

MAINE STATE LEGISLATURE

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REP. RYAN FECTEAU
CHAIR

SEN. TROY D. JACKSON
VICE-CHAIR

EXECUTIVE DIRECTOR
SUZANNE M. GRESSER



130TH MAINE STATE LEGISLATURE
LEGISLATIVE COUNCIL

SEN. ELOISE A. VITELLI
SEN. MATTHEA E. DAUGHTRY
SEN. JEFFREY L. TIMBERLAKE
SEN. MATTHEW POULIOT
REP. MICHELLE DUNPHY
REP. RACHEL TALBOT ROSS
REP. KATHLEEN R.J. DILLINGHAM
REP. JOEL STETKIS

February 25, 2021

1:30 P.M.

REVISED AGENDA

<u>Page</u>	<u>Item</u>	<u>Action</u>
	CALL TO ORDER	
	ROLL CALL	
1	SUMMARY OF THE JANUARY 28, 2021 MEETING OF THE LEGISLATIVE COUNCIL	Decision
	REPORTS FROM EXECUTIVE DIRECTOR AND STAFF OFFICE DIRECTORS	
❖11	<ul style="list-style-type: none">Fiscal Report (Mr. Nolan)	Information
	REPORTS FROM COUNCIL COMMITTEES	
	No reports	
	OLD BUSINESS	
15	Item #1: Council Actions Taken by Ballot (No Action Required)	Information
❖16	Item #2: Proposed amendment to the Legislative Council COVID-19 Prevention Policy <ul style="list-style-type: none">Limited access to legislative space by authorized guests. (Tabled 1/28/21)	Decision
	NEW BUSINESS	
❖20	Item #1: Consideration of After Deadline Bill Requests	Roll Call Vote
23	Item #2: Acceptance of the Loring Development Authority of Maine 2020 Annual Report	Acceptance
	ANNOUNCEMENTS AND REMARKS	
	ADJOURNMENT	

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**LEGISLATIVE COUNCIL
MEETING SUMMARY
January 28, 2021**

CALL TO ORDER

Speaker Fecteau called the January 28, 2021 meeting of the 130th Legislative Council to order at 1:32 p.m. in the Legislative Council Chamber.

ROLL CALL

Senators:	President Jackson, Senator Libby, Senator Vitelli, Senator Timberlake and Senator Pouliot
Representatives:	Speaker Fecteau, Representative Dunphy, Representative Talbot Ross, Representative Dillingham and Representative Stetkis
Legislative Officers:	Darek Grant, Secretary of the Senate Robert Hunt, Clerk of the House Suzanne Gresser, Executive Director of the Legislative Council Ed Charbonneau, Revisor of Statutes Danielle Fox, Director, Office of Policy and Legal Analysis Chris Nolan, Director, Office of Fiscal and Program Review Nik Rende, Director, Legislative Information Technology Dawna Lopatosky, Legislative Finance Director Jackie Little, Human Resources Director

Speaker Fecteau convened the meeting at 1:32 p.m. with a quorum of members present.

SUMMARY OF DECEMBER 6, 2018 MEETING OF LEGISLATIVE COUNCIL

Motion: That the Meeting Summary for December 3, 2020 be accepted and placed on file. Motion by Senator Pouliot. Second by Representative Dunphy. **Motion passed unanimously (10-0).**

REPORTS FROM EXECUTIVE DIRECTOR AND COUNCIL OFFICES

Fiscal Report

Chris Nolan, Director, Office of Fiscal and Program Review, presented the following report.

1. General Fund Revenue Update

Total General Fund Revenue - FY 2021 (\$'s in Millions)						
	Budget	Actual	Var.	% Var.	Prior Year	% Change
December	\$258.0	\$319.0	\$61.0	23.7%	\$296.3	7.7%
FYTD	\$1,979.0	\$2,043.8	\$64.9	3.3%	\$1,979.1	3.3%

General Fund revenue was over budget by \$61.0 million (23.7%) for the month of December and over budget by \$64.9 million (3.3%) for the fiscal year to date. These positive variances are in addition to the December 2020 revenue forecast, which increased budgeted revenue by \$272.8 million for FY 2021. Individual income tax revenue was over budget by \$32.0 million for the month. Withholding revenue was over budget for the month by \$17.8 million, estimated payments were over budget by \$8.9 million and refunds were over budget (less paid than budgeted) by \$3.7 million for the month. Corporate income tax revenue was over budget by \$18.4 million for the month and year to date. Most of this positive variance was the result of final estimated payments for calendar year 2020 exceeding budget by \$16.5 million. Final payments were under budget by \$0.6 million while refunds were over budget (less paid than budgeted) by \$2.6 million. Sales and use tax revenue (November sales) was over budget by \$9.6 million for the month and year to date. Total taxable sales for the month of November 2020 were 7.7% higher than for November 2019.

2. Highway Fund Revenue Update

Total Highway Fund Revenue - FY 2021 (\$'s in Millions)						
	Budget	Actual	Var.	% Var.	Prior Year	% Change
December	\$23.2	\$23.9	\$0.8	3.3%	\$24.7	-3.2%
FYTD	\$170.3	\$172.8	\$2.5	1.5%	\$181.2	-4.6%

Highway Fund revenue was over budget by \$0.8 million (3.3%) for the month of December and over budget by \$2.5 million (1.5%) for the fiscal year to date. These positive variances are in addition to the December 2020 revenue forecast, which increased budgeted revenue by \$11.4 million for FY 2021. Fuel taxes were over budget by \$0.2 million for the month and by \$0.7 million for the fiscal year to date. Motor vehicle registrations and fees were over budget by \$0.4 million for the month and by \$1.3 million for the fiscal year to date.

3. Cash Balances Update

The average balance in the cash pool for December was \$2,617.2 million, a decrease from November's average of \$2,802.3 million. Most of this decrease was the result of the average balance from the \$1,250 million federal Coronavirus Relief Fund (CRF) payment Maine received in April, decreasing from \$766.9 million in November to \$587.2 million in December. The average Highway Fund balance in December was \$26.7 million, a decrease from November's average of \$35.1 million. This normal December decrease was the result of the annual payment to the Local Road Assistance program being made in December.

REPORTS FROM COUNCIL COMMITTEES

1. Personnel Committee

Speaker Fecteau reported that the Personnel Committee met on Thursday, January 21st to consider the following matters:

1. Recruitment of Director, Office of Program Evaluation and Government Accountability

The committee interviewed and concluded its review of candidates for the vacant position of Director of the Office of Program Evaluation and Government Accountability, and reached consensus on its recommendation that Lucia Nixon, currently an analyst in the Office of Policy and Legal Analysis, be appointed to the position of Director, Office of Program Evaluation and Government Accountability.

Motion: That upon the consensus recommendation of the Personnel Committee, the Legislative Council approve the appointment of Lucia Nixon to the position of Director, Office of Program Evaluation and Government Accountability, effective February 22, 2021, at Step 5 in Salary Range 13. Motion by Senator Timberlake. Second by Senator Libby. **Motion passed unanimously (10-0)**

Speaker Fecteau recognized Ms. Nixon and offered the congratulations of the Legislative Council.

2. Request for Temporary Disability Nonpartisan Staff

The committee considered a request by a legislative employee for temporary disability income benefits. The request was consistent with the provisions for temporary disability income benefits under the Legislative Council's personnel policies and guidelines. Upon the recommendation of the Executive Director, the committee voted unanimously to approve the request. No Legislative Council action is required.

3. Performance Evaluations; Step Increases – Nik Rende, Christopher Nolan and John Melendez Barden

The committee reviewed the performance of Nik Rende, Director of Legislative Information Technology, Christopher Nolan, Director of the Office of Fiscal and Program Review and John Melendez Barden, Director of the Law and Legislative Reference Library. The Personnel Committee voted unanimously to approve a step increase for Mr. Rende and Mr. Nolan. Mr. Melendez Barden is not eligible for a step increase at this time. No Legislative Council action is required.

4. Legislative Council's COVID-19 Prevention Policy

As directed to do so at the December 3, 2020 Legislative Council meeting, the Personnel Committee discussed the Council's COVID-19 Prevention Policy. The committee provided Ms. Gresser with direction for proposed changes to the policy for consideration and discussion by the Legislative Council. This item is addressed as Item #2 under New Business in today's agenda.

2. State House Facilities Committee

No Report

OLD BUSINESS

Item #1: Council Actions Taken by Ballot

Decisions by Legislative Council Ballot:

Motion: That the Legislative Council approve a modification of its COVID-19 Prevention Policy to include in that policy's definition of "essential third parties" for December 14, 2020 only, the four Members of the Electoral College for the State of Maine, the Convening Officer, and those limited personnel necessary to conduct the Electoral College proceedings, including the Attorney General of the State, a Messenger to the United States District Court, the Electoral College Historian, and a Dedimus Justice, in order that, pursuant to 3 United States Code, section 7, the Electors may meet and give their votes for United States President and Vice President.

Motion by: Speaker Fecteau Second by: President Jackson
 Date: December 11, 2020
 Vote: 9-0-0-1 Passed (with Representative Dillingham recorded as absent)

NEW BUSINESS

Item #1: Consideration of After Deadline Requests

The Legislative Council proceeded to consider and vote on eleven (11) after deadline bill requests and seven (7) Joint Resolutions. The Legislative Council authorized all eleven (11) bills for introduction in the Second Regular Session, and the Council authorized introduction of four (4) Joint Resolutions and tabled three (3) Joint Resolutions. The Legislative Council's action on the bill requests is attached.

Item #2: Proposed amendments to the Legislative Council's COVID-19 Prevention Policy

- **Protective face coverings.** Ms. Gresser summarized the Personnel Committee's review and discussion of the Legislative Council's COVID-19 Prevention Policy concerning protective face coverings, and reported that, in accordance with the direction of the Personnel Committee, she had contacted the Maine CDC and requested guidance regarding which specific types of face coverings might be considered acceptable for purposes of COVID-19 prevention and protection. The response from the Maine CDC was forwarded to the Council members, and included in the Legislative Council's materials as an addendum. Speaker Fecteau informed the Council that Representative Dillingham had shared with him photographs of specific alternative face shields that members have either worn or hoped to wear, and that those photographs had also been forwarded to the Maine CDC for its consideration. Speaker Fecteau shared with the Council the Maine CDC's general guidance that if a person cannot wear a material or fabric face mask, the important criteria for a face shield is that the face shield wrap around the face and extend below the chin, and based on that general guidance, in addition to standard full-face shields, there are 4 alternative face shields that appear to comply with the Maine CDC's guidance. Speaker Fecteau suggested that the Legislative Council approve those 4 variations of face shields

as part of the revised policy. Members of the Council then reviewed the specific language of the draft amendment, and supported clarifying the language to ensure that protective face coverings would be worn in common areas of legislative space, including the House and Senate chambers and the hallways.

Motion: That upon the recommendation of the State House Facilities Committee, the Legislative Council approve revising the Legislative Council's COVID-19 Prevention Policy to clarify that protective face coverings must be worn in common areas of legislative space; and specify that, in accordance with the guidelines of the Maine CDC, if a person must wear a face shield, in addition to standard full face shields, the only alternative face shields that may be worn are those depicted in the attachments to the policy. Motion by Senator Timberlake. Second by Representative Dunphy. **Motion passed unanimously (9-0-0-1, with Senator Pouliot absent).**

- **Allowing limited access to legislative space by authorized guests.** Ms. Gresser summarized a draft proposal by Senator Timberlake and Representative Dillingham to the Legislative Council's COVID-19 Prevention Policy that would allow Legislators to invite a very limited number of guests into the State House. The members of the Council discussed specific details of the proposal. Senator Libby suggested that the guest proposal be reviewed by either the State House Facilities Committee or the Maine CDC, and that the results of that review be brought back to a future Legislative Council meeting. Senator Libby also suggested that individuals in the State House Complex be given an opportunity to implement the revision to the policy regarding protective face coverings before an additional change to the policy is adopted. Speaker Fecteau confirmed that Senator Timberlake would be willing to initiate the request for the review of the guest proposal by either the Maine CDC or the State House Facilities Committee, and requested that model guidance be developed and distributed to legislative offices setting out procedures to be followed when someone in the State House Complex is diagnosed with COVID-19.

Motion: That the proposal allowing limited access to legislative space by authorized guests be tabled. Motion by Senator Vitelli. Second by Senator Libby. **Motion passed (6-3-0-1, with Senator Timberlake, Representative Dillingham and Representative Stetkis opposed, and Senator Pouliot absent).**

Item #3: State House Complex Security

Representative Dillingham began the discussion regarding the process of implementing changes to security in the State House complex. Speaker Fecteau invited Commissioner of Public Safety, Michael Sauschuck to address the Council and describe the process leading up to, and the specifics about, the temporary security measures that were implemented following the events of January 6th in Washington D.C. Commissioner Sauschuck explained the reasoning behind temporarily reducing the number of access points and reducing vehicle access. Speaker Fecteau suggested that the State House Facilities Committee review the process and procedures for implementing changes to security changes. No Council action was required.

Item #4: Acceptance of the Fifteenth Annual Report of the Right to Know Advisory Committee

The Right to Know Advisory Committee submitted its Fifteenth Annual Report for acceptance by the Legislative Council.

Motion: That the Legislative Council accept the Fifteenth Annual Report of the Right to Know Advisory Committee and place it on file. Motion by Senator Libby. Second by

Representative Dunphy. **Motion passed unanimously (9-0-0-1**, with Representative Pouliot absent).

ANNOUNCEMENTS AND REMARKS

Senator Timberlake shared feedback from members regarding the difficulties posed by the unavailability of paper copies of testimony and committee materials. Representative Dillingham inquired about the provision of a stipend for paper and ink, and about the ability of committee members to send documents to print in committee rooms. Speaker Fecteau indicated that he understood the concern, and shared that staff in the House Majority Office were preparing copies of materials for members who so requested.

With no other business to consider or further announcements, the Legislative Council meeting was adjourned at 4:29 p.m.

**130th Maine State Legislature
Legislative Council Actions Taken on
Requests to Introduce Legislation
First Regular Session**

January 28, 2021

AFTER DEADLINE BILL REQUESTS

SPONSOR: **Sen. Cathy Breen**

<u>LR #</u>	<u>Title</u>	<u>Action</u>
1964	An Act To Authorize a General Fund Bond Issue To Establish the State Infrastructure Adaptation Fund	PASSED

SPONSOR: **Rep. Benjamin Thomas Collings**

<u>LR #</u>	<u>Title</u>	<u>Action</u>
1958	An Act To Preserve and Protect the State's Rail Corridors	PASSED

SPONSOR: **Sen. Chip Curry**

<u>LR #</u>	<u>Title</u>	<u>Action</u>
1975	An Act To Establish the Maine Workforce, Research, Development and Student Achievement Institute	PASSED

SPONSOR: **Sen. Scott Wynn Cyrway**

<u>LR #</u>	<u>Title</u>	<u>Action</u>
1974	An Act To Require Telecommunications Companies To Divulge Location Information to Law Enforcement When Necessary To Resolve an Ongoing Crime or Locate a Missing Person	PASSED

SPONSOR: **Rep. Kathleen R.J. Dillingham**

<u>LR #</u>	<u>Title</u>	<u>Action</u>
1960	An Act To Update Maine's Prohibition on Sales of Upholstered Furniture Treated with Flame-retardant Chemicals	PASSED

SPONSOR: **Rep. Kathy I. Javner**

<u>LR #</u>	<u>Title</u>	<u>Action</u>
1969	Resolve, To Dedicate a Portion of Route 6 from Lee to Springfield in Honor of Blair Emery	PASSED

SPONSOR: **Sen. Matthew Gary Pouliot**

<u>LR #</u>	<u>Title</u>	<u>Action</u>
1982	An Act To Amend the Property Tax Exemption for Legally Blind Persons	PASSED

SPONSOR: **Rep. Rachel Talbot Ross**

<u>LR #</u>	<u>Title</u>	<u>Action</u>
1978	An Act To Place the Capitol Police under the Jurisdiction of the Legislature	PASSED

SPONSOR: **Rep. Nathan J. Wadsworth**

<u>LR #</u>	<u>Title</u>	<u>Action</u>
1962	An Act To Promote Workforce Development and Provide an Economic Stimulus for Maine-based Filmmakers and Supporting Businesses	PASSED

JOINT RESOLUTIONS

SPONSOR: **Rep. Billy Bob Faulkingham**

<u>LR #</u>	<u>Title</u>	<u>Action</u>
500	JOINT RESOLUTION MEMORIALIZING THE UNITED STATES CONGRESS TO URGE THE CONGRESS TO ADOPT THE "KEEP NINE AMENDMENT"	TABLED

SPONSOR: **Sen. Stacey Guerin**

<u>LR #</u>	<u>Title</u>	<u>Action</u>
513	JOINT RESOLUTION URGING THE PRESIDENT OF THE UNITED STATES TO DESIGNATE A STATE FUNERAL FOR THE LAST LIVING WORLD WAR II MEDAL OF HONOR RECIPIENTS	TABLED

SPONSOR: **Sen. Lisa Keim**

<u>LR #</u>	<u>Title</u>	<u>Action</u>
1586	JOINT RESOLUTION, URGING THE RESTORATION OF CONSTITUTIONALISM AND THE TENTH AMENDMENT	TABLED

SPONSOR: **Sen. Dave Miramant**

<u>LR #</u>	<u>Title</u>	<u>Action</u>
855	JOINT RESOLUTION MEMORIALIZING THE UNITED STATES DEPARTMENT OF AGRICULTURE, FOOD AND NUTRITION SERVICE TO INCLUDE CERTAIN NONFOOD ESSENTIALS IN THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM	PASSED

SPONSOR: **Sen. Trey Stewart**

<u>LR #</u>	<u>Title</u>	<u>Action</u>
831	JOINT RESOLUTION MEMORIALIZING THE FEDERAL GOVERNMENT TO ELIMINATE THE WINDFALL ELIMINATION PROVISION THAT PENALIZES MAINE STATE RETIREES	PASSED

SPONSOR: **Rep. Sophia Bailey Warren**

<u>LR #</u>	<u>Title</u>	<u>Action</u>
1767	JOINT RESOLUTION, URGING COOPERATION BY MAINE AND THE FEDERAL GOVERNMENT TO ADDRESS CLIMATE CHANGE	PASSED

**130th Maine State Legislature
Legislative Council Actions Taken on
Requests to Introduce Legislation
First Regular Session
Addendum**

January 28, 2021

SPONSOR: Sen. Matthew Gary Pouliot

<u>LR #</u>	<u>Title</u>	<u>Action</u>
1991	An Act To Require State Reimbursement of the Tax Paid by Residential Treatment Facilities and Nursing Homes	PASSED

SPONSOR: Sen. Trey Stewart

<u>LR #</u>	<u>Title</u>	<u>Action</u>
1990	An Act To Provide Health Coverage Plans to Workers in Certain Industries	PASSED

JOINT RESOLUTIONS

SPONSOR: Sen. Dave Miramant

<u>LR #</u>	<u>Title</u>	<u>Action</u>
1992	JOINT RESOLUTION MEMORIALIZING THE PRESIDENT OF THE UNITED STATES AND THE UNITED STATES CONGRESS TO ESTABLISH A NATIONAL INFRASTRUCTURE BANK	PASSED

Fiscal Briefing

February 25, 2021

Prepared by the Office of Fiscal & Program Review

1. General Fund Revenue Update (see attached)

Total General Fund Revenue - FY 2021 (\$'s in Millions)

	Budget	Actual	Var.	% Var.	Prior Year	% Change
January	\$357.6	\$447.1	\$89.5	25.0%	\$416.1	7.5%
FYTD	\$2,336.6	\$2,490.9	\$154.3	6.6%	\$2,395.1	4.0%

General Fund revenue was over budget by \$89.5 million (25.0%) for the month of January and over budget by \$154.3 million (6.6%) for the fiscal year to date. General Fund revenue through January is now 4.0% greater than at the same point last year.

Individual income tax revenue was over budget by \$59.1 million for the month and by \$91.1 million for the fiscal year to date. Individual estimated payments were over budget by \$52.3 million for the month and by \$61.2 million for the fiscal year to date. Withholding revenue was under budget by \$1.9 million for the month but remains \$16.0 million over budget for the fiscal year to date.

Corporate income tax revenue was over budget by \$7.9 million for the month and by \$26.3 million for the fiscal year to date. The positive variance for the fiscal year to date is largely the result of estimated payments to date exceeding budget by \$22.5 million while refunds were over budget (less paid out than budgeted) by \$9.8 million.

Sales and use tax revenue (December sales) was over budget by \$23.8 million for the month and by \$33.3 million for the fiscal year to date.

2. Highway Fund Revenue Update (see attached)

Total Highway Fund Revenue - FY 2021 (\$'s in Millions)

	Budget	Actual	Var.	% Var.	Prior Year	% Change
January	\$27.8	\$26.6	(\$1.2)	-4.2%	\$28.6	-7.0%
FYTD	\$198.0	\$199.4	\$1.4	0.7%	\$209.8	-5.0%

Highway Fund revenue was under budget by \$1.2 million (-4.2%) for the month of January but over budget by \$1.4 million (0.7%) for the fiscal year to date. Highway Fund revenue through January is now -5.0% less than at the same point last year.

Fuel taxes were under budget by \$1.4 million for the month and by \$0.6 million for the fiscal year to date. Motor vehicle registrations and fees were over budget by \$0.4 million for the month and by \$1.8 million for the fiscal year to date.

3. Cash Balances Update

The average balance in the cash pool for January was \$2,630.7 million, an increase from December's average of \$2,617.2 million. While the average balance from federal Coronavirus Relief Fund (CRF) payments continued to decrease (from \$587.2 million in December to \$404.7 million in January), the increase in the overall cash pool balance is largely the result of an increase in the General Fund balance and the addition of \$65.5 million in new federal emergency rental assistance funds. The average Highway Fund balance in January was \$45.2 million, an increase from December's average of \$26.7 million.

General Fund Revenue
Fiscal Year Ending June 30, 2021 (FY 2021)

Updated 2/18/21

January 2021 Revenue Variance Report

Revenue Category				Fiscal Year-To-Date					FY 2021 Budgeted Totals
	January '21 Budget	January '21 Actual	January '21 Variance	Budget	Actual	Variance	Variance %	% Change from Prior Year	
Sales and Use Tax	134,509,904	158,318,499	23,808,595	1,023,437,698	1,056,737,114	33,299,416	3.3%	3.1%	1,593,564,678
Service Provider Tax	4,836,097	4,570,095	(266,002)	32,575,421	31,730,483	(844,938)	-2.6%	-6.4%	56,562,000
Individual Income Tax	200,987,553	260,089,308	59,101,755	1,089,241,533	1,180,340,365	91,098,832	8.4%	7.1%	1,697,011,248
Corporate Income Tax	5,999,719	13,934,965	7,935,246	106,359,191	132,682,241	26,323,050	24.7%	13.2%	201,505,002
Cigarette and Tobacco Tax	11,941,427	6,490,716	(5,450,711)	85,825,603	86,360,256	534,653	0.6%	6.0%	143,099,400
Insurance Companies Tax	119,408	28,962	(90,446)	14,761,745	14,702,472	(59,273)	-0.4%	5.7%	84,400,000
Estate Tax	710,000	790,317	80,317	14,470,811	15,397,782	926,971	6.4%	-8.3%	18,050,000
Other Taxes and Fees *	12,021,065	10,548,963	(1,472,102)	81,343,406	82,144,086	800,680	1.0%	4.9%	144,031,063
Fines, Forfeits and Penalties	748,276	381,347	(366,929)	5,282,448	4,524,827	(757,621)	-14.3%	-35.6%	9,387,746
Income from Investments	449,702	570,534	120,832	2,745,026	2,891,706	146,680	5.3%	-61.0%	5,383,431
Transfer from Lottery Commission	4,625,630	10,216,388	5,590,758	36,013,014	44,603,969	8,590,955	23.9%	21.3%	60,000,000
Transfers to Tax Relief Programs *	(11,450,510)	(9,340,072)	2,110,438	(61,992,384)	(67,144,985)	(5,152,601)	-8.3%	-27.7%	(75,667,000)
Transfers for Municipal Revenue Sharing	(10,926,929)	(13,113,056)	(2,186,127)	(84,600,181)	(86,786,304)	(2,186,123)	-2.6%	-30.4%	(137,566,408)
Other Revenue *	3,048,780	3,617,283	568,503	(8,878,913)	(7,255,360)	1,623,553	18.3%	-39.1%	15,519,173
Totals	357,620,122	447,104,249	89,484,127	2,336,584,418	2,490,928,652	154,344,234	6.6%	4.0%	3,815,280,333

* Additional detail by subcategory for these categories is presented on the following page.

General Fund Revenue
Fiscal Year Ending June 30, 2021 (FY 2021)

Updated 2/18/21

January 2021 Revenue Variance Report

Revenue Category	January '21 Budget	January '21 Actual	January '21 Variance	Fiscal Year-To-Date					FY 2021 Budgeted Totals
				Budget	Actual	Variance	Variance %	% Change from Prior Year	
Detail of Other Taxes and Fees:									
- Property Tax - Unorganized Territory	0	0	0	12,447,341	12,556,140	108,799	0.9%	18.5%	14,713,169
- Real Estate Transfer Tax	2,108,034	2,156,311	48,277	11,916,835	11,835,848	(80,987)	-0.7%	31.7%	20,767,964
- Liquor Taxes and Fees	1,971,386	1,161,268	(810,118)	13,814,024	13,392,646	(421,378)	-3.1%	-0.6%	22,093,824
- Corporation Fees and Licenses	547,858	524,844	(23,015)	3,773,551	4,288,806	515,255	13.7%	21.3%	10,138,649
- Telecommunication Excise Tax	0	(135,322)	(135,322)	(1,716)	(137,038)	(135,322)	-7885.9%	-237.4%	6,100,000
- Finance Industry Fees	2,619,751	2,777,570	157,819	15,418,243	15,299,220	(119,023)	-0.8%	-7.0%	26,916,990
- Milk Handling Fee	277,060	87,218	(189,842)	1,693,695	2,342,144	648,449	38.3%	217.2%	3,446,341
- Racino Revenue	475,983	498,699	22,716	3,467,895	3,490,616	22,721	0.7%	-34.9%	6,068,950
- Boat, ATV and Snowmobile Fees	410,227	315,147	(95,080)	2,046,649	2,010,539	(36,110)	-1.8%	-4.3%	4,523,561
- Hunting and Fishing License Fees	2,255,266	1,841,559	(413,707)	10,230,571	10,810,421	579,850	5.7%	2.4%	15,990,794
- Other Miscellaneous Taxes and Fees	1,355,500	1,321,670	(33,830)	6,536,318	6,254,744	(281,574)	-4.3%	-2.0%	13,270,821
Subtotal - Other Taxes and Fees	12,021,065	10,548,963	(1,472,102)	81,343,406	82,144,086	800,680	1.0%	4.9%	144,031,063
Detail of Other Revenue:									
- Liquor Sales and Operations	2,375	1,800	(575)	16,625	32,400	15,775	94.9%	17.1%	28,500
- Targeted Case Management (DHHS)	12,291	2,317	(9,974)	103,399	23,901	(79,498)	-76.9%	-63.4%	158,160
- State Cost Allocation Program	2,280,961	2,248,656	(32,305)	15,117,113	16,529,285	1,412,172	9.3%	11.5%	25,410,229
- Unclaimed Property Transfer	0	0	0	0	0	0	N/A	N/A	6,200,000
- Tourism Transfer	0	0	0	(17,076,345)	(17,076,345)	(0)	0.0%	5.9%	(17,076,345)
- Transfer to Maine Milk Pool	(877,238)	(794,367)	82,871	(7,662,943)	(7,580,073)	82,870	1.1%	-86.3%	(11,916,383)
- Transfer to STAR Transportation Fund	0	0	0	(9,911,067)	(9,911,067)	(0)	0.0%	11.0%	(9,911,067)
- Other Miscellaneous Revenue	1,630,391	2,158,878	528,487	10,534,305	10,726,540	192,235	1.8%	-18.9%	22,626,079
Subtotal - Other Revenue	3,048,780	3,617,283	568,503	(8,878,913)	(7,255,360)	1,623,553	18.3%	-39.1%	15,519,173
Detail of Transfers to Tax Relief Programs:				0.00	0				
- Me. Resident Prop. Tax Program (Circuitbreaker)	0	0	0	0	1,305	1,305	N/A	-47.7%	0
- BETR - Business Equipment Tax Reimb.	(4,976,375)	(9,208,268)	(4,231,893)	(9,655,298)	(13,247,285)	(3,591,987)	-37.2%	-26.9%	(21,600,000)
- BETE - Municipal Bus. Equip. Tax Reimb.	(6,474,135)	(131,804)	6,342,331	(53,403,444)	(53,899,005)	(495,561)	-0.9%	-27.9%	(54,067,000)
Subtotal - Tax Relief Transfers	(11,450,510)	(9,340,072)	2,110,438	(63,058,742)	(67,144,985)	(4,086,243)	-6.5%	-27.7%	(75,667,000)
Inland Fisheries and Wildlife Revenue - Total	2,737,813	2,246,005	(491,808)	12,733,721	13,247,125	513,404	4.0%	0.3%	21,360,663

Highway Fund Revenue
Fiscal Year Ending June 30, 2021 (FY 2021)

Updated 2/18/21

January 2021 Revenue Variance Report

Revenue Category	January '21 Budget	January '21 Actual	January '20 Variance	Fiscal Year-To-Date					FY 2021 Budgeted Totals	Budgeted Change FY 2020 to FY 2021
				Budget	Actual	Variance	% Variance	% Change from Prior Year		
Fuel Taxes:										
- Gasoline Tax	15,598,688	14,633,433	(965,255)	113,923,693	112,043,443	(1,880,251)	-1.7%	-11.0%	190,075,000	-8.9%
- Special Fuel and Road Use Taxes	3,562,835	3,036,896	(525,939)	27,929,955	28,967,820	1,037,865	3.7%	-3.1%	46,895,000	-7.7%
- Transcap Transfers - Fuel Taxes	(1,407,502)	(1,297,829)	109,673	(10,517,060)	(10,371,447)	145,613	1.4%	9.5%	(17,422,581)	8.6%
- Other Fund Gasoline Tax Distributions	(390,076)	(365,938)	24,138	(2,862,756)	(2,815,737)	47,019	1.6%	10.7%	(4,759,067)	8.7%
Subtotal - Fuel Taxes	17,363,945	16,006,562	(1,357,383)	128,473,832	127,824,079	(649,753)	-0.5%	-9.4%	214,788,352	-8.6%
Motor Vehicle Registration and Fees:										
- Motor Vehicle Registration Fees	5,325,252	6,232,807	907,555	42,231,220	43,081,834	850,614	2.0%	10.8%	70,966,632	2.6%
- License Plate Fees	292,851	74,218	(218,633)	2,047,475	2,187,291	139,816	6.8%	-2.5%	3,642,643	0.7%
- Long-term Trailer Registration Fees	1,519,092	1,275,215	(243,877)	7,285,618	7,041,741	(243,877)	-3.3%	-9.2%	11,384,523	-4.2%
- Title Fees	1,248,000	1,118,658	(129,342)	8,779,033	9,283,145	504,112	5.7%	2.1%	14,325,795	0.0%
- Motor Vehicle Operator License Fees	788,430	897,473	109,043	5,532,395	6,359,305	826,910	14.9%	4.0%	9,307,411	-7.5%
- Transcap Transfers - Motor Vehicle Fees	0	0	0	(8,738,977)	(9,051,294)	(312,317)	-3.6%	-7.4%	(16,811,983)	-1.8%
Subtotal - Motor Vehicle Reg. & Fees	9,173,625	9,598,371	424,746	57,136,764	58,902,021	1,765,257	3.1%	5.8%	92,815,021	0.3%
Motor Vehicle Inspection Fees	455,858	254,235	(201,624)	1,717,093	1,514,869	(202,224)	-11.8%	-29.8%	3,092,771	-3.4%
Other Highway Fund Taxes and Fees	75,983	108,245	32,262	807,810	924,279	116,469	14.4%	18.3%	1,267,454	-7.4%
Fines, Forfeits and Penalties	18,714	70,404	51,690	298,532	628,483	329,951	110.5%	20.7%	412,286	-32.0%
Interest Earnings	37,115	16,134	(20,981)	110,124	129,586	19,462	17.7%	-38.0%	174,622	-44.2%
Other Highway Fund Revenue	655,738	565,400	(90,338)	9,489,808	9,497,064	7,256	0.1%	1.4%	12,119,901	-0.8%
Totals	27,780,978	26,619,350	(1,161,628)	198,033,963	199,420,382	1,386,419	0.7%	-5.0%	324,670,407	-6.0%

**Legislative Council Actions
Taken by Ballot Since the
January 28, 2021 Council Meeting**

Requests for Introduction of Legislation:

**LR 2000 An Act to Require the Public Utilities Commission To Assess an Electric
Utility with Certain Costs of Upgrades Necessary for New Generator
Interconnections**

Submitted by: Representative Seth Berry

Date: February 8, 2021

Vote: 6-3-0-1 Passed (with Senator Timberlake, Senator Pouliot and Representative
Stetkis opposed and with Representative Dillingham recorded as absent)

DRAFT PROPOSAL by SEN. TIMBERLAKE

ACCESS FOR AUTHORIZED GUESTS

Legislative Council

COVID-19 Prevention Policy

To minimize the spread of disease and protect the health and safety of Legislators, legislative staff and others in light of the risks presented by the highly contagious COVID-19, the following policy is established for legislators, legislative staff and essential third parties who are working onsite in legislative space. “Essential third parties” means members of the press, contractors, and delivery staff. This policy replaces the Legislative Council Policy on the Wearing of Protective Face Coverings During Authorized Meetings of Legislative Committees. This policy is effective during the First Regular Session of the 130th Legislature and will be subject to continuing updates.

Every individual has a responsibility to comply with the policy for their own safety and for the safety of others working in Legislative space. If an individual in a legislative space is not in compliance with this policy, legislative staff is expected to leave the legislative space. Capitol Police are responsible for assisting with the enforcement of the Legislative Council’s COVID-19 Prevention Policy.

1. Access to legislative space; legislative staff offices. ~~Legislative~~ Except as provided in section 1-A, legislative spaces are only open to legislators, staff and essential third parties that have passed the daily health self-screening checklist described in section 7. The State House and committee rooms in the Cross Office building will only be open to legislators, staff ~~and~~, essential third parties, and, if authorized pursuant to section 1-A, guests. In addition, only legislative staff are permitted in legislative offices within the State House and Cross Office building, as determined by the respective office director.

1-A. Limited access for guests of legislators. Subject to the requirements of this section, a legislator may authorize up to two guests at one time to be admitted into the State House and legislative space for purposes of conducting a meeting regarding legislative business.

A. In order to secure authorization for the admission of a guest or guests, a legislator shall notify the legislator’s Chief of Staff to inquire about the availability of space under that caucus’s control in which to meet.

- B. If the legislator's Chief of Staff indicates that there is sufficient space available under that caucus's control to safely accommodate a meeting with a guest or guests in a manner that complies with all of the requirements set forth in this policy, the legislator, Chief of Staff or designee must inform building security of the arrival of the guest or guests and meet the guest or guests at the security kiosk.
- C. In order to be authorized admission to legislative space under this section, prior to entry into the State House, each guest must complete the self-screening of health status pursuant to section 7.
- D. While in legislative space, each guest must wear a protective face covering in accordance with section 5 and maintain a distance of at least 6 feet from others in accordance with section 6.

2. Electronic communication encouraged. Staff is strongly encouraged to employ electronic workplace communications, such as emails, teleconferencing and telephone calls, with Legislators and staff to reduce the frequency of face-to-face contact. All individual face-to-face meetings that occur should be limited and must be scheduled with staff in advance by appointment and conducted in accordance with the requirements governing protective face coverings and physical distancing.

3. Staggering physical presence of staff. To reduce the number of staff members working together at the same time and ensure safe physical distancing, office directors are authorized to implement, where possible, staggered work shifts and non-standard work hours as appropriate.

4. Remote attendance. In order to reduce the number of persons in any committee room and to ensure the safety of staff and legislators, staffing support for committee meetings, including staffing by committee analysts and committee clerks, shall be provided remotely through appropriate electronic means. The Executive Director, acting under the authority of the Legislative Council, shall establish appropriate practices, protocols and procedures to effectively carry out this policy, including procedures that would allow staff to be in the room for short periods as may be necessary.

In addition, a Legislator or essential third party may choose to attend a committee meeting remotely through appropriate electronic means and be in the room for short periods as may be necessary to comply with Legislative Council policy and rules of the Legislature.

5. Protective Face Coverings. An individual who enters any legislative space must wear a protective face covering while in that legislative space in a manner that covers the nose and mouth, unless the individual (1) is unable to wear a protective face covering due to a medical condition; (2) is alone in their own office; (3) is alone in a legislative space; or (4) is in their own cubicle and able to socially distance at a minimum at 6 feet.

If an individual is unable to wear a protective face covering due to a medical condition, that individual may not be in the room in which a committee meeting is being held, but may participate remotely.

6. Physical Distancing. All individuals in legislative space shall seek to maintain at all times a distance of at least 6 feet from others within that legislative space. The directors of individual legislative offices are authorized to set office-specific guidelines in order to meet these physical distancing requirements, including but not limited to room capacity, access to offices, and traffic flow. All individuals are expected to comply with posted room and elevator capacity signs as well as posted office-specific physical distancing guidelines.

7. Daily Screening. Prior to initial arrival at and entry into the State House or legislative space in the Cross Office Building each day, legislators, legislative staff ~~and~~, essential third parties and individuals seeking entry as authorized guests under section 1-A shall complete a self-screening of their health status using a checklist that consists of the following questions:

- Do you have a cough or sore throat?
- Do you have a fever or do you feel feverish?
- Do you have shortness of breath?
- Do you have a loss of taste or smell?
- Have you been around anyone exhibiting these symptoms within the past 14 days or who has tested positive for COVID-19 regardless of symptoms?
- Are you living with anyone who is sick or quarantined, or have you been in the last 14 days?
- Have you been out of state in the last 14 days?
- Have you tested positive for COVID-19 within the past 14 days?

If the staff answers to any of these questions is "yes," please contact your supervisor to discuss next steps. Guidance will be provided to supervisors regarding appropriate next steps. If a staff person who has answered "yes" to any of these questions is physically capable of working, that person's supervisor may

authorize that staff person to work from home. If a legislator, ~~or~~ essential third party or individual seeking entry as an authorized guest under section 1-A answers “yes” to any of these questions, the legislator or essential third party shall refrain from entering legislative space.

8. Cleaning, Disinfecting, and Sanitizing. To supplement the efforts of the housekeeping staff whose efforts focus primarily on the public areas and in addition to proper hygiene including regular hand washing, the Legislature will provide access to the following cleaning and disinfecting supplies along with instructions on proper use.

A. Legislative staff must have access to disinfectant wipes or disinfectant spray and paper towels to clean their work surfaces, and a no-touch designated trash bin to dispose of used items.

B. Disinfectant wipes, or disinfectant spray and paper towels, must be located next to copiers, printers and other shared equipment. Disinfectant spray should never be sprayed directly on equipment, but should be sprayed on paper towels that are used to wipe down equipment before and after use.

C. Hand sanitizer must be provided in multiple locations around work spaces and in public spaces.

9. Posting of policy. Copies of this policy must be conspicuously posted in legislative staff offices and other legislative spaces.

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**130th Maine State Legislature
Legislative Council
Requests to Introduce Legislation
First Regular Session**

As of: 2/19/2021 9:06:26 AM

AFTER DEADLINE BILL REQUESTS

SPONSOR:

<u>LR #</u>	<u>Title</u>	<u>Action</u>
1994	An Act to Modify Licensure Requirements To Consider Credentialed Individuals from Other Jurisdictions	

SPONSOR: Sen. Joseph M. Baldacci

<u>LR #</u>	<u>Title</u>	<u>Action</u>
2003	An Act To Support Maine Students Who Are Dependents of Current or Former Members of the Military	Ballot in Process

SPONSOR: Rep. Lori K. Gramlich

<u>LR #</u>	<u>Title</u>	<u>Action</u>
2001	An Act To Increase Safety at the Capitol Complex	Ballot in Process

SPONSOR: Sen. Matthew Gary Pouliot

<u>LR #</u>	<u>Title</u>	<u>Action</u>
1998	An Act To Amend the Motor Vehicle Excise Tax Exemption for Veterans Who Are Disabled	

2005	An Act To Terminate the Augusta Downtown Parking District	
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SPONSOR: Sen. Trey Stewart

<u>LR #</u>	<u>Title</u>	<u>Action</u>
2007	An Act To Prohibit Substitute Teachers from Engaging in Sexual Activity with Their Students	
2008	An Act To Allow for the Production of Insulin by the University of Maine	Ballot in Process

SPONSOR: Rep. John L. Tuttle, Jr.

<u>LR #</u>	<u>Title</u>	<u>Action</u>
1993	An Act To Restore Funding to the Southern Maine Veterans Cemetery	
2004	An Act To Exempt Municipalities from Sales Tax on Municipal Solid Waste	

SPONSOR: Rep. Dustin Michael White

<u>LR #</u>	<u>Title</u>	<u>Action</u>
2006	An Act To Require That Motor Vehicles Be Clear of Snow and Ice When Operated on Public Ways	

SPONSOR: Rep. Stanley Paige Zeigler

<u>LR #</u>	<u>Title</u>	<u>Action</u>
2010	An Act To Increase the Number of Lincolnville Sewer District Trustees from 3 to 5	

TABLED BY THE LEGISLATIVE COUNCIL

JOINT RESOLUTIONS

SPONSOR: Rep. Billy Bob Faulkingham

<u>LR #</u>	<u>Title</u>	<u>Action</u>
500	JOINT RESOLUTION MEMORIALIZING THE UNITED STATES CONGRESS TO URGE THE CONGRESS TO ADOPT THE "KEEP NINE AMENDMENT"	Tabled 01/28/21

SPONSOR: Sen. Stacey Guerin

<u>LR #</u>	<u>Title</u>	<u>Action</u>
513	JOINT RESOLUTION URGING THE PRESIDENT OF THE UNITED STATES TO DESIGNATE A STATE FUNERAL FOR THE LAST LIVING WORLD WAR II MEDAL OF HONOR RECIPIENTS	Tabled 01/28/21

SPONSOR: Sen. Lisa Keim

<u>LR #</u>	<u>Title</u>	<u>Action</u>
1586	JOINT RESOLUTION, URGING THE RESTORATION OF CONSTITUTIONALISM AND THE TENTH AMENDMENT	Tabled 01/28/21

**130th Maine State Legislature
Addendum
Legislative Council
Requests to Introduce Legislation
First Regular Session

Actions Taken After February 19, 2021**

SPONSOR: **Pres. Troy Dale Jackson**

<u>LR #</u>	<u>Title</u>	<u>Action</u>
2014	An Act To Waive the Asset Lookback Standards for Nursing Home Residency as a Result of Contracting COVID-19	

LORING DEVELOPMENT AUTHORITY OF MAINE

2020 ANNUAL REPORT

Report on Activity at Maine's Largest
Industrial – Commercial – Aviation – Business Park



Paragraph 13080-L
Fiscal Year 2020 Annual Report
July 1, 2019 – June 30, 2020

	Page
Paragraph 1A: Description of the Authority’s Operations	2
Paragraph 1B: Authority’s Audited Financial Statements for the Year Ended June 30, 2020	3
Paragraph 1C: Property Transactions	4
Paragraph 1D: An accounting of all activities of any special utility district formed under Section 13080-G (None)	6
Paragraph 1E: A listing of any property acquired by eminent domain under Section 13080-G (None)	6
Paragraph 1F: A listing of any bonds issued (None)	6
Paragraph 1G: Subsequent Events and Proposed Activities.....	7
Paragraph 1H: Further Actions Suitable for Achieving the Purposes of this Article	8
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Loring Commerce Centre Tenants	

PARAGRAPH 1A: DESCRIPTION OF THE AUTHORITY’S OPERATIONS

Loring Development Authority (LDA) is responsible for the redevelopment of the properties of the state’s largest industrial park, Loring Commerce Centre, formerly Loring Air Force Base, in support of new job creation and new economic activity. LDA manages the 3,700-acre business-commercial and industrial park including a 1,600-acre aviation complex; serves as landlord to leasehold businesses and supplies municipal-type services to residents and businesses that collectively employ approximately 820 people and occupy 1 million square feet of space in numerous major buildings. LDA operates a water treatment plant, water distribution system, and a wastewater collection system; maintains and plows 26 miles of roadways; performs grounds maintenance on hundreds of acres of developed and developable property; and through arrangements with the Town of Limestone and others, secures fire, ambulance, and law enforcement services and contracts for wastewater treatment. The LDA works with prospective businesses to develop opportunities to reuse additional facilities and properties, create additional employment and economic activity both at Loring and in the broader region.

Businesses at Loring represent industrial, manufacturing, agriculture, forestry, energy, telecommunications, commercial, back-office, education, recreation, conservation and aviation sectors. A profile of the employers at Loring, included at the end of this report, illustrates the significant level and diversity of economic activity generated by the reuse of facilities at Loring Commerce Centre.

Loring Development Authority of Maine
Fiscal Year 2020 Annual Report
July 1, 2019 – June 30, 2020

**PARAGRAPH 1B: AUDITED FINANCIAL STATEMENTS FOR
FISCAL YEAR 2020**

The attached Independent Auditor's Report was approved by the Loring Development Authority Board of Trustees on October 7, 2020.

LORING DEVELOPMENT AUTHORITY OF MAINE

FINANCIAL STATEMENTS

JUNE 30, 2020

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LORING DEVELOPMENT AUTHORITY OF MAINE

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Fiscal Years Ended June 30, 2020 and 2019

UNAUDITED

The management of the Loring Development Authority of Maine (LDA) is providing the following discussion and analysis of the financial activities for the year ended June 30, 2020. The LDA is a component unit of the State of Maine with a mission to create jobs and positive economic growth by redevelopment of approximately 3,700 acres of the former Loring Air Force Base located in Limestone, Maine.

Report Layout

The management's discussion and analysis is intended to make reports more understandable, easier to read, comprehensible and to explain significant changes and financial positions between the current and prior year.

Financial Highlights

- Total net position decreased by \$1,820,287. Operations decreased net position by \$1,959,546. Revenues were down due to a decrease in state assistance and lease revenue while expenses were down due to decreases in utilities and uncollectable accounts.
- Total revenues of \$1,250,717 are comprised of 22% from lease revenue, 40% from state assistance, 10% from federal grants, 23% from water and sewer fees and 5% from other LDA operations.
- Due to a challenging economic environment net jobs have declined over the past fiscal year.
- The annual Caretaker grant revenue for the maintenance and operation of essential services and facility maintenance ceased in September 2004. The LDA now relies on lease income, state assistance and other operations to support these operations. The LDA's cost for facility maintenance, operations of water distribution and sewer collection systems, maintenance of a network of roads, parking lots, airfield pavements, together with services for wastewater treatment, fire, police and ambulance protection was approximately \$2.1 million in fiscal year 2020.

Basic Financial Statements

The LDA's financial reports are prepared using proprietary fund (enterprise fund) accounting which is the same basis as private-sector business enterprises and utilizes the accrual basis of accounting. The accrual basis of accounting records income as it is earned and costs as incurred. The basic financial statements include the following:

Statements of Net Position
Statements of Revenues, Expenses and Changes in Net Position
Statements of Cash Flows

LORING DEVELOPMENT AUTHORITY OF MAINE

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Years Ended June 30, 2020 and 2019

UNAUDITED

The Statements of Net Position exhibits the balance of current and capital assets less current liabilities and a net asset balance. As required by GASB 34, the LDA has included the estimated fair market value of net assets (structures, vehicles and equipment, aviation facilities, roads and accessory facilities, special use structures and land) which were given to the LDA at no cost by the United States Air Force. The carrying value of total capital assets for the current year is \$55,098,271 as compared to a capital asset balance of \$55,939,670 for the prior year ending June 30, 2019.

During the year ended June 30, 2020 the LDA implemented GASB #88 which requires additional disclosures related to long-term debt and other long-term obligations.

Table 1 provides condensed data of the Statements of Net Position for the fiscal years ended 2020 and 2019.

Table 1

Net Position

	<u>2020</u>	<u>2019</u>
Current assets	\$ 1,251,725	\$ 1,707,253
Net capital assets	55,098,271	55,939,670
Notes receivable, net of current portion	<u>300,000</u>	<u>655,584</u>
Total Assets	<u>56,649,996</u>	<u>58,302,507</u>
Deferred Outflows of Resources	<u>23,422</u>	<u>7,453</u>
Current Liabilities	2,123,734	1,807,729
Long-term Liabilities	<u>1,304,143</u>	<u>1,331,681</u>
Total Liabilities	3,427,877	3,139,410
Deferred Inflows of Resources	<u>461,846</u>	<u>566,568</u>
Total Net Position	\$ <u>52,783,695</u>	\$ <u>54,603,982</u>

The Statements of Revenues, Expenditures and Changes in Net Position reports the federal and state assistance and operations revenue, less operating costs in order to reflect the change in net position value for the current year in combination with the prior year's net position value to reflect the net position balance as of June 30, 2020.

LORING DEVELOPMENT AUTHORITY OF MAINE

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Years Ended June 30, 2020 and 2019

UNAUDITED

Table 2 shows the changes in net position for the fiscal years 2020 and 2019.

Table 2

Changes in Net Position

	<u>2020</u>	<u>2019</u>
Revenues:		
Program Revenues		
State Assistance	\$ 503,306	\$ 1,415,399
General Revenues		
Lease and Other	<u>601,244</u>	<u>1,101,090</u>
Total Operating Revenues	<u>1,104,550</u>	<u>2,516,489</u>
Operating Expenses:		
Salaries and Benefits	565,737	624,004
Travel	2,600	3,703
Contracted Services	482,930	478,837
Depreciation	972,344	939,966
Legal and Audit	9,591	7,838
Marketing	1,110	640
Supplies and Expenses	84,961	102,791
Maintenance	202,072	209,794
Utilities	606,308	825,954
Uncollectable Accounts	13,814	455,635
Other General and Administrative	<u>122,629</u>	<u>139,792</u>
Total Operating Expenses	<u>3,064,096</u>	<u>3,788,954</u>
Loss from Operations	<u>(1,959,546)</u>	<u>(1,272,465)</u>
Other Revenues & Expenses		
Other	<u>139,259</u>	<u>2,564</u>
Change in Net Position	\$ <u>(1,820,287)</u>	\$ <u>(1,269,901)</u>

The Statements of Cash Flows are included, which discloses net cash provided by, or used in operating activities, noncapital financial activities, and from capital and related financing activities. From these statements, the reader can obtain comparative information on the sources and uses of cash for the reported years.

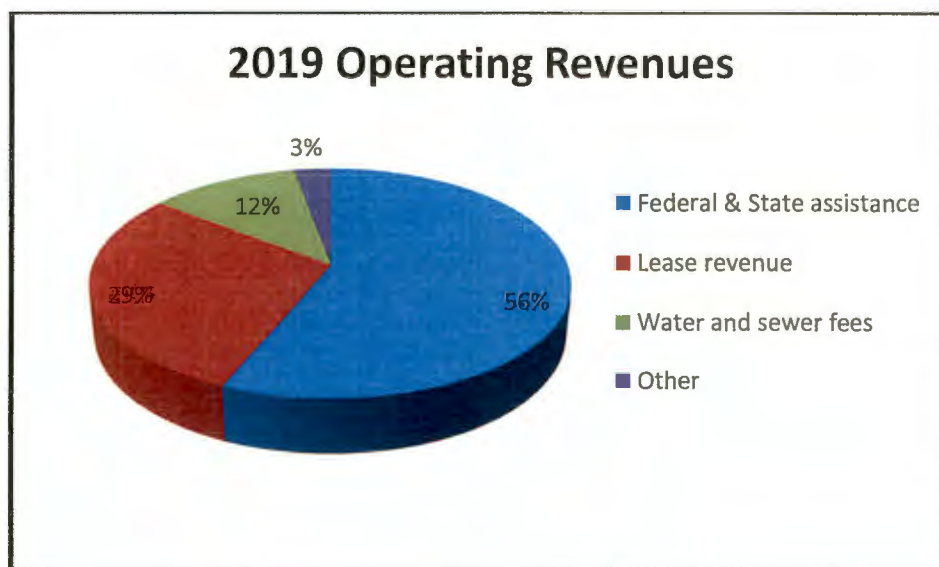
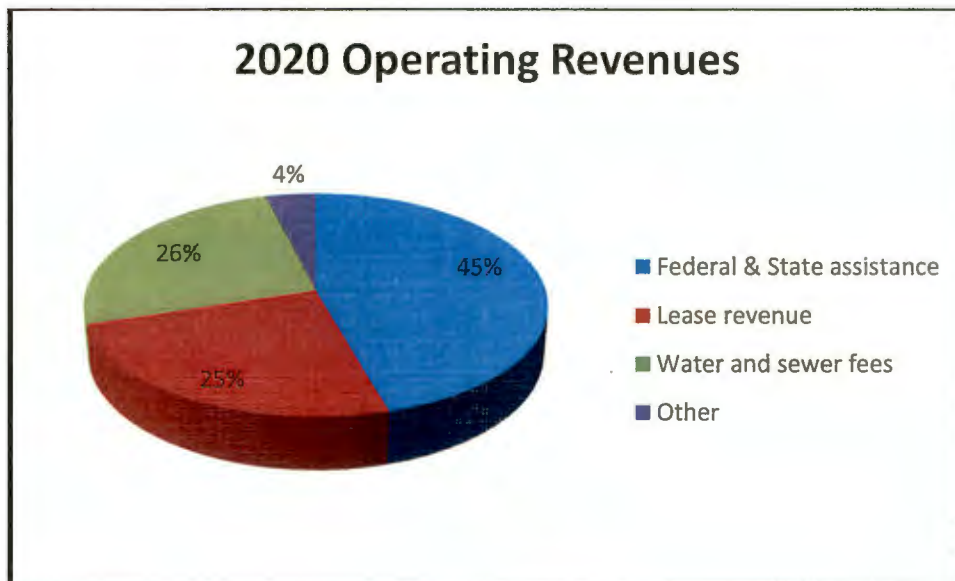
LORING DEVELOPMENT AUTHORITY OF MAINE

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Years Ended June 30, 2020 and 2019

UNAUDITED

The Loring Development Authority's Funds

The Loring Development Authority's Funds are accounted for using the accrual basis of accounting. Total revenues and other sources amounted to \$1,243,809 in 2020 and \$2,519,053 in 2019. Operating revenues for the two years as represented in the tables below totaled \$1,104,550 in 2020 and \$2,516,489 in 2019. Federal and state grants and assistance represents 45% and 56% of the LDA's operating revenues for the last two years.

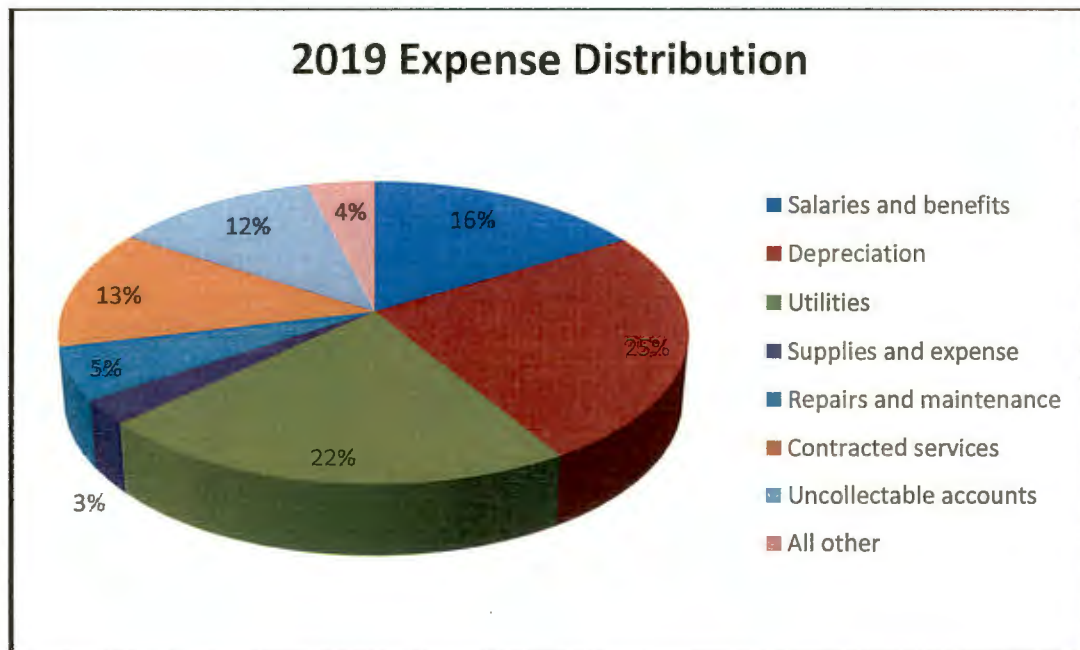
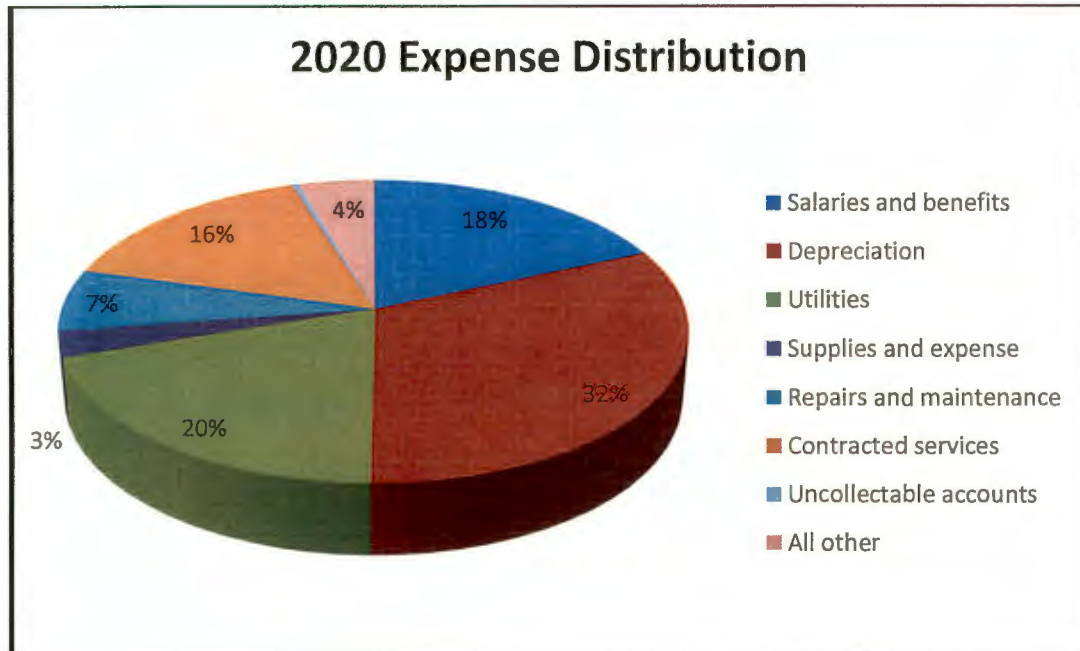


LORING DEVELOPMENT AUTHORITY OF MAINE

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Years Ended June 30, 2020 and 2019

UNAUDITED

Operating expenses amounted to \$3,064,096 in 2020 and \$3,788,954 in 2019. The following charts reflect the expenditures for the fiscal years ended June 30, 2020 and 2019.



LORING DEVELOPMENT AUTHORITY OF MAINE

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Fiscal Years Ended June 30, 2020 and 2019

UNAUDITED

Capital Assets

At the end of fiscal year 2020, the Loring Development Authority had land, buildings, improvements, structures and facilities of \$70,403,238. A significant portion of these assets were donated to LDA by the U.S. Air Force or purchased. Net of depreciation, these assets were recorded at \$55,098,271. Table 3 shows capital assets, net of accumulated depreciation.

Table 3

**Capital Assets at June 30
(Net of Depreciation)**

	<u>2020</u>	<u>2019</u>
Land	\$ 10,467,199	\$ 10,467,199
Buildings	12,747,432	13,140,014
Equipment and Improvements	5,804,266	5,929,924
Special Use Structures	5,233,128	5,483,913
Aviation Facilities	15,466,615	15,522,351
Roadways and Accessories	3,379,631	3,396,269
Pipeline	<u>2,000,000</u>	<u>2,000,000</u>
Total Net Capital Assets	\$ <u>55,098,271</u>	\$ <u>55,939,670</u>

Budgeting

The LDA provides an annual budget for control and internal purposes only. No legally adopted budget is maintained.

Debt

The Loring Development Authority had an operating Line of Credit debt of \$1,700,000 with \$1,680,000 outstanding as of June 30, 2020.

The LDA took on bonded debt of \$454,720 in 2010 for the purpose of upgrading sewer lines. As of June 30, 2020 the balance on this debt is \$215,992.

The LDA entered into a loan agreement with USDA Rural Development in the year ended June 30, 2010. The \$330,000 proceeds from the note were used to pay off the construction line of credit which provided funds for the sewer upgrade project. The balance as of June 30, 2020 is \$287,561.

The LDA entered into a mortgage agreement with Katahdin Trust Company, receiving funds in the amount of \$350,000 secured by a commercial building and lot. The balance at June 30, 2020 is \$14,248.

LORING DEVELOPMENT AUTHORITY OF MAINE

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Years Ended June 30, 2020 and 2019

UNAUDITED

The LDA entered into a lending agreement with Northern Maine Development Commission, receiving funds in the amount of \$200,000 secured by assets. The balance at June 30, 2020 is \$49,037.

The LDA entered into a lending agreement with Northern Maine Development Commission in May 2020, receiving funds in the amount of \$200,000 secured by assets. The balance at June 30, 2020 is \$200,000.

In December 2014 the LDA entered into a mortgage agreement with Katahdin Trust Company, receiving funds in the amount of \$254,000 secured by a real estate. The balance at June 30, 2020 is \$156,963.

The LDA entered into a loan agreement with Machias Savings Bank, receiving funds in the amount of \$700,000 secured by the Authority's assets. The balance at June 30, 2020 is \$50,045.

The LDA took on bonded debt from the Maine Municipal Bond Bank State Drinking Water State Revolving Loan Fund of \$507,780 in 2016 for the purpose of completing the drinking water project. Of the amount borrowed, \$203,112 was forgiven at closing. As of June 30, 2020 the balance on this debt is \$264,046.

On January 2, 2019 the Authority entered into an agreement with the Maine Military Authority (MMA) by which the Authority received equipment valued at \$207,000. Under the terms of the agreement the Authority can not sell or transfer ownership of the assets for a period of ten (10) years. During the ten (10) year period the Authority is obligated to pay 25% of any lease revenue received for the use of the equipment.

As of June 30, 2020 the equipment is not leased and no payments on the note are anticipated in the current term.

Future Developments

The LDA is working to compensate for the loss of state funding. The Authority is working with the legislature to restore funding, however, due to COVID-19 disruptions it is unknown if or when the funding will be restored. The LDA is seeking loans and grants that have been made available due to COVID-19. The LDA has developed collaborations with other economic development groups which have proven effective at identifying development prospects. Meanwhile, as development has continued and vacant buildings have been returned to productive uses, fewer facility-maintenance resources will be needed. As listed in the financial highlights, the LDA has also secured resources from the Air Force to upgrade the water treatment plant and water distribution infrastructure and has consolidated waste water systems with a local sewer treatment district. Over the longer term, LDA's continued development will create more revenue from real estate operations that will be available to invest in repairing, replacing and upgrading infrastructure as well as further development efforts.

COVID-19 has also created additional challenges as potential tenants have paused their expansion plans due to the uncertainty created by the pandemic.



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To the Board of Trustees of the
Loring Development Authority of Maine

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the business-type activities of the Loring Development Authority of Maine, as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Loring Development Authority of Maine, as of June 30, 2020 and 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages I through VII and the Schedule of Changes in Net OPEB Liability and Schedule of Employer's Share of OPEB Contributions on Page 23 be presented to supplement the basic financial statements. Such information, 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 audit 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 Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 28, 2020 on our consideration of Loring Development Authority of Maine's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Loring Development Authority of Maine's internal control over financial reporting and compliance.

Chester M. Kearney

Presque Isle, Maine
August 28, 2020

LORING DEVELOPMENT AUTHORITY OF MAINE

STATEMENTS OF NET POSITION

JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and temporary investments (Note 3)	\$ 319,151	\$ 567,054
Due from State of Maine (Note 9)	3,306	665,399
Accounts receivable, net	564,895	162,118
Current portion of notes receivable	355,375	302,246
Inventory	8,998	10,436
	<u>1,251,725</u>	<u>1,707,253</u>
FIXED ASSETS (Note 13)		
Capital assets	70,403,238	70,286,719
Less accumulated depreciation	(15,304,967)	(14,347,049)
	<u>55,098,271</u>	<u>55,939,670</u>
OTHER ASSETS		
Notes receivable (Note 12)	300,000	655,584
	<u>300,000</u>	<u>655,584</u>
TOTAL ASSETS	<u>\$ 56,649,996</u>	<u>\$ 58,302,507</u>
DEFERRED OUTFLOWS OF RESOURCES		
Prepaid expense	13,893	1,400
Deferred outflows related to OPEB (Note 21)	9,529	\$ 6,053
	<u>\$ 23,422</u>	<u>\$ 7,453</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 192,432	\$ 69,182
Accrued expenses	75,556	80,157
Line of credit (Note 8)	1,680,000	1,395,000
Current portion of long-term debt	175,746	263,390
	<u>2,123,734</u>	<u>1,807,729</u>
LONG-TERM DEBT		
Notes Payable (Note 14)	1,237,892	1,305,301
Less Current Portion	(175,746)	(263,390)
	<u>1,062,146</u>	<u>1,041,911</u>
Due to State of Maine (Note 15)	207,000	207,000
	<u>1,269,146</u>	<u>1,248,911</u>
OPEB LIABILITY (Note 21)	<u>34,997</u>	<u>82,770</u>
TOTAL LIABILITIES	<u>\$ 3,427,877</u>	<u>\$ 3,139,410</u>
DEFERRED INFLOWS OF RESOURCES		
Grants authorized and unexpended (Note 9)	293,738	421,359
Unearned lease revenue (Note 7)	100,507	118,297
Deferred inflows related to OPEB (Note 21)	58,561	19,749
Prepaid rent	9,040	7,163
	<u>461,846</u>	<u>566,568</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>\$ 461,846</u>	<u>\$ 566,568</u>
NET POSITION		
Invested in capital assets, net of related debt	53,903,424	54,427,369
Unrestricted	(1,119,729)	176,613
TOTAL NET POSITION	<u>\$ 52,783,695</u>	<u>\$ 54,603,982</u>

See notes to financial statements

LORING DEVELOPMENT AUTHORITY OF MAINE

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION

YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES		
State assistance (Note 9)	\$ 503,306	\$ 1,415,399
Lease revenue	272,254	733,366
Water and sewer fees	284,733	295,298
Other	44,257	72,426
	<u>1,104,550</u>	<u>2,516,489</u>
OPERATING EXPENSES		
Salaries and benefits	565,737	624,004
Depreciation	972,344	939,966
Utilities	606,308	825,954
Supplies and expense	84,961	102,791
Repairs and maintenance	202,072	209,794
Contracted services	482,930	478,837
Legal and audit	9,591	7,838
Insurance	46,442	44,685
Communications	14,071	12,716
Travel	2,600	3,703
Interest expense and bond bank fees	62,116	82,391
Marketing	1,110	640
Uncollectable accounts	13,814	455,635
	<u>3,064,096</u>	<u>3,788,954</u>
LOSS FROM OPERATIONS	<u>(1,959,546)</u>	<u>(1,272,465)</u>
NON-OPERATING REVENUES/(EXPENSES)		
Federal and State assistance for capital projects (Note 9)	127,621	30,094
Gain on sale of surplus property	1,058	797
Loss on asset disposal	(6,908)	-
Interest income	5,051	5,296
OPEB Expense recovery (Note 21)	12,437	3,585
	<u>139,259</u>	<u>39,772</u>
LOSS ON CAPITAL ASSET VALUE ADJUSTMENT (Note 13)	<u>-</u>	<u>(37,208)</u>
CHANGE IN NET POSITION	(1,820,287)	(1,269,901)
NET POSITION - BEGINNING OF YEAR	<u>54,603,982</u>	<u>55,873,883</u>
NET POSITION - END OF YEAR	<u>\$ 52,783,695</u>	<u>\$ 54,603,982</u>

See notes to financial statements

LORING DEVELOPMENT AUTHORITY OF MAINE

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 438,297	\$ 720,968
Cash received from governmental assistance	1,165,399	1,269,273
Cash received from other sources	44,257	72,426
Cash paid for salaries and benefits	(570,338)	(632,507)
Cash paid for contract services	(482,930)	(478,837)
Cash paid for goods and services	(868,774)	(1,218,182)
Interest paid	(62,116)	(82,391)
Net cash used in operating activities	<u>(336,205)</u>	<u>(349,250)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Net advances on line of credit	285,000	91,000
Proceeds from long-term debt	200,000	-
Payments on long-term debt	(267,409)	(248,790)
Interest received	5,051	5,296
Net cash provided by (used in) investing activities	<u>222,642</u>	<u>(152,494)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments for capital acquisitions and construction	(137,853)	(19,835)
Federal grants received for capital projects	-	23,164
Payments on note receivable	2,455	602,342
Sale of property	1,058	797
Net cash provided by (used in) financing activities	<u>(134,340)</u>	<u>606,468</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(247,903)	104,724
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>567,054</u>	<u>462,330</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>319,151</u></u>	<u><u>567,054</u></u>
RECONCILIATION OF LOSS FROM OPERATIONS TO NET CASH USED IN OPERATING ACTIVITIES		
Loss from operations	<u>(1,959,546)</u>	<u>(1,272,465)</u>
Adjustments to reconcile loss from operations to net cash used in operating activities		
Depreciation	972,344	939,966
OPEB Expense Recovery	12,437	3,585
Changes in assets and liabilities		
Operating accounts receivable, net	(102,777)	249,630
Operating funds due from other governments	662,093	(146,126)
Inventory	1,438	411
Prepaid expenses	(12,493)	
Accounts payable	123,250	(10,472)
Prepaid rent	1,877	5,012
Accrued expenses	(4,601)	(8,503)
Unearned lease revenue	(17,790)	(106,703)
Deferred outflows related to OPEB	(3,476)	3,026
OPEB Liability	(47,773)	(4,257)
Deferred inflows related to OPEB	38,812	(2,354)
	<u>1,623,341</u>	<u>923,215</u>
Net cash provided used in operating activities	<u>\$ (336,205)</u>	<u>\$ (349,250)</u>

See notes to financial statements

LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO FINANCIAL STATEMENTS

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LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO FINANCIAL STATEMENTS

(1) HISTORY OF THE ORGANIZATION

On July 12, 1991, the President of the United States accepted the recommendation of the Base Closure and Realignment Commission to close Loring Air Force Base (Loring) located in the Town of Limestone, Maine, Town of Caswell, Maine, and the City of Caribou, Maine, as well as nine off-site locations used for housing, communications and water distribution. The effective date of closure was September 30, 1994. The Loring base property, which excludes any off-site locations, consists of approximately 8,700 acres of land, 3.1 million square feet of existing facility space and an aviation complex, which includes a 12,100 foot runway, related aviation facilities and operating systems.

On July 13, 1993, the Maine State Legislature enacted Public Law Chapter 474, establishing the Loring Development Authority of Maine (LDA), a public municipal corporation. The LDA is entrusted with investigating the acquisition of the properties within the geographical boundaries of Loring, and the subsequent redevelopment and management of property so acquired.

On April 4, 1997, the United States Air Force transferred approximately 3,700 acres of land, associated facilities, infrastructure and personal property to the LDA via the execution of Economic Development Conveyance (EDC) and Lease in Furtherance of Conveyance documents. This EDC document, which is a mechanism used by the Federal government to transfer former military installations to local reuse authorities for job creation and economic development purposes, transferred control of the Loring property to the LDA through a no-cost, 55-year lease, with commitments from the Air Force to transfer title to the property upon receiving environmental clearance from the Environmental Protection Agency. The conveyance documents also include a provision that provided the LDA with an average of \$2.7 million annually through September 30, 2004 to fund its municipal type functions including, but not limited to, fire and emergency services, police protection, water and waste water systems, as well as protection and maintenance of buildings, grounds and roadways. This funding expired September 30, 2004. The lease given to the LDA in 1997 was superseded in 2001 with a Quit Claim deed conveying 2,805 of the original 3,700 acres in fee title and in 2004 when the remainder of the property was conveyed by deed. The LDA also acquired a 185 mile pipeline in 2005 and a 142,000 square-foot building used by the Defense Finance and Accounting Service, subject to a leaseback arrangement.

Consistent with the LDA's enabling legislation, as amended, the Board of Trustees is comprised of thirteen (13) voting members, each of whom are nominated by the Governor of the State of Maine and confirmed by the Maine Senate. Of the thirteen (13), one is a commissioner of a department of state government, designated by the Governor to serve on the LDA Board. No less than seven of the Board of Trustees must be residents of Aroostook County and be nominated by one of the primary impacted communities, as defined in the enabling legislation. In addition, no less than four of the Board of Trustees must live outside of Aroostook County. The enabling legislation also imposes term limits on the Trustees of two consecutive four-year terms. The Board of Trustees have elected a Chair, Vice-Chair, Secretary and Treasurer to serve terms of one year. The fiscal year for the LDA runs from July 1 through June 30. The financial information of the LDA is reported as a component unit as part of the financial statements of the State of Maine.

LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The LDA prepares its financial statements on the accrual basis of accounting. Under the accrual basis of accounting, revenue is recognized when earned and measurable and expenses are recognized when incurred and measurable.

The LDA is comprised of business-type activities only. As prescribed by Section Sp20 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, *Special Purpose Governments*, only the financial statements required for enterprise funds are presented.

Measurement focus

Proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and liabilities associated with the operation of these funds are included on the Statements of Net Position. The Statements of Revenues, Expenditures, and Changes in Net Position presents the increases (i.e. revenues) and decreases (i.e. expenses) in net total assets. The Statements of Cash Flows provides information about how the Authority finances and meets the cash flow needs of its proprietary activities.

Use of estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Budgetary information

GASB #34 requires that budgetary comparison schedules be presented only for the general fund and each major special revenue fund that has a legally adopted annual budget. The LDA currently does not legally adopt an annual budget and therefore has not presented one in these financial statements.

Cash and cash equivalents

The LDA has defined cash and cash equivalents to include cash on hand, demand deposits and cash with fiscal agents. Currently, the LDA treats all their cash as a cash equivalent because they can deposit or withdraw cash at any time without prior notice or penalty.

Defining operating revenues and expenses

The LDA's proprietary funds distinguish between operating and non-operating revenues and expenses. Operating revenues and expenses of the LDA consist of federal and state assistance for non-capital transactions as well as revenue derived from rental activities and the costs of providing rental property, including depreciation and excluding interest costs. All other revenues and expenses are reported as non-operating.

LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

Deferred Outflows of Resources

The LDA reports decreases in net assets that relate to future periods as deferred outflows of resources in a separate section of its statement of net position. Deferred outflows of resources as of June 30, 2020 consist of prepaid utility expenses and items relating to other post-employment benefits.

Deferred Inflows of Resources

The LDA reports a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net assets that applies to future periods. The LDA will not recognize the related revenues until a future event occurs. The LDA's deferred inflows of resources are detailed in Note #7 and Note #9.

New Accounting Policies

The Authority has adopted the provisions of Statement No. 88 of the Governmental Accounting Standards Board (GASB) Accounting Board – Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements. GASB 88 expands required disclosure for long-term debt and other long-term obligations. Adoption of this standard does not impact previously issued financial statements.

(3) CASH AND TEMPORARY INVESTMENTS

Deposits with financial institutions are subject to custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority's investment policy is to invest in regional banks and federal securities and to insure the funds to as great a degree as possible. The Authority's checking deposits at year-end were covered by Federal Depository Insurance Corporation (FDIC) or collateralized by U.S. Governmental Agency securities held in the Authority's name.

The Authority's cash balances in the financial statements are \$319,151 and \$567,054 as of June 30, 2020 and 2019, respectively.

The Authority's cash is categorized to give an indication of the level of risk assumed by the Authority at year-end. These categories are defined as follows:

- Category #1 – Insured or collateralized with securities held by the Authority or by its agency in the Authority's name.
- Category #2 – Collateralized with securities held by the pledging financial institution's trust department or agent in the Authority's name.
- Category #3 – Uncollateralized, which includes any bank balance that is collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the Authority's name.

LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(3) CASH AND TEMPORARY INVESTMENTS (cont'd.)

As of June 30, 2020 and 2019 the Authority's entire cash and temporary investment balances are classified as Category 1.

(4) COMPENSATED ABSENCES

Authority employees are granted vacation and sick leave in varying amounts. Upon termination, an employee is paid the full amount of accumulated vacation days not taken. Sick leave is not payable upon termination.

The Authority's financial liability for accrued vacations at June 30, 2020 and 2019 is \$21,192 and \$19,412, respectively.

(5) PENSION PLAN

The Authority has instituted a Model Simplified Employee Pension Plan for all eligible Authority employees in accordance with Section 408(K) of the Internal Revenue Code. All Authority contributions to the employee's individual retirement account are 100% vested to the employee on the date of the contribution. Employee contributions to the plan are discretionary, subject to Internal Revenue Code limitations. Employer contributions to the plan, at 5% of regular gross wages, totaled \$21,580 and \$23,858 for the years ended June 30, 2020 and 2019.

(6) RENTAL OF FACILITIES

The Authority has leased land and buildings at Loring to various third parties under non-cancellable operating leases requiring fixed payments through 2025. The leases provide for varying terms and conditions.

As of June 30 2020, the future minimum lease payments for the next 5 years are as follows:

<u>Fiscal year ending June 30:</u>	<u>Amount</u>
2021	504,729
2022	410,647
2023	88,251
2024	55,241
2025	<u>49,005</u>
	<u>\$1,107,873</u>

(7) DEFERRED INFLOWS OF RESOURCES

The Authority received advances of rent and other receipts, which have been characterized as deferred inflows in the accompanying Statement of Net Position.

As of June 30, 2020 and 2019 the amount included as deferred inflows was \$100,507 and \$118,297, respectively. The balance as of June 30, 2020 consisted of a \$100,000 partial payment of a fee for an exclusive negotiation period received from CSJ Green Eco-Energy development company, a \$500 due diligence fee with Synergen Solar and the remaining \$7 is an advance on a property insurance claim. These amounts are expected to be recognized as revenue in 2021.

LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(7) DEFERRED INFLOWS OF RESOURCES (cont'd.)

The Authority records a deferred inflow of resources related to OPEB obligations; this amount is further detailed in Note 21.

(8) LINE OF CREDIT

The Authority has a variable rate operating line of credit with Machias Savings Bank with interest payable at 70% of "Wall Street Prime", currently 2.275%, with a maximum limit of \$1,500,000. On March 23, 2020 the limit of the line of credit was extended to \$1,700,000 for a 2-month period, automatically reverting to \$1,500,000 on July 31, 2020. As of June 30, 2020, the line of credit balance was \$1,680,000, leaving \$20,000 available for use. The line is secured by the Authority's accounts and notes receivable and other general intangibles.

(9) PUBLIC SECTOR FUNDING

The LDA is currently funded through the following public sources:

(A) State of Maine:

Tax Increment Financing – On July 5, 1996, the State Legislature enacted LD 1741 establishing the Loring Job Increment Financing Fund (Fund). The Fund, which has a term of thirty years, was created to establish a supplemental source of funding to subsidize future municipal service costs. This Fund will receive state income tax withholding revenues which can be attributed to incremental jobs created at Loring and will be based upon 50% of the State income tax withholding from these incremental jobs. State contributions to the Fund will be made on an annual basis and are payable by July 31 of each year. The LDA has realized revenues of \$503,306 and \$665,399 for the years ending June 30, 2020 and 2019, respectively.

Department of Transportation (DOT) – The state of Maine DOT awarded the Authority a grant of \$1,000,000 for airport facility renovations. \$0 was spent in the year ended June 30, 2020 and 2019. \$7,825 of the balance was unexpended as of June 30, 2020 and is recorded as grants authorized and unexpended.

(B) The United States Department of Defense – In 2009 the United States Air Force Real Property Agency made payment of \$1,500,000 to the Authority under an agreement relating to the Air Force's obligation to provide an alternative source of supply for Loring's drinking water. In 2015, upon recognizing that the initial funding was insufficient to complete the project and comply with the Safe Drinking Water Act an additional \$300,000 was approved and advanced. For the year ended June 30, 2020 the Authority expended \$127,621 of these funds on the water system while \$285,913 remains to be spent and is recorded as grants authorized and unexpended.

LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(10) CONCENTRATION OF RISK

Federal and State funding

The LDA received approximately 45% of its operating revenue from state funding for the year ended June 30, 2020. The ability to continue its operations is dependent on continued funding.

Accounts receivable

For the year ended June 30, 2020, approximately 45% of the Authority's accounts receivable was due from 1 customer. \$455,635 (100%) of this amount has been reserved as a doubtful account.

(11) ALLOWANCE FOR DOUBTFUL ACCOUNTS

Accounts receivable are shown on the Statements of Net Position net of the allowance for doubtful accounts. The allowance for doubtful accounts was \$455,635 for the years ended June 30, 2020 and 2019.

(12) NOTES RECEIVABLE

British Cycle Supply Company

On July 22, 2015 the Authority sold a building to the British Cycle Supply Company and received a promissory note in the amount of \$66,400. The note is payable to the Authority in monthly installments of \$429 including interest at 4.75% through June 2020 with a final balloon payment in the amount of \$55,595 due July 2020. The note is secured by the building. The note balance as of June 30, 2020 and 2019 is \$55,375 and \$57,830 respectively.

Penobscot Natural Gas

On September 24, 2010, pursuant to an amendment a sale/lease agreement with Loring Bio-energy, LLC (LBE), LDA transferred assets, including the former heat plant building and real estate, to and leased a pipeline extending from Loring to Searsport, Maine in exchange for a 0% interest note in the amount of \$3,000,000. The note is payable in 10 annual installments of \$300,000 with the first installment due and payable within 30 days after the buyer commences "substantial commercial activity" or June 30, 2013, whichever comes first.

In June 2012, LBE's secured creditor put the property, including the lease rights for the pipeline, up for bid at auction with Penobscot Natural Gas (PNG) being the successful bidder. PNG completed the acquisition of the foreclosed rights from LBE's lender, and negotiated an "Assumption Agreement" with the LDA. The Assumption Agreement, signed June 11, 2013, contains PNG's commitment to honor all future obligations under the LBE agreements, and also contains LDA's acknowledgement that PNG had cured existing LBE defaults and that PNG qualifies as a "permitted transferee" as defined in the LBE documents.

As of June 30, 2020 the outstanding balance due on the agreement is \$600,000.

LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(13) CAPITAL ASSETS

With the exception of the assets acquired from the United States Air Force, (see below) all capital assets are stated at cost (or estimated historical cost) and updated for additions and retirements during the year. Assets acquired with grants are also stated at cost. The Authority maintains a capitalization threshold of \$5,000. Improvements are capitalized; the cost of normal maintenance and repairs that do not add value to the asset or materially extend asset lives are not capitalized. Assets such as land and some land improvements are considered inexhaustible and are not being depreciated. Capital assets not in use are also not being depreciated.

Capital assets are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated lives</u>
Buildings and improvements	15-50 years
Equipment	3-5 years
Vehicles	3-5 years

On June 30, 2017 the Authority adjusted the values of buildings that were contributed by the United States Air Force to reflect revised estimates of the buildings' potential future use and value to the Authority. The adjustment reduced the original value by \$7,482,924. The total accumulated depreciation on these buildings was \$2,234,222 resulting in a recognized write down in the amount of \$5,248,702. In June 2019 an additional \$37,208 was written off.

Capital asset activity for the year ended June 30, 2020 was as follows:

CAPITAL ASSETS ACQUIRED BY LDA (HISTORICAL COST)

	Beginning Balance	Additions	Retirements	Ending Balance
<u>Capital Assets</u>				
Land	10,000			10,000
Equipment and improvements	<u>11,762,638</u>	<u>137,853</u>	<u>21,330</u>	<u>11,879,161</u>
Total at historical cost	<u>11,772,638</u>	<u>137,853</u>	<u>21,330</u>	<u>11,889,161</u>
<u>Less Accumulated Depreciation</u>				
Equipment and improvements	<u>3,408,776</u>	<u>467,271</u>	<u>14,422</u>	<u>3,861,625</u>
Total Accumulated Depreciation	<u>3,408,776</u>	<u>467,271</u>	<u>14,422</u>	<u>3,861,625</u>
Capital assets at historical cost, net	<u>8,363,862</u>	<u>(329,418)</u>	<u>(6,908)</u>	<u>8,027,536</u>

LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(13) CAPITAL ASSETS (cont'd.)

CAPITAL ASSETS ACQUIRED FROM U. S. AIR FORCE

	Beginning Balance	Additions	Retirements	Ending Balance
<u>Capital Assets</u>				
Land	<u>10,457,199</u>			<u>10,457,199</u>
Buildings				
In use	4,803,847			4,803,847
Leased	15,185,894			15,185,894
Not in use	<u>1,666,025</u>			<u>1,666,025</u>
	<u>21,655,766</u>			<u>21,655,766</u>
Equipment				
In use	136,500			136,500
Not in use	<u>89,000</u>			<u>89,000</u>
	<u>225,500</u>			<u>225,500</u>
Special use structures				
Water plant and distribution	<u>5,080,033</u>			<u>5,080,033</u>
Other facilities and improvements				
Aviation facilities				
Runways	9,472,226			9,472,226
Structures	6,105,861			6,105,861
Fuel pipeline	<u>2,000,000</u>			<u>2,000,000</u>
	<u>17,578,087</u>			<u>17,578,087</u>
Roadways and accessories	<u>3,517,496</u>			<u>3,517,496</u>
Capital assets from U.S. Air Force	<u>58,514,081</u>			<u>58,514,081</u>

LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(13) CAPITAL ASSETS (cont'd.)

	Beginning Balance	Additions	Retirements	Ending Balance
<u>Less Accumulated Depreciation</u>				
Buildings				
In use	2,211,863	95,738		2,307,601
Leased	<u>6,303,889</u>	<u>307,734</u>		<u>6,611,623</u>
	<u>8,515,752</u>	<u>403,472</u>		<u>8,919,224</u>
Equipment				
In use	<u>136,500</u>			<u>136,500</u>
Special use structures				
Water plant and distribution	<u>2,286,021</u>	<u>101,601</u>		<u>2,387,622</u>
Total Accumulated Depreciation	<u>10,938,273</u>	<u>505,073</u>		<u>11,443,346</u>
Capital assets acquired from U. S. Air Force, net	<u>47,575,808</u>	<u>(505,073)</u>		<u>47,070,735</u>
TOTAL CAPITAL ASSETS				
Capital assets	70,286,719	137,853	21,330	70,403,242
Less Accumulated Depreciation	<u>(14,347,049)</u>	<u>(972,344)</u>	<u>14,422</u>	<u>(15,304,971)</u>
	<u>55,939,670</u>	<u>(834,491)</u>	<u>(6,908)</u>	<u>55,098,271</u>

On April 4, 1997 the Authority received 3,700 acres of land, associated facilities, and personal property from the United States Air Force via a 55-year no cost lease. In accordance with generally accepted accounting principles all assets associated with this lease were capitalized at estimated fair market value. The Authority has since obtained this property in fee title.

During fiscal year 2005 the United States Air Force transferred to the Authority additional property consisting of a fuel pipeline and associated rights of way extending from Searsport, Maine to Limestone, Maine. The pipeline was not in service as of June 30, 2010 and the pipeline and associated easement rights were leased during the year ended June 30, 2011.

During fiscal year 2005 the United States Air Force transferred title to a building currently occupied by federal employees to the Authority. Transfer of the deed for this property was contingent upon the Authority's promise to lease the property back to the United States at no cost. The 50-year lease may be renewed, extended, or terminated by the United States at its option but the Authority is given no option to decline an extension or renewal or to terminate the lease. The United States Government may use this property for any government purpose and is not required to pay any taxes, assessments or similar charges. However, the United States Government is responsible for all costs and liabilities associated with the property as if it were the owner. Accordingly, this property is not included as a capital asset on these financial statements.

Management feels that the value of these assets could fluctuate significantly in the event that the operational status of the Authority changes.

LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(14) LONG-TERM DEBT

As of June 30 long-term debt consisted of:

	<u>2020</u>	<u>2019</u>
Note payable to Northern Maine Development Commission, payable in monthly installments of \$1,506 including interest at 3% per annum, matures May 2023; secured by assets of the Authority.	49,037	65,337
Note payable to Northern Maine Development Commission, payable in monthly installments of \$3,857 including interest at 6% per annum, matures June 2025; secured by assets of the Authority.	200,000	
Note payable to USDA Rural Development, payable in annual installments of \$14,860 including interest at 3.25% per annum, matures August 2050; secured by assets of the Authority	287,561	292,902
Note payable to Machias Savings Bank, payable in monthly installments of \$12,587 including interest at 3.029% per annum, matures September 2020; secured by assets of the Authority	50,045	197,202
Bond payable to the Maine Municipal Bond Bank, payable in semi-annual installments of \$10,156 plus interest at 1% per annum, matures February 2046.	264,046	274,201
Note payable to Katahdin Trust Company, payable in monthly installments of \$3,615 including interest at 5.5% per annum, matures October 2020; secured by assets of the Authority.	14,248	58,991
Note payable to Katahdin Trust Company, payable in monthly installments of \$2,488 including interest at 6.5% per annum, matures December 2026; secured by real estate.	156,963	177,939
Bond payable to the Maine Municipal Bond Bank, payable in semi-annual installments of \$11,368 plus bond bank fees of \$569 per installment, matures October 2029. Interest rate is 0%.	<u>215,992</u>	<u>238,729</u>
	1,237,892	1,305,301
Less current portion	<u>(175,746)</u>	<u>(263,390)</u>
	<u>1,062,146</u>	<u>1,041,911</u>

LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(14) LONG-TERM DEBT (cont'd.)

Future long-term debt obligations are as follows for the year ended June 30, 2020:

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
6/30/2021	175,746	30,869	206,615
6/30/2022	115,435	26,477	141,912
6/30/2023	116,391	22,400	138,791
6/30/2024	105,181	18,455	123,636
6/30/2025	109,290	14,511	123,801
2026-30	229,744	50,642	280,386
2031-35	91,290	40,867	132,157
2036-40	98,315	31,302	129,617
2041-45	106,558	20,520	127,078
2046-50	75,609	8,917	84,526
2051-55	<u>14,333</u>	<u>466</u>	<u>14,799</u>
Total	<u>1,237,892</u>	<u>265,426</u>	<u>1,503,318</u>

Long-term debt activity for the year ended June 30, 2020 is as follows:

	<u>Beginning Balance</u>	<u>Advances</u>	<u>Payments</u>	<u>Ending Balance</u>
Long-Term Debt				
Note payable –NMDC	65,337		16,300	49,037
Note payable – NMDC		200,000		200,000
Note payable-USDA	292,902		5,341	287,561
Note payable –Machias Savings Bank	197,202		147,157	50,045
Bond payable – MMBB	274,201		10,155	264,046
Note payable-Katahdin Trust Company	58,991		44,743	14,248
Note payable-Katahdin Trust Company	177,939		20,976	156,963
Bond payable – MMBB	<u>238,729</u>		<u>22,737</u>	<u>215,992</u>
	<u>1,305,301</u>	<u>200,000</u>	<u>267,409</u>	<u>1,237,892</u>
Other Long-Term Obligations				
OPEB liabilities	<u>82,770</u>		<u>47,773</u>	<u>34,997</u>

LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(15) DUE TO STATE OF MAINE

On January 2, 2019 the Authority entered into an agreement with the Maine Military Authority (MMA) by which the Authority received equipment valued at \$207,000. Under the terms of the agreement the Authority can not sell or transfer ownership of the assets for a period of ten (10) years. During the ten (10) year period the Authority is obligated to pay 25% of any lease revenue received for the use of the equipment. As of June 30, 2020 the equipment is not leased and no payments on the note are anticipated in the current term.

(16) SUBSEQUENT EVENTS

Management has evaluated subsequent events occurring through August 28, 2020, the date the financial statements were available to be issued.

On July 10, 2020 the Authority sold the real estate associated with the golf course for \$75,000.

The balance of the MMBB loan \$264,046 was paid in full on July 21, 2020; and the deferred revenues were reduced with the closeout of the accounts held in collateral for the loan.

The balloon payment due in July 2020 from British Cycle Supply Company (Note #12) has not been collected as of August 28, 2020. The parties are negotiating payment terms.

As detailed in Note #23 the Authority received a letter of commitment for an operating loan from Machias Savings Bank on August 28, 2020.

(17) FAIR VALUE OF FINANCIAL INSTRUMENTS

The Authority has a number of financial instruments, none of which are held for trading purposes. The Authority 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.

The Authority estimates that the fair value of all financial instruments at June 30, 2020, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying Statement of Net Position. The estimated fair value amounts have been determined by the Authority using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and, accordingly, the estimates are not necessarily indicative of the amounts that the Authority could realize in a current market exchange.

(18) TAXES

As a governmental entity, the Authority is not subject to Federal and State income taxes, accordingly, it is not necessary to consider the effects of any uncertain tax positions.

The Authority is subject to Federal and State payroll tax and is required to file the appropriate tax returns. Management believes that all required returns have been properly filed as of June 30, 2020. No examinations have been conducted by the Federal or State taxing authorities and no correspondence has been received from these authorities.

LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(19) SUMMARY OF ACTIVITIES

<u>Function</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Total</u>
General operations	<u>(3,051,659)</u>	<u>556,987</u>	<u>-</u>	<u>120,713</u>	<u>(2,373,959)</u>
General revenues:					
State appropriations					-
Loring Job Incremental Financing					503,306
Interest income					5,051
Sale of surplus property					1,058
Other income					<u>44,257</u>
Total general revenues					<u>553,672</u>
Change in net position					(1,820,287)
Net position - July 1, 2019					<u>54,603,982</u>
Net position - June 30, 2020					<u>52,783,695</u>

(20) SUMMARY OF NON-CASH INVESTING AND FINANCING ACTIVITIES

Non-cash investing and financing activities are as follows:	<u>2020</u>	<u>2019</u>
Capital assets acquired via long-term debt	-	207,000

LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(21) OPEB OBLIGATIONS

Plan Description

The Authority provides health insurance to its employees through Maine Municipal Employees Health Trust (MMEHT). The Authority does not provide postemployment or postretirement healthcare benefits but is subject to an implicit benefit for its members in MMEHT.

Accounting Policies

The impact of experience gains and losses and assumption changes on the Total OPEB Liability (TOL) are recognized in the OPEB expense over the average expected remaining service life of all active and inactive members of the plan. As of the beginning of the measurement period this average was 4 years.

The table below summarizes the current balances of deferred outflows of resources and deferred inflows of resources along with the recognition over the next 5 years, and thereafter:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference between expected and actual experience		\$ 55,218
Difference between projected and actual earnings on OPEB plan investments		
Changes of assumptions	9,529	3,343
	<u>\$ 9,529</u>	<u>\$ 58,561</u>

Amounts reported as deferred outflows and deferred inflows of resources will be recognized as OPEB expense as follows:

Year ended June 30:

2021	(14,281)
2022	(9,942)
2023	(8,270)
2024	(8,270)
2025	(8,269)
Thereafter	0

As of January 1, 2020, the plan membership data is comprised of 4 active members with only an implicit benefit.

LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(21) OPEB OBLIGATIONS (cont'd.)

Key Assumptions

Measurement Date:	January 1, 2020
Discount Rate:	2.74% per annum for year-end 2019 reporting 4.10% per annum for year-end 2019 reporting
Trend Assumptions:	Pre-Medicare Medical – Initial trend of 8.2% applied in FYE 2018 grading over 14 years to 4% per annum Pre-Medicare Drug – Initial trend of 9.6% applied in FYE 2018 grading over 14 years to 4% per annum Medicare Medical – Initial trend of 4.93% applied in FYE 2018 grading over 14 years to 4% per annum Medicare Drug – Initial trend of 9.6% applied in FYE 2018 grading over 14 years to 4% per annum
Administrative and Claims Expense:	3% per annum

Future Plan Changes

It is assumed that the current plan and cost-sharing structure remains in place for all future years.

Demographic Assumptions

Retiree continuation:	Retirees who are current Medicare participants: 100% Retirees who are Pre-Medicare, active participants: 75% Spouses who are Pre-Medicare, active participants: 50%
Rate of mortality:	Based on 104% and 120 % of the RP-2014 Total Dataset Healthy Annuitant Mortality Table, respectively, for males and females, using the RP-2014 Total Dataset Employee Mortality Table for ages prior to start of the Healthy Annuitant Mortality Table, both project from the 2006 base rates using RPEC-2015 model, with an ultimate rate of 85% for ages 20-85 grading down to an ultimate rate of 0% for ages 111-120 and convergence to the ultimate rate in the year 2020.
Marriage assumptions:	A husband is assumed to be 3 years older than his wife
Assumed rate of retirement:	For employees hired prior to July 1, 2014 Age 55-63 – 5% Age 64-69 – 20% Age 70 + - 100% For employees hired after July 1, 2014 Age 55-58 – 5% Age 59-64 – 20% Age 65-69 – 25% Age 70 + - 100%
Salary increases:	2.75% per year
Changes in assumptions:	Funding method was changed from Projected Unit Credit funding to Entry Age Normal funding method.

LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(21) OPEB OBLIGATIONS (cont'd.)

Discount Rate

The discount rate used to measure the OPEB liability was 2.74% based on a measurement date of January 1, 2020. This rate is assumed to be an index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher, for pay as you go plans.

The following table shows how the net OPEB liability as of June 30, 2020 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 2.74%.

1% Decrease	Current Discount Rate	1% Increase
1.74%	2.74%	3.74%
\$40,367	\$34,997	\$30,525

Changes in the healthcare trend affect the measurement of the TOL. Lower healthcare trend rates produce a lower TOL and higher healthcare trend rates produce a higher TOL. The table below shows the sensitivity of the TOL to the healthcare trend rate.

1% Decrease	Healthcare Trend Rates	1% Increase
\$30,472	\$34,997	\$40,444

A 1% decrease in the healthcare trend rate decreases the TOL by approximately 12.9% while a 1% increase in the healthcare trend rate increases the TOL by approximately 15.6%.

(22) COVID-19

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of multiple businesses. The disruptions have put caused several potential tenants to delay their leases. At this time management cannot reasonably estimate the overall financial impact of the pandemic on its operations.

The LDA is working to compensate for the loss of state funding. The Authority is working with the legislature to restore funding, however, due to COVID-19 disruptions it is unknown if or when the funding will be restored. The LDA is seeking loans and grants that have been made available due to COVID-19.

LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(23) CONTINGENCIES

Going Concern

As indicated in the accompanying statement of net position, as of June 30, 2020, the Authority has deficit unrestricted net position totaling \$1,119,729. The deficit amounts to more than a year of operating revenue. The deficit is principally the result of declining revenues from the State of Maine and from leasing.

These factors, as well as the uncertain conditions that the Authority faces regarding future revenues, create an uncertainty about the Authority's ability to continue as a going concern. Management of the Authority is developing a plan to reduce its liabilities through sales of assets and obtain additional financing to sustain operations. The ability of the Authority to continue as a going concern is dependent on additional contributions from the State of Maine and additional financing from outside sources. The financial statements do not include any adjustments that might be necessary if the Authority is unable to continue as a going concern

Management has obtained a letter of commitment, dated August 28, 2020, from Machias Savings Bank (the Bank), whereby, the Bank agreed to loan The Authority \$2,607,444 to be used for operating funds for the next 12 months. The loan will bear an interest rate of 4.25% for the first 5 years. Payments for the first 12 months will be interest only and then payments of interest and principal for the next 9 years. For the remainder of the initial 5 year period payments will be \$29,172.70 per month and then be re-amortized in year 6. The loan will be secured by all business assets of the Authority and a mortgage on real estate (building 7230). Up to 90% of the loan will be guaranteed by the United States Department of Agriculture.

LORING DEVELOPMENT AUTHORITY OF MAINE
SCHEDULE OF CHANGES IN NET OPEB LIABILITY
FOR THE YEAR ENDED JUNE 30, 2020

Total OPEB Liability	2020	2019	2018
Service cost (BOY)	\$ 1,365	\$ 1,574	\$ 2,175
Interest (includes interest on service cost)	3,404	3,011	3,819
Changes of benefit terms	(680)	-	-
Differences between expected and actual experience	(57,421)	-	(29,471)
Changes of assumptions	7,802	(6,685)	12,105
Benefit payments, including refunds of member contributions	(2,243)	(2,157)	(907)
Net Change in total OPEB Liability	\$ (47,773)	\$ (4,257)	\$ (12,279)
Total OPEB Liability - Beginning	\$ 82,770	\$ 87,027	\$ 99,306
Total OPEB Liability - Ending	\$ 34,997	\$ 82,770	\$ 87,027

SCHEDULE OF EMPLOYER'S SHARE OF OPEB CONTRIBUTIONS

Plan Fiduciary Net Position			
Contributions - Employer	2,243	2,157	907
Contributions - Member	-	-	-
Net investment income	-	-	-
Benefit payments, including refunds of member contributions	(2,243)	(2,157)	(907)
Administrative expense	-	-	-
Net change in plan fiduciary net positions	-	-	-
Total Fiduciary Net Position - Beginning	\$ -	\$ -	\$ -
Total Fiduciary Net Position - Ending	\$ -	\$ -	\$ -
Plan fiduciary net position as a percentage of the total OPEB liability	0%	0%	0%
Covered employee payroll	251,783	402,382	402,382
Net OPEB liability as a percentage of covered employee payroll	13.9%	20.6%	21.6%

Amounts presented have a measurement date of January 1

Schedule is intended to show information for 10 years.

Additional years will be displayed as they become available.

See accompanying independent auditors' report and notes to financial statements.

ADDITIONAL REPORT



Chester M. Kearney

Certified Public Accountants

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Barbara E. McGuire, CPA, CGMA
Timothy P. Poitras, CPA, CGMA

To the Board of Trustees of the
Loring Development Authority of Maine

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Loring Development Authority of Maine as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Loring Development Authority of Maine's basic financial statements, and have issued our report thereon dated August 28, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and other matters

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

Purpose of this Report

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

Chester M. Kearney

Presque Isle, Maine
August 28, 2020

**PARAGRAPH 1C: PROPERTY TRANSACTIONS DURING
FISCAL YEAR 2020**

PROPERTY TRANSACTIONS

LEASES AND SALES

STRAIGHTLINE FENCING. Straightline Fencing entered into a five-year lease with an option to purchase Building #5902 and associated driveways and grounds where the company has expanded its fence manufacturing operations. Site work and internal renovations have begun. The company also leases the former laundry building at Loring, which now serves as a storage facility.

SFE MANUFACTURING. SFE, a stainless equipment manufacturer, extended its lease for space in building 8712 for three years. The company's initial six-month lease was extended for one year prior to the three-year extension.

CONSOLIDATED COMMUNICATIONS. Consolidated Communications has leased the three-acre former receiver site on Route-89, which is close to its central station. Consolidated plans to establish a satellite tracking and communications station at the site.

PINELAND FARMS NATURAL MEATS, INC. Pineland Farms renewed its lease for two nosedock hangars and surrounding property at the north end of the airfield, where its composting operations are located. Composting is done exclusively outdoors and the buildings are used for storage. Pineland Farms has leased the property since 2009. The new one-year lease is renewable each year through 2034 for a possible total of fifteen years.

FRONTIER TRANSPORT, INC. AND TRIPLE G SALES, INC. have leased Building #8390 as a storage facility where farm equipment may be stored. The lease is for one year with two one-year option terms.

LORING MILITARY HERITAGE CENTER (LMHC). LMHC, a museum of Air Force history, renewed its lease, extending it for ten years. As a small non-profit organization, LMHC does not pay rent, but provides heat, electricity insurance and maintenance for the building. The organization has kept the building in excellent condition.

OPTION AGREEMENTS

DIRIGO SOLAR, LLC. Dirigo Solar entered into a lease option agreement on approximately 30 acres of land, providing the solar development company with a sixteen-month due diligence period, with the option to extend the agreement for up to three years. The Dirigo project would use existing distribution lines to deliver solar-generated electrical power to select customers within the local service area.

SYNERGEN SOLAR, LLC. A lease Option Agreement with SynerGen Solar, LLC was executed this year. The option, for approximately 30-acre on the north side of Northcutt Road, is for 90 days and may be extended up to three years. The option terms provide for a lease of 20 years, four five-year renewal options. This property will also support a solar energy project.

LICENSES

THE AEROSPACE CORPORATION. LDA entered into a license agreement with The Aerospace Corporation, a provider of services to the Department of Defense. The license is for a one-acre site, southeast of the LDA building, where the company will install a satellite ground station to conduct experiments and collect radio frequency data.

LDA also issued short-term licenses to businesses and organizations in need of short-term use of various indoor and outdoor facilities at Loring.

**PARAGRAPH 1D: ACTIVITIES OF ANY SPECIAL UTILITY DISTRICT FORMED UNDER
SECTION 13080-G**

NONE

**PARAGRAPH 1E: LISTING OF PROPERTY ACQUIRED BY EMINENT DOMAIN UNDER
SECTION 13080-G**

NONE

PARAGRAPH 1F: LISTING OF BONDS ISSUED

NONE

**PARAGRAPH 1G: SUBSEQUENT EVENTS – JULY 1, 2020 TO OCTOBER 15, 2020 AND
PROPOSED ACTIVITIES FOR FISCAL YEAR 2021**

SUBSEQUENT EVENTS

A summary of the activities on the Loring Commerce Centre between July 1, 2020 and October 15, 2020 are provided below.

GOLF COURSE SALE. 4 Birdies, LLC, purchased the nine-hole golf course and club house in July 2020. The company is owned by golf enthusiasts who made improvements to the operation and had a successful first season in 2020.

PROPOSED AND PROJECTED ACTIVITIES FOR FISCAL YEAR 2021

In addition to working to ensuring that our existing tenants remain viable business entities, the LDA intends to carry out the following activities in fiscal year 2021:

OPPORTUNITY ZONES. Take advantage of the Opportunity Zone designation. Loring, along with the town of Limestone, has been designated an Opportunity Zone. The new federal Opportunity Zone program is intended to attract new investments, providing tax incentives for investments made in designated areas. LDA is to be included with DECD and Maine & Company's marketing efforts to attract opportunity zone investors.

ACTIVE PROSPECTS. Continue working with proposed development projects including investors who have proposed acquiring the entire Loring complex and assuming LDA's role as master developer. Prospects currently in discussions about business activity at Loring include a distillery, two hemp production prospects, a biorefinery project, Loring Industries manufacturing prospects, fuel pipeline and corridor energy projects, renewable energy generation projects, aviation maintenance, and various aviation and aerospace operations at the Loring International Airport.

INFRASTRUCTURE IMPROVEMENT. Pursue funding for roadway, stormwater infrastructure, and facilities improvements. And, complete a \$3 million wastewater collection system improvement project. A \$1 million Maine DEP infrastructure grant and a \$1 million CDBG grant are pending for the project leaving \$1 million to be funded. \$2.9 million has already been invested in the \$7 million multi-phase project.

MARKETING. Develop and begin to execute a new marketing plan for Loring, guided by the 2019 Strategic Plan developed by RKG Associates.

**PARAGRAPH 1H: FURTHER ACTIONS SUITABLE FOR ACHIEVING PURPOSES
OF THIS ARTICLE**

**The Loring Development Authority recommends that the following actions be considered
by the Governor and Legislature**

Approve, a 5-year extension of LD 1670 would help fill a funding gap for operations, while new businesses expand and generate revenue. In 2016, the 127th Legislature enacted LD 1670 which increased LDA's tax increment funding associated with Loring based jobs from 50% to 100% for one year. It was originally enacted with a 5-year duration with a review requirement, but was later amended so that the increase to 100% was for one year only. A Governor's bill that would have reinstated the 100% increase for 2 years was in the Revisor's office last spring but was not considered because the legislature adjourned early due to the pandemic.

The increased funding is needed to address a cash shortfall, while new development is pursued. Expenditures for the year are greater than revenues. The pandemic has had an impact in the sense of the timing of expected new business. LDA secured a \$200,000, five-year term loan for working capital from Northern Maine Development Commission to address the shortfall in FY20 and is working with its bank to secure a USDA guaranteed CARES Act loan for operational funding going forward. The pandemic and other factors created much operational uncertainty, leaving LDA in a precarious cash position. LDA can't get through the winter without a new source of cash.

ATTACHMENT

LORING COMMERCE CENTRE TENANTS

APTIM. APTIM, an environmental engineering firm working for the Air Force Base Real Property Agency, occupies offices in the LDA office building.

Aroostook National Wildlife Refuge. The 4,700-acre refuge belongs to the National Wildlife Refuge System, a network of lands set aside specifically for the protection of wildlife and its habitat. Wetland, grassland and northern forest habitats for migratory birds and endangered species are protected on the refuge at Loring. Friends of the Aroostook National Wildlife Refuge support its programs through education, fundraising, recreational and volunteer projects.

Bangor Gas. Bangor Gas, a natural gas company and a subsidiary of Penobscot Natural Gas, leases the Loring to Searsport pipeline. The company has reactivated a portion of the pipeline to supply natural gas to customers along the corridor.

Bigelow Aerospace, LLC. Bigelow Aerospace is developing, constructing, launching and testing human-habitable space complexes, revolutionizing the space tourism industry. Bigelow has a radar installation at Loring.

British Cycle Supply Company. British Cycle Supply Company's operations include shipping, receiving, and warehousing classic British motorcycle parts that are acquired and sold worldwide. The company has another location in Nova Scotia, Canada.

Consolidated Communications. Consolidated Communications leases a former communications site on Route 89 in Limestone where it set up a satellite tracking and communications station.

Defense Finance and Accounting Service (DFAS) Center. The DFAS center operates out of a first-class, 145,000 square foot facility where its employees have consistently performed with excellence since 1995. The center is responsible for finance and accounting services for military installations across the U.S. and in foreign countries; DFAS Limestone employs 561 people.

Equine Management, LLC. Equine Management, LLC from Kentucky purchased a 6,800 square foot building with the intent of refurbishing it and then leasing to a related company that would provide medical license training online and eventually on site.

Frontier Transport, LLC. Frontier Transport stores, processes, and transports agricultural and wood biomass products for local customers. The company with its partner Triple G Sales also offers a farm equipment storage in a leased facility at Loring.

Graphic Utilities. Graphic Utilities (GU) leases space in the Loring Applied Technology Center building. The company develops, manufactures and sells innovative ink products.

Inland Winds Property Management. Inland Wind's residential properties at Loring include three and four bedroom town homes and individual homes available for purchase or lease.

Lattice Technologies, Inc. Lattice Technologies, a consulting firm performing services in the defense sector, now occupies an office at Loring.

Limestone Country Club. The Limestone Country Club, Loring's nine-hole golf course, is a favorite among many golfers in the area. Operators of the country club also host community and private events.

Limestone Rotary Club. The Limestone Rotary Club holds its weekly meetings at Loring. It is a very active club with dedicated members working together to improve their community.

Limestone Water & Sewer District. The Limestone Water & Sewer District owns and operates the wastewater treatment facility at Loring, providing service to all wastewater customers in Limestone, including Loring Commerce Centre. Four people work for the district at Loring.

Loring Holdings. Loring Holdings (LH), a multi-faceted energy company, is working to advance energy production and transmission in Maine using the Loring to Searsport pipeline corridor. LH, along with its partners, have proposed to build the "Maine Power Express" transmission project connecting renewable sources of power in Maine and Canada to southern New England via an underground and underwater transmission line. LH is also working on a biofuel project to be located at Loring.

Loring Industries, LLC. Loring Industries (LI) completed vehicle refurbishment projects and is pursuing business opportunities and capital investments with various partners.

Loring Job Corps Center (LJCC). The Loring Job Corps Center, part of the Job Corps New England Region and the National Job Corps system, provides academic programs and career vocational training in multiple industries for youth ages 16-24. The Center welcomed its first 380 students in January 1997. Career Systems Development Corp. operates LJCC and employs 201 people.

Loring Military Heritage Center. The Loring Military Heritage Center (LMHC), a museum of Loring Air Force Base history, was created by a group of enthusiastic and dedicated volunteers. An impressive collection of Loring memorabilia and artifacts is housed in the LMHC.

McDonald Enterprises. McDonald Enterprises is a small custom manufacturer of wood and metal products.

Maine Army National Guard. The Maine Army National Guard leases a 27-acre parcel of land at Loring where it has constructed a facility to warehouse its equipment.

New England Kenworth. New England Kenworth, with Loring Industries, operates a TRP store at Loring, warehousing and selling vehicle parts. Expansion plans include truck sales and services.

Pineland Farms Natural Meats. Pineland Farms Natural Meats, Inc. operates a beef cattle feedlot in Fort Fairfield and a composting operation at Loring. Pineland's goal is to generate 10,000 cubic yards or more of compost material a year. Pineland sells compost in bulk form to

local farmers and in consumer-sized packaging at various retail outlets. Pineland employs two people at Loring.

Pioneer Wireless. Pioneer Wireless, a broadband telecommunications company, now leases office space in LDA's office building. The new location will help Pioneer capitalize on the Three Ring binder telecommunications infrastructure, enabling it to offer dark fiber, fiber optic and other advanced services to Loring customers.

SFE Manufacturing. SFE Manufacturing, operates an equipment fabrication business at Loring, serving commercial, industrial, and government customers. SFE employs approximately 34 people.

Straight-Line Fencing. Straight-Line Fencing, an existing company with fencing sales and installation services, is in the process of establishing manufacturing capacity for a new line of its own products.

S.W. Collins Company. S.W. Collins Company, a hardware and building materials supplier, located its commercial line operation in the Loring Applied Technology Center. The line features custom-built products for commercial customers, offering a wide range of highly refined wood products including custom-built cabinetry and cases. S.W. Collins employs five at Loring.

The Power Company. Based in Washington, Maine, the Power Company constructed two solar-voltaic systems at Loring; both have been in operation for several years. LDA purchases the electrical power generated by the solar systems at an overall cost advantage compared with the cost of electricity available through the traditional utility and energy providers.

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