

MAINE STATE LEGISLATURE

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2014 ANNUAL REPORT

LORING DEVELOPMENT AUTHORITY OF MAINE



Paragraph 13080-L
Fiscal Year 2014 Annual Report
July 1, 2013 – June 30, 2014

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Loring Development Authority of Maine
Fiscal Year 2014 Annual Report
July 1, 2013 – June 30, 2014

PARAGRAPH 1A: DESCRIPTION OF THE AUTHORITY'S OPERATIONS

Loring Development Authority (LDA) is responsible for the redevelopment of the properties formerly comprising the Loring Air Force Base, for the purpose of creating new jobs and new economic activity following the base's closure. Accomplishing that mission requires LDA to manage the 3,700-acre business-commercial and industrial park including a 1,600-acre aviation complex; serve as landlord to leasehold businesses and supply municipal-type services to 430 residents and to 22 businesses that collectively employ approximately 980 people and occupy 1.6 million square feet of space in nearly 80 major buildings. LDA operates a water treatment plant, water distribution system, a wastewater collection system, and a fire department; maintains and plows 26 miles of roadways; performs grounds maintenance on hundreds of acres of developed and developable property; and provides for ambulance services, law enforcement services and wastewater treatment; and 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.

Employers 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 in Addendum-4 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.

FISCAL YEAR 2014 ACCOMPLISHMENTS

The following summarizes the LDA's accomplishments for fiscal year 2014, which support its primary mission of job creation and facility absorption on Loring Commerce Centre.

BANGOR GAS/PENOBSCOT NATURAL GAS. Bangor Gas acquired the leasehold interest to the LDA's Searsport to Loring jet fuel pipeline and has worked on its incremental reactivation. In the first phase, 62 miles of the pipeline was activated, from Bangor to Madawamkeag. Bangor Gas then built a lateral to bring natural gas to Lincoln Paper and Tissue, and to the Lincoln community; service is scheduled to begin by November 2014. Phase two includes reactivation from Bangor to Searsport, with the rebuild of rectifier sites in Searsport, Hampden and Lincoln. Phase three would be to place the pipeline into service from Madawamkeag to Houlton in 2015.

LORING HOLDINGS, LLC. Loring Holdings is working on two projects. Anchor Power, a combined heat and power (CHP) plant at Loring that is to be powered by piped natural gas and Maine Power Express, a DC power converter plant with a transmission line to southern New England. The CHP project includes 65MW of cogeneration base load power and potentially steam or thermal byproduct. A new natural gas pipeline would supply gas to the plant and to other customers in the region. The Maine Power Express project would bring clean energy from

northern Maine and Canada to southern New England. A 390 mile underground DC transmission line, from Loring to Boston, and two converter stations would be constructed. The energy projects would utilize the pipeline corridor; LDA would be compensated for new uses in the corridor.

NORINCO MOTORS, INC. Norinco Motors, a very large diversified Chinese company that manufactures a variety of vehicles and equipment, believes it has an opportunity to manufacture railcars at Loring. The project would help fill the demand for new railcars that will meet new safety standards in Canada and the United States. Loring has the physical assets and labor force needed to support such a manufacturing operation. A Memorandum of Understanding between Norinco, LDA and the Maine Military Authority (MMA) was signed during a visit to China. Governor Paul LePage and representatives of LDA, MMA, MDOT, and the Governor's staff met with Norinco representatives in China; the parties worked to establishing the foundation necessary to move the project forward. Rail service to Loring will need to be reestablished for this project.

LORING INDUSTRIES, INC. The newly created entity could pursue business opportunities with various partners such as Norinco. The partners could include private investors and the LDA could participate as an equity holder, exchanging a portion of the value of our property for an equity stake. This concept is not typical for LDA but it may provide a new means for us to pursue business opportunities.

GLOBAL MEGA RECYCLE (GMR). GMR has been pursuing plans to establish a tire and plastics recycling plant using the former Alert Hangar complex, building 8410. GMR holds a nine-month lease option for the building. The option period will allow the company to secure customers and complete due diligence including working with DEP to ensure compliance with environmental regulations. While the project is not large enough to justify an investment to reactivate the rail line serving Loring, if the line were activated for another customer, GMR would likely make use of railway service.

MAINE MILITARY AUTHORITY (MMA). The reduction of operations at MMA resulted in the layoff of about two thirds of the existing workforce, or 140 people, in early October 2013. Recent building and production line upgrades performed by MMA on former warehouse buildings provide a "linear" production process adding more streamlined efficiencies to the vehicle rebuilding process. New efficiencies helped MMA secure \$19 MM contract with the Massachusetts Bay Transit Authority to rebuild articulating buses. With this new contract, MMA has established itself as a non-military rebuild facility. This work will help to offset continued declines in military rebuild work. At this level, additional employees and facilities will not be needed, but that could change if additional work is secured. MMA is working diligently to land other contracts.

VISIT FROM THE FEDERAL AVIATION ADMINISTRATION (FAA). The Regional Administrator for the FAA visited Loring during a tour of the aviation facilities in the region. Loring International Airport is private and receives no funding from the FAA. The FAA administrator inquired about Loring's interest in the proposed six designated unmanned aircraft sites. Unmanned aircraft (UAV) testing is a good example of a perfect use for Loring's airfield, but the LDA does not have the financial support to establish a test center that could compete with proposals being submitted by states that are the leaders in UAVs. The State of Maine has a potential interest in a statewide initiative but inadequate financial support has limited the effort to stand up an unmanned aircraft testing center.

AIRSPACE WORKING GROUP. In October 2013, prior to any public knowledge of FAA's plans to designate six test ranges, as a development project encouraged by the Mobilize Maine initiative, a working group was formed to explore the potential for UAV testing at Loring.

ALTAEROS ENERGIES. Altaeros, a small development stage company with roots at MIT, conducted tests of its airborne wind turbine using Loring's Arch Hangar and airfield in the past two years. Altaeros' innovation is a wind turbine in a helium-filled housing, marketed as a "BAT", a buoyant airborne turbine. The device can be deployed and retrieved quickly and moved from place to place making it ideal for military operations in forward areas or as a replacement for diesel generators in remote areas not served by transmission lines. Other important advantage are that BATS produce two times more energy than standard wind turbines there is no capital tied up in the construction of large towers as traditional turbines require. Altaeros expects to deploy BATS in Alaska. The company was very pleased with the Loring Commerce Centre as a test site and indicated its interest in returning for future research and testing operations should the need arise.

THREE RING BINDER PROJECT. In July 2013, LDA hosted the Maine Fiber Company and Tilson Technologies ribbon cutting ceremony for the 3 Ring Binder (3RB) kick off in Aroostook County. Federal funding dedicated to upgrading the communication infrastructure in rural areas made the 3RB project a reality in Maine. Maine Fiber Co. installed dark fiber (144 and 288 strand fiber optic cable) in selected areas in the state including the Loring campus, making dark fiber available at competitive rates, which is good for businesses using high volumes of data. Most of Loring's business locations are within a few hundred feet of this new resource. More information can be found at the Maine Fiber Company web site: www.maineiberco.com

TIN CUP LAND COMPANY. Tin Cup Land Company, owners of the residential units at Loring and the Limestone Country Club, decided last year to dissolve the company, divide its interests and obligations and create two separate businesses. Crossroads Land Company received the deed to the residential units and Phairways Enterprises entered into a lease for the golf course and country club. [Subsequently, the new companies, now facing unexpected difficulties, have decided that they will not be able to continue operations and are working with LDA to transition the businesses to new operators. Tentatively, LDA will operate the residential business until another operator is in place and a new lease is currently being developed with a new party for the operation of the country club.]

NORTHERN GIRL, LLC. Northern Girl, an organic vegetable processing company, leased the kitchen area of Loring's NCO Club allowing it to start operations while its facility in Van Buren was constructed. The company relocated to its new facility this year, but continues to have an interest in a regional food hub and a shared kitchen, which would make use of the NCO facility.

ROOSTOOK CAR CLUB. Roostook Car Club, a model car racing group, is leasing space in Building 6540 for their racing events. The dedicated group of volunteers and hobbyists hope to develop their hobby into a business as interest in model car racing grows.

LORING MILITARY HERITAGE CENTER (LMHC). The LMHC, a museum of Loring's military heritage, hosted a very successful open house this summer, bringing many people to Loring.

LAND SPEED RACING. Loring Timing Association (LTA) has been hosting land speed racing events at Loring for five years without incident, but last summer a tragic accident claimed the

life of William Warner. Mr. Warner was revered within the racing community for his accomplishments and dedication to the sport of land speed racing.

LDA Trustees examined the race events, the effect of the events on the local economy, the attention they bring to Loring and to northern Maine and the LTA's safety program. The Rules & Regulations for the LTA events parallel or exceed the rules of the older East Coast Timing Association race events. The accident which occurred was most likely a result of equipment failure. Loring events draw about 1,200 visitors to the area over the course of a weekend in July, providing a benefit to local businesses and the vendors that service the event. The event is primarily a New England event with 40% of the racers coming from Maine. The event has brought Loring's facilities and airfield to the attention of additional companies interested in automotive product testing, research and development.

AUTOCROSS EVENT. Cumberland Motor Club Inc. held another successful autocross precision driving event at Loring this year. The event consisted of automobiles, including high performance cars, being operated within a defined course. Although the race events do not attract huge crowds they do bring visitors to the area who provide increased traffic to restaurants, hotels and other businesses.

PROSPECTS. Active prospects include various aircraft companies, a buildings products company, a company seeking to do rocket launches, a data center, a small food processor, and some MMA projects that require LDA collaboration.

WATER SUPPLY SYSTEM UPGRADES. LDA and the Air Force entered into a Memorandum of Agreement, which included a payment to LDA of \$1.5 million for upgrades to the water treatment plant and distribution system. The MOA and payment addresses the Air Force's responsibility to provide potable water to Loring, where groundwater contamination prevents the use of wells. The funding matched a \$1,132,000 grant from the Economic Development Administration (EDA). The grant provides for 50% of the costs of a \$2,264,000 project to upgrade Loring's drinking water treatment infrastructure. Phase one upgrades the treatment system and is intended to improve water quality. This phase along with the rebuilding of the fishway on the water impoundment dam was completed last year. Phase two nears completion; it includes the repair of the concrete weir and intake structure, additional upgrades to the treatment system and facility improvements.

EDA VISIT. The Regional Director for EDA visited Aroostook County recently and stopped at Loring to discuss past projects and potential future funding opportunities. He toured facilities improved with EDA assistance and expressed his interest in continuing to support development efforts at Loring; he encouraged LDA to bring larger-scale projects forward for consideration.

SMALL BUSINESS FACILITIES UPGRADES. LDA's \$1 million Small Business Administration (SBA) earmark grant is funding improvements to facilities for small business uses; energy efficiency is a project priority. The work nears completion.

INFLOW AND INFILTRATION (I/I) REDUCTION AT LORING COMMERCE CENTRE. Reduction of the I/I of ground and surface water in Loring's wastewater collection systems is an ongoing project. The first three phases of the sewer line replacement project are complete, but much work remains to be completed. A large rain event maxed out the sewer line's capacity and clearly demonstrated that the LDA needs to continue to the next phase of I/I reduction work. A

small project, approximately \$73,500, will be completed this fall to replace infrastructure with the significant I/I.

LORING INFRASTRUCTURE FUNDING. Legislation to authorize a \$50 million state bond for infrastructure and site improvements at two former military installations was developed but was not moved forward for the bond referendum; the bond could move forward in the next legislative session. Three years ago LDA financed the paving of approximately 10% of Loring's roadways at a cost of \$350,000. LDA held discussions with state officials about the potential for the LDA to obtain funding from a future bond issue for on-going roadway re-surfacing and maintenance. The transportation bond issue is the most likely vehicle to provide such funding as Loring's roads are considered "private" and therefore, are on the same legal footing as the streets through a Maine University campus.

ENERGY COSTS REDUCTION. An energy audit identified potential for energy savings for LDA buildings. A variety of energy alternatives were identified as potential means to reduce energy costs for the LDA. One option, Compressed Natural Gas (CNG), costs about 70% of fuel oil, but was not selected because it requires significant upfront equipment and installation costs. Propane was also considered, with lower installation costs than CNG, attractive current pricing for commercial customers and a very short payback period; propane was installed at two buildings and is being considered for other buildings as funding allows. Pellets are another option with a pay back of a few years and a cost of about 50% of fuel oil; pellet burners supply heat at two buildings where the LDA simply purchases heat from the owner/operator of the pellet systems.

MARKETING EFFORTS

ADVERTISING. The LDA participates in a hard copy and digital campaign through the Maine Economic Development Guide, an official publication of the Maine Department of Economic and Community Development. The ad appears in the hard copy magazine and in the online guide at businessclimate.com/maine. Advertisements were created in-house and provided electronically to publishers.

An advertisement/sponsorship for radio coverage and a printed ad were purchased for the annual Limestone 4th of July Festivities. Print ads were also placed in a Fort Fairfield publication.

WEBSITE. A new Loring.org website has been completed and seamlessly launched, with a simplified layout and quick access for browsers. The site was designed to provide downloadable data for available facilities, up-to-date information, ease in making in-house changes and an efficient delivery of board meeting documents.

PROMOTING LORING

Loring's facilities, attributes and contact information are available on numerous business development websites such as The Maine Chamber, Maine Better Transportation Association, The Yellow Pages online, www.aviationacres.com and other aviation interests.

Following a request for proposals to provide real estate services, the LDA signed an Exclusive Right to Sell Listing Agreement with Re/Max Central to provide Sales Agent services and exposure on the Multiple Listing Service for designated Loring properties. The goal is to

promote Loring properties, for sale or lease, to the widest possible audience. For properties not specifically listed, LDA maintains an “Open Listing” and encourages all real estate brokers to bring prospective purchasers or commercial lessees to Loring.

PUBLIC OUTREACH

STAKEHOLDER & BUSINESS DEVELOPMENT MEETINGS. The LDA President & CEO regularly leads tours and presents Loring’s buildings and assets to potential tenants and visitors. He also promotes Loring and northern Maine when participating in speaking engagements and meetings regionally and state-wide.

PUBLIC BOARDS AND AFFILIATIONS. The LDA President & CEO serves in a voluntary capacity on regional and state-wide Boards, networking within various communities and acquainting people with Loring Commerce Centre, the State of Maine’s largest industrial, business and aviation complex.

OTHER ACTIVITIES & EFFORTS

MISSILE DEFENSE. LDA worked with the Department of Defense as it considered Loring as a potential location for a ground-based missile interceptor site. Although Loring was considered, an alternate site was selected.

REAL ESTATE BROKERS. LDA selected Re/Max to list some facilities in an Exclusive Listing contract for selected commercial properties. An exclusive listing opportunity provides an incentive for the selected broker to promote Loring properties, increasing potential sales. The exclusive listing contract is for specific properties. An Open Listing is maintained for properties not specifically listed.

LIMESTONE REAL ESTATE TAXES. The town of Limestone bore a large share of the impact of the closure of Loring Air Force Base and could not absorb the cost of providing municipal services at the 8,700 acre commerce center. LDA provides those services at Loring but does not have the ability to levy taxes. When a property at Loring is sold it becomes a part of the Limestone tax base. LDA Trustees and members of the Limestone Select Board began discussing a gain-sharing arrangement to assist with the costs of municipal services at Loring.

MOBILIZE MAINE. LDA continues to collaborate with DECD and the Northern Maine Development Commission (NMDC) on the Mobilize Maine effort – a proactive, assets based grassroots approach to economic development. The asset mapping component has been completed. DECD, Fairpoint Communications and the six economic development districts identified renewable energy and information technology as two areas of economic promise for Aroostook County. LDA’s President & CEO is a member of the Mobilize Northern Maine group and serves on its committee for the Renewable Energy cluster. An information technology cluster is examining ways to utilize Aroostook’s comparative advantage in the area of fiber optics for data farms and other IT related businesses.

LEAD-LEADERS ENCOURAGING AROOSTOOK DEVELOPMENT. LDA President Carl W. Flora serves on the Board of Directors of LEAD.

KEEPING INFORMED. When relevant to the LDA’s activities, LDA staff members actively participate in community and state economic development efforts, serving on various boards,

attending workshops, development forums and trainings, keeping abreast of programs and other opportunities available to businesses.

LDA FUNDING

STATE OF MAINE. DECD was able to identify funding assistance of \$175,000 to support newly developing manufacturing projects, including the Norinco and GMR projects. The State did not provide financial support for operating expenses at the Loring Applied Technology Center through fiscal year 2014.

TAX INCREMENT FINANCING FUND. The Loring Tax Increment Financing (TIF) Program allows the LDA to receive 50% of the Maine State Income Tax withheld from incremental jobs created at the Loring Commerce Centre. Contributions to this fund for fiscal year 2013 totaled \$777,444. These funds are used to fund municipal service costs and maintenance of public infrastructure.

PROPERTY SALE, LEASE, MUNICIPAL SERVICES AND MISCELLANEOUS REVENUES. During fiscal year 2014, the LDA received revenues from its tenants, from the sale of land and personal property and from miscellaneous revenues in the amount of \$1,946,413.

KATAHDIN TRUST COMPANY. LDA has two lines of credit from Katahdin Trust Company to assist in the management of cash flow; one line for \$1,000,000 and the second for \$250,000. At the end of FY 2014, funds advanced under the line of credit totaled \$957,000. This debt was retired in July 2014.

SBA GRANT. In FY11 LDA secured a \$1 million federal appropriation which is administered through a grant from the Small Business Administration. The funding is for the upgrading of facilities in support of small businesses; the project is close to completion.

EDA GRANT. In FY11 LDA was awarded \$1,132,000 from the Economic Development Administration for the upgrade of Loring's water supply infrastructure; about 95% complete.

2015 FUNDING. In order for LDA's 2015 budget to work, LDA needs to raise \$400,000 beyond operating revenues this year and potentially for the next two years. LDA is working with Katahdin Trust Company to secure a \$1,200,000 loan. The \$1.2M loan would be drawn down over three years, as needed. The sale of future pipeline lease revenue was also considered, but that is a more complex transaction and finding an interested company is difficult, so a loan is the preferable option. The loan would be collateralized by the stream of payments from the pipeline lease.

Loring Development Authority of Maine
Fiscal Year 2014 Annual Report
July 1, 2013 – June 30, 2014

**PARAGRAPH 1B: AUDITED FINANCIAL STATEMENTS FOR
FISCAL YEAR 2014**

The attached Independent Auditor's Report was approved by the Loring Development Authority Board of Trustees on October 15, 2014.

LORING DEVELOPMENT AUTHORITY OF MAINE

FINANCIAL STATEMENTS

JUNE 30, 2014

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LORING DEVELOPMENT AUTHORITY OF MAINE

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Years Ended June 30, 2014 and 2013

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, 2014. 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 \$253,534. The decrease was caused by a decrease in revenues which resulted from cutbacks at the Maine Military Authority, which caused a decrease in lease revenue, and the elimination of the annual appropriation from the State of Maine.
- Total revenues of \$3,340,421 are comprised of 44% from lease revenue, 23% from state assistance, 18% from federal grants and 15% from other LDA operations.
- Net jobs have decreased over the past year due to cutbacks by the Maine Military Authority, indicating a challenging economic environment.
- 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 and sewer plants distribution and collection systems, maintenance of a network of roads, parking lots, airfield pavements, together with services for fire, police and ambulance protection was approximately \$2.4 million in fiscal year 2014.
- The LDA received various federal grants, low interest loans and 0% interest loans for the purpose of upgrading sewer lines, the water treatment facilities and various other facilities. As of June 30, 2014 a total of \$4,508,292 has been spent on these projects. \$255,939 represents Construction in Progress, the remainder has been placed in service.

LORING DEVELOPMENT AUTHORITY OF MAINE

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Years Ended June 30, 2014 and 2013

UNAUDITED

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

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 estimated net fair market value of total capital assets for the current year is \$61,764,214 as compared to a capital asset balance of \$60,191,033 for the prior year ending June 30, 2013.

Table 1 provides condensed data of the Statements of Net Position for the fiscal years ended 2014 and 2013.

Table 1

Net Position

	<u>2014</u>	<u>2013</u>
Current assets	\$ 2,284,893	\$ 2,831,618
Net capital assets	61,764,214	60,191,033
Construction in progress	255,939	1,703,503
Notes receivable	<u>3,080,735</u>	<u>3,626,084</u>
Total Assets	<u>67,385,781</u>	<u>68,352,238</u>
Current Liabilities	1,211,508	1,616,156
Long-term Liabilities	<u>1,004,008</u>	<u>1,097,933</u>
Total Liabilities	<u>2,215,516</u>	<u>2,714,089</u>
Deferred Inflows of Resources	<u>2,106,389</u>	<u>2,320,739</u>
Total Net Position	\$ <u>63,063,876</u>	\$ <u>63,317,410</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 asset value for the current year in combination with the prior year's net asset value to reflect the net asset balance as of June 30, 2014.

LORING DEVELOPMENT AUTHORITY OF MAINE

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Years Ended June 30, 2014 and 2013

UNAUDITED

Table 2 shows the changes in net position for the fiscal years 2014 and 2013.

Table 2

Changes in Net Position

	<u>2014</u>	<u>2013</u>
Revenues:		
Program Revenues		
State Assistance	\$ 777,444	\$ 1,038,883
General Revenues		
Lease and Other	<u>1,911,593</u>	<u>2,050,805</u>
Total Operating Revenues	<u>2,689,037</u>	<u>3,089,688</u>
Operating Expenses:		
Salaries and Benefits	1,046,384	891,903
Travel	11,753	10,483
Contracted Services	509,272	708,006
Depreciation	908,866	857,818
Legal and Audit	23,504	55,432
Marketing	5,816	4,297
Supplies and Expenses	130,623	138,494
Maintenance	156,722	166,954
Utilities	713,179	616,159
Other General and Administrative	<u>87,836</u>	<u>147,854</u>
Total Operating Expenses	<u>3,593,955</u>	<u>3,597,400</u>
Loss from Operations	<u>(904,918)</u>	<u>(507,712)</u>
Other Revenues		
Other	<u>651,384</u>	<u>1,176,336</u>
Change in Net Position	\$ <u>(253,534)</u>	\$ <u>668,624</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

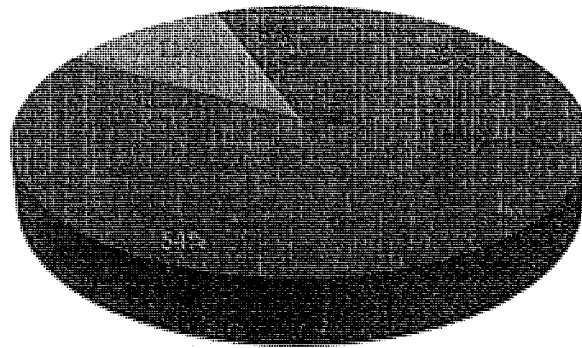
For the Fiscal Years Ended June 30, 2014 and 2013

UNAUDITED

The Loring Development Authority's Funds

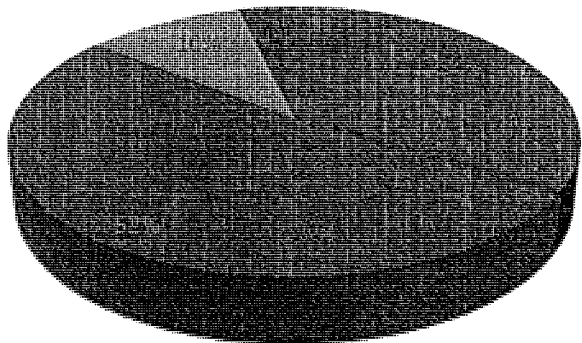
The Loring Development Authority's Funds are accounted for using the accrual basis of accounting. Total revenues and other sources amounted to \$3,340,421 in 2014 and \$4,266,024 in 2013. Operating revenues for the two years as represented in the tables below totaled \$2,689,037 in 2014 and \$3,089,688 in 2013. State grants and assistance represents 29% and 34% of the LDA's operating revenues for the last two years.

2014 Operating Revenues



29% ■ State assistance
54% ■ Lease revenue
11% ■ Water and sewer fees
6% ■ Other

2013 Operating Revenues



34% ■ State assistance
52% ■ Lease revenue
10% ■ Water and sewer fees
4% ■ Other

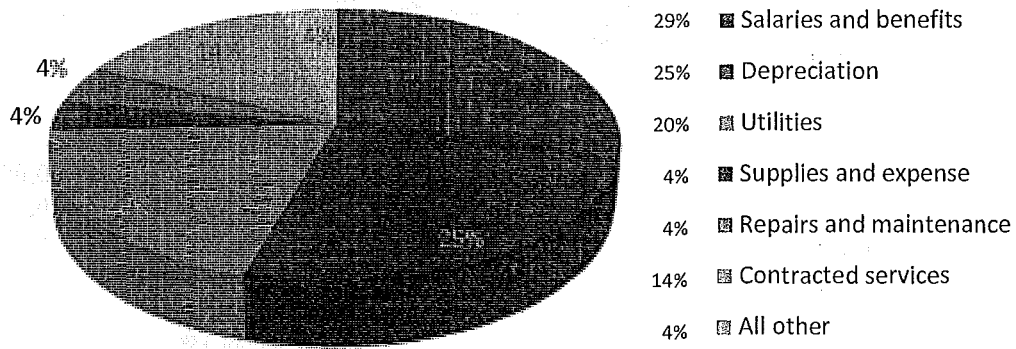
LORING DEVELOPMENT AUTHORITY OF MAINE

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Years Ended June 30, 2014 and 2013

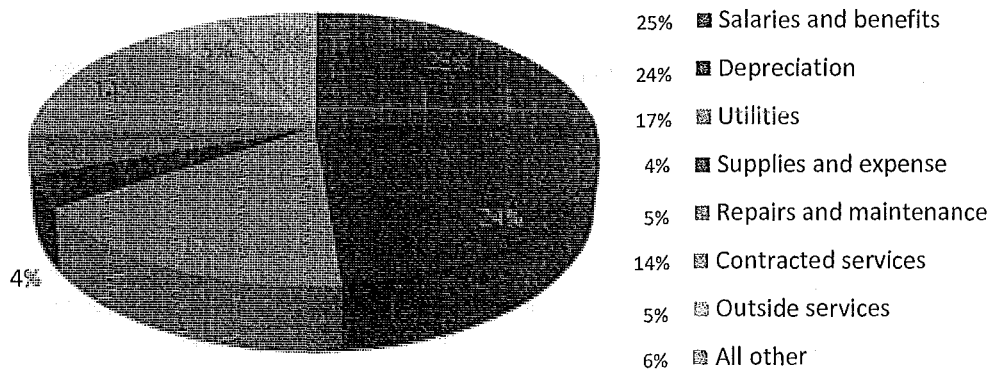
UNAUDITED

Operating expenses amounted to \$3,593,955 in 2014 and \$3,597,400 in 2013. The following charts reflect the expenditures for the fiscal years ended June 30, 2014 and 2013.

2014 Expense Distribution



2013 Expense Distribution



LORING DEVELOPMENT AUTHORITY OF MAINE

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Years Ended June 30, 2014 and 2013

UNAUDITED

Capital Assets

At the end of fiscal year 2014, the Loring Development Authority had land, buildings, improvements, structures and facilities of \$73,651,556. All assets were donated to LDA by the U.S. Air Force or purchased. Net of depreciation, these assets were recorded at \$61,764,214. Table 3 shows capital assets, net of accumulated depreciation.

Table 3

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

	<u>2014</u>	<u>2013</u>
Land	\$ 10,004,722	\$ 10,004,722
Buildings	20,709,449	20,550,872
Equipment and Improvements	5,216,250	5,136,238
Special Use Structures	4,760,526	3,403,618
Aviation Facilities	15,578,087	15,578,087
Roadways and Accessories	3,495,180	3,517,496
Pipeline	<u>2,000,000</u>	<u>2,000,000</u>
Total Net Capital Assets	\$ <u>61,764,214</u>	\$ <u>60,191,033</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 \$957,000 outstanding as of June 30, 2014.

The LDA also took on bonded debt of \$454,720 in 2010 for the purpose of upgrading sewer lines. As of June 30, 2014 the balance on this debt is \$352,408.

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, 2014 is \$317,187

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, 2014 is \$237,722.

LORING DEVELOPMENT AUTHORITY OF MAINE

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Years Ended June 30, 2014 and 2013

UNAUDITED

The LDA entered into a lending agreement with Katahdin Trust Company, receiving funds in the amount of \$100,180 secured by a vehicle. The balance at June 30, 2014 is \$55,958.

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, 2014 is \$134,656.

Future Developments

The LDA has taken steps during the last few fiscal years to compensate for the loss of the Caretaker grant revenue which represents a current annual reduction of previous years' funding of approximately \$1.7 million per year to protect and maintain the Loring property and funds available for maintenance of vacant facilities, fire, police, water and sewer, and roadways. The Caretaker grant expired in September 2004. In order to compensate for the loss of the Caretaker grant, the LDA has reduced staff, developed agreements with local communities to provide assistance with fire protection and other essential services, and has deferred maintenance and capital expenditures on some infrastructure. 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.



Chester M. Kearney

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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 proprietary activities of the Loring Development Authority of Maine, which comprise the statements of net position as of June 30, 2014 and 2013, and the related statements of revenues, expenditures, and changes in net positions and cash flows for the years then ended, and the related notes to the financial statements.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 governmental activities, each major fund and the aggregate remaining fund information of the Loring Development Authority of Maine, as of June 30, 2014 and 2013, and the respective changes in financial position and cash flows, where applicable, thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages I through VII 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 regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by U.S. *office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated July 29, 2014 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

LORING DEVELOPMENT AUTHORITY OF MAINE

STATEMENTS OF NET POSITION

JUNE 30, 2014 AND 2013

ASSETS

	<u>2014</u>	<u>2013</u>
ASSETS		
CURRENT ASSETS		
Cash and temporary investments (Note 3)	\$ 579,916	\$ 553,962
Due from State of Maine (Note 9)	952,444	838,883
Accounts receivable, net	712,722	522,611
Grants receivable	8,134	860,583
Inventory	31,677	55,579
	<u>2,284,893</u>	<u>2,831,618</u>
FIXED ASSETS (Note 13)		
Capital assets	73,651,556	71,169,509
Less accumulated depreciation	<u>(11,887,342)</u>	<u>(10,978,476)</u>
	<u>61,764,214</u>	<u>60,191,033</u>
OTHER ASSETS		
Construction in progress	255,939	1,703,503
Notes receivable (Note 12)	<u>3,080,735</u>	<u>3,626,084</u>
	<u>3,336,674</u>	<u>5,329,587</u>
TOTAL ASSETS	<u>\$ 67,385,781</u>	<u>\$ 68,352,238</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 85,285	\$ 83,276
Accrued expenses	75,300	78,194
Advances - other	-	100
Line of credit (Note 8)	957,000	1,163,000
Current portion of long-term debt	<u>93,923</u>	<u>291,586</u>
	<u>1,211,508</u>	<u>1,616,156</u>
LONG-TERM DEBT (Note 14)		
Notes Payable	1,097,931	1,389,519
Less Current Portion	<u>(93,923)</u>	<u>(291,586)</u>
	<u>1,004,008</u>	<u>1,097,933</u>
TOTAL LIABILITIES	<u>2,215,516</u>	<u>2,714,089</u>
DEFERRED INFLOWS OF RESOURCES		
Grants authorized and unexpended (Note 9)	611,718	565,514
Unearned lease revenue (Note 7)	1,490,000	1,747,750
Prepaid rent	<u>4,671</u>	<u>7,475</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>2,106,389</u>	<u>2,320,739</u>
NET POSITION		
Invested in capital assets, net of related debt	60,666,283	58,801,514
Unrestricted	<u>2,397,593</u>	<u>4,515,896</u>
TOTAL NET POSITION	<u>\$ 63,063,876</u>	<u>\$ 63,317,410</u>

See notes to financial statements

LORING DEVELOPMENT AUTHORITY OF MAINE

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION

YEARS ENDED JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
OPERATING REVENUES		
State assistance (Note 9)	\$ 777,444	\$ 1,038,883
Lease revenue	1,465,990	1,613,218
Water and sewer fees	293,909	321,624
Other	151,694	115,963
	<u>2,689,037</u>	<u>3,089,688</u>
OPERATING EXPENSES		
Salaries and benefits	1,046,384	891,903
Depreciation	908,866	857,818
Utilities	713,179	616,159
Supplies and expense	130,623	138,494
Repairs and maintenance	156,722	166,954
Contracted services	507,728	520,164
Outside services-Fire and Ambulance	1,544	187,842
Legal and audit	23,504	55,432
Insurance	29,351	29,353
Communications	14,189	13,740
Travel	11,753	10,483
Interest expense and bond bank fees	44,296	50,371
Marketing	5,816	4,297
Uncollectable accounts	-	54,390
	<u>3,593,955</u>	<u>3,597,400</u>
LOSS FROM OPERATIONS	<u>(904,918)</u>	<u>(507,712)</u>
NON-OPERATING REVENUES		
Federal & State assistance for capital projects (Note 9)	616,564	1,115,056
Gain on sale of surplus property	7,439	38,306
Interest income	27,381	22,974
	<u>651,384</u>	<u>1,176,336</u>
CHANGE IN NET POSITION	(253,534)	668,624
NET POSITION - BEGINNING OF YEAR	<u>63,317,410</u>	<u>62,648,786</u>
NET POSITION - END OF YEAR	<u>\$ 63,063,876</u>	<u>\$ 63,317,410</u>

See notes to financial statements

LORING DEVELOPMENT AUTHORITY OF MAINE

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 1,200,328	\$1,652,709
Cash received from governmental assistance	838,883	1,164,601
Cash received from other income	151,694	115,963
Cash paid for salaries and benefits	(1,049,278)	(900,627)
Cash paid for contract services	(509,272)	(708,006)
Cash paid for goods and services	(1,059,226)	(1,457,457)
Interest paid	(44,296)	(50,371)
Net cash used in operating activities	<u>(471,167)</u>	<u>(183,188)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Net advances/(payments) on line of credit	(206,000)	383,000
Proceeds from long-term debt		200,305
Payments on long-term debt	(291,588)	(88,658)
Interest received	7,491	3,796
Net cash provided by/(used in) investing activities	<u>(490,097)</u>	<u>498,443</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments for capital acquisitions and construction	(789,134)	(991,737)
Federal grants received for capital projects	1,468,913	438,413
Payments on note receivable	300,000	
Sale of property	7,439	8,027
Net cash provided by/(used in) financing activities	<u>987,218</u>	<u>(545,297)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	25,954	(230,042)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>553,962</u>	<u>784,004</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>579,916</u></u>	<u><u>553,962</u></u>
RECONCILIATION OF LOSS FROM OPERATIONS TO NET		
CASH USED IN OPERATING ACTIVITIES		
Loss from operations	<u>(904,918)</u>	<u>(507,712)</u>
Adjustments to reconcile loss from operations		
to net cash used in operating activities		
Depreciation	908,866	857,818
Changes in assets and liabilities		
Operating accounts receivable, net	(409,500)	(135,953)
Operating funds due from other governments	125,718	125,718
Inventory	23,902	(31,961)
Accounts payable	2,009	(336,194)
Deferred inflows	(214,350)	(146,180)
Accrued expenses	(2,894)	(8,724)
	<u>433,751</u>	<u>324,524</u>
Net cash used in operating activities	<u><u>\$ (471,167)</u></u>	<u><u>\$ (183,188)</u></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 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 3,600 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.

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. No deferred outflows of resources affect the governmental funds financial statements in the current year.

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.

(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 \$579,916 and \$553,962 as of June 30, 2014 and 2013, 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.

As of June 30, 2014 and 2013 the Authority's entire 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, 2014 and 2013 is \$21,109 and \$26,907, respectively.

LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(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 \$38,846 and \$34,046 for the years ended June 30, 2014 and 2013.

(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 2019. The leases provide for varying terms and conditions.

As of June 30 2014, the future minimum lease payments for the next 5 years are as follows:

<u>Fiscal year ending June 30:</u>	<u>Amount</u>
2015	\$1,023,039
2016	1,052,344
2017	1,015,588
2018	324,889
2019	<u>317,210</u>
	<u>\$3,773,070</u>

Included in the future minimum lease payments above are rental payments from the Maine Military Authority (MMA), another authority established by the State of Maine.

The MMA has made a long-term commitment to lease the facilities. Because MMA and LDA are instrumentalities of the State, it is unclear whether the lease payment obligation is legally enforceable. The annual lease commitment of the MMA is \$475,531 until at least 2017.

(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 described in Note 12, the Authority entered into an agreement with Loring Bio-Energy, LLC (LBE) whereby LBE would acquire real estate and lease a pipeline and right-of-way. In 2012 these lease rights were sold at auction to Penobscot Natural Gas. Under the terms of the lease agreement, payments began in 2013 and the Authority began to recognize revenue at that time at a rate of \$300,000 per year for a ten year period. As of June 30, 2014 and 2013 the amount included as deferred inflows was \$ 1,490,000 and \$1,730,000 respectively.

LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(8) LINE OF CREDIT

The Authority has a variable rate operating line of credit payable at "Wall Street Prime" with a maximum limit of \$1,250,000. As of June 30, 2014, the line of credit balance was \$957,000, leaving \$293,000 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:

Department of Economic and Community Development – On June 4, 2014 the Authority was awarded a \$175,000 grant to defray operating expenses and to support implementation of a reuse strategy for the period of July 1, 2013 to December 31, 2014.

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 \$777,444 and \$838,883 for the years ending June 30, 2014 and 2013, respectively.

Department of Transportation (DOT) – The state of Maine DOT awarded the Authority a grant of \$1,000,000 for airport facility renovations. No funds were spent in the year ended June 30, 2014. \$106,598 of the balance remained as of that date and is recorded as grants authorized and unexpended.

- (B) The United States Environmental Protection Agency (EPA) – The Authority was awarded a grant by the EPA in the amount of \$216,500 to improve the integrity of sewer lines and reduce inflow and infiltration. The grant requires matching funds from the authority of \$177,136. During the fiscal year ending June 30, 2014 the Authority received \$0.

In 2009 the Authority was awarded an additional \$860,000 through the Clean Water State Revolving Loan Fund Program for the purpose of replacing sewer lines. Upon completion of the project \$405,280 will be forgiven and the remaining \$454,720 will be repaid over a period of 20 years at 0% interest.

- (C) The United States Department of Agriculture (USDA) – The Authority was awarded a grant of \$960,000 and a loan of \$330,000 from USDA Rural Development from the Water and Waste Disposal Systems Program for the purpose of replacing sewer lines. As of June 30, 2013 the Authority had received and expended all of the grant funds.

LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(9) PUBLIC SECTOR FUNDING (cont'd.)

- (D) The United States Department of Defense – The United States Air Force Real Property Agency has made a one-time 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. For the year ended June 30, 2014 the Authority expended \$169,782 of these funds on the water system while \$289,134 remains to be spent.
- (E) United States Small Business Administration – The SBA has provided a \$1,000,000 earmark designated for repairs and upgrades at the Loring Commerce Center which will facilitate the establishment of new small businesses in the area. As of June 30, 2014, \$959,014 had been received and expended of which \$280,431 was recognized as revenue in the current year.
- (F) United States Economic Development Administration - The EDA has provided a \$1,132,000 grant to support repairs and improvements to The Loring Commerce Center's impounding dam and water treatment and distribution systems. The grant requires each dollar to be matched by the recipient. As of June 30, 2014, \$1,026,933 had been earned and expended leaving a balance of \$105,067.

(10) CONCENTRATION OF RISK

Federal and State funding

The LDA received approximately 23% of its operating revenue from federal and state funding for the year ended June 30, 2014. The ability to continue its operations is dependent on continued funding.

Accounts receivable

For the year ended June 30, 2014 approximately 82% of the Authority's accounts receivable was due from 3 customers.

(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 estimated at \$22,516 for the years ended June 30, 2014 and 2013.

(12) NOTES RECEIVABLE

Crossroads Land Company, LLC

On April 16, 2001, the LDA sold 5 parcels (271.5 acres) of land to Tin Cup Land Company, LLC for \$1,600,000, less \$1,912 in closing costs, resulting in a net sale price of \$1,598,088. The Authority received \$318,088 in cash and financed the remaining \$1,280,000 in the form of a note, payable in quarterly installments for a period of 15 years. Because of unforeseen losses of tenants due to the elimination of military workers at the Defense Finance and Accounting Service in 2002, the Company has had difficulties keeping current with the note payments.

LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(12) NOTES RECEIVABLE (cont'd.)

On March 14, 2014 the Authority released Tin Cup Land Company from their mortgage and reclaimed all of the original parcels of land via Quitclaim Deed. The Authority then sold 2 of the parcels to Crossroads Land Company, LLC (Crossroads), a party related to Tin Cup Land Company, for \$625,000.

The Authority received a promissory note from Crossroads, payable in 240 monthly installments of \$3,545 including interest at Wall Street Journal Prime Rate, but not less than 2.5% and not to exceed 5%, (currently 3.25%) through March, 2034. The note is secured by a mortgage on the parcels of land. Balance of the note as of June 30, 2014 was \$621,290.

In conjunction with the sale the Authority also received a promissory note from Crossroads in the amount of \$61,865, for water bills unpaid to the Authority by Tin Cup Land Company, payable in 48 monthly installments of \$1,376 including interest at Wall Street Journal Prime Rate, but not less than 2.5% and not to exceed 5%, (currently 3.25%) through March, 2014. The note is secured by personal guarantees by the members of Crossroads. Balance of the note as of June 30, 2014 was \$59,445.

Penobscot Natural Gas

On September 24, 2010, pursuant to an amended 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, 2014 the outstanding balance due on the agreement is \$2,400,000.

(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.

LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(13) CAPITAL ASSETS (cont'd.)

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

Capital asset activity for the year ended June 30, 2014 was as follows:

CAPITAL ASSETS ACQUIRED BY LDA (HISTORICAL COST)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<u>Capital Assets</u>				
Land	10,000			10,000
Equipment and improvements	<u>6,183,855</u>	<u>2,180,963</u>		<u>8,364,818</u>
Total at historical cost	<u>6,193,855</u>	<u>2,180,963</u>		<u>8,374,818</u>
<u>Less Accumulated Depreciation</u>				
Equipment and improvements	<u>1,136,617</u>	<u>306,184</u>		<u>1,442,801</u>
Total Accumulated Depreciation	<u>1,136,617</u>	<u>306,184</u>		<u>1,442,801</u>
Capital assets at historical cost, net	<u>5,057,238</u>	<u>1,874,779</u>		<u>6,932,017</u>

CAPITAL ASSETS ACQUIRED FROM U. S. AIR FORCE

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<u>Capital Assets</u>				
Land	<u>9,994,722</u>			<u>9,994,722</u>
Buildings				
In use	5,925,889			5,925,889
Leased	19,300,146	301,084		19,601,230
Not in use	<u>3,353,781</u>			<u>3,353,781</u>
	<u>28,579,816</u>	<u>301,084</u>		<u>28,880,900</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>

LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(13) CAPITAL ASSETS (cont'd.)

	Beginning Balance	Additions	Retirements	Ending Balance
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>64,975,654</u>	<u>301,084</u>		<u>65,276,738</u>
<u>Less Accumulated Depreciation</u>				
Buildings				
In use	1,897,471	117,341		2,014,812
Leased	<u>6,131,473</u>	<u>383,740</u>		<u>6,515,213</u>
	<u>8,028,944</u>	<u>501,081</u>		<u>8,530,025</u>
Equipment				
In use	<u>136,500</u>			<u>136,500</u>
Special use structures				
Water plant and distribution	<u>1,676,415</u>	<u>101,601</u>		<u>1,778,016</u>
Total Accumulated Depreciation	<u>9,841,859</u>	<u>602,682</u>		<u>10,444,541</u>
Capital assets acquired from U. S. Air Force, net	<u>55,133,795</u>	<u>(301,598)</u>		<u>54,832,197</u>
TOTAL CAPITAL ASSETS				
Capital assets	71,169,509	2,482,047		73,651,556
Less Accumulated Depreciation	<u>(10,978,476)</u>	<u>(908,866)</u>		<u>(11,887,342)</u>
	<u>60,191,033</u>	<u>1,573,181</u>		<u>61,764,214</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.

LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(13) CAPITAL ASSETS (cont'd.)

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.

(14) LONG-TERM DEBT

As of June 30 long-term debt consisted of:

	<u>2014</u>	<u>2013</u>
Note payable to Northern Maine Development Commission, payable in monthly installments of \$1,381 including interest at 3% per annum through May 2018. Secured by assets of the Authority	134,656	146,980
Note payable to USDA Rural Development, payable in annual installments of \$14,860 including interest at 3.25% per annum through August 2050. Secured by assets of the Authority	317,187	321,596
Note payable to Katahdin Trust Company, payable in monthly installments of \$1,848 including interest at 4% per annum through February 2017. Secured by assets of the Authority	55,958	75,434
Note payable to Katahdin Trust Company, payable in monthly installments of \$3,553 including interest at 4% per annum through October 2020. Secured by assets of the Authority	237,722	270,060
Note payable to Katahdin Trust Company, payable in one installment including interest at 3.5% per annum on or before July 31, 2013. Secured by assets of the Authority		200,305
Bond payable to the Maine Municipal Bond Bank, payable in semi-annual installments of \$11,368 plus bond bank fees of \$569 per installment through October 2029. Interest rate is 0%.	<u>352,408</u>	<u>375,144</u>
	1,097,931	1,389,519
Less current portion	(93,923)	(291,586)
	<u>1,004,008</u>	<u>1,097,933</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:

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2015	93,923	25,063	118,986
2016	96,675	22,311	118,986
2017	92,039	19,491	111,530
2018	161,044	17,200	178,244
2019	67,432	12,803	80,235
2020-24	197,365	47,374	244,739
2025-29	147,118	40,831	187,949
2030-34	50,605	35,033	85,638
2035-39	46,041	28,228	74,269
2040-44	54,025	20,245	74,270
2045-49	63,393	10,876	74,269
2050-54	<u>28,271</u>	<u>1,385</u>	<u>29,656</u>
Total	<u>1,097,931</u>	<u>280,840</u>	<u>1,378,771</u>

Long-term debt activity for the year ended June 30, 2014 is as follows:

	<u>Beginning Balance</u>	<u>Advances</u>	<u>Payments</u>	<u>Ending Balance</u>
Note payable –NMDC	146,980		12,324	134,656
Note payable-USDA	321,596		4,409	317,187
Note payable-Katahdin Trust Company	75,434		19,476	55,958
Note payable-Katahdin Trust Company	200,305		200,305	
Note payable-Katahdin Trust Company	270,060		32,338	237,722
Bond payable – MMBB	<u>375,144</u>	<u> </u>	<u>22,736</u>	<u>352,408</u>
	<u>1,389,519</u>	<u>None</u>	<u>291,588</u>	<u>1,097,931</u>

(15) SUBSEQUENT EVENTS

Management has evaluated subsequent events occurring through July 29, 2014, the date the financial statements were available to be issued.

LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(16) FAIR VALUE OF FINANCIAL INSTRUMENTS

The Authority has a number of financial instruments, none of which are held for trading purposes. The Authority estimates that the fair value of all financial instruments at June 30, 2014, 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.

(17) 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 payrolls and is required to file the appropriate tax returns. Management believes that all required returns have been properly filed as of June 30, 2014. No examinations have been conducted by the Federal or State taxing authorities and no correspondence has been received from these authorities. The entity has open tax years of 2014, 2013 and 2012 as they relate to payroll tax returns.

LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(18) 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>(3,593,955)</u>	<u>1,759,899</u>	<u>-</u>	<u>616,564</u>	<u>(1,217,492)</u>
General revenues:					
State appropriations					-
Loring Job Incremental Financing					777,444
Interest income					27,381
Sale of surplus property					7,439
Other income					<u>151,694</u>
Total general revenues					<u>963,958</u>
Change in net position					(253,534)
Net position - July 1, 2013					<u>63,317,410</u>
Net position - June 30, 2014					<u>63,063,876</u>

ADDITIONAL REPORTS



Chester M. Kearney

Certified Public Accountants

12 Dyer Street, Presque Isle, Maine 04769-1550
207-764-3171

Herman Belanger, CPA, CGMA

Paul J. Callnan, CPA

Barbara D. McGuire, CPA

Timothy P. Poitras, CPA

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 Loring Development Authority of Maine as of and for the year ended June 30, 2014, and the related notes to the financial statements, and have issued our report thereon dated July 29, 2014.

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) to determine 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 of 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 over financial reporting 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 grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 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 over 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
July 29, 2014



Chester M. Kearney
Certified Public Accountants

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

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133

Report on Compliance for Each Major Federal Program

We have audited Loring Development Authority of Maine's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Loring Development Authority of Maine's major federal programs for the year ended June 30, 2014. Loring Development Authority of Maine's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Loring Development Authority of Maine's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Loring Development Authority of Maine's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Loring Development Authority of Maine's compliance.

Opinion on Each Major Federal Program

In our opinion, Loring Development Authority of Maine complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of Loring Development Authority of Maine is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Loring Development Authority of Maine's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Loring Development Authority of Maine's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Chester M. Kearney

Presque Isle, Maine
July 29, 2014

SUPPLEMENTARY INFORMATION

LORING DEVELOPMENT AUTHORITY OF MAINE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2014

FEDERAL GRANTOR PROGRAM TITLE	<u>FEDERAL CFDA NUMBER</u>	<u>FEDERAL AWARD AMOUNT</u>	<u>REVENUE RECOGNIZED</u>	<u>EXPENDITURES</u>
U.S. DEPARTMENT OF AGRICULTURE				
USDA Rural Development				
ARRA-Water and Waste Disposal Systems (Loan Balance)	10.766	\$ 330,000	<u>\$ -</u>	<u>\$ 317,187</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>-</u>	<u>317,187</u>
U.S. DEPARTMENT OF COMMERCE				
Economic Development Administration				
Public works grant	11.300	1,132,000	<u>\$ 166,350</u>	<u>\$ 166,350</u>
U.S. SMALL BUSINESS ADMINISTRATION				
FY 2010 Congressional Earmark	59.059	1,000,000	<u>\$ 280,431</u>	<u>\$ 280,431</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u><u>\$ 763,968</u></u>

See notes to financial statements

LORING DEVELOPMENT AUTHORITY OF MAINE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2014

BASIS OF PRESENTATION

The schedule of expenditures of federal awards includes the federal grant activity of Loring Development Authority of Maine and is presented on the accrual basis. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

LORING DEVELOPMENT AUTHORITY OF MAINE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2014

SECTION 1 - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? None
- Reportable conditions identified that are not considered to be material weaknesses?
None
- Noncompliance material to financial statements noted? None

Federal Awards

Internal control over major programs:

- Material weaknesses identified? None
- Reportable conditions identified that are not considered to be material weaknesses?
None

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? None

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
59.059	U.S. Small Business Administration FY 2010 Congressional Earmark

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Audit qualified as low-risk audit? Yes

SECTION II - FINANCIAL STATEMENT FINDINGS

No findings were made during the audit of the financial statements for the Loring Development Authority of Maine and no matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings or questioned costs relative to major federal award programs were found during the audit of the financial statements for the Loring Development Authority of Maine and no matters were reported.

**PARAGRAPH 1C: PROPERTY TRANSACTIONS DURING
FISCAL YEAR 2014**

PROPERTY TRANSACTIONS

LEASES and SALES

LORING SOLAR II, LLC. A lease agreement between LDA and Loring Solar II was executed in December 2013. The Power Company completed the installation of 30 tracker-type solar panels at Loring and has leased the array to LDA. The term of the agreement is 30 years with an option to purchase the solar array after seven years. Loring Solar II has an output of 200 KW. LDA also leases Loring Solar One, a 50 KW solar array. The two projects have a combined output of 385 megawatt hours per year, enough to power 55 average homes. The carbon offset by the two projects is about 250 tons per year. At the time of its installation, Loring Solar II was the largest PV solar system in Maine. A net metering arrangement allows electricity to be applied to LDA's buildings.

TIN CUP LAND COMPANY. In 2012, the board approved a restructuring of the Tin Cup Land Company mortgage; Tin Cup operated the Limestone Country Club and the residential units at Loring. Under the new arrangement completed this year, two new business entities operate the housing and the golf course separately. Phairways Enterprises leased the Country Club and Crossroads Land Company purchased the residential properties.

LORING TOWNHOMES. Crossroads Land Company received a deed to the Manser Drive property and a note for \$625,000. [Subsequently, the owners of the property moved to Colorado and would like to transfer the property back to LDA. LDA will work to keep the operation viable while searching for a new buyer.]

LIMESTONE COUNTRY CLUB. Phairways enterprises leased the country club property and operated the golf course successfully this season, increasing membership and retaining long-term members. [Subsequently, the operator has informed the LDA that due to health issues he will not be able to keep the golf course open next year and would like to terminate the lease. LDA is working with another party who is interested in leasing the country club.]

GLOBAL MEGA RECYCLE (GMR). GMR has been pursuing plans to establish a tire and plastics recycling plant using the former Alert Hangar complex, building 8410. GMR holds a nine-month lease option for the building. The option period will allow the company to secure customers and complete due diligence. The company also entered into a lease for office space in building 5100, which also houses LDA's offices.

LICENSES

LDA issued short-term licenses to businesses and organizations in need of short-term use of various 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, 2014 TO OCTOBER 15, 2014 AND
PROPOSED ACTIVITIES FOR FISCAL YEAR 2015**

SUBSEQUENT EVENTS

A summary of the activities on the Loring Commerce Centre between July 1, 2014 and October 15, 2014 are provided below.

LORING HOLDINGS, LLC. Loring Holdings secured an Option for property at Loring where its new facilities would be located. Loring Holdings is working on two projects, as mentioned above, Anchor Power, a combined heat and power (CHP) plant and Maine Power Express, a DC power converter plant with a transmission line to southern New England.

PATRIOT GROUP. Patriot Group and LDA entered into a month-to-month lease agreement for an office in LDA's office building, building 5100. Patriot Group leased the office as it explores options for new activity at Loring.

NORINCO PROJECT. Company representatives recently visited Loring to discuss progress being made by the company, which seeks to establish a railcar manufacturing center at Loring. Discussions included the design, testing and approval for its railcars.

WASTEWATER COLLECTION IMPROVEMENT PROJECT. In October, work began to replace a 300' section of sewer line and two manholes that are responsible for the introduction of a significant amount of inflow and infiltration in the sewer collection system, which contributes to the hydraulic overloading of the sewer lines. This work is a continuation of improvements being made to the sewer collection system at Loring.

WATER SYSTEM IMPROVEMENT PROJECT. An in-tank water aeration system is being installed in one of Loring's water towers as a means to achieve reductions of disinfection by-products. Funding sources are being explored; the project is estimated to cost just under \$1MM. This project is a continuation of the improvements being made to Loring's water supply infrastructure.

20TH ANNIVERSARY OF LORING'S CLOSURE. Loring's closure as an Air Force Base took place September 30, 1994, marking Loring launch as a commercial center. Looking back, twenty years later significant major milestones include:

- Establishment of LDA in its early role as "caretaker" under agreements with the Air Force
- Establishment of early businesses including the golf course, apartments, camping area, bowling center
- The arrival and growth of some of our larger employers, DFAS, Job Corps, Sitel, and Maine Military Authority
- The negotiation of the Economic Development Conveyance Agreement calling for extended "caretaker" funding

- Obtaining the Loring property initially through a Long Term Lease and later by Deed
- Three successful weekend-long Phish festivals
- Coming "close" with two potentially large industrial projects - a potato processing plant and a wood products manufacturing facility - neither of which ultimately went forward because of market considerations
- The successful campaign to avert the threatened BRAC closure of DFAS, and the subsequent growth of DFAS
- The innovative use of our aviation assets to support flight testing of unmanned aircraft, development of airborne wind turbines, and land speed racing

PROPOSED AND PROJECTED ACTIVITIES FOR FISCAL YEAR 2015

In addition to ensuring that our existing tenants remain viable business entities, the LDA intends to carry out the following activities in fiscal year 2015:

Pursue additional upgrades to Loring's already robust telecommunications infrastructure to support Sitel, the National Job Corps Data Center, DFAS and attract other potential telecommunications and data-based businesses.

Continue to work with prospects on developing two projects that are currently progressing through due diligence; one project is a new rail car manufacturing operation, the second project is a tire recycling operation.

Continue to assist with emerging and newly proposed development projects such as the Loring pipeline and corridor energy projects, renewable energy generation projects, future aviation projects, manufacturing projects and others.

Continue to pursue rail service at Loring, which is important to large manufacturers.

Continue to work with and support established tenants to further their operations at Loring and consider how cluster development may fit in with existing or new projects.

Continue to position Loring for various aviation and aerospace operations at the Loring International Airport. Possibilities continue to include aircraft testing, research and development, maintenance, repair, and overhaul, manufacturing, aircraft storage, cargo operations and activities that would support homeland security efforts as well as unmanned aircraft testing and operations and space launch operations.

Continue the upgrade of the water treatment and supply system and the wastewater collection system.

Continue to discuss the consolidation of municipal services with neighboring communities, and to secure support for the maintenance of roadways at Loring.

Attempt to secure payments from DFAS and Job Corps for the extraordinary demand on services they create.

Continue working with the Aroostook Band of Micmacs, collaborating on mutually beneficial development projects at Loring.

Continue working with Aroostook Partnership for Progress and the Northern Maine Development Commission in marketing the County including Loring and in the Mobilize Maine project.

Focus on manufacturing as a means to re-employ former workers from the Maine Military Authority (MMA) and reoccupy facilities also once used by MMA.

Continue demolishing substandard structures at Loring, increasing the Commerce Centre's marketability by creating open space for new construction and improving its aesthetic value.

Touch base periodically with prospective large food processing companies and wood product manufacturers in support of the previously proposed food processing and value-added forest products manufacturing projects, when the market allows for expansion.

Continue to develop and enhance long-term funding strategies that will maximize LDA's ability to reach its development objectives.

Continue to network with business leaders in the region and statewide to identify further opportunities for development at Loring including the creation of new jobs.

Continue to garner local, regional and statewide support for development efforts, in part by hosting tours of Loring for legislators, local and statewide organizations and individuals; making presentations at meetings and events; and participating in interviews with media and private organizations.

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

Continued support by the State of Maine will be needed to make investments in infrastructure that will assure that Loring Commerce Centre continues to serve as a hub of commercial activity in northern Maine and is able to move forward in developing new opportunities. Loring is not unlike a city but it lacks a tax base. Financial resources must come from a combination of lease revenue and real estate sales as well as targeted assistance provided by the State of Maine.

In the past few years LDA has made considerable investments in the drinking water treatment and distribution and wastewater collection systems as well as upgrades to buildings suitable for small businesses. Conversion of heating oil burners to less costly alternatives was also completed in four buildings. However, insufficient investments are being made in:

1. upgrade of water treatment and wastewater collection infrastructure;
2. continued energy efficiency and upgrades;
3. transportation infrastructure improvements;
4. maintenance of prime facilities; and
5. demolition and removal of substandard buildings.

A proposed bond for former military base infrastructure could provide much of the financial support for infrastructure improvements. Although the Legislature did not select that bond to go to voter referendum in the prior session, it could move forward in the upcoming session.

Revenue losses in recent years have resulted in a funding shortfall for LDA's ongoing operations. The economic downturn followed by revenue losses of over \$600,000 in 2014 and 2015 continues to significantly challenge LDA.

LDA's best strategy in dealing with the revenue shortfall is to continue to work to place idle facilities back into service. LDA is currently working with promising prospects whose businesses would reuse facilities and create new jobs. It will take time to realize the financial benefits of new businesses. State support is still essential at this time, in particular for critical infrastructure maintenance and improvement work.

ADDENDUMS

- 1. Loring Development Authority Board of Trustees**
- 2. Loring Development Authority Development and Field Staff**
- 3. Loring Commerce Centre Tenants**
- 4. Employment/Tenant Status Report**

LORING DEVELOPMENT AUTHORITY OF MAINE BOARD OF TRUSTEES

The Loring Development Authority is represented by a thirteen member volunteer Board of Trustees, twelve of which are nominated by the Governor and confirmed by the State Senate and one is a Commissioner of State government designated by the Governor who serves as a voting, ex-officio member. Seven of the appointees confirmed are required to be from Aroostook County and must be nominated by the primary impacted communities surrounding Loring, while four of the appointees are required to live outside of Aroostook County and one member can reside anywhere in Maine. Trustees as of October 2014 are:

Chair, Richard Ezzy, a resident of Caribou, is Vice President and General Manager of the business operations of County Physical Therapy. Mr. Ezzy has served on the LDA Board since 2010.

Vice Chair, Miles Williams, resident of Caribou, is retired from Maine Public Service Company. Mr. Williams has served on the LDA Board since 2012.

Treasurer, Thomas Clowes, resident of Stockholm, is employed with FA Peabody Insurance in Presque Isle. Mr. Clowes has served on the LDA Board since 2010.

Secretary, Carol Bell, resident of Presque Isle, is the Project Director for ACAP in Presque Isle. Ms. Bell has served on the LDA Board since 2011.

George Gervais, resident of Augusta, is the Commissioner of the State Department of Economic and Community Development. Commissioner Gervais has served on the LDA Board since 2011.

Daniel LaPointe, resident of Van Buren, is the Director of Economic & Community Development in Van Buren. Mr. LaPointe has served on the LDA Board since 2011.

Janet McGillan, resident of Fort Fairfield, is the Office Manager for McGillan, Inc. in Fort Fairfield. Ms. McGillan has served on the LDA Board since 2011.

Mike Edgecomb, resident of Spruce Head, is the Director, of Government Relations for Time Warner Cable-North. Mr. Edgecomb has served on the LDA Board since 2011.

James Clair, resident of Augusta, is the CEO of Goold Health Systems. Mr. Clair has served on the LDA board since April 2013.

Mark Wilcox, resident of Mapleton, is Area Manager for Dead River Co. Mr. Wilcox has served on the LDA Board since June 2013.

Douglas Damon, resident of Bangor, is a Real Estate Broker for Realty of Maine. Mr. Damon has served on the LDA Board since June 2013.

Steven Levesque, resident of Farmingdale, is the Executive Director of the Midcoast Regional Redevelopment Authority. Mr. Levesque has served on the LDA Board since 2014.

Dana Saucier, resident of Wallagrass, is a retired business Partner and Management Consultant. Mr. Saucier has served on the LDA Board since 2014.

LORING DEVELOPMENT AUTHORITY OF MAINE EMPLOYEES

DEVELOPMENT STAFF

President & CEO, Carl W. Flora, provides executive oversight for the Authority's operations as well as management of day-to-day operations including, but not limited to, finance & administration, property management, municipal functions (i.e.: police, fire, water/sewer, electrical distribution, roads, grounds and building maintenance), and government, public, tenant, and community relations. He serves at the pleasure of the LDA Board of Trustees. Mr. Flora has been employed at the LDA since November 15, 1995.

Director of Finance and Accounting, Donna M. Sturzl, is responsible for the administration of the LDA's operations and accounting controls and financial reporting systems. She is also responsible for grant research, writing and reporting and carrying out a variety of projects. Ms. Sturzl has been employed at the LDA since September 21, 2000.

Facilities Manager, Neal R. Haines, coordinates and oversees the day-to-day municipal services and maintenance type operations of the facility which include buildings, roads, grounds, water and wastewater plant operations and vehicle maintenance with section foreman. He also monitors all purchases and payment processing, oversees the computer network system, and general administrative duties including human resources. Mr. Haines has been employed at the LDA since September 26, 1994.

Administrative Assistant, Mary E. Saunders, is the assistant to the Facilities Manager. She is responsible for environmental reporting as well as clerical support and reporting for Loring Utilities. Ms. Saunders has been employed at the LDA since January 17, 1994.

LDA FIELD STAFF

Charles L. Cyr, Roads and Grounds Maintenance Worker

Robert G. Doucette, Water and Wastewater Collection & Distribution Systems Worker

Steven C. Gagnon, Water Plant Operator

Robert J. Johnston, Roads & Grounds Maintenance Worker Leader

James F. Michaud, Roads and Grounds Maintenance Worker

Alan L. Lighbown, Fuels Distribution System Mechanic

Wayne W. Pryor, Electrician

E. James Wilson Sr., Roads and Grounds Maintenance Worker

Jesse P. Bell, Fire Fighter / EMT

Jonathan P. Cote, Fire Fighter / EMT

Kenneth G. O'Bar, Fire Fighter / EMT

Neddie E. Labelle, Jr., Fire Fighter / EMT (part-time)

Jeffery T. Leighton, Fire Fighter / EMT (on-call)

LDA Occasionally employs temporary employees as needed to accomplish projects or address workload issues.

LORING COMMERCE CENTRE TENANTS

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 for several bases and Air National Guard units across the U.S. and in foreign countries. DFAS employs 520 people.

Maine Military Authority. The Maine Military Authority (MMA) operates the Army National Guard's Maine RS Maintenance Center where military and municipal vehicles are refurbished. The operation began in 1997 with 20 employees; it expanded to serve the needs of the military during war time, occupying nine buildings and employing hundreds of people. Today, MMA has reduced its operations; it plans to occupy two buildings, and employs 53 people. MMA continues to seek out customers such as the various military branches, and state and local governments.

Loring Job Corps Center (LJCC). The Loring Job Corps Center, part of the Job Corps New England Region and the National Job Corps system, offers unique advanced training for youth ages 16-24. The Center welcomed its first 380 students in January 1997 and provides training in culinary arts, certified nurse's aide (CNA) program, accounting, medical office training, business/clerical, computer service repair, Web page design, electrical, carpentry, cement masonry, painting, diesel and automotive mechanics and commercial driver's license (CDL). Operated by Career Systems Development Corp., the LJCC employs 125 people.

National Job Corps Data Center. The National Job Corps Data Center, operated by Trowbridge and Trowbridge, provides data backup services for the U.S. Department of Labor National Job Corps Centers. The remarkable success of the Loring Job Corps Center and Loring's advanced telecommunications infrastructure were principal factors in the decision to locate the data center on site, where 14 people are employed.

Sitel Corporation. Sitel, the global leader in outsourced telephone-based customer service, began operations at Loring in 1998. The operation includes both outbound and inbound call centers. Two shifts are operated daily, in order to serve its many clients and customers. Sitel employs 187 people.

HB Specialty Foods, Inc. Formerly Hydroblend, Inc. of Nampa, Idaho occupies a 40,888 square foot former warehouse building at the Loring Commerce Centre. The privately owned company formulates and blends a variety of dry batter products in the food industry and also offers a line of dry mix products for resale. It employs 10 people.

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. U.S. Fish & Wildlife Services employs two people 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.

Loring Townhomes. Residential units at Loring include three and four bedroom town homes available for rent and individual homes available for purchase or lease. House lots are also available for purchase. The operation currently employs two people.

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 has five employees at Loring.

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. LMHC has an impressive collection of Loring memorabilia and artifacts housed in their 1,900 square foot facility.

CB&I. CB&I, an environmental engineering firm working for the Air Force Base Real Property Agency, occupies a building adjacent to Loring's airfield.

Frontier Transport, LLC. Frontier Transport stores and processes feed grain and hay for local customers. It supplies the demand for hay and straw for mulch, high-quality animal feeds, and wood and straw-based animal bedding.

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.

Limestone Rotary Club. The Limestone Rotary Club now meets in Building #5055 at Loring. It is a very active club with dedicated members working together to improve their community.

Pineland Farms Natural Meats. Pineland Farms Natural Meats, Inc. operates a beef cattle feedlot in Fort Fairfield about eight miles from Loring. The company's composting operation is located at Loring. Pineland's goal is to generate 10,000 cubic yards or more of compost material a year and it is considering a consumer packaging operation for the material as well, which would add value to product and may create the need for more facility space in the future. Pineland employs two people at Loring.

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.

Northern Girl, LLC. Northern Girl operated in the NCO Club's commercial kitchen as an interim step to begin developing its brand and supplying its core customers with fresh and frozen peeled and cut organic potatoes and other root vegetables. The company relocated to a new processing facility in Van Buren, it provides a new market for locally-grown organic produce. Northern Girl remains interested in developing a shared kitchen concept, which would continue to make use of the NCO Club kitchen.

Graphic Utilities. Graphic Utilities (GU) occupies space in the Loring Applied Technology Center building. The company leases approximately 10,665 square feet of production space and

office space. GU develops, manufactures and sells new innovative ink products. It currently employs eight people.

Loring Holdings. Loring Holdings (LH), a multi-faceted energy company, is working to advance energy production and transmission in Maine using facilities at Loring and the Loring to Searsport corridor.

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.

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 new Three Ring binder telecommunications infrastructure, enabling it to offer dark fiber, fiber optic and other advanced services to Loring customers.

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

LORING DEVELOPMENT AUTHORITY
MONTHLY EMPLOYMENT / TENANT ACTIVITY REPORT
30-Sep-14
DEVELOPMENT ACTIVITIES

<u>REUSE ACTIVITY</u>		<u>JOBS/RESIDENTS COUNT</u>			<u>PROPERTY ABSORBED</u>	
<u>Tenants</u>	<u>Type</u>	<u>Prior Quarter</u>	<u>Current</u>	<u>Projected</u>	<u>Bldg SF</u>	<u>Acres Utilize</u>
<u>PRIVATE SECTOR</u>						
Alateros Energies, Inc.	R&D	-	-	-	126,303	12
Bangor Gas/Penobscot Natural Gas	Energy Production	-	-	-	57,101	54
Bigelow Aerospace	Aviation	-	-	-	-	7
C B & I	Commercial	1	1	-	3,950	1
Hydroblend, Inc.	Manufacturing	10	10	30	40,888	2
Frontier Transport	Agricultural Storage	-	-	-	28,006	5
Limestone Country Club	Recreation	7	2	20	326,685	270
Loring Town Homes	Residential Provider	2	2	6	-	-
Loring Applied Technology Ctr	Commercial	-	-	3	42,075	3
Graphic Utilities	Ink Manufacture	7	8	-	-	-
S.W. Collins	Manufacturing	5	5	7	-	-
Loring Holdings	Office	-	-	-	1,152	-
Loring Military Heritage Center	Museum	-	-	1	1,900	1
Maine National Guard	Storage	-	-	-	-	27
MacDonald Enterprises	Manufacturing	-	-	-	19,762	2
Northern Girl, LLC	Agricultural/Manufacturing	3	3	-	-	-
Pineland Farms Natural Meats	Agricultural Composting	2	2	2	56,000	35
Pioneer Broadband	Telecommunications	-	-	-	-	-
Sitel Insurance Services	Call Center	215	187	352	25,000	12
Trowbridge & Trowbridge	Data Management	14	14	40	7,835	4.5
TOTAL PRIVATE SECTOR:		266	234	461	736,657	435.5
<u>PUBLIC SECTOR</u>						
DFAS	Office	519	520	662	142,400	15
Limestone Water & Sewer District	Sewer Plant Operation	4	4	2	-	-
Maine Military Authority	Vehicle Refurbishment	56	53	525	438,906	23
CSD (Loring Job Corps Center)	Educational/Office	114	125	147	270,022	42
US Fish & Wildlife	Wildlife Refuge	2	2	5	8,600	4,700
TOTAL PUBLIC SECTOR:		695	704	1,341	859,928	4,780.0
LDA	Development	18	17	21	94,996	100
TOTAL EMPLOYMENT:		979	955	1,823	1,691,581	5,315.5
<u>RESIDENTIAL</u>						
Individual Residences	Residents	13	13	58	*	-
Loring Town Homes	Residents	124	140	250	*	-
Loring Job Corps	Student Residents	296	279	400	-	-
TOTAL RESIDENTIAL:		433	432	708		
GRAND TOTAL:		1,412	1,387	2,531	1,691,581	5,315.5

Total Available Space:

2,725,198

* acreage included in sale to Limestone Country Club

+ square feet and acreage included in Private Sector, above

NOTE: Above figures do not include the people employed by various agencies involved in the Air Force's environmental cleanup and property transfer at Loring.