



**Financial Statements**

**For the Years Ended  
June 30, 2020 and 2019**

**ecomaine**  
**Financial Statements**  
**For the Years Ended June 30, 2020 and 2019**

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## Independent Auditor's Report

Board of Directors  
ecomaine

### **Report on the Financial Statements**

We have audited the accompanying financial statements of ecomaine as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise ecomaine's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of ecomaine, as of June 30, 2020 and 2019, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 and the schedule of changes in ecomaine's total health plan OPEB liability and related ratios on page 23, 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 for 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 information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise ecomaine's basic financial statements. Schedule 1 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Schedule 1 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the procedures performed as described above, schedule 1 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



September 17, 2020  
South Portland, Maine

Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2020

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Using this Annual Report

This discussion and analysis of ecomaine's financial performance provides an overall review of our financial activities for the year ended June 30, 2020. It consists of a series of financial statements and notes on those statements that are prepared and organized so the reader can understand ecomaine as an entire operating entity as well as providing a detailed look at our specific financial conditions. Readers should also review the financial statements and the related notes to enhance their understanding of ecomaine's financial performance.

The statement of net position and the statement of revenues, expenses, and changes in net position provide information about the activities of ecomaine as a whole and present a longer-term view of our finances. They include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources 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's net position and changes in such net position. This change in position 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.

Financial Highlights

Comparing FY 20 Actual to FY 19 Actual

***FY 20 Revenue less Expenses (change in net position) was a loss of \$1.0 million compared to the FY 19 loss of \$.2 million reflecting a few unfavorable operating and non-operating expenses.***

- *FY 20 revenues (\$19.1 million) were up \$0.5 million from FY 19 Revenues (\$18.6 million) because the waste-to-energy was up \$.7 million due to tonnage and rates; recycling was up \$.2 million as a result of 1) sale of recycle was down \$.5 million and 2) tipping fees were up \$.7 million; sale of electricity revenue was down \$.4 million.*
  - ✓ Total solid waste volume received by ecomaine was up 1.3% totaling 176,378 tons in FY 20 compared with 174,091 tons in FY 19. Overall tipping fees were \$73.78 per ton in FY 20 compared to \$70.67 in FY 19. This 4.4% increase in revenue per ton along with the increased tonnage resulted in a 6% increase in WTE revenue for FY 20. Tipping fees for solid waste totaled \$13.0 million in FY 20 compared to \$12.3 million in FY 19.
  - ✓ Inbound recycle volume totaled 32,855 tons in FY 20 down about 5.9% from FY 19, which was 34,932 tons, while the market value for outbound recycle material averaged just \$26.54 per ton reflecting a weak recycling market. As a result, FY 20 recycling revenues were down \$0.5 million, or 57% from FY 19.
  - ✓ In FY 20, ecomaine sold 80,967 MWH's of electricity into the New England power grid which was a decrease of .8% from FY 19. The market value of the power averaged \$47.29 per MWH which was down 9.6% from FY 19 (\$52.33/MWH). As a result, revenue from the sale of energy totaled \$3.8 million in FY 20, which was down \$.4 million from FY 19.

Management's Discussion and Analysis, Continued

- Total operating expenses (\$21.4 million) were \$1.1 million unfavorable to FY 19 expenses (\$20.3 million). There was a \$.4 million variance for the unbudgeted by-pass expense in FY 20, which will continue for two more years. Other unfavorable variances from FY 19 include payroll, spare parts, major repairs, and outside services.
- Non-operating revenue totaled \$1.3 million in FY 20, which was down \$.3 million from FY 19 but equal to the annual average over the past 4 years.

**Cash balances on hand (including investment reserves) totaled \$25.7 million at year end FY 20, which was a decrease of \$1.6 from FY 19.**

- The cash generated by operations in FY 20 totaling \$1.4 million was \$1.1 million lower than in FY 19. A major impact was due to the by-pass expense that was incurred along with the revenue reductions from the sale of recycling and power generation, as mentioned above.
- Another favorable variance was the result of financial markets adding investment income of \$1.3 million to net income.
- Partially offsetting these items was a \$2.7 million decrease in capital spending compared to FY 19, which included a major portion of the building improvements to the WTE building.

**The total net position for ecomaine decreased from \$45.0 million at the end of FY 19 to \$44.0 million at the end of FY 20.**

- Total assets for ecomaine decreased by \$0.8 million from \$63.2 million in FY 19 to a total of \$62.4 million in FY 20.
  - ✓ Current assets decreased by \$.9 million from \$9.1 million in FY 19 to \$8.2 million in FY 20 resulting in decreases cash and cash equivalents.
  - ✓ Capital assets, net of depreciation, were up \$.7 million to \$31.8 million due to the capital investments of \$4.4 million outpacing the depreciation expense in FY 20.
  - ✓ Cash and investment reserves totaled \$22.4 million at the end of FY 20, down \$.7 million from FY 19 year end, mainly due to the addition of \$4.4 million in capital improvements along with the strong investment portfolio that offset some of the cash requirements for capital improvements.
- Total liabilities for ecomaine increased from \$18.2 million at the end of FY 19 to \$18.4 million at the end of FY 20.
  - ✓ Current liabilities decreased from \$1.5 million in FY 19 to \$1.2 million in FY 20 primarily due to decreases in outstanding payables and accrued expenses.
  - ✓ Long-term liabilities were up \$.5 million due to an increase in OPEB liability (\$.1 million) and accrued landfill closing liability (\$.3 million).

## Management's Discussion and Analysis, Continued

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**Comparing FY 20 Actual to FY 20 Budget**

***FY 20 revenue less expenses was a loss of \$1.0 million compared to the FY 20 budgeted loss of \$2.5 million reflecting a \$1.5 million favorable variance due to favorable operating costs and strong financial markets.***

- *FY 20 revenues (\$19.1 million) were \$0.3 million below the FY 20 budgeted revenues (\$19.4 million) primarily as a result of the weak recycling markets and a low market rate on the sale of power, both totaling an \$.8 million unfavorable variance, offsetting the favorable variance in WTE tipping fees.*
- ✓ *Inbound recycling volume totaled 32,855 tons in FY 20 down about 11% from the FY 20 budget (36,677 tons) while the market value for outbound recyclable material averaged \$26.54 per ton compared to \$30.81 per ton in the budget reflecting a weak recycling market. As a result, recycling revenues were down \$0.5 million from the FY 20 budget or 37%.*
- ✓ *Total solid waste volume received by ecomaine was 176,378 tons in FY 20, which was near even to the FY 20 budget of 175,354 tons. There was an increase with commercial volume (88,190 tons) being up 2,091 tons or 2%. Spot volume was down 34% and contract tons were down 5% to FY 20 budget. The combined spot and contract tonnage amounted to a shortfall of 2,700 tons or \$.3 million. As a result, tipping fees for solid waste totaled \$13.0 million in FY 20 compared to \$12.3 million in FY 20 budget.*
- ✓ *In FY 20, ecomaine sold 80,967 MWH's of electricity into the New England power grid which was down less than 4% from the FY 20 budget while the market value of the power averaged \$47.29 per MWH which was up 6% compared to the FY 20 budget. As a result, revenue from the sale of energy totaled \$3.8 million in FY 20 which was down 7% from the FY 20 budget.*
- *Total operating expenses (\$21.4 million) were \$1.1 million favorable to the FY 20 budgeted expenses (\$22.5 million) primarily reflecting a favorable variance in Recycling operations along with lower depreciation expenses. The unexpected \$.4 million in by-pass expenses exceeded the \$.2 million contingency in the FY 20 budget.*
  - ✓ *Departmental operating expenses totaled \$17.6 million, down \$0.2 million from the FY 20 budgeted departmental expenses of \$17.8 million. Waste-to-energy costs were \$.7 million unfavorable while administrative and recycling operating costs were favorable \$.6 million resulting in a savings on total operating expenses.*
  - ✓ *Depreciation expense was \$0.8 million favorable to budget in FY 2020.*
- *Non-operating revenue was \$.7 million favorable in FY 20 compared to budget primarily as a result of the performance of the investment portfolio.*

***Cash balances on hand (including investment reserves) decreased in FY 20 by \$1.7 million compared with an FY 20 budgeted decrease in cash of \$4.5 million.***

- *The cash generated by operations in FY 20 totaled \$1.4 million and was \$.1 million lower than the FY 20 budget because of favorable operating expenses that offset portions of unfavorable budgeted revenue.*
-

Management’s Discussion and Analysis, Continued

- *The impact of the strong financial markets added \$.8 million more to cash balances than the amount budgeted in FY 20.*
- *Capital expenditures were below budget by \$2.8 million as a result of \$1.3 million of postponed projects in Waste to Energy along with some progress payments made in FY 19 for building renovations that were budgeted in FY 20.*

The statements of net position look at ecomaine as a whole. Table 1 below is a summary of ecomaine's net position for 2020 with comparative numbers for 2019.

Details for Table 1 can be found on the [Statements of Net Position](#) on page 9 in the financial statements.

		<b>Table 1</b>	
		<b>Net Position</b>	
		<u>2020</u>	<u>2019</u>
<b>ASSETS</b>			
Current and other	\$	8,633,591	9,414,926
Capital assets, net		31,778,750	30,954,350
Investment reserves		<u>22,007,247</u>	<u>22,858,045</u>
Total assets	\$	<u>62,419,588</u>	<u>63,227,321</u>
Deferred outflows of resources - OPEB	\$	<u>54,407</u>	<u>-</u>
<b>LIABILITIES</b>			
Current liabilities		1,210,992	1,454,711
Other liabilities		<u>17,220,800</u>	<u>16,712,178</u>
Total liabilities	\$	<u>18,431,792</u>	<u>18,166,889</u>
Deferred inflows of resources - OPEB	\$	<u>11,604</u>	<u>64,216</u>
<b>NET POSITION</b>			
Net investment in capital assets		31,778,750	30,954,350
Unrestricted		<u>12,251,849</u>	<u>14,041,866</u>
Total net position	\$	<u>44,030,599</u>	<u>44,996,216</u>



Management's Discussion and Analysis, Continued

Details for Table 2 can be found in the Statements of Revenues, Expenses, and Changes in Net Position on page 10 of the financial statements.

**Table 2**  
**Changes in Net Position FY 20 compared to FY 19**

	<u>2020</u>	<u>2019</u>	<u>Increase (decrease)</u>
<b>REVENUES</b>			
Operating revenues	\$ 19,096,794	18,579,960	516,834
Total revenues	<u>19,096,794</u>	<u>18,579,960</u>	<u>516,834</u>
<b>OPERATING EXPENSES</b>			
Administration	2,964,048	2,791,697	172,351
Waste-to-energy operations	10,658,354	9,389,047	1,269,307
Recycling operations	2,146,115	2,032,494	113,621
Landfill operations	1,824,822	1,950,085	(125,263)
Landfill closure and Postclosure care costs	263,773	263,379	394
Post-retirement benefit	41,646	47,094	(5,448)
Depreciation	<u>3,512,299</u>	<u>3,859,420</u>	<u>(347,121)</u>
Total operating expenses	21,411,057	20,333,216	1,077,841
Non-operating revenues:			
Interest income	461,823	430,639	31,184
Gain on investments	857,911	1,103,328	(245,417)
Gain on disposition of assets	(20,900)	-	(20,900)
All other	<u>49,812</u>	<u>42,531</u>	<u>7,281</u>
Net non-operating revenues	<u>1,348,646</u>	<u>1,576,498</u>	<u>(227,852)</u>
Increase (decrease) in net position	<u>\$ (965,617)</u>	<u>(176,758)</u>	<u>(788,859)</u>

Capital Expenditures and Asset Values

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

	<u>2020</u>	<u>2019</u>
Land at WTE facility	\$ 2,015,201	\$ 2,015,201
Construction in progress	248,909	4,857,748
Vehicles	759,943	899,349
Office equipment	110,836	141,735
Recycling facility and equipment	899,849	1,090,617
Balefill/ashfill/leachate site	5,776,251	3,178,397
Waste-to-energy facility	<u>21,967,761</u>	<u>18,771,303</u>
Total capital assets	\$ <u>31,778,750</u>	\$ <u>30,954,350</u>

**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 Don Hebert, Director of Finance and Administration, at (207) 523-3107.

ecomaine  
Statements of Net Position  
June 30, 2020 and 2019

	2020	2019
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 3,292,237	4,172,513
Accounts receivable, net	1,770,526	1,798,159
Inventory	2,789,869	2,858,725
Prepaid expenses	342,992	264,870
Total current assets	8,195,624	9,094,267
Noncurrent assets:		
Capital assets, net	31,778,750	30,954,350
Reserves:		
Cash and cash equivalents - reserves	437,967	320,659
Investment - reserves	22,007,247	22,858,045
Total reserves	22,445,214	23,178,704
Total noncurrent assets	54,223,964	54,133,054
<b>Total assets</b>	<b>62,419,588</b>	<b>63,227,321</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows of resources related to OPEB	54,407	-
<b>Total deferred outflows of resources</b>	<b>54,407</b>	<b>-</b>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	620,064	339,638
Accrued expenses	412,503	987,357
Accrued salaries	178,425	127,716
Total current liabilities	1,210,992	1,454,711
Noncurrent liabilities:		
Other post-employment benefit liability	918,265	769,600
Accrued compensated absences	955,985	859,801
Accrued landfill closure and postclosure care liabilities	15,346,550	15,082,777
Total noncurrent liabilities	17,220,800	16,712,178
<b>Total liabilities</b>	<b>18,431,792</b>	<b>18,166,889</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows of resources related to OPEB	11,604	64,216
<b>Total deferred inflows of resources</b>	<b>11,604</b>	<b>64,216</b>
<b>NET POSITION</b>		
Net investment in capital assets	31,778,750	30,954,350
Unrestricted	12,251,849	14,041,866
<b>Total net position</b>	<b>\$ 44,030,599</b>	<b>44,996,216</b>

*See accompanying notes to financial statements.*

**ecomaine**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**Years Ended June 30, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
Operating revenues:		
Tipping fees	\$ 6,201,894	5,877,628
Electrical generating revenues	3,829,131	4,270,887
Commercial tipping fees and spot market waste	6,811,259	6,425,415
Recycling tipping fees	616,604	522,668
Recycling owner tipping fees	644,466	-
Sales of recycled goods	876,778	1,376,697
Other operating income	116,662	106,665
Total operating revenues	19,096,794	18,579,960
Operating expenses:		
Administrative expenses	2,964,048	2,791,697
Waste-to-energy operating expenses	10,658,354	9,389,047
Recycling operating expenses	2,146,115	2,032,494
Landfill/ashfill operating expenses	1,824,822	1,950,085
Landfill closure and postclosure care costs	263,773	263,379
Other post-employment benefits	41,646	47,094
Total operating expenses other than depreciation	17,898,758	16,473,796
Net operating income (loss) before depreciation	1,198,036	2,106,164
Depreciation	3,512,299	3,859,420
Net operating income (loss)	(2,314,263)	(1,753,256)
Non-operating revenues (expenses):		
Interest and dividend income	461,823	430,639
Miscellaneous receipts	49,812	42,531
Gain on investments	857,911	1,103,328
Loss on disposition of assets	(20,900)	-
Net non-operating revenue (expenses)	1,348,646	1,576,498
Change in net position	(965,617)	(176,758)
Total net position, beginning of year	44,996,216	45,172,974
<b>Total net position, end of year</b>	<b>\$ 44,030,599</b>	<b>44,996,216</b>

*See accompanying notes to financial statements.*

**ecomaine**  
**Statements of Cash Flows**  
**Years Ended June 30, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
Cash flows from operating activities:		
Receipts from assessments and tipping fees	\$ 14,301,856	12,729,653
Receipts from electrical generating revenues	3,829,131	4,270,887
Receipts from other sources	993,440	1,483,362
Payments to employees	(7,953,652)	(7,686,749)
Payments to suppliers	(9,746,676)	(8,320,493)
Net cash and cash equivalents provided by (used in) operating activities	<b>1,424,099</b>	<b>2,476,660</b>
Cash flows from capital and related financing activities:		
Purchases of property, plant and equipment	(4,336,699)	(6,994,986)
Sale of other assets	(20,900)	-
Net cash and cash equivalents provided by (used in) capital and related financing activities	<b>(4,357,599)</b>	<b>(6,994,986)</b>
Cash flows from investing activities:		
Sale (purchase) of investments	850,798	3,692,838
Gain on investments	857,911	1,103,328
Interest income	461,823	430,639
Net cash and cash equivalents provided by (used in) investing activities	<b>2,170,532</b>	<b>5,226,805</b>
Net increase (decrease) in cash	<b>(762,968)</b>	<b>708,479</b>
Cash and cash equivalents balance, beginning of year	4,493,172	3,784,693
Cash and cash equivalents balance, end of year	3,730,204	4,493,172
Less cash and cash equivalents - reserves	(437,967)	(320,659)
<b>Cash and cash equivalents</b>	<b>\$ 3,292,237</b>	<b>4,172,513</b>
Reconciliation of net operating income (loss) to net cash and cash equivalents provided by operating activities:		
Net operating income (loss)	\$ (2,314,263)	(1,753,256)
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities:		
Depreciation	3,512,299	3,859,420
Purchase discounts	49,812	42,531
(Increase) decrease in assets:		
Accounts receivable	27,633	(96,058)
Inventory	68,856	(57,411)
Prepaid expenses	(78,122)	(23,211)
Deferred outflows of resources	(54,407)	-
Increase (decrease) in liabilities:		
Accounts payable	280,426	75,239
Accrued salaries	50,709	4,208
Accrued compensated absences	96,184	(33,439)
Accrued expenses	(574,854)	148,164
Other post-employment benefits liability	148,665	(10,635)
Accrued landfill closure and postclosure care liabilities	263,773	263,379
Deferred inflows of resources	(52,612)	57,729
<b>Net cash provided by (used in) operating activities</b>	<b>1,424,099</b>	<b>2,476,660</b>
Noncash investing activities:		
Unrealized gains (losses)	\$ <b>711,122</b>	<b>1,078,107</b>

*See accompanying notes to financial statements.*

**ecomaine**  
**Notes to Financial Statements**

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

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**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 68 municipalities in southern Maine and New Hampshire. Owned and controlled by 20 of these municipalities at June 30, 2020, ecomaine creates electricity through its processing of waste. ecomaine also operates an extensive recycling program.

**Measurement Focus and Basis of Accounting** - The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements. The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses recorded when a liability is incurred, regardless of the timing of the related cash flows.

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 tipping fees, 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 original 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. BP Energy Company, purchasers of ecomaine's electrical output, are 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 \$8,044 and \$22,002 at June 30, 2020 and 2019, 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.

**ecomaine**  
**Notes to Financial Statements, Continued**

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES, CONTINUED

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**Prepaid Expenses** - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in the financial statements. The cost of prepaid expense is recorded as expenses when consumed rather than when purchased.

**Capital Assets** - Capital assets are recorded at cost. All costs incurred for construction, additions, and improvements to the facility, including interest during construction of more than \$20,000 and an estimated useful life of more than one year are capitalized. Donated capital assets are reported at their estimated acquisition cost at the date of donation. To costs for normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

Equipment	5 - 30 years
Vehicles	5 - 7 years
Ashfill/balefill	15 - 20 years
Recycling plant	25 years
Waste-to-energy facility	20 - 45 years

**Deferred Inflows and Outflows of Resources** - In addition to assets and liabilities, the statement of net position will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. These separate financial statement elements, deferred outflows of resources and deferred inflows of resources, represent a consumption or acquisition of net position that applies to a future period(s) and therefore will not be recognized as an outflow of resources (expense) or inflow of resources (revenue) until that time. ecomaine has deferred outflows and inflows that relate to the other post-employment benefit liability, which include ecomaine's contributions subsequent to the measurement date, which is recognized as a reduction of the net other post-employment benefit liability in the subsequent year. They also include changes in assumptions, differences between expected and actual experience, and changes in proportion and differences between ecomaine contributions and proportionate share of contributions, which are deferred and amortized over the average expected remaining service lives of active and inactive members in the plan. They also include the net difference between projected and actual earnings on plan investments, which is deferred and amortized over a five-year period.

**Compensated Absences** - Under terms of personnel policies and union negotiated contracts, employees are granted vacation and sick and service time in varying amounts and are, in some cases, entitled to payment for unused vacation or sick and service payment upon termination or retirement. Compensated absences are accrued when incurred.

**Net Position Flow Assumption** - Although not a formal policy, when both restricted and unrestricted resources are available for use, it is ecomaine's intent to use restricted resources first, then unrestricted resources as they are needed.

**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.

**ecomaine**  
**Notes to Financial Statements, Continued**

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**DEPOSITS AND INVESTMENTS**

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**A. Deposits**

*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. As of June 30, 2020, ecomaine reported deposits of \$3,730,204 with a bank balance of \$4,365,231. As of June 30, 2019, ecomaine reported deposits of \$4,493,172 with a bank balance of \$4,758,330. At both June 30, 2020 and 2019, none of ecomaine's bank balances were exposed to custodial credit risk. The balances at June 30, 2020 and 2019 were covered by the F.D.I.C. or collateralized by a Stand-by Letter of Credit issued by the Federal Home Loan Bank of Pittsburgh in the amount of \$4,750,000 and \$4,850,000, respectively.

**B. Investments**

ecomaine categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

At June 30, 2020, ecomaine had the following investments and maturities:

	<u>Fair Value</u>	<u>Less than 1 year</u>	<u>1-5 years</u>	<u>Level 1 inputs</u>
Certificates of Deposit	\$ 781,851	781,851	-	N/A
U.S. Government Securities	8,694,024	3,918,191	4,775,833	8,694,024
Equities/stock	10,698,314	Not Applicable		10,698,314
Mutual funds	1,779,558	Not Applicable		1,779,558
Money Market	53,500	Not Applicable		53,500
<b>Total Investments</b>	<b>\$ 22,007,247</b>	<b>4,700,042</b>	<b>4,775,833</b>	<b>21,225,396</b>

At June 30, 2019, ecomaine had the following investments and maturities:

	<u>Fair Value</u>	<u>Less than 1 year</u>	<u>1-5 years</u>	<u>Level 1 inputs</u>
Certificates of Deposit	\$ 1,296,137	524,272	771,865	N/A
U.S. Government Securities	9,357,544	2,494,806	6,862,738	9,357,544
Equities/stock	8,970,018	Not Applicable		8,970,018
Mutual funds	914,953	Not Applicable		914,953
Money Market	2,319,393	Not Applicable		2,319,393
<b>Total Investments</b>	<b>\$ 22,858,045</b>	<b>3,019,078</b>	<b>7,634,603</b>	<b>21,561,908</b>

ecomaine's policy is that all funds will be invested in accordance with Maine State law while the principal objectives in investing any ecomaine funds are safety, liquidity, and returns.



**ecomaine**  
**Notes to Financial Statements, Continued**

**DEPOSITS AND INVESTMENTS, CONTINUED**

*Cash and Investment Reserves* - ecomaine's Board of Directors approved the establishment of cash and investment 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. Such reserves consist of the following:

**Operating Cash 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.

**Required Landfill Closure/Post Closure Reserve** - The funds deposited in the required landfill closure reserve shall be used for funding the landfill's closure/post closure costs as required by Section 8 of the Interlocal Solid Waste Agreement dated December 1, 2005.

**Discretionary Landfill Closure/Post Closure Reserve** - To be used to provide periodic funding for the landfill closure and post closure care costs during the remaining useful life of the landfill and following closure.

**Short-term Capital Reserve** - The funds are intended to provide for routine capital projects in the event of unanticipated circumstances.

**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.

	<u>2020</u>	<u>2019</u>
Operating Cash Reserve	\$ 3,441,400	4,368,193
Landfill Closure Reserve - Required	314,820	309,601
Landfill Closure Reserve - Discretionary	11,257,570	10,546,784
Long-term Capital Reserve	5,724,959	5,356,349
Short-term Capital Reserve	1,706,465	2,597,777
<b>Total reserve</b>	<b>\$ 22,445,214</b>	<b>23,178,704</b>

*Custodial Credit Risk - investments:* For investments, custodial credit risk is the risk that, in the event of failure of the counterparty, ecomaine will not be able to recover the value of its investments that are in the possession of an outside party. ecomaine has the following policies for custodial credit risk.

**Authorized Securities and Transactions for All Investments Favoring Lower Risk and Higher Liquidity:**

The investments of these funds will be in demand accounts and time certificates of deposits, U.S. Treasury obligations, federal instrumentality securities, and money market mutual funds. They are all to be guaranteed by the federal government or one of its agencies backed by the federal government. The demand accounts and time certificates of deposit are to be provided by institutions insured by the Federal Deposit Insurance Corporation (FDIC), the National Credit Union Share Insurance Fund (NCUSIF), or the successors to these federal agencies.

**ecomaine**  
**Notes to Financial Statements, Continued**

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DEPOSITS AND INVESTMENTS, CONTINUED

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**Authorized Securities and Transactions for Investments Favoring Reduced Liquidity, and Greater Returns:**

The investments in these funds is to be in individual equities, equity mutual funds, bond mutual funds, or other investments that 1) may risk loss of principal, and 2) are subject to Maine law and the Prudent Investor Rule. No single fixed income security will comprise more than 10% of the total value of each of the reserves, unless fully backed by the federal government or its agencies and instrumentalities.

*Interest Rate Risk - investments:* ecomaine does have a policy related to investment rate risk. This policy details that the investment and cash management portfolio be designed to attain a market value rate of return throughout budgetary and economic cycles, taking into account prevailing market conditions, risk constraints for eligible securities and cash flow requirements. Unless matched to a specific cash flow, ecomaine is not allowed to directly invest in securities maturing more than three years from the date of purchase.

*Credit Risk - investments:* Maine statutes authorize ecomaine to invest in obligations of the U.S. Treasury and U.S. agencies, repurchase agreements and certain corporate stocks and bonds. ecomaine does have a formal policy related to credit risk as is detailed above. At June 30, 2020, ecomaine's investments were rated as follows by Standard & Poor's.

*Credit Risk Rating:*

U.S. Government Securities with AA+ Ratings:	
United States Treasury Notes	\$ 5,107,462
Freddie Mac	1,150,802
Farm Credit System	1,535,464
Federal Home Loan Bank	900,297
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<b>Total</b>	<b>\$ 8,694,025</b>

The remainder of ecomaine's investments are not rated.

**ecomaine**  
**Notes to Financial Statements, Continued**

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**CAPITAL ASSETS**

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Capital assets at June 30, 2020 and 2019 consisted of the following:

	<u>Balance</u> <u>June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
Capital assets, not being depreciated:				
Land-waste-to-energy/ashfill	\$ 2,015,201	-	-	2,015,201
Construction in progress	4,857,748	1,974,981	(6,583,820)	248,909
Total capital assets, not being depreciated	6,872,949	1,974,981	(6,583,820)	2,264,110
Capital assets being depreciated:				
Vehicles	1,791,725	195,902	(156,317)	1,831,310
Office equipment	342,480	53,552	-	396,032
Recycling facility and equipment	7,838,869	271,943	-	8,110,812
Balefill/ashfill/leachate site	8,185,993	3,110,992	-	11,296,985
Waste-to-energy facility	40,926,231	5,384,050	-	46,310,281
Total capital assets being depreciated	59,085,298	9,016,439	(156,317)	67,945,420
Less accumulated depreciation:				
Vehicles	(892,376)	(264,407)	85,416	(1,071,367)
Office equipment	(200,745)	(84,451)	-	(285,196)
Recycling facility and equipment	(6,748,252)	(462,711)	-	(7,210,963)
Balefill/ashfill/leachate site	(5,007,596)	(513,138)	-	(5,520,734)
Waste-to-energy facility	(22,154,928)	(2,187,592)	-	(24,342,520)
Total accumulated depreciation	(35,003,897)	(3,512,299)	85,416	(38,430,780)
Total capital assets being depreciated, net	24,081,401	5,504,140	(70,901)	29,514,640
<b>Total capital assets</b>	<b>\$ 30,954,350</b>	<b>7,479,121</b>	<b>(6,654,721)</b>	<b>31,778,750</b>

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**NET INVESTMENT IN CAPITAL ASSETS**

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

	<u>2020</u>	<u>2019</u>
Capital assets	\$ 70,209,530	65,958,247
Accumulated depreciation	(38,430,780)	(35,003,897)
<b>Total net investment in capital assets</b>	<b>\$ 31,778,750</b>	<b>30,954,350</b>

**ecomaine**  
**Notes to Financial Statements, Continued**

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**LONG-TERM LIABILITIES**

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**Long-term Debt** - The following is a summary of long-term debt transactions of ecomaine for the year ended June 30, 2020:

	Beginning balance	Additions	Deletions	Ending balance	Due within one year
<b>Long-term liabilities:</b>					
Other post-employment benefit liability	\$ 769,600	148,665	-	918,265	-
Accrued compensated absences	859,801	96,184	-	955,985	-
Accrued landfill closure liability	15,082,777	263,773	-	15,346,550	-
<b>Total long-term liabilities</b>	<b>\$ 16,712,178</b>	<b>508,622</b>	<b>-</b>	<b>17,220,800</b>	<b>-</b>

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**POWER PURCHASE AGREEMENTS**

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During the fiscal years ended June 30, 2020 and 2019, 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, 2020; the current agreement commenced February 1, 2020 and expires January 31, 2021. At June 30, 2020 and 2019, electrical generating revenues amounted to \$3,829,131 and \$4,270,887, respectively.

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**RETIREMENT PLANS**

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**Nonunion** - All non-union employees are covered by a defined contribution plan ("Retirement Plan of ecomaine") after their probationary period is completed. Employees are immediately vested in their own contributions as well as in ecomaine's contributions. ecomaine contributed 8% in 2020 and 2019, respectively, for specified employees. For the years ended June 30, 2020 and 2019, the covered payroll totaled \$2,315,712 and \$1,969,050, respectively. Contribution expense amounted to \$197,313 and \$184,397 for the years ended June 30, 2020 and 2019, 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 \$153,829 and \$144,792 for the years ended June 30, 2020 and 2019, respectively, on covered payroll of \$2,930,076 and \$2,757,937, respectively. The Pension Fund is a defined benefit pension program that provides retirement benefits to eligible plan participants. The net pension liability, deferred inflows or deferred outflows of resources, as of June 30, 2020, have not been recorded as they are immaterial to the financial statements. The net pension liability, deferred inflows and deferred outflows of resources, required disclosures, and required supplementary information will be evaluated annually to determine if recording the net pension liability and related pension expense as well as the required disclosures is necessary.

**Other Plans** - In addition to the above plan, a second defined contribution plan was established in the fiscal year ended June 30, 2019 to provide additional retirement contributions to specified employees. Such contribution expense amounted to \$12,457 and \$6,996 for the years ended June 30, 2020 and 2019, respectively.

**Social Security** - ecomaine participates in the Social Security retirement program. ecomaine's contributions to Social Security were \$436,820 and \$411,500 for the years ended June 30, 2020 and 2019, respectively.

**ecomaine**  
**Notes to Financial Statements, Continued**

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**CLOSURE AND POSTCLOSURE CARE COSTS**

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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.

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 of bonds at the time of closure. A summary of estimated landfill closure and postclosure care costs is as follows:

	<u>2020</u>	<u>2019</u>
Total estimated future landfill closure and postclosure care costs	\$ 22,466,181	22,466,181
<u>Estimated capacity used</u>	<u>68.31%</u>	<u>67.14%</u>
Estimated gross landfill closure and postclosure care costs - end of year	15,346,550	15,082,777
<u>Amounts actually expended</u>	<u>N/A</u>	<u>N/A</u>
Estimated liability for landfill closure and postclosure care costs - end of year	<u>15,346,550</u>	<u>15,082,777</u>
Estimated remaining landfill closure and postclosure care costs to be recognized	<u>\$ 7,119,631</u>	<u>7,383,404</u>

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**INSURANCE REIMBURSEMENT**

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On May 1, 2019, ecomaine made a claim to its insurance company for a certain Proof of Loss. This loss covered a period of more than one year; however, it was fully recognized in 2019. After the review of the claim, the carrier found sufficient information to honor the claim for loss and issued a refund check in the amount of \$299,229. The majority of the claim went to offset some of the previously overcharged operating expenses.

**ecomaine**  
**Notes to Financial Statements, Continued**

**OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

**General Information about the OPEB Plan**

**Plan Description** - ecomaine sponsors a post-employment benefit plan providing health insurance to retiring employees. The plan is a single-employer defined benefit OPEB plan administered by the Maine Municipal Employees Health Trust (MMEHT). The ecomaine Board of Directors has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

**Benefits Provided** - MMEHT provides healthcare and life insurance benefits for retirees and their dependents. ecomaine employees over the age of 55 with 5 years of continuous service are allowed to participate in the plan. Retirees that are designated in a plan pay 100% of the single coverage premium and 100% of the family coverage premium. For those ecomaine employees eligible for Medicare (post-65 Retiree Plan), the plan is offered in conjunction with Medicare Parts A and B and the Companion Plan B.

**Employees Covered by Benefit Terms** - At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	5
Inactive employees or beneficiaries not receiving benefits	0
Active employees	66
Total	71

**Total OPEB Liability**

Ecomaine's total OPEB liability of \$918,265 was measured as of January 1, 2020 and was determined by an actuarial valuation as of that date.

**Actuarial Assumptions and Other Inputs** - The total OPEB liability in the January 1, 2020 actuarial valuation was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.00% per year
Salary increases	2.75% per year
Discount rate	2.74%
Healthcare cost trend rates	Society of Actuaries Long-Run Medical Cost Trend Model, version 2020 b
Retirees' share of the benefit related costs	100% of projected health insurance premiums

**Discount Rate** - The rate used to measure the total OPEB liability for the Health Plan was 2.74% per annum. The discount rate was based upon high quality AA/Aa or higher bond yields in effect for 20 years, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index.

Mortality rates were based on the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females.

**ecomaine**  
**Notes to Financial Statements, Continued**

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**OTHER POSTEMPLOYMENT BENEFITS (OPEB), CONTINUED**

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The actuarial assumptions used in the January 1, 2020 valuation were based on the results of an actuarial experience study for the period June 30, 2012 through June 30, 2015.

***Changes in the Total OPEB Liability***

		<b>Total OPEB Liability</b>
Balance at June 30, 2019	\$	769,600
Changes for the year:		
Service cost		37,573
Interest		32,849
Changes in benefit terms		(21,832)
Differences between expected and actual experience		67,201
Changes in assumptions or other inputs		44,958
Benefit payments		(12,084)
Net changes		148,665
Balance at June 30, 2020	\$	918,265

Change in assumptions reflects a change in the discount rate from 4.10% to 2.74%.

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate** - The following presents ecomaine's total OPEB liability calculated using the discount rate of 2.74%, as well as what ecomaine's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (1.74%) or 1 percentage-point higher (3.74%) than the current rate:

		<b>1% Decrease (1.74%)</b>	<b>Discount Rate (2.74%)</b>		<b>1% Increase (3.74%)</b>
Total OPEB liability	\$	1,051,463	918,265		808,492

**Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates** - The following presents ecomaine's total OPEB liability calculated using the healthcare cost trend rates as well as what ecomaine's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

		<b>1% Decrease</b>	<b>Healthcare Cost Trend Rate</b>		<b>1% Increase</b>
Total OPEB liability	\$	803,888	918,265		1,059,180

**ecomaine**  
**Notes to Financial Statements, Continued**

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OTHER POSTEMPLOYMENT BENEFITS (OPEB), CONTINUED

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***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

For the year ended June 30, 2020, ecomaine recognized OPEB expense of \$41,646. At June 30, 2020, ecomaine reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 54,407	-
Changes of assumption or other inputs	-	11,604
Total	<u>\$ 54,407</u>	<u>11,604</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended June 30:</u>	
2021	\$ 5,140
2022	5,140
2023	5,140
2024	5,139
2025	6,223
Thereafter	16,021



**ecomaine**  
**Required Supplementary Information**

**Schedule of Changes in ecomaine's Total Health Plan OPEB Liability and Related Ratios**  
Last 10 Fiscal Years\*

	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Total OPEB Liability</b>			
Service cost	\$ 37,573	41,526	37,707
Interest	32,849	28,070	28,877
Changes in benefit terms	(21,832)	-	-
Differences between expected and actual experience	67,201	-	(5,591)
Changes of assumptions or other inputs	44,958	(68,612)	(1,977)
Benefit payments	(12,084)	(11,619)	(9,928)
<b>Net change in total OPEB liability</b>	<b>148,665</b>	<b>(10,635)</b>	<b>49,088</b>
Total OPEB liability - beginning	769,600	780,235	731,147
Total OPEB liability - ending	\$ 918,265	769,600	780,235
Covered-employee payroll	\$ 4,472,943	4,476,452	5,229,408
Total Health Plan OPEB liability as a percentage of covered-employee payroll	20.53%	17.19%	14.92%

*\*Only three years of information available.*

ecomaine  
Notes to Required Supplementary Information

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**Total OPEB Liability**

**Changes of Benefit Terms** - None

**Changes of Assumptions** - Changes of assumptions and other inputs reflects the changes in the discount rate each period. The following are the discount rates used in each period:

<u>Fiscal Year</u>	<u>Discount Rate</u>
2020	2.74%
2019	4.10%
2018	3.44%

Additionally, the valuation method was changed from the Projected Unit Credit funding to the Entry Age Normal funding method in 2018.

ecomaine  
Budget to Actual  
Year Ended June 30, 2020

	Actual	Budget	Variance	Change
Operating revenues:				
Owners tipping fees	\$ 3,973,720	3,938,562	35,158	0.9%
Associate and contract tipping fees	2,228,174	2,319,106	(90,932)	-3.9%
Commercial tipping fees	6,566,074	6,023,497	542,577	9.0%
Spot market tipping fees	245,185	375,430	(130,245)	-34.7%
Electrical generating revenues	3,829,131	4,109,746	(280,615)	-6.8%
Sales of recycled goods	876,778	1,390,423	(513,645)	-36.9%
Recycling tipping fees	616,604	423,930	192,674	45.4%
Recycling owner tipping fees	644,466	700,000	(55,534)	-7.9%
Other operating income	116,662	106,750	9,912	9.3%
<b>Total operating revenues</b>	<b>19,096,794</b>	<b>19,387,444</b>	<b>(290,650)</b>	<b>-1.5%</b>
Operating expenses:				
Administrative expenses	2,964,048	3,032,457	68,409	2.3%
Waste-to-energy operating expenses	10,658,354	9,924,259	(734,095)	-7.4%
Recycling operating expenses	2,146,115	2,700,623	554,508	20.5%
Landfill/ashfill operating expenses	1,824,822	1,851,892	27,070	1.5%
Contingency	-	250,000	250,000	100.0%
Landfill closure and postclosure care costs	263,773	275,000	11,227	4.1%
Post-retirement benefit	41,646	85,000	43,354	51.0%
<b>Total operating expenses</b>	<b>17,898,758</b>	<b>18,119,231</b>	<b>220,473</b>	<b>1.2%</b>
<b>Net operating income (loss) before depreciation</b>	<b>1,198,036</b>	<b>1,268,213</b>	<b>(70,177)</b>	<b>-5.5%</b>
Depreciation	3,512,299	4,361,892	849,593	19.5%
<b>Net operating income (loss)</b>	<b>(2,314,263)</b>	<b>(3,093,679)</b>	<b>779,416</b>	<b>-25.2%</b>
Non-operating revenues (expenses):				
Interest income	524,806	50,447	474,359	940.3%
Miscellaneous receipts	49,812	25,000	24,812	99.2%
Investment expense	(62,983)	-	(62,983)	n/a
Gain (loss) on investments	857,911	500,000	357,911	71.6%
Gain (loss) on disposition of assets	(20,900)	-	(20,900)	n/a
<b>Net non-operating revenues (expenses)</b>	<b>1,348,646</b>	<b>575,447</b>	<b>773,199</b>	<b>134.36%</b>
<b>Change in net position</b>	<b>\$ (965,617)</b>	<b>(2,518,232)</b>	<b>1,552,615</b>	<b>-61.7%</b>