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To: Board of Commissioners  
From: Nola Ricci, Director of Finance  
Date: June 13, 2022  
RE: Fiscal Year 22 July-March Financials

As with previous years, Fiscal Year 22 Budget was not generated month-to-month, but rather as an entire annual budget. When we compare actuals to budget, there may be some variation due to seasonality. This is primarily the case for departments like Organics Diversion where there are highs and lows based on the season. In an attempt to understand the financials on an annual basis we will compare the percent of annual budget to three quarters or 75% of the budget. If an account is over 75% of the budget, we assume it is overbudget; if the account is under 75%, we assume it is underbudget. With the purchase of new software in fiscal year 22, we made our first attempt to generate the budget month-to-month for Fiscal Year 23. As we begin to analyze and compare budget to actuals in the next fiscal year, we will continue to modify our budget to become more aligned with monthly expectations.

Overall, CSWD is meeting budgetary goals. Income is currently exceeding expectations. This is primarily due to the volume of recycling delivered to the Materials Recovery Facility (MRF), as well as the current market rates of Recycled Material Sales. Additionally, expenses are slightly underbudget.

Tipping Fees, which include the tipping fees for the Material Recovery Facility and Drop Off Centers, as well as the Feedstock of the Organics Diversion Facility are above 3<sup>rd</sup> quarter expectations at 80.36%. Hazardous Waste is below three quarters, primarily due to the reduction in CEG received.

In total, Material Sales are significantly over budget at 152.85%. By the end of March, Recycled Material Sales have doubled expectations at 234.11% over budget. Although we hope this trend persists, we will continue to maintain a conservative estimate for future years to account for the uncertainty of market material. Scrap Metal sales have also exceeded budget expectations at 121.07% over budget.

Solid Waste is averaging as expected reaching 73.96% by the end of March. License Fees (a seasonal revenue), Rental Revenue, and Product Stewardship revenues are also as anticipated.



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Grant Revenue is expected to reach expectations in June when we receive the SWIP grant. Interest will modernize once we process allocations at the close of the fiscal year. Equipment Sales will be offset by the purchase of replaced assets included on the balance sheet.

Cost of Goods is slightly higher than expected due to the increase in the cost of Organics materials. We are no longer purchasing Bins & Containers but following the GASB (Governmental Accounting Standards Board) matching principle, expenses are allocated to the period in which the related revenue is recognized. Until Bin & Container inventory is exhausted, we will continue to see revenue and cost of goods in this category.

Payroll Expenses are underbudget across all areas of payroll totaling only 68.77% of budget expectations. Travel & Training, Administrative Costs, and Professional Fees are all well underbudget. Equipment & Fleet, Materials Management and Property Maintenance are all as expected. Promotion & Education and Community Support are both underbudget, but these both typically have seasonal increases in the fourth quarter of the fiscal year. Supplies are exceeding expected expenses, due to the significant increase in the cost of materials and general supplies.

Although expenses have increased universally, CSWD has managed to mitigate these costs and continues to practice within the approved budget. CSWD continues to maintain 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.