



Financial Statements

**For the Years Ended
June 30, 2023 and 2022**

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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, 2023 and 2022, 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, 2023 and 2022, 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 the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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. The budget to actual schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. The budget to actual schedule 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, the budget to actual schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

A handwritten signature in black ink, reading "Remya Weston Ouellette". The signature is written in a cursive, flowing style.

October 16, 2023

South Portland, Maine

Management's Discussion and Analysis
June 30, 2023

This discussion and analysis of ecomaine's financial performance provides an overall review of our financial activities for the year ended June 30, 2023. 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 2023 with comparative numbers for 2022. 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>2023</u>	June 30, <u>2022</u>
ASSETS		
Current	\$13,491,619	14,853,196
Capital assets, net	36,392,421	33,123,996
Investments	18,857,259	22,691,340
<u>Total assets</u>	<u>68,741,299</u>	<u>70,668,532</u>
LIABILITIES		
Current	2,323,592	2,917,874
Long-term liabilities	24,214,360	22,836,080
<u>Total liabilities</u>	<u>26,537,952</u>	<u>25,753,954</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	<u>587,830</u>	<u>605,385</u>
NET POSITION		
Net investment in capital assets	31,162,391	30,954,921
<u>Unrestricted</u>	<u>10,453,126</u>	<u>13,354,272</u>
<u>Total net position</u>	<u>\$41,615,517</u>	<u>44,309,193</u>

Management's Discussion and Analysis, Continued

Cash balances on hand (including Investment Reserves) totaled \$25.6 million at year end FY 23, which was a decrease of \$3.6 million from FY 22.

- The cash provided by Operations in FY 23 totaled a negative \$1.66 million which was \$4.9 million less than in FY 22. Two major contributors were the market for recycled materials which decreased by \$3.56 million and the increase in costs for bypass, due to the turbine outage, which totaled \$2.6 million (an increase of \$946 thousand).
- A favorable variance was the result of financial markets improving with an increase of investment market value of \$1.25 million.
- Another use of cash was \$6.66 million of capital spending, which included approximately \$5.15 million of WTE improvements, \$460 thousand of recycling improvements, and \$989 thousand of landfill improvements. \$3.77 million of these improvements were funded by proceeds from a financed purchase agreement.

The total Net Position for ecomaine decreased from \$44.3 million at the end of FY 22 to \$41.6 million at the end of FY 23.

- *Total assets for ecomaine decreased by \$1.93 million from \$70.67 million in FY 22 to a total of \$68.74 million in FY 23.*
 - ✓ Current assets decreased by \$1.4 million from \$14.85 million in FY 22 to \$13.49 million in FY 23 resulting primarily from a decrease of cash and cash equivalents of \$ 2.28 million.
 - ✓ Capital assets, net of depreciation, were up \$3.27 million to \$36.39 million due to the capital investments of \$6.66 million being more than depreciation expense of \$3.39 million in FY 23.
- *Total Liabilities for ecomaine increased from \$25.75 million at the end of FY 22 to \$26.54 million at the end of FY 23.*
 - ✓ Current Liabilities decreased from \$2.92 million in FY 22 to \$2.32 million in FY 23 primarily due to the decrease in the accounts payable (\$647 thousand) and decrease in accrued expenses (\$563 thousand) while the current portion of long-term debt increased (\$577 thousand).
 - ✓ Long-term liabilities were up \$1.38 million due to an increase in long-term debt (\$712 thousand) and an increase in the accrued landfill closure and post closure liability (\$558 thousand).

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 2022, 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 route 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 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 FY23, because of extended turbine repairs (in excess of what was planned), ecomaine experienced a loss from operations for electrical power revenues of \$707 thousand, an increase in cost for electricity of \$451 thousand, and an increase in bypass costs of \$1.75 million as well as other operational costs which have not been specifically identified. The turbine returned to operation in early October of 2022 and the impact to operations ended at that time.

On the capital investment side, the turbine repair had an initial estimated capital cost of \$1.4 million dollars and with the various added improvements needed, the capital costs are now estimated at just under \$4.6 million.

Recycling Commodity Prices

Over the past two years we have experienced both a strong market for commodity prices (FY22) and a poor market (FY23) related to the sale of recycled goods. This past year we saw a dramatic shift in pricing, especially for fiber products (mixed paper and cardboard). Revenues from the sale of recycled goods dropped from \$5.03 million in FY22 to only \$1.46 million in FY23. FY22 markets had prices forced upwards due to both a higher demand for cardboard as a result of consumer demand for products and supply chain issues. For FY23, with rising interest rates, consumer demand declining and with producers also reducing inventory, prices spiraled down and ecomaine experienced significant drop in revenues. More recently we have seen prices increasing some and orders being slightly more stable.

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 ups and downs in the market and interest rates. During the past year the combined reserve investment portfolio incurred an increase in value of \$1.25 million during FY23 as compared to a decrease in value of \$2.44 million in FY22.

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 23 Actual to FY 22 Actual

	<u>FY</u> <u>2023</u>	<u>FY</u> <u>2022</u>	<u>Increase</u> <u>(decrease)</u>
REVENUES			
Operating revenues	\$23,449,992	24,445,971	(995,979)
<u>Total revenues</u>	<u>23,449,992</u>	<u>24,445,971</u>	<u>(995,979)</u>
OPERATING EXPENSES			
Administration	3,710,438	3,153,566	556,872
Waste-to-Energy operations	14,894,533	13,071,729	1,822,804
Recycling operations	2,763,678	3,372,142	(608,464)
Landfill operations	2,458,979	2,358,847	100,132
Landfill closure and postclosure costs	557,828	1,823,885	(1,266,057)
Other postemployment benefits	11,054	31,707	20,653
Depreciation	3,395,423	3,338,950	56,473
<u>Total operating expenses</u>	<u>27,791,933</u>	<u>27,150,826</u>	<u>641,107</u>
NON-OPERATING REVENUES (EXPENSES):			
Interest income	427,106	354,091	73,015
Interest expense	(113,693)	(46,990)	(66,703)
Gain (loss) on investments	1,252,380	(2,442,842)	3,695,222
Gain on disposition of assets	49,410	144,344	(94,934)
All other	33,062	18,360	14,702
<u>Net non-operating revenues</u>	<u>1,648,265</u>	<u>(1,973,037)</u>	<u>3,621,302</u>
<u>Increase (decrease) in net position</u>	<u>\$ (2,693,676)</u>	<u>(4,677,892)</u>	<u>1,984,216</u>

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 23 Revenue less Expenses (change in net position) was a decrease of \$2.69 million compared to the FY 22 decrease of \$4.68 million reflecting unfavorable operating results.

- *FY 23 revenues (\$23.45 million) were down \$1 million from FY 22 Revenues (\$24.45 million) primarily because of the drop in revenue from sale of recycling goods.*
- ✓ *Total solid waste volume received by ecomaine was down -2.5% totaling 182,604 tons in FY 23 compared with 187,387 tons in FY 22. Overall tipping fees were \$92.67 per ton in FY 23 compared to \$79.56 in FY 22. This 16.5% increase in revenue per ton along with the decreased tonnage resulted in a 6.8% increase in WTE revenue for FY 23. Tipping fees for solid waste totaled \$18.1 million in FY 23 compared to \$14.89 million in FY 22.*

Management’s Discussion and Analysis, Continued

- ✓ Inbound recycle volume totaled 35,562 tons in FY 23, a 610 ton decrease (1.7%) from FY 22, which was 36,172 tons, while the market value for outbound recycle material averaged \$29.80 per ton, much to FY 22’s rate of \$ 137.45 per ton a year ago. As a result, FY 23 recycling sale of recycled goods were down \$3.56 million.
- ✓ With the turbine down for refurbishment for 3 months in FY 23 and 3 months in FY22, ecomaine sold 63,120 MWH’s of electricity into the New England power grid, which was down .2% from FY 22’s 63,229 MWH’s. The market value of the power averaged \$50.54 per MWH which was up 3.33% from FY21 (\$48.91/MWH). As a result, revenue from the sale of energy totaled \$3.19 million in FY 23, slightly up \$3.09 from FY 22.
- *Total operating expenses (\$27.79 million) were \$641 thousand unfavorable to FY 22 expenses (\$27.15 million). The largest increase in expenses relates to the \$946 thousand increase in waste by-pass expense in FY 23, increase in bypass, wage and benefit increases in WTE of \$631 thousand, \$251 thousand increase in contingency expenditures related to water damage repair to the administrative offices and conference room, and \$220 thousand increase in various WTE chemicals. These increases were somewhat offset by \$320 thousand decrease in recycling materials purchased, \$492 thousand decrease in recycling contracted rebates, and \$1.27 million decrease in landfill closure and post closure costs.*
- *Non-operating revenue went in the opposite direction from the prior year with reserve investments increasing in value by \$1.25 million in FY 23, as compared to a decrease in value during FY 22 of \$2.44 million.*

Comparing FY 23 Actual to FY 23 Budget

Overall FY 23 Operating Revenues exceeded the revised budget by \$332 thousand. *Note; the FY23 budget was revised (decrease of \$1.1 million) early in FY23 because of the turbine extended outage and the anticipated revenue from the sale of electricity being reduced. FY23 operating revenues (\$23.45 million) were better than FY 23 revised budgeted revenues (\$23.12 million) primarily because of an increase in commercial tipping fee rates, and the turbine outage ended earlier than anticipated which provided favorable variances while sale of recycled goods fell off dramatically and resulted in a shortfall to budget of \$1.3 million.*

- ✓ Total solid waste volume received by ecomaine was 182,604 tons in FY 23, which was less than the FY 23 budget of 192,078 tons. The turbine outage impacted the number of tons we were able to receive during the outage and some decline in commercial tons resulted from the increase in rates.

FY23 Tons Data:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Owner	58,030	57,210	(820)
Associate	13,867	13,550	(317)
Contract	21,074	23,945	2,871
Commercial	95,403	83,117	(12,286)
Spot	3,704	4,782	1,078
Totals	192,078	182,604	(9,474)

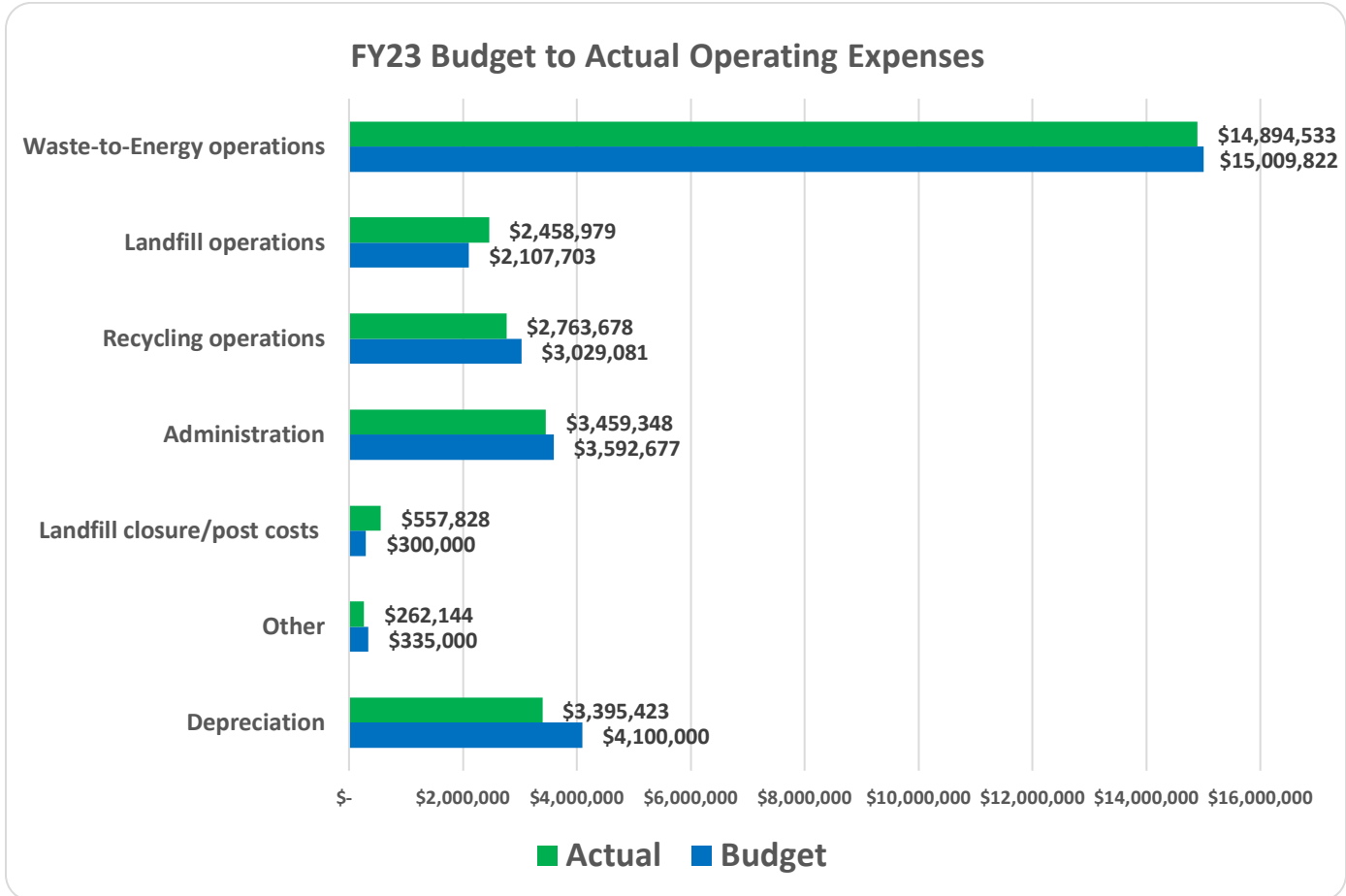
Management's Discussion and Analysis, Continued

-
- ✓ Inbound recycling volume totaled 35,562 tons in FY 23 which exceeded budget by 30 tons from the FY 22 budget (35,532 tons) while the market value dropped significantly for outbound recyclable material averaged \$41.17 per ton compared to \$78.26 per ton in the budget (which uses a five-year average). As a result, sale of recycling material revenues was less than budget by \$1.3 million.
 - ✓ In FY 23, ecomaine sold 63,120 MWH's of electricity into the New England power grid, which due to the extended turbine project was, less than originally anticipated 87,030 MWH's but more than the revised budget of 54,269 MWH's, while the market value of the power increased, averaging \$50.54 per MWH which compared favorably to the FY 23 budget of \$49.09 per MWH. As a result, revenue from the sale of energy totaled \$3.19 million in FY 23, which was more than the FY 23 revised budget by 526k.

Total operating expenses (\$24.40 million) were \$22 thousand unfavorable to the FY 23 revised budgeted expenses (\$24.37 million). Note: the operating budget was revised as a result of the turbine outage with an increase in anticipated bypass and cost of electricity for an increase to the budget of \$2.2 million.

- ✓ Departmental operating expenses (excluding landfill closure and post closure care costs) totaled \$23.84 million, as compared to FY23 revised budgeted departmental expenses of \$24.07 million for a positive variance to revised budget of \$236 thousand. 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 (\$2.58 million) exceeding the FY23 original budget of \$1.25 million but being less than the revised budget of \$2.85 million. Additionally, on the WTE side, chemicals exceeded budget by \$187 thousand. On the recycling side, the decrease in commodity prices resulted in a lower price paid out for materials which resulted in positive variance to budget of \$211 thousand and less paid out to contracted communities as a rebate of \$226 thousand. Additionally, depreciation (\$3.4 million) which was \$704 thousand below budget.

Management’s Discussion and Analysis, Continued



Non-Operating Revenue was favorable in FY 23 compared to budget with a positive variance of \$1.2 million primarily as a result of an overall positive investment market.

Cash balances on hand (including Investment Reserves) decreased in FY23 by \$3.64 million compared with FY22.

- The cash used by Operations in FY 23 totaled \$1.66 million as compared to \$3.25 generated in FY 22. This was primarily the result of much higher operating costs related to the turbine outage and much lower revenue generated from the sale of recycled goods.
- On a positive side, stronger financial markets increased investments by \$1.25 million.
- Capital expenditures were \$6.66 million and were less than the anticipated budget of \$8.71 million. Of note, the \$1.5 million NOx project was delayed and not started.

Capital Assets (net of depreciation) increased in FY 23 by \$3.27 million compared with FY 22.

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>2023</u>	June 30, <u>2022</u>
Land	\$2,015,201	2,015,201
Construction in progress	809,163	2,498,049
Vehicles	1,566,477	1,156,950
Office equipment	145,721	107,733
Recycling facility and equipment	1,990,753	618,087
Balefill/ashfill/leachate site	6,266,171	6,550,070
<u>Waste-to-energy facility</u>	<u>23,598,935</u>	<u>20,177,906</u>
<u>Total capital assets</u>	<u>\$36,392,421</u>	<u>33,123,996</u>

Request for Information

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

ecomaine
Statements of Net Position
As of June 30, 2023 and 2022

	2023	2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,673,541	3,954,290
Accounts receivable, net	2,244,401	2,092,172
Lease receivable	363,862	423,633
Amounts held in escrow	227,667	2,000,000
Inventory	3,371,438	3,354,348
Prepaid expenses	462,004	451,637
Security deposits	100,000	-
Total current assets	8,442,913	12,276,080
Noncurrent assets:		
Capital assets, net	36,392,421	33,123,996
Reserves:		
Cash and cash equivalents - reserves	5,048,706	2,577,116
Investment - reserves	18,857,259	22,691,340
Total reserves	23,905,965	25,268,456
Total noncurrent assets	60,298,386	58,392,452
Total assets	68,741,299	70,668,532
LIABILITIES		
Current liabilities:		
Accounts payable	383,198	1,030,509
Accrued expenses	568,991	1,131,562
Accrued salaries	272,812	233,927
Current portion of long-term debt	1,098,591	521,876
Total current liabilities	2,323,592	2,917,874
Noncurrent liabilities:		
Other postemployment benefit liability	744,142	782,356
Accrued compensated absences	1,110,345	963,586
Landfill closure and postclosure care liabilities	18,000,767	17,442,939
Long term debt, less current portion	4,359,106	3,647,199
Total noncurrent liabilities	24,214,360	22,836,080
Total liabilities	26,537,952	25,753,954
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to OPEB	241,026	191,758
Deferred inflows of resources related to Tower Lease	346,804	413,627
Total deferred inflows of resources	587,830	605,385
NET POSITION		
Net investment in capital assets	31,162,391	30,954,921
Unrestricted	10,453,126	13,354,272
Total net position	\$ 41,615,517	44,309,193

See accompanying notes to financial statements.

ecomaine
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended on June 30, 2023 and 2022

	2023	2022
Operating revenues:		
Tipping fees	\$ 7,923,815	7,190,904
Electrical generating revenues	3,190,379	3,092,833
Commercial tipping fees and spot market waste	8,998,561	7,700,480
Recycling tipping fees	1,132,253	672,462
Recycling owner tipping fees	627,674	652,436
Sales of recycled goods	1,464,222	5,026,538
Other operating income	113,088	110,318
Total operating revenues	23,449,992	24,445,971
Operating expenses:		
Administration	3,710,438	3,153,566
Waste-to-energy operations	14,894,533	13,071,729
Recycling operations	2,763,678	3,372,142
Landfill operations	2,458,979	2,358,847
Landfill closure and postclosure care costs	557,828	1,823,885
Other postemployment benefits	11,054	31,707
Total operating expenses other than depreciation	24,396,510	23,811,876
Net operating income (loss) before depreciation	(946,518)	634,095
Depreciation	3,395,423	3,338,950
Net operating income (loss)	(4,341,941)	(2,704,855)
Non-operating revenues (expenses):		
Interest and dividend income	427,106	354,091
Interest expense	(113,693)	(46,990)
Miscellaneous receipts	33,062	18,360
Gain (loss) on investments	1,252,380	(2,442,842)
Gain (loss) on disposition of assets	49,410	144,344
Net non-operating revenue (expenses)	1,648,265	(1,973,037)
Change in net position	(2,693,676)	(4,677,892)
Total net position, beginning of year	44,309,193	48,987,085
Total net position, end of year	\$ 41,615,517	44,309,193

See accompanying notes to financial statements.

ecomaine
Statements of Cash Flows
For the Years Ended on June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Receipts from assessments and tipping fees	\$ 18,530,074	16,292,554
Receipts from electrical generating revenues	3,190,379	3,092,833
Receipts from other sources	1,603,320	5,193,674
Payments to employees	(9,434,271)	(8,242,986)
Payments to suppliers	(15,545,052)	(13,083,836)
Net cash and cash equivalents provided by (used in) operating activities	(1,655,550)	3,252,239
Cash flows from capital and related financing activities:		
Interest payments on long term debt	(113,693)	(46,990)
Payments on long term debt	(711,378)	(330,925)
Proceeds from long term debt	3,772,333	2,062,319
Purchases of property, plant and equipment	(6,663,848)	(5,476,522)
Sale of other assets	49,410	144,344
Net cash and cash equivalents provided by (used in) capital and related financing activities	(3,667,176)	(3,647,774)
Cash flows from investing activities:		
Sale (purchase) of investments	3,834,081	(322,855)
Gain (loss) on investments	1,252,380	(2,442,842)
Interest income	427,106	354,091
Net cash and cash equivalents provided by (used in) investing activities	5,513,567	(2,411,606)
Net increase (decrease) in cash	190,841	(2,807,141)
Cash and cash equivalents balance, beginning of year	6,531,406	9,338,547
Cash and cash equivalents balance, end of year	6,722,247	6,531,406
Less cash and cash equivalents - reserves	(5,048,706)	(2,577,116)
Cash and cash equivalents	\$ 1,673,541	3,954,290
Reconciliation of net operating income (loss) to net cash and cash equivalents provided by operating activities:		
Net operating income (loss)	\$ (4,341,941)	(2,704,855)
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities:		
Depreciation	3,395,423	3,338,950
Purchase discounts	33,062	18,360
(Increase) decrease in assets and deferred outflows:		
Accounts receivable	(152,229)	76,272
Lease receivable	59,771	56,818
Inventory	(17,090)	(396,349)
Prepaid expenses	(10,367)	(25,755)
Security deposits	(100,000)	-
Deferred outflows of resources	-	85,557
Increase (decrease) in liabilities and deferred inflows:		
Accounts payable	(647,311)	406,405
Accrued salaries	38,885	46,892
Accrued compensated absences	146,759	11,446
Accrued expenses	(562,571)	635,287
Other postemployment benefits liability	(38,214)	(245,608)
Accrued landfill closure and postclosure care liabilities	557,828	1,823,885
Deferred inflows of resources	(17,555)	124,934
Net cash provided by (used in) operating activities	\$ (1,655,550)	3,252,239
Noncash activities:		
Lease proceeds not yet drawn down	\$ 227,667	2,000,000

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 73 municipalities in southern Maine and New Hampshire. Owned and controlled by 20 of these municipalities at June 30, 2023, 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. Exelon Generation 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 at June 30, 2023 and 2022. 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. The 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, 2023 and June 30, 2022, ecomaine had bank balances of \$6,558,267 and \$6,735,874, respectively, none of which was exposed to custodial credit risk as it was covered by the F.D.I.C. or collateralized by additional insurance.

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, 2023, 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	\$ 5,925,631	4,102,656	1,822,975	5,925,631
Equities/stock	12,931,628	N/A	N/A	12,931,628
Total investments	\$ 18,857,259	4,102,656	1,822,975	18,857,259

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
Total investments	\$ 22,691,340	1,944,219	6,934,269	22,429,518

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

Discretionary Landfill Closure/Postclosure Reserve - To be used to provide periodic funding for the landfill closure and postclosure 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>2023</u>	<u>2022</u>
Operating Cash Reserve	\$ 1,666,809	3,360,345
Landfill Closure Reserve - Required	304,360	301,917
Landfill Closure Reserve - Discretionary	14,310,380	13,214,926
Long-term Capital Reserve	5,992,925	6,721,798
Short-term Capital Reserve	1,631,491	1,669,780
<u>Total reserve</u>	<u>\$ 23,905,965</u>	<u>25,268,456</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, 2023, ecomaine's investments were rated as follows by Standard & Poor's.

U.S. Government Securities with AA+ Ratings:	
United States Treasury Notes	\$ 3,294,316
Federal Farm Credit Bank	477,350
Federal National Mortgage	18,119
Federal Home Loan Bank	1,836,854
Federal Home Loan Mortgage Corp	298,992
Total	\$ 5,925,631

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 2020, ecomaine entered into the first extension phase of a lease for space on its tower for 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 2020, ecomaine entered into the third extension phase of a lease for space on its tower for 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 \$3,525 through the end of the extension.

As of June 30, 2023 and 2022, ecomaine's receivable for lease payments was \$363,862 and \$423,633, respectively. ecomaine also has a deferred inflow of resources associated with the leases that will be recognized as revenue over the lease term. As of June 30, 2023 and 2022, the balance of the deferred inflow of resources was \$346,804 and \$413,627, respectively.

The future principal and interest lease payments as of June 30, 2023 were as follows:

ecomaine
Notes to Financial Statements, Continued

LEASES, CONTINUED

Fiscal year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	26,264	6,948	33,212
2029-2033	155,121	21,735	176,856
2034-2035	62,208	1,725	63,933
Total	\$ 363,862	65,902	429,764

CAPITAL ASSETS

Capital assets at June 30, 2023 and 2022 consisted of the following:

	<u>Balance June 30, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2023</u>
Capital assets, not being depreciated:				
Land-waste-to-energy/ashfill	\$ 2,015,201	-	-	2,015,201
Construction in progress	2,498,049	6,758,096	8,446,982	809,163
Total capital assets, not being depreciated	4,513,250	6,758,096	8,446,982	2,824,364
Capital assets being depreciated:				
Vehicles	2,387,230	732,051	133,108	2,986,173
Office equipment	369,877	72,135	-	442,012
Recycling facility and equipment	8,430,516	452,576	-	8,883,092
Balefill/ashfill/leachate site	13,145,909	349,975	-	13,495,884
Waste-to-energy facility	44,003,085	6,785,997	-	50,789,082
Total capital assets being depreciated	68,336,617	8,392,734	133,108	76,596,243
Less accumulated depreciation:				
Vehicles	(1,230,285)	(282,519)	93,108	(1,419,696)
Office equipment	(265,106)	(31,185)	-	(296,291)
Recycling facility and equipment	(6,606,049)	(286,290)	-	(6,892,339)
Balefill/ashfill/leachate site	(6,595,839)	(633,874)	-	(7,229,713)
Waste-to-energy facility	(25,028,592)	(2,161,555)	-	(27,190,147)
Total accumulated depreciation	(39,725,871)	(3,395,423)	93,108	(43,028,186)
Total capital assets being depreciated, net	28,610,746	4,997,311	40,000	33,568,057
Total capital assets	\$ 33,123,996	11,755,407	8,486,982	36,392,421

ecomaine
Notes to Financial Statements, Continued

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>2023</u>	<u>2022</u>
Capital assets	\$ 79,420,606	72,849,867
Accumulated depreciation	(43,028,185)	(39,725,871)
Long-term debt	(5,457,697)	(4,169,075)
Unspent debt proceeds	227,667	2,000,000
Total net investment in capital assets	\$ 31,162,391	30,954,921

LONG-TERM LIABILITIES

The following is a summary of long-term liability transactions of ecomaine for the year ended June 30, 2023:

	<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	\$ 4,169,075	2,000,000	711,378	5,457,697	1,098,591
Other postemployment benefit liability	782,356	-	38,214	744,142	-
Accrued compensated absences	963,586	146,759	-	1,110,345	-
Landfill closure and postclosure liability	17,442,939	557,828	-	18,000,767	-
Total long-term liabilities	\$ 23,357,956	2,704,587	749,592	25,312,951	1,098,591

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.

ecomaine
Notes to Financial Statements, Continued

FINANCED PURCHASES, CONTINUED

The following is a schedule of future minimum financed purchase payments under the financed purchases at June 30, 2023.

Fiscal year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,098,591	158,576	1,257,167
2025	1,132,236	124,931	1,257,167
2026	1,166,309	90,858	1,257,167
2027	991,011	55,683	1,046,694
2028	586,018	26,364	612,382
2029-2031	483,532	20,939	504,471
Total	\$ 5,457,697	477,351	5,935,048

POWER PURCHASE AGREEMENTS

During the fiscal years ended June 30, 2023 and 2022, 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, 2023 and 2022, electrical generating revenues amounted to \$3,190,379 and \$3,092,833, respectively.

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 2023 and 2022, and for specified employees this rate is different. For the years ended June 30, 2023 and 2022, the covered payroll totaled \$2,585,757 and \$2,291,290, respectively. Contribution expense amounted to \$244,777 and \$205,144 for the years ended June 30, 2023 and 2022, 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 \$179,211 and \$167,385 for the years ended June 30, 2023 and 2022, respectively, on covered payroll of \$4,195,325 and \$4,109,330, 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, 2023, 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.

ecomaine
Notes to Financial Statements, Continued

RETIREMENT PLANS, CONTINUED

Other Plans - In addition to the above plan, a second defined contribution plan was established in the fiscal year ended June 30, 2019 to provide additional retirement contributions to specified employees. Such contribution expense amounted to \$12,059 and \$11,771 for the years ended June 30, 2023 and 2022, respectively.

Social Security - ecomaine participates in the Social Security retirement program. ecomaine's contributions to Social Security were \$511,197 and \$460,653 for the years ended June 30, 2023 and 2022, 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 postclosure care costs will be paid only near or after the dates that the landfills stop accepting waste, ecomaine reports a portion of these closure and postclosure costs as an operating expense in each year based on landfill capacity used as of each balance sheet date. ecomaine will recognize the remaining estimated cost of closure and postclosure care for the ashfill site as the remaining estimated capacity is filled.

Actual costs may be higher due to inflation, changes in technology, or changes in regulations. ecomaine anticipates financing closure costs by funding and using reserves and/or the issuing of bonds at the time of closure.

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

	Closed Balefill	Ashfill/Balefill	Total	Total
	6/30/2023	6/30/2023	6/30/2023	6/30/2022
Total estimated future landfill closure and postclosure care costs	\$ 6,265,222	23,008,270	29,273,492	28,859,237
Estimated capacity used	100%	51%	N/A	N/A
Estimated gross landfill closure and postclosure care costs	6,265,222	11,735,545	18,000,767	17,442,939
Amounts expended	-	-	-	-
Estimated liability for landfill closure and postclosure care costs – end of year	6,265,222	11,735,545	18,000,767	17,442,939
Estimated remaining landfill closure and postclosure care costs to be recognized	-	11,272,725	11,272,725	11,416,298
Estimated remaining years of postclosure	24	30		

ecomaine
Notes to Financial Statements, Continued

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

General Information about the OPEB Plan

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

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

Employees Covered by Benefit Terms - At January 1, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	2
Inactive employees or beneficiaries not receiving benefits	-
Active employees	62
Total	<u>64</u>

Total OPEB Liability

ecomaine's total OPEB liability of \$744,142 was measured as of January 1, 2023 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, 2023 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	3.00% per year
Salary increases	2.75% per year
Discount rate	3.72%
Healthcare cost trend rates	7.95% Non-Medicare and 7.26% Medicare, decreasing to 4.55% by 2044
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 3.72% 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.

ecomaine
Notes to Financial Statements, Continued

OTHER POSTEMPLOYMENT BENEFITS (OPEB), CONTINUED

The actuarial assumptions used in the January 1, 2023 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, 2022	\$ 782,356
Changes for the year:	
Service cost	41,626
Interest	16,849
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(84,443)
Benefit payments	(12,246)
Net changes	(38,214)
Balance at June 30, 2023	\$ 744,142

Change in assumptions reflects a change in the discount rate from 2.06% to 3.72% and a change in the mortality rate table used.

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 3.72%, 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 (2.72%)	Discount Rate (3.72%)	1% Increase (4.72%)
Total OPEB liability	\$ 856,805	744,142	651,641

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	\$ 638,393	744,142	877,319

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

For the year ended June 30, 2023, ecomaine recognized OPEB gain of \$40,423. At June 30, 2023, ecomaine reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

ecomaine
Notes to Financial Statements, Continued

OTHER POSTEMPLOYMENT BENEFITS (OPEB), CONTINUED

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	165,470
Changes of assumption or other inputs	-	75,556
Total	\$ -	241,026

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

<u>Year ended June 30:</u>	
2024	\$ (35,176)
2025	(34,092)
2026	(24,294)
2027	(40,313)
2028	(48,297)
Thereafter	(58,854)

ecomaine
Required Supplementary Information

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability						
Service cost	\$ 41,626	51,159	44,523	37,573	41,526	37,707
Interest	16,849	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	(84,443)	(43,969)	55,876	44,958	(68,612)	(1,977)
Benefit payments	<u>(12,246)</u>	<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	(38,214)	(245,608)	109,699	148,665	(10,635)	49,088
Total OPEB liability - beginning	<u>782,356</u>	<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>744,142</u>	<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	4,493,575	4,472,943	4,472,943	4,476,452	5,229,408
Total OPEB liability as a percent of covered-employee payroll	16.56%	17.41%	22.98%	20.53%	17.19%	14.92%

*Only six 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:

Fiscal Year	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Discount rate	3.72%	2.06%	2.12%	2.74%	4.10%	3.44%

Mortality rates:

In 2019, mortality rates were based on the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females.

In 2020 and going forward, the mortality rates were based on the 2010 Public Plan Retiree Benefits Weighted Healthy Retiree 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
For the Year Ended on June 30, 2023

	Actual	Budget		Variance	Change
		Original	Revised		
Operating revenues:					
Owners tipping fees	\$ 4,542,522	4,613,398	4,613,398	(70,876)	-1.5%
Associate and contract tipping fees	3,381,293	3,068,709	3,068,709	312,584	10.2%
Commercial tipping fees	8,520,627	8,109,234	8,109,234	411,393	5.1%
Spot market tipping fees	477,934	314,861	314,861	163,073	51.8%
Electrical generating revenues	3,190,379	3,763,946	2,663,946	526,433	19.8%
Sales of recycled goods	1,464,222	2,770,580	2,770,580	(1,306,358)	-47.2%
Recycling tipping fees	1,132,253	743,407	743,407	388,846	52.3%
Recycling owner tipping fees	627,674	687,674	687,674	(60,000)	-8.7%
Other operating income	113,088	146,455	146,455	(33,367)	-22.8%
Total operating revenues	23,449,992	24,218,264	23,118,264	331,728	1.4%
Operating expenses:					
Administration	3,459,348	3,592,677	3,592,677	133,329	3.7%
Waste-to-energy operations	14,894,533	12,809,565	15,009,822	115,289	0.8%
Recycling operations	2,763,678	3,029,298	3,029,081	265,403	8.8%
Landfill operations	2,458,979	2,107,743	2,107,703	(351,276)	-16.7%
Contingency	251,090	250,000	250,000	(1,090)	-0.4%
Landfill closure and postclosure care costs	557,828	300,000	300,000	(257,828)	-85.9%
Other postemployment benefits	11,054	85,000	85,000	73,946	87.0%
Total operating expenses	24,396,510	22,174,283	24,374,283	(22,227)	-0.1%
Net operating income (loss) before depreciation	(946,518)	2,043,981	(1,256,019)	309,501	-24.6%
Depreciation	3,395,423	4,100,000	4,100,000	704,577	17.2%
Net operating income (loss)	(4,341,941)	(2,056,019)	(5,356,019)	1,014,078	-18.9%
Non-operating revenues (expenses):					
Interest income	427,106	145,000	145,000	282,106	194.6%
Interest expense	(113,693)	(100,401)	(100,401)	(13,292)	13.2%
Miscellaneous receipts	33,062	32,200	32,200	862	2.7%
Gain (loss) on investments	1,252,380	380,000	380,000	872,380	229.6%
Gain (loss) on disposition of assets	49,410	-	-	49,410	n/a
Net non-operating revenues (expenses)	1,648,265	456,799	456,799	1,191,466	260.8%
Change in net position	\$ (2,693,676)	(1,599,220)	(4,899,220)	2,205,544	-45.0%