

#3.5

To: Board of Commissioners
From: Nola Ricci, Director of Finance
Date: April 18, 2023
RE: Fiscal Year 2023 July-December Financials (Q2)

In Fiscal Year 2023, Managers are working to divide their budgets month-to-month rather than spread expenses across the total annual budget to better reflect actual or anticipated spends. This is helping Management continue to improve our processes and provide a more realistic budget to actual performance each quarter. As we analyze and compare budget to actual throughout the fiscal year, we will consider modifying the quarterly view of the budget to become more aligned with monthly expectations. There will always be some discrepancy in variance reporting, as not all activities occur within the expected month and not all invoices (payables) are received in a timely fashion. CSWD's practice is to pay invoices within 15 days of receipt upon confirmation of the budget manager. Our policy states that we pay net30.

SOURCE OF REVENUE REVIEW

Revenue for Chittenden Solid Waste District is derived from three primary and several ancillary sources. The largest source of income is Tipping Fees, named for when haulers literally tip their material out of their trucks at the Material Recovery Facility or the Organics Diversion Facility. Tip fees also encompass fees paid by customers for the material collected and managed at the Drop Off Centers. We have begun to segregate revenue associated with Special Waste (tires, construction, scrap metal, textiles) and internally report it as a subset of DOC tipping fees to better highlight tip fees from "everyday" materials like bagged trash, recycling, and food scraps. This will aid us in our analysis of DOC fees to ensure that we are covering the operating and capital costs of the program through the fees generated.

Another significant source of income is from the Solid Waste Management Fee. As established by the Solid Waste Management Ordinance the Chittenden Solid Waste District imposes a fee of \$27/ton on trash generated in Chittenden County and disposed at the landfill in Coventry. This revenue supports District administrative functions as well as supporting, and at times subsidizing, the costs of regulating, licensing and enforcing the permissible management of solid waste within the district.

A third primary source of income is through the Sale of Material which includes MRF sorted recycled material, compost and compost products, and recycled paint as associated with our

inventory. Other materials sold include scrap metal, batteries, bins and containers and other miscellaneous material.

Additional ancillary revenue sources are generated through the contracted management of biosolids, license fees, hazardous waste collection, rent, product stewardship reimbursements, grants and interest as generated through cash management.

Q2 HIGHLIGHTS

Revenue

Based on the actual net income from the first and second quarter of fiscal year 2023, CSWD is meeting budgetary goals. Income is currently keeping pace with expectations. Recycled material sales are budgeted monthly at the expected average commodity revenue (ACR). By the end of the second quarter, sales were exceeding the budget at 100.59%. Throughout the year, the ACR fluctuates with market demand and routinely begins to decrease by the second quarter, before picking up again mid-way into Q3.

Expenses

Expenses are costs associated with the operation, communication, and administration of CSWD.

Cost of Goods Sold are commodities directly related to the sale of material from recycled material, compost, paint and bins & containers (an example is the sand we purchase to add to our compost to produce topsoil). Often these materials are purchased in advance of sales and held at their corresponding facility. At the end of each fiscal year these sellable items are counted and included in the inventory totals as listed on the balance sheet. At the end of fiscal year 2022, CSWD had just over \$400k in material held for sale. As seasonal production winds down and inventory continues to be available, CSWD typically sees a reduction in the purchases of cost of good sold as inventory already available for sale is used in place of new purchases. Quarters 1 and 2 did see a reduction of cost of goods purchased, and the expenses associated with these sellable materials was around 82% of the expected budget.

Payroll Expenses include both wages and benefits paid to staff. At the end of Q2 payroll expenses were as expected. Travel & Training, Administrative Costs, Professional Fees, Supplies, and Promotion & Education are all under the expected value by approximately 50%. Promotion & Education is expected to increase in the last fiscal quarter. Community Support is

significantly under budget, but this typically sees seasonal increases in the fourth quarter of the fiscal year.

Balance Sheet

The Balance Sheet includes CSWD Assets, Liabilities and Equity.

Cash & Cash Equivalents include monies in checking and money market accounts. These are currently in excess of our daily operational needs and may be available for short-term investments. Finance staff is conducting a cash needs analysis to provide the Investment Committee with additional information regarding short-term investments. CSWD staff encourages Commissioners interested in this topic attend Investment Committee meetings.

Accounts Receivable are monies outstanding on account by customers and expected to be received within 60 days. Thanks to the efforts of our Accounts Receivable Specialist, delinquent accounts are not ordinary, and most customers pay within 30 days. Other current assets include prepaid expenses (costs paid in advance), inventory (as discussed above), and the security deposit. The Paint Depot has completed their transition back into the Environmental Depot building and we have received the return of the security deposit.

Fixed Assets include both assets in use and those in progress (or under construction).

Current Liabilities are costs to be paid within one year, most include those associated with bills, payroll taxes, benefits due, and sales tax. Post Closure Payable-Current, the amount expected to be due to the Closed Landfill within the year, will be adjusted upon discussion with the auditors. Unearned Revenue is primarily the amount received for the MOU with the City of Burlington. As some of the funds were issued as income in previous years (approximately \$34,000), we expect this to be adjusted upon discussion with the auditors.

Long Term Liabilities include any liability whose due date exceeds one year, including the Post Closure noncurrent Payable and Compensated Absences Payable (CAP). The CAP is a calculation of paid time off that is available for use now or in future fiscal years.

Equity includes the balances of our Reserve accounts and our Investment in Capital Assets. As presented to the Board in previous meetings, the Landfill Post Closure Reserve and Biosolids



ADMINISTRATIVE OFFICE

1021 Redmond Road

Williston, VT 05495

EMAIL info@cswd.net

TEL (802) 872-8100

www.cswd.net

Reserve have been redesignated as Restricted Funds. With the exception of the Undesignated Fund, all other reserves are designated and not restricted.

CSWD continues to practice within the approved budget and maintains a positive going concern by preserving the resources needed to continue operating. Cash & Cash Equivalents remain in excess of current liabilities. Reserve accounts are designated appropriately to secure future financing needs.

Chittenden Solid Waste District

Budget vs. Actual

FY23 Q1

	Amount	Budget Amount	Amount Over Budget	% of Budget
Income				
Tipping Fees	\$3,063,798.65	\$3,156,540.25	(\$92,741.60)	97.06%
Special Materials	\$43,760.99	\$29,250.00	\$14,510.99	149.61%
Hazardous Waste	\$49,416.57	\$34,000.02	\$15,416.55	145.34%
Biosolids	\$665,087.93	\$639,718.50	\$25,369.43	103.97%
Solid Waste Management	\$1,816,306.96	\$1,690,875.00	\$125,431.96	107.42%
Sale of Materials	\$1,067,219.17	\$1,151,633.17	(\$84,414.00)	92.67%
License Fees, Fines & Penalties	\$14,852.80	\$14,910.00	(\$57.20)	99.62%
Rents	\$36,000.00	\$35,700.00	\$300.00	100.84%
Product Stewardship & Reimbursements	\$82,205.67	\$95,349.98	(\$13,144.31)	86.21%
Interest & Dividends	\$45,805.24	\$1,000.02	\$44,805.22	4,580.43%
Equipment Sale/Trade In	\$4,765.98	\$0.00	\$4,765.98	0.00%
Other Income	\$46.17	\$0.00	\$46.17	0.00%
Total - Income	\$6,889,266.13	\$6,848,976.94	\$40,289.19	100.59%
Cost of Goods Sold				
Organics Cost of Goods Sold	\$70,622.80	\$78,224.44	(\$7,601.64)	90.28%
Bins & Containers	\$0.00	\$9,733.50	(\$9,733.50)	0.00%
Paint	\$12,695.00	\$14,000.00	(\$1,305.00)	90.68%
Total - Cost Of Goods Sold	\$83,317.80	\$101,957.94	(\$18,640.14)	81.72%
Gross Profit	\$6,805,948.33	\$6,747,019.00	\$58,929.33	100.87%
Expense				
Salaries & Wages	\$1,590,466.78	\$1,676,151.91	(\$85,685.13)	94.89%
Benefits	\$574,685.11	\$664,084.81	(\$89,399.70)	86.54%
Total Payroll Expenses	\$2,165,151.89	\$2,340,236.72	(\$175,084.83)	92.52%
Travel & Training	\$22,675.48	\$56,337.57	(\$33,662.09)	40.25%
Administrative Costs	\$15,410.86	\$62,990.23	(\$47,579.37)	24.47%
Professional Fees	\$58,501.14	\$216,410.81	(\$157,909.67)	27.03%
Equipment & Fleet	\$315,193.67	\$399,857.55	(\$84,663.88)	78.83%
Supplies	\$27,890.85	\$69,361.52	(\$41,470.67)	40.21%
Materials Management	\$2,170,785.39	\$3,088,947.39	(\$918,162.00)	70.28%
Property Management	\$261,015.02	\$252,766.75	\$8,248.27	103.26%
Promotion & Education	\$12,831.19	\$129,900.98	(\$117,069.79)	9.88%
Community Support	\$6,088.38	\$49,424.98	(\$43,336.60)	12.32%
Maintenance Allocations to Departments	\$256,205.70	\$337,379.41	(\$81,173.71)	75.94%
Total - Expense	\$5,311,749.57	\$7,003,613.91	(\$1,691,864.34)	75.84%
Net Ordinary Income	\$1,494,198.76	(\$256,594.91)	\$1,750,793.67	-582.32%
Other Income and Expenses				
Maintenance Expense Distributed	\$256,205.70	\$0.00	\$256,205.70	0.00%
Community Clean Up Reserve Transfer	(\$5,585.13)	\$0.00	(\$5,585.13)	0.00%
Net Other Income	\$261,790.83	\$0.00	\$261,790.83	0.00%
Net Income	\$1,755,989.59	(\$256,594.91)	\$2,012,584.50	-684.34%

Chittenden Solid Waste District

Balance Sheet

FY23 Q2

	As of Dec 2022	As of Jun 2022	Variance	% Variance
ASSETS				
Current Assets				
Cash & Cash Equivalent	\$15,290,588.57	\$15,371,019.64	(\$80,431.07)	-0.52%
Accounts Receivable	\$1,468,424.80	\$1,962,949.71	(\$494,524.91)	-25.19%
Other Current Asset				
Undeposited Funds	\$9.38	\$0.00	\$9.38	0.00%
Prepaid Expenses	\$62,788.53	\$76,325.08	(\$13,536.55)	-17.74%
Inventory	\$404,233.63	\$404,233.63	\$0.00	0.00%
Security Deposit	\$0.00	\$2,000.00	(\$2,000.00)	-100.00%
Total Other Current Asset	\$467,031.54	\$482,558.71	(\$15,527.17)	-3.22%
Total Current Assets	\$17,226,044.91	\$17,816,528.06	(\$590,483.15)	-3.31%
Fixed Assets				
Capital Assets	\$26,472,767.63	\$26,472,767.63	\$0.00	0.00%
Accumulated Depreciation	(\$13,109,820.09)	(\$13,109,820.09)	\$0.00	0.00%
Total Capital Assets	\$13,362,947.54	\$13,362,947.54	\$0.00	0.00%
Capital Assets in Progress	\$2,358,285.05	\$313,939.62	\$2,044,345.43	651.19%
Total Fixed Assets	\$15,721,232.59	\$13,676,887.16	\$2,044,345.43	14.95%
Total ASSETS	\$32,947,277.50	\$31,493,415.22	\$1,453,862.28	4.62%
Liabilities & Equity				
Current Liabilities				
Accounts Payable	\$332,441.13	\$532,327.60	(\$199,886.47)	-37.55%
Credit Card	\$11,842.69	\$4,203.88	\$7,638.81	181.71%
Paint Care Fees	\$80.34	\$0.00	\$80.34	0.00%
Accrued Taxes	\$41.99	\$4,507.77	(\$4,465.78)	-99.07%
Accrued Benefits	\$689.28	\$13,121.95	(\$12,432.67)	-94.75%
Accrued Expenses	\$18,382.43	\$108,224.11	(\$89,841.68)	-83.01%
Post Closure Payable - current	\$209,150.58	\$209,150.58	\$0.00	0.00%
Unearned Revenue	\$68,453.84	\$64,726.84	\$3,727.00	5.76%
Total Current Liabilities	\$641,082.28	\$936,262.73	(\$295,180.45)	-31.53%
Long Term Liabilities				
Post Closure Payable - noncurrent	\$244,384.37	\$244,384.37	\$0.00	0.00%
Compensated Absences Payable	\$319,099.14	\$319,099.14	\$0.00	0.00%
Total Long Term Liabilities	\$563,483.51	\$563,483.51	\$0.00	0.00%
Equity				
Investment in Capital Assets	\$13,362,947.54	\$13,362,947.54	\$0.00	0.00%
Facilities Closure Reserve	\$1,464,178.31	\$1,464,178.31	\$0.00	0.00%
Solid Waste Management Reserve	\$1,000,000.00	\$1,000,000.00	\$0.00	0.00%
Operating Reserve	\$1,750,000.00	\$1,750,000.00	\$0.00	0.00%
Designated for Capital	\$10,490,751.09	\$10,490,751.09	\$0.00	0.00%
Restricted Reserves				
Landfill Post Closure Reserve	\$541,943.36	\$541,943.36	\$0.00	0.00%
Biosolids Reserve	\$288,848.68	\$288,848.68	\$0.00	0.00%
Total Restricted Reserves	\$830,792.04	\$830,792.04	\$0.00	0.00%
Community Cleanup Reserve	\$89,414.87	\$95,000.00	(\$5,585.13)	-5.88%
Undesignated	\$1,000,000.00	\$1,000,000.00	\$0.00	0.00%
Prior Year Adjustment	(\$1,361.73)	\$0.00	(\$1,361.73)	0.00%
Net Income	\$1,755,989.59	\$0.00	\$1,755,989.59	0.00%
Total Equity	\$31,742,711.71	\$29,993,668.98	\$1,749,042.73	5.83%
Total Liabilities & Equity	\$32,947,277.50	\$31,493,415.22	\$1,453,862.28	4.62%