

SOUHEGAN REGIONAL LANDFILL DISTRICT

Financial Statements

December 31, 2021

and

Independent Auditor's Report

**SOUHEGAN REGIONAL LANDFILL DISTRICT
FINANCIAL STATEMENTS
December 31, 2021**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners of the
Souhegan Regional Landfill District

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Souhegan Regional Landfill District, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Souhegan Regional Landfill District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Souhegan Regional Landfill District, as of December 31, 2021, and the respective changes in financial position 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. 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 Souhegan Regional Landfill 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.

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 Souhegan Regional Landfill 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 the 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 generally accepted 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 generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement 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 control 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 Souhegan Regional Landfill 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 substantial doubt about the Souhegan Regional Landfill 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages i-iv and 12-13 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Vachon Clukay & Company PC

Manchester, New Hampshire
July 13, 2022

SOUHEGAN REGIONAL LANDFILL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2021

Presented herewith please find the Management Discussion & Analysis Report for the Souhegan Regional Landfill District for the year ended December 31, 2021. The responsibility for accuracy of the data, the completeness and fairness of this documentation (including all disclosures) rests with management. To the best of our knowledge and belief, the data contained herein is accurate in all material aspects. This report and its contents have been designed to fairly present the District's financial position, including the result of operations of all the funds of the District. All the disclosures necessary to enable and to assist the reader in acquiring an accurate understanding of the District's financial activities have been included.

The District's management is responsible for establishing accounting and internal control structures designed to ensure that the physical, data, informational, intellectual, and human resource assets of the District are protected from loss, theft and misuse, and to ensure that adequate accounting information is maintained and reported in conformity with generally accepted accounting principles (GAAP). Management also strives to ensure that these assets are put to good and effective use. The internal control structure is designed to provide reasonable assurances that these objectives are attained.

Overview of the Financial Statements

The financial statements presented herein include all of the activities of the Souhegan Regional Landfill District using the integrated approach as prescribed by GASB Statement 34.

This discussion and analysis is intended to serve as an introduction to the Souhegan Regional Landfill District's financial statements. The basic financial statements are comprised of three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements

This report also contains required supplementary information.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to most private-sector companies.

The statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between them reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

**SOUHEGAN REGIONAL LANDFILL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the Year Ended December 31, 2021

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain the control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and to demonstrate compliance with finance-related legal requirements. The District maintains only one governmental fund type. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, our readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between the governmental activities statement of net position and statement of activities.

The District maintains one individual governmental fund. Information is presented separately in the governmental fund balance sheet and the statement of revenues, expenditures and changes in fund balance for the General Fund.

The District adopts an annual appropriation budget for its governmental fund. A budgetary comparison has been provided for the General Fund to demonstrate compliance with this budget.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Governmental Activities

Statement of Net Position

Net position of the District's governmental activities as of December 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Capital and other assets:		
Capital assets, net	\$ 606,669	\$ 562,709
Other assets	<u>1,159,148</u>	<u>1,011,262</u>
Total assets	<u>1,765,817</u>	<u>1,573,971</u>

**SOUHEGAN REGIONAL LANDFILL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the Year Ended December 31, 2021

Deferred outflows of resources:		
Total deferred outflows of resources	<u>-</u>	<u>-</u>
Long-term and other liabilities:		
Other liabilities	<u>60,206</u>	<u>62,122</u>
Total liabilities	<u>60,206</u>	<u>62,122</u>
Deferred inflows of resources:		
Total deferred inflows of resources	<u>-</u>	<u>-</u>
Net position:		
Net investment in capital assets	606,669	562,709
Unrestricted	<u>1,098,942</u>	<u>949,140</u>
Total net position	<u>\$ 1,705,611</u>	<u>\$ 1,511,849</u>

Statement of Activities

Changes in net position of the District's governmental activities for the years ended December 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Program revenues:		
Charges for services	<u>\$ 181,493</u>	<u>\$ 72,233</u>
Total program revenues	<u>181,493</u>	<u>72,233</u>
General revenues:		
Member assessments	1,085,205	1,060,643
Interest and investment earnings	1,069	2,968
Miscellaneous	<u>109</u>	<u>-</u>
Total general revenues	<u>1,086,383</u>	<u>1,063,611</u>
Total revenues	<u>1,267,876</u>	<u>1,135,844</u>
Program expenses:		
General government	26,690	25,529
Sanitation	<u>1,047,424</u>	<u>1,080,525</u>
Total expenses	<u>1,074,114</u>	<u>1,106,054</u>
Change in net position	193,762	29,790
Net position - beginning of year	<u>1,511,849</u>	<u>1,482,059</u>
Net position - end of year	<u>\$ 1,705,611</u>	<u>\$ 1,511,849</u>

As shown in the above statement the District's governmental activities experienced a increase in financial position of \$193,762 on the full accrual basis of accounting.

**SOUHEGAN REGIONAL LANDFILL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the Year Ended December 31, 2021

District Activities and Budgetary Highlights

The General Fund shows a fund balance of \$1,098,942 at year end. This is an increase of \$149,802 from the previous year. The District budgeted for the use of beginning fund balance of \$150,000 to reduce the member assessments.

Capital Assets

During the year, the net capital assets increased by \$43,960 as a result of a capital asset addition and depreciation expense. See Note 3 in the notes to the basic financial statements for a summary of all capital asset activity.

Contacting the Souhegan Regional Landfill District Financial Management

This financial report is intended to provide our citizens and creditors with a general overview of the District's finances and to show a measure of accountability for the money it receives. If you have any questions about this report or need to get additional information, contact the Board of Commissioners at, Souhegan Regional Landfill District, PO Box 360, Amherst, NH 03031, srldadmin@srldnh.com.

EXHIBIT A
SOUHEGAN REGIONAL LANDFILL DISTRICT
Statement of Net Position
December 31, 2021

	Governmental <u>Activities</u>
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 1,127,297
Accounts receivable	23,468
Prepaid items	<u>8,383</u>
Total Current Assets	<u>1,159,148</u>
Noncurrent Assets:	
Capital assets:	
Non-depreciable capital assets	335,176
Depreciable capital assets, net	<u>271,493</u>
Total Noncurrent Assets	<u>606,669</u>
Total Assets	<u>1,765,817</u>
DEFERRED OUTFLOWS OF RESOURCES	
Total Deferred Outflows of Resources	<u>-</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	<u>60,206</u>
Total Current Liabilities	<u>60,206</u>
Total Liabilities	<u>60,206</u>
DEFERRED INFLOWS OF RESOURCES	
Total Deferred Inflows of Resources	<u>-</u>
NET POSITION	
Net investment in capital assets	606,669
Unrestricted	<u>1,098,942</u>
Total Net Position	<u>\$ 1,705,611</u>

See accompanying notes to the basic financial statements

EXHIBIT B
SOUHEGAN REGIONAL LANDFILL DISTRICT
Statement of Activities
For the Year Ended December 31, 2021

Functions/Programs	<u>Expenses</u>	<u>Program Revenues Charges for Services</u>	<u>Net (Expense) Revenue and Changes in Net Position Governmental Activities</u>
Governmental Activities:			
General government	\$ 26,690		\$ (26,690)
Sanitation	<u>1,047,424</u>	<u>\$ 181,493</u>	<u>(865,931)</u>
Total governmental activities	<u>\$ 1,074,114</u>	<u>\$ 181,493</u>	<u>(892,621)</u>
General revenues:			
Member assessments			1,085,205
Interest and investment earnings			1,069
Miscellaneous			<u>109</u>
Total general revenues			<u>1,086,383</u>
Change in net position			193,762
Net Position - beginning of year			<u>1,511,849</u>
Net Position - end of year			<u>\$ 1,705,611</u>

See accompanying notes to the basic financial statements

EXHIBIT C
SOUHEGAN REGIONAL LANDFILL DISTRICT
Balance Sheet
Governmental Funds
December 31, 2021

	General Fund	Total Governmental Funds
ASSETS		
Cash and cash equivalents	\$ 1,127,297	\$ 1,127,297
Accounts receivable	23,468	23,468
Prepaid items	8,383	8,383
Total Assets	<u>1,159,148</u>	<u>1,159,148</u>
DEFERRED OUTFLOWS OF RESOURCES		
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 1,159,148</u>	<u>\$ 1,159,148</u>
LIABILITIES		
Accounts payable	\$ 60,206	\$ 60,206
Total Liabilities	<u>60,206</u>	<u>60,206</u>
DEFERRED INFLOWS OF RESOURCES		
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>
FUND BALANCES		
Nonspendable:		
Prepaid items	8,383	8,383
Unassigned	1,090,559	1,090,559
Total Fund Balances	<u>1,098,942</u>	<u>1,098,942</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,159,148</u>	
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		<u>606,669</u>
Net Position of Governmental Activities		<u>\$ 1,705,611</u>

See accompanying notes to the basic financial statements

EXHIBIT D

SOUHEGAN REGIONAL LANDFILL DISTRICT**Statement of Revenues, Expenditures and Changes in Fund Balances****Governmental Funds**

For the Year Ended December 31, 2021

	General <u>Fund</u>	Total Governmental <u>Funds</u>
Revenues:		
Member assessments	\$ 1,085,205	\$ 1,085,205
Charges for services	181,493	181,493
Interest income	1,069	1,069
Miscellaneous	109	109
Total Revenues	<u>1,267,876</u>	<u>1,267,876</u>
Expenditures:		
Current operations:		
General government	26,690	26,690
Sanitation	992,619	992,619
Capital outlay	<u>98,765</u>	<u>98,765</u>
Total Expenditures	<u>1,118,074</u>	<u>1,118,074</u>
Net change in fund balance	149,802	149,802
Fund Balance - beginning of year	<u>949,140</u>	<u>949,140</u>
Fund Balance - end of year	<u>\$ 1,098,942</u>	<u>\$ 1,098,942</u>

SOUHEGAN REGIONAL LANDFILL DISTRICT**Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities**

For the Year Ended December 31, 2021

Net Change in Fund Balances--Total Governmental Funds	\$ 149,802
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	<u>43,960</u>
Change in Net Position of Governmental Activities	<u>\$ 193,762</u>

See accompanying notes to the basic financial statements

**SOUHEGAN REGIONAL LANDFILL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2021**

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Souhegan Regional Landfill District conform to accounting policies generally accepted in the United States of America for local governmental units, except as indicated hereinafter. The following is a summary of significant accounting policies.

Financial Reporting Entity

The Souhegan Regional Landfill District (the “District”) is a special purpose district organized in 1974 under the provisions of New Hampshire RSA 53-B. The District operates under the Board of Commissioners form of government and provides sanitation services to the residents within the District. The District's members include the Towns of Amherst, Brookline, Hollis, and Mont Vernon, New Hampshire. Each member community is assessed its share of the operating costs of the District based on the tonnage of refuse. Capital costs are apportioned based on the equalized valuation of each member community.

The landfill was closed in 1992, but still collects trash from the Town of Amherst, New Hampshire that is transported to locations not affiliated with the District.

Basis of Presentation

The District’s basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

1. Government-Wide Financial Statements:

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government.

The statement of net position presents the financial condition of the governmental activities of the District at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District’s governmental activities. Direct expenses are those that are specifically associated with a service, program or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

2. Fund Financial Statements:

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. The District reports on its sole governmental fund.

SOUHEGAN REGIONAL LANDFILL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2021

Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District employs the use of a sole governmental fund.

1. Governmental Funds:

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources, and liabilities and deferred inflows of resources, is reported as fund balance. The following is the District's major governmental fund:

The *General Fund* is the main operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund.

Measurement Focus

1. Government-Wide Financial Statements:

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the District are included on the Statement of Net Position.

2. Fund Financial Statements:

The District's governmental fund is accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue and in the presentation of expenses versus expenditures.

SOUHEGAN REGIONAL LANDFILL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2021

1. Revenues – Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the District, available means expected to be received within sixty days of year end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include member assessments, grants, entitlements and donations. On an accrual basis, revenue from member assessments is recognized in the year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: member assessments, charges for services and interest on investments.

Miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received.

2. Expenses/Expenditures:

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization are not recognized in governmental funds.

Budgetary Data

The District's budget represents appropriations as authorized by annual or special District meetings. The Commissioners may transfer funds between operating categories as they deem necessary. The District adopts its budget under State regulations, which differ somewhat from accounting principles generally accepted in the United States of America in that the focus is on the entire governmental unit rather than on the basis of fund types.

Capital Assets

General capital assets result from expenditures in the District's governmental fund. These assets are reported in the government-wide statement of net position, but are not reported in the fund financial statements.

SOUHEGAN REGIONAL LANDFILL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2021

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure or intangible assets. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except for land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

	<u>Description</u>	<u>Years</u>
Machines and equipment		5-15

Accrued Liabilities

All payables and accrued liabilities are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current resources are reported as obligations of the funds.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances on any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation 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 the restricted components of net position.

The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Balance Policy

The District has segregated fund balance into five classifications: Nonspendable, Restricted, Committed, Assigned, and Unassigned. The components of fund balance are defined as follows:

- *Nonspendable Fund Balance*: Amounts that are not in a spendable form or are required to be maintained intact.
- *Restricted Fund Balance*: Amounts that can only be spent for the specific purposes stipulated by external resource providers or enabling legislation. Restrictions may be changed or lifted only upon consent of the resource providers or enabling legislation.
- *Committed Fund Balance*: Amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision making authority (Board of Commissioners). Commitments may be changed or lifted only by the governing body taking the same formal action that imposed the constraint originally. The governing body's action must either be approved or rescinded, as applicable, prior to the last day of the fiscal year for which the

SOUHEGAN REGIONAL LANDFILL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2021

commitment is made. The amount subject to the constraint may be determined in the subsequent period.

- *Assigned Fund Balance*: Amounts a government intends to use for a specific purpose. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- *Unassigned Fund Balance*: Amounts that are not obligated or specifically designated and is available for any purpose. The residual classification of any General Fund balance is to be reported here.

As of December 31, 2021, the District has not adopted a formal fund balance policy.

In circumstances where expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, restricted fund balance is considered to have been spent first. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, committed amounts should be reduced first, followed by assigned amounts then unassigned amounts.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Member Assessments

Under State statutes, the Towns of Amherst, Brookline, Hollis, and Mont Vernon, New Hampshire (independent governmental units) collect assessments for the District. As collection agents, the Towns are required to pay over to the District its share of assessments collected through periodic payments based on the cash flow requirements of the District. The Towns assume financial responsibility for all uncollected assessments under State statutes.

NOTE 2—DEPOSITS

The District does not have a formal investment policy for the investment of public funds in its governmental fund.

Deposits as of December 31, 2021, are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and cash equivalents	<u>\$ 1,127,297</u>

Deposits as of December 31, 2021 consist of the following:

Deposits with financial institution	<u>\$ 1,127,297</u>
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Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned. Currently, the District does not have an investment policy for assurance against custodial

SOUHEGAN REGIONAL LANDFILL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2021

credit risk; however, the District has an agreement with the bank to collateralize all deposits in excess of the federal depository insurance limits.

Of the District's deposits with financial institutions at year end, \$627,297 was collateralized by securities held by the bank in the District's name.

NOTE 3—CAPITAL ASSETS

The following is a summary of changes in the capital assets of the governmental activities:

	Balance 1/1/2021	Additions	Reductions	Balance 12/31/2021
Capital assets not depreciated:				
Land	\$ 335,176			\$ 335,176
Total capital assets not being depreciated	335,176	\$ -	\$ -	335,176
Other capital assets:				
Machines and equipment	1,210,787	98,765		1,309,552
Total other capital assets at historical cost	1,210,787	98,765	-	1,309,552
Less accumulated depreciation for:				
Machines and equipment	(983,254)	(54,805)		(1,038,059)
Total accumulated depreciation	(983,254)	(54,805)	-	(1,038,059)
Total other capital assets, net	227,533	43,960	-	271,493
Total capital assets, net	\$ 562,709	\$ 43,960	\$ -	\$ 606,669

Depreciation expense was charged to governmental functions as follows:

Sanitation	<u>\$ 54,805</u>
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NOTE 4—RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2021, the District was a member of and participated in a public entity risk pool (Trust) for property and liability insurance and worker's compensation coverage.

The Trust agreements permit the Trust to make additional assessments to members should there be a deficiency in Trust assets to meet its liabilities. Accounting principles generally accepted in the United States of America require members of pools with a sharing of risk to determine whether or not such assessment is probable and, if so, a reasonable estimate of such assessment. At this time, the Trust foresees no likelihood of an additional assessment for any of the past years. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Based on the best available information there is no liability at December 31, 2021.

Property and Liability Insurance

The Trust provides certain property and liability insurance coverage to member towns, cities, and other qualified political subdivisions of New Hampshire. As a member of the Trust, the District shares in contributing to the cost of and receiving benefit from a self-insured pooled risk management program. The program includes a Self-Insured Retention Fund from which is paid up to \$500,000 for each and

SOUHEGAN REGIONAL LANDFILL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended December 31, 2021

every covered property, crime and/or liability loss that exceeds \$1,000, up to an aggregate of \$1,200,000. Each property loss is subject to a \$1,000 deductible. All losses over the aggregate are covered by insurance policies.

Worker's Compensation

The Trust provides statutory worker's compensation coverage to member towns, cities, and other qualified political subdivisions of New Hampshire. The Trust is self-sustaining through annual member premiums and provides coverage for the statutorily required workers' compensation benefits and employer's liability coverage up to \$2,000,000. The program includes a Loss Fund from which is paid up to \$500,000 for each and every covered claim.

NOTE 5—COMMITMENTS AND CONTINGENCIES

Landfill Hauling Contract

During October 2020, the District extended its long-term contract with an independent company to transport municipal solid waste and recyclable materials through December 31, 2025. The District pays the company fees ranging from \$170.75 to \$469.00 per load transported, depending upon the material and the destination. For the year ended December 31, 2021, the District expended \$259,070 under the terms of the agreement.

Solid Waste Disposal Contract

During November 2012, the District entered into a long-term contract with an independent company to dispose of municipal solid waste through December 31, 2022. Under the terms of the agreement the District pays the company for waste disposal services at a per ton rate. The rates for the contract are increased annually and range from \$68.00 to \$77.00 per ton. For the year ended December 31, 2021, the District expended \$602,796 under the terms of the agreement.

Litigation

District officials estimate that any potential claims against the District, which are not covered by insurance, are immaterial and would not affect the financial position of the District.

SCHEDULE 1

SOUHEGAN REGIONAL LANDFILL DISTRICT

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budgetary Basis) - General Fund

For the Year Ended December 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	Final Budget -
				Favorable
				<u>(Unfavorable)</u>
Revenues:				
Member assessments	\$ 1,085,205	\$ 1,085,205	\$ 1,085,205	\$ -
Charges for services	50,000	50,000	181,493	131,493
Interest income	3,450	3,450	1,069	(2,381)
Miscellaneous	-	-	109	109
Total Revenues	<u>1,138,655</u>	<u>1,138,655</u>	<u>1,267,876</u>	<u>129,221</u>
Expenditures:				
Current operations:				
General government	47,955	47,955	26,690	21,265
Sanitation	1,071,525	1,071,525	992,619	78,906
Capital outlay	<u>169,175</u>	<u>169,175</u>	<u>98,765</u>	<u>70,410</u>
Total Expenditures	<u>1,288,655</u>	<u>1,288,655</u>	<u>1,118,074</u>	<u>170,581</u>
Net change in fund balance	(150,000)	(150,000)	149,802	299,802
Fund Balance at beginning of year				
- Budgetary Basis	<u>949,140</u>	<u>949,140</u>	<u>949,140</u>	<u>-</u>
Fund Balance at end of year				
- Budgetary Basis	<u>\$ 799,140</u>	<u>\$ 799,140</u>	<u>\$ 1,098,942</u>	<u>\$ 299,802</u>

See accompanying notes to the required supplementary information

SOUHEGAN REGIONAL LANDFILL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended December 31, 2021

NOTE 1—BUDGET TO ACTUAL RECONCILIATION

Amounts recorded as budgetary amounts in the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – General Fund (Schedule 1) are reported on the basis budgeted by the District. Those amounts may differ from those reported in conformity with accounting principles generally accepted in the United States of America in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (Exhibit D). There were no such budgetary differences to be reconciled for the year ended December 31, 2021.