

October 9, 2025

To the Finance and Audit Committee  
ecomaine

We have audited the financial statements of ecomaine for the year ended June 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 28, 2025, as well as during our meeting with you on May 15, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibilities under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*

As stated in our engagement letter dated May 28, 2025, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the system of internal control of ecomaine. Such considerations are solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will also perform tests of ecomaine's compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions is not an objective of our audit.

Significant Audit Matters

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by ecomaine are described in the notes to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during fiscal year 2025. We noted no transactions entered into by ecomaine during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

- Landfill closure and postclosure care costs, and the related accrued landfill closure and postclosure care liability, which were based on the capacity of the ashfill/balefill and the related cost of closure and maintenance.
- Depreciation expense and accumulated depreciation, which were based on historical costs and estimated useful lives.
- Other postemployment benefit expense and the related other postemployment benefit liability, which were based on an actuarial valuation.
- Management's estimate of the discount rate used for the measurement of the lease receivable and deferred inflow of resources.
- Management's estimate of the term used for the measurement of the lease receivable and deferred inflow of resources.

We evaluated the methods, assumptions, and data used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

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

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all material misstatements. See the attachment *Adjusting Journal Entries*.

#### *Disagreements with Management*

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

#### *Management Representations*

We have requested certain representations from management that are included in the attached management representation letter dated October 9, 2025. See the attached copy of the representation letter, which was signed by management.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to ecomaine’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

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

### Other Matters

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

We were engaged to report on the budget to actual schedule, which accompanies the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

### Restriction on Use

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

Very truly yours,



ecomaine  
Adjusting Journal Entries  
6/30/2025

Account	Description	Debit	Credit
<b>100</b>			
To adjust single sort revenue share to actual.			
00-00-2209	ACCRUED Exp SINGLE SORT MATERIAL PURC	27,494.32	0.00
30-00-6225	RECYCLING-PURCHASE OF CONTRACTED RE	0.00	27,494.32
<b>Total</b>		<b><u>27,494.32</u></b>	<b><u>27,494.32</u></b>
<b>101</b>			
To remove repairs improperly capitalized.			
70-00-7500	OPS-MAJOR REPAIRS	391,584.82	0.00
00-00-1524	INCINERATOR FIXED ASSET COST ACCT	0.00	391,584.82
00-00-1504	ACCUM DEPREC-INCINERATOR FAC.	18,313.34	0.00
00-00-7001	DEPRECIATION EXPENSE	0.00	18,313.34
00-00-1500	Construction-In-Progress (Fixed Asset Clearing)	440,447.60	0.00
00-00-2100	ACCOUNTS PAYABLE	0.00	440,447.60
<b>Total</b>		<b><u>850,345.76</u></b>	<b><u>850,345.76</u></b>
<b>102</b>			
To record change in OPEB liability as of year end.			
00-00-2400	Def. In. of Resources - OPEB	4,606.00	0.00
00-00-2930	Accrued Post Retirement Benefits	0.00	23,085.00
60-00-7045	ADMIN-POST RETIREMENT BENEFITS	18,479.00	0.00
<b>Total</b>		<b><u>23,085.00</u></b>	<b><u>23,085.00</u></b>
<b>103</b>			
To accrue interest on the \$20 million BAN at year end.			
00-00-7009	INTEREST EXPENSE - Bond	143,000.00	0.00
00-00-2208	ACCRUED EXPENSES	0.00	143,000.00
<b>Total</b>		<b><u>143,000.00</u></b>	<b><u>143,000.00</u></b>



**Owner  
Communities**

Bridgton  
Buxton  
Cape Elizabeth  
Casco  
Cumberland  
Dayton  
Falmouth  
Freeport  
Gorham  
Gray  
Harrison  
Hollis  
Kennebunk  
Limington  
Lyman  
North Berwick  
North Yarmouth  
Portland  
Pownal  
Sanford  
Scarborough  
Shapleigh  
South Berwick  
South Portland  
Waterboro  
Windham  
Yarmouth

**Contract  
Community  
Members**

Andover  
Appleton  
Augusta  
Baldwin  
Bath  
Brownfield  
Brunswick  
Chebeague Island  
Cornish  
Denmark  
Eliot  
Fayette  
Frye Island  
Fryeburg  
Greenland, NH  
Hiram  
Kennebunkport  
Lamoine  
Liberty  
Limerick  
Livermore Falls  
Monmouth  
Mt. Vernon  
Newington, NH  
Naples  
Old Orchard Beach  
Otisfield  
Owl's Head  
Parsonsfield  
Porter  
Readfield  
Rockland  
Saco  
Somerville  
South Thomaston  
Standish  
Swanville  
Thomaston  
Topsham  
Vinalhaven  
Washington  
Wayne  
Westbrook  
Woolwich

October 9, 2025

Runyon Kersteen Ouellette  
20 Long Creek Drive  
South Portland Maine 04106

This representation letter is provided in connection with your audits of the financial statements of ecomaine, which comprise the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information as of June 30, 2025 and 2024, and the respective changes in financial position, and, where applicable, cash flows for the years then ended, and the disclosures (collectively the "financial statements"), for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered to be material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of October 9, 2025, the following representations made to you during your audit.

**Financial Statements**

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 28, 2025, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of ecomaine and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility 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.

Anne Bilodeau, Chair. Kevin H. Roche, CEO/General Manager  
64 Blueberry Road, Portland, Maine 04102. Tel: 207-773-1738. Fax: 207-773-8296.

[www.ecomaine.org](http://www.ecomaine.org)

Printed on 100% Post-Consumer Recycled Paper

- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in accordance with U.S. GAAP.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements, or in the schedule of findings and questioned costs.
- 8) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 9) Guarantees, whether written or oral, under which the organization is contingently liable, if any, have been properly recorded or disclosed.

#### **Information Provided**

- 10) We have provided you with:
  - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters, and all audit or relevant monitoring reports, if any, received from funding sources.
  - b) Additional information that you have requested from us for the purpose of the audit.
  - c) Unrestricted access to persons within the Organization from whom you determined it necessary to obtain audit evidence.
  - d) Minutes of the meetings of the governing board or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 11) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 12) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 13) We have no knowledge of any fraud or suspected fraud that affects the organization and involves:
  - a) Management,
  - b) Employees who have significant roles in internal control, or

- c) Others where the fraud could have a material effect on the financial statements.
- 14) We have no knowledge of any allegations of fraud or suspected fraud affecting the organization's financial statements communicated by employees, former employees, regulators, or others.
- 15) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.
- 16) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 17) We have disclosed to you the names of the Organization's related parties and all the related-party relationships and transactions, including any side agreements.

**Government – specific**

- 18) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 19) We have identified to you any previous audits, attestation engagements, and other studies related to the objectives of the audit and whether related recommendations have been implemented.
- 20) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.
- 21) ecomaine has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
- 22) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 23) We have appropriately identified, recorded, and disclosed all leases in accordance with GASB Statement (GASBS) No. 87.
- 24) We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we believe have a material effect on the financial statements.
- 25) We have appropriately measured, recorded, and disclosed compensated absences and other salary-related payments in accordance with GASBS No. 101.
- 26) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

- 27) As part of your audit, you assisted with preparation of the financial statements and disclosures. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and disclosures.
- 28) The organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 29) The organization has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 30) Components of net position (net investment in capital assets, and unrestricted) are properly classified.
- 31) Investments are properly valued.
- 32) Provisions for uncollectible receivables have been properly identified and recorded.
- 33) Deposits and investment securities and derivative instrument transactions are properly classified as to risk and are properly disclosed.
- 34) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
- 35) We have appropriately disclosed ecomaine's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 36) We are following our established accounting policy regarding which resources) that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 37) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 38) With respect to the budget to actual schedule on which an in relation to opinion is issued:
- a. We acknowledge our responsibility for presenting the supplementary information in accordance with accounting principles generally accepted in the United States of America, and we believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America.



The methods of measurement and presentation of the supplementary information has not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

- b. If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.



Kevin H. Roche, General Manager & CEO



Wei Po Huang, Director of Finance and Administration



**Financial Statements**

**For the Years Ended  
June 30, 2025, and 2024**

**ecomaine**  
**Financial Statements**  
**For the Years Ended June 30, 2025, and 2024**

---

**Table of Contents**

Page(s)

Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-9
Basic Financial Statements:	
Statements of Net Position	10
Statements of Revenues, Expenses, and Changes in Net Position	11
Statements of Cash Flows	12
Notes to Financial Statements	13-25
Required Supplementary Information	26
Notes to Required Supplementary Information	27

Schedule

Supplemental Schedules:	
Budget to Actual	1      28

## 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, 2025, and 2024, 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, 2025, and 2024, 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, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 and *Government 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 and *Government 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.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2025, on our consideration of ecomaine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of ecomaine's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ecomaine's internal control over financial reporting and compliance.



October 9, 2025  
South Portland, Maine

**Management's Discussion and Analysis**  
**June 30, 2025**

This discussion and analysis of ecomaine's financial performance provides an overall review of our financial activities for the year ended June 30, 2025. 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 2025 with comparative numbers for 2024. Details for Table 1 can be found on the Statements of Net Position on page 10 in the financial statements.

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

	June 30, <u>2025</u>	June 30, <u>2024</u>
ASSETS		
Current	\$ 28,643,538	14,738,199
Capital assets net	65,586,442	57,213,984
Investments	21,952,826	21,517,192
Total assets	116,182,806	93,469,375
DEFERRED OUTFLOWS	28,045	51,604
LIABILITIES		
Current	24,190,731	3,495,836
Long-term liabilities	42,590,477	43,219,965
Total liabilities	66,781,208	46,715,801
DEFERRED INFLOWS	1,215,450	1,313,585
NET POSITION		
Net investment in capital assets	31,708,048	32,978,919
Unrestricted	16,506,145	12,512,674
Total net position	\$ 48,214,193	45,491,593

Management's Discussion and Analysis, Continued

***Cash balances on hand (including Investment Reserves) totaled \$31.92 million at year end FY 25, which was an increase of \$4.37 million from FY 24 of \$27.55 million.***

- The cash provided by Operations in FY 25 totaled \$5.32 million which was \$217 thousand more than in FY 24 of \$5.11 million. Receipts from tipping fees and electrical generation revenues increased by a total of \$1.63 million, due to increase in tonnage and rates (6% together), and 9% improvement of rates within the power purchasing contract and generation. However, both payments to employees and suppliers also increased by \$2.14 million. When considering the small increase in receipts from other sources, FY 25 resulted in a modest increase in cash generated by operations by \$217 thousand.
- A favorable inflow of cash was the result of financial markets improving our investment market value of \$1.48 million. In addition, interest income also generated an additional \$968 thousand.
- Another use of cash was \$12.9 million of capital spending, which included approximately \$2.15 million of WTE improvements, \$5.19 million of recycling improvements, and \$5.56 million of landfill improvements. \$11.4 million of these improvements for various departments were funded by proceeds from a bond anticipation note.

***The total Net Position for ecomaine increased by \$2.72 million from \$45.49 million at the end of FY 24 to \$48.21 million at the end of FY 25.***

- *Total assets for ecomaine increased by \$22.71 million from \$93.47 million in FY 24 to a total of \$116.18 million in FY 25.*
  - ✓ Current assets increased by \$13.91 million from \$14.74 million in FY 24 to \$28.64 million in FY 25 resulting primarily from an increase in cash by \$3.93 million, and amounts held in escrow by \$9.05 million due to the bond anticipation note. Operationally, accounts receivable, inventory and prepaid expenses increased by \$970 thousand.
  - ✓ Capital assets (excluding right-to-use assets and related amortization) net of depreciation increased \$3.87 million from \$35.2 million in FY 24 to \$39.1 million in FY 25 due to the capital investments of \$7.95 million in depreciable assets exceeding depreciation expense of \$4.076 million in FY 25.

In anticipation of a bond issuance, ecomaine entered into a Bond Anticipation Note (BAN) which totaled \$20 million in FY 25. Due to various reasons, the BAN was later extended an additional 6 months at the end of April 2025. At the end of the year, \$9.21 million was unspent and being held in escrow.

- *Total Liabilities for ecomaine increased from \$46.72 million at the end of FY 24 to \$66.78 million at the end of FY 25.*
  - ✓ Current Liabilities increased from \$3.50 million in FY 24 to \$24.19 million in FY 25, primarily due to the net increase of \$20 million in bond anticipation notes, which were acquired to temporarily finance certain projects until the 2025 bond series is anticipated to be issued, at the end of the calendar year 2025. Operationally, accounts payable increased by \$893 thousand, and current portion of long-term debt decreased by \$141 thousand.



Management's Discussion and Analysis, Continued

- ✓ Long-term liabilities were down \$629 thousand, as ecomaine continued to pay off long term debt (a decrease of \$1.34 million) was offset by increases in both inflationary costs and operational usage, and other factors, of the accrued landfill closure and post closure care liabilities (\$675 thousand increase).

**Table 2**  
**Comparing FY 25 to FY 24 Actual**

	FY 2025	FY 2024	Increase (decrease)
<b>REVENUES</b>			
Operating revenues	\$ 29,903,561	28,124,949	1,778,612
<b>OPERATING EXPENSES</b>			
Administration	4,617,094	3,807,396	809,698
Waste-to-energy operations	14,870,964	13,040,461	1,830,503
Recycling operations	3,059,590	2,922,061	137,529
Transportation operating expenses	715,575	676,484	39,091
Landfill/ashfill operating expenses	1,755,127	1,984,084	(228,957)
Landfill closure and post closer costs	675,469	496,903	178,566
Other postemployment benefits	40,847	22,361	18,486
Depreciation and amortization	4,532,809	4,046,309	486,500
Total operating expenses	30,267,475	26,996,059	3,271,416
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest income	967,644	570,473	397,171
Interest expense	(1,240,251)	(342,582)	(897,669)
Gain (loss) on investments	2,742,365	2,487,057	255,308
All other	616,725	32,238	584,518
Net non-operating revenues	3,086,514	2,747,186	339,328
Increase (decrease) in net position	\$ 2,722,600	3,876,076	(1,153,476)

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 25 Revenue less Expenses (change in net position) was an increase of \$2.72 million compared to the FY 24 increase of \$3.88 million, reflecting a continued favorable operating result.***

- FY 25 revenues (\$29.90 million) were up \$1.78 million from FY 24 Revenues (\$28.12 million) .
- ✓ Total solid waste volume received by ecomaine was down slightly 1.25% totaling 189,156 tons in FY 25 compared with 191,559 tons in FY 24. Overall waste tipping fees were \$104.13 per ton in FY 25 compared to \$98.06 in FY 24. This 6.19% increase in waste tipping fees per ton along with the decrease in tonnage resulted in a 4.85% increase in WTE tipping fee revenue for FY 25. Tipping fees for solid waste totaled \$19.70 million in FY 25 compared to \$18.78 million in FY 24.

Management's Discussion and Analysis, Continued

- ✓ Inbound recycling volume totaled 33,583 tons in FY 25, a 1,015 ton decrease (-2.93%) from FY 24, which was 34,598 tons, while the market value for outbound recycling material averaged \$79.80 per ton, as compared to FY 24's rate of \$ 73.13 per ton a year ago. As a result, FY 25 recycling sale of recycled goods were up \$55 thousand.
- ✓ ecomaine sold 89,716 MWHs of electricity into the New England power grid, which was up 2.19% from FY 24's 87,794 MWHs. The market value of the power averaged \$55.84 per MWH which was up 7.08% from FY24's \$52.15 per MWH. As a result, revenue from the sale of energy totaled \$5.01 million in FY 25, up 9.43% from FY 24's actual \$4.58 million.
- *Total operating expenses (\$30.27 million) were \$3.27 million more than to FY 24 expenses (\$26.996 million). An increase of \$773 thousand of bypass expense was noted in the waste-to-energy (WTE) department due to additional bypass requirements associated with capacity needs. An additional \$475 thousand increase from FY24 to FY25 was due to rising cost of insurance. Payroll was an additional \$547 thousand and WTE major repair contributed additional unfavorable expense of \$528 thousand due to the nature of major repair projects.*
- *Non-operating revenue increased by \$339 thousand during the year, primarily due to the gain on investments, other revenues, interest and dividend income, which totaled an increase of \$1.24 million, offset by \$898 thousand due to interest expense and other factors.*

Comparing FY 25 Actual to FY 24 Budget

**Overall FY 25 operating net income exceeded the budget by \$4.08 million.** FY25 operating revenues (\$29.91 million) were better than FY 25 budgeted revenues (\$29.14 million) by \$769 thousand, primarily because of increases in commercial tipping fees (\$667 thousand), sale of recyclable goods (\$109 thousand), and better than expected electrical generating revenues (\$639 thousand). Offset by a decrease in recycling, associate and contract tipping fees of \$623 thousand and other items. We ended the year with an overall favorable result of \$769 thousand.

- ✓ Total solid waste volume received by ecomaine was 189,156 tons in FY 25, which was less than the FY 25 budget of 189,440 tons by 0.15%. This was a slight decrease of 2,404 tons compared to FY 24 total of 191,559 tons.

FY 25 Tons Data:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Owner	57,785	57,889	104
Associate	13,602	13,435	-167
Contract	24,337	21,904	-2,433
Commercial	88,872	91,669	2,797
Spot	4,844	4,258	-585
Totals	189,440	189,155	-284

- ✓ Inbound recycling volume totaled 33,583 tons in FY 25 which was unfavorable to budget by 4,886 tons from the FY 25 budget (38,468 tons), while the market value improved for outbound recyclable material averaged 79.80 per ton compared to \$ 71.86 per ton in the budget (which uses a five-year average). As a result, sale of recycling material revenues exceeded budget by \$109 thousand.

## Management's Discussion and Analysis, Continued

- 
- ✓ In FY 25, ecomaine sold 89,716 MWHs of electricity into the New England power grid, which was more than the anticipated budget of 86,912 MWHs. The market value of the power increased, averaging \$55.84 per MWH which compared favorably to the FY 25 budget of \$50.29 per MWH. As a result, revenue from the sale of energy totaled \$5.01 million in FY 25, which was more than the FY 25 budget by \$639 thousand.

*Total operating expenditures (budgetary basis) including depreciation expenses (\$30.22 million) were \$143 thousand favorable to the FY 25 budgeted expenses (\$30.07 million).*

- ✓ Departmental operating expenses (excluding depreciation) totaled \$26.14 million, as compared to budgeted departmental expenses of \$25.65 million for an unfavorable variance of \$489 thousand. *On the WTE side, expenditures were unfavorable due to major repair by \$222 thousand and bypass cost of \$1.04 million, due to additional bypass requirements associated with capacity needs. On the recycling side, wages and benefits were favorable (\$232 thousand). The Landfill department experienced favorable sewage charges (\$152 thousand positive when compared to budget) due to decreased rainfall. Additionally, depreciation (\$4.08 million) was \$346 thousand below budget of \$4.42 million.*

*Non-Operating Revenue (Expense) was favorable in FY 25 compared to budget with a positive variance of \$3.45 million primarily as a result of overall positive investment market of which created a \$2.65 million favorable variance, when compared to budget, and other factors.*

**Cash balances on hand (including Investment Reserves) increased in FY25 by \$4.37 million compared with FY24.**

- *The cash provided by Operations in FY 25 totaled \$5.32 million as compared to a \$5.11 million generated in FY 24.*
- *Stronger financial markets and other investment activities increased cash on hand by \$3.27 million.*
- *Capital expenditures were \$12.91 million and were less than the anticipated budget of \$38.8 million. The delay in anticipated bond expenditures was \$24.06 million, mainly due to scheduling and manufacturer lead time requirements.*

**Capital Assets (net of depreciation and excluding right to use assets) increased in FY 25 by \$3.87 million compared with FY 24.**

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.

Management's Discussion and Analysis, Continued

Capital Expenditures and Asset Values

Table 3

Capital Assets at June 30  
(Net of accumulated depreciation)

	June 30, 2025	June 30, 2024
Land	\$ 2,118,794	2,059,855
Construction in progress	7,031,564	2,132,779
Vehicles	1,292,929	1,492,149
Right to use assets	17,360,194	17,817,041
Office equipment	90,027	134,965
Recycling facility and equipment	1,790,249	2,185,482
Balefill/ashfill/leachate site	10,477,348	6,129,836
Waste-to-energy facility	25,425,337	25,261,877
Total capital assets	\$ 65,586,442	57,213,984

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, 2025, and 2024

	2025	2024
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 4,726,570	1,409,262
Accounts receivable, net	2,863,083	2,520,443
Lease receivable	1,122,995	1,163,577
Amounts held in escrow	9,209,527	164,446
Inventory	4,317,021	3,708,825
Prepaid expenses	1,068,116	1,048,738
Security deposits	100,000	100,000
Total current assets	23,407,312	10,115,291
Noncurrent assets:		
Land and other non-depreciable assets	9,150,358	4,192,634
Depreciable assets	89,695,859	81,748,318
Right to-use leased facility	18,197,747	18,197,747
Accumulated depreciation	(51,457,522)	(46,924,715)
Subtotal capital assets	65,586,442	57,213,984
Total noncurrent assets	65,586,442	57,213,984
Reserves:		
Cash and cash equivalents - reserves	5,236,226	4,622,908
Investment - reserves	21,952,826	21,517,192
Total reserves	27,189,052	26,140,100
Total noncurrent assets	92,775,494	83,354,084
<b>Total assets</b>	<b>116,182,806</b>	<b>93,469,375</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows of resources related to OPEB	28,045	51,604
<b>Total deferred outflows of resources</b>	<b>28,045</b>	<b>51,604</b>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	1,600,745	708,138
Accrued expenses	715,921	807,925
Accrued salaries	338,484	321,463
BAN payable	20,000,000	-
Current portion of facility lease payable	200,213	182,274
Current portion of long-term debt	1,335,368	1,476,036
Total current liabilities	24,190,731	3,495,836
Noncurrent liabilities:		
Other post-employment benefit liability	923,924	878,471
Accrued compensated absences	1,105,521	1,102,623
Accrued landfill closure and postclosure care liabilities	19,173,138	18,497,670
Facility lease payable, less current portion	17,657,917	17,675,856
Long term debt, less current portion	3,729,977	5,065,345
Total noncurrent liabilities	42,590,477	43,219,965
<b>Total liabilities</b>	<b>66,781,208</b>	<b>46,715,801</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows of resources related to OPEB	152,497	180,662
Deferred inflows of resources related to Tower Lease	1,062,953	1,132,923
<b>Total deferred inflows of resources</b>	<b>1,215,450</b>	<b>1,313,585</b>
<b>NET POSITION</b>		
Net investment in capital assets	31,708,048	32,978,919
Unrestricted	16,506,145	12,512,674
<b>Total net position</b>	<b>\$ 48,214,193</b>	<b>45,491,593</b>

*See accompanying notes to financial statements.*

**ecomaine**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**Years Ended June 30, 2025, and 2024**

	<b>2025</b>	<b>2024</b>
Operating revenues:		
Tipping fees	\$ 9,067,480	8,585,383
Electrical generating revenues	5,009,938	4,578,128
Commercial tipping fees and spot market waste	10,628,948	10,199,371
Recycling tipping fees	1,133,484	1,115,168
Recycling owner tipping fees	1,128,657	791,673
Sales of recycled goods	2,752,145	2,697,045
Other operating income	182,909	158,181
Total operating revenues	29,903,561	28,124,949
Operating expenses:		
Administrative expenses	4,617,094	3,807,396
Waste-to-energy operating expenses	14,870,964	13,040,461
Recycling operating expenses	3,059,590	2,922,061
Transportation operating expenses	715,575	676,484
Landfill/ashfill operating expenses	1,755,127	1,984,084
Landfill closure and postclosure care costs	675,469	496,903
Other post-employment benefits	40,847	22,361
Total operating expenses other than depreciation	25,734,666	22,949,750
Net operating income (loss) before depreciation	4,168,895	5,175,199
Depreciation	4,532,809	4,046,309
Net operating income (loss)	(363,914)	1,128,890
Non-operating revenues (expenses):		
Interest and dividend income	967,644	570,473
Grant revenue	188,997	-
Grant expense	(188,772)	-
Miscellaneous receipts	10,031	20,329
Interest expense	(1,240,251)	(342,582)
Gain (loss) on investments	2,742,365	2,487,057
Settlement proceeds	606,500	-
Gain (loss) on disposition of assets	-	11,909
Net non-operating revenue (expenses)	3,086,514	2,747,186
Change in net position	2,722,600	3,876,076
Total net position, beginning of year	45,491,593	41,615,517
<b>Total net position, end of year</b>	<b>\$ 48,214,193</b>	<b>45,491,593</b>

*See accompanying notes to financial statements.*

**ecomaine**  
**Statements of Cash Flows**  
**Years Ended June 30, 2025, and 2024**

	2025	2024
Cash flows from operating activities:		
Receipts from assessments and tipping fees	\$ 21,615,929	20,415,553
Receipts from electrical generating revenues	5,009,938	4,578,128
Receipts from other sources	3,771,133	2,861,959
Payments to employees	(10,890,744)	(9,458,794)
Payments to suppliers	(14,183,369)	(13,291,010)
Net cash and cash equivalents provided by (used in) operating activities	5,322,887	5,105,836
Cash flows from capital and related financing activities:		
Interest payments on debt	(784,041)	(170,238)
Bond issuance costs	(230,993)	-
Payments on facility lease	(407,494)	(329,688)
Payments on long term debt	(1,293,762)	(1,098,590)
Proceeds from long term debt	-	2,063,221
Payments on short term debt	(20,000,000)	-
Proceeds from short term debt	30,954,919	-
Purchases of property, plant and equipment	(12,905,265)	(6,680,653)
Sale of other assets	-	22,438
Net cash and cash equivalents provided by (used in) capital and related financing activities	(4,666,636)	(6,193,510)
Cash flows from investing activities:		
Sale (purchase) of investments	822,211	(5,085,435)
Gain on investments	1,484,520	4,912,559
Interest income	967,644	570,473
Net cash and cash equivalents provided by (used in) investing activities	3,274,375	397,597
Net increase (decrease) in cash	3,930,626	(690,077)
Cash and cash equivalents balance, beginning of year	6,032,170	6,722,247
Cash and cash equivalents balance, end of year	9,962,796	6,032,170
Less cash and cash equivalents - reserves	(5,236,226)	(4,622,908)
<b>Cash and cash equivalents</b>	<b>\$ 4,726,570</b>	<b>1,409,262</b>
Reconciliation of net operating income (loss) to net cash and cash equivalents provided by operating activities:		
Net operating income (loss)	\$ (363,914)	1,128,890
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities:		
Depreciation	4,532,809	4,046,309
Purchase discounts	10,031	20,329
Settlement proceeds	606,500	-
Grant revenue	188,997	-
Grant expense	(188,772)	-
(Increase) decrease in assets and deferred outflows:		
Accounts receivable	(342,640)	(276,042)
Lease receivable	40,582	(799,715)
Inventory	(608,196)	(337,386)
Prepaid expenses	(19,378)	(586,734)
Deferred outflows of resources	23,559	(51,604)
Increase (decrease) in liabilities and deferred inflows:		
Accounts payable	892,607	324,939
Accrued salaries	17,021	48,651
Accrued compensated absences	2,898	(7,722)
Accrued expenses	(92,004)	238,934
Other post-employment benefits liability	45,453	134,329
Accrued landfill closure and postclosure care liabilities	675,469	496,903
Deferred inflows of resources	(98,135)	725,755
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 5,322,887</b>	<b>5,105,836</b>
Noncash activities:		
Unrealized gains (losses) on investments	\$ 1,257,845	(2,425,502)
Debt proceeds not yet drawn down	9,045,081	164,446

*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 74 municipalities in southern Maine and New Hampshire. Owned and controlled by 20 of these municipalities at June 30, 2025, 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 \$26,028 and \$17,663 at June 30, 2025, and 2024, 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/amortization 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
Right-to-use leased facility	40 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 (Lessor)** - 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.

**Leases (Lessee):** ecomaine is a lessee for a noncancellable lease of a facility. ecomaine recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements. ecomaine recognizes lease liabilities with an initial, individual value of \$100,000 or more.

At the commencement of a lease, ecomaine initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

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

- ecomaine uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, ecomaine generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed.

ecomaine monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

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

**Income Taxes** - The organization is exempt from federal and state income taxes under Section 501 (c)(3) of the Internal Revenue Code, and therefore no liability or provision for income taxes has been recorded.

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

---

**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, 2025, and June 30, 2024, ecomaine had bank balances of \$5,027,749, and \$5,921,168, 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.

At June 30, 2025, ecomaine had the following investments and maturities:

		Fair Value	Less than 1 year	1-5 years	Level 1 inputs
Exchange Traded	\$	1,713,230	N/A	N/A	1,713,230
U.S. Government Securities		5,734,416	1,629,025	4,105,391	5,734,416
Equities/stock		14,505,180	N/A	N/A	14,505,180
<b>Total investments</b>	<b>\$</b>	<b>21,952,826</b>	<b>1,629,025</b>	<b>4,105,391</b>	<b>21,952,826</b>

At June 30, 2024, ecomaine had the following investments and maturities:

		Fair Value	Less than 1 year	1-5 years	Level 1 inputs
Mutual Funds	\$	725,648	N/A	N/A	725,648
Exchange Traded		2,099,722	N/A	N/A	2,099,722
U.S. Government Securities		5,534,766	4,056,001	1,478,765	5,534,766
Equities/stock		13,157,056	N/A	N/A	13,157,056
<b>Total investments</b>	<b>\$</b>	<b>21,517,192</b>	<b>4,056,001</b>	<b>1,478,765</b>	<b>21,517,192</b>

*Cash and Investment Reserves* - ecomaine's Board of Directors approved the establishment of cash and investment reserves, with the knowledge that general economic conditions and other needs may impact both the timing of the funding and the usage of such reserves in a manner not originally intended. Such reserves consist of the following:

Operating Cash Reserve - The funds are intended to provide for routine operating cash and financial security in the event of extraordinary events that cause either a significant decrease in operating revenues or a significant increase in operating expenses.

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

---

**DEPOSITS AND INVESTMENTS, CONTINUED**

---

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

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

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

Long-term Capital Reserve - The funds are intended to provide for large new capital projects which have not been provided for in the annual capital plan.

	<u>2025</u>	<u>2024</u>
Operating Cash Reserve	\$ 1,412,864	2,064,489
Landfill Closure Reserve – Required	332,663	318,908
Landfill Closure Reserve – Discretionary	18,767,269	16,391,117
Long-term Capital Reserve	5,678,341	4,980,711
Short-term Capital Reserve	997,915	2,384,875
<b>Total</b>	<b>\$ 27,189,052</b>	<b>26,140,100</b>

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

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

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

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

The investments in these funds are 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.

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

---

**DEPOSITS AND INVESTMENTS, CONTINUED**

---

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

*Credit Risk - investments:* Maine statutes authorize ecomaine to invest in obligations of the U.S. Treasury and U.S. agencies, repurchase agreements and certain corporate stocks and bonds. ecomaine does have a formal policy related to credit risk as is detailed above.

At June 30, 2025, ecomaine's investments were rated as follows by Standard & Poor's.

U.S. Government Securities with AA+ Ratings:	
United States Treasury Notes	\$ 5,690,047
Federal National Mortgage	19,737
Federal Home Loan Bank	24,632
<b>Total</b>	<b>\$ 5,734,416</b>

At June 30, 2024, ecomaine's investments were rated as follows by Standard & Poor's.

U.S. Government Securities with AA+ Ratings:	
United States Treasury Notes	\$ 3,239,579
Federal Farm Credit Bank	38,305
Federal National Mortgage	18,860
Federal Home Loan Bank	1,923,670
Federal Home Loan Mortgage Corp	314,352
<b>Total</b>	<b>\$ 5,534,766</b>

The remainder of ecomaine's investments are not rated.

---

**LEASES - LESSOR**

---

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, 2035. 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 2024, ecomaine entered into a new lease for space on its tower for cellular equipment. Under the terms of the lease, the lease may be extended for four five-year terms, expiring on February 29, 2044. Under the lease terms, ecomaine will receive monthly payments ranging from \$3,631 to \$6,366 through the end of the extension.

As of June 30, 2025, and 2024, ecomaine's receivable for lease payments was \$1,122,995 and \$1,163,577, respectively. ecomaine also has a deferred inflow of resources associated with the leases that will be recognized as revenue over the lease term.

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

---

**LEASES - LESSOR, CONTINUED**

---

As of June 30, 2025, and 2024, the balance of the deferred inflow of resources was \$1,062,953 and \$1,132,923, respectively.

The future principal and interest lease payments as of June 30, 2025, were as follows:

<u>Fiscal year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 45,459	33,073	78,532
2027	48,220	31,671	79,891
2028	51,106	30,185	81,291
2029	54,123	28,611	82,734
2030	58,107	26,943	85,050
2031-2035	347,667	104,793	452,460
2036-2040	263,975	59,377	323,352
2041-2044	254,338	14,822	269,160
<b>Total</b>	<b>\$ 1,122,995</b>	<b>329,475</b>	<b>1,452,470</b>

---

**LEASES - LESSEE**

---

In FY 2024, ecomaine entered into a lease as lessee for warehouse and office space for a property located, adjacent to our facility, at 90 Blueberry Road. The property is being developed to house our new Materials Recovery Facility (MRF) anticipated to be operational in 2026. An initial lease liability was recorded in the amount of \$18,197,747. As of June 30, 2025, the value of the lease liability was \$17,858,130. Under the terms of the lease, the lease is for 20 years with an additional 20-year extension available. Under the lease terms, ecomaine is required to make monthly payments ranging from \$32,969 to \$57,811 through the end of the original 20-year term. Thereafter, rents are adjusted to current market rates. The value of the right to use asset as of the end of the current fiscal year was \$18,197,747 and had accumulated amortization of \$837,553.

The future principal and interest lease payments as of June 30, 2025, were as follows:

<u>Fiscal year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 200,213	219,506	419,719
2027	219,068	213,242	432,310
2028	238,881	206,399	445,280
2029	259,690	198,948	458,638
2030	281,539	190,858	472,397
2031-2035	1,774,959	808,301	2,583,260
2036-2040	2,504,349	490,357	2,994,706
2041-2045	2,739,835	668,790	3,408,625
2046-2050	2,179,364	1,289,290	3,468,654
2051-2055	2,531,586	937,068	3,468,654
2056-2060	2,940,733	527,921	3,468,654
2061-2063	1,987,913	93,279	2,081,192
<b>Total</b>	<b>\$ 17,858,130</b>	<b>5,843,959</b>	<b>23,702,089</b>

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

**CAPITAL ASSETS**

Capital assets at June 30, 2025, and 2024, consisted of the following:

	Balance June 30, 2024	Additions	Deletions	Balance June 30, 2025
Capital assets, not being depreciated:				
Land-waste-to-energy/ashfill	\$ 2,059,855	58,939	-	2,118,794
Construction in progress	2,132,779	8,301,964	3,403,179	7,031,564
<b>Total capital assets, not being depreciated</b>	<b>4,192,634</b>	<b>8,360,903</b>	<b>3,403,179</b>	<b>9,150,358</b>
Capital assets being depreciated:				
Vehicles	3,105,219	163,716	-	3,268,935
Right to use assets	18,197,747	-	-	18,197,747
Office equipment	471,653	-	-	471,653
Recycling facility and equipment	9,525,098	113,470	-	9,638,568
Balefill/ashfill/leachate site	14,029,990	5,099,424	-	19,129,414
Waste-to-energy facility	54,616,358	2,570,931	-	57,187,289
<b>Total capital assets being depreciated</b>	<b>99,946,065</b>	<b>7,947,541</b>	<b>-</b>	<b>107,893,606</b>
Less accumulated depreciation:				
Vehicles	(1,613,070)	(362,936)	-	(1,976,006)
Right to use assets	(380,706)	(456,847)	-	(837,553)
Office equipment	(336,688)	(44,938)	-	(381,626)
Recycling facility and equipment	(7,339,616)	(508,703)	-	(7,848,319)
Balefill/ashfill/leachate site	(7,900,154)	(751,912)	-	(8,652,066)
Waste-to-energy facility	(29,354,481)	(2,407,471)	-	(31,761,952)
<b>Total accumulated depreciation</b>	<b>(46,924,715)</b>	<b>(4,532,807)</b>	<b>-</b>	<b>(51,457,522)</b>
<b>Total capital assets being depreciated, net</b>	<b>53,021,350</b>	<b>3,414,734</b>	<b>-</b>	<b>56,436,084</b>
<b>Total</b>	<b>\$ 57,213,984</b>	<b>11,775,637</b>	<b>3,403,179</b>	<b>65,586,442</b>

**NET INVESTMENT IN CAPITAL ASSETS**

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

	2025	2024
Capital assets	\$ 117,043,964	104,138,699
Accumulated depreciation	(51,457,522)	(46,924,715)
Long-term debt, including facility lease	(22,923,475)	(24,399,511)
Bond anticipation notes	(20,000,000)	-
Unspent debt proceeds	9,045,081	164,446
<b>Total net investment in capital assets</b>	<b>\$ 31,708,048</b>	<b>32,978,919</b>

**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, 2025:

<b><u>Long-term liabilities:</u></b>	<b><u>Beginning balance</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>Ending balance</u></b>	<b><u>Due within one year</u></b>
Financed purchases	\$ 6,359,107	-	1,293,762	5,065,345	1,335,368
Other postemployment benefit liability	878,471	45,453	-	923,924	-
Accrued compensated absences	1,102,623	2,898	-	1,105,521	-
Facility lease payable	18,040,404	-	182,274	17,858,130	200,213
Landfill closure and postclosure liability	18,497,670	675,468	-	19,173,138	-
<b>Total long-term liabilities</b>	<b>\$ 44,878,275</b>	<b>723,819</b>	<b>1,476,036</b>	<b>44,126,058</b>	<b>1,535,581</b>

---

**SHORT-TERM DEBT**

---

ecomaine issued bond anticipation notes for interim financing until long-term bonds are issued. The bond anticipation notes was for \$20,000,000, and \$20,000,000 with interest rates of 4.30%. Bond anticipation note activity for the year ended June 30, 2025, was as follows:

	<b><u>Beginning balance</u></b>	<b><u>Additions</u></b>	<b><u>Reductions</u></b>	<b><u>Ending balance</u></b>
TD Bank	-	40,000,000	20,000,000	20,000,000
<b>Total bond anticipation notes</b>	<b>\$ -</b>	<b>40,000,000</b>	<b>20,000,000</b>	<b>20,000,000</b>

---

**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, 2025.

<b><u>Fiscal year ending June 30,</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2026	\$ 1,335,368	173,685	1,509,053
2027	1,167,953	130,627	1,298,580
2028	771,211	93,057	864,268
2029	351,590	68,453	420,043
2030	364,021	56,023	420,044
2031-2034	1,075,202	100,498	1,175,700
<b>Total</b>	<b>\$ 5,065,345</b>	<b>622,343</b>	<b>5,687,688</b>

---



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

---

**POWER PURCHASE AGREEMENTS**

---

During the fiscal years ended June 30, 2025, and 2024, 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, 2027. At June 30, 2025, and 2024, electrical generating revenues amounted to \$5,009,938 and \$4,578,128, 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 2025, and 2024, and for specified employees this rate is different. For the years ended June 30, 2025, and 2024, the covered payroll totaled \$3,076,088 and \$2,861,717, respectively. Contribution expense amounted to \$283,814 and \$270,273 for the years ended June 30, 2025, and 2024, 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 \$195,324 and \$187,094 for the years ended June 30, 2025, and 2024, respectively, on covered payroll of \$4,557,740 and \$4,375,372, 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, 2025, 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 13,735 and \$13,155 for the years ended June 30, 2025, and 2024, respectively.

**Social Security** - ecomaine participates in the Social Security retirement program. ecomaine's contributions to Social Security were \$574,762 and \$552,629 for the years ended June 30, 2025, and 2024, 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:

	<b>Closed Balefill</b>	<b>Ashfill/Balefill</b>	<b>Total</b>	<b>Total</b>
	<b>6/30/2025</b>	<b>6/30/2025</b>	<b>6/30/2025</b>	<b>6/30/2024</b>
Total estimated future landfill closure and post-closure care costs	\$ 4,962,761	26,085,908	31,048,669	30,535,295
Estimated capacity used	100%	54.48%		
Estimated gross landfill closure and post-closure care costs	4,962,761	14,210,377	19,173,138	18,497,670
Amounts expended	-	-	-	-
Estimated liability for landfill closure and post-closure care costs – end of year	4,962,761	14,210,377	19,173,138	18,497,670
Estimated remaining landfill closure and post-closure care costs to be recognized	-	11,875,531	11,875,531	12,037,625
Estimated remaining years of post-closure	22	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, 2025, 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	72
Total	<u>74</u>

ecomaine  
Notes to Financial Statements, Continued

---

OTHER POSTEMPLOYMENT BENEFITS (OPEB), CONTINUED

---

**Total OPEB Liability**

Ecomaine's total OPEB liability of \$923,924 was measured as of January 1, 2025, and was determined by an actuarial valuation as of January 1, 2024.

**Actuarial Assumptions and Other Inputs** - The total OPEB liability in the January 1, 2025, 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	2.38% per year
Salary increases	2.75% per year
Discount rate	4.08%
Healthcare cost trend rates	10.14% Non-Medicare 7.66% Medicare, decreasing to 3.81% by 2045
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 4.08% 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, 2025, valuation were based on the results of an actuarial experience study for the period from June 30, 2016, through June 30, 2020.

**Changes in the Total OPEB Liability**

	<b>Total OPEB Liability</b>
Balance at June 30, 2024	\$ 878,471
Changes for the year:	
Service cost	55,930
Interest	30,147
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(21,163)
Benefit payments	(19,461)
Net changes	45,453
Balance at June 30, 2025	\$ 923,924

Change in assumptions reflects a change in the discount rate from 3.26% to 4.08%.

**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 4.08%, as well as what ecomaine's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point higher or lower than the current rate:

	<b>1% Decrease (3.08%)</b>	<b>Discount Rate (4.08%)</b>	<b>1% Increase (5.08%)</b>
Total OPEB liability	\$ 1,063,786	923,924	808,611

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

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rate</b>	<b>1% Increase</b>
Total OPEB liability	\$ 790,948	923,924	1,090,880

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

For the year ended June 30, 2025, ecomaine recognized OPEB gain of \$83,752. At June 30, 2025, ecomaine reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	152,497
Changes of assumption or other inputs	28,045	-
Total	\$ 28,045	152,497

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

<b>Year ended June 30:</b>	
2026	(15,968)
2027	(31,987)
2028	(39,971)
2029	(39,970)
2030	(2,232)
Thereafter	5,676

ecomaine  
Required Supplementary Information

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

	2025	2024	2023	2022	2021	2020	2019	2018
<b>Total OPEB Liability</b>								
Service cost	\$ 55,930	34,566	41,626	51,159	44,523	37,573	41,526	37,707
Interest	30,147	28,661	16,849	22,693	26,151	32,849	28,070	28,877
Changes of benefit terms	-	-	-	-	-	(21,832)	-	-
Differences between expected and actual experience	-	(44,154)	-	(257,966)	-	67,201	-	(5,591)
Changes of assumptions or other inputs	(21,163)	131,920	(84,443)	(43,969)	55,876	44,958	(68,612)	(1,977)
Benefit payments	<u>(19,461)</u>	<u>(16,664)</u>	<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	45,453	134,329	(38,214)	(245,608)	109,699	148,665	(10,635)	49,088
Total OPEB liability - beginning	<u>878,471</u>	<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>	<u>731,147</u>
<b>Total OPEB liability - ending</b>	<b>\$ <u>923,924</u></b>	<b><u>878,471</u></b>	<b><u>744,142</u></b>	<b><u>782,356</u></b>	<b><u>1,027,964</u></b>	<b><u>918,265</u></b>	<b><u>769,600</u></b>	<b><u>780,235</u></b>
Covered-employee payroll	\$ 5,905,189	5,905,189	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	15.65%	14.88%	16.56%	17.41%	22.98%	20.53%	17.19%	14.92%

\*Only eight years of information available.

ecomaine  
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>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Discount Rate	4.08%	3.26%	3.72%	2.06%	2.12%	2.74%	4.10%	3.44%

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

Mortality rates:

2017-2021	RP2014 Total Dataset Healthy Annuitant Mortality Table.
2022 and going forward	2010 Public Plan General Benefits- Weighted Employee Mortality Table.

\* 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.

ecomaine  
Budget to Actual  
For the Year Ended June 30, 2025

	Actual	Budget	Variance	Change
Operating revenues:				
Owners tipping fees	\$ 5,653,429	5,634,006	19,423	0.3%
Associate and contract tipping fees	3,414,051	3,580,767	(166,716)	-4.7%
Commercial tipping fees	10,152,122	9,484,846	667,276	7.0%
Spot market tipping fees	476,826	536,220	(59,394)	-11.1%
Electrical generating revenues	5,009,938	4,370,663	639,275	14.6%
Sales of recycled goods	2,752,145	2,643,190	108,955	4.1%
Recycling tipping fees	1,133,484	1,531,483	(397,999)	-26.0%
Recycling owner tipping fees	1,128,657	1,186,577	(57,920)	-4.9%
Other operating income	187,885	171,573	16,312	9.5%
Total operating revenues	29,908,537	29,139,325	769,212	2.6%
Operating expenses:				
Administrative expenses	4,617,094	4,654,115	37,021	0.8%
Waste-to-energy operating expenses	14,870,964	13,915,550	(955,414)	-6.9%
Recycling operating expenses	3,467,084	3,739,863	272,779	7.3%
Transportation operating expenses	715,575	792,073	76,498	9.7%
Landfill/ashfill operating expenses	1,755,127	1,825,454	70,327	3.9%
Contingency	-	250,000	250,000	100.0%
Landfill closure and postclosure care costs	675,469	444,001	(231,468)	-52.1%
Post-retirement benefit	40,847	31,707	(9,140)	-28.8%
Total operating expenses	26,142,160	25,652,763	(489,397)	-1.9%
Net operating income (loss) before depreciation	3,766,377	3,486,562	279,815	8.0%
Depreciation	4,075,962	4,422,000	346,038	7.8%
Net operating income (loss)	(309,585)	(935,438)	625,853	-66.9%
Non-operating revenues (expenses):				
Interest income	933,279	50,296	882,983	1755.6%
Grant revenue	188,997	-	-	n/a
Grant expense	(188,772)	-	-	n/a
Miscellaneous receipts	10,031	25,000	(14,969)	-59.9%
Interest expense	(1,015,031)	(1,231,631)	216,600	n/a
Gain (loss) on investments	2,742,365	980,000	1,762,365	179.8%
Settlement proceeds	606,500	-	606,500	n/a
Net non-operating revenues (expenses)	3,277,369	(176,335)	3,453,479	-1958.48%
Net income (budgetary basis)	2,967,784	(1,111,773)	4,079,332	n/a
Reconciliation to Statement of Revenues, Expenses and Changes in Net Position:				
Difference in revenue recognition Lessor	29,389			
Difference in expense recognition Lessee	(274,573)			
Change in net position	\$ 2,722,600			

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Finance and Audit Committee  
ecomaine

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of ecomaine, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise ecomaine's basic financial statements, and have issued our report thereon dated October 9, 2025.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered ecomaine's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of ecomaine's internal control. Accordingly, we do not express an opinion on the effectiveness of ecomaine's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether ecomaine's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS, CONTINUED**

During our audit, we became aware of a matter that is an opportunity for strengthening internal controls and operating efficiency. It has been described in the attached Schedule of Comments.

**ecomaine's Responses to the Other Comment**

*Government Auditing Standards* requires the auditor to perform limited procedures on ecomaine's response to the other comment identified in our audit and described in the accompanying schedule of findings and responses. ecomaine's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We wish to express our appreciation for the cooperation and assistance we received from the management and employees of ecomaine during the course of our audit.



October 9, 2025  
South Portland, Maine

ecomaine  
Schedule of Findings  
June 30, 2025

---

**Findings Required to be Reported Under *Government Auditing Standards***

None

**OTHER COMMENTS**

**Capital Assets**

During our testing of capital asset additions, we noted that one of the additions excluded retainage from a construction invoice at year end worth \$440K. In addition, we identified two projects that were included in capital asset additions that should have been excluded as they were for repairs and maintenance.

To ensure capital assets are correctly valued and properly classified:

- Management should perform a thorough review of all amounts included in capital asset additions and confirm they meet capitalization criteria.
- Invoices related to construction projects should be reviewed at year-end to identify and account for any retainage amounts appropriately.

***Management Response:*** Due to the complexity of ecomaine projects, it's been known to management that the standard guidance to differentiate between major repair (expense) vs fixed assets (capitalization) based on life and cost alone is insufficient. In fact, management has known and been monitoring this issue for years. The two projects in question amounted to \$392K combined, and the projects had expected useful life-of-the-work for much longer than a year. In addition, the work was done on equipment that has very long lifespans (30+ years). Nonetheless, management will continue to monitor, re-evaluate, educate and provide guidance to internal staff in regard to the classification of projects and how they should be budgeted and recorded. Management will also continue to educate our project management team to ensure that proper identification of accurate accrual for completed work is improved upon.