

GREATER UPPER VALLEY SOLID WASTE MANAGEMENT DISTRICT

AUDIT REPORT AND FINANCIAL STATEMENTS

JUNE 30, 2020

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FOTHERGILL SEGALE & VALLEY

Certified Public Accountants



INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
Greater Upper Valley Solid Waste Management District
North Hartland, Vermont

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Greater Upper Valley Solid Waste Management District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Greater Upper Valley Solid Waste Management District as of June 30, 2020, and the respective changes in financial position, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Respectfully submitted,

Fothergill Segale & Valley, CPAs

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

January 27, 2021

GREATER UPPER VALLEY SOLID WASTE MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020

Our discussion and analysis of Greater Upper Valley Solid Waste Management District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2020. Please read it in conjunction with the District's financial statements which begin on Exhibit A.

Financial Highlights

- The District's net position increased by \$224,709 in fiscal year 2020 compared to an increase of \$102,019 in fiscal year 2019.
- The cost of all of the District's programs was \$396,587 this year, compared to \$576,302 last year, with no new programs added.
- During fiscal year 2020, the General Fund reported a decrease in fund balance of \$59,890 which was \$58,290 worse than budget. The decrease resulted from capital outlays related to the new organics facility. During fiscal year 2019, the General Fund reported a decrease in fund balance of \$8,851 which was \$8,851 worse than budget.
- The fund balance for the General Fund was \$187,636 as of June 30, 2020, of which \$2,378 is nonspendable for inventory and prepaids and \$185,258 is unassigned.

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 on Exhibit C through 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.

Reporting the District as a Whole

Our analysis of the District as a whole begins 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 them. 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.

GREATER UPPER VALLEY SOLID WASTE MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020

Over time, increases or decreases in the District's net position are 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.

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

The financial statements of the District's major governmental fund is 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.

Governmental Fund

The District's basic services are reported in a governmental fund, which focuses 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 the governmental fund in Exhibits D and F.

The District as a Whole

During the year, the District's net position increased by \$224,709, from \$1,210,999 to \$1,435,708. Our analysis below focuses on the change in the components of net position (Table 1) and changes in net position (Table 2) of the District's governmental activities.

GREATER UPPER VALLEY SOLID WASTE MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020

Table 1
Statement of Net Position

	2020	2019	Net Change
Current and other assets	\$ 216,022	\$ 319,913	\$ (103,891)
Capital assets, net	2,393,290	2,081,074	312,216
Total assets	<u>2,609,312</u>	<u>2,400,987</u>	<u>208,325</u>
Long-term liabilities	1,141,914	1,114,604	27,310
Other liabilities	31,690	75,384	(43,694)
Total liabilities	<u>1,173,604</u>	<u>1,189,988</u>	<u>(16,384)</u>
Net position:			
Invested in capital assets, net of related debt	1,251,376	966,470	284,906
Unrestricted	184,332	244,529	(60,197)
Total net position	<u>\$ 1,435,708</u>	<u>\$ 1,210,999</u>	<u>\$ 224,709</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) decreased from a balance of \$244,529 at June 30, 2019 to a balance of \$184,332 at June 30, 2020.

Table 2
Statement of Changes in Net Position

	2020	2019	Net Change
REVENUES			
Program revenues:			
Charges for services	\$ 262,645	\$ 335,990	\$ (73,345)
Federal, state & local grants	153,533	133,845	19,688
General revenues:			
Member assessments	200,915	200,915	0
Composting facility	424	3,185	(2,761)
Earnings on investments	1,638	2,892	(1,254)
Other income	2,141	1,494	647
Total revenues	<u>621,296</u>	<u>678,321</u>	<u>(57,025)</u>
PROGRAM EXPENSES			
Waste management programs	244,233	389,308	(145,075)
Coupon and permit activities	112,908	142,696	(29,788)
Interest on long-term debt	39,446	44,298	(4,852)
Total program expenses	<u>396,587</u>	<u>576,302</u>	<u>(179,715)</u>
Increase in net position	<u>\$ 224,709</u>	<u>\$ 102,019</u>	<u>\$ 122,690</u>

GREATER UPPER VALLEY SOLID WASTE MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020

Governmental Activities

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

Table 3
Governmental Activities

	Total Cost of Services <u>2020</u>	Net revenue (expense) of Services <u>2020</u>	Total Cost of Services <u>2019</u>	Net revenue (expense) of Services <u>2019</u>
Waste management programs	\$ 244,233	\$ 52,531	\$ 389,308	\$ (77,870)
Coupon and permit activities	112,908	6,506	142,696	15,701
Interest on long-term debt	39,446	(39,446)	44,298	(44,298)
Totals	<u>\$ 396,587</u>	<u>\$ 19,591</u>	<u>\$ 576,302</u>	<u>\$ (106,467)</u>

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 \$187,636, which is less than last year's balance of \$247,526, a decrease of \$59,890.

Financial Highlights

The General Fund ended the year with a fund balance of \$187,636. Revenues were less than expenditures by \$59,890, which was \$58,290 worse than budget. Exhibit G of the financial statements compares actual results to budget. The largest budget variances are as follows:

	Budget	Actual	Favorable (Unfavorable) Variance
Revenues:			
Waste management fees	\$ 158,880	\$ 140,465	\$ (18,415)
Coupon and permit sales	174,350	119,414	(54,936)
State grants - District	23,932	153,533	129,601
Expenditures:			
Administration/finance	170,000	148,322	21,678
Household hazardous waste expenditures	38,000	21,167	16,833
Coupon and permit activities	157,300	112,908	44,392
Capital outlays	0	360,926	(360,926)
Other funding sources:			
Debt proceeds	0	152,000	152,000

GREATER UPPER VALLEY SOLID WASTE MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020

Waste management fees and coupon and permit sales and expenditures were lower than budget due to reduced hours and reduced acceptance of materials caused by the COVID-19 pandemic.

Administration/finance expenditures were lower than budget due to personnel costs lower than anticipated.

The state grant revenue was higher than budget due to additional funding to construct the organics transfer station.

The cost of household hazardous waste expenditures was lower than anticipated due to cancellation of collection events resulting from the COVID-19 pandemic.

Capital outlays and debt proceeds were higher than budget due to additional funding for construction of the organics transfer station.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2020, the District had \$2,393,290 invested in capital assets. The District had one new capital asset addition of \$360,926 for the organics transfer station.

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

	2020	2019	Net Change
Equipment	\$ 8,297	\$ 13,827	(5,530)
Bridge	1,463,477	1,501,901	(38,424)
Land	450,000	450,000	0
Compost facility	76,230	80,986	(4,756)
Organics facility	395,286	34,360	360,926
Totals	<u>\$ 2,393,290</u>	<u>\$ 2,081,074</u>	<u>\$ 312,216</u>

Debt

At June 30, 2020, the District had \$1,141,914 of debt in four outstanding loans.

Table 5
Outstanding Debt at Year-End
Governmental Activities

	2020	2019	Net Change
Bond Payable	\$ 675,000	\$ 750,000	\$ (75,000)
Bond Payable	305,000	350,000	(45,000)
Note Payable	9,914	14,604	(4,690)
Note Payable	152,000	0	152,000
Totals	<u>\$ 1,141,914</u>	<u>\$ 1,114,604</u>	<u>\$ 27,310</u>

GREATER UPPER VALLEY SOLID WASTE MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020

Economic Factors and Next Year's Budget

The District is continuing the process of evaluating the effects of reduced waste generation as it pertains to future plans and the budget. Staffing and benefit programs are being analyzed in an effort to reduce the costs to providing services to member towns in the District.

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 Greater Upper Valley Solid Waste Management District, PO Box 320, Ascutney, VT 05030.

GREATER UPPER VALLEY SOLID WASTE MANAGEMENT DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2020

	<u>Governmental Activities</u>	
ASSETS		
Cash	\$ 109,742	
Accounts receivable	43,833	
Due from State of Vermont	60,069	
Inventory	660	
Prepaid expenses	1,718	
Capital assets		
Land	450,000	
Organics facility - construction in progress	395,286	
Other capital assets, net of depreciation	<u>1,548,004</u>	
Total assets		2,609,312
LIABILITIES AND AND NET POSITION		
LIABILITIES		
Accounts payable	28,386	
Accrued interest	3,304	
Bonds payable - due in one year	138,269	
Bonds payable - due after one year	<u>1,003,645</u>	
Total liabilities		<u>1,173,604</u>
NET POSITION		
Invested in capital assets, net of related debt	1,251,376	
Unrestricted	<u>184,332</u>	
Total net position		<u>\$ 1,435,708</u>

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position Governmental Activities</u>
Governmental Activities:				
Waste management programs	\$ 244,233	\$ 143,231	\$ 153,533	\$ 52,531
Coupon and permit activities	112,908	119,414	0	6,506
Interest on long-term debt	39,446	0	0	(39,446)
Total governmental activities	<u>\$ 396,587</u>	<u>\$ 262,645</u>	<u>\$ 153,533</u>	<u>19,591</u>
General Revenues:				
Member assessments				200,915
Composting facility				424
Earnings on investments				1,638
Other income				2,141
Total general revenues				<u>205,118</u>
Change in net position				224,709
Net position - July 1, 2019				<u>1,210,999</u>
Net position - June 30, 2020				<u>\$ 1,435,708</u>

GREATER UPPER VALLEY SOLID WASTE MANAGEMENT DISTRICT

BALANCE SHEET

GOVERNMENTAL FUND

JUNE 30, 2020

	<u>General Fund</u>	
ASSETS		
Cash	\$ 109,742	
Accounts receivable	43,833	
Due from State of Vermont	60,069	
Inventory	660	
Prepaid expenses	<u>1,718</u>	
Total assets		<u><u>\$ 216,022</u></u>
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable		\$ 28,386
FUND BALANCE		
Nonspendable for inventory and prepaids	2,378	
Unassigned	<u>185,258</u>	
Total fund balances		<u>187,636</u>
Total liabilities and fund balance		<u><u>\$ 216,022</u></u>

GREATER UPPER VALLEY SOLID WASTE MANAGEMENT DISTRICT

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

JUNE 30, 2020

TOTAL FUND BALANCE - GOVERNMENTAL FUND		\$ 187,636
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, 2020 are \$2,879,861 and the accumulated depreciation is \$486,571.		2,393,290
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
Bonds payable	1,141,914	
Accrued interest on long term debt	<u>3,304</u>	
Subtotal		<u>(1,145,218)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		<u><u>\$1,435,708</u></u>

GREATER UPPER VALLEY SOLID WASTE MANAGEMENT DISTRICT

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUND

YEAR ENDED JUNE 30, 2020

	General Fund
REVENUES	
Member assessments	\$ 200,915
Waste management fees	140,465
Coupon and permit sales	119,414
State grants - District	153,533
Composting facility	424
Special collections	1,646
Sale of compost and recycling bins	1,120
Interest	1,638
Other income	2,141
Total revenues	<u>621,296</u>
EXPENDITURES	
Waste Management Programs	
Overhead	6,457
Direct expenditures	11,610
Contract services	148,322
Other	29,134
Coupon and permit activities	112,908
Debt service	
Principal	124,690
Interest	39,139
Capital Outlays	360,926
Total expenditures	<u>833,186</u>
EXCESS REVENUES (EXPENDITURES)	(211,890)
OTHER FINANCING SOURCES	
Loan proceeds	<u>152,000</u>
NET CHANGE IN FUND BALANCE	(59,890)
FUND BALANCE - July 1, 2019	<u>247,526</u>
FUND BALANCE - June 30, 2020	<u>\$ 187,636</u>

GREATER UPPER VALLEY SOLID WASTE MANAGEMENT DISTRICT

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

YEAR ENDED JUNE 30, 2020

TOTAL NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUND	\$ (59,890)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation of \$48,710 exceeds capital outlays net of disposals of \$360,926.</p>	312,216
<p>Payments of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Likewise, proceeds of bonds are revenues in governmental funds. Bond payments totaled \$124,690, offset by loan proceeds of \$152,000.</p>	(27,310)
<p>Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The accrued interest on bonds payable increased by \$307.</p>	<u>(307)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 224,709</u></u>

GREATER UPPER VALLEY SOLID WASTE MANAGEMENT DISTRICT

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

COMPARED TO BUDGET - GENERAL FUND

YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Member assessments	\$ 200,915	\$ 200,915	\$ 200,915	\$ 0
Waste management fees	156,974	158,880	140,465	(18,415)
Coupon and permit sales	174,350	174,350	119,414	(54,936)
State grants - District	19,100	23,932	153,533	129,601
Composting facility	10,000	0	424	424
Household hazardous waste	9,000	9,000	0	(9,000)
Special collections	3,905	3,905	1,646	(2,259)
Sale of bins	4,880	4,000	1,120	(2,880)
Interest	2,000	1,155	1,638	483
Other income	100	100	2,141	2,041
Total revenues	<u>581,224</u>	<u>576,237</u>	<u>621,296</u>	<u>45,059</u>
EXPENDITURES				
Waste Management Programs				
Overhead				
Insurance	1,200	1,200	1,262	(62)
Real estate taxes	6,200	4,125	4,563	(438)
Maintenance/service contracts	2,000	1,668	632	1,036
Total overhead	<u>9,400</u>	<u>6,993</u>	<u>6,457</u>	<u>536</u>
Direct Expenditures				
Association memberships	3,828	2,774	3,289	(515)
Miscellaneous	1,900	1,617	516	1,101
Audit	8,000	7,725	7,600	125
Legal	4,500	3,000	205	2,795
Total direct expenditures	<u>18,228</u>	<u>15,116</u>	<u>11,610</u>	<u>3,506</u>
Contract Services				
Administration/finance	<u>165,100</u>	<u>170,000</u>	<u>148,322</u>	<u>21,678</u>

GREATER UPPER VALLEY SOLID WASTE MANAGEMENT DISTRICT

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

COMPARED TO BUDGET - GENERAL FUND

YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
EXPENDITURES (Continued)				
Other				
Household hazardous waste expenditures	41,382	38,000	21,167	16,833
Compost and recycling bins	6,500	3,000	880	2,120
Recycling program	5,200	3,000	1,457	1,543
Special collections	10,000	10,000	2,728	7,272
Education programs	5,000	1,500	0	1,500
WMO enforcement	4,000	4,000	2,902	1,098
Total other	<u>72,082</u>	<u>59,500</u>	<u>29,134</u>	<u>30,366</u>
Coupon and permit activities	<u>157,300</u>	<u>157,300</u>	<u>112,908</u>	<u>44,392</u>
Debt service				
Principal	125,000	125,000	124,690	310
Interest	43,928	43,928	39,139	4,789
Total debt service	<u>168,928</u>	<u>168,928</u>	<u>163,829</u>	<u>5,099</u>
Capital outlays	<u>0</u>	<u>0</u>	<u>360,926</u>	<u>(360,926)</u>
Total expenditures	<u>591,038</u>	<u>577,837</u>	<u>833,186</u>	<u>(255,349)</u>
EXCESS REVENUES (EXPENDITURES)	(9,814)	(1,600)	(211,890)	(210,290)
OTHER FINANCING SOURCES				
Debt proceeds	<u>0</u>	<u>0</u>	<u>152,000</u>	<u>152,000</u>
NET CHANGE IN FUND BALANCE	<u>\$ (9,814)</u>	<u>\$ (1,600)</u>	(59,890)	<u>\$ (58,290)</u>
FUND BALANCE - July 1, 2019			<u>247,526</u>	
FUND BALANCE - June 30, 2020			<u>\$ 187,636</u>	

GREATER UPPER VALLEY SOLID WASTE MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Greater Upper Valley Solid Waste Management District was formed under Act 78 of Vermont Statute, Solid Waste Bill in 1990. 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 town appropriations.

The District is exempt from federal 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 as amended by GASB 39, and 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 fund). All of the District's activities are classified as governmental activities.

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.

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 and C&D charges, recycling fees, investment income, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenue, consisting of operating 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.

GREATER UPPER VALLEY SOLID WASTE MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, revenues 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.

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 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 revenues 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.

GREATER UPPER VALLEY SOLID WASTE MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accrual

Governmental activities in the government-wide financial statements are 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" to the District 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, if any, are recognized when due.

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 & Equipment	5 - 20 years
Buildings and Bridges	20 - 50 years

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:

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

Restricted net position – consist of assets that are restricted by the District's creditors, enabling legislation, by grantors, and by other contributors.

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

The District first utilizes restricted resources to finance qualifying activities.

GREATER UPPER VALLEY SOLID WASTE MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance

GASB Statement 54 “*Fund Balance Reporting and Governmental Type Definitions*” provides more clearly defined 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 District has not established policies or procedures for committing or assigning fund balances.

When an expenditure is incurred that would qualify for payment with either restricted or unrestricted funds, it will be paid from restricted funds. When an expenditure is incurred that qualifies for payment from either of the three unrestricted fund balance categories, it will be applied first to committed, then assigned, then unassigned.

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 disclosures. Accordingly, actual results could differ from those estimates.

GREATER UPPER VALLEY SOLID WASTE MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 - DEPOSITS

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. None of the District’s June 30, 2020 bank balance was exposed to custodial credit risk.

NOTE 3 - RECEIVABLES

Receivables consist of \$43,833 owed by customers of the District and \$60,069 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.

NOTE 4 - CAPITAL ASSETS

A summary of capital assets is as follows:

	Balance			Balance
	June 30, 2019	Additions	Depreciation	June 30, 2020
Land	\$ 450,000	\$ 0	\$ 0	\$ 450,000
Bridge	1,921,181	0	0	1,921,181
Building and equipment	27,652	0	0	27,652
Compost facility	85,742	0	0	85,742
Organics facility	34,360	360,926	0	395,286
Accumulated depreciation	(437,861)	0	(48,710)	(486,571)
Total capital assets, net	<u>\$ 2,081,074</u>	<u>\$360,926</u>	<u>\$ (48,710)</u>	<u>\$ 2,393,290</u>

Depreciation expense of \$48,710 was charged to waste management expenses.

GREATER UPPER VALLEY SOLID WASTE MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 5 - LONG-TERM LIABILITIES

Long-term liabilities as of June 30, 2020, are as follows:

Bond payable with Vermont Municipal Bond Bank, ranging between 1.90% and 4.65%, due 11/15/28, interest only until 11/15/09, annual principal payments of \$75,000 beginning 11/15/09.	\$ 675,000
Bond payable with Vermont Municipal Bond Bank, ranging between .904% and 4.664%, due 11/15/31, interest only until 5/15/12, annual principal payments of \$45,000 beginning 11/15/12.	305,000
Note payable with Mascoma Bank, at 2.4% interest to be paid with quarterly principal payments of \$1,237 as well as accrued interest. Due on 12/23/21.	9,914
Note payable with Mascoma Bank, at 2.95% interest to be paid with quarterly principal and interest payments of \$14,569. Due on 1/10/26.	152,000
Total long-term liabilities	<u><u>\$ 1,141,914</u></u>

Maturities are as follows:

	Principal	Interest	Total
2021	\$ 138,269	\$ 37,538	\$ 175,807
2022	179,899	32,747	212,646
2023	176,425	26,433	202,858
2024	147,321	19,900	167,221
2025	120,000	14,301	134,301
2026-2029	380,000	16,359	396,359
	<u>\$ 1,141,914</u>	<u>\$ 147,278</u>	<u>\$ 1,289,192</u>

The change in long-term liabilities was as follows:

	Balance June 30, 2019	Payments	Additions	Balance June 30, 2020	Due in one year	Due after one year
Vermont Municipal Bond Bank	\$ 750,000	\$ (75,000)	\$ 0	\$ 675,000	\$ 75,000	\$ 600,000
Vermont Municipal Bond Bank	350,000	(45,000)	0	305,000	45,000	260,000
Mascoma Savings Bank	14,604	(4,690)	0	9,914	4,805	5,109
Mascoma Savings Bank	0	0	152,000	152,000	13,464	138,536
Total	<u>\$ 1,114,604</u>	<u>\$ (124,690)</u>	<u>\$ 152,000</u>	<u>\$ 1,141,914</u>	<u>\$ 138,269</u>	<u>\$ 1,003,645</u>

Interest paid on the bonds and notes was \$39,139 for the year ended June 30, 2020.

GREATER UPPER VALLEY SOLID WASTE MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 - 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 (3) fiscal years.

NOTE 7 - CONTINGENCIES

The District participates in a number of State grant programs which are subject to audit by the grantors or their representatives. The audits of these programs for or including the year ended June 30, 2020 have not yet been reviewed by the grantor agencies. Accordingly, compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

NOTE 8 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2020, expenditures exceeded appropriations in the General Fund by \$255,349. The excess expenditures were covered by grants, loan proceeds and other revenues.

NOTE 9 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 27, 2021, the date which the financial statements were available for issue.

Due to the ongoing COVID-19 crisis, the District has had some effects on their business during fiscal year 2021. Some sites were closed for a period of time, and some material was not accepted. As of January 27, 2021, all regular operations are open for business. The District holds Household Waste Collections in the Spring and Fall and hopes to host these events again in 2021.

The District refinanced the \$152,000 note payable with Mascoma Bank on September 10, 2020 at an annual interest rate of 2.95%. Additional funds of \$118,000 were borrowed at that time. Accrued interest on the outstanding balance is to be paid on January 10, 2021. The \$270,000 loan will be repaid with quarterly principal and interest payments of \$14,569. Loan payments will begin on April 20, 2021 with final payment scheduled to occur on January 10, 2026.