



Memorandum

DATE: September 9th, 2015
TO: Chairman and Members of the Board
FROM: Kevin H. Roche, CEO/General Manager
SUBJECT: Agenda for the Finance Committee

There is an **ecomaine** Finance Committee Meeting scheduled for the Monday, September 14th, 2015 @ 4PM. The agenda for this meeting is as follows:

1. Approval of Minutes (Attachment A)
2. Cash Disbursement Report
3. Review of Financial Statements FY 15
 - Statement of Revenues and Expenses (Attachment B1)
 - Statistical Data (Attachment B2)
 - Balance Sheet (Attachment B3)
 - Statement of Cash Balances (Attachment B4)
 - Capital Expenditures (Attachment B5)
 - Status of Accounts Receivable (Attachment B6)
4. Five Year Financial Plan and Review of Reserves
 - Review and Approve any Assessment or Rebate
5. Review of Financial Statements FY 16 (Handout)
 - Statement of Revenues and Expenses
 - Statistical Data
 - Balance Sheet
 - Statement of Cash Balances
 - Capital Expenditures
 - Status of Accounts Receivable
6. Other:

Future Meetings:

Finance Committee Meeting: September 14th, 2015 @ 4PM
Audit Committee Meeting: September 17th, 2015 @ 3PM
Executive Committee Meeting: September 17th, 2015 @ 4PM
Recycling Committee Meeting: September 24th, 2015 @ 4PM
Full Board Meeting: October 15th, 2015 @ 4PM
Recycling Committee Meeting: November 5th, 2015 @ 4PM
Finance Committee Meeting: November 10th, 2015 @ 3PM
Executive Committee Meeting: November 10th, 2015 @ 4PM
Executive Committee Meeting: December 17th, 2015 @ 4PM
Finance Committee Meeting: January 12th, 2016 @ 4PM
Full Board Meeting: January 21st, 2016 @ 4PM

Recycling Committee Meeting: January 28th, 2016 @ 4PM
Executive Committee Meeting: February 11th, 2016 @ 4PM
Full Board Meeting: March 17th, 2016 @ 4PM
Recycling Committee Meeting: March 24th, 2016 @ 3PM
Finance/Budget Workshop: March 24th, 2016 @ 4PM
Audit Committee Meeting: April 21st, 2016 @ 3PM
Full Board Meeting: April 21st, 2016 @ 4PM
Finance Committee Meeting: May 19th, 2016 @ 3PM
Executive Committee Meeting: May 19th, 2016 @ 4PM
Recycling Committee Meeting: May 26th, 2016 4PM
Full Board/Annual Meeting: June 16th, 2016 @ 11:30AM

The Board of Directors may wish to go into Executive Session for any of the above items under Section 405 of Title 1 of the Maine Revised Statutes ([per the following legislative website: http://janus.state.me.us/legis/statutes/1/title1ch13sec0.html](http://janus.state.me.us/legis/statutes/1/title1ch13sec0.html))

Memorandum

DATE: September 9th, 2015
TO: Chairman and Members of the Board
FROM: Kevin H. Roche, CEO/General Manager
SUBJECT: Finance Committee Minutes – May 21st, 2015

There was a **Finance Committee Meeting** held on the date noted above. The meeting was called to order by Matthew Frank, Chairman.

Item #1 - Minutes:

David Cole made a motion to accept the minutes as written. The motion was seconded by Rod Regier and unanimously approved by the Finance Committee.

Item #2 - Cash Disbursement Review:

Matthew Frank reported no issues.

Item #3 - Presentation – HM Payson Investment Update – Daniel Lay & Will (Chip) Weickert:

HM Payson presented **ecomaine's** investment portfolio in a power point presentation to the finance committee. The committee had questions on why we are not fully invested at this time. HM Payson noted that entry point is critical and deliberate in this environment and asked for the Committee's patience during this progress. HM Payson is scheduled for a follow-up review in the fall of 2015.

Item #4 - Year End Review of High Deductible Health Insurance Plan

The Committee reviewed the year end high deductible plan with positive results. A lengthy discussion followed.

At 4PM Dave Cole made a motion to adjourn. The motioned was seconded by Len Van Gaasbeek. All in favor.

Present:

Richard Brobst, David Cole, Matthew Frank, Jim Gailey, Rod Regier & Len Van Gaasbeek

Staff:

Arthur Birt & Kevin Roche – HM Payson Advisors, Daniel Lay

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Statement of Revenue & Expenses June, 2015 (FY15)

	\$000's						
	Actual - Prior Years YTD			Current Year To Date			FY15 to FY14
	2012	2013	2014	Actual	Budget	Variance	Variance
Operating revenues							
Municipal assessments & rebates	\$ 4,442	\$ 3,442	\$ 2,942	\$ (1,000)	\$ -	\$ (1,000)	\$ (3,942)
Owners tipping fees	4,261	4,170	3,462	3,456	3,452	3	(7)
Assoc tipping fees	886	879	907	945	920	25	38
Contract tipping fees	162	272	283	296	274	21	12
Commercial tipping fees	5,662	5,809	5,194	5,114	5,264	(150)	(80)
Spot market tipping fees	2,254	2,291	2,009	2,009	1,650	359	(0)
Electrical generating revenues	3,707	3,752	4,570	4,617	4,504	113	47
Sales of recycled goods	3,694	2,808	3,434	2,956	2,837	119	(478)
Recycling tipping fees	42	68	104	131	70	61	27
Gorham property assessments	157	170	166	-	-	-	(166)
Other operating income	86	110	91	98	94	4	8
Total operating revenues	25,355	23,772	23,163	18,621	19,065	(444)	(4,542)
Operating expenses							
Administrative expenses	2,433	2,447	2,531	2,632	2,594	(38)	(101)
Waste-to-energy operating expenses	8,693	9,019	9,412	9,222	9,807	585	190
Recycling operating expenses	1,780	1,652	2,017	2,088	2,088	(0)	(71)
Landfill/ashfill operating expenses	1,603	1,570	1,601	1,802	1,744	(58)	(202)
Contingency	-	-	-	-	200	200	-
Landfill closure & postclosure care costs	277	258	240	260	258	(2)	(20)
Post-retirement benefit- Health Care			95	50	95	45	46
Depreciation & amortization	3,808	4,015	4,195	3,805	3,900	95	390
Total operating expenses	18,594	18,961	20,092	19,859	20,686	827	232
Net operating income	6,761	4,811	3,071	(1,238)	(1,621)	383	(4,310)
Non-operating income (expense)							
Interest income	59	71	43	48	40	8	5
Investment income	-	-	-	71	-	71	71
Interest expense	(113)	(0)	1	0	-	0	(0)
Misc. Income / (Expenses)	3	87	54	83	(5)	88	29
Net non-operating	(51)	158	98	203	35	168	105
Total Revenue Less Expenses	\$6,710	\$4,969	\$3,169	-\$1,035	-\$1,586	\$551	(4,204)

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Statistical Data June, 2015 (FY15)

	Actual - YTD			Year to Date 2015				Year to Date Vs. Last Yr	
	2012	2013	2014	Actual	Budget	Var - Fav / (Unfav)		Var-Fav / (Unfav)	
						Units	%	Units	%
MSW - Tons									
Owner	49,093	48,021	49,517	49,753	49,157	596	1.2%	236	0.5%
Associate	11,264	10,902	11,175	11,439	11,327	112	1.0%	264	2.4%
Contract	3,557	5,613	5,184	5,206	5,006	200	4.0%	22	0.4%
Commercial	67,705	68,824	75,201	75,778	76,336	(558)	-0.7%	577	0.8%
Spot	40,292	42,332	40,232	38,411	33,000	5,411	16.4%	(1,821)	-4.5%
Total MSW	171,911	175,692	181,309	180,587	174,826	5,761	3.3%	(722)	-0.4%
Recycle - Tons									
Inbound - MRF only	34,928	35,141	41,968	43,667	37,000	6,667	18.0%	1,699	4.0%
Outbound- MRF only	31,163	31,546	37,469	38,722	31,922	6,800	21.3%	1,254	3.3%
Outbound- Post Burn	1,417	4,333	4,542	4,289	4,600	(311)	-6.8%	(253)	-5.6%
Outbound- Landfill Metal Mining	5,141	10,812	14,860	6,904	15,000	(8,096)	-54.0%	(7,956)	-53.5%
Outbound Total	37,721	46,691	56,871	49,916	51,522	(1,606)	-3.1%	(6,955)	-12.2%
MSW - Revenue \$ /Ton									
Owner	\$86.80	\$86.84	\$69.93	\$69.46	\$70.23	-\$0.77	-1.1%	(0.46)	-0.7%
Associate	78.62	80.58	81.15	82.58	81.18	1.40	1.7%	1.43	1.8%
Contract	45.62	48.49	54.68	56.78	54.78	1.99	3.6%	2.10	3.8%
Commercial	83.63	84.41	69.07	67.49	68.96	(1.47)	-2.1%	(1.58)	-2.3%
Spot	55.94	54.12	49.93	52.29	50.00	2.29	4.6%	2.36	4.7%
Total MSW	\$76.93	\$76.39	\$65.39	\$65.45	\$66.13	(0.68)	-1.0%	0.06	0.1%
Recycle - Revenue \$									
\$/Ton Outbound (Includes glass/metals)	\$99.06	\$61.59	\$62.22	\$61.84	\$56.42	\$5.43	9.6%	-\$0.38	-0.6%
\$/Ton Inbound- Rev/Cost Sharing	\$106.55	\$73.78	\$70.18	\$61.63	\$63.13	-\$1.50	-2.4%	-\$8.55	-12.2%
Energy									
Revenue	\$3,707,430	\$3,752,470	\$4,569,868	\$4,616,876	\$4,503,572	\$113,304	2.5%	47,008	1.0%
MWH's Sold	84,762	90,001	86,562	77,551	78,432	(881)	-1.1%	(9,011)	-10.4%
\$/MWH	\$43.74	\$41.69	\$52.79	\$59.53	\$57.42	\$2.11	3.7%	\$6.74	12.8%
Steam Plant Capacity Factor %		89.6%	87.3%	85.6%					
Average Boiler Availability %		94.3%	92.9%	90.6%					
Steam Plant Capacity Utilization %		95.0%	94.0%	94.4%					
Power Capacity Factor %		84.0%	81.6%	73.3%					
Power Sold - % of Capacity to Sell		84.9%	81.7%	73.2%	74.0%				

Steam Plant Capacity Factor % - Steam from the two boilers as a % of the total unadjusted capacity (144,000 lbs/hour for time in period with no down time)

Average Boiler Availability % - Percent of hours that boilers are available to burn MSW during period - reflects time out of service for boilers due to equipment problems

Steam Plant Capacity Utilization % - Steam from the two boilers as a % of the adjusted capacity (144,000 lbs/hour for time in period less time not on MSW)

Power Capacity Factor % - Actual power produced (MWH's) by the turbine as a % of the rated capacity [14.1 MW's] for all hours in the period

Power Sold - % of Capacity to Sell - Power sold (MWH's) on grid as a % of the power available to sell (generation net of internal load -- 12.1 MW's) for the given time period

Revenue Share 'break even' is between \$80-85 -- when average revenue per ton falls below \$80, a payment is required by owners to ecomaine & when average revenue per ton exceeds \$85 a payment is paid by ecomaine to owners.

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Balance Sheet June, 2015 (FY15)
\$000's

	Year End Actuals @ 6/30			FY 2015
	2012	2013	2014	June
Assets				
Current Assets				
Balance Operating Cash	\$ 11,801	\$ 19,182	\$ 23,060	\$ 6,298
Cash, Held By Trustee For Debt Payments	6,875	2,947	-	-
Accounts Receivable	2,274	1,983	1,884	1,943
Inventory	2,128	2,362	2,554	2,488
Prepaid Expenses	244	193	232	190
Total Current Assets	<u>23,322</u>	<u>26,667</u>	<u>27,730</u>	<u>10,919</u>
Property, Plant & Equipment	124,466	128,976	130,999	136,801
Less: Accumulated Depreciation	94,050	97,792	101,917	105,722
Net Property, Plant and Equipment	<u>30,416</u>	<u>31,184</u>	<u>29,082</u>	<u>31,079</u>
Debt Service Reserve	1,800	-	-	-
Cash Reserve Accounts				20,212
Gorham Property	1,500	1,500	1,500	1,500
Total Assets	<u>57,039</u>	<u>59,350</u>	<u>58,313</u>	<u>63,710</u>
Liabilities				
Current Liabilities				
Accounts Payable	894	130	598	50
Accrued Expenses	681	497	782	1,148
Accrued Compensated Absences	830	902	931	980
Current Portion of Long Term Debt	4,560	-	-	-
Current Portion of Capital Leases	-	-	-	-
TD Bank Term Loan	-	-	-	-
Total Current Liabilities	<u>6,965</u>	<u>1,529</u>	<u>2,311</u>	<u>2,178</u>
Other Liabilities				
Bonds - Long-Term Portion	-	-	-	-
Capital Leases - Long Term Portion	-	-	-	-
Accrued Landfill Close & Post Close costs	15,694	15,952	16,192	16,452
Accrued Post Retirement Benefit - Health Care	295	295	390	440
Total Liabilities	<u>22,954</u>	<u>17,775</u>	<u>18,893</u>	<u>19,070</u>
Net Assets (Equity)				
Restricted - Debt Service Reserve	1,800	-	-	-
Total Restricted Reserves	<u>1,800</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital Reserves	-	-	-	-
Total Designated Reserves	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance (Retained Earnings)	29,028	37,538	42,507	45,676
Revenues Less Expenses (Current Year)	6,710	4,969	3,169	(1,035)
Total Fund Balance (Retained Earnings)	<u>35,738</u>	<u>42,507</u>	<u>45,676</u>	<u>44,641</u>
Total Net Assets (Equity)	<u>\$ 37,538</u>	<u>\$ 42,507</u>	<u>\$ 45,676</u>	<u>\$ 44,641</u>

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Statement of Cash Balances June, 2015 (FY15)
\$000's

	12 Month Actuals @ 6/30			Bud FY 2015 @ 6/30/15	Act FY 15 @ 6/30/15
	2012	2013	2014		
Cash & Reserves - beginning of period	\$ 21,968	\$ 23,928	\$ 23,060	27,609	\$ 29,317
Cash flows from operating activities:					
Net operating income	6,761	4,811	3,071	(1,621)	(1,238)
Add back: depreciation	3,808	4,015	4,195	3,900	3,805
Add back: landfill closure costs	277	258	240	258	260
Add back: Post Retirement Benefit	-	-	95	95	50
Other working capital changes	385	(711)	669		(41)
Net cash provided by operating activities	11,231	8,373	8,270	2,632	2,835
Cash flows from capital and related financing activities:					
Bank loan	-	-	-	-	-
Payment of interest	(113)	-	1	-	0
Repayment of long-term debt	(6,630)	(4,560)	-	-	-
Repayment of capital leases	-	-	-	-	-
Net cash used in capital and related financing	(6,743)	(4,560)	1	-	0
Cash flows from investing activities:					
Receipts of interest	59	71	43	0	48
Investment income	-	-	-	-	71
Capital expenditures	(2,587)	(4,752)	(2,058)	(4,461)	(5,761)
Net cash used in investing activities	(2,528)	(4,681)	(2,015)	(4,461)	(5,642)
Net increase (decrease) in cash	1,960	(868)	6,256	(1,829)	(2,806)
Cash & Reserves - end of period	23,928	23,060	29,317	25,780	26,510

Cash Reserve Detail

Detail					Reserves as		
					per policy	Target	
Operating Cash Reserve	7,500	7,500	8,160	8,160	8,174	\$ 8,160	\$ 8,160
Short Term Capital Reserve	3,251	3,253	3,255	3,253	3,265	3,261	3,250
Long Term Capital Reserve	4,001	4,004	4,006	4,004	4,050	4,013	4,000
Landfill Closure Reserve	850	1,701	3,052	3,900	3,923	3,907	22,217
Descretionary Landfill Closure Reserve					300	300	300
Recycling Revenue & Cost Sharing					500	500	500
Bond Payment Reserves	6,875	2,947	-				
Debt Service Reserves							
Balance Operating Cash	1,451	3,655	10,844	6,463	6,298	-	-
Total	\$ 23,928	\$ 23,060	\$ 29,317	\$ 25,780	\$ 26,510	\$ 20,141	\$ 38,427

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Capital Expenditures						
June, 2015 (FY15)						
Project		FY 2015 Budget	Project Expend YTD	Var from Budget	Total Expected Cost @ 06/30/2015	Project Status
No	Title					
1524-149-2	Boiler Air Preheater Coil Upgrade	\$ 600,980	\$ 136,616	\$ 464,364	\$ 145,332	In Progress
1524-255-4	CEMS Data Acquisition System Upgrade		38,898	(38,898)	38,898	Complete
1524-310-2	Cooling Tower VFD & Honeycomb Replacement	40,000	185,139	(145,139)	185,139	Complete
1524-325-2	Refractory Replacement	500,000	404,422	95,578	404,422	Complete
1524-351-2	Boiler Secondary Superheaters A & B		715,087	(715,087)	715,087	Complete
1524-373-2	Refuse Crane Rebuild	250,000	98,612	151,388	98,612	In Progress
1524-387-4	Boiler Feedwater Pump Overhaul	50,000	68,444	(18,444)	68,444	Complete
1524-392-2	Steam Turbine Generator Overhaul	1,300,000	2,381,195	(1,081,195)	2,381,195	Complete
1524-447-3	ESP Hopper Replacements	500,000	422,056	77,944	422,056	Complete
1524-477-4	Boiler Inconel Work	500,000	495,619	4,381	495,619	Complete
1524-498-3	Warehouse Storage	20,000	20,686	(686)	20,686	In Progress
1524-506-3	* HVAC Roof Top Chiller Replace 12 ton		5,288	(5,288)	30,873	Complete
1524-517-1	* Camera System Replacement		16,166	(16,166)	37,870	Complete
1707-523-1	80 Blueberry Road		118,346	(118,346)	118,346	Complete
	Subtotal WTE	3,760,980	5,106,573	(1,345,594)	5,162,579	
	Recycle					
1527-463-2	American Baler Reline	25,000	7,678	17,322	23,571	In Progress
1527-468-2	Harris Baler Reline	50,000	(3,199)	53,199	(3,199)	In Progress
1527-316-2	Tipping Floor Expansion	450,000		450,000	-	Deferred
1527-346-2	Drum Feeder Blast Relief Hatch & Catwalk	50,000		50,000	-	In Progress
	Subtotal Recycle	575,000	4,479	570,521	20,372	
	Landfill					
1526-514-1	Ash Truck	100,000	-	100,000	-	Postponed
1526-521-1	Used Bull Dozer		169,000	(169,000)	169,000	Complete
1526-520-1	* New Ash Truck Body		21,120	(21,120)	21,120	Complete
1525-522-1	Litter Fence		18,575	(18,575)	18,575	Complete
1708-524-1	Land		332,892	(332,892)	332,892	In Progress
	Subtotal Landfill	100,000	541,587	(441,587)	541,587	
	Administration					
1528-500-3	* Computer/Server Replacements		9,397	(9,397)	102,398	Complete
1528-500-4	Server Replacement/Software Upgrades	25,000	61,143	(36,143)	6,143	In Progress
1528-525-1	Software Upgrades		18,675	(18,675)	18,675	In Progress
1524-526-1	Scalehouse Building Replacement		19,608	(19,608)	19,608	In Progress
	Subtotal Administration	25,000	108,823	(83,823)	146,824	
	Total All Areas	\$ 4,460,980	5,761,462	\$ (1,300,483)	\$ 5,871,362	

* FY14 Project still in progress (not budgeted in FY15)

* A project is complete when it goes in service and not when the money is necessarily spent.

		ecomaine 6/30/15				
	Item	Accounts Receivables				
		Current	31-60 Days	61-90 Days	91 & Over Days	Total
06/30/14	Balances	\$ 1,645,544	\$ 202,460	\$ 34,892	\$ 31,841	\$ 1,914,738
	%	85.9%	10.6%	1.8%	1.7%	100.0%
07/31/14	Balances	\$ 1,788,865	\$ 179,480	\$ 55,342	\$ 46,377	\$ 2,070,065
	%	86.4%	8.7%	2.7%	2.2%	100.0%
08/31/14	Balances	\$ 1,693,322	\$ 171,626	\$ 61,268	\$ 87,551	\$ 2,013,766
	%	84.1%	8.5%	3.0%	4.3%	100.0%
09/30/14	Balances	\$ 1,309,276	\$ 194,703	\$ 91,600	\$ 37,285	\$ 1,632,863
	%	80.2%	11.9%	5.6%	2.3%	100.0%
10/31/14	Balances	\$ 1,526,340	\$ 136,487	\$ 51,778	\$ 70,253	\$ 1,784,858
	%	85.5%	7.6%	2.9%	3.9%	100.0%
11/30/14	Balances	\$ 1,548,053	\$ 223,477	\$ 66,508	\$ 74,330	\$ 1,912,369
	%	80.9%	11.7%	3.5%	3.9%	100.0%
12/31/14	Balances	\$ 1,929,457	\$ 111,733	\$ 41,764	\$ 60,426	\$ 2,143,381
	%	90.0%	5.2%	1.9%	2.8%	100.0%
01/31/15	Balances	\$ 1,841,840	\$ 238,864	\$ 67,856	\$ 61,664	\$ 2,210,224
	%	83.3%	10.8%	3.1%	2.8%	100.0%
02/28/15	Balances	\$ 1,216,785	\$ 174,382	\$ 26,386	\$ 109,163	\$ 1,526,716
	%	79.7%	11.4%	1.7%	7.2%	100.0%
03/31/15	Balances	\$ 1,397,646	\$ 94,281	\$ 20,430	\$ 40,708	\$ 1,553,066
	%	90.0%	6.1%	1.3%	2.6%	100.0%
04/30/15	Balances	\$ 1,278,799	\$ 159,543	\$ 19,485	\$ 34,706	\$ 1,492,531
	%	85.7%	10.7%	1.3%	2.3%	100.0%
05/31/15	Balances	\$ 1,290,677	\$ 176,782	\$ 28,174	\$ 13,904	\$ 1,509,537
	%	85.5%	11.7%	1.9%	0.9%	100.0%
06/30/15	Balances	\$ 1,801,906	\$ 91,829	\$ 46,537	\$ 27,372	\$ 1,967,643
	%	91.6%	4.7%	2.4%	1.4%	100.0%

Note: The Allowance for Doubtful Accounts is not included in the above.