



Memorandum

DATE: February 11, 2010

TO: Chairman and Members of the Board

FROM: Kevin H. Roche, General Manager

SUBJECT: Agenda for the Audit Committee Meeting

There is an ecomaine Audit Committee Meeting scheduled for Thursday, February 18, 2010 at 3:00 p.m., third Floor of the Waste-to-Energy Facility. The agenda for this meeting is as follows:

1. Approval of the October 15, 2009 Audit Committee Meeting Minutes (*Attachment A*)
2. ecomaine's "Conflict of Interest Policy" (*Handout*)
3. Review of FY '10 Audit Proposal from RKO (*Attachment B*)
4. Other
5. Future Meetings:
 - Executive Committee: Thursday, February 18th @ 4:00 p.m. (*immediately following the Audit Committee Meeting*).
 - Recycling Committee: March 3rd @ 4:00PM
 - Finance Committee: March 4th @ 4:00PM
 - Full Board Meeting: March 18th @ 4:00PM
 - Recycling Committee: April 7th @ 4:00PM
 - Budget Workshop: April 8th @ 3:00PM
 - Full Board Meeting: April 15th @ 4:00PM

Owner Communities

Bridgton
Cape Elizabeth
Casco
Cumberland
Falmouth
Freeport
Gorham
Gray
Harrison
Hollis
Limington
Lyman
North Yarmouth
Ogunquit
Portland
Pownal
Scarborough
South Portland
Waterboro
Windham
Yarmouth

Associate Members

Baldwin
Hiram
Naples
Parsonsfield
Porter
Saco
Standish

Recycling Members

Andover
Cornish
Monmouth
Poland
Sanford

DATE: October 16, 2009
TO: Chair and Members of the Audit Committee
FROM: Kevin H. Roche, General Manager
SUBJECT: Minutes of 10/15/09 **ecomaine** Audit Committee Meeting

The Audit Committee of **ecomaine** met on Thursday, October 15, 2009, at the Waste-to-Energy facility. The meeting was called to order at 3:00PM.

There were five items on the Agenda:

1. Approval of the May 21, 2009 Audit Committee Meeting minutes
2. Presentation of FY '09 audited Financial Statements
3. Discussion between the Audit Committee & Runyon Kersteen & Ouellette
4. Other Items
5. Future Meetings

While awaiting a quorum of the Committee, Mr. Van Gaasbeek followed up with Ms. Tyson regarding a possible “certified error fall-out” document for Board members (something that came out of the Enron situation) that he had asked about at the last Audit Committee Meeting on May 21, 2009.

Ms. Tyson stated that she will get the document for the Audit Committee to look at to decide if they do want to implement having Board Members sign this document.

Item #1 – Approval of the 5/21/09 Audit Committee Meeting Minutes

Mr. Morton moved that “**The Audit Committee hereby approves the minutes of the May 21, 2009 Audit Committee meeting as presented**”. The motion was seconded by Mr. Van Gaasbeek and passed with a unanimous vote of the Committee (with a quorum at 3:14PM).

Item #2 – Presentation of FY '09 audited Financial Statements

Ms. Kathy Tyson and Mr. Peter Way, of Runyon Kersteen Ouellette passed around a handout. This handout included the 25-page draft of the **ecomaine**

Financial Statements (*previously sent to the Board on Wednesday, October 14, 2009*), as well as a draft of:

- Eight pages of graphs representing the **ecomaine** Financial Statements
- Letter to the Management of **ecomaine** dated October 8, 2009
- Letter to the Audit Committee of **ecomaine** dated October 8, 2009.

During their overview of the presented materials, Ms. Tyson and Mr. Way noted some significant changes from last year's Audit:

- During the year ended June 30, 2009, **ecomaine** adopted the provisions of Governmental Accounting Standards Board (GASB) Statement 45.
- RKO addressed "Segregation of Duties" as it pertains to the position of the Director of Finance and Administration also being **ecomaine's** primary check signer, and
- The position of Director of Finance and Administration being the only check signer.

Due to the fact that **ecomaine** converted the accounting system from a cash basis to an accrual basis, only nine adjusted journal entries were required.

The auditors were not required this year to work on Schedules #2 through #6 as **ecomaine** staff had reviewed the supplemental schedules. Only Schedule 1 required work by the auditors.

Item #3 – Discussion between the Audit Committee & RKO

It was noted that the General Manager of **ecomaine** has now been added as a second authorized check signer and that RKO also recommends that access to the stamp with the Director of Finance and Administration's signature on it be further restricted. In the Management Letter to **ecomaine**, RKO felt that **ecomaine** needs to consider who is in control of the General Ledger system (for access purposes).

Mr. Bobinsky then made a motion that the Audit Committee recommend acceptance of the Audit Report to the **ecomaine** Board of Directors. The motion was seconded by Ms. McGinty and passed with a unanimous vote of the Committee.

Item #4 – Other

Ms. Tyson will get back to **ecomaine** regarding whether or not there is a typographical error on Page 15 of the Financial Statements (at the end of the page, regarding "Remaining unamortized Series P & Q Issue Costs).

Item #5 – Future Meetings

Mr. Van Gaasbeek then made a motion to adjourn the meeting. The motion was seconded by Mr. Morton. By unanimous vote of the Committee, the meeting adjourned at 4:04PM.

PRESENT:

M. Bobinsky
G. Foster
S. McGinty
D. Morton
L. Van Gaasbeek
R. Brobst

ABSENT:

J. Gray

Other: K. Tyson, P. Way of Runyon Kersteen Ouellette

Staff: D. Doane, E. Doane, T. Raymond, K. Roche and L. Trufant.

Runyon
Kersteen
Ouellette

Certified Public Accountants and Business Consultants

February 5, 2010

Audit Committee
Kevin Roche, General Manager
Eric Doane, Director of Finance and Administration
ecomaine
64 Blueberry Road
Portland, Maine 04102-1945

We are pleased to propose our understanding of the services we are to provide for ecomaine for the year ended June 30, 2010.

We will audit the statement of financial position of ecomaine as of June 30, 2010, and the related statements of activities and cash flows for the year then ended. Also, the following additional information accompanying the basic financial statements will be subjected to the auditing procedures applied in our audit of the financial statements.

- 1) Schedules 1 and 2 (references from June 30, 2009 financial statements)

Audit Objective

The objective of our audit is the expression of an opinion about whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. If our opinion is other than unqualified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.

Audit Procedures

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request written representations from the Organization's attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Organization or to acts by management or employees acting on behalf of the Organization.

Because an audit is designed to provide reasonable, but not absolute, assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform you of any material errors and any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our audit will include obtaining an understanding of the Organization and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to you and those charged with governance internal control related matters that are required to be communicated under professional standards.

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

Management Responsibilities

You are responsible for making all management decisions and performing all management functions; for designating an individual with suitable skill, knowledge, or experience to oversee any tax services and any other nonattest services we provide; and for evaluating the adequacy and results of those services and accepting responsibility for them.

You are responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the financial statements of financial position, changes in net assets, and cash flows in conformity with U.S. generally accepted accounting principles. You are also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Organization involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Organization received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring the Organization complies with applicable laws and regulations and for taking timely and appropriate steps to remedy any fraud, illegal acts, or violations of contracts or grant agreements that we may report.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, and other confirmations we request and will locate any documents selected by us for testing. All necessary reconciliations will also be prepared by your employees.

Kathy Tyson is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it. We expect to begin our audit in August of 2010 and to issue our report by September 30, 2010.

We estimate that our fees for the engagement will not exceed \$24,000. The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Our invoices for these fees will be rendered as work progresses and are payable on presentation.

ecomaine
February 5, 2010
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We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy, and return it to us.

Very truly yours,



Peter H. Way, CPA
Runyon Kersteen Ouellette

RESPONSE:

This letter correctly sets forth the understanding of ecomaine.

Officer signature

Title

Date