



Memorandum

DATE: September 13, 2018
TO: Chairman and Members of the Board
FROM: Kevin H. Roche, CEO/General Manager
SUBJECT: Agenda for the Finance & Audit Committee Meeting

There is an ecomaine Finance & Audit Committee Meeting scheduled for September 20, 2018 @ 3PM. The agenda for this meeting is as follows:

- 1. Approval of Minutes (Attachment A)
2. Cash Disbursement Report – Erik Street, Chairman
3. Financial Statements FY 18 (Year-End) (Pre-Audit Version)
o Statement of Revenues and Expenses (Attachment B1)
o Statistical Data (Attachment B2)
o Balance Sheet (Attachment B3)
o Statement of Cash Balances (Attachment B4)
o Capital Expenditures (Attachment B5)
o Status of Accounts Receivable (Attachment B6)
4. Five Year Financial Plan Review (Handout)
5. Review of Rates for FY 19 & FY 20 (Attachment C)
6. Other:

Future Meetings:

Table with 4 columns: Meeting Name, Date, Committee, and Date/Time. Lists future meetings for various committees from September 2018 to June 2019.

ecomaine
Memorandum

DATE: September 13, 2018
TO: Chairman and Members of the Board
FROM: Kevin H. Roche, CEO/General Manager
SUBJECT: Finance & Audit Committee Minutes – May 17, 2018

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

Item #1: Approval of the Minutes

Len Van Gaasbeek motioned to accept the minutes with one change. The change was made on the minutes dated March 2, 2018. The motion was seconded by William Shane. All in favor.

Item #2: Cash Disbursements – Mike Shaw, Chair

Mike Shaw reported that he had review the cash disbursements with staff and found no issues or concerns to report.

Item # 3: Presentation RKO – Amy Chasse

Amy Chasse reported out to the committee on the schedule and roles & responsibilities. There was a discussion on these roles and responsibilities.

The committee reviewed the FY 17 Management Letter.

Len Van Gaasbeek motioned to adjourn. The motion was seconded by Dave Morton. All in favor.

Present:

Alan Bradstreet, Christopher Branch, Dennis Abbott, Matthew Frank, Caleb Hemphill, Greg L'Heureux, Troy Moon, Dave Morton, Rita Perron, Tony Plante, Rod Regier, Bill Shane, Mike Shaw Erik Street & Len Van Gaasbeek

Guest:

Amy Chasse, RKO

Staff:

Cosmo DiPierro, Melissa Labbe, & Kevin Roche

Statement of Revenue & Expenses June, 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	3,455,911	3,543,278	3,554,488	3,610,889	3,502,256	108,632	56,401
Assoc. tipping fees	944,682	978,906	982,194	1,024,419	976,197	48,223	42,226
Contract tipping fees	295,585	306,831	357,524	574,321	330,724	243,597	216,797
Commercial tipping fees	5,114,351	5,263,778	5,649,092	5,636,624	5,104,080	532,544	(12,468)
Spot market tipping fees	2,008,508	1,728,293	1,687,510	1,170,268	1,549,571	(379,304)	(517,242)
Electrical generating revenues	4,616,876	4,182,191	3,715,051	4,224,077	3,695,607	528,470	509,026
Sales of recycled goods	2,956,003	2,369,969	3,806,555	2,165,413	2,668,767	(503,354)	(1,641,142)
Recycling tipping fees	130,981	140,644	29,296	269,741	104,908	164,834	240,446
Other operating income	98,434	103,117	101,695	103,401	101,955	1,446	1,706
Total operating revenues	\$18,621,329	\$18,617,008	\$19,883,404	\$18,779,153	\$18,034,065	\$745,088	(\$1,104,252)
Operating expenses							
Administrative expenses	2,631,993	2,520,240	2,518,887	2,744,265	2,702,057	(42,208)	(225,378)
Waste-to-energy operating expenses	9,222,332	8,946,000	9,371,777	9,750,003	9,994,480	244,477	(378,226)
Recycling operating expenses	2,088,193	2,173,789	2,203,746	2,496,567	2,422,716	(73,851)	(292,821)
Landfill/ashfill operating expenses	1,802,372	1,641,948	1,931,544	1,799,715	1,750,173	(49,542)	131,830
Contingency	0	0	0	0	200,000	200,000	0
Landfill closure & post-closure care costs	259,936	295,483	(2,182,480)	224,814	300,000	75,186	(2,407,295)
Post-retirement benefit - health Care	49,730	70,458	60,244	70,458	85,000	14,542	(10,214)
Depreciation & amortization	3,804,881	4,201,984	4,177,307	4,316,892	4,348,113	31,221	(139,585)
Total operating expenses	\$19,859,438	\$19,849,903	\$18,081,024	\$21,402,714	\$21,802,539	\$399,825	(\$3,321,689)
Net operating income	(\$1,238,109)	(\$1,232,895)	\$1,802,380	(\$2,623,561)	(\$3,768,474)	\$1,144,913	(\$4,425,941)
Non-operating income (expense)							
Non Investment Interest	48,352	35,662	36,584	49,340	33,820	15,520	12,756
Investment Income Net of Expenses	71,167	141,924	1,164,205	1,205,691	0	1,205,691	41,486
Misc. Income / (Expenses)	83,442	(68,836)	65,532	51,649	0	51,649	(13,884)
Net non-operating	\$202,961	\$108,750	\$1,266,322	\$1,306,680	\$33,820	\$1,272,860	\$40,358
Total Revenue Less Expenses	(\$1,035,148)	(\$1,124,146)	\$3,068,702	(\$1,316,881)	(\$3,734,654)	\$2,417,773	(\$4,385,583)

ecomaine									
Statistical Data June, 2018 (FY18)									
	Actual - YTD			Year to Date 2018				Year to Date Vs. Last Year	
	2015	2016	2017	Actual	Budget	Var - Fav / (Unfav)		Var-Fav / (Unfav)	
						Units	%	Units	%
MSW - Tons									
Owner	49,753	50,659	50,695	51,843	49,947	1,896	3.8%	1,147	2.3%
Associate	11,439	11,863	11,798	12,136	11,714	422	3.6%	338	2.9%
Contract	5,206	5,351	6,173	9,862	5,715	4,147	72.6%	3,689	59.8%
Commercial	75,778	76,072	81,024	81,449	75,060	6,389	8.5%	425	0.5%
Spot	38,411	32,416	30,249	20,609	30,013	(9,404)	-31.3%	(9,640)	-31.9%
Total MSW	180,587	176,361	179,939	175,898	172,449	3,449	2.0%	(4,041)	-2.2%
Recycle - Tons									
Inbound - MRF only	43,642	41,011	38,638	38,861	39,565	(704)	-1.8%	223	0.6%
Outbound- MRF only including glass	38,722	35,621	35,161	35,165	35,006	159	0.5%	4	0.0%
Outbound- Post Burn	4,289	4,603	4,828	3,766	4,506	(740)	-16.4%	(1,062)	-22.0%
Outbound- Landfill Metal Mining	6,904	(24)	-	-	-	0		0	
Outbound Total	49,916	40,200	39,989	38,931	39,512	(581)	-1.5%	(1,058)	-2.6%
MSW - Revenue \$/Ton									
Owner	\$69.46	\$69.94	\$70.11	\$69.65	\$70.12	(\$0.47)	-0.7%	(\$0.46)	-0.7%
Associate	82.58	82.52	83.25	84.41	83.34	1.08	1.3%	1.16	1.4%
Contract	56.78	57.34	57.92	58.24	57.87	0.37	0.6%	0.32	0.6%
Commercial	67.49	69.19	69.72	69.20	68.00	1.20	1.8%	(0.52)	-0.7%
Spot	52.29	53.32	55.79	56.79	51.63	5.16	10.0%	1.00	1.8%
Total MSW	65.45	67.03	67.97	68.32	66.47	1.84	2.8%	0.34	0.5%
Recycle - Revenue \$/Ton									
\$/Ton Outbound (Includes glass/metals)	\$61.84	\$62.45	\$95.92	\$62.55	\$70.20	(\$7.65)	-10.9%	(\$33.37)	-34.8%
Energy									
MWH's Sold	77,550	92,744	86,573	84,544	86,453	(1,909)	-2.2%	(2,030)	-2.3%
\$/MWH	\$59.53	\$45.09	\$42.91	\$49.96	\$42.75	\$7.22	16.9%	\$7.05	16.4%
Steam Plant Capacity Factor %	85.6%	92.5%	90.1%	92.5%					
Average Boiler Availability %	90.6%	93.7%	93.3%	92.0%	90.0%				
Steam Plant Capacity Utilization %	94.0%	99.0%	96.5%	100.6%					
Power Capacity Factor %	73.0%	87.0%	81.4%	79.4%					
Power Sold - % of Capacity to Sell	73.0%	87.5%	81.7%	79.8%	81.6%				

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

June, 2018 (FY18)

	Year End Actuals @ 6/30			FY 2018
	2015	2016	2017	June
Assets				
Current Assets				
Balance Operating Cash	\$6,298,130	\$5,914,305	\$6,223,377	\$3,641,942
Accounts Receivable	1,943,169	1,885,906	2,135,332	1,669,080
Inventory	2,487,755	2,641,991	2,808,335	2,801,312
Prepaid Expenses	190,326	405,802	197,485	241,659
Total Current Assets	\$10,919,380	\$10,848,004	\$11,364,529	\$8,353,994
Property, Plant & Equipment	136,800,702	138,831,131	141,863,509	145,827,536
Less: Accumulated Depreciation	105,721,945	109,792,071	113,825,748	118,008,753
Net Property, Plant and Equipment	31,078,757	29,039,060	28,037,761	27,818,784
Cash Reserve Accounts	20,212,199	22,623,738	24,637,943	26,693,634
Gorham Property	1,500,000	-	-	-
Total Assets	\$63,710,335	\$62,510,802	\$64,040,233	\$62,866,411
Liabilities				
Current Liabilities				
Accounts Payable	49,687	83,895	526,605	264,400
Accrued Expenses	1,148,099	751,829	800,081	839,193
Accrued Compensated Absences	980,386	901,118	993,122	1,064,003
Total Current Liabilities	2,178,171	1,736,842	2,319,808	2,167,596
Other Liabilities				
Bonds - Long-Term Portion				
Accrued Landfill Close & Post Close costs	16,451,511	16,746,994	14,564,514	14,789,328
Accrued Post Retirement Benefit - Health Care	439,894	510,352	570,596	641,054
Total Liabilities	19,069,577	18,994,189	17,454,918	17,597,978
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	(1,316,881)
Total Fund Balance (Retained Earnings)	44,640,758	43,516,613	46,585,314	45,268,433
Total Net Assets (Equity)	\$ 44,640,758	\$ 43,516,613	\$ 46,585,314	\$ 45,268,433

ATTACHMENT B4

ecomaine								
Statement of Cash Balances June, 2018 (FY18)								
	12 Month Actuals @ 6/30				Bud FY 2018 @ 6/30/18	Act FY 18 @ 6/30/18	Reserves per policy	Reserve Target
	2014	2015	2016	2017				
Cash & Reserves - beginning of period	23,060,082	29,317,000	26,510,251	28,538,043	\$28,131,027	30,861,320		
Cash flows from operating activities:								
Net operating income	3,071,498	(1,238,109)	(1,232,895)	1,802,380	(3,768,567)	(2,623,561)		
Add back: depreciation	4,194,858	3,804,881	4,201,984	4,177,307	4,348,113	4,316,892		
Add back: landfill closure costs	239,704	259,936	295,483	(2,182,480)	300,000	224,814		
Add back: Post Retirement Benefit	95,461	49,730	70,458	60,244	85,000	70,458		
Other working capital changes	670,507	(41,673)	(859,134)	388,720		194,650		
Net cash provided by operating activities	<u>8,272,028</u>	<u>2,834,765</u>	<u>2,475,896</u>	<u>4,246,170</u>	<u>964,546</u>	<u>2,183,253</u>		
Cash flows from capital and related financing activities:								
Payment of interest	683	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	<u>683</u>	<u>427</u>	<u>1,983</u>	<u>-</u>	<u>0</u>	<u>0</u>		
Cash flows from investing activities:								
Receipts of interest	42,693	48,352	35,662	36,584	33,820	49,340		
Investment income	-	71,167	141,924	1,164,205	0	1,205,691		
Capital expenditures	(2,058,485)	(5,761,460)	(2,147,288)	(3,123,683)	(4,512,950)	(3,964,027)		
Sale of Gorham Property			1,519,615					
Net cash used in investing activities	<u>(2,015,792)</u>	<u>(5,641,941)</u>	<u>(450,087)</u>	<u>(1,922,894)</u>	<u>(4,479,130)</u>	<u>(2,708,996)</u>		
Net increase (decrease) in cash	6,256,919	(2,806,749)	2,027,792	2,323,277	(3,514,584)	(525,744)		
Cash & Reserves - end of period	<u>29,317,001</u>	<u>26,510,251</u>	<u>28,538,043</u>	<u>30,861,320</u>	<u>24,616,443</u>	<u>30,335,576</u>		

Cash Reserve Detail								
Operating Cash Reserve	8,160,000	8,174,000	8,249,690	8,290,518	8,244,555	8,301,636	8,301,636	8,301,636
Landfill Closure Reserve		300,151	300,941	301,736	300,223	301,753	301,753	301,753
Discretionary Landfill Closure Reserve	3,052,000	3,922,780	6,214,445	7,712,419	8,138,790	9,789,027	9,789,027	22,217,000
Long Term Capital Reserve	4,006,000	4,049,713	4,057,653	4,520,183	4,225,641	4,984,354	4,984,354	4,984,354
Recycling Revenue & Cost Sharing		500,294	502,516	502,847	0	0	0	0
Short Term Capital Reserve	3,255,000	3,265,183	3,298,492	3,310,239	3,290,504	3,316,864	3,316,864	3,316,864
Bond Payment Reserves								
Debt Service Reserves								
Balance Operating Cash	10,844,000	6,298,130	5,914,305	6,223,377	416,730	3,641,942		
Total	<u>\$29,317,000</u>	<u>\$26,510,251</u>	<u>\$28,538,043</u>	<u>\$30,861,320</u>	<u>\$24,616,443</u>	<u>\$30,335,576</u>	<u>\$26,693,634</u>	<u>\$39,121,606</u>

Capital Expenditures

June, 2018 (FY18)

Project		FY 2018 Budget	Project Expend YTD	FY 18 Forecast	Variance From Budget	Total Cost @ 06/30/18	In-service Date	Comments
No	Title							
Waste-to-Energy								
1524-481-2	480 volt switchgear	\$ 475,000	312,578	\$ 312,578	\$ 162,422	\$ 312,578	Apr-18	Complete
1524-149-2	x Boiler - Air Preheater Coil Upgrade	-	125,755	125,755	(125,755)	857,809	Sep-17	Complete
1524-477-7	Boiler - Inconel Work - FY 18	250,000	360,478	360,478	(110,478)	360,478	Apr-18	Complete
1524-359-2	Boiler - Superheater Tube Replacements.	150,000	120,087	120,087	29,913	120,087	Apr-18	Complete
1524-412-3	x Building - Locker Room Renovations & Decon Zone		(1,702)	(1,702)	1,702	560,103	Jul-17	Complete
1524-029-2	Building Improvements - Leaks, Siding, Remodeling	1,500,000	134,634	134,634	1,365,366	134,634	Dec-18	In Progress
1524-517-2	Cameras - Refuse Bunker - FLIR Cameras		12,869	12,869	(12,869)	25,104	Sep-18	Complete
1524-232-2	CEMS - Data Logger Replacements		71,455	71,455	(71,455)	71,455	Jun-18	Complete
1524-547-1	Control Room - RTU for ISO NE Dispatchability Requirement		37,137	37,137	(37,137)	37,137	Jun-18	Complete
1524-533-2	ESP - Rebuild plates and electrodes (1,2,3 out of 5) & Casing Repa	2,000,000	742,295	742,295	1,257,705	742,295	Nov-18	In Progress
1524-293-1	Facility Process Improvements - Engineering	250,000			250,000	-	Dec-19	Postponed FY19
1524-373-2	x Refuse Crane - Rebuild (rails)		(32,149)	(32,149)	32,149	248,146	Jul-17	Complete
1524-372-2	Refuse Crane - Replacement	575,000	458,441	458,441	116,559	1,415,121	Jun-18	In Progress
1526-538-1	Vehicles - Loader		266,938	266,938	(266,938)	266,938	Aug-17	Complete
1524-549-1	Equipment - UPS Replacement		97,210	97,210	(97,210)	97,210	Jun-18	In Progress
1524-505-2	Fire Alarm Design and Installation		395	395	(395)	395	Jun-19	In Progress
	Subtotal WTE	5,200,000	2,706,420	2,706,422	2,493,578	5,249,491		
Recycle								
1527-468-3	Equipment - Harris Baler Ejector Cylinder Replacement	60,000	63,766	63,766	(3,766)	63,766	Jul-17	Complete
1527-468-4	Equipment - Harris Baler Reline Plates & Hardware	60,000	26,278	26,278	33,722	26,278	Jun-18	Complete
1527-394-4	Equipment - Install B-1 Drum Feeder Belt	20,000		-	20,000	-		Postponed FY19
1527-346-2	Equipment - Upper ONP Deck	300,000		-	300,000	-	Mar-19	Postponed FY19
1527-250-2	Equipment - Plant Air Compressor Replacement		129	129	(129)	41,766	Jul-17	Complete
1526-535-1	Vehicles - Fork Truck Replacements - 1		(68)	(68)	68	32,890	Jul-17	Complete
1526-536-1	Vehicles - Fork Truck Replacements - 2		(68)	(68)	68	32,890	Jul-17	Complete
1526-537-1	Vehicles - Loader Replacement		258	258	(258)	133,108	Jul-17	Complete
	Subtotal Recycle	440,000	90,296	90,296	349,704	496,407		
Landfill								
1525-545-1	Equipment - Generator		350	350	(350)	13,061	Jun-17	Complete
1525-499-3	Land - Design/Permit Landfill East Expansion	150,000	147,644	147,644	2,356	147,644	Jun-18	Complete
1525-403-2	Land - Geomembrane cover	115,000	130,683	130,683	(15,683)	130,683	Apr-18	Complete
1525-548-1	Land - GeoTech Monitoring Settlement Platforms	21,950		-	21,950	-		Postponed to FY19
1525-550-1	Land - Phase One Settlement Berm	16,000		-	16,000	-		Postponed to FY19
1526-501-2	Vehicles- Dump Truck Body		30,332	30,332	(30,332)	30,332	Jan-18	Complete
1526-551-1	Excavator		301,720	301,720	(301,720)	301,720	Mar-18	Complete
1526-552-1	Equipment - Lawn Mower		16,477	16,477	(16,477)	16,477	May-18	Complete
1526-553-1	Ash Truck		157,480	157,480	(157,480)	157,480	May-18	Complete
	Subtotal Landfill	302,950	784,687	784,687	(481,737)	797,398		
Administration								
1524-412-4	Building - Office Improvements	25,000		-	25,000	-		Cancelled
1524-526-2	Building - Scale House Sign	15,000	7,422	16,500	(1,500)	16,500	Sep-18	In Progress
1524-526-1	x Building - Scale house Replacement		427,566	450,000	(450,000)	751,210	Feb-18	Complete
1528-546-1	Conference Room - Projector & Screen Upgrades		15,912	15,912	(15,912)	30,374	Aug-17	Complete
1528-541-1	Phone System - Replacement		9,497	9,497	(9,497)	41,890.20	Aug-17	Complete
1528-525-1	x Systems - Software Upgrades	30,000	130,956	130,956	(100,956)	207,736	Jun-18	In Progress
	Subtotal Administration	70,000	591,353	622,865	(552,865)	1,047,710		
Total All Areas		\$6,012,950	\$4,172,755	\$4,204,270	\$1,808,680	\$7,591,005		

ecomaine 6/30/18			ATTACHMENT B6			
Accounts Receivables						
Date	Item	Current	31-60 Days	61-90 Days	91 & Over Days	Total
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%
03/31/18	Balances	\$1,348,724	\$203,172	\$52,683	\$55,067	\$1,659,646
	%	81.3%	12.2%	3.2%	3.3%	100.0%
04/30/18	Balances	\$1,292,975	\$106,321	\$58,989	\$58,979	\$1,517,264
	%	85.2%	7.0%	3.9%	3.9%	100.0%
05/31/18	Balances	\$1,459,737	\$246,175	\$48,152	\$97,146	\$1,851,211
	%	78.9%	13.3%	2.6%	5.2%	100.0%
06/30/18	Balances	\$1,350,831	\$213,044	\$41,534	\$93,286	\$1,698,696
	%	79.5%	12.5%	2.4%	5.5%	100.0%

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

Memorandum

DATE: September 10, 2018
TO: Members of the Finance Committee
FROM: Kevin H. Roche, CEO
RE: Rates for FY 19 & FY 20

Each September, we review our 5 year financial plan with the Board and recommend rates for the following year. After a careful review of the cash flow projections for the next 5 years, staff is making the following recommendations on tipping fees:

- **Municipal Solid Waste (MSW):** The 5 year financial projections are showing a decrease in our cash position that will not meet our goals in our Cash Reserve Policy. In our review with the board last year, we discussed the need to keep annual rate increases for MSW at a reasonable level. Consistent with this expectation, staff is recommending that we increase the MSW tipping fees 3.5% (from \$70.50 to \$73 per ton) beginning July 1st, 2019. We will review the 5 year plan at the Committee meeting next week.
- Over the last 12 months, the recycling markets have deteriorated to unprecedented levels. Owner communities have been covering the increased recycling costs with our cash reserves. Unfortunately the market has not rebounded as hoped and China continues to ban many scrap imports. Due to the glut of paper in the market, staff is recommending that we begin charging \$15 per ton for single-sort recyclables beginning November 1, 2018 and then increase the recycling fee to \$35 per ton beginning July 1st, 2019. While tipping fees for recyclables have been free for many years, the new regulations combined with market forces have increased recycling costs for communities all over the world. We continue to have hope that demand for recyclables will improve in the near future.