

**GREATER UPPER VALLEY SOLID WASTE MANAGEMENT DISTRICT**

**AUDIT REPORT AND FINANCIAL STATEMENTS**

**JUNE 30, 2021**

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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, 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.

### **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, 2021, 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 22, 2022

GREATER UPPER VALLEY SOLID WASTE MANAGEMENT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2021

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, 2021. 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 \$221,389 in fiscal year 2021 compared to an increase of \$224,709 in fiscal year 2020.
- The cost of all of the District's programs was \$439,343 this year, compared to \$396,587 last year, with no new programs added.
- During fiscal year 2021, the General Fund reported an increase in fund balance of \$70,316 which was \$51,397 better than budget. The increase resulted from a decrease in organics transfer station construction costs and an increase in regular operating income. During fiscal year 2020, the General Fund reported a decrease in fund balance of \$59,890 which was \$58,290 worse than budget.
- The fund balance for the General Fund was \$257,952 as of June 30, 2021, of which \$6,117 is nonspendable for inventory and prepaids and \$251,835 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, 2021

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 \$221,389, from \$1,435,708 to \$1,657,097. 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, 2021

Table 1  
Statement of Net Position

	2021	2020	Net Change
Current and other assets	\$ 296,282	\$ 216,022	\$ 80,260
Capital assets, net	2,529,177	2,393,290	135,887
Total assets	<u>2,825,459</u>	<u>2,609,312</u>	<u>216,147</u>
Long-term liabilities	1,126,365	1,141,914	(15,549)
Other liabilities	41,997	31,690	10,307
Total liabilities	<u>1,168,362</u>	<u>1,173,604</u>	<u>(5,242)</u>
Net position:			
Invested in capital assets, net of related debt	1,402,812	1,251,376	151,436
Unrestricted	254,285	184,332	69,953
Total net position	<u>\$ 1,657,097</u>	<u>\$ 1,435,708</u>	<u>\$ 221,389</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) increased from a balance of \$184,332 at June 30, 2020 to a balance of \$254,285 at June 30, 2021.

Table 2  
Statement of Changes in Net Position

	2021	2020	Net Change
REVENUES			
Program revenues:			
Charges for services	\$ 326,363	\$ 262,645	\$ 63,718
Federal, state & local grants	131,209	153,533	(22,324)
General revenues:			
Member assessments	200,915	200,915	0
Earnings on investments	403	1,638	(1,235)
Other income	1,842	2,565	(723)
Total revenues	<u>660,732</u>	<u>621,296</u>	<u>39,436</u>
PROGRAM EXPENSES			
Waste management programs	306,320	244,233	62,087
Coupon and permit activities	92,300	112,908	(20,608)
Interest on long-term debt	40,723	39,446	1,277
Total program expenses	<u>439,343</u>	<u>396,587</u>	<u>42,756</u>
Increase in net position	<u>\$ 221,389</u>	<u>\$ 224,709</u>	<u>\$ (3,320)</u>

GREATER UPPER VALLEY SOLID WASTE MANAGEMENT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2021

*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>2021</u>	Net revenue (expense) of Services <u>2021</u>	Total Cost of Services <u>2020</u>	Net revenue (expense) of Services <u>2020</u>
Waste management programs	\$ 306,320	\$ 53,532	\$ 244,233	\$ 52,531
Coupon and permit activities	92,300	5,420	112,908	6,506
Interest on long-term debt	40,723	(40,723)	39,446	(39,446)
Totals	<u>\$ 439,343</u>	<u>\$ 18,229</u>	<u>\$ 396,587</u>	<u>\$ 19,591</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 \$257,952, which is greater than last year's balance of \$187,636, an increase of \$70,316.

*Financial Highlights*

The General Fund ended the year with a fund balance of \$257,952. Revenues were greater than expenditures by \$70,316, which was \$51,379 better 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:			
Coupon and permit sales	\$ 187,200	\$ 97,720	\$ (89,480)
State grants - District	23,932	131,209	107,277
Expenditures:			
Administration/finance	175,267	141,789	33,478
Household hazardous waste expenditures	38,000	58,052	(20,052)
Coupon and permit activities	172,200	92,300	79,900
Capital outlays	0	199,466	(199,466)
Other funding sources:			
Debt proceeds	0	118,000	118,000

GREATER UPPER VALLEY SOLID WASTE MANAGEMENT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2021

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.

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

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

Household hazardous waste expenditures were higher than anticipated due to an increase in cost of services.

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, 2021, the District had \$2,529,177 invested in capital assets. The District had one new capital asset addition of \$199,466 for the organics transfer station.

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

	2021	2020	Net Change
Equipment	\$ 2,767	\$ 8,297	(5,530)
Bridge	1,425,053	1,463,477	(38,424)
Land	450,000	450,000	0
Compost facility	71,474	76,230	(4,756)
Organics facility	579,883	395,286	184,597
Totals	<u>\$ 2,529,177</u>	<u>\$ 2,393,290</u>	<u>\$ 135,887</u>

GREATER UPPER VALLEY SOLID WASTE MANAGEMENT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2021

*Debt*

At June 30, 2021, the District had \$1,126,365 of debt in four outstanding loans.

Table 5  
Outstanding Debt at Year-End  
Governmental Activities

	2021	2020	Net Change
Bond Payable	\$ 600,000	\$ 675,000	\$ (75,000)
Bond Payable	260,000	305,000	(45,000)
Note Payable	5,109	9,914	(4,805)
Note Payable	261,256	152,000	109,256
Totals	<u>\$ 1,126,365</u>	<u>\$ 1,141,914</u>	<u>\$ (15,549)</u>

**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, 2021

	<u>Governmental Activities</u>	
<b>ASSETS</b>		
Cash	\$ 228,173	
Accounts receivable	56,954	
Due from State of Vermont	5,038	
Inventory	4,450	
Prepaid expenses	1,667	
Capital assets		
Land	450,000	
Other capital assets, net of depreciation	<u>2,079,177</u>	
Total assets		2,825,459
<b>LIABILITIES AND AND NET POSITION</b>		
<b>LIABILITIES</b>		
Accounts payable	38,330	
Accrued interest	3,667	
Bonds payable - due in one year	160,623	
Bonds payable - due after one year	<u>965,742</u>	
Total liabilities		<u>1,168,362</u>
<b>NET POSITION</b>		
Invested in capital assets, net of related debt	1,402,812	
Unrestricted	<u>254,285</u>	
Total net position		<u>\$ 1,657,097</u>

## STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position Governmental Activities</u>
Governmental Activities:					
Waste management programs	\$ 306,320	\$ 228,643	\$ 33,273	\$ 97,936	\$ 53,532
Coupon and permit activities	92,300	97,720	0	0	5,420
Interest on long-term debt	40,723	0	0	0	(40,723)
Total governmental activities	<u>\$ 439,343</u>	<u>\$ 326,363</u>	<u>\$ 33,273</u>	<u>\$ 97,936</u>	<u>18,229</u>
General Revenues:					
Member assessments					200,915
Earnings on investments					403
Other income					1,842
Total general revenues					<u>203,160</u>
Change in net position					221,389
Net position - July 1, 2020					<u>1,435,708</u>
Net position - June 30, 2021					<u>\$ 1,657,097</u>

## GREATER UPPER VALLEY SOLID WASTE MANAGEMENT DISTRICT

## BALANCE SHEET

## GOVERNMENTAL FUND

JUNE 30, 2021

	<u>General Fund</u>	
<b>ASSETS</b>		
Cash	\$ 228,173	
Accounts receivable	56,954	
Due from State of Vermont	5,038	
Inventory	4,450	
Prepaid expenses	<u>1,667</u>	
Total assets		<u>\$ 296,282</u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>LIABILITIES</b>		
Accounts payable		\$ 38,330
<b>FUND BALANCE</b>		
Nonspendable for inventory and prepaids	6,117	
Unassigned	<u>251,835</u>	
Total fund balances		<u>257,952</u>
Total liabilities and fund balance		<u>\$ 296,282</u>

## GREATER UPPER VALLEY SOLID WASTE MANAGEMENT DISTRICT

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

JUNE 30, 2021

TOTAL FUND BALANCE - GOVERNMENTAL FUND	\$ 257,952
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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, 2021 are \$3,079,327 and the accumulated depreciation is \$550,150.	2,529,177
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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 and notes payable	1,126,365	
Accrued interest on long term debt	3,667	
Subtotal	(1,130,032)	(1,130,032)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	\$1,657,097
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## GREATER UPPER VALLEY SOLID WASTE MANAGEMENT DISTRICT

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

YEAR ENDED JUNE 30, 2021

	General Fund
<b>REVENUES</b>	
Member assessments	\$ 200,915
Waste management fees	158,205
Coupon and permit sales	97,720
State grants - District	131,209
Transfer station lease	28,600
Composting facility	1,676
Household hazardous waste	20,994
Special collections	1,025
Sale of compost and recycling bins	18,143
Interest	403
Other income	1,842
Total revenues	<u>660,732</u>
<b>EXPENDITURES</b>	
Waste Management Programs	
Overhead	5,806
Direct expenditures	14,177
Contract services	141,789
Other	80,969
Coupon and permit activities	92,300
Debt service	
Principal	133,549
Interest	40,360
Capital Outlays	199,466
Total expenditures	<u>708,416</u>
<b>EXCESS REVENUES (EXPENDITURES)</b>	<b>(47,684)</b>
<b>OTHER FINANCING SOURCES</b>	
Loan proceeds	<u>118,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	<b>70,316</b>
<b>FUND BALANCE - July 1, 2020</b>	<u>187,636</u>
<b>FUND BALANCE - June 30, 2021</b>	<u><u>\$ 257,952</u></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, 2021

TOTAL NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUND	\$ 70,316
<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 \$63,579 exceeds capital outlays net of disposals of \$199,466.</p>	135,887
<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 \$133,549, offset by loan proceeds of \$118,000.</p>	15,549
<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 \$363.</p>	<u>(363)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 221,389</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, 2021

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Member assessments	\$ 200,915	\$ 200,915	\$ 0
Waste management fees	154,280	158,205	3,925
Coupon and permit sales	187,200	97,720	(89,480)
State grants - District	23,932	131,209	107,277
Organics transfer station lease	29,000	28,600	(400)
Organics transfer station - other	8,000	1,676	(6,324)
Household hazardous waste	7,500	20,994	13,494
Special collections	4,000	1,025	(2,975)
Sale of bins	2,500	18,143	15,643
Interest	1,000	403	(597)
Other income	500	1,842	1,342
Total revenues	<u>618,827</u>	<u>660,732</u>	<u>41,905</u>
<b>EXPENDITURES</b>			
Waste Management Programs			
Overhead			
Insurance	3,200	126	3,074
Real estate taxes	4,200	4,982	(782)
Maintenance/service contracts	1,182	698	484
Total overhead	<u>8,582</u>	<u>5,806</u>	<u>2,776</u>
Direct Expenditures			
Association memberships	2,921	3,783	(862)
Miscellaneous	1,200	516	684
Audit	7,800	7,700	100
Legal	500	2,178	(1,678)
Total direct expenditures	<u>12,421</u>	<u>14,177</u>	<u>(1,756)</u>
Contract Services			
Administration/finance	<u>175,267</u>	<u>141,789</u>	<u>33,478</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, 2021

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES (Continued)			
Other			
Household hazardous waste expenditures	38,000	58,052	(20,052)
Compost and recycling bins	2,000	14,285	(12,285)
Recycling program	1,000	2,734	(1,734)
Special collections	6,295	1,739	4,556
Education programs	2,500	50	2,450
WMO enforcement	4,000	4,109	(109)
Total other	<u>53,795</u>	<u>80,969</u>	<u>(27,174)</u>
Coupon and permit activities	<u>172,200</u>	<u>92,300</u>	<u>79,900</u>
Debt service			
Principal	132,704	133,549	(845)
Interest	44,921	40,360	4,561
Total debt service	<u>177,625</u>	<u>173,909</u>	<u>3,716</u>
Capital outlays	<u>0</u>	<u>199,466</u>	<u>(199,466)</u>
Total expenditures	<u>599,890</u>	<u>708,416</u>	<u>(108,526)</u>
EXCESS REVENUES (EXPENDITURES)	18,937	(47,684)	(66,621)
OTHER FINANCING SOURCES			
Debt proceeds	<u>0</u>	<u>118,000</u>	<u>118,000</u>
NET CHANGE IN FUND BALANCE	<u>\$ 18,937</u>	70,316	<u>\$ 51,379</u>
FUND BALANCE - July 1, 2020		<u>187,636</u>	
FUND BALANCE - June 30, 2021		<u>\$ 257,952</u>	

GREATER UPPER VALLEY SOLID WASTE MANAGEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

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, 2021

**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, 2021

**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, 2021

**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, 2021

**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, 2021 bank balance was exposed to custodial credit risk.

**NOTE 3 - RECEIVABLES**

Receivables consist of \$56,954 owed by customers of the District and \$5,038 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, 2020	Additions	Depreciation	June 30, 2021
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	395,286	199,466	0	594,752
Accumulated depreciation	(486,571)	0	(63,579)	(550,150)
Total capital assets, net	<u>\$ 2,393,290</u>	<u>\$ 199,466</u>	<u>\$ (63,579)</u>	<u>\$ 2,529,177</u>

Depreciation expense of \$63,579 was charged to waste management expenses.

GREATER UPPER VALLEY SOLID WASTE MANAGEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**NOTE 5 - LONG-TERM LIABILITIES**

Long-term liabilities as of June 30, 2021, 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.	\$ 600,000
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.	260,000
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.	5,109
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.	261,256
Total long-term liabilities	\$ 1,126,365

Maturities are as follows:

	Principal	Interest	Total
2022	\$ 160,623	\$ 36,578	\$ 197,201
2023	156,573	30,839	187,412
2024	157,664	24,866	182,530
2025	158,788	18,345	177,133
2026	159,945	12,370	172,315
2027-2029	332,772	9,032	341,804
	\$ 1,126,365	\$ 132,030	\$ 1,258,395

The change in long-term liabilities was as follows:

	Balance June 30, 2020	Payments	Additions	Balance June 30, 2021	Due in one year	Due after one year
Vermont Municipal Bond Bank	\$ 675,000	\$ (75,000)	\$ 0	\$ 600,000	\$ 75,000	\$ 525,000
Vermont Municipal Bond Bank	305,000	(45,000)	0	260,000	45,000	215,000
Mascoma Savings Bank	9,914	(4,805)	0	5,109	5,109	0
Mascoma Savings Bank	152,000	(8,744)	118,000	261,256	35,514	225,742
Total	\$ 1,141,914	\$ (133,549)	\$ 118,000	\$ 1,126,365	\$ 160,623	\$ 965,742

Interest paid on the bonds and notes was \$40,360 for the year ended June 30, 2021.

GREATER UPPER VALLEY SOLID WASTE MANAGEMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**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, 2021 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 – TRANSFER STATION LEASE REVENUE**

The District entered into a five year lease agreement with Grow Compost Vermont for the use of the Transfer Station site. The Base Rent shall be \$2,500 per month, which includes transfer fees for the first 500 tons of material handled each month. Tenant shall pay Owner a Supplemental Transfer Fee of \$2.00 per ton on all material handled over 500 tons each month. Notwithstanding In no event shall monthly rent be less than \$2,900 during the period. Lease revenue for 2021 was \$28,600.

**NOTE 9 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

For the year ended June 30, 2021, expenditures exceeded appropriations in the General Fund by \$108,526. The excess expenditures were covered by grants, loan proceeds and other revenues.

**NOTE 10 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through January 22, 2022, the date which the financial statements were available for issue. Management is not aware of any subsequent events which require disclosure.