

# MAINE STATE LEGISLATURE

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# State of Maine

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Comprehensive Annual Financial Report  
For the Fiscal Year Ended  
June 30, 2019



Prepared by

Office of the State Controller



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**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

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**STATE OF MAINE**



**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**JANET T. MILLS**  
*Governor*

**KIRSTEN LC FIGUEROA**  
*Commissioner*  
*Department of Administrative & Financial Services*

**DOUGLAS E. COTNOIR, CPA, CIA**  
*State Controller*

*Prepared by the Office of the State Controller*

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State of Maine  
Office of the State Controller  
Financial Reporting and Analysis Division  
14 State House Station  
Augusta, ME 04333-0014

or e-mail us at:  
**[financialreporting@maine.gov](mailto:financialreporting@maine.gov)**

Information relating to the State of Maine is available at the following web site:

**<http://www.maine.gov>**

**STATE OF MAINE**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2019

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# INTRODUCTORY SECTION

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STATE OF MAINE  
DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES  
**OFFICE OF THE STATE CONTROLLER**  
14 STATE HOUSE STATION AUGUSTA, MAINE 04333-0014

SERVING THE PUBLIC AND DELIVERING ESSENTIAL SERVICES TO STATE GOVERNMENT

KIRSTEN LC FIGUEROA  
COMMISSIONER

DOUGLAS E. COTNOIR, CPA, CIA  
STATE CONTROLLER

November 27, 2019

**To the Honorable Janet T. Mills, Governor,  
The Honorable Members of the Legislature, and  
Citizens of the State of Maine**

We are pleased to present the State of Maine's Fiscal Year 2019 Comprehensive Annual Financial Report (CAFR) prepared in accordance with Generally Accepted Accounting Principles (GAAP). The annual CAFR, required by Title 5 MRSA § 1547, is compiled and published by the Office of the State Controller (OSC). The report is the primary means of reporting the State's financial activities. The objective of this report is to provide a clear picture of our government as a single, unified entity, as well as providing traditional fund based financial statements.

## **INTRODUCTION TO THE REPORT**

### **Responsibility**

The OSC is responsible for the accuracy, fairness and completeness of the financial statements presented in this report. The statements have been prepared in accordance with GAAP. To the best of our knowledge and belief, the information presented is accurate in all material respects and includes all disclosures necessary to enable the reader to gain a reasonable understanding of Maine's financial position and activities.

### **Adherence to Generally Accepted Accounting Principles**

As required by State statute, we have prepared the CAFR in accordance with GAAP applicable to State and local governments, as promulgated by the Governmental Accounting Standards Board (GASB). The State also voluntarily follows the recommendations of the Government Finance Officers Association of the United States and Canada (GFOA) for the contents of government financial reports.

### **Format of Report**

This CAFR is presented in three sections: Introductory, Financial and Statistical. The Introductory Section contains this letter including an overview of current initiatives, the list of principal elected and appointed officials, and the State government organization chart. The Financial Section contains: the Independent Auditor's Report on the Basic Financial Statements; Management's Discussion and Analysis (MD&A), which provides an introduction, overview and analysis of the Basic Financial Statements; the Basic Financial Statements, which present the government-wide financial statements and fund financial statements for governmental funds, proprietary funds, fiduciary funds and similar component units, and component units, together with notes to the financial statements; Required Supplementary Information other than MD&A, which presents budgetary comparison schedules, schedules of pension funding progress, other post-employment benefit plans funding progress, and information about infrastructure assets; and the supplemental financial data, which includes the combining financial statements and schedules.

This letter of transmittal is designed to complement MD&A where the financial analysis is now presented. The State's MD&A can be found immediately following the Independent Auditor's Report from the State Auditor. The Statistical Section contains selected trend information and statistical data on financial, economic and demographic measures.

### **Internal Control Structure**

The OSC prepared these financial statements and assumes full responsibility for the completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, the OSC has established a comprehensive internal control framework that is designed to protect the State's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the State of Maine's financial statements in conformity with GAAP.

Because the cost of internal controls should not outweigh their benefits, the State's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

As a recipient of federal financial assistance for federal programs, the State is also responsible for ensuring that an adequate internal control structure is in place to ensure and document compliance with applicable laws and regulations related to these federal programs. The internal control structure is subject to periodic evaluation by management and by the Office of the State Auditor as part of the annual Single Audit.

### **Independent Auditors**

Pursuant to Title 5 MRSA § 243, the State Auditor has performed an examination of the Basic Financial Statements in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards. The auditor's opinion is presented in the financial section of this report. The audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the Basic Financial Statements; assessing the accounting principles used and significant estimates made by management; and, evaluating the overall financial statement presentation. The State Auditor rendered an unmodified opinion on the Basic Financial Statements for this fiscal year.

Also, pursuant to § 243 the State Auditor has undertaken a Single Audit of the State as a whole, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, as required by federal law. The standards governing Single Audit engagements require the auditor to report not only on the fair presentation of the financial statements, but also on the government's internal controls and compliance with legal requirements involving the administration of federal awards. This statewide federal Single Audit Report, including the auditor's opinion in accordance with generally accepted government auditing standards, is published separately.

The State Auditor is statutorily mandated to audit all accounts and other financial records of State Government or any department or agency of State Government, including the Judiciary and the Executive Department of the Governor, except the Governor's Expense Account, and to report annually, and at such other times as the Legislature may require.

### **Management's Discussion and Analysis (MD&A)**

GASB Statement No. 34 requires that management provide a narrative introduction, overview and analysis to accompany the Basic Financial Statements in the form of MD&A. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

## **PROFILE OF THE GOVERNMENT**

The State of Maine was the twenty-third state admitted to the Union on March 15, 1820 under the Missouri Compromise. By this time the population of Maine had reached nearly 300,000. The newly admitted state had nine counties and 236 towns. The city of Portland was the original site of the capital of Maine upon its admission to the Union. The Capital moved to Augusta in 1832 as a more central location from which to govern. The State has an area of 33,215 square miles and 3,500 miles of continuous coastline. Maine boasts 6,000 lakes and approximately 17 million acres of forest land. Geographically, the State includes 16 counties. The most populous county is Cumberland which includes Maine's largest city, Portland.

### **Reporting Entity**

The Governor and Legislature govern all funds and accounts for every executive agency, board, commission, public trust, authority and component unit. The State of Maine financial reporting entity reflected in the CAFR, which is more fully described in Note 1 to the Basic Financial Statements, includes these funds, agencies, organizations, boards, commissions, authorities and major component units in accordance with GASB Statement No. 14 as amended by GASB Statement No. 39 and GASB Statement No. 61. There are 7 major component units, 5 non-major component units, one blended component unit, and one fiduciary component unit included in the CAFR. The major component units are discretely presented in the financial statements, and the blended component unit is included as separate funds in the fund financial statements. The fiduciary component unit is presented in the fiduciary fund and similar component unit financial statements, along with the other fiduciary activities of the State. The fiduciary activities are not included in the government-wide financial statements because the resources of these funds are not available to support the State's own programs.

The departments of the primary government record their daily financial operations in the State accounting system called AdvantageME operated by the OSC.

### **Budgetary Control**

The Governor presents a biennial budget for the General Fund and the Special Revenue Funds to the Legislature for enactment or revision. The State Constitution provides the Governor a "line item" veto, which allows an Executive dollar substitution for those amounts disapproved, as long as an appropriation or allocation is not increased (or a deappropriation or deallocation decreased) either in the specified line or in any other line in the legislative document.

Once passed and signed, the budget becomes the financial plan for the State for the next biennium. It includes proposed expenditures for all departments and agencies, interest and debt redemption charges, and expenditures for capital projects to be undertaken and executed during each fiscal year. The budget also includes anticipated revenues and any other means of financing expenditures. In accordance with statute, the State Budget Officer must use the projections of the Revenue Forecasting Committee to prepare the General Fund and Highway Fund budgets.

The total General Fund appropriation for each fiscal year of the biennium in the Governor's budget submission to the Legislature may not exceed the General Fund appropriation of the previous fiscal year multiplied by one plus the average real personal income growth rate, as defined in Title 5 MRSA § 1665, subsection 1. This appropriation limitation may be exceeded only by the amount of the additional costs or the lost federal revenue from the following exceptional circumstances: unfunded or under-funded new federal mandates; losses in federal revenues or other revenue sources; citizens' initiatives or referenda that require increased State spending; court orders or decrees that require additional State resources to comply with the orders or decrees; and sudden or significant increases in demand for existing State services that are not the result of legislative changes that increased eligibility or increased benefits. The Governor may designate exceptional circumstances that are not explicitly defined, but meet the intent

of this statute. "Exceptional circumstances" means an unforeseen condition or conditions over which the Governor and the Legislature have little or no control. Exceptional circumstances do not apply to new programs or program expansions that go beyond existing program criteria and operation.

The State maintains budgetary control at the account and line category levels. The head of each department and agency of State government must submit a work program to the Bureau of the Budget for the ensuing fiscal year. The work program is classified to show allotments requested for specific amounts for personal services, capital expenditures, and all other departmental expenses. These are the levels at which appropriations and allocations are approved by the Legislature, principally through a quarterly allotment system. The State Controller authorizes all expenditures to be made from the amounts available on the basis of these allotments and not otherwise.

Budget revisions during the year, reflecting program changes or intradepartmental administrative transfers, require the approval of the State Budget Officer and the Governor. Except in specific instances, only the Legislature may transfer appropriations between departments. Agency requests for increases in appropriations, allocations, or funding for new programs are presented to the Legislature as a supplemental budget.

The State uses encumbrance accounting as an extension of formal budgetary control. This requires that purchase orders, contracts, and other commitments be recorded to reserve a portion of an appropriation or allocation for expenditure. Appropriated and allocated balances are available for subsequent expenditure to the extent that there are approved encumbrances at the end of a fiscal year. Unencumbered appropriations in the General Fund and in the Highway Fund are carried forward to a subsequent year only when authorized by law, otherwise the balances lapse at year-end. For financial statement purposes, unless amounts would create deficits, fund balance is classified based on existing resources, if any, which will liquidate the encumbrances outstanding at June 30 (shown as restrictions, commitments or assignments of fund balance).

#### **Maine Budget Stabilization Fund**

The Maine Budget Stabilization Fund, established in Title 5 § 1532, to replace the Maine Rainy Day Fund, is a designation of the unassigned General Fund fund balance intended to be used when revenues are under budget and critical services must be preserved. The Governor may also allocate funds from the Budget Stabilization Fund for payment of death benefits for law enforcement officers, firefighters and emergency medical services persons or to supplement school funding in situations where a municipality suffers a sudden and severe change in their property valuation.

Balances in the fund do not lapse; but carry forward each year. The money in the fund may be invested with any earnings credited to the fund except when the fund is at its statutory cap. In addition to interest earnings, the fund is capitalized at the close of each fiscal year. In fiscal year 2019, a net \$29.1 million was transferred into the fund, resulting in an ending balance of \$236.9 million.

## **MAJOR INITIATIVES AND FUTURE PROJECTS**

### **Fiscal Stability**

The enacted budget for the State's fiscal year 2020-2021 biennium reflects Governor Janet Mills' priorities for her first term in office. In addition to contributing to the Maine Budget Stabilization Fund, the budget provides for several State policy issues including: funding major infrastructure projects through a combination of appropriations and several voter approved general obligation bonds; making health care more affordable and accessible; combating Maine's opioid crisis; increasing K-12 public education funding and the minimum teacher salary as well as fixing crumbling schools; investing in workforce training and higher education for Maine workers and young adults; delivering property tax relief for Maine seniors, families and small businesses; and, investing in forward-looking initiatives for infrastructure, energy, climate and planning.

### **Liquidity and Reserves**

The State's cash position has continued to show significant improvement during fiscal year 2019 and into fiscal year 2020. Again, internal borrowing for cash flow purposes was not needed at any time in the 2019 fiscal year.

Of the \$272.9 million in the Maine Budget Stabilization Fund (BSF) at the close of fiscal year 2018, \$65 million was specifically set aside by law as a Reserve for Riverview Psychiatric Center (the Reserve). The purpose of the Reserve was to provide General Fund resources to reimburse the Centers for Medicaid and Medicare Services (CMS) for disallowed disproportionate share hospital payments occurring during the period that the Center was de-certified. The fiscal year 2020-2021 biennial budget transferred \$19.8 million into the BSF in fiscal year 2019 and set aside an additional \$14.5 million in the Reserve, bringing the total amount set aside in the Reserve to \$79.5 million.

During fiscal year 2019, \$19.2 million was transferred to the Department of Health and Human Services (DHHS) from the Reserve and, at the close of fiscal year 2019, another \$18.1 million was deposited in the BSF as part of the "cascade" of required transfers from General Fund Unappropriated Surplus. The final balance in the BSF on June 30, 2019 was \$297.2 million, of which \$60.3 million was set aside in the Reserve. The total BSF balance represents 6% of the State's 2019 fiscal year General Fund revenue. The \$236.9 million balance of non-Reserve funds in the BSF was an increase of \$29.1 million over the fiscal year 2018 non-Reserve BSF balance of \$207.8 million.

The remaining \$60.3 million in the Reserve has since been transferred to DHHS and the State has paid all outstanding debts to CMS related to the disallowed disproportionate share hospital payments. The balance remaining in the BSF after repaying CMS was \$238.4 million.

### **Stress-Testing State Revenues**

On October 1, 2018, the Consensus Economic Forecasting Commission and the Revenue Forecasting Committee issued a joint report from the first formal biennial "stress-testing" for State revenues as required by law. "Stress-testing" is part of the continuing assessment of Maine's capacity to address both economic and financial uncertainties and is intended to inform policymakers on the estimated impact of a moderate and severe recession on sales and individual income tax revenues, and the sufficiency and needs of the BSF in each of the recession scenarios.

The two forecasting groups concluded that the total BSF balance of \$273 million at the end of fiscal year 2018 was not sufficient to fully offset the revenue shortfalls estimated through fiscal year 2022 as the result of a moderate or severe recession. However, at that level the BSF would provide the Governor and Legislature time during the preliminary stages of a recession to make the changes necessary to bring the budget back into balance. The statutory

maximum for the BSF is 18 percent of prior year General Fund revenues. At the time of the stress test, the 18% would have been \$646 million and the groups determined this level would be sufficient to fully offset the moderate recession modeled in the report. This means that estimated revenues during a moderate recession combined with drawdowns of the BSF would allow a level of spending equal to the base appropriation limitation for the duration of a revenue shortfall. They also determined that a BSF of 10 percent of fiscal year 2018 revenue, the percentage recommended by Moody's Analytics to offset a moderate recession, would be sufficient to cover all the revenue shortfall in fiscal years 2019 and 2020, and approximately 30 percent (\$69 million) of the fiscal year 2021 shortfall. A BSF of this size would provide the Governor and Legislature 18 months to institute budget adjustments to bring the fiscal year 2021 budget back into balance.

## **Education**

In the enacted budget for the fiscal year 2018-2019 biennium, the State appropriated nearly \$1.3 billion to the cost of K-12 education, comprised of a General Fund appropriation and a portion of funding received from Casino revenues that is now permanently considered part of the State's contribution to education. The \$1.3 billion equated to just over 50.1% of the total cost of education, not including teacher retirement, retired teachers' health insurance and retired teacher's life insurance, or just over 53% when those items are included. The increase in the State's budgeted appropriation in fiscal year 2019 over fiscal year 2018, was sufficient to attain the increase in the state-share percentage of the total cost of funding public education from kindergarten to grade 12 by at least one percentage point, before new programs or initiatives as set forth in state statute. The State's actual contribution to the total cost of education for fiscal year 2019 was ultimately just over 49.58% when not including teacher retirement, retired teachers' health insurance and retired teachers' life insurance.

One of the focus areas in Governor Mills' biennial budget proposal for fiscal years 2020-2021 was K-12 Education. The Governor proposed that the State contribute \$1.38 billion to the cost of K-12 Education in fiscal year 2020, an increase of \$87.8 million or 6.8%, as compared to the fiscal year 2019 contribution. The 2020-2021 biennial budget, as ultimately enacted by the Legislature, raised the state share of education funding to nearly 51%, not including teacher retirement, retired teachers' health insurance and retired teacher's life insurance. The contribution included: \$115 million in new state support for education; \$18 million for the School Revolving Loan Fund, which provides critical funding to repair school infrastructure; and funding to pave the way for a \$40,000 minimum teacher salary, initially reimbursing towns at 100% to offset the cost on local budgets. The enacted biennial budget also provided funding for higher education and workforce training including nearly a 3.3% increase for higher education and training programs at the University of Maine System, the Community College System, and the Maine Maritime Academy to help keep tuition fees down, and nearly \$9 million across several programs for scholarship funds, adult education, adult degree completion, and early college.

## **Healthcare**

Another priority for Governor Mills is improving the affordability and accessibility of health care. One of her first acts in office was to direct the implementation of the Medicaid expansion approved by voters in November 2017 toward providing life-saving, affordable health care coverage for an estimated 70,000 Mainers. The enacted biennial budget for fiscal years 2020-2021 provides \$125 million for Medicaid expansion, which is expected to be matched with nearly \$700 million in federal funds. The budget also provides \$5 million to support domestic violence and sexual assault services and an additional \$10 million for smoking prevention and cessation. In addition, the budget supports efforts to combat the opioid crisis by funding prevention efforts and eliminating red tape that prevents people from getting help. Another law passed during the First Regular Session of the 129th Legislature, and signed by Governor Mills, increased appropriations to the DHHS by \$7.4 million over the biennium for evidence-based tobacco use prevention and cessation services and for tobacco use cessation medications and counseling provided to MaineCare members.

## **Transportation**

The Maine Department of Transportation (MaineDOT) receives its funding from the State Highway Fund, the TransCap Trust Fund, federal funds, proceeds from authorized bond sales, and other sources. In 2019, MaineDOT released a \$2.44 billion work plan for all MaineDOT work activities for calendar years 2019 through 2021. The work plan consists of \$1.5 billion in capital work over three years, consisting of \$1.2 billion for highway and bridge projects and \$297 million in multi-modal projects. For calendar year 2019, the plan includes \$80.8 million for 70 miles of highway construction and rehabilitation, \$107 million for 382 miles of preservation paving, and \$26 million for 600 miles of light capital paving.

## **Property Tax Relief**

The enacted biennial budget for fiscal years 2020 -2021 allocated an additional \$75 million in property tax relief for hardworking Mainers, seniors, families and small businesses and increased revenue sharing to local municipalities from 2.5% to 3% in 2020 and to 3.75% in 2021. Additional provisions increased the Homestead Exemption for Maine residents by \$5 thousand, to \$25 thousand, and expanded eligibility for the Property Tax Fairness Credit that will allow another 13,000 Mainers to get property tax relief.

## **Looking to the Future**

Governor Mills' priorities also encompass innovation and planning for Maine's Future. The Governor transitioned the Office of Policy and Management, created during the prior administration, into the Governor's Office of Policy Innovation and the Future. The Office's mission is to identify Maine's long-term challenges, develop goals and strategies, then help coordinate between state agencies to achieve them. Areas of focus include climate change, early childhood education, and economic issues like workforce development, broadband and the State's rural and innovation economies.

Combating climate change and encouraging clean energy policy is one of the Administration's top priorities. Maine has established mandates with targets for reducing greenhouse gas emissions and increasing renewable energy and has joined the United States Climate Alliance, a bipartisan coalition of 25 states committed to addressing climate change. The Administration spearheaded the establishment of the Maine Climate Council, which is charged with establishing strategies and initiatives to help the state meet its greenhouse gas reductions and renewable energy generation targets.

The biennial budget for fiscal years 2020-2021 allocates funding for Maine's forward-looking initiatives and for revitalized planning efforts across state government.

# **OTHER INFORMATION**

## **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement of Excellence in Financial Reporting to the State of Maine for its comprehensive annual financial report for the fiscal year ended June 30, 2018. This is the twelfth consecutive year that Maine has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we will be submitting it to the GFOA to determine its eligibility for another certificate.

The Certificate of Achievement is the highest recognition a government may receive for excellence in financial reporting. We thank the finance community and our auditors for their contributions in achieving this award.

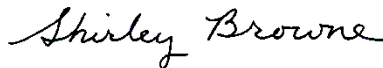
State government continues to have many accomplishments of which it can be proud. Consistent with the vision of Governor Mills to improve and enhance the fiscal administration of governmental operations, the Office of the State Controller continues to improve and refine its skills to meet the challenges of financial management in the 21st century. The Office provides assistance to many State agencies to help ensure the integrity and accountability of the programs they deliver to Maine's citizens. We partner with financial and program managers to find the best solutions to the State's financial challenges. In an environment where economic resources are limited and agencies are coping with budget constraints, the challenge of maintaining effective controls is greater than ever. We will continue to partner with each department, at its highest levels, to ensure that the tools are available to help each agency assess its risks and target controls to manage those risks effectively and within its budgetary constraints whenever possible.

Each year the preparation of the CAFR requires the efforts of the finance people throughout the State from virtually all agencies, departments and component units. We sincerely appreciate the dedicated efforts of all these individuals. I am especially proud of the dedication and contributions of the staff of the Office of the State Controller, who strive to maintain the public's trust in our financial operations. Their efforts culminate in the CAFR each year.


Sincerely,



Douglas E. Cotnoir, CPA, CIA  
State Controller



Shirley A. Browne, CIA  
Deputy State Controller



Sandra J. Royce, CPA  
Director, Financial Reporting & Analysis





# STATE OF MAINE

## OFFICIALS OF STATE GOVERNMENT

AS OF JUNE 30, 2019

### EXECUTIVE

**Janet T. Mills**, *Governor*

### LEGISLATIVE

**Troy D. Jackson**, *President of the Senate*

**Sara Gideon**, *Speaker of the House*

#### Constitutional/Statutory Officers

**Aaron Frey**, *Attorney General*

**Pola Buckley**, *State Auditor*

**Matthew Dunlap**, *Secretary of State*

**Henry Beck**, *State Treasurer*

### JUDICIAL

**Leigh Ingalls Saufley**, *Chief Justice of the State Supreme Court*



# STATE OF MAINE ORGANIZATION CHART AS OF JUNE 30, 2019

## MAINE VOTERS

### LEGISLATIVE BRANCH

Senate  
House of Representatives  
Legislative Council  
Office of Fiscal and Program Review  
Legislative Information Services  
Office of Policy and Legal Analysis  
Office of the Revisor of Statutes  
Maine-Canadian Legislative Advisory Commission  
State House and Capitol Park Commission  
Office of Executive Director of the Legislative Council  
Commission on Interstate Cooperation  
Commission on Uniform State Laws  
Office of Program Evaluation and Gov't Accountability

### EXECUTIVE BRANCH

Governor  
Office of the Governor  
Governor's Board on Executive Clemency  
Judicial Nominations Advisory Committee  
Office of Public Advocate  
Land for Maine's Future Board

The Governor  
appoints all  
Judicial Officers

### JUDICIAL BRANCH

Supreme Judicial Court  
Superior Court  
District Court  
Court Alternative Dispute Resolution Service  
Administrative Office of the Courts  
Committee on Judicial Responsibility and Disability  
Board of Bar Examiners  
Board of Overseers of the Bar  
State Court Library Committee

### CONSTITUTIONAL OFFICERS

Secretary of State  
State Treasurer  
State Attorney General

### STATUTORY OFFICER

State Auditor

### CABINET LEVEL DEPARTMENTS

Administrative and Financial Services  
Agriculture, Conservation and Forestry  
Corrections  
Defense, Veterans and Emergency Management  
Economic and Community Development  
Education  
Environmental Protection  
Health and Human Services  
Inland Fisheries and Wildlife  
Labor  
Marine Resources  
Professional and Financial Regulation  
Public Safety  
Transportation  
Workers' Compensation Board

### MISCELLANEOUS BOARDS & COMMISSIONS

Human Rights Commission  
Maine Arts Commission  
Maine Historic Preservation Commission  
Public Utilities Commission  
State Liquor & Lottery Commission

### MAJOR COMPONENT UNITS

Finance Authority of Maine  
Maine Community College System  
Maine Health and Higher Education Facilities Authority  
Maine Municipal Bond Bank  
Maine Public Employees Retirement System  
Maine State Housing Authority  
Maine Turnpike Authority  
University of Maine System



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**State of Maine**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morill*

Executive Director/CEO

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**FINANCIAL SECTION**  
**INDEPENDENT AUDITOR'S REPORT**  
**BASIC FINANCIAL STATEMENTS**

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**STATE OF MAINE**  
**OFFICE OF THE STATE AUDITOR**

66 STATE HOUSE STATION  
AUGUSTA, ME 04333-0066

TEL: (207) 624-6250

**Pola A. Buckley, CPA, CISA**  
State Auditor

**B. Melissa Perkins, CPA**  
Deputy State Auditor

**INDEPENDENT AUDITOR'S REPORT**

Honorable Troy Jackson  
President of the Senate

Honorable Sara Gideon  
Speaker of the House of Representatives

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the State of Maine, as of and for the year ended June 30, 2019, and the related notes to the financial statements. We did not audit the financial statements of the aggregate discretely presented component units. These financial statements collectively comprise the State of Maine's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the following component units: Child Development Services, Efficiency Maine Trust, Finance Authority of Maine, Maine Community College System, Maine Governmental Facilities Authority, Maine Health and Higher Educational Facilities Authority, Maine Maritime Academy, Maine Municipal Bond Bank, Maine Public Employees Retirement System, Maine State Housing Authority, Maine Turnpike Authority, Midcoast Regional Redevelopment Authority, Northern New England Passenger Rail Authority, and the University of Maine System. The financial statements of these named component units comprise 100 percent of the assets, net position, and revenue of the aggregate discretely presented component units; 93 percent of assets, 96 percent of fund balance/net position, and 63 percent of revenue of the aggregate remaining fund information (Maine Public Employees Retirement System and Maine Governmental Facilities Authority); and 3 percent of the assets, and less than 1 percent of the net position and revenue of the governmental activities (Maine Governmental Facilities Authority). The financial statements of these named component units were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for these component units, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in

*Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinions**

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Maine, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 17 to 27, and Budgetary Comparison Information, State Retirement Plans, Other Post-Employment Benefit Plans, and Information about Infrastructure Assets Reported Using the Modified Approach on pages 125 to 161, 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 and other auditors 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 Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Maine's basic financial statements. The introductory section, combining and individual non-major fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

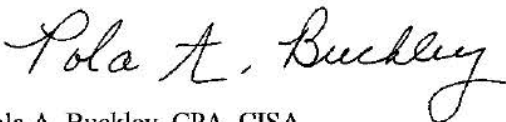


The combining and individual non-major fund financial statements on pages 163 to 221 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, our report dated November 27, 2019, on our consideration of the State of Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters will be issued under separate cover. 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 State of Maine'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 the State of Maine's internal control over financial reporting and compliance.



Pola A. Buckley, CPA, CISA  
State Auditor  
Office of the State Auditor

Augusta, Maine  
November 27, 2019

# MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the State of Maine's annual financial report presents the State's discussion and analysis of financial performance during the year ended June 30, 2019. Please read it in conjunction with the transmittal letter at the front of this report and with the State's financial statements, which follow this section.

## FINANCIAL HIGHLIGHTS

### Government-wide:

- The net position of Governmental Activities increased by \$335.7 million, while net position of Business-Type Activities increased by \$57.6 million. The State's assets and deferred outflows exceeded its liabilities and deferred inflows by \$1.1 billion at the close of fiscal year 2019. Of this amount \$3.2 billion was reported as negative "Unrestricted" net position. A negative balance means that it would be necessary to convert restricted assets (e.g., capital assets) to unrestricted assets if all ongoing obligations were immediately due and payable. Component units reported net position of \$3.1 billion, an increase of \$175.7 million (5.9 percent) from the previous year.

### Fund level:

- At the end of the fiscal year, the State's governmental funds reported combined ending fund balances of \$1.5 billion, an increase of \$358.0 million from the previous year. The General Fund's total fund balance was a \$367.5 million, an increase of \$37.3 million from the previous year. The Highway Fund total fund balance was \$34.9 million, an increase of \$31.6 million from the prior year.
- The proprietary funds reported net position at year-end of \$825.0 million, an increase of \$127.3 million from the previous year. The increase is primarily the result of an increase in the Employment Security Fund of \$42.1 million and an increase in four Internal Service Funds; Retiree Health Insurance of \$24.7 million, Employee Health Insurance of \$38.3 million, Transportation Facilities of \$2.4 million and Workers' Compensation of \$2.5 million.

### Long-term Debt:

- The State's liability for general obligation bonds increased by \$196.1 million during the fiscal year, which represents the difference between new issuances and payments of outstanding debt. During the year, the State issued \$286.6 million in bonds and made principal payments of \$90.5 million.

Additional information regarding the government-wide, fund level, and long-term debt activities can be found beginning on page .

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is an introduction to the State of Maine's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.



## Government-wide Statements

The government-wide statements report information about the State as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position presents all of the State's assets, deferred outflows, liabilities and deferred inflows with the difference between the two reported as net position. Over time, increases and decreases in net position are an indicator of whether the financial position is improving or deteriorating.

The Statement of Activities presents information showing how the State's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying events giving rise to the change occur, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused leave).

Both government-wide statements report three activities:

*Governmental activities* - Most basic services, such as health and human services, education, governmental support and operations, justice and protection, and transportation are included in this category. The Legislature, Judiciary and the general operations of the Executive departments fall within the Governmental Activities. Income taxes, sales and use taxes, and State and federal grants finance most of these activities.

*Business-type activities* - The State charges fees to customers to help cover all, or most of, the costs of certain services it provides. Operating costs not covered by customer fees are subsidized by the General Fund. Lottery tickets, Ferry Services, and the State's unemployment compensation services are examples of business-type activities.

*Component units* - Although legally separate, component units are important because the State is financially accountable for these entities. The State has one "blended" component unit, the Maine Governmental Facilities Authority (MGFA) with Governmental Activities as described above. Maine reports 12 other component units (7 major and 5 non-major) as discretely presented component units of the State, and one component unit is reported with the State's fiduciary funds. Complete financial statements of the individual component units may be obtained directly from their respective administrative offices as shown in Note 1 A to the financial statements.

Government-wide statements are reported utilizing an economic resources measurement focus and full accrual basis of accounting. The following summarizes the impact of the transition from modified accrual to full accrual accounting:

- Capital assets used in governmental activities are not reported on governmental fund statements but are included on government-wide statements.
- Certain tax revenues that are earned, but not available, are reported as revenues in the Governmental Activities, but are reported as deferred inflows on the governmental fund statements.
- Other long-term assets that are not available to pay for current period expenditures are recorded as deferred outflows in governmental fund statements, but not deferred on the government-wide statements.
- Internal service funds are reported as Governmental Activities in the government-wide statements, but reported as proprietary funds in the fund financial statements.
- Governmental fund long-term liabilities, such as certificates of participation, net pension liabilities, compensated absences, bonds and notes payable, and others appear as liabilities only in the government-wide statements.
- Capital outlay spending results in capital assets on the government-wide statements, but is recorded as expenditures on the governmental fund statements.
- Proceeds from bonds, notes and other long-term financing arrangements result in liabilities on the government-wide statements, but are recorded as other financing sources on the governmental fund statements.

- Net position balances are allocated as follows:
  - *Net Investment in Capital Assets* are capital assets, net of accumulated depreciation, and reduced by outstanding balances for bonds, notes, and other debt attributed to the acquisition, construction or improvement of those assets.
  - *Restricted Net Position* are those with constraints placed on the use by external sources (creditors, grantors, contributors, or laws or regulations of governments) or imposed by law through constitutional provisions or enabling legislation.
  - *Unrestricted Net Position* is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not meet any of the above restrictions.

## **Fund Financial Statements**

The fund financial statements provide more detailed information about the State's most significant funds. Funds are fiscal and accounting entities with self-balancing sets of accounts that the State uses to keep track of specific revenue sources and spending for particular purposes. The State's funds are divided into three categories – governmental, proprietary, and fiduciary – and use different measurement focuses and bases of accounting.

*Governmental funds:* Most of the basic services are included in governmental funds, which generally focus on how money flows into and out of those funds and the balances left at year-end that are available for future spending. The governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the programs of the State. The governmental fund statements focus primarily on the sources, uses, and balance of current financial resources and often have a budgetary orientation. These funds are reported using a flow of current financial resources measurement focus and the modified accrual basis of accounting. Because this information does not encompass the additional long-term focus of the government-wide statements, a separate reconciliation provides additional information that explains the relationship (or differences) between them. The governmental funds consist of the General Fund, special revenue, capital projects, and permanent funds.

*Proprietary funds:* When the State charges customers for the services it provides, whether to outside customers or to other agencies within the State, these services are generally reported in proprietary funds. Proprietary funds (enterprise and internal service) apply the accrual basis of accounting utilized by private sector businesses. Enterprise funds report activities that provide supplies and services to the general public. An example is the State Lottery Fund. Internal service funds report activities that provide supplies and services to the State's other programs and activities – such as the State's Postal, Printing and Supply Fund. Internal service funds are reported as Governmental Activities on the government-wide statements.

*Fiduciary funds:* The State is the trustee or fiduciary for assets that belong to others. The State is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. These funds include pension and other employee benefit trusts administered by the Maine Public Employees Retirement System, a component unit, private-purpose trusts, and agency funds. Fiduciary funds are reported using the accrual basis of accounting, except for Agency funds which have no measurement focus. The State excludes these activities from the government-wide financial statements because these assets are restricted in purpose and do not represent discretionary assets of the State to finance its operations.

## **Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in both the government-wide and fund financial statements.

## **Required Supplementary Information**

The required supplementary information includes budgetary comparison schedules for the General Fund and major special revenue funds. Also included are notes and a reconciliation of fund balance from the budgetary basis to fund balance determined according to generally accepted accounting principles. This section also includes schedules of funding progress for certain pension and other post-employment benefit trust funds and condition and maintenance data regarding certain portions of the State's infrastructure.

## Other Supplementary Information

Other supplementary information includes combining financial statements for non-major governmental, proprietary, and fiduciary funds. These funds are added together, by fund type, and presented in single columns in the basic financial statements. Budgetary comparison schedules by agency are also included for the general fund, the highway fund, federal funds, and other special revenue fund.

## FINANCIAL ANALYSIS OF THE STATE AS A WHOLE

The State's net position increased to \$1.1 billion over the course of fiscal year ended June 30, 2019, as detailed in Tables A-1 and A-2. The increase is primarily due to a decrease in total liabilities and an increase in net revenue for governmental and business-type activities.

**TABLE A-1: CONDENSED STATEMENT OF NET POSITION**  
(Expressed in Thousands)

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2019</b>	<b>2018*</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018*</b>
Current and other noncurrent assets	\$ 3,221,439	\$ 2,567,112	\$ 558,389	\$ 519,249	\$ 3,779,828	\$ 3,086,361
Total capital assets net of accum depr	4,322,196	4,277,998	32,690	33,521	4,354,886	4,311,519
Total Assets	<u>7,543,635</u>	<u>6,845,110</u>	<u>591,079</u>	<u>552,770</u>	<u>8,134,714</u>	<u>7,397,880</u>
Deferred Outflows of Resources	<u>643,665</u>	<u>540,136</u>	<u>4,137</u>	<u>5,579</u>	<u>647,802</u>	<u>545,715</u>
Current liabilities	1,366,107	1,204,436	36,583	40,341	1,402,690	1,244,777
Non-current liabilities	5,780,957	5,711,822	27,060	44,818	5,808,017	5,756,640
Total Liabilities	<u>7,147,064</u>	<u>6,916,258</u>	<u>63,643</u>	<u>85,159</u>	<u>7,210,707</u>	<u>7,001,417</u>
Deferred Inflows of Resources	<u>459,341</u>	<u>223,785</u>	<u>1,283</u>	<u>493</u>	<u>460,624</u>	<u>224,278</u>
Net Position (Deficit)						
Net Investment in Capital Assets	3,559,387	3,580,547	32,690	33,521	3,592,077	3,614,068
Restricted	176,632	156,595	513,319	471,256	689,951	627,851
Unrestricted (deficit)	<u>(3,155,124)</u>	<u>(3,491,939)</u>	<u>(15,719)</u>	<u>(32,080)</u>	<u>(3,170,843)</u>	<u>(3,524,019)</u>
Total Net Position	<u>\$ 580,895</u>	<u>\$ 245,203</u>	<u>\$ 530,290</u>	<u>\$ 472,697</u>	<u>\$ 1,111,185</u>	<u>\$ 717,900</u>

\* As Restated

The State's fiscal year 2019 revenues totaled \$8.9 billion. (See Table A-2) Taxes and Operating grants and contributions accounted for most of the State's revenue by contributing 49.0 percent and 34.8 percent, respectively. The remainder came from charges for services and other miscellaneous sources.

The total cost of all programs and services totaled \$8.5 billion for the year 2019. (See Table A-2) These expenses are predominantly (69.5 percent) related to health & human services and education activities. The State's governmental support & operations activities accounted for 5.6 percent of total costs. Total net position increased by \$393.3 million, primarily due to an increase in tax revenue and Operating grants and contributions.

**TABLE A-2: CHANGES IN NET POSITION**  
(Expressed in Thousands)

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2019</b>	<b>2018*</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018*</b>
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$ 571,632	\$ 564,220	\$ 641,371	\$ 623,684	\$ 1,213,003	\$ 1,187,904
Operating grants and contributions	3,074,939	3,002,173	10,921	9,510	3,085,860	3,011,683
General Revenues:						
Taxes	4,351,358	4,083,891	-	-	4,351,358	4,083,891
Other	223,558	194,927	-	-	223,558	194,927
Total Revenues	<u>8,221,487</u>	<u>7,845,211</u>	<u>652,292</u>	<u>633,194</u>	<u>8,873,779</u>	<u>8,478,405</u>
<b>Expenses:</b>						
Governmental Activities:						
Governmental Support	475,715	433,132	-	-	475,715	433,132
Education	1,845,272	1,774,309	-	-	1,845,272	1,774,309
Health & Human Services	4,054,201	3,804,516	-	-	4,054,201	3,804,516
Justice & Protection	484,735	433,728	-	-	484,735	433,728
Transportation Safety	613,171	627,901	-	-	613,171	627,901
Other	474,394	482,392	-	-	474,394	482,392
Interest Expense	51,140	51,788	-	-	51,140	51,788
Business-type Activities:						
Employment Security	-	-	82,683	83,159	82,683	83,159
Lottery	-	-	242,619	230,678	242,619	230,678
Alcoholic Beverages	-	-	144,600	137,426	144,600	137,426
Military Equipment Maintenance	-	-	1,104	10,895	1,104	10,895
Other	-	-	21,008	21,495	21,008	21,495
Total Expenses	<u>7,998,628</u>	<u>7,607,766</u>	<u>492,014</u>	<u>483,653</u>	<u>8,490,642</u>	<u>8,091,419</u>
Excess (Deficiency) before Special Items, Gain (Loss) on Sale of Assets and Transfers	222,859	237,445	160,278	149,541	383,137	386,986
Special Items	-	-	15,761	-	15,761	-
Gain (Loss) on Sale of Assets	-	-	(5,613)	-	(5,613)	-
Transfers	<u>112,833</u>	<u>108,620</u>	<u>(112,833)</u>	<u>(108,620)</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Position	335,692	346,065	57,593	40,921	393,285	386,986
Net Position, beginning of year	<u>245,203</u>	<u>(100,862)</u>	<u>472,697</u>	<u>431,776</u>	<u>717,900</u>	<u>330,914</u>
Ending Net Position	<u>\$ 580,895</u>	<u>\$ 245,203</u>	<u>\$ 530,290</u>	<u>\$ 472,697</u>	<u>\$ 1,111,185</u>	<u>\$ 717,900</u>

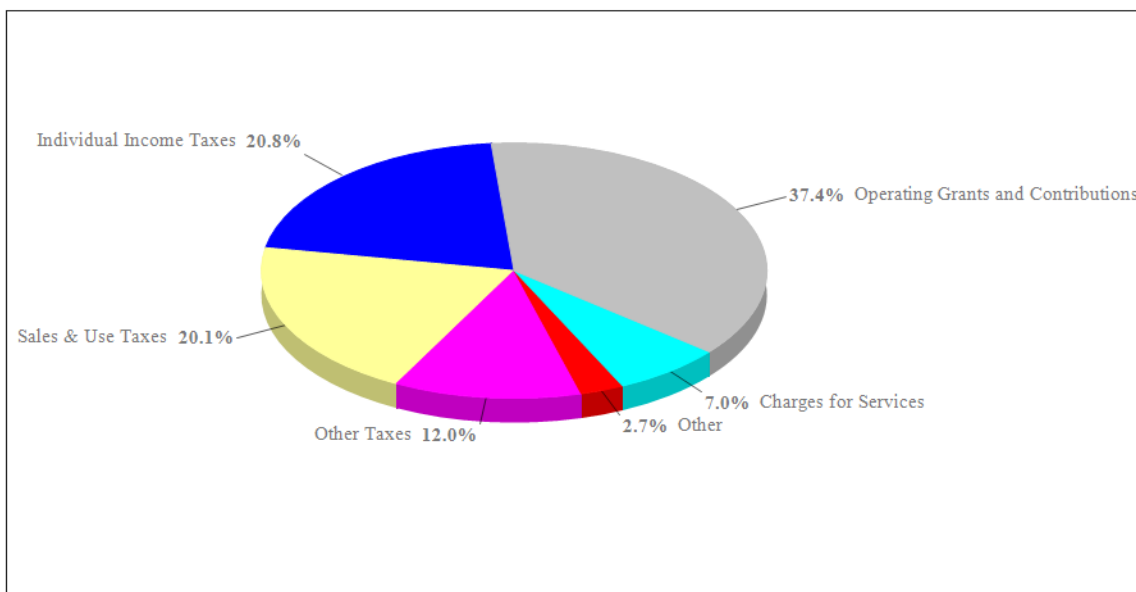
\* As Restated

## Governmental Activities

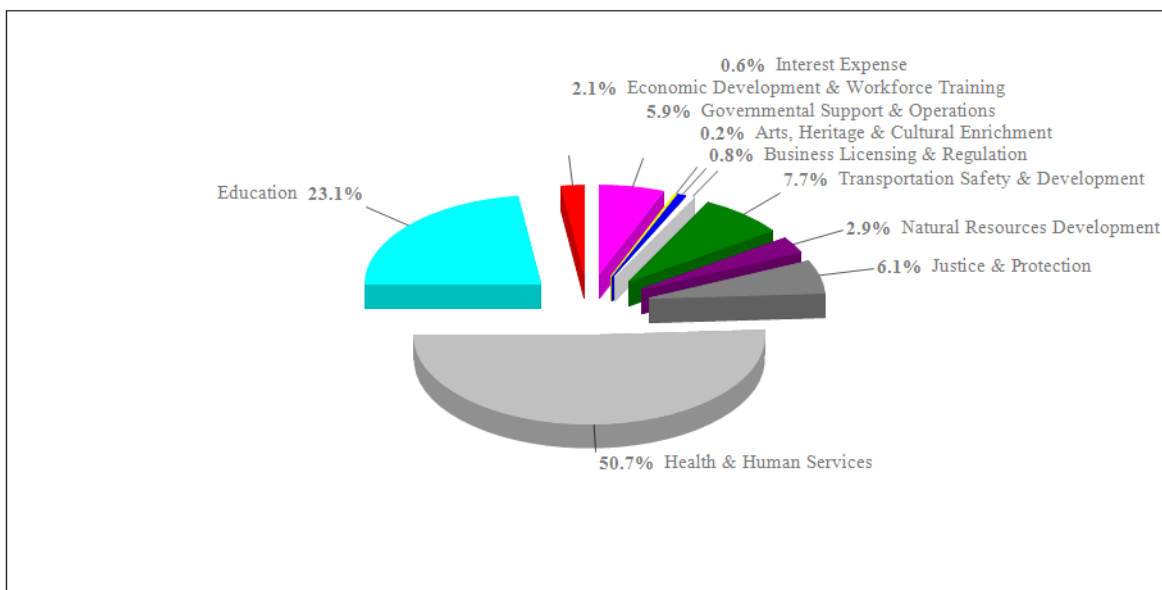
Revenues for the State's Governmental Activities totaled \$8.2 billion while total expenses equaled \$8.0 billion. The increase in net position for Governmental Activities was \$335.7 million in 2019, which was primarily the result of an increase in tax revenue of \$267.5 million and current year transfers from the State's Business-Type Activities of \$112.8 million. The State's Business-Type Activities transfers of \$112.8 million (net) to the Governmental Activities, included statutorily required profit transfers, capital contributions, and the pledged profit of the Alcoholic Beverages Fund to finance the payment of the Liquor Revenue Bonds. These transfers are discussed further on page .

The users of the State's programs financed \$571.6 million of the cost. The federal and State governments subsidized certain programs with grants and contributions of \$3.1 billion. \$4.6 billion of the State's net costs were financed by taxes and other miscellaneous revenue.

**TABLE A-3: TOTAL SOURCES OF REVENUES FOR GOVERNMENTAL ACTIVITIES FOR FISCAL YEAR 2019**



**TABLE A-4: TOTAL EXPENSES FOR GOVERNMENTAL ACTIVITIES FOR FISCAL YEAR 2019**



## Business-Type Activities

Revenues for the State's Business-Type Activities totaled \$652.3 million while expenses totaled \$492.0 million. The increase in net position for Business-Type Activities was \$57.6 million in 2019, due primarily to the increase in revenue over expenses for Employment Security of \$45.7 million and a change in the accounting estimate related to Pension and Other Postemployment Benefit costs of \$15.8 million for Military Equipment Maintenance.

Table A-5 presents the cost of State Business-Type Activities: Employment Security, Alcoholic Beverages, Lottery, Ferry Services, Military Equipment Maintenance, Consolidated Emergency Communications and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the State's taxpayers by each of these functions.

**TABLE A-5: NET COST OF BUSINESS-TYPE ACTIVITIES**  
(Expressed in Thousands)

	Total Cost		Net (Cost) Revenue	
	2019	2018	2019	2018
Employment Security	\$ 82,683	\$ 83,159	\$ 45,745	\$ 42,404
Alcoholic Beverages	144,600	137,426	58,330	51,837
Lottery	242,619	230,678	61,703	63,081
Ferry Services	13,632	12,950	(8,402)	(7,894)
Military Equipment Maintenance	1,104	10,895	1,626	333
Consolidated Emergency Communications	5,950	6,952	727	(674)
Other	1,426	1,593	549	454
Total	<u>\$ 492,014</u>	<u>\$ 483,653</u>	<u>\$ 160,278</u>	<u>\$ 149,541</u>

The cost of all Business-Type Activities this year was \$492.0 million. The users of the State's programs financed most of the cost. The State's net revenue from Business-Type Activities was \$160.3 million, with Alcoholic Beverages and Lottery making up \$58.3 and \$61.7 million of the total, respectively. The \$112.8 million (net) of State's Business-Type Activities transferred to the Governmental Activities, included statutorily required profit transfers and the pledged profit of the Alcoholic Beverages Fund to finance the payment of the Liquor Revenue Bonds.

## FINANCIAL ANALYSIS OF THE STATE'S FUNDS

**TABLE A-6: GOVERNMENTAL FUND BALANCES**  
(Expressed in Thousands)

	2019	2018*	Change
General	\$ 367,487	\$ 330,177	\$ 37,310
Highway	34,859	3,280	31,579
Federal	15,367	18,789	(3,422)
Other Special Revenue	774,858	628,115	146,743
Other Governmental Funds	263,648	117,868	145,780
Total	<u>\$ 1,456,219</u>	<u>\$ 1,098,229</u>	<u>\$ 357,990</u>

\* As Restated

As of the end of the fiscal year, the State's governmental funds reported combined ending fund balances of \$1.5 billion, an increase of \$358.0 million in comparison with the prior year. Of this total, \$63.7 million (4.4 percent) is classified as non-spendable, either due to its form or legal constraints, and \$797.1 million (54.7 percent) is restricted for specific programs by external constraints, constitutional provisions, or contractual obligations. Unspent bond proceeds and revenue restricted for transportation, natural resources or other programs are included in restricted fund balance. At the end of fiscal year 2019, the unassigned fund balance of the General Fund was \$237.1 million, an increase of \$67.5 million.

General Fund revenues and other sources surpassed General Fund expenditures and other uses resulting in an increase in the fund balance of \$37.3 million. Revenues and other sources of the General Fund increased by approximately \$230.5 million (6.0 percent), as compared to fiscal year end 2018, which is mainly attributed to an increase in tax revenue of \$264.8 million. General Fund expenditures and other financing uses increased by \$352.0 million (9.6 percent), as compared to fiscal year 2018. This is due, primarily, to an increase in expenditures for health and human services of \$168.0 million and education of \$92.1 million.

The fund balance of the Highway Fund increased \$31.6 million, due mainly to the decrease in the Highway Fund's expenditures and other financing uses of \$62.6 million, of which \$56.6 million relates to transportation safety & development expenditures.

### Budgetary Highlights

For the 2019 fiscal year, the final legally adopted budgeted expenditures for the General Fund amounted to \$3.88 billion, an increase of about \$297 million from the original legally adopted budget of approximately \$3.58 billion. Actual expenditures on a budgetary basis amounted to approximately \$204.7 million less than those authorized in the final budget. After deducting the encumbered obligations and other commitments that will come due in fiscal year 2019, including the budgeted starting balance for fiscal year 2019, there were funds remaining of \$28.2 million to distribute in fiscal year 2019. Actual revenues exceeded final budget forecasts by \$14.5 million. At year end, the State transferred \$18.1 million to the Budget Stabilization Fund. Interest earnings along with legislatively and statutorily approved transfers increased the balance in the Budget Stabilization Fund to \$297.2 million as of June 30, 2019. This item is further explained in Note 2 of the Financial Statements.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

By the end of fiscal year 2019, the State had roughly \$4.4 billion in a broad range of capital assets, including land, infrastructure, improvements, buildings, equipment, vehicles and intangibles. During fiscal year 2019, the State acquired or constructed more than \$123.5 million of capital assets. The most significant impact on capital assets during the year resulted from continued construction and rehabilitation of roads and bridges, and major construction and renovation of State-owned facilities. More detailed information about the State's capital assets and significant construction commitments is presented in Notes 8 and 17 to the financial statements.

**TABLE A-7: CAPITAL ASSETS**  
(Expressed in Thousands)

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Land	\$ 644,484	\$ 641,049	\$ 2,389	\$ 2,389	\$ 646,873	\$ 643,438
Buildings	866,161	845,476	4,655	4,655	870,816	850,131
Equipment	311,748	307,118	24,666	32,701	336,414	339,819
Improvements other than buildings	113,590	113,492	42,757	42,757	156,347	156,249
Software	118,777	76,243	-	-	118,777	76,243
Infrastructure	2,931,726	2,901,466	-	-	2,931,726	2,901,466
Construction in Progress	58,088	58,946	5,674	971	63,762	59,917
Total Capital Assets	5,044,574	4,943,790	80,141	83,473	5,124,715	5,027,263
Accumulated Depreciation	722,378	665,792	47,451	49,952	769,829	715,744
Capital Assets, net	<u>\$ 4,322,196</u>	<u>\$ 4,277,998</u>	<u>\$ 32,690</u>	<u>\$ 33,521</u>	<u>\$ 4,354,886</u>	<u>\$ 4,311,519</u>

### Modified Approach for Infrastructure

As allowed by GASB Statement No. 34, the State has adopted an alternative process for recording depreciation expense on selected infrastructure assets – highways and bridges. Under this alternative method, referred to as the modified approach, the State expenses certain maintenance and preservation costs and does not report depreciation expense. Utilization of this approach requires the State to: 1) maintain an asset management system that includes an up-to-date inventory of infrastructure assets; 2) perform condition assessments that use a measurement scale and document that the infrastructure assets are being preserved at or above the condition level established; and 3) estimate the annual amounts that must be expended to preserve and maintain the infrastructure at the condition level established by the State. As long as the State meets these requirements, any additions or improvements to infrastructure are capitalized and all other maintenance and preservation costs are expensed.

Highways and bridges are included in the State's infrastructure. There are 8,808 highway miles or 17,891 lane miles within the State. Bridges have a deck area of 12.3 million square feet among 2,971 total bridges. The State has established a policy to maintain its highways at an average condition assessment of 60. At June 30, 2019, the actual average condition was 70.0. Its policy for bridges is an average sufficiency rating condition assessment of 60. The actual average condition for bridges was 74.0 at June 30, 2019. Preservation costs for fiscal year 2019 totaled \$132.8 million compared to estimated preservation costs of \$125.5 million.

Transportation bonds, approved by referendum, are issued to fund improvements to highways and bridges. Of the amount authorized by Chapter 467, PL 2017, \$40 million in General Fund bonds were spent during fiscal year 2019. Of the amount authorized by Chapter 299, PL 2017, \$70 million in General Fund bonds were spent during fiscal year 2019.

Additional information on infrastructure assets can be found in Required Supplementary Information (RSI).

## Long-Term Debt

The State Constitution authorizes general obligation long-term borrowing, with 2/3 approval of the Legislature and ratification by a majority of the voters, and general obligation short-term notes, of which the principal may not exceed an amount greater than 10 percent of all moneys appropriated, authorized and allocated by the Legislature from undedicated revenues to the General Fund and dedicated revenues to the Highway Fund for that fiscal year, or greater than 1 percent of the total valuation of the State of Maine, whichever is the lesser.

At year-end, the State had \$1.4 billion in general obligation and other long-term debt outstanding. More detailed information about the State's long-term liabilities is presented in Note 11 to the financial statements.

**TABLE A-8: OUTSTANDING LONG-TERM DEBT**  
(Expressed in Thousands)

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>General Obligation</b>						
Bonds	\$ 543,400	\$ 376,115	\$ -	\$ -	\$ 543,400	\$ 376,115
Unmatured Premiums	60,378	31,631	-	-	60,378	31,631
Other Long-Term Obligations	840,527	877,487	779	806	841,306	878,293
<b>Total</b>	<b>\$ 1,444,305</b>	<b>\$ 1,285,233</b>	<b>\$ 779</b>	<b>\$ 806</b>	<b>\$ 1,445,084</b>	<b>\$ 1,286,039</b>

During the year, the State reduced outstanding long-term obligations by \$90.5 million for general obligation bonds and \$287.2 million for other long-term debt. Also during fiscal year 2019, the State incurred \$581.3 million of additional long-term obligations.

## Credit Ratings

The State's credit was rated during fiscal year 2019 by Moody's Investors Service as Aa2 with a stable outlook and by Standard & Poor's as AA with a stable outlook.



## FACTORS BEARING ON THE FUTURE OF STATE AND NEXT YEAR'S BUDGETS

Both the national and state economies had a good year in 2018 with annual data indicating that both the U.S. economy and Maine economy continue to grow. Since the last Consensus Economic Forecasting Commission (CEFC) meeting in late March 2019, the U.S. Bureau of Economic Analysis (BEA) has released considerable revisions to state personal income data, as anticipated by the CEFC in their April 2019 forecast, with the 2018 total personal income growth for Maine being revised up from 4.0% to 5.3%.

Maine's real GDP grew 2.6% in the first quarter of 2019. Personal income in Maine grew 5.3% from 2017 to 2018, while wage and salary income, which is the largest component of total personal income, grew 4.4% over the same period. The debt-to-income level for Maine businesses and households has increased slightly in the end of 2018, although it seems to have stabilized since its peak in the second quarter of 2017. The Consumer Price Index was up 1.8% in August 2019 from a year ago.

Nationwide, sentiment is becoming less optimistic for both consumers and small businesses. The Consumer Sentiment Index in September 2019 was down 6.9% from a year ago but up 3.8% from the previous month. The Small Business Optimism Index has fallen both month-over-month and since last year, by 1.5% and 5.9%, respectively.

The price of crude oil has fallen recently quarter-over-quarter, and by 17% since this time last year. Heating oil prices for the winter of 2018-2019 were higher than the previous winter, but prices for the first week of the 2019-2020 season were over 70 cents lower than last year, and New England's price of \$2.66 per gallon was the lowest on the East coast. Gasoline is currently averaging \$2.60 per gallon.

Existing single-family home sales in Maine were up 11% in September 2019 compared to the same month last year and average monthly housing permits for the September 2018-August 2019 period were 9.4% higher than the previous 12-month period. The median home price in Cumberland County increased by 7.2%, year-over-year, and increased by 3.2% for Maine as a whole. Mortgage delinquency rates in Maine have seen an uptick in recent quarters to 2.9% in the second quarter of 2019 and remain higher than the national rate of 2.6%. The foreclosure rate in Maine was 0.39% in the second quarter of 2019.

Overall, the primary sources of concern for the CEFC were uncertainty regarding possible changes in national trade, fiscal, and regulatory policies, and an awareness that unexpected events flowing from the current election cycle could negatively impact consumer confidence. Barring such surprises, the CEFC remains cautiously optimistic for the near term.

There were few explicit key assumptions made by the CEFC for this forecast. They noted that national policy concerns, including trade policies, pose uncertainty for the year heading into 2020, and that they remain cautiously optimistic in awaiting new data to answer questions about this uncertainty. The key assumptions made by the CEFC follow.

- As assumed in their previous forecast, the Federal Reserve will continue to target the 2.0 percent inflation rate going forward.
- Medicaid expansion will continue to have an impact in the upcoming years, but not more than already realized in the April 2019 forecast. This is reflected in the growth forecast for personal current transfer receipts.

Maine has seen modest employment growth thus far in 2019 and will likely see continued growth in 2020 before leveling off. The employment growth rate was increased modestly by 0.3 percentage points in 2019 to 0.8% and 0.2 percentage points in 2020 to 0.4%, with growth rates left unchanged for the remaining years of the forecast. This reflects data for the first half of 2019 showing estimated growth of 0.8%. Employment reaches a peak level of 636,200 in 2020 and stays at that level throughout the rest of the forecast period.

Wage and salary income also increased modestly for all years. The forecasts for both 2019 and 2020 were raised by 0.3 percentage points, given new data showing recent gains in average annual wages. The forecast for wage and salary income was also revised upwards in 2021, 2022, and 2023 by 0.1, 0.3, and 0.1 percentage points, respectively. The forecast for supplements to wages and salaries was revised upwards for 2019, 2020, and 2021, to follow the trend in wage and salary income growth. The forecast for 2019 was raised 0.6 percentage points to 4.0%, followed by upward revisions of 0.5 percentage points in 2020 and 0.2 percentage points in 2021. The forecasts for 2022 and 2023 were left unchanged. Growth rates for nonfarm proprietors' income; dividends, interest and rent; and personal current transfer receipts were left unchanged for all years. The overall result for total personal income was a 0.1 percentage point increase in 2020, 2022, and 2023.

The CEFC made no revisions to CPI, with the assumption that inflation will continue to move towards the Federal Reserve's inflation target rate. There was no other evidence to suggest changes to the CPI forecast were necessary.

The forecast for corporate profits was left unchanged for all years as well.

The Revenue Forecasting Committee (RFC) will meet to review and update the current revenue forecast to comply with the statutory reporting date in December 2019. Based on the CEFC forecast, the RFC will consider its revenue projections through the fiscal year ending June 30, 2021 for the General Fund, Highway Fund, Fund for a Healthy Maine and Medicaid/MaineCare Dedicated Revenue Taxes.

At June 30, 2019, the State of Maine reported an ending fund balance of \$367.5 million in the General Fund on a GAAP basis, an increase of more than \$35.2 million since the end of fiscal year 2018. The "unassigned" component of fund balance was \$237.1 million, an increase of more than \$67.4 million since the end of fiscal year 2018.

There are factors that adversely affect our General Fund Balance Sheet that we should continue to strive to improve over the next several years. The primary factors that have a significant impact on the State's Financial Statements compiled and issued in accordance with Generally Accepted Accounting Principles as applicable to governments include such items as accruing tax revenues for budgetary purposes and for financial statement purposes without accruing the offsetting liabilities for budgetary purposes and the demand from appropriations whose balances carry from year to year, which results in lower amounts accruing to the Unassigned Fund Balance of the General Fund. The State has eliminated the smaller tax line accruals on a budgetary basis and has made contributions to General Fund reserves a higher priority in the budget.

These actions, along with sound budgeting and fiscal management policies, have resulted in significant increases in the equity and cash positions of the General Fund. Consequently, the State has seen record levels in its Treasurer's Cash Pool and Budget Stabilization Fund and has not required external borrowing in the form of TANs or BANs for cash flow purposes.

## **CONTACTING THE STATE'S FINANCIAL MANAGEMENT**

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the finances of the State and to demonstrate the State's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact:

State of Maine  
Office of the State Controller  
14 State House Station  
Augusta, ME 04333-0014  
(207)-626-8420  
[financialreporting@maine.gov](mailto:financialreporting@maine.gov)



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# **BASIC FINANCIAL STATEMENTS**

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**STATE OF MAINE**  
**BASIC FINANCIAL STATEMENTS**  
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**STATE OF MAINE**  
**STATEMENT OF NET POSITION**

June 30, 2019  
(Expressed in Thousands)

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
Assets				
Current Assets:				
Equity in Treasurer's Cash Pool	\$ 1,108,559	\$ 10,101	\$ 1,118,660	\$ 36,330
Cash and Cash Equivalents	217	2,382	2,599	72,425
Cash with Fiscal Agent	177,845	-	177,845	-
Investments	144,165	-	144,165	721,530
Restricted Assets:				
Restricted Equity in Treasurer's Cash Pool	91,755	-	91,755	-
Restricted Deposits and Investments	4,706	488,125	492,831	627,661
Inventories	11,014	3,612	14,626	2,214
Receivables, Net of Allowances for Uncollectibles:				
Taxes Receivable	453,846	-	453,846	-
Loans & Notes Receivable	4,467	-	4,467	107,345
Other Receivables	306,200	61,702	367,902	77,330
Internal Balances	11,330	(11,330)	-	-
Due from Other Governments	329,136	-	329,136	170,285
Due from Primary Government	-	-	-	30,222
Loans Receivable from Primary Government	-	-	-	54,971
Due from Component Units	108,630	-	108,630	-
Other Current Assets	6,064	533	6,597	35,835
Total Current Assets	2,757,934	555,125	3,313,059	1,936,148
Noncurrent Assets:				
Equity in Treasurer's Cash Pool	358,179	3,264	361,443	11,738
Investments	-	-	-	578,320
Restricted Assets:				
Restricted Equity in Treasurer's Cash Pool	29,646	-	29,646	-
Restricted Deposits and Investments	-	-	-	385,393
Pension Assets	7,138	-	7,138	-
Receivables, Net of Current Portion:				
Taxes Receivable	64,009	-	64,009	-
Loans & Notes Receivable	-	-	-	1,846,453
Other Receivables	465	-	465	13,511
Due from Other Governments	4,068	-	4,068	1,531,946
Loans Receivable from Primary Government	-	-	-	320,192
Due from Primary Government	-	-	-	901
Other Noncurrent Assets	-	-	-	11,742
Capital Assets:				
Land, Infrastructure, & Other Non-Depreciable Assets	3,634,298	8,063	3,642,361	696,404
Buildings, Equipment & Other Depreciable Assets	687,898	24,627	712,525	1,009,538
Total Noncurrent Assets	4,785,701	35,954	4,821,655	6,406,138
Total Assets	7,543,635	591,079	8,134,714	8,342,286
Deferred Outflows of Resources	\$ 643,665	\$ 4,137	\$ 647,802	\$ 87,618

The accompanying notes are an integral part of the financial statements.

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>Liabilities</b>				
Current Liabilities:				
Accounts Payable	\$ 576,093	\$ 12,864	\$ 588,957	\$ 63,546
Accrued Payroll	51,718	679	52,397	4,856
Tax Refunds Payable	239,900	-	239,900	-
Due to Component Units	32,222	-	32,222	-
Due to Primary Government	-	-	-	108,630
Current Portion of Long-Term Obligations:				
Compensated Absences	7,769	103	7,872	3,096
Due to Other Governments	170,832	-	170,832	990
Amounts Held under State & Federal Loan Programs	-	-	-	21,203
Claims Payable	23,427	-	23,427	-
Bonds & Notes Payable	93,279	-	93,279	243,160
Revenue Bonds Payable	23,759	-	23,759	35,000
Obligations under Capital Leases	6,228	-	6,228	917
Certificates of Participation & Other Financing Arrangements	24,883	-	24,883	-
Loans Payable to Component Unit	54,971	-	54,971	-
Accrued Interest Payable	6,624	-	6,624	30,913
Unearned Revenue	4,091	154	4,245	39,936
Other Post-Employment Benefits	33,580	-	33,580	-
Other Current Liabilities	16,731	22,783	39,514	67,829
Total Current Liabilities	1,366,107	36,583	1,402,690	620,076
Long-Term Liabilities:				
Compensated Absences	43,530	676	44,206	-
Due to Component Units	901	-	901	-
Due to Other Governments	-	-	-	4,981
Amounts Held under State & Federal Loan Program	-	-	-	49,994
Claims Payable	44,093	-	44,093	-
Bonds & Notes Payable	510,499	-	510,499	3,796,197
Revenue Bonds Payable	212,940	-	212,940	441,209
Obligations under Capital Leases	52,349	-	52,349	3,585
Certificates of Participation & Other Financing Arrangements	26,386	-	26,386	-
Loans Payable to Component Unit	320,192	-	320,192	-
Unearned Revenue	10,904	-	10,904	-
Net Pension Liability	2,266,709	12,726	2,279,435	66,958
Other Post-Employment Benefits	2,249,395	13,658	2,263,053	115,396
Pollution Remediation & Landfill Obligations	43,059	-	43,059	-
Other Noncurrent Liabilities	-	-	-	119,178
Total Long-Term Liabilities	5,780,957	27,060	5,808,017	4,597,498
Total Liabilities	7,147,064	63,643	7,210,707	5,217,574
<b>Deferred Inflows of Resources</b>	459,341	1,283	460,624	72,275
<b>Net Position</b>				
Net Investment in Capital Assets	3,559,387	32,690	3,592,077	1,154,547
Restricted:				
Business Licensing & Regulation	14,314	-	14,314	-
Governmental Support & Operations	14,873	-	14,873	-
Justice & Protection	2,942	-	2,942	-
Employment Security	-	513,319	513,319	-
Other Purposes	-	-	-	1,440,452
Funds Held for Permanent Investments:				
Expendable	88,617	-	88,617	-
Nonexpendable	55,886	-	55,886	275,258
Unrestricted	(3,155,124)	(15,719)	(3,170,843)	269,798
Total Net Position	\$ 580,895	\$ 530,290	\$ 1,111,185	\$ 3,140,055



**STATE OF MAINE**  
**STATEMENT OF ACTIVITIES**

Fiscal Year Ended June 30, 2019  
(Expressed in Thousands)

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
Governmental Activities:				
Governmental Support & Operations	\$ 475,715	\$ 114,597	\$ 5,254	\$ -
Arts, Heritage & Cultural Enrichment	12,447	1,131	2,833	-
Business Licensing & Regulation	60,616	70,383	565	-
Economic Development & Workforce Training	168,963	8,625	60,984	-
Education	1,845,272	34,859	216,854	-
Health & Human Services	4,054,201	9,058	2,460,588	-
Justice & Protection	484,735	87,266	55,088	-
Natural Resources Development & Protection	232,368	98,042	48,352	-
Transportation Safety & Development	613,171	147,671	224,421	-
Interest Expense	51,140	-	-	-
Total Governmental Activities	7,998,628	571,632	3,074,939	-
Business-Type Activities:				
Employment Security	82,683	117,507	10,921	-
Alcoholic Beverages	144,600	202,930	-	-
Lottery	242,619	304,322	-	-
Ferry Services	13,632	5,230	-	-
Military Equipment Maintenance	1,104	2,730	-	-
Consolidated Emergency Communications	5,950	6,677	-	-
Other	1,426	1,975	-	-
Total Business-Type Activities	492,014	641,371	10,921	-
Total Primary Government	8,490,642	1,213,003	3,085,860	-
<b>Component Units:</b>				
Finance Authority of Maine	46,455	24,820	20,604	-
Maine Community College System	133,503	15,128	53,483	1,260
Maine Health & Higher Education Facilities Authority	24,514	21,201	4,317	-
Maine Municipal Bond Bank	66,956	49,527	22,815	46,237
Maine State Housing Authority	228,435	69,083	172,115	-
Maine Turnpike Authority	107,462	138,432	-	-
University of Maine System	746,841	320,622	189,669	4,209
All Other Non-Major Component Units	170,408	42,579	113,021	17,793
Total Component Units	\$ 1,524,574	\$ 681,392	\$ 576,024	\$ 69,499

The accompanying notes are an integral part of the financial statements.

**Net (Expenses) Revenues and  
Changes in Net Position  
Primary Government**

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Component Units</b>
\$ (355,864)	\$ -	\$ (355,864)	\$ -
(8,483)	-	(8,483)	-
10,332	-	10,332	-
(99,354)	-	(99,354)	-
(1,593,559)	-	(1,593,559)	-
(1,584,555)	-	(1,584,555)	-
(342,381)	-	(342,381)	-
(85,974)	-	(85,974)	-
(241,079)	-	(241,079)	-
(51,140)	-	(51,140)	-
<u>(4,352,057)</u>	<u>-</u>	<u>(4,352,057)</u>	<u>-</u>
-	45,745	45,745	-
-	58,330	58,330	-
-	61,703	61,703	-
-	(8,402)	(8,402)	-
-	1,626	1,626	-
-	727	727	-
-	549	549	-
-	<u>160,278</u>	<u>160,278</u>	<u>-</u>
<u>(4,352,057)</u>	<u>160,278</u>	<u>(4,191,779)</u>	<u>-</u>
-	-	-	(1,031)
-	-	-	(63,632)
-	-	-	1,004
-	-	-	51,623
-	-	-	12,763
-	-	-	30,970
-	-	-	(232,341)
-	-	-	2,985
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (197,659)</u>

**General Revenues:**

Taxes:				
Corporate Taxes	262,459	-	262,459	-
Individual Income Taxes	1,712,301	-	1,712,301	-
Fuel Taxes	253,924	-	253,924	-
Property Taxes	69,902	-	69,902	-
Sales & Use Taxes	1,654,643	-	1,654,643	-
Other Taxes	398,129	-	398,129	-
Unrestricted Investment Earnings	46,306	-	46,306	27,439
Non-Program Specific Grants, Contributions & Appropriations	-	-	-	333,986
Miscellaneous Income	88,991	-	88,991	12,276
Gain (Loss) on Sale of Assets	-	(5,613)	(5,613)	(346)
Tobacco Settlement	88,261	-	88,261	-
Special Items	-	15,761	15,761	-
Transfers - Internal Activities	112,833	(112,833)	-	-
Total General Revenues and Transfers	<u>4,687,749</u>	<u>(102,685)</u>	<u>4,585,064</u>	<u>373,355</u>
Change in Net Position	335,692	57,593	393,285	175,696
Net Position - Beginning (as restated)	245,203	472,697	717,900	2,964,359
Net Position - Ending	<u>\$ 580,895</u>	<u>\$ 530,290</u>	<u>\$ 1,111,185</u>	<u>\$ 3,140,055</u>



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# GOVERNMENTAL FUND FINANCIAL STATEMENTS

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## MAJOR FUNDS

General Fund – This is the State's primary operating fund. Its purpose is to account for all financial resources obtained and used for general government operations, which are not required to be accounted for in another fund.

Highway Fund – This fund is used primarily to account for motor fuel tax revenues, motor vehicle license and registration fees, and special State appropriations that are legally restricted to the construction and maintenance of State highways and bridges.

Federal Fund – This fund is used to account for grants, block grants and other financial assistance received from the federal government, that are legally restricted to expenditures for purposes specified in the grant awards or agreements.

Other Special Revenue Fund – This fund is used to account for revenue sources that are legally restricted to expenditures for specified purposes, including some major capital projects that are not accounted for in the Highway and Federal Funds.

## NON-MAJOR FUNDS

Other Governmental Funds are used to account for revenue sources that are legally restricted to expenditures for specified purposes, including some major capital projects and funds held in trust for public purposes.

**STATE OF MAINE**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**

June 30, 2019  
(Expressed in Thousands)

	<u>General</u>	<u>Highway</u>	<u>Federal</u>	<u>Other Special Revenue</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>						
Equity in Treasurer's Cash Pool	\$ 590,174	\$ 38,037	\$ 6,627	\$ 492,546	\$ 377	\$ 1,127,761
Cash & Short-Term Investments	99	76	-	40	-	215
Cash with Fiscal Agent	1,373	735	-	170,676	-	172,784
Investments	-	-	-	-	144,165	144,165
Restricted Assets:						
Restricted Equity in Treasurer's Cash Pool	-	-	-	-	121,401	121,401
Inventories	3,320	1	3,637	-	-	6,958
Receivables, Net of Allowance for						
Uncollectibles:						
Taxes Receivable	479,185	24,676	-	13,994	-	517,855
Loans Receivable	1	-	-	4,466	-	4,467
Other Receivable	98,817	3,548	111,338	85,382	-	299,085
Due from Other Funds	16,776	18,238	61,397	24,951	-	121,362
Due from Other Governments	-	-	328,549	-	-	328,549
Due from Component Units	-	-	-	108,630	-	108,630
Other Assets	1,097	3	120	15	-	1,235
Working Capital Advances Receivable	111	-	-	-	-	111
Total Assets	<u>\$ 1,190,953</u>	<u>\$ 85,314</u>	<u>\$ 511,668</u>	<u>\$ 900,700</u>	<u>\$ 265,943</u>	<u>\$ 2,954,578</u>
<b>Liabilities</b>						
Accounts Payable	\$ 163,046	\$ 31,915	\$ 288,951	\$ 37,914	\$ 530	\$ 522,356
Accrued Payroll	25,420	9,204	4,696	9,214	-	48,534
Tax Refunds Payable	239,880	20	-	-	-	239,900
Due to Other Governments	-	-	170,788	-	-	170,788
Due to Other Funds	134,318	5,049	22,997	6,258	8	168,630
Due to Component Units	1,779	26	2,881	24,184	1,754	30,624
Unearned Revenue	-	3,471	3,637	7,430	3	14,541
Other Accrued Liabilities	12,282	238	2,307	4,123	-	18,950
Total Liabilities	<u>576,725</u>	<u>49,923</u>	<u>496,257</u>	<u>89,123</u>	<u>2,295</u>	<u>1,214,323</u>
<b>Deferred Inflows of Resources</b>	<u>246,741</u>	<u>532</u>	<u>44</u>	<u>36,719</u>	<u>-</u>	<u>284,036</u>
<b>Fund Balances</b>						
Nonspendable:						
Permanent Fund Principal	-	-	-	-	55,886	55,886
Inventories & Prepaid Items	4,086	-	3,757	-	-	7,843
Restricted	4,113	34,859	11,610	538,776	207,762	797,120
Committed	234	-	-	140,399	-	140,633
Assigned	121,907	-	-	95,683	-	217,590
Unassigned	237,147	-	-	-	-	237,147
Total Fund Balances	<u>367,487</u>	<u>34,859</u>	<u>15,367</u>	<u>774,858</u>	<u>263,648</u>	<u>1,456,219</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 1,190,953</u>	<u>\$ 85,314</u>	<u>\$ 511,668</u>	<u>\$ 900,700</u>	<u>\$ 265,943</u>	<u>\$ 2,954,578</u>

The accompanying notes are an integral part of the financial statements.

**STATE OF MAINE**  
**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**

June 30, 2019  
(Expressed in Thousands)

Total fund balances for governmental funds	\$ 1,456,219
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	4,592,509
Accumulated Depreciation	<u>482,739</u>
	4,109,770
Refunded Bond Deferred Outflows	2,624
Pollution Remediation Receivable	1,283
Long-term liabilities are not due and payable in the current period. Therefore, long-term liabilities are not reported in the governmental fund statements. However, these amounts are included in the Statement of Net Position. This net effect of these balances on the statement:	
Bonds Payable	(840,477)
Interest Payable Related to Long-term Financing	(4,234)
Certificates of Participation and Other Financing Arrangements	(35,067)
Capital Leases	(1,060)
Loans Payable to Component Unit	(375,163)
Compensated Absences	(47,385)
Pension Liabilities and Deferrals	(1,986,159)
Other Post-Employment Benefit Liabilities and Deferrals	(2,238,916)
Pollution Remediation and Landfill Obligations	<u>(43,059)</u>
	(5,571,520)
Certain revenues are earned but not available and therefore are not reported in the governmental fund statements.	284,036
Other Revenue	3,793
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.	<u>294,690</u>
Net position of governmental activities	<u><u>\$ 580,895</u></u>

The accompanying notes are an integral part of the financial statements.

**STATE OF MAINE**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**

Fiscal Year Ended June 30, 2019  
(Expressed in Thousands)

	<u>General</u>	<u>Highway</u>	<u>Federal</u>	<u>Other Special Revenue</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>						
Taxes	\$ 3,794,729	\$ 230,243	\$ -	\$ 312,044	\$ -	\$ 4,337,016
Assessments	99,859	103,249	-	168,224	-	371,332
Federal Grants & Reimbursements	1,626	-	3,063,394	9,907	-	3,074,927
Charges for Services	45,517	4,714	464	120,568	-	171,263
Investment Income	20,051	893	56	8,176	10,996	40,172
Miscellaneous Revenues	4,216	411	128	156,110	-	160,865
Total Revenues	<u>3,965,998</u>	<u>339,510</u>	<u>3,064,042</u>	<u>775,029</u>	<u>10,996</u>	<u>8,155,575</u>
<b>Expenditures</b>						
Current:						
Governmental Support & Operations	300,840	2,692	2,123	129,486	97	435,238
Economic Development & Workforce Training	42,688	-	65,393	49,550	15,000	172,631
Education	1,610,210	-	215,799	52,612	3,068	1,881,689
Health & Human Services	1,310,680	-	2,464,525	336,023	-	4,111,228
Business Licensing & Regulation	-	-	60	64,140	-	64,200
Natural Resources Development & Protection	85,649	35	47,926	108,343	1,195	243,148
Justice & Protection	335,478	30,423	55,928	90,465	873	513,167
Arts, Heritage & Cultural Enrichment	8,223	-	3,249	956	-	12,428
Transportation Safety & Development	-	303,634	161,561	73,399	20,249	558,843
Debt service:						
Principal Payments	94,515	12,500	15,550	34,830	-	157,395
Interest Expense	29,726	764	5,811	11,807	-	48,108
Capital Outlay	-	-	-	-	108,027	108,027
Total Expenditures	<u>3,818,009</u>	<u>350,048</u>	<u>3,037,925</u>	<u>951,611</u>	<u>148,509</u>	<u>8,306,102</u>
Revenue over (under) Expenditures	<u>147,989</u>	<u>(10,538)</u>	<u>26,117</u>	<u>(176,582)</u>	<u>(137,513)</u>	<u>(150,527)</u>
<b>Other Financing Sources (Uses)</b>						
Transfer from Other Funds	87,816	53,107	12,230	259,567	1,547	414,267
Transfer to Other Funds	(199,860)	(11,725)	(41,769)	(39,283)	(4,824)	(297,461)
COPs & Other	1,365	735	-	2,531	-	4,631
Loan Proceeds from Component Units	-	-	-	50,000	-	50,000
Bonds Issued	-	-	-	50,510	252,130	302,640
Premiums on Bond Issuance	-	-	-	-	34,440	34,440
Net Other Finance Sources (Uses)	<u>(110,679)</u>	<u>42,117</u>	<u>(29,539)</u>	<u>323,325</u>	<u>283,293</u>	<u>508,517</u>
Net Change in Fund Balances	<u>37,310</u>	<u>31,579</u>	<u>(3,422)</u>	<u>146,743</u>	<u>145,780</u>	<u>357,990</u>
Fund Balance at Beginning of Year (As Restated)	<u>330,177</u>	<u>3,280</u>	<u>18,789</u>	<u>628,115</u>	<u>117,868</u>	<u>1,098,229</u>
Fund Balances at End of Year	<u>\$ 367,487</u>	<u>\$ 34,859</u>	<u>\$ 15,367</u>	<u>\$ 774,858</u>	<u>\$ 263,648</u>	<u>\$ 1,456,219</u>

The accompanying notes are an integral part of the financial statements.

**STATE OF MAINE**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

Fiscal Year Ended June 30, 2019  
(Expressed in Thousands)

Net change in fund balances - total governmental funds		\$ 357,990
Amounts reported for governmental activities in the Statement of Net Activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital Outlay	101,508	
Depreciation Expense	(48,228)	
The net effect of various transactions involving capital assets (i.e. sales, trade-ins and contributions) is to increase net position.	<u>(2,054)</u>	51,226
Refunded Bond Deferred Outflows		(797)
Pollution Remediation Receivable		10
The issuance of long-term debt provides current financial resources to governmental funds which increases long-term debt in the Statement of Net Position. Repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but repayment reduces long-term debt in the Statement of Net Position. This is the amount that proceeds exceed repayments:		
Bond Proceeds	(302,640)	
Premium on Bonds Issued	(34,440)	
Proceeds from Other Financing Arrangements	(2,100)	
Loan Proceeds from Component Unit	(50,000)	
Repayment of Bond Principal	107,015	
Repayment of Other Financing Debt	19,653	
Repayment of Pledged Revenue Principal	53,101	
Repayment of Capitalized Lease Principal	529	
Accrued Interest	263	
Amortization of Bond Premiums	<u>5,693</u>	(202,926)
Certain expenditures are reported in the funds. However, they either increase or decrease long-term liabilities reported as expenditures on the Statement of Net Position and have been eliminated from the Statement of Position as follows:		
Compensated Absences	(1,651)	
Pension Liabilities and Deferrals	36,077	
Other Post-employment Benefit Liabilities and Deferrals	(564)	
Pollution Remediation and Landfill Obligations	<u>1,483</u>	35,345
Certain revenues are earned but not available and therefore are not reported in the governmental fund statements.		25,090
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is included in governmental activities in the Statement of Activities.		<u>69,754</u>
Changes in net position of governmental activities		<u>\$ 335,692</u>

The accompanying notes are an integral part of the financial statements.





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# PROPRIETARY FUND FINANCIAL STATEMENTS

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## MAJOR FUNDS

Unemployment Compensation Fund - This fund accounts for unemployment insurance contributions from employers and the payment of unemployment benefits to eligible claimants.

## NON-MAJOR FUNDS

Non-Major Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business, where the State intends to finance or recover the costs of providing goods or services to the General Public on a continuing basis primarily through user charges. The State also uses these funds where periodic determination of net income is appropriate for accountability purposes.

**STATE OF MAINE**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**

June 30, 2019  
(Expressed in Thousands)

	Business-Type Activities Enterprise Funds			Governmental Activities
	Major Employment Security	Non-Major Other Enterprise	Total	Internal Service Funds
<b>Assets</b>				
Current Assets:				
Equity in Treasurer's Cash Pool	\$ -	\$ 10,101	\$ 10,101	\$ 256,233
Cash & Short-Term Investments	1,628	754	2,382	2
Cash with Fiscal Agent	-	-	-	5,061
Restricted Assets:				
Restricted Deposits & Investments	488,125	-	488,125	4,706
Inventories	-	3,612	3,612	4,056
Receivables, Net of Allowance for Uncollectibles:				
Other Receivable	28,020	33,682	61,702	7,112
Due from Other Funds	51	2,338	2,389	30,286
Other Assets	-	533	533	4,829
Total Current Assets	517,824	51,020	568,844	312,285
Noncurrent Assets:				
Equity in Treasurer's Cash Pool	-	3,264	3,264	82,744
Capital Assets - Net of Depreciation	-	32,690	32,690	212,426
Total Noncurrent Assets	-	35,954	35,954	295,170
Total Assets	517,824	86,974	604,798	607,455
<b>Deferred Outflows of Resources</b>	\$ -	\$ 4,137	\$ 4,137	\$ 23,739
<b>Liabilities</b>				
Current Liabilities:				
Accounts Payable	\$ 3,340	\$ 9,524	\$ 12,864	\$ 12,251
Accrued Payroll	-	679	679	3,184
Due to Other Funds	-	14,605	14,605	12,285
Due to Component Units	-	-	-	2,499
Current Portion of Long-Term Obligations:				
Certificates of Participation and Other Financing Arrangements	-	-	-	6,976
Obligations under Capital Leases	-	-	-	5,699
Claims Payable	-	-	-	23,427
Compensated Absences	-	103	103	515
Unearned Revenue	-	154	154	454
Accrued Interest Payable	-	-	-	87
Other Accrued Liabilities	1,165	21,618	22,783	84
Total Current Liabilities	4,505	46,683	51,188	67,461
Long-Term Liabilities:				
Working Capital Advances Payable	-	-	-	111
Certificates of Participation & Other Financing Arrangements	-	-	-	9,226
Obligations under Capital Leases	-	-	-	51,818
Claims Payable	-	-	-	44,093
Compensated Absences	-	676	676	3,399
Net Pension Liability	-	12,726	12,726	74,008
Net Other Post-Employment Benefit Liability	-	13,658	13,658	78,068
Total Long-Term Liabilities	-	27,060	27,060	260,723
Total Liabilities	4,505	73,743	78,248	328,184
<b>Deferred Inflows of Resources</b>	\$ -	\$ 1,283	\$ 1,283	\$ 7,434
<b>Net Position</b>				
Net Investment in Capital Assets:	-	32,690	32,690	143,768
Restricted for:				
Unemployment Compensation	513,319	-	513,319	-
Other Purposes	-	-	-	424
Unrestricted	-	(16,605)	(16,605)	151,384
Total Net Position	513,319	16,085	529,404	295,576
Amounts reported for business-type activities in the government-wide Statement of Activities are different due to elimination of the State's internal business-type activities			886	
Net Position of Business-Type Activities			\$ 530,290	

The accompanying notes are an integral part of the financial statements.

**STATE OF MAINE**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**

Fiscal Year Ended June 30, 2019  
(Expressed in Thousands)

	<b>Business-Type Activities</b>			<b>Governmental</b>
	<b>Enterprise Funds</b>			<b>Activities</b>
	<b>Major</b>	<b>Non-Major</b>		<b>Internal</b>
	<b>Employment</b>	<b>Other</b>		<b>Service</b>
	<b>Security</b>	<b>Enterprise</b>	<b>Total</b>	<b>Funds</b>
<b>Operating Revenues</b>				
Charges for Services	\$ -	\$ 521,544	\$ 521,544	\$ 471,353
Assessments	117,449	-	117,449	-
Miscellaneous Revenues	58	2,321	2,379	1,325
Total Operating Revenues	117,507	523,865	641,372	472,678
<b>Operating Expenses</b>				
General Operations	-	406,660	406,660	369,615
Depreciation	-	2,882	2,882	24,700
Claims/Fees Expense	82,683	-	82,683	11,049
Other Operating Expenses	-	-	-	629
Total Operating Expenses	82,683	409,542	492,225	405,993
Operating Income (Loss)	34,824	114,323	149,147	66,685
<b>Nonoperating Revenues (Expenses)</b>				
Investment Revenue (Expenses) - net	10,921	-	10,921	6,134
Interest Expense	-	-	-	(10,991)
Other Nonoperating Revenue (Expenses) - net	-	(5,611)	(5,611)	334
Total Nonoperating Revenues (Expenses)	10,921	(5,611)	5,310	(4,523)
Income (Loss) Before Capital Contributions, Transfers and Special Items	45,745	108,712	154,457	62,162
<b>Capital Contributions, Transfers and Special Items</b>				
Capital Contributions from (to) Other Funds	-	4,716	4,716	1,565
Transfer from Other Funds	1,211	5,396	6,607	6,235
Transfer to Other Funds	(4,893)	(119,263)	(124,156)	-
Special Items	-	15,761	15,761	-
Total Capital Contributions, Transfers and Special Items	(3,682)	(93,390)	(97,072)	7,800
Change in Net Position	42,063	15,322	57,385	69,962
Net Position - Beginning	471,256	763		225,614
Net Position - End of Year	\$ 513,319	\$ 16,085		\$ 295,576
Amounts reported for business-type activities in the government-wide Statement of Activities are different due to elimination of the State's internal business-type activities			208	
Changes in Business-Type Net Position			\$ 57,593	

The accompanying notes are an integral part of the financial statements.

**STATE OF MAINE**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**

Fiscal Year Ended June 30, 2019  
(Expressed in Thousands)

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental Activities Internal Service Funds</b>
	<b>Major Employment Security</b>	<b>Non-Major Other Enterprise</b>	<b>Totals</b>	
<b>Cash Flows from Operating Activities</b>				
Receipts from Customers and Users	\$ 116,196	\$ 520,429	\$ 636,625	\$ 45,631
Other Operating Cash Receipts (Payments)				
Cash Received from Interfund Services	125	8,116	8,241	429,191
Payments of Benefits	(81,476)	-	(81,476)	-
Payments to Prize Winners	-	(201,293)	(201,293)	-
Payments to Suppliers	(437)	(192,019)	(192,456)	(250,763)
Payments to Employees	-	(15,592)	(15,592)	(76,926)
Payments for Interfund Goods and Services	-	(5,410)	(5,410)	(63,820)
Net Cash Provided (Used) by Operating Activities	34,408	114,231	148,639	83,313
<b>Cash Flows from Noncapital Financing Activities</b>				
Transfers from Other Funds	1,211	5,396	6,607	6,235
Transfers to Other Funds	(4,893)	(119,263)	(124,156)	-
Net Cash Provided (Used) by Noncapital Financing Activities	(3,682)	(113,867)	(117,549)	6,235
<b>Cash Flows from Capital and Related Financing Activities</b>				
Payments for Acquisition of Capital Assets	-	-	-	(16,107)
Proceeds from Financing Arrangements	-	-	-	5,500
Principal and Interest Paid on Financing Arrangements	-	-	-	(17,449)
Proceeds from Sale of Capital Assets	-	3	3	334
Net Cash Provided (Used) by Capital and Related Financing Activities	-	3	3	(27,722)
<b>Cash Flows from Investing Activities</b>				
Interest Revenue	10,921	9	10,930	6,134
Net Cash Provided (Used) by Investing Activities	10,921	9	10,930	6,134
Net Increase (Decrease) in Cash/Cash Equivalents	41,647	376	42,023	67,960
Cash/Cash Equivalents - Beginning of Year	448,106	13,743	461,849	280,786
Cash/Cash Equivalents - End of Year	\$ 489,753	\$ 14,119	\$ 503,872	\$ 348,746
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Operating Income (Loss)	\$ 34,824	\$ 114,323	\$ 149,147	\$ 66,685
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Depreciation Expense	-	2,882	2,882	24,700
Decrease (Increase) in Assets				
Accounts Receivable	(1,311)	2,313	1,002	4,607
Interfund Balances	125	(1,013)	(888)	(2,593)
Inventories	-	(570)	(570)	(678)
Other Assets	-	589	589	1,524
Deferred Outflows	-	1,442	1,442	(2,111)
Increase (Decrease) in Liabilities				
Accounts Payable	1,207	(2,702)	(1,495)	(4,856)
Accrued Payroll Expense	-	(144)	(144)	(52)
Due to Other Governments	-	-	-	202
Compensated Absences	-	(27)	(27)	38
Deferred Inflows	-	790	790	5,601
Net Pension Liability	-	(2,042)	(2,042)	(7,342)
Other Accruals	(437)	(328)	(765)	(136)
Net OPEB Liability	-	(1,282)	(1,282)	(2,276)
Total Adjustments	(416)	(92)	(508)	16,628
Net Cash Provided (Used) by Operating Activities	\$ 34,408	\$ 114,231	\$ 148,639	\$ 83,313
<b>Non Cash Investing, Capital and Financing Activities</b>				
Property Leased, Accrued or Acquired	-	-	-	504
Contributed Capital Assets	-	4,716	4,716	1,565
Special Item	-	15,761	15,761	-
Disposal of Assets	-	5,613	5,613	-

The accompanying notes are an integral part of the financial statements.

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# FIDUCIARY FUND

## FINANCIAL STATEMENTS

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Pension (and Other Employee Benefit) Trusts – accounts for funds held by the Maine Public Employees Retirement System (the System), a component unit included with Fiduciary Funds per GASB Statement No. 34. The System provides pension, death, and disability benefits to its members, including State employees, some public school employees, and employees of approximately 300 local municipalities and other public entities in Maine.

Private-Purpose Trusts and Agency Funds are used to account for private-purpose assets held by the State in a fiduciary capacity, acting as either a trustee or an agent for individuals, organizations or other funds.

**STATE OF MAINE**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**

June 30, 2019  
(Expressed in Thousands)

	<b>Pension (and Other Employee Benefits)</b>	<b>Private Purpose Trusts</b>	<b>Agency Funds</b>
<b>Assets</b>			
Equity in Treasurer's Cash Pool	\$ -	\$ 661	\$ 16,636
Cash & Short-Term Investments	38,577	2,433	27
Receivables, Net of Allowance for Uncollectibles:			
State and Local Agency Contributions	33,898	-	-
Interest and Dividends	2,387	-	-
Due from Brokers for Securities Sold	32,051	-	-
Other Receivable	-	1,005	-
Investments at Fair Value:			
Equity Securities	2,299,562	-	-
Common/Collective Trusts	13,227,297	-	-
Investments - Other	-	21,335	-
Restricted Deposits & Investments	-	-	11
Securities Lending Collateral	199,994	-	-
Due from Other Funds	-	41,486	-
Investments Held on Behalf of Others	-	-	62,725
Capital Assets - Net of Depreciation	19,342	-	-
Other Assets	-	3,746	61
Total Assets	<u>15,853,108</u>	<u>70,666</u>	<u>79,460</u>
<b>Liabilities</b>			
Accounts Payable	6,442	1,243	43
Due to Other Funds	-	3	-
Agency Liabilities	-	-	77,324
Obligations Under Securities Lending	199,994	-	-
Other Accrued Liabilities	70,990	-	2,093
Total Liabilities	<u>277,426</u>	<u>1,246</u>	<u>79,460</u>
<b>Net Position</b>			
Restricted for Pension	15,154,092	-	-
Restricted for Other Post-Employment Benefits	421,590	-	-
Restricted for Individuals, Organizations and Other Governments	-	69,420	-
Total Net Position	<u>\$ 15,575,682</u>	<u>\$ 69,420</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

**STATE OF MAINE**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**

Fiscal Year Ended June 30, 2019  
(Expressed in Thousands)

	<b>Pension (and Other Employee Benefits)</b>	<b>Private Purpose Trusts</b>
<b>Additions:</b>		
Contributions:		
Members	\$ 209,813	\$ -
State & Local Agencies	370,199	-
Other Contributing Entity	136,528	-
Investment Income (Loss):		
Net Increase (Decrease) in the Fair Value of Investments	1,012,441	1,015
Interest & Dividends	98,956	375
Securities Lending Income	1,141	-
Less Investment Expense:		
Investment Activity Expense	117,240	-
Securities Lending Expense	(798)	-
Net Investment Income (Loss)	996,096	1,390
Miscellaneous Revenues	-	21,360
Transfer from Other Funds	-	604
Total Additions	<u>1,712,636</u>	<u>23,354</u>
<b>Deductions:</b>		
Benefits Paid to Participants or Beneficiaries	1,087,973	12,293
Refunds & Withdrawals	29,646	-
Administrative Expenses	15,147	369
Claims Processing Expense	980	-
Transfer to Other Funds	-	6,096
Total Deductions	<u>1,133,746</u>	<u>18,758</u>
Net Increase (Decrease)	578,890	4,596
<b>Net Position:</b>		
Restricted		
Beginning of Year	<u>14,996,792</u>	<u>64,824</u>
End of Year	<u>\$ 15,575,682</u>	<u>\$ 69,420</u>

The accompanying notes are an integral part of the financial statements.





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# COMPONENT UNIT

## FINANCIAL STATEMENTS

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Finance Authority of Maine (FAME) – The Authority provides commercial financing and loan guarantees to Maine businesses and educational financing to Maine students and their parents; administers several revolving loan programs on behalf of the State; and administers the Maine College Savings Program Fund.

Maine Community College System – is Maine’s comprehensive two-year college system and offers certificate, diploma and associate degree programs. The financial statements of the system include the activity of seven colleges, the central administrative office and the Center for Career Development.

Maine Health & Higher Educational Facilities Authority – MHHEFA assists Maine health care institutions and institutions of higher education in undertaking projects involving the acquisition, construction, improvement, reconstruction and equipping of health care and educational facilities and the refinancing of existing indebtedness. The Authority, pursuant to the Student Loan Corporations Act of 1983, may finance student loan programs of institutions of higher education.

Maine Municipal Bond Bank – is authorized to issue bonds providing funds to counties, cities, towns, school districts, or other quasi-municipal corporations within the State.

Maine State Housing Authority – is authorized to issue bonds for the purchase of notes and mortgages on single- and multi-family residential units to provide housing for persons and families of low income in the State. The Authority also administers various housing and energy related state and federal programs and collects and disburses federal rent subsidies for low income housing.

The Maine Turnpike Authority – is authorized and empowered to construct, maintain and operate a turnpike at such a location as shall be approved by the State Highway Commission and to issue turnpike revenue bonds of the Authority, payable solely from revenues of the Authority.

University of Maine System – The State University consists of seven universities, eight centers, and a central administrative office.

**STATE OF MAINE**  
**STATEMENT OF NET POSITION**  
**COMPONENT UNITS**

June 30, 2019  
(Expressed in Thousands)

	<u>Finance Authority of Maine</u>	<u>Maine Community College System</u>	<u>Maine Health &amp; Higher Educational Facilities Authority</u>	<u>Maine Municipal Bond Bank</u>
<b>Assets</b>				
Current Assets:				
Equity in Treasurer's Cash Pool	\$ 17,427	\$ 12,585	\$ 4,028	\$ -
Cash & Short-Term Investments	3,591	10,843	1,631	793
Investments	68,000	59,372	16,584	25,159
Restricted Assets:				
Restricted Deposits & Investments	-	-	19,058	341,274
Inventories	-	-	-	-
Receivables, Net of Allowance for Uncollectibles:				
Loans Receivable	31,495	-	32,100	-
Other Receivable	3,157	6,190	114	1,712
Due from Other Governments	-	-	-	151,220
Due from Primary Government	-	1,339	-	21,825
Loans Receivable from Primary Government	-	-	-	54,971
Other Assets	635	1,935	748	24,381
Total Current Assets	<u>124,305</u>	<u>92,264</u>	<u>74,263</u>	<u>621,335</u>
Noncurrent Assets:				
Equity in Treasurer's Cash Pool	5,631	4,066	1,302	-
Restricted Assets:				
Investments	23,035	1,131	59,914	201,346
Receivables, Net of Current Portion:				
Loans & Notes Receivable	61,421	-	384,504	-
Other Receivables	-	-	-	-
Due from Other Governments	-	-	-	1,531,946
Due from Primary Government	-	-	-	-
Loans Receivable from Primary Government	-	-	-	320,192
Capital Assets - Net of Depreciation	1,364	179,521	-	282
Other Non-Current Assets	-	-	-	-
Total Noncurrent Assets	<u>91,451</u>	<u>199,692</u>	<u>471,886</u>	<u>2,053,766</u>
Total Assets	<u>215,756</u>	<u>291,956</u>	<u>546,149</u>	<u>2,675,101</u>
<b>Deferred Outflows of Resources</b>	<u>\$ 1,757</u>	<u>\$ 11,818</u>	<u>\$ -</u>	<u>\$ 26,579</u>
<b>Liabilities</b>				
Current Liabilities:				
Accounts Payable	\$ 5,738	\$ 4,940	\$ 47	\$ 503
Accrued Payroll	-	-	-	-
Compensated Absences	-	2,535	-	-
Due to Other Governments	-	-	-	539
Due to Primary Government	-	-	-	107,552
Amounts Held Under State & Federal Loan Programs	-	-	-	21,203
Bonds & Notes Payable	3,060	765	34,790	168,517
Obligations under Capital Leases	-	-	-	-
Accrued Interest Payable	314	-	11,097	13,975
Unearned Revenue	1,320	2,968	133	4,943
Other Accrued Liabilities	17,695	7,207	-	-
Total Current Liabilities	<u>28,127</u>	<u>18,415</u>	<u>46,067</u>	<u>317,232</u>
Long-Term Liabilities				
Due to Other Governments	2,756	-	-	885
Amounts Held Under State & Federal Loan Programs	49,994	-	-	-
Bonds & Notes Payable	88,625	17,453	440,905	1,606,762
Obligations under Capital Leases	-	-	-	-
Net Pension Liability	-	49,280	-	545
Net Other Post-Employment Benefit Liability	-	3,090	-	852
Other Noncurrent Liabilities	-	-	-	-
Total Long-Term Liabilities	<u>141,375</u>	<u>69,823</u>	<u>440,905</u>	<u>1,609,044</u>
Total Liabilities	<u>169,502</u>	<u>88,238</u>	<u>486,972</u>	<u>1,926,276</u>
<b>Deferred Inflows of Resources</b>	<u>-</u>	<u>17,823</u>	<u>-</u>	<u>237</u>
<b>Net Position</b>				
Net Investment in Capital Assets	1,364	162,433	-	282
Restricted	19,611	43,995	-	698,464
Unrestricted	27,036	(8,715)	59,177	76,421
Total Net Position	<u>\$ 48,011</u>	<u>\$ 197,713</u>	<u>\$ 59,177</u>	<u>\$ 775,167</u>

The accompanying notes are an integral part of the financial statements.

Maine State Housing Authority	Maine Turnpike Authority	University of Maine System	Non-Major Component Units	Total
\$ -	\$ -	\$ 2,283	\$ 7	\$ 36,330
1,380	24,750	14,679	14,758	72,425
280,477	-	258,256	13,682	721,530
-	224,607	-	42,722	627,661
-	1,520	-	694	2,214
42,590	-	63	1,097	107,345
11,855	5,530	42,867	5,905	77,330
5,553	-	10,280	3,232	170,285
2,483	32	3,599	944	30,222
-	-	-	-	54,971
-	1,654	6,078	404	35,835
344,338	258,093	338,105	83,445	1,936,148
-	-	737	2	11,738
-	57,692	7,351	34,924	385,393
118,829	-	403,297	15,054	578,320
1,345,856	-	36,023	18,649	1,846,453
-	516	12,769	226	13,511
-	-	-	-	1,531,946
-	-	523	378	901
-	-	-	-	320,192
3,222	662,029	685,089	174,435	1,705,942
421	256	9,594	1,471	11,742
1,468,328	720,493	1,155,383	245,139	6,406,138
1,812,666	978,586	1,493,488	328,584	8,342,286
\$ 9,629	\$ 13,536	\$ 22,749	\$ 1,550	\$ 87,618
\$ 6,485	\$ 14,511	\$ 16,838	\$ 14,484	\$ 63,546
-	3,751	-	1,105	4,856
-	-	-	561	3,096
451	-	-	-	990
-	-	-	1,078	108,630
-	-	-	-	21,203
40,190	14,945	13,861	2,032	278,160
-	-	917	-	917
5,527	-	-	-	30,913
3,989	11,563	14,540	480	39,936
-	11,882	30,115	930	67,829
56,642	56,652	76,271	20,670	620,076
-	-	-	1,340	4,981
-	-	-	-	49,994
1,414,720	529,228	131,775	7,938	4,237,406
-	-	3,585	-	3,585
2,283	10,612	-	4,238	66,958
-	47,757	63,247	450	115,396
4,619	2,688	111,790	81	119,178
1,421,622	590,285	310,397	14,047	4,597,498
1,478,264	646,937	386,668	34,717	5,217,574
1,048	6,636	44,700	1,831	72,275
3,222	278,823	542,623	165,800	1,154,547
308,086	108,388	436,150	101,016	1,715,710
31,675	(48,662)	106,096	26,770	269,798
\$ 342,983	\$ 338,549	\$ 1,084,869	\$ 293,586	\$ 3,140,055

**STATE OF MAINE**  
**STATEMENT OF ACTIVITIES**  
**COMPONENT UNITS**

Fiscal Year Ended June 30, 2019  
(Expressed in Thousands)

	<b>Finance Authority Of Maine</b>	<b>Maine Community College System</b>	<b>Maine Health &amp; Higher Educational Facilities Authority</b>	<b>Maine Municipal Bond Bank</b>
<b>Expenses</b>	\$ 46,455	\$ 133,503	\$ 24,514	\$ 66,956
<b>Program Revenues</b>				
Charges for Services	24,820	15,128	21,201	49,527
Program Investment Income	372	978	4,317	18,661
Operating Grants & Contributions	20,232	52,505	-	4,154
Capital Grants & Contributions	-	1,260	-	46,237
Net Revenue (Expense)	<u>(1,031)</u>	<u>(63,632)</u>	<u>1,004</u>	<u>51,623</u>
<b>General Revenues</b>				
Unrestricted Investment Earnings	2,196	3,188	770	701
Non-program Specific Grants, Contributions & Appropriations	-	72,497	-	-
Miscellaneous Revenues	-	1,528	114	1,938
Gain (Loss) on Assets Held for Sale	-	-	-	-
Total General Revenues	<u>2,196</u>	<u>77,213</u>	<u>884</u>	<u>2,639</u>
Change in Net Position	1,165	13,581	1,888	54,262
Net Position, Beginning of Year (as restated)	<u>46,846</u>	<u>184,132</u>	<u>57,289</u>	<u>720,905</u>
Net Position, End of Year	<u><u>\$ 48,011</u></u>	<u><u>\$ 197,713</u></u>	<u><u>\$ 59,177</u></u>	<u><u>\$ 775,167</u></u>

The accompanying notes are an integral part of the financial statements.

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<b>Maine State Housing Authority</b>	<b>Maine Turnpike Authority</b>	<b>University Of Maine System</b>	<b>Non-Major Component Units</b>	<b>Total</b>
\$ 228,435	\$ 107,462	\$ 746,841	\$ 170,408	\$ 1,524,574
69,083	138,432	320,622	42,579	681,392
4,937	-	5,770	43	35,078
167,178	-	183,899	112,978	540,946
-	-	4,209	17,793	69,499
<u>12,763</u>	<u>30,970</u>	<u>(232,341)</u>	<u>2,985</u>	<u>(197,659)</u>
187	5,268	11,644	3,485	27,439
-	-	236,016	25,473	333,986
-	6,813	-	1,883	12,276
-	(77)	(335)	66	(346)
<u>187</u>	<u>12,004</u>	<u>247,325</u>	<u>30,907</u>	<u>373,355</u>
12,950	42,974	14,984	33,892	175,696
<u>330,033</u>	<u>295,575</u>	<u>1,069,885</u>	<u>259,694</u>	<u>2,964,359</u>
<u>\$ 342,983</u>	<u>\$ 338,549</u>	<u>\$ 1,084,869</u>	<u>\$ 293,586</u>	<u>\$ 3,140,055</u>



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# NOTES TO THE FINANCIAL STATEMENTS

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**STATE OF MAINE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements of the State of Maine (the State) have been prepared under guidelines established by generally accepted accounting principles (GAAP) as mandated by the Governmental Accounting Standards Board (GASB).

Preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements.

**A. REPORTING ENTITY**

For financial reporting purposes, the State of Maine's reporting entity includes the "primary government" and its "component units." The primary government includes all funds, organizations, agencies, boards, commissions and authorities. Component units are legally separate organizations for which the State is financially accountable. Component units can also be legally separate, tax exempt entities that raise and hold economic resources for the direct benefit of a governmental unit.

Financial accountability is defined in GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*. The State is financially accountable for those entities for which it appoints a voting majority of the governing board and either is able to impose its will on that entity or the entity may provide specific financial benefits to, or impose specific financial burdens on, the primary government. Entities for which the State does not appoint a voting majority of the governing board may be included if the organization is fiscally dependent on the primary government and there exists a financial benefit or burden relationship with the State. Entities that do not meet the specific criteria for inclusion may still be included if the nature and significance of its relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Under GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units, an Amendment of GASB Statement No. 14*, individually significant legally separate, tax-exempt entities should be reported as component units if their resources are for the direct benefit of the State and the State can access those resources. Although the State has not identified any organizations that would qualify as direct component units of the State by meeting all of the criteria of GASB Statement No. 39, a few of the component units described later in this note have significant foundations that meet the criteria of GASB Statement No. 39.

**Blended Component Units**

Blended component units are entities that are legally separate from the State, but provide services entirely, or almost entirely to the State or otherwise exclusively, or almost exclusively, benefits the primary government even though they do not provide services directly to it. The State reports one blended component unit.

The Maine Governmental Facilities Authority (MGFA) is a legally separate organization that has its board appointed by the primary government and provides services entirely, or almost entirely, to the State. Its purpose includes assisting in the financing, acquisition, construction, improvement, reconstruction, and equipping of additions to structures designed for use as a court facility, State office or State activity space. In their separately issued financial statements, MGFA records a lease receivable from the State and a liability for bonds issued. However, in accordance with GASB, capital leases that exist between the State and MGFA are not recorded as leases in this report. The assets associated with these leases are reported in the government-wide statements along with the related debt. The corresponding debt service activity is recorded in the Governmental Funds. MGFA financial activity associated with servicing the debt is reported in an internal service fund. Therefore, the State reports MGFA's balances and transactions as though they were part of the primary government, using the blending method.

**Discrete Component Units**

Discrete component units are entities that are legally separate from the State but are either accountable to the State or related so closely to the State that exclusion would cause the State's financial statements to be misleading or incomplete. Component units that are not material to the State's financial statements have been excluded. The column labeled "Component Units" emphasizes these organizations' separateness from the State's primary government.

The State is able to impose its will upon these discretely presented component units whose boards of directors or boards of trustees are appointed by the Governor:

*The Maine Community College System* is Maine's comprehensive two-year college system and offers certificate, diploma and associate degree programs. The combined financial statements of the System include the activity of seven colleges, the central administrative office and the Center for Career Development (including the Maine Career Advantage and Maine Quality Centers programs), and its component unit, Maine Community College Educational Foundations.

The *Maine Turnpike Authority* (MTA) constructs, maintains and operates a turnpike at such a location approved by the State Highway Commission. It issues turnpike revenue bonds payable solely from revenues of the Authority. The Authority's fiscal year ends December 31.

The *University of Maine System* is the State University governed by a single Board of Trustees. The combined financial statements of the System include the activity of seven universities, eight centers, the central administrative office, and its component units, which include several foundations and alumni associations that raise funds on the System's behalf.

There is a financial burden/benefit relationship between these entities and the State:

The *Finance Authority of Maine* provides commercial financing and loan guarantees to Maine businesses and educational financing to Maine students and their parents. The Authority also provides financial and other services for the NextGen College Investing Plan, Potato Marketing Improvement Fund Board, the Nutrient Management Fund Board, the Northern Maine Transmission Corporation, the Adaptive Equipment Loan Program Fund Board, the Agricultural Marketing Loan Fund Board, Maine Rural Development Authority Board and the Small Enterprise Growth Fund Board. The Governor appoints the fifteen voting members of the Authority.

*Maine Health & Higher Educational Facilities Authority (MHHEFA)* – MHHEFA assists Maine health care institutions and institutions of higher education in undertaking projects involving the acquisition, construction, improvement, reconstruction and equipping of their facilities and the refinancing of existing indebtedness. The Authority, pursuant to the Student Loan Corporations Act of 1983, may also finance student loan programs of institutions of higher education. MHHEFA's board consists of twelve members, four of whom serve *ex officio* and must be the Superintendent of Financial Institutions, the Commissioner of Health and Human Services, the Commissioner of Education, and the Treasurer of State. The remaining eight members must be residents of the State appointed by the Governor.

The *Maine Municipal Bond Bank* issues bonds on behalf of counties, cities, towns, school administrative districts, community school districts, or other quasi-municipal corporations or eligible borrowers as designated by the Legislature (the "governmental units") within the State. The Governor appoints three residents of the State to the five-member Board of Commissioners. The remaining two members include the Treasurer of State and Superintendent of Financial Institutions who serve as commissioners, *ex officio*.

*Maine State Housing Authority* issues bonds to purchase notes and mortgages on residential units, both single and multi-family, for the purpose of providing housing for persons and families of low income in the State. The Authority also acts as an agent for the State in administering federal weatherization, energy conservation, fuel assistance and homeless grant programs and collecting and disbursing federal rent subsidies for low income housing. The Governor appoints five of the Authority's seven commissioners. The remaining two commissioners are the Treasurer of State and the Director of the Maine State Housing Authority, both of whom serve *ex officio*. The Authority's fiscal year ends on December 31.

The State's financial statements also include a fiduciary component unit:

*Maine Public Employees Retirement System* administers a public employee retirement system. It provides pension, death, and disability benefits to its members, which include employees of the State, some public school employees, employees of approximately 300 local municipalities and other public entities in Maine. The State has a financial benefit/burden relationship with the retirement system since the legislature has substantive approval over their budget.

Complete financial statements of the major component units can be obtained directly from their respective administrative offices by writing to:

Finance Authority of Maine 5 Community Dr. PO Box 949 Augusta, ME 04432	Maine Health and Higher Education Facilities Authority PO Box 2268 Augusta, ME 04338	Maine Public Employees Retirement System PO Box 349 Augusta, ME 04332-0349	Maine Turnpike Authority 2360 Congress Street Portland, ME 04102
Maine Community College System 323 State Street Augusta, ME 04330	Maine Municipal Bond Bank PO Box 2268 Augusta, ME 04338	Maine State Housing Authority 89 State House Station 353 Water Street Augusta, ME 04330	University of Maine System 5703 Alumni Hall, Suite 101 Orono, ME 04469

### Related Organizations

Officials of the State's primary government appoint a voting majority of the governing board of the Maine Veteran's Home. The primary government has no material accountability for this organization beyond making board appointments.

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS****Government-Wide Financial Statements**

The Statement of Net Position and Statement of Activities report information on all non-fiduciary activities of the primary government and its component units. Primary government activities are distinguished between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The *Statement of Net Position* presents the reporting entity's non-fiduciary assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Net position is reported in three components:

**Net investment in capital assets** component consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

**Restricted component of net position** consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported. Constraints placed on restricted components of net position are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net position reports \$690.0 million of restricted net position, of which \$527.6 million is restricted by enabling legislation.

**Unrestricted component of net position** consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not meet the definition of the two preceding categories. The unrestricted component of net position often is designated, to indicate that management does not consider it to be available for general operations and often have constraints on resources that are imposed by management, but can be removed or modified.

The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not meeting the definition of program revenues are instead reported as general revenues.

**Fund Financial Statements**

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements, with non-major funds being combined into a single column.

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION****Measurement Focus and Basis of Accounting**

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements except for agency funds which have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the governmental funds when they become susceptible to accrual, generally when they become both measurable and available. "Available" means earned and collected or expected to be collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the State generally considers revenues available if they are collected within 60 days of the end of the fiscal year.

Significant revenues susceptible to accrual include: income taxes, sales and use taxes, and other taxes; federal grants; federal reimbursements; and other reimbursements for use of materials and services. Revenues from other sources are recognized when received because they are generally not measurable until received in cash. Property taxes are recognized as revenue in the year for which they are levied, provided the "available" criterion is met.

The State Tax Assessor levies taxes on properties located in the unorganized territory of Maine by August 1 of each year, and on telecommunications personal properties statewide by March 30 of each year. Unorganized territory property taxes are due on October 1 and telecommunications personal property taxes are due on August 15. Formal collection procedures begin on November 1, and unpaid property taxes become a lien no later than March 15 of the fiscal year for which they are levied.

Expenditures are generally recorded when a liability is incurred. However, expenditures related to claims and judgments, debt service and compensated absences are recorded only when payment is due and payable.

### **Financial Statement Presentation**

The State reports the following major governmental funds:

The *General Fund* is the State's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

The *Highway Fund* accounts for the regulation, construction and maintenance of State highways and bridges and is funded by motor fuel taxes, motor vehicle license and registration fees, special State appropriations, and other charges.

The *Federal Fund* accounts for grants and other financial assistance received from the federal government, including federal block grants, that are legally restricted to expenditures for purposes specified in the grant awards or agreements.

The *Other Special Revenue Fund* accounts for specific revenue sources that are legally required to be expended for specified purposes, and the related current liabilities, including some major capital projects that are not accounted for in the Highway and Federal Funds. Examples of the most significant types of revenue sources include: Fund for a Healthy Maine (tobacco settlement revenue), State municipal revenue sharing, hospital and service provider taxes, and oil transfer fees.

The State reports the following major enterprise fund:

The *Maine Employment Security Fund* receives contributions from employers and provides unemployment compensation benefits to eligible unemployed workers.

Additionally, the State reports the following fund types:

### **Governmental Fund Types:**

*Special Revenue Funds* include operating fund activities financed by specific revenue sources that are legally restricted for specified purposes. An example is funds for acquisition of public reserved lands.

*Capital Projects Funds* account for the acquisition or construction of major capital assets and other programs financed by bond proceeds.

*Permanent Trust Funds* report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that benefit the government or its citizenry. Examples include the Baxter State Park Fund and Baxter Park Wilderness Fund.

### **Proprietary Fund Types:**

*Enterprise Funds* report the activities for which fees are charged to external users for goods or services, such as the unemployment compensation program, lottery operations and transportation services.

*Internal Service Funds* provide goods or services primarily to other agencies or funds of the State, rather than to the general public. These goods and services include printing and mailing services, supplies warehousing, information technology, fleet management, risk management, health-related benefits, and financing for acquisition and construction of governmental facilities.

### **Fiduciary Fund Types:**

*Pension (and Other Employee Benefit) Trust Funds* report resources that are required to be held in trust for members and beneficiaries of the State's pension, death and disability benefit plans. These resources are managed by the Maine Public Employees Retirement System (MPERS). The fund also reports resources that are required to be held in trust for members and beneficiaries of the State and for MPERS' retiree healthcare benefits. The investment trusts, managed by the Maine Public Employees Retirement System, hold the long-term investments. The trustees of the Healthcare Other Employee Benefit Trust Fund are the State Controller and State Treasurer.

*Private Purpose Trust Funds* report resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments. Examples include Abandoned Property, Public Reserved Lands and the Permanent School funds.

*Agency Funds* report assets and liabilities for deposits and investments entrusted to the State as an agent for others. Examples include amounts held for payroll withholdings, inmate and student guardianship accounts.

**D. FISCAL YEAR-ENDS**

All funds and discretely presented major component units are reported using fiscal years which end on June 30, except for the Maine State Housing Authority and Maine Turnpike Authority, which utilize December 31 year-ends.

**E. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE****Equity in Treasurer's Cash Pool**

The State pools cash and cash equivalents for a variety of State agencies and public sector entities. The pooled balances are reported at fair value. Interest earned on pooled cash is allocated to the various funds, generally based on their average equity balances. The Treasurer's Cash Pool has the general characteristics of a demand deposit account and is comprised primarily of prime commercial paper, repurchase agreements, U.S. Treasury Bills, U.S. Treasury Notes, and other U.S. Agency Obligations, certificates of deposit, and corporate bonds.

For component units that participate in the cash pool, equity is shown at fair value.

**Cash and Cash Equivalents**

Cash equivalents consist of short-term investments that mature within three months. On the Statement of Cash Flows, the amount reported as "Cash and Cash Equivalents" is equal to the total of the amounts reported on the Statement of Net Position as "Equity in Treasurer's Cash Pool," "Cash and Cash Equivalents," "Cash with Fiscal Agent," "Restricted Equity in Treasurer's Cash Pool," and "Restricted Deposits and Investments."

**Cash with Fiscal Agent**

Cash with Fiscal Agent in Governmental Funds represents cash that will be used for debt service on bonds and unspent proceeds of bonds and Certificates of Participation.

Cash with Fiscal Agent in Proprietary Funds represents proceeds of Certificates of Participation and other financing arrangements that have not been spent.

Other investments of the State are carried at fair value. Donated investments are stated at fair value at the date of donation.

**Investments Held on Behalf of Others**

These assets include amounts held by the State in a fiduciary capacity, acting as either a trustee or an agent for individuals, organizations or other funds. Generally, these investments are reported at fair value or at amortized cost which approximates fair value. The State also holds \$124.5 million of Workers' Compensation, \$59.7 million of Bureau of Insurance, and \$34.5 million of Maine Department of Labor surety bonds and letters of credit that are not reflected on the financial statements.

**Restricted Deposits and Investments**

Restricted deposits and investments include: unemployment tax receipts deposited with the United States Treasury that are drawn down to pay unemployment benefits; cash and investments of the Maine Governmental Facilities Authority, a blended component unit that has been independently audited; unspent bond proceeds, and funds invested in Certificates of Deposit and other investments at various financial institutions within the State. The financial institutions lend these deposits and investments to local commercial and agricultural enterprises to foster economic growth in Maine.

**Inventories**

The costs of materials and supplies of the Governmental Funds are reported as expenditures when purchased. Undistributed vaccines and food commodities are reported as inventory and unearned revenue in the Federal Fund. Revenues and corresponding expenditures are recognized when food stamps are used (EBT cards), and when vaccines and food commodities are issued. Inventories of materials and supplies in the Proprietary Funds are determined by physical counts and by perpetual inventory systems. Proprietary Fund inventories are stated at cost or average cost.

Inventories included in the component unit column are stated at the lower of cost or market (using the first-in, first-out method).

**Receivables**

Receivables consist primarily of amounts due to the State from taxpayers and service providers. Also included in receivables are amounts due but not yet remitted to the State from lottery sales by agents. Loans receivable for the primary government represent low interest financing arrangements to construct and modernize agricultural storage facilities and local commercial enterprises, as well as Department of Transportation loans to local governments. Receivables in the component units' column arise in the normal course of business. Receivables are stated net of estimated allowances for uncollectible amounts that are determined based upon past collection experience and aging of the accounts.

**Interfund Transactions and Balances**

Numerous transactions are made between funds to finance operations, provide services, and acquire or construct assets. To the extent that transactions between funds were not completed as of June 30, interfund receivables and payables have been recorded in the fund financial statements. Interfund receivables and payables have been eliminated from the Statement of Net Position.

Long-term loans made by one fund to another are classified as “Working Capital Advances Receivable” and “Working Capital Advances Payable.” In the fund financial statements, advances receivable are offset by nonspendable fund balance designations indicating that the long-term loans do not constitute expendable financial resources.

**Due from/to Primary Government/Component Units**

Numerous transactions are made between the primary government and component units to finance operations, provide services, acquire or construct assets, or repay bonds. To the extent that transactions between funds were not completed as of June 30, “Due from Primary Government” and “Due to Component Unit” receivables and payables have been recorded. Two component units have December 31 year ends, therefore the “due to” and “due from” amounts may differ.

**Due from/to Other Governments**

Due from/to Other Governments represents amounts receivable from or payable to municipalities or the federal government. Due from Other Governments represents primarily federal grants receivable for Medicaid claims, other health and human services programs, and federal grants receivable for transportation-related expenditures. Due from Other Governments in the component units column represents amounts receivable for grants, bond repayment and retirement benefits. Due to Other Governments primarily consist of amounts owed to municipalities for Municipal Revenue Sharing and the federal government for Medicaid cost recoveries from providers.

**Capital Assets**

Capital assets, which include land, buildings, equipment and infrastructure assets (e.g., roads, bridges, ramps and similar items), are reported in the government-wide statements and applicable fund financial statements. Capital assets that are used for governmental activities are only reported in the government-wide statements. The State capitalizes governmental fund buildings valued at \$1 million or more and proprietary fund buildings valued at \$100 thousand or more. Governmental fund equipment is capitalized at \$10 thousand or more and proprietary fund equipment is capitalized at \$5 thousand or more. Governmental and proprietary fund software is capitalized at \$1 million or more. All land, regardless of value, is capitalized. Capital assets are recorded at cost or, if donated, at acquisition value at date of acquisition. In some instances, capital assets historical cost were not available. The costs of these assets at the date of acquisitions have been estimated.

In the government-wide statements, most capital assets are depreciated on a straight-line basis over the assets’ estimated useful lives, which are 10-40 years for software, buildings and improvements, and 2-25 years for equipment. The State uses the modified approach for reporting its significant infrastructure assets. As long as the State maintains and preserves its infrastructure assets at pre-determined condition levels, maintenance costs are expensed and depreciation is not reported. This approach is discussed further in the Required Supplementary Information.

Capital assets of component units are capitalized upon purchase and depreciated over their estimated useful lives. Interest incurred during construction is capitalized. The estimated useful lives of fixed assets are 5–60 years for non-road structures and improvements and 3–15 years for equipment, furniture, fixtures and vehicles. Component units reflect infrastructure in improvements other than buildings and record depreciation expense on them. The Maine Turnpike Authority (MTA) uses the modified approach for reporting its significant infrastructure assets. As long as MTA maintains and preserves its infrastructure assets at pre-determined condition levels, maintenance costs are expensed and depreciation is not reported.

**Deferred Outflows of Resources**

Deferred outflows of resources are defined as a consumption of net assets by the government applicable to a future period; they increase net position, similar to assets. Note 15 provides further detail on the components of deferred outflows of resources.

**Accounts Payable**

Accounts payable represent the gross amount of expenditures or expenses incurred as a result of normal operations, but for which no actual payment has yet been issued to vendors/providers. Incurred but not paid (IBNP) Medicaid claims settlements are actuarially estimated. The IBNP estimate recorded at June 30, 2019 is \$259.0 million.

**Tax Refunds Payable**

The amount of collected or accrued tax revenues that will be refunded is estimated and accrued as a General Fund liability.

**Claims Payable**

Claims payable represent workers’ compensation, retiree health, employee health, and other claims payable, including actual claims submitted and actuarially determined claims incurred but not reported. The actuarially determined claims liability is discounted and presented at net present value.

**Compensated Employee Absences**

In the government-wide statements and proprietary fund financial statements, compensated absences are recorded as a long-term liability as required by GASB. In the governmental fund financial statements, vested or accumulated leave is reported as an expenditure and fund liability when incurred upon retirement, termination or death. Sick and vacation payments to terminated employees as of June 30, 2019 but paid after the fiscal year end are also reported in the funds. Approximately 57 percent of the governmental fund compensated absences are liquidated by the general fund. In the discretely presented component units, employees' accumulated compensated absences are recorded as an expense and liability as the benefits accrue.

**Net Pension Liability**

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Maine Public Employees Retirement System (MPERS) and additions/deductions from MPERS' fiduciary net position have been determined on the same basis as they are reported by MPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The primary government's proportionate share of pension amounts were further allocated to proprietary funds based on the salaries paid by each proprietary fund. Pension investments are reported at fair value. Note 9 provides further detail on the net pension liability.

**OPEB Liability**

The total OPEB liability is the portion of the actuarial present value of projected benefit payments attributed to past periods of employee service. It is the liability of employers and nonemployer contributing entities to employees for benefits provided through an OPEB plan that is not administered through a trust. The net OPEB liability is the liability of employers and nonemployer contributing entities to employees for benefits provided through a defined benefit OPEB plan that is administered through a trust.

**Deferred Inflows of Resources**

Deferred inflows of resources are defined as an acquisition of net assets by the government applicable to a future period; they decrease net position, similar to liabilities. Note 15 provides further detail on the components of deferred inflows.

**Loans Payable to Component Units**

In the Statement of Net Position, the amount of bond proceeds received by a component unit for unmatured GARVEE, TransCap and Liquor Revenue bond proceeds is called "Loans Payable to Component Unit." The offsetting receivables are classified as "Loans Receivable from Primary Government."

**Long-Term Obligations**

In the government-wide statements and proprietary fund financial statements, long-term debt and other long-term obligations are recorded as liabilities.

In the fund financial statements, governmental fund types recognize the face amount of debt issued as other financing sources.

**Net Position/Fund Balances**

The difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources is "Net Position" on the government-wide, proprietary and fiduciary fund statements and "Fund Balances" on governmental fund statements.

**Fund Balance Restrictions**

Fund balances for governmental funds have been classified in accordance with GASB Statement No. 54.

The State reported the following fund balance restrictions:

*Nonspendable Fund Balance* - indicates items that cannot be spent. This includes activity that is not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless those proceeds are restricted, committed or assigned) and activity that is legally or contractually required to remain intact, such as a principal balance in a permanent fund.

*Restricted Fund Balances* - include balances that are legally restricted for specific purposes due to constraints that are either externally imposed by creditors, grantors, contributors, or imposed by law through a constitutional provision or enabling legislation.

*Committed Fund Balances* - indicates assets can be used only for specific purposes pursuant to constraints imposed by a formal action of the Maine Legislature through Legislation passed into law.

*Assigned Fund Balances* - include amounts constrained by the State's intent to be used for a specific purpose, but are neither restricted nor committed. The State has two types of intent authorized by statute. Management decisions are made in accordance with statutory powers and duties, including encumbrances. Legislative assignments include formal actions passed into law that lapse with the passage of time and do not require additional legislation. For governmental funds, other than the General Fund, this is the residual amount within the fund that is not restricted or committed.



*Unassigned Fund Balance* – is the residual amount of the General Fund not included in the four categories described above. Also, any deficit fund balances within the other governmental fund types are reported as unassigned.

## **F. REVENUES AND EXPENDITURES/EXPENSES**

In the government-wide Statement of Activities, revenues and expenses are segregated by activity (governmental or business-type), then further by function (e.g., governmental support & operations, education, health & human services, etc.). Additionally, revenues are classified between program and general revenues. Program revenues include: charges to customers or applicants for goods, services, or privileges provided; operating grants and contributions; and capital grants and contributions. Internally dedicated resources are reported as general revenues, rather than as program revenue. General revenues include all taxes. Certain indirect costs are included in the program expenses reported for individual functions.

The State's policy is that restricted amounts are spent first when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available. Within unrestricted fund balance, the State's policy is that committed amounts are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

In the governmental fund financial statements, expenditures are reported by function. Capital outlay expenditures for real property or infrastructure (e.g. highways) are included with expenditures by function.

Revenues and expenses of proprietary funds are classified as operating or nonoperating and are subclassified by object (e.g. general operations and depreciation). Operating revenues and expenses generally result from providing services and producing and delivering goods. All other revenues and expenses are reported as nonoperating, capital contributions, transfers or special items.

## **NOTE 2 - BUDGETING AND BUDGETARY CONTROL, AND LEGAL COMPLIANCE**

### **Appropriation Limits**

The total General Fund appropriation for each fiscal year of the biennium in the Governor's budget submission to the Legislature may not exceed the General Fund appropriation of the previous fiscal year multiplied by one plus the average real personal income growth rate, as defined in Title 5 Maine Revised Statutes Annotated (MRSA) § 1665, subsection 1, plus the average forecasted inflation rate. "Average forecasted inflation rate" means the average forecasted change in the Consumer Price Index underlying the revenue projections developed by the Revenue Forecasting Committee.

This appropriation limitation may be exceeded only by the amount of the additional costs or the lost federal revenue from the following exceptional circumstances: unfunded or under-funded new federal mandates; losses in federal revenues or other revenue sources; citizens' initiatives or referenda that require increased State spending; court orders or decrees that require additional State resources to comply with the orders or decrees; and sudden or significant increases in demand for existing State services that are not the result of legislative changes that increased eligibility or increased benefits.

The Governor may designate exceptional circumstances that are not explicitly defined, but meet the intent of, this statute. "Exceptional circumstances" means an unforeseen condition or conditions over which the Governor and the Legislature have little or no control. Exceptional circumstances do not apply to new programs or program expansions that go beyond existing program criteria and operation.

### **Budget Stabilization Fund**

The Maine Budget Stabilization Fund, a fund designation established under Title 5 MRSA C. 142, is included in the \$237.1 million unassigned General Fund fund balance. Amounts in the stabilization fund may be expended only to offset a General Fund revenue shortfall. The Governor may also allocate funds for payment of death benefits for law enforcement officers, firefighters and emergency medical services personnel.

Balances in the fund do not lapse, but carry forward each year. Money in the fund may be invested with any earnings credited to the fund except when the fund is at its statutory cap. The State Controller is required to transfer to the fund 80 percent of the amount available from the unappropriated surplus after all required deductions of appropriations, budgeted financial commitments and adjustments at the close of each fiscal year when the fund is not at its statutory cap. In accordance with the statute, the State Controller made the required \$18.1 million transfer for fiscal year 2019. The State Controller also transferred \$19.8 million from the General Fund unappropriated surplus to the Budget Stabilization Fund in accordance with Public Law 2019, Chapter 343, Part JJJJ-1. In accordance with Public Law 2017, Chapter 284 Part EEEEEEE, \$19.2 million was transferred from the Budget Stabilization Fund to a Reserve for Riverview Psychiatric Center.

The statutory cap for the fund is 18 percent of the total General Fund revenue received in the immediately preceding fiscal year. At the close of the fiscal year, the cap is based on the revenue received in the fiscal year being closed. Based on fiscal year 2019 actual General Fund revenue, the statutory cap at the close of fiscal year 2019 and during fiscal year 2019 was \$692.7 million. At the close of fiscal year 2019, the balance of the Maine Budget Stabilization Fund was \$297.2 million. No reductions to the Maine Budget Stabilization Fund balance are required when it exceeds the balance of the statutory cap as a result of a decline of General Fund revenue.

### Budget Stabilization Fund Activity

(Expressed in Thousands)

Balance, beginning of year	\$ 272,861
Increase in fund balance	24,349
Balance, end of year	<u>\$ 297,210</u>

### Budget and Budgetary Expenditures

The gross unified budget bills and budget document encompass resources from the General Fund, Highway Fund, Federal Expenditures Fund, Federal Block Grant Fund, Other Special Revenue Fund, internal service funds and enterprise funds. Separate gross unified budget bills must be submitted for the General Fund and the Highway Fund. All funds except trust and agency funds, bond funds and costs of goods sold expenditures in internal service funds and enterprise funds are subject to legislative allocation. The biennial budget sets forth proposed expenditures for the administration, operation and maintenance of the departments and agencies of the State Government; all interest and debt redemption charges during each fiscal year and all expenditures for capital projects to be undertaken and executed during each fiscal year. Within this structure, budgetary control by agency is maintained at the program and line category level. The State Budget Officer and the Governor must approve budget revisions during the year, reflecting program changes or intradepartmental administrative transfers.

Except in specific instances, only the Legislature may transfer appropriations between departments. Changes in appropriation, allocation, or funding for new programs are presented to the Legislature as supplemental budgets or separate pieces of legislation. For the year ended June 30, 2019, the Legislature increased appropriations to the General Fund by \$115.6 million.

Actual expenditures did not exceed legislatively authorized appropriations at the Department level; therefore, the State complied with all related budget laws at the legal level.

### Governmental Fund Balances - Restricted, Committed and Assigned

The State's fund balances represent: (1) restricted purposes, which include balances legally restricted for specific purposes due to constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; (2) committed purposes, which include balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislature; (3) assigned purposes, which includes balances that are constrained by government's intent to be used for specific purposes, but are neither restricted nor committed. A summary of the nature and purpose of these fund balance types at June 30, 2019 are detailed on the following pages.

### Governmental Fund Balances

(Expressed in Thousands)

	<u>NSIF</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
<b>General Fund:</b>				
Education	\$ -	\$ -	\$ -	\$ 34,778
Economic & Community Development	-	-	234	2,399
Governmental Support & Operations	-	-	-	60,509
Treasury	-	-	-	16,305
Public Safety	-	1,373	-	904
Defense, Veterans & Emergency Management	-	-	-	2,024
Natural Resources Development & Protection	-	2,740	-	-
All Other	4,086	-	-	4,988
Total	<u>\$ 4,086</u>	<u>\$ 4,113</u>	<u>\$ 234</u>	<u>\$ 121,907</u>
<b>Highway Fund:</b>				
Transportation, Highway & Bridge Construction	\$ -	\$ 34,859	\$ -	\$ -
Total	<u>\$ -</u>	<u>\$ 34,859</u>	<u>\$ -</u>	<u>\$ -</u>

**Governmental Fund Balances**  
(Expressed in Thousands)

	<u>NSIF</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
<b>Federal Fund:</b>				
Governmental Support & Operations	\$ -	\$ 3,315	\$ -	\$ -
Health & Human Services	\$ -	\$ 1,903	\$ -	\$ -
Justice & Protection	-	1,458	-	-
Public Safety	-	2,354	-	-
Transportation - Highway & Bridge Construction	-	2,546	-	-
All Other	3,757	34	-	-
	<u>3,757</u>	<u>34</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 3,757</u>	<u>\$ 11,610</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Other Special Revenue Fund:</b>				
Business Licensing & Regulation	\$ -	\$ 1,889	\$ -	\$ -
Workers Compensation Board	-	19,288	-	-
Professional & Financial Regulation	-	57,093	-	1,037
Public Utilities Commission	-	12,895	-	6,285
Economic & Community Development	-	32,956	8,422	-
Governmental Support & Operations	-	42,559	25,184	2,626
Liquor Bond	-	21,599	-	-
Bonds for Highway & Bridge Construction	-	143,137	-	-
Health & Human Services	-	1,263	-	-
Aging & Disability Services	-	-	-	1,321
Fund for Healthy Maine	-	-	49,416	-
Office of Family Independence	-	4,958	-	-
Office of the Commissioner	-	-	-	1,192
Substance Abuse & Mental Health	-	-	10,231	-
Centers for Disease Control & Prevention	-	1,958	3,050	-
MaineCare	-	-	-	51,642
Defense, Veterans & Emergency Management	-	2,113	-	1,695
Justice & Protection	-	85,775	-	5,783
Public Safety	-	10,527	-	1,781
Natural Resources Development & Protection	-	1,055	-	-
Agriculture & Conservation	-	5,476	3,457	15,471
Environmental Protection	-	24,371	2,425	-
Inland Fisheries & Wildlife	-	12,168	-	-
Marine Resources	-	4,394	-	4,876
Transportation Safety & Development	-	5,112	1,732	1,974
Transportation - Highway & Bridge Construction	-	38,940	-	-
Motor Vehicles	-	7,909	-	-
Multimodal Transportation	-	-	18,482	-
Transcap	-	-	18,000	-
All Other	-	1,341	-	-
	<u>-</u>	<u>1,341</u>	<u>-</u>	<u>-</u>
Total	<u>\$ -</u>	<u>\$ 538,776</u>	<u>\$ 140,399</u>	<u>\$ 95,683</u>
<b>Other Governmental Funds:</b>				
	<u>NSIF</u>	<u>Restricted</u>	<u>Permanent</u>	
Capital Projects - Agriculture & Conservation	\$ -	\$ 13,004	\$ -	
Capital Projects - Higher Education	-	3,994	-	
Capital Projects - Justice & Protection	-	1,981	-	
Capital Projects - Multimodal Transportation	-	84,714	-	
Capital Projects - Economic & Community Development	-	1,170	-	
Capital Projects - Environmental Protection	-	3,634	-	
Capital Project - Treasury	-	10,413	-	
Capital Projects - Other	-	235	-	
Permanent Funds - Baxter Park	-	-	8,610	
Permanent Funds - Baxter Park Wilderness Trust	-	-	23,812	
Permanent Funds - All Others	-	-	23,464	
Special Revenue Funds - Baxter Park	-	87,700	-	
Special Revenue Funds - Baxter Park Wilderness Trust	-	530	-	
Special Revenue Funds - All Other	-	387	-	
	<u>-</u>	<u>387</u>	<u>-</u>	
Total	<u>\$ -</u>	<u>\$ 207,762</u>	<u>\$ 55,886</u>	

**NOTE 3 - ACCOUNTING CHANGES AND RESTATEMENTS****ACCOUNTING CHANGES**

During fiscal year ended June 30, 2019, the State implemented the following accounting standards that had no impact on the State's financial statements:

GASB Statement No. 83, *Certain Asset Retirement Obligations*. This Statement will enhance comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure certain AROs, including obligations that may not have been previously reported. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring disclosures related to those AROs.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not consistently provided. In addition, information about resources to liquidate debt and the risks associated with changes in terms associated with debt will be disclosed. As a result, users will have better information to understand the effects of debt on a government's future resource flows.

**Change in Accounting Estimate**

The Maine Military Authority enterprise fund was created to fund activities of the Maine Military Authority (MMA). These activities included operating the Maine Readiness Sustainment Maintenance Center and maintaining, rebuilding, repairing, storing and manufacturing equipment for: the State and its political subdivisions; the United States Department of the Army, Department of the Air Force, Department of the Navy and Department of Homeland Security; and, foreign governments working in conjunction with the foreign military sales program of the United States Department of Defense.

By the close of fiscal year 2019, virtually all MMA activities were curtailed to completing a single contract, which was reflected by a significant decrease in their workforce and operations.

The State allocates its pension and other postemployment benefit costs to all funds based on a 5-year rolling average payroll. Since facts and circumstances changed regarding the number of personnel comprising the MMA enterprise fund, the State's General Fund recognized MMA's previously reported \$15.8 million in pension and other postemployment benefit liabilities as a change in accounting estimate.

See Note 19 – Special Items for additional discussion.

**Restatements - Primary Government**

The State of Maine increased its Other Governmental Fund beginning fund balance by \$21.9 million to recognize two additional trust funds. The new Special Revenue fund, Revenue on Baxter Park Wilderness Trust, increased \$1.0 million to recognize the spendable portion of the trust. The new Permanent fund, Baxter Park Wilderness Trust increased \$20.9 million to recognize the non-spendable portion of the trust. In addition, the beginning fund balance was increased for the Other Special Revenue Fund and decreased for the General Fund to reflect a \$2.1 million dollar accrual for the Dairy Stabilization Fund which should have been reflected at fiscal year end June 30, 2018.

**GASB 75 Restatement – Component Unit**

The Maine Turnpike Authority reduced its net position by \$29.1 million as a result of implementing GASB 75.

**NOTE 4 - DEFICIT FUND BALANCES/NET POSITION****PROPRIETARY FUNDS**

Five internal service funds showed deficits for the fiscal year ended June 30, 2019. The Workers' Compensation Fund reported a deficit of \$20.5 million, which reflects accruals for actuarially determined claims payable. The Leased Space Fund had a deficit of \$6.0 million because rates charged were insufficient to cover expenses incurred. The Postal, Printing & Supply fund reported a deficit of \$8.0 million because expenses are recognized when incurred; however, related revenue is not earned until jobs are satisfactorily completed. All of the deficits mentioned above are expected to be funded by future service charges. The remaining two internal service funds, Financial and Personnel Services and Information Services, reported deficits of \$33.9 million and \$53.9 million, respectively. These deficits are primarily the result of the implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, in Fiscal Year 2015, which required the recognition of the entire net pension liability and the restatement of beginning net position due to the implementation of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pension.

Two enterprise funds showed deficits for the fiscal year ended June 30, 2019. Maine Military Authority and Consolidated Emergency Communications Fund reported deficits of \$5.8 million and \$8.5 million, respectively. The deficits for these funds are primarily the result of the implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, in Fiscal Year 2015, which required the recognition of the entire net pension liability and the restatement of beginning net position due to the implementation of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pension. For additional information on the Maine Military Authority, see Note 19, Special Items.

**NOTE 5 - DEPOSITS AND INVESTMENTS**

Title 5 MRSA § 135 governs the deposit and investment policies of the State of Maine Office of the State Treasurer. The Treasurer may deposit State funds, including trust funds of the State, in any of the banking institutions (including trust companies, State or federal savings and loan associations, and mutual savings banks) organized under the laws of this State and any national bank or federal savings and loan association located in the State.

The State follows the practice of pooling cash and cash equivalents for a variety of State agencies and public sector entities. The Treasurer may invest funds that exceed current obligations, with the concurrence of the State Controller or the Commissioner of Administrative and Financial Services and the consent of the Governor.

Approved investments include bonds, notes, certificates of indebtedness, other obligations of the United States that mature not more than 36 months from the date of investment; repurchase agreements secured by obligations of the United States that mature within the succeeding 12 months; prime commercial paper with maturities not exceeding 270 days from the date of purchase; tax-exempt obligations that mature not more than 36 months from the date of investment and have a long-term rating of no less than "AA" or the equivalent; corporate bonds rated "AAA" that mature within 36 months from the date of investment; banker's acceptances with an original maturity not exceeding 180 days and rated in the highest short-term category by at least one nationally recognized securities rating organization (NRSRO); and "no-load" shares of an investment company registered under the Federal Investment Company Act of 1940, which are rated "AAAm" or "AAAm-G" by Standard & Poor's, or the equivalent by another NRSRO. Although authorized to do so, the Treasurer does not participate in the securities loan market.

Investment policies of the permanent trusts are governed by Title 5 MRSA § 138. The Treasurer, with the approval of the Commissioner of Administrative and Financial Services, the Superintendent of Financial Institutions and the Attorney General, shall invest the funds in securities that are legal investments in accordance with Title 9-B MRSA. The investments need not be segregated to the separate trusts, but the identity of each trust must be maintained. The Treasurer may enter into custodial care and servicing contracts or agreements negotiated in accordance with the laws of this State for the handling of funds held in trust.

No amounts exceeding 25 percent of the capital, surplus, and undivided profits of any trust company or national bank or 25 percent of the reserve fund and undivided profits of a mutual savings bank or State or federal savings and loan association, shall be on deposit in any one institution at any one time. This restriction does not apply to deposits subject to immediate withdrawal to meet the payment of any bonded debt or interest or to pay current bills or expenses of the State. Also exempt are deposits secured by the pledge of certain securities as collateral or fully covered by insurance.

With assistance from the Finance Authority of Maine, the Treasurer participates in a restricted deposit program to encourage banks to provide loans at two percent below market rate. The Treasurer may invest up to \$8 million in lending institutions at a two percent lower-than-market rate provided the lenders pass the rate reduction on to the borrowers. This program earmarks \$4 million for loans to agricultural enterprises and the other \$4 million are designated for commercial entities.

The Primary Government's Deposits and Investments, excluding component units that are fiduciary in nature, at June 30, 2019 are as follows:

**Primary Government Deposits and Investments**  
(Expressed in Thousands)

	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Private Purpose Trusts</b>	<b>Agency Funds</b>	<b>Total</b>
Equity in Treasurer's Cash Pool	\$ 1,466,738	\$ 13,365	\$ 661	\$ 16,636	\$ 1,497,400
Cash and Cash Equivalents	217	2,382	2,433	27	5,059
Cash with Fiscal Agent	177,845	-	-	-	177,845
Investments	144,165	-	21,335	-	165,500
Restricted Equity in Treasurer's Cash Pool	121,401	-	-	-	121,401
Restricted Deposits and Investments	4,706	488,125	-	11	492,842
Investments Held on Behalf of Others	-	-	-	62,725	62,725
<b>Total Primary Government</b>	<b>\$ 1,915,072</b>	<b>\$ 503,872</b>	<b>\$ 24,429</b>	<b>\$ 79,399</b>	<b>\$ 2,522,772</b>

For the Fiscal Year Ended June 30, 2019

**Interest Rate Risk** – Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. In general, the State holds securities to maturity. All debt securities are reported at full-term.

The following table provides the segmented time distribution of the Primary Government's investments at June 30, 2019:

**Maturities in Years**  
(Expressed in Thousands)

	Less than 1	1-5	6-10	11-20	More than 20	No Maturity	Fair Value
<i>Governmental and Business-Type Activities, excluding Non-Major Special Revenue and Permanent Funds</i>							
US Instrumentalities	\$ 189,465	\$ 279,801	\$ -	\$ -	\$ -	\$ -	\$ 469,266
US Treasury Notes	248,701	9,439	-	-	-	-	258,140
Corporate Notes and Bonds	9,433	16,078	-	-	-	-	25,511
Commercial Paper	263,550	-	-	-	-	-	263,550
Certificates of Deposit	133,314	103,986	-	-	-	-	237,300
Cash and Cash Equivalents	1,459	-	-	-	-	353,583	355,042
Unemployment Fund	-	-	-	-	-	488,125	488,125
<i>Private-Purpose Trusts, Agency Funds, and Non-Major Special Revenue and Permanent Funds</i>							
US Instrumentalities	2,036	2,998	261	423	1,278	-	6,996
US Treasury Notes	4,101	6,655	5,229	-	996	3,607	20,588
Corporate Notes and Bonds	355	2,940	697	8,183	431	40,585	53,191
Other Fixed Income Securities	101	-	35,168	81	-	46,452	81,802
Commercial Paper	2,846	-	-	-	-	-	2,846
Certificates of Deposit	10,042	1,202	-	-	-	2,720	13,964
Money Market	-	-	-	-	-	4,272	4,272
Cash and Cash Equivalents	2,433	-	-	-	-	18,786	21,219
Equities	-	-	-	-	-	36,042	36,042
Other	-	-	-	-	-	7,073	7,073
	\$ 867,836	\$ 423,099	\$ 41,355	\$ 8,687	\$ 2,705	\$ 1,001,245	\$ 2,344,927
Other Assets							
Cash with Fiscal Agent							177,845
Total Primary Government							<u>\$ 2,522,772</u>

**Credit Risk** – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. This credit risk is measured by the credit quality ratings of investments as described by nationally recognized statistical rating organizations. The State's investment policy limits its investments to those with high credit quality made by or with the advice and upon the due diligence of the State's independent investment advisor. The State limits credit risk in its trusts by ensuring that the fixed income credit quality at the time of purchase is a minimum bond rating of "A" by either Standard & Poor's or Moody's rating service. Fixed income holdings thereafter shall maintain a minimum bond rating of "BBB".

The Primary Government's total investments by credit quality rating as of June 30, 2019 are presented below:

**Standard and Poor's Credit Rating**  
(Expressed in Thousands)

	A1	A	AA	AAA	BB	BBB	Not Rated	Total
<i>Governmental and Business-Type Activities, excluding Non-Major Special Revenue and Permanent Funds</i>								
US Instrumentalities	\$ -	\$ -	\$ 466,020	\$ -	\$ -	\$ -	\$ 3,246	\$ 469,266
US Treasury Notes	-	-	258,140	-	-	-	-	258,140
Corporate Notes and Bonds	-	-	-	25,511	-	-	-	25,511
Commercial Paper	263,550	-	-	-	-	-	-	263,550
<i>Private-Purpose Trusts, Agency Funds, and Non-Major Special Revenue and Permanent Funds</i>								
US Instrumentalities	-	-	5,033	-	-	-	1,963	6,996
US Treasury Notes	-	-	4,163	-	-	-	16,425	20,588
Corporate Notes and Bonds	-	1,065	399	356	-	1,478	49,893	53,191
Commercial Paper	2,846	-	-	-	-	-	-	2,846
Money Market	-	-	-	-	-	-	4,272	4,272
Other Fixed Income Securities	-	-	-	-	-	-	7,073	7,073
Total Primary Government	<u>\$ 266,396</u>	<u>\$ 1,065</u>	<u>\$ 733,755</u>	<u>\$ 25,867</u>	<u>\$ -</u>	<u>\$ 1,478</u>	<u>\$ 82,872</u>	<u>\$ 1,111,433</u>

**Concentration of Credit Risk** – Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The State limits concentration of credit risk in its trusts by requiring that no single stock represent more than seven percent of the total portfolio. There is no concentration of credit risk policy for the Treasurer’s Cash Pool. At June 30, 2019, there were no investments that exceeded five percent of the Treasurer’s Cash Pool.

**Custodial Credit Risk** - For investments, custodial credit risk is the risk that, in the event of a failure of the counterparty to a transaction, the State will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The State limits its custodial credit risk for the Treasurer’s Cash Pool by maintaining a file of the most recent credit rating analysis reports performed for each approved financial institution. The State also requires that all securities be perfected in the name of the State and held in third party safekeeping by a state approved custodian. Of the cash pool’s \$255 million invested in non-negotiable certificates of deposit, certain CD’s exceeded the FDIC insured amounts for the institutions at which they were held. However, certificates of deposits, money market accounts and regular cash deposits are all collateralized at a minimum of 100 percent with pledged securities or a Federal Home Loan Bank letter of credit.

The State does not have a policy regarding custodial credit risk for its trusts. The Percival P. Baxter Trust and the Baxter Park Wilderness Trusts are held by counterparties, but not in the State’s name.

The fair value of the trust’s investments as of June 30, 2019 was \$112.1 million and was comprised of the following (expressed in thousands):

	<b>Percival Baxter Trust</b>	<b>Baxter Park Wilderness Trust</b>
U.S. Instrumentalities	\$ 1,962	\$ -
U.S. Treasury Notes	1,878	-
Corporate Notes and Bonds	3,184	-
Other Fixed Income Securities	16,639	6,641
Equities	57,598	17,251
Cash and Equivalents	929	489
Other	5,510	-
<b>Total</b>	<b>\$ 87,700</b>	<b>\$ 24,381</b>

The State and certain vendors contract with a fiscal intermediary, Clareon, for electronic disbursements from the State to its vendors. During fiscal year 2019 these disbursements, on average, exceeded \$179 million per month. The funds in transit are not collateralized and are not held by the State Treasurer. Until the vendor receives payment, the State retains some liability.

**Fair Value Measurements** - The State of Maine categorizes its fair value measurements within the fair value hierarchy established by the generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of an asset. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

**Level 1** - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the State of Maine has the ability to access.

**Level 2** - Inputs to the valuation method include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

**Level 3** - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Assets and liabilities measured at fair value are based on one or more of the three valuation techniques. The three valuation techniques are as follows:



- *Market Approach* - Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;
- *Cost Approach* – Amount that would be required to replace the service capacity of an asset (i.e., replacement cost);
- *Income Approach* – Techniques to convert future amount to a single present amount based on market exceptions (including present value techniques).

Following is a description of the valuation methodologies used for assets at fair value.

**Investments classified as level 1:** Investments classified as level 1 are primarily exchange traded equity securities and other fixed income securities valued at market prices using interactive exchange data. Investment are evaluated by obtaining feeds from a number of live data sources including active market makers and inter-dealer brokers. Sources are reviewed on the basis of their historical accuracy for individual issues and maturity ranges. Treasury notes and bonds are evaluated by gathering information from market sources and integrate relative credit information, observed market movements, and sector news into the evaluated pricing applications and models.

**Investments classified as level 2:** Investments classified as level 2 including fixed income corporate bond, fixed income government bonds and treasury notes are priced using a published mid-price. Investments are evaluated as follows: a. A bullet (non-call) spread scale is created for each issuer for maturities going out to forty years. These spreads represent credit risk and are obtained from the new issue market, secondary trading, and dealer quotes. Each issuer-spread line has the capability to link parent/subsidiary and related companies to capture relevant movements. b. An Option Adjusted Spread (OAS) model is incorporated to adjust spreads of issues that have early redemption features. c. Final spreads are added to both a 15: and 16: (ET) U.S. Treasury curve. A special cash discounting yield/price routine calculates prices from final yields to accommodate odd coupon payment dates typical of medium-term notes. d. Evaluators maintain quality by surveying the dealer community, obtaining benchmark quotes, incorporating relevant trade data, and updating spreads daily. Note: Floating-rate medium-term notes are evaluated using the Floating-Rate Note Evaluation Model which generates evaluations for floating-rate notes by calculating current and future coupons, then discounting each cash flow by an appropriate discount margin.

**Investments classified as level 3:** Investments classified as level 3 include private equities securities that exist in illiquid markets. These securities are broker priced.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the State of Maine believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table set forth by level, within the fair value hierarchy, the State of Maine's assets carried at fair value on a recurring basis as of June 30, 2019:

**Fair Value Measurement**  
(Expressed in Thousands)

	Total	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Commercial Paper	\$ 278,792	\$ -	\$ 278,792	\$ -
Corporate Notes and Bonds	30,138	-	30,083	55
U.S. Instrumentalities	500,092	-	500,092	-
U.S. Treasury Notes	278,259	278,259	-	-
Other Fixed Income Securities	34,926	34,845	81	-
Equities	115,771	115,771	-	-
Other	5,510	-	-	5,510
Total	<u>\$ 1,243,488</u>	<u>\$ 428,875</u>	<u>\$ 809,048</u>	<u>\$ 5,565</u>

**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM**

The Maine Public Employees Retirement System (the System) makes investments in a combination of equities, fixed income securities, infrastructure, private equity, real estate, mutual funds, commingled mutual and index funds, derivative financial instruments, and other investment securities established by the Trustee's investment policy.

*Derivative Securities* – Derivative financial instruments are financial contracts whose value depends on the value of one or more underlying assets, reference rates or financial indices. They include futures, forwards, options, and swap contracts. The System's investments in derivative securities only have nominal exposure to custodial credit risk. Credit risk is managed, in the case of exchange-traded derivatives, by the execution of trades through a clearinghouse and, in the case of over-the-counter transactions, by managers' due diligence assessment and approval of counterparties. Market risk is managed by imposing strict limits as to the types, amounts and degree of risk that investment managers may undertake. These limits are approved by the Board of Trustees and are monitored by the Chief Investment Officer.

Foreign currency forward contracts are used to hedge against the currency risk in the System's foreign equity and fixed income security portfolios. The System's fixed income managers invest in Collateralized Mortgage Obligations (CMOs) and Asset-Backed Securities to improve the yield or adjust the duration of the fixed income portfolio.

*Securities Lending* - The System has also entered into agreements for securities lending transactions, which are collateralized in an amount generally valued at 102 percent (105 percent for international securities) of the market value of the securities loaned plus accrued interest. All securities and loans can be terminated on demand by either the lender or the borrower.

Cash collateral is invested in a short-term investment pool. Cash collateral may also be invested separately in "term loans." At June 30, 2019 all of the collateral for securities lending is subject to custodial credit risk. The System believes that there is no credit risk as defined in GASB Statement No. 28 and GASB Statement No. 40. The collateral held and the market value of securities on loan for the System as of June 30, 2019 was \$285.7 million and \$279.0 million, respectively.

The system did not have any derivative investments as of June 30, 2019 or during the year then ended.

*Concentration of Credit Risk* – Concentration of credit risk is the risk of loss that may be attributed to the magnitude of investment in a single issue. The System's investment policy places no limit on the amount the System may invest in any one issuer. No investment exceeded 5 percent of the fiduciary net position for the defined benefit and OPEB plans.

**COMPONENT UNITS**

Generally, component unit investment policies authorize investments in obligations of U.S. Treasury and Agency Securities, repurchase agreements, corporate bonds, certificates of deposit and money market funds. Some component units may invest in stocks, bonds, fixed income securities, mutual funds, commingled mutual funds and index funds, guaranteed investment contracts, real estate and other investment securities.

Certain component units also invest in the Treasurer's Cash Pool and comprise approximately 4.47 percent of pool assets. The component units reported their participation as either Cash and Cash Equivalents or Investments on their financial statements. The State reclassified \$48.1 million of the component units' participation to "Equity in Treasurer's Cash Pool" on the State's financial statements. In addition to the amounts reported, the State Treasurer's Cash Pool includes \$5.1 million, consisting of Finance Authority of Maine component unit fiduciary funds that, because of GASB Statement No. 34 reporting criteria, are not shown in the accompanying financial statements as invested in the Treasurer's Cash Pool.

**NOTE 6 - RECEIVABLES**

Receivable balances are segregated by type, and presented in the fund financial statements net of allowance for uncollectibles. The following tables disaggregate amounts considered to be uncollectible by fund and type of receivable as of the close of the fiscal year:

**Primary Government - Receivables**  
(Expressed in Thousands)

	<u>Taxes</u>	<u>Accounts</u>	<u>Loans</u>	<u>Allowance for Uncollectibles</u>	<u>Net Receivables</u>
<b>Governmental Funds:</b>					
General	\$ 583,635	\$ 154,743	\$ 1	\$ (160,376)	\$ 578,003
Highway	24,706	3,564	-	(46)	28,224
Federal	-	140,383	-	(29,045)	111,338
Other Special Revenue	14,126	138,954	4,517	(53,755)	103,842
Total Governmental Funds	622,467	437,644	4,518	(243,222)	821,407
Allowance for Uncollectibles	(104,612)	(138,559)	(51)		
Net Receivables	<u>\$ 517,855</u>	<u>\$ 299,085</u>	<u>\$ 4,467</u>		<u>\$ 821,407</u>
<b>Proprietary Funds:</b>					
Employment Security	\$ -	\$ 57,246	\$ -	\$ (29,226)	\$ 28,020
Nonmajor Enterprise	-	33,811	-	(129)	33,682
Internal Service	-	7,112	-	-	7,112
Total Proprietary Funds	-	98,169	-	(29,355)	68,814
Allowance for Uncollectibles	-	(29,355)	-		
Net Receivables	<u>\$ -</u>	<u>\$ 68,814</u>	<u>\$ -</u>		<u>\$ 68,814</u>

**Component Units - Receivables**  
(Expressed in Thousands)

	<u>Accounts</u>	<u>Loans</u>	<u>Allowance for Uncollectibles</u>	<u>Net Receivables</u>
Finance Authority of Maine	\$ 3,157	\$ 97,965	\$ (5,049)	\$ 96,073
Maine Community College System	7,131	-	(941)	6,190
Maine Health and Educational Facilities Authority	187	416,604	(73)	416,718
Maine Municipal Bond Bank	1,712	-	-	1,712
Maine State Housing Authority	11,855	1,397,384	(8,938)	1,400,301
Maine Turnpike Authority	6,046	-	-	6,046
University of Maine System	66,781	37,989	(13,048)	91,722
Net Receivables	<u>\$ 96,869</u>	<u>\$ 1,949,942</u>	<u>\$ (28,049)</u>	<u>\$ 2,018,762</u>

**NOTE 7 - INTERFUND TRANSACTIONS**

Interfund receivables and payables represent amounts owed to one State fund by another, for goods sold or services received, or for borrowings to eliminate negative balances in the Treasurer's Cash Pool.

Balances due within one year are recorded as Due to/Due from Other Funds. Included in the table below is a \$60.5 million interfund receivable in the Federal funds and a \$60.5 million interfund payable in the General Fund associated with the Medicaid disallowance of the disproportionate share hospital payments claimed for the Riverview Psychiatric Hospital. The General fund is ultimately responsible for the \$60.5 million outstanding disallowance balance. Please see Note 18 for a further discussion of this disallowance.

The balances of current interfund receivables and payables as of June 30, 2019 were:

**Interfund Receivables**  
(Expressed in Thousands)

<b>Due to Other Funds</b>					
<b>Due from Other Funds</b>	<b>General</b>	<b>Highway</b>	<b>Federal</b>	<b>Other Special Revenue</b>	<b>Other Governmental</b>
General	\$ -	\$ -	\$ 1,040	\$ -	\$ -
Highway	2	4	18,232	-	-
Federal	60,557	-	185	655	-
Other Special Revenue	17,879	269	718	723	8
Other Governmental	-	-	-	-	-
Employment Security	-	-	51	-	-
Non-Major Enterprise	2,335	3	-	-	-
Internal Service	12,059	4,773	2,771	4,880	-
Fiduciary	41,486	-	-	-	-
<b>Total</b>	<b>\$ 134,318</b>	<b>\$ 5,049</b>	<b>\$ 22,997</b>	<b>\$ 6,258</b>	<b>\$ 8</b>

<b>Due to Other Funds</b>					
<b>Due from Other Funds</b>	<b>Employment Security</b>	<b>Non-Major Enterprise Funds</b>	<b>Internal Service Funds</b>	<b>Fiduciary Funds</b>	<b>Total</b>
General	\$ -	\$ 9,101	\$ 6,635	\$ -	\$ 16,776
Highway	-	-	-	-	18,238
Federal	-	-	-	-	61,397
Other Special Revenue	-	5,128	226	-	24,951
Other Governmental	-	-	-	-	-
Employment Security	-	-	-	-	51
Non-Major Enterprise	-	-	-	-	2,338
Internal Service	-	376	5,424	3	30,286
Fiduciary	-	-	-	-	41,486
<b>Total</b>	<b>\$ -</b>	<b>\$ 14,605</b>	<b>\$ 12,285</b>	<b>\$ 3</b>	<b>\$ 195,523</b>

Not included in the table above are interfund loans/advances, which are not expected to be repaid within one year. Postal, Printing & Supply (an internal service fund) owes \$111 thousand to the General Fund for operating capital.

Transfers are made in accordance with statutory authority. Significant transfers are used to 1) move revenues from the fund that statute requires to collect them to the fund that statute requires to expend them, 2) move receipts restricted for debt service from the funds collecting the receipts to the funds required to pay debt service as principal and interest payments come due, 3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, 4) move profits from the Lottery Fund, 5) transfer accumulated surpluses from other funds to the General Fund when authorized by statute and 6) move profits from the Alcoholic Beverages Fund.

During fiscal year 2019, the State of Maine, in accordance with the legislatively authorized budget, recorded the following non-routine, nonrecurring transfers.

The General Fund transferred \$14.5 million, \$18.0 million and \$19.2 million to the Other Special Revenue Fund, respectively, for: MaineCare Stabilization Fund, School Revolving Renovation Fund and the Indigent Legal Services Fund.

Interfund transfers for the year ended June 30, 2019 consisted of the following:

<b>Interfund Transfers</b> (Expressed in Thousands)					
<b>Transferred To</b>	<b>Transferred From</b>				
	<b>General</b>	<b>Highway</b>	<b>Federal</b>	<b>Other Special Revenue</b>	<b>Other Governmental</b>
General	\$ -	\$ -	\$ 161	\$ 19,544	\$ -
Highway	1,866	-	39,401	11,840	-
Federal	75	-	-	7,262	-
Other Special Revenue	191,684	6,329	1,257	376	2,673
Other Governmental Funds	-	-	-	-	1,547
Employment Security	-	-	950	261	-
Non-Major Enterprise	-	5,396	-	-	-
Internal Service	6,235	-	-	-	-
Fiduciary	-	-	-	-	604
<b>Total</b>	<b>\$ 199,860</b>	<b>\$ 11,725</b>	<b>\$ 41,769</b>	<b>\$ 39,283</b>	<b>\$ 4,824</b>

<b>Transferred To</b>	<b>Transferred From</b>				
	<b>Employment Security</b>	<b>Non-Major Enterprise Funds</b>	<b>Internal Service Funds</b>	<b>Fiduciary Funds</b>	<b>Total</b>
General	\$ -	\$ 62,675	\$ -	\$ 5,436	\$ 87,816
Highway	-	-	-	-	53,107
Federal	4,893	-	-	-	12,230
Other Special Revenue	-	56,588	-	660	259,567
Other Governmental Funds	-	-	-	-	1,547
Employment Security	-	-	-	-	1,211
Non-Major Enterprise	-	-	-	-	5,396
Internal Service	-	-	-	-	6,235
Fiduciary	-	-	-	-	604
<b>Total</b>	<b>\$ 4,893</b>	<b>\$ 119,263</b>	<b>\$ -</b>	<b>\$ 6,096</b>	<b>\$ 427,713</b>

**NOTE 8 - CAPITAL ASSETS**

The following schedule details changes in capital assets for the governmental activities and business-type activities of the primary government for the fiscal year ended June 30, 2019:

**Primary Government - Capital Assets**  
(Expressed in Thousands)

	<b>Beginning Balance</b>	<b>Increases and Other Additions</b>	<b>Decreases and Deletions</b>	<b>Ending Balance</b>
<b>Governmental Activities:</b>				
<b>Capital assets not being depreciated</b>				
Land	\$ 641,049	\$ 5,520	\$ 2,085	\$ 644,484
Construction in progress	58,946	42,951	43,809	58,088
Infrastructure	<u>2,901,466</u>	<u>30,260</u>	<u>-</u>	<u>2,931,726</u>
Total capital assets not being depreciated	<u>3,601,461</u>	<u>78,731</u>	<u>45,894</u>	<u>3,634,298</u>
<b>Capital assets being depreciated</b>				
Buildings	845,476	24,744	4,059	866,161
Equipment	307,118	16,390	11,760	311,748
Improvements other than buildings	113,492	148	50	113,590
Software	<u>76,243</u>	<u>42,534</u>	<u>-</u>	<u>118,777</u>
Total capital assets being depreciated	<u>1,342,329</u>	<u>83,816</u>	<u>15,869</u>	<u>1,410,276</u>
<b>Less accumulated depreciation for</b>				
Buildings	343,303	28,106	5,742	365,667
Equipment	209,029	25,536	10,550	224,015
Improvements other than buildings	60,052	3,876	50	63,878
Software	<u>53,408</u>	<u>15,410</u>	<u>-</u>	<u>68,818</u>
Total accumulated depreciation	<u>665,792</u>	<u>72,928</u>	<u>16,342</u>	<u>722,378</u>
Total capital assets being depreciated, net	<u>676,537</u>	<u>10,888</u>	<u>(473)</u>	<u>687,898</u>
Governmental Activities Capital Assets, net	<u>\$ 4,277,998</u>	<u>\$ 89,619</u>	<u>\$ 45,421</u>	<u>\$ 4,322,196</u>
	<b>Beginning Balance</b>	<b>Net Additions</b>	<b>Net Deletions</b>	<b>Ending Balance</b>
<b>Business-Type Activities:</b>				
<b>Capital assets not being depreciated</b>				
Land	\$ 2,389	\$ -	\$ -	\$ 2,389
Construction in progress	<u>971</u>	<u>4,703</u>	<u>-</u>	<u>5,674</u>
Total capital assets not being depreciated	<u>3,360</u>	<u>4,703</u>	<u>-</u>	<u>8,063</u>
<b>Capital assets being depreciated</b>				
Buildings	4,655	-	-	4,655
Equipment	32,701	12	8,047	24,666
Improvements other than buildings	<u>42,757</u>	<u>-</u>	<u>-</u>	<u>42,757</u>
Total capital assets being depreciated	<u>80,113</u>	<u>12</u>	<u>8,047</u>	<u>72,078</u>
<b>Less accumulated depreciation for</b>				
Buildings	2,909	135	-	3,044
Equipment	15,609	1,249	5,382	11,476
Improvements other than buildings	<u>31,434</u>	<u>1,497</u>	<u>-</u>	<u>32,931</u>
Total accumulated depreciation	<u>49,952</u>	<u>2,881</u>	<u>5,382</u>	<u>47,451</u>
Total capital assets being depreciated, net	<u>30,161</u>	<u>(2,869)</u>	<u>2,665</u>	<u>24,627</u>
Business-Type Activities Capital Assets, net	<u>\$ 33,521</u>	<u>\$ 1,834</u>	<u>\$ 2,665</u>	<u>\$ 32,690</u>

During the fiscal year, depreciation expense was charged to the following functions in the governmental activities column of the Statement of Activities for the primary government:

### Governmental Activities - Depreciation Expense

(Expressed in Thousands)

	<u>Amount</u>
<b>Governmental Activities:</b>	
Arts, Heritage and Cultural Enrichment	\$ 53
Business Licensing and Regulation	485
Economic Development and Workforce Training	1,883
Education	304
Governmental Support and Operations	13,002
Health and Human Services	16,451
Justice and Protection	20,916
Natural Resources Development and Protection	4,501
Transportation Safety and Development	<u>15,333</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 72,928</u>

## NOTE 9 - MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

### OVERVIEW OF THE SYSTEM

The Maine Public Employees Retirement System, formerly named the Maine State Retirement System (the System) is a component unit of the State of Maine. Title 5 MRSA C. 421, 423, and 425 authorized the establishment and administration of the defined benefit plans. The System administers two cost sharing multiple-employer defined benefit plans, two single employer defined benefit plans and one closed agent multiple-employer defined benefit plan. All of these plans provide pension, disability, and death benefits to their members.

The State Employees and Teachers Plan (SETP) is a multiple-employer cost sharing plan with a special funding situation. The plan covers employees of the State and public school employees (defined by Maine law as teachers). The State of Maine is also a nonemployer contributing entity in that the State pays the unfunded actuarial liability on behalf of non-grant funded teachers. School districts contribute the normal cost, calculated actuarially, for their teacher members and directly pay the unfunded actuarial liability on behalf of grant funded teachers. The Participating Local Districts Plan (Consolidated PLD) covers employees of more than 300 local municipalities and other public entities (Participating Local Districts, or PLDs) in Maine, each of which contracts for participation in the System under provisions of the relevant statutes.

The System also provides single employer defined benefit plans to cover State legislators and State Judicial employees and administers a closed agent, multiple-employer defined benefit plan (Agent PLD) which covers those employers for whom the System administered single employer plans at the time the PLD Consolidated Plan was implemented who opted not to join the Consolidated Plan.

In addition to administering pension plans, the System invests funds accumulated for two OPEB Trusts. The Retiree Health Insurance Trust Fund accumulates assets to provide funding for the State's unfunded obligations for retiree health benefits. Trustees of the System were named Trustees of the Investment Trust Fund. The System also invests funds for the MainePERS OPEB Trust. The trust accumulates assets to provide funding for retiree health benefits and life insurance in retirement for qualified individuals who retire from the System. The Trustees of the System were named Trustees of the MainePERS OPEB Trust.

The System administers three defined contribution plans for employees of PLD's that elect to participate. At June 30, 2019, there were 69 employers participating in these plans. The 1,191 participants individually direct the \$41.4 million covered by the plans.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for the plan. The June 30, 2019 report may be obtained from the Maine Public Employees Retirement System, PO Box 349 Augusta, ME 04332-0349 or on-line at [www.maineopers.org](http://www.maineopers.org).

Total pension funds managed by the System are constitutionally restricted and held in trust for the payment of pension and related benefits to its members. OPEB funds are statutorily restricted for the payment of retiree healthcare. The System's Board of Trustees, in its fiduciary capacity, establishes the System's investment policies and their overall implementation. With respect to the SETP, the actuary prepares valuations for the State's portion of the SETP, including the segregation of teachers from employees.

The System also provides group life insurance under a plan administered by a third party insurance company and invests long-term assets for two Retiree Health Insurance Post-Employment Benefits Investment Trust Funds. Note 10 provides for further disclosure.

#### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The System's financial statements are prepared on the accrual basis of accounting. Pension contributions are recognized as additions in the period when they become due pursuant to formal commitments or statutory or contractual requirements. Investment income is recognized when earned. Contributions to defined contribution plans are recognized in the period they are contributed. Pension benefits and contributions and premium refunds are recognized as deductions when due and payable in accordance with Statutes. Benefits payable incurred but not reported are reflected as other liabilities. Distributions from defined contribution plans are recognized in the period the disbursement is made.

#### **PENSIONS**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit retirement plans and additions to or deductions from each plans' fiduciary net position have been determined on the same basis as they are reported by the System. The measurement period used is June 30, 2018. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### **EMPLOYER ALLOCATIONS FOR COST-SHARING DEFINED BENEFIT RETIREMENT PROGRAMS**

Schedules of Employer Allocations for the SETP are displayed separately for the two groups within the Plan, state employees being one group and teachers the second. This is to reflect the unique funding arrangement that currently exists within the Plan for teachers. Total employer contributions for the state employees group, adjusted for employer-specific liability contributions, were used as the basis for allocation. For the teacher group, total employer and non-employer contributions were the basis for the allocation, adjusted to remove the normal cost contributions paid by local school districts on behalf of their employees. This leaves contributions toward the unfunded liability of the Plan as the basis of allocation. This method of allocation properly distributes the collective net pension liability between the State of Maine as the non-employer contributing entity and those districts contributing towards the unfunded liability of the plan using grant funding.

The Schedules of Employer Allocations for the PLD Consolidated Plan reflect current year employer contributions, adjusted to remove contributions related to employer specific liabilities to the Plans. For the PLD Plan, certain employers have individual unpooled pension assets resulting from the closure of individual single employer plans upon joining the PLD Consolidated Plan. For these employers, current year contributions are adjusted to reflect the gross contributions due for service prior to applying an offset from these assets, if applicable. An offset occurs when an employer with un-pooled pension assets held by the System chooses to use a portion of these assets to cover the cost of current contributions due.

#### **MEMBERSHIP**

State employees and teachers are covered under the Maine Public Employees Retirement System's State Employee and Teacher Retirement Program (SETP). State employees and public school teachers are required by law to become members of SETP when hired. Membership is optional for elected, appointed officials and substitute teachers. SETP also covers eligible employees of two discretely presented State component units: Maine Community College System and the Northern New England Passenger Rail Authority. At June 30, 2019 there were 239 employers, including the State of Maine, participating in the plan.

PLD employees become members of the Consolidated PLD plan when they are hired if their employer participates as a PLD in MainePERS at that time and if they meet the membership eligibility requirements in effect when they are hired. For some PLD employees, membership is optional. These employees include those employed by their PLD before the PLD joined MainePERS, those whose employers provide Social Security under a federal law, elected and appointed officials, and chief administrative officers. The Consolidated PLD plan includes employees of three component units of the State that have defined benefit plans: Maine Municipal Bond Bank, Maine Maritime Academy, and the Maine Public Employees Retirement System.



The System also administers two single employer retirement programs for specific State employees. The Legislative Retirement Program was established to provide a retirement program for those serving in the Maine Legislature. Except as provided otherwise by statute, membership in the Maine Legislative Retirement Program is mandatory for legislators entering service on or after December 3, 1986. The Judicial Retirement Program was established to provide a retirement program for Maine's judges. Membership in the Judicial Retirement Program is a condition of employment for all judges serving on or after December 1, 1984.

Membership in each single employer defined benefit plan consisted of the following at the measurement date of June 30, 2018:

**Employees of single employer covered by benefit terms**

	<u><b>Judicial</b></u>	<u><b>Legislative</b></u>
Inactive employees or beneficiaries currently receiving benefits	75	185
Terminated participants:		
Vested	3	113
Inactive employees due refunds	1	107
Active employees	62	185
Total participants	<u>141</u>	<u>590</u>

**STATE EMPLOYEES AND TEACHERS PENSION PLAN BENEFITS**

The System's retirement programs provide retirement benefits based on members' average final compensation and creditable service. Vesting occurs upon the earning of five years of service credit or the earning of one year of service credit immediately preceding retirement at or after normal retirement age. Normal retirement age for State employees and teachers is age 60, 62 or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and survivor benefits, which are established by statute for State employee and teacher members, and by contract with other participating employers under applicable statutory provisions.

**PARTICIPATING LOCAL DISTRICTS PLAN BENEFITS**

In the event that a member of the Consolidated PLD Plan withdraws from the System, its individual employee-members remain contributing members. The PLD remains liable for contributions sufficient to fund benefits for its already retired former employee-members; for its terminated vested members; and for those active employees, whether or not vested, who remain contributing System members.

**CONTRIBUTION INFORMATION**

Contributions from members, employers and non-employer contributors and earnings from investments fund the retirement benefits. Disability and death benefits are funded by employer normal cost contributions and investment earnings. Member and employer normal cost contributions are each a percentage of applicable member compensation. Member contribution rates are defined by law or Board rule and depend on the terms of the plan under which a member is covered. Employers' contribution rates are determined by actuarial valuations.

The Maine Constitution, Maine statutes and the System's funding policy provide for periodic employer contributions in addition to the normal cost contributions for the SETP. These are actuarially determined amounts that, based on certain actuarial assumptions are sufficient to fully fund, on an actuarial basis, the SETP by the year 2028 (Unfunded Actuarial Accrued Liability (UAAL) payments). Level percentage of payroll employer contribution rates are determined using the entry age normal actuarial funding method. The System also uses the level percentage of payroll method to amortize the unfunded liability of the State Employee and Teacher Retirement Program. For participating employers in the PLD Agent Plan, the level percentage of payroll method is also used.

The UAAL rate as applied to State employee members' compensation is first established through the annual valuation process as an amount that will meet the required unfunded actuarial accrued liability payment amount; it is then adjusted in the State's budget process to take into account differences in salary growth projections of the State Budget Office. This adjusted rate, expressed as a percentage of payroll, is the actual rate paid by the State as payment of the required UAAL payment amount for State employees. For teachers, the actuarially determined UAAL amount is paid in 12 equal monthly installments. PLD employer contribution rates are actuarially determined rates.

On occasion, the State may agree to pay employee pension contributions as a part of the compensation and benefits that are negotiated with employees. The employer-paid contributions are treated as part of their pension compensation. In accordance with statute, the actuary accumulates them in the Retirement Allowance Fund. Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to terminated members' accounts is set by the System's Board of Trustees and is currently 2.69 percent.

#### CONTRIBUTION RATES - DEFINED BENEFIT PENSION PLANS

The Maine Constitution, Maine Statutes and the System's funding policy provide for periodic employer contributions at actuarially determined rates that, based upon certain assumptions, are expressed as percentages of annual covered payroll and are sufficient to accumulate adequate assets to pay benefits when due. On July 20, 2017 Chapter 1, Constitutional Resolution was passed by the legislature and ratified by the voters in November. Any unfunded liability resulting from experience losses must be retired over a period not exceeding 20 years. Prior to the change a 10 year amortization period was used.

Significant actuarial assumptions used to compute the contribution requirements are the same as those used to compute the standardized measure of the net pension liability.

Contribution rates<sup>1</sup> in effect for the fiscal years ended June 30, 2019 and June 30, 2018 are as follows:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
<b>SETP - State Employees</b>		
Employees <sup>2</sup>	7.65% - 8.65%	7.65% - 8.65%
Employer <sup>1</sup>	23.44% - 47.64%	23.48% - 47.73%
<b>SETP - Teachers</b>		
Employees <sup>2</sup>	7.65%	7.65%
Employer <sup>1</sup>	3.97%	3.97%
Non-employer entity <sup>1</sup>	11.08%	11.08%
<b>Judicial Plan</b>		
Employees <sup>2</sup>	7.65%	7.65%
Employer <sup>1</sup>	14.94%	14.94%
<b>Legislative Plan</b>		
Employees <sup>2</sup>	7.65%	7.65%
Employer <sup>1</sup>	0.00%	0.00%
<b>Consolidated Participating Local Entities</b>		
Employees <sup>2</sup>	4.50% - 9.50%	4.50% - 9.50%
Employer <sup>1</sup>	4.10% - 16.30%	3.90% - 15.70%

<sup>1</sup> Employer and non-employer contribution rates include normal cost and the UAAL required payment, expressed as a percentage of payroll.

<sup>2</sup> Employer and employee contribution rates vary depending on specific terms of plan benefits for certain classes of employees.

For the year ended June 30, 2019, the contributions recognized as part of pension expense (grant expense for Teacher Members) for each plan were as follows:

(Expressed in Thousands)

**State Employee and Teacher Pension Plan:**

State & Component Unit Members	
State Employees	\$ 148,237
1 Major and Non-major Component Unit and 1 formerly reported component unit.	<u>8,368</u>
Subtotal State & Component Unit Members	<u>\$ 156,605</u>
Teacher Members (Non-employer contribution)	<u>\$ 129,422</u>

**NET PENSION LIABILITY - SINGLE EMPLOYER**

The State is the sole employer for two defined benefit pension plans. The State's net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The changes in net pension liabilities for these plans are as follows:

(Expressed in Thousands)

	<b>Judicial Pension Plan</b>			<b>Legislative Pension Plan</b>		
	Increase (Decrease)			Increase (Decrease)		
	Total Pension Liability (Asset) (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)	Total Pension Liability (Asset) (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2018	<u>\$ 65,002</u>	<u>\$ 66,712</u>	<u>\$ (1,710)</u>	<u>\$ 8,164</u>	<u>\$ 11,897</u>	<u>\$ (3,733)</u>
<b>Changes for the Year:</b>						
Service Cost	1,487	-	1,487	282	-	282
Interest	4,442	-	4,442	565	-	565
Differences Between Expected and Actual Experience	469	-	469	(91)	-	(91)
Changes in Assumptions	698	-	698	100	-	100
Benefit Payments, Including Refunds	(3,805)	(3,805)	-	(460)	(460)	-
Employer Contributions	-	1,179	(1,179)	-	-	-
Member Contributions	-	604	(604)	-	154	(154)
Net Investment Income	-	6,607	(6,607)	-	1,176	(1,176)
Administrative Expense	-	(62)	62	-	(11)	11
Net Changes	<u>3,291</u>	<u>4,523</u>	<u>(1,232)</u>	<u>396</u>	<u>859</u>	<u>(463)</u>
Balances at June 30, 2019	<u><u>\$ 68,293</u></u>	<u><u>\$ 71,235</u></u>	<u><u>\$ (2,942)</u></u>	<u><u>\$ 8,560</u></u>	<u><u>\$ 12,756</u></u>	<u><u>\$ (4,196)</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability			104.3 %			149.0 %
Covered Payroll			\$ 7,894			\$ 2,711
Net Pension Liability as a Percentage of Covered Payroll			(37.3)%			(154.8)%

**COLLECTIVE NET PENSION LIABILITIES, PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS - COST SHARING PLANS**

The State's net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The State's net pension liability is measured as the proportionate share of the net pension liability. The State's proportion of the net pension liability was based on a projection of the State's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers and non-employer contributors, actuarially determined. The State's proportionate share of the collective net pension liability for each plan at June 30, 2019 and June 30, 2018 is as follows:

(Expressed in Thousands)

Pension Plan	Proportionate Share June 30, 2018	Proportionate Share June 30, 2019	Net Pension Asset June 30, 2019	Net Pension Liability June 30, 2019
SETP - State Employees <sup>1</sup>	94.829879 %	94.652308 %	\$ -	\$ 993,438
SETP - Teachers <sup>2</sup>	95.016790 %	95.298384 %	-	1,285,997
Total Primary Government			-	2,279,435
SETP - 1 Major and Non-major Component Unit and 1 formerly reported component unit <sup>1</sup>	5.170121 %	5.347692 %	\$ -	\$ 56,128

<sup>1</sup> Percentage of State Employees in the SETP

<sup>2</sup> Percentage of employer and non-employer contributors to the SETP - Teachers

The State's SETP – State Employee Plan is allocated to governmental and proprietary funds based on employer contributions as shown below. Of the portion charged to governmental funds, 51 percent is posted to the General Fund, 21 percent to Other Special Revenue Funds, 15 percent to Highway Funds and 13 percent to Federal Funds.

Proportion	June 30, 2018	June 30, 2019	Change Increase (Decrease)
Governmental Funds	90.48 %	91.27 %	0.79 %
Internal Service Funds	7.53 %	7.45 %	(0.08)%
Enterprise Funds	1.99 %	1.28 %	(0.71)%

Detailed information about the pension plan's fiduciary net position is available in the separately issued Maine Public Employees Retirement System financial report.

For the cost-sharing defined benefit pension plans it shows:

### SCHEDULE OF CHANGES IN NET PENSION LIABILITY

(Expressed in Thousands)

	SETP State of Maine	Component Units <sup>1</sup>	Total State of Maine Employees SETP	SETP Teachers
<b>Total Pension Liability</b>				
Service Cost	\$ 72,788	\$ 4,112	\$ 76,900	\$ 138,927
Interest	305,340	17,251	322,591	591,944
Differences Between Expected and Actual Experience	5,049	285	5,334	28,817
Change in Assumptions	61,215	3,459	64,674	127,325
Benefit Payments, Including Refunds of Member Contributions	(284,477)	(16,072)	(300,549)	(509,662)
Change in Proportionate Share	(8,459)	8,459	-	-
Net Change in Total Pension Liability	151,456	17,494	168,950	377,351
Beginning Total Pension Liability	4,516,851	246,258	4,763,109	8,721,779
Ending Total Pension Liability	4,668,307	263,752	4,932,059	9,099,130
<b>Plan Fiduciary Net Position</b>				
Employer Contributions	148,230	8,375	156,605	55,086
Non-employer Contributions	-	-	-	129,422
Member Contributions	43,871	2,479	46,350	94,495
Transfers	(6)	-	(6)	(605)
Net Investment Income	340,177	19,219	359,396	718,432
Benefit Payments, Including Refunds of Member Contributions	(284,477)	(16,072)	(300,549)	(509,662)
Change in Proportionate Share	(6,434)	6,434	-	-
Administrative Expense	(3,175)	(179)	(3,354)	(6,724)
Net Change in Plan Fiduciary Net Position	238,186	20,256	258,442	480,444
Beginning Plan Fiduciary Net Position	3,436,683	187,368	3,624,051	7,269,243
Ending Plan Fiduciary Net Position	3,674,869	207,624	3,882,493	7,749,687
Ending Net Pension Liability	\$ 993,438	\$ 56,128	\$ 1,049,566	\$ 1,349,443
<b>Proportion</b>				
June 30, 2019	94.652308 %	5.347692 %	100 %	95.298384 %
June 30, 2018	94.829879 %	5.170121 %	100 %	95.016790 %
Change - Increase (Decrease)	(0.177571)%	0.177571 %	0 %	0.281594 %

<sup>1</sup>Includes combined totals for one major component unit, one non-major component unit, and 1 formerly reported component unit.

**Actuarial Assumptions**

Actuarial assumptions used in the June 30, 2018 and 2017 valuations were based on results of an actuarial experience study for the period June 30, 2012 through June 30, 2015. Actuarially determined contribution rates are calculated based on a 2016 actuarial valuation developed as a roll-forward of the 2015 actuarial valuation, adjusted for expected experience and any assumption or methodology changes during fiscal year end 2016 using assets as of June 30, 2016. The individual entry age normal method is used to determine liabilities. A 3-year smoothed market approach is used for the asset valuation method. Each plan's unfunded actuarial liability is being amortized as a level percentage of payroll. For the SETP, a closed 16-year amortization of UAL prior to 2012 and individual, closed, level percent of payroll, 10-year amortization of UAL arising each year beginning in 2012. The amortization period used by both the Judicial and Legislative Plans is an open 10-year amortization of the 2016 UAL. The investment rate of return used for contributions in 2016 was 6.875 percent. The investment rate of return, inflation rate and annual salary increases, including inflation were 6.75 percent in 2018 reduced from 6.875 percent, 2.75 percent and 2.75 percent plus merit component based on employee's years of service. All plans used a 2.20 percent cost-of-living. Normal retirement age for State employees and teachers is age 60, 62 or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. The Judicial and Legislative Plans assume that 100 percent retirement occurs at age 60 for members with at least 10 years of creditable service on July 1, 1993. For members with less than 5 years of creditable service on July 1, 2001, 50 percent are assumed to retire each year after reaching age 65.

The Maine State Constitution Article IX, Section 18-A was amended in fiscal year 2018 by CR 2017, c. 1. Any unfunded liability resulting from experience losses must be retired over a period not exceeding 20 years. Prior to the change a 10-year amortization period was used.

**ANNUAL PENSION COST AND NET PENSION LIABILITY**

For the year ended June 30, 2019, the State recognized pension expense of \$243,523 which includes \$95,687 of teacher pensions recorded in grant expense. At June 30, 2019, the State reported \$464,739 of deferred outflows of resources and \$254,975 of deferred inflows of resources related to its pension plans. Deferred outflows of resources of \$286,602 relate to the State contributions that were made subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense over the next four years. Information by pension plan is as follows:

(Expressed in Thousands)

	SETP State of Maine		1 Major Component Unit and 2 Formerly Reported Component Units		Total State of Maine Employees SETP	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience						
demographic and economic	\$ 12,580	\$ -	\$ 710	\$ -	\$ 13,290	\$ -
Changes of assumptions	40,811	-	2,305	-	43,116	-
Net difference between projected and actual earnings						
on pension plan investments	-	84,319	-	4,764	-	89,083
Changes in proportion and differences between State						
contributions and proportionate share of						
contributions	1,230	1,301	1,411	1,341	2,641	2,642
State and component unit contributions subsequent to						
the measurement date	152,815	-	8,494	-	161,309	-
Total	<u>\$ 207,436</u>	<u>\$ 85,620</u>	<u>\$ 12,920</u>	<u>\$ 6,105</u>	<u>\$ 220,356</u>	<u>\$ 91,725</u>

**For the Year Ended**

2020	47,194		2,058		49,252	
2021	3,212		863		4,075	
2022	(59,043)		(3,336)		(62,379)	
2023	(22,359)		(1,264)		(23,623)	
2024	-		-		-	

	SETP Teachers		Legislative		Judicial	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience						
demographic and economic	\$ 39,277	\$ -	\$ -	\$ -	\$ 234	\$ -
Changes of assumptions	80,892	-	-	-	349	-
Net difference between projected and actual earnings						
on pension plan investments	-	167,180	-	290	-	1,885
Changes in proportion and differences between State						
contributions and proportionate share of						
contributions	2,764	-	-	-	-	-
State and component unit contributions subsequent to						
the measurement date	132,564	-	10	-	1,213	-
Total	<u>\$ 255,497</u>	<u>\$ 167,180</u>	<u>\$ 10</u>	<u>\$ 290</u>	<u>\$ 1,796</u>	<u>\$ 1,885</u>

**For the Year Ended**

2020	104,390		53		739	
2021	15,289		(63)		(435)	
2022	(119,014)		(203)		(1,171)	
2023	(44,912)		(77)		(435)	
2024	-		-		-	

The long-term expected rate of return on pension plan assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation are summarized in the following table.

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Public Equities	30.0 %	6.0 %
U.S. Government	7.5 %	2.3 %
Private Equity	15.0 %	7.6 %
Real Assets:		
Real Estate	10.0 %	5.2 %
Infrastructure	10.0 %	5.3 %
Natural Resources	5.0 %	5.0 %
Traditional Credit	7.5 %	3.0 %
Alternative Credit	5.0 %	4.2 %
Diversifiers	10.0 %	5.9 %

The discount rate used to measure the collective total pension liability was 6.750 percent for the 2018 and 2017 actuarial valuations for the State Employee and Teacher Plan. The PLD Plan used 6.750 percent for the 2018 and 2017 actuarial valuations. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at actuarially determined, contractually required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table shows how the collective net pension liability would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate used for all plans is 6.750 percent.

(Expressed in Thousands)

<b>Defined Benefit Plans Administered Through MPERS</b>	<b>1% Decrease (5.750%)</b>	<b>Current Discount Rate (6.750%)</b>	<b>1% Increase (7.750%)</b>
<b>State Employee and Teacher Pension Plan:</b>			
State & Component Unit Members			
State Employees	\$ 1,537,742	\$ 993,438	\$ 536,314
Maine Community College System	76,280	49,280	26,604
2 Formerly Reported Component Units.	<u>10,600</u>	<u>6,848</u>	<u>3,697</u>
Subtotal State & Component Unit Members	1,624,622	1,049,566	566,615
Teacher Members (100%)	<u>2,493,769</u>	<u>1,349,443</u>	<u>396,403</u>
Total State Employee and Teacher Pension Plan	<u>\$ 4,118,391</u>	<u>\$ 2,399,009</u>	<u>\$ 963,018</u>
Judicial Pension Plan	3,242	(2,942)	(8,317)
Legislative Pension Plan	(3,339)	(4,196)	(4,940)



Changes in net pension liability are recognized in pension expense with the following exceptions:

*Differences Between Expected and Actual Experience* The difference between actual and expected experience with regard to economic or demographic factors were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. For 2018, this was one year for the Legislative Plan, two years for the Judicial Plan, three years for the State Employee and Teacher Plan and three for the PLD Consolidated Plan. Prior to 2017, this was two years for the Legislative Plan and four years for the PLD Consolidated Plan.

*Differences Between Projected and Actual Investment Earnings* Differences between projected and actual investment earnings were recognized in pension expense using a straight-line amortization method over a closed 5 year period.

*Changes in Assumptions* Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used for the June 30, 2018 valuation were based on the results of an actuarial experience study for the period of June 30, 2012 through June 30, 2015.

*Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions* Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability.

#### **COMPONENT UNIT PARTICIPANTS**

The Maine Municipal Bond Bank, Maine Maritime Academy, Maine State Housing Authority, Maine Turnpike Authority and the Maine Public Employees Retirement System have defined benefit pension plans. All are participating local entity participants in plans administered by the Maine Public Employees Retirement System.

#### **NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS**

##### **POST RETIREMENT HEALTHCARE PLANS AND BENEFITS**

###### **State Employees**

The State has a single-employer defined benefit healthcare OPEB plan that is administered through a trust. The State of Maine funds postretirement health care benefits for most retired State employees and legislators, as authorized by Title 5 MRSA § 285. For fiscal years ending after June 30, 2015 statute limited the total premium increase for active and retired State employee health insurance to no more than any percentage increase in the Consumer Price Index, as defined in Title 5 MRSA §17001, subsection 9 plus 3 percent. Pursuant to Title 5 MRSA § 285 most retired employees of the Maine Turnpike Authority, Maine Community College System, Maine Maritime Academy, Maine Public Employees Retirement System, and Maine Educational Center for the Deaf and Hard of Hearing are eligible to participate in the health plan but are not funded by the State.

The State pays 100 percent of postretirement health insurance premiums for state employee retirees who were first employed on or before July 1, 1991. A pro rata portion, ranging from zero percent for retirees with less than five years participation to 100 percent for retirees with ten or more years of participation, is paid for eligible individuals first employed after July 1, 1991. Per Title 5 MRSA § 285 paragraphs 2 and 3, coverage depends upon terms and conditions contained in collective bargaining agreements with the State Health Commission. Retirees who are not eligible for Medicare retain coverage in the same group health plan as active employees. Retirees must pay for Medicare Part B coverage to be eligible to participate in the State-funded Companion Plan. Coverage for retirees ineligible for Medicare includes basic hospitalization; supplemental major medical and prescription drugs; and costs for treatment of mental health, alcoholism, and substance abuse.

Part-time employees are eligible for prorated benefits. Retirees who worked 50 percent or more of full-time hours receive 100 percent of the benefit. Surviving spouses and dependents may continue in the plan and pay 100 percent of the premium. Retirees ineligible for a State contribution are allowed to participate and pay the retiree premium.

**Teachers and First Responders**

The State also committed to pay a statutorily determined portion of the retiree healthcare premiums for retired Teachers and retired First Responders as authorized by Title 20-A MRSA § 13451 and Title 5 MRSA § 286-M, respectively. First Responders are defined in statute as retired county or municipal law enforcement officers and municipal firefighters who participate in an employer-sponsored retirement plan. Specifically excluded (Title 5 MRSA § 285 1-B) from the definition of Teachers are members of the Maine Municipal Association, Maine Teachers Association and employees of counties and municipalities and their instrumentalities, except as provided in subsection 11-A. Each group is a collection of single employer defined benefit plans. State contributions are based on rates negotiated by each school district and municipality and reflect their individual healthcare experience rating. The plans are currently funded on a pay-as-you-go basis with the State directly paying insurers.

Effective January 1, 2006, the State contribution to retired teacher health premiums was increased to 45 percent of the retiree-only premium. The rate is based on a single rate for single and employee plus children coverage, or 50 percent of the two party rate for two party and family coverage. Eligibility mirrors that of State Employees.

County and municipal law enforcement officers and municipal firefighters began coverage in fiscal year 2008 with the State contributing 45 percent of the retiree-only premium of their respective plans. The State's premium subsidy is based on the Title 5 MRSA § 285 paragraph 11-A C cost of the retiree's share of the individual premium for the standard plan identified and offered under the group health insurance plan in which the retiree enrolls. The State subsidy ends after the retiree is eligible for Medicare. First Responders are eligible if they retire after age 50 with 25 or more years of service and receive a retirement benefit from either the MPERS or a defined contribution plan. If retirees have fewer than 25 years of service, the normal retirement benefit must be at least 50 percent of final average compensation. Retirees must also participate in their employer's health insurance plan or other fully insured health plan for at least five years. Retirees can elect to participate in the plan at their retirement date. If participation is waived at that time, the retiree is ineligible to participate at a later date.

**POST RETIREMENT GROUP LIFE INSURANCE PLAN**

The Maine Public Employees Retirement System (the System) is a component unit of the State of Maine. For financial reporting purposes, the System administers two multiple-employer cost-sharing, defined benefit Group Life Insurance Plans (GLIP) administered by a third party insurance company in accordance with Title 5 MRSA C. 423 and 425. Members include employees of the State, public school employees (defined by Maine law as teachers), members of the Judiciary and the Legislature, which are eligible for membership in the System. The State of Maine is also a non-employer contributing entity in that the State pays contributions for retired public school teachers in the plan. Group life insurance benefits are also provided to employees of approximately 150 local municipalities and other public entities (Participating Local Districts, or PLDs) in Maine that elect to participate under provisions of the relevant statutes.

The Plan provides Basic group life insurance benefits during retirement to employees who participated in the group life insurance plan prior to retirement for a minimum of 10 years. The 10 year participation requirement does not apply to recipients of disability retirement benefits. The level of coverage in retirement is initially set to an amount equal to the retiree's average final compensation. The initial amount of Basic group life insurance benefit is then subsequently reduced at the rate of 15 percent per year to the greater of 40 percent of the initial amount or \$2,500.

Group life insurance funds managed by the System are constitutionally restricted and held in trust for the payment of benefits to participants or their beneficiaries. The System's Board of Trustees, in its fiduciary capacity, establishes the System's investment policies and their overall implementation. The System maintains separate reserves and accounts for each participating entity and performs a single actuarial valuation that provides separate data for each participating plan.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for the plan. The June 30, 2019 report may be obtained from the Maine Public Employees Retirement System, PO Box 349, Augusta, ME 04332-0349 or on-line at [www.maineopers.org](http://www.maineopers.org).

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The State and the System's fiduciary financial statements are prepared on the accrual basis of accounting. Premiums are recognized when due and benefits are paid when incurred using the accrual basis of accounting. Premium refunds reduce premium revenue and claims recoveries reduce claims expense. Investment income is recognized when earned. In addition, an estimate is made for group life insurance death benefits incurred before year end but not reported to the System until after year end. Group life insurance death benefits incurred but not reported are reflected as other liabilities.

**CONTRIBUTIONS AND RESERVES**

The State Employees Health Insurance Committee establishes contributions to the plan by member employers and employees annually. Both active and retired members pay the same premium rate. Claims liabilities of the plan are periodically computed using statistical techniques to establish premium rates. Administrative costs of the plan are allocated to plan participants.

**INVESTMENTS**

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair value. Fair value of shares in managed investment pools is based on unit values reported by the funds. The fair value of other investments, including real estate holdings and mortgage participation agreements, are based on third-party appraisals and valuations provided by the sponsor of the agreement. Investment purchases and sales are recorded as of their trade date. Proceeds related to securities sold not yet purchased are carried as a liability and adjusted to the fair value of the securities.

**PLAN MEMBERSHIP**

Membership in the OPEB plans is as follows:

	<b>Healthcare</b>			<b>Group Life</b>	
	<b>State Employees</b>	<b>Teachers</b>	<b>First Responders</b>	<b>State Employees</b>	<b>Teachers</b>
Actives	12,076	27,056	628	10,814	14,592
Retirees	8,568	10,473	102	8,345	7,437
Inactives Vested	182	449	-	-	-
Total	20,826	37,978	730	19,159	22,029

**STATE EMPLOYEE HEALTHCARE FUNDING POLICY**

The Trustees of the State Employee Healthcare Plan are the State Controller and State Treasurer. Title 5 MRSA § 286-B authorized an Irrevocable Trust Fund for Other Post-Employment Benefits to meet the State's unfunded liability obligations for retiree health benefits for eligible participants who are the beneficiaries of the irrevocable trust fund. Annually, beginning with the fiscal year starting July 1, 2007, the Legislature shall appropriate funds to meet the State's obligations under any group health plan, policy or contract purchased by the State Employee Health Commission. Unfunded liabilities may not be created except those resulting from experience losses. Unfunded liability resulting from experience losses must be retired over a period not to exceed 10 years. The unfunded liability for retiree health benefits for eligible participants must be retired in 30 years or less from July 1, 2007.

Public Law 2007, Chapter 240, amended Title 5 Chapter 421 by establishing the Irrevocable Trust for Other Post-employment Benefits. MPERS holds and invests long-term funds in the irrevocable trust fund. Its fiduciary responsibilities include setting investment policy in order to fund the plan in accordance with a projected disbursement schedule that does not begin before the year 2027.

**TEACHERS PLAN AND FIRST RESPONDERS PLAN HEALTHCARE FUNDING POLICY**

A special funding situation exists for these plans. The State is statutorily responsible for contributions to the Teachers Plan and the First Responders Plan that cover the retirees of other governmental entities. The State is the sole contributing entity for Teachers and for the First Responders, therefore, making the contribution on behalf of the employing jurisdictions at a 45 percent level for the current portion of the health plan costs. Plan members are not included in the Trust.

Public Law 2011, Chapter 380 Pt. Y § 2 established separate Irrevocable Trust Funds for Other Post-Employment Benefits to meet the State's unfunded liability obligations for retiree health benefits for eligible participants who are the beneficiaries of the irrevocable trust funds. Annually, beginning with the fiscal year starting July 1, 2011, the Legislature shall appropriate funds to meet the State's obligations to retire the unfunded liability for eligible first responders in 30 years or less from July 1, 2007. Public Law 2013, Chapter 368 Pt. H §2 amended the starting date for funding teachers. As amended annually beginning with the fiscal year starting July 1, 2015, the Legislature shall appropriate funds to meet the State's obligations to retire the unfunded liability at June 30, 2006 for eligible teachers in 30 years or less from July 1, 2007.

**GROUP LIFE INSURANCE FUNDING POLICY**

Premium rates are those determined by the System's Board of Trustees to be actuarially sufficient to pay anticipated claims and cover administrative costs. For State employee, legislative and judicial classes, the premiums for retiree life insurance coverage are factored into the premiums paid for Basic coverage while participants are active members. The State remits premiums at a single rate that supports basic coverage for active and retired State employees. This rate is 76 cents per month for every \$1,000 of coverage. Premiums for retiree life insurance coverage for retired teachers are paid by the State based on a rate of 33 cents per \$1,000 of coverage per month during the post-employment retirement period.

**CHANGES IN THE TOTAL OPEB LIABILITY**

The changes in total OPEB liabilities are as follows:

(Expressed in Thousands)		
	<b>Healthcare</b>	
	Increase (Decrease)	
	First	
	Teachers	Responders
Balances at June 30, 2018	\$ 1,248,326	\$ 18,980
<b>Changes for the Year:</b>		
Service Cost	35,795	776
Interest	45,495	698
Contributions - Employee	-	(617)
Contributions - Non-Employer Contributing Entity	(26,855)	(5)
Administrative Expenses	-	98
Differences Between Expected and Actual Experience	(5,178)	(191)
Changes in Assumptions - Discount Rate	(61,721)	(507)
Net Changes	(12,464)	252
Balances at June 30, 2019	\$ 1,235,862	\$ 19,232
Covered Payroll	\$ 1,156,592	\$ 64,427
Total OPEB Liability as a Percentage of Covered Payroll	106.9 %	29.9 %
State's Proportionate Share of the Collective Total OPEB Liability	74 %	13 %

The State's proportionate share for fiscal years ended June 30, 2019 and June 30, 2018 was estimated using the same share of implicit subsidy for each school district's or municipality's OPEB Plan.

**CHANGES IN NET OPEB LIABILITY**

Changes in net OPEB liabilities are as follows:

**SCHEDULE OF CHANGES IN NET OPEB LIABILITY**  
(Expressed in Thousands)

	<b>Healthcare</b>	<b>Group Life Insurance</b>		
	<b>State Employees</b>	<b>State Employees</b>	<b>Component Units and Others</b>	<b>Teachers</b>
<b>Total OPEB Liability</b>				
Service Cost	\$ (16,917)	\$ (868)	\$ (44)	\$ (1,210)
Interest	(77,876)	(6,011)	(305)	(6,215)
Differences Between Expected and Actual Experience	(7,872)	(1,267)	(65)	(625)
Changes in Assumptions Discount Rate	-	(1,467)	(75)	(1,657)
Change in Proportion	-	(175)	175	-
Benefit Payments, Including Refunds of Member Contributions - Explicit	58,347	4,414	224	2,631
Benefit Payments, Including Refunds of Member Contributions - Implicit	20,265	-	-	-
Net Change in Total OPEB Liability	(24,053)	(5,374)	(90)	(7,076)
Beginning Total OPEB Liability	(1,175,459)	(88,574)	(4,669)	(90,479)
Ending Total OPEB Liability	(1,199,512)	(93,948)	(4,759)	(97,555)
<b>Plan Fiduciary Net Position</b>				
Employer Contributions - Explicit	(60,347)	(3,977)	(202)	-
Employer Contributions - Implicit	(20,265)	-	-	-
Non-employer Contributions	-	-	-	(3,459)
Transfers	-	-	-	(4,914)
Net Investment Income	(21,270)	(2,750)	(140)	-
Changes in Proportion	-	(61)	61	-
Benefit Payments, Including Refunds of Member Contributions	78,612	4,414	224	2,631
Administrative Expense	6	274	14	482
Net Change in Plan Fiduciary Net Position	(23,264)	(2,100)	(43)	(5,260)
Beginning Plan Fiduciary Net Position	(233,596)	(30,868)	(1,627)	(54,388)
Ending Plan Fiduciary Net Position	(256,860)	(32,968)	(1,670)	(59,648)
Ending Net OPEB Liability	\$ (942,652)	\$ (60,980)	\$ (3,089)	\$ (37,907)
<b>Proportion</b>				
June 30, 2019	(100.000000)%	(95.182167)%	(4.817833)%	(100.000000)%
June 30, 2018	(100.000000)%	(94.993644)%	(5.006306)%	(100.000000)%
Change - Increase (Decrease)	0.000000 %	(0.188523)%	0.188473 %	0.000000 %
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	(21.413708)%	(35.091753)%	(35.091406)%	(61.142945)%

## ACTUARIAL METHODS AND ASSUMPTIONS

The projection of benefits is based on the terms of the substantive plan at the time of each valuation and include types of benefits in force at the valuation date and the pattern of sharing of costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

### State Health Insurance

The valuation date is June 30, 2017 projected to June 30, 2018. Costs are developed using the entry age normal cost method based on a level percentage of payroll. The participation rate for future retirees is 95 percent of active participants currently enrolled. Actuarial assumptions used in the June 30, 2018 and June 30, 2017 actuarial valuations were based on the results of an actuarial experience study conducted for the period of June 30, 2012 to June 30, 2015. Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2018 and June 30, 2017 include: a 6.75 percent investment rate of return, a 2.75 percent inflation rate; and, annual salary increases, including inflation of 2.75 percent plus merit component based on employee's years of service. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll over a 30-year period on a closed basis. The unfunded liability will be fully recognized by June 30, 2037. Assumption changes, plan changes and experience gains are amortized over a 20 year fixed period. Experience losses are amortized over a 10 year fixed period. The initial medical trend rate had been 6.60 percent at June 30, 2017 and 6.40 percent at June 30, 2018. The ultimate medical trend rate for both years was 4.29 percent reached at 2075. The State actively manages premium increases within the statutory cap, so healthcare cost increases are limited to no more than inflation plus 3 percent in any year. For active members and non-disabled retirees, the RP2014 Total Dataset Healthy Annuitant Mortality Table was used. For State employees rates are based on 104 percent and 120 percent for males and females, respectively.

The long-term expected rate of return on Other Post-Employment Benefit Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of long-term real rates of return for each major asset class were benchmarked against returns by asset class as forecast by Horizon Actuarial Services, LLC.

### Group Life Insurance

The valuation date is June 30, 2016 projected to June 30, 2017. Costs are developed using the individual entry age normal cost method based on a level percentage of payroll. The participation rate for future retirees is 100 percent of those currently enrolled. Actuarial assumptions used in the June 30, 2017 and June 30, 2016 actuarial valuations were based on the results of an actuarial experience study conducted for the period of June 30, 2012 to June 30, 2015. Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2017 and June 30, 2016 include: a 6.75 percent investment rate of return, a 2.75 percent inflation rate; and, annual salary increases, including inflation of 2.75 percent plus merit component based on employee's years of service. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll over a 30-year period on a closed basis. As of June 30, 2017, there were 19 years remaining in the amortization schedule for state employees and teachers. For active members and non-disabled retirees, the RP2014 Total Dataset Healthy Annuitant Mortality Table was used. For State employees rates are based on 104 percent and 120 percent for males and females, respectively. Teachers rates are based on 99 percent for both genders.

The long-term expected rate of return on Other Post-Employment Benefit Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of long-term real rates of return for each major asset class included in the target asset allocation as of June 30, 2018 are summarized in the table in the plan section below.

The discount rate used to measure the total OPEB liability for the State Employee and Teacher Plan was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Teachers Health Insurance**

The valuation date is June 30, 2017 projected to June 30, 2018. Costs are developed using the entry age normal cost method based on a level percentage of payroll. 93.33 percent of all Teachers are assumed to be eligible to receive a State contribution at retirement. 75 percent of active participants currently with coverage continue coverage at retirement. The State is currently funding the plan on a pay-as-you-go basis. One third of active participants who have currently waived coverage elect coverage at retirement. Actuarial assumptions used in the June 30, 2018 and June 30, 2017 actuarial valuations were based on the results of an actuarial experience study conducted for the period of June 30, 2012 to June 30, 2015. Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2018 and June 30, 2017 include: using a 2.75 percent inflation rate and 3.00 percent annual salary increases. Since the State's portion of the Teachers' postretirement medical plans are not being funded by assets in a separate trust, GASB No. 75 requires that the discount rate be based on the index rate as of the measurement date of a 20-year tax-exempt general obligation municipal bond index with an average rating of AA/Aa or higher. The State of Maine elected to determine the discount rate using the Bond Buyer 20-Bond General Obligation Index. The discount rate was 3.87 percent as of the measurement date, June 30, 2018, (3.58 percent as of June 30, 2017). The initial medical trend rate had been 6.60 percent at June 30, 2017 and 6.40 percent at June 30, 2018. The ultimate medical trend rate for both years was 4.29 percent reached at 2075. For active members and non-disabled retirees, the RP2014 Total Dataset Healthy Annuitant Mortality Table was used. For Teachers rates are adjusted based on 99 percent for males and females.

**First Responders Health Insurance**

The valuation date is June 30, 2017 projected to June 30, 2018. Costs are developed using the entry age normal cost method based on a level percentage of payroll. 90 percent of all active members who currently have coverage are assumed to elect coverage at retirement. No employee who has waived coverage will be assumed to be eligible for coverage at retirement. The State is currently funding the plan on a pay-as-you-go basis. The valuation assumes the State will continue this policy. Since the State's portion of the First Responders' postretirement medical plans are not being funded by assets in a separate trust, GASB No. 75 requires that the discount rate be based on the index rate as of the measurement date of a 20-year tax-exempt general obligation municipal bond index with an average rating of AA/Aa or higher. The State of Maine elected to determine the discount rate using the Bond Buyer 20-Bond General Obligation Index. The discount rate was 3.87 percent as of the measurement date, June 30, 2018, (3.58 percent as of June 30, 2017). Actuarial assumptions used in the June 30, 2018 and June 30, 2017 actuarial valuations were based on the results of an actuarial experience study conducted for the period of June 30, 2012 to June 30, 2015. Other significant actuarial assumptions employed by the actuary for June 30, 2018 and June 30, 2017 include using a 2.75 percent inflation rate and 3.00 percent annual salary increase. The initial medical trend rate had been 6.60 percent at June 30, 2017 and 6.40 percent at June 30, 2018. The ultimate medical trend rate for both years was 4.29 percent reached at 2075. For active members and non-disabled retirees, the RP2014 Total Dataset Healthy Annuitant Mortality Table was used. Rates were adjusted 104 percent for males and 120 percent based on females.

**OPEB EXPENSE AND DEFERRALS**

For the year ended June 30, 2019, the State recognized OPEB expense of \$142,070. Costs related to non-State employees are charged to the General Fund. Of State employee costs charged to governmental funds, 49 percent is charged to the General Fund, 21 percent to Other Special Revenue Funds, 16 percent to the Highway Fund and 14 percent to Federal funds. At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**Healthcare**  
(Expressed in Thousands)

	<b>State</b>		<b>Teachers</b>		<b>First Responders</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience demographic and economic	\$ 12,380	\$ -	\$ 31,456	\$ 4,478	\$ -	\$ 2,284
Changes of assumptions	-	-	-	177,670	-	4,946
Net difference between projected and actual earnings on OPEB plan investments	-	12,033	-	-	-	-
State and component unit contributions subsequent to the measurement date	90,829	-	33,032	-	548	-
<b>Total</b>	<b>\$ 103,209</b>	<b>\$ 12,033</b>	<b>\$ 64,488</b>	<b>\$ 182,148</b>	<b>\$ 548</b>	<b>\$ 7,230</b>

**For the Year Ended**

2020	(212)	(26,274)	(1,330)
2021	(212)	(26,274)	(1,330)
2022	(213)	(26,274)	(1,330)
2023	742	(26,274)	(1,330)
2024	242	(26,274)	(1,330)
Thereafter	-	(19,322)	(580)

**Group Life Insurance**  
(Expressed in Thousands)

	<b>State</b>		<b>Teachers</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience demographic and economic	\$ 1,087	\$ -	\$ 556	\$ -
Changes of assumptions	1,258	-	1,473	-
Net difference between projected and actual earnings on OPEB plan investments	-	1,528	-	2,705
Changes in proportion and differences between State contributions and proportionate share of contributions	234	5	-	-
State and component unit contributions subsequent to the measurement date	4,039	-	3,547	-
<b>Total</b>	<b>\$ 6,618</b>	<b>\$ 1,533</b>	<b>\$ 5,576</b>	<b>\$ 2,705</b>

**For the Year Ended**

2020	(30)	(566)
2021	(30)	(566)
2022	(30)	(566)
2023	296	7
2024	432	254
Thereafter	408	761



The long-term expected rate of return on OPEB plan assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation are summarized in the following table.

Asset Class:	State Employee Healthcare		Group Life Insurance	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Government Securities	9.00 %	2.30 %	10.00 %	2.30 %
Public Equity	70.00 %	6.00 %	70.00 %	6.00 %
Traditional Credit	16.00 %	3.00 %	15.00 %	3.00 %
Real Assets:				
Real Estate	5.00 %	5.20 %	5.00 %	5.20 %

For the year ended June 30, 2019, the annual money-weighted average rate of return on investments, net of investment expense was 6.60 percent for both plans. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The discount rate used to measure the collective total OPEB liability for the actuarial valuations varied by plan and is disclosed below. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at the actuarially determined, contractually required rates. Based on the assumption, the OPEB plan's fiduciary net position were projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**SENSITIVITY ANALYSIS**

The following tables show how the collective OPEB liabilities would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The discount rate used for the funded healthcare plan is 6.75 percent. The discount rate used for unfunded healthcare plans is 3.87 percent. The discount rate used for funded group life insurance plans is 6.75 percent.

**Discount Rate**  
(Expressed in Thousands)

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
<b>Net OPEB Liabilities</b>			
State Employee Healthcare Plan	\$ 1,083,200	\$ 942,652	\$ 825,381
State Employee Group Life	\$ 74,184	\$ 60,980	\$ 50,194
State Employee Group Life - DCU	\$ 3,755	\$ 3,089	\$ 2,541
Teacher Group Life	\$ 52,904	\$ 37,907	\$ 25,787
<b>Total OPEB Liabilities</b>			
Teacher Healthcare Plan	\$ 1,467,620	\$ 1,235,862	\$ 1,051,981
First Responders Healthcare Plan	\$ 21,056	\$ 19,232	\$ 17,610

**Healthcare Cost Trend Rate**  
(Expressed in Thousands)

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net OPEB State Employee Healthcare Plan	\$ 808,356	\$ 942,652	\$ 1,105,181
Total OPEB Teacher Healthcare Plan	\$ 1,015,519	\$ 1,235,862	\$ 1,525,959
Total OPEB First Responder Healthcare Plan	\$ 17,174	\$ 19,232	\$ 21,646

For all plans, the current trend rate is 6.40 percent grading down to 4.29 percent.

**Plan Information**

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, principal objective is to improve the usefulness of OPEB information in the external financial statements of State and local governments. GASB established different reporting requirements for OPEB plans based on whether or not plan assets accumulated for benefits are placed in trusts (or equivalent arrangements). Two OPEB Plans met the requirements for funded OPEB trusts or their equivalents: the State Employee Healthcare Plan and the Group Life Insurance Plan for State Employees and Teachers. The other plans are funded on a pay-as-you-go basis.

Information not already contained in this note disclosure at June 30, 2019 follows. The Trustees of the State Retiree Healthcare Plan (SRHP) are the State Controller and State Treasurer.

Components of the Net OPEB Liability for the plans at June 30, 2019 were as follows:

(Expressed in Thousands)

	<b>State Employee Healthcare Plan</b>	<b>State and Teachers Group Life Insurance Benefit Plan</b>
Total OPEB liability	\$ 1,226,111	\$ 204,432
Plan fiduciary net position	277,703	100,617
State of Maine's net OPEB liability	<u>\$ 948,408</u>	<u>\$ 103,815</u>
Plan fiduciary net position as a percentage of the total OPEB liability	22.65 %	49.22 %

Actuarial assumptions for both funded OPEB plans used in the June 30, 2018 valuations were based on results from an actuarial experience study for the period of June 30, 2012 to June 30, 2015. The individual entry age normal method is used to determine liabilities. Asset amounts are taken as reported to the actuaries by the System without audit or change. Specific health and group life insurance OPEB plans' actuarial assumptions are included in the plan specific section of this note. For the 2018 healthcare valuation, actuaries decreased the initial medical trend rate from 6.40 percent to 6.20 percent.

The long-term expected rate of return on OPEB plan assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plans' target asset allocation are summarized in the following table.

	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
<b>Asset Class for the State Employee and Teacher Group Life Insurance Benefit Plan</b>		
Public Equity	70.0 %	6.0 %
Real Estate	5.0 %	5.2 %
Traditional Credit	15.0 %	3.0 %
U.S. Government Securities	10.0 %	2.3 %
<b>Asset Class for State Employee Healthcare Plan</b>		
Public Equity	70.0 %	6.0 %
Real Estate	5.0 %	5.2 %
Traditional Credit	16.0 %	3.0 %
U.S. Government Securities	9.0 %	2.3 %

For the year ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 6.6 percent for both plans. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The discount rate used to measure the collective total OPEB liability for the actuarial valuations varied by plan and is disclosed below. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at actuarially determined, contractually required rates. Based on these assumptions, the OPEB plans' fiduciary net position were projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The following table shows how the collective net OPEB liabilities would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate used for both plans is 6.75 percent.

(Expressed in Thousands)

	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
State Employee Healthcare Plan	\$ 1,088,343	\$ 948,408	\$ 831,511
State Employee and Teacher Group Life Insurance Benefit Plan	\$ 133,152	\$ 103,815	\$ 79,937

*Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates.* The following table shows how the collective net OPEB liabilities would change if the healthcare rate used was one percentage point lower or one percentage point higher than the current rate of 6.20 percent grading down to 4.29 percent.

(Expressed in Thousands)

	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
State Employee Healthcare Plan	\$ 793,436	\$ 948,408	\$ 1,137,062

## NOTE 11 - LONG-TERM OBLIGATIONS

### PRIMARY GOVERNMENT

The State records its liability for general obligation bonds in the Governmental Activities column on the Statement of Net Position. Other long-term obligations recognized by the State include: revenue bonds issued by the Maine Governmental Facilities Authority, a blended component unit; obligations under Certificates of Participation and other financing arrangements; loans payable to component unit for repayment of bonds issued by the Maine Municipal Bond Bank on behalf of the Maine Department of Transportation and the Liquor Operations Revenue Fund and compensated employee absences.

### GENERAL OBLIGATIONS BONDS

Programs for which the State issues general obligation bonds include: adaptive equipment loan programs; environmental cleanup and protection; highway and transportation related projects; agricultural and small business job creation; and acquisition, construction, and renovation of major capital facilities including State parks and historic sites. General obligation bonds are secured by the full faith and credit of the State. Debt service requirements are provided by legislative appropriation from the State's general tax revenues and are repaid in annual installments beginning not more than one year after issuance.

Changes in general obligation bonds of the primary government during fiscal year 2019 were:

**Primary Government - Changes in General Obligation Bonds**

(Expressed in Thousands)

	<b>Balance July 1, 2018</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance June 30, 2019</b>	<b>Due Within One Year</b>
General Obligation Debt:					
General Fund	\$ 353,795	\$ 252,130	\$ 72,345	\$ 533,580	\$ 77,995
Special Revenue Fund	22,320	-	12,500	9,820	7,610
Unamortized Premiums:					
General Fund	<u>31,631</u>	<u>34,440</u>	<u>5,693</u>	<u>60,378</u>	<u>7,674</u>
Total	<u>\$ 407,746</u>	<u>\$ 286,570</u>	<u>\$ 90,538</u>	<u>\$ 603,778</u>	<u>\$ 93,279</u>

Debt service requirements (principal and interest) for all outstanding general obligation bonds of the primary government, from June 30, 2019 until maturity, are summarized in the following table:

**Future Debt Service on General Obligation Bonds**

(Expressed in Thousands)

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2020	\$ 85,605	\$ 24,331	\$ 109,936
2021	79,910	21,517	101,427
2022	71,075	17,874	88,949
2023	66,340	14,594	80,934
2024	66,335	11,332	77,667
2025-2029	<u>174,135</u>	<u>20,385</u>	<u>194,520</u>
Total	<u>\$ 543,400</u>	<u>\$ 110,033</u>	<u>\$ 653,433</u>
Unamortized Premiums	<u>60,378</u>		
Total Principal	<u>\$ 603,778</u>		

General fund, special revenue and other general obligation bonds issued and outstanding at June 30, 2019 are as follows:

### Primary Government - General Obligation Bonds Outstanding

(Expressed in Thousands)

	Amounts Issued	Outstanding June 30, 2019	Fiscal Year Maturities		Interest Rates
			First Year	Last Year	
General Fund:					
Series 2009	\$ 96,035	\$ -	2011	2019	2.50% - 5.00%
Series 2010	31,755	290	2011	2020	1.41% - 4.00%
Series 2011	86,010	13,250	2012	2021	1.625% - 5.00%
Series 2012	49,265	14,205	2013	2022	1.00% - 5.00%
Series 2014	112,945	56,470	2015	2024	0.20% - 5.00%
Series 2015	102,555	61,530	2016	2025	0.85% - 5.00%
Series 2016	97,705	68,390	2017	2026	1.00% - 5.00%
Series 2017	98,060	78,445	2018	2027	2.00% - 5.00%
Series 2019A	111,255	100,125	2019	2028	3.125% - 5.00%
Series 2019B	140,875	140,875	2020	2029	2.50% - 5.00%
		533,580			
Plus Unamortized Bond Premium		60,378			
Total General Fund		<u>\$ 593,958</u>			
Special Revenue Fund:					
Series 2009	37,310	-	2011	2019	2.50% - 5.00%
Series 2010	25,080	5,400	2011	2020	1.41% - 4.00%
Series 2011	22,125	4,420	2012	2021	1.625% - 5.00%
Total Special Revenue		<u>\$ 9,820</u>			

### AUTHORIZED UNISSUED BONDS

Any bonds not issued within five years of the date of ratification may not be issued after that date. Within two years after expiration of the five-year period, the Legislature may extend, by a majority vote, the five-year period for an additional five years or may deauthorize the bonds. If the Legislature fails to take action within those two years, the bond issue shall be considered to be deauthorized and no further bonds may be issued. At June 30, 2019, general obligation bonds authorized and unissued totaled \$103.6 million.

### REVENUE BONDS OF THE MAINE GOVERNMENTAL FACILITIES AUTHORITY

The State included \$236.7 million in other financing arrangements to reflect revenue bonds issued by the Maine Governmental Facilities Authority (MGFA), a blended component unit. Payment of the bonds is subject to, and dependent upon, biennial appropriations being made by the State Legislature. Debt issued by MGFA is not debt of the State or any political subdivision within the State. The State is not obligated for such debt, nor is the full faith and credit of the State pledged for such debt. MGFA may not issue securities in excess of \$701.1 million outstanding, at any one time, except for the issuance of certain revenue refunding securities.

During the fiscal year ended June 30, 2019, MGFA issued \$50.5 million in 2018A bonds with interest rates between 3.50 percent and 5.00 percent.

At June 30, 2019, there was \$6.5 million of MGFA in-substance defeased bonds outstanding.

**CERTIFICATES OF PARTICIPATION AND OTHER FINANCING ARRANGEMENTS**

The State uses financing companies, Certificates of Participation (COP's), and lease/purchase agreements to finance construction of certain State buildings, to purchase or generate software, and to purchase equipment and vehicles, including school buses. COP's are issued through a trustee, and the State is responsible for payments to the trustee that approximate the interest and principal payments made to the certificate holders. The State and school districts maintain custody and use of the assets; however, the trustee holds a lien as security until such time as the certificates are fully paid.

Neither COP's nor the other financing arrangements constitute a legal debt, liability, or contractual obligation in excess of amounts appropriated. The State's obligation to make minimum payments or any other obligation under agreements is subject to, and dependent upon, appropriations being made by the Legislature. The Legislature has no obligation to appropriate the money for future minimum payments or other obligations under any agreement.

**SHORT-TERM OBLIGATIONS**

The State of Maine did not issue or retire Bond Anticipation Notes during fiscal year 2019. Short-term obligations are used to meet temporary operating cash flow needs. At June 30, 2019 there were no outstanding Tax Anticipation Notes or Bond Anticipation Notes.

**OTHER LONG-TERM OBLIGATIONS**

In general, expenditures and fund liabilities are not recorded in governmental funds for long-term obligations until amounts owed are "due and payable." Fund liabilities are recorded in the proprietary funds when obligations are incurred. In the Statement of Net Position, the State has recorded long-term obligations for its compensated employee absences, net pension liability, other post-employment benefit obligations, pollution remediation landfill closure and post-closure care costs.

Changes in other long-term obligations for governmental and business-type activities for the fiscal year ended June 30, 2019, are summarized as follows:

**Primary Government - Changes in Other Long-Term Obligations**  
(Expressed in Thousands)

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2019</u>	<u>Due Within</u> <u>One Year</u>
<b>General Activities:</b>					
MGFA Revenue Bonds	\$ 209,155	\$ 50,510	\$ 22,966	\$ 236,699	\$ 23,759
COP's and Other Financing	72,368	7,600	28,699	51,269	24,883
Compensated Absences	49,611	9,198	7,510	51,299	7,769
Claims Payable	67,029	169,680	169,189	67,520	23,427
Capital Leases	56,518	7,573	5,514	58,577	6,228
Loans Payable to Component Unit	378,264	50,113	53,214	375,163	54,971
Total Government Activities	<u>\$ 832,945</u>	<u>\$ 294,674</u>	<u>\$ 287,092</u>	<u>\$ 840,527</u>	<u>\$ 141,037</u>
<b>Business-Type Activities:</b>					
Compensated Absences	<u>\$ 806</u>	<u>\$ 77</u>	<u>\$ 104</u>	<u>\$ 779</u>	<u>\$ 103</u>

Debt service requirements (principal and interest) for COP's and other financing arrangements of the primary government, from June 30, 2019 until maturity, are summarized as follows:

**Future Debt Service on MGFA Revenue Bonds, COPS and Other Financing Arrangements**  
(Expressed in Thousands)

Fiscal Year	Governmental Funds			Internal Service Funds		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 17,907	\$ 393	\$ 18,300	\$ 30,736	\$ 9,697	\$ 40,433
2021	5,632	287	5,919	22,146	8,754	30,900
2022	3,219	196	3,415	17,813	8,046	25,859
2023	3,278	137	3,415	16,634	7,369	24,003
2024	3,339	77	3,416	15,155	6,725	21,880
2025 - 2029	1,692	15	1,707	67,654	24,347	92,001
2030 - 2034	-	-	-	49,619	11,664	61,283
2035 - 2039	-	-	-	33,145	3,111	36,256
Total	<u>\$ 35,067</u>	<u>\$ 1,105</u>	<u>\$ 36,172</u>	<u>\$ 252,902</u>	<u>\$ 79,713</u>	<u>\$ 332,615</u>

**LOANS PAYABLE TO COMPONENT UNIT**

The State of Maine has pledged various revenue streams, as security for Grant Anticipation Bonds (GARVEE) and Transportation Infrastructure Revenue Bonds (TransCap) issued by the Maine Municipal Bond Bank (MMBB) on behalf of the Maine Department of Transportation to provide financing for qualified transportation projects.

In addition, the State of Maine has also pledged the profit from the Alcoholic Beverages Enterprise Fund as security for \$220.6 million (\$193.8 million net of the debt service reserve) of Liquor Operations Revenue Bonds issued by MMBB. The bonds are special, limited obligations of the MMBB.

Changes in GARVEE, TransCap and Liquor Operations revenue bonds during fiscal year 2019 were:

**Primary Government - Changes in GARVEE, TransCap and Liquor Revenue Bonds Payable**  
(Expressed in Thousands)

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Due Within One Year
<b>Loans Payable to Components Unit:</b>					
Federal Funds	\$ 124,259	\$ 50,113	\$ 17,620	\$ 156,752	\$ 18,212
Special Revenue Fund	254,005	-	35,594	218,411	36,759
Total	<u>\$ 378,264</u>	<u>\$ 50,113</u>	<u>\$ 53,214</u>	<u>\$ 375,163</u>	<u>\$ 54,971</u>

Payment of principal and interest on the GARVEE bonds shall be subject to appropriation each year by the Legislature in an amount sufficient to cover the principal and interest requirements of MMBB's debt for these bonds. The State's receipt of these funds is subject to continuing federal appropriations. MMBB insured payments of principal and interest with a financial guaranty insurance policy. The bonds do not constitute a legal debt or obligation of the State.

Principal and interest on TransCap bonds are payable solely from pledged revenues, pledged rights, and pledged TransCap funds and accounts. Pledged revenues include certain motor vehicle registration and other fees, a portion of excise tax on gasoline and other special fuel, and certain amounts required to be transferred from the Highway Fund. All pledged revenues are required to be transferred to the TransCap Fund. The bonds do not constitute a legal debt or liability of the State.

Payment of principal and interest on the Liquor Operations Revenue bonds shall be made solely from the profit of the Alcoholic Beverages Enterprise Fund. The bonds do not constitute a legal debt or obligation of the State.



GARVEE, TransCap and Liquor Operations Revenue bonds issued and outstanding at June 30, 2019 are as follows:

### GARVEE, TransCap and Liquor Revenue Bonds Outstanding

(Expressed in Thousands)

	Amounts Issued	Outstanding June 30, 2019	Fiscal Year Maturities		
			First Year	Last Year	Interest Rates
Federal Funds:					
Series 2010B	\$ 24,085	\$ 19,555	2018	2022	4.52% - 5.32%
Series 2014A	44,810	33,115	2015	2026	2.00% - 5.00%
Series 2016A	44,105	38,730	2017	2028	2.63% - 5.00%
Series 2018A	44,310	44,310	2023	2030	4.00% - 5.00%
Series 2018B	9,875	9,875	2019	2020	4.00%
Total Federal Funds		<u>\$ 145,585</u>			
Special Revenue Fund:					
Series 2009A	105,000	27,995	2010	2023	2.50% - 5.00%
Series 2009B	30,000	3,145	2010	2024	2.00% - 5.00%
Series 2011A	55,000	47,660	2012	2026	2.00% - 5.00%
Series 2013	220,660	118,930	2015	2024	1.07% - 4.35%
Series 2015A	54,680	54,680	2019	2024	4.00% - 5.00%
Total Special Revenue Funds		<u>\$ 252,410</u>			

Total principal and interest requirements over the life of the 2010 GARVEE bonds are \$35.8 million, with annual requirements of up to \$5.6 million; for 2014 GARVEE bonds total principal and interest requirements are \$59.0 million, with annual requirements of up to \$5.0 million; for 2016 GARVEE bonds total principal and interest requirements are \$58.0 million, with annual requirements up to \$4.9 million; for 2018A GARVEE bonds total principal and interest requirements are \$63.3 million, with annual requirements up to \$6.7 million; for 2018B GARVEE bonds total principal and interest requirements are \$10.4 million, with annual requirements up to \$5.1 million. Total federal highway transportation funds received in federal fiscal year 2019 were \$208.5 million. Current year payments to MMBB for GARVEE bonds were \$20.8 million (10.0 percent of federal highway transportation funds received).

Total principal and interest requirements over the life of the 2009A TransCap Revenue bond are \$139.3 million, with annual requirements up to \$10.1 million; for the 2009B TransCap Revenue bonds total principal and interest requirements are \$45.2 million, with annual requirements up to \$15.9 million. Total principal and interest requirements over the life of the 2011A TransCap Revenue bond are \$84.2 million, with annual requirements up to \$20.3 million. Total principal and interest requirements over the life of the 2015A TransCap Revenue bond are \$74.4 million, with annual requirements up to \$16.6 million. Total revenue received for revenue sources used as pledged revenues were \$41.5 million in fiscal year 2019.

Total principal and interest requirements over the life of the 2013 Liquor Operation Revenue bond are \$273.7 million, with annual requirements up to \$26.8 million. Current year payments to MMBB for the Liquor Operation bonds were \$26.8 million. Total revenue received from revenue sources used as pledged revenue were \$56.1 million in fiscal year 2019.

#### OBLIGATIONS UNDER CAPITAL LEASES

The State leases various assets under non-cancelable leasing arrangements. Leases that constitute rental agreements are classified as operating leases; the resulting expenditures are recognized as incurred over the lease term. Leases that are comparable to purchases are classified as capital leases.

In the government-wide and proprietary fund statements, assets and liabilities resulting from capital leases are recorded at lease inception. The principal portion of lease payments reduces the liability; the interest portion is expensed.

Most leases have cancellation clauses in the event that funding is not available. For reporting purposes, such cancellation clauses are not considered because the likelihood that they will be exercised is considered remote. Some lease agreements include renewal or purchase options. The effect of such options is reflected in the minimum lease payments only if it is considered reasonably assured that an option will be exercised. Because the accounting treatment for installment purchase agreements is similar, such agreements are reported with capital leases.

Leases that exist between the State and the Maine Governmental Facilities Authority (MGFA), a blended component unit, are not recorded as leases in this report. In their separately issued financial statements, MGFA records a lease receivable from the State. Although payables and receivables technically exist between these parties, when combined for government-wide reporting, they are eliminated. A long-term liability exists on the government-wide statements for the bonds issued by MGFA to construct the assets associated with the leases. Future payments to MGFA are; therefore, not included in the schedule of lease commitments below.

At June 30, 2019 capital assets include capitalized buildings of \$102.8 million in Governmental Activities, with related accumulated depreciation of \$49.6 million.

#### **OBLIGATIONS UNDER OPERATING LEASES**

The State is obligated under certain leases, accounted for as operating leases, in the proprietary funds. Operating leases do not give rise to property rights or lease obligations, and therefore assets and liabilities related to the lease agreements are not recorded in the State's financial statements. Rental expense incurred under operating leases totaled \$3.4 million during the year.

A summary of the operating and non-cancelable capital lease commitments to maturity follows:

#### **Future Minimum Lease Payments Capital and Operating Leases (Expressed in Thousands)**

Fiscal Year	Capital Leases	Operating Leases
2020	\$ 6,227	\$ 2,709
2021	5,866	2,395
2022	4,952	2,008
2023	4,623	1,785
2024	4,176	1,570
2025-2029	16,566	5,504
2030-2034	10,486	3,569
2035-2039	7,467	768
2040-2044	5,952	715
2045-2049	4,429	811
2050-2054	100	446
Total Minimum Payments	70,844	<u>\$ 22,280</u>
Less: Amount Representing Interest	12,267	
Present Value of Future Minimum Payments	<u>\$ 58,577</u>	

#### **MGFA REVENUE BONDS, COP'S AND OTHER FINANCING ARRANGEMENTS**

MGFA revenue bonds will be liquidated by the MGFA Internal Service Fund, from revenues received through lease agreements with various governmental funds. The liability for loans payable to the component unit will be liquidated from the Federal Fund and Highway Fund. The vast majority of COP's and other financing arrangements will be liquidated by the internal service fund in which the leases are recorded; the General and Highway Funds will pay relatively small amounts.

#### **CLAIMS PAYABLE**

Claims payable that represent Medicaid claims will be paid from the General Fund and Federal Fund. Claims payable that represent workers' compensation and retiree/employee health will be liquidated by the applicable governmental and internal service funds that account for the salaries and wages of the related employees. Other claims and judgments attributable to governmental activities will be liquidated by the General Fund and related special revenue funds.

#### **COMPENSATED ABSENCES**

In the government-wide statements and proprietary fund financial statements, compensated absences are reported as long-term liabilities as required by GASB. In the governmental fund financial statements, vested or accumulated leave is reported as an expenditure and fund liability when incurred upon retirement, termination or death. Sick and vacation payments made to terminated employees as of June 30, 2019 but paid after the fiscal year end is also reported in the funds.

**COMPONENT UNITS**

Bonds payable of the discretely presented component units are legal obligations of the component units and are not general obligations of the State. The following table summarizes bonds outstanding for selected material balances of discretely presented component units, as reported in their separately issued financial statements, utilizing their respective fiscal year-ends:

**Component Unit Bonds Outstanding**

(Expressed in Thousands)

<b>Component Unit</b>	<b>Interest Rates</b>	<b>Amount</b>	<b>Maturity Dates</b>
Finance Authority of Maine	3.000% - 5.050%	\$ 91,685	2019 - 2039
Maine Community College System	3.000% - 5.000%	18,218	2019 - 2036
Maine Health and Higher Educational Facilities Authority	2.000% - 5.750%	475,695	2019 - 2040
Maine Municipal Bond Bank	0.500% - 6.120%	1,775,279	2019 - 2049
Maine State Housing Authority	1.000% - 5.000%	1,454,910	2019 - 2052
Maine Turnpike Authority	2.000% - 6.000%	544,173	2019 - 2047
University of Maine System	1.500% - 5.000%	145,636	2019 - 2037

During 2019, the Finance Authority of Maine issued \$42.4 million of Series 2019 bonds and used \$33.7 million for a current refunding of the remaining balance of the 2009 Series bonds. The Authority recognized an additional \$1.1 million deferred loss on refunding.

In periods of declining interest rates, Maine Health and Higher Educational Facilities Authority (MHHEFA) has refunded certain bond obligations. The proceeds of any advance refunding bonds are primarily used to purchase U.S. Treasury obligations, the principal and interest on which will be sufficient to pay the principal and interest, when due, of the defeased bonds. At June 30, 2019 there were approximately \$43.0 million of defeased bonds remaining outstanding with respect to advance-refunding issues within the reserve fund resolution.

In periods of declining interest rates, MMBB has refunded certain of its bond obligations, reducing aggregate debt service. Where allowed, the bank retires outstanding bonds prior to their contractual maturity. In other cases, the proceeds of the refunding bonds were principally used to purchase U.S. Government Treasury obligations that will provide for future payment on the debt. The U.S. Treasury obligations are deposited with the trustees of the in-substance defeased bonds.

On November 8, 2018, MMBB issued \$9.9 million in Grant Anticipation Series 2018B bonds with an average interest rate of 4.00 percent to in-substance defease \$9.9 million of the Grant Anticipation 2008A bonds. The net proceeds of approximately \$10.0 million, including a bond premium of approximately \$.2 million and after payment of approximately \$0.1 million in underwriting fees and other issuance costs, were used to purchase U.S. Government securities which will provide for all future debt service payments on the refunded bonds. The MMBB in effect reduced the Grant Anticipation Fund Group's aggregate debt service payments over the next two years and obtained an economic gain (difference between the present values of the old and new debt service payments) of approximately \$.1 million. All defeased bonds were called in December 2018.

At June 30, 2019, the remaining balances of the General Tax-Exempt Fund Group in-substance defeased bonds total approximately \$121.2 million.

At June 30, 2019, the remaining balances of the Transportation Infrastructure Fund Group in-substance defeased bonds total approximately \$35.9 million.

At June 30, 2019, Maine Community College System (MCCS) had \$16.1 million principal outstanding related to debt refunded through in-substance defeasance.

For the period ended December 31, 2018, the Maine State Housing Authority redeemed prior to maturity \$151.7 million of its Mortgage Purchase Fund Group bonds from surplus revenues and the proceeds of refunding bonds. Mortgage Purchase Fund gains of \$178 thousand were attributed to recognition of the related bond premium.

The Maine Turnpike Authority has a calendar year end. In February 2018, the Maine Turnpike Authority issued \$150.0 million of Series 2018 Revenue Refunding Bonds to pay a portion of the costs of various turnpike projects.

The following table summarizes debt service requirements for outstanding bonds of the discretely presented component units:

**Component Units Principal Maturities**

(Expressed in Thousands)

<b>Fiscal Year Ending</b>	<b>FAME</b>	<b>MMBB</b>	<b>MCCS</b>	<b>MSHA</b>	<b>MTA</b>	<b>UMS</b>	<b>MHHEFA</b>
2020	\$ 2,690	\$ 127,440	\$ 765	\$ 40,190	\$ 14,945	\$ 11,490	\$ 34,790
2021	4,535	153,365	810	41,894	16,015	10,440	35,085
2022	5,415	146,195	850	49,781	17,350	10,910	35,855
2023	6,335	136,000	895	51,240	18,435	10,395	32,965
2024	6,915	132,410	935	48,035	19,360	10,880	33,190
2025 - 2029	32,195	532,276	5,180	234,748	130,945	44,235	140,620
2030 - 2034	18,350	235,470	6,430	266,222	113,905	32,295	103,065
2035 - 2039	10,555	149,740	187	266,640	72,580	3,810	49,305
2040 - 2044	990	21,205	-	199,875	54,130	-	10,820
2045 - 2049	-	6,885	-	187,385	37,320	-	-
2050 - 2054	-	155	-	65,120	-	-	-
Net Unamortized Premium (or Deferred Amount)	3,705	134,138	2,166	3,780	49,188	11,181	-
Total Principal Payments	<u>\$ 91,685</u>	<u>\$ 1,775,279</u>	<u>\$ 18,218</u>	<u>\$ 1,454,910</u>	<u>\$ 544,173</u>	<u>\$ 145,636</u>	<u>\$ 475,695</u>

**NOTE 12 - SELF - INSURANCE**

**A. RISK MANAGEMENT**

The State maintains several types of insurance plans and accounts for them in two funds that are combined for financial statement purposes as the Risk Management Fund. The Risk Management Division provides insurance advice and services to State governmental agencies. The State-Administered Fund offers similar services to quasi-governmental entities. Statute requires the Self-Insurance Fund to be replenished by appropriation if the fund balance drops below \$1 million. The State-Administered Fund balance has no similar provision; however, statutes prevent it from being used for any purpose other than providing insurance services.

Insurance plans offered include property, vehicle, boat and aircraft, tort, civil rights, employee bonds, police professionals, and a variety of other insurance products. These plans have limits of liability of as much as \$2 million per occurrence.

In some cases the State purchases excess insurance to limit the State's liability for insured events. For example, coverage for property damage is \$400 million per occurrence. The State retains \$2 million of this risk per occurrence. A private insurance carrier covers the remaining risk (excess insurance). Settled claims have not exceeded insurance coverage in any of the past three fiscal years.

Coverage, risk retention, and excess insurance amounts for major types of insurance are listed below:

<b>Type of Insurance:</b>	<b>Coverage Per Occurrence</b>	<b>Risk Retention Per Occurrence</b>	<b>Excess Insurance Per Occurrence</b>
Property*	\$400 million	\$2 million	\$400 million
Ocean Marine Boat Liability* <sup>1</sup>	10 million	10 thousand	10 million
Boiler and Machinery*	150 million	2 million	150 million
General Liability Including Employment Practices	400 thousand	400 thousand	none
Police Professionals	400 thousand	400 thousand	none
Vehicular Liability <sup>2</sup>	400 thousand	400 thousand	600 thousand
Bonding	500 thousand	500 thousand	none
Foster Parents	300 thousand	300 thousand	none
Inland Marine (various policies)	500 thousand	500 thousand	none
Aircraft Liability* <sup>3</sup>	3 million	none	3 million
Data Breach*	3 million	400 thousand	3 million

\*These lines of insurance have commercial excess insurance covering losses above the risk retention amount up to the per occurrence amount listed. All other insurance programs are wholly self-insured.

<sup>1</sup> 10 million is the maximum limit for per occurrence coverage. Some agencies have chosen \$400 thousand.

<sup>2</sup> Excess insurance is only for out of state travel.

<sup>3</sup> \$3 million is the maximum limit for per occurrence coverage. Some agencies have chosen \$500 thousand.

The plan funds the cost of providing claims servicing and claims payment by charging a premium to each agency based on a review of past losses and estimated losses for the current period.

All risk-financing liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Claims liabilities represent the estimated cost of claims as of March 31, 2018. This cost of claims includes case reserves, the development of known claims, and the direct administrative expenses for settling specific claims.

Claims liabilities are determined on an actuarial basis. Biennial re-evaluation occurs to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount.

At March 31, 2019 and 2018 the present value of claims payable for the State's self-insurance plan was estimated at \$8.0 million and \$8.0 million, respectively. The actuary calculated this based on the State's rate on investments.

**Risk Management Fund**  
**Changes in Claims Payable**  
 (Expressed in Thousands)

	<b>2019</b>	<b>2018</b>
Liability at Beginning of Year	\$ 8,026	\$ 8,196
Current Year Claims and Changes in Estimates	2,298	1,455
Claims/Fees Expense	2,285	1,625
Liability at End of Year	<u>\$ 8,039</u>	<u>\$ 8,026</u>

As of June 30, 2019, fund assets of \$26.5 million exceeded fund liabilities of \$9.5 million by \$17.0 million. The portion of this amount that may be reserved for catastrophic losses has not been determined.

**B. UNEMPLOYMENT INSURANCE**

The State is self-insured for unemployment compensation. As a direct reimbursement employer, the State recognizes all costs for unemployment compensation as claims are paid. These costs totaled \$657 thousand for the fiscal year ended June 30, 2019.

**C. WORKERS' COMPENSATION**

Workers' Compensation is accounted for in an Internal Service Fund. Interfund premiums are treated as quasi-external transactions. Each State agency is charged a premium based on the number of employees to be covered plus an added amount to reduce the unfunded liability. The Legislature, Legislative Council, and Law Library employees are self-insured for workers' compensation purposes. The State assumes the full risk of all claims filed for workers' compensation.

Claims liabilities are actuarially determined based on estimates of the ultimate cost of claims, including future claim adjustment expenses that have been incurred but not reported and claims reported but not settled. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

The balance of claims liabilities as of June 30, 2019 and 2018:

**Workers' Compensation Fund**  
**Changes in Claims Payable**  
(Expressed in Thousands)

	<u>2019</u>	<u>2018</u>
Liability at Beginning of Year	\$ 46,149	\$ 49,419
Current Year Claims and Changes in		
Estimates	8,764	5,743
Claims Payments	<u>10,597</u>	<u>9,013</u>
Liability at End of Year	<u>\$ 44,316</u>	<u>\$ 46,149</u>

Based on the actuarial calculation as of June 30, 2019, the State is liable for unfunded claims, and incurred but not reported claims, of approximately \$56.8 million. The discounted amount is \$44.3 million and was calculated based on a 3.0 percent interest rate on investments.

**D. EMPLOYEE HEALTH INSURANCE**

The employee health and retiree health insurance programs are accounted for in two Internal Service Funds. The State became self-insured for employee and retiree health care coverage on July 1, 2003. A stop loss agreement provides catastrophic coverage for individual claims exceeding \$750 thousand.

The State retained third-party administration (TPA) services for claims administration, utilization review, and case management services. Premium equivalents are developed with the technical assistance of the plan's consulting actuary and paid by subscribers and associated State departments.

There are two primary health plans available. A Preferred Provider Organization (PPO) plan is available to all active employees and some retirees not eligible for Medicare Part A. A Medicare Advantage plan is available to Medicare eligible retirees. Total enrollment averaged approximately 36,000 covered individuals. This total includes approximately 26,700 active employees, retirees and their dependents in the PPO plan and 9,300 Medicare retirees and dependents.

The State maintains PPO plan funding through the accumulation of premiums from employee contract holders and from the departments with whom they are employed. Claims and administrative expense are paid through these accumulated premiums based on invoices remitted from the TPA.

Expenses and liabilities for incurred but not reported claims, based on an actuarial analysis of claim lag pattern, have been recorded as liabilities in the amount of \$15.2 million. Changes in the Employee Health Insurance and Retiree Health Insurance claims liability for the fiscal year ending June 30, 2019 follows:

(Expressed in Thousands)

	<b>Employee Health Fund</b>	<b>Retiree Health Fund</b>
Liability at Beginning of Year	\$ 9,641	\$ 3,213
Claims and Changes in Estimate	128,371	30,247
Claims Payments	126,638	29,669
Liability at End of Year	<u>\$ 11,374</u>	<u>\$ 3,791</u>

The table above reflects actual activity of the employee health and retiree health insurance programs. In accordance with GASB Statement No. 75, certain costs reported above were reclassified for financial statement purposes. Retiree healthcare costs of \$70.5 million were reclassified from the internal service fund to the OPEB Trust Fund, a fiduciary fund. Additionally, \$20.3 million of active employee healthcare costs were reclassified from the internal service fund to the OPEB Trust Fund to reflect age-adjusted claims.

### NOTE 13 - JOINT VENTURES

Joint ventures are independently constituted entities generally created by two or more governments for a specific purpose. The State of Maine participates in two separate joint venture arrangements: the Tri-State Lotto Commission (Commission) and the Multi-State Lottery Association (MUSL).

#### TRI-STATE LOTTO COMMISSION

The Commission was established in 1985 pursuant to passage into law of the Tri-State Lotto Compact by the States of Maine, New Hampshire, and Vermont. The Commission is authorized and empowered to promulgate rules and regulations regarding the conduct of lottery games, including ticket prices, prizes, and the licensing of agents under Title 8 MRSA C. 16.

The Commission is composed of one member from each of the participating states. Each member State's commission appoints one of its members to serve on the Commission and each member holds office at the pleasure of his or her appointing authority. The Commission annually elects a chairman from among its members. The Commission designated that 50 percent of its sales revenue be reserved for prize awards and agent bonuses.

A prize award liability is established when the winning ticket number is selected. If no winning ticket is selected, the available jackpot is carried over to the following drawing. The Tri-State Lotto Compact requires that prizes not claimed within one year from the date of the drawing be forfeited. All expired unclaimed prizes are credited to future prize pools. The Commission funds its jackpots through annuity contracts purchased from insurance companies and U.S. Government Treasury Strips.

A proportional share of revenues and expenses are allocated to each State based on ticket sales made by each State. Exceptions are the facility's management fee, which is based on a contracted percentage of operating revenue that varies from State to State, per diem charges, advertising, and certain printing, travel, and miscellaneous costs, which are allocated based on actual charges generated by each state.

The Tri-State Lotto Commission financial report for fiscal year 2019, which may be obtained from the Bureau of Alcoholic Beverages and Lottery Operations, 8 State House Station, Augusta, ME 04333-0008, includes the following selected financial information:

**Tri-State Lotto Commission**  
(Expressed in Thousands)

Current Assets	\$ 14,155
Noncurrent Assets	<u>21,941</u>
Total Assets	<u><u>\$ 36,096</u></u>
Current Liabilities	\$ 13,272
Long-term Liabilities	<u>16,477</u>
Total Liabilities	<u><u>\$ 29,749</u></u>
Designated Prize Reserves	\$ 4,346
Reserve for Unrealized Gains	<u>2,001</u>
Total Net Position	<u><u>6,347</u></u>
Total Liabilities and Net Position	<u><u>\$ 36,096</u></u>
Total Revenue	\$ 70,123
Total Expenses	48,312
Allocation to Member States	21,811
Change in Unrealized Gain on Investments Held for Resale	<u>318</u>
Change in Net Position	<u><u>\$ 318</u></u>

**Multi-State Lottery Association**

The Maine State Lottery became a member of the Multi-State Lottery Association (MUSL) in July 2004. The MUSL currently has 36 member State lotteries, including the District of Columbia and the United States Virgin Islands. The MUSL is managed by a board of directors, which is comprised of the lottery directors or their designee from each of the party States, and authorized to initiate, promulgate, administer and carry out one or more lottery product offerings that will enhance the participating parties' lottery revenue.

Participating lotteries sell Powerball tickets, collect all revenues, and remit prize funds to the MUSL, net of lower tier prize awards. The operating costs of the board are divided equally among all of the participating lotteries. Jackpot prizes payable in installments are satisfied through investments purchased by the MUSL. The MUSL purchases US government obligations which are held in irrevocable trusts established by the MUSL for the benefit of participating State lotteries. Each week the MUSL allocates 50 percent of sales to the prize pool. If no winning ticket is selected, the available jackpot is carried over to the following jackpot drawing.



The Multi-State Lottery Association's financial report for fiscal year 2019, which may be obtained from the Bureau of Alcoholic Beverages and Lottery Operations, 8 State House Station, Augusta, ME 04333-0008, includes the following selected information:

### Multi State Lottery Association

(Expressed in Thousands)

Cash and Cash Equivalents	\$ 338,591
Investments in US Government Securities	67,464
US Government Securities Held for Prize Annuities	62,475
Due from Party Lotteries	36,598
Patent, net of accumulated amortization	1,255
Other Assets	1,328
Total Assets	<u>\$ 507,711</u>
Amount Held for Future Prizes	\$ 420,116
Grand Prize Annuities Payable	62,747
Other Liabilities	3,879
	<u>486,742</u>
Net Position, Unrestricted	<u>20,969</u>
Total Liabilities and Net Position	<u>\$ 507,711</u>
Total Revenue	\$ 18,637
Total Expenses	<u>6,716</u>
Excess of Revenues over Expenses	11,921
Net Position, beginning	<u>9,048</u>
Net Position, ending	<u>\$ 20,969</u>

**NOTE 14 - RELATED PARTY TRANSACTIONS****PRIMARY GOVERNMENT**

The State of Maine entered into memoranda of understanding with the Wells National Estuarine Research Reserve Management Authority, a jointly governed organization, through the Bureau of Parks and Lands. These agreements outline each entity's responsibilities in relation to the operation of the Reserve and the management of the property included within the boundaries of the Reserve. The agreement continues in effect from year to year until termination by either the Bureau or the Authority pursuant to Articles 8 and 9.

Catholic Charities of Maine, a non-profit organization, received \$17.1 million in funding during fiscal year from various State agencies including \$6.4 million for MaineCare, \$1.7 million for the Blind and Visually Impaired, \$1.9 million for Long Term Care, \$2.8 million for School Nutrition, \$1.8 for Substance Abuse, and \$2.5 for other programs. An employee of Maine's Department of Environmental Protection served as an uncompensated member of its Board of Directors during fiscal year 2019.

Health Reach Community Health Center received \$3.2 million in funding from the MaineCare Program during fiscal year 2019. An employee of the Department of Administrative and Financial Services served as the Director of Finance for HRCHC during the fiscal year.

HCA Health Care Services of New Hampshire received \$3 million in funding from the MaineCare Program during fiscal year 2019. A member of the Health and Human Services Committee of the Legislature served as a part-time volunteer Chairman on the Board of Trustees for the Portsmouth Regional Hospital, which is part of HCA.

**COMPONENT UNITS**

The State provided appropriations and grant monies to the following discretely presented component units: University of Maine System, \$235.2 million; Maine Community College System, \$79.5 million; Maine Municipal Bond Bank (MMBB), \$41.6 million; Finance Authority of Maine, \$23.2 million; and Maine State Housing Authority, \$27.2 million. In addition, the State transferred \$18 million to a school revolving loan fund at MMBB.

FAME administers several revolving loan funds on behalf of the State of Maine. FAME recorded these funds, which total \$29.9 million at June 30, 2019, as a liability in Amounts Held Under State Revolving Loan Programs in their fiduciary financial statements. The state reports the asset as a receivable in the Special Revenue Fund. During fiscal year 2019, the State expended \$3.4 million to FAME for State revolving loan funds. The State also transferred \$1.0 million from its Loan Insurance Reserves to FAME.

Title 20-A MRSA Chapter 419-A established the Maine State Grant Program as a fund under the jurisdiction of the Finance Authority of Maine. All grant revenues under this fund must be distributed by FAME to students who meet the eligibility requirements for a grant under this chapter. FAME paid approximately \$7.6 million in grants to the University of Maine System (UMS) on behalf of eligible students. The UMS reflected these as grant revenues from the State.

The Maine Turnpike Authority (MTA) pays the State for services rendered by the Maine State Police (MSP). MSP has a separate troop responsible for patrolling the Maine Turnpike. MTA pays all costs associated with that troop. For fiscal year 2019, the amount billed totaled \$8.4 million.

**NOTE 15 - DEFERRED OUTFLOWS AND DEFERRED INFLOWS**

The following table provides additional detail regarding deferred outflows of resources and deferred inflows of resources reported on the government-wide Statement of Net Position:

(Expressed in Thousands)

	<b>Primary Government</b>			<b>Component Units</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Totals</b>	
<b>Deferred Outflows of Resources:</b>				
Accumulated Decrease in Fair Value of Hedging Derivatives	\$ -	\$ -	\$ -	\$ 4,619
Refunding of Debt	2,624	-	2,624	46,658
Pension Related	462,097	2,642	464,739	19,170
OPEB Related	178,944	1,495	180,439	17,171
Total Deferred Outflows of Resources	<u>\$ 643,665</u>	<u>\$ 4,137</u>	<u>\$ 647,802</u>	<u>\$ 87,618</u>
<b>Deferred Inflows of Resources:</b>				
Grant Income	\$ -	\$ -	\$ -	\$ 7,249
Loan Origination Fees	-	-	-	507
Pension Related	253,877	1,098	254,975	12,876
OPEB Related	205,464	185	205,649	51,643
Total Deferred Inflows of Resources	<u>\$ 459,341</u>	<u>\$ 1,283</u>	<u>\$ 460,624</u>	<u>\$ 72,275</u>

The following table provides additional detail regarding deferred inflows of resources reported on the Governmental Funds Balance Sheet:

**Governmental Funds**

(Expressed in Thousands)

	<b>General</b>	<b>Highway</b>	<b>Federal</b>	<b>Other Special Revenue</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Deferred Inflows of Resources:</b>						
Tax Revenue or Assessments	\$ 246,741	\$ 532	\$ 44	\$ 36,719	\$ -	\$ 284,036
Total Deferred Inflows of Resources	<u>\$ 246,741</u>	<u>\$ 532</u>	<u>\$ 44</u>	<u>\$ 36,719</u>	<u>\$ -</u>	<u>\$ 284,036</u>

**NOTE 16 - TAX ABATEMENTS**

For financial reporting purposes, a tax abatement is defined as an agreement between the government and an individual or entity through which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to the economic development or otherwise benefits the government or its citizens.

As of June 30, 2019, the State provided tax abatements through the following programs:

<b>Program Name</b>	<b>Pine Tree Development Zone Tax Credit</b>	<b>Employment Tax Increment Financing</b>	<b>New Markets Capital Investment Tax Credit</b>
Program Purpose	The program encourages capital investment and job creation in designated industries and geographic areas within the state.	The program is designed to create and prevent loss of employment in designated industries and geographic areas within the state.	The program is designed to encourage investment in qualified businesses located in economically distressed areas within the state.
Tax Types Abated	Personal income, corporate income, insurance premiums, bank franchise and sales taxes.	State income tax withholding from employee salary.	Personal income, corporate income, insurance premiums, and bank franchise taxes.
Statutory Authority	36 M.R.S. §5219-W	36 M.R.S. §6754	36 M.R.S. §5219-HH
Eligibility Criteria	Businesses apply to be certified as a qualified business, agree to conduct a qualified business activity, and hire at least one net new employee within two years.	Businesses apply for certification and agree to hire at least five net new employees within two years.	A person must make a qualified equity investment that has been certified by the Finance Authority of Maine, and execute a memorandum of agreement with the state.
Abatement Method	Allowance of credit against taxes attributable to qualified business activity, up to the amount of tax liability (nonrefundable credit).	Qualified business applies for annual reimbursement payment independent of any other tax reporting requirements.	Allowance of credit against taxes. Taxpayer receives full amount of annual credit regardless of tax liability (refundable credit).
Abatement Computation	Credit equals 100 percent of the tax liability attributable to the qualified activity of a certified business for a period of five years. Businesses located in certain areas receive a 50 percent credit for an additional five years.	Reimbursement equals 30 - 80 percent of qualified state-withheld taxes, depending on the unemployment rate in the area where the employee works, for a period of ten years.	The credit amount equals a total of 39 percent of the qualified investment, spread over a period of seven years in varying amounts each year.
Recapture Provisions	None.	Any overpayment must be applied to reduce future reimbursement payments. Overpayments must be repaid if the business no longer qualifies for future payments.	The abatement amount may be recaptured upon 1) recapture of any amount of the related federal NMTC credits; 2) early repayment of any portion of the principle amount that forms the qualified equity investment, or 3) failure to reinvest less than 85% of the qualified equity investment into a qualified business.
Estimated Revenue Reduction for Fiscal Year 2019	\$3,349,953	\$12,695,785	\$15,543,152

From PTDZ Legislative Report

Note: An estimate of PTDZ sales tax exemptions claimed at the point of purchase cannot be determined.

**NOTE 17 - COMMITMENTS AND CONTINGENCIES****PRIMARY GOVERNMENT****LITIGATION**

The State of Maine, its units, and its employees are parties to numerous legal proceedings, many of which are the result of normal governmental operations. In the opinion of the Attorney General and other legal counsel representing the State, in all of the cases listed, the State or its agencies or employees have valid defenses. Certain cases have the potential for liability in excess of \$1 million. Even if liability is found, the State should not expect to pay out the full amounts being sought against it in all of the cases. In any given case, however, the State could incur a large judgment.

*Adams v. Magnusson et al.* This lawsuit alleges constitutional and tort claims against DOC officials. This is related to the stabbing incident at the Maine State Prison. The probability that this case will result in future losses to the State in excess of \$1 million is undetermined at this time.

*Ali v. Long Creek Youth Development Center.* This lawsuit alleges use of excessive force, inadequate medical care, disability discrimination and negligent use of force relating to an eleven-year old juvenile at Long Creek Youth Development Center. The probability that this case will result in future losses to the State in excess of \$1 million is undetermined at this time.

*Dr. Doe v. Maine Board of Dental Practice et al.* Dr. Doe has filed a lawsuit against the Maine Board of Dental Practice and 11 individuals in connection with the Board's emergency suspension of his license to practice medicine and subsequent disciplinary proceedings. Dr. Doe alleges that agents and employees of the Board violated his due process rights. The probability that this case will result in future losses to the State in excess of \$1 million is undetermined at this time.

*Fagre et al. v. Ireland et al.* This is a civil rights and wrongful death action brought by the personal representative of the estate of Ambrosia Fagre who was shot and ultimately died as a result of an incident involving law enforcement officers on February 10, 2017. Ms. Fagre was a passenger in a vehicle driven by an individual who had robbed a nearby homeowner and fired at least one shot at officers. The claim asserts excessive force under federal and state law, "failure to provide police protection," negligence, and wrongful death. The probability that this matter will result in future losses to the State in excess of \$1 million is undetermined at this time.

*Grendell v. State of Maine.* The plaintiff in this matter brings a large number of claims against numerous state officials alleging that the State Police violated his rights during a police standoff by, among other things, detonating an explosive breaching charge that inadvertently caused the collapse of plaintiff's house. The probability that this case will result in future losses to the State in excess of \$1 million is undetermined at this time.

*Irish, Brittany v. Maine State Police et. al.* This lawsuit seeks damages for the kidnapping of Brittany Irish and shooting of Kimberly Irish by Anthony Lord. The probability that this case will result in future losses to the State in excess of \$1 million is undetermined at this time.

*Jackson v. Cornish et al.* The two plaintiffs in this matter allege that defendants are liable under the Maine Civil Rights Act for one of the defendant's shooting and wounding of them during the course of their armed standoff with police. The probability that this case will result in future losses to the State in excess of \$1 million is undetermined at this time.

*Kane et al v. Department of Health and Human Services et al.* The plaintiffs allege that defendants are liable under the Americans with Disabilities Act and the Rehabilitation Act for failure to accommodate, by providing "token economy" behavioral management services in a residential setting in the State of Maine. The probability that this case will result in future losses to the State in excess of \$1 million is undetermined at this time

*Marc Merrill v. Maine State Police, et al.* This is a civil rights action against the Maine State Police and individual officers arising out of the prosecution of Mr. Merrill for allegedly possessing child pornography. Mr. Merrill alleges that his federally-protected rights were violated. The probability that this case will result in future losses to the State in excess of \$1 million is undetermined at this time.

There are various lawsuits in which plaintiffs seek damages in excess of \$1 million against the State or against State officials, and there are various notices of claim which also specify damages in excess of \$1 million where no lawsuit has been filed. In none of these instances, in the view of the Attorney General, is there any reasonable possibility that the State's liability could reach or exceed \$1 million. Therefore, these suits have not been individually identified.

There are also numerous workers' compensation claims now pending against various State agencies. Since most claims involve the possibility for significant long-term damages, and since the test for demonstrating a causal relationship between the employment and the illness or injury is not as rigorous as in ordinary civil cases, these cases involve the possibility of significant liability for the State. Since possible damages include future medical costs and wage replacements for the employee (and in some cases spouse), it is difficult to estimate the total potential liability to the State.

All other legal proceedings are not, in the opinion of management after consultation with the Attorney General, likely to have a material adverse effect on the financial position of the State.

#### **ENCUMBRANCES**

Encumbrances are reported in the restricted, committed, and assigned fund balances of the governmental funds. General fund, highway fund, federal fund, other special revenue fund and other governmental funds balances are \$61.4 million, \$1.9 million, \$165.4 million, \$33.9 million and \$1.6 million, respectively.

#### **FEDERAL GRANTS**

The State receives significant financial assistance from the federal government. The receipt of grants is generally dependent upon compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Grants are subject to the Federal Single Audit Act. Disallowances by federal officials as a result of these audits may become liabilities of the State. The amount of expenditures that may be disallowed by the grantor agencies cannot be determined at this time.

#### **POLLUTION REMEDIATION**

The Department of Environmental Protection (DEP) and Department of Transportation (DOT) have pollution remediation obligations as defined by Governmental Accounting Standards Board (GASB) Statement No. 49. The State's total amount of pollution remediation obligation as of June 30, 2019 is \$21.5 million. Superfund sites account for approximately \$18,000 million. Superfund is the federal government program to clean up hazardous waste sites.

The following are Superfund sites for which the State has recorded a liability for pollution remediation activities:

*Eastland Woolen Mill* – The State recorded a liability for pollution remediation activities of approximately \$730 thousand. Currently the State shares the costs with Environmental Protection Agency (EPA) in a cost-sharing ratio of 10 percent State, 90 percent EPA. Beginning in September of 2018, the State assumed 100 percent of the operation and maintenance and long-term monitoring costs.

*Eastern Surplus* – The State recorded a liability for pollution remediation activities of approximately \$2.1 million. Beginning in August of 2012, the State assumed 100 percent of the operation, maintenance and monitoring costs. As of June 30, 2019, the State has received \$2.1 million in recoveries from the Department of Defense. The State expects to recover additional costs of \$818 thousand.

*Callahan Mine* – The State recorded a liability for pollution remediation activities of approximately \$4.7 million. Currently the State shares the costs with EPA in a cost-sharing ratio of 10 percent State, 90 percent EPA. The State will assume 100 percent of the cost for the operation and maintenance of the site.

The State recorded a liability for pollution remediation activities of approximately \$13.7 million (net of unrealized recoveries of \$301 thousand) related to five uncontrolled hazardous substance sites. The State expects to recover \$0.46 million in costs. The Uncontrolled Hazardous Substance Sites Program was created in response to the threats and potential threats to human health and the environment posed primarily by abandoned hazardous waste sites. The Uncontrolled Hazardous Substance Sites program is the State's equivalent to the Federal Superfund Program.

The State has the knowledge and expertise to estimate the remediation obligation based on prior experience in identifying and funding similar remediation activities. The standard requires the liability to be measured using the expected cash flow technique. The remediation obligation estimates are subject to change over time. Cost may vary due to price fluctuations, changes in technology, changes in potential responsible parties, results of environmental studies, changes to statutes or regulations and other factors that could result in revisions to these estimates. Prospective recoveries from responsible parties may reduce the State's obligation.

#### **MUNICIPAL SOLID WASTE LANDFILLS**

*Dolby Landfills* – On September 16, 2011 the State entered into an agreement with Katahdin Paper Company (KPC) to acquire the Dolby Landfill, a solid waste disposal facility, located in the Town of East Millinocket. The State, as a holder of the permits, is responsible for closure and post closure monitoring and maintenance activities and costs.

The Dolby Landfill no longer accepts solid waste. In calendar year 2016 the first of phase of a multi-year plan to cap approximately 100 acres at the facility was completed. The State allocated \$6 million of current bond funds and anticipates another \$6 million in bonds funds to complete the closure of the facility. In addition to the closure of the facility, the State anticipates additional post-closure maintenance and monitoring costs of approximately \$15 million over the next 30 years. Actual costs may be higher due to inflation, changes in technology or changes in applicable laws or regulations. The State's total obligation related to the Dolby Landfill as of June 30, 2019 is \$21.9 million.

Title 38 M.R.S.A., §1310-F establishes within the Department of Environmental Protection (DEP) a cost-sharing program for the closure and remediation of municipal solid waste landfills that pose a potential hazard and that meet other qualifying criteria. The law provides for reimbursement of 75% of a municipality's closure expenses. If initial closure of a landfill fails to protect public health and the environment, DEP is obligated to reimburse up to 90% of a municipality's subsequent remediation expenses. However, these obligations are subject to the availability of funds approved for that purpose. In 2012, DEP through bonds had paid all of the outstanding match requirements for closure, but had \$2,568,654 in outstanding match obligation for remediation. Additionally, several Municipalities needed to close their failing landfills early, but could not afford to do so without the state match for closure, which had expired. To address this, in 2013 the legislature enacted a fee on disposal of certain Construction and Demolition Debris (CDD), and in 2015 extended the eligibility date for reimbursement of closure costs from 2015 to 2025. There is no eligibility end date for reimbursement of remediation costs. Therefore, DEP continues to incur new match cost obligations as additional qualifying landfills close before the 2025 date, and as others undertake necessary remediation actions. As the CDD fee does not generate enough funding to pay the Department's cost share obligations in their entirety, the Department provides partial payments to municipalities on a quarterly basis.

In FY2019 the DEP received \$1,222,459 from the CDD fee. As required, the entirety of this fee was used to reimburse municipalities for eligible expenses. At the beginning of FY19, DEP's total outstanding reimbursement obligation to municipalities was \$5,069,973. At the end of FY19 the outstanding match obligation was \$3,892,096. Although the overall outstanding debt during the year decreased, \$44,582 of additional debt was incurred due primarily to landfill remediation expenses which were submitted over the course of the year. DEP incurred the oldest outstanding match obligations in 2008.

#### **SAND AND SALT STORAGE PROGRAM**

The State estimates the potential aggregate cost to comply with the environmental requirements associated with the Sand and Salt Storage program to be \$1.6 million. The state no longer provides funding for municipal facilities.

#### **POLLUTION ABATEMENT PROGRAM**

Title 38 MRSA §411, §411-A, and §412 establish within DEP cost-sharing programs for pollution abatement projects. Subject to funding by the Legislature and the approval of the Commissioner, the State may contribute to the planning of municipal pollution abatement facilities; the design, engineering, and construction of private, commercial, and municipal pollution abatement facilities; and make payments to the Maine Municipal Bond Bank to supply the State's share of the revolving loan fund established by Title 30A §6006-A. During the 2019 fiscal year, \$37 thousand of general obligation bond funds and \$2.46 million of Liquor Operation Revenue Funds were expended for pollution abatement projects. As of June 30, 2019, amounts encumbered for pollution abatement projects totaled \$26 thousand, and general obligation bonds authorized for these projects, but not yet encumbered, totaled \$2.24 million. As of June 30, 2019, DEP estimates the total cost (federal, State, and local) of future projects to be \$1 billion.

#### **GROUND WATER OIL CLEAN-UP FUND**

The Ground Water Oil Clean-up Fund is established in Title 38 MRSA § 569-A. Fund activities include, but are not limited to, providing insurance to public and private entities for cleanup of oil spills. The program is funded by a per barrel assessment on petroleum products imported into the State. Coverage is up to \$1 million per occurrence for both aboveground and underground storage tanks. Third party injury coverage may not exceed \$200 thousand per claimant.

#### **Number of Priority Sites Requiring Long-term Remediation Calendar Year Ended December 31**

	<u>Completed</u>	<u>Remaining</u>
2018	91	540
2017	117	519
2016	126	525
2015	151	524
2014	144	500

The annual average cost per spill over the past five years ranged between \$18,000 and \$41,000. The cost per spill can vary significantly based on the location and type of fuel discharged.

#### **CONSTRUCTION COMMITMENTS**

A portion of the payment that is made to municipalities for General Purpose Aid to Local Schools is allocated for debt service. Although the outstanding indebtedness for school construction projects is debt of the municipalities, the State subsidizes 49.5 percent of the annual payments. As of June 30, 2019 outstanding commitments by municipalities for school bond issues that are eligible for State subsidy totaled \$1.128 billion.

At June 30, 2019, the Department of Transportation had contractual commitments of approximately \$351.8 million for construction of various highway projects. The State's share of that amount is expected to be approximately \$100 million. Of these amounts, \$9.3 million has already been accrued. Federal and State funds plus bond proceeds are expected to fund these future expenditures.

#### **TOBACCO SETTLEMENTS**

On November 23, 1998, Maine along with 45 other states and six civil jurisdictions, collectively known under the Master Settlement Agreement (MSA) as the "Settling States", entered into the MSA with certain Participating Tobacco Manufacturers (PMs). The MSA is a settlement of lawsuits brought by many States against the four largest tobacco companies alleging multiple counts of misconduct and claiming punitive and compensatory damages, including a claim for all the States' Medicaid costs caused by or related to tobacco use. The MSA includes provisions to annually compensate the State for smoking-related Medicaid costs and to impose marketing and advertising restrictions on PMs to protect public health. In this settlement, the PMs agreed, among other things, to make annual payments to the states and jurisdictions based on their allocable share of the market. In return, the states agreed to relinquish claims to further damages resulting from, among other things, Medicaid costs. Annual payments fluctuate subject to various adjustments and are partially contingent on the passage and enforcement of a State statute imposing economic conditions related to the State's public health claims on the Nonparticipating Manufacturers (NPMs) in the form of an annual escrow payment due from each NPM with in-state sales. The NPM Adjustment is set forth in the Master Settlement Agreement (MSA). If the PMs claim an NPM Adjustment for a given year and prove that they lost market share to the NPMs and it is determined that the MSA was a significant factor contributing to that lost market share then an NPM Adjustment 'shall apply' unless a Settling State passed a qualifying statute and 'diligently enforced' that statute. In effect this means that the Allocated Payment to a Settling State that diligently enforced will not be reduced, but a Settling State that did not diligently enforce its qualifying statute will be subject to a reduction in its payment due to the NPM Adjustment. NPM Adjustment Due to the provisions of the MSA, if a State that is found not to have diligently enforced its qualifying statute may lose up to its entire annual payment amount due to the NPM Adjustment for a given year.

The NPM Adjustment may be claimed each year and has been claimed for each completed calendar year since 2003. Frequently PMs claim entitlement to the NPM Adjustment and either withhold the amount from their annual payments, or place the amount in what is known as a 'disputed payment account'. Each year beginning in 2003 Maine's annual payments have been lower than calculated because many of the PMs have claimed entitlement to the NPM Adjustment and either withheld money or routed it to the disputed payments account. For the year 2003, the Adjustment claimed by the PMs, and calculated as set forth in the MSA, was approximately 18 percent of the total amount paid by the PM's and distributed among the Settling States. However, the total amount related to the NPM Adjustment to which the PMs are entitled is dependent on the number of non-diligent states.

In addition, in the MSA, the PMs agreed to pay \$8.6 billion in Strategic Contribution Payments (SCP) to certain states and jurisdictions as compensation for their contribution to the overall settlement. Maine's share of this total amount was approximately \$114 million. Maine received this amount in ten annual SCP payments which began in 2008 and ended in 2017.

In April 2019, Maine received an annual tobacco settlement payment of \$78 million.

#### **ESCHEAT PROPERTY**

The State Abandoned Property Statute requires the deposit of certain defined and unclaimed assets into a state-managed Abandoned Property Fund (Private Purpose Trust Fund). The State Statute provides that whenever the cash balance of the fund exceeds \$.5 million at fiscal year-end, the excess must be remitted to the General Fund where it is reported as operating transfers from other funds. At June 30, 2019, the Fund included \$3.4 million of securities not yet liquidated that were not subject to transfer to the General Fund. Net collections from inception (1979) to June 30, 2019 of approximately \$248.6 million represent a contingent liability to the State since claims for refund may be filed by the owners of such property.



A liability representing the probable amount of escheat property that will be reclaimed and paid to claimants and other third parties is reported in the Fund. To the extent that the assets in the Fund are less than the claimant liability, a receivable (due from other funds) is reported in that Fund and an equal liability (due to other funds) is reported in the General Fund. At June 30, 2019, the amount reported in the Fund for claimant liability is \$45.4 million. The General Fund shows a \$41.5 million payable to the Escheat Fund.

### CONSTITUTIONAL OBLIGATIONS

The State of Maine's constitutional obligations represent nonexchange financial guarantees, as defined by GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The State acts as the guarantor for these ongoing insurance and loan programs operated by 2 discrete component units. The Finance Authority of Maine's mission covers commercial financing and loan insurance to Maine businesses and assistance to Maine students and their parents to finance costs of attendance at institutions of higher education. Maine State Housing Authority's mission encompasses loans to Maine veterans and members of Indian tribes or reservations. Details of the nonexchange financial guarantees are provided below.

Article 9, § 14-A, C, and D of the Maine State Constitution provides that the State may insure the payment of mortgage loans for industrial, manufacturing, fishing, agricultural and recreational enterprises; mortgage loans for the acquisition, construction, repair and remodeling of houses owned or to be owned by members of two tribes on several Indian reservations; and mortgage loans to resident Maine veterans of the Armed Forces of the United States, including loans to a business organization owned in whole or in part by resident Maine veterans. The aggregate of these obligations, at any one time, may not exceed \$90 million, \$1 million, and \$4 million, respectively. At June 30, 2019, loans outstanding pursuant to these authorizations are \$87.8 million, less than \$0.1 million, and \$0.2 million, respectively. The State has not paid, nor does it expect to pay, any amounts as a result of these authorizations as of June 30, 2019.

Article 8, § 2, of the Maine State Constitution provides that the State may secure funds, through the issuance of bonds authorized by the Governor, for loans to Maine students attending institutions of higher education. The amount of bonds issued and outstanding shall not at any one time exceed \$4 million in the aggregate. At June 30, 2019, no bonds were outstanding. The State has not paid, nor does it expect to pay, any amount as a result of this authorization as of June 30, 2019.

### MORAL OBLIGATIONS

The State of Maine, through statute, enables certain Authorities to establish capital reserve funds. These funds may be used to secure a variety of financial undertakings including the issuance of bonds. The minimum amount of the capital reserve fund may be determined by statute or set by the Authority. The statutes may also limit the amount of debt that may be secured by the capital reserve funds, and allow the Authority to issue debt that is not secured by these funds.

On or before December first of each year, the Authorities are required to certify to the Governor the amount, if any, necessary to restore any capital reserve fund to its required minimum. If there is a shortfall, the Governor is required to pay first from the "Contingent Account" the amounts necessary for restoration. The Governor shall certify any remaining unpaid amounts to the Legislature, which is then required to appropriate and pay the remaining amounts to the Authority during the then-current State fiscal year.

These moral obligations are not considered to be "full faith and credit" obligations of the State, and voter approval of the underlying bonds is not required. No capital reserve fund restorations have been made in the current or previous years.

The following summarizes information regarding outstanding moral obligations:

#### Moral Obligation Bonds (Expressed in Thousands)

Issuer	Bonds Outstanding	Required Debt Reserve	Obligation Debt Limit <sup>1</sup>	Legal Citation
Maine Health and Higher Educational Facilities Authority	\$ 475,695	\$ 56,000	NIL	22 MRSA § 2075
Finance Authority of Maine	32,480	-	\$ 642,000	10 MRSA §1032, 1053
	-	-	50,000	20-A MRSA §11449
	-	-	50,000	38 MRSA §2221
	87,980	1,005	225,000	20-A MRSA §11424
Maine Municipal Bond Bank	1,329,230	159,534	NIL	30-A MRSA §6006
Maine State Housing Authority	1,401,715	108,947	2,150,000	30-A MRSA §4906
Total	<u>\$ 3,327,100</u>	<u>\$ 325,486</u>		

<sup>1</sup> NIL indicates a "no limit" obligation.

**COMPONENT UNITS****CONSTRUCTION CONTRACTS**

At June 30, 2019, UMS had outstanding commitments on uncompleted construction contracts that totaled \$15.4 million.

At December 31, 2018, the Maine Turnpike Authority had \$101.7 million remaining in commitments on outstanding construction projects for improvements and maintenance.

**MORTGAGE COMMITMENTS**

Mortgage commitments are agreements to lend provided there is no violation of any term or condition of the agreement. Generally, once exercised, the loans made under the terms of such commitments are secured by a lien on the related property and other collateral as deemed necessary. At December 31, 2018 Maine State Housing Authority (MSHA) had outstanding commitments to originate multi-family loans of approximately \$53.8 million.

MSHA, under its single-family program, enters into purchase agreements to lenders to purchase mortgage loans. At December 31, 2018, single-family loans being processed by lenders totaled \$49.5 million.

**INSURED LOAN COMMITMENTS**

The Finance Authority of Maine (FAME) insures loans made by financial institutions to qualifying businesses under various insurance programs. FAME is contingently liable for the insured portion of payments due on these loans. At June 30, 2019, FAME had insurance outstanding for commercial loans under the Loan Insurance Program totaling approximately \$120.5 million. At June 30, 2019, FAME was insuring loans with an aggregate outstanding principle balance approximating \$1.4 million which were 90 or more days delinquent. The aggregate insured balance of these loans was approximately \$1.0 million at June 30, 2019. In addition, FAME has entered into commitments to insure loans at some future date. At June 30, 2019, these commitments under the Loan Insurance Program were approximately \$11.9 million.

**FEDERAL STUDENT LOAN RESERVE FUND**

FAME holds and administers the Federal Student Loan Reserve Fund for the US Department of Education. Total outstanding guarantees issued under the FFELP approximated \$282.6 million at June 30, 2019. A portion of the defaults on FFELP loan guarantees are paid by the US Department of Education. At June 30, 2019, the reserve level was approximately \$3.4 million.

**NOTE 18 - SUBSEQUENT EVENTS****PRIMARY GOVERNMENT**

On September 20, 2019 the State issued \$2.6 million of Certificates of Participation (COP's) for the purpose of financing the State's radio network project. The COP's carry interest rates of 1.738 percent and maturities from 2020 to 2027.

Public Law 2019, Chapter 446, effective September 19, 2019, made several changes to the First Responders Healthcare Plan, which include: providing eligible employees more time to enroll in the program; allowing certain enrollees to join the State Employee Health Plan; and, increasing the State subsidy for premiums from 45 percent to 55 percent. The increase in premium subsidy takes effect July 1, 2021. Additionally, Public Law 2019, Chapter 280 requires that all monies in the Firefighters and Law Enforcement Officers Health Insurance Program Fund, which are not necessary to fund the normal costs and administrative costs of the program, be transferred to the trust fund at the end of each fiscal year. The trust fund is invested by the Treasurer of State.

The United States Centers for Medicare and Medicaid Services ("CMS") notified the Maine Department of Health and Human Services (DHHS) that it disallowed \$65.1 million in federal financial participation payments for Medicaid services and for disproportionate share hospital payments claimed for the quarterly periods ending December 31, 2013 through March 31, 2018 related to the Riverview Psychiatric Center. Riverview filed a request for reconsideration, which was denied. Riverview subsequently appealed the denial of the request for reconsideration. On March 12, 2019, the U. S. Department of Health and Human Services, Departmental Appeals Board denied the appeal and sustained the disallowances.

DHHS received additional disallowance letters totaling \$10.5 million for the quarters ended June 30, 2018 through December 31, 2018. CMS disallowed an additional \$2.1 million for the quarter ended March 31, 2019 and has assessed interest of \$2.0 million, bringing the total to \$79.7 million.

During fiscal year 2019, the State repaid/offset \$19.2 million of the balance, leaving an outstanding balance of \$60.5 million as of June 30, 2019. This amount has been recorded as a Due to Other Governments in the federal funds.

DHHS made additional repayments/offsets of \$60.5 million from the general fund through November 14, 2019 to fully settle the outstanding balance. This amount has been recorded as Due to Other Funds in the general fund and Due from Other Funds in the federal funds at June 30, 2019.

**COMPONENT UNITS**

Maine State Housing Authority (MSHA), has a December 31 fiscal year end. On February 12, 2019, MSHA issued at par \$39.5 million of bonds in the General Mortgage Purchase Bond Resolution. On March 11, 2019, MSHA redeemed at par \$29.5 million of bonds in the General Mortgage Purchase Bond Resolution.

On July 31, 2019 Maine Health and Higher Educational Facilities Authority (MHHEFA) issued \$54.6 million of bonds under the General Bond resolution with an average interest rate of 4.2 percent, all of which was used to in-substance defease \$62.6 million of 2008C, 2008D and 2009A bond series. The net proceeds of approximately \$63.1 million were used to purchase US Government securities which will provide for all future debt service payments on defeased bonds. The economic benefits associated with the refunding inure to the respective institutions and not the Authority.

**NOTE 19 - SPECIAL ITEMS****Change in Accounting Estimate**

During the fiscal year, Maine Military Authority significantly reduced its operations and workforce. Subsequently, the estimate for Pension and Other Post-employment Benefit Liabilities were reallocated, to the General Fund, based on this reduction in workforce resulting in a \$15.8 million special item adjustment.

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# **REQUIRED SUPPLEMENTARY INFORMATION**

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**STATE OF MAINE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
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**STATE OF MAINE**  
**BUDGETARY COMPARISON SCHEDULE**  
**MAJOR GOVERNMENTAL FUNDS**

Fiscal Year Ended June 30, 2019  
(Expressed in Thousands)

	General Fund				Highway Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>								
Taxes	\$ 3,575,832	\$ 3,711,604	\$ 3,733,097	\$ 21,493	\$ 229,930	\$ 232,749	\$ 231,593	\$ (1,156)
Assessments and Other	98,635	100,210	100,042	(168)	93,471	98,934	102,367	3,433
Federal Grants	1,785	1,586	1,626	40	-	-	-	-
Service Charges	42,319	42,058	43,651	1,593	6,670	6,081	6,580	499
Income from Investments	5,831	11,027	18,194	7,167	262	654	893	239
Miscellaneous Revenue	59,604	65,397	70,044	4,647	3,493	5,050	5,340	290
Total Revenues	<u>3,784,006</u>	<u>3,931,882</u>	<u>3,966,654</u>	<u>34,772</u>	<u>333,826</u>	<u>343,468</u>	<u>346,773</u>	<u>3,305</u>
<b>Expenditures</b>								
Governmental Support & Operations	320,758	365,580	339,270	26,310	39,844	42,589	2,610	39,979
Economic Development & Workforce								
Training	43,708	47,086	42,687	4,399	-	-	-	-
Education	1,618,718	1,650,614	1,616,139	34,475	-	-	-	-
Health and Human Services	1,173,324	1,349,286	1,232,485	116,801	-	-	-	-
Business Licensing & Regulation	-	-	-	-	-	-	-	-
Natural Resources Development & Protection	82,136	87,548	86,003	1,545	33	33	33	-
Justice and Protection	333,626	368,266	348,299	19,967	30,826	31,019	29,888	1,131
Arts, Heritage & Cultural Enrichment	8,311	9,367	8,193	1,174	-	-	-	-
Transportation Safety & Development	-	-	-	-	257,091	294,384	289,911	4,473
Total Expenditures	<u>3,580,581</u>	<u>3,877,747</u>	<u>3,673,076</u>	<u>204,671</u>	<u>327,794</u>	<u>368,025</u>	<u>322,442</u>	<u>45,583</u>
Revenues Over (Under) Expenditures	<u>203,425</u>	<u>54,135</u>	<u>293,578</u>	<u>239,443</u>	<u>6,032</u>	<u>(24,557)</u>	<u>24,331</u>	<u>48,888</u>
<b>Other Financing Sources (Uses)</b>								
Operating Transfers Net	(108,527)	(113,104)	(161,807)	(48,703)	-	-	(6,329)	(6,329)
Proceeds from Pledged Future Revenues	-	-	-	-	-	-	-	-
Net Other Financing Sources (Uses)	<u>(108,527)</u>	<u>(113,104)</u>	<u>(161,807)</u>	<u>(48,703)</u>	<u>-</u>	<u>-</u>	<u>(6,329)</u>	<u>(6,329)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ 94,898</u>	<u>\$ (58,969)</u>	<u>\$ 131,771</u>	<u>\$ 190,740</u>	<u>\$ 6,032</u>	<u>\$ (24,557)</u>	<u>\$ 18,002</u>	<u>\$ 42,559</u>
Fund balances, beginning of year (as restated)			<u>682,628</u>				<u>41,335</u>	
Fund balances, end of year			<u>\$ 814,399</u>				<u>\$ 59,337</u>	

Federal Funds				Other Special Revenue Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
\$ -	\$ -	\$ -	\$ -	\$ 310,573	\$ 320,709	\$ 311,081	\$ (9,628)
324	324	-	(324)	173,314	181,053	168,151	(12,902)
3,083,199	3,337,342	2,863,668	(473,674)	14,218	15,123	9,907	(5,216)
5,247	5,282	464	(4,818)	192,491	212,675	181,622	(31,053)
1	1	56	55	489	930	2,733	1,803
250	250	42	(208)	197,029	236,482	298,897	62,415
3,089,021	3,343,199	2,864,230	(478,969)	888,114	966,972	972,391	5,419
3,903	5,629	1,936	3,693	146,169	166,289	152,311	13,978
105,446	123,566	69,499	54,067	49,319	72,339	50,553	21,786
235,592	314,196	210,757	103,439	46,917	50,436	35,708	14,728
2,344,942	2,547,574	2,289,503	258,071	483,016	525,692	482,245	43,447
123	123	61	62	69,962	80,135	65,277	14,858
52,414	64,947	41,817	23,130	116,490	139,575	111,350	28,225
119,227	157,708	55,829	101,879	72,132	83,504	68,574	14,930
3,217	4,352	3,266	1,086	1,963	2,066	1,097	969
209,443	224,061	203,197	20,864	97,008	142,155	80,121	62,034
3,074,307	3,442,156	2,875,865	566,291	1,082,976	1,262,191	1,047,236	214,955
14,714	(98,957)	(11,635)	87,322	(194,862)	(295,219)	(74,845)	220,374
(11,327)	(9,227)	11,435	20,662	116,910	123,559	106,124	(17,435)
-	-	-	-	67,521	97,521	56,280	(41,241)
(11,327)	(9,227)	11,435	20,662	184,431	221,080	162,404	(58,676)
\$ 3,387	\$ (108,184)	\$ (200)	\$ 107,984	\$ (10,431)	\$ (74,139)	\$ 87,559	\$ 161,698
		9,574				410,088	
		\$ 9,374				\$ 497,647	





**STATE OF MAINE**  
**BUDGETARY COMPARISON SCHEDULE**  
**BUDGET TO GAAP RECONCILIATION**

Fiscal Year Ended June 30, 2019  
(Expressed in Thousands)

	<b>General Fund</b>	<b>Highway Fund</b>	<b>Federal Funds</b>	<b>Special Revenue Fund</b>
Fund Balances - Non-GAAP Budgetary Basis	\$ 814,399	\$ 59,337	\$ 9,374	\$ 497,647
<b>Basis Differences</b>				
Revenue Accruals/Adjustments:				
Taxes Receivable	276,822	2,076	-	13,479
Other Receivables	68,254	3,234	110,283	72,845
Inventories	3,311	-	3,637	-
Due from Component Units	-	52	-	110,025
Due from Other Governments	-	-	327,081	-
Due from Other Funds	22,174	20,496	61,203	192,456
Other Assets	764	2	67	17
Unearned Revenues	-	(3,471)	(3,637)	5,898
Deferred Inflows - Taxes and Assessment Revenues	(246,741)	(532)	(44)	(36,719)
Total Revenue Accruals/Adjustments	<u>124,584</u>	<u>21,857</u>	<u>498,590</u>	<u>358,001</u>
Expenditure Accruals/Adjustments:				
Accounts Payable	(163,217)	(32,062)	(290,370)	(37,234)
Due to Component Units	(602)	-	(1,443)	(25,477)
Accrued Liabilities	(25,420)	(9,204)	(6,999)	(9,214)
Taxes Payable	(239,880)	(20)	-	-
Intergovernmental Payables	-	-	(170,788)	-
Due to Other Funds	(142,377)	(5,049)	(22,997)	(8,865)
Total Expenditure Accruals/Adjustments	<u>(571,496)</u>	<u>(46,335)</u>	<u>(492,597)</u>	<u>(80,790)</u>
Fund Balances - GAAP Basis	<u>\$ 367,487</u>	<u>\$ 34,859</u>	<u>\$ 15,367</u>	<u>\$ 774,858</u>

**STATE OF MAINE**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY REPORTING**

Fiscal Year Ended June 30, 2019

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**Statutory/Budgetary Presentation**

In accordance with statute, the Governor presents a biennial budget for the General Fund and special revenue funds to the Legislature for enactment or revision. Effective November 27, 1995, a State Constitutional Amendment provided the Governor a “line item” veto of dollar amounts, allowing a dollar substitution for those amounts disapproved, as long as an appropriation or allocation is not increased (or a deappropriation or deallocation decreased) either in the specified line or in any other line in the legislative document. Another Constitutional Amendment requires the State to fund at least 90 percent of the annual cost of future mandates imposed on local governments; any exception requires a two-thirds vote of the elected members of the House and Senate.

Once passed and signed, the budget becomes the financial plan for the next biennium. It includes proposed expenditures for all departments and agencies, interest and debt redemption charges, and expenditures for capital projects to be undertaken and executed during each fiscal year. The budget also includes anticipated revenues and any other means of financing expenditures. The State Budget Officer is required to use the revenue projections of the Revenue Forecasting Committee in preparing the General Fund and Highway Fund budgets.

Exceptional circumstances do not apply to new programs or program expansions that go beyond existing program criteria and operation.

Detailed budgetary control is maintained at the program and line category level at which appropriations and allocations are approved by the Legislature, principally through a quarterly allotment system. The State Budget Officer and the Governor must approve budget revisions during the year, reflecting program changes or intradepartmental administrative transfers. Except in specific instances, only the Legislature may transfer appropriations between departments. Increases in appropriation, allocation, or funding for new programs are presented to the Legislature as a supplemental budget or separate pieces of legislation. For the year ended June 30, 2019, the legislature increased appropriations to the General Fund by \$115.6 million.

Governmental funds use encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to reserve a portion of the applicable appropriation or allocation. Unencumbered appropriations in the General Fund and Highway Fund lapse at June 30 unless, by law, they are carried forward to a subsequent year. For financial statement purposes, unless amounts would create deficits, fund balance is classified based on existing resources, if any, which will liquidate the encumbrances outstanding at June 30 (shown as restrictions, commitments or assignments of fund balance).

The State’s budget is prepared primarily on a cash basis. Sales, income, corporate and fuel taxes include a modified accrual basis adjustment to recognize revenues that are expected to be collected within 60 days of the end of the fiscal year. The Budgetary Comparison Schedule is presented as Required Supplementary Information (RSI) in this report. Actual amounts in this schedule are presented on a budgetary basis. Because this basis differs from accounting principles generally accepted in the United States of America (GAAP), a reconciliation between the budgetary and GAAP basis is presented in the RSI.

The various funds and programs within funds utilize a number of different budgetary control processes. Annual legislative appropriations and revenue estimates are provided for most “operating” funds.

The original executive budget and original legislative appropriations provide general purpose (unrestricted) revenue estimates in order to demonstrate compliance with constitutional provisions. Revenues restricted by law or outside grantors to a specific program are estimated at a level of detail consistent with controlling related expenditure accounts.

For programs financed from restricted revenues, spending authorization is generally contingent upon recognition of the related revenue. Reductions of spending authority occur if revenues fall short of estimates. If revenues exceed the estimate, supplemental appropriations are required before the additional resources can be spent.

The budgetary comparison schedule presented for the General Fund, the Highway Fund, the Federal Fund, and the Other Special Revenue Fund presents the original and final appropriated budgets for fiscal year 2018 - 2019, as well as the actual resource inflows, outflows and fund balances stated on the budgetary basis.

The original budget and related estimated revenues represent the spending authority enacted into law by the appropriation bills as of July 4, 2017, and includes encumbrances carried forward from the prior year.

**STATE OF MAINE**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY REPORTING**

Fiscal Year Ended June 30, 2019

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Generally accepted accounting principles (GAAP) require that the final legal budget be reflected in the “final budget” column. Therefore updated revenue estimates available for appropriations as of June 30, 2019 rather than the amounts shown in the original budget, are reported.

The final appropriations budget represents original and supplemental appropriations, carry-forwards, approved transfers, and executive order reductions. Expenditures, transfers out, other financing uses, and encumbrances are combined and classified by policy area rather than being reported by character and function as shown in the GAAP statements. This policy area classification is used to better reflect organizational responsibility and to be more consistent with the budget process.

**Compliance at the Legal Level of Budgetary Control**

The Budgetary Comparison Schedules by Agency depict budgeted to actual expenditures at the Department level, which is the legal level of budgetary control for all governmental funds. The schedules provide further detail at the agency level within departments for transparency.

**STATE OF MAINE**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSET)**  
**JUDICIAL PENSION PLAN**

Last Five Fiscal Years  
(Expressed in Thousands)

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Total Pension Liability</b>			
Service Cost	\$ 1,487	\$ 1,466	\$ 1,397
Interest	4,442	4,358	4,155
Changes in Benefit Terms	-	-	2,017
Differences Between Expected and Actual Experience	469	(893)	(1,746)
Changes of Assumptions	698	-	2,490
Benefit Payments, Including Refunds of Member Contributions	(3,805)	(3,652)	(3,502)
Net Change in Total Pension Liability	3,291	1,279	4,811
Beginning Total Pension Liability	65,002	63,723	58,912
Ending Total Pension Liability	68,293	65,002	63,723
<b>Plan Fiduciary Net Position</b>			
Employer Contributions	1,179	1,144	1,078
Member Contributions	604	585	550
Net Investment Income	6,607	7,800	130
Transfers	-	-	6,343
Benefit Payments, Including Refunds of Member Contributions	(3,805)	(3,652)	(3,502)
Administrative Expense	(62)	(57)	(48)
Net Change in Plan Fiduciary Net Position	4,523	5,820	4,551
Beginning Plan Fiduciary Net Position	66,712	60,892	56,341
Ending Plan Fiduciary Net Position	71,235	66,712	60,892
Ending Net Pension Liability (Asset)	\$ (2,942)	\$ (1,710)	\$ 2,831
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	104.3 %	102.6 %	95.6 %
Covered Payroll	\$ 7,894	\$ 7,640	\$ 7,188
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(37.3)%	(22.4)%	39.4 %

<u>2016</u>		<u>2015</u>	
\$	1,606	\$	1,518
	3,863		3,736
	28		17
	2,238		(292)
	-		426
	<u>(3,384)</u>		<u>(3,219)</u>
	4,351		2,186
	<u>54,561</u>		<u>52,375</u>
	<u>58,912</u>		<u>54,561</u>
	979		932
	550		528
	1,055		8,416
	-		-
	<u>(3,384)</u>		<u>(3,219)</u>
	<u>(49)</u>		<u>(42)</u>
	(849)		6,615
	<u>57,190</u>		<u>50,575</u>
	<u>56,341</u>		<u>57,190</u>
\$	<u>2,571</u>	\$	<u>(2,629)</u>
	95.6 %		104.8 %
\$	7,186	\$	6,742
	35.8 %		(39.0)%

**STATE OF MAINE**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSET)**  
**LEGISLATIVE PLAN**

Last Five Fiscal Years  
(Expressed in Thousands)

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Total Pension Liability</b>			
Service Cost	\$ 282	\$ 265	\$ 412
Interest	565	530	549
Changes in Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(91)	158	(246)
Changes of Assumptions	100	-	(147)
Benefit Payments, Including Refunds of Member Contributions	(460)	(469)	(446)
Net Change in Total Pension Liability	396	484	122
Beginning Total Pension Liability	8,164	7,680	7,558
Ending Total Pension Liability	8,560	8,164	7,680
<b>Plan Fiduciary Net Position</b>			
Employer Contributions	-	-	-
Member Contributions	154	202	138
Net Investment Income	1,176	1,366	48
Benefit Payments, Including Refunds of Member Contributions	(460)	(469)	(446)
Administrative Expense	(11)	(9)	(8)
Net Change in Plan Fiduciary Net Position	859	1,090	(268)
Beginning Plan Fiduciary Net Position	11,897	10,807	11,075
Ending Plan Fiduciary Net Position	12,756	11,897	10,807
Ending Net Pension Liability (Asset)	\$ (4,196)	\$ (3,733)	\$ (3,127)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	149.0 %	145.7 %	140.7 %
Covered Payroll	\$ 2,711	\$ 2,651	\$ 2,590
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(154.8)%	(140.8)%	(120.7)%

<b>2016</b>		<b>2015</b>	
\$	451	\$	450
	545		503
	4		4
	(508)		(93)
	-		86
	(439)		(318)
	53		632
	7,505		6,873
	7,558		7,505
	4		4
	193		140
	206		1,622
	(439)		(318)
	(9)		(8)
	(45)		1,440
	11,120		9,680
	11,075		11,120
\$	(3,517)	\$	(3,615)
	146.0 %		148.2 %
\$	2,528	\$	2,535
	(139.0)%		(142.6)%



**STATE OF MAINE**  
**SCHEDULE OF STATE CONTRIBUTIONS**  
**SINGLE EMPLOYER DEFINED BENEFIT PENSION PLANS - EMPLOYER CONTRIBUTIONS**

Last Six Fiscal Years  
(Expressed in Thousands)

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Judicial Pension Plan</b>			
Actuarially Determined Contribution	\$ 1,213	\$ 1,179	\$ 1,144
Contributions in Relation to the Actuarially Determined Employer Contribution	<u>(1,213)</u>	<u>(1,179)</u>	<u>(1,144)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Covered Payroll	 \$ 8,117	 \$ 7,894	 \$ 7,640
Contributions as a percentage of covered payroll	14.94 %	14.94 %	14.97 %
<b>Legislative Pension Plan</b>			
Actuarially Determined Contribution	\$ -	\$ -	\$ -
Contributions in Relation to the Actuarially Determined Employer Contribution	<u>-</u>	<u>-</u>	<u>-</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Covered Payroll	 \$ 2,660	 \$ 2,711	 \$ 2,651
Contributions as a Percentage of Covered Payroll	0.00 %	0.00 %	0.00 %

(continued)

<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 1,078	\$ 951	\$ 932
<u>(1,078)</u>	<u>(951)</u>	<u>(932)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 7,188	\$ 7,186	\$ 6,742
15.00 %	13.23 %	13.82 %
\$ -	\$ -	\$ -
<u>-</u>	<u>-</u>	<u>(4)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4)</u>
\$ 2,590	\$ 2,528	\$ 2,535
0.00 %	0.00 %	0.16 %

**STATE OF MAINE**  
**SCHEDULE OF STATE CONTRIBUTIONS**  
**SINGLE EMPLOYER DEFINED BENEFIT PENSION PLANS - EMPLOYER CONTRIBUTIONS (CONTINUED)**

A complete description of the methods and assumptions used to determine contribution rates for the year ending June 30, 2019 can be found in the June 30, 2016 actuarial valuation report.

Notes to Schedule

**Key Methods and Assumptions Used to Determine  
Contribution Rates**

Valuation date	June 30, 2015
	June 30, 2019 actuarially determined contribution rates are calculated based on 2016 liabilities developed as a roll-forward of the 2015 actuarial valuation, adjusted for expected experience and any assumption or methodology changes during fiscal year end 2016 using assets as of June 30, 2016.
Actuarial cost method	Entry age normal
Asset valuation method	3-Year smoothed market
Amortization method	Level percent of payroll, open 10-year amortization of 2016 UAL.
Discount rate	6.75%
Amortization growth rate	2.75%
Price inflation	2.75%
Salary increases	2.75%
Retirement age	Normal retirement age for State employees and teachers is age 60, 62 or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute.
Most recent review of plan experience	2015
Mortality	104 percent and 120 percent of the RP-2014 Total Dataset Healthy Annuitant Mortality Table, respectively, for males and females.

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**Former actuarial assumptions:**

Discount rate

Change in assumptions 2018: The annual rate of investment return was reduced from 6.875% used at funding to 6.75%. The impact of this change is included in the TPL reconciliation as a change in assumptions.

Other information

Change in assumptions 2016: the amounts reported as changes of assumptions were due to assumptions that were updated based on the experience study covering the period from June 30, 2012 through June 30, 2015.

Benefit changes. By law, the COLA is based on the Consumer Price Index for Urban Consumers (CPI-U) as of June 30th applied to the statutory COLA base. If the percentage is negative, then no adjustment is made in that year. In subsequent years the adjustment that would have been made will be adjusted downward to the extent necessary to recoup the full actuarial value of not having made the previous year's negative adjustment. This process of adjustment may occur over a multi-year period if needed to recoup the full actuarial value of the negative CPI-U. Cost-of-living adjustments are effective September 1. Retirees are eligible to receive a cost-of-living adjustment after being retired for at least 12 months, except that retirees with less than 10 years of service on July 1, 1993 who retire prior to normal retirement age are not eligible to receive a cost-of-living adjustment until 12 months after reaching normal retirement age. The maximum annual limit is 3% of up to the first \$20,000 of annual benefit, indexed. This is a permanent increase in retiree's benefit. The \$20,000 COLA base is indexed each year going forward by the same percentage as the COLA that is paid.

Per GASB Statement No. 68, governments should present information for those years for which information is available. If information is not available, the government may implement them prospectively.

**STATE OF MAINE**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**STATE EMPLOYEES AND TEACHERS PLAN - STATE EMPLOYEES ONLY**

Last Five Fiscal Years  
(Expressed in Thousands)

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>State Employees</b>			
Proportion of the Collective Net Pension Liability	94.652308 %	94.829879 %	94.498857 %
Proportionate Share (Amount) of the Collective Net Pension Liability	\$ 993,438	\$ 1,080,168	\$ 1,269,080
Covered Payroll	\$ 608,615	\$ 601,904	\$ 588,415
Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	163.23 %	179.46 %	215.68 %
Plan Fiduciary Net Position As a Percentage of the Total Pension Liability	78.70 %	76.10 %	71.00 %
<b>Maine Community College System</b>			
Proportion of the Collective Net Pension Liability	4.695230 %	4.605776 %	4.969634 %
Proportionate Share (Amount) of the Collective Net Pension Liability	\$ 49,280	\$ 52,462	\$ 66,740
Covered Payroll	\$ 31,106	\$ 30,867	\$ 32,627
Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	158.43 %	169.96 %	204.55 %
Plan Fiduciary Net Position As a Percentage of the Total Pension Liability	78.70 %	76.10 %	71.00 %
<b>Non-Major and Formerly Reported Component Units</b>			
Proportion of the Collective Net Pension Liability	0.652461 %	0.564345 %	0.531509 %
Proportionate Share (Amount) of the Collective Net Pension Liability	\$ 6,848	\$ 6,428	\$ 7,138
Covered Payroll	\$ 4,240	\$ 3,700	\$ 3,424
Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	161.51 %	173.73 %	208.47 %
Plan Fiduciary Net Position As a Percentage of the Total Pension Liability	78.70 %	76.10 %	71.00 %
<b>Total SETP - State of Maine Employees</b>			
Proportion of the Collective Net Pension Liability	100.000000 %	100.000000 %	100.000000 %
Proportionate Share (Amount) of the Collective Net Pension Liability	\$ 1,049,566	\$ 1,139,058	\$ 1,342,959
Covered Payroll	\$ 643,961	\$ 636,471	\$ 624,466
Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	162.99 %	178.96 %	215.06 %
Plan Fiduciary Net Position As a Percentage of the Total Pension Liability	78.70 %	76.10 %	71.00 %

**Notes to Schedule:**

As of June 30, 2019, the SETP includes the State, 1 major component unit, 1 non-major component unit and 1 formerly reported component unit in its definition of state employees. Totals for the non-major and formerly reported component unit have been combined.

A complete description of the methods and assumptions used to determine contribution rates for the year ending June 30, 2019 can be found in the June 30, 2016 actuarial valuation report.

Per GASB Statement No. 68, governments should present information for those years for which information is available. If information is not available, the government may implement them prospectively.

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2016	2015
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92.825250 %	92.853946 %
\$ 950,597	\$ 837,743
\$ 520,115	\$ 525,765
182.77 %	159.34 %

76.80 %	79.21 %
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6.640831 %	6.618303 %
\$ 68,007	\$ 59,710
\$ 32,008	\$ 31,679
212.47 %	188.48 %

76.80 %	79.21 %
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0.533919 %	0.527751 %
\$ 5,468	\$ 4,760
\$ 3,927	\$ 3,776
139.24 %	126.06 %

76.80 %	79.21 %
---------	---------

100.000000 %	100.000000 %
\$ 1,024,072	\$ 902,213
\$ 556,050	\$ 561,220
184.17 %	160.76 %

76.80 %	79.21 %
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**STATE OF MAINE**  
**SCHEDULE OF STATE CONTRIBUTIONS**  
**COST-SHARING MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLANS - EMPLOYER CONTRIBUTIONS**  
**STATE EMPLOYEES AND TEACHERS PLAN - STATE EMPLOYEES ONLY**

Last Six Fiscal Years  
(Expressed in Thousands)

	2019	2018	2017	2016
<b>State Employees</b>				
Actuarially Determined Contribution	\$ 152,439	\$ 148,115	\$ 141,295	\$ 136,139
Contributions in Relation to the Actuarially Determined Employer Contribution	(152,439)	(148,115)	(141,295)	(136,139)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 627,615	\$ 608,615	\$ 601,904	\$ 588,415
Contributions Recognized by the Pension Plan in Relation to the Actuarially Determined Employer Contribution as a Percentage of Employer's Covered Payroll	24.29 %	24.34 %	23.47 %	23.14 %
<b>Maine Community College System</b>				
Actuarially Determined Contribution	\$ 7,416	\$ 7,347	\$ 6,863	\$ 7,159
Contributions in Relation to the Actuarially Determined Employer Contribution	(7,416)	(7,347)	(6,863)	(7,159)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 31,535	\$ 31,106	\$ 30,867	\$ 32,627
Contributions Recognized by the Pension Plan in Relation to the Actuarially Determined Employer Contribution as a Percentage of Employer's Covered Payroll	23.52 %	23.62 %	22.23 %	21.94 %
<b>Combined Non-major and Formerly Reported Component Units</b>				
Actuarially Determined Contribution	\$ 987	\$ 1,021	\$ 840	\$ 766
Contributions in Relation to the Actuarially Determined Employer Contribution	(987)	(1,021)	(840)	(766)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 4,115	\$ 4,240	\$ 3,700	\$ 3,424
Contributions Recognized by the Pension Plan in Relation to the Actuarially Determined Employer Contribution as a Percentage of Employer's Covered Payroll	23.99 %	24.08 %	22.70 %	22.37 %
<b>Total SETP - State of Maine Employees</b>				
Actuarially Determined Contribution	\$ 160,842	\$ 156,483	\$ 148,998	\$ 144,064
Contributions in Relation to the Actuarially Determined Employer Contribution	(160,842)	(156,483)	(148,998)	(144,064)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 663,265	\$ 643,961	\$ 636,471	\$ 624,466
Contributions Recognized by the Pension Plan in Relation to the Actuarially Determined Employer Contribution as a Percentage of Employer's Covered Payroll	24.25 %	24.30 %	23.41 %	23.07 %

(continued)

<u>2015</u>	<u>2014</u>
\$ 107,807 <u>(107,807)</u>	\$ 117,380 <u>(117,380)</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 521,846 20.66 %	\$ 525,765 22.33 %
\$ 8,135 <u>(8,135)</u>	\$ 3,133 <u>(3,133)</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 30,257 26.89 %	\$ 31,679 9.89 %
\$ 635 <u>(635)</u>	\$ 522 <u>(522)</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 3,947 16.09 %	\$ 3,776 13.82 %
\$ 116,577 <u>(116,577)</u>	\$ 121,035 <u>(121,035)</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 556,050 20.97 %	\$ 561,220 21.57 %



**STATE OF MAINE**  
**SCHEDULE OF STATE CONTRIBUTIONS**  
**COST-SHARING MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLANS - EMPLOYER CONTRIBUTIONS**  
**STATE EMPLOYEES AND TEACHERS PLAN - STATE EMPLOYEES ONLY (CONTINUED)**

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Notes to Schedule:

The SETP includes the State, 1 major component unit, 1 non-major component unit and 1 formerly reported component unit in its definition of state employees. Totals for the non-major and formerly reported component unit have been combined.

Valuation date	June 30, 2015
	June 30, 2019 actuarially determined contribution rates are calculated based on 2016 liabilities developed as a roll-forward of the 2015 actuarial valuation, adjusted for expected experience and any assumption or methodology changes during fiscal year end 2016 using assets as of June 30, 2016.
Actuarial cost method	Entry age normal
Asset valuation method	3-Year smoothed market
Amortization method	Level Percentage of payroll, closed 16-year amortization of the UAL prior to 2012 and individual, closed, level percent of payroll, 10-year amortization of UAL arising each year beginning in 2012.
Discount rate	6.75%
Amortization growth rate	2.75%
Price inflation	2.75%
Salary increases	2.75% plus merit component based on employee's years of service.
Retirement age	Normal retirement age for State employees and teachers is age 60, 62 or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute.
Mortality	104 percent and 120 percent of the RP-2014 Total Dataset Healthy Annuitant Mortality Table, respectively, for males and females.

A complete description of the methods and assumptions used to determine contribution rates for the year ending June 30, 2019 can be found in the June 30, 2016 actuarial valuation report.

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**Former actuarial assumptions:**

Discount rate

Change in assumptions 2018: The annual rate of investment return was reduced from 6.875% used at funding to 6.75%. The impact of this change is included in the TPL reconciliation as a change in assumptions.

Other information

Change in assumptions 2016: the amounts reported as changes of assumptions were due to assumptions that were updated based on the experience study covering the period from June 30, 2012 through June 30, 2015.

Benefit changes. By law, the COLA is based on the Consumer Price Index for Urban Consumers (CPI-U) as of June 30th applied to the statutory COLA base. If the percentage is negative, then no adjustment is made in that year. In subsequent years the adjustment that would have been made will be adjusted downward to the extent necessary to recoup the full actuarial value of not having made the previous year's negative adjustment. This process of adjustment may occur over a multi-year period if needed to recoup the full actuarial value of the negative CPI-U. Cost-of-living adjustments are effective September 1. Retirees are eligible to receive a cost-of-living adjustment after being retired for at least 12 months, except that retirees with less than 10 years of service on July 1, 1993 who retire prior to normal retirement age are not eligible to receive a cost-of-living adjustment until 12 months after reaching normal retirement age. The maximum annual limit is 3% of up to the first \$20,000 of annual benefit, indexed. This is a permanent increase in retiree's benefit. The \$20,000 COLA base is indexed each year going forward by the same percentage as the COLA that is paid.

Per GASB Statement No. 68, governments should present information for those years for which information is available. If information is not available, the government may implement them prospectively.

**STATE OF MAINE**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**STATE EMPLOYEES AND TEACHERS PLAN - TEACHERS**

Last Five Fiscal Years  
(Expressed in Thousands)

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Non-employer Contributing Entity's Proportion of:</b>			
Percentage of the Collective Net Pension Liability	95.298384 %	95.016790 %	95.002519 %
Amount of the Collective Net Pension Liability	\$ 1,349,443	\$ 1,452,536	\$ 1,766,662
Plan Fiduciary Net Position As a Percentage of the Total Pension Liability	85.20 %	83.30 %	79.00 %

Notes to Schedule:

Per GASB Statement No. 68, governments should present information for those years for which information is available. If information is not available, the government may implement them prospectively.

<b>2016</b>		<b>2015</b>	
95.036038 %		95.069591 %	
\$	1,350,118	\$	1,027,065
83.60 %		86.46 %	

**STATE OF MAINE**  
**SCHEDULE OF STATE CONTRIBUTIONS**  
**COST-SHARING MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLANS - EMPLOYER CONTRIBUTIONS**  
**STATE EMPLOYEES AND TEACHERS PLAN - TEACHERS**

Last Six Fiscal Years  
(Expressed in Thousands)

	2019	2018	2017	2016
<b>Teachers - Non-Employer Contributor</b>				
Actuarially Determined Contribution	\$ 132,981	\$ 129,422	\$ 116,080	\$ 112,478
Contributions in Relation to the Actuarially Determined Non-Employer Contribution	(132,981)	(129,422)	(116,080)	(112,478)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
<b>Employer Contributors</b>				
Actuarially Determined Contribution	\$ 56,761	\$ 54,472	\$ 47,659	\$ 45,349
Contributions in Relation to the Actuarially Determined Employer Contribution	(56,761)	(54,472)	(47,659)	(45,349)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
<b>Total SETP - Teachers</b>				
Actuarially Determined Contribution	\$ 189,742	\$ 183,894	\$ 163,739	\$ 157,827
Contributions in Relation to the Actuarially Determined Employer Contribution	(189,742)	(183,894)	(163,739)	(157,827)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -

(continued)

<u>2015</u>		<u>2014</u>	
\$	147,048	\$	146,362
	<u>(147,048)</u>		<u>(146,362)</u>
\$	<u>-</u>	\$	<u>-</u>
\$	38,404	\$	36,931
	<u>(38,404)</u>		<u>(36,931)</u>
\$	<u>-</u>	\$	<u>-</u>
\$	185,452	\$	183,293
	<u>(185,452)</u>		<u>(183,293)</u>
\$	<u>-</u>	\$	<u>-</u>

**STATE OF MAINE**  
**SCHEDULE OF STATE CONTRIBUTIONS**  
**COST-SHARING MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLANS - EMPLOYER CONTRIBUTIONS**  
**STATE EMPLOYEES AND TEACHERS PLAN - TEACHERS (CONTINUED)**

Notes to Schedule:

Valuation date	June 30, 2015 June 30, 2019 actuarially determined contribution rates are calculated based on 2016 liabilities developed as a roll-forward of the 2015 valuation liability, adjusted for expected experience and any assumption or methodology changes during fiscal year end 2016 using actual assets at June 30, 2016.
Actuarial cost method	Entry age normal
Asset valuation method	3-Year smoothed market
Amortization method	Level Percentage of payroll, closed 16-year amortization of the UAL prior to 2012 and individual, closed. level percent of payroll, 10-year amortization of UAL arising each year beginning in 2012.
Discount rate	6.75%
Amortization growth rate	2.75%
Price inflation	2.75%
Salary increases	2.75% plus merit component based on employee's years of service.
Retirement age	Normal retirement age for State employees and teachers is age 60, 62 or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute.
Mortality	99 percent of the RP-2014 Total Dataset Healthy Annuitant Mortality Table for males and females.

A complete description of the methods and assumptions used to determine contribution rates for the year ending June 30, 2019 can be found in the June 30, 2016 actuarial valuation report.

Discount rate	Change in assumptions 2018: The annual rate of investment return was reduced from 6.875% used at funding to 6.75%. The impact of this change is included in the TPL reconciliation as a change in assumptions.
Other information	Change in assumptions 2016: the amounts reported as changes of assumptions were due to assumptions that were updated based on the experience study covering the period from June 30, 2012 through June 30, 2015.

Benefit changes. By law, the COLA is based on the Consumer Price Index for Urban Consumers (CPI-U) as of June 30th applied to the statutory COLA base. If the percentage is negative, then no adjustment is made in that year. In subsequent years the adjustment that would have been made will be adjusted downward to the extent necessary to recoup the full actuarial value of not having made the previous year's negative adjustment. This process of adjustment may occur over a multi-year period if needed to recoup the full actuarial value of the negative CPI-U. Cost-of-living adjustments are effective September 1. Retirees are eligible to receive a cost-of-living adjustment after being retired for at least 12 months, except that retirees with less than 10 years of service on July 1, 1993 who retire prior to normal retirement age are not eligible to receive a cost-of-living adjustment until 12 months after reaching normal retirement age. The maximum annual limit is 3% of up to the first \$20,000 of annual benefit, indexed. This is a permanent increase in retiree's benefit. The \$20,000 COLA base is indexed each year going forward by the same percentage as the COLA that is paid.

Per GASB Statement No. 68, governments should present information for those years for which information is available. If information is not available, the government may implement them prospectively.

**STATE OF MAINE**  
**SCHEDULE OF CHANGES IN**  
**THE NET OPEB LIABILITY**  
**HEALTHCARE PLAN - STATE EMPLOYEES**

Last Three Fiscal Years  
(Expressed in Thousands)

	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>Total OPEB Liability</b>			
Beginning Total Liability	\$ 1,199,512	\$ 1,161,320	\$ 1,143,542
Service Cost	17,425	16,917	12,246
Interest	79,128	76,921	75,650
Differences Between Expected and Actual Experience	20,875	17,725	-
Changes of Assumptions Others	-	5,241	-
Benefit Payments, Including Refunds of Member Contributions - Explicit	(70,524)	(58,347)	(54,118)
Benefit Payments, Including Refunds of Member Contributions - Implicit	(20,305)	(20,265)	(16,000)
Net Change in Total OPEB Liability	26,599	38,192	17,778
Ending Total OPEB Liability	1,226,111	1,199,512	1,161,320
<b>Plan Fiduciary Net Position</b>			
Beginning Plan Fiduciary Net Position	256,860	233,596	203,088
Employer Contributions - Explicit	72,524	60,347	58,118
Employer Contributions - Implicit	20,305	20,265	16,000
Net Investment Income	18,846	21,270	26,513
Benefit Payments, Including Refunds of Member Contributions	(90,829)	(78,612)	(70,118)
Administrative Expense	(3)	(6)	(5)
Net Change in Plan Fiduciary Net Position	20,843	23,264	30,508
Ending Plan Fiduciary Net Position	277,703	256,860	233,596
Ending Net OPEB Liability	\$ 948,408	\$ 942,652	\$ 927,724
Plan Fiduciary Net Position as Percentage of the Total OPEB Liability	22.6 %	21.4 %	20.1 %
Covered Payroll	\$ 626,384	\$ 612,195	\$ 574,663
Net OPEB Liability as a Percentage of Covered Payroll	\$ 151.4	\$ 154.0	\$ 161.4

This information relates to the OPEB Plan, not the employer's plan.

Per GASB Statement No. 75, governments should present information for those years for which information is available. If information is not available, the government may implement them prospectively.



**STATE OF MAINE**  
**SCHEDULE OF CHANGES IN**  
**THE NET OPEB LIABILITY**  
**GROUP LIFE INSURANCE PLAN - STATE EMPLOYEES AND TEACHERS**

Last Three Fiscal Years  
(Expressed in Thousands)

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Total OPEB Liability</b>			
Beginning Total Liability	\$ 196,263	\$ 183,723	\$ 175,647
Service Cost	2,132	2,122	2,065
Interest	13,155	12,531	12,015
Differences Between Expected and Actual Experience	-	1,957	-
Changes of Assumptions Discount Rate	-	3,200	-
Benefit Payments, Including Refunds of Member Contributions - Explicit	(7,118)	(7,270)	(6,004)
Net Change in Total OPEB Liability	<u>8,169</u>	<u>12,540</u>	<u>8,076</u>
Ending Total OPEB Liability	<u>204,432</u>	<u>196,263</u>	<u>183,723</u>
<b>Plan Fiduciary Net Position</b>			
Beginning Plan Fiduciary Net Position	94,287	86,883	77,416
Employer and Non-Employer Contributions	7,756	7,639	6,921
Net Investment Income	6,418	7,805	9,886
Benefit Payments, Including Refunds of Member Contributions	(7,118)	(7,270)	(6,004)
Administrative Expense	(726)	(770)	(1,336)
Net Change in Plan Fiduciary Net Position	<u>6,330</u>	<u>7,404</u>	<u>9,467</u>
Ending Plan Fiduciary Net Position	<u>100,617</u>	<u>94,287</u>	<u>86,883</u>
Ending Net OPEB Liability	<u>\$ 103,815</u>	<u>\$ 101,976</u>	<u>\$ 96,840</u>
Plan Fiduciary Net Position as Percentage of the Total OPEB Liability	49.2 %	48.0 %	47.3 %
Covered Payroll	\$ 1,380,619	\$ 1,343,669	\$ 1,277,009
Change - Increase (Decrease)	7.5 %	7.6 %	7.6 %

Per GASB Statement No. 75, governments should present information for those years for which information is available. If information is not available, the government may implement them prospectively.

**STATE OF MAINE**  
**SCHEDULE OF CHANGES IN**  
**TOTAL OPEB LIABILITY**  
**HEALTHCARE PLAN - TEACHERS**

Last Three Fiscal Years  
(Expressed in Thousands)

	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>Total OPEB Liability</b>			
Beginning Total Liability	\$ 1,248,326	\$ 1,323,731	
Service Cost	35,795	42,214	-
Interest	45,495	38,521	-
Contribution - Non-Employer Contributing Entity	(26,855)	(28,848)	-
Differences Between Expected and Actual Experience	(5,178)	-	-
Changes of Assumptions Discount Rate	(61,721)	(170,420)	-
Differences Between Expected and Actual Investment Earnings	-	43,128	-
Net Change in Total OPEB Liability	<u>(12,464)</u>	<u>(75,405)</u>	<u>-</u>
Ending Total OPEB Liability	<u>\$ 1,235,862</u>	<u>\$ 1,248,326</u>	<u>\$ 1,323,731</u>
Covered Payroll	\$ 1,156,592	\$ 1,149,126	\$ 1,125,444
Total OPEB Liability as Percentage of Covered Payroll	106.9 %	107.5 %	117.6 %
State's Proportionate Share of the Collective Total OPEB	74 %	83 %	83 %

This plan is funded on a pay-as-you go basis. The State's proportionate share for fiscal years June 30, 2017 through June 30, 2019 was estimated assuming the same share of implicit subsidy for each school district's OPEB Plan.

Per GASB Statement No. 75, governments should present information for those years for which information is available. If information is not available, the government may implement them prospectively.

**STATE OF MAINE**  
**SCHEDULE OF CHANGES IN**  
**TOTAL OPEB LIABILITY**  
**HEALTHCARE PLAN - FIRST RESPONDERS**

Last Three Fiscal Years  
(Expressed in Thousands)

	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>Total OPEB Liability</b>			
Beginning Total Liability	\$ 18,980	\$ 26,052	
Service Cost	776	1,836	-
Interest	698	786	-
Contribution - Employee	(617)	(618)	-
Contribution - Non-Employer Contributing Entity	(5)	(78)	-
Administrative Expenses	98	99	-
Differences Between Expected and Actual Experience	(191)	(2,909)	-
Changes of Assumptions Discount Rate	(507)	(1,325)	-
Changes of Assumptions - Others	-	(4,863)	-
Net Change in Total OPEB Liability	252	(7,072)	-
Ending Total OPEB Liability	<u>\$ 19,232</u>	<u>\$ 18,980</u>	<u>\$ 26,052</u>
Covered Payroll	\$ 64,427	\$ 62,551	\$ 55,651
Total OPEB Liability as Percentage of Covered Payroll	29.9 %	30.3 %	46.8 %
State's Proportionate Share of the Collective Total OPEB	13 %	23 %	23 %

This plan is funded on a pay-as-you go basis. The State's proportionate share for fiscal years June 30, 2017 through June 30, 2019 was estimated assuming the same share of implicit subsidy for each municipality's OPEB Plan.

Per GASB Statement No. 75, governments should present information for those years for which information is available. If information is not available, the government may implement them prospectively.

**STATE OF MAINE**  
**SCHEDULE OF STATE CONTRIBUTIONS**  
**STATE FUNDED HEALTHCARE AND GROUP LIFE INSURANCE OPEB PLANS**

Last Three Fiscal Years  
(Expressed in Thousands)

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>State Employee Healthcare</b>			
Actuarially Determined Contribution	\$ 71,363	\$ 71,179	\$ 69,000
Contributions in Relation to the Actuarially Determined Employer Contribution	<u>92,829</u>	<u>80,612</u>	<u>74,000</u>
Contribution Deficiency (Excess)	<u>\$ (21,466)</u>	<u>\$ (9,433)</u>	<u>\$ (5,000)</u>
 Covered Payroll	 \$ 626,384	 \$ 612,195	 \$ 582,934
Contributions as a Percentage of Covered Payroll	14.82 %	13.17 %	12.69 %
 <b>State Employee and Teacher Group Life Insurance Benefit Plan</b>			
Actuarially Determined Contribution	\$ 9,040	\$ 8,806	\$ 8,240
Contributions in Relation to the Actuarially Determined Employer Contribution	<u>7,756</u>	<u>7,638</u>	<u>(6,921)</u>
Contribution Deficiency (Excess)	<u>\$ 1,284</u>	<u>\$ 1,168</u>	<u>\$ 15,161</u>
 Covered Payroll	 \$ 1,380,619	 \$ 1,343,669	 \$ 1,277,009
Contributions as a Percentage of Covered Payroll	0.56 %	0.57 %	0.54 %

Notes to Schedule:

Pay-as-you-go plans do not require an actuarially determined contribution.

**State Health Insurance** The valuation date is June 30, 2017. Costs are developed using the entry age normal cost method based on a level percentage of payroll. The participation rate for future retirees is 95 percent of active participants currently enrolled. Actuarial assumptions used in the June 30, 2019 and June 30, 2018 actuarial valuations were based on the results of an actuarial experience study conducted for the period of June 30, 2012 to June 30, 2015. Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2019 and June 30, 2018 include: a 6.75 percent investment rate of return, a 6.875 percent inflation rate; and, annual salary increases, including inflation of 2.75 percent plus merit component based on employee's years of service. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll over a 30-year period on a closed basis. The unfunded liability will be fully recognized by June 30, 2037. Assumption changes, plan changes and experience gains are amortized over a 20 year fixed period. Experience losses are amortized over a 10 year fixed period. The medical trend rate had been 6.80 at June 30, 2016, 6.60 percent at June 30, 2017, 6.40 percent at June 30, 2018 and 6.20 percent at June 30, 2019. The ultimate medical trend rate for both years is 4.29 percent reached at 2075. The State actively manages premium increases within the statutory cap, so healthcare cost increases are limited to no more than inflation plus 3 percent in any year. For active members and non-disabled retirees, the RP2014 Total Dataset Healthy Annuitant Mortality Table was used. For State employees rates are based on 104 percent and 120 percent for males and females, respectively. Changes in assumptions for 2019 included decreasing the medical trend rate from 6.40 percent to 6.20 percent. Both years used the ultimate medical trend rate at 4.29 percent. The year the ultimate trend rate is 2075 in both 2019 and 2018.

**Group Life Insurance** The valuation date is June 30, 2016 for State Employees and June 30, 2014 for Teachers. Costs are developed using the individual entry age normal cost method based on a level percentage of payroll. The participation rate for future retirees is 100 percent of those currently enrolled. Actuarial assumptions were based on the results of an actuarial experience study conducted for the period of June 30, 2012 to June 30, 2015. Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2019 include: a 6.75 percent investment rate of return, a 6.875 percent discount rate, a 2.75 percent inflation rate; and, annual salary increases, including inflation of 2.75 percent plus merit component based on employee's years of service. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll over a 30-year period on a closed basis. As of June 30, 2019, there were 18 years remaining in the amortization schedule for state employees and teachers. For active members and non-disabled retirees, the RP2014 Total Dataset Healthy Annuitant Mortality Table was used. For State employees rates are based on 104 percent and 120 percent for males and females, respectively. Teachers rates are based on 99 percent for both genders. One assumption changed in 2018. The discount rate assumption was lowered from 6.875 percent to 6.750 percent.

Per GASB Statement No. 74, governments should present information for those years for which information is available. If information is not available, the government may implement them prospectively.

**STATE OF MAINE**  
**SCHEDULE OF INVESTMENT RETURNS**  
**STATE FUNDED HEALTHCARE AND GROUP LIFE INSURANCE OPEB PLANS**

Last Three Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	6.60 %	9.00 %	12.88 %

Notes to Schedule:

Per GASB Statement No. 74, governments should present information for those years for which information is available. If information is not available, the government may implement them prospectively.

**STATE OF MAINE**  
**INFORMATION ABOUT INFRASTRUCTURE ASSETS REPORTING USING THE MODIFIED APPROACH**

As allowed by GASB Statement No. 34, the State has adopted an alternative process for recording depreciation expense on selected infrastructure assets. Under this process, the State does not record depreciation expense nor are amounts capitalized in connection with improvements to those assets, unless the improvements expand the capacity or efficiency of an asset. Assets accounted for under the modified approach include 8,808 highway miles or 17,891 lane miles of roads and 2,971 bridges having a total deck area of 12.3 million square feet that the State is responsible to maintain.

In order to utilize the modified approach, the State is required to:

- Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure.
- Perform condition assessments of eligible assets and summarize the results using a measurement scale.
- Estimate each year the annual amount to maintain and preserve the assets at the condition level established and disclosed by the State.
- Document that the assets are being preserved at, or above, the established condition level.

Roads and bridges maintained by the Department of Transportation are accounted for using the modified approach.

## **HIGHWAYS**

### **Measurement Scale for Highways**

The Maine Department of Transportation (MDOT) uses six indicators to determine the condition of highway adequacy. The six indicators and their relative point weighting are listed in the table below.

<b>Data Element</b>	<b>Point Rating (%)</b>	<b>Description</b>
Pavement Condition Rating (PCR)	45	PCR is defined as the composite condition of the pavement on a roadway only, and is compiled from the severity and extent of pavement distresses such as cracking, rutting and patching. It is the key indicator used to determine the optimum time to treat a particular section of road. Points decrease as PCR decreases
Safety	20	Statewide crash rates are used to allocate points. Locations with high rates get fewer points.
Backlog (Built vs. Unbuilt roadway)	15	A "Built" road is one that has been constructed to a modern standard, usually post 1950. This includes adequate drainage, base, and pavement to carry the traffic load, and adequate sight distance and width to meet current safety standards. "Unbuilt" (backlog) is defined as a roadway section that has not been built to modern standards. Yes or No (15 or 0).
Annual Average Daily Traffic divided by the hourly highway capacity (AADT/C)	10	This ratio measures how intensely a highway is utilized. As a highway facility's AADT/C ratio increases, the average speed of vehicles on that facility tends to decrease. This decrease in average speed is evidence of reduced mobility. As congestion increases, points decrease (0-10).
Posted Speed	5	Lower speeds equal fewer points
Paved Shoulder	5	In general, roadways with paved shoulders perform at a higher level and last longer than those without shoulders or with only gravel shoulders. Yes or No (5 or 0).
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**STATE OF MAINE**  
**INFORMATION ABOUT INFRASTRUCTURE ASSETS REPORTING USING THE MODIFIED APPROACH**

**BRIDGES**

MDOT uses four separate factors to obtain a numerical value used to indicate the ability of bridges to remain in service at the current level of usage. The numeric value is a percentage ranging from 0% to represent an entirely insufficient or deficient bridge, and 100% to represent an entirely sufficient bridge. The four indicators and their relative point weighting are listed in the table below. The composite numeric value is based on the sufficiency rating formula in the Recording and Coding Guide for Structure Inventory and Appraisal of the Nation's Bridges.

<b>Data Element</b>	<b>Point Rating (%)</b>	<b>Description</b>
Structural Adequacy and Safety	55	This category considers inventory rating, superstructure, substructure and culverts.
Serviceability and Functional Obsolescence	30	Serviceability and functional obsolescence that addresses the number of lanes, average daily traffic, roadway width, bridge width, deck condition, under clearances, waterway adequacy, alignment, and defense highway designation.
Essentiality for Public Use	15	This considers detour length, average daily traffic, and defense highway designation.
Special Reduction	(13)	The sufficiency rating also includes consideration of special reductions for detour length, safety features, and type of structure.

**Assessed Conditions**

The following table shows adequacy ratings for maintenance levels from Excellent to Poor.

<b>Adequacy Rating</b>	<b>Total</b>
Excellent	80 - 100
Good	70 - 80
Fair	60 - 70
Poor	0 - 60

MDOT intends to maintain highways and bridges at an adequacy rating of 60 or higher. The following table shows adequacy ratings achieved by MDOT.

<b>Fiscal Year</b>	<b>Highways</b>	<b>Bridges</b>
2019	70.0	74.0
2018	71.8	74.0
2017	72.3	74.0

**STATE OF MAINE**  
**INFORMATION ABOUT INFRASTRUCTURE ASSETS REPORTING USING THE MODIFIED APPROACH**

**Comparison of Estimated-to-Actual Preservation Costs**

The following table presents the State's preservation costs for the past five fiscal years. It also shows the estimate of spending necessary to preserve and maintain the roads and bridges at, or above, a sufficiency rating of 60 for both highways and bridges (in millions).

<b>Actual Preservation Costs</b>					
<b>(Expressed in millions)</b>					
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Highways	\$ 119.6	\$ 124.8	\$ 123.3	\$ 110.7	\$ 110.2
Bridges	13.2	16.4	18.8	4.9	5.5
Total	<u>\$ 132.8</u>	<u>\$ 141.2</u>	<u>\$ 142.1</u>	<u>\$ 115.6</u>	<u>\$ 115.7</u>

<b>Estimated Preservation Costs</b>					
<b>(Expressed in millions)</b>					
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Highways	\$ 112.0	\$ 133.0	\$ 142.2	\$ 113.4	\$ 71.9
Bridges	13.5	21.0	23.7	8.8	3.9
Total	<u>\$ 125.5</u>	<u>\$ 154.0</u>	<u>\$ 165.9</u>	<u>\$ 122.2</u>	<u>\$ 75.8</u>

**Transportation Bonds**

Transportation bonds, approved by referendum, are issued to fund improvements to highways and bridges. Of the amount authorized by Chapter 467, PL 2017, \$40 million in General Fund bonds were spent during FY2019. Of the amount authorized by Chapter 299, PL 2017, \$70 million in General Fund bonds were spent during FY2019.





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# **COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES**

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**STATE OF MAINE**  
**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**  
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# NON-MAJOR GOVERNMENTAL FUNDS

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Special Revenue Funds - include operating fund activities financed by specific revenue sources that are legally restricted for specified purposes.

Capital Projects Funds - account for the acquisition or construction of major capital assets and other programs financed by bond proceeds.

Permanent Trust Funds - report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that benefit the government or its citizenry.

**STATE OF MAINE**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE**

June 30, 2019  
(Expressed in Thousands)

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	<u>Total Other Governmental Funds</u>
<b>Assets</b>				
Equity in Treasurer's Cash Pool	\$ 377	\$ -	\$ -	\$ 377
Investments	88,279	-	55,886	144,165
Restricted Assets:				
Restricted Equity in Treasurer's Cash Pool	<u>-</u>	<u>121,401</u>	<u>-</u>	<u>121,401</u>
Total Assets	<u><u>\$ 88,656</u></u>	<u><u>\$ 121,401</u></u>	<u><u>\$ 55,886</u></u>	<u><u>\$ 265,943</u></u>
<b>Liabilities and Fund Balances</b>				
Accounts Payable	\$ 39	\$ 491	\$ -	\$ 530
Due to Other Funds	-	8	-	8
Due to Component Units	-	1,754	-	1,754
Unearned Revenue	<u>-</u>	<u>3</u>	<u>-</u>	<u>3</u>
Total Liabilities	39	2,256	-	2,295
<b>Fund Balances</b>				
Non-Spendable Legal or Contractual	-	-	55,886	55,886
Restricted	<u>88,617</u>	<u>119,145</u>	<u>-</u>	<u>207,762</u>
Total Fund Balances	<u><u>88,617</u></u>	<u><u>119,145</u></u>	<u><u>55,886</u></u>	<u><u>263,648</u></u>
Total Liabilities and Fund Balances	<u><u>\$ 88,656</u></u>	<u><u>\$ 121,401</u></u>	<u><u>\$ 55,886</u></u>	<u><u>\$ 265,943</u></u>

**STATE OF MAINE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE**

Fiscal Year Ended June 30, 2019  
(Expressed in Thousands)

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	<u>Total Other Governmental Funds</u>
<b>Revenues</b>				
Investment Income	\$ 5,837	\$ -	\$ 5,159	\$ 10,996
Total Revenues	<u>5,837</u>	<u>-</u>	<u>5,159</u>	<u>10,996</u>
Governmental Support & Operations	85	-	12	97
Economic Development & Workforce Training	-	15,000	-	15,000
Education	-	3,068	-	3,068
Natural Resources Development & Protection	-	1,195	-	1,195
Justice & Protection	-	873	-	873
Transportation Safety & Development	-	20,249	-	20,249
Debt Service:				
Capital Outlay	-	108,027	-	108,027
Total Expenditures	<u>85</u>	<u>148,412</u>	<u>12</u>	<u>148,509</u>
Revenue over (under) Expenditures	<u>5,752</u>	<u>(148,412)</u>	<u>5,147</u>	<u>(137,513)</u>
<b>Other Financing Sources (Uses)</b>				
Transfer from Other Funds	1,406	-	141	1,547
Transfer to Other Funds	(4,026)	-	(798)	(4,824)
Bonds Issued	-	252,130	-	252,130
Premiums on Bond Issuance	-	34,440	-	34,440
Net Other Financing Sources (Uses)	<u>(2,620)</u>	<u>286,570</u>	<u>(657)</u>	<u>283,293</u>
Net Change in Fund Balances	<u>3,132</u>	<u>138,158</u>	<u>4,490</u>	<u>145,780</u>
Fund Balance at Beginning of Year (As Restated)	<u>85,485</u>	<u>(19,013)</u>	<u>51,396</u>	<u>117,868</u>
Fund Balances, End of Year	<u>\$ 88,617</u>	<u>\$ 119,145</u>	<u>\$ 55,886</u>	<u>\$ 263,648</u>



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# OTHER GOVERNMENTAL FUNDS

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## SPECIAL REVENUE FUNDS

Baxter Park Fund – This fund accounts for a gift to the State of Maine by former Governor Baxter, which allows for the principal and interest to be used to purchase public reserved lands. Interest income may also be used for operations of the Baxter State Park.

Revenue on Permanent Funds Fund – This fund accounts for expendable earnings on permanent fund balances.

Revenue on Baxter Park Wilderness Trust – This fund accounts for a gift to the State of Maine by an anonymous donor. Funds provide income for the maintenance and operation of Baxter State Park and may be used to make user fees more affordable. The fund will transfer small but regular additions from income to the trust principal.

## PERMANENT FUNDS

Baxter Park Trust Fund – This fund accounts for a gift to the State of Maine by former Governor Baxter, calling for principal to be maintained intact and income to be used for park operations.

Other Trust Funds – These funds are comprised of numerous small Permanent Funds, the income from which may be used for specified purposes.

Baxter Park Wilderness Trust – This permanent fund accounts for a gift to the State of Maine by an anonymous donor.



**STATE OF MAINE**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR SPECIAL REVENUE FUNDS**

June 30, 2019  
(Expressed in Thousands)

	<u>Baxter Park</u>	<u>Revenue on Permanent Funds</u>	<u>Revenue on Baxter Park Wilderness Trust</u>	<u>Total Special Revenue Funds</u>
<b>Assets</b>				
Equity in Treasurer's Cash Pool	\$ -	\$ 377	\$ -	\$ 377
Investments	87,700	10	569	88,279
Total Assets	<u>\$ 87,700</u>	<u>\$ 387</u>	<u>\$ 569</u>	<u>\$ 88,656</u>
<b>Liabilities and Fund Balances</b>				
Accounts Payable	-	-	39	39
Total Liabilities	-	-	39	39
Fund Balances:				
Restricted	87,700	387	530	88,617
Total Fund Balances	87,700	387	530	88,617
Total Liabilities and Fund Balances	<u>\$ 87,700</u>	<u>\$ 387</u>	<u>\$ 569</u>	<u>\$ 88,656</u>

**STATE OF MAINE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NON-MAJOR SPECIAL REVENUE FUNDS**

Fiscal Year Ended June 30, 2019  
(Expressed in Thousands)

	<u>Baxter Park</u>	<u>Revenue on Permanent Funds</u>	<u>Revenue on Baxter Park Wilderness Trust</u>	<u>Total Special Revenue Funds</u>
<b>Revenues</b>				
Investment Income	\$ 5,288	\$ 463	\$ 86	\$ 5,837
Total Revenues	<u>5,288</u>	<u>463</u>	<u>86</u>	<u>5,837</u>
<b>Expenditures</b>				
Current:				
General Government	<u>-</u>	<u>46</u>	<u>39</u>	<u>85</u>
Total Expenditures	<u>-</u>	<u>46</u>	<u>39</u>	<u>85</u>
Revenue over (under) Expenditures	<u>5,288</u>	<u>417</u>	<u>47</u>	<u>5,752</u>
<b>Other Financing Sources (Uses)</b>				
Transfer from Other Funds	-	1,406	-	1,406
Transfer to Other Funds	<u>(2,010)</u>	<u>(1,539)</u>	<u>(477)</u>	<u>(4,026)</u>
Net Other Financing Sources (Uses)	<u>(2,010)</u>	<u>(133)</u>	<u>(477)</u>	<u>(2,620)</u>
Net Change in Fund Balances	<u>3,278</u>	<u>284</u>	<u>(430)</u>	<u>3,132</u>
Fund Balance at Beginning of Year (As Restated)	<u>84,422</u>	<u>103</u>	<u>960</u>	<u>85,485</u>
Fund Balances at End of Year	<u>\$ 87,700</u>	<u>\$ 387</u>	<u>\$ 530</u>	<u>\$ 88,617</u>

**STATE OF MAINE**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR PERMANENT FUNDS**

June 30, 2019  
(Expressed in Thousands)

	<u><b>Baxter Trust</b></u>	<u><b>Other Trust</b></u>	<u><b>Baxter Park Wilderness Trust</b></u>	<u><b>Total Permanent Funds</b></u>
<b>Assets</b>				
Investments	\$ 8,610	\$ 23,464	\$ 23,812	\$ 55,886
Total Assets	<u>\$ 8,610</u>	<u>\$ 23,464</u>	<u>\$ 23,812</u>	<u>\$ 55,886</u>
<b>Fund Balances</b>				
Non-Spendable Legal or Contractual	<u>\$ 8,610</u>	<u>\$ 23,464</u>	<u>\$ 23,812</u>	<u>\$ 55,886</u>

**STATE OF MAINE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NON-MAJOR PERMANENT FUNDS**

Fiscal Year Ended June 30, 2019  
(Expressed in Thousands)

	<u>Baxter Trust</u>	<u>Other Trust</u>	<u>Baxter Park Wilderness Trust</u>	<u>Total Permanent Funds</u>
<b>Revenues</b>				
Investment Income (Loss)	\$ 285	\$ 2,121	\$ 2,753	\$ 5,159
Total Revenues	<u>285</u>	<u>2,121</u>	<u>2,753</u>	<u>5,159</u>
<b>Expenditures</b>				
Governmental Support & Operations	-	-	12	12
Total Expenditures	<u>-</u>	<u>-</u>	<u>12</u>	<u>12</u>
Revenue over (under) Expenditures	<u>285</u>	<u>2,121</u>	<u>2,741</u>	<u>5,147</u>
<b>Other Financing Sources (Uses)</b>				
Transfer from Other Funds	-	-	141	141
Transfer to Other Funds	-	(798)	-	(798)
Net Other Financing Sources (Uses)	-	(798)	141	(657)
Revenues and Other Sources over (under) Expenditures and Other Uses	<u>285</u>	<u>1,323</u>	<u>2,882</u>	<u>4,490</u>
Fund Balance at Beginning of Year (As Restated)	<u>8,325</u>	<u>22,141</u>	<u>20,930</u>	<u>51,396</u>
Fund Balances at End of Year	<u>\$ 8,610</u>	<u>\$ 23,464</u>	<u>\$ 23,812</u>	<u>\$ 55,886</u>



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# **BUDGETARY COMPARISON SCHEDULES**

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**STATE OF MAINE**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND EXPENDITURES BY AGENCY**

Fiscal Year Ended June 30, 2019  
(Expressed in Thousands)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Department of Administrative and Financial Services</b>			
Administrative Services	\$ 16,974	\$ 15,817	\$ 1,157
Financial Services	187,020	174,134	12,886
Human Resources	2,596	2,407	189
Financial and Personnel Services	160	160	-
Liquor and Lottery	1,559	1,327	232
Marijuana	1,437	385	1,052
Purchasing	971	861	110
Bureau of Information Services	7,065	3,416	3,649
State Employee Health Commission	799	798	1
	<u>218,581</u>	<u>199,305</u>	<u>19,276</u>
<b>Department of Agriculture, Conservation and Forestry</b>	<u>34,908</u>	<u>34,226</u>	<u>682</u>
<b>Attorney General</b>	<u>22,142</u>	<u>20,727</u>	<u>1,415</u>
<b>Department of Audit</b>	<u>1,672</u>	<u>1,455</u>	<u>217</u>
<b>Department of Corrections</b>			
Corrections	79,401	68,786	10,615
Maine State Prison	37,937	37,695	242
Maine Correctional Center	28,599	28,403	196
Downeast Correctional Facility	94	94	-
Charleston Correctional Facility	18,760	18,513	247
Long Creek Youth Development Center	15,644	15,600	44
County Jail Operations	18,442	18,442	-
	<u>198,877</u>	<u>187,533</u>	<u>11,344</u>
<b>Department of Economic and Community Development</b>	<u>16,282</u>	<u>12,420</u>	<u>3,862</u>
<b>Department of Environmental Protection</b>	<u>9,514</u>	<u>9,429</u>	<u>85</u>
<b>Department of Human Services</b>			
Human Services	<u>1,347,769</u>	<u>1,231,375</u>	<u>116,394</u>
<b>Department of Labor</b>			
Labor	11,290	10,784	506
Labor Relations Board	434	402	32
	<u>11,724</u>	<u>11,186</u>	<u>538</u>
<b>Defense, Veterans and Emergency Management</b>	<u>11,657</u>	<u>9,010</u>	<u>2,647</u>
<b>Department of Education</b>			
Education	1,344,916	1,311,130	33,786
Education - Unorganized Territory	12,311	11,639	672
	<u>1,357,227</u>	<u>1,322,769</u>	<u>34,458</u>
<b>General Government</b>			
Office of the Governor	5,083	4,655	428
Ombudsman Program	130	81	49
	<u>5,213</u>	<u>4,736</u>	<u>477</u>
<b>Department of Inland Fisheries and Wildlife</b>	<u>31,955</u>	<u>31,487</u>	<u>468</u>
<b>Judicial Department</b>	<u>83,095</u>	<u>81,305</u>	<u>1,790</u>

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Legislative Department</b>			
Legislative	30,316	28,242	2,074
Law and Legislative Reference Library	1,603	1,589	14
Statehouse Preservation and Maintenance	800	572	228
Program Evaluation and Government Accountability	1,316	1,215	101
	<u>34,035</u>	<u>31,618</u>	<u>2,417</u>
<b>Department of Marine Resources</b>	<u>11,059</u>	<u>10,749</u>	<u>310</u>
<b>Department of Public Safety</b>	<u>51,229</u>	<u>48,403</u>	<u>2,826</u>
<b>Secretary of State</b>			
Secretary of State	4,710	4,629	81
Archives Services	1,723	1,544	179
	<u>6,433</u>	<u>6,173</u>	<u>260</u>
<b>Treasurer of State</b>	<u>98,890</u>	<u>95,233</u>	<u>3,657</u>
<b>Other Agencies</b>			
Maine Maritime Academy	10,751	10,751	-
University of Maine	212,399	212,399	-
Board of Education	164	148	16
Maine Fire Protection Service Commission	2	-	2
Com. On Governmental Ethics and Election Practices	151	151	-
Finance Authority of Maine	16,192	16,192	-
Saco River Corridor Commission	47	47	-
Human Rights Commission	823	821	2
Maine Indian Tribal State Council	112	112	-
Board of Property Tax Review	125	121	4
Museum	1,734	1,728	6
Maine Municipal Bond Bank	69	69	-
Maine State Cultural Affairs Council	1,120	63	1,057
Maine Historic Preservation Commission	371	369	2
Library	3,588	3,576	12
Maine State Retirement System	298	297	1
Arts and Humanities Administration	955	859	96
Dirigo Health	1,329	920	409
Commission on Indigent Legal Services	(58)	-	(58)
Maine Humanities Council	53	53	-
Centers for Innovation	118	118	-
NE International Water Pollution Control Commission	28	28	-
Downeast Institute Appl Marine	13	13	-
St. Croix International Waterway	25	25	-
Disability Rights Center	126	126	-
Maine Historical Society	45	45	-
Maine Hospice Counsel	64	64	-
Maine Development Foundation	58	58	-
Maine Public Broadcasting Corporation	1,500	1,500	-
Maine State Housing Authority	2,550	2,550	-
Maine Potato Board	161	161	-
Pine Tree Legal	500	500	-
Maine Community College System	70,073	70,073	-
	<u>325,486</u>	<u>323,937</u>	<u>1,549</u>
<b>Grand Total</b>	<u>\$ 3,877,748</u>	<u>\$ 3,673,076</u>	<u>\$ 204,672</u>





**BUDGETARY COMPARISON SCHEDULE  
HIGHWAY FUND EXPENDITURES BY AGENCY**

Fiscal Year Ended June 30, 2019  
(Expressed in Thousands)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Actual Budget</u>
<b>Department of Administrative and Financial Services</b>			
Administrative Services	\$ 1,946	\$ 1,866	\$ 80
Financial Services	765	743	22
	<u>2,711</u>	<u>2,609</u>	<u>102</u>
<b>Department of Environmental Protection</b>	<u>33</u>	<u>33</u>	<u>-</u>
<b>Legislative Department</b>			
Legislative	<u>8</u>	<u>-</u>	<u>8</u>
<b>Department of Transportation</b>			
Transportation	293,781	252,576	41,205
Rail/Van Pool	604	604	-
	<u>294,385</u>	<u>253,180</u>	<u>41,205</u>
<b>Department of Public Safety</b>	<u>31,019</u>	<u>29,888</u>	<u>1,131</u>
<b>Secretary of State</b>			
Motor Vehicles	<u>39,869</u>	<u>36,732</u>	<u>3,137</u>
<b>Grand Total</b>	<u>\$ 368,025</u>	<u>\$ 322,442</u>	<u>\$ 45,583</u>

**STATE OF MAINE**  
**BUDGETARY COMPARISON SCHEDULE**  
**FEDERAL FUND EXPENDITURES BY AGENCY**

Fiscal Year Ended June 30, 2019  
(Expressed in Thousands)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Department of Administrative and Financial Services</b>			
Bureau of Information Services	\$ 767	\$ 696	\$ 71
Financial Services	5	-	5
Financial and Personnel Services	839	532	307
State Employee Health Commission	8	-	8
	<u>1,619</u>	<u>1,228</u>	<u>391</u>
<b>Department of Agriculture, Conservation and Forestry</b>	<u>20,230</u>	<u>13,979</u>	<u>6,251</u>
<b>Attorney General</b>	<u>2,917</u>	<u>2,042</u>	<u>875</u>
<b>Department of Corrections</b>			
Corrections	2,824	473	2,351
Maine State Prison	1	-	1
Maine Correctional Center	118	-	118
Charleston Correctional Facility	174	-	174
Long Creek Youth Development Center	402	258	144
	<u>3,519</u>	<u>731</u>	<u>2,788</u>
<b>Department of Economic and Community Development</b>	<u>30,517</u>	<u>13,696</u>	<u>16,821</u>
<b>Department of Environmental Protection</b>	<u>16,945</u>	<u>9,493</u>	<u>7,452</u>
<b>Department of Human Services</b>			
Human Services	<u>2,547,573</u>	<u>2,289,503</u>	<u>258,070</u>
<b>Department of Labor</b>	<u>93,048</u>	<u>55,802</u>	<u>37,246</u>
<b>Department of Transportation</b>			
Transportation	210,421	199,727	10,694
Air Transportation	1,886	177	1,709
Ferry Service/Ports and Marine	1,650	279	1,371
Rail/Van Pool	10,104	3,013	7,091
	<u>224,061</u>	<u>203,196</u>	<u>20,865</u>
<b>Defense, Veterans and Emergency Management</b>	<u>132,437</u>	<u>41,482</u>	<u>90,955</u>
<b>Department of Education</b>			
Education	313,794	210,447	103,347
Education - Unorganized Territory	402	310	92
	<u>314,196</u>	<u>210,757</u>	<u>103,439</u>
<b>General Government</b>			
Office of the Governor	2,623	513	2,110
Ombudsman Program	64	40	24
	<u>2,687</u>	<u>553</u>	<u>2,134</u>
<b>Department of Inland Fisheries and Wildlife</b>	<u>20,600</u>	<u>13,747</u>	<u>6,853</u>
<b>Judicial Department</b>	<u>1,576</u>	<u>871</u>	<u>705</u>
<b>Department of Marine Resources</b>	<u>7,172</u>	<u>4,599</u>	<u>2,573</u>

	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance with Final Budget</u></b>
<b>Department of Professional and Financial Regulation</b>			
Professional and Financial Regulation	53	17	36
Board of Nursing	10	-	10
<b>Department of Public Safety</b>	16,711	10,322	6,389
<b>Public Utilities Commission</b>	60	45	15
<b>Secretary of State</b>			
Secretary of State	514	10	504
Motor Vehicles	485	-	485
Archives Services	28	-	28
	1,027	10	1,017
<b>Treasurer of State</b>	296	145	151
<b>Other Agencies</b>			
Human Rights Commission	550	381	169
Museum	146	17	129
Maine Historic Preservation Commission	1,054	759	295
Library	1,877	1,608	269
Arts and Humanities Administration	1,275	882	393
	4,902	3,647	1,255
<b>Grand Total</b>	<b><u>\$ 3,442,156</u></b>	<b><u>\$ 2,875,865</u></b>	<b><u>\$ 566,291</u></b>

**STATE OF MAINE**  
**BUDGETARY COMPARISON SCHEDULE**  
**OTHER SPECIAL REVENUE FUND EXPENDITURES BY AGENCY**

Fiscal Year Ended June 30, 2019  
(Expressed in Thousands)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Department of Administrative and Financial Services</b>			
Administrative Services	\$ 3,612	\$ 571	\$ 3,041
Bureau of Information Services	518	517	1
Financial Services	34,320	28,453	5,867
Human Resources	5	-	5
Financial and Personnel Services	30	11	19
Liquor and Lottery	19	1	18
Marijuana	2,946	1,180	1,766
State Employee Health Commission	75	-	75
Purchasing	33	30	3
	<u>41,558</u>	<u>30,763</u>	<u>10,795</u>
<b>Department of Agriculture, Conservation and Forestry</b>	<u>66,494</u>	<u>54,573</u>	<u>11,921</u>
<b>Attorney General</b>	<u>17,856</u>	<u>15,717</u>	<u>2,139</u>
<b>Department of Audit</b>	<u>2,478</u>	<u>2,210</u>	<u>268</u>
<b>Department of Corrections</b>			
Corrections	1,174	384	790
Maine State Prison	151	106	45
Maine Correctional Center	370	151	219
Charleston Correctional Facility	143	51	92
Long Creek Youth Development Center	41	-	41
County Jail Operations	566	271	295
	<u>2,445</u>	<u>963</u>	<u>1,482</u>
<b>Department of Economic and Community Development</b>	<u>22,093</u>	<u>14,360</u>	<u>7,733</u>
<b>Department of Environmental Protection</b>			
Department of Environmental Protection	<u>50,281</u>	<u>37,810</u>	<u>12,471</u>
<b>Department of Human Services</b>			
Human Services	<u>523,541</u>	<u>480,674</u>	<u>42,867</u>
<b>Department of Labor</b>			
Labor	9,280	3,620	5,660
Labor Relations Board	140	96	44
	<u>9,420</u>	<u>3,716</u>	<u>5,704</u>
<b>Department of Transportation</b>			
Transportation	136,535	78,067	58,468
Air Transportation	1,810	774	1,036
Ferry Service/Ports & Maine	836	198	638
Rail/Van Pool	2,973	1,082	1,891
	<u>142,154</u>	<u>80,121</u>	<u>62,033</u>
<b>Defense, Veterans and Emergency Management</b>	<u>3,491</u>	<u>1,358</u>	<u>2,133</u>
<b>Department of Education</b>			
Education	40,690	26,848	13,842
Education - Unorganized Territory	8	-	8
	<u>40,698</u>	<u>26,848</u>	<u>13,850</u>
<b>General Government</b>			
Office of the Governor	124	105	19
Public Advocate	2,800	2,104	696
	<u>2,924</u>	<u>2,209</u>	<u>715</u>
<b>Department of Inland Fisheries and Wildlife</b>	<u>8,569</u>	<u>6,691</u>	<u>1,878</u>
<b>Judicial Department</b>	<u>11,776</u>	<u>7,442</u>	<u>4,334</u>
<b>Legislative Department</b>			
Legislative	<u>26</u>	<u>8</u>	<u>18</u>

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>Department of Marine Resources</b>	<b>9,676</b>	<b>7,823</b>	<b>1,853</b>
<b>Department of Professional and Financial Regulation</b>			
Professional and Financial Regulation	29,560	24,348	5,212
Board of Dental Examiners	558	427	131
Board of Nursing	1,179	1,019	160
Board of Optometry	83	70	13
Board of Osteopathic Examination and Registration	263	247	16
Board of Professional Engineers	295	253	42
Board of Registration in Medicine	1,693	1,552	141
	<b>33,631</b>	<b>27,916</b>	<b>5,715</b>
<b>Department of Public Safety</b>	<b>27,627</b>	<b>23,415</b>	<b>4,212</b>
<b>Public Utilities Commission</b>	<b>28,336</b>	<b>22,803</b>	<b>5,533</b>
<b>Secretary of State</b>			
Secretary of State	485	414	71
Motor Vehicles	1,419	1,016	403
Archives Services	84	54	30
	<b>1,988</b>	<b>1,484</b>	<b>504</b>
<b>Treasurer of State</b>	<b>74,113</b>	<b>74,096</b>	<b>17</b>
<b>Other Agencies</b>			
Maine Maritime	145	145	-
University of Maine	4,722	4,170	552
Worker's Compensation Board	12,325	11,740	585
Maine Health Data Organization	2,105	1,569	536
Maine Charter School	624	428	196
Baxter State Park Authority	4,492	4,390	102
Com. On Governmental Ethics and Election Practices	2,954	2,162	792
Finance Authority of Maine	6,553	4,905	1,648
Saco River Corridor Commission	63	63	-
Human Rights Commission	41	31	10
Board of Property Tax Review	3	-	3
Museum	413	199	214
Maine Municipal Bond Bank	43,042	41,482	1,560
Maine State Cultural Affairs Council	66	-	66
Maine Historic Preservation Commission	660	354	306
Library	819	503	316
Lobster Promotion Council	2,200	2,074	126
Arts and Humanities Administration	109	42	67
Maine Efficiency Trust	2,323	226	2,097
Commission on Indigent Legal Services	20,270	19,647	623
Telecommunication Relay Services Council	720	489	231
Maine Children's Trust Incorporated	48	3	45
Maine State Housing Authority	28,422	23,584	4,838
Harness Racing Promotion Board	189	-	189
Maine Potato Board	1,586	1,015	571
Maine Community College System	4,247	4,116	131
Wild Blueberry Commission of Maine	1,875	899	976
	<b>141,016</b>	<b>124,236</b>	<b>16,780</b>
<b>Grand Total</b>	<b>\$ 1,262,191</b>	<b>\$ 1,047,236</b>	<b>\$ 214,955</b>



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# NON-MAJOR ENTERPRISE FUNDS

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*Lottery Fund* – This fund was established to account for all operations of the Maine State Lottery. This includes the Tri-State Lotto Commission and the Multi-State Lottery Association. The Tri-State Lotto Commission was established in 1985 and is a joint venture between the States of Maine, New Hampshire, and Vermont. The Commission is authorized and empowered to promulgate rules and regulations regarding the conduct of lottery games, including the prices of tickets, the number and size of prizes for winning tickets, and the licensing of agents. The Multi-State Lottery Association was established in July 2004 and is authorized to initiate, promulgate, administer and carry out one or more lottery product offerings.

*Alcoholic Beverages Fund* - This fund was established to license and regulate the sale of alcoholic beverages. During fiscal year 2014, the State entered into a ten-year contract with a vendor to manage and operate wholesale liquor distribution as the State's agent.

*Maine Military Authority Fund* – This fund was created for the purpose of operating the Maine Readiness Sustainment Maintenance Center. The Center maintains, rebuilds, repairs, stores and manufactures equipment for the United States Departments of Defense, Army, Air Force, Navy and Treasury.

*State Ferry Service Fund* – This fund accounts for the operation of ferry services between the mainland and various islands for the purpose of transporting vehicles, freight, and passengers to and from those islands.

*Prison Industries Fund* – This fund accounts for a self-supporting program of job training through the employment of inmates in manufacturing and selling products.

*Dirigo Health Agency* – This fund was created to arrange for the provision of comprehensive, affordable health care coverage to eligible small employers, including the self-employed, their employees and dependents, and individuals on a voluntary basis.

*Consolidated Emergency Communications Fund* – This fund accounts for payments made by municipal, county, and state governmental entities towards the implementation and on-going costs of the Statewide Communication System.



**STATE OF MAINE**  
**COMBINING STATEMENT OF NET POSITION**  
**NON-MAJOR ENTERPRISE FUNDS**

June 30, 2019  
(Expressed in Thousands)

	<u>Lottery</u>	<u>Alcoholic Beverages</u>	<u>Maine Military Authority</u>	<u>Ferry Service</u>
<b>Assets</b>				
Current assets:				
Equity in Treasurer's Cash Pool	\$ 5	\$ 7,903	\$ -	\$ 532
Cash & Short-Term Investments	750	-	-	3
Inventories	-	-	-	189
Receivables, Net of Allowance for Uncollectibles:				
Other Receivable	27,458	5,893	225	102
Due from Other Funds	2,334	-	-	3
Other Assets	533	-	-	-
Total Current assets	<u>31,080</u>	<u>13,796</u>	<u>225</u>	<u>829</u>
Noncurrent Assets:				
Equity in Treasurer's Cash Pool	1	2,554	-	172
Capital Assets - Net of Depreciation	-	-	-	32,530
Total Noncurrent Assets	<u>1</u>	<u>2,554</u>	<u>-</u>	<u>32,702</u>
Total Assets	<u>31,081</u>	<u>16,350</u>	<u>225</u>	<u>33,531</u>
<b>Deferred Outflows of Resources</b>	<u>\$ 490</u>	<u>\$ 62</u>	<u>\$ -</u>	<u>\$ 1,867</u>
<b>Liabilities</b>				
Current Liabilities:				
Accounts Payable	\$ 1,524	\$ 7,210	\$ -	\$ 739
Accrued Payroll	81	11	4	377
Due to Other Funds	4,566	3,826	6,025	106
Current Portion of Long-Term Obligations:				
Compensated Absences	15	1	-	57
Unearned Revenue	154	-	-	-
Other Accrued Liabilities	21,618	-	-	-
Total Current Liabilities	<u>27,958</u>	<u>11,048</u>	<u>6,029</u>	<u>1,279</u>
Long-Term Liabilities				
Compensated Absences	96	9	-	373
Net Pension Liability	1,497	173	-	5,667
Net Other Post-Employment Benefit Liability	1,581	152	-	6,114
Total Long-Term Liabilities	<u>3,174</u>	<u>334</u>	<u>-</u>	<u>12,154</u>
Total Liabilities	<u>31,132</u>	<u>11,382</u>	<u>6,029</u>	<u>13,433</u>
<b>Deferred Inflows of Resources</b>	<u>\$ 151</u>	<u>\$ 17</u>	<u>\$ -</u>	<u>\$ 570</u>
<b>Net Position</b>				
Net Investment in Capital Assets	-	-	-	32,530
Unrestricted	288	5,013	(5,804)	(11,135)
Total Net Position	<u>\$ 288</u>	<u>\$ 5,013</u>	<u>\$ (5,804)</u>	<u>\$ 21,395</u>

<u>Prison Industries</u>	<u>Dirigo Health</u>	<u>Consolidated Emergency Communications</u>	<u>Total Other Enterprise Funds</u>
\$ 508	\$ 48	\$ 1,105	\$ 10,101
1	-	-	754
3,423	-	-	3,612
3	-	1	33,682
1	-	-	2,338
-	-	-	533
<u>3,936</u>	<u>48</u>	<u>1,106</u>	<u>51,020</u>
164	16	357	3,264
<u>160</u>	<u>-</u>	<u>-</u>	<u>32,690</u>
324	16	357	35,954
<u>4,260</u>	<u>64</u>	<u>1,463</u>	<u>86,974</u>
<u>\$ 72</u>	<u>\$ -</u>	<u>\$ 1,646</u>	<u>\$ 4,137</u>
\$ 30	\$ -	\$ 21	\$ 9,524
14	-	192	679
8	-	74	14,605
2	-	28	103
-	-	-	154
-	-	-	21,618
<u>54</u>	<u>-</u>	<u>315</u>	<u>46,683</u>
13	-	185	676
328	-	5,061	12,726
<u>242</u>	<u>-</u>	<u>5,569</u>	<u>13,658</u>
583	-	10,815	27,060
<u>637</u>	<u>-</u>	<u>11,130</u>	<u>73,743</u>
<u>\$ 32</u>	<u>\$ -</u>	<u>\$ 513</u>	<u>\$ 1,283</u>
160	-	-	32,690
<u>3,503</u>	<u>64</u>	<u>(8,534)</u>	<u>(16,605)</u>
<u>\$ 3,663</u>	<u>\$ 64</u>	<u>\$ (8,534)</u>	<u>\$ 16,085</u>

**STATE OF MAINE**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**NON-MAJOR ENTERPRISE FUNDS**

Fiscal Year Ended June 30, 2019  
(Expressed in Thousands)

	<u>Lottery</u>	<u>Alcoholic Beverages</u>	<u>Maine Military Authority</u>	<u>Ferry Service</u>
<b>Operating Revenues</b>				
Charges for Services	\$ 304,249	\$ 200,609	\$ 2,837	\$ 5,202
Miscellaneous Revenues	-	2,321	-	-
Total Operating Revenues	<u>304,249</u>	<u>202,930</u>	<u>2,837</u>	<u>5,202</u>
<b>Operating Expenses</b>				
General Operations	242,619	144,600	638	11,444
Depreciation	-	-	466	2,396
Total Operating Expenses	<u>242,619</u>	<u>144,600</u>	<u>1,104</u>	<u>13,840</u>
Operating Income (Loss)	<u>61,630</u>	<u>58,330</u>	<u>1,733</u>	<u>(8,638)</u>
<b>Nonoperating Revenues (Expenses)</b>				
Other Nonoperating Revenues (Expenses) - net	<u>73</u>	<u>-</u>	<u>(5,720)</u>	<u>28</u>
Total Nonoperating Revenues (Expenses)	<u>73</u>	<u>-</u>	<u>(5,720)</u>	<u>28</u>
Income (Loss) Before Capital Contributions, Transfers and Special Items	<u>61,703</u>	<u>58,330</u>	<u>(3,987)</u>	<u>(8,610)</u>
<b>Capital Contributions, Transfers and Special Items</b>				
Capital Contributions from (to) Other Funds	-	-	-	4,704
Transfer from Other Funds	-	-	-	5,396
Transfer to Other Funds	(63,196)	(56,067)	-	-
Special Items	<u>-</u>	<u>-</u>	<u>15,761</u>	<u>-</u>
Total Capital Contributions, Transfers In (Out) and Special Items	<u>(63,196)</u>	<u>(56,067)</u>	<u>15,761</u>	<u>10,100</u>
Change in Net Position	<u>(1,493)</u>	<u>2,263</u>	<u>11,774</u>	<u>1,490</u>
Net Position - Beginning of Year	<u>1,781</u>	<u>2,750</u>	<u>(17,578)</u>	<u>19,905</u>
Net Position - End of Year	<u>\$ 288</u>	<u>\$ 5,013</u>	<u>\$ (5,804)</u>	<u>\$ 21,395</u>

<b>Prison Industries</b>	<b>Dirigo Health</b>	<b>Consolidated Emergency Communications</b>	<b>Total Other Enterprise Funds</b>
\$ 1,968	\$ 2	\$ 6,677	\$ 521,544
-	-	-	2,321
<u>1,968</u>	<u>2</u>	<u>6,677</u>	<u>523,865</u>
1,406	-	5,953	406,660
20	-	-	2,882
<u>1,426</u>	<u>-</u>	<u>5,953</u>	<u>409,542</u>
<u>542</u>	<u>2</u>	<u>724</u>	<u>114,323</u>
5	-	3	(5,611)
<u>5</u>	<u>-</u>	<u>3</u>	<u>(5,611)</u>
<u>547</u>	<u>2</u>	<u>727</u>	<u>108,712</u>
12	-	-	4,716
-	-	-	5,396
-	-	-	(119,263)
<u>-</u>	<u>-</u>	<u>-</u>	<u>15,761</u>
12	-	-	(93,390)
<u>559</u>	<u>2</u>	<u>727</u>	<u>15,322</u>
<u>3,104</u>	<u>62</u>	<u>(9,261)</u>	<u>763</u>
<u>\$ 3,663</u>	<u>\$ 64</u>	<u>\$ (8,534)</u>	<u>\$ 16,085</u>

**STATE OF MAINE**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NON-MAJOR ENTERPRISE FUNDS**

Fiscal Year Ended June 30, 2019  
(Expressed in Thousands)

	<b>Lottery</b>	<b>Alcoholic Beverages</b>	<b>Maine Military Authority</b>	<b>Ferry Service</b>
<b>Cash Flows from Operating Activities</b>				
Receipts from Customers and Users	\$ 305,027	\$ 202,753	\$ 5,033	\$ 5,177
Cash Received from Interfund Services	1,404	374	38	21
Payments to Prize Winners	(201,293)	-	-	-
Payments to Suppliers	(39,735)	(146,274)	(478)	(4,115)
Payments to Employees	(1,728)	(291)	(1,581)	(6,427)
Payments for Interfund Goods and Services	(546)	(60)	(2,905)	(549)
Net Cash Provided (Used) by Operating Activities	<u>63,129</u>	<u>56,502</u>	<u>107</u>	<u>(5,893)</u>
<b>Cash Flows from Noncapital Financing Activities</b>				
Transfers from Other Funds	-	-	-	5,396
Transfers to Other Funds	(63,196)	(56,067)	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(63,196)</u>	<u>(56,067)</u>	<u>-</u>	<u>5,396</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Proceeds from Sale of Capital Assets	-	-	-	1
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>
<b>Cash Flows from Investing Activities</b>				
Investment Income	73	-	(107)	28
Net Cash Provided (Used) by Investing Activities	<u>73</u>	<u>-</u>	<u>(107)</u>	<u>28</u>
Net Increase (Decrease) in Cash/Cash Equivalents	6	435	-	(468)
Cash/Cash Equivalents - Beginning of Period	750	10,022	-	1,175
Cash/Cash Equivalents - End of Period	<u>\$ 756</u>	<u>\$ 10,457</u>	<u>\$ -</u>	<u>\$ 707</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Operating Income (Loss)	<u>\$ 61,630</u>	<u>\$ 58,330</u>	<u>\$ 1,733</u>	<u>\$ (8,638)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Depreciation Expense	-	-	466	2,396
Decrease (Increase) in Assets & Liabilities				
Accounts Receivable	1,003	(177)	1,420	(4)
Interfund Balances	1,404	374	(2,797)	(4)
Inventories	-	-	-	(10)
Other Assets	(225)	-	814	-
Deferred Outflows	(50)	(19)	1,834	(186)
Increase (Decrease) in Liabilities				
Accounts Payable	(280)	(2,101)	(579)	455
Accrued Payroll Expense	15	-	(149)	4
Compensated Absences	(9)	1	(45)	4
Deferred Inflows	113	14	(182)	432
Net Pension Liability	(170)	17	(1,056)	(400)
Other Accruals	(205)	(1)	(122)	-
Net OPEB Liability	(97)	64	(1,230)	58
Total Adjustments	1,499	(1,828)	(1,626)	2,745
Net Cash Provided (Used) by Operating Activities	<u>\$ 63,129</u>	<u>\$ 56,502</u>	<u>\$ 107</u>	<u>\$ (5,893)</u>
<b>Non Cash Investing, Capital and Financing Activities</b>				
Contributed Capital Assets	-	-	-	4,704
Special Item	-	-	15,761	-
Disposal of Assets	-	-	5,613	-

<u>Prison Industries</u>	<u>Dirigo Health</u>	<u>Consolidated Emergency Communications</u>	<u>Total Other Enterprise Funds</u>
\$ 1,366	\$ 2	\$ 1,071	\$ 520,429
614	-	5,665	8,116
-	-	-	(201,293)
(987)	-	(430)	(192,019)
(165)	-	(5,400)	(15,592)
(741)	(2)	(607)	(5,410)
87	-	299	114,231
-	-	-	5,396
-	-	-	(119,263)
-	-	-	(113,867)
(1)	-	3	3
(1)	-	3	3
15	-	-	9
15	-	-	9
101	-	302	376
572	64	1,160	13,743
\$ 673	\$ 64	\$ 1,462	\$ 14,119
\$ 542	\$ 2	\$ 724	\$ 114,323
20	-	-	2,882
12	-	59	2,313
3	(2)	9	(1,013)
(560)	-	-	(570)
-	-	-	589
8	-	(145)	1,442
-	-	(197)	(2,702)
5	-	(19)	(144)
5	-	17	(27)
26	-	387	790
(10)	-	(423)	(2,042)
-	-	-	(328)
36	-	(113)	(1,282)
(455)	(2)	(425)	(92)
\$ 87	\$ -	\$ 299	\$ 114,231
12	-	-	4,716
-	-	-	15,761
-	-	-	5,613



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# INTERNAL SERVICE FUNDS

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*Motor Transport Service Fund* – This fund accounts for all the equipment and vehicle operations of the Department of Transportation.

*Postal, Printing and Supply Fund* – This fund accounts for the purchase of general office supplies, materials and photocopiers required by any State department or agency, the purchase of and contract for all postal and mailing services, duplicating needs, and the acquisition and disposition of State and federal surplus property. This fund is also used to administer the State's Procurement Card Program.

*Information Services Fund* – This fund accounts for the costs of providing information services in data processing and telecommunications and for coordinating data processing services including computer operations, programming and applications systems development, technical support and networking services.

*Risk Management Fund* – This fund accounts for resources generated and used to provide insurance advice and services for all forms of insurance except health and workers' compensation. This includes insurance for automobile, fire, liability and any other type of coverage that may be necessary to protect the State against financial loss.

*Workers' Compensation Fund* – This fund accounts for resources generated and used to provide workers compensation advice and insurance services.

*Central Fleet Management Fund* – This fund accounts for the cost of administering a uniform program for the operation and maintenance of all State vehicles except those of the Department of Transportation and Public Safety.

*Leased Space Fund* – This fund accounts for State facilities leasing activities and maintains records of State agency property, leasing needs and all available space owned, leased and potentially available for lease.

*Revenue Services Fund* – This fund accounts for the resources generated and used to provide up-to-date information to facilitate compliance with Maine tax law and to help reduce common mistakes in filing tax forms.

*Retiree Health Insurance Fund* – This fund accounts for post retirement health care premiums and benefits for most retired state employees and Legislators, for a portion of the premiums for teachers, and for a portion of the premiums for county and municipal law enforcement officers and firefighters (First Responders).

*Employee Health Insurance Fund* – This fund accounts for health care premiums and benefits for most state employees.

*Statewide Radio & Network Systems Fund* – This fund accounts for resources generated and used to acquire, expand, upgrade and replace a statewide radio and network system for use by State agencies.

*Financial & Personnel Services Fund* – This fund accounts for centralized services provided by the Department of Administrative and Financial Services. Services provided include personnel administration, employee relations, budget management, general administration, and accounting.

*Transportation Facilities Fund* – This fund accounts for the purchase, operation, maintenance, improvement, repair, construction, and management of buildings owned by the Department of Transportation.

*Governmental Facilities Authority Fund* – This fund includes the operations of the Maine Governmental Facilities Authority, a blended component unit. The Authority was created to assist in the financing, equipping, improvement, reconstruction, acquisition, and construction of additions to structures designed for use as a court facility, State office or State activity space.

*Industrial Drive Facility Fund* – This fund accounts for the managing and operation of the facility at 66 Industrial Drive in Augusta. The facility consolidates agencies performing similar work in an effort to promote resource sharing.



**STATE OF MAINE**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**

June 30, 2019  
(Expressed in Thousands)

	<b>Motor Transport Services</b>	<b>Postal, Printing &amp; Supply</b>	<b>Information Services</b>	<b>Risk Management</b>
<b>Assets</b>				
Current Assets:				
Equity in Treasurer's Cash Pool	\$ 7,885	\$ -	\$ 4,167	\$ 19,072
Cash & Short-Term Investments	-	1	-	-
Cash with Fiscal Agent	87	-	-	-
Restricted Assets:				
Restricted Deposits & Investments	-	-	-	-
Inventories	3,708	334	3	-
Receivables, Net of Allowance for Uncollectibles:				
Other Receivable	10	60	120	33
Due from Other Funds	920	1,966	10,614	426
Other Assets	-	23	3,560	571
Total Current Assets	<u>12,610</u>	<u>2,384</u>	<u>18,464</u>	<u>20,102</u>
Noncurrent Assets:				
Equity in Treasurer's Cash Pool	2,548	-	1,347	6,162
Capital Assets - Net of Depreciation	44,833	445	10,578	101
Total Noncurrent Assets	<u>47,381</u>	<u>445</u>	<u>11,925</u>	<u>6,263</u>
Total Assets	<u>59,991</u>	<u>2,829</u>	<u>30,389</u>	<u>26,365</u>
<b>Deferred Outflows of Resources</b>	<u>\$ 2,805</u>	<u>\$ 612</u>	<u>\$ 12,705</u>	<u>\$ 134</u>
<b>Liabilities</b>				
Current Liabilities:				
Accounts Payable	\$ 435	\$ 420	\$ 3,959	\$ 3
Accrued Payroll	559	83	1,508	16
Due to Other Funds	209	6,526	1,848	122
Due to Component Units	-	-	-	121
Current Portion of Long-Term Obligations:				
Certificates of Participation and Other Financing Arrangements	8	79	-	-
Obligations under Capital Leases	-	-	-	-
Claims Payable	-	-	-	-
Compensated Absences	53	15	278	4
Unearned Revenue	-	-	-	246
Other Accrued Liabilities	-	84	-	-
Accrued Interest Payable	-	-	-	-
Total Current Liabilities	<u>1,264</u>	<u>7,207</u>	<u>7,593</u>	<u>512</u>
Long-Term Liabilities:				
Working Capital Advances Payable	-	111	-	-
Certificates of Participation & Other Financing Arrangements	-	-	-	-
Obligations under Capital Leases	-	-	-	-
Claims Payable	-	-	-	8,039
Compensated Absences	350	97	1,835	30
Net Other Post-Employment Benefit Liability	9,620	1,979	43,551	420
Net Pension Liability	8,749	1,822	39,945	428
Total Long-Term Liabilities	<u>18,719</u>	<u>4,009</u>	<u>85,331</u>	<u>8,917</u>
Total Liabilities	<u>19,983</u>	<u>11,216</u>	<u>92,924</u>	<u>9,429</u>
<b>Deferred Inflows of Resources</b>	<u>\$ 884</u>	<u>\$ 184</u>	<u>\$ 4,033</u>	<u>\$ 43</u>
<b>Net Position</b>				
Net Investment in Capital Assets	44,912	366	10,578	101
Restricted for:				
Other Purposes	-	-	-	-
Unrestricted	<u>(2,983)</u>	<u>(8,325)</u>	<u>(64,441)</u>	<u>16,926</u>
Total Net Position	<u>\$ 41,929</u>	<u>\$ (7,959)</u>	<u>\$ (53,863)</u>	<u>\$ 17,027</u>

(Continued)

<u>Workers' Compensation</u>	<u>Central Fleet Management</u>	<u>Leased Space</u>	<u>Revenue Services</u>	<u>Retiree Health Insurance</u>	<u>Employee Health Insurance</u>	<u>Statewide Radio &amp; Network Systems</u>
\$ 19,711	\$ 30	\$ -	\$ 252	\$ 126,362	\$ 75,258	\$ 320
-	1	-	-	-	-	-
-	4,974	-	-	-	-	-
-	-	-	-	-	-	-
-	11	-	-	-	-	-
-	39	162	-	1,335	5,353	-
546	1,803	131	-	3,533	10,003	-
510	-	-	-	-	165	-
<u>20,767</u>	<u>6,858</u>	<u>293</u>	<u>252</u>	<u>131,230</u>	<u>90,779</u>	<u>320</u>
6,369	-	-	82	40,828	24,316	103
-	19,166	52,101	-	-	-	33,045
<u>6,369</u>	<u>19,166</u>	<u>52,101</u>	<u>82</u>	<u>40,828</u>	<u>24,316</u>	<u>33,148</u>
<u>27,136</u>	<u>26,024</u>	<u>52,394</u>	<u>334</u>	<u>172,058</u>	<u>115,095</u>	<u>33,468</u>
<u>\$ 486</u>	<u>\$ 307</u>	<u>\$ 81</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 315</u>	<u>\$ -</u>
\$ 699	\$ 303	\$ 142	\$ -	\$ 5,539	\$ 692	\$ -
89	41	9	-	-	39	-
55	173	155	13	2,724	156	-
-	-	-	-	2,378	-	-
-	4,836	-	-	-	-	2,053
-	-	5,699	-	-	-	-
8,262	-	-	-	3,791	11,374	-
5	8	3	-	-	6	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	87	-	-	-	-	-
<u>9,110</u>	<u>5,448</u>	<u>6,008</u>	<u>13</u>	<u>14,432</u>	<u>12,267</u>	<u>2,053</u>
-	-	-	-	-	-	-
-	7,631	-	-	-	-	1,595
-	-	51,818	-	-	-	-
36,054	-	-	-	-	-	-
33	52	17	-	-	42	-
1,347	1,022	282	-	-	938	-
1,480	954	283	-	-	1,036	-
<u>38,914</u>	<u>9,659</u>	<u>52,400</u>	<u>-</u>	<u>-</u>	<u>2,016</u>	<u>1,595</u>
<u>48,024</u>	<u>15,107</u>	<u>58,408</u>	<u>13</u>	<u>14,432</u>	<u>14,283</u>	<u>3,648</u>
<u>\$ 146</u>	<u>\$ 97</u>	<u>\$ 27</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 101</u>	<u>\$ -</u>
-	11,673	(5,416)	-	-	-	29,397
-	-	-	-	-	-	423
(20,548)	(546)	(544)	321	157,626	101,026	-
<u>\$ (20,548)</u>	<u>\$ 11,127</u>	<u>\$ (5,960)</u>	<u>\$ 321</u>	<u>\$ 157,626</u>	<u>\$ 101,026</u>	<u>\$ 29,820</u>

**STATE OF MAINE**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS (CONTINUED)**

June 30, 2019  
(Expressed in Thousands)

	Financial & Personnel Services	Transportation Facilities	Governmental Facilities Authority	Industrial Drive Facility	Total Internal Service Funds
<b>Assets</b>					
Current Assets:					
Equity in Treasurer's Cash Pool	\$ 1,414	\$ 1,647	\$ -	\$ 115	\$ 256,233
Cash & Short-Term Investments	-	-	-	-	2
Cash with Fiscal Agent	-	-	-	-	5,061
Restricted Assets:					
Restricted Deposits & Investments	-	-	4,706	-	4,706
Inventories	-	-	-	-	4,056
Receivables, Net of Allowance for Uncollectibles:					
Other Receivable	-	-	-	-	7,112
Due from Other Funds	344	-	-	-	30,286
Other Assets	-	-	-	-	4,829
Total Current Assets	1,758	1,647	4,706	115	312,285
Noncurrent Assets:					
Equity in Treasurer's Cash Pool	457	532	-	-	82,744
Capital Assets - Net of Depreciation	2	39,706	-	12,449	212,426
Total Noncurrent Assets	459	40,238	-	12,449	295,170
Total Assets	2,217	41,885	4,706	12,564	607,455
<b>Deferred Outflows of Resources</b>	\$ 6,294	\$ -	\$ -	\$ -	\$ 23,739
<b>Liabilities</b>					
Current Liabilities:					
Accounts Payable	\$ 19	\$ 6	\$ 13	\$ 21	\$ 12,251
Accrued Payroll	840	-	-	-	3,184
Due to Other Funds	287	13	-	4	12,285
Due to Component Units	-	-	-	-	2,499
Current Portion of Long-Term Obligations:					
Certificates of Participation and Other Financing Arrangements	-	-	-	-	6,976
Obligations under Capital Leases	-	-	-	-	5,699
Claims Payable	-	-	-	-	23,427
Compensated Absences	143	-	-	-	515
Unearned Revenue	-	-	208	-	454
Other Accrued Liabilities	-	-	-	-	84
Accrued Interest Payable	-	-	-	-	87
Total Current Liabilities	1,289	19	221	25	67,461
Long-Term Liabilities:					
Working Capital Advances Payable	-	-	-	-	111
Certificates of Participation & Other Financing Arrangements	-	-	-	-	9,226
Obligations under Capital Leases	-	-	-	-	51,818
Claims Payable	-	-	-	-	44,093
Compensated Absences	943	-	-	-	3,399
Net Other Post-Employment Benefit Liability	18,909	-	-	-	78,068
Net Pension Liability	19,311	-	-	-	74,008
Total Long-Term Liabilities	39,163	-	-	-	260,723
Total Liabilities	40,452	19	221	25	328,184
<b>Deferred Inflows of Resources</b>	\$ 1,919	\$ -	\$ -	\$ -	\$ 7,434
<b>Net Position</b>					
Net Investment in Capital Assets	2	39,706	-	12,449	143,768
Restricted for:					
Other Purposes	-	-	1	-	424
Unrestricted	(33,862)	2,160	4,484	90	151,384
Total Net Position	\$ (33,860)	\$ 41,866	\$ 4,485	\$ 12,539	\$ 295,576



**STATE OF MAINE**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**INTERNAL SERVICE FUNDS**

Fiscal Year Ended June 30, 2019  
(Expressed in Thousands)

	<b>Motor Transport Services</b>	<b>Postal, Printing &amp; Supply</b>	<b>Information Services</b>	<b>Risk Management</b>
<b>Operating Revenues</b>				
Charges for Services	\$ 35,042	\$ 31,792	\$ 104,445	\$ 5,824
Miscellaneous Revenues	-	-	16	-
Total Operating Revenues	<u>35,042</u>	<u>31,792</u>	<u>104,461</u>	<u>5,824</u>
<b>Operating Expenses</b>				
General Operations	25,499	32,570	101,777	3,900
Depreciation	8,580	17	2,181	-
Claims/Fees Expense	-	-	-	2,285
Other Operating Expenses	-	-	-	-
Total Operating Expenses	<u>34,079</u>	<u>32,587</u>	<u>103,958</u>	<u>6,185</u>
Operating Income (Loss)	<u>963</u>	<u>(795)</u>	<u>503</u>	<u>(361)</u>
<b>Nonoperating Revenues (Expenses)</b>				
Investment Revenue (Expenses) - net	208	(138)	(30)	575
Interest Expense	-	-	-	-
Other Nonoperating Revenue (Expenses) - net	<u>(290)</u>	<u>-</u>	<u>-</u>	<u>1</u>
Total Nonoperating Revenues (Expenses) - net	<u>(82)</u>	<u>(138)</u>	<u>(30)</u>	<u>576</u>
Income (Loss) Before Capital Contributions, Transfers and Special Items	<u>881</u>	<u>(933)</u>	<u>473</u>	<u>215</u>
<b>Capital Contributions, Transfers and Special Items</b>				
Capital Contributions from (to) Other Funds	-	-	-	-
Transfer from Other Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Capital Contributions, Transfers In (Out) and Special Items	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>881</u>	<u>(933)</u>	<u>473</u>	<u>215</u>
Net Position - Beginning of Year	<u>41,048</u>	<u>(7,026)</u>	<u>(54,336)</u>	<u>16,812</u>
Net Position - End of Year	<u><u>\$ 41,929</u></u>	<u><u>\$ (7,959)</u></u>	<u><u>\$ (53,863)</u></u>	<u><u>\$ 17,027</u></u>

(Continued)

<b>Workers' Compensation</b>	<b>Central Fleet Management</b>	<b>Leased Space</b>	<b>Revenue Services</b>	<b>Retiree Health Insurance</b>	<b>Employee Health Insurance</b>	<b>Statewide Radio &amp; Network Systems</b>
\$ 14,873	\$ 12,811	\$ 24,261	\$ 176	\$ 50,700	\$ 166,192	\$ -
165	-	-	-	-	1,143	1
15,038	12,811	24,261	176	50,700	167,335	1
4,322	7,711	9,817	155	30,984	130,751	-
-	3,288	4,355	-	-	-	4,980
8,764	-	-	-	-	-	-
-	-	-	-	-	-	-
13,086	10,999	14,172	155	30,984	130,751	4,980
1,952	1,812	10,089	21	19,716	36,584	(4,979)
556	37	19	9	2,973	1,725	-
-	(209)	(10,782)	-	-	-	-
-	(260)	-	-	-	-	-
556	(432)	(10,763)	9	2,973	1,725	-
2,508	1,380	(674)	30	22,689	38,309	(4,979)
-	-	-	-	-	-	-
-	-	-	-	2,000	-	4,235
-	-	-	-	2,000	-	4,235
2,508	1,380	(674)	30	24,689	38,309	(744)
(23,056)	9,747	(5,286)	291	132,937	62,717	30,564
\$ (20,548)	\$ 11,127	\$ (5,960)	\$ 321	\$ 157,626	\$ 101,026	\$ 29,820

**STATE OF MAINE**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**INTERNAL SERVICE FUNDS (CONTINUED)**

Fiscal Year Ended June 30, 2019  
(Expressed in Thousands)

	<b>Financial &amp; Personnel Services</b>	<b>Transportation Facilities</b>	<b>Governmental Facilities Authority</b>	<b>Industrial Drive Facility</b>	<b>Total Internal Service Funds</b>
<b>Operating Revenues</b>					
Charges for Services	\$ 22,393	\$ 1,098	\$ 1,195	\$ 551	\$ 471,353
Miscellaneous Revenues	-	-	-	-	1,325
Total Operating Revenues	<u>22,393</u>	<u>1,098</u>	<u>1,195</u>	<u>551</u>	<u>472,678</u>
<b>Operating Expenses</b>					
General Operations	21,363	194	266	306	369,615
Depreciation	2	950	-	347	24,700
Claims/Fees Expense	-	-	-	-	11,049
Other Operating Expenses	-	-	629	-	629
Total Operating Expenses	<u>21,365</u>	<u>1,144</u>	<u>895</u>	<u>653</u>	<u>405,993</u>
Operating Income (Loss)	<u>1,028</u>	<u>(46)</u>	<u>300</u>	<u>(102)</u>	<u>66,685</u>
<b>Nonoperating Revenues (Expenses)</b>					
Investment Revenue (Expenses) - net	-	36	157	7	6,134
Interest Expense	-	-	-	-	(10,991)
Other Nonoperating Revenue (Expenses) - net	-	883	-	-	334
Total Nonoperating Revenues (Expenses) - net	<u>-</u>	<u>919</u>	<u>157</u>	<u>7</u>	<u>(4,523)</u>
Income (Loss) Before Capital Contributions, Transfers and Special Items	<u>1,028</u>	<u>873</u>	<u>457</u>	<u>(95)</u>	<u>62,162</u>
<b>Capital Contributions, Transfers and Special Items</b>					
Capital Contributions from (to) Other Funds	-	1,565	-	-	1,565
Transfer from Other Funds	-	-	-	-	6,235
Total Capital Contributions, Transfers In (Out) and Special Items	<u>-</u>	<u>1,565</u>	<u>-</u>	<u>-</u>	<u>7,800</u>
Change in Net Position	<u>1,028</u>	<u>2,438</u>	<u>457</u>	<u>(95)</u>	<u>69,962</u>
Net Position - Beginning of Year	<u>(34,888)</u>	<u>39,428</u>	<u>4,028</u>	<u>12,634</u>	<u>225,614</u>
Net Position - End of Year	<u>\$ (33,860)</u>	<u>\$ 41,866</u>	<u>\$ 4,485</u>	<u>\$ 12,539</u>	<u>\$ 295,576</u>





**STATE OF MAINE**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**

Fiscal Year Ended June 30, 2019  
(Expressed in Thousands)

	<b>Motor Transport Services</b>	<b>Postal, Printing &amp; Supply</b>	<b>Information Services</b>	<b>Risk Management</b>
<b>Cash Flows from Operating Activities</b>				
Receipts from Customers and Users	\$ 735	\$ 2,829	\$ 3,333	\$ 1,021
Cash Received from Interfund Services	32,884	28,588	100,069	5,123
Payments to Suppliers	(5,775)	(23,865)	(38,081)	(1,565)
Payments to Employees	(9,494)	(2,155)	(40,229)	(407)
Payments for Interfund Goods and Services	(11,406)	(5,076)	(24,860)	(4,201)
Net Cash Provided (Used) by Operating Activities	<u>6,944</u>	<u>321</u>	<u>232</u>	<u>(29)</u>
<b>Cash Flows from Noncapital Financing Activities</b>				
Transfers from Other Funds	-	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Payments for Acquisition of Capital Assets	(2,555)	(78)	(3,189)	(101)
Proceeds from Financing Arrangements	-	-	-	-
Principal and Interest Paid on Financing Arrangements	-	(105)	-	-
Proceeds from Sale of Capital Assets	(290)	-	-	1
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(2,845)</u>	<u>(183)</u>	<u>(3,189)</u>	<u>(100)</u>
<b>Cash Flows from Investing Activities</b>				
Investment Revenue	208	(138)	(30)	575
Net Cash Provided (Used) by Investing Activities	<u>208</u>	<u>(138)</u>	<u>(30)</u>	<u>575</u>
Net Increase (Decrease) in Cash/Cash Equivalents	4,307	-	(2,987)	446
Cash/Cash Equivalents - Beginning of Period	6,213	1	8,501	24,788
	-	-	-	-
Cash/Cash Equivalents - End of Period	<u>\$ 10,520</u>	<u>\$ 1</u>	<u>\$ 5,514</u>	<u>\$ 25,234</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Operating Income (Loss)	\$ 963	\$ (795)	\$ 503	\$ (361)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Depreciation Expense	8,580	17	2,181	-
Decrease (Increase) in Assets				
Accounts Receivable	(2)	28	199	(3)
Interfund Balances	(821)	1,633	(2,565)	(297)
Inventories	(601)	(78)	(1)	-
Other Assets	-	21	1,685	493
Deferred Outflows	(179)	(71)	(1,128)	(7)
Increase (Decrease) in Liabilities				
Accounts Payable	(157)	346	1,739	3
Accrued Payroll Expense	(5)	-	(131)	1
Due to Other Governments	-	-	-	121
Compensated Absences	23	8	(31)	3
Deferred Inflows	662	137	3,026	33
Net Pension Liability	(910)	(193)	(4,071)	(42)
Other Accruals	-	(629)	-	39
Net OPEB Liability	(609)	(103)	(1,174)	(12)
Total Adjustments	5,981	1,116	(271)	332
Net Cash Provided (Used) by Operating Activities	<u>\$ 6,944</u>	<u>\$ 321</u>	<u>\$ 232</u>	<u>\$ (29)</u>
<b>Non Cash Investing, Capital and Financing Activities</b>				
Property Leased, Accrued or Acquired	-	-	-	-
Contributed Capital Assets	-	-	-	-

(Continued)

<b>Workers' Compensation</b>	<b>Central Fleet Management</b>	<b>Leased Space</b>	<b>Revenue Services</b>	<b>Retiree Health Insurance</b>	<b>Employee Health Insurance</b>	<b>Statewide Radio &amp; Network Systems</b>
\$ 161	\$ 244	\$ -	\$ 1	\$ 10,163	\$ 25,829	\$ 1
15,205	12,480	24,475	175	41,444	144,994	-
(12,476)	(3,396)	(9,323)	(4)	(34,264)	(119,905)	-
(1,661)	(1,022)	(223)	-	-	(988)	-
(1,337)	(4,245)	(87)	(148)	(806)	(10,342)	-
(108)	4,061	14,842	24	16,537	39,588	1
-	-	-	-	2,000	-	4,235
-	-	-	-	2,000	-	4,235
-	(1,870)	(6,667)	-	-	-	(62)
-	5,500	-	-	-	-	-
-	(4,914)	(8,194)	-	-	-	(4,236)
-	(260)	-	-	-	-	-
-	(1,544)	(14,861)	-	-	-	(4,298)
556	37	19	9	2,973	1,725	-
556	37	19	9	2,973	1,725	-
448	2,554	-	33	21,510	41,313	(62)
25,632	2,451	-	301	145,680	58,261	485
-	-	-	-	-	-	-
\$ 26,080	\$ 5,005	\$ -	\$ 334	\$ 167,190	\$ 99,574	\$ 423
\$ 1,952	\$ 1,812	\$ 10,089	\$ 21	\$ 19,716	\$ 36,584	\$ (4,979)
-	3,288	4,355	-	-	-	4,980
-	14	(5)	-	1,137	3,239	-
329	(940)	361	3	(603)	454	-
-	2	-	-	-	-	-
(510)	-	-	-	-	(165)	-
(65)	(32)	(2)	-	-	(31)	-
(101)	(26)	86	-	(4,372)	(2,181)	-
33	2	(2)	-	-	(1)	-
-	-	-	-	81	-	-
4	(12)	(8)	-	-	10	-
113	73	20	-	-	76	-
(101)	(110)	(37)	-	-	(114)	-
(1,833)	27	-	-	578	1,733	-
71	(37)	(15)	-	-	(16)	-
(2,060)	2,249	4,753	3	(3,179)	3,004	4,980
(108)	4,061	14,842	24	16,537	39,588	1
-	-	504	-	-	-	-
-	-	-	-	-	-	-

**STATE OF MAINE**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS (CONTINUED)**

Fiscal Year Ended June 30, 2019  
(Expressed in Thousands)

	Industrial Drive Facility	Financial & Personnel Services	Transportation Facilities	Governmental Facilities Authority	Total
<b>Cash Flows from Operating Activities</b>					
Receipts from Customers and Users	\$ -	\$ 21	\$ 98	\$ 1,195	\$ 45,631
Cash Received from Interfund Services	551	22,203	1,000	-	429,191
Payments to Suppliers	(295)	(496)	(375)	(943)	(250,763)
Payments to Employees	-	(20,747)	-	-	(76,926)
Payments for Interfund Goods and Services	(11)	(1,289)	(12)	-	(63,820)
Net Cash Provided (Used) by Operating Activities	245	(308)	711	252	83,313
<b>Cash Flows from Noncapital Financing Activities</b>					
Transfers from Other Funds	-	-	-	-	6,235
Net Cash Provided (Used) by Noncapital Financing Activities	-	-	-	-	6,235
<b>Cash Flows from Capital and Related Financing Activities</b>					
Payments for Acquisition of Capital Assets	(242)	-	(1,343)	-	(16,107)
Proceeds from Financing Arrangements	-	-	-	-	5,500
Principal and Interest Paid on Financing Arrangements	-	-	-	-	(17,449)
Proceeds from Sale of Capital Assets	-	-	883	-	334
Net Cash Provided (Used) by Capital and Related Financing Activities	(242)	-	(460)	-	(27,722)
<b>Cash Flows from Investing Activities</b>					
Investment Revenue	7	-	36	157	6,134
Net Cash Provided (Used) by Investing Activities	7	-	36	157	6,134
Net Increase (Decrease) in Cash/Cash Equivalents	10	(308)	287	409	67,960
Cash/Cash Equivalents - Beginning of Period	105	2,179	1,892	4,297	280,786
Cash/Cash Equivalents - End of Period	\$ 115	\$ 1,871	\$ 2,179	\$ 4,706	\$ 348,746
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>					
Operating Income (Loss)	\$ (102)	\$ 1,028	\$ (46)	\$ 300	\$ 66,685
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Depreciation Expense	347	2	950	-	24,700
Decrease (Increase) in Assets					
Accounts Receivable	-	-	-	-	4,607
Interfund Balances	-	(135)	(12)	-	(2,593)
Inventories	-	-	-	-	(678)
Other Assets	-	-	-	-	1,524
Deferred Outflows	-	(596)	-	-	(2,111)
Increase (Decrease) in Liabilities					
Accounts Payable	-	(15)	(181)	3	(4,856)
Accrued Payroll Expense	-	51	-	-	(52)
Due to Other Governments	-	-	-	-	202
Compensated Absences	-	41	-	-	38
Deferred Inflows	-	1,461	-	-	5,601
Net Pension Liability	-	(1,764)	-	-	(7,342)
Other Accruals	-	-	-	(51)	(136)
Net OPEB Liability	-	(381)	-	-	(2,276)
Total Adjustments	347	(1,336)	757	(48)	16,628
Net Cash Provided (Used) by Operating Activities	\$ 245	\$ (308)	\$ 711	\$ 252	\$ 83,313
<b>Non Cash Investing, Capital and Financing Activities</b>					
Property Leased, Accrued or Acquired	-	-	-	-	504
Contributed Capital Assets	-	-	1,565	-	1,565

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# FIDUCIARY FUNDS

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## **Pension (and Other Employee Benefits) Trusts**

This fund accounts for all of the trust activity occurring in the employees defined benefit pension plan, healthcare and group life insurance other postemployment benefit trusts and defined contribution plans.

## **Private Purpose Trust Funds**

Abandoned Property Fund – This fund accounts for unclaimed property receipts. All holders of property presumed abandoned must report these properties to the Treasurer annually. The Treasurer will honor claims indefinitely.

Revenue on Private Purpose Trusts Fund – This fund accounts for expendable earnings on private purpose trust fund balances.

Lands Reserved Trust Funds – These funds were established to account for revenue derived from the sale of timber from public lands and from appreciation on investments. The income is to be used for school purposes by townships when they become organized towns or plantations.

Permanent School Fund – This fund is comprised of numerous small private purpose trusts, the income from which may be used for specified purposes.

Maine Universal Service Fund – This fund provides universal land-line service to the poor and to otherwise underserved rural areas.

Maine Education Access Fund – This fund provides schools and qualified libraries with resources to provide computer-based and network services.

## **Agency Funds**

Payroll Withholding Fund – This fund accounts for all payroll taxes and deductions withheld to pay the federal government, other State agencies, and payroll vendors.

Private Trusts Fund – This fund is used to account for assets held by the State acting as an agent for patients of State mental health facilities, inmates at State correctional institutions, recipients of State-supported elder and adult services, and child support enforcement services. Also included in this fund are insurance company and unemployment guaranty deposits, and assets held in Courts and Corrections restitution escrow accounts.

Other Agency Funds – These funds account for numerous small agency funds which have been combined for financial reporting purposes.

Treasurer's Agency Fund – This fund accounts for deposits of quasi governmental units placed in the Treasurer's Cash Pool for investment purposes.

**STATE OF MAINE**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**PENSION (AND OTHER EMPLOYEE BENEFIT) TRUSTS**

June 30, 2019  
(Expressed in Thousands)

	<b>State/Teacher Defined Benefit Pension Plan</b>	<b>Judicial Defined Benefit Pension Plan</b>	<b>Legislative Defined Benefit Pension Plan</b>	<b>PLD Consolidated Pension Plan</b>	<b>PLD Agent Pension Plan</b>
<b>Assets</b>					
Cash & Short-Term Investments	\$ 31,329	\$ 335	\$ 60	\$ 5,296	\$ 165
Receivables, Net of Allowance for Uncollectibles:					
Interest and Dividends	1,901	12	2	466	6
Due from Brokers for Securities Sold	25,525	156	28	6,263	79
Due from Primary Government	23,397	-	-	8,132	3
Investments at Fair Value:					
Equity Securities	1,831,346	11,205	2,016	449,356	5,639
Common/Collective Trusts	10,166,410	62,201	11,191	2,494,523	31,306
Securities Lending Collateral	159,274	974	175	39,081	490
Capital Assets - Net of Depreciation	15,404	94	17	3,780	47
Total Assets	<u>12,254,586</u>	<u>74,977</u>	<u>13,489</u>	<u>3,006,897</u>	<u>37,735</u>
<b>Liabilities</b>					
Accounts Payable	5,125	31	6	1,257	16
Obligations Under Securities Lending	159,274	974	175	39,081	490
Other Accrued Liabilities	54,622	335	60	13,403	168
Total Liabilities	<u>219,021</u>	<u>1,340</u>	<u>241</u>	<u>53,741</u>	<u>674</u>
<b>Net Position</b>					
Restricted for Pension and Other Post-Employment Benefits	<u>12,035,565</u>	<u>73,637</u>	<u>13,248</u>	<u>2,953,156</u>	<u>37,061</u>
Total Net Position	<u>\$ 12,035,565</u>	<u>\$ 73,637</u>	<u>\$ 13,248</u>	<u>\$2,953,156</u>	<u>\$ 37,061</u>

<b>Healthcare OPEB</b>	<b>MainePERS OPEB Trust</b>	<b>Group Life Insurance OPEB</b>	<b>Group Life Insurance Retired SETP</b>	<b>Group Life Insurance Retired PLD</b>	<b>Defined Contribution Plans</b>	<b>Total Pension (and Other Employee Benefit) Trusts</b>
\$ -	\$ -	\$ 292	\$ 856	\$ 201	\$ 43	\$ 38,577
-	-	-	-	-	-	2,387
-	-	-	-	-	-	32,051
2,000	-	218	-	148	-	33,898
-	-	-	-	-	-	2,299,562
275,728	13,725	13,663	100,832	16,294	41,424	13,227,297
-	-	-	-	-	-	199,994
-	-	-	-	-	-	19,342
<u>277,728</u>	<u>13,725</u>	<u>14,173</u>	<u>101,688</u>	<u>16,643</u>	<u>41,467</u>	<u>15,853,108</u>
-	-	1	5	1	-	6,442
-	-	-	-	-	-	199,994
<u>25</u>	<u>347</u>	<u>539</u>	<u>1,066</u>	<u>383</u>	<u>42</u>	<u>70,990</u>
<u>25</u>	<u>347</u>	<u>540</u>	<u>1,071</u>	<u>384</u>	<u>42</u>	<u>277,426</u>
<u>277,703</u>	<u>13,378</u>	<u>13,633</u>	<u>100,617</u>	<u>16,259</u>	<u>41,425</u>	<u>15,575,682</u>
<u>\$ 277,703</u>	<u>\$ 13,378</u>	<u>\$ 13,633</u>	<u>\$ 100,617</u>	<u>\$ 16,259</u>	<u>\$ 41,425</u>	<u>\$ 15,575,682</u>

**STATE OF MAINE**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**PENSION (AND OTHER EMPLOYEE BENEFIT) TRUSTS**

Fiscal Year Ended June 30, 2019  
(Expressed in Thousands)

	<b>State/Teacher Defined Benefit Pension Plan</b>	<b>Judicial Defined Benefit Pension Plan</b>	<b>Legislative Defined Benefit Pension Plan</b>	<b>PLD Consolidated Pension Plan</b>	<b>PLD Agent Pension Plan</b>
Additions:					
Contributions:					
Members	\$ 146,019	\$ 620	\$ 221	\$ 54,927	\$ 69
State & Local Agencies	218,531	1,213	45	61,756	639
Other Contributing Entity	132,981	-	-	-	-
Investment Income (Loss):					
Net Increase (Decrease) in the Fair Value of					
Investments	781,928	4,789	859	191,675	2,422
Interest & Dividends	78,799	482	87	19,333	243
Securities Lending Income	908	6	1	223	3
Less Investment Expense:					
Investment Activity Expense	93,284	572	102	22,767	292
Securities Lending Expense	(636)	(4)	-	(156)	(2)
Net Investment Income (Loss)	768,987	4,709	845	188,620	2,378
Total Additions	1,266,518	6,542	1,111	305,303	3,086
Deductions:					
Benefits Paid to Participants or Beneficiaries	832,935	4,022	483	158,671	2,843
Refunds & Withdrawals	19,030	49	124	6,948	202
Administrative Expenses	11,181	68	12	2,707	36
Claims Processing Expense	-	-	-	-	-
Total Deductions	863,146	4,139	619	168,326	3,081
Net Increase (Decrease)	403,372	2,403	492	136,977	5
Net Position:					
Restricted for Pension and Other Post-Employment					
Benefits:					
Beginning of Year	11,632,193	71,234	12,756	2,816,179	37,056
End of Year	\$ 12,035,565	\$ 73,637	\$ 13,248	\$ 2,953,156	\$ 37,061

<u>Healthcare OPEB</u>	<u>MainePERS OPEB Trust</u>	<u>Group Life Insurance OPEB</u>	<u>Group Life Insurance Retired SETP</u>	<u>Group Life Insurance Retired PLD</u>	<u>Defined Contribution Plans</u>	<u>Total Pension (and Other Employee Benefit) Trusts</u>
\$ -	\$ -	\$ 4,245	\$ -	\$ -	\$ 3,712	\$ 209,813
80,612	6	1,232	4,209	1,101	855	370,199
-	-	-	3,547	-	-	136,528
18,928	904	877	6,475	1,047	2,537	1,012,441
-	-	1	9	2	-	98,956
-	-	-	-	-	-	1,141
82	8	8	66	11	48	117,240
-	-	-	-	-	-	(798)
18,846	896	870	6,418	1,038	2,489	996,096
99,458	902	6,347	14,174	2,139	7,056	1,712,636
78,612	313	2,226	6,406	1,462	-	1,087,973
-	-	-	-	-	3,293	29,646
3	-	74	726	120	220	15,147
-	-	69	712	120	79	980
78,615	313	2,369	7,844	1,702	3,592	1,133,746
20,843	589	3,978	6,330	437	3,464	578,890
256,860	12,789	9,655	94,287	15,822	37,961	14,996,792
\$ 277,703	\$ 13,378	\$ 13,633	\$ 100,617	\$ 16,259	\$ 41,425	\$ 15,575,682



**STATE OF MAINE**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**PRIVATE PURPOSE TRUSTS**

June 30, 2019  
(Expressed in Thousands)

	<u>Abandoned Property</u>	<u>Revenue on Private Purpose Trusts</u>	<u>Land Reserve</u>	<u>Permanent School</u>
<b>Assets</b>				
Equity in Treasurer's Cash Pool	\$ 500	\$ 161	\$ -	\$ -
Cash & Short-Term Investments	-	-	-	-
Investments at Fair Value:				
Investments - Other	-	6	17,012	4,317
Other Receivable	-	-	-	-
Due from Other Funds	41,486	-	-	-
Other Assets	<u>3,418</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u><u>45,404</u></u>	<u><u>167</u></u>	<u><u>17,012</u></u>	<u><u>4,317</u></u>
<b>Liabilities</b>				
Accounts Payable	28	-	-	-
Due to Other Funds	<u>3</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u><u>31</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
<b>Net Position Restricted</b>				
Held in Trust for Individuals, Organizations and Other Governments	<u>45,373</u>	<u>167</u>	<u>17,012</u>	<u>4,317</u>
Total Net Position	<u><u>\$ 45,373</u></u>	<u><u>\$ 167</u></u>	<u><u>\$ 17,012</u></u>	<u><u>\$ 4,317</u></u>

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<b>Maine Universal Service Trust</b>	<b>Maine Telecommunications Education Access Trust</b>	<b>Total Private Purpose Trusts</b>
\$ -	\$ -	\$ 661
1,976	457	2,433
-	-	21,335
158	847	1,005
-	-	41,486
-	328	3,746
<u>2,134</u>	<u>1,632</u>	<u>70,666</u>
3	1,212	1,243
-	-	3
<u>3</u>	<u>1,212</u>	<u>1,246</u>
2,131	420	69,420
<u>\$ 2,131</u>	<u>\$ 420</u>	<u>\$ 69,420</u>

**STATE OF MAINE**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**PRIVATE PURPOSE TRUSTS**

Fiscal Year Ended June 30, 2019  
(Expressed in Thousands)

	<u>Abandoned Property</u>	<u>Revenue on Private Purpose Trusts</u>	<u>Land Reserve</u>	<u>Permanent School</u>
<b>Additions:</b>				
Investment Income (Loss):				
Net Increase (Decrease) in the Fair Value of Investments	\$ -	\$ -	\$ 872	\$ 143
Interest & Dividends	169	197	-	-
Net Investment Income (Loss)	169	197	872	143
Miscellaneous Revenues	9,125	-	-	-
Transfer from Other Funds	-	604	-	-
Total Additions	9,294	801	872	143
<b>Deductions:</b>				
Benefits Paid to Participants or Beneficiaries	-	20	-	-
Administrative Expenses	299	-	-	-
Transfer to Other Funds	5,436	660	-	-
Total Deductions	5,735	680	-	-
Net Increase (Decrease)	3,559	121	872	143
<b>Net Position Restricted:</b>				
Held in Trust for Individuals, Organizations and Other Governments:				
Beginning of Year	41,814	46	16,140	4,174
End of Year	\$ 45,373	\$ 167	\$ 17,012	\$ 4,317

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<b>Maine Universal Service Trust</b>	<b>Maine Telecommunications Education Access Trust</b>	<b>Total Private Purpose Trusts</b>
\$ -	\$ -	\$ 1,015
8	1	375
8	1	1,390
8,021	4,214	21,360
-	-	604
8,029	4,215	23,354
8,214	4,059	12,293
36	34	369
-	-	6,096
8,250	4,093	18,758
(221)	122	4,596
2,352	298	64,824
\$ 2,131	\$ 420	\$ 69,420

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**STATE OF MAINE**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**AGENCY FUNDS**

June 30, 2019  
(Expressed in Thousands)

	<u>Payroll Withholding</u>	<u>Private Trusts</u>	<u>Other Agency</u>	<u>Treasurer's Agency</u>	<u>Total Agency Funds</u>
<b>Assets</b>					
Equity in Treasurer's Cash Pool	\$ -	\$ 10,423	\$ 6,213	\$ -	\$ 16,636
Cash & Short-Term Investments	-	27	-	-	27
Restricted Deposits & Investments	-	-	11	-	11
Investments Held on Behalf of Others	-	62,725	-	-	62,725
Other Assets	-	61	-	-	61
Total Assets	<u>\$ -</u>	<u>\$ 73,236</u>	<u>\$ 6,224</u>	<u>\$ -</u>	<u>\$ 79,460</u>
<b>Liabilities</b>					
Accounts Payable	\$ -	\$ 13	\$ 30	\$ -	\$ 43
Agency Liabilities	-	71,130	6,194	-	77,324
Other Accrued Liabilities	-	2,093	-	-	2,093
Total Liabilities	<u>\$ -</u>	<u>\$ 73,236</u>	<u>\$ 6,224</u>	<u>\$ -</u>	<u>\$ 79,460</u>

**STATE OF MAINE**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**

Fiscal Year Ended June 30, 2019  
(Expressed in Thousands)

	<b>Balance, Beginning of Year July 1, 2018</b>			<b>Balance, End of Year June 30, 2019</b>	
	<b>Additions</b>	<b>Deductions</b>			
<b>Payroll Withholding</b>					
Assets					
Cash, Short-term Investments & Equity in Treasurer's Cash Pool	\$ -	\$ 316,650	\$ 316,650	\$ -	
Other Assets	4,544	-	4,544	-	
Total Assets	<u>\$ 4,544</u>	<u>\$ 316,650</u>	<u>\$ 321,194</u>	<u>\$ -</u>	
Liabilities					
Accounts Payable & Other Accrued Liabilities	\$ 55	\$ 774,003	\$ 774,058	\$ -	
Due to Other Funds	4,489	-	4,489	-	
Total Liabilities	<u>\$ 4,544</u>	<u>\$ 774,003</u>	<u>\$ 778,547</u>	<u>\$ -</u>	
<b>Private Trusts</b>					
Assets					
Cash, Short-term Investments & Equity in Treasurer's Cash Pool	\$ 10,966	\$ 7,285	\$ 7,801	\$ 10,450	
Investments Held on Behalf of Others	59,889	22,486	19,650	62,725	
Other Assets	104	-	43	61	
Total Assets	<u>\$ 70,959</u>	<u>\$ 29,771</u>	<u>\$ 27,494</u>	<u>\$ 73,236</u>	
Liabilities					
Accounts Payable & Other Accrued Liabilities	\$ 2,753	\$ 5,274	\$ 5,921	\$ 2,106	
Agency Liabilities	68,206	27,496	24,572	71,130	
Total Liabilities	<u>\$ 70,959</u>	<u>\$ 32,770</u>	<u>\$ 30,493</u>	<u>\$ 73,236</u>	
<b>Other Agency</b>					
Assets					
Cash, Short-term Investments & Equity in Treasurer's Cash Pool	\$ 5,942	\$ 7,147	\$ 6,865	\$ 6,224	
Total Assets	<u>\$ 5,942</u>	<u>\$ 7,147</u>	<u>\$ 6,865</u>	<u>\$ 6,224</u>	
Liabilities					
Accounts Payable & Other Accrued Liabilities	\$ 1	\$ 5,048	\$ 5,019	\$ 30	
Agency Liabilities	5,928	12,265	11,999	6,194	
Due to Other Funds	13	-	13	-	
Total Liabilities	<u>\$ 5,942</u>	<u>\$ 17,313</u>	<u>\$ 17,031</u>	<u>\$ 6,224</u>	
<b>Treasurer's Agency</b>					
Assets					
Cash, Short-term Investments & Equity in Treasurer's Cash Pool	\$ -	\$ 274,893	\$ 274,893	\$ -	
Total Assets	<u>\$ -</u>	<u>\$ 274,893</u>	<u>\$ 274,893</u>	<u>\$ -</u>	
Liabilities					
Agency Liabilities	-	273,423	273,423	-	
Total Liabilities	<u>\$ -</u>	<u>\$ 273,423</u>	<u>\$ 273,423</u>	<u>\$ -</u>	

	<b>Balance, Beginning of Year</b> <b>July 1, 2018</b>			<b>Balance, End of Year</b> <b>June 30, 2019</b>
	<b>Additions</b>	<b>Deductions</b>		
<b>Total All Agency Funds</b>				
Assets				
Cash, Short-term Investments & Equity in Treasurer's Cash Pool	\$ 16,908	\$ 605,975	\$ 606,209	\$ 16,674
Investments Held on Behalf of Others	59,889	22,486	19,650	62,725
Other Assets	4,648	-	4,587	61
Total Assets	<u>\$ 81,445</u>	<u>\$ 628,461</u>	<u>\$ 630,446</u>	<u>\$ 79,460</u>
Liabilities				
Accounts Payable & Other Accrued Liabilities	\$ 2,809	\$ 784,325	\$ 784,998	\$ 2,136
Agency Liabilities	74,134	313,184	309,994	77,324
Due to Other Funds	4,502	-	4,502	-
Total Liabilities	<u>\$ 81,445</u>	<u>\$ 1,097,509</u>	<u>\$ 1,099,494</u>	<u>\$ 79,460</u>





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# NON-MAJOR COMPONENT UNIT FINANCIAL STATEMENTS

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Child Development Services System – maintains a coordinated service delivery system for the provision of Childfind activities, early intervention services, and free, appropriate public education services for eligible children with disabilities.

Efficiency Maine Trust – was established for the purpose of administering programs for energy efficiency and alternative energy resources to help individuals and businesses in Maine meet their energy needs at the lowest cost.

Maine Maritime Academy – is a college specializing in ocean and marine programs at the undergraduate and graduate levels. The operation of the Academy is subject to review by the federal government.

Midcoast Regional Redevelopment Authority – is responsible for acquiring and managing Naval Air Station Brunswick properties in both Brunswick and Topsham and implementing the Reuse Master Plans for each.

Northern New England Passenger Rail Authority – initiates, establishes and maintains regularly scheduled passenger rail service between points within Maine to points within and outside of Maine.

**STATE OF MAINE**  
**COMBINING STATEMENT OF NET POSITION**  
**NON-MAJOR COMPONENT UNITS**

June 30, 2019  
(Expressed in Thousands)

	Child Development Services	Efficiency Maine Trust	Maine Maritime Academy	Midcoast Regional Redevelopment Authority	Northern New England Passenger Rail Authority	Total Non-Major Component Units
<b>Assets</b>						
Current Assets:						
Equity in Treasurer's Cash Pool	\$ -	\$ -	\$ 7	\$ -	\$ -	\$ 7
Cash & Short-Term Investments	5,082	-	7,013	1,438	1,225	14,758
Investments	-	-	13,682	-	-	13,682
Restricted Assets:						
Restricted Deposits & Investments	-	42,722	-	-	-	42,722
Inventories	-	-	694	-	-	694
Receivables, Net of Allowance for Uncollectibles:						
Loans Receivable	-	-	479	618	-	1,097
Other Receivable	-	1,823	700	3,371	11	5,905
Due from Other Governments	-	-	-	-	3,232	3,232
Due from Primary Government	236	-	-	642	66	944
Other Assets	142	112	61	36	53	404
Total Current Assets	5,460	44,657	22,636	6,105	4,587	83,445
Noncurrent Assets:						
Equity in Treasurer's Cash Pool	-	-	2	-	-	2
Restricted Assets	-	-	33,969	-	955	34,924
Investments	-	-	15,054	-	-	15,054
Receivables, Net of Current Portion:						
Loans & Notes Receivable	-	16,131	2,518	-	-	18,649
Other Receivables	-	-	226	-	-	226
Due from Primary Government	-	-	-	-	378	378
Capital Assets - Net of Depreciation	833	19	31,147	127,633	14,803	174,435
Other Non-Current Assets	-	-	1,377	94	-	1,471
Total Non-Current Assets	833	16,150	84,293	127,727	16,136	245,139
Total Assets	6,293	60,807	106,929	133,832	20,723	328,584
<b>Deferred Outflows of Resources</b>	-	-	1,251	-	299	1,550
<b>Liabilities</b>						
Current Liabilities:						
Accounts Payable	3,072	1,926	4,046	2,137	3,303	14,484
Accrued Payroll	1,105	-	-	-	-	1,105
Compensated Absences	459	-	-	57	45	561
Due to Primary Government	-	-	-	1,078	-	1,078
Bonds & Notes Payable	-	-	210	1,822	-	2,032
Unearned Revenue	-	26	450	4	-	480
Other Accrued Liabilities	-	139	455	336	-	930
Total Current Liabilities	4,636	2,091	5,161	5,434	3,348	20,670
Long-Term Liabilities:						
Due to Other Governments	-	-	1,340	-	-	1,340
Bonds & Notes Payable	-	-	304	7,634	-	7,938
Net Pension Liability	-	-	3,411	-	827	4,238
Net Other Post-Employment Benefit Liability	-	-	-	-	450	450
Other Noncurrent Liabilities	81	-	-	-	-	81
Total Long-Term Liabilities	81	-	5,055	7,634	1,277	14,047
Total Liabilities	4,717	2,091	10,216	13,068	4,625	34,717
<b>Deferred Inflows of Resources</b>	-	-	1,677	-	154	1,831
<b>Net Position</b>						
Net Investment in Capital Assets	833	19	30,633	119,577	14,738	165,800
Restricted	743	58,697	40,274	-	1,302	101,016
Unrestricted	-	-	25,380	1,187	203	26,770
Total Net Position	\$ 1,576	\$ 58,716	\$ 96,287	\$ 120,764	\$ 16,243	\$ 293,586

**STATE OF MAINE**  
**COMBINING STATEMENT OF ACTIVITIES**  
**NON-MAJOR COMPONENT UNITS**

Fiscal Year Ended June 30, 2019  
(Expressed in Thousands)

	Child Development Services	Efficiency Maine Trust	Maine Maritime Academy	Midcoast Regional Redevelopment Authority	Northern New England Passenger Rail Authority	Total Non-Major Component Units
<b>General Operations</b>	\$ 38,705	\$ 51,244	\$ 39,418	\$ 10,843	\$ 30,198	\$ 170,408
<b>Program Revenues</b>						
Charges for Services	685	-	24,695	5,487	11,712	42,579
Program Investment Income	43	-	-	-	-	43
Operating Grants & Contributions	42,281	61,884	1,661	108	7,044	112,978
Capital Grants & Contributions	-	-	719	8,885	8,189	17,793
Net Revenue (Expense)	4,304	10,640	(12,343)	3,637	(3,253)	2,985
<b>General Revenues</b>						
Unrestricted Investment Earnings	-	-	3,426	35	24	3,485
Non-program Specific Grants, Contributions & Appropriations	-	-	21,528	3,945	-	25,473
Miscellaneous Revenues	-	-	1,374	181	328	1,883
Gain (Loss) on Assets Held for Sale	-	-	-	66	-	66
Total General Revenues	-	-	26,328	4,227	352	30,907
Change in Net Position	4,304	10,640	13,985	7,864	(2,901)	33,892
Net Position - Beginning of Year	(2,728)	48,076	82,302	112,900	19,144	259,694
Net Position - End of Year	\$ 1,576	\$ 58,716	\$ 96,287	\$ 120,764	\$ 16,243	\$ 293,586



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# STATISTICAL SECTION

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**STATE OF MAINE**  
**STATISTICAL SECTION NARRATIVE AND**  
**TABLE OF CONTENTS**

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This part of the State of Maine's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the State's overall financial health.

**Financial Trends**

These schedules contain trend information to help the reader understand how the State's financial performance and fiscal health have changed over time. Fund perspective schedules are presented for the last ten years. Schedules included are:

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**Fund Perspective**

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**Debt Capacity**

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**Demographic and Economic Information**

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**STATE OF MAINE**  
**NET POSITION BY ACTIVITIES**

Last Ten Fiscal Years  
(Expressed in Thousands)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>Primary Government</b>				
<b>Governmental Activities</b>				
Net Investment in Capital Assets	\$ 3,559,387	\$ 3,580,547	\$ 3,501,237	\$ 3,435,465
Restricted	176,632	134,705	125,429	132,972
Unrestricted	<u>(3,155,124)</u>	<u>(3,491,939)</u>	<u>(3,748,147)</u>	<u>(1,906,492)</u>
Total Governmental Activities Net Position	<u>\$ 580,895</u>	<u>\$ 223,313</u>	<u>\$ (121,481)</u>	<u>\$ 1,661,945</u>
<b>Business-Type Activities</b>				
Net Investment in Capital Assets	\$ 32,690	\$ 33,521	\$ 35,402	\$ 38,658
Restricted	513,319	471,256	429,124	398,342
Unrestricted	<u>(15,719)</u>	<u>(32,080)</u>	<u>(32,750)</u>	<u>(23,819)</u>
Total Business-Type Activities Net Position	<u>\$ 530,290</u>	<u>\$ 472,697</u>	<u>\$ 431,776</u>	<u>\$ 413,181</u>
<b>Total Primary Government</b>				
Net Investment in Capital Assets	\$ 3,592,077	\$ 3,614,068	\$ 3,536,639	\$ 3,474,123
Restricted	689,951	605,961	554,553	531,314
Unrestricted	<u>(3,170,843)</u>	<u>(3,524,019)</u>	<u>(3,780,897)</u>	<u>(1,930,311)</u>
Total Primary Government Activities Net Position	<u>\$ 1,111,185</u>	<u>\$ 696,010</u>	<u>\$ 310,295</u>	<u>\$ 2,075,126</u>

The methodology of calculating infrastructure capital assets changed in 2014.

SOURCE: State of Maine Comprehensive Annual Financial Reporting System. Accrual basis of accounting.

# SCHEDULE 1

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 3,362,340	\$ 3,326,722	\$ 3,262,047	\$ 4,408,377	\$ 4,165,760	\$ 3,945,510
215,520	168,085	403,837	398,122	376,044	383,576
<u>(2,232,749)</u>	<u>(2,616,106)</u>	<u>(464,311)</u>	<u>(514,820)</u>	<u>(324,465)</u>	<u>(346,646)</u>
<u>\$ 1,345,111</u>	<u>\$ 878,701</u>	<u>\$ 3,201,573</u>	<u>\$ 4,291,679</u>	<u>\$ 4,217,339</u>	<u>\$ 3,982,440</u>
\$ 42,658	\$ 44,462	\$ 55,340	\$ 152,763	\$ 146,357	\$ 97,635
366,766	331,799	321,112	295,632	300,287	320,648
<u>(35,942)</u>	<u>(25,148)</u>	<u>2,860</u>	<u>675</u>	<u>(6,623)</u>	<u>(35,010)</u>
<u>\$ 373,482</u>	<u>\$ 351,113</u>	<u>\$ 379,312</u>	<u>\$ 449,070</u>	<u>\$ 440,021</u>	<u>\$ 383,273</u>
\$ 3,404,998	\$ 3,371,184	\$ 3,317,387	\$ 4,561,140	\$ 4,312,117	\$ 4,043,145
582,286	499,884	724,949	693,754	676,331	704,224
<u>(2,268,691)</u>	<u>(2,641,254)</u>	<u>(461,451)</u>	<u>(514,145)</u>	<u>(331,088)</u>	<u>(381,656)</u>
<u>\$ 1,718,593</u>	<u>\$ 1,229,814</u>	<u>\$ 3,580,885</u>	<u>\$ 4,740,749</u>	<u>\$ 4,657,360</u>	<u>\$ 4,365,713</u>

**STATE OF MAINE**  
**CHANGES IN NET POSITION BY ACTIVITIES**

Last Ten Fiscal Years  
(Expressed in Thousands)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>Expenses</b>				
Governmental Activities				
Governmental Support & Operations	\$ 475,715	\$ 432,870	\$ 354,421	\$ 477,351
Arts, Heritage & Cultural Enrichment	12,447	11,821	12,813	10,815
Business Licensing & Regulation	60,616	67,030	66,006	51,207
Economic Development & Workforce Training	168,963	185,166	180,006	169,201
Education	1,845,272	1,774,309	1,804,804	1,614,477
Health & Human Services	4,054,201	3,804,516	3,774,348	3,587,573
Justice & Protection	484,735	433,728	493,427	412,088
Natural Resources Development & Protection	232,368	218,375	236,928	207,610
Transportation, Safety & Development	613,171	627,901	664,921	590,437
Interest Expense	51,140	51,788	38,992	44,822
Total Governmental Activities	<u>7,998,628</u>	<u>7,607,504</u>	<u>7,626,666</u>	<u>7,165,581</u>
Business-Type Activities				
Employment Security	82,683	83,159	96,075	110,912
Alcoholic Beverages	144,600	137,426	131,192	120,373
Lottery	242,619	230,678	214,670	217,556
Transportation	-	-	-	-
Ferry Services	13,632	12,950	12,271	12,782
Military Equipment Maintenance	1,104	10,895	3,858	11,610
Consolidated Emergency Communications	5,950	6,952	6,489	5,530
Other	1,426	1,593	1,821	1,660
Total Business-Type Activities	<u>492,014</u>	<u>483,653</u>	<u>466,376</u>	<u>480,423</u>
Total Primary Government Expenses	<u>\$ 8,490,642</u>	<u>\$ 8,091,157</u>	<u>\$ 8,093,042</u>	<u>\$ 7,646,004</u>
<b>Program Revenues</b>				
Governmental Activities				
Charges for Services				
Governmental Support & Operations	\$ 114,597	\$ 93,862	\$ 90,906	\$ 91,136
Arts, Heritage & Cultural Enrichment	1,131	876	845	890
Business Licensing & Regulation	70,383	81,866	73,430	74,634
Economic Development & Workforce Training	8,625	6,286	8,658	10,934
Education	34,859	36,221	37,278	38,691
Health & Human Services	9,058	13,673	14,687	17,553
Justice & Protection	87,266	86,995	86,744	87,183
Natural Resources Development & Protection	98,042	99,351	93,304	92,054
Transportation, Safety & Development	147,671	145,090	178,018	159,659
Operating Grants and Contributions	<u>3,074,939</u>	<u>3,002,173</u>	<u>2,966,809</u>	<u>2,875,849</u>
Total Governmental Activities Program Revenues	<u>3,646,571</u>	<u>3,566,393</u>	<u>3,550,679</u>	<u>3,448,583</u>
Business-Type Activities				
Employment Security	117,507	116,053	118,207	137,593
Alcoholic Beverages	202,930	189,263	177,184	166,752
Lottery	304,322	293,759	274,902	278,454
Transportation	-	-	-	-
Ferry Services	5,230	5,056	4,599	4,138
Military Equipment Maintenance	2,730	11,228	5,088	6,139
Consolidated Emergency Communications	6,677	6,278	6,406	5,857
Other	1,975	2,047	2,233	2,785
Operating Grants and Contributions	<u>10,921</u>	<u>9,510</u>	<u>8,714</u>	<u>7,948</u>
Total Business-Type Activities Program Revenues	<u>\$ 652,292</u>	<u>\$ 633,194</u>	<u>\$ 597,333</u>	<u>\$ 609,666</u>
<b>Net (expense)/revenue</b>				
Governmental Activities	(4,352,057)	(4,041,111)	(4,075,987)	(3,716,998)
Business-Type Activities	<u>160,278</u>	<u>149,541</u>	<u>130,957</u>	<u>129,243</u>
Total Primary Government Net (Expense)/Revenue	<u>\$ (4,191,779)</u>	<u>\$ (3,891,570)</u>	<u>\$ (3,945,030)</u>	<u>\$ (3,587,755)</u>

# SCHEDULE 2

2015	2014	2013	2012	2011	2010
\$ 357,029	\$ 377,269	\$ 428,001	\$ 456,622	\$ 448,917	\$ 445,972
11,457	11,401	10,538	11,507	11,807	11,761
67,348	73,016	63,406	68,697	69,288	74,243
169,192	175,338	240,485	302,614	374,473	400,166
1,543,947	1,676,908	1,581,556	1,610,095	1,706,305	1,752,041
3,595,418	3,669,552	3,657,573	3,750,402	3,522,341	3,511,572
412,718	410,641	401,656	401,740	415,450	412,263
205,334	208,970	201,979	208,463	204,379	196,780
553,321	524,024	384,852	376,689	371,374	327,536
50,639	47,271	46,541	45,551	43,202	48,594
<u>6,966,403</u>	<u>7,174,390</u>	<u>7,016,587</u>	<u>7,232,380</u>	<u>7,167,536</u>	<u>7,180,928</u>
129,697	159,058	169,334	187,703	203,693	235,301
111,265	19	-	-	-	1
200,457	180,087	176,094	176,837	167,956	166,721
-	-	-	9,310	11,082	8,173
12,338	11,849	12,030	11,458	12,711	10,817
9,342	11,466	36,971	35,058	44,765	45,004
5,818	5,810	5,414	5,841	5,775	6,450
3,015	28,593	57,998	58,523	49,802	54,251
<u>471,932</u>	<u>396,882</u>	<u>457,841</u>	<u>484,730</u>	<u>495,784</u>	<u>526,718</u>
<u>\$ 7,438,335</u>	<u>\$ 7,571,272</u>	<u>\$ 7,474,428</u>	<u>\$ 7,717,110</u>	<u>\$ 7,663,320</u>	<u>\$ 7,707,646</u>
\$ 99,959	\$ 96,712	\$ 89,374	\$ 80,534	\$ 105,851	\$ 106,164
955	1,315	869	1,006	749	1,075
69,790	74,799	69,196	75,633	57,772	71,592
7,863	7,410	7,910	7,175	5,972	6,846
37,016	37,467	26,098	6,897	4,470	7,487
15,988	11,953	18,801	20,018	18,252	11,844
80,028	82,347	83,173	86,583	83,093	88,166
95,922	88,035	93,531	93,991	102,084	95,318
131,936	128,635	119,087	116,995	110,401	103,759
<u>2,817,929</u>	<u>2,831,956</u>	<u>3,047,714</u>	<u>3,160,241</u>	<u>3,355,823</u>	<u>3,525,858</u>
<u>3,357,386</u>	<u>3,360,629</u>	<u>3,555,753</u>	<u>3,649,073</u>	<u>3,844,467</u>	<u>4,018,109</u>
157,623	163,352	188,833	176,645	173,416	127,438
157,369	12,539	12,533	12,532	12,533	12,528
254,883	232,420	229,565	231,015	218,081	219,966
-	-	-	4,692	4,182	1,929
4,831	4,912	4,584	4,695	4,649	4,951
5,315	10,102	35,814	35,104	42,473	49,487
5,405	5,773	5,787	4,566	7,305	6,088
2,119	28,049	66,810	71,675	72,710	66,647
7,383	7,036	7,032	7,823	11,253	44,629
<u>\$ 594,928</u>	<u>\$ 464,183</u>	<u>\$ 550,958</u>	<u>\$ 548,747</u>	<u>\$ 546,602</u>	<u>\$ 533,663</u>
(3,609,017)	(3,813,761)	(3,460,834)	(3,583,307)	(3,323,069)	(3,162,819)
<u>122,996</u>	<u>67,301</u>	<u>93,117</u>	<u>64,017</u>	<u>50,818</u>	<u>6,945</u>
<u>\$ (3,486,021)</u>	<u>\$ (3,746,460)</u>	<u>\$ (3,367,717)</u>	<u>\$ (3,519,290)</u>	<u>\$ (3,272,251)</u>	<u>\$ (3,155,874)</u>

**STATE OF MAINE**  
**CHANGES IN NET POSITION BY ACTIVITIES**

Last Ten Fiscal Years  
(Expressed in Thousands)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental Activities				
Taxes				
Corporate <sup>1</sup>	\$ 262,459	\$ 187,519	\$ 184,599	\$ 108,395
Individual Income	1,712,301	1,628,709	1,579,511	1,534,620
Fuel	253,924	249,927	253,176	245,299
Property	69,902	66,226	62,979	58,450
Sales & Use	1,654,643	1,573,544	1,493,728	1,437,916
Other <sup>1</sup>	398,129	377,966	370,998	382,191
Unrestricted Investment Earnings	46,306	26,621	22,003	7,335
Miscellaneous Income	88,991	99,208	69,515	85,948
Loss on Assets Held for Sale	-	-	-	-
Tobacco Settlement	88,261	67,565	52,267	52,083
Special Items	-	-	-	-
Transfers - Internal Activities	<u>112,833</u>	<u>108,620</u>	<u>93,845</u>	<u>100,879</u>
Total Governmental Activities	<u>4,687,749</u>	<u>4,385,905</u>	<u>4,182,621</u>	<u>4,013,116</u>
Business-Type Activities				
Gain (Loss) on State of Assets	(5,613)	-	-	-
Miscellaneous Income	-	-	-	-
Special Items	15,761	-	895	11,335
Transfers - Internal Activities	<u>(112,833)</u>	<u>(108,620)</u>	<u>(93,845)</u>	<u>(100,879)</u>
Total Business-Type Activities	<u>(102,685)</u>	<u>(108,620)</u>	<u>(92,950)</u>	<u>(89,544)</u>
Total Primary Government	<u><u>4,585,064</u></u>	<u><u>4,277,285</u></u>	<u><u>4,089,671</u></u>	<u><u>3,923,572</u></u>
<b>Change in Net Position</b>				
Governmental Activities	335,692	344,794	106,634	296,118
Business-Type Activities	<u>57,593</u>	<u>40,921</u>	<u>38,007</u>	<u>39,699</u>
Total Primary Government	<u><u>\$ 393,285</u></u>	<u><u>\$ 385,715</u></u>	<u><u>\$ 144,641</u></u>	<u><u>\$ 335,817</u></u>

<sup>1</sup> Realignment of corporate and other taxes occurred in 2014

SOURCE: State of Maine Comprehensive Annual Financial Reporting System. Accrual basis of accounting.

# SCHEDULE 2 (CONTINUED)

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 196,586	\$ 194,770	\$ 294,333	\$ 334,818	\$ 310,693	\$ 282,998
1,553,043	1,399,238	1,508,024	1,459,039	1,455,959	1,297,568
247,900	237,439	235,112	245,815	241,710	240,734
54,276	51,684	49,444	45,902	45,882	46,627
1,351,498	1,257,376	1,140,645	1,113,952	1,097,900	1,066,957
390,185	383,026	313,154	273,062	283,715	258,775
7,826	19,950	10,288	2,543	17,051	12,378
96,578	118,043	100,329	76,360	107,017	92,536
-	(53)	-	-	-	-
48,059	57,749	50,723	51,188	48,554	51,601
28,849	48,861	92,401	-	(36,931)	(11,728)
100,627	193,192	54,916	54,968	(13,016)	37,279
<u>4,075,427</u>	<u>3,961,275</u>	<u>3,849,369</u>	<u>3,657,647</u>	<u>3,558,534</u>	<u>3,375,725</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	(48,861)	(108,288)	-	(7,086)	-
<u>(100,627)</u>	<u>(193,192)</u>	<u>(54,916)</u>	<u>(54,968)</u>	<u>13,016</u>	<u>(37,279)</u>
<u>(100,627)</u>	<u>(242,053)</u>	<u>(163,204)</u>	<u>(54,968)</u>	<u>5,930</u>	<u>(37,279)</u>
<u>3,974,800</u>	<u>3,719,222</u>	<u>3,686,165</u>	<u>3,602,679</u>	<u>3,564,464</u>	<u>3,338,446</u>
466,410	147,514	388,535	74,340	235,465	212,906
22,369	(174,752)	(70,087)	9,049	56,748	(30,334)
<u>\$ 488,779</u>	<u>\$ (27,238)</u>	<u>\$ 318,448</u>	<u>\$ 83,389</u>	<u>\$ 292,213</u>	<u>\$ 182,572</u>

**STATE OF MAINE**  
**FUND BALANCES, GOVERNMENTAL FUNDS**

Last Ten Fiscal Years  
(Expressed in Thousands)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
General Fund				
Nonspendable:				
Permanent Fund Principal	\$ -	\$ -	\$ -	\$ -
Inventories and Prepaid Items	4,086	3,172	3,059	2,665
Restricted	4,113	16,449	14,133	12,865
Committed	234	23,978	10,064	64,959
Assigned	121,907	118,986	87,085	-
Unassigned	<u>237,147</u>	<u>169,674</u>	<u>59,083</u>	<u>(35,155)</u>
Total General Fund	<u>\$ 367,487</u>	<u>\$ 332,259</u>	<u>\$ 173,424</u>	<u>\$ 45,334</u>
All Other Governmental Funds:				
Nonspendable:				
Permanent Fund Principal	\$ 55,886	\$ 30,466	\$ 27,765	\$ 24,402
Inventories and Prepaid Items	3,757	610	622	698
Restricted	793,007	613,348	640,464	621,981
Committed	140,399	101,969	76,629	65,957
Assigned	95,683	49,985	47,111	61,144
Unassigned (Deficit)	<u>-</u>	<u>(52,298)</u>	<u>-</u>	<u>-</u>
Total All Other Governmental Funds:	<u>\$ 1,088,732</u>	<u>\$ 744,080</u>	<u>\$ 792,591</u>	<u>\$ 774,182</u>
Total Governmental Fund Balances	<u>\$ 1,456,219</u>	<u>\$ 1,076,339</u>	<u>\$ 966,015</u>	<u>\$ 819,516</u>
General Fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total General Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
All Other Governmental Funds				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, Reported in:				
Special Revenue Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total All Other Governmental Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Governmental Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SOURCE: State of Maine Comprehensive Annual Financial Reporting System.

Modified accrual basis of accounting

Beginning fiscal year 2011, the fund balance categories were reclassified as a result of implementing GASB Statement No. 54. Fund balance has not been restated for prior years.

# SCHEDULE 3

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4,154	3,807	3,341	2,965	3,846	-
2,425	2,064	3,534	2,989	3,344	-
-	-	-	-	-	-
-	-	-	-	-	-
(80,378)	(221,307)	(151,250)	(355,889)	(243,559)	-
<u>\$ (73,799)</u>	<u>\$ (215,436)</u>	<u>\$ (144,375)</u>	<u>\$ (349,935)</u>	<u>\$ (236,369)</u>	<u>\$ -</u>
\$ 23,162	\$ 21,895	\$ 17,794	\$ 16,328	\$ 14,961	\$ -
932	1,340	1,556	1,563	1,578	-
627,003	548,591	502,108	527,811	493,094	-
51,951	48,381	-	38,436	38,444	-
10,737	15,987	-	12,489	17,149	-
-	-	(132,447)	(2,300)	(4,374)	-
<u>\$ 713,785</u>	<u>\$ 636,194</u>	<u>\$ 389,011</u>	<u>\$ 594,327</u>	<u>\$ 560,852</u>	<u>\$ -</u>
<u>\$ 639,986</u>	<u>\$ 420,758</u>	<u>\$ 244,636</u>	<u>\$ 244,392</u>	<u>\$ 324,483</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 102,770
-	-	-	-	-	(411,018)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (308,248)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 547,669
-	-	-	-	-	67,964
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 615,633</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 307,385</u>



**STATE OF MAINE**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**

Last Ten Fiscal Years  
(Expressed in Thousands)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>Revenues:</b>				
Taxes	\$ 4,337,016	\$ 4,063,124	\$ 3,936,667	\$ 3,813,782
Assessments and Other Revenue	371,332	379,354	364,131	363,183
Federal Grants and Reimbursements	3,074,927	3,002,697	2,966,679	2,876,044
Service Charges	171,263	173,493	211,292	196,785
Investment Income (Loss)	40,172	23,689	20,356	6,458
Miscellaneous Revenue	<u>160,865</u>	<u>155,845</u>	<u>124,553</u>	<u>133,200</u>
Total Revenues	<u>8,155,575</u>	<u>7,798,202</u>	<u>7,623,678</u>	<u>7,389,452</u>
<b>Expenditures</b>				
Current:				
Governmental Support & Operations	435,238	390,122	381,537	340,047
Economic Development & Workforce Training	172,631	188,026	177,669	175,527
Education	1,881,689	1,781,977	1,785,928	1,688,041
Health and Human Services	4,111,228	3,857,080	3,779,950	3,647,770
Business Licensing & Regulation	64,200	69,462	62,709	56,775
Natural Resources Development & Protection	243,148	231,254	227,362	233,834
Justice and Protection	513,167	477,416	472,369	451,792
Arts, Heritage & Cultural Enrichment	12,428	12,063	12,048	11,747
Transportation Safety & Development	558,843	605,339	615,838	602,723
Debt Service:				
Principal Payments	157,395	152,310	144,040	143,165
Interest Payments	48,108	45,696	43,912	42,165
Capital Outlays	<u>108,027</u>	<u>68,468</u>	<u>93,341</u>	<u>58,185</u>
Total Expenditures	<u>8,306,102</u>	<u>7,879,213</u>	<u>7,796,703</u>	<u>7,451,771</u>
Revenue Over (Under) Expenditures	<u>(150,527)</u>	<u>(81,011)</u>	<u>(173,025)</u>	<u>(62,319)</u>
<b>Other Financing Sources (Uses)</b>				
Transfer from Other Funds	414,267	401,501	325,299	321,363
Transfer to Other Funds	(297,461)	(292,284)	(237,327)	(225,927)
COPS and Other	4,631	23,583	48,895	13,259
Proceeds from Component Unit Loan Payable	50,000	-	50,002	-
Bonds Issued	302,640	58,535	116,040	118,895
Refunding Bonds Issued	-	-	24,950	41,115
Premium on Bonds Issued	34,440	-	20,490	16,663
Bonds Defeased	-	-	-	-
Payments to Refunded Bond Escrow Agent	<u>-</u>	<u>-</u>	<u>(28,825)</u>	<u>(43,519)</u>
Net Other Financing Sources (Uses)	<u>508,517</u>	<u>191,335</u>	<u>319,524</u>	<u>241,849</u>
<b>Special Items:</b>				
Transfer of STAR Fund	-	-	-	-
Return of Excess Equity from Retiree Health Insurance Fund	-	-	-	-
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Special Items	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 357,990</u>	<u>\$ 110,324</u>	<u>\$ 146,499</u>	<u>\$ 179,530</u>
Debt Service as a Percentage of Non-Capital Expenditures	2.50 %	2.55 %	2.44 %	2.51 %

SOURCE: State of Maine Comprehensive Annual Financial Reporting System. Modified accrual basis of accounting.

# SCHEDULE 4

2015	2014	2013	2012	2011	2010
\$ 3,756,622	\$ 3,530,357	\$ 3,558,881	\$ 3,469,925	\$ 3,398,030	\$ 3,215,299
353,148	350,758	351,510	331,862	314,447	334,656
2,816,224	2,830,083	3,048,069	3,162,059	3,366,618	3,535,224
173,050	164,461	141,358	147,379	155,491	159,854
7,205	17,767	9,921	1,299	16,250	11,273
142,375	154,219	130,615	127,327	132,411	144,509
7,248,624	7,047,645	7,240,354	7,239,851	7,383,247	7,400,815
332,237	332,180	402,006	408,730	400,580	410,269
169,949	173,868	241,126	301,827	375,234	401,839
1,668,409	1,701,248	1,590,595	1,616,987	1,717,991	1,776,207
3,638,366	3,681,004	3,676,832	3,771,099	3,571,466	3,608,645
70,277	72,020	62,883	65,876	67,700	73,807
209,293	195,526	208,453	204,353	211,168	224,598
444,889	417,896	392,352	383,123	398,911	415,689
11,891	11,154	10,298	10,981	11,544	11,613
540,218	536,995	584,201	566,540	657,528	568,639
144,230	125,325	143,229	134,886	121,995	120,087
42,617	34,820	38,791	40,133	38,131	39,332
66,903	35,227	7,753	25,729	-	-
7,339,279	7,317,263	7,358,519	7,530,264	7,572,248	7,650,725
(90,655)	(269,618)	(118,165)	(290,413)	(189,001)	(249,910)
442,207	426,724	472,313	426,135	395,679	352,719
(340,283)	(379,767)	(399,791)	(365,936)	(332,250)	(309,596)
11,216	77,821	6,371	2,625	5,244	40,520
50,000	183,482	-	58,726	51,710	142,857
105,455	123,000	30,290	82,265	108,135	70,110
-	-	-	-	-	-
11,288	14,175	2,210	6,507	-	-
-	(4,500)	-	-	-	-
-	-	-	-	-	-
279,883	440,935	111,393	210,322	228,518	296,610
-	-	7,016	-	-	-
-	-	-	-	(22,520)	63,115
30,000	59	-	-	-	-
30,000	59	7,016	-	(22,520)	63,115
\$ 219,228	\$ 171,376	\$ 244	\$ (80,091)	\$ 16,997	\$ 109,815
2.58 %	2.21 %	2.56 %	2.40 %	2.19 %	2.17 %

**STATE OF MAINE**  
**CHANGES IN FUND BALANCES**  
**GENERAL FUND**

Last Ten Fiscal Years  
(Expressed in Thousands)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>Revenues:</b>				
Taxes	\$ 3,794,729	\$ 3,529,960	\$ 3,411,497	\$ 3,305,720
Assessments and Other Revenue	99,859	102,271	106,085	105,216
Federal Grants and Reimbursements	1,626	1,638	1,771	1,952
Service Charges	45,517	44,055	45,229	38,984
Investment Income (Loss)	20,051	10,048	5,424	2,439
Miscellaneous Revenue	4,216	1,484	12,547	14,360
Total Revenues	<u>3,965,998</u>	<u>3,689,456</u>	<u>3,582,553</u>	<u>3,468,671</u>
<b>Expenditures</b>				
Current:				
Governmental Support & Operations	300,840	278,502	260,661	230,692
Economic Development & Workforce Training	42,688	41,861	42,379	39,885
Education	1,610,210	1,518,098	1,503,763	1,422,871
Health and Human Services	1,310,680	1,142,645	1,126,330	1,107,675
Business Licensing & Regulation	-	73	-	-
Natural Resources Development & Protection	85,649	79,245	75,445	73,225
Justice and Protection	335,478	338,241	336,267	320,810
Arts, Heritage & Cultural Enrichment	8,223	7,921	7,852	7,623
Transportation Safety & Development	-	-	-	-
Debt Service:				
Principal Payments	94,515	86,075	78,940	80,405
Interest Payments	29,726	26,074	22,547	20,309
Total Expenditures	<u>3,818,009</u>	<u>3,518,735</u>	<u>3,454,184</u>	<u>3,303,495</u>
Revenue Over (Under) Expenditures	<u>147,989</u>	<u>170,721</u>	<u>128,369</u>	<u>165,176</u>
<b>Other Financing Sources (Uses)</b>				
Transfer from Other Funds	87,816	113,151	117,307	91,809
Transfer to Other Funds	(199,860)	(147,142)	(148,822)	(146,996)
Other	1,365	22,105	31,236	9,144
Total Other Financing Sources (Uses)	<u>(110,679)</u>	<u>(11,886)</u>	<u>(279)</u>	<u>(46,043)</u>
<b>Special Items:</b>				
Return of Excess Equity from Retiree Health Insurance Fund	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Special Items	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 37,310</u>	<u>\$ 158,835</u>	<u>\$ 128,090</u>	<u>\$ 119,133</u>
Debt Service as a Percentage of Non-Capital Expenditures	3.34 %	3.28 %	3.03 %	3.13 %

SOURCE: State of Maine Comprehensive Annual Financial Reporting System. Modified accrual basis of accounting.

# SCHEDULE 5

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 3,237,598	\$ 3,027,088	\$ 3,077,321	\$ 2,990,353	\$ 2,926,972	\$ 2,756,435
104,795	97,622	106,086	103,292	107,878	117,119
2,064	1,988	1,726	3,377	11,832	11,047
46,466	50,580	46,281	49,008	46,206	50,852
1,170	716	356	1,413	(54)	567
11,736	23,706	10,467	17,047	15,805	12,284
<u>3,403,829</u>	<u>3,201,700</u>	<u>3,242,237</u>	<u>3,164,490</u>	<u>3,108,639</u>	<u>2,948,304</u>
218,279	219,125	265,160	255,191	238,729	257,093
31,501	32,635	31,922	33,561	34,504	35,646
1,401,594	1,404,149	1,332,688	1,335,736	1,389,383	1,419,891
1,119,182	1,159,000	907,141	1,126,805	933,047	758,808
-	3,797	992	-	-	22
68,870	66,684	64,184	65,332	64,972	67,324
302,133	283,477	258,969	253,226	264,792	270,581
7,358	7,459	6,932	7,117	7,081	7,311
-	-	-	-	7,000	-
84,875	85,735	103,840	98,340	89,835	92,035
19,167	18,163	20,657	21,714	21,425	24,103
<u>3,252,959</u>	<u>3,280,224</u>	<u>2,992,485</u>	<u>3,197,022</u>	<u>3,050,768</u>	<u>2,932,814</u>
<u>150,870</u>	<u>(78,524)</u>	<u>249,752</u>	<u>(32,532)</u>	<u>57,871</u>	<u>15,490</u>
171,771	169,095	181,932	134,722	179,795	106,694
(183,793)	(206,907)	(230,298)	(216,827)	(167,274)	(205,768)
2,789	45,275	4,174	1,071	1,487	382
<u>(9,233)</u>	<u>7,463</u>	<u>(44,192)</u>	<u>(81,034)</u>	<u>14,008</u>	<u>(98,692)</u>
-	-	-	-	-	48,347
-	-	-	-	-	-
-	-	-	-	-	48,347
<u>\$ 141,637</u>	<u>\$ (71,061)</u>	<u>\$ 205,560</u>	<u>\$ (113,566)</u>	<u>\$ 71,879</u>	<u>\$ (34,855)</u>
3.29 %	3.23 %	4.54 %	4.07 %	3.99 %	4.39 %

**STATE OF MAINE  
INDIVIDUAL INCOME TAX  
AND TAX RATES ON TAXABLE INCOME**

Last Ten Calendar Years  
(Expressed in Thousands)

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Individual Income Tax Liability	\$ 1,528,511	\$ 1,459,744	\$ 1,371,026	\$ 1,492,954
Personal Income	65,454,140	62,059,956	58,655,433	56,893,803
Average Effective Tax Rate	2.3 %	2.4 %	2.3 %	2.6 %
Income Bracket	\$0 - \$21,449	\$0 - \$21,099	\$0 - \$21,049	\$0 - \$5,199
Tax Rate	5.8%	5.8%	5.8%	0.0%
Income Bracket	\$21,450 - \$50,749	\$21,100 - \$49,999	\$21,050 - \$37,499	\$5,200 - \$20,899
Tax Rate	6.75%	6.75%	6.75%	6.5%
Income Bracket				
Tax Rate				
Income Bracket	\$50,750 +	\$50,000 +	\$37,500 +	\$20,900+
Tax Rate	7.15%	7.15%	7.15%	7.95%

Individual income tax brackets are indexed for inflation beginning in tax year 2003.  
Inflation adjustments were suspended for tax years 2014 and 2015.

<sup>1</sup> Amounts shown are for single and married filing separate returns.  
For joint filers, approx. double the income amounts, for head of household filers  
multiply the brackets by approx 1.5.

SOURCE: Maine Revenue Services.

# SCHEDULE 6

2014	2013	2012	2011	2010	2009
\$ 1,393,286	\$ 1,311,617	\$ 1,433,654	\$ 1,343,096	\$ 1,310,748	\$ 1,231,328
54,860,182	52,724,616	52,877,607	51,714,022	49,827,077	49,130,870
2.5 %	2.5 %	2.7 %	2.6 %	2.6 %	2.5 %
\$0 - \$5,199	\$0 - \$5,199	\$0 - \$5,099	\$0 - \$4,999	\$0 - \$4,949	\$0 - \$5,049
0.0%	0.0%	2.0%	2.0%	2.0%	2.0%
\$5,200 - \$20,899	\$5,200 - \$20,899	\$5,100 - \$10,149	\$5,000 - \$9,949	\$4,950 - \$9,849	\$5,050 - \$10,049
6.5%	6.5%	4.5%	4.5%	4.5%	4.5%
		\$10,150 - \$20,349	\$9,950 - \$19,949	\$9,850 - \$19,749	\$10,050 - \$20,149
		7.0%	7.0%	7.0%	7.0%
\$20,900+	\$20,900+	\$20,350+	\$19,950+	\$19,750+	\$20,150+
7.95%	7.95%	8.5%	8.5%	8.5%	8.5%



**STATE OF MAINE**  
**INDIVIDUAL INCOME TAX FILERS AND TAX**  
**LIABILITY BY MAINE ADJUSTED GROSS INCOME**

**SCHEDULE 7**

(Tax Liability Expressed in Millions)

Income Level	2018 Tax Year			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
\$0 and below	22,475	3.1 %	\$ (7.53)	(0.5)%
\$1 - \$10,000	94,607	13.1 %	(16.64)	(1.1)%
\$10,001 - \$20,000	96,645	13.3 %	(14.74)	(1.0)%
\$20,001 - \$30,000	95,739	13.2 %	14.72	1.0 %
\$30,001 - \$50,000	142,345	19.7 %	109.48	7.2 %
\$50,001 - \$75,000	99,842	13.8 %	179.53	11.7 %
\$75,001 - \$100,000	59,774	8.2 %	178.85	11.7 %
\$100,001 - \$200,000	79,959	11.0 %	447.31	29.3 %
\$200,001 and higher	33,436	4.6 %	637.53	41.7 %
Total	<u>724,822</u>	<u>100.0 %</u>	<u>\$ 1,528.51</u>	<u>100.0 %</u>

(Tax Liability Expressed in Millions)

Income Level	2009 Tax Year			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
\$0 and below	11,063	1.7 %	\$ 0.38	- %
\$1 - \$10,000	100,225	15.7 %	0.68	0.1 %
\$10,001 - \$20,000	104,876	16.5 %	11.21	0.9 %
\$20,001 - \$30,000	94,187	14.8 %	41.19	3.3 %
\$30,001 - \$50,000	124,628	19.6 %	143.89	11.7 %
\$50,001 - \$75,000	89,658	14.1 %	213.37	17.3 %
\$75,001 - \$100,000	48,951	7.7 %	192.86	15.7 %
\$100,001 - \$200,000	47,718	7.5 %	318.77	25.9 %
\$200,001 and higher	15,583	2.4 %	308.98	25.1 %
Total	<u>636,889</u>	<u>100.0 %</u>	<u>\$ 1,231.33</u>	<u>100.0 %</u>

SOURCE: Maine Revenue Services.



**STATE OF MAINE**  
**TAXABLE SALES AND SALES TAX RATES**

Last Ten Calendar Years  
(Expressed in Thousands)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Business Operating	\$ 2,552,155	\$ 2,342,886	\$ 2,278,205	\$ 2,274,758
Building Supply	2,860,548	2,682,564	2,527,689	2,389,625
Food Store	2,409,798	2,321,863	2,244,009	1,791,703
General Merchandise	3,573,657	3,657,373	3,428,111	3,210,403
Other Retail	2,980,164	2,573,748	2,503,954	2,308,153
Auto/Transportation	5,176,989	4,912,964	4,728,135	4,552,275
Restaurant/Lodging	3,989,954	3,793,014	3,617,473	3,367,607
Total	<u>\$ 23,543,265</u>	<u>\$ 22,284,412</u>	<u>\$ 21,327,576</u>	<u>\$ 19,894,524</u>
Sales and Use Tax Rates:				
General Sales & Use	5.5 %	5.5 %	5.5 %	5.5 %
Lodging	9.0 %	9.0 %	9.0 %	8.0 %
Prepared Food	8.0 %	8.0 %	8.0 %	8.0 %
Short-term Auto Rental	10.0 %	10.0 %	10.0 %	10.0 %

Effective October 1, 2013: (1) general sales and use tax increased to 5.5% (2) 7% rate on meals and lodging increased to 8%.

**Tax rates.** The current general sales tax rate of 5.5% remains in place, as does the current 8% rate on lodging, meals and liquor and the 10% rate on short-term automobile rentals. The tax rate on lodging increases from 8% to 9% on January 1, 2016. 36 M.R.S.A. §§ 1811; LD 1019, PL 2015, c. 267, Pt. OOOO, § 5.

SOURCE: Maine Revenue Services.

# SCHEDULE 8

<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
\$ 2,205,300	\$ 2,144,569	\$ 2,071,027	\$ 2,013,955	\$ 1,918,061	\$ 1,847,283
2,275,309	2,184,879	2,062,162	2,080,002	1,952,148	1,935,346
1,724,835	1,654,251	1,624,714	1,575,567	1,549,563	1,524,577
3,153,868	3,107,412	3,086,232	3,027,034	3,035,792	2,961,966
2,216,658	2,169,047	2,105,616	2,094,362	2,018,804	1,956,601
4,211,761	3,947,689	3,665,555	3,482,008	3,301,937	3,238,984
3,185,843	3,040,446	2,927,667	2,762,278	2,673,050	2,549,563
<u>\$ 18,973,574</u>	<u>\$ 18,248,293</u>	<u>\$ 17,542,973</u>	<u>\$ 17,035,206</u>	<u>\$ 16,449,355</u>	<u>\$ 16,014,320</u>

5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %
7.0 %	7.0 %	7.0 %	7.0 %	7.0 %	7.0 %
7.0 %	7.0 %	7.0 %	7.0 %	7.0 %	7.0 %
10.0 %	10.0 %	10.0 %	10.0 %	10.0 %	10.0 %



**STATE OF MAINE**  
**CALCULATION OF LEGAL DEBT MARGIN**

**SCHEDULE 9**

For the Ten Years Ended June 30, 2019  
(Expressed in Thousands)

Pursuant to Article IX, Section 14 of the Maine Constitution, the Legislature shall not create any debt or debts on behalf of the State, which shall exceed \$2,000,000 in the aggregate, except to suppress insurrection, to repel invasion, or for purposes of war, and except for temporary loans to be paid out of money raised by taxation during the fiscal year in which they are made. Whenever 2/3 of both Houses shall deem it necessary, by proper enactment ratified by a majority of the electors voting thereon at a general or special election, the Legislature may authorize the issuance of bonds on behalf of the State as approved by such action. Temporary loans to be paid out of moneys raised by taxation during any fiscal year shall not exceed in the aggregate during the fiscal year in question an amount greater than 10 percent of all the moneys appropriated, authorized and allocated by the Legislature from undedicated revenues to the General Fund and dedicated revenues to the Highway Fund for that fiscal year, exclusive of proceeds or expenditures from the sale of bonds, or greater than 1 percent of the total valuation of the State of Maine, whichever is the lesser.

There were no temporary loans outstanding at June 30, for the years presented below, which were subject to the Constitutional limitations.\*

All other general long-term bonds outstanding at June 30, for the years presented below, were issued pursuant to properly ratified legislation.

Calculations of temporary loans made during the year, yet paid back prior to year end are:

(Expressed in Thousands)

<b>Fiscal Year</b>	<b>Temporary Loans Outstanding During the Year*</b>	<b>Total Governmental Funds Revenue</b>	<b>% of Total Governmental Funds Revenue</b>	<b>10% of Total Governmental Funds Revenue Limit Amount</b>	<b>Total Valuation</b>	<b>% of Total Valuation</b>	<b>1% of Total Valuation Limit Amount</b>
2019	\$ 82,500	\$ 8,130,497	1.01 %	\$ 813,050	\$ 176,176,000	0.05 %	\$ 1,761,760
2018	\$ 54,500	\$ 7,709,591	0.71 %	\$ 770,959	\$ 169,799,900	0.03 %	\$ 1,697,999
2017	\$ 36,600	\$ 7,497,108	0.49 %	\$ 749,711	\$ 165,485,750	0.02 %	\$ 1,654,858
2016	\$ 37,185	\$ 7,287,606	0.51 %	\$ 728,761	\$ 162,950,100	0.02 %	\$ 1,629,501
2015	\$ 38,150	\$ 7,103,637	0.54 %	\$ 710,364	\$ 159,770,050	0.02 %	\$ 1,597,701
2014	\$ 65,000	\$ 7,315,155	0.89 %	\$ 731,516	\$ 158,661,600	0.04 %	\$ 1,586,616
2013	\$ -	\$ 6,959,426	0.00 %	\$ 695,943	\$ 160,011,900	0.00 %	\$ 1,600,119
2012	\$ -	\$ 6,947,865	0.00 %	\$ 694,787	\$ 163,424,200	0.00 %	\$ 1,634,242
2011	\$ 68,455	\$ 7,190,530	0.95 %	\$ 719,053	\$ 166,990,700	0.04 %	\$ 1,669,907
2010	\$ 41,245	\$ 7,083,733	0.58 %	\$ 708,373	\$ 170,336,350	0.02 %	\$ 1,703,364

**STATE OF MAINE**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**

Last Ten Fiscal Years  
(Expressed in Thousands, Except Per Capita)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>Governmental Activities Debt</b>				
General Obligation Bonds	\$ 603,778	\$ 407,746	\$ 496,132	\$ 464,444
MGFA Revenue Bonds	236,699	209,155	171,870	172,373
COPS and Other Financing Arrangements	51,269	72,368	74,537	69,565
Obligations Under Capital Leases	58,577	56,518	34,276	36,679
Loans Payable to Component Unit <sup>1</sup>	375,163	378,264	428,713	425,199
Total Governmental Activities Debt	<u>1,325,486</u>	<u>1,124,051</u>	<u>1,205,528</u>	<u>1,168,260</u>
<b>Total Business-Type Activities Debt</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Primary Government Debt</b>	<u>\$ 1,325,486</u>	<u>\$ 1,124,051</u>	<u>\$ 1,205,528</u>	<u>\$ 1,168,260</u>
 <b>Debt Ratios</b>				
Ratio of Total Debt to Personal Income <sup>2</sup>	2.0 %	1.8 %	2.0 %	2.0 %
Per Capita <sup>3</sup>	\$ 989	\$ 839	\$ 904	\$ 879
 <b>Net General Obligation Bonded Debt</b>				
Gross Bonded Debt	\$ 840,477	\$ 616,901	\$ 668,002	\$ 636,817
Less: Debt Service Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Bonded Debt	<u>\$ 840,477</u>	<u>\$ 616,901</u>	<u>\$ 668,002</u>	<u>\$ 636,817</u>
 Ratio of Net Bonded Debt to Estimated Property Value <sup>4</sup>	0.5 %	0.4 %	0.4 %	0.4 %
Per Capita <sup>3</sup>	\$ 627	\$ 461	\$ 501	\$ 479

<sup>1</sup> Federal and other revenue streams associated with qualified transportation projects are pledged as security for GARVEE and TransCap bonds. These pledged future revenues offset the unspent proceeds of the bond received by a component unit. Profit from the Alcoholic Beverages Enterprise Fund are pledged as security for the Liquor bonds. See Schedule 11.

<sup>2</sup> Personal income data can be found in Schedule 12.

<sup>3</sup> Population data can be found on Schedule 12.

<sup>4</sup> Estimated property value can be found on Schedule 9.

# SCHEDULE 10

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 430,947	\$ 399,190	\$ 369,725	\$ 472,055	\$ 520,230	\$ 500,100
170,870	187,175	199,910	187,865	172,150	189,080
88,696	106,810	47,938	52,097	71,830	76,291
40,533	35,215	34,741	29,778	33,690	33,329
477,188	472,976	304,045	328,131	290,919	258,394
<u>1,208,234</u>	<u>1,201,366</u>	<u>956,359</u>	<u>1,069,926</u>	<u>1,088,819</u>	<u>1,057,194</u>
-	-	-	-	-	-
<u>\$ 1,208,234</u>	<u>\$ 1,201,366</u>	<u>\$ 956,359</u>	<u>\$ 1,069,926</u>	<u>\$ 1,088,819</u>	<u>\$ 1,057,194</u>
2.2 %	2.2 %	1.8 %	2.0 %	2.1 %	2.1 %
\$ 908	\$ 904	\$ 720	\$ 805	\$ 819	\$ 796
\$ 601,817	\$ 586,365	\$ 569,635	\$ 659,920	\$ 692,380	\$ 689,180
-	-	-	-	-	-
<u>\$ 601,817</u>	<u>\$ 586,365</u>	<u>\$ 569,635</u>	<u>\$ 659,920</u>	<u>\$ 692,380</u>	<u>\$ 689,180</u>
0.4 %	0.4 %	0.4 %	0.4 %	0.4 %	0.4 %
\$ 452	\$ 441	\$ 429	\$ 497	\$ 521	\$ 519

**STATE OF MAINE**  
**PLEDGED FUTURE REVENUE COVERAGE**

Last Ten Fiscal Years  
(Expressed in Thousands)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>Grant Anticipation Revenue Vehicle (GARVEE) Bonds<sup>1</sup></b>				
Federal Aid Revenues	\$ 208,546	\$ 201,593	\$ 217,501	\$ 216,915
Annual Debt Service	\$ 20,850	\$ 19,611	\$ 15,942	\$ 20,143
Debt Service Coverage	10.00 %	9.73 %	7.33 %	9.29 %

The State has committed to appropriate each year a portion of the State's future federal transportation funds, in amounts sufficient to cover the principal and interest requirements of Maine Municipal Bond Bank's debt for these bonds. The State's receipt of these funds is subject to continuing federal appropriations.

**Transportation Infrastructure Revenue (TRANSCAP) Bonds<sup>2</sup>**

Pledged Revenue Stream	\$ 41,490	\$ 40,843	\$ 40,388	\$ 39,634
Annual Debt Service	\$ 20,076	\$ 20,074	\$ 20,072	\$ 19,789
Debt Service Coverage	48.39 %	49.15 %	49.70 %	49.93 %

SOURCE: Department of Transportation.

The State has committed the profit of the Alcoholic Beverages Enterprise Fund as pledged revenue until such time as the bond liability is paid in full, pursuant to 28-A MRSA § 90. In FY 2014 only interest payments were due.

**Liquor Revenue Bonds<sup>3</sup>**

Pledged Revenue Stream	\$ 56,067	\$ 51,675	\$ 47,307	\$ 44,400
Annual Debt Service	\$ 26,839	\$ 26,790	\$ 26,801	\$ 26,812
Debt Service Coverage	47.87 %	51.84 %	56.65 %	60.39 %

<sup>1</sup> Based on Federal Fiscal Year End

<sup>2</sup> Based on State Fiscal Year End

<sup>3</sup> The profit from the Alcoholic Beverages Enterprise Fund began being deposited 7/1/15.

# SCHEDULE 11

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 195,830	\$ 210,870	\$ 223,076	\$ 206,952	\$ 186,326	\$ 150,868
\$ 16,416	\$ 15,951	\$ 15,921	\$ 15,100	\$ 11,191	\$ 10,650
8.38 %	7.56 %	7.14 %	7.30 %	6.01 %	7.06 %
\$ 38,866	\$ 38,340	\$ 40,154	\$ 38,171	\$ 38,136	\$ 38,124
\$ 20,273	\$ 20,268	\$ 20,268	\$ 17,467	\$ 16,951	\$ 7,567
52.16 %	52.86 %	50.48 %	45.76 %	44.45 %	19.85 %
\$ 44,094	\$ -				
\$ 26,823	\$ 5,306				
60.83 %	- %				



**STATE OF MAINE**  
**DEMOGRAPHIC INFORMATION**

Last Ten Fiscal Years

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>Maine</b>				
Population (in thousands) <sup>1</sup>	1,341	1,341	1,333	1,329
Total Personal Income (in millions) <sup>1</sup>	66,962	63,375	59,396	57,990
Per Capita Personal Income <sup>2</sup>	49,930	47,269	44,558	43,638
Unemployment Rate <sup>3</sup>	3.2 %	2.9 %	3.5 %	3.7 %
<b>United States</b>				
Population (in thousands) <sup>1</sup>	328,898	327,734	325,059	322,704
Total Personal Income (in millions) <sup>1</sup>	18,236,377	17,189,635	16,353,217	15,725,128
Per Capita Personal Income <sup>2</sup>	55,477	52,450	50,308	48,729
Unemployment Rate <sup>3</sup>	3.7 %	4.0 %	4.4 %	4.9 %

<sup>1</sup> FY19, FY18, FY17, FY16 and FY15's source is the preliminary average of the last 4 quarters reported in the Quarterly Personal Income Summary last updated September 2019, September 2018, September 2017, February 2016 or September 2015, respectively. FY13 - FY10 source is SA1 Personal Income Summary: Personal Income, Population, Per Capita Personal Income use state population estimates released in December, 2013, while 2014 estimates reflect the December 2014 release.

<sup>2</sup> Calculation total personal income/population

<sup>3</sup> Local Area Unemployment Statistics Information and Analysis, Bureau of Labor Statistics, U.S. Department of Labor.

# SCHEDULE 12

<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
1,331	1,330	1,328	1,329	1,328	1,328
54,926	55,958	54,359	52,958	51,524	49,395
41,273	42,074	40,933	39,848	38,798	37,195
4.7 %	5.5 %	6.8 %	7.5 %	7.8 %	8.0 %
320,064	318,857	316,129	313,875	311,583	309,326
14,991,944	14,708,582	14,151,427	13,873,161	13,189,935	12,417,659
46,840	46,129	44,765	44,200	42,332	40,144
5.3 %	6.1 %	7.6 %	8.2 %	8.9 %	9.5 %



**STATE OF MAINE**  
**PRINCIPAL EMPLOYERS - TOP 10**  
**NOT SEASONALLY ADJUSTED**

**SCHEDULE 13**

Current Year and Ten Years Ago

Employer	2019						2010			
	Range of Employees		Rank	Percentage of Total Employment			Average Number of Employees	Rank	Percentage of Total Employment	
MaineHealth	18,001	-	18,500	<b>1</b>	2.7	%	-	-	-	%
Maine State Government	13,501	-	14,000	<b>2</b>	2.0	%	15,500	<b>1</b>	2.6	%
Hannaford Brothers Co.	8,001	-	8,500	<b>3</b>	1.2	%	7,750	<b>2</b>	1.3	%
Department of Defense	8,001	-	8,500	<b>4</b>	1.2	%	6,750	<b>4</b>	1.1	%
Wal Mart/Sam's Club	6,501	-	7,000	<b>5</b>	1.0	%	7,250	<b>3</b>	1.2	%
Bath Iron Works Corporation	5,501	-	6,000	<b>6</b>	0.9	%	5,250	<b>6</b>	0.9	%
L L Bean, Inc	4,001	-	4,500	<b>7</b>	0.6	%	4,250	<b>7</b>	0.7	%
Eastern Maine Medical Center	4,001	-	4,500	<b>8</b>	0.6	%	3,750	<b>9</b>	0.6	%
MaineGeneral Medical Center	3,001	-	3,500	<b>9</b>	0.5	%	-	-	-	%
US Post Office	3,001	-	3,500	<b>10</b>	0.5	%	3,750	<b>8</b>	0.6	%
Maine Medical Center	-	-	-	-	-	%	5,750	<b>5</b>	1.0	%
University of Maine at Orono	-	-	-	-	-	%	3,250	<b>10</b>	0.5	%
Total	<u>73,510</u>		<u>78,500</u>		<u>11.2</u>	<u>%</u>	<u>63,250</u>		<u>10.5</u>	<u>%</u>

Source: Maine Department of Labor, Center for Workforce Research and Information

Note: Percentage of total state employment is based on the midpoints in the ranges given.

**STATE OF MAINE**  
**SCHEDULE OF STATE GOVERNMENT FULL TIME**  
**EQUIVALENT EMPLOYEES BY POLICY AREA**

Last Ten Fiscal Years

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Arts, Heritage & Cultural Enrichment	89.7	89.7	91.6	91.6
Business Licensing & Regulation	392.8	395.0	394.5	394.5
Economic Development & Workforce Training	544.5	563.5	585.0	584.0
Education	198.5	196.5	191.3	191.3
Governmental Support & Operations	2,094.1	2,084.1	2,102.9	2,099.9
Health and Human Services	3,225.9	3,202.9	3,440.9	3,440.9
Justice and Protection	2,952.9	2,998.9	2,999.8	2,999.8
Natural Resources Development & Protection	1,403.9	1,406.7	1,421.8	1,421.3
Transportation Safety & Development	2,046.3	2,046.3	2,047.3	2,047.3
Total Full Time Equivalents	<u>12,948.6</u>	<u>12,983.6</u>	<u>13,275.1</u>	<u>13,270.6</u>

SOURCE: Maine Bureau of Budget

The information in this schedule is based on budgeted numbers. Actual numbers may differ.

**SCHEDULE 14**

<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
89.1	89.6	89.6	90.3	92.1	94.1
389.0	389.0	395.0	395.6	406.0	413.0
581.5	557.5	558.5	555.0	593.6	594.6
193.5	192.5	190.6	185.6	194.3	195.3
2,100.1	2,106.1	2,128.4	2,162.4	2,214.3	2,217.8
3,494.2	3,475.4	3,468.4	3,477.4	3,645.1	3,718.1
2,962.8	2,959.3	2,960.3	2,969.8	2,986.6	2,988.6
1,447.8	1,448.8	1,461.0	1,446.4	1,481.8	1,490.9
2,046.9	2,045.8	2,072.4	2,072.4	2,123.2	2,123.2
<u>13,304.9</u>	<u>13,264.0</u>	<u>13,324.2</u>	<u>13,354.9</u>	<u>13,737.0</u>	<u>13,835.6</u>

**STATE OF MAINE**  
**OPERATING INDICATORS AND CAPITAL INFORMATION**

Last Ten Fiscal Years

Operating Indicators by Function:	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Education				
Students enrolled in the free/reduced lunch program <sup>4</sup>	81,838	82,900	85,080	86,746
Economic Development & Workforce Training				
Unemployed persons	23,216	21,407	24,648	26,220
Governmental Support & Operations				
Return on investments	2.15 %	1.31 %	0.85 %	0.52 %
Lottery tickets sales, in millions	299	294	266	272
Health and Human Services				
Percentage of population enrolled in MaineCare <sup>1</sup>	20 %	20 %	20 %	21 %
Number of TANF cases <sup>2</sup>	3,995	4,308	4,630	5,401
Number of members served by Dirigo Health	-	-	-	-
Justice and Protection				
Average number of adult inmates	2,332	2,586	2,310	2,189
Average number of juvenile inmates	52	75	88	95
Number of guard troops	2,981	3,072	3,088	3,145
Number of cases tried in the court system	177,768	198,199	192,527	204,330
Natural Resources and Development				
Number of park passes purchased <sup>3</sup>	14,621	14,853	19,722	16,881
Number of visitors to State parks	2,997,931	2,698,907	2,876,190	2,626,416
Number of hunting and fishing licenses sold <sup>3</sup>	559,411	558,820	564,863	557,123
Transportation Safety & Development				
Number of construction projects	411	351	323	197

<sup>1</sup> Based on the average enrollees over the fiscal year.

<sup>2</sup> Based on the average number of cases over the fiscal year.

<sup>3</sup> As of December.

<sup>4</sup> As of October of the school year.

# SCHEDULE 15

2015	2014	2013	2012	2011	2010
85,794	86,500	85,731	84,717	83,625	82,372
32,809	39,300	48,500	52,900	52,500	54,200
0.33 % 253	0.28 % 230	0.29 % 228	0.35 % 228	0.24 % 216	0.59 % 217
22 % 5,401 -	24 % 7,617 40,565	26 % 9,342 40,388	26 % 13,260 38,070	26 % 14,151 35,105	27 % 13,686 31,323
2,091 157 3,285 216,460	2,089 144 3,236 229,365	2,016 155 3,169 237,596	2,043 170 3,124 242,710	2,124 186 3,065 260,171	2,167 195 3,070 285,567
16,734 2,539,754 545,359	14,039 2,553,638 529,615	12,498 2,519,849 516,442	12,117 2,648,484 497,712	11,288 2,528,900 503,487	11,443 2,443,640 503,425
121	227	218	194	238	173



**STATE OF MAINE**  
**CAPITAL ASSETS BY FUNCTION**

Fiscal Years Ended June 30

Capital Assets by Function:	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Governmental Support & Operations				
Vehicles controlled by Central Fleet Management	2,089	2,229	2,208	2,158
Health and Human Services				
Number of regional offices	16	16	16	16
Justice and Protection				
Number of correctional facilities	5	5	7	8
Number of armories and AFR's	15	15	14	18
Number of State police barracks	8	8	8	8
Number of vehicles in Public Safety	579	524	614	541
Natural Resources and Development				
Total acreage of State parks	86,102	85,680	85,680	85,680
Number of State park buildings	585	585	585	562
Transportation Safety & Development				
Number of DOT vehicles and equipment	1,307	1,448	1,233	1,229
Number of regional DOT active buildings	548	553	570	555

**SCHEDULE 16**

<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
2,096	2,114	2,116	2,037	1,922	1,977
16	16	16	17	18	18
8	8	8	9	9	9
21	21	21	18	16	16
8	8	8	8	8	8
575	487	420	439	504	515
85,680	98,831	98,832	97,948	97,942	97,387
563	569	567	556	553	552
1,226	1,219	1,188	1,457	1,193	1,308
575	568	564	564	577	587

