet account Net Position - Restricted represents financial contributions from governmental units. The contributed capital for the year ended December 31, 2021, is as follows:

Net Position - Restricted at January 1, 2021	\$ 760,596
Less: Depreciation on Items Purchased	
Net Position - Restricted	<u>(36,619)</u>
Net Position - Restricted at December 31, 2021	<u>\$ 723,977</u>

Note 5 Restricted Funds – (Continued)

The General Fund balance sheet account Net Position – Restricted represents funds designated by the Board of Supervisors to be set aside for the Capital Improvement Plan. The contributed capital for the year ended December 31, 2021, is as follows:

Net Position - Restricted at January 1, 2021	\$ 760,596
Less: Depreciation on Items Purchased	
Net Position - Restricted	<u>(36,619)</u>
Net Position - Restricted at December 31, 2021	<u>\$ 723,977</u>
Net Position - Restricted at January 1, 2021	\$ 72,000
Less: Violation Payout	(37,000)
Funds for Capital Improvements	<u>281,014</u>
Net Position - Restricted at December 31, 2021	<u>\$ 316,014</u>

Note 6 Operating Lease – District as Lessor

The District entered into a long-term lease agreement with Casella commencing January 1, 2001, and ending December 31, 2025. The District leases premises located off Gleason Road in Rutland, Vermont, from the City of Rutland. The District then subleases this property to Casella. Under the terms of the sublease, Casella prepaid the \$250,000 rent for the entire term. This amount is included in deferred revenue of the General Fund and will be recognized as rental income on a discounted basis assuming an average inflation rate of 3.5% over the term of the lease.

Rental income for the remaining years and in the aggregate is:

2022	\$ 13,271
2023	13,743
2024	14,232
2025	14,737
	<u>\$ 55,983</u>

Note 7 Retirement Plan

The District administers the Rutland County Solid Waste District Retirement Plan, a defined contribution plan. The Plan was established January 1, 1995, by a vote of the Board of Supervisors. The Plan requires the District to contribute 5% of eligible employee compensation. Employee contributions are not permitted. During 2021, the District's retirement expense under this plan was \$28,595, which includes administration fees. Total payroll for all employees for the year was \$544,800. The payroll eligible for the retirement plan was \$518,510. Vesting is 100% after one year. The employees must work more than 1,000 hours to qualify for a contribution on their behalf.

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. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Note 9 Contingencies

The District's operations are subject to Federal and State provisions regulating the discharge of materials into the environment. Compliance with those provisions has not had, nor does the District expect such compliance to have, any material effect upon the financial condition of the District. Management believes its current practices and procedures for the control and disposition of such wastes comply with applicable federal and state requirements.

Note 10 Other Required Disclosures

The General Fund has an unassigned fund balance of \$487,519 and a committed fund balance (Board Designated CIP) of \$316,014 at December 31, 2021. The Proprietary Fund has an unrestricted funds balance of \$20,730 at December 31, 2021. The General Fund transferred \$23,559 in 2021 to the Proprietary Fund to pay for general operating expenses incurred during the year.

Note 11 Reconciliation of Expenditures Per Budget and Actual Schedule to Expenses Per Government-Wide Statement of Activities

Total Expenditures per Statement of Revenues, Expenses and Changes in Fund Balance Budget and Actual - General Fund	\$ 1,721,849
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Capital outlays are reported in governmental funds as expenses; however, in the Statement of Activities, only the cost of capital outlays not meeting the threshold for capitalization are expensed. Capitalized assets are not expensed, but rather depreciated over their estimated useful lives.	-
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Depreciation recognized in government-wide financial statements not included in the Budget and Actual Statement.	45,746
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Vacation pay expensed as paid in government-wide financial statements, but expensed as accrued in the Statement of Activities.	<u>(1,967)</u>
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Total Expenditures per Statement of Activities	<u>\$ 1,765,628</u>
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Note 12 Deferred Compensation

During 2021, five employees had income deferred to an investment account under Internal Revenue Code Section 457. The plan assets remain the property of the employer until paid into the selected fund, subject only to claims of the employer's general creditors. The District has the responsibility to use the plan assets for no other purpose.

Note 13 Contingent Liabilities

The District is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition will not have a material adverse effect on the District's financial statements.

The District has been working with the Vermont Department of Environmental Conservation, Watershed Management Division in complying with the latest regulations for a required 3-9050 permit. The District has been working with an engineering firm to submit a Designer's Restatement of Compliance (DRC) for their stormwater discharge Permit. The estimated cost to complete this project is anticipated to be in excess of \$400,000 and will need to be completed by 2024.

At December 31, 2021, the District has allocated \$177,285 of the Capital Improvement Plan towards the Stormwater project.

	<u>December 31, 2020</u>	<u>Additions</u>	<u>Payments</u>	<u>December 31, 2021</u>
MRF Stormwater Mitigation Project	<u>\$ 111,867</u>	<u>\$ 65,418</u>	<u>\$ -</u>	<u>\$ 177,285</u>
Total Current Portion of Liability				<u>\$ 177,285</u>

Note 14 Prior Period Adjustment

At December 31, 2020, the District recorded an accrued liability and captured an expense for a purchase. Due to supply issues and economy delays, the purchase was not complete until 2021. A prior period adjustment was made to increase the total net position for this amount at January 1, 2021.