

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>

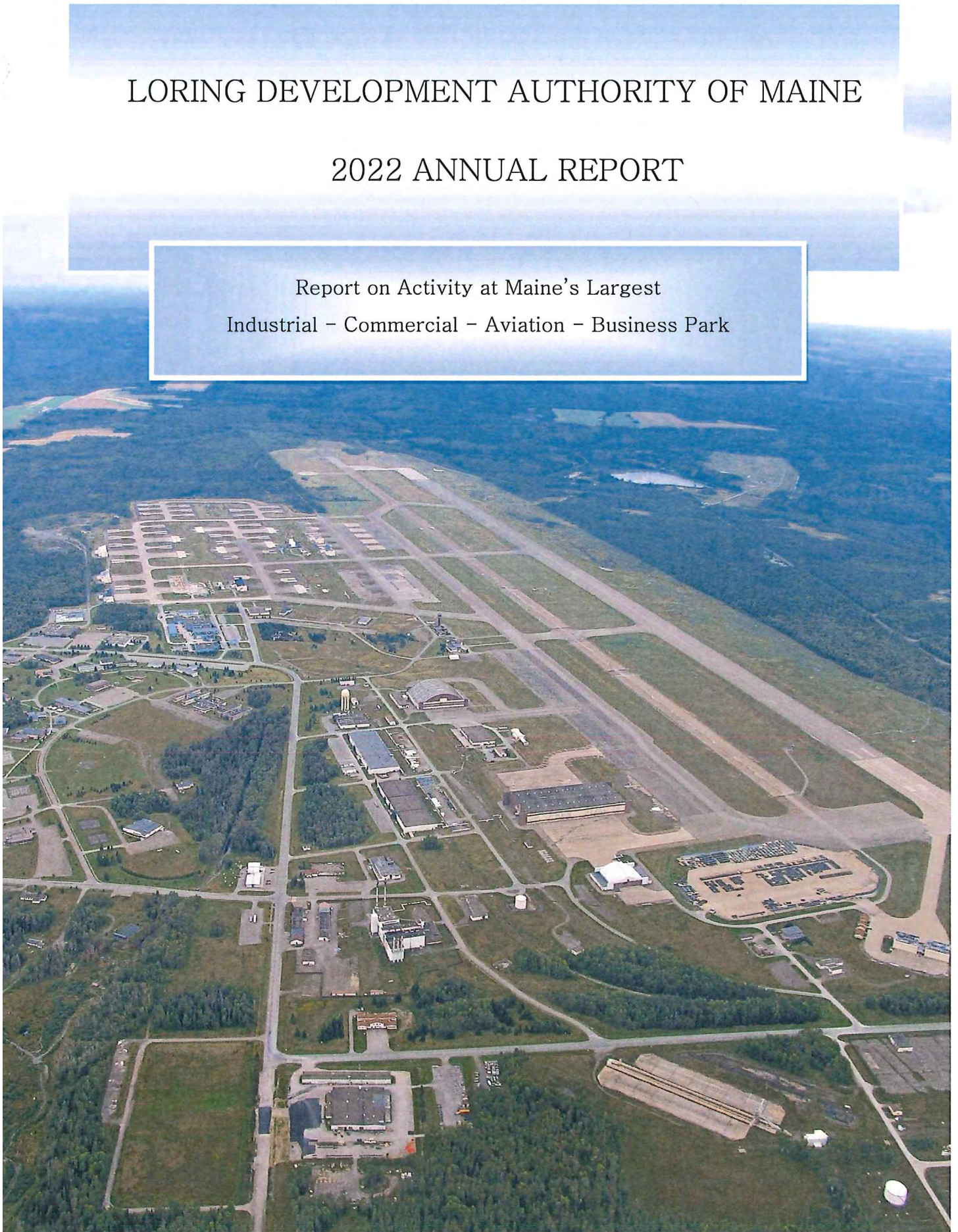


Reproduced from electronic originals
(may include minor formatting differences from printed original)

LORING DEVELOPMENT AUTHORITY OF MAINE

2022 ANNUAL REPORT

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



**Paragraph 13080-L
Fiscal Year 2022 Annual Report
July 1, 2021 – June 30, 2022**

	Page
Paragraph 1A: Description of the Authority’s Operations	2
Paragraph 1B: Authority’s Audited Financial Statements for the Year Ended June 30, 2022	3
Paragraph 1C: Property Transactions	4
Paragraph 1D: An accounting of all activities of any special utility district formed under Section 13080-G (None)	6
Paragraph 1E: A listing of any property acquired by eminent domain under Section 13080-G (None)	6
Paragraph 1F: A listing of any bonds issued (None)	6
Paragraph 1G: Subsequent Events and Proposed Activities.....	7
Paragraph 1H: Further Actions Suitable for Achieving the Purposes of this Article	10
Attachment	11
Loring Commerce Centre Tenants	

PARAGRAPH 1A: DESCRIPTION OF THE AUTHORITY'S OPERATIONS

Loring Development Authority (LDA) is responsible for the redevelopment of the properties of the state's largest industrial park, Loring Commerce Centre, formerly Loring Air Force Base, in support of new job creation and new economic activity. LDA manages the 3,700-acre business-commercial and industrial park including a 1,600-acre aviation complex; serves as landlord to leasehold businesses and supplies municipal-type services to residents and businesses that collectively employ approximately 750 people and occupy 1 million square feet of space in numerous major buildings. LDA operates a water treatment plant, water distribution system, and a wastewater collection system; maintains and plows 26 miles of roadways; performs grounds maintenance on hundreds of acres of developed and developable property; and through arrangements with the Town of Limestone and others, secures fire, ambulance, and law enforcement services and contracts for wastewater treatment. The LDA works with prospective businesses to develop opportunities to reuse additional facilities and properties, create additional employment and economic activity both at Loring and in the broader region.

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

Loring Development Authority of Maine
Fiscal Year 2022 Annual Report
July 1, 2021 – June 30, 2022

**PARAGRAPH 1B: AUDITED FINANCIAL STATEMENTS FOR
FISCAL YEAR 2022**

The attached Independent Auditor's Report was approved by the Loring Development Authority Board of Trustees on October 19, 2022.

LORING DEVELOPMENT AUTHORITY OF MAINE

FINANCIAL STATEMENTS

JUNE 30, 2022

TABLE OF CONTENTS

	PAGE
MANAGEMENT'S DISCUSSION AND ANALYSIS	I-VII
INDEPENDENT AUDITORS' REPORT	1-4
BASIC FINANCIAL STATEMENTS	
STATEMENTS OF NET POSITION	5
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION	6
STATEMENTS OF CASH FLOWS	7
NOTES TO FINANCIAL STATEMENTS	8-24
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF CHANGES IN NET OPEB LIABILITY	25
SCHEDULE OF EMPLOYER'S SHARE OF OPEB CONTRIBUTIONS	25
ADDITIONAL REPORT	
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	26-27

LORING DEVELOPMENT AUTHORITY OF MAINE

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Fiscal Years Ended June 30, 2022 and 2021

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, 2022. 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 \$547,826. Operations decreased net position by \$632,877. Revenues were up due to an increase in state assistance while expenses increased due to increases in contracted services, utilities and uncollectable accounts.
- Total revenues of \$2,701,441 are comprised of 15% from lease revenue, 70% from state assistance, 3% from federal grants, 11% from water and sewer fees and 1% from other LDA operations.
- Due to a challenging economic environment net jobs have declined over the past fiscal year.
- The annual Caretaker grant revenue for the maintenance and operation of essential services and facility maintenance ceased in September 2004. The LDA now relies on lease income, state assistance and other operations to support these operations. The LDA's cost for facility maintenance, operations of water distribution and sewer collection systems, maintenance of a network of roads, parking lots, airfield pavements, together with services for wastewater treatment, fire, police and ambulance protection was approximately \$2.1 million in fiscal year 2022.

Basic Financial Statements

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

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

LORING DEVELOPMENT AUTHORITY OF MAINE

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Years Ended June 30, 2022 and 2021

UNAUDITED

The Statements of Net Position exhibits the balance of current and capital assets less current liabilities and a net asset balance. As required by GASB 34, the LDA has included the estimated fair market value of net assets (structures, vehicles and equipment, aviation facilities, roads and accessory facilities, special use structures and land) which were given to the LDA at no cost by the United States Air Force. The carrying value of total capital assets for the current year is \$53,077,979 as compared to a capital asset balance of \$54,046,878 for the prior year ending June 30, 2021.

Table 1 provides condensed data of the Statements of Net Position for the fiscal years ended 2022 and 2021.

Table 1

Net Position

	<u>2022</u>	<u>2021</u>
Current assets	\$ 1,110,868	\$ 1,006,904
Net capital assets	53,077,979	54,046,878
Construction in progress	87,535	-
	482,248	687,339
Notes receivable, net of current portion	<u>47,271</u>	<u>50,101</u>
Total Assets	<u>54,805,901</u>	<u>55,791,222</u>
Deferred Outflows of Resources	<u>97,747</u>	<u>8,807</u>
Current Liabilities	2,228,100	2,394,538
Long-term Liabilities	<u>1,135,940</u>	<u>1,098,317</u>
Total Liabilities	3,364,040	3,492,855
Deferred Inflows of Resources	<u>636,416</u>	<u>856,156</u>
Total Net Position	\$ <u>50,903,192</u>	\$ <u>51,451,018</u>

The Statements of Revenues, Expenditures and Changes in Net Position reports the federal and state assistance and operations revenue, less operating costs in order to reflect the change in net position value for the current year in combination with the prior year's net position value to reflect the net position balance as of June 30, 2022.

LORING DEVELOPMENT AUTHORITY OF MAINE

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Years Ended June 30, 2022 and 2021

UNAUDITED

Table 2 shows the changes in net position for the fiscal years 2022 and 2021.

Table 2

Changes in Net Position

	<u>2022</u>	<u>2021</u>
Revenues:		
Program Revenues		
State Assistance	\$ 1,897,547	\$ 665,974
General Revenues		
Lease and Other	<u>698,731</u>	<u>617,260</u>
Total Operating Revenues	<u>2,596,278</u>	<u>1,283,234</u>
Operating Expenses:		
Salaries and Benefits	430,585	432,477
Travel	2,050	1,599
Contracted Services	599,330	569,757
Depreciation	968,899	969,774
Legal and Audit	6,287	6,063
Marketing	514	7,547
Supplies and Expenses	74,338	65,104
Maintenance	116,263	197,458
Utilities	753,682	572,466
Uncollectable Accounts	151,327	-
Interest expense	64,622	68,722
Other General and Administrative	<u>61,258</u>	<u>61,697</u>
Total Operating Expenses	<u>3,229,155</u>	<u>2,952,664</u>
Loss from Operations	<u>(632,877)</u>	<u>(1,669,430)</u>
Other Revenues & Expenses		
Other	<u>85,051</u>	<u>336,753</u>
Change in Net Position	\$ <u>(547,826)</u>	\$ <u>(1,332,677)</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.

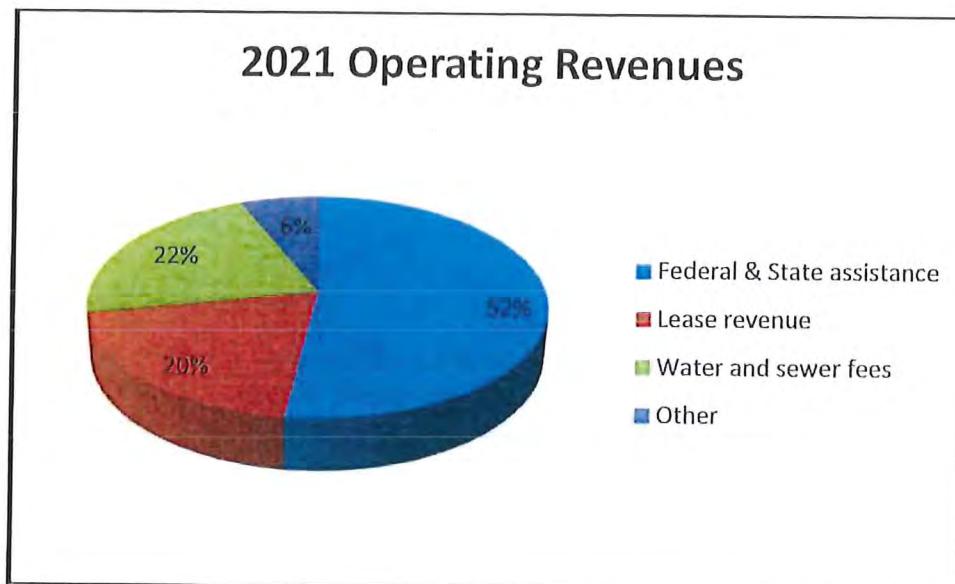
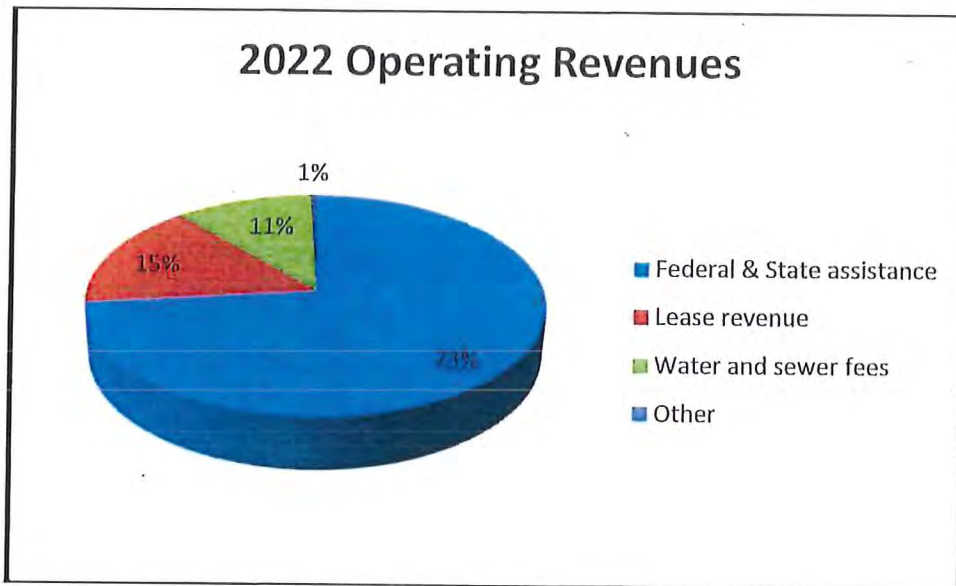
LORING DEVELOPMENT AUTHORITY OF MAINE

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Years Ended June 30, 2022 and 2021

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 \$2,701,441 in 2022 and \$1,626,608 in 2021. Operating revenues for the two years as represented in the tables below totaled \$2,596,278 in 2022 and \$1,283,234 in 2021. Federal and state grants and assistance represents 73% and 52% of the LDA's operating revenues for the last two years.



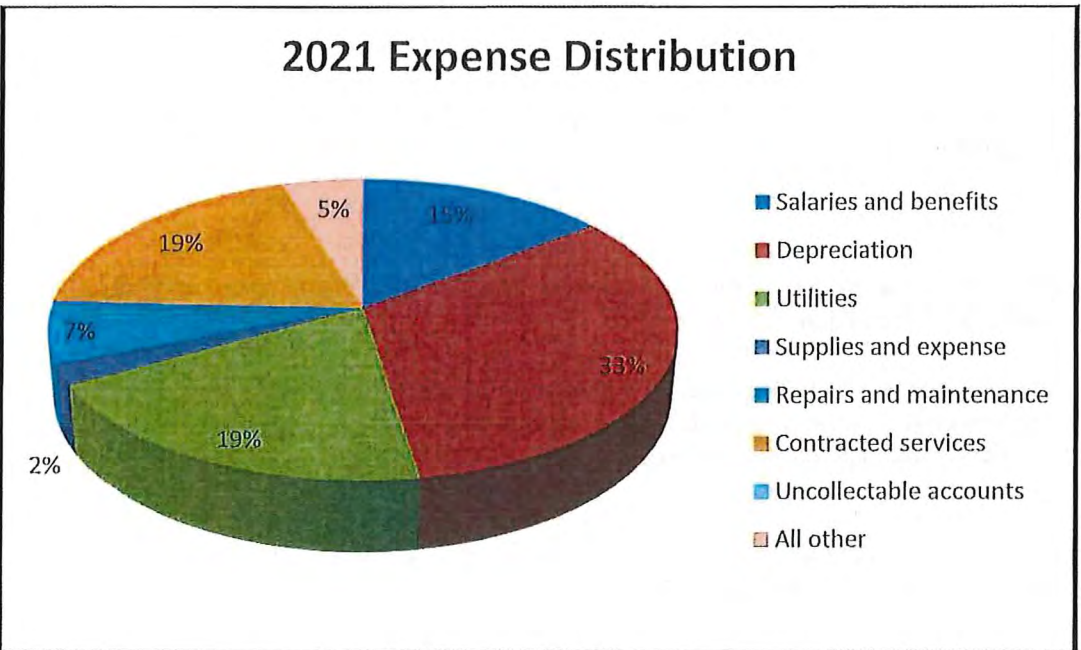
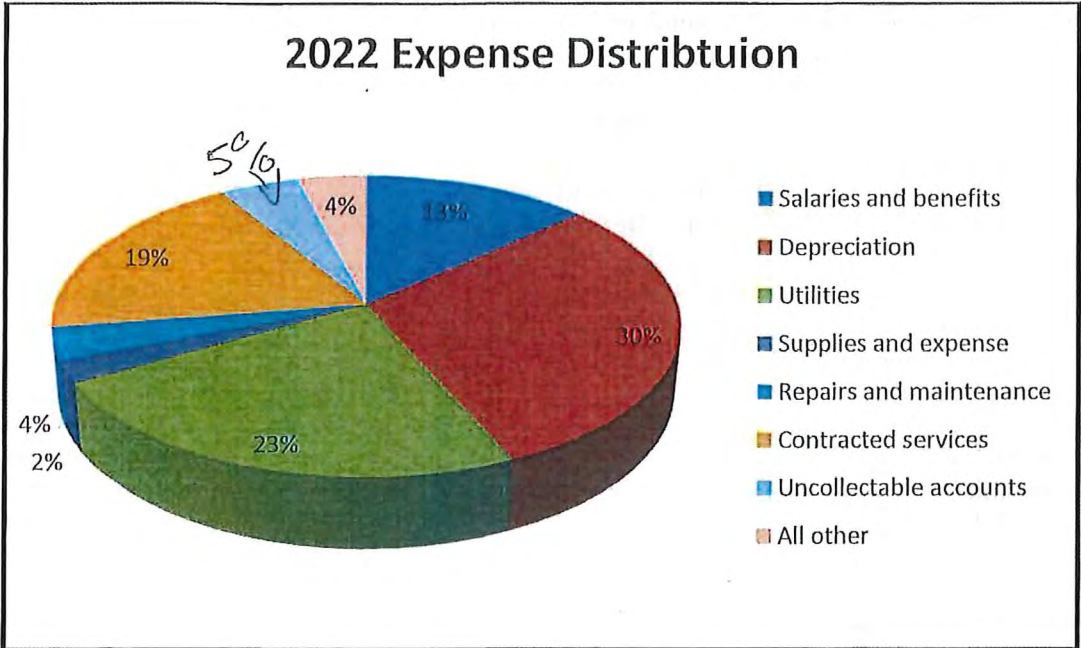
LORING DEVELOPMENT AUTHORITY OF MAINE

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Years Ended June 30, 2022 and 2021

UNAUDITED

Operating expenses amounted to \$3,229,155 in 2022 and \$2,952,664 in 2021. The following charts reflect the expenditures for the fiscal years ended June 30, 2022 and 2021.



LORING DEVELOPMENT AUTHORITY OF MAINE

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Years Ended June 30, 2022 and 2021

UNAUDITED

Capital Assets

At the end of fiscal year 2022, the Loring Development Authority had land, buildings, improvements, structures and facilities of \$70,242,283. A significant portion of these assets were donated to LDA by the U.S. Air Force or purchased. Net of depreciation, these assets were recorded at \$53,077,979. Table 3 shows capital assets, net of accumulated depreciation.

Table 3

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

	<u>2022</u>	<u>2021</u>
Land	\$ 10,444,599	\$ 10,444,599
Buildings	11,779,978	12,283,915
Equipment and Improvements	5,529,276	5,669,879
Special Use Structures	4,720,885	4,972,340
Aviation Facilities	15,355,143	15,410,879
Roadways and Accessories	3,248,098	3,265,266
Pipeline	<u>2,000,000</u>	<u>2,000,000</u>
Total Net Capital Assets	\$ <u>53,077,979</u>	\$ <u>54,046,878</u>

Budgeting

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

Debt

The Loring Development Authority had an operating Line of Credit debt of \$1,700,000 with \$1,700,000 outstanding as of June 30, 2022.

The LDA entered into a short-term lending agreement in March 2021 with Northern Maine Development Commission, receiving funds in the amount of \$100,000 secured by second and third mortgages on real estate. The balance at June 30, 2022 is \$64,990 and is payable in full by July 15, 2022.

The LDA took on bonded debt of \$454,720 in 2010 for the purpose of upgrading sewer lines. As of June 30, 2022 the balance on this debt is \$170,520.

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, 2022 is \$276,355.

LORING DEVELOPMENT AUTHORITY OF MAINE

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Years Ended June 30, 2022 and 2021

UNAUDITED

The LDA entered into a lending agreement with Northern Maine Development Commission, receiving funds in the amount of \$200,000 secured by assets. The balance at June 30, 2022 is \$19,447.

The LDA entered into a lending agreement with Northern Maine Development Commission in May 2020, receiving funds in the amount of \$200,000 secured by assets. The balance at June 30, 2022 is \$138,844.

In December 2014 the LDA entered into a mortgage agreement with Katahdin Trust Company, receiving funds in the amount of \$254,000 secured by a real estate. The balance at June 30, 2022 is \$122,513.

In December 2020 the LDA entered into an agreement with the U.S. Small Business Administration, receiving funds in the amount of \$150,000 through the Economic Injury Disaster Loan Program. The balance at June 30, 2022 is \$150,000.

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

As of June 30, 2022 the equipment is not leased and no payments on the note are anticipated in the current term.

Future Developments

The LDA has developed collaborations with other economic development groups which have proven effective at identifying development prospects and has begun working with private developers who are interested in purchasing real estate. 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 wastewater systems with a local sewer treatment district. Over the longer term, LDA's continued development will create more revenue from real estate operations that will be available to invest in repairing, replacing and upgrading infrastructure as well as further development efforts.

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

The LDA has an agreement in place to sell real estate for \$7,000,000 with \$3,500,000 due at closing and the remaining amount due in a lump sum 10 years from the date of closing. Closing is expected to occur in October 2022.



Chester M. Kearney

Certified Public Accountants

12 Dyer Street, Presque Isle, Maine 04769-1550
207-764-3171 Fax 207-764-6362

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

INDEPENDENT AUDITORS' REPORT

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

Adverse and Unmodified Opinions

We have audited the accompanying financial statements of the business-type activities of the Loring Development Authority of Maine, as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Business-Type Activities	Unmodified
Aggregate Discretely Presented Component Units	Adverse

Adverse Opinion on Aggregate Discretely Presented Component Unit

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the financial statements referred to above do not present fairly the financial position of the Aggregate Discretely Presented Component Unit of the Loring Development Authority of Maine, as of June 30, 2022 and 2021, or the changes in financial position or cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinion on Business-type Activities

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Loring Development Authority of Maine, as of June 30, 2022 and 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Loring Development Authority of Maine, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

Matter Giving Rise to Adverse Opinion on Aviation Fund on Aggregate Discretely Presented Component Unit

Management has not included the financial data for the Authority's legally separate component unit, Loring Industries, LLC in the financial statements. Accounting principles generally accepted in the United States of America require financial data for those component units to be reported with the financial data of the Authority unless the Authority also issues financial statements for the financial reporting entity that include the financial data for its component units. The Authority has not issued such reporting entity financial statements. The amount by which this departure would affect the assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenses of the business-type activities and the omitted major fund has not been determined.

Emphasis of Matter - Substantial Doubt about the Organization's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Organization will continue as a going concern. As discussed in Note 23 to the financial statements, the Organization has suffered recurring significant reductions in revenues, has a net deficiency in net assets, and has stated that substantial doubt exists about its ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding those matters also are described in Note 23. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Loring Development Authority of Maine's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Loring Development Authority of Maine's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages I through VII and the Schedule of Changes in Net OPEB Liability and Schedule of Employer's Share of OPEB Contributions on Page 25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 18, 2022 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Loring Development Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Loring Development Authority of Maine's internal control over financial reporting and compliance.

Chester M. Kearney

Presque Isle, Maine
October 18, 2022

LORING DEVELOPMENT AUTHORITY OF MAINE

STATEMENTS OF NET POSITION

JUNE 30, 2022 AND 2021

ASSETS

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS		
Cash and temporary investments (Note 3)	\$ 138,767	\$ 87,681
Due from State of Maine (Note 9)	539,449	100,000
Accounts receivable, net	405,685	511,799
Grants receivable	14,974	-
Current portion of notes receivable	2,830	302,699
Inventory	9,163	4,725
	<u>1,110,868</u>	<u>1,006,904</u>
FIXED ASSETS (Note 13)		
Capital assets	70,242,283	70,242,283
Less accumulated depreciation	<u>(17,164,304)</u>	<u>(16,195,405)</u>
	<u>53,077,979</u>	<u>54,046,878</u>
OTHER ASSETS		
Construction in progress	87,535	-
Leases receivable (Note 6)	482,248	687,339
Notes receivable (Note 12)	47,271	50,101
	<u>617,054</u>	<u>737,440</u>
TOTAL ASSETS	<u>\$ 54,805,901</u>	<u>\$ 55,791,222</u>
DEFERRED OUTFLOWS OF RESOURCES		
Prepaid expense	1,400	1,400
Deferred outflows related to OPEB (Note 21)	96,347	7,407
	<u>\$ 97,747</u>	<u>\$ 8,807</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 267,768	\$ 408,027
Accrued expenses	85,788	56,746
Short-term debt (Note 8)	64,990	100,000
Line of credit (Note 8)	1,700,000	1,700,000
Current portion of long-term debt	109,554	129,765
	<u>2,228,100</u>	<u>2,394,538</u>
LONG-TERM DEBT		
Notes Payable (Note 14)	877,679	980,561
Less Current Portion	<u>(109,554)</u>	<u>(129,765)</u>
	768,125	850,796
Due to State of Maine (Note 15)	207,000	207,000
	<u>975,125</u>	<u>1,057,796</u>
OPEB LIABILITY (Note 21)	<u>160,815</u>	<u>40,521</u>
TOTAL LIABILITIES	<u>\$ 3,364,040</u>	<u>\$ 3,492,855</u>
DEFERRED INFLOWS OF RESOURCES		
Grants authorized and unexpended (Note 9)	12,866	21,946
Unearned lease revenue (Note 6 and Note 7)	582,256	787,846
Deferred inflows related to OPEB (Note 21)	28,711	39,953
Prepaid rent	12,583	6,411
	<u>636,416</u>	<u>856,156</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>\$ 636,416</u>	<u>\$ 856,156</u>
NET POSITION		
Invested in capital assets, net of related debt	52,369,679	53,173,666
Unrestricted	<u>(1,466,487)</u>	<u>(1,722,648)</u>
TOTAL NET POSITION	<u>\$ 50,903,192</u>	<u>\$ 51,451,018</u>

See notes to financial statements

LORING DEVELOPMENT AUTHORITY OF MAINE

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION

YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
OPERATING REVENUES		
State assistance (Note 9)	\$ 1,897,547	\$ 665,974
Lease revenue	399,489	254,894
Water and sewer fees	284,370	280,035
Other	14,872	82,331
	<u>2,596,278</u>	<u>1,283,234</u>
OPERATING EXPENSES		
Salaries and benefits	430,585	432,477
Depreciation	968,899	969,774
Utilities	753,682	572,466
Supplies and expense	74,338	65,104
Repairs and maintenance	116,263	197,458
Contracted services	599,330	569,757
Legal and audit	6,287	6,063
Insurance	47,976	47,682
Communications	13,282	14,015
Travel	2,050	1,599
Interest expense and bond bank fees	64,622	68,722
Marketing	514	7,547
Uncollectable accounts	151,327	-
	<u>3,229,155</u>	<u>2,952,664</u>
LOSS FROM OPERATIONS	<u>(632,877)</u>	<u>(1,669,430)</u>
NON-OPERATING REVENUES/(EXPENSES)		
Federal and State assistance for capital projects (Note 9)	102,056	271,792
Gain on sale of surplus property	620	57,968
Loss on asset disposal	-	(6,621)
Interest income	2,487	2,652
OPEB (expense)/ recovery (Note 21)	(20,112)	10,962
	<u>85,051</u>	<u>336,753</u>
CHANGE IN NET POSITION	(547,826)	(1,332,677)
NET POSITION - BEGINNING OF YEAR	<u>51,451,018</u>	<u>52,783,695</u>
NET POSITION - END OF YEAR	<u>\$ 50,903,192</u>	<u>\$ 51,451,018</u>

See notes to financial statements

LORING DEVELOPMENT AUTHORITY OF MAINE

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 795,646	\$ 585,396
Cash received from governmental assistance	1,458,098	569,280
Cash received from other sources	14,872	82,331
Cash paid for salaries and benefits	(401,543)	(451,287)
Cash paid for contract services	(599,330)	(569,757)
Cash paid for goods and services	(1,310,416)	(679,573)
Interest paid	(64,622)	(68,722)
Net cash used in operating activities	<u>(107,295)</u>	<u>(532,332)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Net advances on line of credit	-	20,000
Proceeds (Payments) on short-term debt	(35,010)	100,000
Proceeds from long-term debt	-	150,000
Interest received	2,487	2,652
Net cash provided by (used in) non-capital financing activities	<u>(32,523)</u>	<u>272,652</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments for capital acquisitions and construction	(87,535)	-
Payments on long-term debt	(102,882)	(407,331)
Payments received on note receivable	302,699	302,575
Proceeds from capital grants	78,002	-
Sale of property	620	132,966
Net cash provided by capital financing activities	<u>190,904</u>	<u>28,210</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	51,086	(231,470)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>87,681</u>	<u>319,151</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>138,767</u></u>	<u><u>87,681</u></u>
RECONCILIATION OF LOSS FROM OPERATIONS TO NET CASH USED IN OPERATING ACTIVITIES		
Loss from operations	<u>(632,877)</u>	<u>(1,669,430)</u>
Adjustments to reconcile loss from operations to net cash used in operating activities		
Depreciation	968,899	969,774
OPEB expense (recovery)	(20,112)	10,962
Changes in assets and liabilities		
Operating accounts receivable, net	106,114	53,096
Operating funds due from other governments	(439,449)	(96,694)
Inventory	(4,438)	4,273
Prepaid expenses	-	12,493
Leases receivable	(482,248)	(687,339)
Accounts payable	(140,259)	215,595
Prepaid rent	6,172	(2,629)
Accrued expenses	29,042	(18,810)
Unearned lease revenue	481,749	687,339
Deferred outflows related to OPEB	(88,940)	2,122
OPEB Liability	120,294	5,524
Deferred inflows related to OPEB	(11,242)	(18,608)
	<u>525,582</u>	<u>1,137,098</u>
Net cash provided used in operating activities	<u><u>\$ (107,295)</u></u>	<u><u>\$ (532,332)</u></u>

See notes to financial statements

LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO FINANCIAL STATEMENTS

(1) HISTORY OF THE ORGANIZATION

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

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

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

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

LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

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

Measurement focus

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

Use of estimates

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

Budgetary information

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

Cash and cash equivalents

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

Defining operating revenues and expenses

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

LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

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

Deferred Outflows of Resources

The LDA reports decreases in net assets that relate to future periods as deferred outflows of resources in a separate section of its statement of net position. Deferred outflows of resources as of June 30, 2022 consist of prepaid utility expenses and items relating to other post-employment benefits.

Deferred Inflows of Resources

The LDA reports a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net assets that applies to future periods. The LDA will not recognize the related revenues until a future event occurs. The LDA's deferred inflows of resources are detailed in Note #6, Note #7, Note #9 and Note #21.

New Accounting Policies

The Authority has adopted the provisions of Statement No. 87 of the Governmental Accounting Standards Board (GASB) Accounting Board – Leases. GASB 87 expands required reporting of long-term lease commitments. The standard was applied retroactively to prior financial statements. Adoption of this standard does not impact previously reported net position.

(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 \$138,767 and \$87,681 as of June 30, 2022 and 2021, respectively.

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

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

LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

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

As of June 30, 2022 and 2021 the Authority's entire cash and temporary investment balances are classified as Category 1.

(4) COMPENSATED ABSENCES

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

The Authority's financial liability for accrued vacations at June 30, 2022 and 2021 is \$23,158 and \$23,951, respectively.

(5) PENSION PLAN

The Authority has instituted a Model Simplified Employee Pension Plan for all eligible Authority employees in accordance with Section 408(K) of the Internal Revenue Code. All Authority contributions to the employee's individual retirement account are 100% vested to the employee on the date of the contribution. Employee contributions to the plan are discretionary, subject to Internal Revenue Code limitations. Accrued contributions to the plan, at 5% of regular gross wages, totaled \$17,173 and \$17,017 for the years ended June 30, 2022 and 2021.

(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 2026. The leases provide for varying terms and conditions.

As of June 30, 2022, the future minimum lease payments, discounted at a rate of 3.5%, for the next 5 years are as follows:

<u>Fiscal year ending June 30:</u>	<u>Amount</u>
2022	259,622
2023	73,384
2024	66,779
2025	67,189
2026	<u>15,274</u>
	<u>\$482,248</u>

The discounted lease receivable amount has also been recorded as a deferred inflow of resources as of June 30, 2022.

(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.

LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

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

As of June 30, 2022 and 2021 the amount included as deferred inflows was \$100,008 and \$100,508, respectively. The balance as of June 30, 2021 consisted of a \$100,000 partial payment of a fee for an exclusive negotiation period received from CSJ Green Eco-Energy development company, a \$500 due diligence fee with Synergen Solar and the remaining \$8 is an advance on a property insurance claim. \$500 was recognized as revenue in 2022, the remaining amounts are expected to be recognized as revenue in 2023.

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

(8) LINE OF CREDIT AND SHORT-TERM DEBT

The Authority has a variable rate operating line of credit with Machias Savings Bank with interest payable at 70% of "Wall Street Prime", currently 3.325%, with a maximum limit of \$1,500,000. On March 23, 2020 the limit of the line of credit was extended to \$1,700,000 for a 2-month period, automatically reverting to \$1,500,000 on July 31, 2020. On January 18, 2022 the line was again modified and extended with a maximum limit of \$1,700,000. As of June 30, 2022, the line of credit balance was \$1,700,000, leaving \$0 available for use. The line is secured by the Authority's accounts and notes receivable, with mortgages on buildings 8700, 8702 and 7230 and other general intangibles.

On March 12, 2021 the Authority was advanced \$100,000 from Northern Maine Development Commission to be used as working capital. The balance was due in full on or before September 12, 2021 including interest accrued at 4% per annum. On June 13, 2022 the parties signed a modification agreement which extended the maturity date to July 15, 2022.

(9) PUBLIC SECTOR FUNDING

The LDA is currently funded through the following public sources:

(A) State of Maine:

Tax Increment Financing – On July 5, 1996, the State Legislature enacted LD 1741 establishing the Loring Job Increment Financing Fund (Fund). The Fund, which has a term of thirty years, was created to establish a supplemental source of funding to subsidize future municipal service costs. This Fund will receive state income tax withholding revenues which can be attributed to incremental jobs created at Loring and will be based upon 50% of the State income tax withholding from these incremental jobs. State contributions to the Fund will be made on an annual basis and are payable by July 31 of each year. The LDA has realized revenues of \$539,449 and \$515,974 for the years ending June 30, 2022 and 2021, respectively.

Department of Transportation (DOT) – The state of Maine DOT awarded the Authority a grant of \$1,000,000 for airport facility renovations. \$0 was spent in the year ended June 30, 2022 and 2021. \$7,825 of the balance was unexpended as of June 30, 2022 and is recorded as grants authorized and unexpended.

LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

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

(B) The United States Department of Defense – In 2009 the United States Air Force Real Property Agency made payment of \$1,500,000 to the Authority under an agreement relating to the Air Force's obligation to provide an alternative source of supply for Loring's drinking water. In 2015, upon recognizing that the initial funding was insufficient to complete the project and comply with the Safe Drinking Water Act an additional \$300,000 was approved and advanced. For the year ended June 30, 2022 the Authority expended \$9,080 of these funds on the water system while \$5,041 remains to be spent and is recorded as grants authorized and unexpended.

(11) CONCENTRATION OF RISK

Federal and State funding

The LDA received approximately 70% of its operating revenue from state funding for the year ended June 30, 2022. The ability to continue its operations is dependent on continued funding.

Accounts receivable

For the year ended June 30, 2022, approximately 49% of the Authority's accounts receivable was due from 1 customer. \$455,635 (100%) of this amount has been reserved as a doubtful account.

(12) 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 \$555,635 and \$455,635 for the years ended June 30, 2022 and 2021, respectively.

(13) NOTES RECEIVABLE

British Cycle Supply Company

On July 22, 2015 the Authority sold a building to the British Cycle Supply Company and received a promissory note in the amount of \$66,400. The note is payable to the Authority in monthly installments of \$429 including interest at 4.75% through July 2035 the original note contained a final balloon payment in the amount of \$55,595 due July 2020 which the borrower was unable to pay so the parties have agreed to extend the note term. The note is secured by the building. The note balance as of June 30, 2022 and 2021 is \$50,101 and \$52,800 respectively.

Penobscot Natural Gas

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

LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(13) NOTES RECEIVABLE (cont'd.)

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.

(14) CAPITAL ASSETS

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

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

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

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

Capital asset activity for the year ended June 30, 2022 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>11,831,612</u>			<u>11,831,612</u>
Total at historical cost	<u>11,841,612</u>			<u>11,841,612</u>
<u>Less Accumulated Depreciation</u>				
Equipment and improvements	<u>4,288,642</u>	<u>464,962</u>		<u>4,753,604</u>
Total Accumulated Depreciation	<u>4,288,642</u>	<u>464,962</u>		<u>4,753,604</u>
Capital assets at historical cost, net	<u>7,552,970</u>	<u>(464,962)</u>		<u>7,088,008</u>

LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(13) CAPITAL ASSETS (cont'd.)

CAPITAL ASSETS ACQUIRED FROM U. S. AIR FORCE

<u>Capital Assets</u>	Beginning Balance	Additions	Retirements	Ending Balance
Land	<u>10,434,599</u>			<u>10,434,599</u>
Buildings				
In use	4,747,037			4,747,037
Leased	15,185,894			15,185,894
Not in use	<u>1,666,025</u>			<u>1,666,025</u>
	<u>21,598,956</u>			<u>21,598,956</u>
Equipment				
In use	102,500			102,500
Not in use	<u>89,000</u>			<u>89,000</u>
	<u>191,500</u>			<u>191,500</u>
Special use structures				
Water plant and distribution	<u>5,080,033</u>			<u>5,080,033</u>
Other facilities and improvements				
Aviation facilities				
Runways	9,472,226			9,472,226
Structures	6,105,861			6,105,861
Fuel pipeline	<u>2,000,000</u>			<u>2,000,000</u>
	<u>17,578,087</u>			<u>17,578,087</u>
Roadways and accessories	<u>3,517,496</u>			<u>3,517,496</u>
Capital assets from U.S. Air Force	<u>58,400,671</u>			<u>58,400,671</u>

LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(14) CAPITAL ASSETS (cont'd.)

	Beginning Balance	Additions	Retirements	Ending Balance
<u>Less Accumulated Depreciation</u>				
Buildings				
In use	2,395,687	94,602		2,490,289
Leased	<u>6,919,353</u>	<u>307,734</u>		<u>7,227,087</u>
	<u>9,315,040</u>	<u>402,336</u>		<u>9,717,376</u>
Equipment				
In use	<u>102,500</u>			<u>102,500</u>
Special use structures				
Water plant and distribution	<u>2,489,223</u>	<u>101,601</u>		<u>2,590,824</u>
Total Accumulated Depreciation	<u>11,906,763</u>	<u>503,937</u>		<u>12,410,700</u>
Capital assets acquired from U. S. Air Force, net	<u>46,493,908</u>	<u>(503,937)</u>		<u>45,989,971</u>
TOTAL CAPITAL ASSETS				
Capital assets	70,242,283			70,242,283
Less Accumulated Depreciation	<u>(16,195,405)</u>	<u>(968,899)</u>		<u>(17,164,304)</u>
	<u>54,046,878</u>	<u>(968,899)</u>		<u>53,077,979</u>

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

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

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

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

LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(15) LONG-TERM DEBT

As of June 30 long-term debt consisted of:

	<u>2022</u>	<u>2021</u>
Note payable to Northern Maine Development Commission, payable in monthly installments of \$1,506 including interest at 3% per annum, matures May 2023; secured by assets of the Authority.	19,447	32,219
Note payable to Northern Maine Development Commission, payable in monthly installments of \$3,857 including interest at 6% per annum, matures June 2025; secured by assets of the Authority.	138,844	164,350
Note payable to USDA Rural Development, payable in annual installments of \$14,860 including interest at 3.25% per annum, matures August 2050; secured by assets of the Authority	276,355	282,221
Note payable to US Small Business Administration, obtained through the EIDL program, payable in monthly installments of \$643 including interest at 2.75% per annum beginning June 2023, matures December 2050; unsecured	150,000	150,000
Note payable to Katahdin Trust Company, payable in monthly installments of \$2,488 including interest at 6.5% per annum, matures December 2026; secured by real estate.	122,513	135,779
Bond payable to the Maine Municipal Bond Bank, payable in semi-annual installments of \$11,368 plus bond bank fees of \$569 per installment, matures October 2029. Interest rate is 0%.	<u>170,520</u>	<u>215,992</u>
	877,679	980,561
Less current portion	<u>(109,554)</u>	<u>(129,765)</u>
	<u>768,125</u>	<u>850,796</u>

LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

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

Future long-term debt obligations are as follows for the year ended June 30, 2022:

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
6/30/2023	109,554	24,107	133,661
6/30/2024	114,606	20,164	134,770
6/30/2025	103,444	16,219	119,663
6/30/2026	59,122	13,339	72,461
6/30/2027	58,080	12,044	70,124
2028-32	115,308	54,383	169,691
2033-37	68,040	44,811	112,851
2038-42	79,188	33,663	112,851
2043-47	92,173	20,678	112,851
2048-52	<u>78,164</u>	<u>20,704</u>	<u>98,868</u>
Total	<u>877,679</u>	<u>260,112</u>	<u>1,137,791</u>

Long-term debt activity for the year ended June 30, 2022 is as follows:

	<u>Beginning Balance</u>	<u>Advances</u>	<u>Payments</u>	<u>Ending Balance</u>
Long-Term Debt				
Note payable –NMDC	32,219		12,772	19,447
Note payable – NMDC	164,350		25,506	138,844
Note payable-USDA	282,221		5,866	276,355
Note payable – US SBA	150,000			150,000
Note payable-Katahdin Trust Company	135,779		13,266	122,513
Bond payable – MMBB	<u>215,992</u>		<u>45,472</u>	<u>170,520</u>
	<u>980,561</u>		<u>102,882</u>	<u>877,679</u>
Other Long-Term Obligations				
OPEB liabilities	<u>40,521</u>	<u>120,294</u>		<u>160,815</u>

LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(16) DUE TO STATE OF MAINE

On January 2, 2019 the Authority entered into an agreement with the Maine Military Authority (MMA) by which the Authority received equipment valued at \$207,000. Under the terms of the agreement the Authority cannot sell or transfer ownership of the assets for a period of ten (10) years. During the ten (10) year period the Authority is obligated to pay 25% of any lease revenue received for the use of the equipment. As of June 30, 2022 the equipment is not leased and no payments on the note are anticipated in the current term.

(17) SUBSEQUENT EVENTS

Management has evaluated subsequent events occurring through October 18, 2022, the date the financial statements were available to be issued.

(18) FAIR VALUE OF FINANCIAL INSTRUMENTS

The Authority has a number of financial instruments, none of which are held for trading purposes. The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Authority estimates that the fair value of all financial instruments at June 30, 2022, 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.

(19) TAXES

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

The Authority is subject to Federal and State payroll tax and is required to file the appropriate tax returns. Management believes that all required returns have been properly filed as of June 30, 2022. No examinations have been conducted by the Federal or State taxing authorities and no correspondence has been received from these authorities.

LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(19) SUMMARY OF ACTIVITIES

<u>Function</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Total</u>
General operations	<u>(3,249,267)</u>	<u>683,859</u>	<u>-</u>	<u>102,056</u>	<u>(2,463,352)</u>
General revenues:					
State appropriations					1,358,098
Loring Job Incremental Financing					539,449
Interest income					2,487
Sale of surplus property					620
Other income					<u>14,872</u>
Total general revenues					<u>1,915,526</u>
Change in net position					(547,826)
Net position - July 1, 2021					<u>51,451,018</u>
Net position - June 30, 2022					<u>50,903,192</u>

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

Non-cash investing and financing activities are as follows:	<u>2022</u>	<u>2021</u>
None	-	-

LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(21) OPEB OBLIGATIONS

Plan Description

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

Accounting Policies

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

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

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference between expected and actual experience	\$ 71,882	\$ 28,711
Payments subsequent to the measurement date	3,183	
Difference between projected and actual earnings on OPEB plan investments		
Changes of assumptions	<u>21,282</u>	
	<u>\$ 96,347</u>	<u>\$ 28,711</u>

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

Year ended June 30:

2023	25,535
2024	21,352
2025	21,352
2026	397
2027	0
Thereafter	0

As of January 1, 2022, the plan membership data is comprised of 2 active members with only an implicit benefit.

LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(21) OPEB OBLIGATIONS (cont'd.)

Key Assumptions

Measurement Date:	January 1, 2022
Discount Rate:	2.06% per annum for year-end 2021/22 reporting 2.12% per annum for year-end 2020/21 reporting
Trend Assumptions:	Pre-Medicare Medical – Initial trend of 8.2% applied in FYE 2018 grading over 14 years to 4% per annum Pre-Medicare Drug – Initial trend of 9.6% applied in FYE 2018 grading over 14 years to 4% per annum Medicare Medical – Initial trend of 4.93% applied in FYE 2018 grading over 14 years to 4% per annum Medicare Drug – Initial trend of 9.6% applied in FYE 2018 grading over 14 years to 4% per annum
Administrative and Claims Expense:	3% per annum

Future Plan Changes

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

Demographic Assumptions

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

LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(21) OPEB OBLIGATIONS (cont'd.)

Discount Rate

The discount rate used to measure the OPEB liability was 2.06% based on a measurement date of January 1, 2022. This rate is assumed to be an index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher, for pay as you go plans.

The following table shows how the net OPEB liability (NOL) as of June 30, 2022 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 2.06%.

1% Decrease	Current Discount Rate	1% Increase
1.06%	2.06%	3.06%
\$183,906	\$160,815	\$141,597

A 1% decrease in the healthcare trend rate increases the NOL by approximately 14.4% while a 1% increase in the healthcare trend rate decreases the TOL by approximately 12.0%.

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

1% Decrease	Healthcare Trend Rates	1% Increase
\$141,918	\$160,815	\$183,142

A 1% decrease in the healthcare trend rate decreases the TOL by approximately 11.8% while a 1% increase in the healthcare trend rate increases the TOL by approximately 13.9%.

(22) COVID-19

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

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

LORING DEVELOPMENT AUTHORITY OF MAINE

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(23) CONTINGENCIES

Going Concern

As indicated in the accompanying statement of net position, as of June 30, 2022, the Authority has deficit unrestricted net position totaling \$1,466,487. The deficit amounts to more than a year of operating revenue. The deficit is principally the result of declining revenues from the State of Maine and from leasing. Due to the reductions in revenue the Authority has relied on short and long-term financing to sustain operations.

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

The Authority currently has a signed purchase and sale agreement under which they would sell a substantial portion of the developable real estate, excluding the aviation facilities, located at the Loring Commerce Center. The real estate will be sold in parcels over a number of years provided that the developer meets certain benchmarks in each preceding year. The initial parcel would include land and buildings valued at \$7 million with the Authority receiving a down payment of \$3.5 million and the remaining \$3.5 million would be financed over a period of 10 years. The Authority would use the initial down payment to pay down accounts payable, the line of credit and other long-term debts while using the remaining funds to strengthen operational cash flow. Closing is expected to occur in October 2022. Management intends that the proceeds from the sale will be used to reduce debt and provide cash to sustain operations for the foreseeable future.

(24) COMPONENT UNIT

In February 2021 the Authority acquired a 100% membership interest in Loring Industries, LLC upon the death of the LLC's sole member. The member's heirs did not wish to obtain the LLC and disclaimed this portion of the estate. The Authority recognized the LLC as a valuable asset to redevelopment efforts and accepted the LLC to keep it operational.

Management has not presented any financial information related to Loring Industries, LLC in its financial statements for the years ended June 30, 2022 and 2021.

REQUIRED SUPPLEMENTARY INFORMATION

LORING DEVELOPMENT AUTHORITY OF MAINE

SCHEDULE OF CHANGES IN NET OPEB LIABILITY

FOR THE YEAR ENDED JUNE 30, 2022

Total OPEB Liability	2022	2021	2020	2019	2018
Service cost (BOY)	\$ 2,825	\$ 2,452	\$ 1,365	\$ 1,574	\$ 2,175
Interest (includes interest on service cost)	915	1,022	3,404	3,011	3,819
Changes of benefit terms	-	-	(680)	-	-
Differences between expected and actual experience	95,843	-	(57,421)	-	(29,471)
Changes of assumptions	21,056	2,382	7,802	(6,685)	12,105
Benefit payments, including refunds of member contributions	(345)	(332)	(2,243)	(2,157)	(907)
Net Change in total OPEB Liability	\$ 120,294	\$ 5,524	\$ (47,773)	\$ (4,257)	\$ (12,279)
Total OPEB Liability - Beginning	\$ 40,521	\$ 34,997	\$ 82,770	\$ 87,027	\$ 99,306
Total OPEB Liability - Ending	\$ 160,815	\$ 40,521	\$ 34,997	\$ 82,770	\$ 87,027

LORING DEVELOPMENT AUTHORITY OF MAINE

SCHEDULE OF EMPLOYER'S SHARE OF OPEB CONTRIBUTIONS

FOR THE YEAR ENDED JUNE 30, 2022

	2022	2021	2020	2019	2018
Plan Fiduciary Net Position					
Contributions - Employer	345	332	2,243	2,157	907
Contributions - Member	-	-	-	-	-
Net investment income	-	-	-	-	-
Benefit payments, including refunds of member contributions	(345)	(332)	(2,243)	(2,157)	(907)
Administrative expense	-	-	-	-	-
Net change in plan fiduciary net positions	-	-	-	-	-
Total Fiduciary Net Position - Beginning	\$ -	\$ -	\$ -	\$ -	\$ -
Total Fiduciary Net Position - Ending	\$ -	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position as a percentage of the total OPEB liability	0%	0%	0%	0%	0%
Covered employee payroll	124,762	251,783	251,783	402,382	402,382
Net OPEB liability as a percentage of covered employee payroll	128.9%	16.1%	13.9%	20.6%	21.6%

Supplementary schedule starts with one year of information as of the implementation of GASB No. 75, but eventually will build up to 10 years of information. The schedule above shows changes in TOL and related ratios required by GASB No. 75.

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

ADDITIONAL REPORT



Chester M. Kearney
Certified Public Accountants

12 Dyer Street, Presque Isle, Maine 04769-1550
207-764-3171 Fax 207-764-6362

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Loring Development Authority of Maine as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Loring Development Authority of Maine's basic financial statements, and have issued our report thereon dated October 18, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and other matters

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

Purpose of this Report

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

Chester M. Kearney

Presque Isle, Maine
October 18, 2022

**PARAGRAPH 1C: PROPERTY TRANSACTIONS DURING
FISCAL YEAR 2022**

PROPERTY TRANACTIONS

LEASES AND SALES

GREEN 4 MAINE PROPOSAL. LDA Trustees authorized the execution of a Purchase & Sale Agreement with Green 4 Maine and its principals, who initially anticipate the startup of three new businesses and the purchase of several buildings. Companies affiliated with Green 4 Maine have leased space in the Loring Applied Technology Center; the companies are Green 4 Maine Homes, LLC, Maine Agricultural Association, LLC and New England Structural Engineering Services.

4BIRDIES, LLC. 4Birdies, owner of the Limestone Country Club, was released from the LDA's option to repurchase the property and its right of first refusal. The release is intended to alleviate the concern of investors who are worried about the uncertainties created by the options. 4 Birdies, LLC, purchased the nine-hole golf course and club house in July 2020.

FIRST CUT HAY, CO, LLC. LDA entered into a short-term lease with First Cut Hay Co. for space in the former commissary building at Loring. The company made use of the warehouse space with overhead doors for its hay storage and processing operations.

NOVEL ENERGY SOLUTIONS, LLC. LDA entered into a short-term lease with Novel for warehousing space in Building #7220, where the company is storing materials to be used in the construction of solar arrays in the county.

THE POWER COMPANY. LDA entered into a 23-year lease with The Power Company for two sites at Loring containing two solar arrays, which were purchased by the Town of Limestone.

APTIM ENVIRONMENT & INFRASTRUCTURE, LLC. LDA and APTIM entered into a one-year lease for Building #8412; the lease includes two one-year extension options. APTIM will make use of the 2,000 square foot building to support its work as an environmental services company working for the Air Force.

WSP USA ENVIRONMENT & INFRASTRUCTURE, INC. LDA and WSP entered into a month-to-month lease for office space in Building #5100 and storage space in Building #8250. The leased space will support WSP's work as an environmental services company working for the Air Force.

LICENSES

POTATO STORAGE. LDA entered into license agreements with two local farmers who needed additional storage for their extraordinarily large crop of potatoes in the fall of 2021.

APACHE BOATWORKS, K & S TIMING, LLC, CUMBERLAND MOTOR CLUB, INC. The runway at Loring was used by the three Maine organizations in support of their respective events, including land sailing, land speed racing, and motor cross.

**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, 2022 TO OCTOBER 15, 2022 AND
PROPOSED ACTIVITIES FOR FISCAL YEAR 2023**

SUBSEQUENT EVENTS

A summary of the activities on the Loring Commerce Centre between July 1, 2022 and October 15, 2022 are provided below.

MARKETING. The new web site for Loring is live: www.loringcommercecentre.com and a new Facebook page has been created. The new social media efforts have been well received and are part of SHL Enterprise Solutions' marketing work. SHL has also attended trade shows including a UAS Summit in North Dakota, the International Machine Technologies Show in Chicago and the Big E Agricultural show in Massachusetts. An airport master plan for Loring is being developed and work with prospects in aviation, biorefinery and agriculture is ongoing. SHL issued the first quarterly newsletter for Loring in July.

LORING OPEN HOUSE 2022. The open house hosted by the Loring Air Museum in August was a great success. The event included the display of a B-52 on site for the weekend demonstrating that the Loring runway is usable by large, heavy aircraft.

LARGE BIOMASS FUELS PROJECT. LDA Trustees authorized the LDA President & CEO to execute a Right of First Refusal with a biomass fuels company interested in locating at Loring.

FIRST CUT HAY, CO, LLC. LDA entered into a lease with First Cut Hay for Building #6555, which is approximately 20,000 square feet of open space. The company moved from the space it had leased in Building #8700 and will continue its hay storage and processing operations at Loring.

THOMPSON'S TREE SERVICE, LLC. LDA entered into a short-term lease with Thompson's for warehouse space in Building #8700.

ELBIT SYSTEMS OF AMERICA. Elbit, an innovative research and development company, made use of the airfield at Loring to conduct testing of new equipment and technologies.

POTATO AND FARM EQUIPMENT STORAGE. LDA entered into a multi-year lease with Guerrette Sales for a portion of a large industrial building for activities related to a farming enterprise and license agreements with other local farmers who needed additional storage for potatoes and for farm equipment this fall.

PROPOSED AND PROJECTED ACTIVITIES FOR FISCAL YEAR 2023

In addition to working to ensuring that our existing tenants remain viable business entities, the LDA intends to carry out the following activities in fiscal year 2023:

SUSTAINABILITY TASK FORCE. Continue to Move forward with recommendations of the Consultants in their Sustainability Task Force Report to the Governor last year.

MARKETING. One recommendation of the Task Force report, a major marketing program, is underway and is generating new prospects with potential for significant new developments at Loring. The state is providing \$400,000 over two years for marketing work for Loring. SHL Enterprise Solutions was selected to complete the marketing work. Steve Levesque, owner of SHL, recently retired from the Midcoast Regional Redevelopment Authority; his extensive economic development experience and knowledge is a great asset to LDA.

GREEN 4 MAINE (G4M). Continue working with the G4M principals, supporting the startup of three new businesses and the sale of several buildings. Moving forward with the G4M proposal is one of the recommendations of the task force report. Ideally, G4M would over time become the master developer of the Loring properties with LDA providing public infrastructure support.

ACTIVE PROSPECTS. Continue supporting proposed development projects in cooperation with G4M, including manufacturing prospects, fuel pipeline and corridor energy projects, renewable energy generation projects, aviation maintenance, and various aviation and aerospace operations at the Loring International Airport.

MUNICIPAL SERVICES. Continue working with the Town of Limestone to develop sustainable emergency services for the community, including Loring. A Tax Increment Financing (TIF) district for part of Loring would create incentives for development and assist with emergency services and infrastructure to support the property's development.

PFAS INVESTIGATIONS. Continue supporting the Air Force's PFAS investigations at Loring; results of the PFAS testing at Loring will be available soon. A preliminary report concluded that drinking water at and around Loring does not exceed EPA health advisory guidelines. The level of contamination and the type of remediation needed will be determined in the remedial investigation, conducted this summer.

SPACE INDUSTRY. Continue to work with the State of Maine and other partners in developing the space industry in Maine. Maine's location is an advantage for polar launches and infrastructure at the former military installations at Loring and Brunswick could support the space industry. Vertical launches could take place at a coastal location; a mission control center is envisioned for Brunswick Landing; and Loring could support horizontal launches and research and development.

INFRASTRUCTURE IMPROVEMENT. Move forward with roadway repairs and demolition with a \$3.1 million federal grant awarded this year; complete a \$3.6 million sewers improvement project and pursue funding for stormwater infrastructure and facilities improvements.

SOLAR PROJECTS. Continue to support the construction of the SynerGen solar project and the development of the Dirigo solar project as well as new prospects for solar projects at Loring.

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

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

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

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

State Funding in 2022: \$1.3 million was included in the DECD budget to address a cash shortfall in LDA's budget and to initiate the marketing program cited above.

ATTACHMENT

LORING COMMERCE CENTRE TENANTS

APTIM. an environmental engineering firm working for the Air Force Civil Engineering Center, occupies Building #8412.

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

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

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

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

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

Defense Finance and Accounting Service (DFAS) Center. The DFAS center operates out of a first-class, 145,000 square foot facility where its employees have consistently performed with excellence since 1995. The center is responsible for finance and accounting services for military installations across the U.S. and in foreign countries; DFAS Limestone employs 558 people.

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

First Cut Hay Co., LLC. A newly formed company, First Cut Hay, stores and processes hay and animal feed products at Loring.

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

Green 4 Maine. Companies affiliated with Green 4 Maine have leased space in the Loring Applied Technology Center; the companies are Green 4 Maine Homes, LLC, Maine Agricultural Association, LLC and New England Structural Engineering Services.

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

Jason Dionne Trucking. The company occupies building #8264 at Loring, in support of his trucking business.

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

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

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

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

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

Loring Job Corps Center (LJCC). The Loring Job Corps Center, part of the Job Corps New England Region and the National Job Corps system, provides academic programs and career vocational training in multiple industries for youth ages 16-24. The Center welcomed its first 380 students in January 1997. Career Systems Development Corp. operates LJCC and employs 110 people.

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

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

New England Kenworth. New England Kenworth, with Loring Industries, operated a TRP store at Loring, warehousing and selling vehicle parts through October 2022.

Novel Energy Solutions, LLC. Novel Energy Solutions, LLC, a solar energy company, warehouses materials, to be used in the construction of solar arrays in the county, at Loring.

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

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

SFE Manufacturing. SFE Manufacturing, operates an equipment fabrication business at Loring, serving commercial, industrial, and government customers. SFE employs approximately 23 people.

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

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

SynerGen Solar, LLC. SynerGen Solar, LLC exercised its lease option this year and began the construction phase of its project. The company now leases approximately 20-acres on the north side of Northcutt Road, where it will install an electrical power generating solar facility.

The Bunker Inn. The Bunker Inn, located in the former visiting officer's quarters, is open to the public with twenty suites available. People traveling for business or pleasure make use of this unique facility, with many repeat guests.

The Loring Air Museum. The Loring Air Museum, formerly Loring Military Heritage Center, is a museum of Loring Air Force Base history. It was created and continues to be operated by a group of enthusiastic and dedicated volunteers. The museum maintains an impressive collection of Loring memorabilia and artifacts and conducts open houses, with historic tours of Loring, that are well attended.

The Power Company. Based in Washington, Maine, the Power Company constructed two solar-voltaic systems at Loring; both have been in operation for several years. The solar arrays are now owned by the Town of Limestone, providing power to the Limestone Water and Sewer District and the Maine School of Science and Mathematics.

WSP USA Environment & Infrastructure, Inc. an environmental engineering firm working for the Air Force Civil Engineering Center, occupies offices in the LDA office building and space in the arch hangar.

Loring Development Authority of Maine
154 Development Drive, Suite F
Limestone, Maine 04750
207-328-7005
LDA@Loring.org