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To: Board of Commissioners
From: Nola Ricci, Director of Finance
Date: June 8, 2023
RE: Fiscal Year 2023 July-March Financials (Q3)

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.

Q3 HIGHLIGHTS

Revenue

Based on the actual net income from the first, second and third quarter of fiscal year 2023, CSWD is meeting budgetary goals. Income is currently with higher than expectations. Recycled material sales are budgeted monthly at the expected average commodity revenue (ACR). By the end of the second quarter, sales were just below budget at 93.10%. 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. Organics has begun purchasing goods for production and expected to continue through Q4 as supply demands.

Payroll Expenses include both wages and benefits paid to staff. At the end of Q3 payroll expenses were as expected. Travel & Training, Administrative Costs, and Professional Fees are all under the expected value by approximately 50%. Travel & Training and expected to increase in Q4. Equipment & Fleet and Supplies are below expectation and will be evaluated in Q4 to ensure CSWD property is properly maintained and equipped. Materials Management and



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Property Management are approximately at expected values and will remain through Q4. 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.



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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 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

Balance Sheet

Q3 2023 compared to Q4 2022

| | As of Mar 2023 | As of Jun 2022 | Variance | % Variance |
|---|------------------------|------------------------|-------------------------|----------------|
| ASSETS | | | | |
| Current Assets | | | | |
| CASH & CASH EQUIVALENT | | | | |
| Checking | \$6,086,370.57 | \$10,966,041.16 | (\$4,879,670.59) | -44.50% |
| Cash on Hand | \$2,500.00 | \$2,550.00 | (\$50.00) | -1.96% |
| Savings & Money Market | \$4,376,722.35 | \$4,347,836.52 | \$28,885.83 | 0.66% |
| Investment | \$4,262,081.56 | \$54,591.96 | \$4,207,489.60 | 7,707.16% |
| Total CASH & CASH EQUIVALENT | \$14,727,674.48 | \$15,371,019.64 | (\$643,345.16) | -4.19% |
| Accounts Receivable | \$1,389,276.29 | \$1,962,949.71 | (\$573,673.42) | -29.23% |
| Other Current Asset | | | | |
| Prepaid Assets | \$62,064.59 | \$76,325.08 | (\$14,260.49) | -18.68% |
| 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 | \$466,298.22 | \$482,558.71 | (\$16,260.49) | -3.37% |
| Total Current Assets | \$16,583,248.99 | \$17,816,528.06 | (\$1,233,279.07) | -6.92% |
| Fixed Assets | | | | |
| Capital Assets | \$26,505,517.63 | \$26,505,517.63 | \$0.00 | 0.00% |
| Accumulated Depreciation | (\$13,111,455.32) | (\$13,111,455.32) | \$0.00 | 0.00% |
| Total CAPITAL ASSETS | \$13,394,062.31 | \$13,394,062.31 | \$0.00 | 0.00% |
| Capital Assets in Progress | \$2,834,343.94 | \$313,939.62 | \$2,520,404.32 | 802.83% |
| Total Fixed Assets | \$16,228,406.25 | \$13,708,001.93 | \$2,520,404.32 | 18.39% |
| Total ASSETS | \$32,811,655.24 | \$31,524,529.99 | \$1,287,125.25 | 4.08% |
| Liabilities & Equity | | | | |
| Current Liabilities | | | | |
| Accounts Payable | \$918,788.26 | \$532,327.60 | \$386,460.66 | 72.60% |
| Credit Card | \$7,177.08 | \$4,203.88 | \$2,973.20 | 70.73% |
| Other Current Liability | | | | |
| Paint Care Fees | \$69.34 | \$0.00 | \$69.34 | 0.00% |
| Accrued Taxes | \$34.83 | \$4,507.77 | (\$4,472.94) | -99.23% |
| Accrued Benefits | \$416.55 | \$13,121.95 | (\$12,705.40) | -96.83% |
| Accrued Expenses | \$23,530.53 | \$108,224.11 | (\$84,693.58) | -78.26% |
| Current Long Term Liability | \$138,300.58 | \$138,300.58 | \$0.00 | 0.00% |
| UNEARNED REVENUE | \$101,787.84 | \$98,060.84 | \$3,727.00 | 3.80% |
| Total Other Current Liability | \$264,139.67 | \$362,215.25 | (\$98,075.58) | -27.08% |
| Total Current Liabilities | \$1,190,105.01 | \$898,746.73 | \$291,358.28 | 32.42% |
| Long Term Liabilities | | | | |
| Post Closure Payable - noncurrent | \$378,379.37 | \$378,379.37 | \$0.00 | 0.00% |
| Total LONG TERM LIABILITY | \$378,379.37 | \$378,379.37 | \$0.00 | 0.00% |
| 23611 - Compensated Absences Payable | \$319,099.14 | \$319,099.14 | \$0.00 | 0.00% |
| Total Long Term Liabilities | \$697,478.51 | \$697,478.51 | \$0.00 | 0.00% |
| Equity | | | | |
| Investment in Capital Assets | \$13,394,062.31 | \$13,394,062.31 | \$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% |
| Landfill Post Closure Reserve | \$556,943.36 | \$541,943.36 | \$15,000.00 | 2.77% |
| Biosolids Reserve | \$288,848.68 | \$288,848.68 | \$0.00 | 0.00% |
| Community Cleanup Reserve | \$83,664.87 | \$95,000.00 | (\$11,335.13) | -11.93% |
| Undesignated | \$921,855.00 | \$936,855.00 | (\$15,000.00) | -1.60% |
| Prior Year Adjustment | (\$39,754.36) | (\$33,334.00) | (\$6,420.36) | 19.26% |
| Net Income | \$1,013,522.46 | \$0.00 | \$1,013,522.46 | 0.00% |
| Total Equity | \$30,924,071.72 | \$29,928,304.75 | \$995,766.97 | 3.33% |
| Total Liabilities & Equity | \$32,811,655.24 | \$31,524,529.99 | \$1,287,125.25 | 4.08% |

**Chittenden Solid Waste District
Budget vs. Actual
From Jul 2022 to Mar 2023**

| | Actual Amount | Budget Amount | Amount Over Budget | % of Budget |
|---------------------------------------|-----------------------|------------------------|-------------------------|-----------------|
| Income | | | | |
| Tipping Fees | \$4,363,701.39 | \$4,733,232.44 | (\$369,531.05) | 92.19% |
| Special Materials | \$52,229.84 | \$44,250.00 | \$7,979.84 | 118.03% |
| Hazardous Waste | \$67,579.50 | \$51,000.03 | \$16,579.47 | 132.51% |
| Biosolids | \$985,807.38 | \$959,577.75 | \$26,229.63 | 102.73% |
| Solid Waste Management | \$2,538,431.22 | \$2,536,312.50 | \$2,118.72 | 100.08% |
| Sale of Materials | \$1,395,217.51 | \$1,632,578.59 | (\$237,361.08) | 85.46% |
| License Fees, Fines & Penalties | \$15,077.80 | \$14,910.00 | \$167.80 | 101.13% |
| Rental | \$54,750.00 | \$53,550.00 | \$1,200.00 | 102.24% |
| Product Stewardship & Reimbursement | \$128,592.51 | \$142,899.97 | (\$14,307.46) | 89.99% |
| Interest, Dividends | \$113,659.68 | \$1,500.03 | \$112,159.65 | 7,577.16% |
| Equipment Sale/Trade | \$4,735.98 | \$0.00 | \$4,735.98 | 0.00% |
| Other Income | \$162.03 | \$0.00 | \$162.03 | 0.00% |
| Total Income | \$9,719,944.84 | \$10,169,811.31 | (\$449,866.47) | 95.58% |
| Cost Of Goods | | | | |
| Organics Cost of Goods Sold | \$89,468.42 | \$94,667.06 | (\$5,198.64) | 94.51% |
| Bins & Containers | \$0.00 | \$14,600.25 | (\$14,600.25) | 0.00% |
| Paint | \$12,695.00 | \$14,000.00 | (\$1,305.00) | 90.68% |
| Total Cost Of Goods | \$102,163.42 | \$123,267.31 | (\$21,103.89) | 82.88% |
| Gross Profit | \$9,617,781.42 | \$10,046,544.00 | (\$428,762.58) | 95.73% |
| Expense | | | | |
| Payroll Expense | | | | |
| Salaries & Wages | \$2,349,112.35 | \$2,512,686.58 | (\$163,574.23) | 93.49% |
| Benefits | \$982,197.22 | \$1,112,708.31 | (\$130,511.09) | 88.27% |
| Total Payroll Expense | \$3,331,309.57 | \$3,625,394.89 | (\$294,085.32) | 91.89% |
| Travel & Training | \$36,934.21 | \$80,912.78 | (\$43,978.57) | 45.65% |
| Administrative Costs | \$28,611.11 | \$90,506.48 | (\$61,895.37) | 31.61% |
| Professional Fees | \$93,406.88 | \$275,741.22 | (\$182,334.34) | 33.87% |
| Equipment & Fleet | \$461,710.25 | \$586,412.37 | (\$124,702.12) | 78.73% |
| Supplies | \$54,442.20 | \$97,117.28 | (\$42,675.08) | 56.06% |
| Materials Management | \$4,152,384.51 | \$4,564,153.98 | (\$411,769.47) | 90.98% |
| Property Management | \$420,799.69 | \$384,662.27 | \$36,137.42 | 109.39% |
| Promotion & Education | \$24,122.29 | \$169,851.47 | (\$145,729.18) | 14.20% |
| Community Support | \$11,873.38 | \$84,837.47 | (\$72,964.09) | 14.00% |
| Maintenance & Roll Off to Departments | \$385,162.62 | \$530,395.35 | (\$145,232.73) | 72.62% |
| Total Expense | \$9,000,756.71 | \$10,489,985.56 | (\$1,489,228.85) | 85.80% |
| Net Ordinary Income | \$617,024.71 | (\$443,441.56) | \$1,060,466.27 | -139.14% |
| Other Income and Expenses | | | | |
| Maintenance Expense Distributed | \$385,162.62 | \$0.00 | \$385,162.62 | 0.00% |
| Transfer Community Clean Up Reserve | (\$11,335.13) | \$71,250.00 | (\$82,585.13) | -15.91% |
| Net Other Income | \$396,497.75 | (\$71,250.00) | \$467,747.75 | -556.49% |
| Net Income | \$1,013,522.46 | (\$514,691.56) | \$1,528,214.02 | -196.92% |