Handout

ecomaine

Financial Statements

For the Years Ended
June 30, 2026, and 2025

ecomaine
Financial Statements
For the Years Ended June 30, 2026, and 2025

Table of Contents

	Schedule	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		13-27
Required Supplementary Information, and notes		28
Other Information:		
Budget to Actual	1	29

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, 2026, and 2025, 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, 2026, and 2025, 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.

Change in Accounting Principle

As described in the notes to the financial statements, in 2026, ecomaine adopted new accounting guidance, *GASB Statement No. 103, Financial Reporting Model Improvements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, 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.

Other Information

Management is responsible for the other information included in the Financial Statements. The other information comprises the budget to actual but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2026, 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.

Runyon Kersteen Ouellette

September 15, 2026
South Portland, Maine

This discussion and analysis of ecomaine's financial performance provides an overall review of our financial activities for the year ended June 30, 2026. 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.

OVERVIEW OF THE FINANCIAL STATEMENTS

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.

FINANCIAL SUMMARY

The statements of net position look at ecomaine as a whole. Table 1 below is a summary of ecomaine's net position for 2026 with comparative numbers for 2025. 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, 2026	June 30, 2025
ASSETS			
Current	$	50,305,787	28,643,538
Capital assets, net		77,253,487	65,586,442
Investments		20,007,775	21,952,826
Total assets		147,567,049	116,182,806
DEFERRED OUTFLOWS		96,135	28,045
LIABILITIES			
Current		9,109,591	24,190,731
Long-term liabilities		81,496,518	42,590,477
Total liabilities		90,606,109	66,781,208

Table 1, continued

		June 30, 2026	June 30, 2025
DEFERRED INFLOWS		1,132,982	1,215,450
NET POSITION			
Net investment in capital assets		38,803,710	31,708,048
Unrestricted, unavailable		5,402,028	-
Unrestricted, available		11,718,355	16,506,145
Total net position	$	55,924,093	48,214,193

Table 2
Comparing FY 26 to FY 25

		FY 2026	FY 2025	Increase (decrease)
REVENUES				
Operating revenues	$	38,783,926	30,709,089	8,074,837
OPERATING EXPENSES				
Administration		4,574,671	4,617,094	(42,423)
Waste-to-energy operations		14,151,359	14,870,964	(719,605)
Recycling operations		3,317,857	3,059,590	258,267
Transportation operating expenses		2,929,432	715,575	2,213,857
Landfill/ashfill operating expenses		1,932,995	1,755,127	177,868
Landfill closure and post closer costs		673,874	675,469	(1,595)
Other postemployment benefits		(727,364)	40,847	(768,211)
Grant expenses		408,528	188,772	219,756
Depreciation and amortization		5,310,727	4,532,809	777,918
Total operating expenses		32,572,079	30,456,247	2,115,832
NON-OPERATING REVENUES (EXPENSES)				
Interest income		1,160,319	967,644	192,675
Interest expense		(2,349,221)	(1,240,251)	(1,108,970)
Gain (loss) on investments		2,585,719	2,742,365	(156,646)
All other		101,236	-	101,236
Net non-operating revenues		1,498,053	2,469,758	(971,705)
Increase (decrease) in net position	$	7,709,900	2,722,600	4,987,300

Details for Table 2 can be found in the Statements of Revenues, Expenses, and Changes in Net Position on page 11 of the financial statements.

DETAILED ANALYSIS

The total Net Position for ecomaine increased by $7.71 million from $48.21 million at the end of FY 25 to $55.92 million at the end of FY 26.

- *Total assets for ecomaine increased by $31.38 million from $116.18 million in FY 25 to a total of $147.57 million in FY 26.*

  - ✓ Current assets increased by $21.66 million from $28.64 million in FY 25 to $50.31 million in FY 26 resulting primarily from an increase in notes receivable from the new owners of $5.40 million, and amounts held in escrow by $16.20 million due to the bond financing. Operationally, cash, accounts receivable, lease receivable, inventory and prepaid expenses decreased by $1.07 million.

  - ✓ Depreciable capital assets (excluding right-to-use assets and related amortization) net of depreciation increased $1.37 million from $39.08 million in FY 25 to $40.44 million in FY 26 due to the net increase of capital investments of $6.10 million in depreciable assets exceeding depreciation expense of $4.74 million in FY 26.

- *Total Liabilities for ecomaine increased from $66.78 million at the end of FY 25 to $90.61 million at the end of FY 26.*

  - ✓ Current Liabilities decreased from $24.19 million in FY 25 to $9.11 million in FY 26, primarily due to the net decrease of $20 million in bond anticipation notes, which were paid off when the 2025 bond series was issued, at the end of the calendar year 2025. Operationally, accounts payable increased by $2.21 million, and current portion of long-term debt increased by $2.07 million.

  - ✓ Long-term liabilities increased $38.91 million, primarily as ecomaine acquired an additional $38.32 million of debt (net of payments of prior debts) to build and/or replace aging infrastructure at all three facilities, including the new recycling facility for the purchase and install of the new sorting equipment. As usual, increases in both inflationary costs, operational usage, and other factors, of the accrued landfill closure and post closure care liabilities resulted in an increase of $674 thousand in FY26.

FY 26 Revenue less Expenses (change in net position) was an increase of $7.71 million compared to the FY 25 increase of $2.72 million, reflecting a continued favorable operating result.

- *FY 26 revenues ($38.78 million) were up $8.07 million from FY 25 Revenues ($30.71 million).*

  - ✓ Total solid waste volume received by ecomaine was up by 3.20% totaling 195,206 tons in FY26 compared with 189,159 tons in FY25. Overall waste tipping fees were $109.57 per ton in FY26 compared to $104.13 in FY25. This 5.22% increase in waste tipping fees per ton along with the increase in tonnage resulted in an 8.58% increase in WTE tipping fee revenue for FY26. Tipping fees for solid waste totaled $21.39 million in FY26 compared to $19.70 million in FY25.

  - ✓ Inbound recycling volume totaled 36,052 tons in FY26, a 7.35% increase from FY25, which was 33,583 tons, while in FY26 market value for outbound recycling material averaged $50.95 per ton, as compared to FY25's rate of $ 79.80 per ton, a 36.15% decrease. As a result, FY26 recycling sale of recycled goods were down by $676 thousand.

- ✓ ecomaine sold 86,903 MWHs of electricity into the New England power grid, which was down by 3.14% from FY25's 89,716 MWHs. The market value of the power averaged $72.69 per MWH which was up 30.18% from FY25's $55.84 per MWH. As a result, revenue from the sale of energy totaled $6.32 million in FY26, up 26.15% from FY25's $5.01 million.

- o Total operating expenses ($32.57 million) were $2.12 million more than FY25 expenses of $30.46 million. An increase of $263 thousand of bypass expense was noted in the transportation department due to additional bypass requirements associated with capacity needs. Payroll was an additional $966 thousand due to staffing at required levels and at WTE, and the annual shut down and spare parts usage contributed an additional unfavorable expense of $527 thousand due to additional needed maintenance.

- o Net non-operating revenue decreased by $972 thousand during the year, primarily due to the increase in interest expense, which totaled an increase of $1.11 million, then offset by $193 thousand due to other interest and dividend income.

Cash balances on hand (including Investment Reserves) totaled $29.54 million at year end FY26, which was a decrease of $2.38 million from FY25 of $31.92 million.

- o Cash provided by Operations in FY26 totaled $8 million which was $2.68 million more than in FY25 of $5.32 million. Receipts from tipping fees and electrical generation revenues totaled $30.15 million in FY26 and $26.63 million in FY25, and increased by a total of $3.52 million. This is primarily due to an increase in tonnage and rates, and improvement of rates within the power purchasing contract. However, both payments to employees and suppliers also increased by $176 thousand. FY 26 resulted in an increase of cash generated by operations by $2.68 million.

- o Cash provided by capital and related financing activities resulted in an overall usage of $14.13 million in FY26, $4.67 million in FY25, an increase of $9.46 million. In FY26, the overall outflow related to debt interest and bond issuance was $2.19 million in FY26, when compared to $1.24 million in FY25, which resulted in an increase usage of $946 thousand when comparing year to year. Cash usage for current and past capital improvements contributed to an $12.04 million usage in FY26 as we continue to make good on our prior debt and build infrastructure to ensure efficient operation for our communities.

Cash provided by investing activities overall improved our FY26 cash position by $5.69 million, when compared to $3.27 million in FY25, this was an increase of $2.42 million.

SIGNIGICANT CAPITAL ASSET AND LONG-TERM FINANCING ACTIVITY

Capital Assets (net of depreciation) increased in FY26 by $11.67 million compared with FY25.

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

Capital Expenditures and Asset Values
Table 3
Capital Assets at June 30
(Net of accumulated depreciation)

	June 30, 2026	June 30, 2025
Land	$ 2,118,794	2,118,794
Construction in progress	17,789,530	7,031,564
Vehicles	2,410,737	1,292,929
Right to use assets - buildings	16,903,347	17,360,194
Office equipment	204,394	90,027
Recycling facility and equipment	1,374,781	1,790,249
Balefill/ashfill/leachate site	9,553,527	10,477,348
Waste-to-energy facility	26,898,377	25,425,337
Total capital assets	$ 77,253,487	65,586,442

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

ecomaine is aware of the following items that will impact future finances and were considered in developing the FY2027 fiscal year budget.

Economic developments

As growth continues to occur naturally in the Southern Maine metro area, ecomaine continues to anticipate growth of waste and recycling tonnages. Budgeted tipping fee continues to reflect an increase based on the anticipated inflation in the region.

With the new recycling facility coming online at 90 Blueberry, ecomaine will continue to seek new recycling tonnage sources from municipalities and more.

Healthcare and postemployment benefits.

The premiums for employee healthcare are set by the Maine Municipal Employee Health Trust, which ecomaine is a member of, to provide health insurance coverage to its employees.

The funding of pension and other postemployment benefit continues to be done on a current basis. Although the two unions at ecomaine, Local 4 primarily consists of members who operate heavy machinery, and Local 877 includes the rest of the staff at ecomaine, excluding management, has a future defined benefit plan; however, ecomaine is not the primary party responsible for the growth of the funding. ecomaine contributes the negotiated percentage of worked wages to Central Pension Fund, who is primarily responsible to fully fund the retirees' defined benefit plan. Management staff at ecomaine has a defined contribution retirement plan, which ecomaine makes contributions to on a biweekly basis following each payroll cycle.

As reported on the FY26 statements, ecomaine has a $277 thousand liability related to the OPEB plans. The expected effect of this in the upcoming fiscal year continues to be minimal.

New revenues

One significant new revenue for ecomaine in the FY26 fiscal year is the new owner joinder agreement revenue (listed as "Joinder agreements" on the Statement of Revenues and Expense) of $5.6 million. This is the recognition of the payment agreement for the new owner municipalities joining ecomaine. These agreements are payable to ecomaine over the course of 30 years, with 29 remainder payments listed as "Note Receivable" on the Statement of Net Position. ecomaine expects and will continue to seek new owners to join ecomaine, as it continues to position its recycling and waste tonnage sources to be from more municipality sources. Although Joinder agreements is a new line for ecomaine, it's expected to be a reoccurring theme going forward.

Union negotiations

At ecomaine, there are two unions, Local 877 and Local 4. Local 4 primarily consists of members who operate heavy machinery, and Local 877 includes the rest of the staff at ecomaine, excluding management. Although there are two unions, they both agreed to negotiate under one collective bargaining unit. The current collective bargaining unit contract became effective on July 1, 2025, and is set to expire on June 30, 2028. The last time a full contract that was negotiated expired, on June 30, 2021, it was extended through two two-year agreements. The expected negotiation at the end of the current contract isn't until the FY28.

The board of ecomaine has approved the FY27 budget of which we are anticipating a net loss of $1.5 million; due to the non-profit status of ecomaine, management opted to budget in a net loss as prior years ecomaine has experienced net gains. In this approved budget, ecomaine anticipates an operating revenue of $34.3 million to cover the budgeted cash expense of $27.4 million, and an additional $7.9 million of non-cash expenses, which consists of depreciation and other non-cash expenses. Management also budgeted a net non-operating loss of $602 thousand which primarily consists of a $1.2 million gain on investment income and offsetting it with a Lease/Bond interest expense of $1.9 million. Overall, ecomaine expects a net loss of $1.5 million on the FY27 approved budget.

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 Wei Po Huang, Director of Finance and Administration, at (207) 523-3107.

ecomaine
Statements of Net Position
June 30, 2026, and 2025

	2026	2025
ASSETS		
Current assets:		
Cash and cash equivalents	$ 3,165,344	4,726,570
Accounts receivable, net	3,443,009	2,863,083
Notes receivable	5,402,028	-
Lease receivable	1,077,536	1,122,995
Amounts held in escrow	25,412,281	9,209,527
Inventory	4,322,612	4,317,021
Prepaid expenses	1,015,813	1,068,116
Security deposits	100,000	100,000
Total current assets	43,938,623	23,407,312
Noncurrent assets:		
Land and other non-depreciable assets	19,908,324	9,150,358
Depreciable assets	95,797,188	89,695,859
Right to-use asset - buildings	18,197,747	18,197,747
Accumulated depreciation/amortization	(56,649,772)	(51,457,522)
Subtotal capital assets	77,253,487	65,586,442
Reserves:		
Cash and cash equivalents - reserves	6,367,164	5,236,226
Investment - reserves	20,007,775	21,952,826
Total reserves	26,374,939	27,189,052
Total noncurrent assets	103,628,426	92,775,494
Total assets	**147,567,049**	**116,182,806**
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to OPEB	96,135	28,045
Total deferred outflows of resources	**96,135**	**28,045**
LIABILITIES		
Current liabilities:		
Accounts payable	3,815,340	1,600,745
Accrued expenses	1,259,381	715,921
Accrued salaries	411,668	338,484
BAN payable	-	20,000,000
Current portion of lease payable	219,068	200,213
Current portion of long-term debt	3,404,134	1,335,368
Total current liabilities	9,109,591	24,190,731
Noncurrent liabilities:		
Other post-employment benefit liability	277,147	923,924
Accrued compensated absences	1,133,503	1,105,521
Accrued landfill closure and postclosure care liabilities	19,847,012	19,173,138
Lease payable, less current portion	17,438,849	17,657,917
Long term debt, less current portion	42,800,007	3,729,977
Total noncurrent liabilities	81,496,518	42,590,477
Total liabilities	**90,606,109**	**66,781,208**
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to OPEB	140,000	152,497
Deferred inflows of resources related to Tower Lease	992,982	1,062,953
Total deferred inflows of resources	**1,132,982**	**1,215,450**
NET POSITION		
Net investment in capital assets	38,803,710	31,708,048
Unrestricted, unavailable - Long term note receivable	5,402,028	-
Unrestricted, available	11,718,355	16,506,145
Total net position	**$ 55,924,093**	**48,214,193**

See accompanying notes to financial statements.

ecomaine
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2026, and 2025

		2026	2025
Operating revenues:			
Tipping fees	$	10,944,606	9,067,480
Electrical generating revenues		6,316,923	5,009,938
Commercial tipping fees and spot market waste		10,444,852	10,628,948
Recycling tipping fees		1,107,374	1,133,484
Recycling owner tipping fees		1,725,092	1,128,657
Sales of recycled goods		2,075,920	2,752,145
Joinder agreements		5,588,303	-
Other operating income		172,328	192,940
Settlement proceeds		-	606,500
Grant revenue		408,528	188,997
Total operating revenues		38,783,926	30,709,089
Operating expenses:			
Administrative expenses		4,574,671	4,617,094
Waste-to-energy operating expenses		14,151,359	14,870,964
Recycling operating expenses		3,317,857	3,059,590
Transportation operating expenses		2,929,432	715,575
Landfill/ashfill operating expenses		1,932,995	1,755,127
Landfill closure and postclosure care costs		673,874	675,469
Other post-employment benefits		(727,364)	40,847
Grant expense		408,528	188,772
Depreciation/amortization		5,310,727	4,532,809
Total operating expenses		32,572,079	30,456,247
Operating income (loss)		6,211,847	252,842
nonoperating revenues (expenses)			
Interest and dividend income		1,160,319	967,644
Interest expense		(2,349,221)	(1,240,251)
Gain (loss) on investments		2,585,719	2,742,365
Gain on sale of assets		101,236	-
Net other nonoperating revenue (expenses)		1,498,053	2,469,758
Increase in net position		7,709,900	2,722,600
Total net position, beginning of year		48,214,193	45,491,593
Total net position, end of year	**$**	**55,924,093**	**48,214,193**

See accompanying notes to financial statements.

ecomaine
Statements of Cash Flows
Years Ended June 30, 2026, and 2025

		2026	2025
Cash flows from operating activities:			
Receipts from assessments and tipping fees	$	23,828,273	21,615,929
Receipts from electrical generating revenues		6,316,923	5,009,938
Receipts from other sources		3,110,763	3,771,133
Payments to employees		(11,811,259)	(10,890,744)
Payments to suppliers		(13,438,585)	(14,183,369)
Net cash and cash equivalents provided by (used in) operating activities		8,006,115	5,322,887
Cash flows from capital and related financing activities:			
Interest payments on debt		(1,607,324)	(1,009,261)
Bond issuance costs		(579,004)	(230,993)
Payments on lease		(200,213)	(182,274)
Payments on long term debt		(1,127,851)	(1,293,762)
Proceeds from long term debt		14,445,762	-
Premium on long term debt		3,020,504	-
Payments on short term debt		(20,000,000)	(20,000,000)
Proceeds from short term debt		8,797,170	30,954,919
Purchases of property, plant and equipment		(16,977,772)	(12,905,265)
Sale of other assets		101,236	-
Net cash and cash equivalents provided by (used in) capital and related financing activities		(14,127,492)	(4,666,636)
Cash flows from investing activities:			
Sale (purchase) of investments		14,366,813	822,211
Gain on investments		(9,836,043)	1,484,520
Interest income		1,160,319	967,644
Net cash and cash equivalents provided by (used in) investing activities		5,691,089	3,274,375
Net increase (decrease) in cash		(430,288)	3,930,626
Cash and cash equivalents balance, beginning of year		9,962,796	6,032,170
Cash and cash equivalents balance, end of year		9,532,508	9,962,796
Less cash and cash equivalents - reserves		(6,367,164)	(5,236,226)
Cash and cash equivalents	**$**	**3,165,344**	**4,726,570**
Reconciliation of net operating income (loss) to net cash and cash equivalents provided by operating activities:			
Net operating income (loss)	$	6,211,847	252,842
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities:			
Depreciation		5,310,727	4,532,809
(Increase) decrease in assets and deferred outflows:			
Accounts receivable		(579,926)	(342,640)
Notes receivable		(5,402,028)	-
Lease receivable		45,459	40,582
Inventory		(5,591)	(608,196)
Prepaid expenses		52,303	(19,378)
Deferred outflows of resources		(68,090)	23,559
Increase (decrease) in liabilities and deferred inflows:			
Accounts payable		2,214,595	892,607
Accrued salaries		73,184	17,021
Accrued compensated absences		27,982	2,898
Accrued expenses		181,024	(92,004)
Other post-employment benefits liability		(646,777)	45,453
Accrued landfill closure and postclosure care liabilities		673,874	675,469
Deferred inflows of resources		(82,468)	(98,135)
Net cash provided by (used in) operating activities	**$**	**8,006,115**	**5,322,887**
Noncash activities:			
Unrealized gains (losses) on investments	$	12,421,762	1,257,845
Debt proceeds not yet drawn down		24,999,238	9,045,081

See accompanying 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 26 of these municipalities at June 30, 2026, 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 revenues and expenses. Nonoperating revenues and expenses are any (1) contributions to permanent and term endowments; (2) finance related revenues and expenses; (3) gain and losses from disposals of capital assets and inventory; (4) investment income and expenses; and (5) subsidies received and provided. All revenues and expenses not meeting the definitions of nonoperating revenues and expenses are reported as operating 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, and 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 $31,449 and $26,028 at June 30, 2026, and 2025, 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.

Notes Receivable – Notes receivable represents arrangements entered into by the organization and communities to buy into ownership. Financing for the transactions were provided by the organization to pay over a term of 30 years. The balance in notes receivable as of June 30, 2026, was $5,402,028.

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES, CONTINUED

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

Depreciation/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 asset – Building	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 assets 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, and amounts to be recognized as lease revenue in future periods.

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.

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 building. 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.

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, 2026, and June 30, 2025, ecomaine had bank balances of $3,126,851, and $5,027,749, 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, 2026, ecomaine had the following investments and maturities:

	Fair Value	Less than 1 year	1-5 years	Level 1 inputs
Exchange Traded Funds	1,414,134	N/A	N/A	1,414,134
U.S. Government Securities	3,890,743	1,853,217	2,037,526	3,890,743
Equities/stock	14,702,898	N/A	N/A	14,702,898
Total investments	**$ 20,007,775**	**1,853,217**	**2,037,526**	**20,007,775**

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 Funds	$ 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
Total investments	**$ 21,952,826**	**1,629,025**	**4,105,391**	**21,952,826**

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.

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.

		2026	2025
Operating Cash Reserve	$	1,466,377	1,412,864
Landfill Closure Reserve – Required		341,894	332,663
Landfill Closure Reserve – Discretionary		17,153,279	18,767,269
Long-term Capital Reserve		6,377,680	5,678,341
Short-term Capital Reserve		1,035,709	997,915
Total	**$**	**26,374,939**	**27,189,052**

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.

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, 2026, ecomaine's investments were rated as follows by Standard & Poor's.

U.S. Government Securities with AA+ Ratings:		
United States Treasury Notes	$	3,890,743
Total	**$**	**3,890,743**

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
Total	**$**	**5,734,416**

The remainder of ecomaine's investments are not rated.

LEASES - LESSOR

In fiscal year 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 fiscal year 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, 2026, and 2025, ecomaine's receivable for lease payments was $1,077,536 and $1,122,995, respectively. ecomaine also has a deferred inflow of resources associated with the leases that will be recognized as revenue over the lease term.

As of June 30, 2026, and 2025, the balance of the deferred inflow of resources was $992,982 and $1,062,953, respectively.

LEASES - LESSOR, CONTINUED

The future principal and interest lease payments as of June 30, 2026, were as follows:

Fiscal year ending June 30,		Principal	Interest	Total
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		63,960	25,110	89,070
2032-2036		329,685	94,610	424,295
2037-2041		281,838	51,214	333,052
2042-2044		190,497	8,058	198,555
Total	**$**	**1,077,536**	**296,402**	**1,373,938**

LEASES - LESSEE

In fiscal year 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, 2026, the value of the lease liability was $17,657,917. 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 $1,294,400.

The future principal and interest lease payments as of June 30, 2026, were as follows:

Fiscal year ending June 30,		Principal	Interest	Total
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		304,470	182,098	486,568
2032-2036		1,907,519	753,239	2,660,758
2037-2041		2,671,608	412,940	3,084,548
2042-2046		2,545,699	902,750	3,448,449
2047-2051		2,245,652	1,223,002	3,468,654
2052-2056		2,608,587	860,067	3,468,654
2057-2061		3,030,178	438,476	3,468,654
2062-2063		1,345,026	42,434	1,387,460
Total	**$**	**17,657,917**	**5,624,453**	**23,282,370**

CAPITAL ASSETS

Capital assets at June 30, 2026, and 2025, consisted of the following:

	Balance June 30, 2025	Additions	Deletions	Balance June 30, 2026
Capital assets, not being depreciated/amortized:				
Land-waste-to-energy/ashfill	$ 2,118,794	-	-	2,118,794
Construction in progress	7,031,564	11,952,065	1,194,099	17,789,530
Total capital assets, not being depreciated/amortized	9,150,358	11,952,065	1,194,099	19,908,324
Capital assets being depreciated/amortized:				
Vehicles	3,268,935	1,536,568	118,477	4,687,026
Right to use assets – buildings	18,197,747	-	-	18,197,747
Office equipment	471,653	151,173	-	622,826
Recycling facility and equipment	9,638,568	49,980	-	9,688,548
Balefill/ashfill/leachate site	19,129,414	466,267	-	19,595,681
Waste-to-energy facility	57,187,289	4,015,818	-	61,203,107
Total capital assets being depreciated/amortized	107,893,606	6,219,806	118,477	113,994,935
Less accumulated depreciation/amortization:				
Vehicles	(1,976,006)	(418,760)	118,477	(2,276,289)
Right to use assets – buildings	(837,553)	(456,847)	-	(1,294,400)
Office equipment	(381,626)	(36,806)	-	(418,432)
Recycling facility and equipment	(7,848,319)	(465,448)	-	(8,313,767)
Balefill/ashfill/leachate site	(8,652,066)	(1,390,088)	-	(10,042,154)
Waste-to-energy facility	(31,761,952)	(2,542,778)	-	(34,304,730)
Total accumulated depreciation/amortization	(51,457,522)	(5,310,727)	118,477	(56,649,772)
Total capital assets being depreciated/amortized, net	56,436,084	909,079	-	57,345,163
Total	**$ 65,586,442**	**12,861,144**	**1,194,099**	**77,253,487**

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:

		2026	2025
Capital assets	$	133,903,259	117,043,964
Accumulated depreciation		(56,649,772)	(51,457,522)
Long-term debt, including lease and premium		(63,862,058)	(22,923,475)
Bond anticipation notes		-	(20,000,000)
Unspent debt proceeds		25,412,281	9,045,081
Total net investment in capital assets	**$**	**38,803,710**	**31,708,048**

LONG-TERM LIABILITIES

The following is a summary of long-term liability transactions of ecomaine for the year ended June 30, 2026:

Long-term liabilities:		Beginning balance	Additions	Deletions	Ending balance	Due within one year
General obligation bonds	$	-	39,445,000	-	39,445,000	1,710,000
Premium on bonds		-	3,020,504	198,856	2,821,648	318,665
Financed purchases		5,065,345	-	1,127,852	3,937,493	1,375,469
Other postemployment benefit liability		923,924	-	646,777	277,147	-
Accrued compensated absences*		1,105,521	27,982	-	1,133,503	-
Lease payable		17,858,130	-	200,213	17,657,917	219,068
Landfill closure and postclosure liability		19,173,138	673,874	-	19,847,012	-
Total long-term liabilities	**$**	**44,126,058**	**43,167,360**	**2,173,698**	**85,119,720**	**3,623,202**

* - Presented as net change.

SHORT-TERM DEBT

ecomaine issued a bond anticipation note for interim financing until long-term bonds are issued. The bond anticipation note was for $20,000,000 with an interest rate of 4.30%. Bond anticipation note activity for the year ended June 30, 2026, was as follows:

	Beginning balance	Additions	Reductions	Ending balance
TD Bank	$ 20,000,000	-	20,000,000	-
Total bond anticipation notes	**$ 20,000,000**	-	20,000,000	-

FINANCED PURCHASES

ecomaine has entered into financed purchase agreements as lessee for financing the acquisition of equipment.. These agreements have been recorded at the present value of the future minimum payments as of the date of inception. Financed purchase agreements are collateralized by the assets underlying the agreements.

The following is a schedule of future minimum financed purchase payments under the financed purchases at June 30, 2026.

Fiscal year ending June 30,		Principal	Interest	Total
2027	$	1,375,469	140,266	1,515,735
2028		771,213	93,057	864,270
2029		351,590	68,453	420,043
2030		364,021	56,023	420,044
2031		376,945	43,098	420,043
2032-2036		698,255	57,401	755,656
Total	**$**	**3,937,493**	**458,298**	**4,395,791**

GENERAL OBLIGATION BONDS

ecomaine has issued a general obligation bond to finance the construction of the new materials recycling facility. The bonds were issued on December 10, 2025, and have interest rates from 5.00%-5.25% with a final maturity of October 15, 2045.

The annual requirements to amortize the general obligation bonds payable as of June 30, 2026, are as follows:

Fiscal year ending June 30,		Principal	Interest	Total
2027	$	1,710,000	1,960,538	3,670,538
2028		2,100,000	1,865,288	3,965,288
2029		2,210,000	1,757,538	3,967,538
2030		2,325,000	1,644,163	3,969,163
2031		2,435,000	1,525,163	3,960,163
2032-2036		9,150,000	6,060,940	15,210,940
2037-2041		9,100,000	3,938,440	13,038,440
2042-2046		10,415,000	1,422,619	11,837,619
Total	**$**	**39,445,000**	**20,174,689**	**59,619,689**

POWER PURCHASE AGREEMENTS

During the fiscal years ended June 30, 2026, and 2025, 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, 2026, and 2025, electrical generating revenues amounted to $6,316,923 and $5,009,938, 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 2026, and 2025, and for specified employees this rate is different. For the years ended June 30, 2026, and 2025, the covered payroll totaled $3,267,768 and $3,076,088, respectively. Contribution expense amounted to $287,090 and $283,814 for the years ended June 30, 2026, and 2025, 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 $197,412 and $195,324 for the years ended June 30, 2026, and 2025, respectively, on covered payroll of $5,042,603 and $4,557,740 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, 2026, 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 $14,087 and $13,735 for the years ended June 30, 2026, and 2025, respectively.

Social Security - ecomaine participates in the Social Security retirement program. ecomaine's contributions to Social Security were $630,134 and $574,762 for the years ended June 30, 2026, and 2025, 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.

LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS, CONTINUED

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

	Closed Balefill	Ashfill/Balefill	Total	Total
	6/30/2026	6/30/2026	6/30/2026	6/30/2025
Total estimated future landfill closure and post-closure care costs	$ 4,831,925	26,607,626	31,439,551	31,048,669
Estimated capacity used	100%	56%	N/A	N/A
Estimated gross landfill closure and post-closure care costs	4,831,925	15,015,087	19,847,012	19,173,138
Amounts expended	-	-	-	-
Estimated liability for landfill closure and post-closure care costs – end of year	4,831,925	15,015,087	19,847,012	19,173,138
Estimated remaining landfill closure and post-closure care costs to be recognized	-	11,592,539	11,592,539	11,875,531
Estimated remaining years of post-closure	21	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, 2026, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	3
Inactive employees or beneficiaries not receiving benefits	-
Active employees	74
Total	77

OTHER POSTEMPLOYMENT BENEFITS (OPEB), CONTINUED

Total OPEB Liability

Ecomaine's total OPEB liability of $277,147 was measured as of January 1, 2026, and was determined by an actuarial valuation as of that same date.

Actuarial Assumptions and Other Inputs - The total OPEB liability in the January 1, 2026, actuarial valuation was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75% per year
Salary increases	2.75% per year
Discount rate	4.83%
Healthcare cost trend rates	10.83% decreasing to 4.39% by 2046
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 4.83% 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, 2026, valuation were based on the results of an actuarial experience study for the period from June 30, 2016, through June 30, 2020.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2025	$ 923,924
Changes for the year:	
Service cost	52,869
Interest	39,345
Changes in benefit terms	(786,545)
Differences between expected and actual experience	(17,625)
Changes in assumptions or other inputs	90,322
Benefit payments	(25,143)
Net changes	(646,777)
Balance at June 30, 2026	$ 277,147

Change in assumptions reflects a change in the discount rate from 4.08% to 4.83%.

Change in benefits for fiscal year 2026 refers to the migration from the prior self-insured Retiree Group Companion Plan to the fully insured Medicare Advantage Prescription Drug Plan.

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 4.83%, as well as what ecomaine's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point higher or lower than the current rate:

	1% Decrease (3.83%)	Discount Rate (4.83%)	1% Increase (5.83%)
Total OPEB liability	$ 299,898	277,147	257,425

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

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB liability	$ 256,337	277,147	302,063

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

For the year ended June 30, 2026, ecomaine recognized OPEB gain of $714,792. At June 30, 2026, ecomaine reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	140,000
Changes of assumption or other inputs	96,135	-
Total	$ 96,135	140,000

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

Year ended June 30:	
2027	(23,909)
2028	(31,893)
2029	(31,892)
2030	5,846
2031	16,402
Thereafter	21,581

NEW ACCOUNTING PRONOUNCEMENT

In fiscal year 2026, the organization adopted GASB Statement No. 103, *Financial Reporting Model Improvements.* The Pronouncement changes the definition of operating and nonoperating revenues and expenses for enterprise funds. Therefore, amounts that were previously shown as nonoperating revenues or expenses are now included in operating revenues or expenses. Amounts on the Statements of Revenues, Expenses and Changes in Net Position and the Statements of Cash Flows have been reclassified to make the two years presented comparable.

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

Year	Service cost	Interest	Changes of benefit terms	Differences between expected and actual experience	Changes of assumptions or other inputs	Benefit payments	Net change in total OPEB Liability	Total OPEB liability - beginning	Total OPEB liability - ending	Covered-employee payroll	Total OPEB liability as a percent of covered-employee payroll	Discount Rate
2026	52,869	39,345	(786,545)	(17,625)	90,322	(25,143)	(646,777)	923,924	277,147	6,399,145	4.33%	4.83%
2025	55,930	30,147	-	-	(21,163)	(19,461)	45,453	878,471	923,924	5,905,189	15.65%	4.08%
2024	34,566	28,661	-	(44,154)	131,920	(16,664)	134,329	744,142	878,471	5,905,189	14.88%	3.26%
2023	41,626	16,849	-	-	(84,443)	(12,246)	(38,214)	782,356	744,142	4,493,575	16.56%	3.72%
2022	51,159	22,693	-	(257,966)	(43,969)	(17,525)	(245,608)	1,027,964	782,356	4,493,575	17.41%	2.06%
2021	44,523	26,151	-	-	55,876	(16,851)	109,699	918,265	1,027,964	4,472,943	22.98%	2.12%
2020	37,573	32,849	(21,832)	67,201	44,958	(12,084)	148,665	769,600	918,265	4,472,943	20.53%	2.74%
2019	41,526	28,070	-	-	(68,612)	(11,619)	(10,635)	780,235	769,600	4,476,452	17.19%	4.10%
2018	37,707	28,877	-	(5,591)	(1,977)	(9,928)	49,088	731,147	780,235	5,229,408	14.92%	3.44%

**Only nine years of information available.*

Notes to Schedule:

Changes of Benefit Terms - In 2026 the plans were migrated from the prior self-insured Retiree Group Companion Plan to the fully insured Medicare Advantage Prescription Drug Plan.

Changes in assumptions and other inputs reflect the effects of changes in the discount rate for each period.

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.

Schedule 1

ecomaine
Other Information
Budget to Actual
For the Year Ended June 30, 2026

		Actual	Budget	Variance	Change
Operating revenues:					
Owners tipping fees	$	7,427,556	6,870,995	556,561	8.1%
Associate and contract tipping fees		3,517,050	4,661,720	(1,144,670)	-24.6%
Commercial tipping fees		9,904,005	10,126,176	(222,171)	-2.2%
Spot market tipping fees		540,847	552,356	(11,509)	-2.1%
Electrical generating revenues		6,316,923	6,127,994	188,929	3.1%
Sales of recycled goods		2,075,920	2,738,159	(662,239)	-24.2%
Recycling tipping fees		1,107,374	1,256,452	(149,078)	-11.9%
Recycling owner tipping fees		1,725,092	1,709,060	16,032	0.9%
Other operating income		288,632	350,727	(62,095)	-17.7%
Grant revenue		408,528	-	-	n/a
Total operating revenues		33,311,927	34,393,639	(1,490,240)	-4.3%
Operating expenses:					
Administrative expenses		4,574,671	4,795,209	220,538	4.6%
Waste-to-energy operating expenses		14,151,359	13,786,287	(365,072)	-2.6%
Recycling operating expenses		3,317,857	3,814,259	496,402	13.0%
Transportation operating expenses		2,929,432	3,284,000	354,568	10.8%
Landfill/ashfill operating expenses		1,932,995	1,832,044	(100,951)	-5.5%
Contingency		-	350,000	350,000	100.0%
Landfill closure and postclosure care costs		673,874	474,287	(199,587)	-42.1%
Post-retirement benefit expense (gain)		(727,364)	22,368	749,732	3351.8%
Grant expense		408,528	-	-	n/a
Total operating expenses		27,261,352	28,358,454	1,505,630	5.3%
Net operating income (loss) before depreciation		6,050,575	6,035,185	15,390	0.3%
Depreciation		4,853,880	5,278,000	424,120	8.0%
Net operating income (loss)		1,196,695	757,185	439,510	58.0%
Non-operating revenues (expenses):					
Interest income		1,205,778	60,250	1,145,528	1901.3%
Interest expense		(2,149,008)	(1,699,435)	(449,573)	26.5%
Gain (loss) on investments		2,585,719	882,000	1,703,719	193.2%
Gain on sale of assets		101,236	-	101,236	n/a
Net non-operating revenues (expenses)		1,743,725	(757,185)	2,500,910	-330.29%
Net income (budgetary basis)		2,940,420	-	2,940,420	n/a

Reconciliation to Statements of Revenues, Expenses and Changes in Net Position:		
Difference in revenue recognition Lessor		24,512
Difference in expense recognition Lessee		(657,060)
Difference in recognition of note receivables		5,402,028
Change in net position	**$**	**7,709,900**