



Financial Statements

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

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.

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.

A handwritten signature in cursive script, reading "Rungen Kursten Ouellette".

October 6, 2022

South Portland, Maine

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, <u>2022</u>	June 30, <u>2021(restated)</u>
ASSETS		
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
DEFERRED OUTFLOWS OF RESOURCES	-	85,557
LIABILITIES		
Current	2,917,874	1,638,339
Other liabilities	22,836,080	19,768,233
Total liabilities	25,753,954	21,406,572
DEFERRED INFLOWS OF RESOURCES	605,385	480,451
NET POSITION		
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

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>
REVENUES			
Operating revenues	\$ 24,445,971	21,867,177	2,578,794
Total revenues	24,445,971	21,867,177	2,578,794
OPERATING EXPENSES			
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
NON-OPERATING REVENUES			
(EXPENSES):			
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.

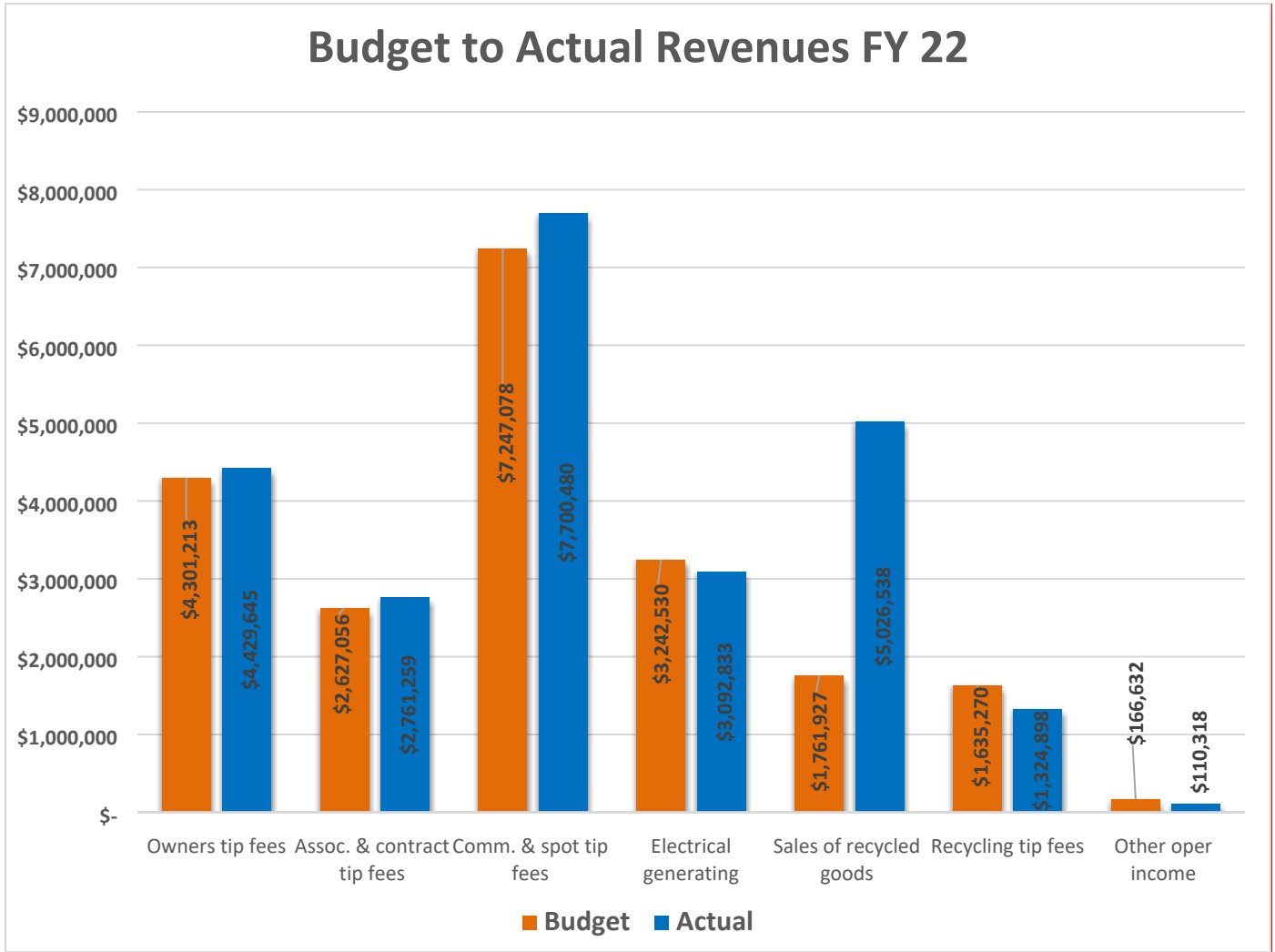
FY22 Tons Data:

	<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%.

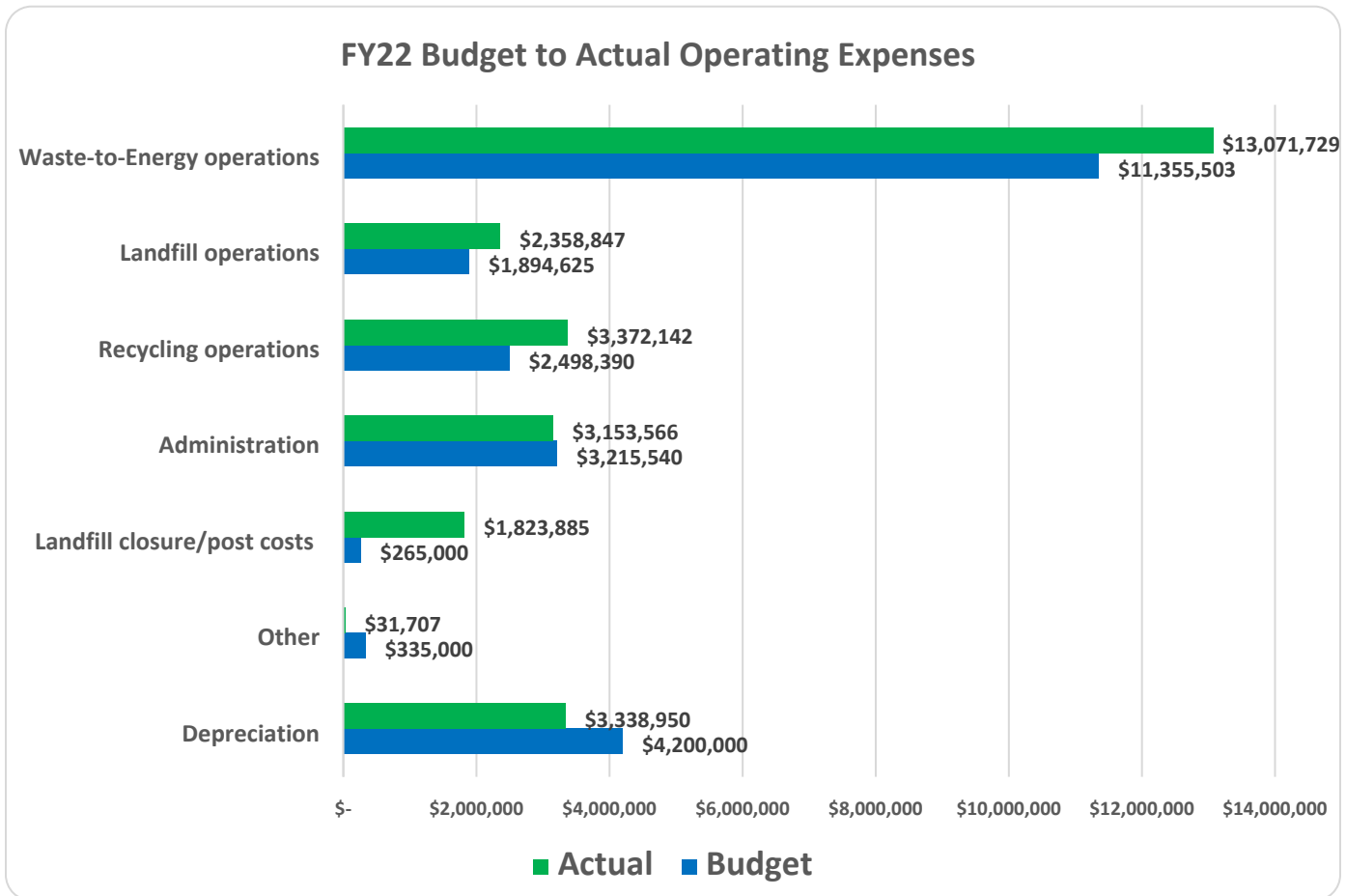


Total operating expenses (\$27.15 million) were \$3.49 million unfavorable to the FY 22 budgeted expenses (\$23.76 million).

- ✓ 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
ASSETS		
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
Total assets	70,668,532	70,788,551
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to OPEB	-	85,557
Total deferred outflows of resources	-	85,557
LIABILITIES		
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
Total liabilities	25,753,954	21,406,572
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to OPEB	191,758	-
Deferred inflows of resources related to Tower lease	413,627	480,451
Total deferred inflows of resources	605,385	480,451
NET POSITION		
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

See accompanying notes to financial statements.

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

	2022	2021
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
Total operating revenues	24,445,971	21,867,177
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
Total operating expenses other than depreciation	23,811,876	18,285,851
Net operating income (loss) before depreciation	634,095	3,581,326
Depreciation	3,338,950	3,634,341
Net operating income (loss)	(2,704,855)	(53,015)
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	-
Net non-operating revenue (expenses)	(1,973,037)	5,009,501
Change in net position	(4,677,892)	4,956,486
Total net position, beginning of year	48,987,085	44,030,599
Total net position, end of year	\$ 44,309,193	48,987,085

See accompanying notes to financial statements.

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

	2022	2021
Cash flows from operating activities:		
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
Cash flows from capital and related financing activities:		
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)
Cash flows from investing activities:		
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)
Cash and cash equivalents	\$ 3,954,290	4,313,814
Reconciliation of net operating income (loss) to net cash and cash equivalents provided by operating activities:		
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)
Net cash provided by (used in) operating activities	\$ 3,252,239	3,411,689
Noncash activities:		
Lease proceeds not yet drawn down	\$ 2,000,000	2,062,319

See accompanying notes to financial statements.

ecomaine
Notes to Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

Reporting Entity - ecomaine was incorporated during the fiscal year ended June 30, 2006 under the laws of the State of Maine. ecomaine is a non-profit solid waste management corporation serving 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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES, CONTINUED

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES, CONTINUED

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.

DEPOSITS AND INVESTMENTS

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

DEPOSITS AND INVESTMENTS, CONTINUED

At June 30, 2022, ecomaine had the following investments and maturities:

	<u>Fair</u> <u>Value</u>	<u>Less than</u> <u>1 year</u>	<u>1-5 years</u>	<u>Level 1</u> <u>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
Total investments	\$ 22,691,340	1,944,219	6,934,269	22,429,518

At June 30, 2021, ecomaine had the following investments and maturities:

	<u>Fair</u> <u>Value</u>	<u>Less than</u> <u>1 year</u>	<u>1-5 years</u>	<u>Level 1</u> <u>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
Total investments	\$ 22,368,485	1,665,351	3,957,145	22,368,485

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

DEPOSITS AND INVESTMENTS, CONTINUED

	<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
<u>Total reserve</u>	<u>\$ 25,268,456</u>	<u>27,393,218</u>

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

DEPOSITS AND INVESTMENTS, CONTINUED

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
Total	\$ 8,315,744

The remainder of ecomaine's investments are not rated.

LEASES

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
Total	\$ 423,633	77,798	501,431

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
Total capital assets, not being depreciated	2,878,537	4,006,157	2,371,444	4,513,250
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
Total capital assets being depreciated	64,494,808	3,841,809	-	68,336,617
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)
Total accumulated depreciation	(36,386,921)	(3,338,950)	-	(39,725,871)
Total capital assets being depreciated, net	28,107,887	502,859	-	28,610,746
Total capital assets	\$ 30,986,424	4,509,016	2,371,444	33,123,996

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
Total net investment in capital assets	\$ 30,954,921	30,548,743

ecomaine
Notes to Financial Statements, Continued

LONG-TERM LIABILITIES

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>
Long-term liabilities:					
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	-
Total long-term liabilities	\$ 20,099,158	3,823,885	578,402	23,357,956	521,876

FINANCED PURCHASES

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
Total	\$ 4,169,075	357,790	4,526,865

POWER PURCHASE AGREEMENTS

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

RETIREMENT PLANS

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.

LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

State and Federal laws and regulations require ecomaine to place a final cover on its balefill and ashfill sites when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure.

Although closure and 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

LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS, CONTINUED

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

	Closed Balefill	Ashfill/Balefill	Total	Total
	6/30/2022	6/30/2022	6/30/2022	6/30/2021
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		

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

General Information about the OPEB Plan

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

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

Employees Covered by Benefit Terms - At 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

OTHER POSTEMPLOYMENT BENEFITS (OPEB), CONTINUED

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

	Total OPEB Liability
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

OTHER POSTEMPLOYMENT BENEFITS (OPEB), CONTINUED

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:

	1% Decrease (1.06%)	Discount Rate (2.06%)	1% Increase (3.06%)
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:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
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:

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

ecomaine
Notes to Financial Statements, Continued

NEW ACCOUNTING PRONOUNCEMENT AND PRIOR PERIOD ADJUSTMENT

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.

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>
Total OPEB Liability					
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	<u>(17,525)</u>	<u>(16,851)</u>	<u>(12,084)</u>	<u>(11,619)</u>	<u>(9,928)</u>
Net change in total OPEB Liability	(245,608)	109,699	148,665	(10,635)	49,088
Total OPEB liability - beginning	<u>1,027,964</u>	<u>918,265</u>	<u>769,600</u>	<u>780,235</u>	<u>731,147</u>
Total OPEB liability - ending	<u>\$ 782,356</u>	<u>1,027,964</u>	<u>918,265</u>	<u>769,600</u>	<u>780,235</u>
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.

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Notes to Required Supplementary Information

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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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%
Total operating revenues	24,445,971	20,981,706	3,464,265	16.5%
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%
Total operating expenses	23,811,876	19,564,058	(4,247,818)	-21.7%
Net operating income (loss) before depreciation	634,095	1,417,648	(783,553)	-55.3%
Depreciation	3,338,950	4,200,000	861,050	20.5%
Net operating income (loss)	(2,704,855)	(2,782,352)	77,497	-2.8%
Non-operating revenues (expenses):				
Interest income	354,091	51,946	302,145	581.7%
Miscellaneous receipts	18,360	25,000	(6,640)	-26.6%
Interest expense	(46,990)	(42,033)	(4,957)	n/a
Gain (loss) on investments	(2,442,842)	500,000	(2,942,842)	-588.6%
Gain (loss) on disposition of assets	144,344	-	144,344	n/a
Net non-operating revenues (expenses)	(1,973,037)	534,913	(2,507,950)	-468.85%
Change in net position	\$ (4,677,892)	(2,247,439)	(2,430,453)	108.1%