



Memorandum

DATE: March 15, 2018
TO: Chairman and Members of the Board
FROM: Kevin H. Roche, CEO/General Manager
SUBJECT: Agenda - Finance & Audit Budget Workshop

There is an **ecomaine** Finance & Audit Committee Budget Workshop Meeting scheduled for **March 22, 2018 @ 4PM**. The agenda for this meeting is as follows:

1. Approval of Minutes (*Attachment A*)
2. Cash Disbursements Report – Mike Shaw, Chairman
3. Review Proposed Budget FY 19
4. Financial Statements **FY 18**
 - Statement of Revenues and Expenses (*Attachment B1*)
 - Statistical Data (*Attachment B2*)
 - Balance Sheet (*Attachment B3*)
 - Statement of Cash Balances (*Attachment B4*)
 - Capital Expenditures (*Attachment B5*)
 - Status of Accounts Receivable (*Attachment B6*)
5. Other:

Future Meetings:

Finance/Audit Committee /Budget Workshop

Outreach & Recycling Committee

Finance/Audit Committee

Full Board Meeting

Finance/Audit Committee

Full Board Meeting

Annual Board Meeting

March 22, 2018 @ 4PM

April 5, 2018 @ 4pm

April 26, 2018 @ 3pm (Canceled)

April 26, 2018 @ 4pm (Canceled)

May 17, 2018 @ 3PM @ Maine Turnpike Authority, Portland Maine

May 17, 2018 @ 4PM @ Maine Turnpike Authority, Portland Maine

June 14, 2018 @ 11:30AM @ Thompson's Point, Portland, Maine

DATE: March 16, 2018
TO: Chairman and Members of the Board
FROM: Kevin H. Roche, CEO/General Manager
SUBJECT: Joint Finance & Audit Committee Minutes – January 18, 2018

There was a **Joint Finance & Audit Committee Meeting** held on the date noted above. The meeting was called to order by Mike Shaw, Chairman.

Item #1: Minutes

Dave Morton motioned to accept the minutes as written. The motion was second by Linda Boudreau. All in favor.

Item #2: Cash Disbursements

Mike Shaw informed the committee that he had reviewed the cash disbursements with staff and found no issues.

Item #3: Joint Committee Discussion: Pros & Cons of Combining Finance & Audit Committees

The committees reviewed the pros and cons of merging the Finance Committee and the Audit Committee including memos from Jensen Baird Gardner Henry and RKO. Christopher Branch made the motion to recommend merging the two committees together. The motion was second by William Shane. All in favor.

Due to time, the committees decided not to review the YTD Financial Statements and asked that they be reviewed in the full board meeting that followed.

Tony Plante made the motion to adjourn. The motion was second by Dave Morton. All in favor.

Present:

Anne Bilodeau, Linda Boudreau, Christopher Branch, Matthew Frank, Troy Moon, Dave Morton, Tony Plante, Rod Regier, Bill Shane, Mike Shaw, Erik Street & Len Van Gaasbeek

Staff:

Arthur Birt & Kevin Roche

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Statement of Revenue & Expenses February, 2018 (FY18)							
	Actual - Prior Years YTD			Current Year To Date			FY18 to FY17
	2015	2016	2017	Actual	Budget	Variance	Variance
Operating revenues							
Municipal assessments & rebates	(\$1,000,003)	\$0	\$0	\$0	\$0	\$0	\$0
Owners tipping fees	2,291,459	2,378,731	2,340,674	2,419,129	2,334,207	84,923	78,455
Assoc tipping fees	625,295	657,469	648,256	684,569	652,020	32,549	36,313
Contract tipping fees	198,500	204,530	236,842	241,335	228,006	13,330	4,493
Commercial tipping fees	3,365,070	3,439,225	3,655,457	3,630,822	3,372,596	258,226	(24,635)
Spot market tipping fees	1,330,769	1,185,695	1,124,673	959,371	1,028,521	(69,150)	(165,302)
Electrical generating revenues	3,754,495	3,096,377	2,632,383	3,075,149	2,502,373	572,776	442,766
Sales of recycled goods	2,049,579	1,511,840	2,479,664	1,897,270	1,781,455	115,815	(582,394)
Recycling tipping fees	66,915	105,562	23,433	122,235	69,939	52,297	98,802
Other operating income	63,767	69,468	67,464	68,634	67,970	664	1,169
Total operating revenues	\$12,745,847	\$12,648,896	\$13,208,847	\$13,098,515	\$12,037,086	\$1,061,430	(\$110,332)
Operating expenses							
Administrative expenses	1,786,915	1,682,000	1,658,052	1,742,735	1,809,796	67,061	(84,683)
Waste-to-energy operating expenses	5,485,492	5,695,352	5,746,446	6,055,475	6,492,653	437,179	(309,029)
Recycling operating expenses	1,382,305	1,342,640	1,387,380	1,652,254	1,606,044	(46,210)	(264,875)
Landfill/ashfill operating expenses	1,079,248	1,096,936	1,037,162	1,182,385	1,153,815	(28,570)	(145,223)
Contingency	0	0	0	0	133,333	133,333	0
Landfill closure & postclosure care costs	159,802	173,291	196,989	176,942	200,000	23,058	20,047
Post-retirement benefit- Health Care	34,586	46,972	46,972	46,972	56,667	9,695	0
Depreciation & amortization	2,459,843	2,732,464	2,770,083	2,864,932	2,898,742	33,810	(94,849)
Total operating expenses	\$12,388,190	\$12,769,655	\$12,843,084	\$13,721,694	\$14,351,051	\$629,356	(\$878,611)
Net operating income	\$357,657	(\$120,759)	\$365,763	(\$623,179)	(\$2,313,965)	\$1,690,786	(\$988,943)
Non-operating income (expense)							
Non Investment Interest	44,858	26,594	23,992	33,124	22,547	10,578	9,132
Investment Income Net of Expenses	(2,556)	(294,087)	819,049	1,044,482	0	1,044,482	225,433
Misc. Income / (Expenses)	376	3,472	1,939	3,367	0	3,367	1,428
Net non-operating	\$42,678	(\$264,020)	\$844,980	\$1,080,973	\$22,547	\$1,058,427	\$235,993
Total Revenue Less Expenses	\$400,335	(\$384,780)	\$1,210,744	\$457,794	(\$2,291,418)	\$2,749,213	(\$752,950)

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Statistical Data February, 2018 (FY18)									
	Actual - YTD			Year to Date 2018				Year to Date Vs. Last Yr	
	2015	2016	2017	Actual	Budget	Var - Fav / (Unfav)		Var-Fav / (Unfav)	
						Units	%	Units	%
MSW - Tons									
Owner	32,914	34,001	33,339	34,692	33,289	1,403	4.2%	1,353	4.1%
Associate	7,558	7,980	7,773	8,115	7,824	291	3.7%	341	4.4%
Contract	3,467	3,576	4,094	4,116	3,940	176	4.5%	23	0.6%
Commercial	48,989	50,485	52,066	52,638	49,597	3,041	6.1%	572	1.1%
Spot	25,515	22,316	20,043	17,191	19,921	(2,730)	-13.7%	(2,851)	-14.2%
Total MSW	118,444	118,358	117,315	116,752	114,571	2,181	1.9%	(562)	-0.5%
Recycle - Tons									
Inbound - MRF only	28,935	27,776	26,053	26,732	26,330	402	1.5%	678	2.6%
Outbound- MRF only including glass	25,440	23,977	23,298	23,938	23,336	602	2.6%	640	2.7%
Outbound- Post Burn	2,327	3,127	3,053	2,810	3,030	(220)	-7.3%	(243)	-8.0%
Outbound- Landfill Metal Mining	6,313	(24)	-	-	-	0		0	
Outbound Total	34,080	27,080	26,351	26,748	26,366	382	1.4%	397	1.5%
MSW - Revenue \$/Ton									
Owner	\$69.62	\$69.96	\$70.21	\$69.73	\$70.12	(\$0.39)	-0.6%	(\$0.48)	-0.7%
Associate	82.73	82.39	83.39	84.36	83.34	1.02	1.2%	0.97	1.2%
Contract	57.26	57.19	57.86	58.63	57.87	0.76	1.3%	0.77	1.3%
Commercial	68.69	68.12	70.21	68.98	68.00	0.98	1.4%	(1.23)	-1.8%
Spot	52.16	53.13	56.11	55.81	51.63	4.18	8.1%	(0.31)	-0.5%
Total MSW	65.95	66.46	68.24	67.97	66.47	1.50	2.3%	(0.28)	-0.4%
Recycle - Revenue \$/Ton									
\$/Ton Outbound (Includes glass/metals)	\$62.10	\$59.73	\$94.99	\$75.50	\$70.20	\$5.30	7.6%	(\$19.49)	-20.5%
Energy									
MWH's Sold	59,351	62,199	58,362	57,084	59,590	(2,506)	-4.2%	(1,278)	-2.2%
\$/MWH	\$63.26	\$49.78	\$45.10	\$53.87	\$41.99	\$11.88	28.3%	\$8.77	19.4%
Steam Plant Capacity Factor %	89.9%	92.9%	91.0%	93.9%					
Average Boiler Availability %	95.4%	94.9%	94.6%	93.6%	91.3%				
Steam Plant Capacity Utilization %	94.0%	98.0%	96.2%	100.3%					
Power Capacity Factor %	84.0%	87.0%	82.3%	80.1%					
Power Sold - % of Capacity to Sell	84.0%	88.1%	82.7%	80.9%	84.4%				

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

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

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

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

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

ecomaine Balance Sheet

ATTACHMENT B3

February, 2018 (FY18)

	Year End Actuals @ 6/30			FY 2018
	2015	2016	2017	February
Assets				
Current Assets				
Balance Operating Cash	\$6,298,130	\$5,914,305	\$6,223,377	\$6,148,206
Accounts Receivable	1,943,169	1,885,906	2,135,332	2,122,275
Inventory	2,487,755	2,641,991	2,808,335	2,757,665
Prepaid Expenses	190,326	405,802	197,485	222,191
Total Current Assets	\$10,919,380	\$10,848,004	\$11,364,529	\$11,250,337
Property, Plant & Equipment	136,800,702	138,831,131	141,863,509	143,944,205
Less: Accumulated Depreciation	105,721,945	109,792,071	113,825,748	116,690,680
Net Property, Plant and Equipment	31,078,757	29,039,060	28,037,761	27,253,525
Cash Reserve Accounts	20,212,199	22,623,738	24,637,943	26,532,425
Gorham Property	1,500,000	-	-	-
Total Assets	\$63,710,335	\$62,510,802	\$64,040,233	\$65,036,287
Liabilities				
Current Liabilities				
Accounts Payable	49,687	83,895	526,605	521,240
Accrued Expenses	1,148,099	751,829	800,081	1,005,771
Accrued Compensated Absences	980,386	901,118	993,122	1,107,143
Total Current Liabilities	2,178,171	1,736,842	2,319,808	2,634,154
Other Liabilities				
Bonds - Long-Term Portion				
Accrued Landfill Close & Post Close costs	16,451,511	16,746,994	14,564,514	14,741,456
Accrued Post Retirement Benefit - Health Care	439,894	510,352	570,596	617,568
Total Liabilities	19,069,577	18,994,189	17,454,918	17,993,178
Net Assets (Equity)				
Fund Balance (Retained Earnings)	45,675,907	44,640,758	43,516,613	46,585,314
Revenues Less Expenses (Current Year)	(1,035,148)	(1,124,146)	3,068,702	457,794
Total Fund Balance (Retained Earnings)	44,640,758	43,516,613	46,585,314	47,043,109
Total Net Assets (Equity)	\$ 44,640,758	\$ 43,516,613	\$ 46,585,314	\$ 47,043,109

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Statement of Cash Balances February, 2018 (FY18)							
	12 Month Actuals @ 6/30			Bud FY 2018 @ 6/30/18	Act FY 18 @ 2/28/18	Reserves per policy	Reserve Target
	2015	2016	2017				
Cash & Reserves - beginning of period	29,317,000	26,510,251	28,538,043	\$28,131,027	30,861,320		
Cash flows from operating activities:							
Net operating income	(1,238,109)	(1,232,895)	1,802,380	(3,768,567)	(623,179)		
Add back: depreciation	3,804,881	4,201,984	4,177,307	4,348,113	2,864,932		
Add back: landfill closure costs	259,936	295,483	(2,182,480)	300,000	176,942		
Add back: Post Retirement Benefit	49,730	70,458	60,244	85,000	46,972		
Other working capital changes	(41,673)	(859,134)	388,720		356,734		
Net cash provided by operating activities	2,834,765	2,475,896	4,246,170	964,546	2,822,401		
Cash flows from capital and related financing activities:							
Payment of interest	427	1,983	-	0	0		
Repayment of long-term debt	-	-	-	0	0		
Repayment of capital leases	-	-	-	0	0		
Net cash used in capital and related financing	427	1,983	-	0	0		
Cash flows from investing activities:							
Receipts of interest	48,352	35,662	36,584	33,820	33,124		
Investment income	71,167	141,924	1,164,205	0	1,044,482		
Capital expenditures	(5,761,460)	(2,147,288)	(3,123,683)	(4,512,950)	(2,080,696)		
Sale of Gorham Property		1,519,615					
Net cash used in investing activities	(5,641,941)	(450,087)	(1,922,894)	(4,479,130)	(1,003,090)		
Net increase (decrease) in cash	(2,806,749)	2,027,792	2,323,277	(3,514,584)	1,819,311		
Cash & Reserves - end of period	26,510,251	28,538,043	30,861,320	24,616,443	32,680,631		

Cash Reserve Detail							
Operating Cash Reserve	8,174,000	8,249,690	8,290,518	8,244,555	8,257,889	8,257,889	8,257,889
Landfill Closure Reserve	300,151	300,941	301,736	300,223	300,893	300,893	300,893
Descretionary Landfill Closure Reserve	3,922,780	6,214,445	7,712,419	8,138,790	9,720,076	9,720,076	22,217,000
Long Term Capital Reserve	4,049,713	4,057,653	4,520,183	4,225,641	4,951,389	4,951,389	4,951,389
Recycling Revenue & Cost Sharing	500,294	502,516	502,847	0	0	0	0
Short Term Capital Reserve	3,265,183	3,298,492	3,310,239	3,290,504	3,302,178	3,302,178	3,302,178
Bond Payment Reserves							
Debt Service Reserves							
Balance Operating Cash	6,298,130	5,914,305	6,223,377	416,730	6,148,206		
Total	\$26,510,251	\$28,538,043	\$30,861,320	\$24,616,443	\$32,680,631	\$26,532,425	\$39,029,349

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Capital Expenditures							
February, 2018 (FY18)							
Project		FY 2018 Budget	Project Expend YTD	FY 18 Forecast	Variance From Budget	Inservice Date	Comments
No	Title						
Waste-to-Energy							
1524-481-2	480 volt switchgear	\$ 475,000	125,031	\$ 350,000	\$ 125,000	Apr-18	In Progress
1524-149-2	x Boiler - Air Preheater Coil Upgrade	-	125,755	125,755	(125,755)	Sep-17	Complete
1524-477-7	Boiler - Inconel Work - FY 18	250,000		350,000	(100,000)	Apr-18	
1524-359-2	Boiler - Superheater Tube Replacements.	150,000		50,000	100,000	Apr-18	
1524-412-3	x Building - Locker Room Renovations & Decon Zone		(1,702)	(1,702)	1,702	Jul-17	Complete
1524-029-2	Building Improvements - Leaks, Siding, Remodeling	1,500,000	100,400	1,500,000	-	Dec-18	In Progress
1524-517-2	Cameras - Refuse Bunker - FLIR Cameras		12,235	28,000	(28,000)	Jun-18	In Progress
1524-232-2	CEMS - Data Logger Replacements		71,455	75,000	(75,000)	Jun-18	In Progress
1524-547-1	Control Room - RTU for ISO NE Dispatchability Requirement		31,800	32,000	(32,000)	Feb-18	In Progress
1524-298-3	ESP - Casing Repairs - FY 18	600,000		300,000	300,000	Nov-18	In Progress
1524-533-2	ESP - Rebuild plates and electrodes (1,2,3 out of 5)	1,400,000	16,500	700,000	700,000	Nov-18	In Progress
1524-293-1	Facility Process Improvements - Engineering	250,000			250,000	Dec-19	In Progress
1524-373-2	x Refuse Crane - Rebuild (rails)		7,175	7,175	(7,175)	Jul-17	Complete
1524-372-2	Refuse Crane - Replacement	575,000	419,117	470,000	105,000	Jun-18	In Progress
1526-538-1	Vehicles - Loader		266,938	266,938	(266,938)	Aug-17	Complete
1524-549-1	Equipment - UPS Replacement		97,210	115,000	(115,000)	Jun-18	
	Subtotal WTE	5,200,000	1,271,914	4,368,166	831,834		
Recycle							
1527-468-3	Equipment - Harris Baler Ejector Cylinder Replacement	60,000	63,766	63,766	(3,766)	Jul-17	Complete
1527-468-4	Equipment - Harris Baler Reline Plates & Hardware	60,000		45,000	15,000	Jun-18	
1527-394-4	Equipment - Install B-1 Drum Feeder Belt	20,000		20,000	-	Apr-18	
1527-346-2	Equipment - Upper ONP Deck	300,000		300,000	-	Jun-18	
1527-250-2	Equipment - Plant Air Compressor Replacement		129	129	(129)	Jul-17	Complete
1526-535-1	Vehicles - Fork Truck Replacements - 1		(68)	(68)	68	Jul-17	Complete
1526-536-1	Vehicles - Fork Truck Replacements - 2		(68)	(68)	68	Jul-17	Complete
1526-537-1	Vehicles - Loader Replacement		258	258	(258)	Jul-17	Complete
1527-421-2	Equipment - Thermal Imaging Camera's (Fire Protection)			100,000	(100,000)	Jun-18	
	Subtotal Recycle	440,000	64,018	529,018	(89,018)		
Landfill							
1525-545-1	Equipment - Generator		350	350	(350)	Jun-17	Complete
1525-499-3	Land - Design/Permit Landfill East Expansion	150,000	33,568	100,000	50,000	May-18	
1525-403-2	Land - Geomembrane cover	115,000	130,683	150,000	(35,000)	Oct-18	In Progress
1525-548-1	Land - GeoTech Monitoring Settlement Platforms	21,950		-	21,950	Jun-18	Postponed
1525-550-1	Land - Phase One Settlement Berm	16,000		-	16,000		Postponed to FY19
1526-501-2	Vehicles- Dump Truck Body		30,332	32,000	(32,000)	Jan-18	complete
1526-551-1	Excavator			302,000	(302,000)	Feb-18	In Progress
1526-552-1	Equipment - Lawn Mower			15,000	(15,000)		
	Subtotal Landfill	302,950	194,934	599,350	(296,400)		
Administration							
1524-412-4	Building - Office Improvements	25,000		-	25,000		Cancelled
1524-526-2	Building - Scale House Sign	15,000		16,500	(1,500)	Apr-18	In Progress
1524-526-1	x Building - Scalehouse Replacement		433,794	438,700	(438,700)	Feb-18	In Progress
1528-546-1	Conference Room - Projector & Screen Upgrades		15,912	15,912	(15,912)	Aug-17	Complete
1528-541-1	Phone System - Replacement		10,457	10,457	(10,457)	Aug-17	Complete
1528-525-1	x Systems - Software Upgrades	30,000	111,667	111,667	(81,667)	Jun-18	In Progress
	Subtotal Administration	70,000	571,830	593,236	(523,236)		
Total All Areas		\$6,012,950	\$ 2,102,695.87	\$6,089,770	(\$76,820)		

Accounts Receivables

Date	Item	Current	31-60 Days	61-90 Days	91 & Over Days	Total
06/30/17	Balances	\$1,922,940	\$330,174	\$17,470	\$71,257	\$2,341,841
	%	82.1%	14.1%	0.7%	3.0%	100.0%
07/31/17	Balances	\$1,580,124	\$466,336	\$44,083	\$42,216	\$2,132,778
	%	74.1%	21.9%	2.1%	2.0%	100.0%
08/31/17	Balances	\$1,660,552	\$208,363	\$77,433	\$63,436	\$2,009,785
	%	82.6%	10.4%	3.9%	3.2%	100.0%
09/30/17	Balances	\$1,456,054	\$285,575	\$4,009	\$94,157	\$1,839,796
	%	79.1%	15.5%	0.2%	5.1%	100.0%
10/31/17	Balances	\$1,403,479	\$316,367	-\$46,011	\$50,121	\$1,723,956
	%	81.4%	18.4%	-2.7%	2.9%	100.0%
11/30/17	Balances	\$1,514,302	\$103,994	\$48,792	\$65,432	\$1,732,521
	%	87.4%	6.0%	2.8%	3.8%	100.0%
12/31/17	Balances	\$1,344,013	\$246,930	-\$20,876	\$117,746	\$1,687,814
	%	79.6%	14.6%	-1.2%	7.0%	100.0%
01/31/18	Balances	\$1,689,181	\$170,520	\$78,128	\$59,533	\$1,997,362
	%	84.6%	8.5%	3.9%	3.0%	100.0%
02/28/18	Balances	\$1,607,753	\$372,687	\$70,297	\$105,129	\$2,155,867
	%	74.6%	17.3%	3.3%	4.9%	100.0%

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