

MUNICIPAL REVIEW COMMITTEE, INC.
FINANCIAL AND OPERATING REPORTS
DECEMBER 31, 2023



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Municipal Review Committee, Inc.
Orono, Maine

Opinions

We have audited the accompanying financial statements of the governmental activities, the major fund, and the fiduciary activities of Municipal Review Committee, Inc. (MRC), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise MRC's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the fiduciary activities of the Municipal Review Committee, Inc. as of December 31, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Municipal Review Committee, Inc., 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 audit opinions.

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 Municipal Review Committee, Inc.'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.

Auditors' 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 Municipal Review Committee, Inc.'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 Municipal Review Committee, Inc.'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 4 through 12 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise MRC's basic financial statements. The Schedule of Equity Joining Member Net Position is presented for purposes for additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Equity Joining Member Net Position is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Haverlock, Estey & Curran

HAVERLOCK, ESTEY & CURRAN

December 31, 2024
Hampden, Maine

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2023

This section represents management's analysis of the financial condition and activities of Municipal Review Committee, Inc. (MRC) and the Joint Venture of the Joining Members of the Municipal Review Committee, Inc. (Joint Venture) for the year ended December 31, 2023. This information should be read in conjunction with the financial statements and associated notes.

Overview of Annual Financial Report

Municipal Review Committee, Inc.

The financial statements present the following two different views of MRC:

The Government Fund Balance Sheet / Statement of Net Position identifies and presents values for the assets and liabilities of the operating fund as of December 31, 2023. The balance sheet uses the *modified accrual basis of accounting*, which provides a short-term view of MRC's cash and other financial assets and liabilities. The statement of net position includes all assets and liabilities using the *accrual basis of accounting*, which is like the accounting used by private companies. Adjustments between the two formats are provided to reconcile the statements.

The key assets shown in these statements include the following:

- a. Cash, which is held in a checking account at First National Bank.
- b. Member Dues Receivable, which refers to the total amount members owe MRC based on delivery of municipal solid waste to waste facilities.
- c. Management services receivable from MWS LLC for services provided by MRC in 2023.
- d. A receivable from MWS LLC for reimbursements of Facility utility costs paid by the General Fund in 2023.
- e. A receivable from the Fiduciary Fund for PRIME staffing grant funds.

The balance sheet does not include prepaid expenses as an asset as it is not currently available for use to pay expenditures.

The key liabilities shown in these statements include the following:

- a. Accounts payable.
- b. A payable to the Fiduciary Fund for tipping fees collected by the General Fund.
- c. Deferred revenue for unspent PRIME grant funds.

The fund balance presented on the balance sheet is unassigned. It has not been restricted, committed, or assigned for any special purpose.

Net position presented on the statement of activities includes prepaid expenses that are not currently available for use to meet expenditures, and accrued expenses that are not expected to be paid currently, i.e., within 60 days of year end.

The Statement of Governmental Fund Revenue, Expenditures and Changes in Fund Balances / Statement of Activities identifies and presents revenues and expenditures of the operating fund over the course of the year ended December 31, 2023. The statements report on the changes in the fund balance and net position over the year ended December 31, 2023.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2023

The key revenues shown include the following:

- a. Membership fees.
- b. Management services.
- c. Interest income.

The key expenditures shown include the following:

- a. Payroll costs.
- b. Consulting fees for managing contracts, agreements, and the Joint Venture's assets.
- c. Legal fees.
- d. Communications.
- e. Legal, consulting, and other administrative fees relating to the Facility shutdown.
- f. Other administrative and miscellaneous expenses.

Adjustments between the two formats are provided to reconcile the changes in prepaid expenses and certain accrued expenses during the year.

Joint Venture

The Statement of Fiduciary Net Position identifies and presents values for the Fiduciary Fund assets and liabilities of the Joint Venture as of the end of the year.

The Fiduciary Fund assets shown on the Balance Sheet include the following:

- a. Cash of \$36,520 held in the Development and Distribution Account (the D and D Account, formerly the Custody Account) at First National Bank (FNB), which serves as the primary business checking account.
- b. Cash equivalents held in an ICS Sweep account in the amount of \$1,022,093, which is managed by FNB.
- c. Marketable investments held in the Tip Fee Stabilization Account in the amount of \$989,947, which includes funds invested pursuant to an investment management agreement, and are managed by an investment advisor, First National Bank Wealth Management, in accordance with investment policies approved by the MRC Board.
- d. Marketable investments held in the Cash Collateral Account in the amount of \$327,799, which includes funds invested pursuant to an investment management agreement, and are managed by an investment advisor, First National Bank Wealth Management, in accordance with investment policies approved by the MRC Board.
- e. Contingent payment receivable, which is the remaining amount due from the sale of 90% of MWS LLC. The receivable could be reduced by certain excess payments that MWS LLC incurs prior to the resumption of commercial operations.
- f. Site financing agreement receivable, which is the carrying value of the lease receivable with purchase option with MWS LLS.
- g. Equity in MWS LLC reports the carrying value of MRC's investment in Municipal Waste Systems LLC, which is a ten percent interest in the entity.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2023

Fiduciary Fund liabilities include only the liability to the General Fund for the PRIME staffing grant. All other liabilities, including the accrued bypass disposal costs for Joining Member municipal solid waste, cash distributions payable to Joining Members, notes payable to lienholders, and accrued facility property taxes payable were either retired by Innovative as part of the Sale or paid off by the MRC in whole or in part during 2023.

The net position is the excess of total assets over total liabilities.

The Statement of Changes in Fiduciary Net Position identifies and presents increases and decreases in fiduciary net position over the course of the year ended December 31, 2023.

The Fiduciary Fund additions include the following:

- a) Tipping fees from Joining Members.
- b) Gain on Site financing agreement.
- c) Exclusivity deposit.
- d) Interest and dividend income and other changes in investment values.

The Fiduciary Fund deductions include the following:

- a) Costs incurred for disposal of municipal solid waste at bypass disposal facilities.
- b) Equity in losses of MWS LLC.
- c) Transfers to MRC for administrative expenses associated with the Facility shutdown.
- d) Costs incurred to secure the Facility.

Condensed Comparative Financial Statements

Municipal Review Committee, Inc.

The following condensed information summarizes the government-wide statements of net position at December 31, 2023 and December 31, 2022.

	<u>Governmental Activities</u>		<u>Total % Change</u>
	<u>2023</u>	<u>2022</u>	
Cash	\$ 166,383	\$ 63,632	161.48%
Member dues receivable	41,136	41,244	(0.26)%
Other receivables	57,422	-	na
Due from Fiduciary Fund	32,467	42,467	(23.55)%
Other assets	<u>9,699</u>	<u>19,578</u>	(50.46)%
Total Assets	307,107	166,921	83.98%
Current liabilities	98,349	78,767	24.86%
Noncurrent liabilities	<u>-</u>	<u>4,800</u>	(100.00)%
Total Liabilities	<u>98,349</u>	<u>83,567</u>	17.69%
<i>Net Position:</i>			
Unrestricted	<u>\$ 208,758</u>	<u>\$ 83,354</u>	150.45%

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2023

The following condensed information is summarized from the government-wide statements of activities for the years ended December 31, 2023 and December 31, 2022, and reflect how the changes in net position compare with the prior period.

	<u>Governmental Activities</u>		<u>Total % Change</u>
	<u>2023</u>	<u>2022</u>	
Member fees	\$ 164,546	\$ 167,800	(1.94)%
Other revenue	<u>269,619</u>	<u>690</u>	999.99%
Total Revenues	434,165	168,490	157.68%
General administration	383,603	324,923	18.06%
Facility shutdown administration	<u>135,158</u>	<u>313,016</u>	(56.82)%
Total Expenses	<u>518,761</u>	<u>637,939</u>	(18.68)%
Deficiency of Revenues over			
Expenses before Transfers	(84,596)	(469,449)	(81.98)%
Transfers from Fiduciary Fund	<u>210,000</u>	<u>466,746</u>	(55.01)%
Change in Net Position	<u>\$ 125,404</u>	<u>\$ (2,703)</u>	473.94%

Joint Venture

The following condensed information summarizes the fiduciary statements of net position at December 31, 2023 and December 31, 2022.

	<u>Fiduciary Activities</u>		<u>Total % Change</u>
	<u>2023</u>	<u>2022</u>	
Cash and investments	\$ 2,371,867	\$ 1,855,660	27.82%
Receivables	6,357,981	692,131	818.61%
Equity in MWS LLC	109,000	2,024,265	(94.62)%
Investment in Hampden site	<u>-</u>	<u>1,138,748</u>	(100.00)%
Total Assets	8,838,848	5,710,804	54.77%
Current liabilities	<u>32,467</u>	<u>1,488,223</u>	(97.82)%
Total Net Position	<u>\$ 8,806,381</u>	<u>\$ 4,222,581</u>	108.55%

The following condensed information is summarized from the statements of changes in fiduciary net position for the years ended December 31, 2023 and December 31, 2022, and reflect how the changes in fiduciary net position compare with the prior period.

	<u>Fiduciary Activities</u>		<u>Total % Change</u>
	<u>2023</u>	<u>2022</u>	
Tipping fees received	\$ 3,508,652	\$ 7,357,435	(52.31)%
Gain on Site financing agreement	3,861,252	-	na
Investment income (loss)	99,349	(304,705)	132.61%
Exclusivity deposits	<u>150,000</u>	<u>250,000</u>	(40.00)%
Total Additions	<u>7,619,253</u>	<u>7,302,730</u>	4.33%

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2023

	Fiduciary Activities		Total % Change
	<u>2023</u>	<u>2022</u>	
Members' MSW disposal costs	\$ 2,330,878	\$ 7,973,758	(70.77)%
Disposal cost offset payments	-	479,969	(100.00)%
Facility shutdown costs	134,934	349,608	(61.40)%
Equity in losses of MWS LLC	359,641	199,712	80.08%
Transfers to MRC	<u>210,000</u>	<u>466,746</u>	(55.01)%
Total Deductions	<u>3,035,453</u>	<u>9,469,793</u>	(67.95)%
Change in Net Position	<u>\$ 4,583,800</u>	<u>\$ (2,167,063)</u>	311.52%

Analysis of Overall Financial Position and Results of Operations

The financial statements indicate increases in the net position of governmental and fiduciary activities over the course of the past twelve months. MRC's net position increased \$125,404. Key contributors to the increase were new revenues for management services and Site financing agreement interest, and a decrease in Facility shutdown administrative costs.

The Joint Venture's net position increased from \$4.22 million to \$8.81 million, or 108.55%. Key contributors to the increase were the gain on the Site financing agreement and decreases in disposal cost offset payments and Facility shutdown costs.

As of the end of 2023, the MRC had removed or satisfied two prior financial obligations addressed in prior reports. First, when the Master Waste Supply Agreement and Site lease were amended and assigned to Innovative, the minimum balance and security provisions related to the Tip Fee Stabilization Fund and the Cash Collateral Account were deleted, thereby removing the contingent liabilities associated with the use of those funds. Second, the MRC completed its obligations to the Joining Members to make distributions for 36 months after the Commercial Operation Date of November 1, 2019, including release and payment of all deferred payment amounts.

Among the obligations of the MRC to the Joining Members are the satisfaction of the requirements in Exhibit B of the Joinder Agreements to maintain reserves. All requirements are satisfied as of the end of the Records Period. The following table compares the reserve fund requirements with available resources:

<i>Reserve fund requirement</i>	<i>Resources available to satisfy the requirement</i>
\$5.0 million for actual expenditures for acquisition of the site and development of related infrastructure	Satisfied by expenditures in 2016 and 2017.
Delivery Sufficiency Reserve Fund	Waived upon transfer of the Cash Collateral Account from Coastal.
\$1.0 million for Bridge Waste transportation costs	Satisfied by prior expenditures through November 2019 (the Commercial Operation Date).
Up to \$7.0 million as the Building Reserve	Waived upon transfer of the Site Lease from Coastal to MWS LLC.
\$1.167 million as the Closure Reserve Fund	Waived upon transfer of the Site Lease from Coastal to MWS LLC.
Distribution payments to Joining Members	Fully satisfied by prior expenditures and a final payment of \$36,074 made in 2023.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2023

Analysis of Balances and Transactions of Individual Funds

The General Fund of MRC recognized \$434,165 in total revenue for the year ended December 31, 2023, compared to \$168,490 in total revenue for the year ended December 31, 2022. Site lease payments resumed during the year ended December 31, 2023, and revenue was received from a new management services contract. Significant administrative costs were incurred in each period for finding a buyer of the Facility and for negotiating and closing on legal agreements.

The Fiduciary Fund of MRC performed the following during the year ended December 31, 2023:

- Negotiated the sale of 90% of MWS LLC, for a gross selling price of \$3,000,000. Innovative's deposit of \$350,000 for an exclusivity period was counted toward the selling price. In addition, the amounts paid by Innovative for outstanding mechanic and sewer liens and real estate taxes as of June 30, 2023, were also counted toward the selling price. Further, the remaining receivable has been reduced by an estimate of certain liabilities under the swap arrangement for directing bypassed MSW from Joining Members to bypass disposal facilities. Should the actual liabilities paid by MWS LLC exceed the estimated amount as of the date commercial operations begin, the receivable will be reduced by the excess payments.
- Advanced funds to MWS LLC to pay Facility expenses (insurance costs, utility deposits and charges, minor repairs and permit-related fees) of \$332,063 through June 30, 2023.
- The MRC recognized \$3,508,652 of revenue from tipping fees from Joining Members for delivery of MSW at bypass waste disposal facilities prior to the date of the Sale. Beginning July 1, 2023, MWS LLC began receiving tipping fees collected from the Joining Members.
- Managed a total Net Position for the benefit of the Joining Members that increased 109% in 2023, from \$4.223 million to \$8.806 million.
- Managed total assets in 2023 that increased from \$5.711 million to \$8.839 million, a 55% increase.
- Made a distribution of \$36,074 in the first calendar quarter of 2023 based on MSW deliveries, thereby completing the obligation from Exhibit B to the Joinder Agreements for per-ton cash payments to Joining Members over the first thirty-six months following the commercial operation date (November 1, 2019). In the future, cash distributions to the Joining Members will be made on such a basis as may be approved by the MRC Board of Directors.
- Paid \$88,710 in the third calendar quarter of 2023 for lost fee reimbursements that had previously been deferred, thereby completing that payment obligation.
- Made the following transfers to the MRC Operating Fund to support payment of administrative costs:
 - \$25,000 in the first calendar quarter of 2023.
 - \$50,000 in the second calendar quarter of 2023.
 - \$135,000 in the third calendar quarter of 2023.

Significant Capital Asset and Long-term Debt Activity

MRC had no outstanding long-term debt during the year.

The capital asset activity was as follows:

Capital assets – Hampden Site land – Beginning of year	\$ 1,138,748
Disposal – Finance agreement with MWS LLC	<u>(1,138,748)</u>
Capital assets – End of year	<u>\$ -</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2023

Currently Known Facts, Decisions, or Conditions

The Joint Venture is comprised of 83 separate municipalities and public entities, known as Joining Members, which represent 115 Maine municipalities as shown in Figure ES-1. Joining Members are divided into Equity Joining Members and New Joining Members depending on when they became MRC members. Each Joining Member has entered into a long-term agreement (a Joinder Agreement) with the MRC for delivery of municipal solid waste (MSW) as of April 1, 2018, to a new processing facility developed by a private entity, Coastal Resources of Maine, LLC (Coastal), on land (the Site) purchased and owned by the MRC in Hampden, Maine (the Facility). The MRC entered into a Site Lease Agreement with Coastal regarding development of the Facility on the Site, as well as a Master Waste Supply Agreement to accept and manage MSW delivered on behalf of Joining Members.

Coastal operated the Facility on a commercial basis over the period from November 1, 2019, through May 27, 2020. On May 28, 2020, Coastal suspended operations of the Facility because it lacked the cash to pay essential vendors, payroll expenses, and property taxes. The MRC stepped in to secure the Facility, manage delivery of MSW from Joining Members to bypass disposal facilities and pay Facility expenses as required to sustain its condition.

In July 2020, the indenture trustee for Coastal's lenders (the Trustee) filed an action for relief with the Superior Court of Penobscot County for the State of Maine (the Court). The Court then appointed a receiver to take control of Coastal and all its assets. In subsequent months, the MRC worked with the Trustee and the receiver to find an entity that would purchase and re-open the Facility.

In spring of 2022, the MRC reached agreement with the Trustee on an auction process for selling the Facility and other Coastal assets (together, the Assets) out of receivership to a new purchaser. As part of the agreement, the MRC retained the rights to (a) evaluate whether proposed purchasers met criteria for technical and financial capability; and (b) submit a "stalking horse" bid to purchase the Assets at a price of \$1.5 million in the event no higher bid was submitted. Although the auction attracted responses from multiple entities, none were able to demonstrate they could meet the criteria for technical and financial capability. Accordingly, in June 2022, the MRC was awarded the right to purchase the Assets pursuant to its stalking horse bid. The MRC also negotiated settlements at that time with six lienholders seeking a plan for payment of \$524,265 in claims.

On August 9, 2022, Municipal Waste Solutions, LLC (MWS), a wholly owned subsidiary of MRC, Inc., closed on the purchase of the Facility. MWS also succeeded Coastal as the counterparty to the MRC of the Site Lease and certain other agreements. After closing on the purchase, the MRC pursued arrangements to recapitalize and re-open the Facility, either through (a) partnership with a private entity, purchase a majority interest in MWS, manage and provide capital for the re-opening; or (b) public financing, enable the MRC, as the sole member and manager of MWS, to manage the re-opening process.

On June 30, 2023, the MRC closed on a sale of 90% of its ownership interests in MWS to Innovative Resource Recovery, LLC (IRR). Per the terms of the Sale, Innovative assumed management of the process for re-capitalizing and re-opening the Hampden Facility. Upon the Sale, MRC transferred to Innovative the responsibility for (a) actions to secure the condition of the Facility, including maintaining basic utility services, complying with applicable permit conditions and paying personal property taxes on the Facility and related improvements; (b) arranging and paying for bypass disposal for MSW delivered from Joining Members pursuant to Joinder Agreements; (c) receiving tipping fees from Joining Members; and (d) providing funds to cover cash needs associated with these actions. The MRC retained ownership of 10 percent of MWS LLC. Pursuant to

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2023

the sale agreements, MWS LLC will pay the MRC to perform certain management tasks related to collection of tip fees from Joining Members, managing municipal solid waste disposal with bypass facilities and other tasks described therein. MWS LLC will also make payments to the MRC on a monthly basis for the use of the site.

Equity Joining Member Net Position as of December 31, 2023

MRC appreciates that Equity Joining Members have, in the past, incorporated into their own financial statements the carrying value of their allocated share of net position managed by the MRC on their behalf. To this end, the supplementary information sets forth, for each Equity Joining Member, their allocated share of the net position held on its behalf by the MRC as of December 31, 2023. Included in the allocation are the cash and market value of the investments; the Site financing agreement receivable; the remaining receivable from the sale of 90% of MWS LLC; the carrying value of a 10% interest in MWS LLC; less the other receivables and liabilities that have been allocated among the Equity Joining Members.

Contact Information

More information on MRC and the Joint Venture may be obtained at MRC's website, www.mrcmaine.org.

MUNICIPAL REVIEW COMMITTEE, INC.
 Governmental Fund Balance Sheet / Statement of Net Position
December 31, 2023

Assets

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<u>Assets</u>			
Cash	\$ 166,383	\$ -	\$ 166,383
Membership fees receivable	41,136	-	41,136
Management services receivable	29,167	-	29,167
Reimbursement receivable from MWS LLC	28,255	-	28,255
Due from Fiduciary Fund	32,467	-	32,467
Prepaid expenses	-	4,899	4,899
Right-to-use leased asset	-	4,800	4,800
Total Assets	<u>\$ 297,408</u>	<u>9,699</u>	<u>307,107</u>

Liabilities and Net Position

<u>Liabilities</u>			
Accounts payable	\$ 34,540	-	34,540
Accrued payroll	2,691	-	2,691
Accrued employee benefits	75	6,716	6,791
Due to Fiduciary Fund	23,480	-	23,480
Unearned staffing grant revenue	26,647	-	26,647
Long-term liabilities:			
Due within one year	-	4,200	4,200
Due in more than one year	-	-	-
Total Liabilities	<u>87,433</u>	<u>10,916</u>	<u>98,349</u>

Fund Balances / Net Position

<u>Fund Balances:</u>			
Unassigned	<u>209,975</u>	<u>(209,975)</u>	
Total Liabilities and Fund Balances	<u>\$ 297,408</u>		
 <u>Net Position:</u>			
Unrestricted		<u>\$ 208,758</u>	<u>\$ 208,758</u>

The accompanying notes are an integral part of these statements.



MUNICIPAL REVIEW COMMITTEE, INC.
 Statement of Governmental Fund Revenues, Expenditures and
 Changes in Fund Balance / Statement of Activities
For the Year Ended December 31, 2023

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<u>Revenues</u>			
Membership fees	\$ 164,546	\$ -	\$ 164,546
MWS LLC management services	175,000	-	175,000
Site financing interest income	77,094	-	77,094
Staffing grant	15,820	-	15,820
Miscellaneous	126	-	126
Bank interest income	1,579	-	1,579
Total Revenues	<u>434,165</u>	<u>-</u>	<u>434,165</u>
<u>Expenditures / Expenses</u>			
Salaries and benefits	182,270	2,394	184,664
Consulting - Resource management	40,314	-	40,314
Legal fees	59,940	-	59,940
Communications	39,080	-	39,080
Professional fees	20,325	-	20,325
Facility shutdown administration	135,158	-	135,158
Travel	14,400	-	14,400
General administrative and miscellaneous	13,736	-	13,736
Insurance	3,972	(28)	3,944
Occupancy	7,200	-	7,200
Total Expenditures / Expenses	<u>516,395</u>	<u>2,366</u>	<u>518,761</u>
Deficiency of Revenue Over Expenditures Before Other Financing Sources and Uses	<u>(82,230)</u>	<u>82,230</u>	<u>-</u>
<u>Other Financing Sources and (Uses)</u>			
Transfers from the fiduciary fund	<u>210,000</u>	<u>(210,000)</u>	<u>-</u>
<u>Excess (Deficiency) of Revenue Over Expenditures</u>	<u>127,770</u>	<u>(127,770)</u>	<u>-</u>
<u>Operating Transfers</u>			
Transfers from fiduciary fund		<u>210,000</u>	<u>210,000</u>
Change in Net Position		<u>\$ 125,404</u>	<u>125,404</u>
Fund Balance / Net Position - Beginning of Period	<u>82,205</u>		<u>83,354</u>
Fund Balance / Net Position - End of Period - Exhibit A	<u>\$ 209,975</u>		<u>\$ 208,758</u>

The accompanying notes are an integral
part of these statements.



MUNICIPAL REVIEW COMMITTEE, INC.
Statement of Fiduciary Net Position
Joint Venture of the Joining Members
of the Municipal Review Committee
December 31, 2023

		<u>Fiduciary Fund</u>
<u>Assets</u>		
Cash and cash equivalents:		
Money market account	\$ 36,520	
Insured cash sweep account	<u>1,022,093</u>	
Total cash and cash equivalents		\$ 1,058,613
Investments:		
Certificate of deposit	242,670	
Fixed-income mutual funds	<u>1,070,584</u>	
Total investments		1,313,254
Receivables:		
Accrued investment income	4,492	
Due from General Fund	23,480	
Contingent payment receivable	1,330,009	
Site financing agreement receivable	<u>5,000,000</u>	
Total receivables		6,357,981
Other Asset:		
Equity in MWS LLC		<u>109,000</u>
<u>Total Assets</u>		<u>8,838,848</u>
<u>Liabilities</u>		
Due to General Fund		<u>32,467</u>
<u>Net Position</u>		
Held for the benefit of the Equity Joining Members of the Municipal Review Committee		<u>\$ 8,806,381</u>

The accompanying notes are an integral
part of these statements.

MUNICIPAL REVIEW COMMITTEE, INC.
Statement of Changes in Fiduciary Net Position
Joint Venture of the Joining Members
of the Municipal Review Committee
For the Year Ended December 31, 2023

	<u>Fiduciary Fund</u>
<u>Additions</u>	
Investment income:	
Interest and dividend income	\$ 64,260
Net increase (decrease) in the fair value of investments	<u>35,089</u>
Net investment income	99,349
Tipping fees	3,508,652
Gain on Site financing agreement	3,861,252
Exclusivity deposit	<u>150,000</u>
Total Additions	<u>7,619,253</u>
<u>Deductions</u>	
Municipal solid waste disposal costs	2,330,878
Equity in losses of MWS LLC	359,641
Transfers to General Fund	210,000
Facility shutdown costs:	
Miscellaneous	3,043
Property taxes	<u>131,891</u>
Total Deductions	<u>3,035,453</u>
Change in Net Position	4,583,800
Net Position - Beginning of Period	<u>4,222,581</u>
Net Position - End of Period - Exhibit C	<u>\$ 8,806,381</u>

The accompanying notes are an integral
part of these statements.

MUNICIPAL REVIEW COMMITTEE, INC.
Notes to Financial Statements
December 31, 2023

1. Summary of Significant Accounting Policies

Nature of the Entity

The Municipal Review Committee, Inc. (MRC), was organized as a nonprofit corporation in 1991 to better ensure the continuing ability to its members of long-term, reliable, safe and environmentally sound methods of solid waste disposal at a stable cost. Its members include counties, refuse disposal districts, public waste disposal corporations, municipalities, and other quasi-municipal entities. Only municipalities within the State of Maine may be eligible for membership upon execution of a joinder agreement with MRC. MRC's Board of Directors is elected by its members, and must be persons who, at the time of their elections, are either elected or appointed officials, employees or legal residents of the municipalities served. At December 31, 2023, MRC's membership was made up of 55 Equity Joining Members and 28 New Joining Members.

MRC was originally formed by municipalities with waste disposal agreements with Penobscot Energy Recovery Company Limited Partnership (PERC). The waste disposal agreements with PERC terminated on March 31, 2018. As of April 1, 2018, MRC entered into an agreement with Coastal Resources of Maine, LLC, for disposal of municipal solid waste at a processing facility that was being developed in Hampden, Maine. The new facility operated on a commercial basis from November 1, 2019, through May 27, 2020, and then suspended all operations. From then on until June 30, 2023, MRC managed the deliveries of its members' municipal solid waste to bypass disposal facilities.

During the year ended December 31, 2022, MRC acquired the facility via a wholly owned entity, Municipal Waste Solutions, LLC ("MWS"), while continuing to search for an entity to purchase and operate the facility. Effective July 1, 2023, MRC sold 90% of its interest in MWS to Innovative Resource Recovery, LLC, who will re-open and operate the facility. At that time, MWS began managing the deliveries of municipal solid waste to disposal facilities.

MRC's financial statements are prepared in accordance with generally accepted account principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for governmental nonprofit entities through its pronouncements (Statements and Interpretations). The more significant accounting policies, established in GAAP and used by the Reporting Entity, are discussed below.

Financial Reporting Entity

The financial reporting entity is comprised of the following:

Primary Government	Municipal Review Committee, Inc.
Fiduciary Component Unit	Joint Venture of the Joining Members of the Municipal Review Committee

These financial statements present the activities of MRC (the primary government) and its component unit. As defined by GASB Statement No. 14, component units are legally separate entities that are included in the primary government's reporting entity because of the significance of their operating or

MUNICIPAL REVIEW COMMITTEE, INC.
Notes to Financial Statements
December 31, 2023

1. Summary of Significant Accounting Policies - continued

Financial Reporting Entity - continued

financial relationships with the primary government. However, as the relationship between MRC and its component unit is fiduciary in nature, the component unit's activities are reported in a fiduciary fund and are not blended with the activities of the primary government.

Municipal Review Committee, Inc.

MRC acts as a liaison for and as a representative of its members with waste management facilities and various area landfills. It also manages the assets accumulated by the Joint Venture of the Joining Municipalities of the Municipal Review Committee.

Joint Venture of the Joining Members of the Municipal Review Committee

The Joint Venture of the Joining Members of Municipal Review Committee (Joint Venture) is an organization that resulted from a contractual arrangement among certain members of MRC (known then as Equity Charter Municipalities), PERC, and Bangor Hydro. It was formed to pool resources of the Equity Charter Municipalities for the long-term goal of handling the disposal of their present and projected volumes of nonhazardous municipal solid waste at a stable and reasonable cost. Those resources are administered by MRC. Members that joined after September 30, 1998, do not have an ongoing financial interest in the equity of the Joint Venture.

In 1998, the waste disposal agreements of the Equity Charter Municipalities were amended and restated, and extended to 2018, as part of a settlement that involved the refinancing of PERC's outstanding debt and the renegotiation of a power purchase agreement between PERC and Bangor Hydro, which purchased the electrical output of PERC's waste-to-energy facility.

The waste disposal agreements provided that the Joint Venture's assets were to be allocated among the Equity Charter Municipalities based on their respective shares of the receipts. To facilitate this allocation, MRC allocated resources among the municipalities based on actual tons of municipal solid waste delivered to an acceptable disposal facility each quarter.

In 2018, new Joinder agreements were entered into by a majority of the members for delivery of municipal waste at a new waste processing facility in Hampden. To stabilize the net cost of the disposal of the member municipalities' solid waste, disposal cost offset payments were paid to members based on tons of municipal solid waste to acceptable disposal facilities. During periods when the new waste processing facility was not available, MRC provided reimbursement for additional transportation costs and lost fees incurred because of having municipal solid waste delivered to area landfills instead of the Hampden facility. These expenditures have been reported as deductions in the statement of changes in fiduciary net position. The obligation for these payments per the Joinder agreements terminated at the end of 2023 but may be reinstated by the Board in the future.

MUNICIPAL REVIEW COMMITTEE, INC.
Notes to Financial Statements
December 31, 2023

1. Summary of Significant Accounting Policies - continued

Basis of Presentation

Government-Wide Financial Statements

The government-wide financial statements (i.e., statement of net position and the statement of activities) display information about the reporting entity as a whole. They include all funds of the reporting entity except fiduciary funds. The governmental activities are financed by administrative fees paid by members and operating transfers from the Joint Venture, when required.

Fund Financial Statements

The fund financial statements of the reporting entity are organized into funds, each of which is considered a separate accounting entity. Each fund is accounted for with a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. The funds have been organized into two categories: governmental and fiduciary.

Governmental. The General Fund is the Entity's only governmental fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Fiduciary. Fiduciary funds are used to account for assets held for the benefit of other parties that generally cannot be used to finance the governmental entity's own operations.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of the timing of related cash flows. The accounting objective is the determination of operating income, changes in net position, and financial position. All assets and liabilities (whether current or noncurrent) are reported.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are generally recorded as soon as they are both measurable and available. Revenues are *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Entity considers revenues to be available if they are to be collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when liabilities are incurred, as under accrual accounting.

The objective of the accounting for governmental funds is the presentation of the sources, uses, and balances of the Entity's expendable financial resources and related liabilities. The revenues associated with the current fiscal period and susceptible to accrual are membership and management fees. All other governmental fund revenues are considered measurable and available only when the Entity receives cash.

MUNICIPAL REVIEW COMMITTEE, INC.
Notes to Financial Statements
December 31, 2023

1. Summary of Significant Accounting Policies - continued

Measurement Focus and Basis of Accounting - continued

The fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The objective of the accounting for this fund type is the measurement of the changes in net position and financial position. All assets and liabilities (whether current or noncurrent) are reported.

Membership Fees. Annually, the Board of Directors determines an administrative fee necessary to support the Organization's oversight duties. Each member pays its proportionate share based upon waste tonnage delivered to waste facilities. Membership Fees Receivable represents uncollateralized amounts due from members for administrative fees.

MWS LLC Management Services. Pursuant to its agreement to sell 90% of Municipal Waste Solutions LLC to Innovative Resource Recovery LLC, MRC has agreed to provide certain services to MWS. In exchange for managing and overseeing the delivery of acceptable waste, acting as a liaison among MRC's members, the Facility and public stakeholders, and other related services, MRC will receive compensation of no less than \$350,000 per year over the term of the contract. Management Services Receivable represents amounts due from MWS for these services.

Contingent Payment Receivable. Pursuant to the agreement to sell 90% of MWS, Innovative Resource Recovery LLC will pay MRC the remainder of the \$3,000,000 sale price within 30 days of the resumption of commercial operations. However, this amount may be reduced by certain amounts incurred and paid by MWS before the resumption of commercial operations. As of the date of these financial statements, no reduction in the receivable is expected. However, due to the inherent uncertainty, it is at least reasonably possible that the estimate for this receivable will change within one year of the date of the financial statements and the effect of the change could be material. The receivable has been reported net of an allowance for credit losses of \$72,890.

Site financing agreement. Concurrent with the sale of 90% of MWS, MRC entered into a contract with MWS LLC for the use of the site at which the waste processing facility in Hampden is located. The contract calls for monthly payments beginning at \$12,849, which are subject to annual adjustments after December 31, 2025, based on increases in the consumer price index. The term of the agreement with extensions runs until December 31, 2063, at which time the Site may be purchased by MWS LLC for a single payment of \$37,450. The site financing agreement receivable has been reported at the present value of the expected payments remaining to be received.

Net Position. Equity in government-wide financial statements is classified as net position. Net position is further classified as invested in capital assets, restricted, and unrestricted. Capital assets are assets that are associated with governmental activities and arise from expenditures of governmental fund resources. Restricted net position consists of net assets with constraints placed upon their use either by (1) external groups such as creditors or the laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

Equity in fiduciary fund financial statements is also classified as net position. This net position is not divided into the three categories used in government-wide financial statements. It simply reports the difference between the fund's assets and liabilities and is shown as "net position held for the benefit of the Equity Joining Members of Municipal Review Committee."

MUNICIPAL REVIEW COMMITTEE, INC.
Notes to Financial Statements
December 31, 2023

1. Summary of Significant Accounting Policies – continued

Fund Balance. Governmental fund equity is classified as fund balance. The fund balance is further classified as restricted, committed, assigned, or unassigned. Restricted funds consist of amounts that are legally restricted by external parties or laws for a specific purpose. Committed funds consist of amounts that can only be used for a specific purpose pursuant to constraints imposed by the Board. Assigned funds represent tentative plans for future use.

2. Deposits and Investments

Custodial Credit Risk – Deposits and Investments

Custodial credit risk is the risk that in the event of a bank failure, an entity's deposits and investments may not be returned to it. The Entity does not have a deposit policy for custodial credit risk, and some of its deposits may occasionally be uninsured and uncollateralized. The Entity has not experienced any losses in the past. Management believes it is not exposed to any significant risk on uninsured and uncollateralized deposits. As of December 31, 2023, none of the Entity's deposits and investments were exposed to custodial credit risk.

Credit Risk, Concentration of Credit Risk, and Interest Rate Risk - Investments

Maine statutes authorize the Entity to invest its municipal revenues in all obligations of the U.S. government and its instrumentalities, in U.S. agencies within the three highest ratings issued by nationally recognized statistical rating organizations, in repurchase agreements secured by U.S. obligations, and in shares of registered mutual fund companies that invest in U.S. obligations. Those statutes also authorize the officers to enter into a formal agreement with a financial institution which can invest the funds pursuant to an investment management agreement. In accordance with this provision, the Entity has entered into an investment management agreement with a financial institution.

The following schedule summarizes the Fiduciary Fund's investments at December 31, 2023:

	<u>Fair</u> <u>Value</u>	<u>Credit</u> <u>Quality</u>	<u>Weighted</u> <u>Average</u> <u>Maturity</u> <u>(years)</u>
Negotiable certificate of deposit	\$ 242,670	Not Rated	2.09
Fixed-income mutual funds:			
Money market	82,423	Not Rated	na
Intermediate bond	409,261	Not Rated	9.58
Aggregate bond	72,593	Not Rated	7.89
Short-term investment	244,389	Not Rated	2.90
Total international bond index	<u>261,918</u>	Not Rated	8.90
Total fixed-income mutual funds	<u>1,070,584</u>		
Totals	<u>\$1,313,254</u>		

MUNICIPAL REVIEW COMMITTEE, INC.
Notes to Financial Statements
December 31, 2023

2. Deposits and Investments - continued

Credit Risk. Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations. The Entity does not have an investment policy for managing its exposure to credit risk.

Concentration of Credit Risk. Concentration of credit risk exists when the investments in any one issuer exceed 5% of total investments. However, no concentration of credit is deemed to exist for investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds. The Entity does not have a policy for managing its concentration of credit risk.

Interest Rate Risk. Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value. The Entity does not have an investment policy for managing its exposure to interest rate risk.

3. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of the differences between the governmental fund balance sheet and the statement of net position—governmental activities:

Fund Balance—Governmental Fund	\$ 209,975
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:	
Some assets, including prepaid expenses in the governmental activities, are not financial resources and therefore are not reported in the fund financial statements.	9,699
Some liabilities, including accrued vacation, are not payable in the current period and therefore are not reported in the fund financial statements.	<u>(10,916)</u>
Net Position of Governmental Activities	<u>\$ 208,758</u>

Explanation of the differences between the statement of revenues, expenditures, and changes in fund balances—governmental fund and the government-wide statement of activities:

Excess (Deficiency) of Revenue over Expenditures—Governmental Fund	\$ 127,770
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Governmental funds report the payment of insurance and rent at the earlier of when expended or when the current financial resources are available and payments are due. However, in the statement of activities, these payments are reported as expense in the period to which they relate.	28
Some expenses, such as accrued vacation, reported in the statement of activities, do not require the use of current financial resources and therefore are not reported in the fund financial statements.	<u>(2,394)</u>
Change in Net Position of Governmental Activities	<u>\$ 125,404</u>

MUNICIPAL REVIEW COMMITTEE, INC.
Notes to Financial Statements
December 31, 2023

4. Interfund Receivables, Payables, and Transfers

Interfund Receivables and Payables:

	Due from:	
	<u>General</u>	<u>Fiduciary</u>
Due to:		
General	<u>\$ 23,480</u>	<u>\$ 32,467</u>
Fiduciary	<u>\$ 32,467</u>	<u>\$ 23,480</u>

Interfund Transfers:

	Transfers from:	
	<u>General</u>	<u>Fiduciary</u>
Transfers to:		
General		<u>\$210,000</u>
Fiduciary	<u>\$210,000</u>	

Transfers are used to (1) to move funds the Board has voted on to support the operations of another fund and (2) to move funds expended for capital assets on behalf of another fund.

5. Receivables – Fiduciary Fund

During the year ended December 31, 2023, the Entity received two financing receivables, one for the sale of 90% of MWS LLC and one for the site in Hampden on which the waste processing facility is located. A summary of these receivables held by the Fiduciary Fund is as follows:

	<u>Principal Balance</u>	<u>Allowance</u>	<u>Net Receivable</u>
0% Note Receivable from Innovative Resource Recovery LLC, due within 30 days of resumption of commercial operations at MWS LLC, subject to principal reduction from certain excess swap-agreement payments made by MWS LLC prior to the resumption of commercial operations, net of an allowance for the contingency	\$1,402,899	\$ 72,890	\$1,330,009
3.9% Site Financing Agreement Receivable from MWS LLC, principal and interest due monthly through December 2063 if options to extend the term of the agreement and to purchase the Site are elected (See Note 13), monthly payments of \$12,849 due through December 2025, and adjusted annually thereafter by increases in the Consumer Price Index	<u>5,000,000</u>	<u>-</u>	<u>5,000,000</u>
Totals	<u>\$6,402,899</u>	<u>\$ 72,890</u>	<u>\$6,330,009</u>

MUNICIPAL REVIEW COMMITTEE, INC.
Notes to Financial Statements
December 31, 2023

6. Capital Assets – Fiduciary Fund

A summary of changes in capital assets follows:

	<u>Balance</u> <u>01/01/23</u>	<u>Additions</u>	<u>(Retirements)</u>	<u>Balance</u> <u>12/31/23</u>
Fiduciary Activities				
Capital assets not being depreciated:				
Land, Hampden Site	\$1,138,748	\$ -	\$1,138,748	\$ -

7. Equity in MWS LLC – Fiduciary Fund

During the year ended December 31, 2022, the Entity acquired a 100% interest in MWS LLC for a total cost of \$2,024,265. Effective July 1, 2023, the Entity sold 90% of its equity in MWS LLC to Innovative Resource Recovery LLC. The Entity accounts for its investment in Municipal Waste Solutions, LLC under the equity method of accounting, that is, at cost adjusted periodically by the Entity's share of earnings or losses and increased by contributions and decreased by distributions. The Entity reports its share of the losses of MWS LLC as "equity in losses of MWS LLC."

Audited financial statements of MWS LLC for the year ended December 31, 2023, were not available. Based on unaudited information, the change in the carrying value was as follows:

Equity in MWS LLC – Beginning of year	\$ 2,024,265
Contributions	332,062
Equity in losses of MWS LLC	(359,640)
Sale of 90% of equity in MWS LLC	<u>(1,887,687)</u>
Equity in MWS LLC – End of year	<u>\$ 109,000</u>

8. Schedule of Equity Joining Member Net Position

Before April 1, 2018, the Joint Venture's cash inflows and outflows generally were allocated among the Equity Charter Municipalities on the basis of actual tons of acceptable waste delivered to PERC each quarter. The Joint Venture's other assets were allocated among the Equity Charter Municipalities in the calendar quarter that they were converted to cash.

After March 31, 2018, cash inflows and outflows each calendar quarter are allocated based on actual tons of acceptable waste delivered to the appropriate waste facility. Investment income is allocated based on balances each Equity Joining member has accumulated in prior quarters.

9. Income Taxes

MRC is tax-exempt under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), and is classified by the Internal Revenue Service (IRS) as other than a private foundation. However, the Internal Revenue Code may subject an organization to tax on unrelated business taxable income. It is Management's opinion that the Organization had no unrelated business taxable income during the year ended December 31, 2023.

MUNICIPAL REVIEW COMMITTEE, INC.
Notes to Financial Statements
December 31, 2023

10. Retirement Plan

MRC has sponsored a SIMPLE IRA plan for its full-time employee and matched 100% of the employee's deferred compensation up to 3% of the employee's compensation. The expense for the year ended December 31, 2023, was \$4,226.

11. Operating Lease

MRC leased its office under a lease agreement expiring on August 31, 2023, that contained an option to extend the lease for one more year, which was elected as anticipated. Lease expense for the year ended December 31, 2023, amounted to \$7,200.

The right-to-use lease asset is as follows:

	<u>Balance</u> <u>01/01/23</u>	<u>Additions</u>	<u>(Retirements)</u>	<u>Balance</u> <u>12/31/23</u>
Governmental Activities				
Capital assets being amortized:				
Right-to-use office space	\$14,400	\$ -	\$ -	\$14,400
Less accumulated amortization for:				
Right-to-use office space	\$ 2,400	\$ 7,200	\$ -	\$ 9,600

The Entity's schedule of future lease payments under the lease agreement is as follows:

<u>Year Ending</u> <u>December 31</u> 2024	<u>Principal</u> <u>\$ 4,200</u>
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12. Insurance

The Entity is exposed to a variety of risks in the ordinary course of its daily activities. Some of these risks include workers' compensation, legal, and fiduciary liabilities. MRC has purchased commercial insurance policies to cover potential claims.

13. Long-Term Contracts

Effective July 1, 2023, MWS LLC entered a contract with the Entity for the use of the Hampden Site Land where the waste processing facility is located. The arrangement has an initial term of 15-and-one-half years and may be extended for up to five additional five-year terms. Payments are due monthly beginning at \$12,849 and are adjusted after December 2025 for annual increases in the CPI. Should the term of the contract be extended fully through December 2063, MWS LLC may acquire the property for a single payment of \$37,450. Since Management believes that the options to extend the contract term and purchase the property will all be elected by MWS LLC, this arrangement has been reported as a financed purchase arrangement, and the carrying value of the Hampden Site land has been removed from capital assets. Due to the inherent uncertainty in making this judgment, it is at least reasonably possible that the accounting treatment for this contract will change within one year of the date of the financial statements and the effect of the change could be material.

MUNICIPAL REVIEW COMMITTEE, INC.
Notes to Financial Statements
December 31, 2023

13. Long-Term Contracts - continued

Effective July 1, 2023, MWS LLC entered a management services contract with the Entity for an initial term of 15 years. The Entity will manage the delivery of municipal solid waste from the Joining Members to the Hampden facility or other bypass disposal facilities, will act as a primary liaison among the Joining Members, the Facility, and other third-parties, and provide other related services. In exchange for these services, the Entity will receive compensation of not less than \$350,000 per year, payable in at least quarterly installments. Unless terminated earlier, the contract will automatically renew in successive one-year terms. Should MWS LLC terminate the contract in its initial 15-year term, MWS LLC must generally continue to pay the annual fee until at least \$3,000,000 has been paid under the contract.

MUNICIPAL REVIEW COMMITTEE, INC.
 Schedule of Equity Joining Member Net Position
 Joint Venture of the Joining Members
 of the Municipal Review Committee
December 31, 2023

	Deposits and Investments	Site Financing Agreement Receivable	Receivable for and Equity in MWS LLC	Net Other Receivable and Payables	Net Position
Albion	\$ 46,594	\$ 44,045	\$ 13,656	\$ (123)	\$ 104,172
Alton	18,535	16,744	5,203	(48)	40,434
Atkinson	5,425	5,956	1,852	(15)	13,218
Bangor	590,344	1,404,498	403,360	(2,398)	2,395,804
Bar Harbor	148,915	279,331	80,597	(528)	508,315
Blue Hill/Surry	76,139	196,770	56,707	(326)	329,290
Boothbay RRDD	120,911	249,870	71,969	(453)	442,297
Bradley	8,458	23,425	6,732	(38)	38,577
Brewer	215,479	353,844	101,596	(711)	670,208
Brooks	3,031	15,045	4,330	(20)	22,386
Brownville	18,454	34,685	9,946	(65)	63,020
Bucksport	80,673	102,206	29,281	(235)	211,925
Carmel	14,054	50,548	14,534	(75)	79,061
Central Penobscot	32,118	101,426	29,213	(157)	162,600
China	54,498	87,034	24,931	(177)	166,286
Clifton	6,475	17,533	5,035	(29)	29,014
Dedham	10,028	20,872	5,997	(38)	36,859
Dover-Foxcroft	34,416	105,619	30,392	(165)	170,262
Eddington	19,764	42,899	12,308	(76)	74,895
Guilford	20,724	63,014	18,107	(98)	101,747
Hampden	84,824	169,968	48,929	(312)	303,409
Holden	24,072	46,584	13,420	(87)	83,989
Lee	7,728	19,890	5,726	(33)	33,311
Levant	15,573	44,476	12,803	(71)	72,781
Lucerne	4,057	13,064	3,756	(20)	20,857
Mariaville	2,832	6,882	1,978	(12)	11,680
Mattawamkeag	9,942	18,968	5,447	(36)	34,321
Mid-Maine SWD	76,881	210,985	60,641	(342)	348,165
Millinocket	68,588	142,336	40,953	(257)	251,620
Milo	25,087	65,168	18,757	(108)	108,904
Monson	5,113	11,440	3,297	(20)	19,830
Mt. Desert area ADD	188,984	340,236	97,971	(655)	626,536
Orono	96,223	201,755	58,074	(363)	355,689
Otis	3,161	9,554	2,742	(15)	15,442
Palmyra	11,248	35,829	10,300	(55)	57,322
Parkman	2,923	9,754	2,811	(15)	15,473
Pleasant River SWD	49,420	57,329	16,300	(138)	122,911
Sangerville	13,006	27,392	7,881	(49)	48,230
Steuben	9,519	28,392	8,176	(45)	46,042
Thorndike	8,826	13,808	3,954	(28)	26,560
Troy	4,465	9,983	2,858	(17)	17,289
Union River SWD	4,861	17,369	4,992	(26)	27,196
Unity	19,126	41,489	11,937	(74)	72,478
Vassalboro	31,353	70,945	20,371	(124)	122,545
Verona	5,238	14,451	4,151	(23)	23,817
Waldoboro Group	78,274	156,589	45,038	(287)	279,614
Total	<u>\$ 2,376,359</u>	<u>\$ 5,000,000</u>	<u>\$ 1,439,009</u>	<u>\$ (8,987)</u>	<u>\$ 8,806,381</u>