



## Memorandum

**DATE:** October 13, 2022  
**TO:** Chairman and Members of the Board  
**FROM:** Kevin H. Roche, CEO/General Manager  
**SUBJECT:** Agenda for the Finance & Audit Committee

There is an **ecomaine** Finance & Audit Committee Meeting scheduled for **Thursday, October 20, 2022 @ 3PM**. The meeting will be held in-person at MPX located at 2301 Congress Street, Portland. The agenda for this meeting is as follows:

1. Approval of Minutes (*Attachment A*)
2. Cash Disbursements Report – Anne Bilodeau
3. Presentation – RKO Jennifer Connors – FY 22 Audit (*Attachment B*)
4. Update – Cyber Insurance
5. Financial Statements FY 23 – (Year-to-Date):
  - Statement of Revenue (*Attachment C1*)
  - Statistical Data (*Attachment C2*)
  - Balance Sheet (*Attachment C3*)
  - Statement of Cash Balances (*Attachment C4*)
  - Capital Expenditures (*Attachment C5*)
  - Status of Accounts Receivable (*Attachment C6*)
6. Other:

**Future Meetings:**

Full Board of Directors	10-20-2022 @ 4pm
Outreach & Recycling Committee	11-10-2022 @ 4pm
Finance & Audit Committee	11-17-2022 @ 3pm
Full Board of Directors	11-17-2022 @ 4pm
Executive Committee	12-15-2022 @ 4pm
Finance & Audit Committee	01-19-2023 @ 3pm
Full Board of Directors	01-19-2023 @ 4pm
Outreach & Recycling Committee	02-09-2023 @ 3pm
Executive Committee	02-09-2023 @ 4pm
Full Board of Directors	03-16-2023 @ 4pm
Finance & Audit Budget Review	03-24-2023 @ 4pm
Outreach & Recycling Committee	04-13-2023 @ 4pm
Full Board of Directors	04-20-2023 @ 4pm
Finance & Audit Committee	05-18-2023 @ 3pm
Executive Committee	05-18-2023 @ 4pm
Outreach & Recycling Committee	05-25-2023 @ 4pm
Annual Board of Directors Meeting	06-15-2023 @ 11:30am

**ecomaine**  
Memorandum

Attachment A

**DATE:** September 15, 2022  
**TO:** Chairman and Members of the Board  
**FROM:** Kevin H. Roche, CEO/General Manager  
**SUBJECT:** Finance & Audit Committee – September 15, 2022

There was a **Finance & Audit Committee Meeting** held on the date noted above via the Zoom Platform in accordance with the **ecomaine** Remote & Hybrid Meeting Policy. The meeting was called to order by Anne Bilodeau, Chair.

**Item #1:** **Approval of the Minutes**

Troy Moon motioned to approve the minutes of May 16, 2022, as written. The motion was second by Bill Shane. All in favor.

**Item # 2:** **Cash Disbursements**

Anne noted that she had reviewed the Procurement Policy and Cash Disbursements with staff and found no issues.

**Item#3:** **Additional Lease Financing**

Greg L'Heureux reviewed the high points of his memorandum dated September 8, 2022 on the Capital Budget and Lease Financing. The review consisted of summarizing the financial impact on the extensive repairs to the Turbine and the impact on ecomaine's cash flow. He discussed the loss revenue from the electrical generation and the secondary impact such as by-passing trash for several months. He noted that the drain on cash has resulted in the loss of our ability to fund projects.

Greg reviewed with the committee our outstanding lease obligation and outlined several options for financing capital projects as reflected in the memorandum provided with the committee agenda. Staff is recommending that the Finance Committee recommend that the Full Board authorize additional lease financing of \$1,500,000 from \$2,000,000 to \$3,500,000. There was a lengthy discussion.

Bill Shane recommended that Finance Committee recommend to the Full Board to amend the Finance Resolution of April 26<sup>th</sup>, to add additional lease financing from \$2,000,000 to \$3,500,000 as written for the emissions control project and other small capital projects at the October 2022, Full Board Meeting. The motion was second by Troy Moon.

Anne Bilodeau opened the floor for additional discussion prior to the roll call.

**Roll Call:**

Anne Bilodeau, Mike Murray, Troy Moon, Bill Shane, Caleb Hemphill, Dave Durrell, Dennis Abbott, Linda Boudreau, Matthew Frank & Tom Hall

Opposed: Rod Regier

Motion passed.

Anne noted that amendment to the lease financing resolution will be on the October 2022, Full Board of Directors Meeting for discussion.

**Item 4:**      **Cyber Insurance**

Greg L'Heureux (Staff) provided an update on obtaining Cyber Security Insurance. Staff has secured four preliminary quotes and ten quotes' denials; we plan to procure a policy soon. A brief Q & A followed.

**Item 5:**      **Financial Statements**

Greg L'Heureux (Staff) provided a brief overview of the Finances. He also briefly discussed the Landfill Closure Liability and investment losses.

**Item 6:**      **Other Business**

**Adjourn:**      Bill Shane motioned to adjourn. The motion was second by Troy Moon. All in favor.

**Present:**      Dennis Abbott, Anne Bilodeau, Linda Boudreau, Dave Durrell, Matthew Frank, Tom Hall, Caleb Hemphill, Mike Murray, Troy Moon, Rod Regier & Bill Shane,

**Staff**              Greg L'Heureux, Denise Mungen, Kevin Roche & Kevin Trytek

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To the Finance and Audit Committee  
ecomaine

We have audited the financial statements of ecomaine for the year ended June 30, 2022. 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 our letter to you dated May 19, 2022 as well as during our meeting with you on May 19, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated May 19, 2022, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to the management's discussion and analysis, and the RSI related to the OPEB liability, which supplement the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI was not audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we do not express an opinion or provide any assurance on the RSI.

We have been engaged to report on the budget to actual schedule, which accompanies the financial statements but is not RSI. Our responsibility for this supplementary information, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Significant Audit Matters

*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. As described in the notes, ecomaine changed accounting policies related to leases by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 87, *Leases* in fiscal year 2022. No other new accounting policies were adopted and the application of existing policies was not changed during fiscal year 2022. We noted no transactions entered into by ecomaine 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 were based on historical costs and estimated useful lives.
- Other post-employment benefit expense and the related other post-employment benefit liability, which were 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 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 and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no adjusting journal entries that were detected as a result of our audit procedures.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is 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 \_\_\_\_\_. See the attached copy of the representation letter, which was signed by management.

*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 ecomaine’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our 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 ecomaine’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

We applied certain limited procedures to the management’s discussion and analysis, and the schedule of changes in ecomaine’s total health plan OPEB liability and related ratios, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on Schedule 1, which accompanies the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, 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.

Restriction on Use

This information is intended solely for the information and use of the Finance and 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,



**Financial Statements**

**For the Years Ended  
June 30, 2022 and 2021**

DRAFT

**ecomaine**  
**Financial Statements**  
**For the Years Ended June 30, 2022 and 2021**

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## Independent Auditor's Report

Board of Directors  
ecomaine

### **Opinions**

We have audited the accompanying financial statements of ecomaine as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise ecomaine's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ecomaine as of June 30, 2022 and 2021, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ecomaine, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about ecomaine's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 ecomaine's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the ecomaine's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedule of changes in ecomaine's total health plan OPEB liability and related ratios, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

***Supplementary 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. The 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, schedule 1 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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South Portland, Maine

DRAFT

**Management's Discussion and Analysis**  
**June 30, 2022**

This discussion and analysis of ecomaine's financial performance provides an overall review of our financial activities for the year ended June 30, 2022. 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, liabilities, deferred outflows of resources, 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.

The statements of net position look at ecomaine as a whole. Table 1 below is a summary of ecomaine's net position for 2022 with comparative numbers for 2021. Details for Table 1 can be found on the [Statements of Net Position](#) on page 12 in the financial statements.

**Table 1**  
**Net Position**

	June 30, 2022	June 30, 2021(restated)
<b>ASSETS</b>		
Current	\$14,853,196	\$ 17,433,642
Capital assets, net	33,123,996	30,986,424
Investments	22,691,340	22,368,485
Total assets	70,668,532	70,788,551
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	-	85,557
<b>LIABILITIES</b>		
Current	2,917,874	1,638,339
Other liabilities	22,836,080	19,768,233
Total liabilities	25,753,954	21,406,572
<b>DEFERRED INFLOWS OF RESOURCES</b>	605,385	480,451
<b>NET POSITION</b>		
Net investment in capital assets	30,954,921	30,986,424
Unrestricted	13,354,272	18,000,661
Total net position	44,309,193	\$ 48,987,085

## Management's Discussion and Analysis, Continued

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**Cash balances on hand (including Investment Reserves) totaled \$29.2 million at year end FY 22, which was a decrease of \$2.5 million from FY 21.**

- The cash generated by Operations in FY 22 totaling \$3.252 million which was \$160 thousand less than in FY 21. A major impact was due to the improved market for recycled materials which increased by \$2.54 million. Offsetting this was a substantial increase in costs for bypass which totaled \$1.64 (an increase of \$600 thousand), cost for the purchase of recycled materials and rebates which totaled \$914 thousand (an increase of \$735 thousand) and cost of chemicals which totaled \$1.37 million (an increase of \$219 thousand).
- An unfavorable variance was the result of financial markets retracting with a reduction of investment market value of \$2.442 million reducing Net Income.
- Another use of cash was \$5.5 million of capital spending, which included approximately \$3.1 million of WTE improvements, \$367 thousand of recycling improvements, and \$1.96 million of landfill improvements. \$2.1 million of these improvements were funded by proceeds from a financed purchase agreement.

**The total Net Position for ecomaine decreased from \$49.0 million at the end of FY 21 to \$44.3 million at the end of FY 22.**

- Total assets and deferred outflows for ecomaine decreased by \$205 thousand from \$70.87 million in FY 21 to a total of \$70.67 million in FY 22.
  - ✓ Current assets decreased by \$2.58 million from \$17.43 million in FY 21 to \$14.85 million in FY 22 resulting primarily from a decrease of cash and cash equivalents of \$2.8 million.
  - ✓ Capital assets, net of depreciation, were up \$2.14 million to \$33.12 million due to the capital investments \$5.5 million being more than depreciation expense of \$3.33 million in FY 22.
- Total Liabilities for ecomaine increased from \$21.4 million at the end of FY 21 to \$25.75 million at the end of FY 22.
  - ✓ Current Liabilities increased from \$1.638 million in FY 21 to \$2.9 million in FY 22 primarily due to the increase in the accounts payable (an increase of \$406K) and accrued expenses (\$635K).
  - ✓ Long-term liabilities were up \$3.07 million due to an increase in long-term debt of \$1.7 million and an increase in the accrued landfill closure and post closure liability (\$1.82 million).

**Financial Highlights**

Looking back over the year, three significant events impacted our operations and our financial results for the year:

**Turbine Outage and Related Refurbishment Impacting Operations**

Every seven years, the turbine and generator are required to be inspected and any necessary repairs be done. In late March, ecomaine scheduled this inspection and refurbishment of the turbine and after getting an initial report that the turbine was in relatively good shape, we received word from the contractor doing the cleaning and restoration that the turbine would require substantial additional work. We had anticipated the work would be three to four weeks. The extent of the repairs was much more than we anticipated and to get the turbine back functioning we authorized the necessary replacement of seven rows of blades (rows 2-8) with an anticipated additional 8-10 weeks to complete the work. Upon completion of the installation of these new blades, the turbine was inspected by another company, who would be doing the balancing, and additional major repairs were identified at that time. ecomaine then hired a firm with extensive turbine experience to advise on the course of action to take next. After further review, ecomaine contracted with a second contractor to do the next stage of repairs related to cracking of the rotor system for rows 10-12 and the replacement of those rows of blades.

With the turbine out of operations the capacity of steam we can output is limited, which limits the Municipal Solid Waste (MSW) we can burn in the boilers by approximately by 50%. The tons we cannot burn are required to be bypassed to a landfill at a significant cost. Additionally, we do not produce any electricity, resulting in a loss of revenue from the sale of that electricity as well as we are required to pay for the electricity we use, instead of using some of the electricity we generate.

For FY22, because of extended turbine repairs (in excess of what was planned), ecomaine experienced a loss from operations for electrical power revenues of \$250 thousand, an increase in cost for electricity of \$289 thousand, and an increase in bypass costs of \$428 thousand as well as other operational costs which have not been specifically identified. Looking forward, the turbine outage will extend into FY23 and it is anticipated that the negative impacts from the turbine extended refurbishment will carry over to the new year. Preliminary losses of electrical revenues for FY23 are estimated at \$750 thousand, added electrical costs estimated at \$480 thousand and added bypass costs are estimated at \$1.6 million.

On the capital investment side, the turbine repair had an initial estimated capital cost of \$2 million dollars and with the various added improvements needed, the capital costs are now estimated at just under \$5 million.

**Landfill Closure and Post Closure Care Costs**

Periodically, ecomaine will reassess the estimated costs related to the long-term closure and post closure costs of the landfill. The last time this was done was in 2017. With the recent inflationary cost increases we felt it was necessary to update our costs tables for closure and post closure care. The updating of those tables resulted in a fairly large cost increase to the current cumulative liability estimate. The resultant charge to ecomaine's FY22 operating expenditures was approximately \$1.824 million. Going forward the costs are estimated to be closer to \$400 thousand as compared to FY21's \$272 thousand.

**Investment Returns -Reserve Funds**

ecomaine has invested reserves in a blend of fixed income and stock investments. Both of these security types have annual fluctuations in their market prices. With the rising interest rates as experienced in FY22, the existing fixed income investments will drop in value. With stocks, they experience ups and downs in the market. During the past year the combined reserve investment portfolio incurred a drop in value of \$2.124 million during FY22. This followed FY21, which had an increase in value of \$4.948 million.

Management's Discussion and Analysis, Continued

We anticipate some volatility in these reserves but the overall return over the past five years has averaged 6.03% for the whole investment reserve portfolio.

**Table 2**  
**Comparing FY 22 Actual to FY 21 Actual**

	<u>FY</u> <u>2022</u>	<u>FY</u> <u>2021</u>	<u>Increase</u> <u>(decrease)</u>
<b>REVENUES</b>			
Operating revenues	\$ 24,445,971	21,867,177	2,578,794
Total revenues	24,445,971	21,867,177	2,578,794
<b>OPERATING EXPENSES</b>			
Administration	3,153,566	3,046,960	106,606
Waste-to-Energy operations	13,071,729	10,930,435	2,141,294
Recycling operations	3,372,142	2,161,436	1,210,706
Landfill operations	2,358,847	1,807,570	551,277
Landfill closure and post closure costs	1,823,885	272,505	1,551,380
Post-retirement benefit	31,707	66,945	(35,238)
Depreciation	3,338,950	3,634,341	(295,391)
Total operating expenses	27,150,826	21,920,192	5,230,634
<b>NON-OPERATING REVENUES</b>			
<b>(EXPENSES):</b>			
Interest income	354,091	314,310	39,781
Interest expense	(46,990)	(7,951)	(39,039)
Gain (loss) on investments	(2,442,842)	4,655,567	(7,098,409)
Gain on disposition of assets	144,344	-	144,344
All other	18,360	47,575	(29,215)
Net non-operating revenues	(1,973,037)	5,009,501	(6,982,538)
Increase (decrease) in net position	\$ (4,677,892)	4,956,486	(9,634,378)

Details for Table 2 can be found in the Statements of Revenues, Expenses, and Changes in Net Position on page 13 of the financial statements.

***FY 22 Revenue less Expenses (change in net position) was a decrease of \$4.68 million compared to the FY 21 increase of \$5 million reflecting unfavorable operating and non-operating results.***

- *FY 22 revenues (\$24.45 million) were up \$2.58 million from FY 21 Revenues (\$21.87 million) because of Waste to Energy tipping fees were up \$642 thousand, Recycling revenues were up \$2.5 million while Sale of Electricity revenue was down \$541 thousand.*
- ✓ *Total solid waste volume received by ecomaine was down slightly -1.8% totaling 185,387 tons in FY 22 compared with 188,946 tons in FY 21. Overall tipping fees were \$80.33 per ton in FY 22 compared to \$75.41 in FY 21. This 6.52% increase in revenue per ton along with the decreased tonnage resulted in a 4.5% increase in WTE revenue for FY 22. Tipping fees for solid waste totaled \$14.891 million in FY 22 compared to \$14.249 million in FY 21.*

Management’s Discussion and Analysis, Continued

- ✓ Inbound recycle volume totaled 36,172 tons in FY 22, an increase of about 1.2% from FY 21, which was 35,795 tons, while the market value for outbound recycle material averaged \$137.45 per ton, much improved over FY 21’s rate of \$63.52 per ton a year ago. As a result, FY 22 recycling sale of recycled goods was up \$2.54 million.
- ✓ With the turbine down for refurbishment for 3 months in FY 22, ecomaine sold 63,229 MWH’s of electricity into the New England power grid, which was down substantially -29.9% from FY 21. The market value of the power averaged \$48.91 per MWH which was up 21.4% from FY21 (\$40.28/MWH). As a result, revenue from the sale of energy totaled \$3.092 million in FY 22, down \$541K from FY 21.
- Total operating expenses (\$27.15 million) were \$5.23 million unfavorable to FY 21 expenses (\$21.92 million). As previously noted, the largest increase in expenses relates to the impact of the cumulative adjustment for landfill closure and post closure care costs which increased dramatically with an increase in cost of \$1.55 million. Additionally, there was a \$713 thousand increase in waste by-pass expense in FY 22, \$549K increase in gas and electric costs, \$352K increase in recycling materials purchased, \$382K increase in recycling contracted rebates, and \$218K increase in various WTE chemicals.
- Non-operating revenue went in the opposite direction from the prior year with reserve investments declining in value by \$2.443 million in FY 22, as compared to an increase in value during FY 21 of \$4.656 million.

**Comparing FY 22 Actual to FY 21 Budget**

**Overall FY 22 Operating Revenues exceeded budget by \$3.46 million.** FY22 operating revenues (\$24.45 million) were better than FY 22 budgeted revenues (\$20.98 million) primarily because of the much-improved recycling market pricing which generated a \$3.265 million favorable variance.

- ✓ Total solid waste volume received by ecomaine was 190,376 tons in FY 22, which exceeded the FY 22 budget of 181,961 tons.

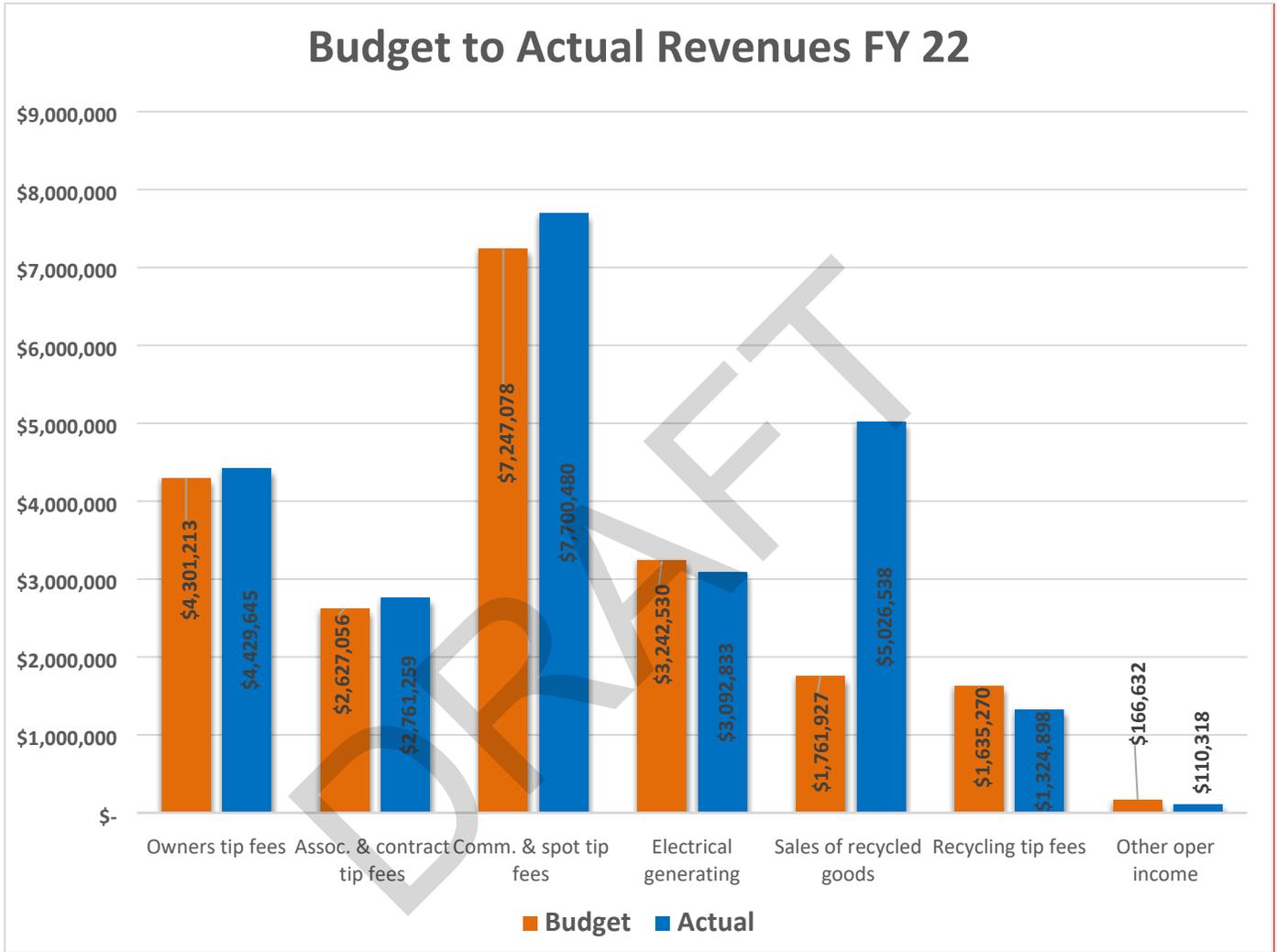
FY22 Tons Data:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Owner	\$ 56,225	57,832	1,607
Associate	13,134	13,763	629
Contract	21,444	19,062	(2,382)
Commercial	88,297	95,227	6,930
<u>Spot</u>	<u>2,861</u>	<u>4,492</u>	<u>1,631</u>
Totals	\$ 181,961	190,376	8,415

- ✓ Inbound recycling volume totaled 36,795 tons in FY 22 which exceeded budget by 1,222 tons about 3.50% from the FY 21 budget (34,956 tons) while the market value rebounded significantly for outbound recyclable material averaged \$136.61 per ton compared to \$49.81 per ton in the budget (which uses a five-year average including a weaker recycling market). As a result, sale of recycling material revenues exceeded budget by \$3.265 million and was the primary reason for the significant surplus to budget on the revenue side.
- ✓ In FY 22, ecomaine sold 63,229 MWH’s of electricity into the New England power grid, which due to the extended turbine project was, less than the budget of 72,320 MWH’s, while the market value of

Management’s Discussion and Analysis, Continued

the power increased, averaging \$48.91 per MWH which compared favorably to the FY 22 budget of \$44.84 per MWH. As a result, revenue from the sale of energy totaled \$3.093 million in FY 22, which was less than the FY 22 budget by 150k or -4.62%.

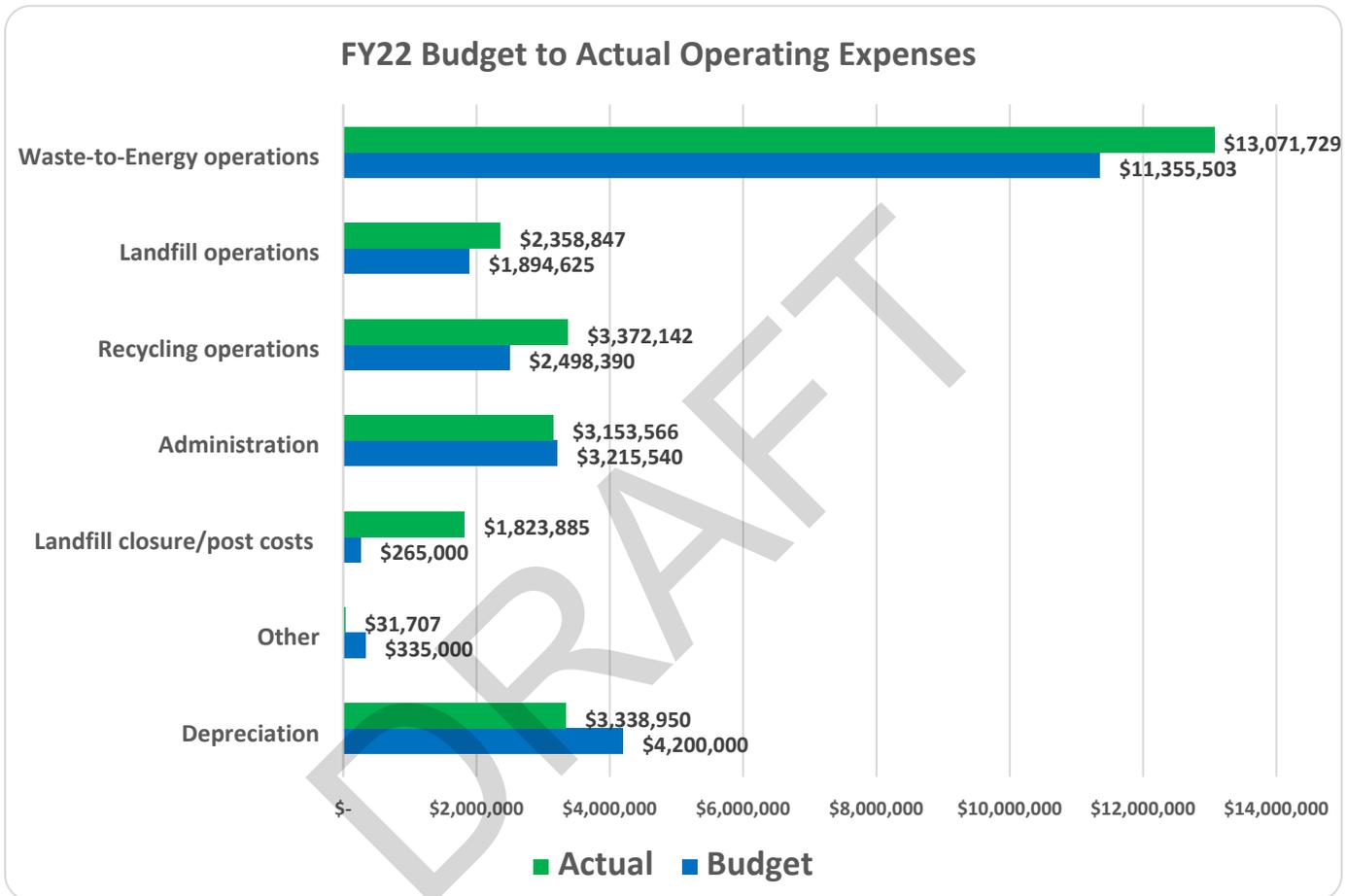


Total operating expenses (\$27.15 million) were \$3.49 million unfavorable to the FY 22 budgeted expenses (\$23.76 million).

- ✓ Departmental operating expenses (excluding landfill closure and post closure care costs) totaled \$25.33 million, as compared to FY22 budgeted departmental expenses of \$23.50 million for a variance to budget of \$1.83 million. As noted earlier, the turbine project impacted our operations and resulted in increased costs for the waste to energy side. With the turbine out of service, the plant could not operate at full capacity to burn MSW. This resulted in considerable additional tons being bypassed to a landfill. The by-pass expenses (\$1.638 million) exceeded FY22 budget by \$952K. In addition, WTE gas and electric costs exceeded budget by \$519K. On the recycling side, the increase in commodity prices resulted in a higher price paid out for materials which resulted in variance to budget of \$472K and more paid out to contracted communities as a rebate of \$382K. Offsetting these cost increases was Depreciation (\$3.339 million) which was \$861K below budget.

Management’s Discussion and Analysis, Continued

- ✓ This year, ecomaine reassessed its long-term landfill closure and post closure cost liability estimate and as a result, the cumulative calculation resulted in a significant increase in this liability (\$1.824 million) which flows through the income statement and resulted in a variance from budget of \$1.59 million.



Non-Operating Revenue was significantly unfavorable in FY 22 compared to budget with a deficit of \$2.5 million primarily as a result of the overall investment market declines following the previous year’s considerable positive performance.

Management’s Discussion and Analysis, Continued

**Cash balances on hand (including Investment Reserves) decreased in FY22 by \$2.48 million compared with FY21.**

- The cash generated by Operations in FY 21 totaled \$3.25 million and was similar to FY21
- The impact of the weak financial markets reduced investments by \$2.44 million.
- Capital expenditures were \$5.4 million and was in line with the budget of \$5.7 million.

**Capital Assets (net of depreciation) increased in FY 22 by \$2.14 million compared with FY 21.**

The chart below shows how ecomaine’s capital investment changes over time as a result of the effects of depreciation. It shows if the organization’s investments in capital infrastructure are keeping up with depreciation.

**Capital Expenditures and Asset Values**

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

	June 30, <u>2022</u>	June 30, <u>2021</u>
Land	\$ 2,015,201	2,015,201
Construction in progress	2,498,049	863,336
Vehicles	1,156,950	502,873
Office equipment	107,733	71,485
Recycling facility and equipment	618,087	540,905
Balefill/ashfill/leachate site	6,550,070	5,332,419
Waste-to-energy facility	20,177,906	21,660,205
Total capital assets	\$ 33,123,996	30,986,424

**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 Greg L’Heureux, Director of Finance and Administration, at (207) 523-3107.

ecomaine  
Statements of Net Position  
June 30, 2022 and 2021

	2022	Restated 2021
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 3,954,290	4,313,814
Accounts receivable, net	2,092,172	2,168,444
Lease receivable	423,633	480,451
Amounts held in escrow	2,000,000	2,062,319
Inventory	3,354,348	2,957,999
Prepaid expenses	451,637	425,882
Total current assets	12,276,080	12,408,909
Noncurrent assets:		
Capital assets, net	33,123,996	30,986,424
Reserves:		
Cash and cash equivalents - reserves	2,577,116	5,024,733
Investment - reserves	22,691,340	22,368,485
Total reserves	25,268,456	27,393,218
Total noncurrent assets	58,392,452	58,379,642
<b>Total assets</b>	<b>70,668,532</b>	<b>70,788,551</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows of resources related to OPEB	-	85,557
<b>Total deferred outflows of resources</b>	<b>-</b>	<b>85,557</b>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	1,030,509	624,104
Accrued expenses	1,131,562	496,275
Accrued salaries	233,927	187,035
Current portion of long-term debt	521,876	330,925
Total current liabilities	2,917,874	1,638,339
Noncurrent liabilities:		
Other post-employment benefit liability	782,356	1,027,964
Accrued compensated absences	963,586	952,140
Accrued landfill closure and postclosure care liabilities	17,442,939	15,619,054
Long term debt, less current portion	3,647,199	2,169,075
Total noncurrent liabilities	22,836,080	19,768,233
<b>Total liabilities</b>	<b>25,753,954</b>	<b>21,406,572</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows of resources related to OPEB	191,758	-
Deferred inflows of resources related to Tower lease	413,627	480,451
<b>Total deferred inflows of resources</b>	<b>605,385</b>	<b>480,451</b>
<b>NET POSITION</b>		
Net investment in capital assets	30,954,921	30,986,424
Unrestricted	13,354,272	18,000,661
<b>Total net position</b>	<b>\$ 44,309,193</b>	<b>48,987,085</b>

*See accompanying notes to financial statements.*

**ecomaine**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**Years Ended June 30, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
Operating revenues:		
Tipping fees	\$ 7,190,904	7,078,589
Electrical generating revenues	3,092,833	3,634,255
Commercial tipping fees and spot market waste	7,700,480	7,170,449
Recycling tipping fees	672,462	711,289
Recycling owner tipping fees	652,436	679,317
Sales of recycled goods	5,026,538	2,486,009
Other operating income	110,318	107,269
<b>Total operating revenues</b>	<b>24,445,971</b>	<b>21,867,177</b>
Operating expenses:		
Administrative expenses	3,153,566	3,046,960
Waste-to-energy operating expenses	13,071,729	10,930,435
Recycling operating expenses	3,372,142	2,161,436
Landfill/ashfill operating expenses	2,358,847	1,807,570
Landfill closure and postclosure care costs	1,823,885	272,505
Other post-employment benefits	31,707	66,945
<b>Total operating expenses other than depreciation</b>	<b>23,811,876</b>	<b>18,285,851</b>
<b>Net operating income (loss) before depreciation</b>	<b>634,095</b>	<b>3,581,326</b>
Depreciation	3,338,950	3,634,341
<b>Net operating income (loss)</b>	<b>(2,704,855)</b>	<b>(53,015)</b>
Non-operating revenues (expenses):		
Interest and dividend income	354,091	314,310
Interest expense	(46,990)	(7,951)
Miscellaneous receipts	18,360	47,575
Gain (loss) on investments	(2,442,842)	4,655,567
Proceeds from the sale of assets	144,344	-
<b>Net non-operating revenue (expenses)</b>	<b>(1,973,037)</b>	<b>5,009,501</b>
<b>Change in net position</b>	<b>(4,677,892)</b>	<b>4,956,486</b>
<b>Total net position, beginning of year</b>	<b>48,987,085</b>	<b>44,030,599</b>
<b>Total net position, end of year</b>	<b>\$ 44,309,193</b>	<b>48,987,085</b>

*See accompanying notes to financial statements.*

**ecomaine**  
**Statements of Cash Flows**  
**Years Ended June 30, 2022 and 2021**

	2022	2021
<b>Cash flows from operating activities:</b>		
Receipts from assessments and tipping fees	\$ 16,292,554	15,241,726
Receipts from electrical generating revenues	3,092,833	3,634,255
Receipts from other sources	5,193,674	2,593,278
Payments to employees	(8,242,986)	(8,296,559)
Payments to suppliers	(13,083,836)	(9,760,710)
Net cash and cash equivalents provided by (used in) operating activities	3,252,239	3,411,990
<b>Cash flows from capital and related financing activities:</b>		
Interest payments on long term debt	(46,990)	(7,951)
Payments on long term debt	(330,925)	-
Proceeds from long term debt	2,062,319	437,681
Purchases of property, plant and equipment	(5,476,522)	(2,842,016)
Sale of other assets	144,344	-
Net cash and cash equivalents provided by (used in) capital and related financing activities	(3,647,774)	(2,412,286)
<b>Cash flows from investing activities:</b>		
Sale (purchase) of investments	(322,855)	(361,238)
Gain on investments	(2,442,842)	4,655,567
Interest income	354,091	314,310
Net cash and cash equivalents provided by (used in) investing activities	(2,411,606)	4,608,639
Net increase (decrease) in cash	(2,807,141)	5,608,343
Cash and cash equivalents balance, beginning of year	9,338,547	3,730,204
Cash and cash equivalents balance, end of year	6,531,406	9,338,547
Less cash and cash equivalents - reserves	(2,577,116)	(5,024,733)
<b>Cash and cash equivalents</b>	<b>\$ 3,954,290</b>	<b>4,313,814</b>
<b>Reconciliation of net operating income (loss) to net cash and cash equivalents provided by operating activities:</b>		
Net operating income (loss)	\$ (2,704,855)	(53,015)
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities:		
Depreciation	3,338,950	3,634,341
Purchase discounts	18,360	47,575
(Increase) decrease in assets and deferred outflows:		
Accounts receivable	76,272	(397,918)
Lease receivable	56,818	-
Inventory	(396,349)	(168,130)
Prepaid expenses	(25,755)	(82,890)
Deferred outflows of resources	85,557	(31,150)
Increase (decrease) in liabilities and deferred inflows:		
Accounts payable	406,405	4,040
Accrued salaries	46,892	8,610
Accrued compensated absences	11,446	(3,846)
Accrued expenses	635,287	83,772
Other post-employment benefits liability	(245,608)	109,699
Accrued landfill closure and postclosure care liabilities	1,823,885	272,205
Deferred inflows of resources	124,934	(11,604)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 3,252,239</b>	<b>3,411,689</b>
<b>Noncash activities:</b>		
Lease proceeds not yet drawn down	\$ 2,000,000	2,062,319

*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, 2022, 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 \$21,964 and \$21,903 at June 30, 2022 and 2021, 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 lease receivables and other post-employment benefit liability, which include ecomaine's benefit 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.

**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.

**Leases** - ecomaine is the lessor for non-cancellable leases of space on its tower for cellular equipment. ecomaine has recognized lease receivables and deferred inflows of resources in the financial statements. At the commencement of the leases, ecomaine measures the lease asset at the present value of payments expected to be made during the lease terms. Subsequently, the lease asset is reduced by the principal portion of the lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments made at or before the lease commencement date. Subsequently, the lease deferred inflow of resources is recognized as revenue over the life of the lease term.

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

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES, CONTINUED

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Key estimates and judgments include how ecomaine determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- ecomaine uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the leases. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

ecomaine monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

**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.

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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, 2022, ecomaine reported deposits of \$6,531,406 with a bank balance of \$6,735,874. As of June 30, 2021, ecomaine reported deposits of \$9,338,547 with a bank balance of \$9,617,107. At both June 30, 2022 and 2021, none of ecomaine's bank balances were exposed to custodial credit risk. The balances at June 30, 2022 and 2021 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 \$8,000,000 and \$4,750,000, 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.

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**

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**DEPOSITS AND INVESTMENTS, CONTINUED**

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At June 30, 2022, 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>
Long-term CDs	\$ 261,822	N/A	261,822	N/A
U.S. Government Securities	8,616,665	1,944,219	6,672,447	8,616,665
Equities/stock	13,812,853	N/A	N/A	13,812,853
<b>Total investments</b>	<b>\$ 22,691,340</b>	<b>1,944,219</b>	<b>6,934,269</b>	<b>22,429,518</b>

At June 30, 2021, 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>
U.S. Government Securities	\$ 5,622,496	1,665,351	3,957,145	5,622,496
Equities/stock	13,045,485	N/A	N/A	13,045,485
Mutual funds	3,668,504	N/A	N/A	3,668,504
Money Market	32,000	N/A	N/A	32,000
<b>Total investments</b>	<b>\$ 22,368,485</b>	<b>1,665,351</b>	<b>3,957,145</b>	<b>22,368,485</b>

*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.

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

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DEPOSITS AND INVESTMENTS, CONTINUED

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	<u>2022</u>	<u>2021</u>
Operating Cash Reserve	\$ 3,360,345	3,457,082
Landfill Closure Reserve - Required	301,917	314,496
Landfill Closure Reserve - Discretionary	13,214,926	14,530,682
Long-term Capital Reserve	6,721,798	7,378,956
Short-term Capital Reserve	1,669,780	1,712,002
<b><u>Total reserve</u></b>	<b><u>\$ 25,268,456</u></b>	<b><u>27,393,218</u></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.

**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.

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

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**DEPOSITS AND INVESTMENTS, CONTINUED**

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At June 30, 2022, ecomaine's investments were rated as follows by Standard & Poor's.

U.S. Government Securities with AA+ Ratings:	
United States Treasury Notes	\$ 5,828,555
Federal Farm Credit Bank	614,915
Federal National Mortgage	18,358
Federal Home Loan Bank	1,853,916
<b>Total</b>	<b>\$ 8,315,744</b>

The remainder of ecomaine's investments are not rated.

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**LEASES**

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In FY 2022, ecomaine entered into the first extension phase of a lease for space on its tower for a cellular equipment. Under the terms of the lease, the lease may be extended for three terms, expiring on March 7, 3035. Under the lease terms, ecomaine will receive monthly payments of \$2,516 for the first extension, with payments increasing in the next two extensions to \$2,768 and \$3,044, respectively.

In FY 2022, ecomaine entered into the third extension phase of a lease for space on its tower for a cellular equipment. Under the terms of the lease, the lease may be extended for three terms, expiring on February 28, 2023. Under the lease terms, ecomaine will receive monthly payments of \$3,422 through the end of the extension.

As of June 30, 2022 and 2021, ecomaine's receivable for lease payments was \$423,633 and \$480,451, respectively. Also, ecomaine has a deferred inflow of resources associated with the leases that will be recognized as revenue over the lease term. As of June 30, 2022 and 2021, the balance of the deferred inflow of resources was \$413,627 and \$480,651, respectively.

The future principal and interest lease payments as of June 30, 2022 were as follows:

Fiscal year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 59,771	11,895	71,666
2024	48,275	10,116	58,391
2025	21,770	9,178	30,948
2026	24,736	8,476	33,212
2027	25,488	7,724	33,212
2028-2032	147,275	26,261	173,536
2033-2035	96,318	4,148	100,466
<b>Total</b>	<b>\$ 423,633</b>	<b>77,798</b>	<b>501,431</b>

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

**CAPITAL ASSETS**

Capital assets at June 30, 2022 and 2021 consisted of the following:

	Balance <u>June 30, 2021</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2022</u>
Capital assets, not being depreciated:				
Land-waste-to-energy/ashfill	\$ 2,015,201	-	-	2,015,201
Construction in progress	863,336	4,006,157	2,371,444	2,498,049
<b>Total capital assets, not being depreciated</b>	<b>2,878,537</b>	<b>4,006,157</b>	<b>2,371,444</b>	<b>4,513,250</b>
Capital assets being depreciated:				
Vehicles	1,534,546	852,684	-	2,387,230
Office equipment	308,460	61,417	-	369,877
Recycling facility and equipment	8,012,981	417,535	-	8,430,516
Balefill/ashfill/leachate site	11,366,177	1,779,732	-	13,145,909
Waste-to-energy facility	43,272,644	730,441	-	44,003,085
<b>Total capital assets being depreciated</b>	<b>64,494,808</b>	<b>3,841,809</b>	<b>-</b>	<b>68,336,617</b>
Less accumulated depreciation:				
Vehicles	(1,031,673)	(198,607)	-	(1,230,280)
Office equipment	(236,975)	(25,168)	-	(262,143)
Recycling facility and equipment	(7,472,076)	(340,353)	-	(7,812,429)
Balefill/ashfill/leachate site	(6,033,758)	(562,081)	-	(6,595,839)
Waste-to-energy facility	(21,612,439)	(2,212,741)	-	(23,825,180)
<b>Total accumulated depreciation</b>	<b>(36,386,921)</b>	<b>(3,338,950)</b>	<b>-</b>	<b>(39,725,871)</b>
<b>Total capital assets being depreciated, net</b>	<b>28,107,887</b>	<b>502,859</b>	<b>-</b>	<b>28,610,746</b>
<b>Total capital assets</b>	<b>\$ 30,986,424</b>	<b>4,509,016</b>	<b>2,371,444</b>	<b>33,123,996</b>

**NET INVESTMENT IN CAPITAL ASSETS**

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

	<u>2022</u>	<u>2021</u>
Capital assets	\$ 72,849,867	67,373,345
Accumulated depreciation	(39,725,871)	(36,386,921)
Long-term debt	(4,169,075)	(2,500,000)
Unspent debt proceeds	2,000,000	2,062,319
<b>Total net investment in capital assets</b>	<b>\$ 30,954,921</b>	<b>30,548,743</b>

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

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**LONG-TERM LIABILITIES**

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The following is a summary of long-term liability transactions of ecomaine for the year ended June 30, 2022:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending balance</u>	<u>Due within one year</u>
<b>Long-term liabilities:</b>					
Financed purchases	\$ 2,500,000	2,000,000	330,925	4,169,075	521,876
Other post-employment benefit liability	1,027,964	-	245,608	782,356	-
Accrued compensated absences	952,140	-	1,869	963,586	-
Accrued landfill closure liability	15,619,054	1,823,885	-	17,442,939	-
<b>Total long-term liabilities</b>	<b>\$ 20,099,158</b>	<b>3,823,885</b>	<b>578,402</b>	<b>23,357,956</b>	<b>521,876</b>

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**FINANCED PURCHASES**

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ecomaine has entered into financed purchase agreements as lessee for financing the acquisition of equipment. The agreements contain a fiscal funding clause that permits the organization to terminate the agreement on an annual basis if funds are not appropriated. These agreements have been recorded at the present value of the future minimum payments as of the date of inception.

The following is a schedule of future minimum financed purchase payments under the financed purchases at June 30, 2022.

<u>Fiscal year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 521,876	73,910	595,786
2024	531,144	64,642	595,786
2025	540,580	55,206	595,786
2026	550,187	45,599	595,786
2027	349,495	35,818	385,313
2028-2031	1,675,793	82,615	1,758,408
<b>Total</b>	<b>\$ 4,169,075</b>	<b>357,790</b>	<b>4,526,865</b>

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**POWER PURCHASE AGREEMENTS**

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During the fiscal years ended June 30, 2022 and 2021, 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 current agreement commenced March 1, 2021 and expires February 28, 2025. At June 30, 2022 and 2021, electrical generating revenues amounted to \$3,092,833 and \$3,634,255, respectively.

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

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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 2022 and 2021, and for specified employees this rate is different. For the years ended June 30, 2022 and 2021, the covered payroll totaled \$2,291,290 and \$2,396,814, respectively. Contribution expense amounted to \$205,144 and \$217,765 for the years ended June 30, 2022 and 2021, 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 \$167,385 and \$147,853 for the years ended June 30, 2022 and 2021, respectively, on covered payroll of \$4,109,330 and \$3,543,953, 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, 2022, 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 \$11,771 and \$11,982 for the years ended June 30, 2022 and 2021, respectively.

**Social Security** - ecomaine participates in the Social Security retirement program. ecomaine's contributions to Social Security were \$460,653 and \$449,712 for the years ended June 30, 2022 and 2021, respectively.

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**LANDFILL 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 post-closure 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 post-closure 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 post-closure 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.

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

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LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS, CONTINUED

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A summary of estimated landfill closure and post-closure care costs is as follows:

	<b>Closed Balefill</b>	<b>Ashfill/Balefill</b>	<b>Total</b>	<b>Total</b>
	<b>6/30/2022</b>	<b>6/30/2022</b>	<b>6/30/2022</b>	<b>6/30/2021</b>
Total estimated future landfill closure and post-closure care costs	\$ 6,377,050	22,482,187	28,859,237	22,466,181
Estimated capacity used	100%	49.22%	N/A	69.52%
Estimated gross landfill closure and post-closure care costs	6,377,050	11,065,888	17,442,939	15,619,054
Amounts expended	-	-	-	-
Estimated liability for landfill closure and post-closure care costs – end of year	6,377,050	11,065,888	17,442,939	15,619,054
Estimated remaining landfill closure and post-closure care costs to be recognized	-	11,416,298	11,416,298	6,847,127
Estimated remaining years of post-closure	25	30		

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OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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**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 January 1, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	2
Inactive employees or beneficiaries not receiving benefits	0
Active employees	62
Total	64

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

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OTHER POSTEMPLOYMENT BENEFITS (OPEB), CONTINUED

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**Total OPEB Liability**

Ecomaine's total OPEB liability of \$782,356 was measured as of January 1, 2022 and was determined by an actuarial valuation as of January 1, 2022.

**Actuarial Assumptions and Other Inputs** - The total OPEB liability in the January 1, 2022 actuarial valuation roll forward was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.40% per year
Salary increases	2.75% per year
Discount rate	2.06%
Healthcare cost trend rates	7.67% Non-Medicare and 8.60% Medicare, decreasing to 3.53% by 2042
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 2.06% 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 2010 Public Plan General Benefits-Weighted Employee Mortality Table, for males and females.

The actuarial assumptions used in the January 1, 2022 valuation were based on the results of an actuarial experience study for the period from June 30, 2016 through June 30, 2020.

**Changes in the Total OPEB Liability**

	<b>Total OPEB Liability</b>
Balance at June 30, 2021	\$ 1,027,964
Changes for the year:	
Service cost	51,159
Interest	22,693
Changes in benefit terms	-
Differences between expected and actual experience	(257,966)
Changes in assumptions or other inputs	(43,909)
Benefit payments	(17,525)
Net changes	<u>(245,608)</u>
Balance at June 30, 2022	<u>\$ 782,356</u>

Change in assumptions reflects a change in the discount rate from 2.12% to 2.06% and a change in the mortality rate table used.

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

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OTHER POSTEMPLOYMENT BENEFITS (OPEB), CONTINUED

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**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 2.06%, as well as what ecomaine's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point higher or lower than the current rate:

	<b>1% Decrease (1.06%)</b>	<b>Discount Rate (2.06%)</b>	<b>1% Increase (3.06%)</b>
Total OPEB liability	\$ 907,041	782,356	680,041

**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 higher or lower than the current healthcare cost trend rates:

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rate</b>	<b>1% Increase</b>
Total OPEB liability	\$ 670,742	782,356	923,414

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

For the year ended June 30, 2022, ecomaine recognized OPEB gain of \$53,289. At June 30, 2022, 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	\$ -	188,915
Changes of assumption or other inputs	-	2,843
Total	\$ -	191,758

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

<b>Year ended June 30:</b>		
2023	\$	(24,620)
2024		(24,621)
2025		(23,537)
2026		(13,739)
2027		(29,758)
Thereafter		(75,483)

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

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**NEW ACCOUNTING PRONOUNCEMENT AND PRIOR PERIOD ADJUSTMENT**

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For the fiscal year ended June 30, 2022, ecomaine has elected to implement Statement No. 87 of the Government Accounting Standards Board – *Leases*. As a result of implementing GASB Statement No. 87, the assets and deferred inflows of resources for the year ended June 30, 2021 have been increased by \$480,451 each.

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ecomaine  
Required Supplementary Information

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>					
Service cost	\$ 51,159	44,523	37,573	41,526	37,707
Interest	22,693	26,151	32,849	28,070	28,877
Changes of benefit terms	-	-	(21,832)	-	-
Differences between expected and actual experience	(257,966)	-	67,201	-	(5,591)
Changes of assumptions or other inputs	(43,969)	55,876	44,958	(68,612)	(1,977)
Benefit payments	(17,525)	(16,851)	(12,084)	(11,619)	(9,928)
Net change in total OPEB Liability	(245,608)	109,699	148,665	(10,635)	49,088
Total OPEB liability - beginning	1,027,964	918,265	769,600	780,235	731,147
<b>Total OPEB liability - ending</b>	<b>\$ 782,356</b>	<b>1,027,964</b>	<b>918,265</b>	<b>769,600</b>	<b>780,235</b>
Covered-employee payroll	\$ 4,493,575	4,472,943	4,472,943	4,476,452	5,229,408
Total OPEB liability as a percent of covered-employee payroll	17.41%	22.98%	20.53%	17.19%	14.92%

\*Only five 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 - The following are changes in actuarial assumptions used in the most recent valuations:

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Discount rate	2.06%	2.12%	2.74%	4.10%	3.44%

In 2018 through 2021, mortality rates were based on the RP2014 total data set healthy annuitant mortality table. In 2022, mortality rates were based on the 2010 Public Plan General Benefits- Weighted Employee Mortality Table.

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

\* These schedules are intended to show information for ten years, but only the years in which changes occurred have been displayed. Additional years' information will be displayed as it becomes available.

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ecomaine  
Budget to Actual  
Year Ended June 30, 2022

	Actual	Budget	Variance	Change
Operating revenues:				
Owners tipping fees	\$ 4,429,645	4,301,213	128,432	3.0%
Associate and contract tipping fees	2,761,259	2,627,056	134,203	5.1%
Commercial tipping fees	7,338,131	7,019,628	318,503	4.5%
Spot market tipping fees	362,349	227,450	134,899	59.3%
Electrical generating revenues	3,092,833	3,242,530	(149,697)	-4.6%
Sales of recycled goods	5,026,538	1,761,927	3,264,611	185.3%
Recycling tipping fees	672,462	836,434	(163,972)	-19.6%
Recycling owner tipping fees	652,436	798,836	(146,400)	-18.3%
Other operating income	110,318	166,632	(56,314)	-33.8%
<b>Total operating revenues</b>	<b>24,445,971</b>	<b>20,981,706</b>	<b>3,464,265</b>	<b>16.5%</b>
Operating expenses:				
Administrative expenses	3,153,566	3,215,540	61,974	1.9%
Waste-to-energy operating expenses	13,071,729	11,355,503	(1,716,226)	-15.1%
Recycling operating expenses	3,372,142	2,498,390	(873,752)	-35.0%
Landfill/ashfill operating expenses	2,358,847	1,894,625	(464,222)	-24.5%
Contingency	-	250,000	250,000	100.0%
Landfill closure and postclosure care costs	1,823,885	265,000	(1,558,885)	-588.3%
Post-retirement benefit	31,707	85,000	53,293	62.7%
<b>Total operating expenses</b>	<b>23,811,876</b>	<b>19,564,058</b>	<b>(4,247,818)</b>	<b>-21.7%</b>
<b>Net operating income (loss) before depreciation</b>	<b>634,095</b>	<b>1,417,648</b>	<b>(783,553)</b>	<b>-55.3%</b>
Depreciation	3,338,950	4,200,000	861,050	20.5%
<b>Net operating income (loss)</b>	<b>(2,704,855)</b>	<b>(2,782,352)</b>	<b>77,497</b>	<b>-2.8%</b>
Non-operating revenues (expenses):				
Interest income	354,091	(30,000)	384,091	-1280.3%
Miscellaneous receipts	18,360	46,946	(28,586)	-60.9%
Interest expense	(46,990)	-	(46,990)	n/a
Investment expense	-	-	-	n/a
Gain (loss) on investments	(2,442,842)	560,000	(3,002,842)	-536.2%
Gain (loss) on disposition of assets	144,344	-	144,344	n/a
<b>Net non-operating revenues (expenses)</b>	<b>(1,973,037)</b>	<b>576,946</b>	<b>(2,549,983)</b>	<b>-441.98%</b>
<b>Change in net position</b>	<b>\$ (4,677,892)</b>	<b>(2,205,406)</b>	<b>(2,472,486)</b>	<b>112.1%</b>

ecomaine							
Statement of Revenue & Expenses							
as of September 30, 2022 (FY2023)							
Category	Fiscal Year Actuals on 09/30			Current Year To Date			FY23 & FY22
	2020	2021	2022	Actual	Budget	Variance	Variance
<b>Operating Revenues</b>							
Owner Member Tipping Fees	\$1,061,099	\$1,115,963	\$1,188,099	\$1,241,248	\$1,261,005	(\$19,756)	\$53,150
Associate Member Tipping Fees	303,915	311,188	342,377	370,619	374,452	(3,832)	28,242
Contract Member Tipping Fees	321,229	446,475	405,369	550,743	426,520	124,223	145,374
Commercial Tipping Fees	1,760,247	1,786,622	2,076,209	1,990,805	2,197,220	(206,416)	(85,404)
Spot Market Tipping Fees	69,962	53,312	95,857	147,912	105,543	42,369	52,054
Electrical Power Revenues	874,720	779,359	829,518	126,312	0	126,312	(703,206)
Sales of Recycled Goods	202,840	292,742	1,306,313	554,429	787,473	(233,044)	(751,883)
Recycling Tipping Fees	277,303	395,072	375,359	447,250	390,255	56,995	71,892
Other Operating Income	27,791	27,791	28,114	29,011	29,114	(103)	897
<b>Total Operating Revenues</b>	<b>\$4,899,105</b>	<b>\$5,208,524</b>	<b>\$6,647,215</b>	<b>\$5,458,330</b>	<b>\$5,571,582</b>	<b>(\$113,252)</b>	<b>(\$1,188,885)</b>
<b>Operating Expenses</b>							
Administrative Expenses	704,412	718,842	786,016	904,795	894,339	(10,456)	(118,780)
Waste-to-Energy Expenses	1,967,172	2,022,402	2,371,518	4,801,495	4,387,791	(413,704)	(2,429,977)
Recycling Expenses	513,851	566,393	887,708	757,382	767,935	10,553	130,326
Landfill Expenses	350,275	352,518	466,301	559,102	546,873	(12,229)	(92,801)
Contingency	0	0	0	0	62,500	62,500	0
<b>Total Operating Expenses</b>	<b>\$3,535,710</b>	<b>\$3,660,155</b>	<b>\$4,511,542</b>	<b>\$7,022,774</b>	<b>\$6,659,438</b>	<b>(\$363,336)</b>	<b>(\$2,511,232)</b>
<b>Net Operating Income</b>	<b>\$1,363,395</b>	<b>\$1,548,369</b>	<b>\$2,135,673</b>	<b>(\$1,564,444)</b>	<b>(\$1,087,856)</b>	<b>(\$476,588)</b>	<b>(\$3,700,117)</b>
<b>Non-Operating Income (Expense)</b>							
Non Investment Interest	17,641	11,641	8,640	9,386	8,050	1,336	746
Investment Income Net of Expenses	81,667	1,012,455	(266,079)	(975,337)	125,000	(1,100,337)	(709,258)
Misc. Income / (Expenses)	232	240	70,279	(24,767)	(18,850)	(5,917)	(95,046)
<b>Net Non-Operating</b>	<b>\$99,541</b>	<b>\$1,024,337</b>	<b>(\$187,160)</b>	<b>(\$990,718)</b>	<b>\$114,200</b>	<b>(\$1,104,918)</b>	<b>(\$803,558)</b>
<b>Net Income (EBITDA)</b>	<b>\$1,462,936</b>	<b>\$2,572,706</b>	<b>\$1,948,512</b>	<b>(\$2,555,162)</b>	<b>(\$973,656)</b>	<b>(\$1,581,506)</b>	<b>(\$4,503,675)</b>
Landfill closure & post-closure care cost:	65,845	65,943	68,126	113,045	75,000	(38,045)	(44,918)
Post-retirement benefit - health Care	21,249	21,249	21,249	7,927	21,250	13,323	13,322
Depreciation & amortization	875,100	925,829	851,556	747,799	1,025,000	277,201	103,757
<b>Total Revenue Less Expenses</b>	<b>\$500,742</b>	<b>\$1,559,685</b>	<b>\$1,007,581</b>	<b>(\$3,423,933)</b>	<b>(\$2,094,906)</b>	<b>(\$1,329,026)</b>	<b>(\$4,431,514)</b>

Note: Budget column could change for some departments due to monthly allocation of expenses

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Attachment C2

ecomaine									
Statistical Data									
as of September 30, 2022 (FY2023)									
Category	Actual Year-to-Date			Year-to-Date FY2023				YTD vs Last YTD	
	2020	2021	2022	Actual	Budget	Variance Fav/(Unfav)		Variance Fav/(Unfav)	
						Units	%	Units	%
<b>MSW - Tons</b>									
Owner	14,399	15,182	15,862	15,486	15,862	(375)	(2%)	(375)	(2%)
Associate	3,433	3,592	3,859	3,738	3,859	(120)	(3%)	(120)	(3%)
Contract	5,292	6,675	5,217	6,482	5,217	1,266	24%	1,266	24%
Commercial	24,011	23,518	25,850	20,348	25,850	(5,501)	(21%)	(5,501)	(21%)
Spot	958	712	1,242	1,562	1,242	320	26%	320	26%
Total MSW	48,093	49,679	52,028	47,617	52,028	(4,411)	(8%)	(4,411)	(8%)
<b>Recycle - Tons</b>									
Inbound - MRF only	8,609	8,985	9,562	9,755	9,562	193	2%	193	2%
Outbound- MRF only including glass	8,153	8,107	7,759	9,787	8,005	1,782	22%	2,028	26%
Outbound- Post Burn	1,011	895	1,119	999	1,007	(8)	(1%)	(120)	(11%)
Outbound- Landfill Metal Mining	0	0	0	0	0	0	0%	0	0%
Outbound Total	9,164	9,002	8,878	10,787	9,012	1,775	20%	1,908	21%
<b>MSW - Revenue \$/Ton</b>									
Owner	\$73.69	\$73.51	\$74.90	\$80.15	\$79.50	\$0.65	1%	\$5.25	7%
Associate	88.53	86.62	88.73	99.14	97.04	2.09	2%	10.41	12%
Contract	60.70	66.89	77.71	84.96	81.76	3.20	4%	7.26	9%
Commercial	73.31	75.97	80.32	97.84	85.00	12.84	15%	17.52	22%
Spot	73.00	74.87	77.20	94.70	85.00	9.70	11%	17.50	23%
Total MSW	\$73.12	\$74.75	\$78.96	\$90.33	\$83.89	\$6.44	8%	\$11.38	14%
<b>Recycle - Revenue \$/Ton</b>									
All Revenue, net of rebates, per inbound tons	\$55.73	\$75.39	\$146.44	\$94.90				(\$51.55)	(35%)
All Revenue, net of rebates, per outbound tons	\$52.22	\$74.41	\$155.87	\$96.53				(\$59.34)	(38%)
S.S. Revenue, net of rebates, per inbound tons	\$51.19	\$72.81	\$123.38	\$80.73				(\$42.65)	(35%)
S.S. Revenue, net of rebates, per outbound tons	\$54.56	\$81.54	\$157.11	\$95.07				(\$62.03)	(39%)
S.S. Material Sold, per outbound tons	\$16.83	\$27.81	\$143.46	\$42.45				(\$101.02)	(70%)
All Recy. Material Sold, per outbound tons	\$19.42	\$31.60	\$148.47	\$50.64				(\$97.83)	(66%)
S.S. Average Commodity Revenue	\$8.85	\$10.88	\$98.43	\$25.90				(\$72.52)	(74%)
<b>Energy</b>									
MWH's Sold	21,029	23,492	22,633						
\$/MWH	\$41.60	\$33.17	\$36.65						
Steam Plant Capacity Factor %	89%	92%	94%						
Average Boiler Availability %	98%	97%	98%						
Steam Plant Capacity Utilization %	91%	95%	96%						
Power Capacity Factor %	79%	88%	86%						
Power Sold - % of Capacity to Sell	79%	88%	85%						

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

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

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

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

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

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Balance Sheet				
as of September 30, 2022 (FY2023)				
Category	Fiscal Year End Actuals @ 6/30			September 2022
	2020	2021	2022	
<b>ASSETS</b>				
Current Assets				
Operating Cash	\$3,273,936	\$4,313,814	\$3,954,290	\$1,178,198
Accounts Receivable	1,770,526	2,168,444	2,092,172	2,009,572
Lease Receivable	0	480,451	423,633	423,633
Inventory	2,789,869	2,957,999	3,354,348	3,372,618
Prepaid Expenses	353,292	436,182	451,637	418,748
Total Current Assets	\$8,187,623	\$10,356,890	\$10,276,080	\$7,402,768
Property, Plant & Equipment				
Property, Plant & Equipment	70,199,229	67,363,044	72,849,866	75,371,422
Less: Accumulated Depreciation	38,430,780	36,386,920	39,725,870	40,473,669
Net Property, Plant and Equipment	\$31,768,450	\$30,976,124	\$33,123,996	\$34,897,753
Cash Reserve Accounts				
Cash Reserve Accounts	22,445,214	27,393,218	25,268,456	24,293,119
Cash Restricted Lease Escrow	0	2,062,319	2,000,000	65,612
Total Assets	\$62,401,287	\$70,788,551	\$70,668,532	\$66,659,252
<b>Deferred Outflows of Resources</b>				
Deferred Outflows of Resources related to OPEB	0	85,557	0	0
Total Deferred Outflows of Resources	\$0	\$85,557	\$0	\$0
<b>LIABILITIES</b>				
Current Liabilities				
Accounts Payable	601,762	624,104	1,030,509	776,980
Accrued Expenses	418,921	496,275	1,131,562	778,549
Accrued Compensated Absences	1,123,138	1,139,175	1,197,513	1,097,815
Capital Leases - Current Portion	0	330,925	711,378	711,378
Total Current Liabilities	\$2,143,821	\$2,590,478	\$4,070,962	\$3,364,722
Other Liabilities				
Accrued Landfill Close & Post Close costs	15,346,550	15,619,054	17,442,939	17,555,984
Accrued Post Retirement Benefit	854,596	1,027,964	782,356	790,283
Capital Leases - Long Term Portion	0	2,169,075	3,457,697	3,457,697
Total Liabilities	\$18,344,967	\$21,406,572	\$25,753,955	\$25,168,686
<b>Deferred Inflows of Resources</b>				
Deferred Inflows of Resources related to OPEB	64,216	0	191,758	191,758
Right-of-Use Liability - Stack Rental	0	480,451	413,627	413,627
Total Deferred Inflows of Resources	\$64,216	\$480,451	\$605,385	\$605,385
<b>NET ASSETS (EQUITY)</b>				
Fund Balance (Retained Earnings)	44,996,141	44,030,563	48,987,045	44,309,092
Revenues Less Expenses (Current Year)	(1,004,037)	4,956,521	(4,677,854)	(3,423,912)
Total Fund Balance (Retained Earnings)	\$43,992,104	\$48,987,084	\$44,309,192	\$40,885,180
Total Net Assets (Equity)	\$43,992,104	\$48,987,084	\$44,309,192	\$40,885,180

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Statement of Cash Balances								
as of September 30, 2022 (FY2023)								
Category	12 Month Actuals @ 6/30				Actual FY2023 @ 9/30/22	Budget FY2023 @ 6/30/23	Reserves per policy	Reserve Target
	2019	2020	2021	2022				
Cash & Reserves - Beginning of Period	\$30,335,576	\$27,351,217	\$25,737,451	\$31,707,032	\$29,222,746	\$32,985,485		
Cash Flows from Operating Activities:								
Net Operating Income	2,416,638	1,503,531	3,920,810	2,503,327	(1,564,444)	(871,019)		
Other Working Capital Changes	40,642	(216,447)	(108,814)	471,983	1,326,624	0		
Net Cash Provided by Operating Activities	\$2,457,280	\$1,287,084	\$3,811,996	\$2,975,311	(\$237,820)	(\$871,019)		
Cash Flows from Capital and related Financing Activities:								
Payment of Interest	0	0	7,951	(46,990)	(26,102)	(100,401)		
Repayment of Long-Term Debt	0	0	0	0	0	0		
Receipts from Financed Capital Leases	0	0	0	2,028,640	0	2,000,000		
Repayment of Capital Leases	0	0	0	0	0	(810,689)		
Net Cash Used in Capital and related Financing	\$0	\$0	\$7,951	\$1,981,650	(\$26,102)	\$1,088,910		
Cash Flows from Investing Activities:								
Receipts of Non Investment Interest	68,278	73,622	43,645	25,993	9,386	32,200		
Investment Income Net of Expenses	1,485,070	1,266,510	4,948,004	(2,124,762)	(975,337)	500,000		
Capital Expenditures	(6,994,987)	(4,240,982)	(2,842,016)	(5,486,822)	(2,521,556)	(5,760,000)		
Receipt from Sale of Capital Assets	0	0	0	144,344	0	0		
Net Cash Used in Investing Activities	(\$5,441,639)	(\$2,900,849)	\$2,149,634	(\$7,441,247)	(\$3,487,506)	(\$5,227,800)		
Net Increase (Decrease) in Cash	(2,984,359)	(1,613,766)	5,969,581	(2,484,286)	(3,751,429)	(5,009,909)		
Cash & Reserves - End of Period	\$27,351,217	\$25,737,451	\$31,707,032	\$29,222,746	\$25,471,317	\$27,975,576		

Statement of Cash Balances								
Operating Cash Reserve	\$4,368,193	\$3,441,400	\$3,457,081	\$3,360,035	\$3,328,771	\$3,543,983	\$3,328,771	\$3,328,771
Short Term Cap Reserve	2,597,777	1,706,465	1,712,003	1,669,780	1,656,228	1,755,037	1,656,228	1,656,228
Long Term Cap Reserve	5,356,350	5,724,959	7,378,956	6,721,798	6,410,483	7,564,441	6,410,483	6,410,483
Discretionary Landfill Closure Reserve	10,546,784	11,257,570	14,530,682	13,214,926	12,599,610	14,895,940	12,599,610	22,217,000
Required Landfill Closure Reserve	309,601	314,820	314,497	301,917	298,028	322,401	298,028	298,028
Recycle Revenue & Cost Sharing Reserve	0	0	0	0	0	0	0	0
Operating Cash Account	4,172,513	3,292,237	4,313,814	3,954,290	1,178,198	(106,226)		
Total	\$27,351,217	\$25,737,451	\$31,707,032	\$29,222,746	\$25,471,317	\$27,975,576	\$24,293,119	\$33,910,510

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Capital Improvement Projects									
as of September 30, 2022 (FY2023)									
GL Code (Project Code)	Dept.	Title	FY2023 Budget	Year-to-Date Expenditure	FY2023 Forecast	FY2023 Budget vs Forecast	Actual/Estimated Cost of entire Project thru FY2023	In-service Date	Comments
<b>Waste-to-Energy</b>									
00-00-1500 (1524-611-1)		Equipment Electrical systems/Switchgear Protective Relay Replacement	0	0	0	0	0		Postponed
00-00-1500 (1524-612-1)	c	Building Buildings and grounds Resurface tipping hall	0	0	0	0	12,975	Jun 2023	Postponed FY24
00-00-1500 (1524-609-1)	c	Equipment Turbine/Generator Refurbishment	3,000,000	2,203,592	3,000,000	0	4,950,519	Oct 2022	In Progress
00-00-1500 (1524-615-1)	c	Equipment Boiler Rapper system replacements	0	0	0	0	29,184	Oct 2022	In Progress (intern
00-00-1500 (1524-619-1)	c	Building Buildings and grounds Administration building entrance pavers	0	14,938	14,938	(14,938)	117,182	Sep 2022	Complete
00-00-1500 (1524-627-1)	c	Hard/software Computers/software Maintenance management system software upgrade	0	7,000	30,000	(30,000)	124,839	Nov 2022	In Progress
00-00-1500 (1524-625-1)	c	Equipment NOx Control Upgrade - Phase I & II & III	1,500,000	325	1,500,000	0	1,617,625	Oct 2023	In Progress
00-00-1500 (1525-xxx-x)		Buildings and Grounds Fire protection / Tipping hall water cannon	250,000	0	250,000	0	250,000		Postponed
00-00-1500 (1524-xxx-x)		Scrubber Wallscaper replacement "A" Scrubber	60,000	0	60,000	0	60,000	Apr 2023	In Progress
00-00-1500 (1524-xxx-x)		Ash Handling System Vibrating conveyor rebuild	150,000	0	150,000	0	150,000	May 2023	In Progress
00-00-1500 (1524-634-1)		Boiler Superheater tube replacement (Leased FY23)- "A" and "B" boiler	1,200,000	0	1,122,100	77,900	1,122,100	Apr 2023	In Progress
00-00-1500 (1524-641-1)		Boiler Division Wall Rebuild "B" Boiler	0	0	77,900	(77,900)	77,900	Nov 2022	In Progress
00-00-1500 (1524-635-1)		Boiler 4th pass roof replacement	565,000	0	565,000	0	565,000	Apr 2023	In Progress
00-00-1500 (1524-xxx-x)		Controls Distributed Control System controls software and hardware updates	200,000	0	204,000	(4,000)	204,000	Apr 2023	In Progress
00-00-1500 (1525-xxx-x)		Buildings and Grounds Misc building repairs and replacements	60,000	0	60,000	0	60,000	Jun 2023	In Progress
00-00-1500 (1525-643-1)		Buildings and Grounds Ash Handling Roll Off Tracks	0	0	0	0	0	Jun 2023	In Progress
00-00-1500 (1524-xxx-x)		Boiler Steam coil air heater coil replacement	50,000	0	50,000	0	50,000	Jun 2023	In Progress
00-00-1500 (1526-640-1)		Vehicles Maintenance Vehicle (Leased FY23)	80,000	0	80,000	0	80,000	Dec 2022	In Progress
00-00-1500 (1526-633-1)		Vehicles Warehouse vehicle	50,000	54,773	54,773	(4,773)	54,773	Sep 2022	Complete
00-00-1500 (1524-xxx-x)		Pumps Circulating water pump replacement	80,000	0	89,000	(9,000)	89,000	Feb 2023	In Progress
00-00-1500 (1524-xxx-x)		Boiler Ash extractor rebuild	250,000	0	350,000	(100,000)	350,000	Apr 2022	In Progress
00-00-1500 (1528-xxx-x)		Computer/hardware, softwa Electronic log software	35,000	0	35,000	0	35,000		On Hold
00-00-1500 (1528-xxx-x)		Computer/hardware, softwa Crane Computer Upgrade	25,000	0	25,000	0	25,000		Postponed
00-00-1500 (1525-xxx-x)		Buildings and Grounds WTE siding panels replacement	100,000	0	100,000	0	100,000	Jun 2022	
<b>Subtotal WTE</b>			<b>\$7,655,000</b>	<b>\$2,280,628</b>	<b>\$7,817,711</b>	<b>(\$162,711)</b>	<b>\$10,125,096</b>		
<b>Recycle</b>									
00-00-1500 (1527-620-2)	c	Equipment Concrete Blocks for Recycling Bypass - Phase 2	0	0	0	0	6,650	Jul 2022	Complete
00-00-1500 (1527-622-1)	c	Equipment Harris Baler Gatherer Pin & Rebuild	0	21,150	21,150	(21,150)	42,300	Jul 2022	Complete
00-00-1500 (1527-629-1)	c	Building Tipping Hall Repair & Buildup	150,000	14,795	350,000	(200,000)	395,053	Jun 2023	In Progress
<b>Subtotal Recycle</b>			<b>\$150,000</b>	<b>\$35,945</b>	<b>\$371,150</b>	<b>(\$221,150)</b>	<b>\$444,003</b>		
<b>Landfill</b>									
00-00-1500 (1526-581-1)	c	Vehicles Electric Trucks & Charging Stations	0	0	0	0	22,501	Dec 2022	Cancelled
00-00-1500 (1526-642-1)		Vehicles Bigger loader for SS tipping floor (Leased FY23)	320,000	0	320,000	0	320,000	Oct 2022	In Progress
00-00-1500 (1525-618-1)	c	Landfill Expansion Feasibility Study	0	15,537	15,537	(15,537)	32,660	Sep 2024	In Progress
00-00-1500 (1525-624-1)	c	Landfill Waterline extension	0	513	122,667	(122,667)	147,708	Oct 2022	In Progress
00-00-1500 (1526-636-1)		Landfill Bulldozer Retrofit	75,000	72,922	72,922	2,078	72,922	Sep 2022	Complete
00-00-1500 (1526-xxx-x)		Vehicles Hooklift Truck 1 (Leased FY23)	225,000	0	225,000	0	225,000	Dec 2022	In Progress
00-00-1500 (1526-xxx-x)		Vehicles Hooklift Truck 2 (Leased FY23)	235,000	0	235,000	0	235,000	Jun 2023	In Progress
00-00-1500 (1525-637-1)		Buildings and Grounds Additional Rain Tarp	0	118,759	160,000	(160,000)	160,000	Dec 2022	In Progress
00-00-1500 (1525-595-2)		Amount removed from Capital - project PO refunded		(2,747)					
<b>Subtotal Landfill</b>			<b>\$855,000</b>	<b>\$204,983</b>	<b>\$1,151,125</b>	<b>(\$296,125)</b>	<b>\$1,215,791</b>		
<b>Administration</b>									
00-00-1500 (1528-xxx-x)		Hard/software Automatic Scale House System	50,000	0	50,000	0	50,000		
00-00-1500 (1528-628-1)	c	Hard/software Centralized Signage Display	0	0	650	(650)	2,574	Oct 2022	In Progress
00-00-1500 (1528-631-1)	c	Hard/software Conference Room Audio/Video Equipment	0	0	11,450	(11,450)	45,796	Oct 2022	In Progress
<b>Subtotal Administration</b>			<b>\$50,000</b>	<b>\$0</b>	<b>\$62,100</b>	<b>(\$12,100)</b>	<b>\$98,370</b>		
<b>Total All Areas</b>			<b>\$8,710,000</b>	<b>\$2,521,556</b>	<b>\$9,402,087</b>	<b>(\$692,087)</b>	<b>\$11,883,260</b>		

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Accounts Receivable Aging						
as of September 30, 2022 (FY2023)						
Date	Item	Current	31-60 Days	61-90 Days	91 & Over Days	Total
7/31/2021	Balances	\$2,102,210	\$173,539	\$36,862	\$6,332	\$2,318,945
	%	90.65%	7.48%	1.59%	0.27%	100.00%
8/31/2021	Balances	\$2,072,490	\$262,311	\$26,005	\$9,769	\$2,370,575
	%	87.43%	11.07%	1.10%	0.41%	100.00%
9/30/2021	Balances	\$2,075,367	\$200,182	\$667	\$6,147	\$2,282,362
	%	90.93%	8.77%	0.03%	0.27%	100.00%
10/31/2021	Balances	\$2,042,012	\$273,741	\$56,444	(\$7,676)	\$2,364,521
	%	86.36%	11.58%	2.39%	(0.32%)	100.00%
11/30/2021	Balances	\$2,036,411	\$298,699	\$24,098	(\$2,125)	\$2,357,082
	%	86.40%	12.67%	1.02%	(0.09%)	100.00%
12/31/2021	Balances	\$2,146,672	\$222,308	\$25,573	(\$83)	\$2,394,469
	%	89.65%	9.28%	1.07%	(0.00%)	100.00%
1/31/2022	Balances	\$1,858,696	\$278,799	\$44,185	\$47,313	\$2,228,992
	%	83.39%	12.51%	1.98%	2.12%	100.00%
2/28/2022	Balances	\$1,812,325	\$200,243	\$56,000	\$50,916	\$2,119,484
	%	85.51%	9.45%	2.64%	2.40%	100.00%
3/31/2022	Balances	\$1,911,849	\$198,954	\$54,564	\$4,786	\$2,170,153
	%	88.10%	9.17%	2.51%	0.22%	100.00%
4/30/2022	Balances	\$1,586,692	\$264,690	\$31,768	\$6,232	\$1,889,381
	%	83.98%	14.01%	1.68%	0.33%	100.00%
5/31/2022	Balances	\$1,534,646	\$259,686	\$63,224	\$11,806	\$1,869,363
	%	82.09%	13.89%	3.38%	0.63%	100.00%
6/30/2022	Balances	\$1,772,170	\$228,000	\$90,257	\$23,714	\$2,114,142
	%	83.82%	10.78%	4.27%	1.12%	100.00%
7/31/2022	Balances	\$1,235,967	\$259,446	\$51,554	\$25,274	\$1,572,243
	%	78.61%	16.50%	3.28%	1.61%	100.00%
8/31/2022	Balances	\$1,723,978	\$287,776	\$63,939	\$12,372	\$2,088,065
	%	82.56%	13.78%	3.06%	0.59%	100.00%
9/30/2022	Balances	\$1,622,982	\$346,146	\$54,723	(\$2,206)	\$2,021,645
	%	80.28%	17.12%	2.71%	(0.11%)	100.00%

**Note:** The Allowance for Doubtful Accounts & 1217 IRS are not included in the totals above.