CommonWealth

Resource Management Corporation

26 January 2022

The Municipal Review Committee, Inc. (the MRC) Attn.: Michael Carroll, Executive Director 20 Godfrey Drive, Suite 213 Orono, Maine 04473

RE: Joining Member Assets Managed by the MRC in the Fourth Quarter of 2022:

Revision to the Financial Statements

Dear Members of the Committee:

At its meeting on January 26, 2022, the MRC Board of Directors instructed that the MRC financial statements as of the end of the fourth quarter of 2021 be revised to include an adjustment that had been referenced in the prior asset management letter dated January 20, 2022, and that was discussed in open session at the Board meeting. In particular, the Board instructed that the value of the Interim Loan principal and interest be offset in its entirety by an allowance for non-payment.

The principal on the Interim Loan, due as of June 15, 2020, has not been repaid; indeed, the MRC has received no payments on the Interim Loan at all to date. Through 2021, the MRC included the unsecured loan as an asset on its balance sheet in anticipation of repayment as part of a pending Facility purchase arrangement. At this point, although the MRC continues to engage in discussions with potential purchasers of the Facility, the MRC does not anticipate that such purchase agreements would involve repayment of the interim loan with interest as presented in prior MRC financial statements. The Board indicated that MRC financial statements would be presented more fairly if an allowance for non-payment is included.

In accordance with the above, the attached Table 1 includes an allowance for non-payment of \$2,001,150.00 to offset the Interim Loan principal and interest amounts that have not been repaid, and the attached Table 2 includes an allowance for non-payment of Interim Loan amounts as an adjustment to the excess of additions over deductions. An explanation of the allowance is provided in Note 4 to Table 1. With the allowance, as of the end of the quarter, the MRC had total assets of \$11,983,120.38 and a revised Net Position for the benefit of the Joining Members of 11,455,139.22.

Also discussed at the meeting was the presentation on the financial statements of the Site owned by the MRC improved for development of the Hampden Facility, with book value of \$6,214,505.22 on the basis of past expenditures for site acquisition and infrastructure development. Note that ownership of the access road to the Facility and certain other infrastructure features has been turned over to the Town of Hampden. The MRC has not performed an appraisal of the market value of the Site, which is likely less than the current book value. The MRC's Net Position would likely be reduced further if the value of the Site were based on an appraisal of market value rather than on

cost. In this circumstance, the MRC Board directed that the financial statements continue to be based on the book value of the Site until a supportable basis can be developed through an appraisal or otherwise, but that the circumstances be noted in a note to the balance sheet. Note 5 to the balance sheet provided as Table 1 is intended to meet this purpose.

If you have any questions, please feel free to contact me.

Sincerely,

George H. Aronson, Principal

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Attachments: Revised Tables 1 through 2

			able 1								
Joint		of the Joining Member									
		nmental Funds Balance									
Quarterly Basis through 4Q 2021, last audited 2Q 2019											
		Unaudited	Unaudited	Unaudited	Unaudited	Audit in progress	Audit in progress				
100=70	Notes	1-Jan-22	1-Oct-21	1-Jul-21	1-Apr-21	1-Jan-20	1-Oct-20				
ASSETS											
Cash and cash equivalents		00.045.04	04.004.04	05.077.00	00.070.00	00.045.00	040.055.50				
D and D Account (First National Bank)		22,045.91	21,391.94	25,977.36	28,876.23	68,645.20	240,955.52				
Custody Account (Bangor Savings Bank)			-	-	-	233.07	483.07				
Accounts Receivable	1										
Receivable from Operating Account		-									
Tip Fees receivable for Joining Members MSW		134,265.96	518,926.63	339,053.45	532,067.06	737,006.14	744,475.65				
Tip fees receivable from Coastal for non-Charter JMs		611.01	611.01	611.01	611.01	611.01	611.01				
Reimbursements receivable for Facility costs		-	9,739.95	7,050.79	-	15,342.04	-				
Investments											
Tip Fee Stabilization Fund											
Account balance (at First National Wealth Management)	2	3,809,371.05	4,411,548.86	5,055,927.52	5,237,748.51	5,520,157.59	5,708,276.87				
Accrued income	2	5,441.64	14,092.99	12,319.58	9,207.90	19,715.64	18,976.56				
Account balance (at People's United Bank)		000 574 05	000 770 00	005 570 00	000 750 45	000 704 00	400.004.40				
Contingency Account (First National Bank WM)		269,574.05	239,770.80	335,570.69	286,756.15	368,794.83	126,394.18				
MRC Operating Budget Stabilization Fund (Peoples UB)	_										
Cash Collateral Account/Delivery Sufficiency Fund	3	4 500 007 07	4 507 500 00	4 505 004 04	4 500 000 40	4 500 000 70	4 540 004 00				
Account balance (at First National Wealth Management)	2	1,526,807.27	1,527,500.89	1,525,331.01	1,506,803.43	1,532,869.70	1,512,301.20				
Accrued income (at First National Wealth Management)	2	498.25	3,506.95	2,323.74	1,131.13	1,088.33	2,094.72				
Account balance (at People's United Bank)											
Promissory Note (Interim Loan to Coastal Resources of Maine LLC)		4 500 000 00	4 500 000 00	4 500 000 00	4 500 000 00	4 500 000 00	4 500 000 00				
Loan principal	4	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00				
Accrued interest and cost reimbursement	4	501,150.00	428,317.00	356,275.00	284,233.00	212,983.00	139,358.00				
Allowance for non-payment	4	(2,001,150.00)	0.044.505.00	0.044.505.00	0.044.505.00	0.044.505.00	0.000 457.00				
Value of Hampden site and infrastructure	5	6,214,505.22	6,214,505.22	6,214,505.22	6,214,505.22	6,214,505.22	6,203,457.22				
TOTAL ASSETS		11.983.120.36	14,889,912.24	15.374.945.37	15.601.939.64	16,191,951.77	16.197.384.00				
TOTAL ASSETS		11,903,120.30	14,009,912.24	15,574,945.57	15,001,939.04	10,191,951.77	10, 197,304.00				
LIABILITIES AND NET POSITION											
Liabilities Liabilities											
	6	146.036.62	167.311.84	151.651.68	126.636.89	149.421.48	158,796,36				
Cash distributions payable, current quarter Other payables (Facility reimbursements, uncleared distribution checks, haul costs)		-,	. ,	. ,	-,	183.561.15	,				
Note proceeds set aside for pending requisitions	6	367.45	214,498.35	220,552.75	168,411.60	183,301.15	154,382.27				
	6	-	450.040.75	500 404 07	400 450 40	045 040 07	000 000 70				
Costs payable to disposal facilities for Joining Member MSW		381,577.07	152,213.75	538,431.07	489,450.13	645,642.37	326,998.78				
Statement of Net Position held for the benefit of Joining Members		11,455,139.22	14,355,888.30	14,464,309.87	14,817,441.02	15,213,326.77	15,557,206.59				
TOTAL LIABILITIES AND NET POSITION		11,983,120.36	14,889,912.24	15,374,945.37	15,601,939.64	16,191,951.77	16,197,384.00				

		•	Table 1				
	Joint Ven	ure of the Joining Membe	rs of the Municipal Rev	iew Committee, Inc.			
	Go	vernmental Funds Balanc	e Sheet / Statement of	Net Position			
		Quarterly Basis through	4Q 2021, last audited 2	Q 2019			
		Unaudited	Unaudited	Unaudited	Unaudited	Audit in progress	Audit in progress
	Note	s 1-Jan-22	1-Oct-21	1-Jul-21	1-Apr-21	1-Jan-20	1-Oct-20
OTES							
	o fees receivable from Joining Members based on MSW tons and disposal arran						
	restments valued per market conditions as of date shown to account for unrealize						
	e Cash Collateral Account is a reserve fund under account control agreement that				consented to withdrawa	I of \$1.5 million in the fo	rm
	funding for a Promissory Note as an interim loan to Coastal and waived the minir						
	payment of Interim Loan is well past due. The MRC Board at its meeting on 25				contain an offsetting a	llowance for non-paymer	t on the balance she
	lue includes the booked cost of Site acquisition and of development and constru			provements.			
	te that the ownership of the access road and related improvements was transfer						
	e booked cost to the MRC of site acquisition and of development and construction	n of the improvements that t	the Town continues to ow	n has been estimated at	\$1,138,748.27		
	e market value of the Site has not been appraised independently.						
	te that the value of the Site and improvements owned by the MRC might be reco	nsidered based on auditor re	ecommendations.				
3 Inc	clude the following amounts classified as payables						
	Member distribution checks not cleared	367.45	2,087.90	8,142.30	2,366.40	49,623.36	1,334.24
	Distributions payable in subsequent quarter	146,036.62	167,311.84	151,651.68	126,636.89	149,421.48	158,796.36
	Hampden construction site payables	-	-	-	-	-	83,084.63
	Amount payable to haulers for incremental haul costs	-	212,410.45	212,410.45	166,045.20	124,255.85	69,963.40
	Disposal costs payable to bypass facilities net of payments	381,577.07	152,213.75	538,431.07	489,450.13	645,642.37	326,998.78
	Payables incurred for clearing and securing the Facility	-	-	-	-	9,681.94	-
	Amount payable to reimburse Operating Account	-	-	-	-	-	
		527,981.14	534,023.94	910,635.50	784,498.62	978,625.00	640,177.41
te	Investment from Joining Members that were Equity Charter Municipalities	\$ 5,000,000.00	\$ 5,000,000.00	\$ 5,000,000.00	\$ 5,000,000.00	\$ 5,000,000.00	\$ 5,000,000.00
lue	Other investment prior to January 1, 2017	212,533.00	212,533.00	212,533.00	212,533.00	212,533.00	212,533.00
	Nonrefundable infrastructure investment paid to Maine DOT	24,223.50	24,223.50	24,223.50	24,223.50	24,223.50	24,223.50
	Other investment after January 1, 2017	977,748.72	977,748.72	977,748.72	977,748.72	977,748.72	966,700.72
	·	\$ 6,214,505.22	\$ 6,214,505.22	\$ 6,214,505.22	\$ 6,214,505.22	\$ 6,214,505.22	\$ 6,203,457.22
	Adjustment for payable from prior quarter						
		\$ 6,214,505.22	\$ 6,214,505.22	\$ 6,214,505.22	\$ 6,214,505.22	\$ 6,214,505.22	\$ 6,203,457.22
	Investment after January 1, 2017, from prior quarter	\$ 977,748.72	\$ 977,748.72	\$ 977,748.72	\$ 977,748.72	\$ 966,700.72	\$ 966,700.72
	Adjustment from prior quarter per audit						
	Progress payment paid/payable in quarter					\$ 94,132.63	
						(00.004.00)	
	net of retainage					(83,084.63)	

Table 2

Joint Venture of the Joining Members of the Municipal Review Committee, Inc. Statement of Governmental Fund Revenues, Expenditures and

		Changes in Fund Balance/Statement of Activities Quarterly basis through 3Q 2021, audited through 2Q 2019										
	Period	Unaudited 4Q 2021	Unaudited 3Q 2021	Unaudited 2Q 2021	Unaudited 1Q 2021	Audit in progress 4Q 2020	Audit in progress 3Q 2020	Audit in progress 2Q 2020	Audit in progress 1Q 2020	Unaudited 4Q 2019		
	from	1-Oct-21	1-Jul-21	1-Apr-21	1-Jan-21	1-Oct-20	1-Jul-20	1-Apr-20	1-Jan-20	1-Oct-19		
	to	1-Jan-22	1-Oct-21	1-Jul-21	1-Apr-21	1-Jan-21	1-Oct-20	1-Jul-20	1-Apr-20	1-Jan-20		
ADDITIONS (reven												
Revenue from opera												
	ed from Joining Members MSW able from Coastal (non-Charter JMs)	1,619,522.91	2,019,256.49	1,586,077.79	1,524,136.54	1,610,302.35	1,501,230.63	536,932.32 64.55	156.00	207.76		
	ts received for Facility costs	-	5,659.20	38,241.59	53,788.40	13,987.04	184,908.58					
Revenue from inves	stments											
Interest and div	vidend income net of fees											
	Custody) Account	54.92	(192.13)	12.91	(214.78)	(79.50)	86.87	(401.43)	58.19	234.90		
	ep Account (closed 2Q 2019)				(-)	(,		(, , ,				
	abilization Fund - net earnings	54,367.38	20,801.61	16,482.05	34,922.67	40,954.08	15,505.68	30,908.21	46,999.45	30,734.46		
	tabilization Fund - change to accrued income	(8,651.35)	1,773.41	3,111.68	(10,507.74)	739.08	(1,350.35)	(3,170.69)	(14,355.09)	13,980.66		
	abilization Fund - appreciation (depreciation)	(55,933.19)	(15,180.27)	26,696.96	(77,331.75)	(9,940.73)	12,487.42	98,631.83	(40,068.12)	,		
	cy Account (Op Budget Stab) - net earnings	125.98	197.65	157.77	51.65	110.08	24.06	4.11	(80.95)	23.11		
	ateral Account - net earnings	23,390.56	6,540.17	5,501.19	8,355.56	18,836.77	7,678.35	16,937.10	19,996.21	14,106.26		
	ateral Account - change to accrued income	(3,008.70)	1,183.21	1,192.61	42.80	(1,006.39)	(1,380.02)	2,546.59	(3,627.52)	11,100.20		
	ateral Account - appreciation (depreciation)	(24,084.18)	(4,370.29)	13,026.39	(34,421.84)		(5,020.93)	(19,006.05)				
	te (interim loan to Coastal)	(21,001.10)	(1,070.20)	-	(01,121.01)	1,701.70	(0,020.00)	(10,000.00)	(1,000.01)			
	accrued interest and cost reimbursement	72,833.00	72,042.00	72,042.00	71,250.00	73,625.00	81,616.00	11,636.00	46,106.00			
	NUE (ADDITIONS)	1,678,617.33	2,107,711.05	1,762,542.94	1,570,071.51	1,749,259.51	1,795,786.29	675,082.54	53,278.10	59,287.15		
1.4.1	() = () = ()	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	_,,	1,102,012.01	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	1,1 10,200101	1,100,100,00	,	33,2:3:13			
DEDUCTIONS (exp	penditures)											
	er distributions and reimbursements	169,400.95	156,275.01	126,636.89	149,421.48	158,796.36	141,312.70	121,858.07	141,627.95	161,670.27		
	djustments to members	1,750.17	4,623.33	(5,775.90)	(49,623.36)				141,021.00	101,070.27		
	paid for Joining Member MSW	1,734,016.80	2,100,350.60	1,659,340.03	1,419,720.54	1,741,156.49	1,770,792.44	581,076.47				
	to secure the Facility	25,850.13	13,517.43	45,292.38	46,764.88	16,538.40	94,593.66	837,761.75				
Transfers to Or		260,590.71	125,000.00	27,061.93	59,553.57	130,407.46	250,000.00	27,000.00	119,580.71	162,413.15		
	NDITURES (DEDUCTIONS)	2,191,608.76	2,399,766.37	1,852,555.33	1,625,837.11	1,936,877.83	2,253,739.69	1,567,696.29	261,208.66	324,083.42		
TOTAL EXTE	torrorce (BEBGG Horto)	2,101,000.70	2,000,700.07	1,002,000.00	1,020,007.11	1,000,011.00	2,200,100.00	1,007,000.20	201,200.00	024,000.42		
EXCESS OF ADDIT	TIONS OVER DEDUCTIONS	(512,991.43)	(292,055.32)	(90,012.39)	(55,765.60)	(187,618.32)	(457,953.40)	(892,613.75)	(207,930.56)	(264,796.27)		
LAGEGG OF ADDIT	HONO OVER BEBOOTIONS	(512,551.45)	(232,033.32)	(30,012.33)	(55,765.00)	(107,010.52)	(457,555.40)	(032,013.73)	(201,330.30)	(204,730.27)		
ADJUSTMENTS												
	n distributions payable to Joining Members	(21,275.22)	15,660.16	25,014.79	(22,784.59)	(9,374.88)	(17,103.13)	(19,454.63)	(35,914.60)	(52,850.66)		
	ler cost reimbursements payable	(212,410.45)	13,000.10	(46,365.25)	(41,789.35)	(54,292.45)	(61,799.90)	(8,163.50)	(33,914.00)	(32,030.00)		
			(C 0E4 40)				39,628.62					
Change in othe	er amounts payable	229,363.32	(6,054.40)	(52,141.15)	(56,938.90)	(108,198.20)		221,476.00 130,534.68				
	ent (dues transfer, etc.)	2,375.37	(5,659.20)	7,050.79	(15,342.04)	15,342.04 7,731.50	(130,534.68) 1,635.44	130,534.68				
	tip fees receivable		(185.99)	(3,664.33)	1,673.81							
		(384,660.67)	179,873.18	(193,013.61)	(204,939.08)	(7,469.51)	257,562.87					
	non-payment of Interim Loan amounts	(2,001,150.00)				(44.040.00)		(221,476.00)				
	den site improvement					(11,048.00)		(221,476.00)				
	en Water District					11 010 00			100 110 00			
Total adjustmen	k value of Hampden site improvements	(2,387,757.65)	183,633.75	(263,118.76)	(340,120.15)	11,048.00	89,389.22	102,916.55	160,449.92 124,535.32	(52,850.66)		
i otai adjustmei	nts	(2,387,757.65)	183,633.75	(263,118.76)	(340,120.15)	(156,261.50)	89,389.22	102,916.55	124,535.32	(52,850.66)		
Adjusted Exce	ess of Additions over Deductions	(2,900,749.08)	(108,421.57)	(353,131.15)	(395,885.75)	(343,879.82)	(368,564.19)	(789,697.20)	(83,395.24)	(317,646.93)		
CHANGE IN NET P	POSITION											
End of period		11,455,139.22	14,355,888.30	14,464,309.87	14,817,441.02	15,213,326.77	15,557,206.59	15,925,770.78	16,715,467.98	16,798,863.22		
Start of period		14,355,888.30	14,464,309.87	14,817,441.02	15,213,326.77	15,557,206.59	15,925,770.78	16,715,467.98	16,798,863.22	17,116,510.15		
Observation New	Position over Period	(2,900,749.08)	(108,421.57)	(353,131.15)	(395,885.75)	(343,879.82)	(368,564.19)	(789,697.20)	(83,395.24)	(317,646.93)		
Change in Net		(2,000)	(100)1-1101)	(000,101110)	(000,0000)	(040,070.02)	(000,004.10)	(100,001.20)	(00,000.24)	(0.11,0.10.00)		