

To: Board of Commissioners
From: Nola Ricci, Director of Finance
Date: January 5, 2024
RE: Fiscal Year 2024 July-September Financials (Q1)

In Fiscal Year 2024, 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.

Q1 HIGHLIGHTS

Revenue

Based on the actual net income from the first quarter of fiscal year 2024, 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 quarter, sales were below the budget at 81.54%. Throughout the year, the ACR fluctuates with market demand.

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 2023, CSWD had just over \$200k in material held for sale. As seasonal production winds down and inventory continues to be available. Due to the increase of compost production costs, FY24 Q1 saw an increase in cost of goods purchased and advanced purchases. Expenses associated with these sellable materials was over the expected budget, however due to miscoding two expenses that should have been coded to a different line, the extent of the overage is unclear. We will clarify the overage after journal entries have been made.

Payroll Expenses include both wages and benefits paid to staff. At the end of Q1 expenses were 76.48% (\$313,108.74) below budgeted expectations. As has been the trend of the past few fiscal years, Travel & Training, Administrative Costs, Professional Fees, and Supplies are all under the expected value by over 50%. This may be due to either limited availability for use (travel) or management unsure of when the expense would take place (professional fees). We

expect the cost of Professional Fees will increase in the following quarters as projects are initiated. Property Management appears higher than expected as Host Town Fees and Municipal Payments were paid in advance of the assumed timeline. 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.

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



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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
End of Sep 2023

	Amount
ASSETS	
Current Assets	
10000 - CASH & CASH EQUIVALENT	\$14,268,374.33
Accounts Receivable	\$2,357,568.79
Other Current Asset	
11400 - PREPAID EXPENSE	\$1,658.89
11500 - INVENTORY ASSET	\$209,650.83
Total Other Current Asset	\$211,309.72
Total Current Assets	\$16,837,252.84
Fixed Assets	
12000 - FIXED ASSETS	
12100 - CAPITAL ASSETS	\$27,042,662.97
12200 - ACCUMULATED DEPRECIATION	(\$13,967,813.71)
Total - 12000 - FIXED ASSETS	\$13,074,849.26
13000 - Capital Assets in Progress	
	\$7,810,387.58
Total Fixed Assets	\$20,885,236.84
Total ASSETS	\$37,722,489.68
Liabilities & Equity	
Current Liabilities	
Accounts Payable	
20100 - ACCOUNTS PAYABLE	\$676,461.06
Total Accounts Payable	\$676,461.06
Credit Card	
	\$7,471.92
Other Current Liability	
20000 - CURRENT LIABILITIES	\$5,427,728.89
20670 - UNEARNED REVENUE	\$101,787.84
Total Other Current Liability	\$5,529,516.73
Total Current Liabilities	\$6,213,449.71
Long Term Liabilities	
23000 - LONG TERM LIABILITY	\$378,379.37
Total Long Term Liabilities	\$378,379.37
Equity	
30000 - NET POSITION	
31000 - INVESTMENT IN CAPITAL ASSETS	\$13,074,849.26
32100 - DESIGNATED FOR OTHER PURPOSES	
32101 - Facilities Closure Reserve	\$1,466,061.63
32103 - Solid Waste Management Reserve	\$1,000,000.00
32105 - Operating Reserve	\$1,750,000.00
Total - 32100 - DESIGNATED FOR OTHER PURPOSES	\$4,216,061.63
32200 - DESIGNATED FOR CAPITAL	
	\$11,182,246.37
33000 - RESTRICTED	
32102 - Landfill Post Closure Reserve	\$608,302.08
33200 - Biosolids Reserve	\$396,291.00
Total - 33000 - RESTRICTED	\$1,004,593.08
Total - 33100 - COMMUNITY CLEAN UP RESERVE	\$90,472.22
36000 - UNDESIGNATED	
	\$882,100.64
Total - 30000 - NET POSITION	\$30,450,323.20
Retained Earnings	\$59.99
Net Income	\$680,277.41
Total Equity	\$31,130,660.60
Total Liabilities & Equity	\$37,722,489.68

**Chittenden Solid Waste District
Budget vs. Actual
FY24 Q1**

	Amount	Budget Amount	Amount Over Budget	% of Budget
Ordinary Income/Expense				
Income				
40000 - INCOME				
40100 - TIPPING FEES	\$1,745,828.81	\$1,630,833.96	\$114,994.85	107.05%
40300 - SPECIAL MATERIALS	\$23,067.07	\$88,883.76	(\$65,816.69)	25.95%
40400 - HAZARDOUS WASTE	\$20,600.29	\$15,500.01	\$5,100.28	132.91%
40500 - BIOSOLIDS	\$303,710.85	\$351,089.49	(\$47,378.64)	86.51%
41000 - SOLID WASTE MANAGEMENT	\$983,539.25	\$833,925.51	\$149,613.74	117.94%
42000 - SALE OF MATERIALS	\$535,836.02	\$657,150.87	(\$121,314.85)	81.54%
43000 - LICENSE FEES, FINES & PENALTIES	\$14,970.00	\$14,000.00	\$970.00	106.93%
44000 - RENTAL INCOME	\$15,950.00	\$18,750.00	(\$2,800.00)	85.07%
45000 - PRODUCT STEWARDSHIP AND REIMB	\$68,531.91	\$42,249.99	\$26,281.92	162.21%
46000 - INTEREST, DIVIDENDS	\$90,261.51	\$15,249.99	\$75,011.52	591.88%
47000 - GRANT REVENUE	\$7,500.00	\$0.00	\$7,500.00	0.00%
49000 - OTHER INCOME	\$2,275.90	\$18,750.00	(\$16,474.10)	12.14%
Total - 40000 - INCOME	\$3,812,071.61	\$3,686,383.58	\$125,688.03	103.41%
Total - Income	\$3,812,071.61	\$3,686,383.58	\$125,688.03	103.41%
Cost Of Sales				
50000 - COST OF GOODS SOLD				
51000 - Organics Cost of Goods Sold	\$70,525.21	\$25,601.25	\$44,923.96	275.48%
53000 - Paint	\$6,898.54	\$0.00	\$6,898.54	0.00%
Total - 50000 - COST OF GOODS SOLD	\$77,423.75	\$25,601.25	\$51,822.50	302.42%
Total - Cost Of Sales	\$77,423.75	\$25,601.25	\$51,822.50	302.42%
Gross Profit	\$3,734,647.86	\$3,660,782.33	\$73,865.53	102.02%
Expense				
60000 - EXPENSES				
60100 - PAYROLL EXPENSES				
60200 - SALARIES AND WAGES	\$739,557.29	\$955,067.38	(\$215,510.09)	77.44%
60300 - BENEFITS	\$278,472.85	\$376,071.50	(\$97,598.65)	74.05%
Total - 60100 - PAYROLL EXPENSES	\$1,018,030.14	\$1,331,138.88	(\$313,108.74)	76.48%
61000 - TRAVEL & TRAINING	\$9,353.05	\$35,386.25	(\$26,033.20)	26.43%
62000 - ADMINISTRATIVE COSTS	\$19,675.14	\$65,599.00	(\$45,923.86)	29.99%
63000 - PROFESSIONAL FEES	\$6,779.39	\$95,141.26	(\$88,361.87)	7.13%
64000 - EQUIPMENT AND FLEET	\$211,350.16	\$251,517.15	(\$40,166.99)	84.03%
66000 - SUPPLIES	\$13,151.21	\$38,250.48	(\$25,099.27)	34.38%
67000 - MATERIALS MANAGEMENT	\$1,568,515.22	\$1,675,804.11	(\$107,288.89)	93.60%
68000 - PROPERTY MANAGEMENT	\$167,288.12	\$144,216.56	\$23,071.56	116.00%
69000 - PROMOTION & EDUCATION	\$37,752.02	\$34,732.02	\$3,020.00	108.70%
70000 - COMMUNITY SUPPORT	\$7,003.78	\$95,812.49	(\$88,808.71)	7.31%
Total - 60000 - EXPENSES	\$3,058,898.23	\$3,767,598.20	(\$708,699.97)	81.19%
Total - Expense	\$3,058,898.23	\$3,767,598.20	(\$708,699.97)	81.19%
Net Ordinary Income	\$675,749.63	(\$106,815.87)	\$782,565.50	-632.63%