



Memorandum

DATE: September 1, 2009
TO: Chairman and Members of the Board
FROM: Kevin H. Roche, General Manager
SUBJECT: Agenda for the Finance Committee Meeting

There is an **ecomaine Finance Committee Meeting** scheduled for Tuesday, September 8, 2009 at 4:00 p.m. The agenda for this meeting is as follows:

1. Approval of Minutes:
 - June 11, 2009 Finance Committee meeting minutes (*Attachment A*)
2. Review FY '09 Results (*Attachments B1, B2*)
3. Review of July Financial Statements (*Handout*)
 - Statement of Revenue and Expenses
4. Change of Trustee
5. Status of FY '09 Audit
6. Updating of financing activities
7. Status of Accounts Receivable
8. Other Items
9. Future Meetings:
 - Recycling Committee: September 10th @ 4:00PM
(followed by a Regional Recycling Meeting @ **6:00PM**)
 - Executive Committee: September 17th @ 4:00PM.
 - Recycling Committee: October 1st @ 4:00PM.
 - Audit Committee: October 15th @ 3:00PM.
 - Board Meeting: October 15th @ 4:00PM.
 - Finance Committee: November 2nd @ 4:00PM.
 - Recycling Committee: November 5th @ 4:00PM.
 - Executive Committee: November 19th @ 4:00PM.
 - Recycling Committee: December 3rd @ 4:00PM.
 - Executive Committee: December 17th @ 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: June 17, 2009
TO: Chair and Members of the Finance Committee
FROM: Kevin H. Roche, General Manager
SUBJECT: Minutes of June 11, 2009 **ecomaine** Finance Committee Meeting

The Finance Committee of **ecomaine** met on Thursday, June 11, 2009, at the Waste-to-Energy facility. The meeting was called to order at 4:00PM.

There were eight items on the Agenda:

1. Approval of 3/26/09 Finance Committee Meeting minutes
2. Review of May Financial Statements
3. Update on Bonds
4. Update of financing activities and timing
5. Update from Audit Committee regarding year-end audit and internal control review
6. Discussion of Finance Department activities
7. Other Items
8. Future Meetings

Item #1 – Approval of the 3/26/09 Finance Committee Meeting Minutes

Mr. Cole moved that “**The Finance Committee hereby approve the minutes of the March 26, 2009 Finance Committee meeting as presented**”. The motion was seconded by Mr. McGovern and passed with a unanimous vote of the Committee.

Item #2 – Review May Financial Statements

Statement of Revenue and Expenses

Mr. Doane reviewed *Handout A – ecomaine Statement of Revenue and Expenses Eleven Months Ended May 31, 2009*. A discussion followed regarding the computation of member assessments.

Mr. Doane stated that **ecomaine** will achieve lower expenses than originally budgeted and that we will achieve approximately \$26 million in revenue this year.

At year-end, we will be close to \$26.2 million on revenue: expenses, less depreciation, will be approximately \$4.3 million.

Balance Sheet

Mr. Doane then reviewed *Handout B – the ecomaine Balance Sheet* and noted that this is the first time that an **ecomaine** Committee has reviewed the Balance Sheet at a Committee Meeting, but that this will be an occurrence at each Finance Committee Meeting hereafter. He stated that Line Items 2902, 2904 and 2905 (Capital Leases) are new additions to the balance sheet.

He noted that there will be no encumbrances after June.

Item #3 – Update on Bonds

Update on Bonds

Mr. Doane gave the Committee an update on **ecomaine**'s outstanding bonds. He mentioned that US Bank, the trustee, has been reserving funds for the July 1st principal and interest payments. There are sufficient funds available to make those payments. He also mentioned that the Standby Bond Agreement with Bayerische Landesbank is due for renewal on November 1st. He stated that we may see a price increase in this agreement as a result of turmoil in the bond markets and will give the Committee an update on this issue at its next meeting.

Update of Financing Activities and Timing

Mr. Doane stated that, based upon a five-year projection that the Committee reviewed at prior meetings, there may exist a need for additional financing in the next one to two year period. Mr. Doane said that he has been discussing financing alternatives with financial institutions. He said that he will present an updated five-year projection at the Committee's next meeting and continue to meet with financial institutions. Mr. Doane anticipates that any financing needs should be formalized by December 2009.

Item #4 – Update of Financing Activities and Timing

Mr. Doane gave an overview of the above.

Item #5 – Update from Audit Committee regarding year-end audit and internal control review

Mr. Gary Foster, Chair of the Audit Committee, stated that Runyon Kersteen Ouellette's cost to do the **ecomaine** audit is between approximately \$25,850 to \$29,850.

We are eliminating having them do Schedule #6 from the Finance Statement as the new ledger software system is capable of completing this task.

He reported that the Audit completion date has been moved up a month this year and that the Audit Committee will review the Audit in early October and it will be presented to the Board at their meeting later that month.

Regarding Internal Controls, Mr. Foster noted that the Audit Committee will be looking into how to handle the situation of signing **ecomaine** checks when Mr.

Doane is out of the office: either utilize a stamp with his signature or designate another **ecomaine** employee to have this authority.

The Committee also briefly discussed the **ecomaine** personnel manual.

The Audit Committee did recommend that Runyon Kersteen Ouellette do **ecomaine's** Audit.

Item #6 – Discussion of Finance Department activities

Accounts Receivable

Mr. Doane gave an overview of *Handout C – ecomaine Accounts Receivable as of May 31, 2009*. He noted the listing of 10 of the largest part of the 31 days and over (due to **ecomaine** for payment) accounts.

Handout D – ecomaine Outstanding Recycling Invoices notes outstanding recycling invoices and one of the accounts listed, Ensley Corporation, is presently going through bankruptcy.

Mr. Roche noted that due to an accounting error, a check for Penobscot Energy was instead sent to Penobscot Valve, which they kept, paid **ecomaine** back some of the monies owed from that check, and have now filed for bankruptcy.

Mr. Doane noted that, beginning in April of this year, **ecomaine** is now making certain that the outstanding Recycling invoices are being paid each week.

Status of Software Conversions

Mr. Doane gave a brief update of the status of the software conversion(s). He said that the scalehouse software is changing and that Paradigm (company) will implement a software conversion at the scalehouse in the fall.

Item # 7 – Other Items

Mr. Foster noted that the **ecomaine** Audit will cost the same as last year.

Item #8 – Future Meetings

Upcoming meetings include:

- Recycling Committee: Thursday, August 6th @ 4:00PM.
- Finance Committee: Tuesday, September 8th @ 4:00PM.
- Executive Committee: Thursday, September 17th @ 4:00PM.
- Audit Committee: Thursday, October 15th @ 3:00PM.

Mr. Cole then made a motion to adjourn the meeting. The motion was seconded by Mr. McGovern and all were in favor. The meeting adjourned at 4:55PM.

PRESENT:

D. Cole
M. McGovern
D. Doughty
G. Foster
N. Miner

ABSENT:

S. McGinty
J. Miller
R. Regier
M. St. Clair
L. Van Gaasbeek

Staff: E. Doane, K. Roche, L. Trufant and K. Trytek.



Statement of Revenues and Expenses
Year Ended June 30, 2009

	Budget	Forecast	Actual	Actual vs. Forecast Variance	% Change	Actual vs. Budget Variance	% Change
Operating revenues							
Municipal assessments	\$ 4,678,654	\$ 4,678,654	\$ 4,678,702	\$ 48	0.0%	48	0.0%
Owners tipping fees	5,040,128	4,734,490	4,787,218	52,728	1.1%	(252,910)	-5.0%
Associate tipping fees	866,149	873,348	864,095	(9,253)	-1.1%	(2,054)	-0.2%
Commercial tipping fees	6,331,709	5,336,056	5,433,109	97,053	1.8%	(898,600)	-14.2%
Spot market tipping fees	1,000,000	1,839,500	1,884,478	44,978	2.4%	884,478	88.4%
Electrical generating revenues	5,826,649	6,026,649	6,250,476	223,827	3.7%	423,827	7.3%
Sales of recycled goods	2,401,086	2,138,345	2,034,325	(104,020)	-4.9%	(366,761)	-15.3%
Recycling tipping fees	-	131,511	136,588	5,077	3.9%	136,588	
Gorham property assessments	110,000	110,000	141,722	31,722	28.8%	31,722	28.8%
Other operating income	463,556	329,141	264,366	(64,775)	-19.7%	(199,190)	-43.0%
Total operating revenues	26,717,931	26,197,694	26,475,079	277,385	1.1%	(242,852)	-0.9%
Operating expenses							
Administrative expenses	2,273,976	2,018,392	1,876,344	(142,048)	-7.0%	(397,632)	-17.5%
WTE operating expenses	8,675,438	8,663,872	8,440,742	(223,130)	-2.6%	(234,696)	-2.7%
Recycling operating expenses	1,579,447	1,498,217	1,508,876	10,659	0.7%	(70,571)	-4.5%
Landfill / ash fill operating expenses	1,730,970	1,579,879	1,690,464	110,585	7.0%	(40,506)	-2.3%
Host community	555,000	555,000	515,129	(39,871)	-7.2%	(39,871)	-7.2%
Contingency	316,750	50,000	27,897	(22,103)	-44.2%	(288,853)	-91.2%
Total operating expenses	15,131,581	14,365,360	14,059,452	(305,908)	-2.1%	(1,072,129)	-7.1%
Net operating income	11,586,350	11,832,334	12,415,627	583,293	4.9%	829,277	7.2%
Non-operating income (expense)							
Depreciation	-	-	-	-		-	
Interest income	300,000	250,000	201,316	(48,684)	-19.5%	(98,684)	-32.9%
Interest expense	(1,870,000)	(2,042,694)	(1,448,289)	594,405	-29.1%	421,711	-22.6%
Total non-operating	(1,570,000)	(1,792,694)	(1,246,973)	545,721	-30.4%	323,027	-20.6%
Total revenues less expenses	\$ 10,016,350	\$ 10,039,640	\$ 11,168,654	\$ 1,129,014	11.2%	\$ 1,152,304	11.5%



Designated Capital Fund
Year Ended June 30, 2009

	<u>Budget</u>	<u>Actuals</u>		<u>Total</u>
		<u>Capital Budget</u>	<u>Expense Budget</u>	
Balance 6/30/2008	606,227	606,227	-	606,227
Approved 2009 funding	1,649,230	1,649,230	452,645	2,101,875
Subtotal	<u>2,255,457</u>	<u>2,255,457</u>	<u>452,645</u>	<u>2,708,102</u>
Spending for 2009	(2,055,000)	(2,298,808)	(405,158)	(2,703,966)
Projected balance 6/30/2009	<u>200,457</u>	<u>(43,351)</u>	<u>47,487</u>	<u>4,136</u>
2009 results in excess of budget	-		1,152,304	1,152,304
Requested 2010 funding	1,814,153			1,814,153
Planned spending for 2010	(1,746,000)			(1,746,000)
Projected balance 6/30/2010	<u>\$ 268,610</u>	<u>\$ (43,351)</u>	<u>\$ 1,199,791</u>	<u>\$ 1,224,593</u>