

Audited Financial Statements  
and Other Financial Information

## **Chittenden Solid Waste District**

June 30, 2024



*Proven Expertise & Integrity*

CHITTENDEN SOLID WASTE DISTRICT

CONTENTS

JUNE 30, 2024

	PAGE
INDEPENDENT AUDITOR'S REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 9
<u>BASIC FINANCIAL STATEMENTS</u>	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT A - STATEMENT OF NET POSITION	10
STATEMENT B - STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	11
STATEMENT C - STATEMENT OF CASH FLOWS	12
NOTES TO FINANCIAL STATEMENTS	13 - 30
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	31 - 32



*Proven Expertise & Integrity*

## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Chittenden Solid Waste District  
South Burlington, Vermont

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the business-type activities of the Chittenden Solid Waste District, as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the Chittenden Solid Waste District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Chittenden Solid Waste District as of June 30, 2024 and the changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Chittenden Solid Waste District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Responsibilities of Management for the Financial Statements

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

3 Old Orchard Road, Buxton, Vermont 04093  
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609  
[www.rhrsmith.com](http://www.rhrsmith.com)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Chittenden Solid Waste District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal controls relevant to the audit 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 Chittenden Solid Waste District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise doubt about the Chittenden Solid Waste District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2025 on our consideration of the Chittenden Solid Waste District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Chittenden Solid Waste District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Chittenden Solid Waste District's internal control over financial reporting and compliance.

*RHR Smith & Company*

Buxton, Maine  
May 14, 2025

**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2024**

**(UNAUDITED)**

The following management's discussion and analysis of Chittenden Solid Waste District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2024. Please read it in conjunction with the District's financial statements.

**Financial Statement Overview**

The Chittenden Solid Waste District's basic financial statements include the following components: 1) government-wide financial statements and 2) notes to the financial statements.

**Basic Financial Statements**

The basic financial statements include financial information in the government-wide financial statements. There are no fund financial statements as the District only has one fund. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation of the financial statements.

The District's financial statements provide a broad view of the District's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in regards to the District's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The District's financial statements include the following statements:

The Statement of Net Position - this statement presents *all* of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position.

The Statement of Revenues, Expenses and Changes in Net Position - this statement presents information that shows how the government's net position changed during the period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

*Statement of Cash Flows* - this statement presents information on the effects changes in assets, deferred outflows of resources, liabilities, deferred inflows of resources and operations have on cash during the course of the fiscal year.

All of the above-mentioned financial statements have been presented for the District's one type of activity:

- *Business-type activities* - These activities are normally intended to recover all or a significant portion of their costs through user fees and/or charges to external users for goods and/or services. This activity for the District includes all the activities of the District.

There are no fund financial statements presented as all activity for the District is enterprise in nature and is presented for only one activity. The activity of the District is presented for the following:

*Proprietary Funds:* The Chittenden Solid Waste District maintains one enterprise fund, the Waste Management General Fund. Enterprise financial statements use the accrual basis of accounting. No reconciliation is needed between the government-wide financial statements for business-type activities and the enterprise fund financial statements as they are presented on the same basis of accounting and therefore only shown in the District's financials.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the District's financial statements. The Notes to Financial Statements can be found following the Statement of Cash Flows.

### **Financial Analysis of the District as a Whole**

Our analysis below focuses on the net position and changes in net position of the District's business-type activities. The District's total net position decreased by \$946,532 from \$30,076,234 to \$29,129,702.

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 to a balance of \$13,054,778 at the end of this year.

**Table 1**  
**Chittenden Solid Waste District**  
**Net Position**  
**June 30,**

	<u>2024</u>	<u>2023</u>
<b>Assets:</b>		
Current Assets	\$ 15,852,590	\$ 26,638,106
Noncurrent Assets - Capital Assets	<u>26,087,766</u>	<u>16,153,364</u>
Total Assets	<u>41,940,356</u>	<u>42,791,470</u>
<b>Liabilities:</b>		
Current Liabilities	1,987,516	1,707,123
Noncurrent Liabilities	<u>10,823,138</u>	<u>11,008,113</u>
Total Liabilities	<u>12,810,654</u>	<u>12,715,236</u>
<b>Net Position:</b>		
Net Investment in Capital Assets	15,694,201	15,652,364
Restricted	380,724	288,849
Unrestricted	<u>13,054,777</u>	<u>14,135,021</u>
Total Net Position	<u>\$ 29,129,702</u>	<u>\$ 30,076,234</u>

### **Revenues and Expenses**

Revenues for the District's business-type activities increased by 13.93%, while total expenses increased by 17.65%. The largest increases in revenues were in tipping fees and material sales and other. The largest increase in expenses was in materials recovery facility.



**Table 2**  
**Chittenden Solid Waste District**  
**Change in Net Position**  
**For the Years Ended June 30,**

	<u>2024</u>	<u>2023</u>
<b>Revenues</b>		
Tipping fees	\$ 8,296,656	\$ 7,484,640
Solid waste management fees	3,632,243	3,476,118
Material sales and other	3,140,921	2,266,822
Total Revenues	<u>15,069,820</u>	<u>13,227,580</u>
<b>Expenses</b>		
Materials recovery facility	4,629,592	3,395,402
Outreach and communications	887,549	934,829
Organics diversion facility	1,161,773	1,061,727
Drop-off centers	3,082,849	2,937,885
Hazardous waste program	900,453	827,560
Biosolids program	2,026,744	1,295,185
Special projects	117,689	108,345
Future project development	-	122,055
Finance	604,600	570,466
Administration and unclassified	1,087,339	911,566
Enforcement	190,475	175,088
Property management and unallocated maintenance	108,523	74,953
Change in estimated future landfill post-closure costs	138,301	51,359
Depreciation	959,778	1,044,313
Total Expenses	<u>15,895,665</u>	<u>13,510,733</u>
Nonoperating revenues (expenses)	<u>(120,687)</u>	<u>386,144</u>
Change in Net Position	(946,532)	102,991
Net Position - July 1	<u>30,076,234</u>	<u>29,973,243</u>
Net Position - June 30	<u><u>\$ 29,129,702</u></u>	<u><u>\$ 30,076,234</u></u>

## Capital Asset and Long-Term Debt Administration

### Capital Assets

As of June 30, 2024, the net book value of capital assets recorded by the District increased by \$9,934,402 from the prior year. This increase is the result of current year additions of \$13,229,108, less net disposals of \$2,334,928 and depreciation expense of \$959,778.

**Table 3**  
**Chittenden Solid Waste District**  
**Capital Assets (Net of Depreciation)**  
**June 30,**

	<b>2024</b>	<b>2023</b>
Land	\$ 5,290,801	\$ 5,290,801
Construction in progress	12,503,153	2,577,514
Land and building improvements	4,974,806	3,397,163
Vehicles, machinery and equipment	2,869,537	4,317,671
Software	55,904	69,215
Right of use lease assets	393,565	501,000
Total	<u>\$ 26,087,766</u>	<u>\$ 16,153,364</u>

### Debt

At June 30, 2024, the District had \$10,393,565 in a bond and lease payable versus \$10,501,000 in the prior fiscal year. Refer to Note 4 of Notes to Financial Statements for more detailed information.

### Currently Known Facts, Decisions or Conditions

#### Economic Factors and Next Year's Budgets and Rates

- The rate set for the Solid Waste Management Fee (SWMF) remains unchanged for FY24 at \$27.00 per ton - the rate that has been in effect since September 2013. We are still experiencing price increases and lag of purchases (particularly large equipment). The Finance Committee has continued the process of exploring alternatives for a long-term sustainable revenue stream to supplement or replace the SWMF in the future.
- The tip fee for food scraps will increase in FY24 and again in FY25.

- Tipping Fees in the Materials Recovery Facility will increase in FY25 in order to compensate for contractual increases in third-party operating costs.
- The FY25 operating expense budget for the District shows an increase due to inflation and Hauling Services for PGA.

### **Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, investors 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 questions about this report or need additional financial information, contact the Director of Finance at 19 Gregory Drive, South Burlington, Vermont 05403 or at [finance@cswd.net](mailto:finance@cswd.net).

## CHITTENDEN SOLID WASTE DISTRICT

## STATEMENT OF NET POSITION

JUNE 30, 2024

	2024	2023
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 8,754,157	\$ 10,719,785
Investments	4,531,114	3,474,737
Accounts receivable (net of allowance for uncollectibles)	2,230,404	2,130,672
Bond proceeds receivable	-	10,000,000
Inventories	292,826	200,664
Prepaid items	44,089	112,248
Total current assets	15,852,590	26,638,106
Noncurrent assets:		
Capital assets:		
Land and other assets not being depreciated	17,793,954	7,868,315
Buildings, improvements and equipment, net of accumulated depreciation	7,900,247	7,784,049
Right of use lease asset	393,565	501,000
Total noncurrent assets	26,087,766	16,153,364
<b>TOTAL ASSETS</b>	<b>\$ 41,940,356</b>	<b>\$ 42,791,470</b>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ 1,442,158	\$ 1,176,440
Accrued expenses	10,625	36,824
Accrued payroll and benefits payable	43,003	80,692
Unearned revenue	108,983	110,083
Security deposits payable	1,000	7,350
Current portion of accrued compensated absences	58,928	57,233
Current portion of lease and bond payable	103,989	100,200
Post-closure costs payable - current portion	218,830	138,301
Total current liabilities	1,987,516	1,707,123
Noncurrent liabilities:		
Noncurrent portion of long-term obligations:		
Bond payable	10,000,000	10,000,000
Capital lease payable	289,576	400,800
Accrued compensated absences	235,712	228,934
Post-closure costs payable - noncurrent portion	297,850	378,379
Total noncurrent liabilities	10,823,138	11,008,113
<b>TOTAL LIABILITIES</b>	<b>12,810,654</b>	<b>12,715,236</b>
<b>NET POSITION</b>		
Net investment in capital assets	15,694,201	15,652,364
Restricted	380,724	288,849
Unrestricted	13,054,777	14,135,021
<b>TOTAL NET POSITION</b>	<b>29,129,702</b>	<b>30,076,234</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 41,940,356</b>	<b>\$ 42,791,470</b>

See accompanying independent auditor's report and notes to financial statements.

## CHITTENDEN SOLID WASTE DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2024

	2024	2023
OPERATING REVENUES		
Tipping fees	\$ 8,296,656	\$ 7,484,640
Solid waste management fees	3,632,243	3,476,118
Sale of materials	2,919,612	2,138,487
License fees	15,544	15,423
Miscellaneous	11,306	190
Product stewardship and reimbursement	194,459	112,722
TOTAL OPERATING REVENUES	15,069,820	13,227,580
OPERATING EXPENSES		
Materials recovery facility	4,629,592	3,395,402
Outreach and communications	887,549	934,829
Organics diversion facility	1,161,773	1,061,727
Drop-off centers	3,082,849	2,937,885
Hazardous waste program	900,453	827,560
Biosolids program	2,026,744	1,295,185
Special projects	117,689	108,345
Future project development	-	122,055
Finance	604,600	570,466
Administration and unclassified	1,087,339	911,566
Enforcement	190,475	175,088
Property management and unallocated maintenance	108,523	74,953
Change in estimated future landfill post-closure costs	138,301	51,359
Depreciation	959,778	1,044,313
TOTAL OPERATING EXPENSES	15,895,665	13,510,733
OPERATING INCOME (LOSS)	(825,845)	(283,153)
NONOPERATING REVENUES (EXPENSES)		
Rental income	26,450	73,500
Investment income	473,227	211,231
Grant income	194,350	106,850
Net gain (loss) on disposal of assets	(814,714)	(5,437)
TOTAL NONOPERATING REVENUES (EXPENSES)	(120,687)	386,144
CHANGE IN NET POSITION	(946,532)	102,991
NET POSITION - JULY 1	30,076,234	29,973,243
NET POSITION - JUNE 30	\$ 29,129,702	\$ 30,076,234

See accompanying independent auditor's report and notes to financial statements.

## CHITTENDEN SOLID WASTE DISTRICT

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2024

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 24,968,988	\$ 3,071,879
Payments for wages and benefits	(5,148,532)	(4,639,104)
Payments for goods and services	(9,601,055)	(7,428,386)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	10,219,401	(8,995,611)
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipt of interest and dividends	473,227	211,231
Net proceeds (purchases) of investments	(1,056,377)	(3,420,145)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(583,150)	(3,208,914)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal paid on lease payable	(107,435)	(25,050)
Bond proceeds	-	10,000,000
Lease proceeds	-	526,050
Proceeds from sale of capital assets	(814,714)	6,578
(Purchase)/disposal of capital assets	(10,894,180)	(3,080,046)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(11,816,329)	7,427,532
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating grants	194,350	106,850
Rental income	26,450	73,500
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	214,450	180,350
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,965,628)	(4,596,643)
CASH AND CASH EQUIVALENTS - JULY 1	10,719,785	15,316,428
CASH AND CASH EQUIVALENTS - JUNE 30	\$ 8,754,157	\$ 10,719,785
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ (825,845)	\$ (283,153)
Adjustment to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	959,778	1,044,313
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(99,732)	(167,723)
(Increase) decrease in bond receivable	10,000,000	(10,000,000)
(Increase) decrease in inventories	(92,162)	203,569
(Increase) decrease in prepaid items	68,159	(33,923)
Increase (decrease) in accounts payable	265,718	257,939
Increase (decrease) in accrued expenses	(26,199)	(570)
Increase (decrease) in accrued payroll and benefits payable	(37,689)	21,028
Increase (decrease) in unearned revenue	(1,100)	12,022
Increase (decrease) in accrued compensated absences	8,473	(49,113)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 10,219,401	\$ (8,995,611)

See accompanying independent auditor's report and notes to financial statements.

# CHITTENDEN SOLID WASTE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Organization**

The Chittenden Solid Waste District (the "District") is a union municipal district in Chittenden County, Vermont, chartered under the laws of the State of Vermont. The District, which had its inception March 6, 1987, was created for the purpose of providing for the efficient, economical and environmentally sound management of solid waste generated by member municipalities and their residents.

The District's governing board (the "Board") is comprised of one representative appointed by the elected governing body of each of the 18 member municipalities. The Board meets monthly to set policy and make major decisions for the District.

The accounting policies adopted by the District conform to generally accepted accounting principles (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the standard-setting body for accounting and financial reporting principles for governmental units. The following is a summary of the more significant accounting policies employed in the preparation of these financial statements.

#### **Reporting Entity**

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The District's combined financial statements include all accounts and all operations of the District. We have determined that the District has no component units as described in GASB Statement No. 14 and amended by GASB Statements No. 39 and No. 61.

#### **Implementation of New Accounting Standards**

During the year ended June 30, 2024, the following statement of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 100 "Accounting Changes and Error Corrections - an Amendment of GASB Statement No. 62". The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. Management has determined the impact of this Statement is not material to the financial statements.

# CHITTENDEN SOLID WASTE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Measurement Focus - Basic Financial Statements**

##### 1. Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Operating revenues include charges for services, intergovernmental reimbursements and other miscellaneous fees which are a direct result of the enterprise activity. Nonoperating revenues are any revenues which are generated outside of the general enterprise activity, i.e. interest income. The following is a description of the enterprise funds of the District:

- a. Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) established fees and charges based on a pricing policy designed to recover similar costs.

#### **Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

##### 1. Accrual

Governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

#### **Budget**

The District follows these procedures in establishing its budget:

The General Manager submits a proposed preliminary operating budget each December for the fiscal year commencing the following July 1 to the Board, for the purpose of determining whether member assessments will be levied. The operating budget includes proposed expenditures and the means of financing them.



# CHITTENDEN SOLID WASTE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

During the period of January through April of each year, District staff, together with the Board's Finance Committee, prepares a detailed operating and capital budget for the coming fiscal year. The budget is then considered and adopted by the Board at a meeting typically in April or May. Within 45 days of the approval of the budget by the District's Board, the legislative body of each of the member municipalities shall act to approve or disapprove the budget. A legislative body that disapproves the budget must file with the Board a written statement of objections identifying the specific items to be changed. A legislative body that fails to take action on the budget within the forty-five day period is deemed to have approved the budget. Unless a petition for a vote on the question of disapproving the budget signed by at least 5 percent of the qualified voters of the District is filed pursuant to the District Charter, the budget becomes effective 45 days after its adoption by the Board.

The General Manager has the authority to modify line items within the approved budget but may not change the overall total approved budget amount.

The budget of the District is generally prepared on the accrual basis - that is, revenue is budgeted when it is expected to be earned and expenses are budgeted when expected to be incurred - except that changes in inventories, capital asset depreciation, and gains/losses on the disposal of assets are not budgeted, and changes in noncurrent assets and liabilities (for example, acquisition of capital assets and payments on long-term obligations) are budgeted as current year expenditures or revenues.

#### **Deposits and Investments**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

**Investment Committee:** The Investment Committee, comprised of the Board's appointed Finance Committee, the Board Chair, the General Manager, and the Director of Finance, is responsible for periodic review and re-allocation of investments as needed to meet stated objectives.

**Permitted Investments:** "Permitted Investments" include the following securities, if and to the extent the same are at the time legal for investment of District funds:

1. Investments in any of the following obligations provided such obligations are backed by the full faith and credit of the United States: (a) direct obligations or fully guaranteed certificates of beneficial interest of the Export-Import Bank of the United States, (b) debentures of the Federal Housing

CHITTENDEN SOLID WASTE DISTRICT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Administration, (c) guaranteed mortgage backed bonds of the Government National Mortgage Association, (d) certificates of beneficial interest of the Farmers Home Administration, (e) obligations of the Federal Financing Bank or (f) project notes and local authority bonds of the Department of Housing and Urban Development.

2. Investments in (a) senior obligations of the Federal Home Loan Bank System, (b) participation certificates or senior debt obligations of the Federal Home Loan Mortgage Corporation, (c) mortgage-backed securities and senior debt obligations (excluding stripped mortgage securities that are valued greater than par on the portion of unpaid principal) of the Federal National Mortgage Association or (d) senior obligations of the Student Loan Marketing Association.
3. SEC-registered money market mutual funds conforming to Rule 2a-7 that invest primarily in direct obligations issued by the United States Treasury and repurchase agreements backed by those obligations rated in the highest category by Standard & Poor's Corporation and Moody's Investors Service.
4. Certificates of deposit of any bank trust company or savings and loan association which certificates are fully insured by the Federal Deposit Insurance Corporation or any other similar United States governmental deposit insurance program.
5. Commercial paper rated, at the time of purchase, P-1 or better by Moody's Investors Service and A-1+ or better by Standard & Poor's Corporation.
6. Equity Securities
  - a. Diversification: The equity portfolio should be well diversified to avoid undue exposure to any single economic sector, industry group, or individual security. No more than 10% of the entire District investment portfolio shall be invested in equities securities.
  - b. Quality and Marketability. The equity portion of the portfolio shall be invested in well diversified Mutual Funds or Managed Accounts with an investment record of at least 5 years.

# CHITTENDEN SOLID WASTE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### c. Concentration by Issuer:

- i. No more than 5% of the equity portfolio, at cost, shall be invested in the securities of anyone issuing corporation at the time of purchase.
  - ii. Investments in any corporation may not exceed 5% of the outstanding shares of the corporation.
7. Corporate Fixed Income Securities Purchase of investments in this category shall be limited to those securities that are classified in one of the top four rating categories by Standard & Poor's or Moody's Investor's Services. No purchases shall be made which would cause holdings of any one issue to exceed 5% on a cost basis or 7½ % on a market value basis of the total funds under management.

The District may invest any funds that are held and pledged to secure outstanding bonds or similar debt instruments of the District in accordance with the bond resolution or similar approving documents that authorized and established the terms for the issuance of such bonds or debt obligations.

Prohibitions: The District is prohibited from investing in commodities, private placements, letter stock, and real estate or engaging in short sales. The Investment Committee may, from time to time, further direct that the Investment Manager not invest in any securities or investments of specific companies or issuers where the investment presents the potential for a conflict of interest (or apparent conflict of interest), or where the company or issuer engages in business practices or activities that are inconsistent with the goals and purpose of the District.

### **Receivables**

Receivables include amounts due from governmental agencies and local businesses. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible accounts is estimated to be \$1,368 as of June 30, 2024. Accounts receivable netted with allowances for uncollectible accounts were \$2,230,404 for the year ended June 30, 2024.

# CHITTENDEN SOLID WASTE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Inventories**

Inventory quantities are determined by physical count and are valued at the lower of cost or market, using the FIFO method. Inventories consist of compost products, containers and recyclable materials held for resale.

#### **Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

#### **Capital Assets**

Capital assets purchased or acquired with an original cost of \$25,000 or more and a estimated useful life greater than one (1) year are reported at historical cost or estimated historical cost. 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 estimated useful lives.

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated capital assets are reported at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

A right of use lease asset is required to be reported at the present value of payments expected to be made during the lease term including and any/all other required financial lease obligations in accordance with the terms of the lease and excluding interest. A lease asset will be amortized on a straight-line basis over the lease term or the useful life of the underlying asset (whichever is shorter).

Estimated useful lives are as follows:

Land improvements	5 - 20 years
Buildings and improvements	15 - 30 years
Vehicles, machinery and equipment	5 - 20 years

# CHITTENDEN SOLID WASTE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Long-term Obligations**

The accounting treatment of long-term obligations depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term obligations to be repaid from business-type resources are reported as liabilities in the financial statements. The long-term obligations consist of a bond payable, lease payable, accrued compensated absences and post-closure costs payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

#### **Net Position**

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislations adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

#### **Unearned Revenue**

Unearned revenue reported is comprised of proceeds from grants and permit fee revenues received in advance of eligible expenses.

#### **Program Revenues**

Program revenues include all directly related income items applicable to a particular program (charges to customers or applicants for goods, services or privileges provided; operating or capital grants and contributions, including special assessments).

# CHITTENDEN SOLID WASTE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Operating/Nonoperating Proprietary Fund Revenues**

Operating revenues consist mainly of direct revenue sources and/or charges for services applicable to that fund's ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

#### **Encumbrance Accounting**

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end. The District utilizes encumbrance accounting for its general fund.

#### **Use of Estimates**

During the preparation of the District's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

### NOTE 2 - DEPOSITS AND INVESTMENTS

The District's investment policies, which follow state statutes, authorize the District to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Vermont, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. These investment policies apply to all District funds.

#### **Deposits:**

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The District does not have a policy covering custodial credit risk. However, the District maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF.

# CHITTENDEN SOLID WASTE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024

### NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2024, the District's cash balance amounting to \$8,754,158 were comprised of bank deposits of \$8,912,230. Bank deposits are adjusted primarily by outstanding checks and deposits in transit to reconcile to the District's cash balance. The deposits were insured by federal depository insurance and consequently were not exposed to custodial credit risk.

<u>Account type</u>	<u>Bank Balance</u>
Checking accounts	\$ 4,376,852
Money market savings	4,531,478
Cash equivalents	3,900
	<u>\$ 8,912,230</u>

#### **Investments:**

Custodial credit risk for investments is that, in the event of failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the District does not have a policy for custodial credit risk for investments however, the District seeks to minimize custodial credit risk by doing business with authorized institutions, depositories and broker/dealers. The District's investments were covered up to \$500,000 by Securities Investor Protection Corporation (SIPC). The remaining investments of \$3,9375,973 were uncollateralized and uninsured.

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates. Certificates of deposit held with local financial institutions for \$55,141 are excluded from interest rate risk as these investments are considered held to maturity and are therefore not measured at fair value.

At June 30, 2024, the District had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>N/A</u>	<u>&lt;1 Year</u>	<u>&lt;1-5 Years</u>	<u>5+ Years</u>
Debt securities:					
US Treasuries	\$ -	\$ -	\$ 4,475,973	\$ -	\$ -

# CHITTENDEN SOLID WASTE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024

### NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

#### Fair Value Hierarchy

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The District has the following recurring fair value measurements as June 30, 2024:

Investment by fair value level	June 30, 2024			
	Total	(Level I)	(Level II)	(Level III)
Debt securities:				
US Treasuries	\$ 4,475,973	\$ 4,475,973	\$ -	\$ -
Total investments by fair value level	<u>4,475,973</u>	<u>\$ 4,475,973</u>	<u>\$ -</u>	<u>\$ -</u>
Cash equivalents measured at the net asset value (NAV)				
Money market funds	<u>3,900</u>			
Total cash equivalents measured at the NAV	<u>3,900</u>			
Total investments and cash equivalents measured at fair value	<u>\$ 4,479,873</u>			

Equity securities classified in Level I of the fair value hierarchy are valued using prices quoted in active markets for those securities. The District has no Level II or Level III investments. The fair value of money market mutual funds that are measured at NAV per share (or its equivalent) is calculated as of June 30, 2024 in a manner consistent with the Financial Accounting Standards Board's measurement principles for investment companies.

Credit risk - Statutes for the State of Vermont authorize the District to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Vermont, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The District does not have an investment policy on credit risk. Generally, the District invests excess funds in various savings accounts and certificates of deposit.



# CHITTENDEN SOLID WASTE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024

### NOTE 3 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2024:

	Balance, 7/1/23	Additions	Disposals	Balance, 6/30/24
Non-depreciated assets:				
Land	\$ 5,290,801	\$ -	\$ -	\$ 5,290,801
Construction in progress	2,577,514	11,817,376	(1,891,737)	12,503,153
	<u>7,868,315</u>	<u>11,817,376</u>	<u>(1,891,737)</u>	<u>17,793,954</u>
Depreciated assets:				
Land improvements	3,953,147	1,543,794	(60,779)	5,436,162
Building and improvements	7,169,290	511,917	(322,311)	7,358,896
Vehicles, machinery and equipment	10,536,251	1,247,758	(2,504,209)	9,279,800
Software	93,174	-	-	93,174
Right of use lease asset	526,050	-	-	526,050
	<u>22,277,912</u>	<u>3,303,469</u>	<u>(2,887,299)</u>	<u>22,694,082</u>
Less: accumulated depreciation:				
Land improvements	(2,245,750)	(275,094)	-	(2,520,844)
Building and improvements	(5,479,524)	(148,550)	328,666	(5,299,408)
Vehicles, machinery and equipment	(6,218,580)	(415,388)	223,705	(6,410,263)
Software	(23,959)	(13,311)	-	(37,270)
Right of use lease asset	(25,050)	(107,435)	-	(132,485)
	<u>(13,992,863)</u>	<u>(959,778)</u>	<u>552,371</u>	<u>(14,400,270)</u>
Net depreciated capital assets	<u>8,285,049</u>	<u>2,343,691</u>	<u>(2,334,928)</u>	<u>8,293,812</u>
Net capital assets	<u>\$ 16,153,364</u>	<u>\$ 14,161,067</u>	<u>\$ (4,226,665)</u>	<u>\$ 26,087,766</u>

# CHITTENDEN SOLID WASTE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024

### NOTE 4 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2024:

	Balances 7/1/23	Additions	Reductions	Balances 6/30/24	Current Portion
Bond payable	\$10,000,000	\$ -	\$ -	\$ 10,000,000	\$ -
Lease payable	501,000	-	(107,435)	393,565	103,989
	<u>\$10,501,000</u>	<u>\$ -</u>	<u>\$ (107,435)</u>	<u>\$ 10,393,565</u>	<u>\$ 103,989</u>

The following is a summary of the bonds payable as of June 30, 2024:

#### Bond payable:

General Obligation Bond, Payable to U.S. Bank Trust Company, issued March 16, 2023 with annual principal payment of \$454,555 beginning in 2028 and payments of \$454,545 due annually thereafter, with a fixed rate of 3.914% per annum through 2049.

\$ 10,000,000

#### Lease payable:

On November 16, 2022 the District entered into a lease agreement with the City of South Burlington for office space for annual rental of \$100,200 (adjusted annually) to be paid monthly starting February 15, 2023. The lease term is for five years and three months with an option to extend for five additional years.

393,565

Total bond payable and lease payable

\$ 10,393,565

The following is a summary of outstanding bond, notes from direct borrowings and lease liability principal and interest requirements for the fiscal years ending June 30:

	Bond Payable		Lease Payable		Total
	Principal	Interest	Principal	Interest	Debt Service
2025	\$ -	\$ 391,400	\$ 103,989	\$ -	\$ 495,389
2026	-	391,400	106,589	-	497,989
2027	-	391,400	109,253	-	500,653
2028	454,555	382,504	73,734	-	910,793
2029	454,545	364,713	-	-	819,258
2030-2034	2,272,725	1,556,703	-	-	3,829,428
2035-2039	2,272,725	1,111,931	-	-	3,384,656
2040-2044	2,272,725	667,158	-	-	2,939,883
2045-2049	2,272,725	222,386	-	-	2,495,111
	<u>\$ 10,000,000</u>	<u>\$ 5,479,595</u>	<u>\$ 393,565</u>	<u>\$ -</u>	<u>\$ 15,873,160</u>

# CHITTENDEN SOLID WASTE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024

### NOTE 4 - LONG-TERM DEBT (CONTINUED)

The right of use lease assets associated with these lease liabilities (including amortization/depreciation applicable to the same) are presented as a separate category of Capital Assets and are grouped accordingly on the Statement of Net Position.

All bonds payable and notes from direct borrowings payable are direct obligations of the District, for which its full faith and credit are pledged. The District is not obligated for any special assessment debt.

### NOTE 5 - OTHER LONG-TERM OBLIGATIONS

A summary of other long-term obligations for the year ended June 30, 2024 is as follows:

	Balances 7/1/23	Additions	Reductions	Balances 6/30/24	Current Portion
Accrued compensated absences	\$ 286,167	\$ 8,473	\$ -	\$ 294,640	\$ 58,928
Post-closure costs payable	516,680	-	-	516,680	218,830
	<u>\$ 802,847</u>	<u>\$ 8,473</u>	<u>\$ -</u>	<u>\$ 811,320</u>	<u>\$ 277,758</u>

Please see Notes 6 and 7 for detailed information on each of the other long-term obligations.

### NOTE 6 - ACCRUED COMPENSATED ABSENCES

It is the District's policy to permit employees to accumulate earned but unused vacation and compensatory time, up to specified limits established in the policy. The District records a liability for the total value of these vested accumulated leave hours, based on current pay rates. The liability for these compensated absences is recorded as long-term obligations in the financial statements. As of June 30, 2024, the District's liability for compensated absences is \$294,640.

### NOTE 7 - ACCRUED POST-CLOSURE COSTS

State and federal laws and regulations required the District to place a final cover on the closed Phase I, II and III landfill sites and to perform certain maintenance and monitoring functions at each site for thirty years after closure. Phase I and II were closed subsequent to the District's opening of Phase III on December 22, 1992. Phase III stopped accepting waste on August 19, 1995. As of June 30, 2024, the District has estimated that it will cost \$516,680 for the remaining post-closure costs of the Phase I, II and III landfills, through the year 2025, which is the end of the required 30-year period.

# CHITTENDEN SOLID WASTE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024

### NOTE 7 - ACCRUED POST-CLOSURE COSTS (CONTINUED)

The District has expended \$2,853,989 in closure and post-closure costs for the fiscal years ended June 30, 1996 through June 30, 2024. The \$516,680 and \$541,943 reported as accrued post-closure costs liability at June 30, 2024 and 2023, respectively, represent the present value of the estimate.

These amounts are based on actual costs to date and engineering estimates of what it will cost to perform all post-closure maintenance for the required period. The District's engineer reviews and updates the projected estimates no less frequently than annually. Actual costs may vary due to changes in cost of living, changes in technology, changes in regulations, or variances between actual and estimated costs.

The District expects that future inflation costs will be paid from interest earnings on funds set aside for this purpose. However, if interest earnings are inadequate or additional post-closure requirements arise (due to changes in technology or applicable laws or regulations, for example) these unanticipated costs may need to be covered through deposits from future District revenues.

The District provides an annual update to the State of Vermont on both the historical and prospective costs to maintain the closed Phase I, II and III landfills, in compliance with State regulations. The District also maintains a separate cash reserve designated for the purpose of meeting the current and future obligations associated with long-term post-closure costs.

The post-closure costs estimates and the balances in the designated Landfill Post-closure Reserve account as of June 30, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Total post-closure costs estimated for the 30-year period ending in 2025 (including projection for inflation)	\$ 3,075,114	\$ 3,081,184
Total of actual post-closure costs paid through June 30	<u>(2,853,989)</u>	<u>(2,736,300)</u>
Remaining Balance of post-closure costs estimated expected to be incurred through 2025, including 2.5% inflation factor	<u>\$ 221,125</u>	<u>\$ 344,884</u>
Present value of estimate, discounted at 2.5%	\$ 215,732	\$ 331,384
Landfill post closure liability at June 30	<u>\$ 516,680</u>	<u>\$ 516,680</u>
Surplus (deficit) in reserve balance as of June 30	<u>\$ 300,948</u>	<u>\$ 185,296</u>

# CHITTENDEN SOLID WASTE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024

### NOTE 8 - NET INVESTMENT IN CAPITAL ASSETS

The following is the calculation of the new investment in capital assets at June 30, 2024:

Invested in capital assets	\$ 40,030,143
Accumulated depreciation	(13,442,180)
Outstanding capital related debt	(10,393,565)
	<u>\$ 16,194,398</u>

### NOTE 9 - RESTRICTED NET POSITION

The District's restricted net position at June 30, 2024 was as follows:

Capital improvement - biosolids program	\$ 380,724
Landfill post-closure reserve (in excess of liability)	300,948
Total restricted	<u>\$ 681,672</u>

### NOTE 10 - UNRESTRICTED NET POSITION

The District's unrestricted net position at June 30, 2024 was as follows:

	<u>2024</u>	<u>2023</u>
Unrestricted net position:		
Designated for capital items:		
Capital improvements - general	\$ 7,693,037	\$ 4,814,185
Total designated for capital items	<u>7,693,037</u>	<u>4,814,185</u>
Designated for other purposes:		
Facilities closure reserve	1,636,766	1,464,178
Community cleanup fund	95,000	95,000
SWMF rate stabilization reserve	<u>1,000,000</u>	<u>1,000,000</u>
Total designated for other purposes	<u>2,731,766</u>	<u>2,559,178</u>
Total designated	<u>10,424,803</u>	<u>7,373,363</u>
Undesignated	<u>2,629,974</u>	<u>6,761,658</u>
Total unrestricted net position	<u>\$ 13,054,777</u>	<u>\$ 14,135,021</u>

## CHITTENDEN SOLID WASTE DISTRICT

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024

#### NOTE 11 - CONTINGENT LIABILITIES

The District entered into a Memorandum of Understanding (MOU) with the City of Burlington in September 2016 concerning a potential lease-purchase arrangement for 0.91 acres and a three-unit commercial building as well as 2.87 undeveloped acres on Flynn Avenue. The MOU outlines a potential lease-purchase agreement where the District would apply annual rental payments of \$25,000 for a period of 25 years towards the City of Burlington's purchase of the properties. A formal lease-purchase agreement has not yet been executed as of the date of this report. The City of Burlington has made payments of \$83,335 to the District in accordance with this MOU as part of the option to enter into a lease-purchase agreement, which the District has classified as unearned revenues.

#### NOTE 12 - DEFERRED COMPENSATION PLANS

The District maintains a defined contribution retirement plan under Internal Revenue Code Section 457 for employees, through MissionSquare. To be eligible to participate, the employee must be at least twenty-one (21) years of age, work at least a regular 30-hour per week schedule (0.75 FTE), and have at least one (1) year of service. The District contributes 6% of each eligible employee's base wages to the plan. In addition, employees are permitted to defer a portion of their wages on a tax-sheltered basis until future years, up to IRS-mandated limits. Deferred compensation is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency. The District has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. All of the investments are self-directed by each employee. Total salaries for the years ended June 30, 2024, 2023, 2022, 2021, 2020, 2019 and 2018 were 3,583,882, \$3,236,495, \$3,163,688, \$3,068,147, \$2,629,595, \$2,847,840, and \$2,762,347, while covered salaries for the retirement plan were \$3,225,111, \$2,682,878, \$2,375,917, \$2,364,143, \$2,265,767, and \$1,948,818, respectively. Contributions of \$194,073, \$180,181, \$160,973, \$142,555, \$141,849, \$136,453, and \$116,929 were paid by the District for the years ended June 30, 2024, 2022, 2021, 2020, 2019 and 2018, respectively.

#### NOTE 13 - 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; and natural disasters for which the District either carries commercial insurance or participates in a public entity and self-insured risk pool sponsored by the Vermont League of Cities and Towns (VLCT). Based on the coverage provided by the insurance purchased, the District is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2024. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

## CHITTENDEN SOLID WASTE DISTRICT

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024

#### NOTE 13 - RISK MANAGEMENT (CONTINUED)

The District is a member of VLCT and utilizes two of their established insurance trusts: the Property and Casualty Intermunicipal Fund, Inc. (PACIF) for multi-line insurance and the Vermont League of Cities and Towns Unemployment Trust, Inc. (VLCTUT) for unemployment compensation. PACIF and VLCTUT are nonprofit corporations formed to provide insurance and risk management programs for Vermont cities and towns and is owned by the participating members. The Trusts are not licensed insurance carriers and members are not protected by the Vermont Insurance Guaranty Association.

To provide insurance coverage, PACIF has established a self-funded insurance trust. It provides extensive coverage for losses to member municipalities for property damage, auto accidents, injured employees, public official liability and employment practices liability. Members gain additional benefits from PACIF's unique public safety and risk management programs as well as dedicated in-house claims adjusters. In the event that total contributions assessed to and made by all members result in an actual or projected financial deficit and PACIF is unable to meet its required obligations, the program will be terminated with each member assessed their proportionate share of the deficit.

To provide unemployment coverage, VLCTUT has established a separate trust of funds from member contributions to pay administrative costs, unemployment claims and provide excess reinsurance protection. Contributions are based on payroll expense and the previous two-year unemployment compensation experience. In the event that total contributions assessed to and made by all members result in an actual or projected financial deficit and VLCTUT is unable to meet its required obligations, the program will be terminated with each member assessed their proportionate share of the deficit.

The District provides health insurance and other employee insurance benefits to eligible employees by purchasing private coverage through various providers.

#### NOTE 14 - CONTINGENCIES

With regard to pending legal claims or any unasserted claims, it is not feasible at this time to predict or determine their outcome. Management believes, however, that settlement amounts, if any, will not have a material adverse effect on the District's financial position.

CHITTENDEN SOLID WASTE DISTRICT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024

NOTE 15 - COMPARATIVE DATA/RECLASSIFICATIONS

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the District's financial position and operations. Also, certain amounts presented in the prior year's data have been reclassified to be consistent with the current year's presentation.

NOTE 16 - CONCENTRATION

Accounts receivable from one customer accounted for approximately 53% 44%, 43%, 61%, 43% and 46% of the total accounts receivable balance reported as of June 30, 2024, 2023, 2022, 2021, 2020 and 2019, respectively.





*Proven Expertise & Integrity*

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners  
Chittenden Solid Waste District  
South Burlington, Vermont

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Chittenden Solid Waste District as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the Chittenden Solid Waste District's basic financial statements and have issued our report thereon dated May 14, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Chittenden Solid Waste District's internal control over financial reporting (internal control) as a basis of designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Chittenden Solid Waste District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Chittenden Solid Waste District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

#### Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Chittenden Solid Waste District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain other matters that we reported to management of the Chittenden Solid Waste District in a separate letter dated May 14, 2024.

#### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*RHR Smith & Company*

Buxton, Maine  
May 14, 2025