

MAINE STATE LEGISLATURE

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STATE OF MAINE *BUDGETARY FINANCIAL REPORT*

FISCAL YEAR ENDED JUNE 30, 1996

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Front Cover:

With the passing of Labor Day, Down East days grow noticeably shorter and nights grow somewhat cooler, but that simply heralds the onslaught of Maine's foliage season. Almost miraculously mile after mile of green trees turn sparkling red, flaming orange and buttery yellow. Maine's countryside is set ablaze in a majestic display of natural brilliance that attracts visitors from across the country and around the world.

Foliage season in Maine begins during the first week in September along the Canadian border and concludes during the latter part of October as South Coast trees reach their peak. Fall visitors take more time to discover Maine's back roads, fine restaurants, and out-of-the-way country inns than they do at any other times of the year, and during that colorful seven week period, hundreds of motor coaches bring thousands of group tour visitors to Maine. An essential portion of Maine's tourism business, group tours now account for \$150 million a year in sales revenues and Maine ranks 25th in the nation for group business. During the same time period, cruise ships such as the QE2 make for Portland, Bar Harbor and Camden on a regular basis. Thousands of cruise ship passengers disembark to take day trips to Acadia National Park, the Camden Hills and waterfront and to discover the joys of Kennebunkport, the Old Port and Freeport.

Autumn in Maine! What a glorious time of year.

Photograph by Bruce Carver
e-mail: bcarver@gwi.net

This State of Maine Comprehensive Annual Financial Report
can be made available in alternative formats upon request, to
ensure that it is accessible to people with disabilities.

This notice is provided as required by Title II of the
Americans with Disabilities Act of 1990.

STATE OF MAINE

BUDGETARY FINANCIAL REPORT

For the Fiscal Year Ended June 30, 1996



MAINE STATE LOGO & MOTTO
"DIRIGO" = "I LEAD"

ANGUS S. KING, JR., GOVERNOR

Janet E. Waldron, Commissioner
Carol F. Whitney, State Controller
Department of Administrative & Financial Services

Prepared by the Office of the State Controller

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I N T R O D U C T O R Y S E C T I O N

BLAINE HOUSE

(Pictured on Left)

Built in 1833 for Captain James Hall, the Blaine House was later occupied and enlarged by James G. Blaine, whose brilliant political career nearly brought him the Presidency, as the Republican candidate running against Grover Cleveland in 1884. The house was given to the State of Maine in 1919, at which time it was remodeled by architect John Calvin Stevens and its grounds by the Olmsted Brothers landscape architectural firm. Since then it has been home to nineteen first families.

**At the Blaine House
with the Governor
and First Lady
of Maine**



Kevin Brusie, Photographer
144 Fore Street, Portland, ME 04101

STATE OF MAINE

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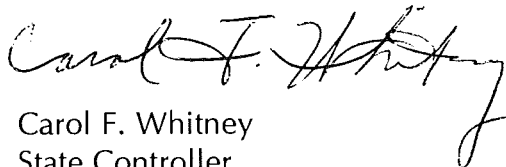
To the Citizens, Governor and Members of the Legislature of the State of Maine:

We are pleased to present the Budgetary Financial Report for the State of Maine for the fiscal year ended June 30, 1996. This report is prepared on a budgetary basis by the Bureau of Accounts and Control staff within the Department of Administrative and Financial Services. We believe that the information presented is accurate in all material respects and fairly represents the results of operations of the State.

This Budgetary Financial Report is presented in three sections: Introductory, Financial, and Statistical. The Introductory Section includes the State's organizational chart, certain financial highlights and initiatives. The Financial Section includes the financial statements and the combining statements and schedules prepared on a budgetary basis. The Statistical Section includes fiscal, social, and demographic information about the State.

The preparation of this Budgetary Financial Report was made possible by the dedicated service of the staff within the Bureau of Accounts and Control and the support of other State agencies.

Sincerely,


Carol F. Whitney
State Controller


Victor E. Fleury
Deputy State Controller

PLUS 1 CAMPAIGN

On January 23, 1996, Governor Angus S. King, Jr.'s State of the State address featured **"Plus 1: A Small Business Campaign for Maine."** There are approximately 36,000 unemployed workers in Maine and over 33,000 businesses that employ less than 20 people. **"If each of our small businesses adds just one new employee, the net result would be full employment."** The **Plus 1** Campaign seeks to facilitate small business development by removing barriers that inhibit small business growth and by helping small businesses capitalize on the numerous opportunities available to them within a rapidly changing, global economy.

The following recommendations were the product of a working group of small businesses and organizations that serve and/or represent small businesses, which was convened by Governor King to generate and prioritize ideas for small business development.

KEY: X = implemented O = in progress

(As of June 30, 1996)

BLAINE HOUSE CONFERENCES ON SMALL BUSINESS:

- X A statewide **Blaine House Conference on Small Business** was held at the Augusta Civic Center on May 30, 1996. Over 1,100 people attended.
- X Eight **Governor's Regional Conferences on Small Business** are planned for the fall of 1996 at geographically diverse sites. Total projected attendance is 1,600.

TECHNOLOGY

- O The State Planning Office is developing recommendations for a **state telecommunications policy**, which will address, among other things, the issue of in-state toll rates. Report due late January 1997.
- O The Bureau of Taxation and the Department of Labor have begun to provide on-line information, services, and forms, **making State Government more user-friendly**. Both agencies have homepages on the World Wide Web. Taxation's home page includes sales and use tax bulletins, a monthly newsletter for tax professionals, and e-mail links to forms ordering. Labor's home page includes unemployment tax liability, independent contractor and labor market information, allowing users to download registration for Unemployment Compensation.
- X **Financing packages for hardware and software acquisition**, known as the Plus 1 Computer Loan Program, was announced by Governor King at a May 1996 press conference. Over forty Maine banks are participating in the program, with the Finance Authority of Maine providing Rapid Response Guarantees when necessary.

INTERNATIONAL TRADE

- X The **Maine International Trade Center** is scheduled to open in Portland during the fall/winter 1996. Legislation "to consolidate and improve delivery of international trade services" was enacted by the Legislature and signed into law by Governor King (Public Law 1995, Chapter 648).
- O The **Maine TradeNet** has been awarded a federal grant to develop an "International Trading Network to Aid Maine's Small Wood Products Exports." Nine partnering organizations are providing cash and in-kind support for the project.

Department of Environmental Protection Five Point Plan for Environmental Excellence

X Under the **Small Business Compliance Assistance Policy**, violations that are discovered while a small business is receiving assistance from the DEP are not subject to enforcement actions, as long as the violations are corrected within 90 days. This policy, which applies to air, water, land, and solid and hazardous waste regulations, allows small businesses to utilize DEP as a compliance and technical assistance resource.

X The **Small Business Technical Assistance Program**, a non-regulatory program focusing on education and outreach to assist small business in complying with the Clean Air Act, has been expanded to include hazardous waste issues. Expansion of this program is expected to result in greater rates of compliance, reduced pollution and in some instances cost savings for small businesses.

O **Coordinated Department-Wide Initiatives for Small Business.** A pilot **Model Facility Program** for gasoline stations will begin in March 1997. The program simplifies environmental requirements and rewards environmental excellence. Also DEP's **Industry Partnership** with commercial printers is underway. To date, DEP staff have been trained by a printing industry consultant and have performed several on-site assessments. DEP staff are developing a guide regarding compliance and waste reduction issues for printers. Casco Bay has been targeted for a **Watershed Partnership**, in which DEP will provide small businesses with pollution prevention information so that they can reduce or eliminate activities that negatively impact water quality within the watershed.

X A step has been added to DEP's formal rulemaking process, whereby all proposed rules will be reviewed by the **Pollution Prevention Advisory Committee**, Small Business Technical Assistance Program staff and small Business Ombudsman, for their impact on small business. This step will also ensure that the regulated community receives adequate notice of rulemaking and is provided with an opportunity to provide input.

O A strategic plan for **Promotion of Environmental Services and Technology** has been developed. The plan emphasizes developing membership of the Environmental Business Council of Maine, market development and technology development.

Reducing Paperwork:

X Legislation allowing **combined reporting for unemployment contributions and income tax withholding** was enacted by 117th Legislature and signed into law by Governor King (Public Law 1995, Chapter 657). The registration process will also be combined. The law takes effect beginning January 1, 1997.

O The Bureau of Taxation has proposed a **Sales Tax Short Form** to cut the form in half and enable approximately 70% of Maine businesses, primarily small businesses, to file a much reduced easy-to-calculate return. The short form is expected to be in use in February 1997.

O During the fall of 1995, businesses (primarily small businesses) were interviewed regarding reporting requirements. Data gathered via interviews was reported to the Maine Quality Council. The **Streamlined Business Reporting Team** is now conducting an inventory of State agency business reporting requirements. Ultimately the team will make recommendations on reporting improvements and reductions.

X The Bureau of Taxation's Audit Group Cooperative Compliance Review process, which applies to large industrial users, has been modified and expanded to include small to mid-sized businesses. The **Managed Audit Program** approach is currently being applied to smaller businesses across the state, making the State audit process more efficient and educational for both businesses and State auditors.

Protecting Home-Based Businesses:

O **Direct sellers are exempt from Maine's Unemployment Compensation Law.** Emergency legislation excluding "Services Provided by Direct Sellers" from the Definition of Employment for Purposes of Unemployment Compensation was enacted by 117th Legislature and signed into law by Governor King (Public Law 1995, Chapter 612).

Advocacy/Outreach:

O A **Small Business Advocacy Network** has been formed. The purpose of this network among state agencies that interact with small businesses is to make state government more responsive and customer-friendly and to educate small businesses about the resources available to them. Small Business Advocates representing 15 state agencies have been appointed.

Capital Formation & Job Creation Tax Credits:

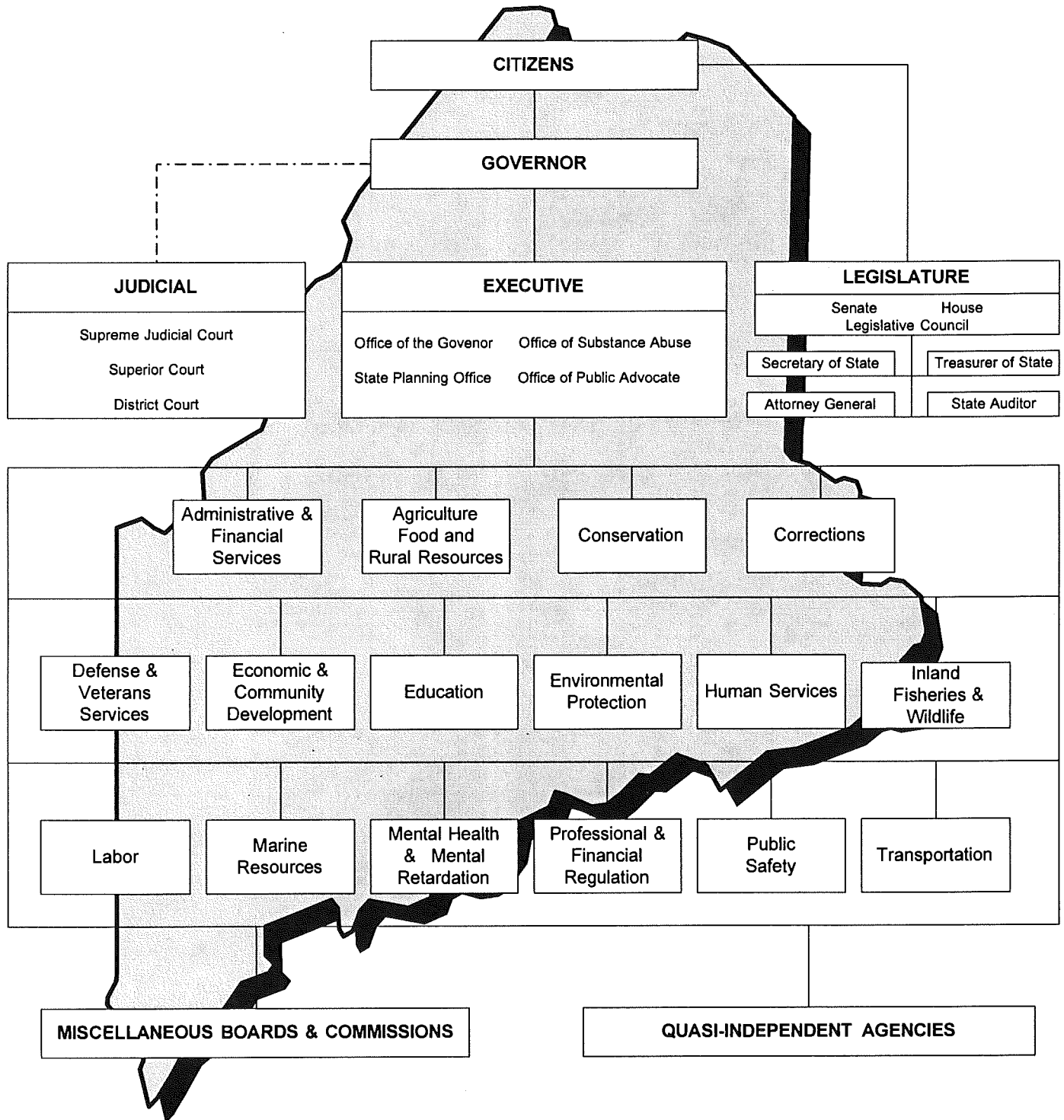
X A \$5 million **Small Enterprise Growth Fund** was enacted by the 117th Legislature and signed into law by Governor King (PL 1995, Chapter 699). This fund will provide "patient" capital of up to \$150,000 for small businesses demonstrating the potential for high growth and public benefit. A \$6 million **Agricultural Marketing Loan Fund** was also enacted (PL 1995, Chapter 658). This fund will provide low-interest financing to Maine firms engaged in agriculture and aquaculture. These programs are to be capitalized by a combined \$11 million "Bond Issue to Encourage and Support Economic Development," which will go before Maine voters on November 5, 1996.

O **Encourage Private Capital Development for Entrepreneurs** through *Entrepreneurial Education Centers*, offering noncredit courses, credit courses, and degrees in entrepreneurship and small business management. These Centers are under development at the University of Southern Maine and the University of New England. The establishment of *Angel Capital Networks*, which finances emerging entrepreneurial businesses, is predicated on the existence of these Centers.

X **Small Corporate Offering Registration (SCOR).** A Securities Specialist position with the Department of Professional and Financial Regulation, Securities Division, was authorized by the Legislature and Governor. This position will assist small businesses and entrepreneurs in utilizing a simplified method of raising investment capital via small public offerings or **Small Corporate Offering Registration**.

X A **Statewide Educational Forum on Banking and Insurance**, with workshops on Financing and Employee Issues was conducted at the May Blaine House Conference on Small Business. Both workshops will again be offered at the Governor's Regional Conferences on Small Business held throughout the fall of 1996.

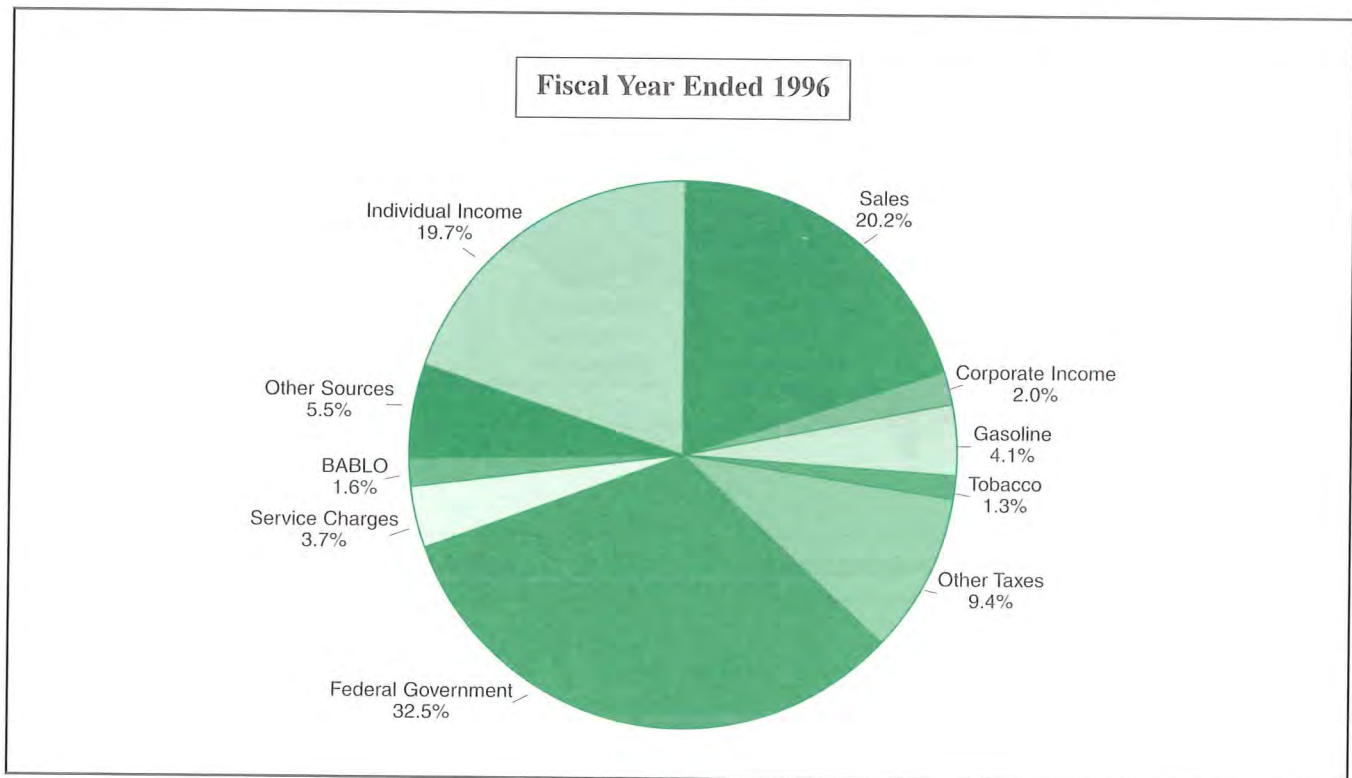
STATE OF MAINE
ORGANIZATION CHART OF STATE GOVERNMENT
as of June 30, 1996



Selected Revenue by Source

For the Fiscal Years 1996 and 1995
(Dollars Expressed in Thousands)

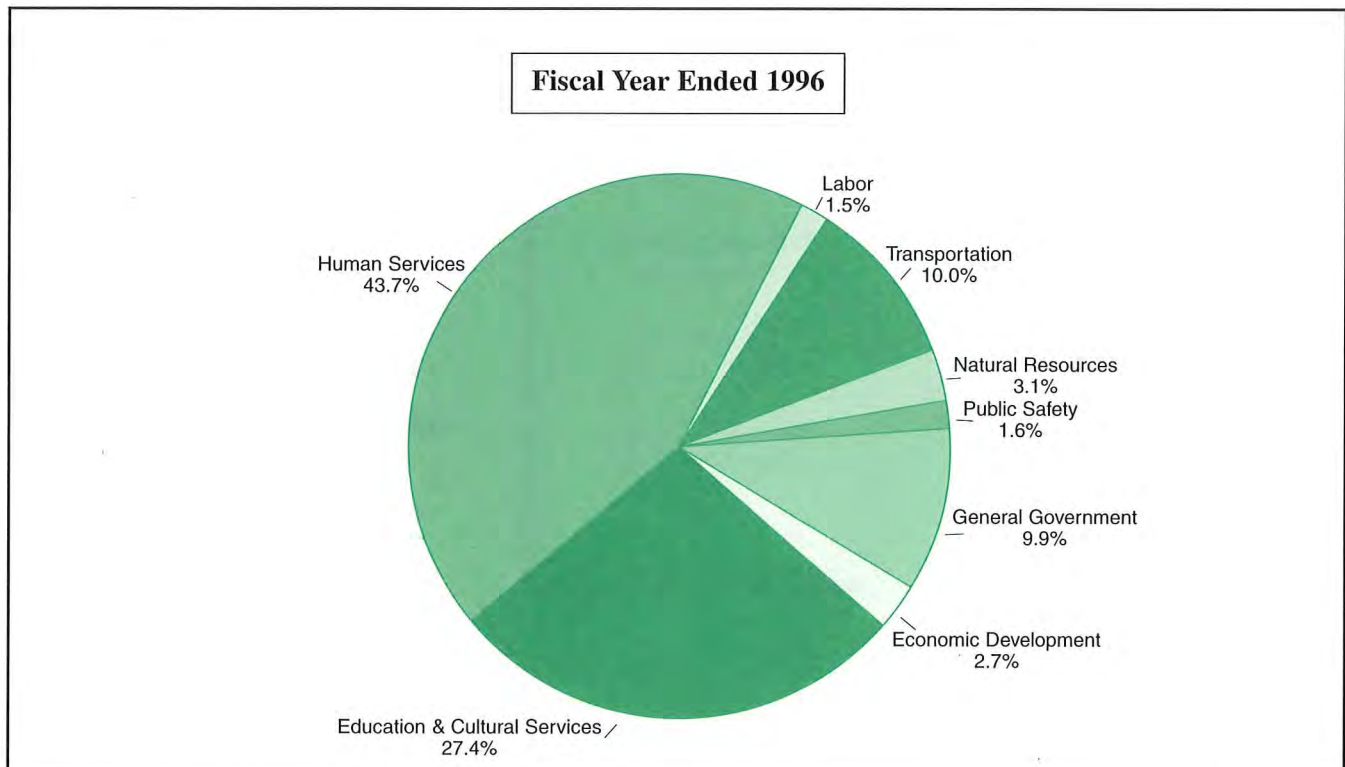
Revenue by Source			As Percent of Total		Increase/ (decrease) from 1995	% of Incr. (-decr.)
	1996	1995	1996	1995		
Taxes:						
Individual Income	\$709,491	\$637,516	19.7%	18.9%	\$71,975	10.1%
Sales	726,821	716,199	20.2%	21.2%	10,622	1.5%
Corporate Income	71,062	63,032	2.0%	1.9%	8,030	11.3%
Gasoline	147,140	144,193	4.1%	4.3%	2,947	2.0%
Tobacco	47,602	48,632	1.3%	1.4%	(1,030)	-2.2%
Other Taxes	339,710	298,097	9.4%	8.8%	41,613	12.2%
Federal Government	1,168,803	1,104,096	32.5%	32.7%	64,707	5.5%
Service Charges	131,968	99,730	3.7%	3.0%	32,238	24.4%
Alcoholic Beverages and Lottery Operations (BABLO)	59,184	61,313	1.6%	1.8%	(2,129)	-3.6%
Other Sources	196,936	204,255	5.5%	6.0%	(7,319)	-3.7%
Total Revenues	<u>\$3,598,717</u>	<u>\$3,377,063</u>	<u>100%</u>	<u>100%</u>	<u>\$221,654</u>	<u>57.6%</u>



Selected Expenditures by Function

For the Fiscal Years 1996 and 1995
(Dollars Expressed in Thousands)

Expenditure by Function	1996	1995	As Percent of Total		Increase/ (Decrease) from 1995	% of Incr (-Decr)
			1996	1995		
General Government	\$352,450	\$362,172	9.9%	10.4%	(\$9,722)	-2.8%
Economic Development	96,049	92,459	2.7%	2.6%	3,590	3.7%
Education & Cultural Services	974,989	959,367	27.4%	27.5%	15,622	1.6%
Human Services	1,553,781	1,536,796	43.7%	44.0%	16,985	1.1%
Labor	54,529	62,407	1.5%	1.8%	(7,878)	-14.4%
Transportation	356,164	308,040	10.0%	8.8%	48,124	13.5%
Natural Resources	109,259	115,906	3.1%	3.3%	(6,647)	-6.1%
Public Safety	56,733	56,640	1.6%	1.6%	93	0.2%
Total Expenditures	<u>\$3,553,954</u>	<u>\$3,493,787</u>	<u>100%</u>	<u>100%</u>	<u>\$60,167</u>	<u>-3.2%</u>



STATE OF MAINE
OFFICIALS OF STATE GOVERNMENT
AS OF JUNE 30, 1996

EXECUTIVE

Angus S. King, Jr.
Governor

LEGISLATURE

Jeffrey H. Butland
President of the
Senate

Dan A. Gwadosky
Speaker of the House

**CONSTITUTIONAL
OFFICERS**

Andrew Ketterer
Attorney General

Rodney L. Scribner
State Auditor

Bill Diamond
Secretary of State

Samuel D. Shapiro
State Treasurer

JUDICIAL

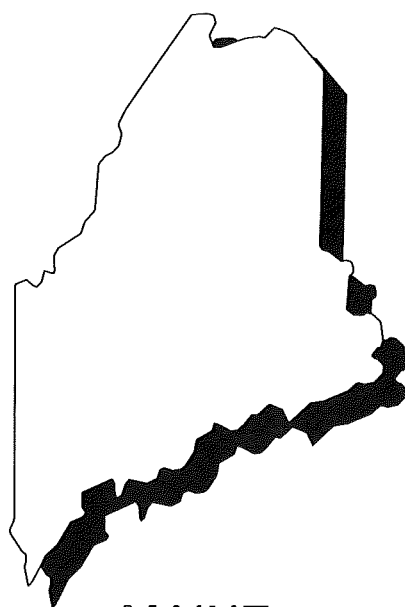
Daniel E. Wathan
Cheif Justice
State Supreme Court

**NOTES
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NOTES



MAINE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 1996

Annual Report on the Budgetary Basis versus Annual Report consistent with Generally Accepted Accounting Principles (GAAP).

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The State of Maine issues two financial reports each year. One report is on a budgetary basis and one is on a GAAP basis. The budgetary report presents all funds of the primary government as they are recorded on the official accounting system maintained in the Bureau of Accounts and Control, as well as statistical and economic information. Accruals have been made to the proprietary funds.

The GAAP report presents financial information on the accrual basis of accounting, recognizing amounts owed but not paid at the end of the fiscal year, as well as amounts due but not received by the end of the fiscal year as necessary to conform to standards set by the Governmental Accounting Standards Board. Financial information for proprietary and trust funds are the same in the two reports.

Basis of Presentation - Fund Accounting

The State reports its financial position and results of operations in funds and account groups. A fund is a separate accounting entity with a self-balancing set of accounts. Cash and other financial resources, all related liabilities and residual equities, or balances, and changes therein, are recorded and segregated. Each fund's purpose is to carry on specific activities or attain certain objectives in accordance with special regulations, restrictions or limitations. Transactions between funds, if any, have not been eliminated.

Account groups are accounting entities used to provide accountability for the State's general fixed assets and general long-term obligations. They are not considered funds because they do not report resources available to finance current operations or debt that will require use of current resources.

The State has established the following fund categories, further divided by fund types and account groups:

Governmental Funds:

These funds account for the general governmental activities.

The *General Fund* is the primary operating fund. It is used to account for all governmental transactions not accounted for in another fund.

Special Revenue Funds account for specific revenue sources and the related current liabilities, other than expendable trusts or major capital projects, that are legally restricted to expenditures for specified purposes. Special revenue funds include the following:

Highway Fund is used to account for revenues derived from registration of motor vehicles, operator licenses, gasoline tax, and other dedicated revenues (except for federal matching funds and bond proceeds used for capital projects). The Legislature allocates this fund for the operation of various Department of Transportation programs including construction and maintenance of highways and bridges, for a portion of state police administration, and for other state programs.

Other Special Revenue Funds is a fund which a major portion consists of federal funds received. Also included are a grouping of various special purpose funds have been established on a self-supporting basis. Revenues are generated by taxes, licenses, fees, and federal matching funds and grants. Expenditures of these funds can only be made in accordance with restrictions imposed by the source of the revenues.

The *Debt Service Fund* is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources as well as revenues collected from the Maine Veterans Home and the Maine Technical Colleges to pay principal and interest on revenue bonds.

Capital Project Funds account for financial resources used to acquire or construct major capital assets other than those financed by proprietary funds. These resources are derived primarily from proceeds of general obligation bonds. Also included in this fund type are proceeds from bond issues for uses other than major capital facilities.

Proprietary Funds:

These funds are used to account for ongoing activities that are similar to those found in the private sector. The measurement focus is on the determination of net income rather than the disclosure of current expendable financial resources. Proprietary funds include the following two fund types:

Enterprise Funds account for transactions related to resources received and used to finance self-supporting activities. These activities offer products and services on a user-charge basis to the general public.

Internal Service Funds account for transactions related to the financing and sale of goods or services between state agencies. The costs associated with these goods or services are billed to the recipient agency as user charges.

Fiduciary Funds:

These funds are used to account for assets held by the State acting as either a trustee or an agent for individuals, organizations or other funds. The fiduciary funds include:

Expendable Trust Funds account for those assets held in a trustee capacity where the principal and income may be expended in the course of the funds' designated operations.

Nonexpendable Trust Funds account for those assets held in a trustee capacity by the State for which only income derived from the trust principal may be expended for designated operations. The principal must be preserved intact.

Agency Funds account for assets the State holds on behalf of others. Agency funds are custodial in nature and do not involve measurement of operations.

General Long-Term Debt Account Group:

This account group is used to establish control and accountability for the long-term debt not accounted for in proprietary funds or nonexpendable trust funds. This includes unmatured, long-term debt related to General Obligation bonds, Certificates of Participation, capital leases, and other long-term financing arrangements.

Measurement Focus and Basis of Accounting

Governmental and expendable trust funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized 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 be used to pay liabilities of the current period (2 months). The major taxes subject to accrual are individual income tax, and property tax on telecommunications equipment. Taxes on telecommunications equipment are recognized as revenue in the year for which they are levied. Such taxes are levied by April 1; prepayment of one-half of the telecommunications tax is due on June 1, and all other property taxes are due on October 1. Formal collection procedures begin on November 1. Unpaid property taxes become a lien on March 15 of the fiscal year for which they are levied. Revenues from other sources are recognized when received and expenditures are recorded when paid.

Proprietary fund types and nonexpendable trust funds are accounted for on a flow of economic resources measurement focus and the accrual basis of accounting. With this measurement focus, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. This measurement focus emphasizes the determination of net income. For all proprietary funds, the State applies all applicable Financial Accounting Standards Board (FASB) pronouncements issued on or prior to November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. Agency fund assets and liabilities are reported using the modified accrual basis of accounting. They are custodial in nature and do not measure results of operations or have a measurement focus.

Equity in Treasurer's Cash Pool

The State follows the practice of pooling cash and cash equivalents. Cash equivalents consist of short-term, highly liquid investments that are both readily convertible to known amounts of cash and are near maturity. These are comprised primarily of commercial paper, U.S. Treasury bills, bank Certificates of Deposit, and repurchase agreements. The balances pooled are reported at cost, which approximates market value. Interest earned on pooled cash is allocated to the various funds based on their average equity balances. "Cash - Other" includes petty cash and cash with the fiscal agent that will be used for bond payments.

Investments

Other investments are carried at the lower of cost or market except for investments of the deferred compensation plan, which are carried at market value. Donated investments are stated at fair market value at the date of donation.

Deposits with United States Treasury

Deposits represent unemployment tax receipts deposited with the United States Treasury. Funds are drawn down as benefits are paid.

Receivables

Accounts receivable in the governmental funds consist primarily of the accrual of taxes, amounts due back from service providers for various reasons, payments required to be made into the unemployment

security trust fund, and amounts due from private persons or organizations for goods and services furnished by the State.

Accounts receivable of the enterprise funds are primarily amounts due but not yet remitted from lottery sales by agents, and low interest agricultural loans made for the construction and modernization of storage facilities. All receivables are stated net of estimated allowances for uncollectible amounts, which are determined based upon aging of the accounts and past collection experience.

Interfund Transactions

During the course of operations, the State has numerous transactions between funds to finance operations, provide services, and construct assets. To the extent that certain transactions between funds were not completed as of June 30, 1996, interfund receivables or payables have been recorded. Receivables and payables resulting from transactions between funds are classified as "Due from Other Funds" or "Due to Other Funds" on the balance sheet. "Due to Other Funds" and "Due from Other Funds" will not balance because accruals have been made to proprietary funds but not to governmental funds.

"Advances To/From Other Funds" are long-term operating advances made by one fund to another. The advances are offset by a fund balance reserve to indicate they do not constitute expendable financial resources. These also will not balance because of accruals made to proprietary funds that are not made to governmental funds.

Title 28-A, § 64 and Title 8, § 387, of the M.R.S.A. require the Bureau of Alcoholic Beverages and Lottery Operations to transfer all net earnings to the general fund.

Inventories

The cost of materials and supplies of the governmental funds are reported as expenditures when purchased. 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, except for the Bureau of Alcoholic Beverages which maintains its inventory on a current replacement cost basis which is not in conformity with GAAP, but approximates FIFO (first in, first out) cost.

Fixed Assets

For governmental funds, fixed asset acquisitions are recorded as expenditures in the acquiring fund.

Fixed assets of proprietary funds are accounted for in the acquiring fund. Depreciation is recorded on a straight-line basis over the assets' estimated useful lives which are 2-25 years for equipment and 10-40 years for buildings and improvements.

Accrued Liabilities

Accounts payable consist primarily of amounts due outside vendors for goods and services provided. Other liabilities in the governmental funds consist of miscellaneous loans payable and amounts in suspense awaiting identification. Other liabilities of proprietary funds include accrued payroll, compensated absences, deferred revenue, lottery prizes payable, actuarial liabilities of the workers' compensation and risk management funds, amounts owed pursuant to Certificates of Participation and other financing arrangements for fixed assets.

Long-Term Debt

Long-term bonded debt of governmental funds are recorded in the General Long-Term Debt Account Group. Long-term debt and other obligations financed by proprietary funds, as well as the related interest payments, are recorded as liabilities in the appropriate funds.

Fund Balances

Fund balances are reported as reserved where legally restricted for a specific future use. Otherwise, these balances are considered unreserved. The State has the following reservations:

Reserved for Encumbrances and Continuing Appropriations identifies unexpended amounts in appropriations and encumbrances which the Legislature has specifically authorized to be carried into the next fiscal year.

Working Capital Advances to Other Funds is an amount relating to a long-term receivable that cannot be appropriated.

Designated for Other Purposes identifies the amount of fund balance reserved for other specified purposes including working capital needs, long-term loans to other funds and contingency funds from which the Governor may allocate sums for various purposes.

Rainy Day Fund was set up to create a reserve for operating deficits or other emergencies. Fifty percent of the excess of total general fund revenues received over accepted estimates in that fiscal year goes from unappropriated surplus of the general fund to the rainy day fund. The maximum amount allowed by law is four percent of the total general fund revenues received in the immediately preceding fiscal year.

Total Column-Memorandum Only

The total column on the Combined Statement of Revenues, Resources, Expenditures and Changes in Fund Balances (Exhibit II) is captioned "memorandum only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present a consolidated financial position. Interfund eliminations have not been made in the aggregation of this data.

Accounting Disclosures

Prior to fiscal year 1996, expenditures for construction of fixed assets for certain transportation related enterprise funds were recorded in the special revenue fund and capital projects fund and transferred to the enterprise funds as contributed capital upon completion. Beginning in fiscal year 1996, the expenses of construction are capitalized as construction in progress within the enterprise funds and transferred to the appropriate fixed asset category upon completion in order to improve accountability for fixed assets in the transportation-related enterprise Funds. The effect of this change increased the amount of fixed assets and contributed capital reported in the enterprise funds by \$13.5 million. The change has no effect on net income or retained earnings.

Three new funds were created in the fiscal year ended June 30, 1996:

1. An Enterprise Fund was created pursuant to 5 M.R.S.A. § 1737, to provide risk management insurance to eligible entities that were not part of the primary government (Note 11). Prior to 1996 these activities were accounted for in one Internal Service Fund. The separation was done to allow the State to more closely match services with the cost of providing those services. The

effect on retained earnings was a decrease in the Internal Service Fund and an increase in the Enterprise Fund of \$3.6 million.

2. An Internal Service Fund was created to account for financing activities related to Workers' Compensation, and to establish a more actuarially sound method for accumulating resources to cover related liabilities. General government Workers' Compensation activities were previously reported within the Governmental Funds and General Long-Term Debt Account Group. The effect is a decrease in retained earnings in the Internal Service Funds of \$63.9 million.

3. Prior to July 1, 1995, the Maine State Retirement System (MSRS) administered post retirement health care benefits for the State. As of July 1, 1995, Title 5, § 17152 effectively repealed the M.S.R.S.'s administration of the program. It is now accounted for as an internal service fund.

NOTE 2

BUDGETARY PROCESS

In accordance with statute, the Governor presents a proposed budget biennially to the Legislature. The Legislature enacts the budget through a series of specific appropriation and allocation bills for the general fund and special revenue funds. Effective November 27, 1995, a state constitutional amendment provides the Governor a "line item" veto of dollar amounts, allowing a dollar substitution for those amounts disapproved as long as the appropriation or allocation is not increased either in that 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, unless overridden by a two-thirds vote of the elected members in both the House and Senate.

Once passed and signed, the budget becomes the financial plan. It sets forth 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 sets forth the anticipated revenues and any other additional means of financing expenditures proposed for each fiscal year.

Budgetary control is maintained at the account level at which appropriations and allocations are approved by the Legislature, including those pertaining to the required funding of mandates imposed by the State on local municipalities, principally through a quarterly allotment system. Budget revisions during the year, reflecting program changes or intradepartmental administrative transfers, may be effected with Executive and Legislative branch approval. Except in specific instances, only the Legislature may transfer appropriations between departments. In order to provide sufficient funding for several programs during the year ended June 30, 1996, supplemental appropriations of \$2.5 million were required.

Encumbrance accounting, which requires that purchase orders, contracts and other commitments be recorded to reserve a portion of the appropriation or allocation for expenditure, is employed as an extension of formal budgetary control. Appropriated and allocated balances are available for subsequent expenditure to the extent that encumbrances have been approved by the end of the fiscal year. Since they do not constitute expenditures or liabilities, encumbrances outstanding at year-end are reported as

reservations of fund balances representing those portions of fund balances that are not available for allocation or expenditure or that are legally segregated for specific future uses. Unencumbered appropriations in the General Fund and in the Highway Fund lapse at year-end unless, by law, they are carried forward to a subsequent year. The State's budget is prepared primarily on a cash basis and differs from Generally Accepted Accounting Principles.

NOTE 3

DEFICIT FUND BALANCES/RETAINED EARNINGS

Two Internal Service Funds have fund deficits at June 30, 1996. There was a deficit of \$927,000 in the Retained Earnings of the Telecommunications Fund and a deficit of \$46.2 million in the Workers' Compensation Fund. The deficit in the Workers' Compensation fund reflects the accrual of the actuarial liability of \$50.2 million. The Telecommunications deficit is being reduced by an increase in rates charged.

NOTE 4

DEPOSITS AND INVESTMENTS

The deposit and investment policies of the State of Maine, Office of the Treasurer, are governed by Title 5 of the Maine Revised Statutes Annotated. Per § 135, "The Treasurer of the State may deposit the money, including trust funds of the State, in any of the banking institutions or trust companies or state or federal savings and loan associations or mutual savings banks organized under the laws of this State or in any national bank or banks or state or federal savings and loan associations located in the State..." "When there is excess money in the State Treasury which is not needed to meet current obligations, the Treasurer of State may invest, with the concurrence of the State Controller or the Commissioner of Administrative and Financial Services and with the consent of the Governor, those amounts in bonds, notes, certificates of indebtedness or other obligations of the United States which mature not more than 24 months from the date of investment or in repurchase agreements secured by obligations of the United States which mature within the succeeding 24 months, prime commercial paper, tax-exempt obligations or bankers' acceptances." State funds may also be deposited "...as may be required by the terms of custodial contracts or agreements as may need be negotiated in accordance with the laws of this State."

Investment policies of the permanent trust funds are governed by Title 5, § 138. According to this statute, "The Treasurer of State, with the approval of the Commissioner of Administrative and Financial Services, the Superintendent of Banking and the Attorney General, shall invest all permanent funds held in trust by the State in such securities as are legal investments for savings banks under Title 9-B.... For purposes of this section, those investments include, without limitation, shares of an investment company registered under the federal Investment Company Act of 1940, whose shares are registered under the United States Securities Act of 1933, only if the investments of the investment company are limited to obligations of the United States or any agency or instrumentality, corporate or otherwise, of the United States or repurchase agreements secured by obligations of the United States or any agency or instrumentality, corporate or otherwise, of the United States."

The investment policies of the Percival P. Baxter Expendable Trusts, as stated in the late Governor's last will and testament, provide only that the funds may be managed, invested, reinvested and administered within the trustee's discretion..

The State Treasurer may also participate in the securities loan market by lending state owned bonds, notes or other certificates of indebtedness of the federal government if they are fully collateralized by treasury bills or cash. In addition, the State Treasurer may invest up to \$4 million in lending institutions at a 2% lower-than-market yield, provided the financial institutions lend operating funds (at least equal to the amount of the deposit) to agricultural enterprises in this state at 2% interest rate reductions. The Treasurer may also invest up to \$4 million in lending institutions at a 2% lower-than-market yield, provided the financial institutions lend operating funds (at least equal to the amount of the deposits) to commercial enterprises approved by the Treasurer at 2% interest rate deductions.

No amounts exceeding 25% of the capital, surplus, and undivided profits of any trust company or national bank or 25% of the reserve fund and undivided profits of a mutual savings bank or state or federal savings and loan association shall be on deposit therein at any one time. The restriction does not apply to deposits subject to immediate withdrawal to meet the payment of any bonded debts, or interest, or to pay current bills or expenses of the State. Also exempt are those deposits secured by the pledge of certain securities as collateral, and deposits fully covered by insurance. The collateral shall be in an amount equal to the deposit. The value of the securities pledged shall be determined by the Treasurer of State on the basis of market value.

A cash and short-term investment pool is maintained and is available for use by all funds and certain quasi-state agencies. Each fund type's net equity in this pool is displayed on the combined balance sheet as "Equity in Treasurer's Cash Pool." Equity of quasi-state agencies is reported in the Trust and Agency Funds. The pooled cash and short-term investments at June 30, 1996 are as follows:

Investments of the Treasurer's Cash Pool

June 30, 1996

(Dollars in Thousands)

Repurchase Agreements	\$ 137,019
Certificates of Deposit	19,306
Treasury Bills	83,920
Commercial Paper	105,588
Total	<u>\$ 345,833</u>

Short-Term Financing

In July 1995, the State issued \$182 million of general obligation tax anticipation notes (TANs) at 4.5% with a maturity date of June 28, 1996. TANS are authorized by Article 9 Section 14 of the Maine State Constitution. The July 1995 TANs were issued to improve the State's cash position.

During fiscal year 1996, bond anticipation notes (BANs) totaling \$26.8 million were issued by the State with interest rates ranging from 3.7% to 4.1% and a maturity date of May 15, 1996. The BANs were issued as a temporary financing vehicle for new projects that were ultimately financed with bond

issuance proceeds. The BANs are backed by the full faith and credit of the State. As of June 30, 1996, there are no BANs outstanding.

NOTE 5

LONG-TERM OBLIGATIONS

Liability for bonds is recorded in the General Long-Term Debt Account Group. Other general long-term obligations recognized are its obligations under Certificates of Participation, capital leases, and other financing arrangements.

General Obligation Bonds

Bonds are issued pursuant to Sections 14, 14-A, 14-B, 14-C, and 14-D of Article 9 of the Maine State Constitution. Bonds issued pursuant to Section 14 have been authorized by two-thirds of the House and Senate and by the citizens of Maine through bond referenda. They are general obligation bonds, backed by the full faith and credit of the State. These bonds are retired through the use of appropriations and are repaid in annual installments beginning not more than one year after issuance. Debt service principal and interest payments for General Fund and Highway Fund bonds are appropriated and paid from the General Fund and Highway Fund, respectively.

Self-liquidating bonds are general obligation bonds issued for quasi-state agencies. Transfers from the Maine Veterans' Home, state colleges and vocational institutions are made for the required debt service.

During fiscal year 1996, bonds were issued in the amount of \$76.7 million for removal of oil storage tanks, clean up of hazardous substance sites, construction of water pollution control facilities, capping of solid waste landfills, construction and renovation of correctional facilities, improvements to airport, cargo port and ferry service facilities, training equipment for the Maine Technical College System, housing for people with special needs, and statewide telecommunications equipment.

The following schedule presents the changes in general obligation bonds:

Changes in General Obligation Bonds

June 30, 1996

(Dollars in Thousands)

	Balance July 1, 1995	Retirements	Additions	Balance June 30, 1996
General Fund	\$ 377,055	\$ 59,297	\$ 51,700	\$ 369,458
Highway Fund	136,950	17,510	25,000	144,440
Self-Liquidating	2,055	263	-	1,792
Total	<u>\$ 516,060</u>	<u>\$ 77,070</u>	<u>\$ 76,700</u>	<u>\$ 515,690</u>

The future debt service requirements for the bonds are as follows:

Future Debt Service on General Obligation Bonds

June 30, 1996

(Dollars in Thousands)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1997	\$ 88,180	\$ 27,214	\$115,394
1998	71,305	22,689	93,994
1999	65,735	18,985	84,720
2000	59,705	15,545	75,250
2001	57,445	12,218	69,663
Thereafter	<u>173,320</u>	<u>22,219</u>	<u>195,539</u>
Total	<u>\$ 515,690</u>	<u>\$ 118,870</u>	<u>\$ 634,560</u>

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 particular bond issue shall be considered to be deauthorized.

A summary of general obligation bonds authorized by voters and unissued at June 30, 1996, follows:

General Obligation Bonds Authorized and Unissued

June 30, 1996

(Dollars in Thousands)

<u>Purpose</u>	<u>Unissued July 1, 1995</u>	<u>New Authorizations</u>	<u>Deauthorizations</u>	<u>New Sales</u>	<u>Unissued June 30, 1996</u>
Environment and Conservation	\$23,000	\$14,000	\$1,250	\$21,500	\$14,250
Corrections	2,500	-	-	2,500	-
Education	4,301	15,000	1	6,700	1,600
Highway Improvements	1,500	58,900	-	39,500	20,900
Other Purposes	<u>5,500</u>	<u>4,000</u>	<u>-</u>	<u>6,500</u>	<u>14,000</u>
Totals	<u>\$36,801</u>	<u>\$91,900</u>	<u>\$1,251</u>	<u>\$76,700</u>	<u>\$50,750</u>

Certificates of Participation, Capital Leases, and Other Financing Arrangements

Since 1988, the State has entered into various financing arrangements for the construction of certain state buildings, improvements other than buildings, and technology equipment, through the issuance of Certificates of Participation, capital leases, and other financing arrangements. The Certificates of Participation, capital leases, and other financing arrangements do not constitute a debt or liability within the meaning of any Constitutional or statutory limitation, or a contractual obligation in excess of amounts appropriated, and the State has no continuing legal or moral obligation to appropriate money for future minimum payments or other obligations under any agreement. Each agency's obligation to make its minimum payments or other obligations under its agreement are subject to and dependent upon appropriations being made by the Legislature.

The financing arrangement between the State and the Maine Court Facilities Authority is presented in the schedule below but is not included in the General Long-Term Debt Account Group. On a GAAP basis this debt is considered a capital lease of the State and on the statutory basis it is considered an operating lease.

Changes in Certificates of Participation, Capital Leases, and Other Financing Arrangements
June 30, 1996

(Dollars in Thousands)

	Balance July 1, 1995	Retirements	Additions	Balance June 30, 1996
Certificates of Participation	\$ 9,870	\$ 1,825	\$ -	\$ 8,045
Capital Leases and Other Financing Arrangements:				
Primary Government	-	5	848	843
Maine Court Facilities Authority	19,040	964	-	18,076
Total	<u>\$ 28,910</u>	<u>\$ 2,794</u>	<u>\$ 848</u>	<u>\$ 26,964</u>

The following is a summary of the future minimum rental payments for the lease purchase financing of court facilities and capital assets of the governmental funds:

Future Debt Service on Certificates of Participation, Capital Leases, and Other Financing Arrangements
June 30, 1996

(Dollars in Thousands)

	Minimum Payments		
	Primary Government		Maine Court Facilities Authority
Year Ending June 30,	Certificates of Participation	Capital Leases and Other Financing Arrangements	Capital Leases and Other Financing Arrangements
1997	\$ 2,302	\$ 197	\$ 1,879
1998	1,901	197	1,874
1999	1,803	197	1,856
2000	1,703	197	1,841
2001	1,601	192	1,823
Thereafter	-	-	16,083
Total Minimum Payments	\$ 9,310	\$ 980	\$ 25,356
Less: Amount Representing Interest	<u>1,265</u>	<u>136</u>	<u>7,281</u>
Present Value of Future Minimum Payments	<u>\$ 8,045</u>	<u>\$ 844</u>	<u>\$ 18,075</u>

Certificate of Participation and Other Financing Arrangements - Proprietary Funds

The State has entered into various financing arrangements, through its Internal Service Funds, for the purchase of equipment through the issuance of Certificates of Participation and other financing arrangements. The liability for payment of these obligations and the related assets are recorded directly in the fund from which payment will be made.

The schedule of Certificates of Participation and other financing arrangements for the Proprietary Funds are as follows:

Future Debt Service on Certificates of Participation and Other Financing Arrangements for Proprietary Funds

June 30, 1996

(Dollars in Thousands)

<u>Year Ending June 30,</u>	<u>Minimum Payments</u>	
	<u>Certificates of Participation</u>	<u>Other Financing Arrangements</u>
1997	\$7,896	\$ 608
1998	7,128	581
1999	4,389	555
2000	4,167	-
2001	-	-
Total Minimum Payments	23,580	1,744
Less: Amount Representing Interest	2,280	159
Present Value of Future Minimum Payments	<u>\$21,300</u>	<u>\$ 1,585</u>

NOTE 6**FIXED ASSETS**

The State is in the process of installing a fixed assets module to interface with its central accounting system. When this project is completed, approximately June 30, 1998, all fixed assets will be recorded as well as certain inventory items such as personal computers, cameras, and handguns.

The following schedule details fixed assets that are recorded in funds other than the General Fixed Assets Account Group:

Summary of Fixed Assets in Proprietary Funds

June 30, 1996

(Dollars in Thousands)

	Enterprise Funds	Internal Service Funds
Land	\$ 850	\$ 251
Buildings	3,840	5,106
Equipment	55,686	108,406
Improvements Other Than Buildings	345	220
Construction in Progress	13,466	-
Less:		
Accumulated Depreciation	<u>(20,590)</u>	<u>(65,777)</u>
Total Fixed Assets	<u>\$ 53,597</u>	<u>\$ 48,206</u>

NOTE 7

MAINE STATE RETIREMENT SYSTEM

The following selected financial information was reported in separately issued, audited financial statements. The Maine State Retirement System has been audited by Coopers & Lybrand L.L.P., for the year ended June 30, 1996. The financial statements of the Maine State Retirement System are available from the Maine State Retirement System, 2 Central Plaza, Augusta, ME 04330. The information presented below includes all activity of the Retirement System. Required information separately presented for the State is not available.

Plan Description

The Maine State Retirement System (System) is a body corporate and politic and an incorporated public instrumentality of the State. It is the administrator and agent for a multiple-employer defined benefit public employee retirement system established and administered under Title 5 M.R.S.A., Chapter 421, 423 and 425. The System provides pension, death and disability benefits to its members. Members include state employees; public school employees who are defined by Maine law as teachers and for whom the State pays the employer retirement contributions; and employees of approximately 250 local municipalities and other public entities in Maine, each of which contracts for participation in the System under provisions of the relevant statutes. The System acts as the common investment agent for the State and all other participating entities. At June 30, 1996, the approximate membership consisted of:

Active Vested and Non-Vested Members	47,494
Inactive Members	51,366
Retirees and Beneficiaries	27,031
Other Benefit Recipients	<u>1,989</u>
Total Members, Retirees and Beneficiaries	127,880

The System's retirement programs provide defined retirement benefits based on members' average final compensation and creditable service. Vesting occurs upon the earlier of ten years' service credit or the earning of one year's service credit immediately preceding retirement at or after normal retirement age.

Normal retirement age is 60 or 62, determined by whether a member had at least 10 years of creditable service on June 30, 1993. The monthly benefit is reduced by a statutory prescribed factor for each year that a member is below the normal retirement age. The System also provides death and disability benefits, which are established by statute for state and public school employees, and by contract with other participating employers under applicable statutory provisions.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited for a five year period for non-vested members and through the date of refund for vested members. Withdrawal of accumulated contributions results in forfeiture of all benefits. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 6.5%.

In the event that a participating entity withdraws from the System, its individual employee-members can terminate membership or remain contributing members. The participating entity remains liable for contributions sufficient to fund benefits for its already retired former employee-members, for its terminated vested inactive members, and for those active employees, whether or not vested, who remain contributing System members.

Retirement benefits are funded by contributions from members and employers as well as earnings from investments. Disability and death benefits are funded by employer contributions and investment earnings. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the terms of the plan under which a member is covered. Employer contribution rates are determined by annual actuarial valuations.

The System also provides group life insurance under a plan that is administered by a third party insurance company. Premiums are set and collected by the System. Benefit payments are made by the insurance company from premiums collected. Any shortfall of benefit payments over premiums collected is remitted by the System to the insurance company.

Funding Status and Progress

The amount shown in the next schedule as "Pension Benefit Obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among public employee retirement plans. The measure is independent of the actuarial funding method used to determine contributions to the System.

The pension benefit obligation was determined as part of actuarial valuations at June 30, 1996, and 1995. Significant actuarial assumptions used include: a) a rate of return on the investment of assets of 8% per year compounded annually, b) projected cost of living increases for eligible benefit recipients of 4% per year compounded annually, attributable to inflation, and c) projected salary increases of 6% to 10% per year attributable to seniority/merit and inflation.

At June 30, 1996, the unfunded pension benefit obligation was:

Unfunded Pension Obligation

June 30, 1996

(Dollars in Millions)

Pension Benefit Obligation:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated	
Employees Not Yet Receiving Benefits	\$ 3,037.7
Current Employees:	
Accumulated Employee Contributions, Including Allocated Investment Income	1,123.4
Employer-Financed Vested	1,200.5
Employer-Financed Non-vested	<u>1,360.5</u>
Total Pension Benefit Obligation	6,722.1
Net Assets Available for Benefits, at Cost	<u>3,065.1</u>
Unfunded Pension Benefit Obligation	<u>\$ 3,657.0</u>

In addition, the System's Group Life Plan has unfunded benefit obligations of approximately \$77 million, which consists of the present value of benefit obligations of \$104 million, offset by net assets available for benefits of \$27 million. The present value of the benefit obligation was calculated with an assumed discount rate of 8%.

Contributions Required and Made

The System's funding policy provides for periodic employer contributions at actuarially determined rates. Expressed as percentages of annual covered payroll, these rates are sufficient to accumulate adequate assets to pay benefits when due. Level percentages 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 and teacher plan(s) over a closed 35 year period.

Plan members are required by statute to contribute 7.65% of earnable compensation or have "pickup" contributions made at a rate of 7.65% of earnable compensation. "Pickup" contributions are defined by statute as member contributions which are assumed and paid by the employer through a reduction of members' salaries for services rendered in lieu of employee contributions. The contribution rate differs for special groups of state employees.

Contributions totaling \$356.8 million (\$253.7 million employer and \$103.1 million employee), were made in accordance with actuarially determined contribution requirements established through an actuarial valuation performed at June 30, 1996.

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

Trend Information

Historical trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. For 10 year historical supplementary information, see separately issued MSRS

financial statements. The standardized measure of the pension obligation is available beginning with fiscal year 1995.

The following schedule is a two-year analysis of the funding progress of the System.

Funding Progress of the Maine State Retirement System

June 30, 1996

(Dollars in Thousands)

	Net Assets Available for Benefits	Pension and Group Life Benefit Obligation	Percentage Funded	Unfunded Pension and Group Life Benefit Obligation	(Unaudited) Annual Covered Payroll	(Unaudited) Unfunded Pension and Group Life Benefit Obligation as a Percentage of Covered Payroll
1996	\$ 3,092,090	\$ 6,826,148	45.3%	\$3,734,057	\$1,316,462	283.6
1995	2,750,522	5,687,258	48.4%	2,936,736	(A)	(A)

(A) Information regarding annual covered payroll is not available.

Employer contributions in dollars and as a percentage of annual covered payroll follow. These contributions were all made in accordance with actuarially determined and statutory requirements.

Maine State Retirement System Contributions

June 30, 1996

(Dollars in Thousands)

	Member Contributions	State and Local Agency Contributions	(Unaudited) Member, State and Local Agency Contributions as a Percentage of Annual Covered Payroll	Net Investment Income	Total Revenues
1996	\$ 103,117	\$ 253,647	27.1%	\$ 291,724	\$ 648,488
1995	106,727	244,106	(A)	164,582	515,415

(A) Information regarding annual covered payroll is not available.

In November 1995, voters approved a Constitutional amendment that requires the State to fund the unfunded liabilities which existed as of June 30, 1996, in the state and teacher plan(s). The funding must commence by June 30, 1997, over a period not to exceed 31 years. The creation of new unfunded liabilities is prohibited, except those arising from experience losses. Such liabilities must be funded over a period of not more than ten years. In addition, the amendment requires use of actuarially sound current cost accounting, reinforcing the existing statutory requirements.

NOTE 8

OTHER POST EMPLOYMENT EMPLOYEE BENEFITS

Post Retirement Health Care Benefits

In addition to providing pension benefits, the State of Maine funds health care benefits for most retirees. Public Laws of 1995, Chapter 368 § G-3 and § G-4 repealed the provision that required payment by the Maine State Retirement System for retirees' health insurance premiums. The State subsequently assumed administrative responsibility for post retirement health care insurance premium payments.

Any employee who is eligible for group health insurance pursuant to 5 M.R.S.A. § 285 is eligible for retiree health benefits, including: most State employees and Legislators, and employees of the Maine Turnpike Authority, the Maine Technical College System, the Maine Maritime Academy and the Maine State Retirement System. Specifically excluded (5 M.R.S.A. § 285 1-B) are members of the Maine Municipal Association and the Maine Teachers Association, and employees of counties and municipalities and their instrumentalities. Benefits for teachers are addressed in 20-A M.R.S.A. §13451 et seq.; the State pays 25 % of post retirement health insurance premiums for teachers. The State pays 100% of post retirement health insurance premiums for other eligible individuals who were first employed before July 1, 1991. A pro rata portion, ranging from 0% for retirees with less than 5 years participation to 100% for retirees with 10 or more years of participation, is paid for eligible individuals first employed after July 1, 1991. Retirees eligible for Medicare are covered under supplemental insurance policies. Coverage for retirees who are not eligible for Medicare includes basic hospitalization, supplemental major medical and prescription drugs, and costs for treatment of mental health, alcoholism and substance abuse.

Funds for post retirement health care benefits are transferred on a weekly basis to an Internal Service Fund account. Expenditures are recognized as premiums are paid, using funds generated by current employer contributions. For the fiscal year ended June 30, 1996, there were 6,787 retired eligible State and Technical College employees and 7,737 retired teachers.

The State does not segregate payments to insurers by funding source. In 1996, \$16.3 million was expended for premium payments, including direct payments by the Maine State Retirement System. The amount provided by participants cannot be determined: generally, the portion of premium charges that are not paid by the State for retired teachers is borne by the individual teachers. A balance of \$4.9 million remained in the newly-created retiree health Internal Service Fund.

Retiree health care benefits are funded on a pay-as-you-go basis. During the fiscal year ended June 30, 1996, funds were provided by the following sources:

Health Insurance Premiums Paid Into the Retiree Health Insurance Fund

June 30, 1996

(Dollars in Thousands)

	Teachers	State Employees	Technical College Employees
Maine State Retirement System (Funds Remaining)	\$ 2,500	\$ 7,900	\$ -
Employer Contribution*	-	9,300	800
Legislative Appropriation	657	-	-
Total	<u>\$ 3,157</u>	<u>\$17,200</u>	<u>\$ 800</u>

* A rate of 3.8%, reduced to .53% for State employees, and a rate of 3.8% for Technical College System employees, were applied to current payroll.

Postretirement Life Insurance Benefits

In addition to providing pension and health care benefits and in accordance with statutory authority the State of Maine through the Maine State Retirement System (MSRS) provides certain life insurance benefits for retired employees who, as active employees, participated in the Group Life Insurance Program for a minimum of 10 years. Payments of claims are made by MSRS from a fund containing a percentage of the monthly State paid basic life insurance premiums of active State employees, basic life insurance premiums of active teachers and earnings on the investments of the fund. In addition to the cost of claims, the State pays a monthly retention fee to a life insurance company. Retired State employee and retired teacher life insurance claims totaled \$2.8 million for the fiscal year ended June 30, 1996. The number of participants eligible to receive benefits at fiscal year ended 1996 cannot be readily determined.

Other Postemployment Benefits

Upon termination from active employment with the State, individuals may qualify for continuation of health and dental benefits, for an 18 month period after date of termination. This coverage is mandated by and complies with the Consolidated Omnibus Budget Reconciliation Act (COBRA). Individuals participating under COBRA will be responsible for the entire monthly premium, plus an additional 2% to cover administrative costs. There were 100 former employees covered under COBRA at June 30, 1996.

NOTE 9

DEFERRED COMPENSATION

The State offers its employees a deferred compensation plan created in accordance with Internal Revenue Code § 457. The plan, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until the employee retires, resigns, or otherwise leaves State employment; becomes disabled, and his claim is approved by the Advisory Council; or suffers an unforeseen financial emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the State (without being restricted to the provisions of benefits under the plan), subject only to the claims of the State's general creditors. Participants' rights under the plan are equal to those of the general creditors of the State in an amount equal to the fair market value of the deferred account for each participant.

The financial liability of the State is limited in each instance to the payment of premiums and the purchase of shares under the deferred compensation program while the enrolled remains a State employee, and only to the amount of the compensation or portion of compensation held for payment of such premiums or shares. In the past, the plan assets have been used only to pay benefits. Events subsequent to June 30, 1996, mandate that these funds be held in trust for employees, eliminating the validity of any claims by the State's creditors.

NOTE 10

SELF-INSURANCE

Risk Management

The State maintains several types of self-insurance plans. These include property, vehicle, boat and aircraft, tort, civil rights, employee bonds, police professional, and workers' compensation.

The plan allocates 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 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. Claims liabilities are reevaluated periodically 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.

Commercial insurance has been purchased for losses that exceed the following limits: buildings, \$1 million; boat hulls, \$100,000; aircraft, \$50,000; and boat liability, \$10,000. Aircraft liability is insured from the first dollar. There is a fund depletion policy that contributes money to the fund when the year's claims exceed \$2.5 million in the aggregate for police professionals, vehicles, civil rights, and tort.

Annuity contracts have been purchased for the purpose of settling certain claims. Information is insufficient to determine the amount of the claims liabilities outstanding for which annuity contracts have been purchased in the claimant's name, and the amount of the related liabilities which have been removed from the balance sheet.

At June 30, 1996, \$2.41 million was reported as the estimated claims payable for the State's self-insurance plan. The discounted amount is \$2.18 million and was calculated based on a 6% yield on investments. There have not been any significant reductions in insurance since the last fiscal year.

Changes in the balance of claims and judgments liabilities during fiscal 1996 were:

Risk Management Fund Claims Payable
June 30, 1996

(Dollars in Thousands)

	<u>Amount</u>
Liability at Beginning of Year	\$ 1,727 *
Current Year Claims and Changes in Estimates	1,554
Claims Payments	(1,102)
Liability at End of Year (discounted)	<u>\$ 2,179</u>

* Prior to Fiscal Year 1996, the Risk Management Internal Service Fund and the Public Entity Risk Pool Enterprise Fund (Note 11) were reported as one fund. As a result, liability information for the prior year is not available for the individual funds. The Internal Service Fund's pro-rated liability (not discounted) is \$1.7 million as of the beginning of the year.

Unemployment Insurance

The State is self-insured for unemployment compensation. As a direct reimbursement employer for all unemployment compensation the State recognizes all costs for unemployment compensation as claims are paid. These costs totaled \$1.64 million for the fiscal year ended June 30, 1996.

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.

Until June 30, 1995, the Workers' Compensation Division initially made claims payments on a pay as you go basis and was then reimbursed for the payment amount by the individual State department whose employee was injured and filed the claim. The claims liability was recorded in the General Long-Term Debt Account Group. It was organized as an Internal Service Fund on July 1, 1995. The Workers' Compensation Internal Service Fund assumed all liability for outstanding losses that previously were paid by individual departments. Annuity contracts have been purchased for the purpose of settling certain claims. Information is insufficient to determine the amount of the claims' liabilities for which annuity contracts have been purchased in the claimant's name, and the amount of the related liabilities which have been removed from the balance sheet.

Based on actuarial calculations, as of June 30, 1996, the State is liable for unfunded claims and incurred but not reported claims. The claims total approximately \$68.9 million. The discounted amount is \$50.2 million and was calculated based on a 6% yield on investments.

Changes in the balance of claims and judgments liabilities during fiscal 1996 were as follows:

Workers' Compensation Liability
June 30, 1996

(Dollars in Thousands)

	<u>Amount</u>
Liability at Beginning of Year	\$ 63,874*
Current Year Claims and Changes in Estimates	(1,318)
Claims Payments	<u>(12,356)</u>
Liability at End of Year	<u>\$ 50,200</u>

* Prior to Fiscal Year 1996, the Workers' Compensation liability was disclosed in the Notes to the Financial Statements at its face value, although discounted figures were recorded in the General Long-term Debt Account Group. As a result, prior year information is not comparable and not presented.

Health Care

The State of Maine's health insurance plan provides insurance coverage for active employees of the State as well as several quasi-governmental agencies. The State is insured under a retrospectively rated insurance policy from a commercial insurer as a group plan with the Maine Technical College System, the Maine Turnpike Authority and other smaller quasi- governmental entities.

Rates were set to generate working premiums totaling \$98.3 million of which the State group represented approximately 88%. If actual loss experience for the period required less than \$98.3 million of working premiums, then a credit would be due from the carrier. If loss experience for the period required more than \$98.3 million of working premiums then the participant groups would be liable for an additional 10% or \$9.8 million. The insurance carrier is responsible for loss experience beyond \$108.1 million.

At June 30, 1996, the contract cycle with the health care insurer had ended. At the termination of that cycle, a final cost settlement is to be determined. The final settlement had not been concluded as of the report date and therefore any receivable or payable that may result had not been determined but is not believed to be material.

Disability

State law allows confidential employees who become temporarily disabled to receive 66.67% of their salary for up to 335 calendar days. There were approximately 853 confidential employees at June 30, 1996. The expenditure amount for this benefit cannot be determined.

NOTE 11

PUBLIC ENTITY RISK POOL

The State provides risk management insurance advice and services to public instrumentalities other than State departments or agencies. If there is a strong public need; coverage is otherwise unavailable; or is offered only at unreasonable cost to that person or entity; and if the Governor has approved that person or entity for insurance services, they are eligible for such services. These instrumentalities are primarily educational entities such as The University of Maine System, the Maine Technical College System, and

the Maine Maritime Academy. During the fiscal year ended June 30, 1996, approximately 50 individual persons or entities participated in this pool.

The risk pool is accounted for in an Enterprise Fund. Prior to FY 1996, this fund was combined with the self-insurance fund for State agencies (Note 12). The fund was split by allocating the unused contributions to the respective funds. The risk pool participates on an equal basis in the commercial insurance and fund depletion policy described in the Internal Service Fund Statute (see Note 10). It provides that persons or entities participating in the State administered fund do not have a right of recovery except against the assets of the State administered fund and do not have recourse against any State assets or employees. It also provides that the assets of the fund may not be transferred to meet a budgetary shortfall or pay uninsured expenses.

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. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation. Reliance is placed both on actual historical data that reflects past inflation and on other factors that are considered to be appropriate modifiers of past experience. Anticipated investment income is considered in setting rates for the fund. Annuity contracts have been purchased for the purpose of settling certain claims. Information is insufficient to determine the future amount of the claims liabilities for which annuity contracts have been purchased in the claimants' name, and the amount of the related liabilities which have been removed from the balance sheet.

Based on actuarial calculations, as of June 30, 1996, \$336,000 is reported as the estimated claims payable for the administered risk pool. The discounted amount is \$306,000 and was calculated based on a 6% yield on investments. The estimated losses are based upon actual claims that have been submitted as well as claims incurred but not reported. The following schedule shows the changes in the reported liability since June 30, 1995.

Public Entity Risk Pool Claims Payable

June 30, 1996

(Dollars in Thousands)

	<u>Amount</u>
Unpaid Claims and Claims Adjustment Expenses at Beginning of the Fiscal Year	<u>\$ 546</u>
Incurred Claims and Claims Adjustment Expenses:	
Provision for Insured Events of the Current Fiscal Year	64
Increases in Provision for Insured Events of the Prior Fiscal Years	<u>40</u>
Total Incurred Claims and Adjustment Expenses	<u>104</u>
Payments:	
Claims and Claims Adjustment Expenses Attributable to:	
Insured Events of the Current Fiscal Year	165
Insured Events of the Prior Fiscal Year	<u>179</u>
Total Payments	<u>\$ 344</u>
Total Unpaid Claims and Claims Adjustment Expenses at End of the Fiscal Year (discounted)	<u><u>\$ 306</u></u>

* Prior to Fiscal Year 1996, the Risk Management Internal Service Fund (Note 10) and the Public Entity Risk Pool Enterprise Fund were reported as one fund. As a result, liability information for the prior year is not available for the individual funds. The Enterprise Fund's pro-rated liability (not discounted) is \$546,000 as of the beginning of the year.

NOTE 12

SEGMENT INFORMATION

The State has the following Enterprise Funds which have been created to provide various services to the general public:

Enterprise Fund Selected Information

June 30, 1996

(Dollars in Thousands)

	Lottery Operations	Bureau of Alcoholic Beverages	Risk Pool	D.O.T Related	Agriculture Related	Other Enterprise Funds	Total Enterprise Funds
Operating Revenues	\$150,323	\$71,558	\$1,082	\$2,257	\$407	\$750	\$226,377
Depreciation Expense	20	90	-	1,865	60	16	2,051
Operating Income (loss)	38,991	23,325	397	(2,410)	(559)	(428)	59,316
Net Nonoperating Revenues	400	-	221	44	433	22	1,120
Net Income (loss)	23	241	554	(287)	151	(408)	274
Operating Transfers in (out)	(39,368)	(23,084)	(64)	2,077	277	-	(60,162)
Additions to (from) Property, Plant and Equipment	(27)	24	-	(13,652)	(25)	(9)	(13,689)
Total Assets	10,490	6,802	4,317	53,122	12,208	794	87,733
Total Long-Term Liabilities	-	1,000	-	-	1,731	-	2,731
Total Liabilities	10,490	6,802	316	638	1,841	132	20,219
Total Equity	-	-	4,001	52,485	10,367	662	67,515
Net Working Capital	(52)	696	4,001	100	1,522	508	6,775
Current Capital Contributions (reductions)	-	(524)	-	12,586	-	-	12,062

NOTE 13

JOINT VENTURES

Joint ventures are independently constituted entities generally created by two or more governments for a specific purpose. The only material joint venture in which the State participates is the Tri-State Lotto Commission.

The 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 the price or prices of tickets, the number and size of prizes for winning tickets, and the licensing of agents.

The Commission is composed of one member from each of the participating states. Each compact member, state lottery or sweepstakes commission appoints one of its members to serve on the Commission. Each member shall hold office at the pleasure of the appointing authority. The Commission shall elect a chairman from among its members, annually.

The Commission has designated that 50% of its operating revenue be aggregated in a common prize pool. 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 are forfeited. All unclaimed prizes are credited to future prize pools. The Commission funds its jackpots through annuity contracts purchased from insurance companies and zero-coupon US Government Treasury Strips.

A proportional share of revenue and expenses are allocated to each state based on the amount of 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; Daily Number expenses that are allocated to each state based on Daily Number ticket sales; and certain other miscellaneous costs that are based on actual charges generated by each state.

The financial statements of the Tri-State Lotto Commission may be obtained at the Bureau of Alcoholic Beverages and Lottery Operations, 8 State House Station, Augusta, ME 04333.

NOTE 14

COMMITMENTS AND CONTINGENCIES

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 which may be disallowed by the grantor agencies cannot be determined at this time.

Municipal Solid Waste Landfills

Title 38 MRSA § 1310-F establishes within the Department of Environmental Protection a cost sharing program for the closure and remediation of solid waste landfills which pose an actual or potential hazard to the environment and public health. The State's obligation to provide cost sharing to municipalities is subject to the availability of general obligation bond funds approved for that purpose. At June 30, 1996, \$59 million had been authorized and issued for solid waste landfill closure and remediation with \$56 million expended or encumbered. At June 30, 1996, the estimated cost of future landfill closure and remediation projects is not known. In the 1996 fiscal year \$13 million in bond funds was expended for solid waste landfill projects.

Construction Commitments

At June 30, 1996, the Department of Environmental Protection had contractual commitments for pollution abatement construction projects as provided for by Title 13 MRSA § 411. Subject to approval by the Commissioner, the State may contribute to the design, engineering and construction of municipal pollution abatement facilities. At June 30, 1996, \$100 million in general obligation bond funds had been authorized for pollution abatement construction projects, \$90 million had been issued and \$85 million expended. The amount of bond funds committed in contracts to these projects at June 30, 1996 was \$5 million. The estimated cost of future pollution abatement construction projects is not known. In the fiscal year ended June 30, 1995, \$10 million in bond funds was expended on pollution abatement projects.

A portion of the payment that is made to municipalities for General Purpose Aid to Local Schools is allocated for debt service. This portion represents the subsidy for debt service resulting from local outstanding indebtedness for school construction and renovation projects. As of June 30, 1996, outstanding commitments by municipalities for school construction projects totaled \$674.7 million.

At June 30, 1996, the Department of Transportation had contractual commitments of approximately \$103.4 million for construction of various highway projects. The State's share of that amount is expected to be approximately \$21.6 million. Funding for these future expenditures is expected to be provided from federal funds, state funds, and bond proceeds.

Contingent Receivable

At June 30, 1996, the Maine Department of Transportation (MDOT) had unreimbursed expenditures paid from the Highway Fund in fiscal years 1996 and prior. Based on historical experience, these expenditures are potentially reimbursable, in part, by the federal highway program through project modifications. The MDOT has not determined the probability or estimated the amount of any reimbursement.

Constitutional Debt

Article 9, § 14-A, of the Maine State Constitution provides that the State may insure the payment of mortgage loans on real estate and personal property within the State for industrial, manufacturing, fishing, agricultural and recreational enterprises. The aggregate of these obligations may not exceed \$90 million at any one time. As of June 30, 1996, amounts committed pursuant to this authorization were \$61.5 million.

Article 9, § 14-C, of the Maine State Constitution provides that the State may insure the payment of 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. These loans may not exceed \$1 million in the aggregate at any one time. As of June 30, 1996, amounts committed pursuant to this authorization were approximately \$84,000.

Article 9, § 14-D, of the Maine State Constitution provides that the State may insure the payment of any mortgage loan 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 a resident Maine veteran. These loans may not exceed \$4 million in the aggregate at any one time. As of June 30, 1996, amounts committed pursuant to this authorization were \$1.4 million.

Article 8, § 2, of the Maine State Constitution provides that the State may secure funds for loans to Maine students attending institutions of higher education. Funds shall be obtained by the issuance of

State bonds, when authorized by the Governor. The amount of bonds issued and outstanding shall not at any one time exceed \$4 million in the aggregate. As of June 30, 1996, there were no amounts issued pursuant to these authorizations.

Moral Obligation Debt

Statutes governing certain public Authorities provide for Capital Reserve Provisions. These provisions authorize the State to make up any deficiencies in their Debt Service Reserve Funds, subject to legislative appropriation, effectively constituting a moral obligation to back the Authorities' credit. Since such moral obligations do not constitute full faith and credit obligations of the State, voter approval of such obligations is not required. The State has never been called upon to make any direct payments pursuant to such provisions. As of June 30, 1996, approximately \$2.6 billion in moral obligation bonds were outstanding and the required debt service reserve was \$258.4 million.

Issuing Authorities, bonds outstanding, required debt reserve, moral obligation debt limits and the legal citation for each Authority appear in the following table:

Moral Obligation Bonds

June 30, 1996

(Dollars in Thousands)

<u>Issuer</u>	<u>Bonds Outstanding</u>	<u>Required Debt Reserve</u>	<u>Moral Obligation Debt Limit</u>	<u>Legal Citation</u>
*Finance Authority of Maine	\$ 242,278	\$37,771	\$ 591,000	10 MRSA §1032, 1
Maine Educational Loan Authority	31,360	2,386	50,000	20-A MRSA §1142
Maine Municipal Bond Bank	841,430	99,030	No Limit	30-A MRSA § 6006
Maine Health and Higher Educational Facilities Authority	556,410	43,623	No Limit	22 MRSA § 2075
Loring Development Authority	-	-	100,000	5 MRSA §13080-N
Maine State Housing Authority	998,000	75,622	1,150,000	30-A MRSA § 490
Total	<u>\$2,669,478</u>	<u>\$258,432</u>		

* It is the opinion of the State's legal counsel that statutory history provides substantial support for the conclusion that the legislature intended that these bonds be secured by the moral obligation of the State.

NOTE 15

LITIGATION

The State of Maine, its units and employees are parties to numerous legal proceedings, many of which normally occur in governmental operations. In the opinion of the Attorney General and other legal counsel representing the State, it is not probable that the legal proceedings will have a material adverse impact on the State's financial position. Therefore, the State has not recorded liabilities in anticipation of awarded or anticipated unfavorable judgments.

In all the cases listed below, except in the case of the Consent Decrees, the Attorney General advises that the State, its agencies and employees have valid defenses and that the State is vigorously defending the claims. The State is also a party to various legal proceedings, which, if resolved in the State's favor, would result in contingency gains to the State's General Fund balance, without material effect upon fund balance. The ultimate dispositions and consequences of all these proceedings are not presently determinable, but it is not probable that the ultimate disposition of any single proceeding or all legal proceedings collectively will have, in the opinion of the State's Attorney General and the Department of Administrative and Financial Services, any material adverse effect on the State's financial position.

The State is a defendant in two class actions lawsuits, Bates v. Peet, et al., and Consumer Advisory Board, et al. v. Glover, et al., which were settled by Consent Decrees applicable to the mental health and mental retardation services provided by the Department of Mental Health, Mental Retardation, and Substance Abuse Services. In both cases, the State remains subject to the terms of the Decrees and believes that it can meet the requirements within its existing budget, but it is possible that additional funds could be required as a result of future court orders.

The State is a defendant in SC Testing Technologies v. Maine, DEP et al., a contract case seeking damages of \$42 million arising out of the State's repeal of legislation requiring that automobiles be tested prior to registration. The State prevailed in both the Maine Superior and Supreme Judicial Courts. Plaintiff recently filed a petition for certiorari to the United States Supreme Court on only one of the original multiple grounds for suit - the claim that the State is federally preempted from amending Maine laws on auto emission testing by the terms of the Federal Clean Air Act. It is believed that there is only a remote chance that the US Supreme Court will agree to that review.

Parker v. Wakelin and Dzialo v. Perrier are two lawsuits seeking judgments that certain legislative changes made to save money in the State Retirement System are unconstitutional. The Parker case involves teachers who work for local school districts but who are members of the Maine State Retirement System. In that case the State lost on certain significant issues before the United States District Court for the District of Maine, and an appeal is pending. However, the Attorney General believes that Maine's appeal raises significant issues on which the State has a reasonable chance of prevailing. The Dzialo suit, which involves similar legislative changes as they impact directly on State employees, was filed in December of 1996. It is likely that the outcome of the Parker case will be largely dispositive of the Dzialo case. If the Parker decision is not reversed on appeal, it has been estimated that the Legislature will be required to increase the annual funding for the Retirement Plan (for both teachers and State employees) by an amount that has been estimated at \$16 million for FY 1998 and larger amounts in future years. Plaintiffs have cross appealed on those issues on which the State prevailed at the District Court level, and if Plaintiffs prevail on their appeal, the annual cost to the State (for both teachers and State employees) has been estimated at an additional \$22 million for FY 1998, a figure that will also increase over time.

The State is also a defendant in an administrative reimbursement action brought by the federal Department of Health and Human Services arising out of a dispute concerning the proper allocation of pension contribution costs between the State and federal government. The case, which arose out of a federal audit for fiscal year 1991-92, is currently pending before the federal Department of Health and Human Services Departmental Appeals Board. The claim in dispute is approximately \$7 million, although the State has asserted setoffs nearly equaling the amount claimed by DHHS.

The federal government has not pursued an unasserted claim in an amount ranging from \$5.7 to \$7.7 million in the Medicaid Program. The claim arises out of a State of Maine Gross Receipts Tax in effect

from July 1993 to December 1993 that the federal government claims was inappropriate. The law was amended effective December 1993, and later repealed. This is a national issue which affects many states and it is possible that federal legislation may resolve the matter prior to any potential administrative reimbursement action.

The State is in receipt of a Notice of Claim demanding \$7 million for damages based on the death of a patient at the Augusta Mental Health Institute. This claim includes both a claim against the State under the Maine Tort Claims Act and claims against State employees and contractors under state and federal law. No lawsuit has been filed. Even if liability were found, it is not probable that the damages would approach the amount claimed.

State employees are defendants or potential defendants in several civil rights actions in which large dollar amounts have been claimed. The State cannot itself be sued under the applicable civil rights laws but could be responsible for certain defense costs in such suits and also self-insures certain of its employees up to a maximum of \$300,000 for any one occurrence.

The State of Maine has been audited by the IRS and the IRS has taken the position that the State owes employment taxes on independent contractors that the IRS alleges qualify as employees under federal tax law. This dispute is currently pending before the IRS at the administrative level. After an initial assessment of over a million dollars, the IRS has reduced the assessment to less than \$450,000 for the tax year 1993. The State is filing an administrative appeal.

The State is a defendant in a number of tort claim actions. These cases, whether at the notice of tort claim stage or filed as court actions, are subject to the limitations stated in the Maine Tort Claims Act, 14 M.R.S.A. §8101 et seq., of \$300,000 per occurrence, a bar on punitive or exemplary damages, and complete immunity for an array of discretionary actions. It is not probable that the State's aggregate exposure will exceed \$10 million.

The State is a party to numerous other legal proceedings, such as tax reimbursement actions, many of which recur in government operations. As noted above, the State is defending the actions. In the opinion of the Attorney General, even if liability is found in some of these cases, it is not probable the damages awarded will have any material effect on the financial condition of the government.

NOTE 16

SUBSEQUENT EVENTS

Bond Authorizations

Subsequent to June 30, 1996, voters approved bond issues of \$40.5 million and \$4.9 million. The proceeds are to fund major improvements at state parks and historic sites, encourage and support economic development, construct water pollution control facilities, address environmental health deficiencies in drinking water supplies, investigate, abate and clean up hazardous substance discharges, clean up tire stockpiles, close and clean up municipal solid waste landfills, and connect libraries and communities electronically.

Tax Anticipation Notes

On July 2, 1996, the State issued \$150 million of general obligation tax anticipation notes (TAN's) with an interest rate of 4.5% and a maturity date of June 27, 1997. These notes were issued to provide cash flow to the General Fund during fiscal year 1997.

Bond Anticipation Notes

Subsequent to fiscal year 1996, bond anticipation notes (BANs) totaling \$10.125 million were issued by the State with interest rates ranging from 4% to 4.15% and maturities in May and June, 1997. The BANs were issued as a temporary financing vehicle for new projects that will be financed with future bond proceeds.

Lease/Financing Arrangements

The State entered into a lease financing agreement with the Maine Court Facilities Authority for the financing of court facilities in Skowhegan and Biddeford. The total principal amount financed was \$5.9 million, the amortization of which will begin September 1, 1997. The State entered into three other financing agreements subsequent to fiscal year end. The total principal amount financed was \$4.3 million. The financing was for computer equipment and motor vehicles, and is administered within the Internal Service Fund.

Repeal of Gross Receipts Tax

Effective January 1, 1997, legislation repealed the seven percent gross receipts tax charged to consumers for nursing home care. For fiscal year 1996, these taxes totaled approximately \$25 million.

Individual Income Tax Ceiling Repealed

Chapter 24 Public Laws of 1997 repealed 36 MRSA § 5111-B, which had become effective June in 1995. The repealed statute had mandated individual income tax rate reductions and tax refunds once a certain targeted revenue amount was reached. The statute had never been applied, as the targeted amount had not been reached.

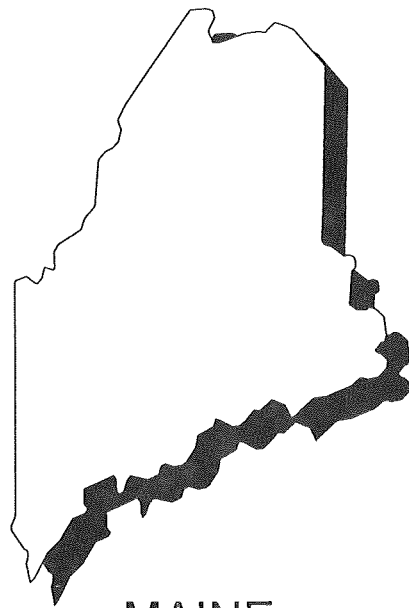
Revised Hospital Financing Plan

In the spring of 1997 the State of Maine, in cooperation with Maine hospitals and following discussions with the federal government, developed a revised plan for payments to and from hospitals. The purpose of the plan was to phase out the "tax and match" financing arrangement by June 30, 1998, with the minimum possible disruption. The plan results in an increase in the hospitals' tax burden in the 1997 and 1998 years with a compensating increase in the state's commitment to the hospitals to pay for bad debt and charity cases (the disproportionate share program). The increase in the disproportionate share reimbursement rate was applied retroactively to July 1, 1995.

Lease of Augusta State Airport

As of December 1, 1996, the State of Maine, through the Department of Transportation, entered into a lease/purchase agreement with the City of Augusta. The City will operate, and eventually own, the facilities of the Augusta State Airport, currently accounted for as an Enterprise Fund.

The lease terms also provide for the Department of Transportation to pay an annual subsidy to the City of Augusta for airport purposes, and for the City to remit income from airport operations to the Department.



MAINE

BUDGETARY

F I N A N C I A L S E C T I O N

BUDGETARY

A L L F U N D S

COMBINED BALANCE SHEET

For the Year Ended June 30, 1996

	Governmental Funds		
	General Fund	Highway Fund	Other Special Revenue
ASSETS			
Equity in Treasurer's Cash Pool	\$47,343,790	\$20,824,189	\$75,953,703
Cash - Other	22,348,010	33,068,106	32,965
Investments	-	-	-
Deposits with United States Treasury	-	-	-
Accounts, Notes, and Grants Receivable, Net of Reserves for Uncollectible Accounts	82,414,452	2,075,688	51,788,828
Due from Other Funds	401,714	25,953	8,060,481
Inventories	-	-	-
Working Capital Advances to Other Funds	2,121,261	13,182,115	-
Prepaid Expenses and Other Assets	11,516,843	1,644,291	2,877,666
Land, Buildings and Equipment	-	-	-
Amount Available in Debt Service Funds	-	-	-
Amount to be Provided for Retirement of General Long Term Debt	-	-	-
TOTAL ASSETS	\$166,146,070	\$70,820,342	\$138,713,643
LIABILITIES AND EQUITY			
LIABILITIES			
Accounts Payable	\$8,786,603	\$1,982,413	\$16,118,136
Due to Other Funds	9,818,393	1,080,863	2,729,389
Other Liabilities	9,556,492	215,190	3,567,733
Bonds Payable	-	-	-
Working Capital Advances Payable	-	-	1,000,261
TOTAL LIABILITIES	28,161,488	3,278,466	23,415,519
EQUITY			
Reserved for Encumbrances	18,629,270	3,098,478	40,410,599
Reserved for Authorized Expenditures	44,309,276	39,852,584	74,887,525
Reserved for Utility Loans	-	572,918	-
Working Capital Advances to Other Funds	2,121,261	13,182,115	-
Designated for Other Purposes	8,850,000	-	-
Reserves for Future Benefits	-	-	-
Rainy Day Fund	38,240,859	-	-
Contributed Capital	-	-	-
Retained Earnings	-	-	-
Unappropriated Surplus	25,833,916	10,835,782	-
TOTAL EQUITY	137,984,582	67,541,877	115,298,124
TOTAL LIABILITIES AND EQUITY	\$166,146,070	\$70,820,342	\$138,713,643

Capital Projects	Debt Service	Other Funds			Account Group
		Enterprise Funds	Internal Service Funds	Trust and Agency	General Long - Term Debt
\$63,186,903	\$2,842,256	\$10,462,433	\$22,329,274	\$75,606,325	\$ -
-	297,218	-	671,258	606	-
-	-	-	-	189,391,083	-
-	-	-	-	101,797,152	-
-	-	19,740,308	499,316	2,132,076	-
-	-	13,207	8,479,131	13,460	-
-	-	3,285,479	5,145,686	-	-
-	-	-	-	-	-
39	-	635,510	156,772	12,077	-
-	-	53,597,478	48,206,050	-	-
-	-	-	-	-	2,842,256
-	-	-	-	-	521,735,744
<u>\$63,186,942</u>	<u>\$3,139,474</u>	<u>\$87,734,415</u>	<u>\$85,487,487</u>	<u>\$368,952,779</u>	<u>\$524,578,000</u>
\$2,247,815	\$ -	\$6,147,285	\$4,305,126	\$13,029,066	\$ -
39	-	1,602,781	1,776,041	86	-
-	287,218	11,471,534	78,725,033	210,857,501	8,888,000
-	10,000	-	-	-	515,690,000
-	-	1,000,000	13,303,115	-	-
<u>2,247,854</u>	<u>297,218</u>	<u>20,221,600</u>	<u>98,109,315</u>	<u>223,886,653</u>	<u>524,578,000</u>
8,296,536	-	-	-	-	-
52,642,552	2,842,256	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	145,066,126	-
-	-	-	-	-	-
-	-	55,861,192	4,940,817	-	-
-	-	11,651,623	(17,562,645)	-	-
-	-	-	-	-	-
<u>60,939,088</u>	<u>2,842,256</u>	<u>67,512,815</u>	<u>(12,621,828)</u>	<u>145,066,126</u>	<u>-</u>
<u>\$63,186,942</u>	<u>\$3,139,474</u>	<u>\$87,734,415</u>	<u>\$85,487,487</u>	<u>\$368,952,779</u>	<u>\$524,578,000</u>

GOVERNMENTAL FUNDS

COMBINED STATEMENT OF REVENUES, RESOURCES,
EXPENDITURES AND CHANGES IN FUND BALANCES

For the Year Ended June 30, 1996

	Total (Memorandum) (Only)	General Fund
REVENUES		
Taxes		
Individual Income Tax	\$709,490,502	\$674,507,957
Sales and Use Tax	658,360,508	624,041,216
Gross Receipts Tax	68,460,826	68,460,826
Gasoline, Use Fuel and Motor Carrier Tax	147,140,085	-
Corporate Income Tax	71,061,763	67,344,662
Vehicle Registration and Drivers Licenses	61,329,049	-
Cigarette Tax	47,601,774	47,601,774
Insurance Tax	50,367,127	35,518,538
Public Utilities Tax	34,832,484	28,853,169
Unorganized Territories Tax	14,154,184	9,135,576
Other	227,433,627	54,725,351
Total Taxes	2,090,231,929	1,610,189,069
Licenses and Fees	12,922,652	12,742,429
Income from Investments	16,345,552	8,512,311
Intergovernmental Revenue	1,168,803,142	16,766,839
From Cities Towns and Counties	3,649,005	318,385
Service Charge for Current Services	131,967,880	20,003,177
Transferred from Bureau of Alcoholic Beverages	21,446,967	21,446,967
Transferred from Lottery Commission	37,736,554	37,736,554
Other Revenues	115,613,364	38,685,030
TOTAL REVENUES	1,508,485,116	156,211,692
OTHER FINANCIAL RESOURCES		
Proceeds of General Obligation Bonds	76,700,000	-
Other	(9,093,964)	(5,246,603)
TOTAL REVENUES AND RESOURCES	3,666,323,081	1,761,154,158
EXPENDITURES		
General Government	352,450,444	224,278,936
Economic Development	96,049,360	30,642,822
Education and Culture	974,988,448	868,287,442
Human Services	1,553,781,158	506,056,124
Manpower	54,528,654	4,307,867
Natural Resources	109,259,427	37,564,351
Public Protection	56,733,000	11,304,252
Transportation	356,163,828	2,765,334
TOTAL EXPENDITURES	3,553,954,319	1,685,207,128
EXCESS REVENUES AND RESOURCES OVER (under) EXPENDITURES	112,368,762	75,947,030
FUND EQUITY JULY 1, 1995	272,237,165	62,037,552
FUND EQUITY JUNE 30, 1996	\$384,605,927	\$137,984,582

Highway Fund	Other Special Revenue	Capital Projects	Debt Service
\$ -	\$34,982,545	\$ -	\$ -
-	34,319,292	-	-
-	-	-	-
144,383,103	2,756,982	-	-
-	3,717,101	-	-
61,329,049	-	-	-
-	-	-	-
-	14,848,589	-	-
-	5,979,315	-	-
-	5,018,608	-	-
605,836	172,102,440	-	-
206,317,988	273,724,872	-	-
-	180,223	-	-
1,477,667	2,437,722	27,932	3,889,920
-	1,152,036,303	-	-
(32,944)	3,363,564	-	-
44,240,189	67,441,684	-	282,830
-	-	-	-
-	-	-	-
2,212,018	74,716,316	-	-
47,896,930	1,300,175,812	27,932	4,172,750
-	-	76,700,000	-
357,058	(729,284)	(1,376,849)	(2,098,286)
254,571,976	1,573,171,400	75,351,083	2,074,464
22,751,419	100,799,353	4,620,736	-
155,049	64,378,331	873,158	-
-	101,575,315	5,125,691	-
-	1,043,490,013	4,235,021	-
-	50,220,787	-	-
-	45,534,262	26,160,814	-
24,218,514	21,210,234	-	-
182,292,557	152,032,218	19,073,719	-
229,417,539	1,579,240,513	60,089,139	-
25,154,437	(6,069,113)	15,261,944	2,074,464
42,387,440	121,367,237	45,677,144	767,792
\$67,541,877	\$115,298,124	\$60,939,088	\$2,842,256

GOVERNMENTAL FUNDS

COMPARATIVE STATEMENT OF REVENUES, RESOURCES AND EXPENDITURES
GENERAL FUND, HIGHWAY FUND AND OTHER SPECIAL REVENUE FUND
ACTUAL VS BUDGET

For the Year Ended June 30, 1996

	General Fund	
	Actual	Budget
REVENUES		
Taxes	\$1,593,185,609	\$1,554,873,597
Fines, Forfeits and Penalties	20,026,749	22,440,959
Licenses and Fees	29,745,890	30,044,709
Income from Investments	8,512,311	2,990,000
Intergovernmental Revenue	16,766,839	19,097,462
Revenue from Private Sources		
Charges for Current Services	20,234,852	21,575,274
Transferred from Bureau of	21,446,967	20,890,095
Alcohol Beverages		
Transferred from Lottery Commission	37,736,554	46,159,817
Other Revenues	2,053,555	874,185
TOTAL REVENUES	1,749,709,326	1,718,946,098
OTHER FINANCING RESOURCES (uses)	11,444,832	16,227,477
TOTAL REVENUES AND RESOURCES	1,761,154,158	1,735,173,575
EXPENDITURES		
General Government	224,278,936	229,441,094
Economic Development	30,642,822	31,997,373
Education and Culture	868,287,442	868,064,170
Human Services	506,056,124	549,455,172
Manpower	4,307,867	14,386,583
Natural Resources	37,564,351	38,907,589
Public Protection	11,304,252	12,282,493
Transportation	2,765,334	3,006,215
TOTAL EXPENDITURES	1,685,207,128	1,747,540,689
EXCESS RESOURCES OVER (under)		
EXPENDITURES	75,947,030	(12,367,114)
FUND EQUITY JULY 1, 1995	62,037,552	62,037,552
FUND EQUITY JUNE 30, 1996	\$137,984,582	\$49,670,438

Highway Fund		Other Special Revenue Fund	
Actual	Budget	Actual	Budget
\$206,317,989	\$204,983,096	\$273,905,095	\$270,166,765
1,868,492	1,250,000	3,507,965	2,874,920
-	-	-	-
1,477,667	1,200,000	2,437,722	1,260,551
(32,944)	2,000	1,155,399,867	1,405,089,002
-	-	65,571,718	84,869,612
44,240,189	44,670,364	67,441,684	80,584,796
-	-	-	-
-	-	-	-
343,525	215,000	5,636,633	30,294,709
254,214,918	252,320,460	1,573,900,684	1,875,140,355
357,058	-	(729,284)	-
254,571,976	252,320,460	1,573,171,400	1,875,140,355
22,751,419	24,886,341	100,799,353	116,056,170
155,049	45,790	64,378,331	96,016,828
-	-	101,575,315	97,069,227
-	-	1,043,490,013	1,139,625,384
-	-	50,220,787	110,140,809
-	-	45,534,262	76,267,672
24,218,514	25,197,545	21,210,234	32,371,467
182,292,557	223,484,906	152,032,218	192,266,189
229,417,539	273,614,582	1,579,240,513	1,859,813,746
25,154,437	(21,294,122)	(6,069,113)	15,326,609
42,387,440	42,387,440	121,367,237	121,367,237
\$67,541,877	\$21,093,318	\$115,298,124	\$136,693,846

G O V E R N M E N T A L F U N D S

**COMBINED SUMMARY OF APPROPRIATION ACCOUNTS
SHOWING DETAIL OF AMOUNTS AVAILABLE, EXPENDITURES
AND DISPOSITION OF BALANCES**

For the Year Ended June 30, 1996

	Balance Forward July 1, 1995 (Adjusted)	Legislative Appropriation
GENERAL GOVERNMENT		
Attorney General	\$1,146,703	\$6,761,739
State Auditor	(33,256)	1,241,486
Executive Department	10,655,113	11,236,694
Department of Administrative & Financial Services	14,113,050	50,195,878
Tax Relief Programs	26,088	22,031,190
Compensation and Benefit Plans	928,935	(400,000)
Judicial	708,566	32,973,821
Legislature	936,036	14,729,331
Secretary of State	1,949,969	24,230,026
Treasurer of State	21,951	945,624
Debt Service - General Fund	-	82,477,765
Municipal Revenue Sharing	85,738	-
Other	958,956	7,015,796
Capital Projects	4,248,423	-
TOTAL GENERAL GOVERNMENT	35,746,272	253,439,350
ECONOMIC DEVELOPMENT		
Department of Agriculture, Food & Rural Resources	4,390,382	9,006,885
Department of Economic and Community Development	1,709,027	5,798,199
Department of Professional & Financial Regulation	11,482,428	-
Department of Marine Resources	1,187,187	6,811,913
Finance Authority of Maine	40	12,043,394
Independent Agencies	6,555,078	735,294
Other	-	183,000
Capital Projects	2,588,561	-
TOTAL ECONOMIC DEVELOPMENT	27,912,703	34,578,685
EDUCATION AND CULTURAL SERVICES		
Department of Education		
Administration	257,124	4,282,916
General Purpose Aid for Local Schools	2,179,210	534,073,396
Teacher's Retirement	-	127,425,266
Governor Baxter School for the Deaf	86,801	4,352,865
Local School Nutrition Program	40,401	-
Schooling in Unorganized Territories	129,119	9,478,300
Other Programs	1,304,127	21,826,100
Total Department of Education	3,996,782	701,438,843

Revenues, Transfers and Other Resources	Total Available	Expenditures	Unexpended Balance June 30, 1996	
			Lapsed	Carried
\$5,638,677	\$13,547,119	\$11,730,547	\$72,273	\$1,744,299
767,528	1,975,758	1,804,609	29,629	141,520
12,368,928	34,260,735	22,357,038	681,975	11,221,722
9,421,101	73,730,029	54,752,857	632,736	18,344,436
-	22,057,278	17,620,691	1,171,809	3,264,778
260,500	789,435	-	-	789,435
1,195,253	34,877,640	34,042,996	303,392	531,252
75,392	15,740,759	14,011,333	-	1,729,426
954,595	27,134,590	23,774,224	833,930	2,526,436
45,000	1,012,575	943,200	36,264	33,111
3,726,748	86,204,513	86,204,513	-	-
72,620,512	72,706,250	72,706,250	-	-
657,954	8,632,706	7,881,450	114,607	636,649
6,175,813	10,424,236	4,620,736	-	5,803,500
<u>113,908,001</u>	<u>403,093,623</u>	<u>352,450,444</u>	<u>3,876,615</u>	<u>46,766,564</u>
10,743,866	24,141,133	19,664,317	272,834	4,203,982
18,702,086	26,209,312	25,859,489	201,563	148,260
16,126,664	27,609,092	12,551,243	-	15,057,849
4,111,742	12,110,842	9,634,744	3,277	2,472,821
-	12,043,434	12,043,394	-	40
14,097,179	21,387,551	15,267,966	529	6,119,056
-	183,000	155,049	27,871	80
(888,048)	1,700,513	873,158	-	827,355
<u>62,893,489</u>	<u>125,384,877</u>	<u>96,049,360</u>	<u>506,074</u>	<u>28,829,443</u>
580,839	5,120,879	4,669,990	142,409	308,480
(1,539,497)	534,713,109	529,256,497	-	5,456,612
-	127,425,266	127,425,266	-	-
74,799	4,514,465	4,165,292	139,042	210,131
19,671,753	19,712,154	19,699,075	-	13,079
204,088	9,811,507	8,581,190	-	1,230,317
80,523,393	103,653,620	100,995,408	212,552	2,445,660
<u>99,515,375</u>	<u>804,951,000</u>	<u>794,792,718</u>	<u>494,003</u>	<u>9,664,279</u>

G O V E R N M E N T A L F U N D S

**COMBINED SUMMARY OF APPROPRIATION ACCOUNTS
SHOWING DETAIL OF AMOUNTS AVAILABLE, EXPENDITURES
AND DISPOSITION OF BALANCES**

For the Year Ended June 30, 1996

	Balance Forward July 1, 1995 (Adjusted)	Legislative Appropriation
Cultural Agencies		
Maine State Museum	\$26,058	\$1,030,341
Maine State Library	139,168	2,315,297
Arts and Humanities	144,263	513,389
Maine Historical Society	-	24,761
Maine Historic Preservation Commission	64,521	223,204
State Historian	17	491
Independent Agencies		
University of Maine	-	132,642,841
Maine Maritime Academy	-	6,504,561
Maine Vocational Technical College System	-	28,770,504
Capital Projects	7,287,471	-
TOTAL EDUCATION AND CULTURAL SERVICES	11,658,280	873,464,232
 HUMAN SERVICES		
Department of Human Services		
Administration	579,624	34,143,653
Medical Payments	15,000,615	161,371,971
Aid to Families with Dependent Children	6,126,978	21,783,570
General Assistance	231,343	5,814,500
Purchased Services	2,434,993	21,975,833
Child Welfare Services	121,546	16,616,209
Other	5,132,314	60,094,301
Total Department of Human Services	29,627,413	321,800,037
Department of Mental Health and Retardation		
Departmental Operations	13,685	5,340,727
Augusta Mental Health Institute	990,613	10,022,572
Consent Decree Reinvestment	-	4,955,845
Bangor Mental Health Institute	833,041	10,574,978
Medicaid Match	-	36,659,886
Pineland Center	71,973	10,568,416
Community Mental Retardation Service	283,968	14,719,466
Community Mental Health Programs	1,579,272	27,248,051
Other	403,265	19,102,716
Capital Projects	12,748	-
Total Department of Mental Health and Retardation	4,188,565	139,192,657

Revenues, Transfers and Other Resources	Total Available	Expenditures	Unexpended Balance June 30, 1996	
			Lapsed	Carried
\$265,720	\$1,322,119	\$1,177,158	\$83,361	\$61,600
1,045,760	3,500,225	3,372,405	34,610	93,210
740,359	1,398,011	1,298,759	4,482	94,770
-	24,761	24,761	-	-
508,887	796,612	790,245	7,485	(1,118)
-	508	-	-	508
-	132,642,841	132,642,841	-	-
-	6,504,561	6,504,561	-	-
488,805	29,259,309	29,259,309	-	-
6,700,000	13,987,471	5,125,691	-	8,861,780
<u>109,264,906</u>	<u>994,387,418</u>	<u>974,988,448</u>	<u>623,941</u>	<u>18,775,029</u>
-	-	-	-	-
18,761,728	53,485,005	52,223,364	670,864	590,777
717,105,909	893,478,495	885,643,533	33,158	7,801,804
113,945,585	141,856,133	137,386,235	-	4,469,898
-	6,045,843	5,804,939	237,461	3,443
45,261,020	69,671,846	66,460,970	285,239	2,925,637
3,953,597	20,691,352	20,150,568	-	540,784
85,581,068	150,807,683	141,259,741	1,466,507	8,081,435
<u>984,608,907</u>	<u>1,336,036,357</u>	<u>1,308,929,350</u>	<u>2,693,229</u>	<u>24,413,778</u>
60,298	5,414,710	5,302,196	3,577	108,937
17,995,042	29,008,227	27,436,940	-	1,571,287
1,155,588	6,111,433	-	-	6,111,433
15,557,539	26,965,558	26,440,066	1	525,491
333,356	36,993,242	36,526,786	-	466,456
(1,111,431)	9,528,958	9,395,622	(2)	133,338
(1,514,751)	13,488,683	13,127,395	-	361,288
3,010,079	31,837,402	28,571,713	-	3,265,689
5,664,935	25,170,916	24,031,786	(1)	1,139,131
-	12,748	-	-	-
<u>41,150,655</u>	<u>184,531,877</u>	<u>170,832,504</u>	<u>3,575</u>	<u>13,695,798</u>

G O V E R N M E N T A L F U N D S

**COMBINED SUMMARY OF APPROPRIATION ACCOUNTS
SHOWING DETAIL OF AMOUNTS AVAILABLE, EXPENDITURES
AND DISPOSITION OF BALANCES**

For the Year Ended June 30, 1996

	Balance Forward July 1, 1995 (Adjusted)	Legislative Appropriation
Department of Corrections		
Administration	\$49,965	\$1,945,734
State Prison	9,495	20,176,315
Maine Correctional Center	64,410	13,471,912
Maine Youth Center - South Portland	23,072	10,464,350
Downeast & Charleston Correctional Center	8,281	3,143,157
Probation and Parole	4,167	6,964,607
Other	2,877,342	9,153,834
Capital Projects	3,858,733	-
Total Department of Corrections	6,895,465	65,319,909
Independent Agencies		
Other	3,533,565	812,636
TOTAL HUMAN SERVICES	44,245,008	527,125,239
 LABOR		
Department of Labor		
Bureau of Labor	1,302,499	1,271,754
Employment Security Commission	1,500,784	-
Other	1,409,360	3,642,911
TOTAL LABOR	4,212,643	4,914,665
 NATURAL RESOURCES		
Department of Conservation		
Administration	355,221	1,356,265
Bureau of Forestry	799,610	9,081,249
Bureau of Geology	167,216	916,976
Bureau of Parks and Recreation	318,892	5,238,692
Other	7,359,544	1,567,937
Capital Projects	2,428,059	-
Total Department of Conservation	11,428,542	18,161,119
Department of Environmental Protection	17,137,581	3,809,536
Capital Projects	17,646,988	-
Department of Inland Fisheries and Wildlife	6,562,766	15,172,938
Capital Projects	2,750	-
Independent Agencies	183,166	45,956
TOTAL NATURAL RESOURCES	52,961,793	37,189,549

Revenues, Transfers and Other Resources	Total Available	Expenditures	Unexpended Balance June 30, 1996	
			Lapsed	Carried
(\$83,863)	\$1,911,836	\$1,808,914	\$1,338	\$101,584
(97,746)	20,088,064	19,543,992	73,247	470,825
(186,345)	13,349,977	13,060,601	47,840	241,536
(181,328)	10,306,094	9,977,027	60,056	269,011
43,963	3,195,401	3,179,573	12,641	3,187
412,941	7,381,715	6,568,894	543	812,278
1,710,734	13,741,910	12,118,659	59,522	1,563,729
2,500,000	6,358,733	4,235,021	-	2,123,712
<u>4,118,356</u>	<u>76,333,730</u>	<u>70,492,681</u>	<u>255,187</u>	<u>5,585,862</u>
1,267,251	5,613,452	3,526,623	335	2,086,494
<u>1,031,145,169</u>	<u>1,602,515,416</u>	<u>1,553,781,158</u>	<u>2,952,326</u>	<u>45,781,932</u>
2,025,511	4,599,764	3,514,843	4,498	1,080,423
24,060,847	25,561,631	25,289,824	-	271,807
22,660,001	27,712,272	25,723,987	11,427	1,976,858
<u>48,746,359</u>	<u>57,873,667</u>	<u>54,528,654</u>	<u>15,925</u>	<u>3,329,088</u>
550,062	2,261,548	1,927,829	2,486	331,233
970,141	10,851,000	9,803,240	6,631	1,041,129
263,940	1,348,132	1,062,498	715	284,919
389,699	5,947,283	5,605,190	35,147	306,946
6,467,046	15,394,527	7,590,304	6,688	7,797,535
26,763	2,454,822	1,012,977	-	1,441,845
<u>8,667,651</u>	<u>38,257,312</u>	<u>27,002,038</u>	<u>51,667</u>	<u>11,203,607</u>
30,227,550	51,174,667	33,159,114	14,650	18,000,903
20,160,282	37,807,270	25,147,837	-	12,659,433
8,326,264	30,061,968	21,942,308	38,296	8,081,364
184	2,934	-	-	2,934
1,948,763	2,177,885	2,008,130	5,377	164,378
<u>69,330,694</u>	<u>159,482,036</u>	<u>109,259,427</u>	<u>109,990</u>	<u>50,112,619</u>

G O V E R N M E N T A L F U N D S

**COMBINED SUMMARY OF APPROPRIATION ACCOUNTS
SHOWING DETAIL OF AMOUNTS AVAILABLE, EXPENDITURES
AND DISPOSITION OF BALANCES**

For the Year Ended June 30, 1996

	Balance Forward July 1, 1995 (Adjusted)	Legislative Appropriation
PUBLIC PROTECTION		
Department of Defense and Veterans Services	\$1,132,333	\$4,178,478
Department of Public Safety	2,924,213	33,026,028
TOTAL PUBLIC PROTECTION	<u>4,056,546</u>	<u>37,204,506</u>
 TRANSPORTATION		
Department of Transportation		
Administration	5,445,934	12,600,857
Construction of Highways	8,061,268	75,758,503
Maintenance of Highways	1,828,876	95,962,853
Bureau of Transportation Services	180,093	420,000
Debt Service - Highway Fund	-	26,714,630
Other	1,531,722	3,081,122
Capital Projects	9,206,535	-
TOTAL TRANSPORTATION	<u>26,254,428</u>	<u>214,537,965</u>
TOTAL GOVERNMENTAL FUND	<u>\$207,047,673</u>	<u>\$1,982,454,191</u>
 DETAIL OF FUNDS		
General Fund	\$33,745,833	\$1,721,654,618
Highway Fund	16,324,021	260,799,573
Other Special Revenue Funds	109,697,551	-
Capital Projects Fund	47,280,268	-
TOTAL DETAIL OF FUNDS	<u>\$207,047,673</u>	<u>\$1,982,454,191</u>

Revenues, Transfers and Other Resources	Total Available	Expenditures	Unexpended Balance June 30, 1996	
			Lapsed	Carried
\$8,357,732	\$13,668,543	\$12,245,878	\$4,570	\$1,418,095
12,832,407	48,782,648	44,487,122	581,121	3,714,405
<u>21,190,139</u>	<u>62,451,191</u>	<u>56,733,000</u>	<u>585,691</u>	<u>5,132,500</u>
2,425,934	20,472,725	15,446,647	3,408,447	1,617,631
141,174,733	224,994,504	187,200,626	-	37,793,878
1,825,992	99,617,721	97,630,394	-	1,987,327
4,464,903	5,064,996	4,745,498	-	319,498
(1,335,650)	25,378,980	25,321,471	57,509	-
2,779,989	7,392,833	6,745,473	3	647,357
42,762,000	51,968,535	19,073,719	-	32,894,816
<u>194,097,901</u>	<u>434,890,294</u>	<u>356,163,828</u>	<u>3,465,959</u>	<u>75,260,507</u>
<u>\$1,650,576,658</u>	<u>\$3,840,078,522</u>	<u>\$3,553,954,319</u>	<u>\$12,136,521</u>	<u>\$273,987,682</u>
(\$5,227)	\$1,755,395,224	\$1,685,207,128	\$7,249,556	\$62,938,540
131,974	277,255,568	229,417,539	4,886,965	42,951,064
1,573,012,917	1,682,710,468	1,579,240,513	-	103,469,955
77,436,994	124,717,262	60,089,139	-	64,628,123
<u>\$1,650,576,658</u>	<u>\$3,840,078,522</u>	<u>\$3,553,954,319</u>	<u>\$12,136,521</u>	<u>\$273,987,682</u>

GOVERNMENTAL FUNDS

COMBINED STATEMENT OF EXPENDITURES BY CHARACTER AND OBJECT

For the Years Ended June 30,

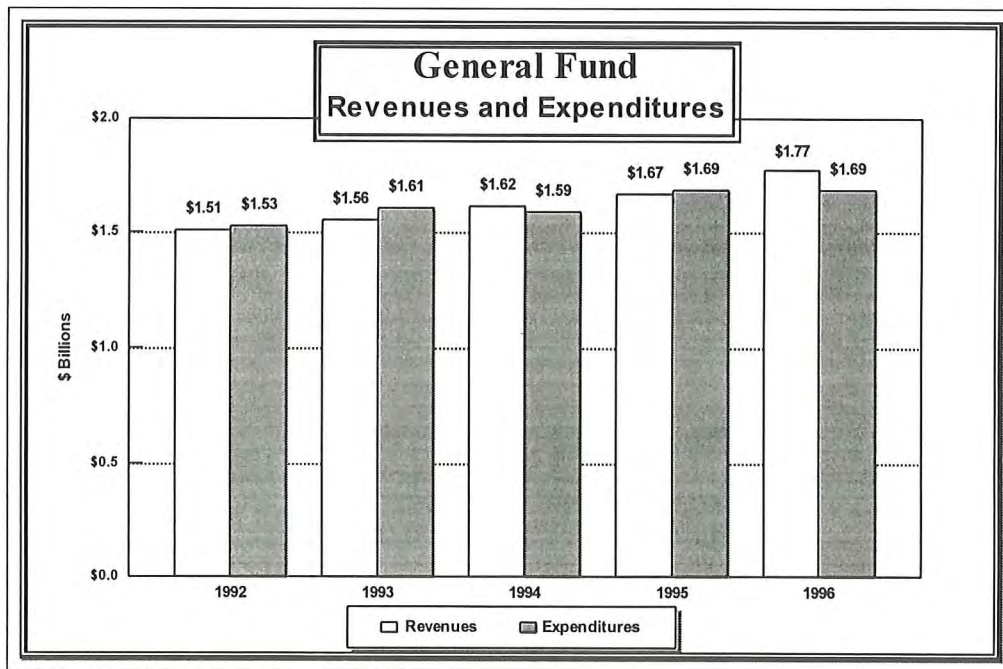
	1996	1995
PERSONAL SERVICES		
Salaries and Wages	\$384,275,451	\$403,326,477
Retirement Costs	75,658,005	74,227,827
Health Insurance and Other Fringe Benefits	84,009,272	59,016,723
Unemployment Reimbursements	1,596,134	1,400,883
	<u>545,538,862</u>	<u>537,971,911</u>
CONTRACTUAL SERVICES		
Professional Fees and Special Services	93,309,532	91,733,555
Traveling Expenses	8,824,006	10,183,615
Operating State-Owned Vehicles	2,677,610	3,137,559
Utility Services	23,870,723	21,625,558
Rents	49,313,575	43,079,746
Repairs and Insurance	16,176,335	12,449,497
General Operating Expenses	35,914,923	42,514,117
	<u>230,086,704</u>	<u>224,723,647</u>
COMMODITIES		
Foods	2,899,182	3,052,083
Fuels	2,559,322	2,320,066
Highway Materials	9,821,315	11,752,327
Office and Other Supplies	17,953,416	17,635,560
	<u>33,233,235</u>	<u>34,760,036</u>
GRANTS, SUBSIDIES AND PENSIONS		
To Other Governmental Agencies	737,367,537	735,270,306
To Public and Private Organizations	393,355,508	389,538,868
To Individuals:		
Aid to Families with Dependent Children	154,667,135	157,709,883
Supplemental Social Security Income	19,574,069	16,223,142
Medicaid	1,006,046,645	990,503,756
Property Tax Relief	9,728,146	5,633,049
Unemployment, Pension and		
Compensation for Injuries	121,512,377	78,228,920
	<u>2,442,251,417</u>	<u>2,373,107,924</u>
CAPITAL OUTLAYS	167,416,948	125,145,868
DEBT SERVICE		
Principal	76,789,408	74,317,610
Interest	37,062,273	39,908,955
	<u>113,851,681</u>	<u>114,226,565</u>
CONTRIBUTIONS AND TRANSFERS TO OTHER FUNDS		
Maine State Retirement System	10,564,083	73,558,351
Transfers to Other Funds	11,011,388	10,292,585
	<u>21,575,471</u>	<u>83,850,936</u>
TOTAL EXPENDITURES	<u>\$3,553,954,319</u>	<u>\$3,493,786,887</u>

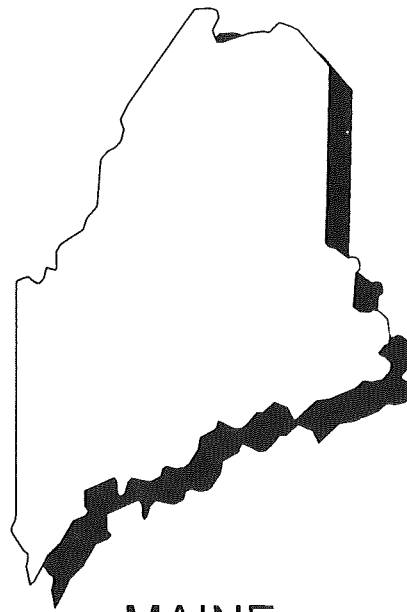
GENERAL FUND

The General Fund is the largest of the State's operating funds. Its purpose is to finance all State Government activities not specifically financed by dedicated revenue.

The major sources of revenues for the General Fund are sales and use tax, individual income tax, corporate income tax and transfers from the Bureau of Alcoholic Beverages and Lottery Operations.

The major expenditures of the General Fund are for aid to local education, support of the University and Technical College Systems, the State's share of Federally mandated Human Services, Natural Resources and General Government programs.





MAINE

GENERAL FUND**COMPARATIVE BALANCE SHEET**

For the Years Ended June 30,

	<u>1996</u>	<u>1995</u>
ASSETS		
Equity in Treasurer's Cash Pool	\$47,343,790	(\$48,259,423)
Cash - Other	22,348,010	15,385,643
Accounts Receivable		
Tax Accounts	155,339,864	167,194,002
Other	14,936,903	11,218,604
Total Accounts Receivable	170,276,766	178,412,606
Less Allowance for Possible Losses	87,862,315	71,385,941
Net Accounts Receivable	82,414,452	107,026,665
Due from Other Funds	401,714	3,065,904
Working Capital Advances to Other Funds	2,121,261	4,191,000
Other Assets	11,516,843	13,277,423
TOTAL ASSETS	<u>\$166,146,070</u>	<u>\$94,687,212</u>
LIABILITIES AND EQUITY		
LIABILITIES		
Accounts Payable	\$8,786,603	\$9,250,524
Due to Other Funds	9,818,393	11,313,782
Other Liabilities	9,556,492	12,085,354
TOTAL LIABILITIES	<u>28,161,488</u>	<u>32,649,660</u>
EQUITY		
Reserved for:		
Encumbrances	18,629,270	15,925,222
Authorized Expenditures	44,309,276	21,232,094
State Contingent Account	2,350,000	2,350,000
Operating Capital	5,500,000	4,500,000
Loan Insurance	1,000,000	3,000,000
Rainy Day Fund	38,240,859	6,422,240
Working Capital Advances	2,121,261	4,191,000
Total Reserves	112,150,667	57,620,556
Unappropriated Equity	25,833,916	4,416,996
TOTAL EQUITY	<u>137,984,583</u>	<u>62,037,552</u>
TOTAL LIABILITIES AND EQUITY	<u>\$166,146,070</u>	<u>\$94,687,212</u>

GENERAL FUND**ANALYSIS OF CHANGES IN FUND BALANCE**

For the Years Ended June 30,

	<u>1996</u>	<u>1995</u>
BALANCE at BEGINNING of YEAR	\$4,416,996	\$3,829,253
ADJUSTMENT of PRIOR YEAR TRANSACTIONS	5,215,367	1,718,242
	<u>9,632,363</u>	<u>5,547,495</u>
ADDITIONS:		
Revenues	1,766,400,761	1,671,736,430
Interest Earned on Rainy Day Fund	405,027	765,593
Appropriation of Balances Carried Forward		
Beginning of Year (adjusted)	33,745,834	32,842,690
Repayment of Appropriated Receivables,		
Advances, etc.	2,093,739	210,000
Increase (decrease) for Operating Capital	(1,000,000)	(1,000,000)
Transfers from Other Funds (net)	(7,455,516)	7,526,498
TOTAL ADDITIONS	<u>1,794,189,845</u>	<u>1,712,081,211</u>
DEDUCTIONS:		
Expenditures	1,685,207,127	1,686,997,648
Expenditures for Property Tax Relief	-	3,101,067
Appropriation Balances		
Carried Forward at End of Year	62,938,546	37,157,316
Transfers to Rainy Day Fund Reserve	31,818,619	(10,343,254)
Increase for Loan Insurance Reserve	(2,000,000)	1,000,000
Increase for Property Tax Relief	-	(3,101,067)
Working Capital Advances	24,000	-
Reserve for Quality Centers	-	(2,600,000)
Increase for Contingent Account	-	1,000,000
TOTAL DEDUCTIONS	<u>1,777,988,292</u>	<u>1,713,211,710</u>
BALANCE at END of YEAR	<u><u>\$25,833,916</u></u>	<u><u>\$4,416,996</u></u>

GENERAL FUND**COMPARATIVE STATEMENT OF REVENUES**

For the Years Ended June 30,

	1996	1995	1996 Budget
TAXES			
Sales and Use Tax	\$624,041,216	\$613,866,371	\$630,150,000
Gross Receipts Tax	68,460,826	68,263,408	71,533,600
Income Taxes			
Individual Income Tax	674,507,957	604,957,906	639,819,000
Corporate Income Tax	67,344,662	58,404,055	57,719,900
Cigarette Tax	47,601,774	48,631,747	46,028,837
Inheritance and Estate Tax	12,379,606	17,124,388	11,573,219
Taxes on Specific			
Businesses or Occupations:			
Insurance Tax	35,518,538	35,949,024	37,571,908
Public Utilities	28,853,169	27,907,278	26,596,695
Corporations	2,610,033	2,442,322	2,208,100
Commission on Pari-Mutuels	616,374	687,794	1,152,497
Other	11,520,137	9,142,427	10,223,462
Property Taxes			
Real Estate Transfer Tax	6,901,703	7,258,236	-
Unorganized Territories Tax	9,135,576	9,567,563	9,947,014
Other Taxes	20,697,497	20,005,865	26,734,193
TOTAL TAXES	1,610,189,070	1,524,208,384	1,571,258,425
TRANSFERRED FROM the BUREAU of ALCOHOLIC BEVERAGES & LOTTERY OPERATIONS			
Alcoholic Beverages	21,446,967	20,128,226	20,890,095
Lottery	37,736,554	41,185,167	46,159,817
CHARGES for CURRENT SERVICES	20,003,177	20,693,309	21,350,927
FINES, FORFEITS and PENALTIES	20,026,749	20,445,408	22,440,959
CONTRIBUTIONS from OTHER FUNDS	16,691,434	16,608,832	16,227,477
HUNTING and FISHING LICENSES and FEES	12,742,429	12,372,171	13,659,881
INCOME from INVESTMENTS	8,512,311	7,555,082	2,990,000
INTERGOVERNMENTAL REVENUES			
Federal Government	16,766,839	6,262,293	18,903,249
Cities, Towns and Counties	318,385	282,012	194,213
REVENUE from PRIVATE SOURCES	1,735,171	1,732,861	874,185
MISCELLANEOUS	231,675	262,685	224,347
TOTAL REVENUES	\$1,766,400,761	\$1,671,736,430	\$1,735,173,575

GENERAL FUND

**COMBINED SUMMARY OF APPROPRIATION ACCOUNTS
SHOWING DETAIL OF AMOUNTS AVAILABLE, EXPENDITURES
AND DISPOSITION OF BALANCES**

For the Year Ended June 30, 1996

	Balance Forward July 1, 1995 (Adjusted)	Legislative Appropriation
GENERAL GOVERNMENT		
Attorney General	\$51,485	\$6,761,739
State Auditor	-	1,241,486
Executive Department		
Governor's Office	109,696	1,706,667
State Planning Office	934,759	2,019,057
Other	818,859	7,510,970
Total Executive Department	1,863,314	11,236,694
Department of Administrative & Financial Services		
Administration	-	247,380
Administrative Services Division	-	828,092
Bureau of Accounts and Control	508,521	3,983,005
Bureau of Budget	-	684,076
Bureau of Taxation	128,759	19,730,077
Tax Relief Programs	26,088	22,031,190
Compensation and Benefit Plans	928,935	(400,000)
Bureau of General Services	4,200,103	12,583,974
Bureau of Human Resources	2,347	1,590,399
Telecommunications	-	3,300,000
Other	257,481	5,927,210
Total Administrative & Financial Services	6,052,234	70,505,403
Judicial		
Supreme, Superior and District Court	44,528	32,973,821
Legislature		
Legislature	735,826	14,596,695
Other	91,491	132,636
Secretary of State		
Secretary of State	51,351	2,489,647
State Archives	502	689,212
Treasurer of State		
Department Operations	1,812	945,624
Debt Service	-	82,477,765
Independent Agencies		
Maine Indian Tribal Commission	-	15,000
Maine Public Broadcasting Corp.	-	2,230,157
Maine Science & Technology	-	2,740,000
Other	-	518,756
TOTAL GENERAL GOVERNMENT	8,892,543	229,554,635

Transfers In/(Out)	Total Available	Expenditures	Unexpended Balance - June 30, 1996		
			Lapsed	Encumbrances Carried	Unencumbered Balances
\$ -	\$6,813,224	\$6,706,700	\$72,273	\$34,251	\$ -
(14,288)	1,227,198	1,197,558	29,629	11	-
-	1,816,363	1,722,518	75,394	11,479	6,972
(6,791)	2,947,025	2,136,567	420,460	389,998	-
(11,415)	8,318,414	7,095,224	186,121	1,037,069	-
(18,206)	13,081,802	10,954,309	681,975	1,438,546	6,972
8,000	255,380	254,302	1,078	-	-
348,735	1,176,827	805,711	13,469	912	356,735
(366,500)	4,125,026	3,249,241	510,500	365,285	-
-	684,076	669,432	13,301	1,343	-
227,723	20,086,559	19,360,675	287,843	438,041	-
-	22,057,278	17,620,691	1,171,809	-	3,264,778
260,500	789,435	-	-	-	789,435
(110,527)	16,673,550	11,718,344	170,947	1,174,483	3,609,776
74,693	1,667,439	1,645,593	20,026	1,820	-
-	3,300,000	3,300,000	-	-	-
(953,233)	5,231,458	4,701,119	(397,183)	47,146	880,376
(510,609)	76,047,028	63,325,108	1,791,790	2,029,030	8,901,100
163,667	33,182,016	32,706,063	303,392	172,560	1
(530,250)	14,802,271	13,475,631	-	92,115	1,234,525
531,835	755,962	445,019	-	120	310,823
(2,572)	2,538,426	2,187,734	55,300	295,392	-
1,531	691,245	677,381	98	13,766	-
-	947,436	901,572	36,264	9,600	-
3,726,748	86,204,513	86,204,513	-	-	-
-	15,000	15,000	-	-	-
-	2,230,157	2,230,157	-	-	-
-	2,740,000	2,740,000	-	-	-
-	518,756	512,191	6,565	-	-
3,347,856	241,795,034	224,278,936	2,977,286	4,085,391	10,453,421

GENERAL FUND

**COMBINED SUMMARY OF APPROPRIATION ACCOUNTS
SHOWING DETAIL OF AMOUNTS AVAILABLE, EXPENDITURES
AND DISPOSITION OF BALANCES**

For the Year Ended June 30, 1996

	Balance Forward July 1, 1995 (Adjusted)	Legislative Appropriation
ECONOMIC DEVELOPMENT		
Department of Agriculture, Food & Rural Resources	\$21,837	\$9,006,885
Department of Economic and Community Development	495,278	5,798,199
Department of Marine Resources	37,546	6,811,913
Finance Authority of Maine	-	12,043,394
Independent Agencies		
Workers' Compensation Commission	900	-
Other	-	735,294
TOTAL ECONOMIC DEVELOPMENT	555,561	34,395,685
EDUCATION AND CULTURAL SERVICES		
Department of Education		
Administration	78,730	4,282,916
General Purpose Aid for Local Schools	2,179,210	534,073,396
Teachers Retirement	-	127,425,266
Other Local School Programs	-	2,000
Schooling in Unorganized Territories	97,003	9,478,300
Adult Education	30,188	3,744,681
Governor Baxter School for the Deaf	66,797	4,352,865
Rehabilitation Services	52,676	8,046,153
Other Education Programs	86,414	10,033,266
Total Department of Education	2,591,018	701,438,843
Cultural Agencies		
State Historian	17	491
Maine Historic Preservation Commission	79	223,204
Arts and Humanities	8,000	513,389
Maine State Library	38,930	2,315,297
Maine State Museum	359	1,030,341
Maine Historical Society	-	24,761
Independent Agencies		
University of Maine	-	132,642,841
Maine Vocational Technical College System	-	28,770,504
Maine Maritime Academy	-	6,504,561
TOTAL EDUCATION AND CULTURAL SERVICES	2,638,403	873,464,232

Transfers In/(Out)	Total Available	Expenditures	Unexpended Balance - June 30, 1996		
			Lapsed	Encumbrances Carried	Unencumbered Balances
(\$3,328,108)	\$5,700,614	\$5,279,771	\$272,834	\$148,008	\$1
21,983	6,315,460	5,711,564	201,563	402,333	-
291,974	7,141,433	6,872,428	3,277	265,728	-
-	12,043,394	12,043,394	-	-	-
-	900	371	529	-	-
-	735,294	735,294	-	-	-
(3,014,151)	31,937,095	30,642,822	478,203	816,069	1
(4,185)	4,357,461	4,104,890	142,409	110,162	-
(1,539,497)	534,713,109	529,256,497	-	-	5,456,612
-	127,425,266	127,425,266	-	-	-
-	2,000	388	792	820	-
-	9,575,303	8,395,241	-	64,277	1,115,785
-	3,774,869	3,737,820	12,447	24,602	-
(30,133)	4,389,529	4,123,630	139,042	126,857	-
(11,720)	8,087,109	7,872,515	106,801	107,793	-
1,530,467	11,650,147	11,394,316	92,512	163,319	-
(55,068)	703,974,793	696,310,563	494,003	597,830	6,572,397
-	508	-	-	-	508
-	223,283	214,598	7,485	1,200	-
-	521,389	516,907	4,482	-	-
-	2,354,227	2,314,979	34,610	3,160	1,478
60,000	1,090,700	987,728	83,361	19,611	-
-	24,761	24,761	-	-	-
-	132,642,841	132,642,841	-	-	-
-	28,770,504	28,770,504	-	-	-
-	6,504,561	6,504,561	-	-	-
4,932	876,107,567	868,287,442	623,941	621,801	6,574,383

GENERAL FUND

**COMBINED SUMMARY OF APPROPRIATION ACCOUNTS
SHOWING DETAIL OF AMOUNTS AVAILABLE, EXPENDITURES
AND DISPOSITION OF BALANCES**

For the Year Ended June 30, 1996

	Balance Forward July 1, 1995 (Adjusted)	Legislative Appropriation
HUMAN SERVICES		
Department of Human Services		
Administration	\$104,967	\$34,143,653
Medical Care Payments	6,414,273	161,371,971
Medical Care Administration	1,108,062	7,882,588
Aid to Families with Dependent Children	133,019	21,783,570
General Assistance	231,343	5,814,500
Supplemental Social Security Income	199,320	18,678,298
Purchased Services	1,985,320	21,975,833
Bureau of Health	135,639	6,364,783
Bureau of Social Welfare	217,351	11,368,130
Child Welfare Services	121,371	16,616,209
Bureau of Maine's Elderly	48,304	9,736,292
Bureau of Resource Development	7,839	2,909,694
Other	165,733	3,154,516
Total Department of Human Services	10,872,541	321,800,037
Department of Mental Health and Retardation		
Departmental Operations	13,685	5,340,727
Augusta Mental Health Institute	70,748	10,022,572
Consent Decree Reinvestment	-	4,955,845
Bangor Mental Health Institute	185,738	10,574,978
Medicaid Match	-	36,659,886
Pineland Center	42,397	10,568,416
Community Mental Retardation Service	255,538	14,719,466
Community Mental Health	1,458,104	27,248,051
Children's Mental Health Services	216,015	14,428,288
Military and Naval Children's Home	38,120	766,660
Aroostook Residential Center	14,558	1,054,761
Elizabeth Levinson Center	14,254	2,156,730
Other	-	696,277
Total Department of Mental Health and Retardation	2,309,157	139,192,657

Transfers In/(Out)	Total Available	Expenditures	Unexpended Balance - June 30, 1996		
			Lapsed	Encumbrances Carried	Unencumbered Balances.
(\$179,891)	\$34,068,729	\$33,381,610	\$670,864	\$16,255	\$ -
(3,030,416)	164,755,828	152,670,600	33,158	122,035	11,930,035
1,018,460	10,009,110	8,077,085	811,041	1,120,984	-
-	21,916,589	21,765,531	-	-	151,058
-	6,045,843	5,804,939	237,461	3,443	-
2,000,000	20,877,618	19,574,069	-	-	1,303,549
-	23,961,153	21,864,348	285,239	1,756,167	55,399
(6,381)	6,494,041	6,080,940	363,674	49,427	-
(4,681)	11,580,800	10,980,608	239,381	316,206	44,605
-	16,737,580	16,202,970	-	-	534,610
19,608	9,804,204	9,486,975	14,497	302,732	-
38,000	2,955,533	2,932,806	3,487	19,240	-
1,000	3,321,249	3,101,543	34,427	185,279	-
(144,301)	332,528,277	311,924,024	2,693,229	3,891,768	14,019,256
60,298	5,414,710	5,302,196	3,577	108,937	-
34,993	10,128,313	9,560,623	-	116,436	451,254
1,155,588	6,111,433	-	-	-	6,111,433
(21,064)	10,739,652	10,036,793	1	126,067	576,791
333,356	36,993,242	36,526,786	-	-	466,456
(1,179,681)	9,431,132	9,315,921	(2)	115,213	-
(1,899,297)	13,075,707	12,759,627	-	316,080	-
1,581,704	30,287,859	27,044,168	-	2,539,740	703,951
(175,528)	14,468,775	13,539,345	-	508,090	421,340
(5,481)	799,299	799,299	-	-	-
(19,516)	1,049,803	1,026,918	-	22,885	-
(21,354)	2,149,630	2,121,506	(1)	28,125	-
(6,878)	689,399	689,376	-	23	-
(162,860)	141,338,954	128,722,558	3,575	3,881,596	8,731,225

GENERAL FUND

COMBINED SUMMARY OF APPROPRIATION ACCOUNTS
SHOWING DETAIL OF AMOUNTS AVAILABLE, EXPENDITURES
AND DISPOSITION OF BALANCES

For the Year Ended June 30, 1996

	Balance Forward July 1, 1995 (Adjusted)	Legislative Appropriation
Department of Corrections		
Administration	\$49,965	\$1,945,734
State Prison	9,495	20,176,315
Maine Correctional Center	64,410	13,471,912
Maine Youth Center - South Portland	23,072	10,464,350
Charleston Correctional Center	26,857	4,459,740
Downeast Correctional Facility	8,281	3,143,157
Probation and Parole	4,167	6,964,607
Community Correctional Services	2,500	624,318
Correction Improvement Program	2,040,045	3,398,685
Fuel	-	671,091
Construction, Repairs and Improvements	205,801	-
Total Department of Corrections	2,434,593	65,319,909
Independent Agencies		
Human Rights Commission	-	399,579
Other	14,410	413,057
TOTAL HUMAN SERVICES	15,630,701	527,125,239
LABOR		
Department of Labor		
Bureau of Labor and Industry	43	1,271,754
Labor Relations Board	-	317,478
Other	1,149,318	3,325,433
TOTAL LABOR	1,149,361	4,914,665
NATURAL RESOURCES		
Department of Conservation		
Central Administration	17,329	1,356,265
Construction, Repairs and Improvements	-	30,990
Bureau of Forestry	376,233	9,081,249
Bureau of Geology	6,324	916,976
Land Use Regulation Commission	46,454	1,536,947
Bureau of Parks and Recreation	13,314	5,238,692
Total Department of Conservation	459,654	18,161,119

Transfers In/(Out)	Total Available	Expenditures	Unexpended Balance - June 30, 1996		
			Lapsed	Encumbrances Carried	Unencumbered Balances
(\$83,863)	\$1,911,836	\$1,808,914	\$1,338	\$93,254	\$8,330
(97,746)	20,088,064	19,543,992	73,247	470,825	-
(186,345)	13,349,977	13,060,601	47,840	241,536	-
(181,328)	10,306,094	9,977,027	60,056	269,011	-
(169,812)	4,316,785	4,202,711	33,656	80,418	-
43,963	3,195,401	3,179,573	12,641	3,187	-
412,941	7,381,715	6,568,894	543	812,278	-
125,985	752,803	604,185	301	148,317	-
-	5,438,730	4,782,932	-	-	655,798
40,000	711,091	711,087	4	-	-
-	205,801	142,915	25,561	37,325	-
(96,205)	67,658,297	64,582,831	255,187	2,156,151	664,128
-	399,579	399,246	333	-	-
-	427,467	427,465	2	-	-
(403,366)	542,352,574	506,056,124	2,952,326	9,929,515	23,414,609
(2,916)	1,268,881	1,257,926	4,498	6,457	-
350	317,828	317,356	472	-	-
-	4,474,751	2,732,585	10,955	1,731,211	-
(2,566)	6,061,460	4,307,867	15,925	1,737,668	-
47,982	1,421,576	1,389,058	2,486	30,032	-
-	30,990	28,843	2,147	-	-
(17,715)	9,439,767	8,942,353	6,631	434,553	56,230
(13,839)	909,461	905,699	715	3,047	-
-	1,583,401	1,566,452	4,541	12,408	-
(6,486)	5,245,520	5,136,608	35,147	73,765	-
9,942	18,630,715	17,969,013	51,667	553,805	56,230

GENERAL FUND

COMBINED SUMMARY OF APPROPRIATION ACCOUNTS
SHOWING DETAIL OF AMOUNTS AVAILABLE, EXPENDITURES
AND DISPOSITION OF BALANCES

For the Year Ended June 30, 1996

	Balance Forward July 1, 1995 (Adjusted)	Legislative Appropriation
Total Department of Environmental Protection	\$167,175	\$3,809,536
Department of Inland Fisheries and Wildlife		
Administrative Services	3,942,053	2,095,145
Resource Management	67,614	3,699,381
License and Registration	12,851	1,248,581
Warden Services	8,573	7,346,547
Atlantic Sea Run Salmon Management	87	105,107
Other	-	678,177
Total Department of Inland Fisheries and Wildlife	4,031,178	15,172,938
Independent Agencies		
Saco River Corridor Commission	-	5,000
Atlantic State Marine Fisheries	-	30,956
Other	-	10,000
TOTAL NATURAL RESOURCES	4,658,007	37,189,549
PUBLIC PROTECTION		
Department of Defense and Veterans Services		
Administration	1,084	649,628
Military Bureau	214	1,967,890
Bureau of Civil Emergency Preparedness	-	485,489
Bureau of Veterans Services	-	1,075,471
Total Department of Defense and Veterans Services	1,298	4,178,478
Department of Public Safety		
State Police	13,115	4,244,491
Maine Criminal Justice Academy	199	608,618
Liquor Enforcement	20,591	1,641,374
Bureau of Capitol Security	-	372,483
Drug Trafficking	4,949	360,964
Other	1,012	778,083
Total Department of Public Safety	39,866	8,006,013
TOTAL PUBLIC PROTECTION	41,164	12,184,491

Transfers In/(Out)	Total Available	Expenditures	Unexpended Balance - June 30, 1996		
			Lapsed	Encumbrances Carried	Unencumbered Balances
\$35,385	\$4,012,096	\$3,936,370	\$14,650	\$60,471	\$605
(960,723)	5,076,475	2,022,894	-	19,051	3,034,530
-	3,766,995	3,489,127	-	62,910	214,958
-	1,261,432	1,233,609	-	2,099	25,724
960,723	8,315,843	8,220,666	-	42,400	52,777
-	105,194	66,898	38,296	-	-
-	678,177	585,195	-	3,429	89,553
-	19,204,116	15,618,389	38,296	129,889	3,417,542
-	5,000	5,000	-	-	-
-	30,956	25,579	5,377	-	-
-	10,000	10,000	-	-	-
45,327	41,892,883	37,564,351	109,990	744,165	3,474,377
40,000	690,712	690,016	216	480	-
6,100	1,974,204	1,974,146	58	-	-
(11,758)	473,731	172,433	1,380	299,918	-
(2,063)	1,073,408	976,993	2,916	-	93,499
32,279	4,212,055	3,813,588	4,570	300,398	93,499
-	4,257,606	3,886,695	1,496	292,947	76,468
(3,162)	605,655	555,381	49,783	491	-
(12,376)	1,649,589	1,546,321	22,046	81,222	-
-	372,483	370,075	2,408	-	-
-	365,913	361,943	3,970	-	-
-	779,095	770,249	7,610	1,236	-
(15,538)	8,030,341	7,490,664	87,313	375,896	76,468
16,741	12,242,396	11,304,252	91,883	676,294	169,967

GENERAL FUND

**COMBINED SUMMARY OF APPROPRIATION ACCOUNTS
SHOWING DETAIL OF AMOUNTS AVAILABLE, EXPENDITURES
AND DISPOSITION OF BALANCES**

For the Year Ended June 30, 1996

	Balance Forward July 1, 1995 (Adjusted)	Legislative Appropriation
TRANSPORTATION		
Department of Transportation		
Bureau of Public Transportation	\$180,093	\$420,000
Bureau of Waterways	-	1,757,955
Bureau of Aeronautics	-	648,167
TOTAL TRANSPORTATION	<u>180,093</u>	<u>2,826,122</u>
TOTAL GENERAL FUND	<u><u>\$33,745,833</u></u>	<u><u>\$1,721,654,618</u></u>

SUMMARY OF THE GENERAL FUND BY POLICY AREA

GENERAL GOVERNMENT	\$8,892,543	\$229,554,635
ECONOMIC DEVELOPMENT	555,561	34,395,685
EDUCATION AND CULTURAL SERVICES	2,638,403	873,464,232
HUMAN SERVICES	15,630,701	527,125,239
LABOR	1,149,361	4,914,665
NATURAL RESOURCES	4,658,007	37,189,549
PUBLIC PROTECTION	41,164	12,184,491
TRANSPORTATION	180,093	2,826,122
TOTAL GENERAL GOVERNMENT	<u><u>\$33,745,833</u></u>	<u><u>\$1,721,654,618</u></u>

Transfers In/(Out)	Total Available	Expenditures	Unexpended Balance - June 30, 1996		
			Lapsed	Encumbrances Carried	Unencumbered Balances
\$ -	\$600,093	\$359,214	\$ -	\$18,363	\$222,516
-	1,757,955	1,757,955	-	-	-
-	648,167	648,165	2	-	-
-	3,006,215	2,765,334	2	18,363	222,516
(\$5,227)	\$1,755,395,224	\$1,685,207,128	\$7,249,556	\$18,629,266	\$44,309,274
\$3,347,856	\$241,795,034	\$224,278,936	\$2,977,286	\$4,085,391	\$10,453,421
(3,014,151)	31,937,095	30,642,822	478,203	816,069	1
4,932	876,107,567	868,287,442	623,941	621,801	6,574,383
(403,366)	542,352,574	506,056,124	2,952,326	9,929,515	23,414,609
(2,566)	6,061,460	4,307,867	15,925	1,737,668	-
45,327	41,892,883	37,564,351	109,990	744,165	3,474,377
16,741	12,242,396	11,304,252	91,883	676,294	169,967
-	3,006,215	2,765,334	2	18,363	222,516
(\$5,227)	\$1,755,395,224	\$1,685,207,128	\$7,249,556	\$18,629,266	\$44,309,274

GENERAL FUND**COMBINED STATEMENT OF EXPENDITURES BY CHARACTER AND OBJECT**

For the Years Ended June 30,

	1996	1995
PERSONAL SERVICES		
Salaries and Wages	\$179,257,035	\$194,698,938
Retirement Costs	36,211,349	36,101,732
Health Insurance and Other Fringe Benefits	38,066,867	27,899,596
Unemployment Reimbursements	983,249	789,477
	254,518,500	259,489,743
CONTRACTUAL SERVICES		
Professional Fees and Special Services	37,523,297	35,199,273
Travel Expenses	3,831,018	4,476,587
Operating State-Owned Vehicles	860,633	1,291,537
Utility Services	14,360,468	11,631,780
Rents	9,735,870	8,522,505
Repairs and Insurance	10,573,222	6,537,555
General Operating Expenses	21,234,464	20,300,198
	98,118,971	87,959,435
COMMODITIES		
Foods	2,425,631	2,458,524
Fuels	1,892,587	1,762,451
Materials	562,428	534,438
Office and Other Supplies	6,859,094	7,164,373
	11,739,739	11,919,786
GRANTS, SUBSIDIES AND PENSIONS		
To Federal Government	112,994	113,000
To Cities, Towns and Counties	527,621,806	517,991,681
To Public and Private Organizations	268,946,007	263,525,709
To Individuals:		
Aid to Families with Dependent Children	30,246,026	40,504,032
Supplemental Social Security Income	19,574,069	16,223,142
Medicaid	148,910,229	170,049,457
Other Assistance and Medical Care		
Property Tax Relief	9,728,146	5,633,049
Pensions and Compensation for Injuries	129,016,777	140,049,524
Other	89,579,690	79,037,278
	1,223,735,743	1,233,126,872
CAPITAL OUTLAYS		
Land, Buildings and Improvements	2,382,478	1,189,031
Equipment	3,929,160	2,564,792
	6,311,638	3,753,823
DEBT SERVICE		
Principal	59,279,408	57,912,610
Interest	29,250,802	31,088,266
	88,530,209	89,000,876
CONTRIBUTIONS AND TRANSFERS TO OTHER FUNDS		
Transfers to Other Funds	2,252,328	1,747,113
	2,252,328	1,747,113
TOTAL EXPENDITURES	\$1,685,207,128	\$1,686,997,648

GENERAL FUND**ANALYSIS OF STATE CONTINGENT ACCOUNT****For the Year Ended June 30, 1996**

BALANCE JULY 1, 1995		\$2,350,000
GENERAL GOVERNMENT		
Department of Administrative & Financial Services	150,000	
Other	1,168	
EDUCATION AND CULTURAL SERVICES		
Department of Education	29,498	
LABOR		
Department of Labor	<u>1,643,588</u>	
TOTAL APPROPRIATIONS		1,824,254
Amount Necessary to Restore Balance		<u>1,824,254</u>
BALANCE JUNE 30, 1996		<u>\$2,350,000</u>

Reference: 5 M.R.S.A., Section 1507

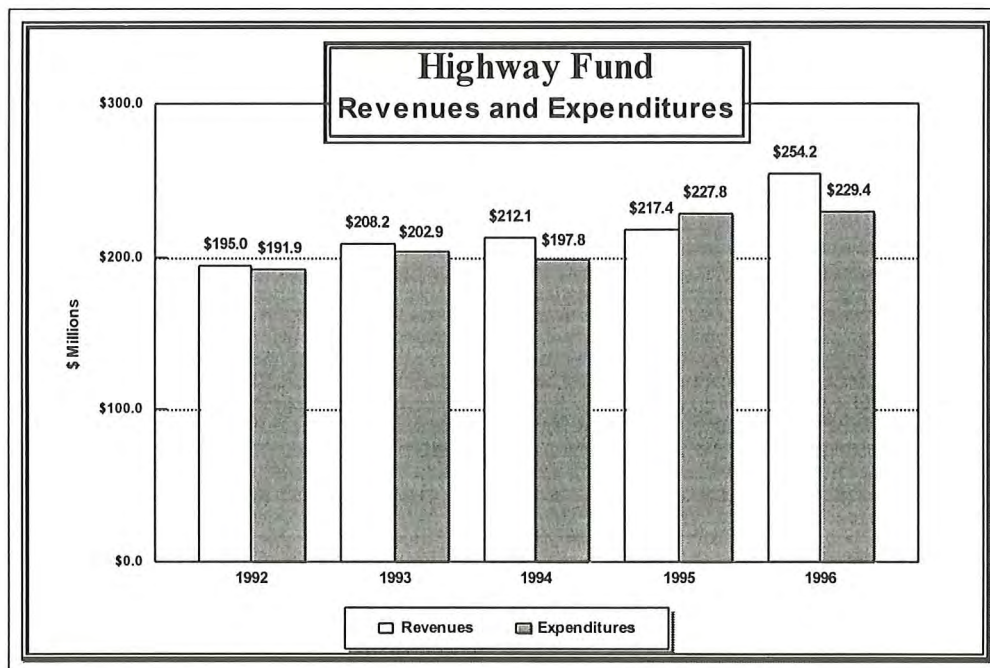
GENERAL FUND**DEBT SERVICE REQUIREMENTS TO MATURITY****GENERAL OBLIGATION BONDS**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
1997	\$67,537,345	\$19,284,916
1998	51,685,600	15,764,322
1999	46,680,000	13,044,164
2000	42,250,000	10,726,176
2001	40,640,000	8,394,136
2002	36,710,000	6,180,200
2003	35,775,000	4,126,870
2004	18,905,000	2,508,095
2005	12,745,000	1,497,220
2006	12,760,000	746,313
2007	3,770,000	126,295
TOTAL GENERAL FUND OBLIGATED BONDS	<u><u>\$369,457,945</u></u>	<u><u>\$82,398,707</u></u>

HIGHWAY FUND

The Highway Fund is used to account for revenues derived from registration of motor vehicles, operators' licenses, gasoline tax, other dedicated revenues and proceeds of bonds. The Federal matching funds and corresponding expenditures are accounted for in the Other Special Revenue Funds.

The Legislature allocates revenues to the Highway Fund for the operation of the Department of Transportation. The allocation covers construction and maintenance of highways and bridges, other allied programs, a major portion of the cost of State Police operations, and highway bond issues.



HIGHWAY FUND

COMPARATIVE BALANCE SHEET

For the Years Ended June 30,

	1996	1995
ASSETS		
Equity in Treasurer's Cash Pool	\$20,824,189	\$26,908,644
Cash - Other	33,068,106	2,697,521
Accounts Receivable		
Tax Accounts	2,896,625	1,334,055
Other	746,418	4,154,212
Total Accounts Receivable	3,643,043	5,488,267
Less Allowance for Possible Losses	1,567,355	1,393,771
Net Accounts Receivable	2,075,688	4,094,497
Due from Other Funds	25,953	145,459
Working Capital Advances to Other Funds	13,182,115	13,182,115
Other Assets	1,644,291	1,532,034
TOTAL ASSETS	\$70,820,342	\$48,560,269
LIABILITIES AND EQUITY		
LIABILITIES		
Accounts Payable	\$1,982,413	\$5,039,520
Due to Other Funds	1,080,863	1,014,490
Other Liabilities	215,190	118,820
TOTAL LIABILITIES	3,278,466	6,172,830
EQUITY		
Allocated:		
Encumbrances	3,098,478	2,361,159
Authorized Expenditures	39,852,584	13,942,991
Reserve for Utility Loans	572,918	647,135
Working Capital Advances	13,182,115	13,182,115
Total Allocated	56,706,094	30,133,399
Unallocated Fund Balance	10,835,782	12,254,041
TOTAL EQUITY	67,541,877	42,387,440
TOTAL LIABILITIES AND EQUITY	\$70,820,342	\$48,560,270

EXHIBIT B-2

HIGHWAY FUND**ANALYSIS OF CHANGES IN UNALLOCATED FUND BALANCE**

For the Years Ended June 30,

	1996	1995
BALANCE at BEGINNING of YEAR	\$12,254,051	\$15,261,949
ADJUSTMENT of PRIOR YEAR TRANSACTIONS	279,420	295,844
	12,533,471	15,557,793
ADDITIONS:		
Revenues	254,214,918	217,412,730
Appropriation of Balances Carried Forward at Beginning of Year (adjusted)	16,324,022	23,266,848
Transfer from Other Funds (net)	131,974	121,740
TOTAL ADDITIONS	270,670,914	240,801,318
DEDUCTIONS:		
Expenditures	229,417,541	227,800,909
Appropriation Balances Carried Forward at End of Year	42,951,062	16,304,150
TOTAL DEDUCTIONS	272,368,603	244,105,059
BALANCE at END of YEAR	\$10,835,782	\$12,254,051

EXHIBIT B-3

HIGHWAY FUND**COMPARATIVE STATEMENT OF REVENUES**

For the Years Ended June 30,

	1996	1995	1996 Budgeted Revenue
TAXES			
Gasoline Tax	\$117,679,527	\$115,650,497	\$117,407,518
Use Fuel and Motor Carrier Tax	26,703,576	25,965,890	25,603,309
Motor Vehicle Fees and Driver's Licenses	61,329,049	62,558,248	60,345,939
Other	605,837	425,019	1,626,330
TOTAL TAXES	206,317,989	204,599,654	204,983,096
FINES, FORFEITS and PENALTIES	1,868,492	1,024,422	1,250,000
INCOME from INVESTMENTS	1,477,667	-	1,200,000
CITIES, TOWNS and COUNTIES	(32,944)	(114,068)	2,000
SERVICE CHARGES for CURRENT SERVICES	44,240,189	11,485,990	44,670,364
OTHER REVENUES	343,527	416,732	215,000
TOTAL REVENUE	\$254,214,918	\$217,412,730	\$252,320,460

HIGHWAY FUND

**COMBINED SUMMARY OF APPROPRIATION ACCOUNTS
SHOWING DETAIL OF AMOUNTS AVAILABLE, EXPENDITURES
AND DISPOSITION OF BALANCES**

For the Year Ended June 30, 1996

	Balance Forward July 1, 1995 (Adjusted)	Legislative Allocation
GENERAL GOVERNMENT		
Bureau of Public Improvements	\$4,272	\$1,321,665
Secretary of State - Division of Motor Vehicles	887,785	21,051,167
Other	2,659	1,511,883
TOTAL GENERAL GOVERNMENT	894,716	23,884,715
ECONOMIC DEVELOPMENT		
State Claims Board	-	137,210
Other	-	45,790
TOTAL ECONOMIC DEVELOPMENT	-	183,000
PUBLIC PROTECTION		
Department of Public Safety	177,529	25,020,015
TRANSPORTATION		
Administration Costs	5,381,758	12,600,857
Highway Construction	8,023,813	75,758,503
Maintenance	1,828,876	95,962,853
Other	17,329	675,000
Debt Services	-	26,714,630
TOTAL TRANSPORTATION	15,251,776	211,711,843
TOTAL HIGHWAY FUND	\$16,324,021	\$260,799,573

Transfers In/(Out)	Total Available	Expenditures	Unexpended Balance - June 30, 1996		
			Lapsed	Encumbrances Carried	Unencumbered Balances
\$131,974	\$1,457,911	\$1,438,226	\$12,755	\$6,930	\$ -
(40,888)	21,898,064	20,063,521	778,532	1,056,011	-
66,274	1,580,816	1,249,672	108,042	-	223,102
157,360	24,936,791	22,751,419	899,329	1,062,941	223,102
-	137,210	109,911	27,219	80	-
-	45,790	45,138	652	-	-
-	183,000	155,049	27,871	80	-
(25,386)	25,172,158	24,218,514	493,808	232,752	227,084
-	17,982,615	12,942,034	3,408,447	457,964	1,174,170
2,079,650	85,861,966	48,438,695	-	925,850	36,497,421
(744,000)	97,047,729	94,922,140	-	418,893	1,706,696
-	692,329	668,217	1	-	24,111
(1,335,650)	25,378,980	25,321,471	57,509	-	-
-	226,963,619	182,292,557	3,465,957	1,802,707	39,402,398
\$131,974	\$277,255,568	\$229,417,539	\$4,886,965	\$3,098,480	\$39,852,584

HIGHWAY FUND

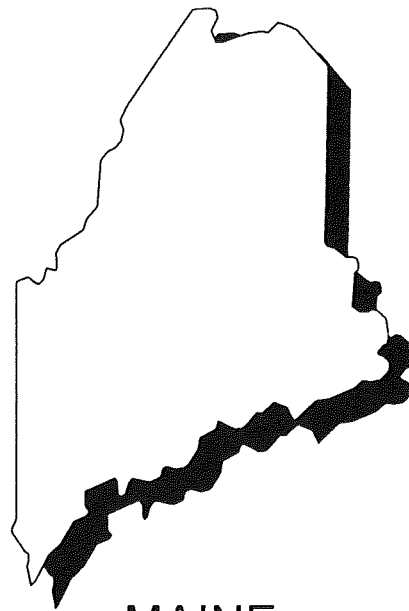
COMBINED STATEMENT OF EXPENDITURES BY CHARACTER AND OBJECT

For the Years Ended June 30,

	1996	1995
PERSONAL SERVICES		
Salaries and Wages	\$68,080,461	\$71,241,200
Retirement Costs	13,719,114	14,154,491
Health Insurance and Other Fringe Benefits	18,011,972	11,969,044
Unemployment Reimbursements	254,450	331,485
	<u>100,065,997</u>	<u>97,696,220</u>
CONTRACTUAL SERVICES		
Professional Fees and Special Services	5,179,505	4,176,207
Traveling Expenses	671,588	1,172,499
Operating State-Owned Vehicles	976,693	1,064,509
Utility Services	3,707,792	3,659,161
Rents	29,229,027	21,235,951
Repairs and Insurance	1,668,324	1,563,250
General Operating Expenses	3,267,683	4,509,532
	<u>44,700,612</u>	<u>37,381,109</u>
COMMODITIES		
Foods	4,762	6,065
Fuels	186,726	154,094
Materials	8,806,246	8,349,905
Office and Other Supplies	3,451,770	3,342,797
	<u>12,449,505</u>	<u>11,852,861</u>
GRANTS, SUBSIDIES AND PENSIONS		
To Cities, Towns and Counties	19,903,718	19,694,638
Pensions and Compensation for Injuries	792,924	4,035,454
Public and Private	957,367	1,330,729
	<u>21,654,009</u>	<u>25,060,821</u>
CAPITAL OUTLAYS	21,089,148	26,355,895
DEBT SERVICE		
Principal	17,510,000	16,405,000
Interest	7,811,471	8,820,689
	<u>25,321,471</u>	<u>25,225,689</u>
CONTRIBUTIONS and TRANSFERS to OTHER FUNDS	4,136,800	4,228,314
TOTAL EXPENDITURES	<u><u>\$229,417,541</u></u>	<u><u>\$227,800,909</u></u>

HIGHWAY FUND**DEBT SERVICE REQUIREMENTS TO MATURITY****HIGHWAYS AND BRIDGES**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
1997	\$20,380,000	\$8,120,221
1998	19,380,000	6,809,510
1999	18,880,000	5,741,527
2000	17,280,000	4,733,872
2001	16,630,000	3,753,779
2002	16,185,000	2,811,640
2003	14,100,000	1,838,212
2004	8,900,000	1,146,440
2005	5,445,000	659,643
2006	5,395,000	348,313
2007	1,865,000	62,477
TOTAL HIGHWAY FUND BONDS	\$144,440,000	\$36,025,634



MAINE

OTHER SPECIAL REVENUE FUNDS

A major portion of the Other Special Revenue Funds are comprised of Federal Funds received by the State. Also included are a grouping of various special purpose funds which have been established on a self-supporting basis. Revenues are generated by taxes, licenses, fees and Federal matching funds and grants. Expenditures of these funds can only be made in accordance with restrictions imposed by the source of the revenues.

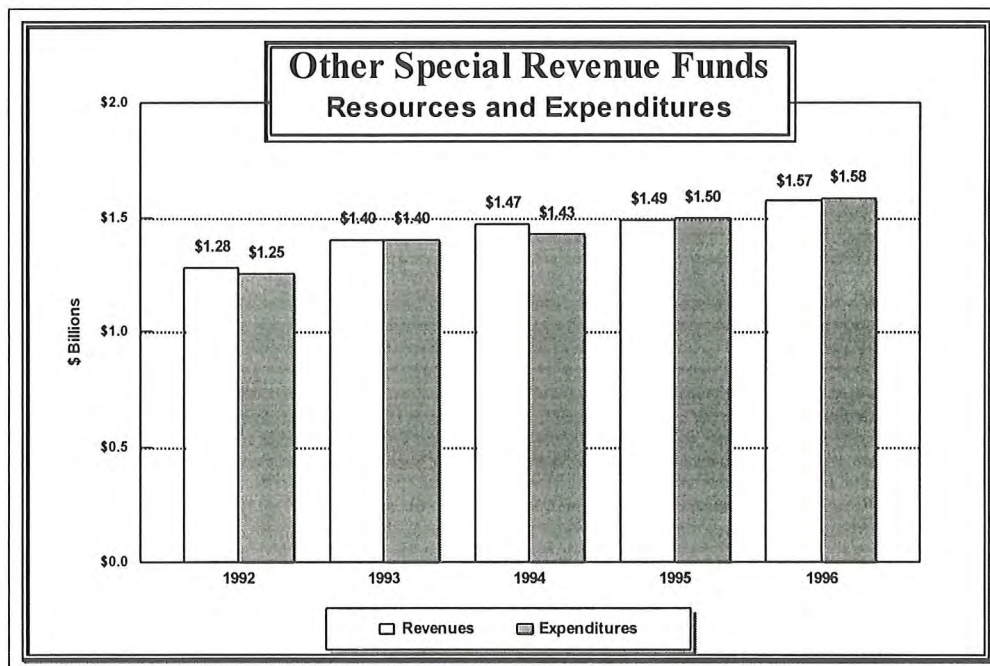


EXHIBIT C-1 OTHER SPECIAL REVENUE FUNDS

COMPARATIVE BALANCE SHEET

For the Years Ended June 30,

	1996	1995
ASSETS		
Equity in Treasurer's Cash Pool	\$75,953,703	\$98,667,089
Cash - Other	32,965	30,170
Accounts Receivable		
Tax Accounts	43,858,195	23,887,069
Other	12,207,924	13,837,722
Total Accounts Receivable	56,066,119	37,724,791
Less Allowance for Possible Losses	4,277,292	4,235,698
Net Accounts Receivable	51,788,827	33,489,093
Due from Other Funds	8,060,481	7,337,803
Other Assets	2,877,666	3,568,409
TOTAL ASSETS	\$138,713,643	\$143,092,564
LIABILITIES AND EQUITY		
LIABILITIES		
Accounts Payable	\$16,118,136	\$17,601,496
Due to Other Funds	2,729,389	1,378,530
Other Liabilities	3,567,733	20,301
TOTAL LIABILITIES	22,415,258	19,000,327
Working Capital Advances from General Fund	1,000,261	2,725,000
EQUITY		
Encumbrances	40,410,599	39,610,319
Authorized Expenditures (unencumbered)	74,887,525	81,756,918
TOTAL EQUITY	115,298,124	121,367,237
TOTAL LIABILITIES AND EQUITY	\$138,713,643	\$143,092,564

Federal Expenditures	Federal Block Grants	Other Special Revenue
\$12,132,051	(\$340,697)	\$64,162,349
3,000	-	29,965
-	-	43,858,195
8,792,495	-	3,415,429
8,792,495	-	47,273,624
-	-	4,277,292
8,792,495	-	42,996,332
14,190		8,046,291
1,838,114	36,154	1,003,399
<u>\$22,779,850</u>	<u>(\$304,543)</u>	<u>\$116,238,336</u>
\$9,191,859	\$104,787	\$6,821,490
1,752,284	35,661	941,444
1,498,055	-	2,069,678
12,442,198	140,448	9,832,612
35,000	-	965,261
20,440,309	12,030,222	7,940,067
(10,137,657)	(12,475,213)	97,500,396
10,302,652	(444,991)	105,440,463
<u>\$22,779,850</u>	<u>(\$304,543)</u>	<u>\$116,238,336</u>

EXHIBIT C-2 OTHER SPECIAL REVENUE FUNDS**ANALYSIS OF CHANGES IN AVAILABLE FUNDS****For the Years Ended June 30,**

	1996	1995
BALANCE at BEGINNING of the YEAR	\$121,367,237	\$146,759,217
ADJUSTMENT of PRIOR YEAR TRANSACTIONS	(4,105,230)	(7,701,821)
	117,262,007	139,057,396
ADDITIONS:		
Revenues	1,573,900,683	1,487,644,794
Transfers from Other Funds (net)	3,929,739	-
TOTAL ADDITIONS	1,577,830,422	1,487,644,794
DEDUCTIONS:		
Expenditures	1,579,240,507	1,504,919,775
Transfers to Other Funds	553,798	415,178
TOTAL DEDUCTIONS	1,579,794,305	1,505,334,953
BALANCE at END of the YEAR	\$115,298,124	\$121,367,237

Expenditure Fund	Block Grants	Other Special Revenue
\$19,964,210	(\$95,801)	\$101,498,828
(850,138)	34,497	(3,289,589)
19,114,072	(61,304)	98,209,239
1,103,641,010	49,789,854	420,469,819
-	-	3,929,739
1,103,641,010	49,789,854	424,399,558
1,111,910,140	50,162,033	417,168,334
542,290	11,508	
1,112,452,430	50,173,541	417,168,334
\$10,302,652	(\$444,991)	\$105,440,463

OTHER SPECIAL REVENUE FUNDS**COMPARATIVE STATEMENT OF REVENUES**

For the Years Ended June 30,

	1996	1995
TAXES		
Property Taxes		
Unorganized Territories Tax	\$5,018,608	\$4,169,071
Real Estate	2,489,676	2,000,000
Sales and Use Tax	34,319,292	34,068,953
Income Taxes	38,699,646	37,185,578
Gasoline Tax	2,756,982	2,576,758
Public Utility	5,979,315	454,495
Inland Fishing, Hunting and Related Taxes	180,223	146,469
Taxes on Specific		
Businesses or Occupations:		
Potato Tax	719,633	718,652
Sardine Tax	197,208	273,880
Insurance Tax	14,848,589	13,313,344
Banks and Banking	3,710,389	4,032,935
Milk Purchases by Dealers	886,024	886,060
Pari-Mutuels	2,389,941	1,188,862
Other	156,116,916	122,731,245
Other Taxes	5,592,653	5,300,104
TOTAL TAXES	273,905,095	229,046,406
FINES, FORFEITS AND PENALITES	3,507,965	3,374,887
INCOME FROM INVESTMENTS	2,437,722	2,127,036
INTERGOVERNMENTAL REVENUES:		
Federal Government	1,152,036,303	1,097,833,812
Cities, Towns and Counties	3,363,564	4,383,224
REVENUES FROM PRIVATE SOURCES	65,571,718	62,666,945
SERVICE CHARGES FOR CURRENT SERVICES	67,441,684	67,152,022
SALES AND COMPENSATION FOR LOSS OF PROPERTY	1,934,067	4,192,970
CONTRIBUTIONS AND TRANSFERS FROM OTHER FUNDS	3,702,566	16,867,492
TOTAL OTHER SPECIAL REVENUE	\$1,573,900,684	\$1,487,644,794

1996 Budget	Federal Expenditure Funds	Federal Block Grants	Other Special Revenue
\$4,238,880	\$ -	\$ -	\$5,018,608
3,977,220	-	-	2,489,676
33,982,231	-	-	34,319,292
37,282,017	-	-	38,699,646
2,831,914	-	-	2,756,982
5,642,232	-	-	5,979,315
237,927	-	-	180,223
1,020,000	-	-	719,633
525,000	-	-	197,208
17,463,267	-	-	14,848,589
4,135,300	-	-	3,710,389
221,450	-	-	886,024
2,859,000	-	-	2,389,941
149,930,000	-	-	156,116,916
5,820,327	-	-	5,592,653
270,166,765	-	-	273,905,095
2,874,920	(39,537)	-	3,547,502
1,260,551	-	-	2,437,722
1,394,816,597	1,101,106,047	49,135,842	1,794,414
10,272,405	394	659,654	2,703,516
84,869,612	(946,468)	(3,375)	66,521,562
80,584,796	3,281,599	(2,267)	64,162,352
3,021,196	13,599	-	1,920,468
27,273,513	225,377	-	3,477,189
<u>\$1,875,140,355</u>	<u>\$1,103,641,010</u>	<u>\$49,789,854</u>	<u>\$420,469,819</u>

OTHER SPECIAL REVENUE FUNDS

**COMBINED SUMMARY OF APPROPRIATION ACCOUNTS
SHOWING DETAIL OF AMOUNTS AVAILABLE, EXPENDITURES
AND DISPOSITION OF BALANCES**

For the Year Ended June 30, 1996

	Balance Forward July 1, 1995 (Adjusted)	Transfers In/(Out)
GENERAL GOVERNMENT		
Attorney General	\$1,095,218	\$5,638,677
State Auditor	(33,256)	781,816
Executive Department	8,791,799	12,387,134
Department of Administrative & Financial Services		
Bureau of Taxation		
Unorganized Territories Services	3,902,191	6,596,891
Bureau of Public Improvements	552,269	1,757,171
Other	4,557,107	1,706,174
Total Administrative & Financial Services	9,011,567	10,060,236
Judicial - Supreme, Superior and District Courts	664,038	1,031,586
Legislature	108,719	73,807
Secretary of State		
Secretary of State	196,757	148,693
Highway Safety	783,162	831,884
State Archives	30,412	15,947
Total Secretary of State	1,010,331	996,524
Treasurer of State		
Municipal Revenue Sharing	85,738	72,620,512
Other	20,139	45,000
Independent Agencies		
Accident Sickness and Health Insurance	724,502	607,150
Science and Technology Foundation	380	-
Other	231,415	(15,470)
TOTAL GENERAL GOVERNMENT	21,710,590	104,226,972
ECONOMIC DEVELOPMENT		
Department of Agriculture, Food & Rural Resources	4,368,545	14,071,974
Department of Economic & Community Development	1,213,749	18,680,103
Department of Professional & Financial Regulation	11,482,428	16,126,664
Department of Marine Resources	1,149,641	3,819,768

Total Available	Expenditures	Unexpended Balance June 30, 1996	
		Encumbrances Carried	Unencumbered Balances
\$6,733,895	\$5,023,847	\$11,356	\$1,698,692
748,560	607,051	12,418	129,091
21,178,933	11,402,729	1,785,173	7,991,031
10,499,082	5,680,969	-	4,818,113
2,309,440	1,783,940	-	525,500
6,263,281	145,305	72,939	6,045,037
19,071,803	7,610,214	72,939	11,388,650
1,695,624	1,336,933	184,892	173,799
182,526	90,683	-	91,843
345,450	136,801	49,909	158,740
1,615,046	696,591	-	918,455
46,359	12,196	2,648	31,515
2,006,855	845,588	52,557	1,108,710
72,706,250	72,706,250	-	-
65,139	41,628	-	23,511
1,331,652	969,734	57,272	304,646
380	-	-	380
215,945	164,696	-	51,249
125,937,562	100,799,353	2,176,607	22,961,602
18,440,519	14,384,546	131,141	3,924,832
19,893,852	20,147,925	8,376,823	(8,630,896)
27,609,092	12,551,243	650,144	14,407,705
4,969,409	2,762,316	741,917	1,465,176

OTHER SPECIAL REVENUE FUNDS

**COMBINED SUMMARY OF APPROPRIATION ACCOUNTS
SHOWING DETAIL OF AMOUNTS AVAILABLE, EXPENDITURES
AND DISPOSITION OF BALANCES**

For the Year Ended June 30, 1996

	Balance Forward July 1, 1995 (Adjusted)	Transfers In/(Out)
Independent Agencies		
Regulatory Boards	\$44,282	\$5,142
Public Utilities Commission	980,394	4,637,264
Blueberry Advisory Board	258,287	760,458
Maine Sardine Council	-	202,055
Maine Lobster Promotion Council	28,970	291,975
Maine State Housing Authority	333,397	2,156,279
Maine Waste Management	385,598	(310,238)
Finance Authority of Maine	40	-
Workers' Compensation Board	4,523,250	5,067,669
Maine Potato Board	-	1,046,575
Other	-	240,000
TOTAL ECONOMIC DEVELOPMENT	24,768,581	66,795,688
EDUCATION AND CULTURAL SERVICES		
Department of Education		
Administration	178,394	585,024
Local School Nutrition Program	40,401	19,671,753
Schooling of Children in Unorganized Territories	32,116	204,088
School Construction Aid	48	1,749,312
Vocational Education	92,716	5,374,223
Maine Technical College System	-	488,805
Adult Education	9,586	1,684,528
Rehabilitation Services	582,910	14,361,194
Other Education Programs	449,589	55,835,389
Governor Baxter School for the Deaf	20,004	104,932
Total Department of Education	1,405,764	100,059,248
Maine Historic Preservation Commission	64,442	508,887
Arts and Humanities	136,263	740,359
State Library	100,238	1,045,760
Museum	25,699	205,720
TOTAL EDUCATION AND CULTURAL SERVICES	1,732,406	102,559,974

Total Available	Expenditures	Unexpended Balance June 30, 1996	
		Encumbrances Carried	Unencumbered Balances
\$49,424	\$8,500	\$ -	\$40,924
5,617,658	4,281,955	19,471	1,316,232
1,018,745	710,041	-	308,704
202,055	202,055	-	-
320,945	300,300	-	20,645
2,489,676	2,207,359	-	282,317
75,360	69,174	-	6,186
40	-	-	40
9,590,919	5,669,078	2,847	3,918,994
1,046,575	983,839	-	62,736
240,000	100,000	-	140,000
<u>91,564,269</u>	<u>64,378,331</u>	<u>9,922,343</u>	<u>17,263,595</u>
763,418	565,100	-	198,318
19,712,154	19,699,075	4,240	8,839
236,204	185,949	-	50,255
1,749,360	1,736,874	-	12,486
5,466,939	5,354,262	2,199	110,478
488,805	488,805	-	-
1,694,114	1,682,222	7,448	4,444
14,944,104	13,181,418	122,469	1,640,217
56,284,978	56,035,593	485,981	(236,596)
124,936	41,662	1,553	81,721
<u>101,465,012</u>	<u>98,970,960</u>	<u>623,890</u>	<u>1,870,162</u>
573,329	575,647	42,827	(45,145)
876,622	781,852	9,313	85,457
1,145,998	1,057,426	8,098	80,474
231,419	189,430	4,834	37,155
<u>104,292,380</u>	<u>101,575,315</u>	<u>688,962</u>	<u>2,028,103</u>

EXHIBIT C-4

OTHER SPECIAL REVENUE FUNDS

**COMBINED SUMMARY OF APPROPRIATION ACCOUNTS
SHOWING DETAIL OF AMOUNTS AVAILABLE, EXPENDITURES
AND DISPOSITION OF BALANCES**

For the Year Ended June 30, 1996

	Balance Forward July 1, 1995 (Adjusted)	Transfers In/(Out)
HUMAN SERVICES		
Department of Human Services		
Administration	\$474,657	\$18,941,619
Bureau of Health	1,570,708	25,114,436
Emergency Medical and Disease Prevention	10,949	678,773
Medical Care Payments	8,586,342	720,136,325
Medical Care Administration	211,788	19,515,001
Bureau of Social Welfare	994,373	21,189,122
Aid to Families with Dependent Children	5,993,959	113,945,585
Bureau of Resource Development	87,011	2,704,839
Purchased Social Services	449,673	45,261,020
Child Welfare Services	175	3,953,597
Bureau of Rehabilitation	17,033	4,673,523
Bureau of Maine's Elderly	6,566	6,254,720
Other	351,638	2,384,648
Total Department of Human Services	<u>18,754,872</u>	<u>984,753,208</u>
Department of Mental Health and Retardation		
Community Mental Health	121,168	1,428,375
Title XX Federal Mental Health	23,823	273,846
Food	33	11
Capital Construction, Repairs and Improvement	17,808	36,711
Children's Mental Health Services	48,278	4,653,124
Augusta Mental Health Institute	919,865	17,960,049
Bangor Mental Health Institute	647,303	15,578,603
Community Mental Retardation Service	28,430	384,546
Title XX Federal Mental Retardation	30,205	930,000
Pineland Center	29,576	68,250
Elizabeth Levinson Center	171	-
Total Department of Mental Health and Retardation	<u>1,866,660</u>	<u>41,313,515</u>
Total Department of Corrections	602,139	1,714,561
Independent Agencies		
Human Rights Commission	123,439	214,483
Maine Health Care Finance Commission	1,870,826	(404,389)
Other	1,524,890	1,457,157
TOTAL HUMAN SERVICES	<u>24,742,826</u>	<u>1,029,048,535</u>

Total Available	Expenditures	Unexpended Balance June 30, 1996	
		Encumbrances Carried	Unencumbered Balances
\$19,416,276	\$18,841,754	\$689,595	(\$115,073)
26,685,144	25,345,692	2,170,137	(830,685)
689,722	671,676	61,076	(43,030)
728,722,667	732,972,933	471,259	(4,721,525)
19,726,789	19,447,643	4,852,888	(4,573,742)
22,183,495	20,324,807	1,719,923	138,765
119,939,544	115,620,704	73,984	4,244,856
2,791,850	2,193,224	311,419	287,207
45,710,693	44,596,622	2,563,589	(1,449,518)
3,953,772	3,947,598	193,111	(186,937)
4,690,556	4,770,363	272,117	(351,924)
6,261,286	5,886,859	589,782	(215,355)
2,736,286	2,385,451	415,370	(64,535)
1,003,508,080	997,005,326	14,384,250	(7,881,496)
1,549,543	1,527,545	265,043	(243,045)
297,669	253,366	44,352	(49)
44	-	-	44
54,519	25,531	2,194	26,794
4,701,402	4,636,031	163,308	(97,937)
18,879,914	17,876,317	907,648	95,949
16,225,906	16,403,273	404,542	(581,909)
412,976	367,768	20,500	24,708
960,205	940,414	13,552	6,239
97,826	79,701	-	18,125
171	-	-	171
43,180,175	42,109,946	1,821,139	(750,910)
2,316,700	1,674,829	323,862	318,009
337,922	186,350	667	150,905
1,466,437	1,113,253	106,252	246,932
2,982,047	1,400,309	63,979	1,517,759
1,053,791,361	1,043,490,013	16,700,149	(6,398,801)

OTHER SPECIAL REVENUE FUNDS

**COMBINED SUMMARY OF APPROPRIATION ACCOUNTS
SHOWING DETAIL OF AMOUNTS AVAILABLE, EXPENDITURES
AND DISPOSITION OF BALANCES**

For the Year Ended June 30, 1996

	Balance Forward July 1, 1995 (Adjusted)	Transfers In/(Out)
LABOR		
Department of Labor		
Bureau of Labor and Industry	\$1,302,456	\$2,028,427
Employment Security - Administration	1,500,784	24,060,847
Labor Allowance	27,481	2,611,773
Labor Development and Training	109,676	17,917,098
Labor Relations	14,456	50,746
Benefit Account	108,429	2,080,034
TOTAL LABOR	3,063,282	48,748,925
NATURAL RESOURCES		
Department of Conservation		
Central Administration	337,892	502,080
Bureau of Forestry	423,377	987,856
Bureau of Geology	160,892	277,779
Land Use Regulation Commission	10,766	990
Bureau of Parks and Recreation	305,578	396,185
Bureau of Public Lands	4,293,038	2,314,018
Boating Facilities Fund	2,349,560	1,613,330
Snowmobile Trail Fund	381,769	1,636,696
Maine State Parks Fund	242,505	617,074
Other	35,452	284,938
Total Department of Conservation	8,540,829	8,630,946
Department of Environmental Protection		
Administration	203,912	3,664,066
Bureau of Air Quality	90,924	1,275,743
Bureau of Land Quality	2,195,681	1,431,243
Bureau of Water Quality	172,786	(3,138)
Waste Treatment Planning	324,243	5,000,176
Maine Coastal Protection Fund	13,908,011	18,224,382
Low Level Waste Site Fund	-	386,107
Other	74,849	213,586
Total Department of Environmental Protection	16,970,406	30,192,165
Department of Inland Fisheries and Wildlife		
Administration, Warden & Bio Services	1,600,732	6,910,546
White Water Rafting	7,968	99,331
Non-Game Wildlife Fund	857,322	953,539
Atlantic Sea Run Salmon Management	65,566	362,848
Total Department of Inland Fisheries and Wildlife	2,531,588	8,326,264

Total Available	Expenditures	Unexpended Balance June 30, 1996	
		Encumbrances Carried	Unencumbered Balances
\$3,330,883	\$2,256,917	\$265,502	\$808,464
25,561,631	25,289,824	1,349,610	(1,077,803)
2,639,254	2,570,056	-	69,198
18,026,774	17,911,765	2,073,275	(1,958,266)
65,202	40,708	-	24,494
2,188,463	2,151,517	-	36,946
51,812,207	50,220,787	3,688,387	(2,096,967)
839,972	538,771	516	300,685
1,411,233	860,887	33,793	516,553
438,671	156,799	61,585	220,287
11,756	678	-	11,078
701,763	468,582	135,330	97,851
6,607,056	2,367,470	321,435	3,918,151
3,962,890	1,427,977	565,693	1,969,220
2,018,465	1,576,727	46,428	395,310
859,579	382,740	87,515	389,324
320,390	239,417	-	80,973
17,171,775	8,020,048	1,252,295	7,899,432
3,867,978	3,425,555	333,705	108,718
1,366,667	1,330,130	40,822	(4,285)
3,626,924	1,612,457	30,231	1,984,236
169,648	17,060	-	152,588
5,324,419	5,068,865	606,841	(351,287)
32,132,393	17,601,011	1,518,881	13,012,501
386,107	20,657	344,742	20,708
288,435	147,009	-	141,426
47,162,571	29,222,744	2,875,222	15,064,605
8,511,278	5,314,900	554,455	2,641,923
107,299	49,451	-	57,848
1,810,861	580,831	341,817	888,213
428,414	378,737	-	49,677
10,857,852	6,323,919	896,272	3,637,661

OTHER SPECIAL REVENUE FUNDS

**COMBINED SUMMARY OF APPROPRIATION ACCOUNTS
SHOWING DETAIL OF AMOUNTS AVAILABLE, EXPENDITURES
AND DISPOSITION OF BALANCES**

For the Year Ended June 30, 1996

	Balance Forward July 1, 1995 (Adjusted)	Transfers In/(Out)
Independent Agencies		
Baxter State Park Authority	\$165,289	\$1,948,763
Maine Forest Authority	17,877	-
TOTAL NATURAL RESOURCES	28,225,989	49,098,138
PUBLIC PROTECTION		
Department of Defense and Veterans Services		
Administration	362,469	5,091,949
Maine Emergency Management's Hazardous Mitigation	2,531	78,853
Veteran's Memorial Cemetery	51,163	196,643
Bureau of Civil Emergency Preparedness	714,872	2,958,008
Total Department of Defense and Veterans Services	1,131,035	8,325,453
Department of Public Safety		
State Police	1,476,285	7,935,080
Emergency 911 System	119,498	161,772
Maine Criminal Justice Academy	103,845	1,034,987
State Fire Marshall	791,818	2,070,374
Drug Trafficking	165,930	1,673,705
Other	49,442	(2,587)
Total Department of Public Safety	2,706,818	12,873,331
TOTAL PUBLIC PROTECTION	3,837,853	21,198,784
TRANSPORTATION		
Department of Transportation		
Bureau of Public Transportation	-	4,464,903
Administration Costs	64,176	2,425,934
Construction of Highways	37,455	139,095,083
Maintenance of Highways	-	2,569,992
Bureau of Aeronautics	157,270	763,380
Other	1,357,123	2,016,609
TOTAL TRANSPORTATION	1,616,024	151,335,901
TOTAL OTHER SPECIAL REVENUE FUNDS	\$109,697,551	\$1,573,012,917
DETAIL OF:		
Federal Expenditure Fund	\$14,277,734	\$1,102,083,593
Federal Block Grant	(94,363)	49,812,845
Other Special Revenue	95,514,180	421,116,479
TOTAL OTHER SPECIAL REVENUE FUNDS	\$109,697,551	\$1,573,012,917

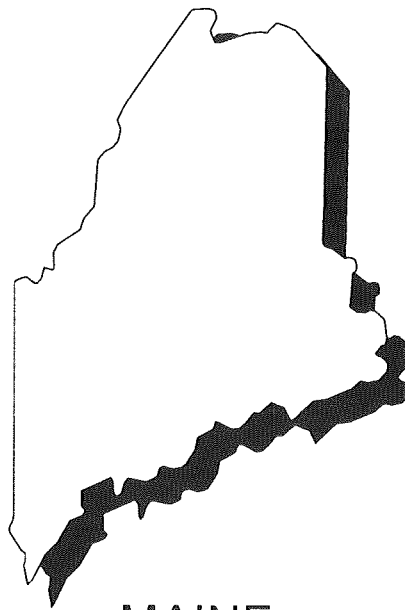
Total Available	Expenditures	Unexpended Balance June 30, 1996	
		Encumbrances Carried	Unencumbered Balances
\$2,114,052	\$1,966,603	\$ -	\$147,449
17,877	948	-	16,929
77,324,127	45,534,262	5,023,789	26,766,076
5,454,418	4,899,876	893,377	(338,835)
81,384	76,471	4,069	844
247,806	220,212	-	27,594
3,672,880	3,235,731	225,637	211,512
9,456,488	8,432,290	1,123,083	(98,885)
9,411,365	8,124,832	563,158	723,375
281,270	102,469	852	177,949
1,138,832	840,447	26,743	271,642
2,862,192	2,066,305	9,355	786,532
1,839,635	1,621,892	42,420	175,323
46,855	21,999	-	24,856
15,580,149	12,777,944	642,528	2,159,677
25,036,637	21,210,234	1,765,611	2,060,792
4,464,903	4,386,284	386,049	(307,430)
2,490,110	2,504,613	-	(14,503)
139,132,538	138,761,931	-	370,607
2,569,992	2,708,254	-	(138,262)
920,650	948,688	47,010	(75,048)
3,373,732	2,722,448	11,696	639,588
152,951,925	152,032,218	444,755	474,952
\$1,682,710,468	\$1,579,240,513	\$40,410,603	\$63,059,352
\$1,116,361,327	\$1,111,910,140	\$20,440,311	(\$15,989,124)
49,718,482	50,162,033	12,030,223	(12,473,774)
516,630,659	417,168,340	7,940,069	91,522,250
\$1,682,710,468	\$1,579,240,513	\$40,410,603	\$63,059,352

EXHIBIT C-5 OTHER SPECIAL REVENUE FUNDS**COMBINED STATEMENT OF EXPENDITURES BY CHARACTER AND OBJECT****For the Years Ended June 30,**

	1996	1995
PERSONAL SERVICES		
Salaries and Wages	\$136,937,955	\$137,386,339
Retirement Costs	25,727,542	23,971,605
Health Insurance and Other Fringe Benefits	27,930,433	19,148,083
Unemployment Reimbursements	358,435	279,921
	<hr/> 190,954,365	<hr/> 180,785,948
CONTRACTUAL SERVICES		
Professional Fees and Special Services	46,960,511	45,999,906
Travel Expenses	4,201,638	4,529,537
Operating State-Owned Vehicles	840,186	781,513
Utility Services	5,672,658	6,308,916
Rents	10,024,224	9,780,307
Repairs and Insurance	3,877,068	4,337,931
General Operating Expenses	11,256,865	17,639,645
	<hr/> 82,833,148	<hr/> 89,377,755
COMMODITIES		
Foods	468,789	587,494
Fuels	479,493	403,161
Materials	385,648	1,242,525
Office and Other Supplies	7,560,625	7,125,985
	<hr/> 8,894,555	<hr/> 9,359,165
GRANTS, SUBSIDIES AND PENSIONS		
To Federal Government	-	14,800
To Cities, Towns and Counties	166,957,696	171,718,503
To Public and Private Organizations	111,842,331	99,611,680
To Individuals:		
Aid to Families With Dependent Children	124,421,109	117,205,851
Assistance and Medical Care	767,342,631	741,009,495
Unemployment Compensation Benefits	2,154,071	5,503,916
Pensions and Compensation for Injuries	112,688	2,198,377
Other	214,095	407,526
	<hr/> 1,173,044,621	<hr/> 1,137,670,148
CAPITAL OUTLAYS		
Contract Payments	103,920,326	70,361,100
Other	14,971,230	13,048,501
	<hr/> 118,891,556	<hr/> 83,409,601
CONTRIBUTIONS AND TRANSFERS TO OTHER FUNDS	<hr/> 4,622,260	<hr/> 4,317,158
TOTAL EXPENDITURES	<hr/> <hr/> \$1,579,240,506	<hr/> <hr/> \$1,504,919,775

CAPITAL PROJECTS FUND

The Capital Projects Fund is used to account for financial resources used for the acquisition or construction of major capital facilities other than those financed by proprietary funds.



MAINE

CAPITAL PROJECTS FUNDS**COMPARATIVE BALANCE SHEET**

For the Years Ended June 30,

	<u>1996</u>	<u>1995</u>
ASSETS		
Equity in Treasurer's Cash Pool and/or Investment	\$63,186,904	\$46,460,368
Other Assets	39	-
TOTAL ASSETS	<u>\$63,186,942</u>	<u>\$46,460,368</u>
 LIABILITIES AND FUND EQUITY		
LIABILITIES		
Accounts Payable	\$2,247,815	\$783,224
Due to Other Funds	39	-
TOTAL LIABILITIES	<u>2,247,854</u>	<u>783,224</u>
 FUND EQUITY		
Encumbered	8,296,536	16,279,899
Unencumbered	52,642,552	29,397,245
TOTAL FUND EQUITY	<u>60,939,088</u>	<u>45,677,144</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$63,186,942</u>	<u>\$46,460,368</u>

CAPITAL PROJECTS FUND

COMBINED SUMMARY OF APPROPRIATION ACCOUNTS
SHOWING DETAIL OF AMOUNTS AVAILABLE, EXPENDITURES
AND DISPOSITION OF BALANCES

For the Year Ended June 30, 1996

	Balance Forward July 1, 1995 (Adjusted)	Revenues, Transfers and Other Resources
GENERAL GOVERNMENT		
Debt Service	\$755,446	\$2,085,909
Land for Maine's Future	1,871,853	(10,096)
Energy Conservation - State Buildings	4,816	1,500,000
Bureau of Public Improvements - Asbestos Bond	151,853	-
Maine State Housing Authority	1,464,455	600,000
Finance Authority of Maine	-	2,000,000
TOTAL GENERAL GOVERNMENT	4,248,423	6,175,813
ECONOMIC DEVELOPMENT		
Recycling	1,700,513	-
Jobs Bond	888,048	(888,048)
TOTAL ECONOMIC DEVELOPMENT	2,588,561	(888,048)
EDUCATION AND CULTURAL SERVICES		
Vocational Technical Institutes System	1,024,310	2,700,000
University of Maine	5,022,693	-
Acquisition of School Buses	46,208	-
Technology Equipment	-	4,000,000
Safety Improvements	1,194,225	-
Other	35	-
TOTAL EDUCATION AND CULTURAL SERVICES	7,287,471	6,700,000
HUMAN SERVICES		
AMHI Activities Building	12,748	-
Correctional Facilities	3,858,733	2,500,000
TOTAL HUMAN SERVICES	3,871,481	2,500,000
NATURAL RESOURCES		
Conservation Department		
Bureau of Parks and Recreation	2,428,059	26,763
Inland Fisheries and Wildlife	2,750	184
Environmental Protection		
Hazardous Waste Clean Up	3,602,604	-
Pollution Abatement	9,334,951	6,502,694
Solid Waste	4,709,433	13,657,588
TOTAL NATURAL RESOURCES	20,077,797	20,187,229
TRANSPORTATION		
Airport Improvements	2,435,509	1,000,000
Construction & Improvement of Port Facility	201,646	10,500,000
Public Safety Construction	258,689	2,500,000
Highways & Bridges	-	25,000,000
Ports & Marine	3,978,087	2,262,000
Rail Transportation	2,332,604	1,500,000
TOTAL TRANSPORTATION	9,206,535	42,762,000
TOTAL CAPITAL PROJECTS FUND	\$47,280,268	\$77,436,994

Total Available	Expenditures	Unexpended Balance June 30, 1996	
		Encumbrances Carried	Unencumbered Balances
\$2,841,355	\$ -	\$ -	\$2,841,355
1,861,757	446,598	16,091	1,399,068
1,504,816	-	-	1,504,816
151,853	109,684	28,811	13,358
2,064,455	2,064,454	-	1
2,000,000	2,000,000	-	-
10,424,236	4,620,736	44,902	5,758,598
1,700,513	873,158	-	827,355
-	-	-	-
1,700,513	873,158	-	827,355
3,724,310	2,774,829	-	949,481
5,022,693	2,066,168	-	2,956,525
46,208	-	-	46,208
4,000,000	-	-	4,000,000
1,194,225	284,694	6,211	903,320
35	-	-	35
13,987,471	5,125,691	6,211	8,855,569
12,748	-	-	12,748
6,358,733	4,235,021	254,027	1,869,685
6,371,481	4,235,021	254,027	1,882,433
2,454,822	1,012,977	46,260	1,395,585
2,934	-	-	2,934
3,602,604	1,231,811	587,376	1,783,417
15,837,645	10,285,915	5,077,066	474,664
18,367,021	13,630,111	2,257,445	2,479,465
40,265,026	26,160,814	7,968,147	6,136,065
3,435,509	867,856	2,473	2,565,180
10,701,646	2,624	-	10,699,022
2,758,689	558,227	1	2,200,461
25,000,000	15,000,000	-	10,000,000
6,240,087	555,844	20,774	5,663,469
3,832,604	2,089,168	-	1,743,436
51,968,535	19,073,719	23,248	32,871,568
\$124,717,262	\$60,089,139	\$8,296,535	\$56,331,588

CAPITAL PROJECTS FUNDS**DEBT SERVICE REQUIREMENTS TO MATURITY****SELF-LIQUIDATING BONDS**

(EXPRESSED IN THOUSANDS)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
1997	\$262,655	\$132,471
1998	239,400	115,232
1999	175,000	99,325
2000	175,000	85,450
2001	175,000	71,575
2002	165,000	57,445
2003	155,000	44,215
2004	155,000	31,910
2005	130,000	19,605
2006	70,000	9,375
2007	70,000	4,125
2008	20,000	750
TOTAL CAPITAL PROJECTS		
SELF-LIQUIDATING BONDS	<u><u>\$1,792,055</u></u>	<u><u>\$671,478</u></u>

DEBT SERVICE FUND

The Debt Service Fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal and interest. During fiscal year 1996, the State retired \$76,967,063 in debt and paid \$34,854,182 in interest.

EXHIBIT E-1

DEBT SERVICE FUNDS**COMPARATIVE BALANCE SHEET**

For the Years Ended June 30,

	1996	1995
ASSETS		
Equity in Treasurer's Cash Pool		
Cash and/or Investments	\$2,842,256	\$767,792
Cash - Other	297,218	343,217
TOTAL ASSETS	\$3,139,474	\$1,111,009
LIABILITIES AND FUND EQUITY		
Bonds Matured - Not Presented for Payment	\$10,000	\$7,000
Interest Matured - Not Presented for Payment	287,218	336,217
Fund Equity	2,842,256	767,792
TOTAL LIABILITIES AND FUND EQUITY	\$3,139,474	\$1,111,009

EXHIBIT E-2

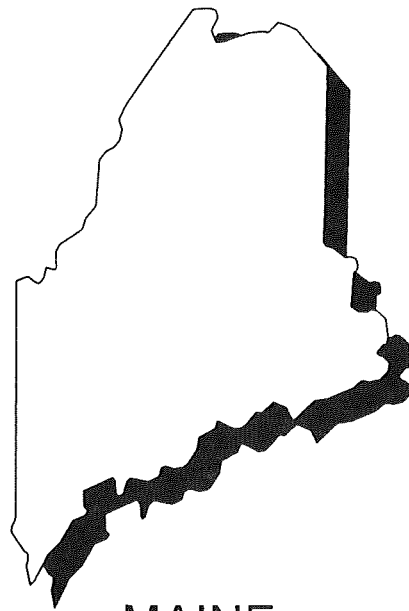
**COMPARATIVE STATEMENT OF REVENUES,
EXPENDITURES AND FUND EQUITY**

For the Years Ended June 30,

	1996	1995
REVENUES		
Contribution from		
Vocational Technical Colleges	\$118,065	\$226,345
Maine Veterans Home	165,750	173,925
Income from Investments	5,812,657	4,109,948
Transfers from Other Funds		
General Fund	82,477,765	81,928,075
Highway Fund	25,321,471	25,225,689
TOTAL REVENUE	113,895,708	111,663,982
EXPENDITURES		
Redemption of Bonds	76,967,063	74,575,000
Interest on Bonds	34,854,182	38,488,110
TOTAL EXPENDITURES	111,821,244	113,063,110
EXCESS TO FUND EQUITY	2,074,464	(1,399,128)
FUND BALANCE JULY 1, 1995	767,792	2,166,920
FUND BALANCE JUNE 30, 1996	\$2,842,256	\$767,792

Detail of This Year		
General Fund Issues	Highway Fund Issues	Other Issues
\$2,841,355	\$ -	\$901
184,508	72,144	40,566
<u>\$3,025,863</u>	<u>\$72,144</u>	<u>\$41,467</u>
\$10,000	\$ -	\$ -
174,508	72,144	40,566
2,841,355	-	901
<u>\$3,025,863</u>	<u>\$72,144</u>	<u>\$41,467</u>

Detail of This Year		
General Fund Issues	Highway Fund Issues	Other Issues
\$ -	\$ -	\$118,065
-	-	165,750
5,812,657	-	-
82,477,765	-	-
-	25,321,471	-
<u>88,290,422</u>	<u>25,321,471</u>	<u>283,815</u>
59,279,408	17,510,000	177,655
26,925,106	7,811,471	117,605
<u>86,204,513</u>	<u>25,321,471</u>	<u>295,260</u>
2,085,909	-	(11,445)
755,446	-	12,346
<u>\$2,841,355</u>	<u>\$ -</u>	<u>\$901</u>



MAINE

ENTERPRISE FUND

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business, where the intent of the State is that the costs of providing goods or services to the General Public on a continuing basis be financed or recovered primarily through user charges; or where the State has decided that periodic determination of net income is appropriate for accountability purposes. The State uses the following Enterprise Funds:

The **Alcoholic Beverages Fund** was established to license and regulate the sale of alcoholic beverages. Net profit from the fund is transferred to the State's General Fund and is used for general Governmental purposes.

The **Community Industrial Fund** is used to assist local development corporations to construct community industrial buildings by loaning money when the projects can reasonably be expected to create new employment. Preference is given to projects in economically deprived areas.

The **Forest Nursery Fund** accounts for the self-supporting operation of State nurseries. The nurseries propagate, maintain and distribute plants for conservation purposes.

The **Marine Ports Fund** is used to account for the operation and maintenance of port facilities within the jurisdiction of the Department of Transportation.

The **Lottery Fund** was established to account for all operations of the Maine State Lottery. This includes the Tri-State Lotto Commission which 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 price or prices of tickets, the number and size of prizes for winning tickets and the licensing of agents.

The **Potato Marketing Improvement Fund** provides low interest loans to Maine potato growers for the modernization of storage facilities and improvements in the marketing of the product.

The **Prison Industries Fund** accounts for a self-supporting program of job training through the employment of inmates in manufacturing and selling products.

The **Seed Potato Board Fund** is used for the growing of seed for sale to potato growers, for research in disease control, and for the development of new product varieties.

The **State Airport Fund** accounts for all operations and maintenance of the Maine State Airport.

The **State Ferry Service Fund** provides 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.

ENTERPRISE FUNDS

COMBINING BALANCE SHEET

For the Year Ended June 30, 1996

	<u>Fund Total</u>	<u>Community Industries</u>	<u>Potato Marketing</u>	<u>State Ferry</u>
ASSETS				
Cash and Short-term Investments	\$10,462,433	\$ -	\$1,142,603	\$190,603
Receivables, (net of allowance for uncollectibles):				
Loans	9,873,107	74,202	9,517,259	-
Other Receivables	9,867,201	-	285,084	109,472
Due from Other Funds	13,207	-	-	1,905
Inventories	3,285,479	-	-	206,740
Property and Equipment	53,597,478	-	2,443	26,215,479
Other Assets	635,510	-	-	-
TOTAL ASSETS	<u>\$87,734,415</u>	<u>\$74,202</u>	<u>\$10,947,389</u>	<u>\$26,724,199</u>
LIABILITIES, FUND EQUITY, and OTHER CREDITS				
LIABILITIES				
Accounts Payable	\$6,147,285	\$ -	\$1,915	\$68,429
Accrued Payroll	362,744	-	2,131	152,770
Compensated Absences	477,246	-	4,877	100,198
Due to Other Funds	1,602,781	-	569	-
Deferred Revenue	351,102	39,229	-	-
Lottery Prizes Payable	7,518,164	-	-	-
Loans Payable	2,037,651	-	1,731,233	-
Other Accrued Liabilities	724,627	-	-	5,813
Working Capital Advances Payable	1,000,000	-	-	-
TOTAL LIABILITIES	<u>20,221,600</u>	<u>39,229</u>	<u>1,740,725</u>	<u>327,210</u>
FUND EQUITY AND OTHER CREDITS				
Contributed Capital	55,861,192	-	5,000,000	25,474,771
Retained Earnings	11,651,623	34,973	4,206,664	922,218
TOTAL FUND EQUITY and OTHER CREDITS	<u>67,512,815</u>	<u>34,973</u>	<u>9,206,664</u>	<u>26,396,989</u>
TOTAL LIABILITIES, FUND EQUITY, and OTHER CREDITS	<u>\$87,734,415</u>	<u>\$74,202</u>	<u>\$10,947,389</u>	<u>\$26,724,199</u>

<u>State Airport</u>	<u>Marine Ports</u>	<u>Alcoholic Beverages</u>	<u>Prison Industries</u>	<u>Seed Potato</u>	<u>Risk Pool</u>	<u>Lottery</u>
\$118,264	\$3,725	\$3,823,628	\$338,394	\$62,223	\$4,224,874	\$558,119
-	260,500	21,146	-	-	-	-
9,973	11,000	513,128	12,700	49,174	70,955	8,805,715
6,560	-	-	1,389	-	2,014	1,339
80,290	-	2,105,793	287,344	44,801	-	560,511
7,271,978	18,635,569	282,666	81,335	1,056,199	-	51,809
-	-	55,200	-	48,368	19,847	512,095
<u>\$7,487,065</u>	<u>\$18,910,794</u>	<u>\$6,801,561</u>	<u>\$721,162</u>	<u>\$1,260,765</u>	<u>\$4,317,690</u>	<u>\$10,489,588</u>
\$22,212	\$2,816	\$4,872,593	\$49,278	\$40,590	\$10,089	\$1,079,363
7,548	4,271	158,028	17,369	20,627	-	-
7,888	11,533	252,736	10,213	20,680	-	69,121
-	-	54,390	18,277	1,941	-	1,527,604
-	-	-	-	16,537	-	295,336
-	-	-	-	-	-	7,518,164
-	-	-	-	-	306,418	-
-	255,000	463,814	-	-	-	-
-	-	1,000,000	-	-	-	-
<u>37,648</u>	<u>273,620</u>	<u>6,801,561</u>	<u>95,137</u>	<u>100,375</u>	<u>316,507</u>	<u>10,489,588</u>
7,094,813	18,088,058	-	203,550	-	-	-
354,604	549,116	-	422,475	1,160,390	4,001,183	-
<u>7,449,417</u>	<u>18,637,174</u>	<u>-</u>	<u>626,025</u>	<u>1,160,390</u>	<u>4,001,183</u>	<u>-</u>
<u>\$7,487,065</u>	<u>\$18,910,794</u>	<u>\$6,801,561</u>	<u>\$721,162</u>	<u>\$1,260,765</u>	<u>\$4,317,690</u>	<u>\$10,489,588</u>

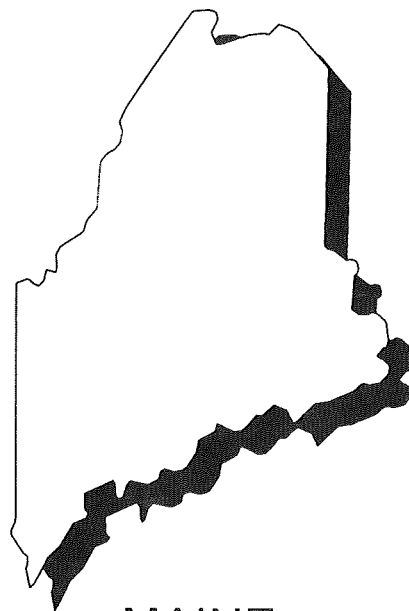
ENTERPRISE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS

For the Year Ended June 30, 1996

	<u>Fund Total</u>	<u>Community Industries</u>	<u>Potato Marketing</u>	<u>State Ferry</u>
OPERATING REVENUES				
Charges for Services	\$225,316,176	\$ -	\$8,728	\$2,090,299
Other Operating Income	1,061,110	-	-	-
TOTAL OPERATING REVENUES	<u>226,377,286</u>	<u>-</u>	<u>8,728</u>	<u>2,090,299</u>
OPERATING EXPENSES				
General Operations	164,877,278	408,763	204,374	2,810,231
Depreciation	2,050,747	-	503	605,959
Claims	134,000	-	-	-
TOTAL OPERATING EXPENSES	<u>167,062,025</u>	<u>408,763</u>	<u>204,877</u>	<u>3,416,190</u>
OPERATING INCOME (loss)	59,315,261	(408,763)	(196,149)	(1,325,891)
NONOPERATING REVENUES (expenses)	<u>1,119,794</u>	<u>-</u>	<u>423,288</u>	<u>31,325</u>
INCOME (loss) BEFORE OPERATING TRANSFERS	<u>60,435,055</u>	<u>(408,763)</u>	<u>227,139</u>	<u>(1,294,566)</u>
OPERATING TRANSFERS				
Transfers In	2,353,539	-	-	1,775,419
Transfers Out	(62,515,584)	-	-	-
TOTAL OPERATING TRANSFERS	<u>(60,162,045)</u>	<u>-</u>	<u>-</u>	<u>1,775,419</u>
NET INCOME	273,010	(408,763)	227,139	480,853
Add Back Depreciation on Assets Acquired with Contributed Capital	<u>1,864,684</u>	<u>-</u>	<u>-</u>	<u>-</u>
INCREASE IN RETAINED EARNINGS	2,137,694	(408,763)	227,139	480,853
RETAINED EARNINGS (deficits) at July 1, 1995 AS RESTATED	6,067,000	443,736	3,979,525	441,365
Equity Transfer	<u>3,446,929</u>	<u>-</u>	<u>-</u>	<u>-</u>
RETAINED EARNINGS (deficits) at June 30, 1996	<u>\$11,651,623</u>	<u>\$34,973</u>	<u>\$4,206,664</u>	<u>\$922,218</u>
CONTRIBUTED CAPITAL at July 1, 1995	\$45,663,334			
Add: Capital Contributions	12,062,542			
Less: Depreciation of Fixed Assets Acquired from Contributed Capital	<u>(1,864,684)</u>			
CONTRIBUTED CAPITAL at June 30, 1996	<u>\$55,861,192</u>			

<u>State Airport</u>	<u>Marine Ports</u>	<u>Alcoholic Beverages</u>	<u>Prison Industries</u>	<u>Seed Potato</u>	<u>Risk Pool</u>	<u>Lottery</u>
\$161,239	\$5,879	\$70,496,802	\$749,999	\$398,496	\$1,082,142	\$150,322,592
-	-	1,061,110	-	-	-	-
<u>161,239</u>	<u>5,879</u>	<u>71,557,912</u>	<u>749,999</u>	<u>398,496</u>	<u>1,082,142</u>	<u>150,322,592</u>
(289,707)	282,108	48,142,344	754,842	701,349	551,179	111,311,795
613,883	644,842	90,203	15,879	59,936	-	19,542
-	-	-	-	-	134,000	-
<u>324,176</u>	<u>926,950</u>	<u>48,232,547</u>	<u>770,721</u>	<u>761,285</u>	<u>685,179</u>	<u>111,331,337</u>
(162,937)	(921,071)	23,325,365	(20,722)	(362,789)	396,963	38,991,255
<u>8,626</u>	<u>4,218</u>	<u>-</u>	<u>21,654</u>	<u>9,747</u>	<u>220,827</u>	<u>400,109</u>
<u>(154,311)</u>	<u>(916,853)</u>	<u>23,325,365</u>	<u>932</u>	<u>(353,042)</u>	<u>617,790</u>	<u>39,391,364</u>
207,772	93,414	-	-	276,934	-	-
-	-	(23,084,038)	-	-	(63,536)	(39,368,010)
<u>207,772</u>	<u>93,414</u>	<u>(23,084,038)</u>	<u>-</u>	<u>276,934</u>	<u>(63,536)</u>	<u>(39,368,010)</u>
53,461	(823,439)	241,327	932	(76,108)	554,254	23,354
-	1,864,684	-	-	-	-	-
<u>53,461</u>	<u>1,041,245</u>	<u>241,327</u>	<u>932</u>	<u>(76,108)</u>	<u>554,254</u>	<u>23,354</u>
301,143	(492,129)	(241,327)	421,543	1,236,498	-	(23,354)
-	-	-	-	-	3,446,929	-
<u>\$354,604</u>	<u>\$549,116</u>	<u>\$ -</u>	<u>\$422,475</u>	<u>\$1,160,390</u>	<u>\$4,001,183</u>	<u>\$ -</u>
	\$45,663,334					
	12,062,542					
	(1,864,684)					
	<u>\$55,861,192</u>					



MAINE

INTERNAL SERVICE FUND

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the Government and to other Government units, on a cost reimbursement basis. The State uses the following Internal Service Funds:

The **Central Fleet Management** is responsible for administering a uniform program for the operation and maintenance of all state vehicles except for the Department of Transportation.

The **Division of Data Processing** provides major data processing services including computer operations, programming and applications systems development, technical support and networking services.

The **Office of Information Services** is responsible for providing information services in data processing and telecommunications and for assuring the coordination of data processing throughout State Government.

The **Space Management Division** provides uniform procedures and a standard policy for the leasing of State-owned facilities, maintains records of State Agency property, leasing needs and all available space owned, leased and potentially available for lease, making this information available to all State Agencies. It also monitors market prices for real estate property leases, establishes rates to be charged to State Agencies, and holds all property leases to ensure they are negotiated and managed to the best economic advantage of the State.

The **Division of Motor Transport Services** provides for all the equipment and vehicle needs of the Department of Transportation.

The **Division of Purchase's Postal, Printing and Supply** is responsible for the purchase of all services, supplies, materials and equipment required by any State department or agency, to purchase and contract for all postal and mailing services, duplicating needs, and the disposal of State and Federal surplus property.

The **Risk Management Division** provides 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 which may be necessary to protect the State from financial loss.

The **Division of Telecommunications Services** provides for all voice and data communication services to State departments and agencies.

INTERNAL SERVICE FUNDS

COMBINING BALANCE SHEET

For the Year Ended June 30, 1996

	<u>Total</u>	<u>Motor Transport Service</u>	<u>Postal Printing and Supply</u>	<u>Telecommunications</u>
ASSETS				
Cash and Short-term Investments	\$22,329,274	\$1,877,113	\$441,280	\$965,964
Cash with Fiscal Agent	671,258	661,920	-	-
Receivables				
(net of allowance for uncollectibles)	499,316	694	218,008	261,884
Due from Other Funds	8,479,131	1,537,572	1,162,155	1,934,451
Inventories	5,145,686	4,053,477	587,924	398,651
Fixed Assets	48,206,050	37,865,650	421,249	816,540
(net of accumulated depreciation)				
Other Assets	156,772	85,658	8,483	3,513
TOTAL ASSETS	<u>\$85,487,487</u>	<u>\$46,082,084</u>	<u>\$2,839,099</u>	<u>\$4,381,003</u>
LIABILITIES, FUND EQUITY, and OTHER CREDITS				
LIABILITIES				
Accounts Payable	\$4,305,126	\$502,889	\$484,507	\$2,605,535
Accrued Payroll	929,675	522,842	73,815	46,652
Compensated Absences	984,588	384,381	111,852	65,526
Due to Other Funds	1,776,041	16,593	41,378	1,608,040
Deferred Revenue	1,087,766	-	-	-
Certificates of Participation				
and Other Financing Arrangements	22,884,902	16,000,000	-	195,720
Claims Payable	52,378,951	-	-	-
Other Accrued Liabilities	459,151	-	334,343	4,870
Working Capital Advances Payable	13,303,115	13,182,115	111,000	-
TOTAL LIABILITIES	<u>98,109,315</u>	<u>30,608,820</u>	<u>1,156,895</u>	<u>4,526,343</u>
FUND EQUITY and OTHER CREDITS				
Contributed Capital	4,940,817	2,410,503	68,692	782,608
Retained Earnings (deficits)	(17,562,645)	13,062,761	1,613,512	(927,948)
TOTAL FUND EQUITY (deficit) and OTHER CREDITS	<u>(12,621,828)</u>	<u>15,473,264</u>	<u>1,682,204</u>	<u>(145,340)</u>
TOTAL LIABILITIES, FUND EQUITY, and OTHER CREDITS	<u>\$85,487,487</u>	<u>\$46,082,084</u>	<u>\$2,839,099</u>	<u>\$4,381,003</u>

<u>Information Services</u>	<u>Risk Management</u>	<u>Data Processing</u>	<u>Workers Compensation</u>	<u>Central Fleet Management</u>	<u>Leased Space</u>	<u>Retiree Health</u>
\$216,886	\$5,375,665	\$3,422,237	\$4,082,603	\$968,669	\$44,368	\$4,934,489
-	-	-	-	9,338	-	-
	359	15,006	-	3,365	-	-
14,125	1,087,692	2,102,851	-	620,801	19,484	-
-	-	84,012	-	21,622	-	-
7,934	7,716	1,597,222	-	7,489,739	-	-
-	11,988	505	-	46,625	-	-
<u>\$238,945</u>	<u>\$6,483,420</u>	<u>\$7,221,833</u>	<u>\$4,082,603</u>	<u>\$9,160,159</u>	<u>\$63,852</u>	<u>\$4,934,489</u>

\$ -	\$22,243	\$509,002	\$20,700	\$123,538	\$36,712	\$ -
16,263	9,287	227,524	14,050	18,018	1,224	-
21,936	13,397	342,381	19,872	23,207	2,036	-
997	3,049	11,461	628	89,306	4,589	-
-	847,859	217,878	-	22,029	-	-
-	-	-	-	6,689,182	-	-
-	2,178,738	-	50,200,213	-	-	-
3,872	-	-	-	116,066	-	-
-	-	-	-	10,000	-	-
<u>43,068</u>	<u>3,074,573</u>	<u>1,308,246</u>	<u>50,255,463</u>	<u>7,091,346</u>	<u>44,561</u>	<u>-</u>

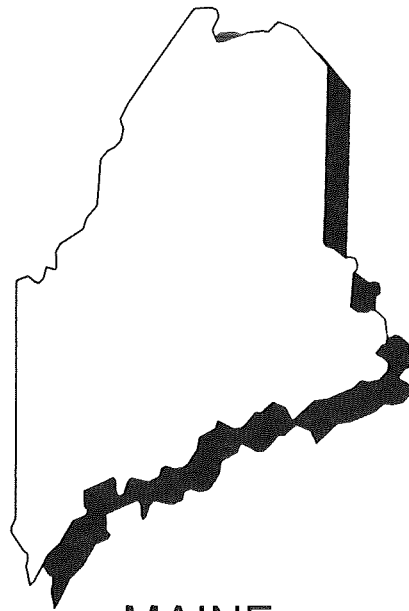
991	226,775	144,098	-	1,307,150	-	-
<u>194,886</u>	<u>3,182,072</u>	<u>5,769,489</u>	<u>(46,172,860)</u>	<u>761,663</u>	<u>19,291</u>	<u>4,934,489</u>
<u>195,877</u>	<u>3,408,847</u>	<u>5,913,587</u>	<u>(46,172,860)</u>	<u>2,068,813</u>	<u>19,291</u>	<u>4,934,489</u>
<u>\$238,945</u>	<u>\$6,483,420</u>	<u>\$7,221,833</u>	<u>\$4,082,603</u>	<u>\$9,160,159</u>	<u>\$63,852</u>	<u>\$4,934,489</u>

INTERNAL SERVICE FUNDS**COMBINING STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN RETAINED EARNINGS**

For the Year Ended June 30, 1996

	<u>Total</u>	<u>Motor Transport Service</u>	<u>Postal, Printing and Supply</u>	<u>Telecommunications</u>
OPERATING REVENUES				
Charges for Services	\$112,601,817	\$23,812,179	\$15,802,642	\$14,133,212
TOTAL OPERATING REVENUES	<u>112,601,817</u>	<u>23,812,179</u>	<u>15,802,642</u>	<u>14,133,212</u>
OPERATING EXPENSES				
General Operations	90,464,242	21,846,620	15,812,768	10,384,061
Depreciation	5,325,256	549,773	64,115	695,474
Financing Expense-Interest	1,011,269	1,011,269	-	-
Claims	(1,314,954)	(1,380,720)	(405,234)	-
Miscellaneous	176,120	-	-	-
TOTAL OPERATING EXPENSES	<u>95,661,933</u>	<u>22,026,942</u>	<u>15,471,649</u>	<u>11,079,535</u>
OPERATING INCOME (loss)	<u>16,939,884</u>	<u>1,785,237</u>	<u>330,993</u>	<u>3,053,677</u>
NONOPERATING REVENUES (expenses)	<u>1,317,128</u>	<u>471,497</u>	<u>31,122</u>	<u>28,679</u>
NET INCOME	<u>18,257,012</u>	<u>2,256,734</u>	<u>362,115</u>	<u>3,082,356</u>
RETAINED EARNINGS (deficits) at JULY 1, 1995	21,016,115	10,806,027	1,251,397	(4,010,304)
Equity Transfer	(56,835,772)	-	-	-
RETAINED EARNINGS (deficits) at JUNE 30, 1996	<u>(\$17,562,645)</u>	<u>\$13,062,761</u>	<u>\$1,613,512</u>	<u>(\$927,948)</u>

<u>Information Services</u>	<u>Risk Management</u>	<u>Data Processing</u>	<u>Workers Compensation</u>	<u>Central Fleet Management</u>	<u>Leased Space</u>	<u>Retiree Health</u>
\$733,260	\$2,760,705	\$14,822,539	\$17,010,684	\$4,810,974	\$7,953,883	\$10,761,739
<u>733,260</u>	<u>2,760,705</u>	<u>14,822,539</u>	<u>17,010,684</u>	<u>4,810,974</u>	<u>7,953,883</u>	<u>10,761,739</u>
652,409	442,361	13,885,383	800,344	2,408,696	7,918,701	16,312,899
16,340	5,536	2,079,586		1,914,432	-	-
-	-	-	-	-	-	-
-	1,789,000	-	(1,318,000)	-	-	-
	175,920		200	-	-	-
<u>668,749</u>	<u>2,412,817</u>	<u>15,964,969</u>	<u>(517,456)</u>	<u>4,323,128</u>	<u>7,918,701</u>	<u>16,312,899</u>
64,511	347,888	(1,142,430)	17,528,140	487,846	35,182	(5,551,160)
11,221	347,030	142,035	173,492	112,052	-	-
<u>75,732</u>	<u>694,918</u>	<u>(1,000,395)</u>	<u>17,701,632</u>	<u>599,898</u>	<u>35,182</u>	<u>(5,551,160)</u>
119,154	5,934,083	6,769,884	-	161,765	(15,891)	-
-	(3,446,929)	-	(63,874,492)	-	-	10,485,649
<u>\$194,886</u>	<u>\$3,182,072</u>	<u>\$5,769,489</u>	<u>(\$46,172,860)</u>	<u>\$761,663</u>	<u>\$19,291</u>	<u>\$4,934,489</u>



MAINE

TRUST AND AGENCY FUNDS

Trust and Agency Funds are fiduciary in nature and are maintained to account for assets held by the State acting in the capacity as trustee or agent.

Expendable Trust Funds account for assets held by the State in a trustee capacity where the principal and income may be expended in the course of the funds' designated operations. They include:

Employment Security Fund pays claims for unemployment to eligible recipients through employer contributions, employer reimbursements and Federal Grants.

Abandoned Property accounts for unclaimed property receipts. Holders must annually report these properties to the Treasurer, who will honor claims indefinitely.

There are many other small Expendable Trust Funds throughout State agencies and accounted for by the State Treasurer.

Nonexpendable Trust Funds account for assets held by the State in a trustee capacity where only income derived from the trust principal may be expended for designated operations. The principal must be preserved intact. They include:

Baxter Park Trust Fund, a gift to the State of Maine by former Governor Baxter, calls for principal to be maintained intact and income to be used for operations.

Lands Reserved Trust Funds were established from 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.

Other Trust Funds are composed of numerous small Trust Funds which have been combined for reporting purposes.

Agency Funds account for assets held by the State as agent for other funds, Governmental units, organizations, or individuals. They include:

Salary Deferral 457 Plan consists of employee contributions and earnings on investments.

Payroll Tax and Deductions Fund which receives all payroll tax and deduction funds needed to pay the Federal Government, other State agencies, and payroll vendors.

Treasurer's Agency Fund accounts for funds of quasi-governmental units placed in the Treasurer's cash pool for investment purposes.

TRUST AND AGENCY FUNDS

COMBINING BALANCE SHEET

For the Year Ended June 30, 1996

	Total	Expendable Trust	Nonexpendable Trust	Agency
ASSETS				
Cash and Short-Term Investments	\$75,606,325	\$709,546	\$913,462	\$73,983,317
Cash with Fiscal Agent	606	-	(908)	1,514
Investments	39,682,685	28,236,731	11,445,954	-
Investments of Deferred Compensation Plan	111,442,989	-	-	111,442,989
Assets Held in Trust	38,265,409	1,993,141	-	36,272,268
Unemployment Deposits with US Treasury	101,797,152	101,797,152	-	-
Receivables, (net of allowance for uncollectibles)	2,132,076	2,132,076	-	-
Due from Other Funds	13,460	12,419	-	1,041
Other Assets	12,077	-	11,577	500
TOTAL ASSETS	\$368,952,779	\$134,881,065	\$12,370,085	\$221,701,629
LIABILITIES, FUND EQUITY and OTHER CREDITS				
LIABILITIES				
Accounts Payable	\$13,029,066	\$49,763	\$ -	\$12,979,303
Due to Other Funds	86	86	-	-
Deferred Revenue	2,120,297	2,120,297	-	-
Deferred Compensation Payable	111,442,989	-	-	111,442,989
Agency Liabilities	95,850,669	-	-	95,850,669
Other Accrued Liabilities	1,443,546	-	14,878	1,428,668
TOTAL LIABILITIES	223,886,653	2,170,146	14,878	221,701,629
FUND EQUITY and OTHER CREDITS				
Fund Balances (deficits)				
Reserved for Nonexpendable Trusts	12,151,899	-	12,151,899	-
Reserved for Unemployment Benefits	100,143,544	100,143,544	-	-
Unreserved and Undesignated	32,770,683	32,567,375	203,308	-
TOTAL FUND EQUITY (deficit) and OTHER CREDITS	145,066,126	132,710,919	12,355,207	-
TOTAL LIABILITIES, FUND EQUITY and OTHER CREDITS	\$368,952,779	\$134,881,065	\$12,370,085	\$221,701,629

EXPENDABLE TRUST FUNDS**COMBINING BALANCE SHEET**

For the Year Ended June 30, 1996

	<u>Total</u>	<u>Employment Security</u>	<u>Abandoned Property</u>	<u>Baxter</u>
ASSETS				
Cash and Short-Term Investments	\$709,546	(\$127,300)	\$220,606	\$616,240
Investments	28,236,731	-	-	28,236,731
Assets Held in Trust	1,993,141	-	1,993,141	-
Unemployment Deposits				
with U S Treasury	101,797,152	101,797,152	-	-
Receivables (net of allowance for uncollectibles)	2,132,076	2,132,076	-	-
Due from Other Funds	12,419	12,419	-	-
TOTAL ASSETS	<u>\$134,881,065</u>	<u>\$103,814,347</u>	<u>\$2,213,747</u>	<u>\$28,852,971</u>
LIABILITIES, FUND EQUITY and OTHER CREDITS				
LIABILITIES				
Accounts Payable	\$49,763	\$914	\$48,849	\$ -
Due to Other Funds	86	-	86	-
Deferred Revenue	2,120,297	2,120,297	-	-
TOTAL LIABILITIES	<u>2,170,146</u>	<u>2,121,211</u>	<u>48,935</u>	<u>-</u>
FUND EQUITY and OTHER CREDITS				
Fund Balances (deficits)				
Reserved for Unemployment Benefits	100,143,544	100,143,544	-	-
Unreserved and Undesignated	32,567,375	1,549,592	2,164,812	28,852,971
TOTAL FUND EQUITY (deficits) and OTHER CREDITS	<u>132,710,919</u>	<u>101,693,136</u>	<u>2,164,812</u>	<u>28,852,971</u>
TOTAL LIABILITIES, FUND EQUITY and OTHER CREDITS	<u>\$134,881,065</u>	<u>\$103,814,347</u>	<u>\$2,213,747</u>	<u>\$28,852,971</u>

EXPENDABLE TRUST FUNDS**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES**

For the Year Ended June 30, 1996

	<u>Total</u>	<u>Employment Security</u>	<u>Abandoned Property</u>	<u>Baxter</u>
REVENUES				
Taxes	\$120,875,823	\$120,875,823	\$ -	\$ -
Licenses Fines and Fees	349,473	-	349,473	
Investment Revenue	9,412,670	6,396,801	175,638	2,840,231
Other Revenues	2,507,947	-	2,507,947	-
TOTAL REVENUES	<u>133,145,913</u>	<u>127,272,624</u>	<u>3,033,058</u>	<u>2,840,231</u>
EXPENDITURES				
General Government	116,836,047	116,568,621	267,426	-
Natural Resources	1,050,000	-	-	1,050,000
TOTAL EXPENDITURES	<u>117,886,047</u>	<u>116,568,621</u>	<u>267,426</u>	<u>1,050,000</u>
REVENUES OVER (under) EXPENDITURES	<u>15,259,866</u>	<u>10,704,003</u>	<u>2,765,632</u>	<u>1,790,231</u>
OTHER FINANCING SOURCES (uses)				
Operating Transfers In (out)	(2,507,947)	-	(2,507,947)	-
TOTAL OTHER FINANCING SOURCES (uses)	<u>(2,507,947)</u>	<u>-</u>	<u>(2,507,947)</u>	<u>-</u>
EXCESS of REVENUES and OTHER SOURCES OVER (under) EXPENDITURES and OTHER USES	<u>12,751,919</u>	<u>10,704,003</u>	<u>257,685</u>	<u>1,790,231</u>
FUND BALANCES (deficits) at July 1, 1995	<u>119,959,000</u>	<u>90,989,133</u>	<u>1,907,127</u>	<u>27,062,740</u>
FUND BALANCES (deficits) at June 30, 1996	<u>\$132,710,919</u>	<u>\$101,693,136</u>	<u>\$2,164,812</u>	<u>\$28,852,971</u>

NONEXPENDABLE TRUST FUNDS**COMBINING BALANCE SHEET**

For the Year Ended June 30, 1996

	<u>Total</u>	<u>Baxter</u>	<u>Lands Reserved</u>	<u>Permanent School Fund</u>	<u>Other Agency</u>
ASSETS					
Cash and Short-Term Investments	\$913,462	\$713,337	\$15,684	\$ -	\$184,441
Cash with Fiscal Agent	(908)	-	-	-	(908)
Investments	11,445,954	3,171,179	4,289,027	1,083,151	2,902,597
Other Assets	11,577	-	11,577	-	-
TOTAL ASSETS	<u>\$12,370,085</u>	<u>\$3,884,516</u>	<u>\$4,316,288</u>	<u>\$1,083,151</u>	<u>\$3,086,130</u>
LIABILITIES, FUND EQUITY and OTHER CREDITS					
LIABILITIES					
Other Accrued Liabilities	\$14,878	\$19	\$12,712	\$ -	\$2,147
TOTAL LIABILITIES	<u>14,878</u>	<u>19</u>	<u>12,712</u>	<u>-</u>	<u>2,147</u>
FUND EQUITY AND OTHER CREDITS					
Fund Balances (deficits)					
Reserved for Nonexpendable Trusts	12,151,899	3,883,344	4,295,439	1,083,151	2,889,965
Unreserved and Undesignated	203,308	1,153	8,137	-	194,018
TOTAL FUND EQUITY (deficit) and OTHER CREDITS	<u>12,355,207</u>	<u>3,884,497</u>	<u>4,303,576</u>	<u>1,083,151</u>	<u>3,083,983</u>
TOTAL LIABILITIES, FUND EQUITY and OTHER CREDITS	<u>\$12,370,085</u>	<u>\$3,884,516</u>	<u>\$4,316,288</u>	<u>\$1,083,151</u>	<u>\$3,086,130</u>

NONEXPENDABLE TRUST FUNDS**COMBINING STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN FUND BALANCES**

For the Year Ended June 30, 1996

	<u>Total</u>	<u>Baxter</u>	<u>Lands Reserved</u>	<u>Several Trusts</u>
OPERATING REVENUES				
Investment Income	\$1,570,523	\$864,482	\$250,108	\$455,933
TOTAL OPERATING REVENUES	<u>1,570,523</u>	<u>864,482</u>	<u>250,108</u>	<u>455,933</u>
 OPERATING INCOME (loss)	 1,570,523	 864,482	 250,108	 455,933
INCOME (loss) BEFORE OPERATING TRANSFERS	1,570,523	864,482	250,108	455,933
 OPERATING TRANSFERS				
Transfers Out	(548,616)	(184,469)	(102,232)	(261,915)
TOTAL OPERATING TRANSFERS	<u>(548,616)</u>	<u>(184,469)</u>	<u>(102,232)</u>	<u>(261,915)</u>
 NET INCOME	 <u>1,021,907</u>	 <u>680,013</u>	 <u>147,876</u>	 <u>194,018</u>
 RETAINED EARNINGS				
(deficits) at July 1, 1995	<u>11,333,300</u>	<u>3,204,484</u>	<u>4,155,700</u>	<u>3,973,116</u>
 RETAINED EARNINGS				
(deficits) at June 30, 1996	<u>\$12,355,207</u>	<u>\$3,884,497</u>	<u>\$4,303,576</u>	<u>\$4,167,134</u>

AGENCY FUNDS

COMBINING BALANCE SHEET

For the Year Ended June 30, 1996

	<u>Total</u>	<u>Deferred Compensation</u>	<u>Payroll Deductions</u>	<u>Custodial Accounts</u>	<u>Other Agencies</u>	<u>Escrow Funds</u>
ASSETS						
Cash and Short-Term Investments	\$73,983,317	\$ -	\$14,354,106	\$468,374	\$654,894	\$58,505,943
Cash with Fiscal Agent	1,514	-	-	1,514	-	-
Investments of Deferred Compensation Plan	111,442,989	111,442,989	-	-	-	-
Assets Held in Trust	36,272,268	-	-	36,272,268	-	-
Due from Other Funds	1,041	-	-	1,041	-	-
Other Assets	500	-	-	500	-	-
TOTAL ASSETS	<u>\$221,701,629</u>	<u>\$111,442,989</u>	<u>\$14,354,106</u>	<u>\$36,743,697</u>	<u>\$654,894</u>	<u>\$58,505,943</u>
LIABILITIES, FUND EQUITY and OTHER CREDITS						
LIABILITIES						
Accounts and Notes Payable	\$12,979,303	\$ -	\$12,925,438	\$7,560	\$46,305	\$ -
Deferred Compensation Payable	111,442,989	111,442,989	-	-	-	-
Agency Liabilities	95,850,669	-	-	36,736,137	608,589	58,505,943
Other Liabilities	1,428,668	-	1,428,668	-	-	-
TOTAL LIABILITIES	<u>\$221,701,629</u>	<u>\$111,442,989</u>	<u>\$14,354,106</u>	<u>\$36,743,697</u>	<u>\$654,894</u>	<u>\$58,505,943</u>

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

For the Year Ended June 30, 1996

	Balance July 1, 1995	Additions	Deletions	Balance June 30, 1996
DEFERRED COMPENSATION				
ASSETS				
Investments	\$95,989,027	\$15,453,962	\$ -	\$111,442,989
TOTAL ASSETS	<u>\$95,989,027</u>	<u>\$15,453,962</u>	<u>\$ -</u>	<u>\$111,442,989</u>
LIABILITIES				
Other Current Liabilities	\$95,989,027	\$15,453,962	\$ -	\$111,442,989
TOTAL LIABILITIES	<u>\$95,989,027</u>	<u>\$15,453,962</u>	<u>\$ -</u>	<u>\$111,442,989</u>
PAYROLL DEDUCTIONS				
ASSETS				
Cash	\$3,124,187	\$312,318,679	\$301,088,760	\$14,354,106
TOTAL ASSETS	<u>\$3,124,187</u>	<u>\$312,318,679</u>	<u>\$301,088,760</u>	<u>\$14,354,106</u>
LIABILITIES				
Accounts Payable	\$3,124,187	\$312,318,679	\$301,088,760	\$14,354,106
TOTAL LIABILITIES	<u>\$3,124,187</u>	<u>\$312,318,679</u>	<u>\$301,088,760</u>	<u>\$14,354,106</u>
CUSTODIAL ACCOUNTS				
ASSETS				
Cash	\$34,298,357	\$7,834,624	\$5,389,284	\$36,743,697
TOTAL ASSETS	<u>\$34,298,357</u>	<u>\$7,834,624</u>	<u>\$5,389,284</u>	<u>\$36,743,697</u>
LIABILITIES				
Other Current Liabilities	\$34,298,357	\$7,834,624	\$5,389,284	\$36,743,697
TOTAL LIABILITIES	<u>\$34,298,357</u>	<u>\$7,834,624</u>	<u>\$5,389,284</u>	<u>\$36,743,697</u>
OTHER AGENCIES				
ASSETS				
Cash	\$688,891	\$4,815,674	\$4,849,670	\$654,895
TOTAL ASSETS	<u>\$688,891</u>	<u>\$4,815,674</u>	<u>\$4,849,670</u>	<u>\$654,895</u>
LIABILITIES				
Other Current Liabilities	\$688,891	\$4,815,674	\$4,849,670	\$654,895
TOTAL LIABILITIES	<u>\$688,891</u>	<u>\$4,815,674</u>	<u>\$4,849,670</u>	<u>\$654,895</u>
ESCROW FUNDS				
ASSETS				
Cash	\$49,768,909	\$205,749,609	\$197,012,575	\$58,505,943
TOTAL ASSETS	<u>\$49,768,909</u>	<u>\$205,749,609</u>	<u>\$197,012,575</u>	<u>\$58,505,943</u>
LIABILITIES				
Other Current Liabilities	\$49,768,909	\$205,749,609	\$197,012,575	\$58,505,943
TOTAL LIABILITIES	<u>\$49,768,909</u>	<u>\$205,749,609</u>	<u>\$197,012,575</u>	<u>\$58,505,943</u>
TOTAL - ALL AGENCY FUNDS				
ASSETS				
Cash	\$87,880,344	\$530,718,586	\$508,340,289	\$110,258,641
Investments	95,989,027	15,453,962	-	111,442,989
TOTAL ASSETS	<u>\$183,869,371</u>	<u>\$546,172,548</u>	<u>\$508,340,289</u>	<u>\$221,701,630</u>
LIABILITIES				
Other Current Liabilities	\$183,869,371	\$546,172,548	\$508,340,289	\$221,701,630
TOTAL LIABILITIES	<u>\$183,869,371</u>	<u>\$546,172,548</u>	<u>\$508,340,289</u>	<u>\$221,701,630</u>

GENERAL LONG-TERM DEBT

The General Long-Term Debt account group is utilized to account for the long-term liabilities which are intended to be repaid by appropriations, income from short-term investments and student fees.

The General Long-Term Debt outstanding at June 30, 1996 totaled \$515,690,000.

GENERAL LONG TERM DEBT**COMPARATIVE BALANCE SHEET****For the Years Ended June 30,**

	1996	1995
ASSETS AND AMOUNTS TO BE PROVIDED FOR THE RETIREMENT OF BONDS		
Amount to be Provided from Future Revenue for Retirement of Bonds:		
General Fund	\$369,458,000	\$377,055,000
Highway Fund	144,440,000	136,950,000
Student Housing and Dining Facilities	892,000	1,065,000
Maine Veterans' Home	900,000	990,000
TOTAL ASSETS AND AMOUNTS TO BE PROVIDED	\$515,690,000	\$516,060,000
LIABILITIES AND RESERVES		
Bonds Payable		
General Fund	\$369,458,000	\$377,055,000
Highway Fund	144,440,000	136,950,000
Student Housing and Dining Facilities	892,000	1,065,000
Maine Veterans' Home	900,000	990,000
TOTAL LIABILITIES AND RESERVES	\$515,690,000	\$516,060,000

GENERAL LONG TERM DEBT

(Expressed in Thousands)

Loan Used for:	Date of Issue	Interest Rate %	Amount of Issue	Balance at 07/01/95	New Bonds Issued	Amount Matured	Outstanding Balance 06/30/96
GENERAL FUND							
GENERAL PURPOSES							
	April 1, 1980	8.00 %	\$560	\$200	\$ -	\$40	\$160
	May 15, 1981	10.00	5,365	645	-	215	430
		9.00	595	595	-	-	595
	May 15, 1981	10.00	3,135	855	-	285	570
		9.00	855	855	-	-	855
	December 15, 1982	9.00	1,480	1,480	-	740	740
		7.50	4,385	4,385	-	-	4,385
	March 1, 1983	8.20	2,000	2,000	-	1,000	1,000
		8.50	3,000	3,000	-	-	3,000
		6.50	3,000	3,000	-	-	3,000
	May 1, 1984	9.00	2,660	1,995	-	665	1,330
		8.00	3,945	3,945	-	-	3,945
	January 15, 1986	6.75	6,675	3,330	-	3,330	-
	November 15, 1986	5.00	21,830	5,750	-	2,880	2,870
	December 15, 1987	6.20	5,400	2,700	-	2,700	-
		6.50	5,170	5,170	-	-	5,170
	December 15, 1988	6.70	5,895	5,895	-	1,965	3,930
		6.00	1,945	1,945	-	-	1,945
	May 15, 1990	6.50	4,025	1,325	-	1,325	-
		6.60	2,650	2,650	-	-	2,650
		6.75	2,725	2,725	-	-	2,725
	June 1, 1991	5.70	10,920	10,920	-	10,920	-
		5.90	10,910	10,910	-	-	10,910
		6.00	15,210	15,210	-	-	15,210
		6.10	7,605	7,605	-	-	7,605
		6.25	7,605	7,605	-	-	7,605
		6.30	7,565	7,565	-	-	7,565
		6.40	3,925	3,925	-	-	3,925
		6.50	3,925	3,925	-	-	3,925
		6.60	3,925	3,925	-	-	3,925
		6.70	7,695	7,695	-	-	7,695
		8.20	1,710	1,710	-	1,710	-
		8.45	1,710	1,710	-	-	1,710
		8.70	335	335	-	-	335
		8.80	335	335	-	-	335
		8.85	335	335	-	-	335
		8.90	335	335	-	-	335
		8.95	320	320	-	-	320
	November 1, 1991	5.20	1,060	1,060	-	1,060	-
		5.40	1,460	1,460	-	-	1,460
		5.50	1,060	1,060	-	-	1,060
		5.60	1,060	1,060	-	-	1,060
		5.70	1,060	1,060	-	-	1,060
		5.80	1,060	1,060	-	-	1,060
		5.90	1,120	1,120	-	-	1,120
	November 15, 1991	5.50	2,830	2,830	-	2,830	-
	December 15, 1991	5.20	540	540	-	540	-
		5.40	6,120	6,120	-	-	6,120
	January 15, 1992	5.30	3,340	3,340	-	3,340	-
	March 2, 1992	6.25	375	375	-	375	-
		6.75	375	375	-	-	375

GENERAL LONG TERM DEBT

(Expressed in Thousands)

<u>Loan Used for:</u>	<u>Date of Issue</u>	<u>Interest Rate %</u>	<u>Amount of Issue</u>	<u>Balance at 07/01/95</u>	<u>New Bonds Issued</u>	<u>Amount Matured</u>	<u>Outstanding Balance 06/30/96</u>
GENERAL FUND							
GENERAL PURPOSES							
	March 2, 1992	4.75 %	\$3,800	\$3,800	\$ -	\$3,800	\$ -
		4.90	3,790	3,790	-	-	3,790
		5.10	2,435	2,435	-	-	2,435
		5.25	2,435	2,435	-	-	2,435
		5.40	2,435	2,435	-	-	2,435
		5.60	2,435	2,435	-	-	2,435
		5.75	2,440	2,440	-	-	2,440
		5.875	1,710	1,710	-	-	1,710
	March 16, 1992	4.80	650	650	-	650	-
	April 1, 1992	4.80	40	40	-	40	-
	May 1, 1992	4.80	370	370	-	370	-
	May 15, 1992	4.80	1,330	1,330	-	1,330	-
	September 1, 1992	4.90	1,920	1,920	-	1,920	-
		5.70	1,910	1,910	-	-	1,910
		5.90	1,910	1,910	-	-	1,910
		6.45	1,890	1,890	-	-	1,890
		6.60	1,880	1,880	-	-	1,880
		7.00	1,880	1,880	-	-	1,880
		7.15	1,880	1,880	-	-	1,880
		7.15	2,360	2,360	-	-	2,360
	September 1, 1992	4.10	6,600	6,600	-	6,600	-
		4.30	6,600	6,600	-	-	6,600
		4.50	6,600	6,600	-	-	6,600
		4.625	6,595	6,595	-	-	6,595
		4.90	4,355	4,355	-	-	4,355
		5.10	4,355	4,355	-	-	4,355
		5.20	4,370	4,370	-	-	4,370
		5.30	8,575	8,575	-	-	8,575
	May 1, 1993	5.50	4,470	4,470	-	4,470	-
		3.60	6,570	6,570	-	-	6,570
		3.90	6,890	6,890	-	-	6,890
		4.00	4,750	4,750	-	-	4,750
		4.30	5,190	5,190	-	-	5,190
		4.40	5,190	5,190	-	-	5,190
		4.50	5,190	5,190	-	-	5,190
		4.63	5,540	5,540	-	-	5,540
		4.75	3,120	3,120	-	-	3,120
	April 12, 1994	5.55	700	700	-	700	-
		6.05	700	700	-	-	700
		6.40	700	700	-	-	700
		6.65	700	700	-	-	700
		6.75	705	705	-	-	705
		7.00	710	710	-	-	710
		7.10	710	710	-	-	710
		7.20	710	710	-	-	710
		7.30	710	710	-	-	710
	April 12, 1994	6.00	2,335	2,335	-	2,335	-
		6.00	2,335	2,335	-	-	2,335
		4.50	2,335	2,335	-	-	2,335
		4.70	2,335	2,335	-	-	2,335
		4.80	1,615	1,615	-	-	1,615
		4.90	1,615	1,615	-	-	1,615

GENERAL LONG TERM DEBT

(Expressed in Thousands)

<u>Loan Used for:</u>	<u>Date of Issue</u>	<u>Interest Rate %</u>	<u>Amount of Issue</u>	<u>Balance at 07/01/95</u>	<u>New Bonds Issued</u>	<u>Amount Matured</u>	<u>Outstanding Balance 06/30/96</u>
GENERAL FUND							
GENERAL PURPOSES							
		5.00 %	\$1,615	\$1,615	\$ -	\$ -	\$1,615
		5.10	1,615	1,615	-	-	1,615
		5.25	1,615	1,615	-	-	1,615
	June 1, 1995	7.50	1,300	1,300	-	-	1,300
		7.25	1,300	1,300	-	-	1,300
		7.25	1,300	1,300	-	-	1,300
		7.00	1,300	1,300	-	-	1,300
		6.70	1,300	1,300	-	-	1,300
		6.80	1,300	1,300	-	-	1,300
		6.85	1,300	1,300	-	-	1,300
		6.90	1,300	1,300	-	-	1,300
		6.95	1,300	1,300	-	-	1,300
		7.00	1,300	1,300	-	-	1,300
	June 1, 1995	4.25	4,670	4,670	-	-	4,670
		4.40	4,670	4,670	-	-	4,670
		4.50	4,670	4,670	-	-	4,670
		4.60	4,670	4,670	-	-	4,670
		4.70	4,670	4,670	-	-	4,670
		4.80	3,000	3,000	-	-	3,000
		5.50	3,000	3,000	-	-	3,000
		5.50	3,000	3,000	-	-	3,000
		5.50	3,000	3,000	-	-	3,000
		5.50	3,000	3,000	-	-	3,000
	May 10, 1996	5.00	5,340	-	5,340	-	5,340
		4.10	5,340	-	5,340	-	5,340
		4.20	5,340	-	5,340	-	5,340
		4.30	5,340	-	5,340	-	5,340
		4.50	5,340	-	5,340	-	5,340
		4.60	3,900	-	3,900	-	3,900
		4.70	3,900	-	3,900	-	3,900
		5.25	3,900	-	3,900	-	3,900
		5.38	3,900	-	3,900	-	3,900
		5.38	3,900	-	3,900	-	3,900
	May 10, 1996	7.00	750	-	750	-	750
		7.00	750	-	750	-	750
		7.00	750	-	750	-	750
		7.00	750	-	750	-	750
		6.70	750	-	750	-	750
		6.90	350	-	350	-	350
		6.90	350	-	350	-	350
		6.90	350	-	350	-	350
		6.95	350	-	350	-	350
		6.95	350	-	350	-	350
TOTAL GENERAL PURPOSES			<u>454,390</u>	<u>369,840</u>	<u>51,700</u>	<u>58,135</u>	<u>363,405</u>

GENERAL LONG TERM DEBT

(Expressed in Thousands)

<u>Loan Used for:</u>	<u>Date of Issue</u>	<u>Interest Rate %</u>	<u>Amount of Issue</u>	<u>Balance at 07/01/95</u>	<u>New Bonds Issued</u>	<u>Amount Matured</u>	<u>Outstanding Balance 06/30/96</u>
GENERAL FUND							
UNIVERSITY OF MAINE SYSTEM							
Orono							
June 1, 1960		3.50 %	\$2,575	\$570	\$ -	\$135	\$435
		1.00	155	155	-	-	155
August 1, 1961		3.50	2,155	675	-	100	575
		1.00	125	125	-	-	125
April 1, 1963		3.20	1,550	575	-	75	500
		0.25	95	95	-	-	95
February 1, 1964		3.30	1,510	645	-	70	575
		0.10	95	95	-	-	95
February 15, 1966		3.50	4,605	2,040	-	180	1,860
		0.10	555	555	-	-	555
Southern Maine							
March 15, 1978		4.60	855	135	-	45	90
TOTAL UNIVERSITY OF MAINE SYSTEM			14,275	5,665	-	605	5,060
STATE COLLEGES and VOCATIONAL INSTITUTIONS							
Student Housing & Dining Facilities							
March 15, 1967		3.40	1,883	386	-	193	193
March 15, 1968		4.40	2,907	314	-	314	-
		3.00	650	650	-	-	650
March 1, 1969		3.00	380	200	-	50	150
TOTAL STATE COLLEGE and VOCATIONAL INSTITUTIONS			5,820	1,550	-	557	993
TOTAL GENERAL FUND			474,485	377,055	51,700	59,297	369,458

HIGHWAY FUND

Bangor-Brewer Bridge							
August 1, 1952		1.75	1,500	500	-	50	450
Highways and Bridges							
April 1, 1980		8.00	9,100	3,250	-	650	2,600
May 15, 1981		10.00	4,620	1,260	-	420	840
		9.00	1,260	1,260	-	-	1,260
March 15, 1982		10.50	1,725	575	-	575	-
		9.25	3,450	3,450	-	-	3,450
December 15, 1982		9.00	2,330	2,330	-	1,165	1,165
		7.50	6,945	6,945	-	-	6,945
March 1, 1983		8.20	560	560	-	280	280
		8.50	840	840	-	-	840
		6.50	785	785	-	-	785
May 1, 1984		9.00	2,460	1,845	-	615	1,230
		8.00	3,690	3,690	-	-	3,690
January 15, 1986		6.75	1,260	630	-	630	-

GENERAL LONG TERM DEBT

(Expressed in Thousands)

<u>Loan Used for:</u>	<u>Date of Issue</u>	<u>Interest Rate %</u>	<u>Amount of Issue</u>	<u>Balance at 07/01/95</u>	<u>New Bonds Issued</u>	<u>Amount Matured</u>	<u>Outstanding Balance 06/30/96</u>
HIGHWAY FUND							
Highways and Bridges							
	November 15, 1986	5.00 %	\$7,000	\$2,000	\$ -	\$1,000	\$1,000
	December 15, 1987	6.20	1,000	500	-	500	-
		6.50	1,000	1,000	-	-	1,000
	December 15, 1988	6.70	4,800	4,800	-	1,600	3,200
		6.00	1,600	1,600	-	-	1,600
	June 1, 1991	5.70	1,895	1,895	-	1,895	-
		5.90	1,895	1,895	-	-	1,895
		6.00	3,790	3,790	-	-	3,790
		6.10	1,895	1,895	-	-	1,895
		6.25	1,895	1,895	-	-	1,895
		6.30	1,895	1,895	-	-	1,895
		6.40	1,895	1,895	-	-	1,895
		6.50	1,895	1,895	-	-	1,895
		6.60	1,895	1,895	-	-	1,895
		6.70	3,760	3,760	-	-	3,760
	March 2, 1992	4.75	1,670	1,670	-	1,670	-
		4.90	1,670	1,670	-	-	1,670
		5.10	1,670	1,670	-	-	1,670
		5.25	1,670	1,670	-	-	1,670
		5.40	1,670	1,670	-	-	1,670
		5.60	1,670	1,670	-	-	1,670
		5.75	1,640	1,640	-	-	1,640
	August 20, 1992	4.10	3,640	3,640	-	3,640	-
		4.30	3,640	3,640	-	-	3,640
		4.50	3,640	3,640	-	-	3,640
		4.625	3,640	3,640	-	-	3,640
		4.90	3,640	3,640	-	-	3,640
		5.10	3,640	3,640	-	-	3,640
		5.20	3,645	3,645	-	-	3,645
		8.00	3,875	3,875	-	-	3,875
	May 1, 1993	5.50	600	600	-	600	-
		3.60	600	600	-	-	600
		3.90	600	600	-	-	600
		4.00	600	600	-	-	600
		4.30	600	600	-	-	600
		4.40	600	600	-	-	600
		4.50	600	600	-	-	600
		4.625	600	600	-	-	600
		4.75	600	600	-	-	600
	April 12, 1994	6.00	2,220	4,440	-	2,220	2,220
		4.50	2,220	2,220	-	-	2,220
		4.70	2,220	2,220	-	-	2,220
		4.80	2,220	2,220	-	-	2,220
		4.90	2,220	2,220	-	-	2,220
		5.00	2,220	2,220	-	-	2,220
		5.10	2,220	2,220	-	-	2,220
		5.25	2,240	2,240	-	-	2,240
	June 1, 1995	4.25	1,000	1,000	-	-	1,000
		4.40	1,000	1,000	-	-	1,000
		4.50	1,000	1,000	-	-	1,000
		4.60	1,000	1,000	-	-	1,000
		4.70	1,000	1,000	-	-	1,000

GENERAL LONG TERM DEBT

(Expressed in Thousands)

<u>Loan Used for:</u>	<u>Date of Issue</u>	<u>Interest Rate %</u>	<u>Amount of Issue</u>	<u>Balance at 07/01/95</u>	<u>New Bonds Issued</u>	<u>Amount Matured</u>	<u>Outstanding Balance 06/30/96</u>
HIGHWAY FUND							
Highways and Bridges							
		4.80 %	\$1,000	\$1,000	\$ -	\$ -	\$1,000
		4.90	1,000	1,000	-	-	1,000
		4.90	1,000	1,000	-	-	1,000
		5.00	1,000	1,000	-	-	1,000
		5.10	1,000	1,000	-	-	1,000
May 10, 1996		5.00	2,500	-	2,500	-	2,500
		4.00	2,500	-	2,500	-	2,500
		4.20	2,500	-	2,500	-	2,500
		4.30	2,500	-	2,500	-	2,500
		4.50	2,500	-	2,500	-	2,500
		4.60	2,500	-	2,500	-	2,500
		4.70	2,500	-	2,500	-	2,500
		5.25	2,500	-	2,500	-	2,500
		5.38	2,500	-	2,500	-	2,500
		5.38	2,500	-	2,500	-	2,500
TOTAL HIGHWAY FUND			<u>177,835</u>	<u>136,950</u>	<u>25,000</u>	<u>17,510</u>	<u>144,440</u>
SELF-LIQUIDATING							
STATE COLLEGES and VOCATIONAL INSTITUTIONS							
Student Housing & Dining Facilities							
March 15, 1967		3.40	267	56	-	29	27
March 15, 1968		4.40	558	60	-	60	-
		3.00	125	125	-	-	125
April 1, 1980		8.00	1,190	425	-	85	340
		8.30	400	400	-	-	400
TOTAL STATE COLLEGES and VOCATIONAL INSTITUTIONS			<u>2,539</u>	<u>1,066</u>	<u>-</u>	<u>174</u>	<u>892</u>
MAINE VETERANS' HOME							
May 15, 1981		10.00	110	30	-	10	20
		9.00	30	30	-	-	30
March 15, 1982		10.50	30	10	-	10	-
		9.25	60	60	-	-	60
December 15, 1982		9.00	140	140	-	70	70
		7.50	720	720	-	-	720
TOTAL MAINE VETERANS' HOME			<u>1,090</u>	<u>990</u>	<u>-</u>	<u>90</u>	<u>900</u>
TOTAL SELF-LIQUIDATING			<u>3,629</u>	<u>2,056</u>	<u>-</u>	<u>264</u>	<u>1,792</u>
TOTAL GENERAL LONG-TERM DEBT			<u>\$655,949</u>	<u>\$516,061</u>	<u>\$76,700</u>	<u>\$77,071</u>	<u>\$515,690</u>

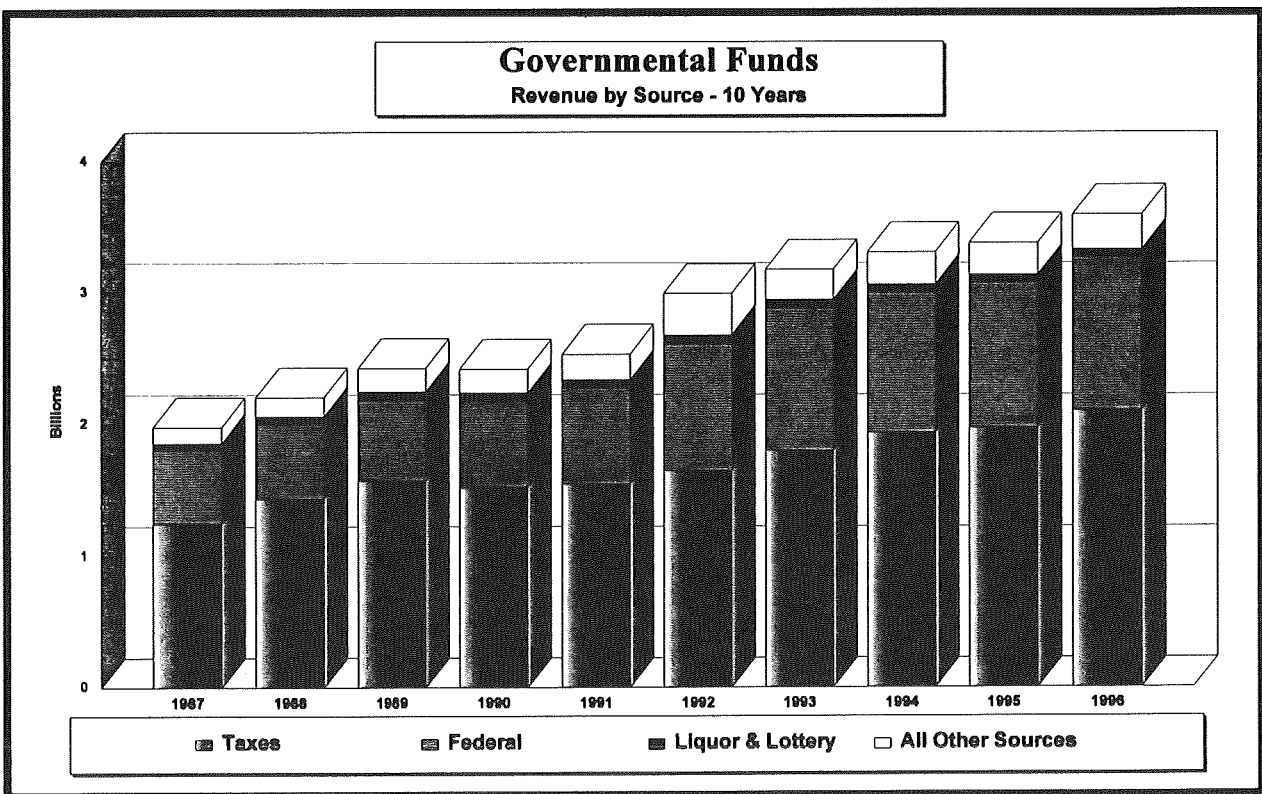
STATISTICAL SECTION

GOVERNMENTAL FUNDS

TOTAL REVENUES BY SOURCE

(EXPRESSED IN THOUSANDS)

	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
Taxes	\$1,246,100	\$1,437,333	\$1,573,361	\$1,520,455	\$1,545,488	\$1,648,405	\$1,798,651	\$1,934,966	\$1,970,227	\$2,103,155
Federal Government	558,539	563,083	607,870	652,892	729,911	961,931	1,081,174	1,059,253	1,104,096	1,168,803
Cities, Towns & Counties	6,150	4,197	7,198	4,721	3,709	4,059	3,586	5,144	4,551	3,649
Service Charges	46,198	48,124	62,822	63,931	84,206	98,085	111,980	105,504	99,730	131,968
Alcoholic Beverage	35,293	33,778	36,941	34,194	34,820	31,282	29,796	21,977	20,128	21,447
Lottery Commission	18,205	27,266	30,407	30,548	29,371	35,434	36,538	45,393	41,185	37,737
Other Sources	69,233	91,746	109,887	114,523	106,272	216,129	116,766	139,572	141,697	131,958
Total Revenues	\$1,979,718	\$2,205,527	\$2,428,486	\$2,421,264	\$2,533,777	\$2,995,325	\$3,178,491	\$3,311,809	\$3,381,614	\$3,598,717

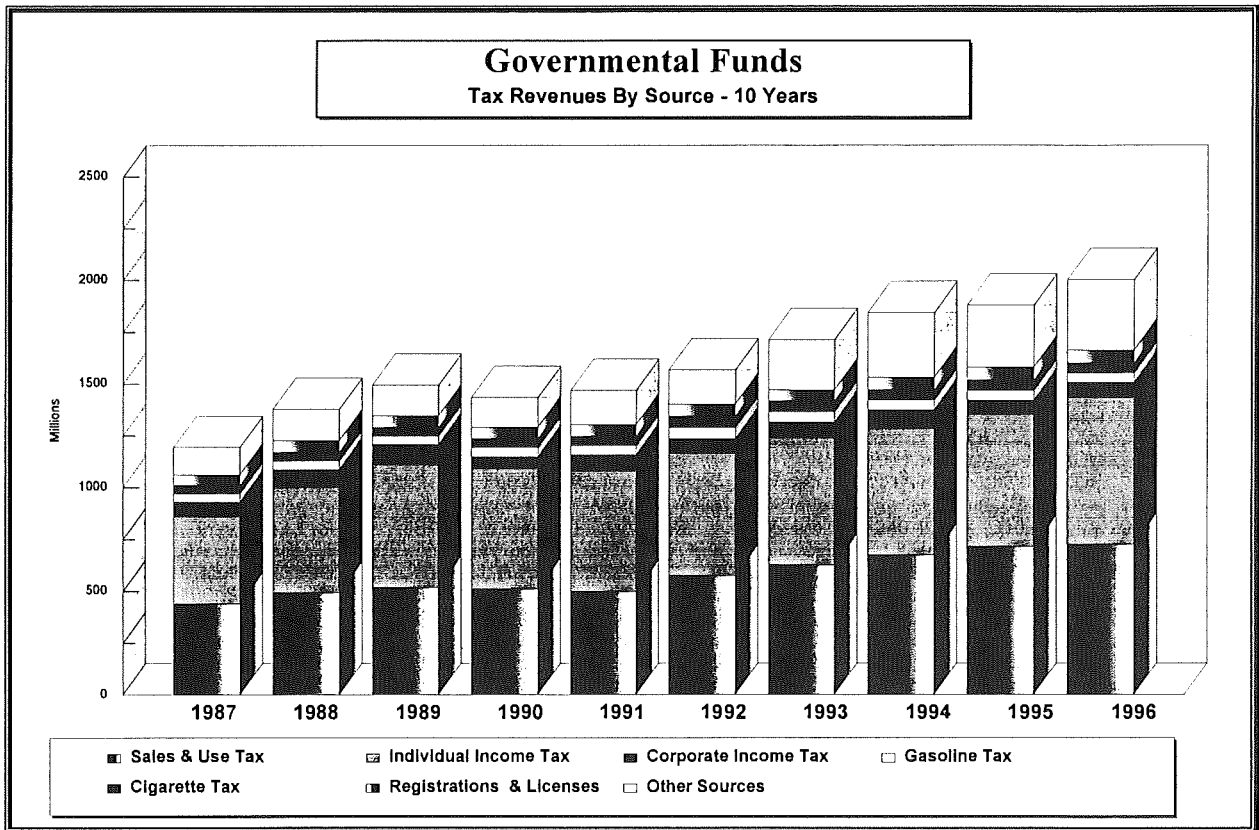


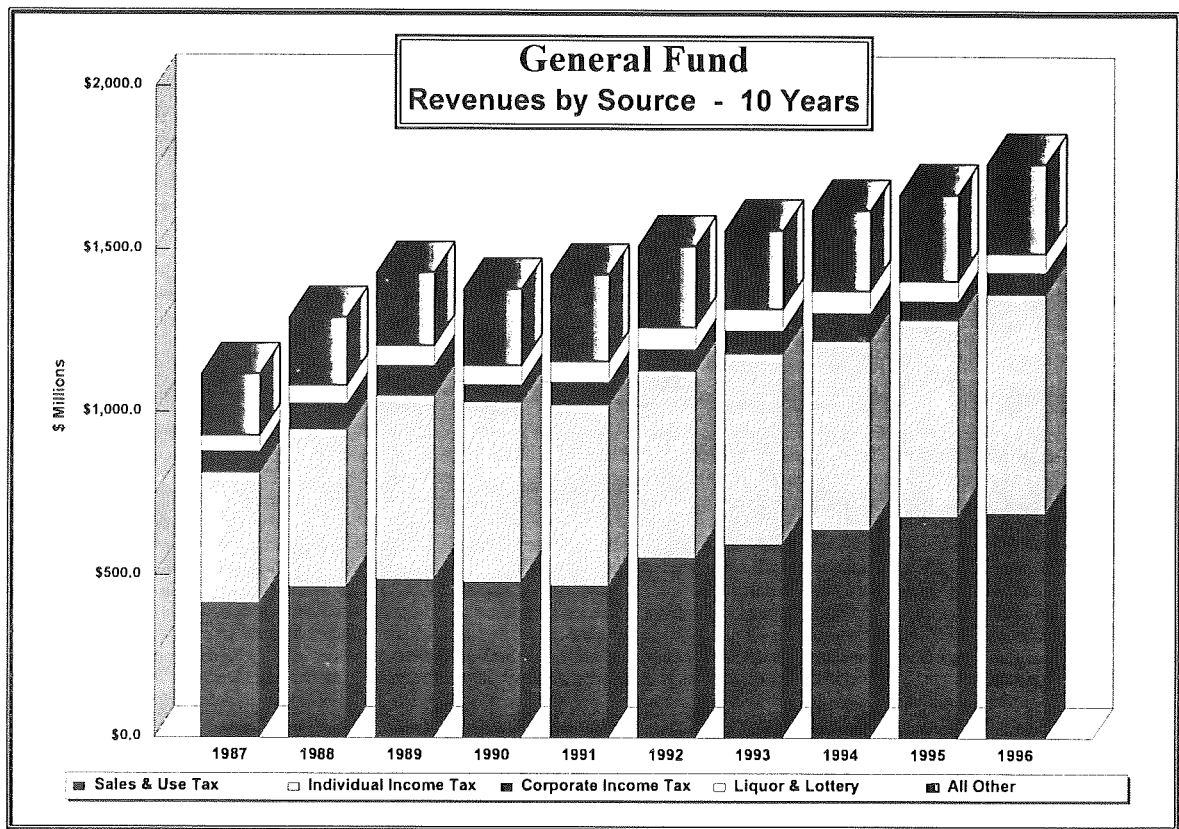
GOVERNMENTAL FUNDS

TAX REVENUES BY SOURCE

(EXPRESSED IN THOUSANDS)

	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
Sales & Use Tax	\$438,598	\$491,936	\$517,068	\$508,980	\$497,069	\$573,428	\$625,429	\$673,755	\$716,199	\$726,821
Individual Income Tax	422,027	509,106	593,311	580,562	582,794	591,476	614,171	611,826	637,516	709,491
Corporate Income Tax	69,517	84,545	96,333	57,658	76,053	69,927	75,700	90,208	63,032	71,062
Gasoline Tax	92,534	100,113	120,093	129,425	121,458	135,257	137,698	140,258	144,193	147,140
Cigarette Tax	40,325	41,691	41,218	44,311	45,610	55,322	51,978	48,675	48,632	47,602
Motor Vehicle Registration & Driver's Licenses	50,333	57,832	56,968	55,198	55,138	57,821	53,542	59,795	62,558	61,329
Other Sources	132,766	152,110	148,370	144,321	167,366	165,174	240,133	310,449	298,097	339,710
Total Tax Revenues	\$1,246,100	\$1,437,333	\$1,573,361	\$1,520,455	\$1,545,488	\$1,648,405	\$1,798,651	\$1,934,966	\$1,970,227	\$2,103,155





GENERAL FUND

TOTAL REVENUES BY SOURCE
(EXPRESSED IN THOUSANDS)

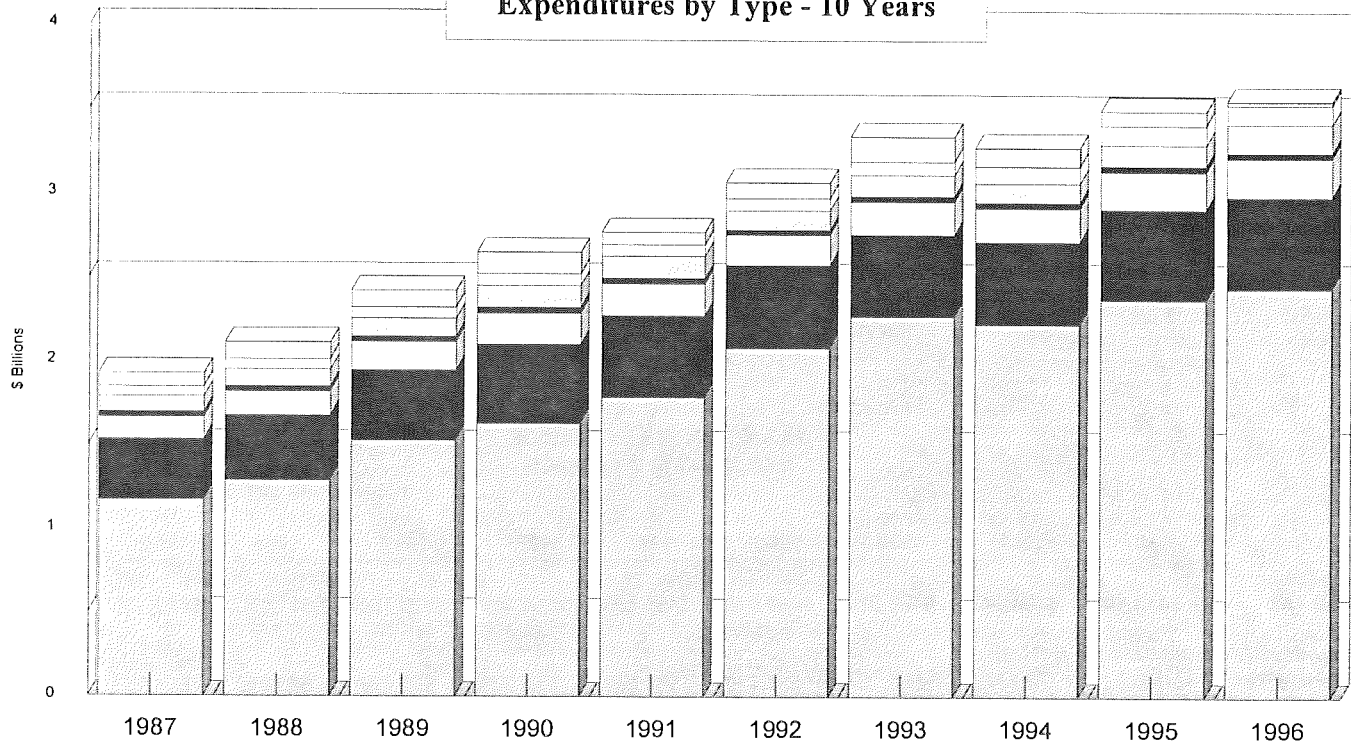
	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
Taxes	\$1,017,297	\$1,179,488	\$1,288,407	\$1,234,030	\$1,279,404	\$1,371,354	\$1,419,437	\$1,487,951	\$1,536,581	\$1,622,932
Federal Government	303	338	527	1,800	7,173	6,125	5,560	3,846	6,262	16,767
Cities, Towns & Counties	790	791	788	178	97	28	166	223	282	318
Service Charges	19,791	16,250	25,415	28,263	27,664	29,296	33,211	26,081	20,693	20,003
Alcoholic Beverages	30,054	28,250	31,505	28,828	34,820	31,282	29,796	21,977	20,128	21,447
Lottery Operations	18,206	27,267	30,407	30,547	29,371	35,434	36,538	45,394	41,185	37,737
Other Sources	31,363	39,319	53,566	55,812	45,556	38,944	36,695	38,416	46,605	47,197
Total Revenues	\$1,117,804	\$1,291,703	\$1,430,615	\$1,379,458	\$1,424,085	\$1,512,463	\$1,561,403	\$1,623,888	\$1,671,736	\$1,766,401

TAX REVENUES BY SOURCE
(EXPRESSED IN THOUSANDS)

	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
Sales & Use Tax	\$413,632	\$464,148	\$488,029	\$480,019	\$468,830	\$554,463	\$596,160	\$641,610	\$682,130	\$692,502
Individual Income Tax	400,831	482,869	564,154	551,232	555,250	574,036	585,677	580,610	604,958	674,508
Corporate Income Tax	66,043	80,801	91,607	54,951	69,735	67,985	72,335	86,805	58,404	67,345
Cigarette Tax	40,325	41,691	41,218	44,311	45,610	55,322	51,978	48,675	48,632	47,602
Public Utilities Tax	28,960	45,532	33,993	21,776	33,699	23,871	23,558	26,930	27,907	28,853
Insurance Company Tax	26,454	31,372	34,827	44,785	34,973	45,102	38,779	36,742	35,949	35,519
Other Sources	41,052	33,075	34,579	36,956	71,307	50,575	50,950	66,579	78,601	76,603
Total Tax Revenues	\$1,017,297	\$1,179,488	\$1,288,407	\$1,234,030	\$1,279,404	\$1,371,354	\$1,419,437	\$1,487,951	\$1,536,581	\$1,622,932

Governmental Funds

Expenditures by Type - 10 Years



- Transfers (top)
- Debt Service
- Capital Outlay
- Commodities
- Contractual Services
- Personal Services
- Grants (bottom)

GOVERNMENTAL FUNDS

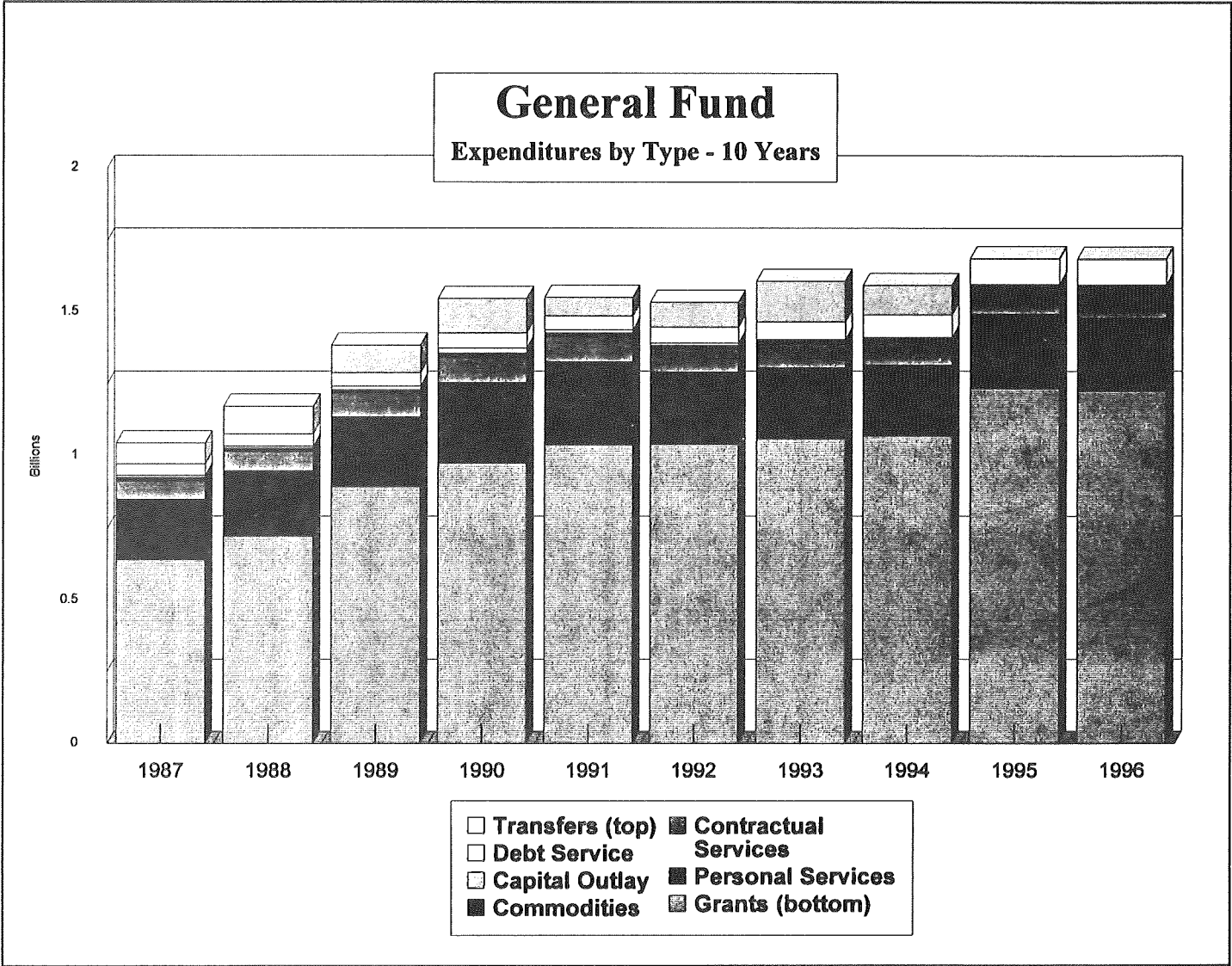
EXPENDITURES BY POLICY AREA
(EXPRESSED IN THOUSANDS)

	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
General Government	\$232,411	\$244,586	\$321,890	\$304,635	\$329,895	\$269,650	\$281,083	\$310,065	\$362,172	\$352,450
Economic Development	46,029	58,593	69,311	74,474	76,767	76,434	101,195	81,407	92,459	96,049
Education & Cultural Services	634,729	707,127	800,346	886,776	834,034	892,672	958,295	901,229	959,367	974,989
Human Services	678,785	741,236	835,432	944,719	1,069,892	1,299,089	1,383,513	1,445,823	1,536,796	1,553,781
Labor	35,132	35,556	35,187	38,332	48,632	116,660	152,423	103,161	62,407	54,529
Natural Resources	53,147	61,414	65,710	73,681	87,710	80,331	98,514	84,911	115,906	109,259
Public Protection	40,560	44,706	47,902	51,194	50,360	56,815	53,627	56,597	56,640	56,733
Transportation	205,025	217,675	245,752	276,401	273,528	275,179	310,590	291,631	308,040	356,164
Total Expenditures	\$1,925,818	\$2,110,893	\$2,421,530	\$2,650,212	\$2,770,818	\$3,066,830	\$3,339,240	\$3,274,824	\$3,493,787	\$3,553,954

Note: The total for all Policy Areas listed above is the same as the totals shown below.

EXPENDITURES BY TYPE
(EXPRESSED IN THOUSANDS)

	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
Personal Services	\$359,179	\$386,732	\$417,341	\$469,186	\$484,763	\$496,429	\$486,769	\$495,205	\$537,972	\$545,539
Contractual Services	131,534	142,928	169,322	186,261	190,692	179,747	196,818	198,379	224,724	230,087
Commodities	30,500	29,691	30,558	33,464	31,668	29,716	31,561	32,284	34,760	33,233
Grants & Subsidies	1,173,871	1,287,632	1,528,016	1,630,268	1,787,597	2,079,244	2,270,785	2,223,323	2,373,108	2,442,251
Capital Outlay	93,264	101,925	109,201	132,643	134,271	114,533	126,917	116,333	125,146	167,417
Debt Service	57,724	60,289	64,570	70,342	67,038	73,561	78,150	100,294	114,226	113,852
Contributions & Transfers to Other Funds	79,746	101,696	102,522	128,048	74,789	93,600	148,240	109,006	83,851	21,575
Total Expenditures	\$1,925,818	\$2,110,893	\$2,421,530	\$2,650,212	\$2,770,818	\$3,066,830	\$3,339,240	\$3,274,824	\$3,493,787	\$3,553,954



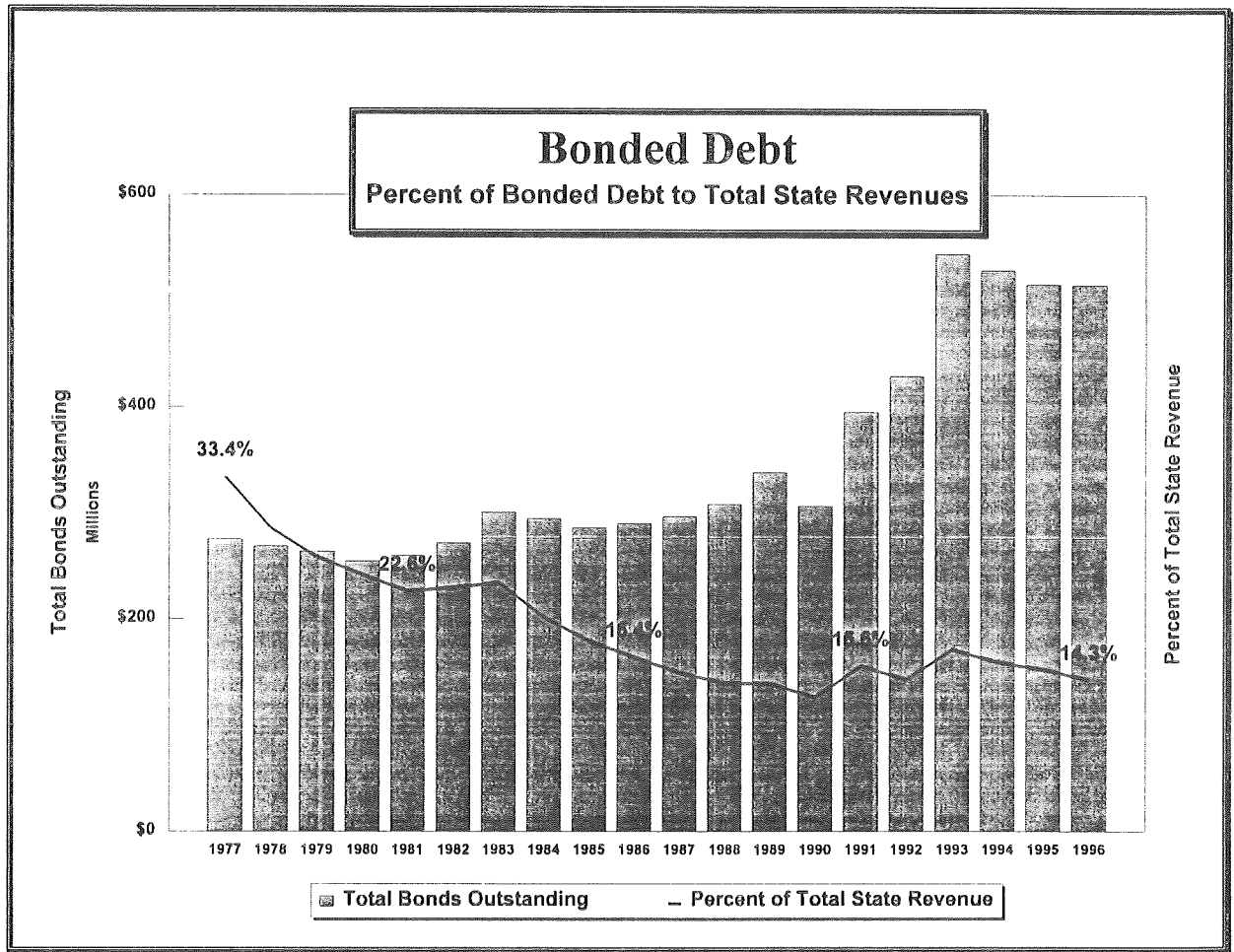
GENERAL FUND**EXPENDITURES BY POLICY AREA
(EXPRESSED IN THOUSANDS)**

	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
General Government	\$119,797	\$127,106	\$193,741	\$178,984	\$177,320	\$172,103	\$175,645	\$193,450	\$216,224	\$224,279
Economic Development	18,743	20,840	28,277	34,318	36,383	33,952	30,010	23,700	27,925	30,643
Education & Cultural Services	555,868	633,189	713,742	804,822	750,233	795,444	854,091	800,836	854,864	868,288
Human Services	314,023	349,329	398,575	465,299	523,955	467,629	492,642	523,778	531,713	506,056
Labor	2,136	3,686	5,135	6,407	5,642	5,485	5,339	4,552	6,250	4,308
Natural Resources	18,134	19,480	22,761	24,609	39,092	36,867	34,435	32,936	36,592	37,564
Public Protection	13,423	14,582	15,458	22,291	14,537	14,577	11,745	11,247	11,310	11,304
Transportation	3,067	4,218	7,069	10,130	3,803	7,787	2,713	2,305	2,120	2,765
Total Expenditures	\$1,045,191	\$1,172,430	\$1,384,758	\$1,546,860	\$1,550,965	\$1,533,844	\$1,606,620	\$1,592,804	\$1,686,998	\$1,685,207

**EXPENDITURES BY TYPE
(EXPRESSED IN THOUSANDS)**

	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
Personal Services	\$208,686	\$224,340	\$242,236	\$279,461	\$286,723	\$249,714	\$244,303	\$244,254	\$259,490	\$254,518
Contractual Services	62,724	67,248	81,652	88,324	86,016	79,641	83,361	81,136	87,959	98,119
Commodities	12,238	12,386	11,923	13,438	14,931	12,465	12,928	12,516	11,920	11,740
Grants & Services	640,903	723,429	893,031	974,504	1,038,945	1,040,396	1,060,010	1,069,456	1,233,127	1,223,736
Capital Outlays	7,980	7,489	13,661	19,078	11,396	9,557	3,889	3,753	3,754	6,312
Debt Service	39,416	41,940	45,914	51,942	47,419	54,548	59,926	78,784	89,001	88,530
Contributions & Transfers to Other Funds	73,244	95,598	96,341	120,113	65,535	87,523	142,203	102,905	1,747	2,252
Total Expenditures	\$1,045,191	\$1,172,430	\$1,384,758	\$1,546,860	\$1,550,965	\$1,533,844	\$1,606,620	\$1,592,804	\$1,686,998	\$1,685,207

Note: The total for all Policy Areas listed above is the same as the totals shown below.



BONDED DEBT - ALL FUNDS

(EXPRESSED IN THOUSANDS)

Year Ended	Bonds Outstanding at June 30,					Total Governmental Funds Revenue	Percent of State Revenues
	General Fund	Highway Fund	University of Maine	Other	Total		
1977	\$188,270	\$60,615	\$12,995	\$13,070	\$274,950	\$823,361	33.4%
1978	187,235	55,725	13,585	11,850	268,395	941,135	28.5%
1979	185,945	50,935	13,210	13,490	263,580	1,020,571	25.8%
1980	169,370	59,145	12,835	13,025	254,375	1,054,219	24.1%
1981	172,835	62,105	12,450	12,450	259,840	1,149,030	22.6%
1982	178,662	67,745	12,060	13,255	271,722	1,183,744	23.0%
1983	185,097	90,260	11,655	13,310	300,322	1,282,795	23.4%
1984	175,899	94,830	11,245	12,590	294,564	1,459,558	20.2%
1985	170,084	93,185	10,805	11,860	285,934	1,592,926	18.0%
1986	177,110	91,240	10,360	11,120	289,830	1,762,469	16.4%
1987	183,990	92,365	9,895	10,325	296,575	1,979,718	15.0%
1988	201,160	88,170	9,420	9,525	308,275	2,205,527	14.0%
1989	221,645	98,850	8,930	8,675	338,100	2,428,486	13.9%
1990	202,405	87,610	8,435	7,825	306,275	2,421,264	12.6%
1991	277,710	102,870	7,910	6,930	395,420	2,533,777	15.6%
1992	308,890	107,395	7,380	6,015	429,680	2,995,325	14.3%
1993	405,822	136,320	-	2,563	544,705	3,178,491	17.1%
1994	383,618	143,355	-	2,312	529,285	3,311,809	16.0%
1995	377,055	136,950	-	2,055	516,060	3,381,332	15.3%
1996	369,458	144,440	-	1,792	515,690	3,598,717	14.3%

RATIO OF GENERAL OBLIGATION DEBT TO ASSESSED VALUE AND DEBT PER CAPITA

For the Years 1992 to 1996

(Expressed in Thousands except Ratio and Per Capita Data)

<u>Fiscal Year</u>	<u>Assessed Value (1)</u>	<u>Amount of Debt</u>	<u>Ratio to Assessed Value</u>	<u>Debt Per Capita</u>	<u>Estimated Population Based on Year (2)</u>	
1992	\$68,471,100	\$429,680	0.63%	\$349	1,228	1990
1993	67,751,400	544,705	0.80%	441	1,234	1991
1994	66,565,500	529,285	0.79%	428	1,236	1992
1995	66,425,500	516,060	0.84%	416	1,240	1994
1996	67,102,926	515,690	0.78%	213	1,241	1995

(1) Based on assessed property valuation at full value by the Maine Bureau of Taxation as of January of the fiscal year.

(2) Population estimates by the U.S. Bureau of the Census.

MAINE FINANCIAL INSTITUTION DEPOSITS

For the Years 1992 to 1996

(Expressed in Thousands)

	<u>1992</u>		<u>1993</u>		<u>1994</u>		<u>1995</u>		<u>1996</u>	
	<u>No.</u>	<u>Bank Deposits</u>	<u>No.</u>	<u>Bank Deposits</u>	<u>No.</u>	<u>Bank Deposits</u>	<u>No.</u>	<u>Bank Deposits</u>	<u>No.</u>	<u>Bank Deposits</u>
Trust Companies	14	\$5,255,394	14	\$4,874,189	14	\$4,909,550	14	\$5,484,431	14	\$5,396,641
National Banks	6	1,847,158	6	1,806,263	6	1,744,084	5	1,051,103	5	1,032,321
State Savings Banks	17	4,460,283	17	4,439,902	17	4,523,302	17	4,856,487	17	5,062,377
Federal Savings Banks	6	483,457	6	528,011	5	473,484	4	405,567	4	428,519
State Savings & Loans	4	95,653	4	101,817	4	101,595	3	76,042	3	83,630
Federal Savings & Loans	5	214,737	5	216,717	5	216,956	5	233,024	5	243,010
State Credit Unions	10	248,776	10	331,753	13	341,875	13	352,500	12	368,532
Federal Credit Unions	96	1,365,598	91	1,349,553	84	1,404,583	83	1,463,185	82	1,579,902
Total Institutions	158	\$13,971,056	153	\$13,648,205	148	\$13,715,429	144	\$13,922,339	142	\$14,194,932
State Chartered	45	10,060,106	45	9,747,661	48	9,876,322	47	10,769,460	46	10,911,180
Federally Chartered	113	3,910,950	108	3,900,544	100	3,839,107	97	3,152,879	96	3,283,752
Total Chartered	158	\$13,971,056	153	\$13,648,205	148	\$13,715,429	144	\$13,922,339	142	\$14,194,932

Source: Bureau of Banking, Maine Department of Professional and Financial Regulation.

CIVILIAN LABOR FORCE

Employed and Unemployed by Labor Market Area, Not Seasonally Adjusted

AREA	CIVILIAN LABOR FORCE(1)			EMPLOYED(2)			UNEMPLOYED(3)			UNEMPLOYMENT RATE(4)		
	Feb 97	Jan 97	Feb 96	Feb 97	Jan 97	Feb 96	Feb 97	Jan 97	Feb 96	Feb 97	Jan 97	Feb 96
LABOR MARKET AREAS												
Augusta	47,220	46,890	46,880	44,380	44,150	43,600	2,850	2,740	3,280	6.0%	5.8%	7.0%
Bangor MSA	50,700	50,000	49,900	48,600	48,000	47,300	2,100	2,000	2,600	4.1%	4.1%	5.3%
Bath-Brunswick	33,170	33,820	34,340	31,600	32,280	32,350	1,570	1,540	1,980	4.7%	4.6%	5.8%
Belfast	12,790	12,990	12,600	11,760	11,950	11,350	1,030	1,030	1,250	8.0%	7.9%	9.9%
Biddeford	36,450	36,210	35,500	34,770	34,450	33,370	1,680	1,760	2,130	4.6%	4.9%	6.0%
Boothbay Harbor	7,640	7,620	7,570	7,250	7,240	7,060	390	380	510	5.1%	5.0%	6.7%
Bucksport	5,030	5,110	5,110	4,680	4,740	4,650	350	370	450	6.9%	7.2%	8.9%
Calais	5,310	5,370	5,290	4,530	4,590	4,540	780	780	760	14.7%	14.4%	14.3%
Dexter-Pittsfield	13,680	13,840	13,280	12,220	12,390	12,000	1,470	1,450	1,280	10.7%	10.5%	9.6%
Dover-Foxcroft	7,450	7,540	7,510	6,890	6,970	6,890	560	570	620	7.5%	7.6%	8.3%
Ellsworth-Bar Harbor	16,820	16,920	16,930	15,070	15,140	14,830	1,750	1,790	2,110	10.4%	10.6%	12.4%
Farmington	18,260	18,130	18,860	17,010	16,780	17,580	1,260	1,350	1,280	6.9%	7.5%	6.8%
Fort Kent	3,870	3,860	4,060	3,330	3,340	3,550	540	530	510	13.8%	13.7%	12.5%
Greenville	1,050	1,060	1,070	950	960	950	100	100	120	9.2%	9.5%	11.3%
Houlton	6,440	6,520	6,670	6,040	6,100	6,120	400	420	550	6.2%	6.5%	8.2%
Jonesport-Milbridge	3,830	3,860	3,860	3,320	3,340	3,310	510	520	550	13.3%	13.5%	14.3%
Kittery-York	20,690	20,430	20,120	20,220	19,940	19,600	470	490	530	2.3%	2.4%	2.6%
Lewiston-Auburn MSA	52,400	52,900	52,100	49,200	50,000	48,600	3,200	3,000	3,500	6.1%	5.6%	6.7%
Lincoln-Howland	5,920	5,970	5,960	5,460	5,520	5,460	460	450	500	7.8%	7.5%	8.3%
Machias-Eastport	6,620	6,430	6,880	5,870	5,780	6,000	750	650	880	11.3%	10.2%	12.8%
Madawaska	4,210	4,310	4,250	3,850	3,900	3,910	370	410	340	8.7%	9.6%	8.0%
Millinocket-East Millinocket	5,310	5,360	5,430	4,920	4,970	4,910	390	390	510	7.4%	7.2%	9.5%
Norway-Paris	10,870	10,860	10,740	10,100	10,070	9,780	770	790	960	7.1%	7.3%	8.9%
Outer Bangor	7,480	7,310	7,470	6,870	6,700	6,800	610	600	660	8.2%	8.2%	8.9%
Patten-Island Falls	2,030	2,040	2,080	1,850	1,850	1,850	180	200	230	8.9%	9.6%	10.9%
Portland	133,400	133,600	128,000	129,700	130,100	123,000	3,700	3,600	5,000	2.8%	2.7%	3.9%
Presque Isle-Caribou	19,560	19,570	20,460	17,650	17,610	18,210	1,920	1,970	2,250	9.8%	10.0%	11.0%
Rockland	23,590	23,640	23,470	22,590	22,650	22,180	1,000	1,000	1,290	4.2%	4.2%	5.5%
Rumford	11,140	11,140	11,180	10,500	10,560	10,480	640	580	700	5.7%	5.2%	6.3%
Sanford	22,610	22,760	22,260	21,130	21,160	20,550	1,490	1,600	1,710	6.6%	7.0%	7.7%
Sebang Lakes Region	12,670	13,010	13,140	12,150	12,470	12,390	520	540	750	4.1%	4.1%	5.7%
Skowhegan	16,420	16,340	16,410	14,920	14,860	14,780	1,490	1,480	1,630	9.1%	9.1%	9.9%
Stonington	5,120	4,720	5,350	4,830	4,460	4,920	280	260	430	5.5%	5.5%	8.0%
Van Buren	1,790	1,760	1,770	1,580	1,540	1,540	210	220	230	11.6%	12.6%	12.9%
Waterville	24,790	24,940	24,800	22,980	23,160	22,750	1,810	1,770	2,050	7.3%	7.1%	8.3%
MAINE	656,300	656,900	651,300	618,800	619,600	607,200	37,600	37,300	44,100	5.7%	5.7%	6.8%
UNITED STATES (000)	134,535	134,317	131,995	126,887	126,384	124,137	7,647	7,933	7,858	5.7%	5.9%	6.0%

1. Civilian labor force, employed, and unemployed estimates are by place of residence. Current month estimates are preliminary; prior month and year-ago estimates are revised. Items may not add due to rounding. All data exclude members of the Armed Forces. MSA stands for Metropolitan Statistical Area.

2. Total employment includes nonfarm wage and salary workers, agricultural workers, unpaid family workers, domestics, the self employed, and workers involved in labor disputes.

3. People are classified as unemployed, regardless of their eligibility for unemployment benefits or public assistance, if they meet all of the following: they were not employed during the survey week; they were available for work at that time; and they made specific efforts to find employment some time during the prior four weeks. Persons laid off from their former jobs and awaiting recall and those expecting to report to a job within 30 days need not be looking for work to be counted as unemployed.

4. The unemployment rate is calculated by dividing the total number of unemployed by the total civilian labor force, and is expressed as a percent.

5. Kittery-York is the five-town Maine portion of the Portsmouth-Rochester PMSA which includes towns in both Maine and New Hampshire.

Source: Maine Department of Labor, Labor Market Information Services, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

TOP FIFTY MAINE COMPANIES

As of August, 1996
(Ranked by Number of Employees in Maine)

Company	Number of Employees
1 Bath Iron Works	7,800
2 Hannaford Brothers Company	7,140
3 Maine Medical Center	5,000
4 Wal-Mart Stores, Inc.	4,070
5 Portsmouth Naval Shipyard	3,550
6 UNUM Corporation	3,320
7 Eastern Maine Healthcare	3,311
8 Shaw's Supermarkets, Inc.	3,307
9 L.L. Bean, Inc.	3,280
10 S.D. Warren	2,211
11 Cianbro Corp.	2,100
12 MBNA	2,000
13 Central Maine Power Company	1,870
14 Great Northern/Bowater Corporation	1,700
15 Dexter Shoe Company, Inc.	1,676
16 Irving Oil Company	1,600
17 Central Maine Medical Center	1,571
18 Boise Cascade Paper Group	1,554
19 Pratt & Whitney Aircraft Division	1,550
20 NYNEX / New England Tel. Co.	1,515
21 Key Bank of Maine	1,500
22 Peoples Heritage Bank	1,475
23 Champion International	1,411
24 Kennebec Health Systems	1,400
25 Sisters of Charity Health System	1,400
26 Mid-Maine Medical Center	1,394
27 First Healthcare Corp	1,388
28 International Paper Company	1,285
29 Blue Cross / Blue Shield of ME	1,200
30 National Semiconductor	1,200
31 Rite Aid of Maine, Inc.	1,187
32 Fraser Paper Ltd.	1,180
33 Mercy Health System of Maine	1,100
34 Cole-Haan	1,082
35 Vishay Sprague	1,013
36 Sears Roebuck & Co.	1,006
37 Zayre Central Corp. *	1,000
38 United Parcel Service	1,000
39 Manpower Temp Services	1,000
40 Community Health & Counseling	1,000
41 Fleet Bank of Maine	1,000
42 Guilford of Maine	950
43 Georgia Pacific	925
44 C.N. Brown	900
45 G.H. Bass & Co. *	900
46 Guy Gannett Communications	893
47 Southern Maine Medical Center	850
48 James River Corp.	848
49 Dead River Oil Company	845
50 Pioneer Plastics	805

* Approximate number of employees

Source: Maine State Department of Economic and Community Development

MAINE EXPORTS AT A GLANCE

EXPORTS BY INDUSTRY

(Expressed in Thousands)

SIC	Description	1995	1996	Percent of Change
1	Agricultural Production - Crops	\$6,314	\$8,756	38.70 %
2	Agricultural Production - Livestock	32,359	44,763	38.30
8	Forestry	370	2,411	551.60
9	Fishing, Hunting and Trapping	97,100	105,515	8.70
14	Nonmetallic Minerals, Except Fuels	265	451	70.20
20	Food and Kindred Products	47,920	63,629	32.80
22	Textile Mill Products	7,298	9,678	32.60
23	Apparel and Other Textile Products	11,422	14,948	30.90
24	Lumber and Wood Products	174,982	161,473	(7.70)
25	Furniture and Fixtures	6,844	5,190	(24.20)
26	Paper and Allied Products	\$387,666	394,260	1.70
27	Printing and Publishing	3,131	3,626	15.80
28	Chemicals and Allied Products	25,286	44,021	74.10
29	Petroleum and Coal Products	2,061	2,000	(3.00)
30	Rubber and Misc. Plastics Products	26,493	25,601	(3.40)
31	Leather and Leather Products	112,532	92,555	(17.80)
32	Stone, Clay and Glass Products	2,995	5,014	67.40
33	Primary Metal Industries	15,071	18,760	24.50
34	Fabricated Metal Products	24,503	17,328	(29.30)
35	Industrial Machinery, Computers	65,246	83,272	27.60
36	Electronics, Electric Equipment	304,403	254,754	(16.30)
37	Transportation Equipment	42,057	50,978	21.20
38	Instruments and Related Products	31,534	35,935	14.00
39	Misc. Manufacturing Industries	8,206	4,880	(40.50)
91	Scrap and Waste	35,929	9,888	(72.50)
92	Used or Secondhand Merchandise	2,033	1,869	(8.10)
98	Goods Returned to Canada	12,172	22,787	87.20
99	Special Classification Provisions	575	2,482	331.80
Maine Export Totals		\$1,486,767	\$1,486,823	

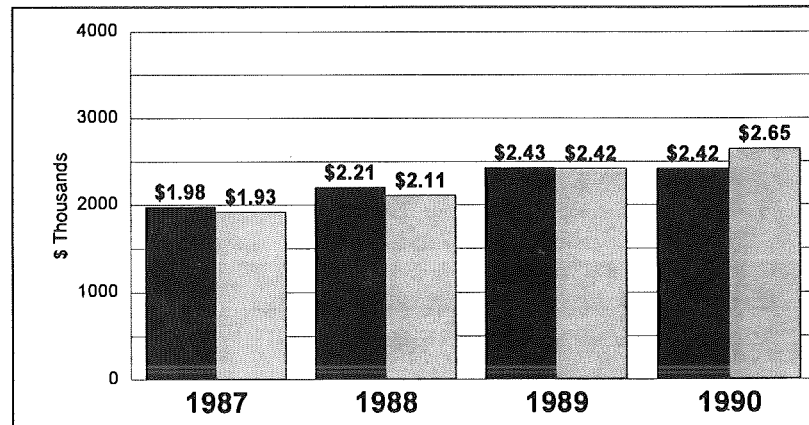
TOP TEN MARKETS

Country	1995	1996	Percent of Change
Canada	\$520,940	\$545,540	4.72 %
Malaysia	168,644	96,764	(42.62)
Japan	134,335	98,678	(26.54)
Great Britain	70,136	59,079	(15.77)
France	57,533	65,708	14.21
South Korea	55,383	70,609	27.49
Hong Kong	53,341	50,887	(4.60)
Singapore	50,455	49,673	(1.55)
China (Taiwan)	40,055	22,266	(44.41)
Belgium	34,774	40,984	17.85
Australia	32,812	39,003	18.86

Source: Maine World Trade Association

GOVERNMENTAL FUNDS

TEN YEAR SCHEDULE OF REVENUES AND EXPENDITURES



Revenues by Source:

Taxes

Sales & Use	\$438,598	\$491,936	\$517,068	\$508,980
Individual Income Tax	422,027	509,106	593,311	580,562
Corporate Income Tax	69,517	84,545	96,333	57,658
Gasoline Tax	92,534	100,113	120,093	129,425
Cigarette Tax	40,325	41,691	41,218	44,311
Other Tax Sources	132,766	152,110	148,370	144,321

Total Taxes	1,195,767	1,379,501	1,516,393	1,465,257
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Federal Government	558,539	563,083	607,870	652,892
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Motor Vehicle Registration &

Driver Licenses	50,333	57,832	56,968	55,198
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Cities, Towns & Counties	6,150	4,197	7,198	4,721
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Service Charges	46,198	48,124	62,822	63,931
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Alcoholic Beverages &

Lottery Operations	53,498	61,044	67,348	64,742
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Other Revenue Sources	69,233	91,746	109,887	114,523
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Total Revenues	\$1,979,718	\$2,205,527	\$2,428,486	\$2,421,264
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Expenditures by Policy Area:

General Government	\$232,411	\$244,586	\$321,890	\$304,635
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Economic Development	46,029	58,593	69,311	74,474
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Education & Cultural Services	634,729	707,127	800,346	886,776
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Human Services	678,785	741,236	835,432	944,719
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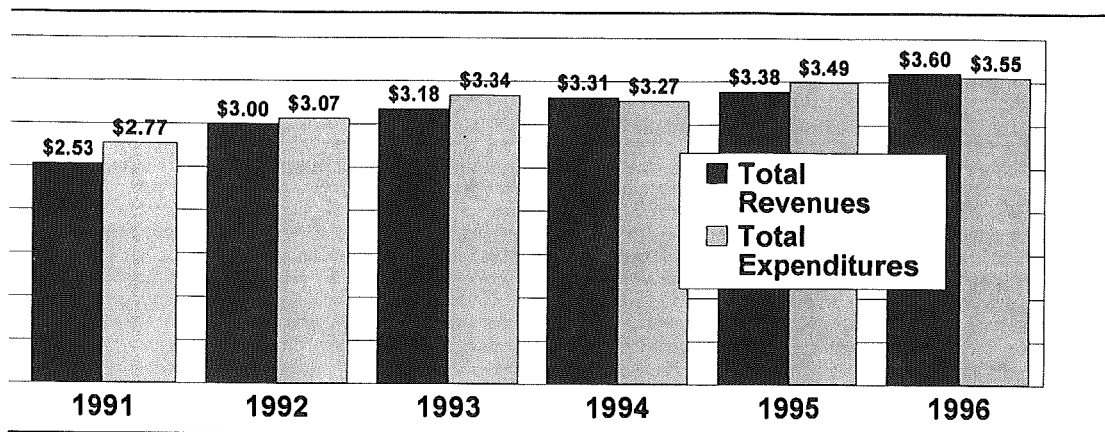
Labor	35,132	35,556	35,187	38,332
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Natural Resources	53,147	61,414	65,710	73,681
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Public Protection	40,560	44,706	47,902	51,194
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Transportation	205,025	217,675	245,752	276,401
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Total Expenditures	\$1,925,818	\$2,110,893	\$2,421,530	\$2,650,212
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\$497,069	\$573,428	\$625,429	\$673,755	\$716,199	\$726,821
582,794	591,476	614,171	611,826	637,516	709,491
76,053	69,927	75,700	90,208	63,032	71,062
121,458	135,257	137,698	140,258	144,193	147,140
45,610	55,322	51,978	48,675	48,632	47,602
167,366	165,174	240,133	310,449	298,097	339,710
1,490,350	1,590,584	1,745,109	1,875,171	1,907,669	2,041,826
729,911	961,931	1,081,174	1,059,253	1,104,096	1,168,803
55,138	57,821	53,542	59,795	62,558	61,329
3,709	4,059	3,586	5,144	4,551	3,649
84,206	98,085	111,980	105,504	99,730	131,968
64,191	66,716	66,334	67,370	61,313	59,184
106,272	216,129	116,766	139,572	141,697	131,958
\$2,533,777	\$2,995,325	\$3,178,491	\$3,311,809	\$3,381,614	\$3,598,717

\$329,895	\$269,650	\$281,083	\$310,065	\$362,172	\$352,450
76,767	76,434	101,195	81,407	92,459	96,049
834,034	892,672	958,295	901,229	959,367	974,989
1,069,892	1,299,089	1,383,513	1,445,823	1,536,796	1,553,781
48,632	116,660	152,423	103,161	62,407	54,529
87,710	80,331	98,514	84,911	115,906	109,259
50,360	56,815	53,627	56,597	56,640	56,733
273,528	275,179	310,590	291,631	308,040	356,164
\$2,770,818	\$3,066,830	\$3,339,240	\$3,274,824	\$3,493,787	\$3,553,954

NOTES

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Department of Treasury	Dale McCormick, State Treasurer	dale.mccormick@state.me.us
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Administrative Office of the Courts	James T. Glessner, State Court	courts.state.me.us
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