



Memorandum

DATE: October 4, 2012
TO: Chairman and Members of the Board
FROM: Kevin H. Roche, General Manager
SUBJECT: Agenda for the Board of Directors Meeting

There is an **ecomaine Board Meeting** scheduled for **Thursday, October 11, 2012 at 4:00PM**
The agenda for this meeting is as follows:

1. Approval of the June 14, 2012 Board/Annual Meeting minutes (*Attachment A*)
2. Audit Committee Report – Gary Foster, Chair
Presentation of the FY '11 Audit (*Attachments B-1 & B-2, B-3*)
 - **Kathleen Tyson, Partner, Runyon Kersteen Ouellette**
 - **Peter Way, Senior Manager, Runyon Kersteen Ouellette**
3. Finance Committee Report – Troy Moon, Chair
 - Recommendation by Finance Committee
 - 1) Approval of Assessments FY '14 (*Attachment C*)
 - 2) Approval to place an additional \$500,000 in the Landfill Closure Reserve
4. Recycling Committee Report – Susan McGinty, Chair
 - Open House Summary (*Attachment D*)
5. Manager's Report
Review of Financial Statements – FY '13
 - Statement of Revenue and Expenses (*Attachment E*)
 - Cash Flows (*Attachment F*)
 - Statistical Data (*Attachments G-1, G-2, G-3*)
 - Operations (*Attachment H*)
 - Landfill Expansion
 - Landfill Gas Recovery Project
 - Legislative Update
 - Environmental Update
 - Organics Recycling Project Update
6. Other Items
7. Future Meetings:
 - Recycling Committee: October 25th (*Thursday*) @ 4:00PM.
 - Executive Committee: November 15th (*Thursday*) @ 4:00PM.
 - Finance Committee: November 27th (*Tuesday*) @ 4:00PM.
 - Recycling Committee: November 29th (*Thursday*) @ 4:00PM.
 - Executive Committee: December 20th (*Thursday*) @ 4:00PM.

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).)



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

Contract Members

Andover
Cornish
Harpwell
Jay
Livermore Falls
Manchester
Monmouth
Newington (NH)
North Haven
Old Orchard Beach
Poland
Readfield
Sanford
Wayne

DATE: June 21, 2012
TO: Chair and Members of the Board
FROM: Kevin H. Roche, General Manager
SUBJECT: Minutes of the 6/15/12 **ecomaine** Annual/Board Meeting

The Annual Board Meeting of **ecomaine** was held on Thursday, June 15, 2012 at the Waste-to-Energy facility. With a quorum, the meeting was called to order by the Chair, Michael Bobinsky at 12:22PM.

There were thirteen items on the Agenda:

1. Welcoming Remarks
2. Approval of the April 19, 2012 full Board Meeting Minutes
3. Finance Committee Report
4. Audit Committee Report
5. Recycling Committee Report
6. Recognition of Retiring Board Members
7. Outgoing Chairman's Remarks
8. General Manager Remarks
9. Guest Speaker – Dr. George Criner
10. Approval of Nominations for Fiscal Year 2012-2013 - **ecomaine** Officers
11. Approval of Fiscal Year 2012-2013 - Audit, Finance & Executive Committee Members
12. Incoming Chairman's Remarks
13. Future Meetings

Item #1 – Welcoming Remarks

Mr. Bobinsky, Chairman, welcomed all attendees and introduced the **ecomaine** Board Members.

Item #2 – Approval of the April 19, 2012 Board Meeting Minutes

Mr. Plante moved “**to approve the minutes of the April 19, 2012 Board meeting.**” The motion was seconded by Mr. Van Gaasbeek and passed with a unanimous vote of the Board.

Item #3 – Finance Committee Report

Mr. James Gailey, Chair, reported that the Finance Committee last met on May 17, 2012. He then gave the Finance Committee year end Report.

The next meeting of the Finance Committee will be Tuesday, September 18, 2012 at 4:00PM at the Waste-to-Energy Facility.

In conclusion, Mr. Gailey stated that financially **ecomaine** is in good shape.

Item #4 – Audit Committee

Mr. Gary Foster, Chair, reported that the Audit Committee last met on March 22, 2012. He then gave the year end Audit Committee Report.

The next meeting of the Audit Committee will be Thursday, September 20, 2012 at 2:00PM at the Waste-to-Energy Facility.

Item #5 – Recycling Committee Report

Mr. Troy Moon, Chair, gave the year end Audit Committee Report.

Item #6 – Recognition of Retiring Board Members

Mr. Bobinsky reported that the following persons have retired or are retiring as of July 1, 2012 from the **ecomaine** Board: Caitlin Jordan, Nick Mavodones, John Miller, Noah Miner, Justin Poirier, Patti Smith and Gary Wood. Mr. Bobinsky thanked them for their service and the recipients all received a plaque from **ecomaine** in appreciation.

Mr. Bobinsky noted the passing recently of Erving Bickford, an **ecomaine** Board Member since 1985. He also served on the Yarmouth Town Council for 24 years. Erving's wife, Lyn Bickford and his daughter, Tamson Bickford Hamrock accepted a plaque in his honor.

Item #7 – Outgoing Chairman's Remarks

Outgoing Chair, Mike Bobinsky, gave his outgoing remarks, thanked **ecomaine** employees, General Manager Kevin Roche and incoming Chair Mike McGovern for their assistance during his tenure as Chair of the Board of Directors for the past two years.

He noted that **ecomaine's** most significant accomplishment will be in August when **ecomaine** becomes debt-free. In addition to the Finance Report earlier in the meeting, he noted that **ecomaine** has also paid off the \$3.7 million dollar lease on the single stream recycling equipment, several years ahead of schedule.

The Board of Directors reduced municipal assessments over the last two years by 26% from \$4.7 million to \$3.4 million. Each **ecomaine** owner community will see this reduction in the upcoming year.

Major improvements were made in the areas of safety, data control, and Waste to Energy efficiency.

ecomaine has also demonstrated a critical leadership role in Augusta and in Washington in order to influence sound solid waste management policy.

Approximately 2,000 people have toured **ecomaine's** facilities over the past year, in addition to outreach presentations at schools and events.

Mr. Bobinsky stated that **ecomaine** is in a strong financial position going into the 2012-2013 fiscal year and he looks forward to working with the Board in his new role as past Chair.

Item #8 – General Manager Remarks

General Manager, Kevin Roche, thanked Mr. Bobinsky and proceeded to give a report on items not already covered.

Mr. Roche then introduced our Guest Speaker, Dr. George Criner.

Item #9 – Guest Speaker, Dr. George K. Criner

Dr. Criner, Professor & Director of the School of Economics at the University of Maine, discussed the economics of: waste management in the past 20 years, pay-per-bag, waste composition, size in processing recyclables and of composting.

Most recently, Dr. Criner and student Travis Blackmer completed a Maine residential waste characterization study, which included **ecomaine**.

At the conclusion of his presentation, Mr. Bobinsky thanked Dr. Criner for being our guest speaker and presented him with an **ecomaine** jacket made out of recycled materials.

Item # 10 – Approval of Nominations for Fiscal Year 2012-2013 – ecomaine Officers

The Nominating Committee of: Linda Boudreau (Chair), Tony Plante, Bonny Rodden and Len Van Gaasbeek met on February 16, 2012 and nominated the following Board Members as Officers for the 2012-2013 **ecomaine** fiscal year:

- Michael McGovern as Chairman
- James Gailey as Vice Chair
- Troy Moon as Treasurer
- Gary Foster as Secretary

Ms. Boudreau asked if there were any other nominations from the floor. Seeing none, **Mr. Brobst made a motion that the Board approves the slate of Officers put forth by the Nominating Committee for the ecomaine 2012-2013 fiscal year. The motion was seconded by Mr. Van Gaasbeek and passed with a unanimous vote of the Board.**

Ms. Boudreau then introduced incoming Board Chair Mike McGovern.

Mr. McGovern thanked outgoing Board Chair Mike Bobinsky and presented him with a gift of appreciation.

Item #11 - Approval of Fiscal Year 2012-2013 - Audit, Finance & Executive Committee Members

Mr. McGovern presented the proposed Executive, Finance and Audit Committee Members for Fiscal Year 2012-2013 as follows:

Executive Committee:

- District 1 – Gary Foster
- District 2 – Len Van Gaasbeek
- District 3 – Dave Cole
- District 4 – Richard Brobst

District 5 – Bonny Rodden, Mike McGovern
Portland – Troy Moon, Mike Bobinsky, Ed Suslovic
Scarborough – Mike Shaw
South Portland – Jim Gailey, Linda Boudreau

Finance Committee:

Chair, Troy Moon
Vice Chair, Matthew Frank
Dennis Abbott
Mike Bobinsky
Dave Cole
Tom Fortier
Jim Gailey
Tony Plante
Mark Rees
Rod Regier
Maurice St. Clair
Len Van Gaasbeek

Audit Committee:

Chair, Gary Foster
Vice Chair, Linda Boudreau
Ron Ahlquist
Mike Bobinsky
Robert Fitzcharles
Susan McGinty
Dave Morton
Dave Sherman

Mr. Regier made a motion to approve the Executive, Finance & Audit Committee Members for the 2012-2013 fiscal year as proposed. The motion was seconded by Mr. Van Gaasbeek and passed with a unanimous vote of the Board.

Item #12 – Incoming Chairman’s Remarks

Mr. McGovern briefly addressed the assembly and invited everyone to tour the facilities. He adjourned the meeting at 1:35PM.

Item #13 – Future Meetings

- Finance Committee Meeting: September 18th (Tuesday) @ 4:00PM.
- Audit Committee Meeting: September 20th (Thursday) @ 2:00PM.
- Executive Committee Meeting: September 20th (Thursday) @ 4:00PM.
- Recycling Committee Meeting: September 26th (Wednesday) @ 4:00PM.

PRESENT:

D. Abbott
R. Ahlquist
M. Beecher
M. Bobinsky
L. Boudreau
R. Brobst
D. Doughty
R. Fitzcharles
G. Foster

ABSENT:

J. Anton
D. Cole
T. Fortier
D. Morton
M. Rees
M. St. Clair

M. Frank
J. Gailey
S. McGinty
M. McGovern
J. Miller
T. Moon
A. Plante
N. Poore
R. Regier
B. Rodden
W. Shane
M. Shaw
D. Sherman
E. Street
E. Suslovic
L. Van Gaasbeek

Staff: employees of **ecomaine**.

Other: Guest Speaker, Dr. George K. Criner, Travis Blackmer and members of the public.

September 20, 2012

To the Audit Committee
ecomaine

We have audited the financial statements of ecomaine for the year ended June 30, 2012, and have issued our report thereon dated September 20, 2012. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in an email to each of you dated May 2, 2012 as well as in our letter to you dated May 4, 2012. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by ecomaine are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2012. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Landfill closure and postclosure care costs, and the related accrued landfill closure and postclosure care liability, which were based on the capacity of the ashfill/balefill and the related cost of closure and maintenance.

Depreciation expense and accumulated depreciation, which was based on historical costs and estimated useful lives.

Post-retirement benefit expense and related post-retirement benefit liability, which was based on an actuarial valuation.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of post-retirement benefits in the notes to the financial statements, which was based on an actuarial analysis contracted by the Maine Municipal Employees Health Trust.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes an uncorrected misstatement of the financial statements. Management has determined that its effect is immaterial to the financial statements taken as a whole. There were no adjusting journal entries.

Disagreements with Management

For purposes of this letter, a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the attached management representation letter dated September 20, 2012.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our

ecomaine
September 20, 2012
Page 3

professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

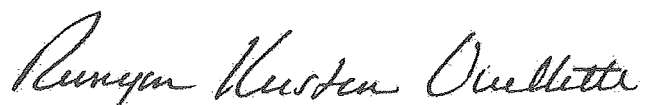
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Audit Committee and management of ecomaine and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script that reads "Ryan Hudson Ouellette".

Client: *ecomaine - ecomaine*
 Engagement: *2012 AU - ecomaine*
 Period Ending: *6/30/2012*
 Trial Balance: *TB*
 Workpaper: *02c - Proposed JE Report*

Account	Description	P R	Debit	Credit
Proposed JE # 1				
Adjustment to correct post-retirement benefit liability which is overstated due to corrected actuarial reporting in 2011.				
00-00-2930	Accrued Post Retirement Benefits		63,934.00	
60-00-7045	ADMIN-00- Post Retirement Benefi			63,934.00
Total			63,934.00	63,934.00

ecomaine

Owner Communities

September 20, 2012

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

Runyon Kersteen Ouellette
20 Long Creek Drive
South Portland, Maine 04106

We are providing this letter in connection with your audits of the financial statements of **ecomaine** as of June 30, 2012 and 2011 and for the years then ended for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the statements of net assets and the related statements of revenues, expenses, and changes in net assets and cash flows in conformity with U.S. generally accepted accounting principles. We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with U.S. generally accepted accounting principles. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control over financial reporting, and preventing and detecting fraud.

We confirm, to the best of our knowledge and belief, as of September 20, 2012, the following representations made to you during your audits.

Associate Members

Baldwin
Hiram
Naples
Parsonsfield
Porter
Saco
Standish

1) The financial statements referred to above are fairly presented in conformity with U.S. generally accepted accounting principles and include all assets and liabilities required by generally accepted accounting principles to be included in the financial reporting entity.

2) We have made available to you all:

a) Financial records and related data

b) Minutes of the meetings of the Board of Directors, Finance and Audit Committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.

3) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

4) There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.

5) We believe the effects of the uncorrected financial statement misstatements summarized in the attached schedule are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

6) We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.

Contract Members

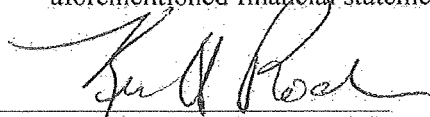
Andover
Cornish
Eliot
Greenland, NH
Harpwell
Jay
Kittery
Livermore Falls
Manchester
Monmouth
Newington, NH
North Haven
Old Orchard Beach
Poland
Readfield
Sanford
Stockton Springs
Wayne

- 7) We have no knowledge of any fraud or suspected fraud affecting the entity involving:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 8) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, or others.
- 9) The Organization has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or net asset balances.
- 10) The following, if any, have been properly recorded or disclosed in the financial statements:
 - a) Related party transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
 - b) Guarantees, whether written or oral, under which the Organization is contingently liable.
 - c) All accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates and measurements. We believe the estimates and measurements are reasonable in the circumstances.
- 11) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 12) There are no:
 - a) Violations or possible violations of laws and regulations, provisions of contracts and grant agreements, and any debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
 - b) Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with generally accepted accounting principles.
 - c) Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by generally accepted accounting principles.

- 13) As part of your audit, you assisted with preparation of the financial statements and related notes. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
- 14) The Organization has satisfactory title to all owned assets, and there are no significant liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 15) The Organization has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 16) Components of net assets (invested in capital assets, net of related debt, and unrestricted) are properly classified and, if applicable, approved.
- 17) Provisions for uncollectible receivables have been properly identified and recorded.
- 18) Risks related to deposits and investment securities are properly disclosed.
- 19) Capital assets are properly capitalized, reported, and, if applicable, depreciated.
- 20) With respect to the supplementary information on pages 1 through 6 and Schedules 1 and 2:
 - a) We acknowledge our responsibility for presenting the supplementary information in accordance with accounting principles generally accepted in the United States of America, and we believe the information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
- 21) We have evaluated **ecomaine's** ability to continue as a going concern and have included appropriate disclosures, as necessary, in the financial statements.
- 22) **ecomaine** is an exempt organization under Section 501 ©(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. **ecomaine** has been informed by the Internal Revenue Service that it is required to file Form 990, Return of Organization Exempt From Income Tax, on an annual basis, and is currently awaiting resolution of the filing issue.
- 23) We believe that the estimated landfill closure and postclosure costs, and landfill capacity to be reasonable in light of the key factors and assumptions underlying the analysis.

24) We have evaluated and classified any subsequent events as recognized or nonrecognized through the date of this letter. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

Signed: _____



Kevin H. Roche
General Manager

Signed: _____



Arthur P. Birt
Director of Finance & Administration

ecomaine

Financial Statements

June 30, 2012 and 2011

Independent Auditor's Report

Board of Directors
ecomaine

We have audited the accompanying statements of net assets of **ecomaine** as of June 30, 2012 and 2011, and the related statements of revenues, expenses, and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of **ecomaine's** management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **ecomaine**, as of June 30, 2012 and 2011, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 6 and the schedule of funding progress on page 19 be presented to supplement the basic financial statements. Such information, 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 by 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 audits of the basic financial statements. We do not express an opinion or provide any assurance on the management's discussion and analysis or schedule of funding progress because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Board of Directors
ecomaine

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. Schedules 1 and 2 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



September 20, 2012
South Portland, Maine

ecomaine
Management's Discussion and Analysis
Fiscal Year Ended 2012

This discussion and analysis of **ecomaine's** financial performance provides an overall review of **ecomaine's** financial activities for the year ended June 30, 2012 with the intent of looking at **ecomaine's** financial performance as a whole. Readers should also review the financial statements and the related notes to enhance their understanding of **ecomaine's** financial performance.

Financial Highlights

Fiscal 2012 was another good year financially for **ecomaine** continuing the trend that has been underway for some time. Revenues less expenses for the fiscal year ending June 30, 2012 totaled \$6.7 million and were \$1.3 million below FY 2011's level of just under \$8 million but \$1.4 million above the FY 12 budget. Cash generated from operations in 2012 totaled \$11.3 million down from last year's level of \$13.7 million, but ahead of the \$9.5 million budgeted for FY 12. Scheduled principal payments on our bonds during in FY 12 totaled \$6.6 million and in April, the board approved paying off all remaining debt. As a result, 32 days after FY 12 year end **ecomaine** made the final payments on its long term bonds. During 2012, we invested \$2.6 million in capital improvements or about twice the FY 11 level. As discussed below even with the decline in our power markets and the apparent softening of the recycle market our continued overall strong financial performance has allowed the Board of Directors to reduce assessments in order to provide financial relief to the member communities.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are prepared and organized so the reader can understand **ecomaine** as a financial whole or as an entire operating entity. The statements then proceed to provide an increasingly detailed look at our specific financial conditions.

The statement of net assets and the statement of revenues, expenses and changes in net assets provide information about the activities of **ecomaine** as a whole and present a longer-term view of our finances. They include all assets and liabilities using the accrual basis of accounting, similar to the accounting method used by the private sector. The basis for this accounting takes into account all of the current year's revenues and expenses regardless of when the cash was received or paid.

These two statements report **ecomaine** net assets and changes in those net assets. This change in assets is important because it tells the reader whether the financial position of the Organization has improved or diminished. However, in evaluating the overall position of **ecomaine**, non-financial information such as the condition of **ecomaine's** capital assets will also need to be evaluated.

ecomaine receives fees from its customers for certain services. They also receive revenue from selling electricity and recyclable material. In the statement of net assets and statement of revenues, expenses, and changes in net assets, all of these activities are reported as business-type activities.

ecomaine
Management's Discussion and Analysis, Continued

ecomaine as a whole

The statements of net assets look at **ecomaine** as a whole. Table 1 below is a summary of **ecomaine's** net assets for 2012 with comparative numbers for 2011.

Table 1
Net Assets

	2012	2011
ASSETS		
Current and other	\$ 30,075,350	27,999,846
Capital assets	<u>30,416,351</u>	<u>31,637,148</u>
Total assets	<u>60,491,701</u>	<u>59,636,994</u>
LIABILITIES		
Current liabilities	2,405,010	1,907,447
Long-term debt outstanding		
Due within one year	4,560,000	6,630,000
Due in more than one year	-	4,560,000
Other liabilities	<u>15,988,724</u>	<u>15,711,408</u>
Total liabilities	<u>22,953,734</u>	<u>28,808,855</u>
NET ASSETS		
Invested in capital assets, net of related debt	25,856,351	20,447,148
Restricted	1,800,195	3,291,997
Unrestricted	<u>9,881,421</u>	<u>7,088,994</u>
Total net assets	\$ <u>37,537,967</u>	<u>30,828,139</u>

Details for Table 1 can be found on the Statements of Net Assets on page 7 in the financial statements.

Assets

The \$.9 million increase in total assets reflects a \$2 million increase in cash partially offset by a reduction in capital assets, net of depreciation, of \$1.2 million.

Liabilities

Total liabilities decreased by \$5.3 million during the year as a result of \$6.6 million in bond principal payments offset in part by an increase of \$.3 million in the landfill closure and postclosure liability as a result of capacity utilization in 2012, and a \$.5 million increase in accounts payable at year end.

ecomaine
Management's Discussion and Analysis, Continued

Table 2
Changes in Net Assets

	2012	2011	Increase (decrease)
REVENUES			
Operating revenues	\$ 25,355,077	27,736,255	(2,381,178)
Non-operating revenues:			
Interest income	54,698	41,984	12,714
Total revenues	<u>25,409,775</u>	<u>27,778,239</u>	<u>(2,368,464)</u>
OPERATING EXPENSES			
Administration	2,432,537	2,394,160	38,377
Facility operations	8,693,408	8,791,874	(98,466)
Recycling operations	1,779,621	1,735,334	44,287
Landfill operations	1,603,147	1,533,680	69,467
Landfill closure and Postclosure care costs	277,316	278,202	(886)
Post-retirement benefit	-	101,242	(101,242)
Depreciation and amortization	3,807,890	3,918,179	(110,289)
Total operating expenses	<u>18,593,919</u>	<u>18,752,671</u>	<u>(158,752)</u>
Nonoperating (expenses) / income:			
Interest	(112,684)	(428,832)	(316,148)
Unrealized loss on idle asset	-	(730,000)	(730,000)
All other	6,656	108,728	(102,072)
Total expenses	<u>18,699,947</u>	<u>19,802,775</u>	<u>(1,102,828)</u>
Increase in net assets	<u>\$ 6,709,828</u>	<u>7,975,464</u>	<u>(1,265,636)</u>

Details for Table 2 can be found in the Statements of Revenues, Expenses, and Changes in Net Assets on page 8 of the financial statements.

Operating Revenues

Total operating revenues for 2012 decreased by \$2.4 million or 8.5%, compared to the prior year with revenues from the sale of electricity down by \$2.1 million as the very competitive market conditions for power continues. Revenue from power sales totaled \$3.7 million in FY 12 down over 53% from our peak just two years ago and the average market value of power sold in FY 12 was \$43.74 per MWH as compared to an average of \$67 per MWH just one year ago. The **ecomaine** Board of Directors reduced assessments for FY 12 by 5.5% from FY 11 and they have approved an additional reduction of \$1 million (22.5%) annually beginning in FY 13. Overall MSW tipping fees in FY 12 were flat to FY 11 and in FY 12, we began to see what maybe a softening of the recycle market from FY 11 when revenues peaked at \$3.9 million declining to \$3.7 million in FY 12.

ecomaine
Management's Discussion and Analysis, Continued

Total Expenses

Total operating expenses increased by \$.2 million or .8% when compared to 2011. Landfill operating costs were up 4.6% (\$70,000 - higher water treatment costs), recycle operating costs were up 2.6% (\$44,000 - facility maintenance) and administrative costs were up 1.6% (\$38,000 - increased public relations efforts). Operating costs for the WTE facility were down 1.1% (\$98,000 - lower gas costs). Non cash costs including post retirement benefits and depreciation were each favorable \$100,000. Non-operating expenses were favorable \$1 million reflecting the FY 11 unrealized loss (\$.7 million) associated with the write down of the Gorham property to market value and lower interest expense (\$.3 million) as a result of principal payments and lower interest rates.

Details for the analysis below can be found in the Budget to Actual schedule on page 21.

Analysis of Fiscal Year 2012 Actual Results Compared to Budget

Total Revenue less Expenses

Revenue less Expenses for 2012 totaled \$6.7 million and was favorable to budget by \$1.4 million. The budget was developed in a somewhat conservative manner due to the uncertainty in the markets and continuing trends of lower MSW tonnages.

Operating Revenues

Operating revenue of \$25.4 million was favorable to budget by \$.9 million or 3.8%. Revenue from the sale of recyclable material continued strong for most of FY 12 and was positive to budget by \$.7 million reflecting favorable pricing although inbound volume was 6.6% (2,490 tons) below budget. As the year progressed, the market began to soften and in the end, our recycle revenue averaged \$107 per inbound ton, which was down 3.8% from FY11. Inbound recycle tonnage totaled 34,924 tons and for the first time since 2003 was down slightly from the prior year. Overall MSW tipping fee revenue was \$.3 million favorable to budget with spot market experiencing favorable rates and commercial markets experiencing stronger volume. Electrical revenue was 3.8% (\$.1 million) unfavorable to budget reflecting favorable generation (84,762 MWH's sold vs. 79,053 budgeted) that was more than offset by lower sales values due to soft market conditions (\$43.74 per MWH vs. \$48.74 budget and \$67.00 last year).

Operating Expenses

Operating expenses were favorable to budget by \$.1 million or .9% overall as follows:

Operating costs for the Waste to Energy Facility were favorable finishing the year \$211,000 (2.4%) under budget. Favorable variances included natural gas (pricing and usage), health insurance and workers compensation (favorable premium increases), and overtime (favorable boiler uptime). Unfavorable variances included shutdown labor and temporary help (effort to increase boiler uptime, interns), and chemicals (pricing and timing). Administrative expenses were favorable by \$36,000 (1.5%) primarily as a result of timing on the organics recovery feasibility study.

Recycling operating expenses were unfavorable to budget by \$18,000 (1%). Favorable variances in purchased recycle material (softening market) and gas and electric (market rates) were more than offset by unfavorable facilities maintenance. The landfill area was unfavorable to budget by \$17,000 (1.1%) with unfavorable variances

ecomaine
Management's Discussion and Analysis, Continued

in water and sewer (wet year) and vehicle maintenance (loader) offset in part with favorable variances in Geomembrane and rental equipment both related to the accelerated Landfill Expansion Project.

The budgeted contingency expense (\$.2 million) was not spent.

Depreciation and amortization expense was \$.3 million favorable as a result of below budget capital expenditures during the year and older equipment becoming fully depreciated.

Landfill closure and post closure non-cash costs were \$278,000 unfavorable as a result of not being budgeted.

Capital Assets

**Table 3
Capital Assets at June 30
(Net of depreciation)**

	2012	2011
Land-waste-to-energy facility	\$ 1,475,061	1,475,061
Vehicles	95,685	179,232
Office furniture and equipment	65,377	45,866
Recycling facility and equipment	2,979,232	3,016,591
Balefill/ashfill/leachate site	5,583,905	5,993,016
Waste-to-energy facility	<u>20,217,091</u>	<u>20,927,382</u>
Total capital assets	\$ <u>30,416,351</u>	<u>31,637,148</u>

Capital additions for 2012 totaled \$2.6 million (budget was \$3.3 million) which included projects for boiler tubes and water walls (below budget), 480 volt switch gear replacement, upgrades to the administration building and the start of phase two of the landfill expansion.

ecomaine
Management's Discussion and Analysis, Continued

Debt

Table 4
Outstanding Debt at Year-End

	2012	2011
Variable rate demand bonds	\$ 2,760,000	4,820,000
Fixed rate serial bonds	<u>1,800,000</u>	<u>6,370,000</u>
Total debt	<u>\$ 4,560,000</u>	<u>11,190,000</u>

During the fiscal year ended June 30, 2012, principal payments totaling \$6,630,000 were made.

Current Financial Activities and Economic Factors Included in the FY 2013 Budget

In our budget process for FY 13 we anticipated a 22.5% reduction in owner member assessments providing additional relief for the owners, a continued softening of the recycle market from its peak levels lowering total recycle revenues by about \$.6 million from the 2012 forecast, and continued pressure on rates in the power market which will lower overall electricity market revenues for ecomaine about \$.5 million from FY 12 forecasted levels. Cash generated by operations was budgeted at \$7.7 million for FY 13 with debt services expected to total \$4.0 million and capital spending projected at \$5.5 million.

Request for Information

This financial report is designed to provide our members, customers, investors and creditors with a general overview of ecomaine's finances and to show ecomaine's accountability for the money it receives. If you have any questions about this report or need additional information, contact Arthur P. Birt, Director of Finance and Administration, at (207) 523-3107.

ecomaine
Statements of Net Assets
June 30, 2012 and 2011

	2012	2011
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 19,181,650	11,800,843
Cash and equivalents held by trustee for current obligations	2,947,086	6,875,254
Accounts receivable, net	2,274,343	2,316,902
Inventory	2,128,395	2,028,525
Prepaid expenses	243,681	186,325
Total current assets	26,775,155	23,207,849
Capital assets, net	30,416,351	31,637,148
Restricted cash, equivalents, and investments:		
Debt service reserve fund	1,800,195	3,291,997
Total restricted cash, equivalents, and investments	1,800,195	3,291,997
Other assets:		
Idle asset - Gorham property	1,500,000	1,500,000
Total other assets	1,500,000	1,500,000
Total assets	\$ 60,491,701	59,636,994
LIABILITIES		
Current liabilities:		
Current installments of long-term debt	\$ 4,560,000	6,630,000
Accounts payable	1,492,836	941,443
Accrued expenses	82,189	191,762
Accrued salaries and compensated absences	829,985	774,242
Total current liabilities	6,965,010	8,537,447
Post-retirement benefit liability	294,704	294,704
Long-term debt, less current installments	-	4,560,000
Accrued landfill closure and postclosure care liabilities	15,694,020	15,416,704
Total liabilities	\$ 22,953,734	28,808,855
NET ASSETS		
Invested in capital assets, net of related debt	25,856,351	20,447,148
Restricted - debt service reserve	1,800,195	3,291,997
Unrestricted	9,881,421	7,088,994
Total net assets	\$ 37,537,967	30,828,139

See accompanying notes to financial statements on pages 10-19.

ecomaine
Statements of Revenues, Expenses, and Changes in Net Assets
Years Ended June 30, 2012 and 2011

	2012	2011
Operating revenues:		
Municipal assessments and tipping fees	\$ 9,588,832	9,838,762
Electrical generating revenues	3,707,430	5,788,360
Commercial tipping fees and spot market waste	7,916,180	7,810,631
Contract member tipping fees	162,285	125,914
Recycling tipping fees	42,343	27,023
Gorham property assessments	157,384	139,430
Sales of recycled goods	3,694,277	3,920,243
Other operating income	86,346	85,892
Total operating revenues	25,355,077	27,736,255
Operating expenses:		
Administrative expenses	2,432,537	2,394,160
Facility operating expenses	8,693,408	8,791,874
Recycling operating expenses	1,779,621	1,735,334
Landfill/ashfill operating expenses	1,603,147	1,533,680
Post-retirement benefit	-	101,242
Landfill closure and postclosure care costs	277,316	278,202
Total operating expenses other than depreciation and amortization	14,786,029	14,834,492
Net operating income before depreciation and amortization	10,569,048	12,901,763
Depreciation	3,807,890	3,918,179
Net operating income	6,761,158	8,983,584
Non-operating revenues (expenses):		
Interest income	54,698	41,984
Interest expense	(112,684)	(428,832)
Miscellaneous receipts	6,656	108,728
Unrealized loss on idle asset	-	(730,000)
Net non-operating expenses	(51,330)	(1,008,120)
Change in net assets	6,709,828	7,975,464
Total net assets, beginning of year	30,828,139	22,852,675
Total net assets, end of year	\$ 37,537,967	30,828,139

See accompanying notes to financial statements on pages 10-19.

ecomaine
Statements of Cash Flows
Years Ended June 30, 2012 and 2011

	2012	2011
Cash flows from operating activities:		
Receipts from assessments and tipping fees	\$ 17,634,670	17,551,748
Receipts from electrical generating revenues	3,824,959	5,964,132
Receipts from other sources	3,897,011	4,198,501
Payments to employees	(7,029,426)	(6,532,018)
Payments to suppliers	(3,596,501)	(3,856,032)
Contractual payments	(3,385,223)	(3,600,762)
Net cash and cash equivalents provided by operating activities	11,345,490	13,725,569
Cash flows from capital and related financing activities:		
Payments of interest	(222,257)	(710,849)
Repayment of long-term debt	(6,630,000)	(12,779,691)
Net cash and cash equivalents used in capital and related financing activities	(6,852,257)	(13,490,540)
Cash flows from investing activities:		
Receipts of interest	54,698	41,984
Purchases of property, plant and equipment	(2,587,094)	(1,284,434)
Net cash and cash equivalents used in investing activities	(2,532,396)	(1,242,450)
Net increase (decrease) in cash	1,960,837	(1,007,421)
Components of changes in cash balances:		
Cash and equivalents	7,380,807	3,440,808
Cash and equivalents held by trustee - current	(3,928,168)	(4,448,609)
Net change in current cash balances	3,452,639	(1,007,801)
Cash and equivalents held by trustee - non-current	(1,491,802)	380
Net increase (decrease) in cash	1,960,837	(1,007,421)
Cash and cash equivalents balance, beginning of year	21,968,094	22,975,515
Cash and cash equivalents balance, end of year	\$ 23,928,931	21,968,094
Reconciliation of net operating income to net cash and cash equivalents provided by operating activities:		
Net operating income	\$ 6,761,158	8,983,584
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation and amortization	3,807,890	3,918,179
(Increase) decrease in assets:		
Accounts receivable	42,559	(56,814)
Inventory	(93,213)	(72,223)
Prepaid expenses	(57,356)	102,865
Increase in liabilities:		
Accounts payable	551,393	265,840
Accrued salaries and compensated absences	55,743	204,694
Post-retirement benefit liability	-	101,242
Accrued landfill closure and postclosure care liabilities	277,316	278,202
Net cash provided by operating activities	\$ 11,345,490	13,725,569

See accompanying notes to financial statements on pages 10-19.

ecomaine
Notes to Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

Reporting Entity - ecomaine was incorporated during the fiscal year ended June 30, 2006 under the laws of the State of Maine. **ecomaine** is a non-profit solid waste management corporation serving 46 municipalities in southern Maine and New Hampshire. Owned and controlled by 21 of these municipalities, **ecomaine** creates electricity through its processing of waste. **ecomaine** also operates an extensive recycling program.

Method of Accounting - ecomaine uses the accrual method of accounting where assets are recorded during the period in which they are earned and liabilities are recorded during the period in which they are incurred. In accordance with Government Accounting Standards Board (GASB) Statement No. 20, **ecomaine** follows the pronouncements of the Financial Accounting Standards Board (FASB) issued before November 30, 1989 except where those pronouncements conflict with GASB pronouncements.

The Organization distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the principal ongoing operations of **ecomaine**. The principal operating revenues of **ecomaine** are assessments, tipping fees, receipts from the sale of spot market waste, electric energy sales, and the sale of recycled goods. Operating expenses include the cost of operating the facility, recycling, landfill, closure, postclosure and administrative expenses. All revenues and expenses not meeting this determination are reported as nonoperating revenues and expenses.

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

Cash Equivalents - ecomaine considers all highly liquid instruments (primarily money market funds and other U.S. Treasury obligations) with maturities of three months or less to be cash equivalents.

Accounts Receivable - ecomaine provides credit to users of their facility, including municipalities and private waste transporters, substantially all of whom are located in southern Maine. Constellation Energy Commodities Group, a purchaser of **ecomaine's** electrical outlet, is also afforded credit. Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. The allowance for doubtful accounts was \$31,877 at June 30, 2012 and 2011, respectively. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a reduction in trade accounts receivable.

Inventory - Inventory is comprised of consumable items used in production and spare parts. Inventory is stated at the lower of cost or market determined on the first-in, first-out basis.

Capital Assets - Capital assets are recorded at cost. All costs incurred for construction, additions, and improvements to the facility, including interest during construction, are capitalized.

ecomaine
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES, CONTINUED

Depreciation has been provided over the estimated useful lives of the assets using the straight-line method, as follows:

Equipment	5 - 10 years
Vehicles	5 years
Ashfill/balefill	15 years
Recycling plant	25 years
Waste-to-energy facility	20 - 45 years

Income Taxes - The Organization is exempt from federal and state income taxes under Section 501 (c)(3) of the Internal Revenue Code, and therefore no liability or provision for income taxes has been recorded. As a governmental entity pursuant to Section 115(1), **ecomaine** has been informed by the Internal Revenue Service that it is required to file IRS Form 990, Return of Organization Exempt from Income Tax, on an annual basis, and is currently awaiting resolution of the filing issue.

Reclassifications - Certain prior year balances have been reclassified to correspond to the current year's presentation. Such reclassifications had no effect on the results of operations as previously reported.

DEPOSITS AND INVESTMENTS

Custodial Credit Risk - Deposits: Custodial credit risk is the risk that in the event of a bank failure, **ecomaine's** deposits may not be returned to it. **ecomaine** does not have a deposit policy for custodial credit risk. As of June 30, 2012, **ecomaine** reported deposits of \$19,181,650 with a bank balance of \$19,251,776. As of June 30, 2011, **ecomaine** reported deposits of \$11,800,843 with a bank balance of \$12,438,056. At both June 30, 2012 and 2011, none of **ecomaine's** bank balances were exposed to custodial credit risk. The balances were covered by the F.D.I.C. or by additional insurance purchased on behalf of **ecomaine** by the respective banking institutions.

ecomaine's policy is to invest all available funds at the highest possible rates, in conformance with legal and administrative guidelines, while avoiding unreasonable risk. The funds are invested in liquid investments with maturities planned to coincide with **ecomaine's** cash needs during the year.

At June 30, 2012, all of **ecomaine's** investments were held in money market funds. These funds invest exclusively in short-term U.S. Treasury Obligations and repurchase agreements secured by U.S. Treasury Obligations. Money Market Funds are not considered securities and are exempt from credit risk disclosure requirements.

ecomaine
Notes to Financial Statements, Continued

DEPOSITS AND INVESTMENTS, CONTINUED

Cash, Equivalents, and Investments Held By Trustee: Under the terms of a Trust Indenture, Huntington Bank, acting as Trustee, holds unexpended bond proceeds and operating funds in certain funds and accounts as specified in the bond series indenture. At June 30, 2012 and 2011, such amounts held by the Trustee consisted of money market funds. The fair value approximates the carrying value at June 30, 2012 and 2011.

	<u>2012</u>	<u>2011</u>
For current obligations:		
Bond fund	\$2,863,350	6,791,527
Arbitrage rebate fund	83,736	83,727
	2,947,086	6,875,254
For long-term obligations:		
Debt service reserve fund	1,800,195	3,291,997
	\$ 4,747,281	10,167,251

Debt Service Reserve: Funds deposited in the debt service reserve fund shall be used for the payment of principal and interest on all bonds to the extent necessary if amounts from other sources are insufficient for such purpose. At June 30, 2012 and 2011, the debt service reserve fund aggregated \$1,800,195 and \$3,291,997, respectively.

Other Cash Reserves: During the fiscal year ended June 30, 2012 ecomaine's Board of Directors approved the establishment of cash reserves, with the knowledge that general economic conditions and other needs may impact both the timing of the funding and the usage of such reserves in a manner not originally intended. These reserves at June 30, 2012 have been included in cash and cash equivalents and are as follows:

Landfill Closure and Postclosure Care Cost Reserve - The reserve is intended to fund the landfill closure and postclosure care costs during the remaining useful life of the landfill. The balance at June 30, 2012 is \$850,256.

Short-Term Capital Reserve - The funds are intended to provide for routine capital projects in the event of unanticipated circumstances. The balance at June 30, 2012 is \$3,250,977.

Long-Term Capital Reserve - The funds are intended to provide for large new capital projects which have not been provided for in the annual capital plan. The balance at June 30, 2012 is \$4,001,202.

Operating Cash Balance Reserve - The funds are intended to provide for routine operating cash and financial security in the event of extraordinary events that cause either a significant decrease in operating revenues or a significant increase in operating expenses. The balance at June 30, 2012 is \$7,502,254.

ecomaine
Notes to Financial Statements, Continued

CAPITAL ASSETS

Capital assets at June 30, 2012 and 2011 consisted of the following:

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
Capital assets, not being depreciated:				
Land-waste-to-energy/ashfill	\$ 1,475,061	-	-	1,475,061
Total capital assets, not being depreciated	1,475,061	-	-	1,475,061
Capital assets being depreciated:				
Vehicles	672,094	-	-	672,094
Office equipment	171,462	45,045	-	216,507
Recycling facility and equipment	5,233,182	181,331	-	5,414,513
Balefill/ashfill/leachate site	16,961,969	131,624	-	17,093,593
Baler	4,452,616	-	-	4,452,616
Waste-to-energy facility	92,912,611	2,229,093	-	95,141,704
Total capital assets being depreciated	120,403,934	2,587,093	-	122,991,027
Less accumulated depreciation:				
Vehicles	(492,862)	(83,547)	-	(576,409)
Office equipment	(125,596)	(25,534)	-	(151,130)
Recycling facility and equipment	(2,216,591)	(218,690)	-	(2,435,281)
Balefill/ashfill/leachate site	(11,789,484)	(362,630)	-	(12,152,114)
Baler	(3,632,085)	(178,105)	-	(3,810,190)
Waste-to-energy facility	(71,985,229)	(2,939,384)	-	(74,924,613)
Total accumulated depreciation	(90,241,847)	(3,807,890)	-	(94,049,737)
Total capital assets being depreciated, net	30,162,087	(1,220,797)	-	28,941,290
Total capital assets	\$ 31,637,148	(1,220,797)	-	30,416,351

ecomaine
Notes to Financial Statements, Continued

LONG-TERM DEBT

ecomaine has issued several separate series of tax exempt and taxable bonds and notes, the activity for which consisted of the following:

	Balance <u>June 30, 2011</u>	<u>Additions</u>	<u>Paydowns</u>	Balance <u>June 30, 2012</u>	Amounts due in <u>one year</u>
Series N (\$2,480,000 authorized, variable rate demand bonds, weekly variable interest rate, taxable, issued September 1993, maturing July 1, 2014, paid off early in August, 2012)	\$ 1,120,000	-	(260,000)	860,000	860,000
Series R (\$21,735,000 authorized, variable rate demand bonds, taxable, issued April 2001, maturing July 1, 2012)	3,700,000	-	(1,800,000)	1,900,000	1,900,000
Series S (\$6,750,000 authorized, serial bonds, fixed annual interest rates, 4.45% in the fiscal year ended June 30, 2012, non-taxable, issued June 2003, maturing July 1, 2012)	3,525,000	-	(1,725,000)	1,800,000	1,800,000
Series U (\$15,205,000 authorized, serial bonds, fixed annual interest rates, 4% in 2012, issued June 2005, maturing July 1, 2011)	2,845,000	-	(2,845,000)	-	-
Long-term debt	\$ 11,190,000	-	(6,630,000)	4,560,000	4,560,000

The obligations of **ecomaine** to pay the principal and interest on each series of bonds are payable from, and secured by, system revenues, including amounts payable under the Waste Handling Agreements, the Interlocal Agreement, and the Power Purchase Agreement. The bonds of each series are also secured by funds held under the Trust Indenture, including amounts deposited in the debt service reserve fund and including investment earnings on all such funds. The bonds of each series are special revenue obligations of **ecomaine**, payable solely from the sources described in the offering statement. The bonds do not constitute a debt or liability within the meaning of any constitutional or statutory provision of, or a pledge of the full faith and credit of: the State of Maine; Cumberland County, Maine; York County, Maine; or any political subdivision of the State of Maine.

ecomaine has no taxing power. However, pursuant to the Waste Handling Agreements, the participating municipalities are obligated severally to deliver certain of the solid waste produced within each such participating municipality to **ecomaine** for processing and to make service payments and pay tipping fees for such processing in amounts which, when added to other available monies, will at least equal required debt service on the bonds of each series. The obligations of the participating municipalities under the Waste Handling Agreements are secured by the full faith and credit of the participating municipalities subject to certain limitations.

Under an indenture agreement, the following funds and accounts have been established and are currently held by the Trustee: a general revenue account; several principal accounts; several interest accounts; a debt service reserve fund; and a global rebate fund.

ecomaine
Notes to Financial Statements, Continued

LONG TERM DEBT, CONTINUED

Debt service requirements for all outstanding debt for the year ended June 30, 2013 are \$43,681 interest and \$4,560,000 principal, respectively.

NET ASSETS INVESTED IN CAPITAL ASSETS NET OF RELATED DEBT

Net Assets - Net assets invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds and capital leases payable. **ecomaine's** net assets invested in capital assets, net of related debt, were calculated as follows at June 30:

	<u>2012</u>	<u>2011</u>
Capital assets	\$ 124,466,088	121,878,995
Accumulated depreciation	(94,049,737)	(90,241,847)
Bonds payable	(4,560,000)	(11,190,000)
Total invested in capital assets net of related debt	\$ 25,856,351	20,447,148

IDLE ASSET - GORHAM PROPERTY

In June 1993, the Material Recovery Facility Board voted not to proceed as planned with the development of the demolition debris and recycling facility project on the **ecomaine** approved site in Gorham, Maine. Therefore, the costs associated with the development of the facility, aggregating \$8,079,467, were reported as an idle asset. **ecomaine** continued to hold the property and the associated improvements. Permitting for the facility expired at June 30, 1997 and the reported costs of this property were written down to its estimated fair market value of \$4,000,000 - resulting in an unrealized loss of \$4,079,467.

During the fiscal year ended June 30, 2005, as **ecomaine** continued to evaluate various options for the property, the facility engaged an outside appraiser to conduct an updated appraisal of the aforementioned site. With a valuation date of June 1, 2005 the property was appraised at \$2,230,000, resulting in an unrealized loss of \$1,770,000. At that time, the Board met and decided not to take any action on the property.

During the fiscal year ended June 30, 2011, **ecomaine** requested an Opinion of Value on the property. The facility engaged an outside commercial real estate firm to prepare such report. Upon completion of the report, the property was valued at approximately \$1,300,000 to \$1,600,000. At June 30, 2011, the facility recorded an unrealized loss of \$730,000 to bring the asset to an estimated fair value of \$1,500,000.

During the fiscal year ended June 30, 2012, no changes were reported on the fair value. As of the report date, no decision has been made as to the eventual use of the property.

ecomaine
Notes to Financial Statements, Continued

POWER PURCHASE AGREEMENTS

During the fiscal years ended June 30, 2012 and 2011, **ecomaine's** electric energy sales were governed by a Power Purchase Agreement with an outside third party for sale of its power at contracted rates. The prior agreement expired January 31, 2012; the current agreement commenced February 1, 2012 and expires January 31, 2013. At June 30, 2012 and 2011, electrical generating revenues amounted to \$3,707,430 and \$5,788,360, respectively.

ARBITRAGE REBATE

Under income tax regulations, **ecomaine** is obligated to rebate to the United States certain arbitrage amounts. During prior years, amounts were placed in a Rebate Fund held by the Trustee based on income tax regulations then in effect. The penalty payment for the fiscal years ended June 30, 2012 and 2011 was \$0 in both years. **ecomaine** has set aside \$83,736 and \$83,727 as of June 30, 2012 and 2011, respectively, in an arbitrage rebate fund.

RETIREMENT PLANS

Nonunion - All non-union employees are covered by a defined contribution plan after their probationary period is completed. **ecomaine** contributed 8% in 2012 and 2011 of the covered employees' gross pay on covered wages of \$1,691,804 and \$1,619,679, respectively. Pension expense amounted to \$135,345 and \$129,573 for the years ended June 30, 2012 and 2011, respectively.

Union - In accordance with an agreement with its Union, **ecomaine** contributes to the Union's Pension Plan. The contributions equal 5.25% of compensation received for hours worked by each eligible plan participant. Pension expense amounted to \$144,332 and \$140,083 for the years ended June 30, 2012 and 2011, respectively, on covered wages of \$2,749,186 and \$2,668,278, respectively. The Pension Fund is a defined contribution pension program that provides retirement and certain ancillary benefits to eligible plan participants.

Other Plans - In addition to the above plan, a second defined contribution was established in the fiscal year ended June 30, 2007 to provide retirement contributions in excess of 8% to specified employees. Such pension expense amounted to \$3,165 and \$2,988 on covered wages of \$158,220 and \$149,390 for the years ended June 30, 2012 and 2011, respectively.

Social Security - **ecomaine** participates in the Social Security retirement program. **ecomaine's** contributions to Social Security were \$342,014 and \$326,564 for the years ended June 30, 2012 and 2011, respectively.

CLOSURE AND POSTCLOSURE CARE COSTS

State and Federal laws and regulations require **ecomaine** to place a final cover on its balefill and ashfill sites when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the dates that the landfills stop accepting waste, **ecomaine** reports a portion of these closure and postclosure costs as an operating expense in each year based on landfill capacity used as of each balance sheet date. **ecomaine** will recognize the remaining estimated cost of closure and postclosure care for the ashfill site as the remaining estimated capacity is filled.

ecomaine
Notes to Financial Statements, Continued

CLOSURE AND POSTCLOSURE CARE COSTS, CONTINUED

Actual costs may be higher due to inflation, changes in technology, or changes in regulations. **ecomaine** anticipates financing closure costs by funding and using reserves and/or the issuing bonds at the time of closure. A summary of estimated landfill closure and postclosure care costs is as follows:

	<u>2012</u>	<u>2011</u>
Total estimated future landfill closure and postclosure care costs	\$22,216,761	22,216,761
Estimated capacity used	70.64%	69.39%
<hr/>		
Estimated gross landfill closure and postclosure care costs - end of year	15,694,020	15,416,704
Amounts actually expended	N/A	N/A
<hr/>		
Estimated liability for landfill closure and postclosure care costs - end of year	15,694,020	15,416,704
<hr/>		
Estimated remaining landfill closure and postclosure care costs to be recognized	\$ 6,522,741	6,800,057

OTHER POSTEMPLOYMENT BENEFITS

The Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, was implemented, as required, by **ecomaine** for the fiscal year ended June 30, 2009. This pronouncement requires that the long-term cost of retirement health care and obligations for other postemployment benefits (OPEB) be determined on an actuarial basis and reported similar to pension plans.

ecomaine is a member of the Maine Municipal Employees Health Trust. The Health Trust contracted with an outside consultant to assist in the determination and valuation of **ecomaine's** OPEB liability under GASB Statement No. 45. An OPEB liability actuarial valuation was completed by the consultants in May 2009 and again in September 2011.

Plan Descriptions - In addition to providing pension benefits, **ecomaine** provides health care benefits for certain retired employees. Eligibility to receive health care benefits follows the same requirements as MainePERS. Eligible retirees are required to pay 100% of the health insurance premiums to receive health benefit coverage.

Funding Policy and Annual OPEB Cost - GASB Statement No. 45 does not mandate the prefunding of postemployment benefits liability. **ecomaine** currently plans to fund these benefits on a pay-as-you-go basis. No assets have been segregated and restricted to provide postemployment benefits. The annual required contribution (ARC), an actuarial determined rate, represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize unfunded actuarial liabilities over a period not to exceed thirty years.

ecomaine
Notes to Financial Statements, Continued

OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

The following table represents the OPEB costs for the year and the annual required contribution:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Normal cost	\$ 34,608	34,608	31,614
Amortization of unfunded	30,786	30,786	18,920
Adjustment to ARC	(9,661)	(5,910)	(2,981)
Interest	7,977	5,383	3,084
Annual required contribution	\$ 63,710	64,867	50,637

Funding Status and Funding Progress - ecomaine's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ending June 30 was as follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Annual required contribution	\$ 63,710	64,867	50,637
Actual contribution	-	-	-
Percent contributed	0.00%	0.00%	0.00%
Actuarial accrued liability	553,647	553,647	340,262
Plan assets	-	-	-
Unfunded actuarial accrued liability	553,647	553,647	340,262
Covered payroll	\$ 4,524,794	4,436,838	4,445,697
Unfunded actuarial accrued liability as a percentage of covered payroll	12.24%	12.47%	7.60%

Net OPEB Obligation – The net OPEB obligation was calculated as follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
OPEB liability, July 1	\$ 167,060	102,193	51,556
Annual required contribution	63,710	64,867	50,637
Less: Actual contributions	-	-	-
OPEB liability, June 30	\$ 230,770	167,060	102,193

The post-retirement benefit liability at June 30, 2012 is \$294,704, resulting in an excess of \$63,934.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information (only one year available) that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

ecomaine
Notes to Financial Statements, Continued

OTHER POSTEMPLOYMENT BENEFITS, CONTINUED

Actuarial Methods and Assumptions - Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between ecomaine and plan members at that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of plan assets. Significant methods and assumptions were as follows:

Actuarial valuation date	1/1/11
Actuarial cost method	Projected unit credit cost method
Amortization method	Level dollar
Remaining amortization period	30 years

Actuarial assumptions:

Investment rate of return	4.0%
Projected salary increases	N/A
Healthcare inflation rate	4.0% - 9.6%

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress

Retiree Healthcare Plan

Fiscal year	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) – Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
2009	1/1/09	\$ -	\$ 340,262	\$ 340,262	0.00%	\$ 4,497,961	7.60%
2010	1/1/09	-	340,262	340,262	0.00%	4,445,697	7.60%
2011	1/1/11	-	553,647	553,647	0.00%	4,436,838	12.47%
2012	1/1/11	-	553,647	553,647	0.00%	4,524,794	12.24%

ecomaine
Schedule of Municipal Assessments and Tipping Fees
Years Ended June 30, 2012 and 2011

	2012	2011
<u>Members</u>		
Bridgton	\$ 195,760	205,264
Casco	74,085	75,965
Cumberland	149,244	167,794
Cape Elizabeth	248,891	265,435
Falmouth	190,875	204,171
Freeport	157,494	163,972
Gorham	173,944	176,394
Gray	205,356	206,496
Harrison	87,335	91,982
Hollis	100,517	116,273
Limington	145,602	151,241
Lyman	86,942	97,299
Ogunquit	51,625	53,778
Pownal	25,404	28,289
Portland	851,728	887,676
North Yarmouth	84,567	98,265
Scarborough	475,250	508,747
South Portland	565,700	582,174
Waterboro	174,203	181,408
Windham	178,682	181,474
Yarmouth	218,905	234,556
Total members' assessments	4,442,109	4,678,653
Associate members tip fees	885,599	863,637
Municipal tipping fees	4,261,124	4,296,472
Total municipal assessments and tipping fees	\$ 9,588,832	9,838,762

ecomaine
Budget to Actual
Year Ended June 30, 2012

	Actual	Budget	Variance	Change
Operating revenues:				
Municipal assessments	\$ 4,442,109	4,442,109	-	0.0%
Owners tipping fees	4,261,124	4,241,327	19,797	0.5%
Associate tipping fees	885,599	922,674	(37,075)	-4.0%
Commercial tipping fees	5,824,620	5,734,443	90,177	1.6%
Spot market tipping fees	2,253,845	2,039,016	214,829	10.5%
Electrical generating revenues	3,707,430	3,853,136	(145,706)	-3.8%
Sales of recycled goods	3,694,277	3,000,229	694,048	23.1%
Recycling tipping fees	42,343	13,000	29,343	225.7%
Gorham property assessments	157,384	100,000	57,384	57.4%
Other operating income	86,346	84,360	1,986	2.4%
Total operating revenues	25,355,077	24,430,294	924,783	3.8%
Operating expenses:				
Administrative expenses	2,432,537	2,468,976	36,439	1.5%
Waste-to-energy operating expenses	8,693,408	8,904,928	211,520	2.4%
Recycling operating expenses	1,779,621	1,761,687	(17,934)	-1.0%
Landfill/ashfill operating expenses	1,603,147	1,585,899	(17,248)	-1.1%
Contingency	-	196,000	196,000	n/a
Landfill closure and postclosure care costs	277,316	-	(277,316)	n/a
Post-retirement benefit	-	-	-	n/a
Total operating expenses	14,786,029	14,917,490	131,461	0.9%
Net operating income other than depreciation and amortization	10,569,048	9,512,804	1,056,244	11.1%
Depreciation and amortization	3,807,890	4,100,000	292,110	7.1%
Net operating income	6,761,158	5,412,804	1,348,354	24.9%
Non-operating income (expense):				
Interest income	54,698	18,600	36,098	194.1%
Interest expense	(112,684)	(135,760)	23,076	-17.0%
Miscellaneous receipts	6,656	-	6,656	n/a
Net non-operating	(51,330)	(117,160)	65,830	-56.2%
Total revenues less expenses	\$ 6,709,828	5,295,644	1,414,184	26.7%

September 20, 2012

To the management of
ecomaine

In planning and performing our audit of the financial statements of the **ecomaine** as of and for the year ended June 30, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered **ecomaine's** internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **ecomaine's** internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

However, during our audit, we noted several matters that may represent opportunities for strengthening internal controls and operating efficiency, which we have reported as "Other Matters" in the attached schedule of comments. **ecomaine's** responses to these recommendations are also described in the accompanying schedule; we did not audit such responses and, accordingly, we express no opinion on them. This letter does not affect our report dated September 20, 2012 on the financial statements of **ecomaine**.

We will review the status of these comments during our next audit engagement. We have already discussed these suggestions with management, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This report is intended solely for the information and use of management and others within the Organization and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Runyon Kersteen Ouellette

ecomaine
Schedule of Comments

OTHER MATTERS

Consolidation of Capital Asset Accounts - General Ledger

We commend **ecomaine** for their significant efforts to establish and maintain detailed property records, including related accumulated depreciation for the relevant assets. However, we also noted that the client general ledger contains approximately 135 separate capital asset accounts. We thus continue to recommend that consideration be given to consolidating such asset accounts, perhaps into similar groupings as reflected on the financial statements. Such an endeavor will provide a general ledger trial balance that is less wieldy and thus easier to review and analyze.

Management's Response: Management agrees with this recommendation and in June established this as a goal for FY 13 for the Finance Department.

Establish a Capital Asset Capitalization Policy

During the course of our engagement we noted that **ecomaine** does not have a set policy for capitalization of capital assets. Such a policy will ensure the consistent treatment of property additions and repair and maintenance expenditures. We recommend that management establish a policy whereby all property purchases exceeding a specified dollar amount and having a useful life of one year or more are capitalized. Given the significance of such outlays by **ecomaine**, and the considerable judgment oftentimes required to discern between the nature of the disbursement as to whether it is capital in nature, we feel that the establishment of clearly defined guidelines as to which types of acquisitions to capitalize vs. expense immediately would also be of value. **ecomaine** should document the capitalization policy and communicate it to those who record such transactions to ensure the policy is consistently applied.

*Management's Response: Management agrees that this is a desirable practice and has been moving in the direction of consistent proper treatment over the last several years. We agree documentation would be of benefit to **ecomaine** and its staff.*

Use Of Debit Cards

During our discussions with the Director of Finance and Administration we noted that **ecomaine** currently utilizes debit cards to allow several specified employees to purchase items. Debit cards give the Organization a convenient way to pay for items without needing to carry cash or write checks. Debit cards work like credit cards; however, debit cards are linked to a checking account. Although such cards are convenient, they generally do not provide the same level of fraud protection as do credit cards, which typically offer some protection from fraud or theft. Thus, we recommend that management consider replacing **ecomaine's** debit cards with purchasing cards. Such cards provide a mechanism to transact low dollar purchases of goods and services at a significantly lower cost than traditional methods. Any use of these cards should be subject to a variety of controls, to include specific limitations and prompt review.

*Management's Response: **ecomaine** management agrees with this and plans to do so in FY 13.*

ecomaine
Schedule of Comments, Continued

OTHER MATTERS, CONTINUED

403(b) Retirement Plan

During the year ended June 30, 2012 ecomaine adopted a restated 403(b) retirement plan for its employees to replace the plan established in 1991. The restated plan represented the accumulation of several year's efforts by management to address the new rules governing such plans effective January 1, 2009.

Prior to 2009 all 403(b) plans were generally exempt from ERISA's reporting, disclosure and audit requirements. Those plans covered by ERISA are now subject to the same annual Form 5500 reporting and audit requirements as 401(k) plans, along with considerable regulatory compliance.

In our discussions with management we are encouraged at the level of understanding and the efforts ecomaine has made to provide a retirement plan that operates in the best interest of its employees. It is our understanding that the plan does not meet the participant number that would make the plan subject to an annual audit; however, we wish to remind management that neither the absence of an audit requirement nor the hiring of an administrator or other professionals alleviates the organization from its fiduciary obligations in regards to the plan. We therefore want to emphasize the importance of the establishment and regular monitoring of policies to ensure the propriety of plan operations.

Management's Response: Management agrees with these thoughts. We have worked closely with Council and Investment Management Consulting Group to put these changes in place with the goals of lower participant expenses, better investment options, improved employee education and to remain in compliance with all regs and rules. Further we have established an employee investment committee to work with Investment Management Consulting Group in selecting funds for inclusion and have several policies in draft form.

ecomaine Proposed Assessments - FY 14

Community	Annual Tonnage - Exc Bulky					FY 08 to FY 12 Avg		Assessment				FY 14 Vs FY	FY 14 Vs FY
	07/08	08/09	09/10	10/11	11/12	Tons	%	FY 11	FY 12	FY 13	FY 14	13	11
Bridgton	2,571	2,330	2,220	2,250	2,243	2,323	4.47%	\$ 205,264	\$ 195,760	\$ 152,579	\$ 131,453	\$ (21,126)	\$ (73,812)
Cape Elizabeth	3,275	2,875	2,624	2,542	2,515	2,766	5.32%	265,435	248,891	188,759	156,545	(32,214)	(108,890)
Casco	972	916	909	904	904	921	1.77%	75,965	74,085	59,290	52,117	(7,173)	(23,848)
Cumberland	1,820	1,712	1,708	1,605	1,511	1,671	3.21%	167,794	149,244	112,413	94,579	(17,834)	(73,215)
Falmouth	2,405	2,186	2,141	1,961	1,957	2,130	4.10%	204,171	190,875	144,951	120,551	(24,400)	(83,620)
Freeport	2,064	1,949	1,832	1,644	1,592	1,816	3.49%	163,972	157,494	120,868	102,792	(18,077)	(61,180)
Gorham	2,305	2,188	2,148	2,144	2,154	2,188	4.21%	176,394	173,943	139,479	123,815	(15,664)	(52,579)
Gray	2,650	2,657	2,610	2,558	2,568	2,609	5.02%	206,496	205,356	164,494	147,639	(16,855)	(58,857)
Harrison	1,171	1,036	950	905	898	992	1.91%	91,982	87,334	66,277	56,139	(10,139)	(35,844)
Hollis	1,053	957	945	944	961	972	1.87%	116,273	100,517	70,215	55,007	(15,208)	(61,266)
Limington	1,918	1,966	1,650	1,541	1,539	1,723	3.31%	151,241	145,602	112,896	97,489	(15,407)	(53,751)
Lyman	1,209	1,187	1,133	1,093	1,107	1,146	2.20%	97,299	86,942	72,637	64,845	(7,792)	(32,454)
North Yarmouth	1,268	779	578	566	580	754	1.45%	98,265	84,566	57,969	42,686	(15,284)	(55,579)
Ogunquit	680	669	640	576	567	626	1.21%	53,778	51,625	40,751	35,454	(5,297)	(18,324)
Portland	10,893	10,415	10,115	9,735	9,446	10,121	19.47%	887,676	851,728	662,543	572,770	(89,773)	(314,906)
Pownal	356	337	203	168	178	248	0.48%	28,289	25,404	18,039	14,049	(3,989)	(14,239)
Scarborough	5,500	5,398	5,396	5,313	5,357	5,393	10.37%	508,747	475,250	359,452	305,189	(54,263)	(203,558)
South Portland	7,525	6,950	6,662	6,226	6,244	6,721	12.93%	582,174	565,700	441,218	380,378	(60,839)	(201,795)
Waterboro	2,590	2,539	2,456	1,804	1,794	2,236	4.30%	181,408	174,203	150,603	126,570	(24,032)	(54,837)
Windham	2,314	2,209	2,232	2,116	2,103	2,195	4.22%	181,474	178,682	141,250	124,205	(17,045)	(57,269)
Yarmouth	2,977	2,468	2,350	2,190	2,192	2,436	4.68%	234,556	218,905	165,426	137,836	(27,590)	(96,720)
Total	57,514	53,722	51,502	48,786	48,410	51,987	100.00%	\$4,678,654	\$4,442,109	\$3,442,109	\$2,942,109	(\$500,000)	(\$1,736,545)

ecomaine

Open House Summary

September 22, 2012 (Saturday)

8:30-11:30 a.m.

Attendance: approximately 350-400*

Outside Participants:

- Goodwill Industries
- Ruth's Re-Usable Resources
- University of Southern Maine Extension Service (composting instruction)
- Art from trash (a Saco elementary school)
- Women Out Working
- Portland Trails
- North Coast Services (e-waste)
- Shredding On Site

Activities/Offerings:

- Displays for waste-to-energy, recycling, landfill/ashfill, environmental
- Tours through recycling and waste-to-energy
- Free recycling bins with instructional sticker on the side
- Composting information (USM Extension Service)
- Ruth's Reusable Resources display
- Portland Trails display
- Free recycling of e-waste
- Free document shredding
- Free recycling of trophies, eye glasses, crutches, linens/blankets/towels, gently-used clothing, old sneakers
- Free breakfast sandwiches, cider, apples, coffee
- Free raffle entry (tent & 2 sleeping bags made of recycled material)
- Children's activities (paper-making, face painting, coloring pages, bird house building, free ecomaine bump hats, sit in big vehicles/equipment, Jack Hammer (mascot)

Other:

- Congress Street portable "billboard signage for one month
- Posting on ecomaine website and community websites
- E-mail flyers (municipalities, individuals, organizations, board members, transfer stations, public works departments, etc.)
- Numerous on-line calendar listings



ecomaine
Open House Saturday
Sept. 22 / 8:30-11:30 am

Free raffle for tent & 2 sleeping bags!
Free recycling bins!
Free breakfast sandwiches!
Tour ecomaine's facilities!



Free drive-thru recycling for:
TVs, all electronics, small motors, sneakers,
eyeglasses, towels & linens, gently-used clothing
www.ecomaine.org for more details & directions



- Paid Advertising:
 - Current (Scarborough, South Portland, Cape Elizabeth)
 - Lakes Region Weekly (Windham, Standish, Naples, Bridgton, Casco, Gray)
 - Northern Forecaster (Falmouth, Freeport, Yarmouth, North Yarmouth, Cumberland)
 - Portland Daily Sun (Portland)
 - Portland Press Herald (Greater Portland area)
- Unpaid Publicity:
 - CTN-TV
 - Sunrise Guide (on-line)
 - Sentry - South Portland, Cape Elizabeth (Sept. 14)
 - Portland Daily Sun (Sept. 8, 19, 20 & 22)
 - Lakes Region Weekly (Sept.21)
 - Lewiston Daily Sun (Sept. 22)



Measurable Results*:

- 200 cars in the drive-thru (an average of 66 cars per hour/more than 1 car per minute)
- 9-10 tons of e-waste collected (an average of more than 3 tons per hour)
- 135 toured recycling
- 65 toured WTE
- Based on sausage patties remaining, approximately 350 visitors were served (not including employees)



ecomaine
Statement of Revenue and Expenses - September 2012 (FY 2013)
 \$000's

Attachment E

	Month			Year To Date			Last Year - YTD	
	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Variance
Operating revenues								
Municipal assessments	\$ 287	\$ 287	\$ 0	\$ 861	\$ 861	\$ 0	\$ 1,111	\$ (250)
Owners tipping fees	363	356	7	1,158	1,068	90	1,193	(35)
Contract & Assoc tipping fees	104	92	12	325	275	49	312	12
Commercial tipping fees	495	481	14	1,548	1,444	104	1,554	(6)
Spot market tipping fees	237	159	77	806	478	329	645	162
Electrical generating revenues	256	244	12	852	790	63	1,123	(271)
Sales of recycled goods	158	244	(85)	663	731	(67)	1,284	(621)
Recycling tipping fees	11	3	8	19	9	10	10	9
Gorham property assessments	13	14	(1)	56	41	15	25	31
Other operating income	7	7	0	22	21	1	21	1
Total operating revenues	1,930	1,887	44	6,310	5,717	594	7,278	(967)
Operating expenses								
Administrative expenses	184	196	13	589	631	42	592	3
Waste-to-energy operating expenses	645	626	(19)	1,843	1,912	69	1,826	(16)
Recycling operating expenses	158	142	(17)	400	435	35	429	29
Landfill/ashfill operating expenses	134	161	27	409	453	44	378	(31)
Contingency	-	21	21	-	62	62	-	-
Landfill closure and postclosure care costs	23	23	0	69	70	0	70	0
Post-retirement benefit- Health Care	-	8	8	-	23	23	37	37
Depreciation & amortization	350	350	-	1,050	1,050	(0)	1,025	(25)
Total operating expenses	1,494	1,527	33	4,360	4,637	277	4,357	(3)
Net operating income	437	360	77	1,950	1,080	870	2,921	(970)
Non-operating income (expense)								
Interest income	7	3	4	17	9	8	9	7
Interest expense	0	(1)	1	(0)	(2)	2	(28)	28
Other Expense	-	-	-	-	-	-	-	-
Net non-operating	7	2	5	16	6	10	(19)	35
Total Revenue Less Expenses	\$ 443	\$ 362	\$ 82	\$ 1,966	\$ 1,086	\$ 880	\$ 2,902	\$ (936)

ecomaine

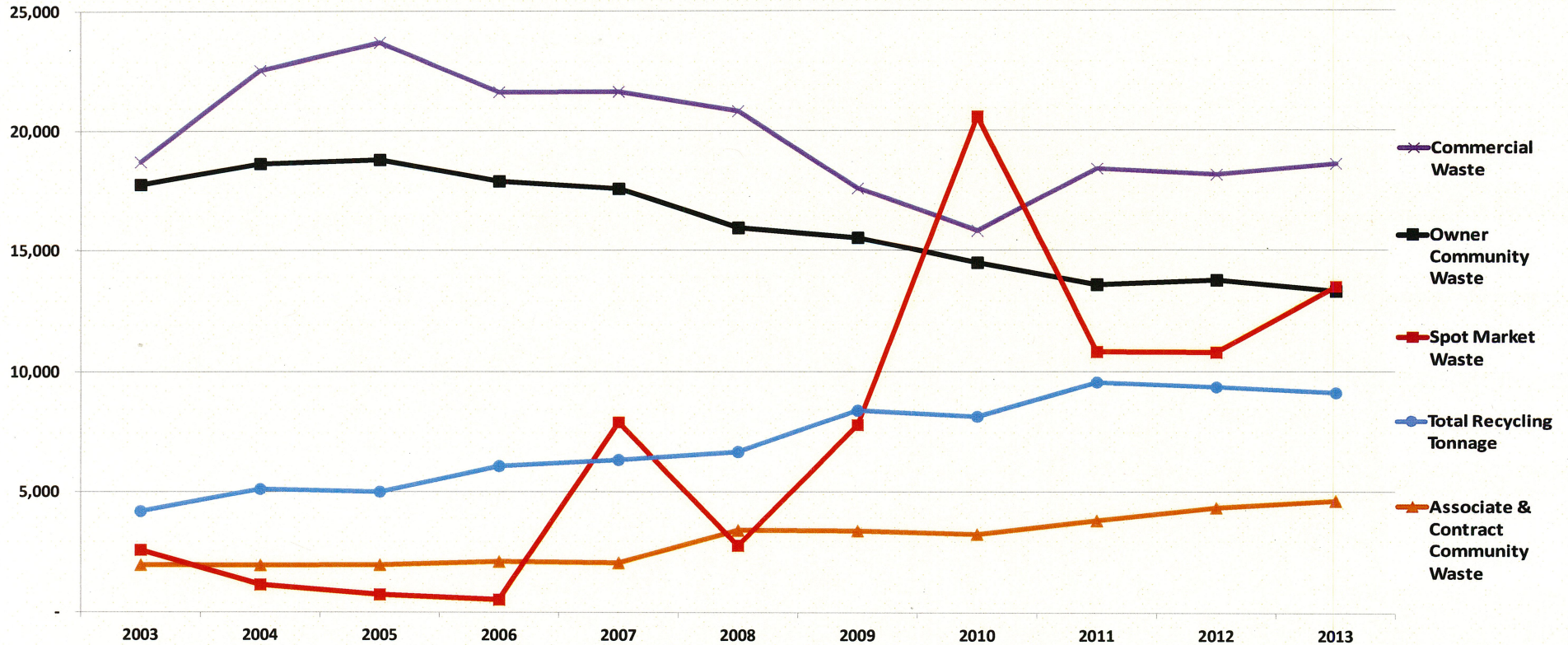
Attachment F

Statement of Cash Balances - September 2012 (FY 2013)

	\$000's				
	Act FY 12 @ 6/30/12		Bud FY 2013 @ 6/30/13		Act FY 12 @ 9/30/12
Cash flows from operating activities:					
Net operating income	\$ 6,761		\$ 3,079		\$ 1,950
Add back: depreciation	3,808		4,200		1,050
Add back: landfill closure costs	277		278		69
Add back: Post Retirement Benefit	-		93		-
Other working capital changes	384		-		(540)
Net cash provided by operating activities	11,230		7,650		2,529
Cash flows from capital and related financing activities:					
Bank loan	-		-		-
Payment of interest	(113)		(9)		(0)
Repayment of long-term debt	(6,630)		(3,975)		(4,560)
Repayment of capital leases	-		-		-
Net cash used in capital and related financing	(6,743)		(3,984)		(4,560)
Cash flows from investing activities:					
Receipts of interest	59		35		17
Capital expenditures	(2,587)		(5,509)		(1,894)
Net cash used in investing activities	(2,528)		(5,474)		(1,877)
Net increase (decrease) in cash	1,959		(1,808)		(3,908)
Cash, beginning of period	21,968		22,808		23,927
Cash, end of period	23,927		21,000		20,019
Detail					
Operating Cash Reserve	7,500		7,500		7,500
Short Term Capital Reserve	3,251		3,250		3,250
Long Term Capital Reserve	4,001		4,000		4,000
Landfill Closure reserve	850		1,700		850
Bond Payment Reserves	2,947		285		(0)
Debt Service Reserves	1,800		-		-
Balance Operating Cash	3,580		4,265		4,417
Total	\$ 23,929		\$ 21,000		\$ 20,019
					\$ 15,600
					\$ 36,967



September Year to Date Tonnage - FY2013



	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Owner Community Waste	17,754	18,632	18,795	17,887	17,567	15,944	15,528	14,483	13,578	13,753	13,304
Associate & Contract Waste	1,959	1,950	1,958	2,094	2,045	3,408	3,382	3,239	3,804	4,333	4,624
Commercial Waste	18,728	22,543	23,695	21,619	21,625	20,808	17,579	15,823	18,409	18,155	18,612
Spot Market Waste	2,578	1,130	730	522	7,884	2,764	7,771	20,576	10,824	10,799	13,493
Total Waste	41,020	44,254	45,177	42,122	49,120	42,923	44,260	54,121	46,615	47,040	50,033
Recycling	4,193	5,118	5,004	6,076	6,328	6,653	8,374	8,119	9,568	9,368	9,128

Statistical Data - September 2012 (FY 2013)

	Month Actual Vs Budget				Year to Date Actual Vs Budget				Year to Date Vs Last Year		
	Actual	Budget	Var - Fav / (Unfav)		Actual	Budget	Var - Fav / (Unfav)		Prior Year Actual	Var - Fav / (Unfav)	
			Units	%			Units	%		Units	%
Inbound Tons											
Owner	3,983	4,079	(96)	-2.3%	13,304	12,236	1,068	8.7%	13,753	(449)	-3.3%
Assoc & Contract	1,383	1,247	136	10.9%	4,624	3,740	884	23.6%	4,333	291	6.7%
Commercial	5,690	5,649	41	0.7%	18,612	16,948	1,664	9.8%	18,155	457	2.5%
Spot	3,687	2,827	860	30.4%	13,493	8,482	5,011	59.1%	10,799	2,694	24.9%
Total MSW	14,743	13,802	941	6.8%	50,033	41,406	8,627	20.8%	47,040	2,993	6.4%
Recycling - Inbound	2,686	2,966	(280)	-9.4%	9,128	8,897	232	2.6%	9,368	(240)	-2.6%
Total All	17,429	16,767	662	3.9%	59,161	50,302	8,859	17.6%	56,408	2,753	4.9%

Revenue \$ /Ton

Owner	\$ 91.04	\$ 87.25	\$ 3.79	4.3%	\$ 87.04	\$ 87.25	\$ (0.21)	-0.2%	\$ 86.77	\$ 0.28	0.3%
Assoc & Contract	75.13	73.66	1.47	2.0%	70.19	73.66	(3.47)	-4.7%	72.03	(1.84)	-2.5%
Commercial	86.99	85.21	1.77	2.1%	83.19	85.21	(2.03)	-2.4%	85.61	(2.42)	-2.8%
Spot	64.18	56.30	7.88	14.0%	59.76	56.30	3.46	6.1%	59.70	0.07	0.1%
Recycling	62.95	83.13	(20.19)	-24.3%	74.74	83.13	(8.39)	-10.1%	138.13	(63.38)	-45.9%

Energy

MWH's Sold	7,658	7,347	311	4.2%	23,521	21,828	1,694	7.8%	23,576	(54)	-0.2%
\$/MWH	\$ 33.48	\$ 33.23	\$ 0.25	0.7%	\$ 36.23	\$ 36.17	\$ 0.06	0.2%	\$ 47.62	\$ (11.39)	-23.9%

	Fiscal Year To Date										
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Year to Date Tons											
Owner	17,754	18,632	18,795	17,887	17,567	15,944	15,528	14,483	13,578	13,753	13,304
Assoc & Contract	1,959	1,950	1,958	2,094	2,045	3,408	3,382	3,239	3,804	4,333	4,624
Commercial	18,728	22,543	23,695	21,619	21,625	20,808	17,579	15,823	18,409	18,155	18,612
Spot	2,578	1,130	730	522	7,884	2,764	7,771	20,576	10,824	10,799	13,493
Total MSW	41,020	44,254	45,177	42,122	49,120	42,923	44,260	54,121	46,615	47,040	50,033
Recycling	4,193	5,118	5,004	6,076	6,328	6,653	8,374	8,119	9,568	9,368	9,128

**Summary Analysis of All Tons
July 1, 2012 to September 30, 2012**

Community	Waste			Recycle		
	FY12	FY13	over/(under)	FY12	FY13	over/(under)
	-	-	-	-	-	-
BRIDGTON	779	688	(92)	193	184	(9)
CAPE ELIZABETH	733	730	(4)	307	284	(23)
CASCO	273	263	(10)	132	115	(18)
CUMBERLAND	350	353	3	206	202	(4)
FALMOUTH	590	550	(39)	388	354	(33)
FREEPORT	446	430	(16)	156	150	(6)
GORHAM	568	579	11	334	324	(10)
GRAY	725	684	(40)	-	-	-
HARRISON	301	291	(10)	62	64	2
HOLLIS	251	256	4	80	77	(3)
LIMINGTON	436	397	(38)	31	29	(1)
LYMAN	308	304	(5)	71	64	(6)
NORTH YARMOUTH	153	152	-	105	99	(6)
OGUNQUIT	277	278	-	102	103	1
PORTLAND	2,589	2,550	(39)	1478	1423	(55)
POWNAI	49	46	(2)	38	38	-
SCARBOROUGH	1,523	1,492	(31)	695	666	(29)
SOUTH PORTLAND	1,675	1,582	(92)	589	574	(15)
WATERBORO	543	489	(55)	121	112	(9)
WINDHAM	580	572	(9)	380	371	(9)
YARMOUTH	603	617	14	255	247	(8)
Owner Member Total	13,753	13,304	(449)	5,722	5,481	(241)
BALDWIN	149	142	(7)	-	-	-
HIRAM	149	142	(7)	-	-	-
NAPLES	330	334	4	-	-	-
PARSONFIELD	215	215	-	21	19	(1)
PORTER	149	142	(7)	-	-	-
SACO	1,400	1,239	(161)	465	445	(20)
STANDISH	871	769	(101)	151	145	(6)
TRI-TOWN	-	-	-	34	30	(4)
Associate Member Total	3,263	2,984	(279)	671	639	(32)
ANDOVER	-	-	-	11	14	2
CORNISH	-	-	-	20	12	(8)
ELIOT	309	295	(14)	-	-	-
GREENLAND, NH	-	-	-	-	94	94
HARPSWELL	367	354	(13)	-	-	-
JAY	-	-	-	90	87	(2)
KITTERY	-	606	606	-	-	-
LIVERMORE FALLS	206	188	(18)	42	45	2
MANCHESTER	-	-	-	32	30	(2)
MONMOUTH	-	-	-	83	83	1
NEWINGTON	-	-	-	20	19	(1)
NORTH HAVEN	77	88	11	-	13	13
OLD ORCHARD	-	-	-	185	196	11
POLAND	-	-	-	103	101	(2)
READFIELD/WAYN	-	-	-	94	84	(10)
SANFORD	112	109	(3)	435	384	(51)
STOCKTON SPRINGS	-	-	-	-	9	9
Contract Member Total	1,070	1,640	570	1,115	1,171	56
Commercial Total	18,155	18,612	457	1,860	1,837	(23)
Spot Market Total	10,799	13,493	2,695	-	-	-
Grand Totals	47,040	50,033	2,993	9,368	9,128	(239)

Month / Year	Facility Availability	On Peak KWHs	Off Peak KWHs	Total KWHs	On Peak Rate	Off Peak Rate	Electricity Revenues	ISONE Market Value
Sep-10	95%	3,536,806	4,092,807	7,629,613	\$0.07301	\$0.05560	\$531,986	
Oct-10	99%	3,684,282	4,715,036	8,399,318	\$0.07397	\$0.05617	\$583,762	
Nov-10	94%	3,482,344	3,838,460	7,320,804	\$0.07704	\$0.05923	\$541,771	
Dec-10	97%	3,502,186	3,887,300	7,389,486	\$0.08357	\$0.06555	\$593,229	
Jan-11	96%	3,333,950	4,024,645	7,358,959	\$0.09707	\$0.07727	\$680,335	
Feb-11	99%	3,043,296	3,512,245	6,555,541	\$0.04334	\$0.04334	\$326,532	\$412,082
Mar-11	98%	3,444,203	3,492,190	6,936,393	\$0.04334	\$0.04334	\$343,359	\$362,553
Apr-11	66%	1,762,990	2,177,127	3,940,170	\$0.04334	\$0.04334	\$212,191	\$206,087
May-11	87%	3,096,218	3,803,942	6,900,160	\$0.04334	\$0.04334	\$341,900	\$322,749
Jun-11	98%	3,649,570	3,994,354	7,643,924	\$0.04334	\$0.04334	\$363,139	\$352,301
Jul-11	99%	3,553,158	4,635,406	8,188,564	\$0.04334	\$0.04334	\$387,688	\$464,659
Aug-11	96%	3,793,874	3,860,020	7,653,894	\$0.04334	\$0.04334	\$365,783	\$359,176
Sep-11	100%	3,716,566	4,016,809	7,733,375	\$0.04334	\$0.04334	\$371,100	\$338,995
Oct-11	91%	3,150,283	4,079,819	7,230,102	\$0.04334	\$0.04334	\$350,098	\$326,227
Nov-11	98%	3,741,801	4,074,766	7,816,567	\$0.04334	\$0.04334	\$375,565	\$315,501
Dec-11	99%	3,257,803	3,616,743	6,874,546	\$0.04334	\$0.04334	\$334,360	\$276,125
Jan-12	93%	2,959,673	3,329,413	6,289,086	\$0.04334	\$0.04334	\$308,705	\$288,959
Feb-12	94%	3,413,300	3,228,454	6,641,754	\$0.04495	\$0.03630	\$306,063	\$238,095
Mar-12	85%	3,092,263	3,168,997	6,261,260	\$0.03511	\$0.02790	\$232,293	\$210,526
Apr-12	58%	2,101,538	1,972,052	4,073,590	\$0.03134	\$0.02603	\$151,738	\$139,129
May-12	98%	3,911,338	4,286,760	8,198,098	\$0.03149	\$0.02541	\$266,940	\$258,097
Jun-12	99%	3,539,110	4,261,600	7,800,710	\$0.03433	\$0.02547	\$259,129	\$278,911
Jul-12	99%	3,737,231	4,375,583	8,112,814	\$0.04081	\$0.02813	\$302,538	\$354,548
Aug-12	97%	3,631,328	4,119,267	7,750,595	\$0.04082	\$0.02816	\$293,300	\$319,764
Sep-12	97%	3,571,052	4,087,035	7,658,087	\$0.03415	\$0.02579	\$256,395	\$288,068
Oct-12					\$0.03390	\$0.02715		
Totals for Contract period							\$2,068,397	\$2,087,138