



DATE: March 16, 2017
TO: Chairman and Members of the Board
FROM: Kevin H. Roche, CEO/General Manager
SUBJECT: Agenda for the Budget Workshop/Finance Committee

There is an **ecomaine** Budget Workshop/Finance Committee Meeting scheduled for **March 23, 2017 @ 4PM**. The agenda for this meeting is as follows:

1. Approval of Minutes (*Attachment A*)
2. Cash Disbursement Report – Mike Shaw
3. Review: Proposed Budget FY 18
4. Financial Statements FY 17
 - 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*)
5. Other:

Future Meetings:

Audit Committee	April 27, 2017 @ 3PM
Full Board of Directors	April 27, 2017 @ 4PM
Finance Committee	May 18, 2017 @ 3PM
Executive Committee	May 18, 2017 @ 4PM
Recycling Committee	May 25, 2017 @ 4PM
Annual Meeting	June 15, 2017 @ 11:30AM

**Memorandum**

DATE: March 8, 2017
TO: Chairman and Members of the Board
FROM: Kevin H. Roche, CEO/General Manager
SUBJECT: Finance Committee Minutes – January 19, 2017

There was a Finance Committee Meeting held on the date noted above. The meeting was called to order and chaired by Matthew Frank in the absence of Mike Shaw, Chair.

Item #1: - Minutes

Matthew Frank asked to revise the minutes to reflect and provide clarification that he wanted the committee to review deductibles for insurance coverages and determine whether or not we needed to eliminate or adjust earthquake coverage. William Shane motioned to revise and approve the minutes to include Matthew Frank's revisions. The motion was second by Linda Boudreau. Vote 6 in favor, 1 abstention (Greg L'Heureux).

Item #2: - Cash Disbursement Report - Mike Shaw, Chair

Matthew Frank reported that he reviewed a sample of the Cash Disbursements with staff and found no issues.

Item # 3: - Review feedback from committee questions on Insurance

Staff reviewed the follow-up questions that the committee raised at the last meeting regarding possibility of adjusting deductibles and reviewing earthquake coverage. After review and a lengthy discuss, it was decided by the committee that they were satisfied with the current insurance coverage and felt that no changes were necessary at this time. Staff should continue to monitor and review coverages as necessary.

William Shane motioned to adjourn. The motion was second by Linda Boudreau. All in favor.

Present:

Linda Boudreau, Matthew Frank, Greg L'Heureux, Troy Moon, Rod Regier, Bill Shane & Len Van Gaasbeek

Staff:

Arthur Birt & Kevin Roche

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Statement of Revenue & Expenses February, 2017 (FY17)							
	Actual - Prior Years YTD			Current Year To Date			FY17 to FY16
	2014	2015	2016	Actual	Budget	Variance	Variance
Operating revenues							
Municipal assessments & rebates	\$1,961,409	(\$1,000,003)	\$0	\$0	\$0	\$0	\$0
Owners tipping fees	2,313,563	2,291,459	2,378,731	2,340,674	2,334,038	6,637	(38,057)
Assoc tipping fees	605,417	625,295	657,469	648,256	636,775	11,482	(9,213)
Contract tipping fees	191,697	198,500	204,530	236,842	200,500	36,342	32,312
Commercial tipping fees	3,474,751	3,365,070	3,439,225	3,655,457	3,322,532	332,925	216,232
Spot market tipping fees	1,298,023	1,330,769	1,185,695	1,124,673	995,647	129,026	(61,022)
Electrical generating revenues	3,297,401	3,754,495	3,096,377	2,632,383	2,696,696	(64,313)	(463,994)
Sales of recycled goods	2,403,410	2,049,579	1,511,840	2,479,664	1,545,151	934,513	967,825
Recycling tipping fees	84,045	66,915	105,562	23,433	108,904	(85,471)	(82,129)
Gorham property assessments	110,148	0	0	0	0	0	0
Other operating income	59,285	63,767	69,468	67,464	65,812	1,652	(2,003)
Total operating revenues	\$15,799,149	\$12,745,847	\$12,648,896	\$13,208,847	\$11,906,055	\$1,302,793	\$559,951
Operating expenses							
Administrative expenses	1,657,837	1,786,915	1,682,000	1,658,052	1,782,630	124,578	23,948
Waste-to-energy operating expenses	5,387,681	5,485,492	5,695,352	5,746,446	6,182,918	436,473	(51,093)
Recycling operating expenses	1,364,712	1,382,305	1,342,640	1,387,380	1,406,995	19,615	(44,740)
Landfill/ashfill operating expenses	992,022	1,079,248	1,096,936	1,037,162	1,087,880	50,718	59,774
Contingency	0	0	0	0	133,333	133,333	0
Landfill closure & postclosure care costs	171,968	159,802	173,291	196,989	173,333	(23,655)	(23,698)
Post-retirement benefit- Health Care	63,794	34,586	46,972	46,972	50,000	3,028	0
Depreciation & amortization	2,787,789	2,459,843	2,732,464	2,770,083	2,866,667	96,583	(37,619)
Total operating expenses	\$12,425,802	\$12,388,190	\$12,769,655	\$12,843,084	\$13,683,757	\$840,673	(\$73,428)
Net operating income	\$3,373,347	\$357,657	(\$120,759)	\$365,763	(\$1,777,702)	\$2,143,466	\$486,523
Non-operating income (expense)							
Non Investment Interest	19,079	44,858	26,594	23,992	10,000	13,992	(2,602)
Investment Income Net of Expenses	0	(2,556)	(294,087)	819,049	0	819,049	1,113,136
Misc. Income / (Expenses)	3,743	376	3,472	1,939	0	1,939	(1,533)
Net non-operating	\$22,822	\$42,678	(\$264,020)	\$844,980	\$10,000	\$834,980	\$1,109,001
Total Revenue Less Expenses	\$3,396,169	\$400,335	(\$384,780)	\$1,210,744	(\$1,767,702)	\$2,978,446	\$1,595,523

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Statistical Data February, 2017 (FY17)									
	Actual - YTD			Year to Date 2017				Year to Date Vs. Last Yr	
	2014	2015	2016	Actual	Budget	Var - Fav / (Unfav)		Var-Fav / (Unfav)	
						Units	%	Units	%
MSW - Tons									
Owner	32,945	32,914	33,816	33,339	33,415	(76)	-0.2%	(476)	-1.4%
Associate	7,459	7,558	7,912	7,772	7,741	31	0.4%	(140)	-1.8%
Contract	3,487	3,467	3,576	4,094	3,512	582	16.6%	518	14.5%
Commercial	50,358	48,989	50,123	52,099	49,325	2,774	5.6%	1,975	3.9%
Spot	26,514	25,515	22,188	20,041	18,455	1,586	8.6%	(2,147)	-9.7%
Total MSW	120,763	118,443	117,615	117,345	112,448	4,897	4.4%	(270)	-0.2%
Recycle - Tons									
Inbound - MRF only	29,351	28,935	27,635	26,053	27,776	(1,723)	-6.2%	(1,581)	-5.7%
Outbound- MRF only	26,280	25,440	23,977	23,298	23,977	(679)	-2.8%	(679)	-2.8%
Outbound- Post Burn	3,241	2,327	3,127	3,053	3,177	(124)	-3.9%	(74)	-2.4%
Outbound- Landfill Metal Mining	10,723	6,313	(24)	-	(24)	24		24	
Outbound Total	40,244	34,080	27,080	26,351	27,130	(779)	-2.9%	(729)	-2.7%
MSW - Revenue \$/Ton									
Owner	\$70.22	\$69.62	\$70.34	\$70.21	\$69.85	\$0.36	0.5%	(\$0.14)	-0.2%
Associate	81.17	82.73	83.10	83.41	82.26	1.15	1.4%	0.32	0.4%
Contract	54.97	57.25	57.20	57.85	57.09	0.76	1.3%	0.66	1.1%
Commercial	69.00	68.69	68.62	70.16	67.36	2.80	4.2%	1.55	2.3%
Spot	48.96	52.16	53.44	56.12	53.95	2.17	4.0%	2.68	5.0%
Total MSW	65.28	65.95	66.88	68.23	66.60	1.62	2.4%	1.35	2.0%
Recycle - Revenue \$/Ton									
\$/Ton Outbound (Includes glass/metals)	\$61.81	\$62.10	\$59.73	\$94.99	\$62.12	\$32.87	52.9%	\$35.26	59.0%
\$/Ton Inbound- Rev/Cost Sharing	70.20	62.93	53.99	91.07	59.23	31.85	53.8%	37.09	68.7%
Energy									
MWH's Sold	60,628	59,351	62,199	58,362	59,290	(928)	-1.6%	(3,837)	-6.2%
\$/MWH	\$54.39	\$63.26	\$49.78	\$45.10	\$45.48	(\$0.38)	-0.8%	(\$4.68)	-9.4%
Steam Plant Capacity Factor %	90.9%	89.9%	92.9%	91.0%					
Average Boiler Availability %	97.2%	95.4%	94.9%	94.6%	93.5%				
Steam Plant Capacity Utilization %	94.0%	94.0%	98.0%	96.2%					
Power Capacity Factor %	85.0%	84.0%	87.0%	82.3%					
Power Sold - % of Capacity to Sell	86.0%	84.0%	88.1%	82.7%	84.1%				

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.

ecomaine Balance Sheet

ATTACHMENT B3

February, 2017 (FY17)

	Year End Actuals @ 6/30			FY 2017
	2014	2015	2016	February
Assets				
Current Assets				
Balance Operating Cash	\$29,316,709	\$6,298,130	\$5,914,305	\$7,555,412
Accounts Receivable	1,883,790	1,943,169	1,885,906	1,802,624
Inventory	2,554,175	2,487,755	2,641,991	2,641,991
Prepaid Expenses	232,130	190,326	405,802	146,438
Total Current Assets	<u>\$33,986,803</u>	<u>\$10,919,380</u>	<u>\$10,848,004</u>	<u>\$12,146,465</u>
Property, Plant & Equipment	130,999,240	136,800,702	138,831,131	140,049,587
Less: Accumulated Depreciation	101,917,064	105,721,945	109,792,071	112,562,154
Net Property, Plant and Equipment	<u>29,082,176</u>	<u>31,078,757</u>	<u>29,039,060</u>	<u>27,487,433</u>
Cash Reserve Accounts	-	20,212,199	22,623,738	24,292,786
Gorham Property	1,500,000	1,500,000	-	-
Total Assets	<u>\$64,568,980</u>	<u>\$63,710,335</u>	<u>\$62,510,802</u>	<u>\$63,926,684</u>
Liabilities				
Current Liabilities				
Accounts Payable	597,988	49,687	83,895	107,910
Accrued Expenses	782,002	1,148,099	751,829	688,992
Accrued Compensated Absences	931,343	980,386	901,118	901,118
Total Current Liabilities	<u>2,311,333</u>	<u>2,178,171</u>	<u>1,736,842</u>	<u>1,698,020</u>
Other Liabilities				
Bonds - Long-Term Portion				
Accrued Landfill Close & Post Close costs	16,191,575	16,451,511	16,746,994	16,943,983
Accrued Post Retirement Benefit - Health Care	390,165	439,894	510,352	557,324
Total Liabilities	<u>18,893,073</u>	<u>19,069,577</u>	<u>18,994,189</u>	<u>19,199,327</u>
Net Assets (Equity)				
Fund Balance (Retained Earnings)	42,506,775	45,675,907	44,640,758	43,516,613
Revenues Less Expenses (Current Year)	3,169,132	(1,035,148)	(1,124,146)	1,210,744
Total Fund Balance (Retained Earnings)	<u>45,675,907</u>	<u>44,640,758</u>	<u>43,516,613</u>	<u>44,727,356</u>
Total Net Assets (Equity)	<u>45,675,907</u>	<u>44,640,758</u>	<u>43,516,613</u>	<u>44,727,356</u>

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Statement of Cash Balances February, 2017 (FY17)								
	12 Month Actuals @ 6/30				Bud FY 2017 @ 6/30/17	Act FY 17 @ 2/28/17	Reserves per policy	Reserve Target
	2013	2014	2015	2016				
Cash & Reserves - beginning of period	\$23,928,932	\$23,060,082	\$29,317,000	\$26,510	\$25,573,230	\$28,538,043		
Cash flows from operating activities:								
Net operating income	4,811,025	3,071,498	(1,238,109)	(1,232,895)	(3,404,952)	365,763		
Add back: depreciation	4,015,074	4,194,858	3,804,881	4,201,984	4,300,000	2,770,083		
Add back: landfill closure costs	257,852	239,704	259,936	295,483	260,000	196,989		
Add back: Post Retirement Benefit	0	95,461	49,730	70,458	75,000	46,972		
Other working capital changes	(711,375)	670,507	(41,673)	(859,134)		305,763		
Net cash provided by operating activities	8,372,576	8,272,028	2,834,765	2,475,896	1,230,048	3,685,571		
Cash flows from capital and related financing activities:								
Payment of interest	(304)	683	427	1,983	0	0		
Repayment of long-term debt	(4,560,000)	0	0	0	0	0		
Repayment of capital leases	0	0	0	0	0	0		
Net cash used in capital and related financing	(4,560,304)	683	427	1,983	0	0		
Cash flows from investing activities:								
Receipts of interest	70,547	42,693	48,352	35,662	15,000	23,992		
Investment income	0	0	71,167	141,924	0	819,049		
Capital expenditures	(4,751,669)	(2,058,485)	(5,761,460)	(2,147,288)	(3,385,500)	(1,218,456)		
Sale of Gorham Property				1,519,615				
Net cash used in investing activities	(4,681,122)	(2,015,792)	(5,641,941)	(450,087)	(3,370,500)	(375,415)		
Net increase (decrease) in cash	(868,850)	6,256,919	(2,806,749)	2,027,791	(2,140,452)	3,310,155		
Cash & Reserves - end of period	23,060,082	29,317,000	26,510,251	28,538,043	23,432,778	31,848,198		

Cash Reserve Detail								
Operating Cash Reserve	7,500,000	8,160,000	8,174,000	8,249,690	8,189,775	8,259,992	8,259,992	8,259,992
Landfill Closure Reserve			300,151	300,941	300,284	300,719	300,719	300,719
Descretionary Landfill Closure Reserve	1,701,000	3,052,000	3,922,780	6,214,445	4,625,994	7,531,254	7,531,254	22,217,000
Long Term Capital Reserve	4,004,000	4,006,000	4,049,713	4,057,653	3,920,841	4,401,470	4,401,470	4,401,470
Recycling Revenue & Cost Sharing			500,294	502,516	500,566	501,612	501,612	501,612
Short Term Capital Reserve	3,253,000	3,255,000	3,265,183	3,298,492	3,273,413	3,297,739	3,297,739	3,297,739
Bond Payment Reserves								
Debt Service Reserves								
Balance Operating Cash	6,602,082	10,844,000	6,298,130	5,914,305	2,621,905	7,555,412		
Total	\$23,060,082	\$29,317,000	\$26,510,251	\$28,538,043	\$23,432,778	\$31,848,198	\$24,292,786	\$38,978,532

Accounts Receivables						
Date	Item	Current	31-60 Days	61-90 Days	91 & Over Days	Total
07/31/16	Balances	\$1,470,503	\$276,461	\$47,404	\$131,601	\$1,925,968
	%	76.4%	14.4%	2.5%	6.8%	100.0%
08/31/16	Balances	\$1,597,355	\$139,647	\$32,938	\$38,250	\$1,808,190
	%	88.3%	7.7%	1.8%	2.1%	100.0%
09/30/16	Balances	\$1,430,779	\$200,540	\$22,120	\$72,232	\$1,725,671
	%	82.9%	11.6%	1.3%	4.2%	100.0%
10/31/16	Balances	\$1,407,765	\$199,950	\$10,460	\$35,636	\$1,653,811
	%	85.1%	12.1%	0.6%	2.2%	100.0%
11/30/16	Balances	\$1,620,182	\$326,160	\$72,083	\$33,143	\$2,051,567
	%	79.0%	15.9%	3.5%	1.6%	100.0%
12/31/16	Balances	\$1,446,068	\$339,278	\$112,285	\$52,584	\$1,950,215
	%	74.1%	17.4%	5.8%	2.7%	100.0%
01/31/17	Balances	\$1,728,627	\$127,978	\$32,952	\$50,438	\$1,939,996
	%	89.1%	6.6%	1.7%	2.6%	100.0%
02/28/17	Balances	\$1,434,828	\$319,364	\$20,374	\$46,447	\$1,821,012
	%	78.8%	17.5%	1.1%	2.6%	100.0%

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