

MAINE STATE LEGISLATURE

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



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)

STATE OF MAINE

BUDGETARY FINANCIAL REPORT

For the Fiscal Year Ended June 30, 1998

JAN & LEON
REFE
43 ST
AUGUST

NOV 22 1999



HJ
11
.M221
1998
c.2

"The Dawn of a New Millennium"

STATE OF MAINE
BUDGETARY FINANCIAL REPORT
For The Fiscal Year Ended June 30, 1998



Angus S. King, Jr.
Governor

Janet E. Waldron, Commissioner
Department of Administrative & Financial Services

Carol F. Whitney, State Controller
Department of Administrative & Financial Services

Report Prepared by:
Financial Reporting Division of the State Controller's Office
Department of Administrative & Financial Services

Terrance E. Brann, CPA
Nancy Gowler, CPA, CMA, CIA
Douglas E. Cotnoir, CPA, CIA
Josephine Tourtelotte
Mary Doughty
Deborah Jenney

The State of Maine Budgetary 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.

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

<http://www.state.me.us>

If you wish to be deleted from our mailing list, or your address has changed, please contact the State Controller's Office
at 207/287-4600

or write to:
State of Maine
Bureau of Accounts & Control
Administration Division
14 State House Station
Augusta, ME 04333-0014

Or e-mail us at:
Bureau.Accounts-Ctrl@state.me.us

STATE OF MAINE
BUDGETARY FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 1998

TABLE OF CONTENTS

	<u>Page</u>
<u>INTRODUCTORY SECTION</u>	
Letter of Transmittal.....	1
Officials of State Government.....	2
State Organization Chart.....	3
The Maine Economy.....	4
Major Initiatives.....	7
Financial Information.....	11
General Fund Selected Revenues by Source.....	16
General Fund Selected Expenditures by Function.....	17
Highway Fund Selected Revenues by Source.....	18
Highway Fund Selected Expenditures by Function.....	19
 <u>FINANCIAL SECTION</u>	
<i>General Purpose Financial Statements</i>	
Combined Balance Sheet - All Funds.....	26
Combined Statement of Revenues, Resources, Expenditures and Changes in Fund Balances - Governmental Funds.....	28
Comparative Statement of Revenues, Resources and Expenditures, General Fund, Highway Fund and Other Special Revenue Funds Actual vs. Budget - Governmental Funds.....	30
Combined Summary of Appropriation Accounts Showing Detail of Amounts Available, Expenditures and Disposition of Balances - Governmental Funds.....	32
Combined Statement of Expenditures by Character and Object - Governmental Funds.....	40
 <i>Financial Statements - Governmental Funds</i>	
General Fund:	
Comparative Balance Sheet.....	43
Analysis of Changes in Fund Balance.....	44
Comparative Statement of Revenues.....	45
Combined Summary of Appropriation Accounts Showing Detail of Amounts Available, Expenditures, and Disposition of Balances.....	46
Combined Statement of Expenditures by Character and Object.....	56
Analysis of State Contingent Accounts.....	57
Debt Service Requirements to Maturity - General Obligation Bonds.....	58
 Highway Fund:	
Comparative Balance Sheet.....	60
Analysis of Changes in Unallocated Fund Balance.....	61
Comparative Statement of Revenues.....	61
Combined Summary of Allocation Accounts Showing Detail of Amounts Available, Expenditures and Disposition of Balances.....	62
Combined Statement of Expenditures by Character and Object.....	64
Debt Service Requirements to Maturity - Highways and Bridges.....	65
 Other Special Revenue Funds:	
Comparative Balance Sheet.....	68
Analysis of Changes in Available Funds.....	70
Comparative Statement of Revenues.....	72
Combined Summary of Appropriation Accounts Showing Detail of Amounts Available, Expenditures and Disposition of Balances.....	74
Combined Statement of Expenditures by Character and Object.....	82

Capital Projects Fund:	
Comparative Balance Sheet.....	85
Combined Summary of Appropriation Accounts Showing Detail of Amounts Available, Expenditures and Disposition of Balances.....	86
Debt Service Requirements to Maturity - Self-liquidating Bonds.....	88
Debt Service Funds:	
Comparative Balance Sheet.....	90
Comparative Statement of Revenues Expenditures and Fund Equity.....	90
Financial Statements – Proprietary Funds	
Enterprise Funds:	
Combining Balance Sheet.....	94
Combining Statement of Revenues, Expenses and Changes In Retained Earnings.....	96
Internal Service Funds:	
Combining Balance Sheet.....	100
Combining Statement of Revenues, Expenses and Changes In Retained Earnings.....	102
Financial Statements - Trust and Agency Funds	
Combining Balance Sheet.....	106
Expendable Trust Funds:	
Combining Balance Sheet.....	107
Combining Statement of Revenues, Expenditures And Changes In Fund Balances.....	108
Nonexpendable Trust Funds:	
Combining Balance Sheet.....	109
Combining Statement of Revenues, Expenses and Changes In Fund Balances.....	110
Agency Funds:	
Combining Balance Sheet.....	111
Combining Statement of Changes In Assets And Liabilities.....	112
Financial Statement – Account Group	
General Long- Term Obligations:	
Comparative Balance Sheet.....	114
Notes to the Financial Statements.....	126
<u>STATISTICAL SECTION</u>	
Total Revenues by Source - Governmental Funds.....	150
Tax Revenues by Source - Governmental Funds.....	151
Expenditures by Policy Area - Governmental Funds.....	153
Expenditures by Type - Governmental Funds.....	153
Total Revenues by Source - General Fund.....	155
Tax Revenues by Source - General Fund.....	155
Expenditures by Policy Area - General Fund.....	157
Expenditures by Type - General Fund.....	157
Total Revenues by Source - Highway Fund.....	158
Expenditures by Policy Area - Highway Fund.....	159
Expenditures by Type - Highway Fund.....	159
Bonded Debt - All Funds.....	161
Maine Financial Institution Deposits.....	162
Civilian Labor Force.....	163
Top Fifty Maine Companies.....	164
1996 Maine Exports at a Glance.....	165
Exports by Industry.....	165
Top Ten Markets.....	165
Ten Year Schedule of Revenues and Expenditures - Governmental Funds.....	166

INTRODUCTORY

SECTION

STATE OF MAINE

Department of Administrative & Financial Services
Bureau of Accounts & Control
14 State House Station
Augusta, ME 04333-0014
Telephone: 207/287-4600 (Voice)
207/287-4537 (TDD)
Fax: 207/287-4601

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 (the *Report*) for the fiscal year ended June 30, 1998. 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 in this *Report* is accurate in all material respects and fairly represents the operational results for the fiscal year.

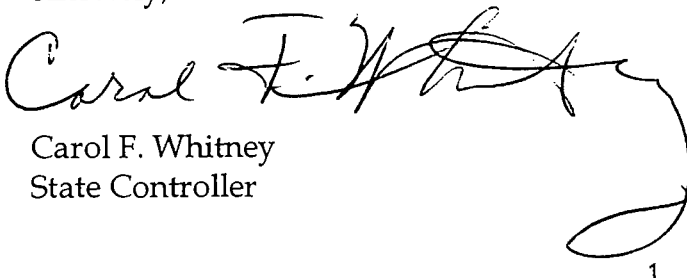
This *Report* is presented in three sections: Introductory, Financial, and Statistical. The Introductory Section has been expanded and now includes sections on the Economy, the Economic Outlook, Major Initiatives, and a wealth of financial data and highlights, accompanied by succinct charts and graphs. The Financial Section includes the financial statements and the combining statements and schedules prepared on a budgetary or modified cash basis. The Statistical Section includes fiscal, social, and demographic information about the State.

With the establishment of the Financial Reporting Unit within the Bureau, we expect to publish both the budgetary and GAAP annual financial reports for the State on a more timely basis. Currently, the FY99 Budgetary Financial Report (modified cash basis) is in production, as are the FY99 General Purpose Financial Statements (GAAP basis). Our goal is to have the FY99 Budgetary Financial Report published by November 1999, and the General Purpose Financial Statements or GAAP report prepared for audit by the State Audit Department staff no later than March 2000.

The preparation of the State's Annual Financial Reports, both budgetary and GAAP, are possible due to the experienced and dedicated staff within the Bureau of Accounts and Control, with the cooperation of State Agencies' and Component Units' fiscal staffs.

Please contact us directly with related questions or requests for additional copies.

Sincerely,



Carol F. Whitney
State Controller

STATE of MAINE

OFFICIALS OF STATE GOVERNMENT

AS OF JUNE 30, 1998

EXECUTIVE

Angus S. King, Jr., *Governor*

LEGISLATIVE

Mark W. Lawrence, *President of the Senate*

Elizabeth H. Mitchell, *Speaker of the House*

Constitutional Officers

Andrew Ketterer, *Attorney General*

Gail M. Chase, *State Auditor*

Dan A. Gwadowsky, *Secretary of State of Maine*

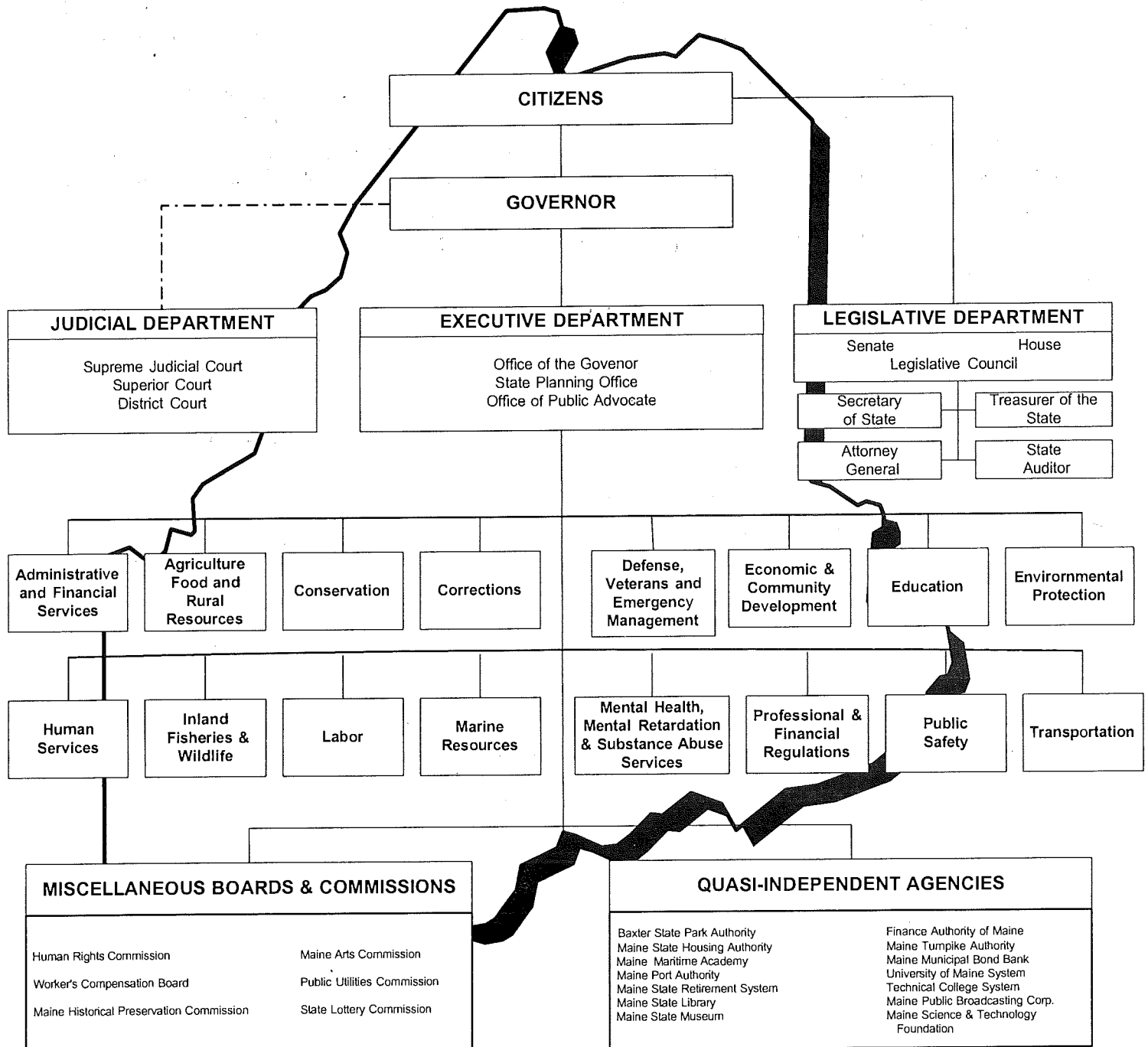
Dale McCormick, *State Treasurer*

JUDICIAL

Daniel E. Wathen, *Chief Justice of the State Supreme Court*

ORGANIZATION CHART OF MAINE STATE GOVERNMENT

As of June 30, 1998

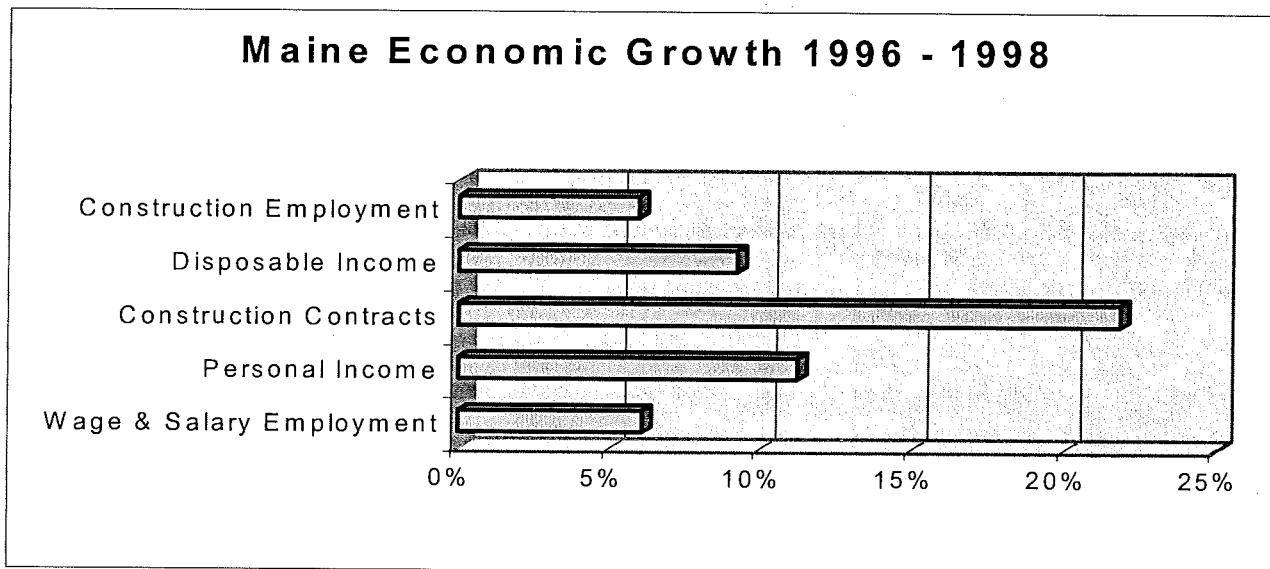


THE MAINE ECONOMY

CURRENT CONDITIONS

In Maine, business is thriving. With investments totaling more than \$1.7 billion and the creation of more than 6,000 jobs across the state, Maine businesses are seeing a positive return on investment.

To help spur business growth, Maine embarked on an aggressive economic development strategy. This focused approach has made a dramatic impact on Maine's business climate. The Maine economy has continued its strong performance as is indicative through many common economic measures. For example, Wage & Salary Employment has grown by over 6% since 1996. Also, the



number of Construction Contracts has increased by nearly 22% since 1996. There have also been other significant positive signs, such as increases in Personal Income and decreases in AFDC (TANF) caseload. The Tourism industry also experienced significant growth in many areas. Best of all, the Maine Consensus Economic Forecasting Commission is predicting continued growth into the next millennium.

In addition to the growth mentioned above, Maine can be proud of the following accomplishments:

- ◆ new jobs in health, social and business services sectors
- ◆ a 35 percent decrease in workers' compensation costs
- ◆ electric utility rates among the lowest in New England
- ◆ the fifth fairest state tax system in the nation, according to the Washington-based Corporation for Enterprise Development, and
- ◆ the leading telecommunications infrastructure in the nation

FUTURE ECONOMIC OUTLOOK

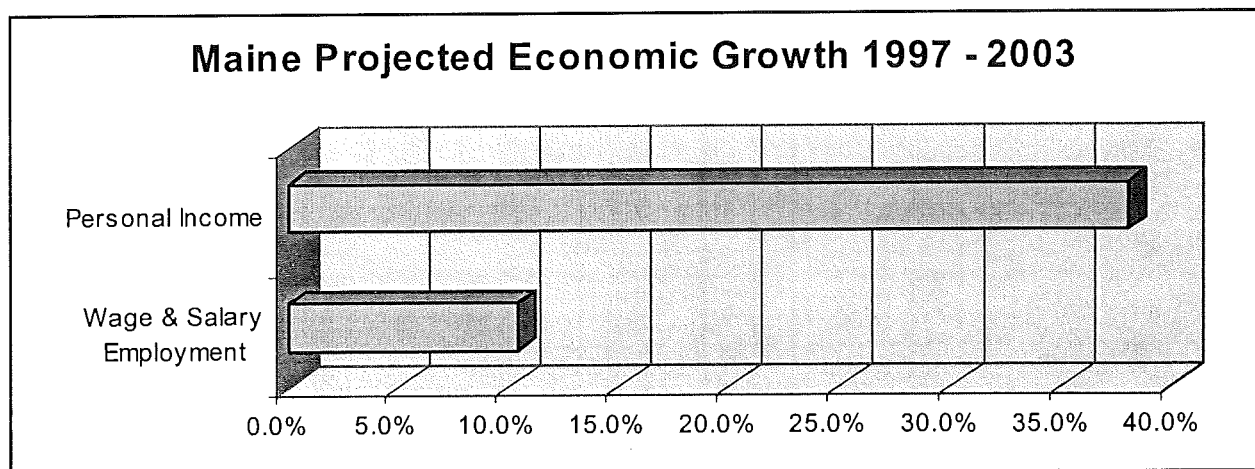
In September 1998, the Maine Consensus Economic Forecasting Commission established the economic forecast for the State of Maine through 2003. This forecast is used by the Revenue Forecasting Committee as the basis for the development of General Fund and Highway Fund revenue estimates through the fiscal year ending June 30, 2003. The Commission described uncertainties due to the economic crises in Asia and Russia, the political crisis in Washington, and the threat to the economies of Latin America. The Commission also stated that the expected national slowdown, combined with already tight labor markets in Maine, would reduce employment growth in 1999 and 2000.

Personal Income growth in Maine is projected to remain steady throughout the forecast horizon. Based upon the Commission's forecast, no recession is expected to occur in the forecast time period; however, wage pressures due to a tight labor market, particularly in southern Maine, will remain.

Forecast of the Maine Consensus Economic Forecasting Commission

	<u>Maine Nonfarm Employment</u>	<u>Maine Total Personal Income</u>
1998	1.6%	5.5%
1999	1.0%	5.2%
2000	1.0%	5.4%
2001	1.1%	5.4%
2002	1.2%	5.4%
2003	1.2%	5.4%

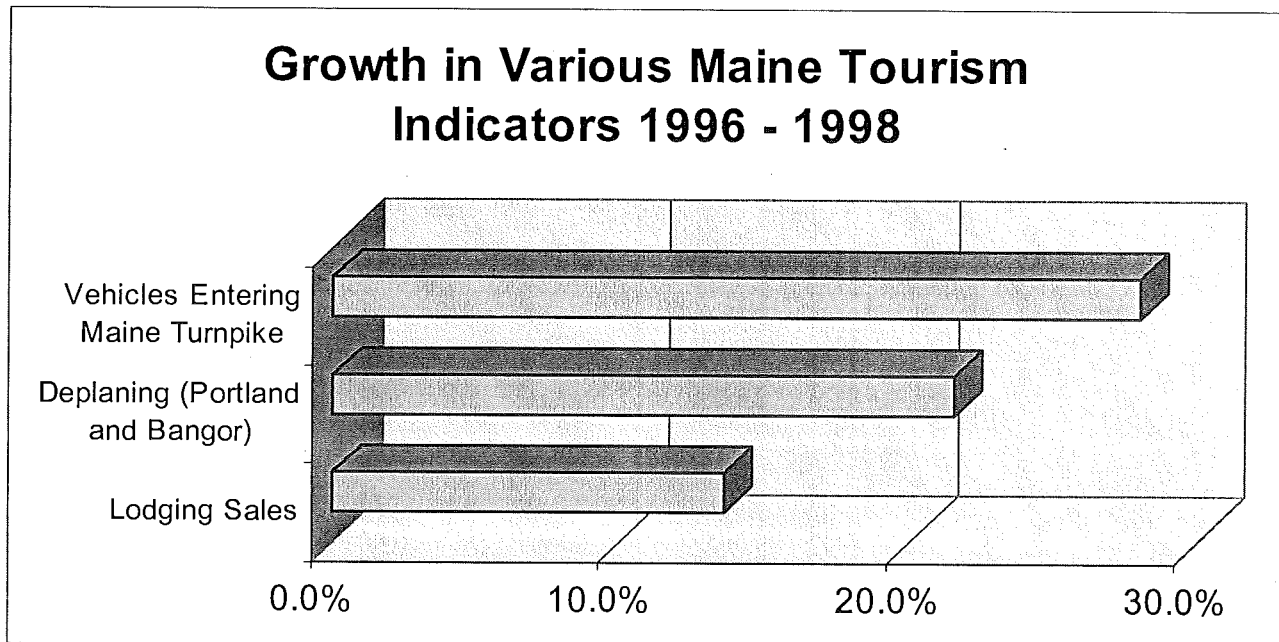
Despite the slow annual employment growth identified by the Maine Consensus Economic Forecasting Commission, the State of Maine's Personal Income levels are projected to grow by more than 35% from 1997 to 2003. In addition, Maine's Wage & Salary Employment growth is estimated to increase by greater than 10% during the same period.



TOURISM

Tourism in the State of Maine has experienced very strong growth over the past couple of years. This is an indication of a strong regional economy and a strong national economy. An example of this strong growth can be found in the 8.9% increase in Lodging Sales from 1997 to 1998. In addition to Lodging Sales, traffic on the Maine Turnpike has increased by 22.8% since 1997. Deplaning at the Portland International Jetport and the Bangor International Airport are also indicators of both strong Tourism growth and strong economic growth in Maine. Since 1997, deplaning in Portland and Bangor have increased by 15.7%.

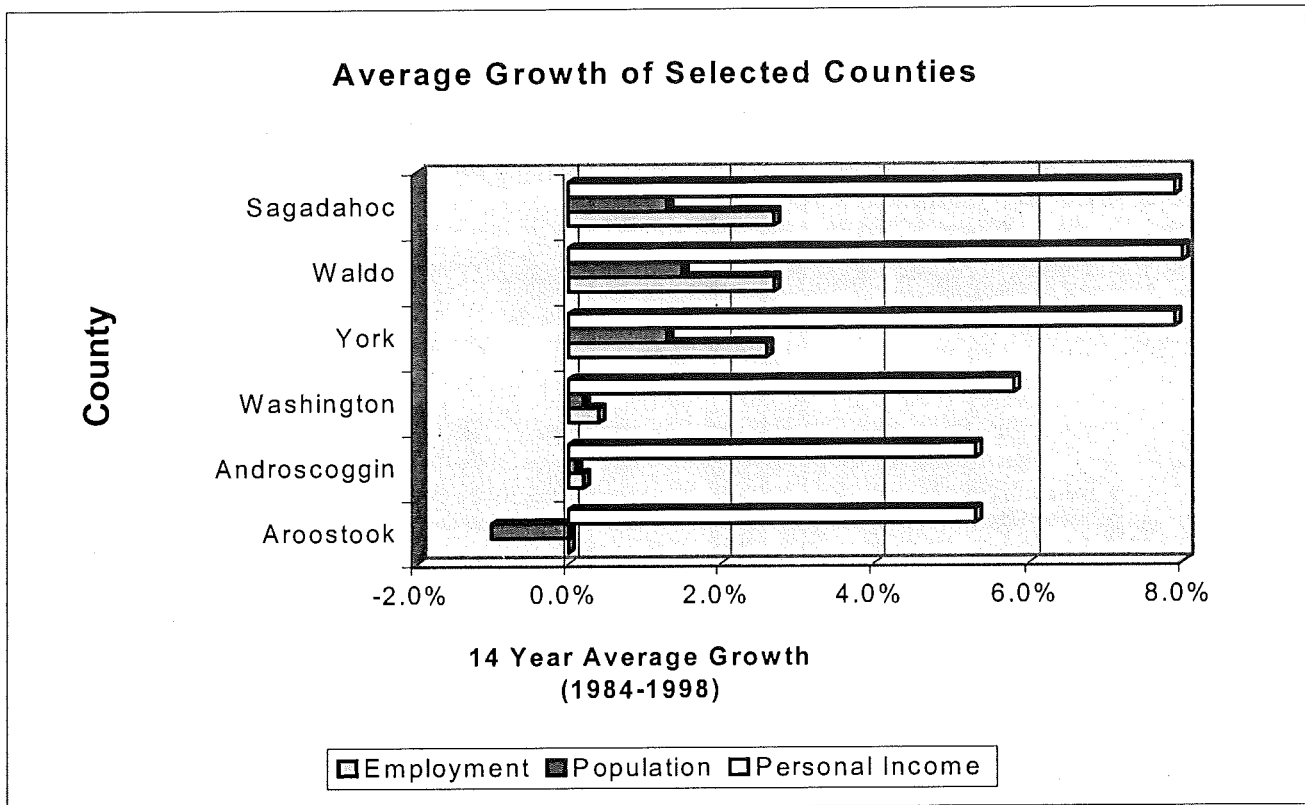
Tourism in Maine is expected to continue to grow at a very strong rate over the next couple of years. The fact that Maine has become a four-season destination has helped to make Tourism in Maine one of the leading industries in the state.



MAJOR INITIATIVES

“ONE MAINE” – A RURAL ECONOMIC DEVELOPMENT INITIATIVE

The “Two Maines” commonly refers to the economic disparity between the Northern and Southern parts of the State of Maine, and the disparity between the Western and Eastern parts of the State. From population to income to employment growth, Maine has always experienced a marked contrast in its regional economies. The Southern and Western parts of Maine have experienced tremendous economic growth in the 1990’s, while the Northern and far-Eastern sections of the State have not grown as dramatically.



The need to develop Maine’s rural economies has been recognized for years. In order to see meaningful results, a concerted, multi-faceted economic development effort will be required through several initiatives:

TARGETED AREAS

➤ Cultivate Emerging Industries

The cultivation of emerging industries includes the development of software, marine sciences, insurance and financial services, and retirement industries.

➤ Support Broad Sectors

Focus on the tourism and small business sectors. Much of Maine’s tourism industry is based upon assets found in the more rural areas, yet the capacity remains for further development.

➤ **Attract**

Attract the telecommunications industry to Maine. These businesses can locate virtually anywhere, and are most dependent upon an affordable, skilled and productive work force and dependable high quality telecommunications infrastructure. Maine fulfills both of these requirements, and in many cases the most suitable locations are rural.

MARKETS

Identify new and emerging markets for natural resources. Forest products are the largest contributors to Maine's gross state product. We need to continue to develop this sector. An example of this type of potential success is that with the use of fiberglass and the right type of glue, a beam of hemlock can become as strong as steel. This is just one example of how Maine can take advantage of its natural resources.

INFRASTRUCTURE

Infrastructure must be made accessible in the rural reaches of Maine in order to succeed. Improved telecommunications, highways, air and rail systems are the critical links in bringing people, raw materials and finished products into and out of the rural regions.

SOLUTIONS

This problem will not be solved with one solution. Instead, the solutions are going to be derived from several different approaches. Maine is beginning on its path, including the following initiatives:

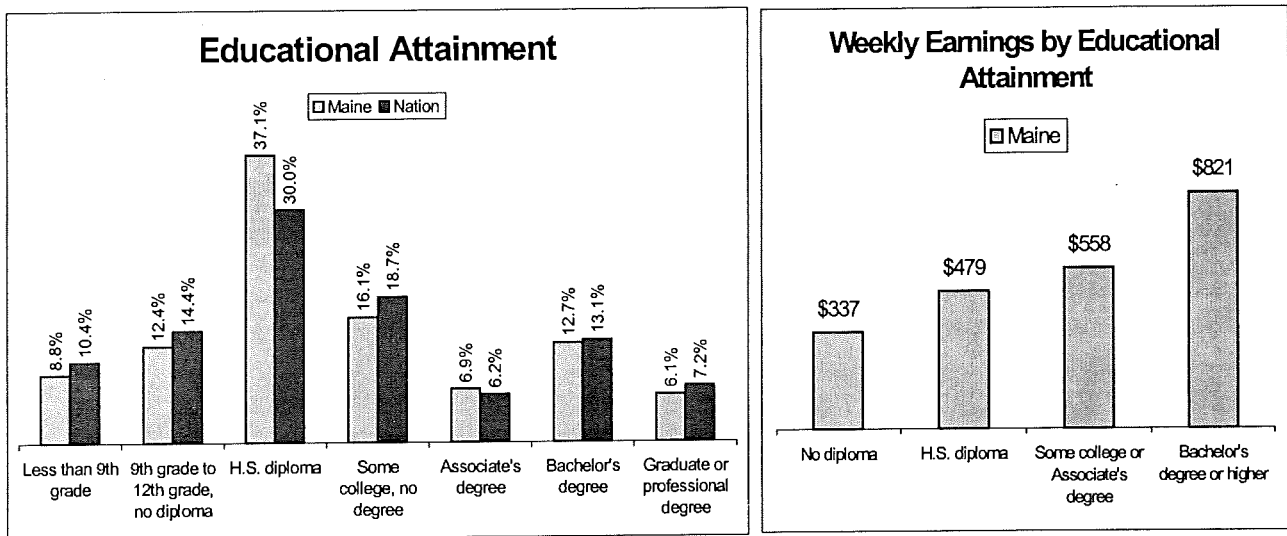
- ✓ **Creation of the Task Force to Study Equal Economic Opportunity for all areas of the State**
- ✓ **Creation of a Research and Development Task Force**
- ✓ **1998 Regional Conferences on Small Business**
- ✓ **Employment Tax Increment Financing**
- ✓ **Mature and Dominant Industries Program**
- ✓ **Maine's Science and Technology Action Plan**
- ✓ **Increased Access to Capital through the Community Development Block Grant Program**
- ✓ **Natural Gas Pipeline Investments**
- ✓ **Washington County Coordinated Economic Development Initiative**
- ✓ **State Government investments, through the use of bonding, in transportation, the environment, and Science and Technology**
- ✓ **FastTrac® Program**
- ✓ **University of Maine System's Greater Maine Initiative**
- ✓ **Washington County Welfare-to-Work Pilot Project**
- ✓ **Plus 1 Web Site**
- ✓ **Rural Business Development Projects**

EDUCATION – INITIATIVES TO BUILD A SMARTER WORKFORCE

In 1965, Ireland's total college enrollment was 18,500 people; today it is over 100,000. In 1981, they had 6,000 students in technical colleges; today, it's 30,000. And over this period, their economy has exploded—7% growth a year (compared to our 2%), an amazing 60% growth since 1990.

Maine is a leader in the country in high school completion, the first state in the country to have every school and library connected to the Internet, and is on its way to deploy of the nation's most advanced distance learning system. In 1997, the Legislature adopted the *Learning Results*, high standards for what our kids should know at each grade level--and we're testing to see if those standards are being met. Maine's eighth graders lead the nation and were second in the world in science, (Singapore was first), and were in the top ten in math. In the last couple of years, Maine's elementary and middle schools have been at the top of the class in the entire country in math, science, and reading.

In K-12, Maine is into implementation; the *Learning Results* are the road map that Maine has to follow. But in higher education, Maine is turning to innovation. On average, a person with a two-year degree earns 16% more than a high school graduate and a college degree earns 71% more. And what's true for people is true for states. The five richest states in America are the five with the most college graduates. Of the fifteen states in America with the highest incomes, 12 are also in the top 15 in college graduates. Today, about 60% of Maine students go on to some form of higher education. In order to raise this figure to 75%, twenty-five hundred more students, less than twenty additional students per high school, must go on to higher education.



Maine has private colleges, a widespread University system, seven technical colleges, a growing distance learning capability, a comprehensive system of adult education, and an array of job training programs. What's missing for the people of Maine is a low-cost, low-stress entry point into higher education. The University System and the Technical Colleges have embarked upon the creation of a system that will offer anyone in Maine the opportunity to obtain a two-year degree for as little as twenty-five hundred dollars a year (before any financial aid kicks in) at a site no more than 25 miles from their home. The credits that make up this Associate's Degree will be fully transferable to the University so that those students who get started, do well, and want to continue, can do so seamlessly. For the first time, there will be a comprehensive course catalog for all university and technical college offerings on the Internet. With these efforts, Maine will be able to offer the best educated, best trained, most flexible, and smartest work force around.

RESEARCH & DEVELOPMENT – EXPANDING AND DIVERSIFYING MAINE’S ECONOMY

It is no accident that the most dynamic economic growth areas in the country: Route 128 in Boston, Research Triangle in North Carolina, and Silicon Valley, are clustered around centers of research and development. Through investment in research and development, Maine can find new, innovative ways to utilize its natural resources to expand and diversify the economy. The development of laminated wood products, marine technology, biotechnology, and new products and processes based upon our agricultural heritage can come from our factories, labs and farms. Maine has its own research triangle, stretching from Orono, the flagship university campus, to Jackson Lab and the bio-tech centers growing on Mount Desert, to Portland's USM and Maine Medical Center. There is a small company in Orono with 29 employees called Sensor Research and Development. A company that spun out of the sensor lab at the University now does the most advanced work in the nation in the field of sensor technology.

The Maine Science and Technology Foundation is a state-chartered, nonprofit organization that stimulates economic growth in Maine through the practical application of science and technology in education, research, and business. In order to advance technology growth and investment in Maine, the Foundation has implemented two significant programs.

The Maine Experimental Program to Stimulate Competitive Research (EPSCoR) is a federal-state-industry partnership designed to enhance Maine’s science and engineering infrastructure. The EPSCoR program is overseen by a statewide steering committee of 17 individuals from Maine’s education, research, and business communities and State government. This statewide committee has invested \$7 million of State funds in building Maine’s research and development capacity, which has leveraged an additional \$22 million in federal, institutional and private sector funding.

The Maine Small Business Innovation Research (SBIR) Assistance Program. The federal SBIR program provides approximately \$1 billion annually to develop and commercialize new technologies that address specific needs. While several of Maine’s small firms have been successful in winning SBIR awards, more can be done to attract these federal research dollars. The Maine Science and Technology Foundation, in collaboration with private and public sector organizations, has developed the Maine SBIR Assistance Program. Under this program, small firms in Maine may receive technical assistance in writing quality SBIR proposals, help in making contacts with technical managers at participating federal agencies, and other services needed by small businesses to win federal SBIR awards. The Maine SBIR Assistance Program helps many struggling small businesses translate great ideas into new products and services.

The growth in Maine’s economy, 50,000 net new jobs in the last six years, has allowed us to do implement tax cuts of over three hundred million dollars a year. That growth has also allowed us to help the elderly with prescription drugs, and to extend health insurance coverage to thousands of Maine children. The problem is that increasing prosperity comes with a price, often paid in terms of quality of life. In the twenty years between 1970 and 1990, as much land went into development as had been developed in the entire prior 150-year history of the state. One aspect of this issue is the loss of access to Maine's woodland trails, lakes, streams, and the ocean. A decade ago, by an overwhelming majority, Maine voters established the Land for Maine's Future program and funded it by the passage of a thirty-five million-dollar bond issue. Guided by a citizen board and engaging only in willing buyer-willing seller transactions, over 60,000 acres of prime sites have been set aside for the people of Maine forever, including Mt. Kineo in Moosehead Lake, the bold coast at Cutler, the Kennebunk Plains, the Rapid River in Rangeley, and Grand Lake Stream. Maine must maintain the things that make it special, and at the same time, welcome the new century.

FINANCIAL INFORMATION

BUDGETARY CONTROL

The Governor presents a biennial budget for the General Fund and the Special Revenue Funds to the Legislature for enactment or revision. Effective November 27, 1995, a State Constitutional Amendment provided the Governor a "line item" veto. This allows an Executive dollar substitution for those amounts disapproved, as long as an appropriation or allocation is not increased (or a deappropriation or deallotment decreased) either in the specified line or in any other line in the legislative document.

Once passed and signed, the budget becomes the financial plan for the State for the next biennium. It includes proposed expenditures for all departments and agencies, interest and debt redemption charges, and expenditures for capital projects to be undertaken and executed during each fiscal year. The budget also includes anticipated revenues and any other means of financing expenditures. In accordance with statute, beginning in fiscal year 1998, the State Budget Officer must use the projections of the Revenue Forecasting Committee to prepare the General Fund and Highway Fund budgets.

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

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

The State uses encumbrance accounting as an extension of formal budgetary control. This requires that purchase orders, contracts, and other commitments be recorded to reserve a portion of an appropriation or allocation for expenditure. Appropriated and allocated balances are available for subsequent expenditure to the extent that encumbrances have been approved by the end of a fiscal year. The State reports encumbrances outstanding at year-end as reservations of fund balances to identify 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.

CASH POSITION

The State pools cash and cash equivalents for a variety of State agencies and public sector entities. Cash equivalents consist of short-term, highly liquid investments that are both readily convertible to known amounts of cash and are near maturity. Interest earned on pooled cash is allocated to the various funds, generally based on their average equity balances.

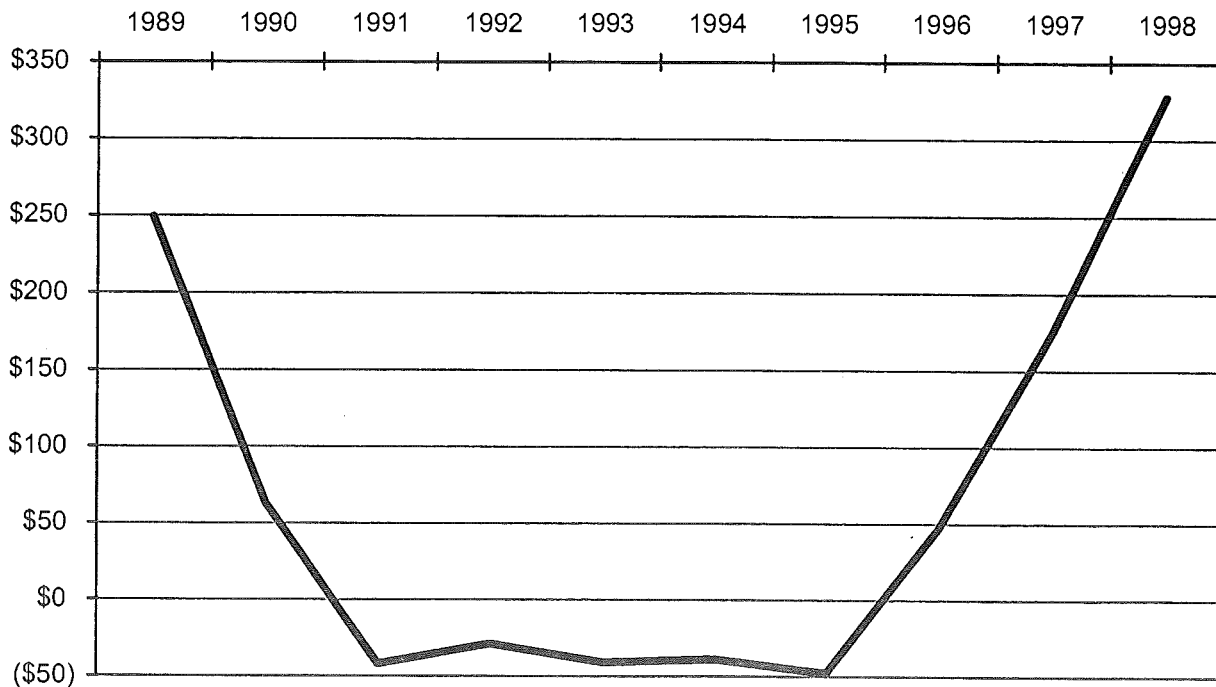
In accordance with statute, the Treasurer of State may deposit State funds in any of the banking institutions organized under the laws of this State, and any national bank or federal savings and loan association located in the State. The Treasurer of State may invest funds that exceed current obligations, with the concurrence of the State Controller or the Commissioner of Administrative and Financial Services, and the consent of the Governor. The list of approved investments includes: bonds, notes, certain obligations of the United States, certain secured repurchase agreements, prime commercial paper, tax-exempt obligations, banker's acceptances, and certain secured shares of an investment company registered under the federal Investment Company Act of 1940.

The following chart depicts the General Fund's share of the Treasurer's pooled cash and investment fund at the close of each of the last ten fiscal years.

General Fund Cash Position

1989 - 1998

(Dollars in Millions)



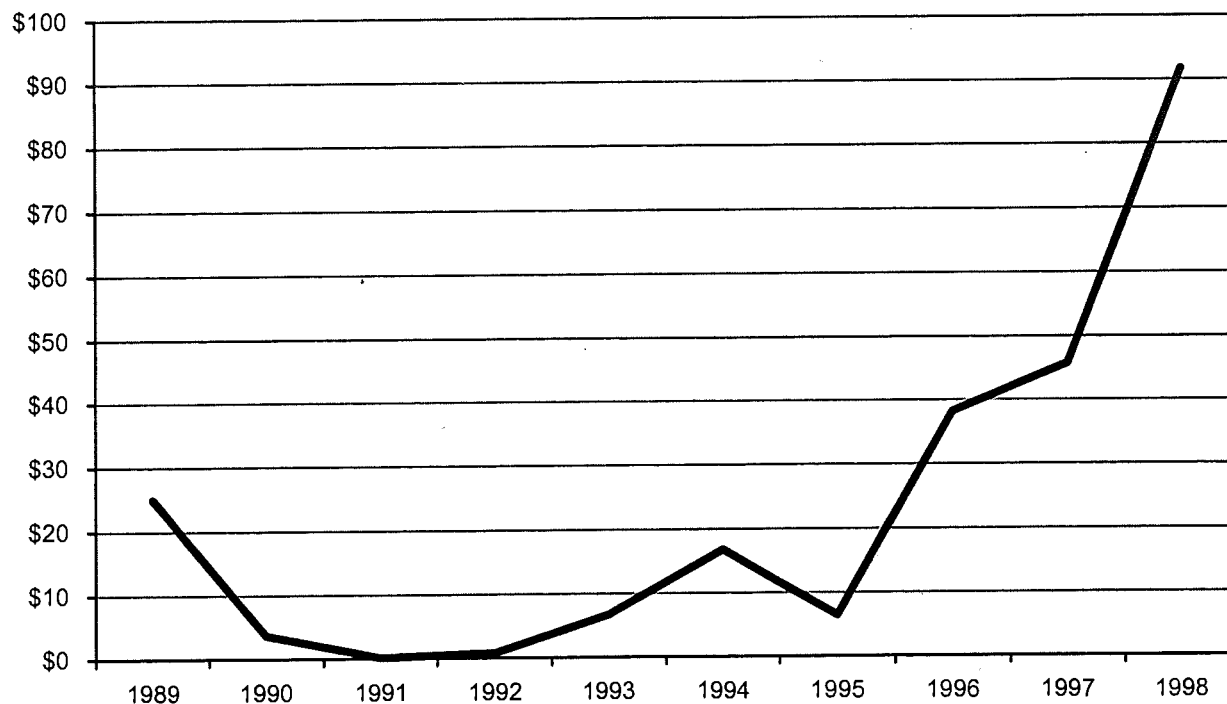
RAINY DAY FUND

The State of Maine reserves a portion of the General Fund's fund balance, referred to by law as the *Rainy Day Fund*. This reserve was created to fund potential operating deficits or other emergencies. Each year, the State transfers fifty percent of the excess of total General Fund revenues received, over accepted estimates, from the unappropriated surplus of the General Fund to the Rainy Day Fund. Upon recommendation by the Governor, and a 2/3 vote of the Legislature, appropriations from the fund may be made for prepayment of outstanding General Fund bonds or for major construction projects exceeding \$500 thousand.

Prior to fiscal year 1991, the Rainy Day Fund was limited to a fixed cap of \$25 million. In fiscal year 1991, the limit was tied to General Fund Revenues with a cap of four percent. The maximum amount that this fund may now carry, by law, is five percent of the total General Fund revenues received in the immediately preceding fiscal year.

The following chart shows the balance in the Rainy Day Fund at the close of each of the last ten fiscal years.

Rainy Day Fund Balance
1989 - 1998
(Dollars in Millions)



CREDIT RATINGS

When issuing General Obligation Bonds, the State of Maine pledges its full faith and credit to repay the financial obligation. Unless certain tax revenue streams are specifically restricted, states typically pledge all of their tax-raising powers to secure the obligations. The major bond rating agencies regularly assess the capacity and willingness of the State to repay its general obligation debt. Moody's Investors Service, Standard & Poor's, and Fitch IBCA, Inc., make their assessments, in large part, by examining four basic analytical areas:

- Economy
- Financial Performance and flexibility
- Debt burden, and
- Administration

The economic base is the most critical element in determining the rating. Growth and diversity in the demographics, tax base, and employment base of the State over the last decade are good indicators of future growth prospects and debt repayment capabilities. Generally, states with higher income levels and diverse economic bases have superior debt repayment capabilities and are better protected from sudden shocks or unexpected volatility in the economy. Because a strong economy does not always ensure a state's ability to meet debt payments, the state's financial management and performance are also key factors.

Financial analysis involves several factors, including: accounting and reporting methods; revenue and expenditure patterns; annual operating and budgetary performance; leverage and equity positions; budget and financial planning; and contingency obligations. These factors present a clearer indication of the financial strengths and weaknesses of the State. The rating agencies' analyses of these factors provide the framework for judging Maine's capacity to manage economic, political, and financial uncertainties. Following is a history of Maine's credit ratings from three of the major rating agencies, and a brief explanation of their meanings:

Maine Credit Ratings 1989 - 1998

	<u>Standard & Poor's</u>	<u>Moody's Investors Service</u>	<u>Fitch IBCA, Inc.</u>
1989	AAA	Aa1	
1990	AAA	Aa1	
1991	AA+	Aa1	
1992	AA+	Aa1	
1993	AA+	Aa	
1994	AA+	Aa	
1995	AA+	Aa	
1996	AA+	Aa	AA**
1997	AA+	Aa3*	AA
1998	AA+	Aa2	AA

* Refinement of Aa rating, not a downgrade

** Initial rating in 1996, not previously rated

Standard & Poor's

"AAA" is the highest Issuer Credit Rating assigned by Standard & Poor's. An obligor rated "AAA" has EXTREMELY strong capacity to meet its financial commitments. An obligor rated "AA" has VERY strong capacity to meet its financial commitments. It differs from the highest rated obligors only in small degree. Ratings from "AA" to "CCC" may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

Moody's Investors Service

Moody's long-term ratings measure total expected credit loss over the life of the security. In other words, they are an assessment of both (a) the likelihood that the issuer will default (i.e., miss payments), and (b) the amount of loss after a default occurs. For example, although the expected probability of default is the same for a given issuer, the expected post-default recovery for specific bonds may be higher or lower. Moody's is one of few major rating agencies using this total expected loss approach. Bonds that are rated "Aaa" are judged to be of the best quality. They carry the smallest degree of risk and are generally referred to as "gilt edge." Bonds that are rated "Aa" are judged to be of high quality by all standards. Together with the "Aaa" group they comprise what are generally known as high grade bonds. Moody's applies numerical modifiers 1, 2, and 3 in each generic rating classification from "Aa" to "Caa." The modifier 1 indicates that the issue ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates that the issue ranks in the lower end of its generic category.

Fitch IBCA, Inc.

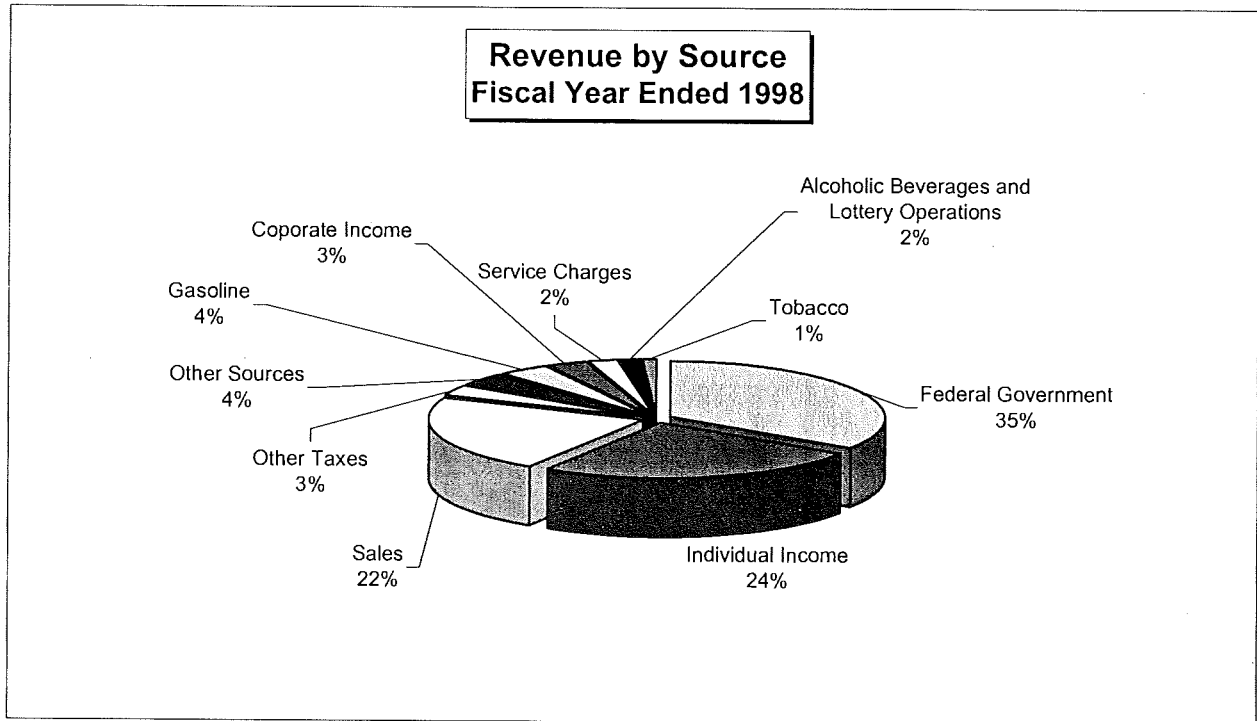
"AAA" indicates obligations which have the highest rating assigned by Fitch, IBCA on its national rating scale. The capacity for timely repayment of principal and interest is considered extremely strong. "AA" indicates obligations for which capacity for timely repayment of principal and interest is very strong. Obligations rated "A" indicate the capacity for timely repayment of principal and interest is strong relative to other obligors. However, adverse changes in business, economic or financial conditions are more likely to affect the capacity for timely repayment than for obligations in higher rated categories.

General Fund Revenue by Source

For the Fiscal Years 1998 and 1997

(Dollars Expressed in Thousands)

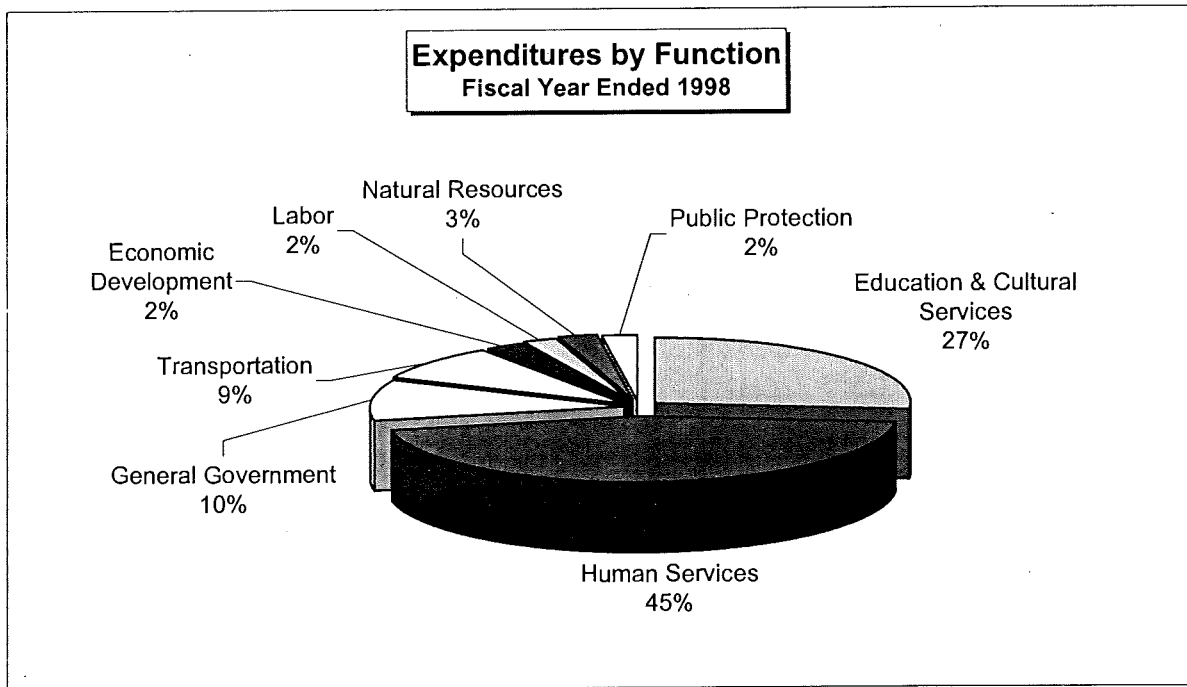
Revenue By Source			As Percent of Total		\$	%
	1998	1997	1998	1997	Incr (-Decr) from 1997	Incr (-Decr)
Taxes:						
Individual Income	\$952,728	\$771,847	22.4%	20.5%	\$180,881	19.0%
Sales	873,279	683,152	20.5%	18.2%	190,127	21.8%
Coporate Income	112,601	97,146	2.6%	2.6%	15,455	13.7%
Gasoline	153,213	147,896	3.6%	3.9%	5,317	3.5%
Tobacco	45,524	48,048	1.1%	1.3%	-2,524	-5.5%
Other Taxes	482,647	478,541	11.3%	12.7%	4,106	0.9%
Federal Government	1,335,165	1,221,712	31.3%	32.5%	113,453	8.5%
Service Charges	89,555	95,537	2.1%	2.5%	-5,982	-6.7%
Alcoholic Beverages and Lottery Operations	61,288	61,599	1.4%	1.6%	-311	-0.5%
Other Sources	156,446	151,080	3.7%	4.0%	5,366	3.4%
Total Revenues	\$4,262,446	\$3,756,558	100%	100%	\$505,888	58.0%



General Fund Expenditures by Function

For the Fiscal Years 1998 and 1997
(Dollars Expressed in Thousands)

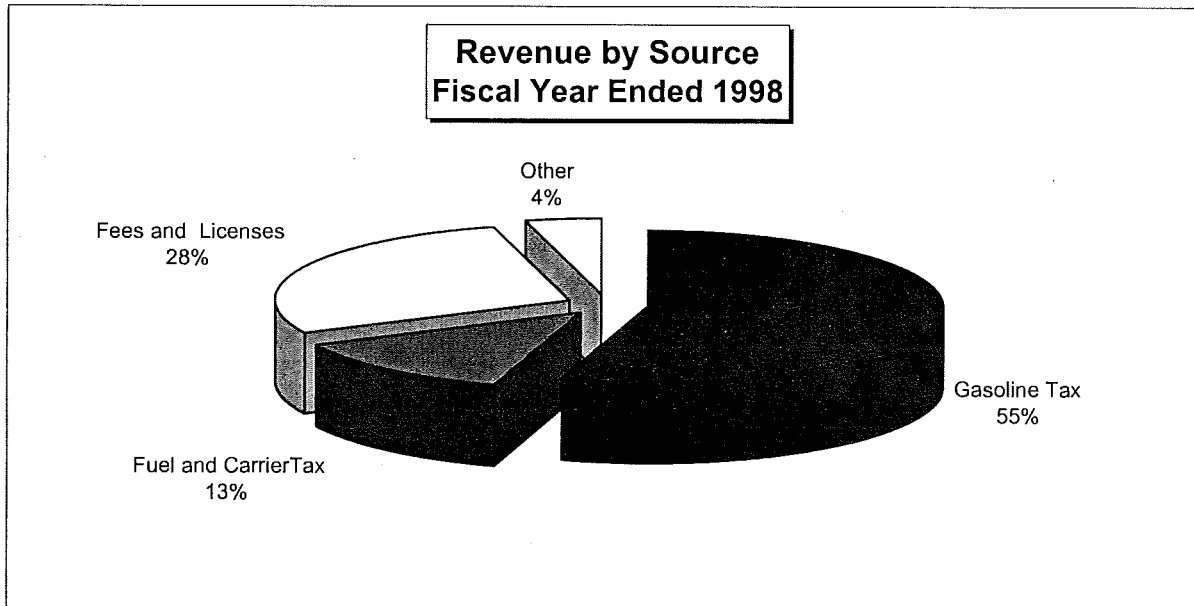
Expenditures by Function			As Percent of Total		\$	%
	1998	1997	1998	1997	Incr (-Decr) from 1997	Incr (-Decr)
Economic Development	\$94,459	\$94,543	2.4%	2.5%	(\$84)	-0.1%
Education & Cultural Services	1,060,406	985,952	26.8%	26.5%	74,454	7.0%
General Government	389,468	365,027	9.8%	9.8%	24,441	6.3%
Human Services	1,792,527	1,680,462	45.3%	45.1%	112,065	6.3%
Labor	83,613	77,794	2.1%	2.1%	5,819	7.0%
Natural Resources	103,908	107,109	2.6%	2.9%	(3,201)	-3.1%
Public Protection	86,748	63,357	2.2%	1.7%	23,391	27.0%
Transportation	347,227	353,030	8.8%	9.5%	(5,803)	-1.7%
Total Expenditures	\$3,958,357	\$3,727,274	100%	100%	\$231,083	48.6%



Highway Fund Revenue by Source

For the Fiscal Years 1998 and 1997
(Dollars Expressed in Thousands)

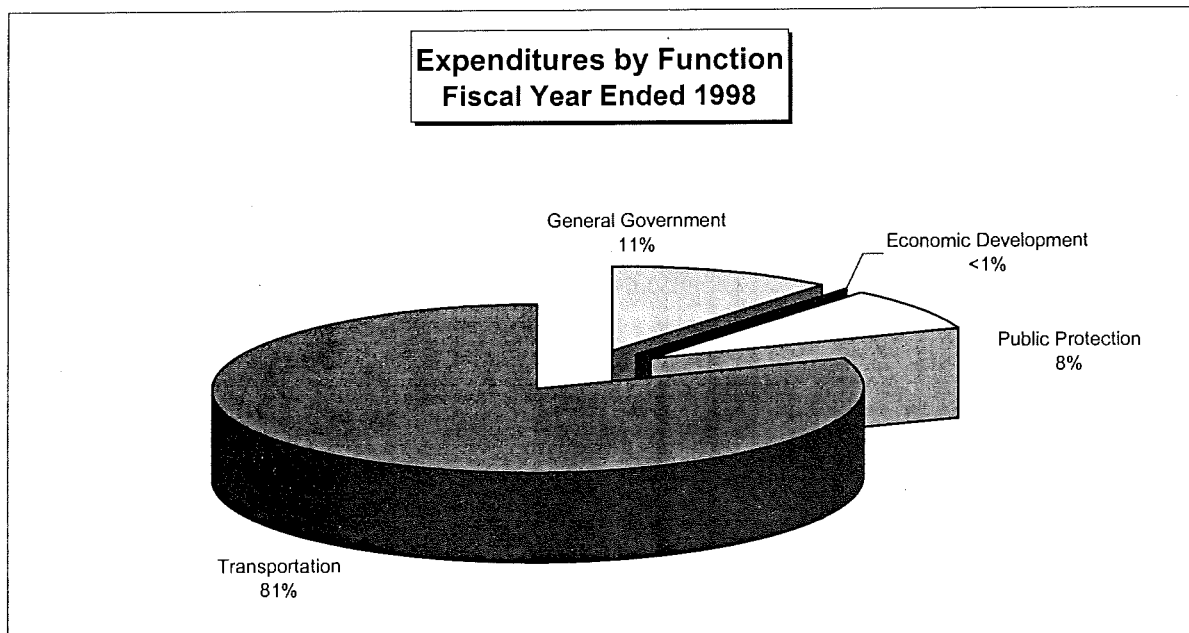
Revenue By Source			As Percent of Total		\$	%
	1998	1997	1998	1997	Incr (-Decr) From 1997	Incr (-Decr)
Gasoline Tax	\$121,456	\$118,472	55%	54%	\$2,984	2%
Fuel and Carrier Tax	28,894	26,706	13%	12%	2,188	8%
Fees and Licenses	62,387	61,804	28%	28%	583	1%
Other	9,140	13,961	4%	6%	(4,822)	(53%)
Total Revenues	\$221,876	\$220,943	100%	100%	\$934	(42%)



Highway Fund Expenditures by Function

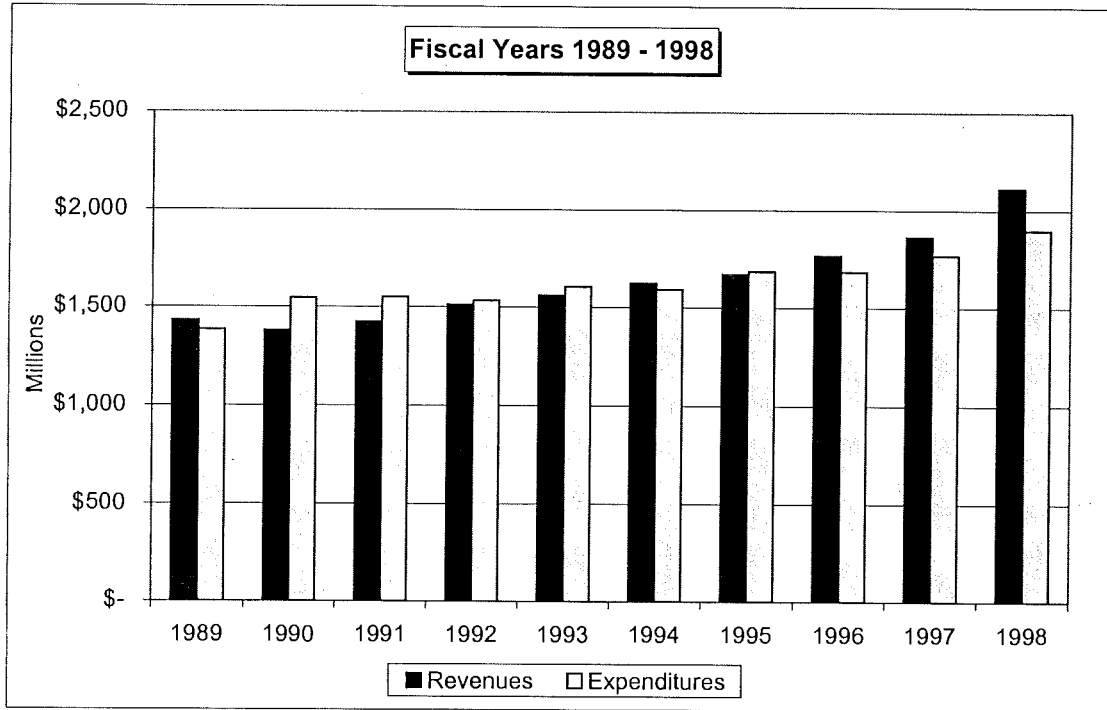
For the Fiscal Years 1998 and 1997
(Dollars Expressed in Thousands)

Expenditures by Function	1998	1997	As Percent of Total		\$ Incr (-Decr) From 1997	% Incr (-Decr)
			1998	1997		
General Government	\$23,076	\$23,999	11.1%	9.9%	(\$923)	-4.0%
Economic Development	1	162	0.0%	0.1%	(161)	-13416.3%
Public Protection	17,616	22,759	8.4%	9.4%	(5,142)	-29.2%
Transportation	168,123	195,215	80.5%	80.6%	(27,093)	-16.1%
Total Expenditures	\$208,817	\$242,135	100%	100%	(\$33,318)	-16.0%



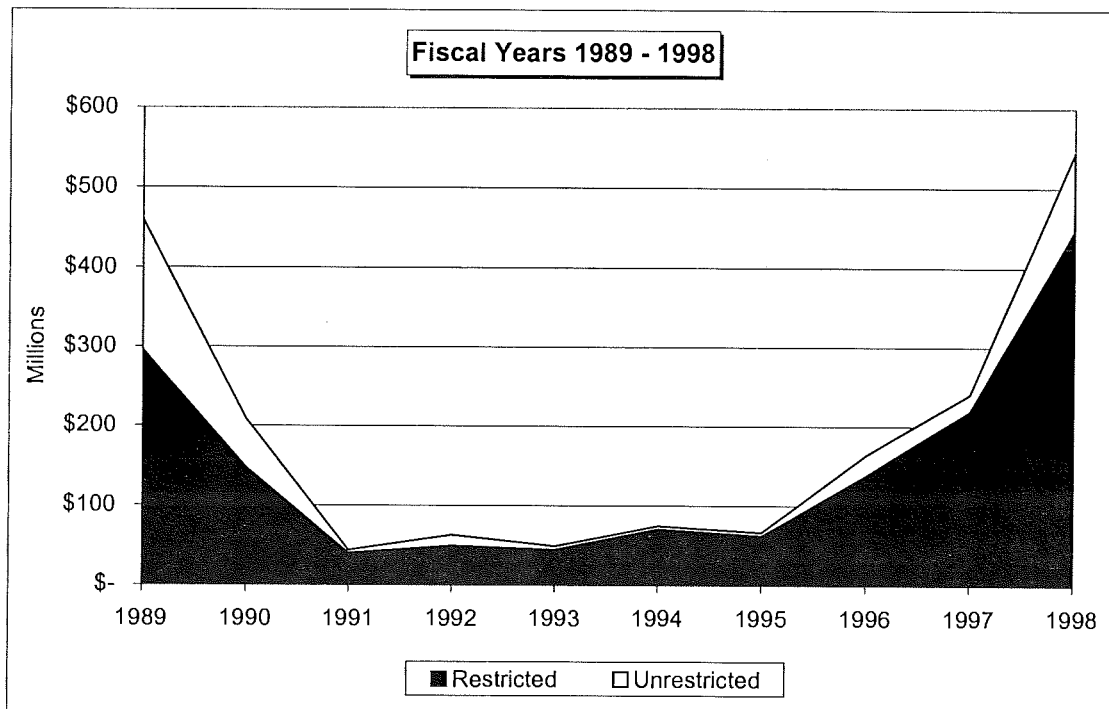
General Fund

Revenues and Expenditures



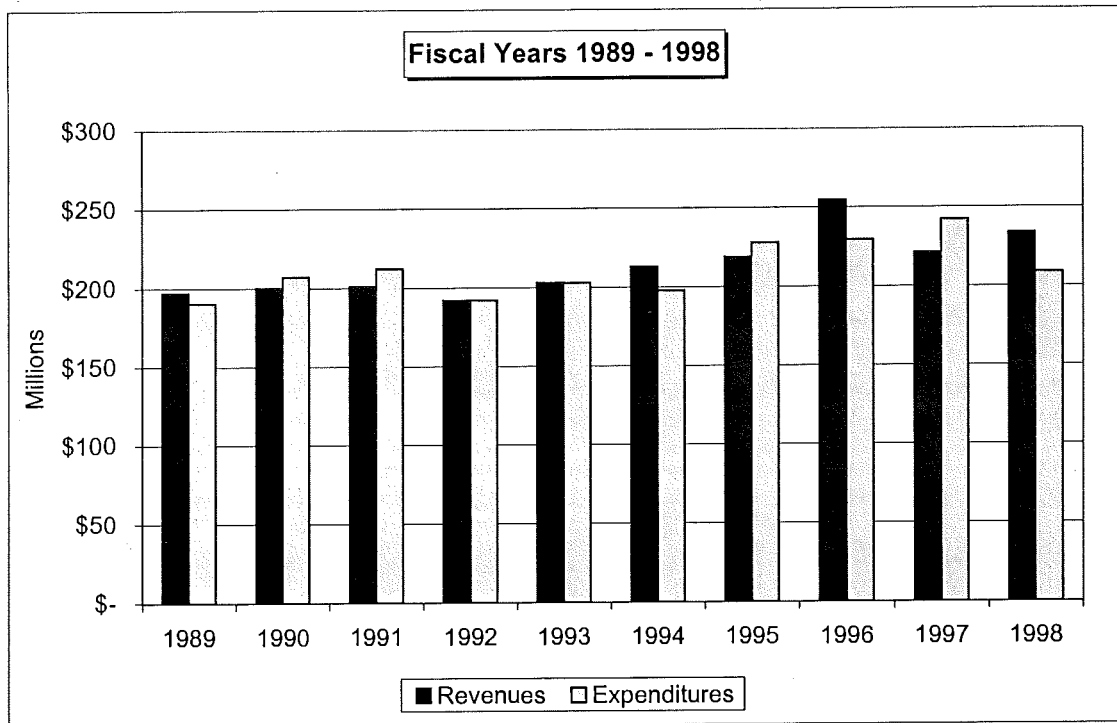
General Fund

Restricted & Unrestricted Fund Balance



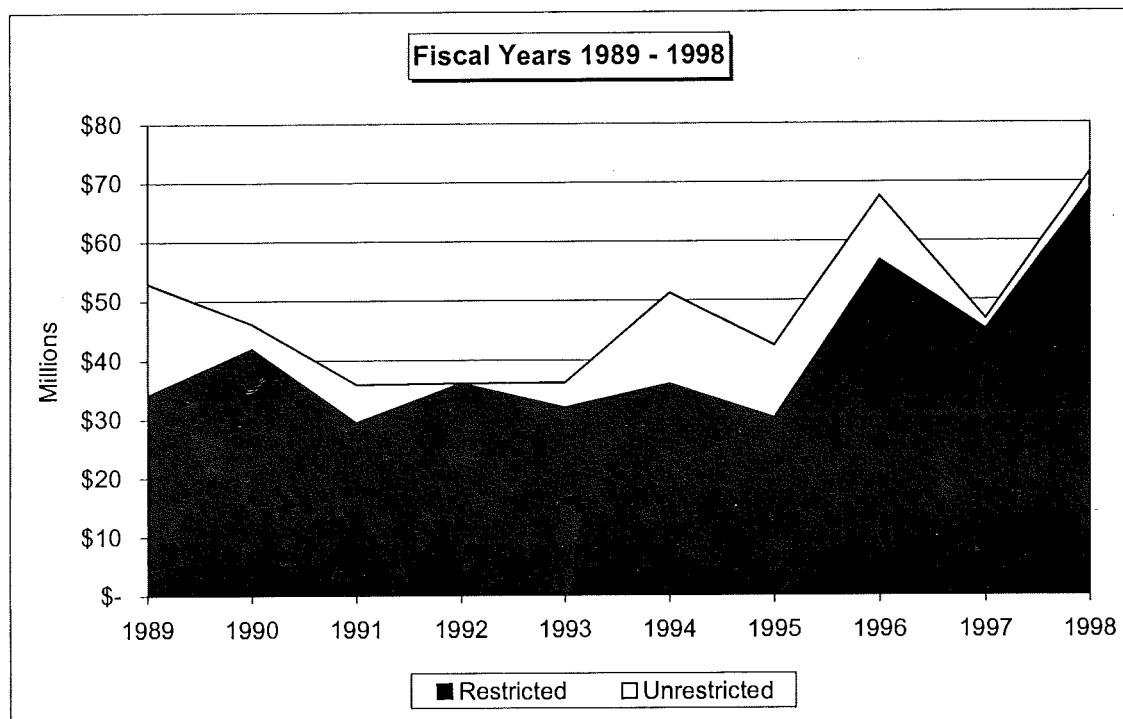
Highway Fund

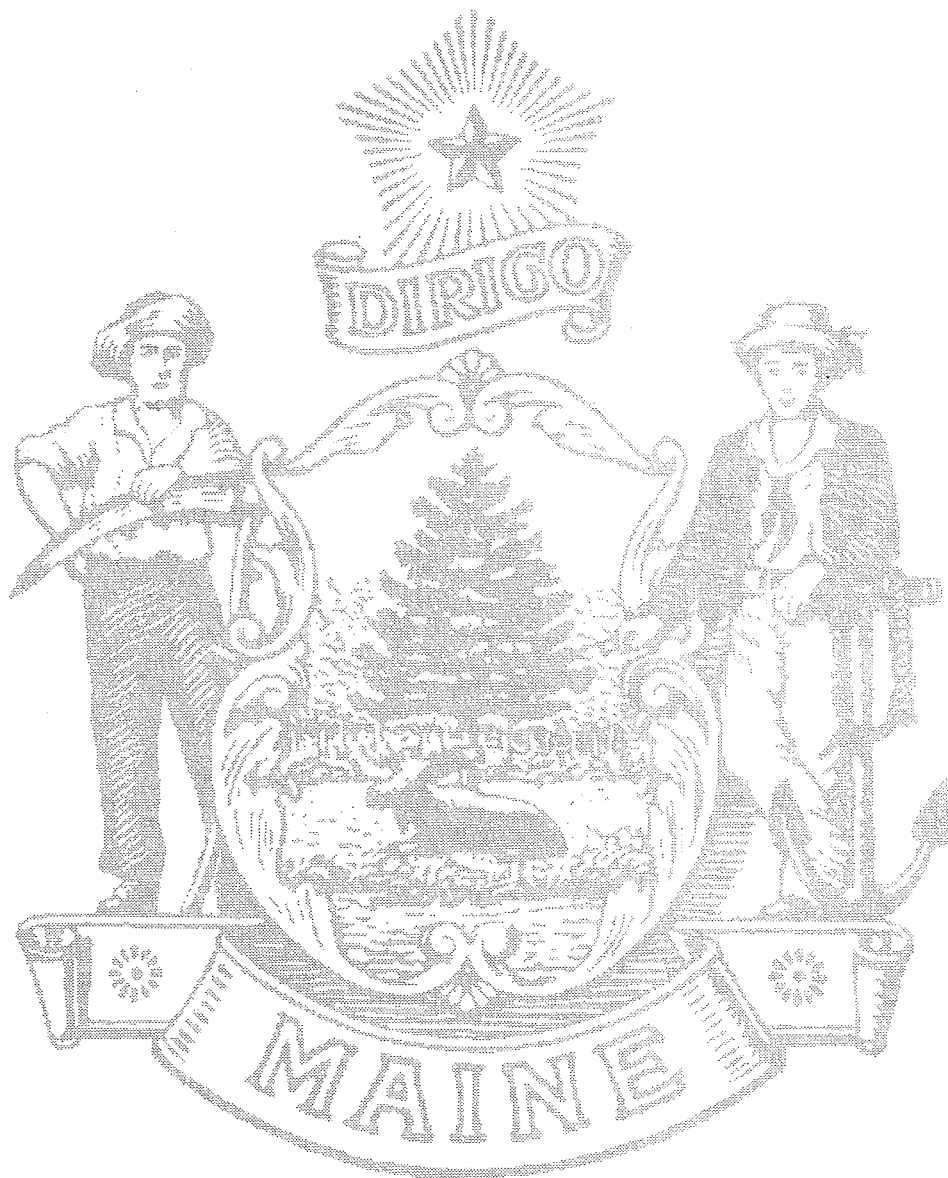
Revenues and Expenditures



Highway Fund

Restricted & Unrestricted Fund Balance





FINANCIAL

SECTION

STATE OF MAINE

INDEX TO THE BUDGETARY FINANCIAL STATEMENTS

PAGE

General Purpose Financial Statements

Combined Balance Sheet - All Funds.....	26
Combined Statement of Revenues, Resources, Expenditures and Changes in Fund Balances -Governmental Funds.....	28
Comparative Statement of Revenues, Resources and Expenditures, General Fund, Highway Fund and Other Special Revenue Funds Actual vs. Budget - Governmental Funds.....	30
Combined Summary of Appropriation Accounts Showing Detail of Amounts Available, Expenditures and Disposition of Balances – Governmental Funds.....	32
Combined Statement of Expenditures by Character and Object – Governmental Funds.....	40

Financial Statements - Governmental Funds

General Fund.....	41
Highway Fund.....	59
Other Special Revenue Funds.....	67
Capital Projects Fund.....	83
Debt Service Funds.....	89

Financial Statements – Proprietary Funds

Enterprise Funds.....	93
Internal Service Funds.....	99

Financial Statements - Trust and Agency Funds.....

Expendable Trust Funds.....	107
Nonexpendable Trust Funds.....	109
Agency Funds.....	111

Financial Statement – Account Group

General Long- Term Obligations.....	113
-------------------------------------	-----

EXHIBIT I

ALL FUNDS

COMBINED BALANCE SHEET

For the Year Ended June 30, 1998

	Governmental Funds				
	Total (Memorandum) (Only)	General Fund	Highway Fund	Other Special Revenue	Capital Projects
ASSETS					
Equity in Treasurer's Cash Pool	\$648,296,899	\$327,787,650	\$55,000,792	\$136,425,010	\$69,148,975
Cash - Other	22,217,545	16,922,370	3,830,869	31,820	-
Investments	41,050,337	-	-	-	-
Investment of Deferred Compensation	159,969,572	-	-	-	-
Assets held in Trust	38,159,532	-	-	-	-
Deposits with United States Treasury	159,916,260	-	-	-	-
Accounts, Notes, and Grants Receivable, Net of Reserves for Uncollectible					
Accounts	197,999,523	119,860,377	1,474,350	53,372,397	-
Due from Other Funds	30,374,760	7,315,850	5,047	14,123,863	-
Inventories	7,433,634	-	-	-	-
Working Capital Advances to Other Funds	15,641,790	2,177,261	13,464,529	-	-
Prepaid Expenses and Other Assets	4,923,443	47,889	443,699	1,899,316	-
Land, Buildings and Equipment	95,281,025	-	-	-	-
Amount Available in Debt Service Funds	1,538,912	-	-	-	-
Amount to be Provided for Retirement of General Long Term Obligations	476,506,088	-	-	-	-
TOTAL ASSETS	\$1,899,309,320	\$474,111,397	\$74,219,286	\$205,852,406	\$69,148,975
LIABILITIES AND EQUITY					
LIABILITIES					
Accounts Payable	47,074,339	14,195,711	2,375,175	13,550,944	2,977,723
Due to Other Funds	17,693,126	12,926,673	-	-	-
Other Liabilities	329,301,478	1,097,429	248,399	2,818,755	-
Bonds Payable	478,060,000	-	-	-	-
Working Capital Advances Payable	16,282,747	-	-	891,261	-
TOTAL LIABILITIES	\$888,411,690	\$28,219,813	\$2,623,574	\$17,260,960	\$2,977,723
EQUITY					
Investments in General Fixed Assets	-	-	-	-	-
Reserved for Unemployment	-	-	-	-	-
Reserved for Expendable Trusts	-	-	-	-	-
Reserved for Encumbrances	83,317,062	23,136,589	6,303,428	48,246,790	5,630,255
Reserved for Authorized Expenditures	302,443,844	51,719,495	48,299,784	140,344,656	60,540,997
Reserve for Utility Loans	431,779	-	431,779	-	-
Working Capital Advances to Other Funds	15,641,789	2,177,261	13,464,528	-	-
Designated for Other Purposes	24,855,379	24,855,379	-	-	-
Reserves for Future Benefits	212,159,816	-	-	-	-
Rainy Day Fund	91,690,842	91,690,842	-	-	-
Tax Relief for Maine Residents	154,045,354	154,045,354	-	-	-
Contributed Capital	70,494,595	-	-	-	-
Retained Earnings	(45,545,687)	-	-	-	-
Unappropriated Surplus	101,362,857	98,266,664	3,096,193	-	-
TOTAL EQUITY	1,010,897,630	445,891,584	71,595,712	188,591,446	66,171,252
TOTAL LIABILITIES AND EQUITY	\$1,899,309,320	\$474,111,397	\$74,219,286	\$205,852,406	\$69,148,975

Other Funds				Account Group
Debt Service	Enterprise Funds	Internal Service Funds	Trust and Agency	General Long - Term Obligations
\$1,538,913	\$12,586,676	\$33,941,794	\$11,867,089	\$ -
655,957	-	775,015	1,514	-
-	-	-	41,050,337	-
-	-	-	159,969,572	-
-	-	-	38,159,532	-
-	-	-	159,916,260	-
-	16,261,873	1,999,260	5,031,266	-
-	3,383	8,903,426	23,191	-
-	3,055,190	4,377,943	501	-
-	-	-	-	-
-	100,668	577,110	1,854,761	-
-	52,283,895	42,997,130	-	-
-	-	-	-	1,538,912
-	-	-	-	476,506,088
<u>\$2,194,870</u>	<u>\$84,291,685</u>	<u>\$93,571,678</u>	<u>\$417,874,023</u>	<u>\$478,045,000</u>
-	6,273,146	7,036,911	664,729	-
-	1,312,695	3,453,758	-	-
-	9,570,420	110,516,997	205,049,478	-
15,000	-	-	-	478,045,000
640,958	1,000,000	13,750,528	-	-
<u>655,958</u>	<u>18,156,261</u>	<u>134,758,194</u>	<u>205,714,207</u>	<u>478,045,000</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,538,912	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	212,159,816	-
-	-	-	-	-
-	-	-	-	-
-	54,394,263	16,100,332	-	-
-	11,741,161	(57,286,848)	-	-
-	-	-	-	-
<u>1,538,912</u>	<u>66,135,424</u>	<u>(41,186,516)</u>	<u>212,159,816</u>	<u>-</u>
<u>\$2,194,870</u>	<u>\$84,291,685</u>	<u>\$93,571,678</u>	<u>\$417,874,023</u>	<u>\$478,045,000</u>

GOVERNMENTAL FUNDS

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

For the Year Ended June 30, 1998

	Total (Memorandum) (Only)	General Fund
REVENUES		
Taxes		
Individual Income Tax	\$952,727,500	\$907,981,057
Sales and Use Tax	873,279,019	833,755,683
Gross Receipts Tax	-	-
Gasoline, Use Fuel and Motor Carrier Tax	153,212,919	-
Corporate Income Tax	112,601,001	107,375,484
Vehicle Registration and Drivers Licenses	62,387,018	-
Cigarette Tax	45,524,322	45,524,322
Insurance Tax	58,248,377	39,153,287
Public Utilities Tax	36,125,190	29,334,895
Hunting, Fishing and Related Licenses	14,063,498	13,838,407
Unorganized Territories Tax	13,081,794	8,725,314
Other	298,740,793	82,800,648
Total Taxes	2,619,991,431	2,068,489,097
Income from Investments	19,357,581	12,145,209
From Federal Government	1,335,164,933	5,425,165
From Cities Towns and Counties	6,057,098	84,664
Service Charge for Current Services	89,555,031	14,363,203
Transferred from Bureau of Alcoholic Beverages	20,546,162	20,546,162
Transferred from Lottery Commission	40,742,121	40,742,121
Other Revenues	131,031,325	44,369,107
Total Taxes	1,642,454,251	137,675,631
TOTAL REVENUES	4,262,445,682	2,206,164,728
OTHER FINANCING SOURCES (USES)		
Proceeds of General Obligation Bonds	84,500,000	-
Transfer for Revenue Sharing	(94,304,723)	(94,304,723)
Other	9,907,105	1,468,506
TOTAL REVENUES AND RESOURCES	4,262,548,064	2,113,328,511
EXPENDITURES		
General Government	389,468,411	241,436,887
Economic Development	94,459,297	31,587,061
Education and Culture	1,060,406,425	964,505,781
Human Services	1,792,527,034	578,090,511
Labor	83,612,801	13,020,653
Natural Resources	103,907,802	40,458,815
Public Protection	86,748,054	22,759,747
Transportation	347,227,493	6,513,566
TOTAL EXPENDITURES	3,958,357,317	1,898,373,021
EXCESS REVENUES AND RESOURCES OVER (under) EXPENDITURES	304,190,747	214,955,490
FUND EQUITY JULY 1, 1997	440,947,747	215,198,522
FUND EQUITY JUNE 30, 1998	\$745,138,494	\$430,154,012

Highway Fund	Other Special Revenue	Capital Projects	Debt Service
\$ -	\$44,746,443	\$ -	\$ -
-	39,523,336	-	-
-	-	-	-
150,349,644	2,863,275	-	-
-	5,225,517	-	-
62,387,018	-	-	-
-	-	-	-
-	19,095,090	-	-
-	6,790,295	-	-
-	225,091	-	-
-	4,356,480	-	-
548,407	215,391,738	-	-
213,285,069	338,217,265	-	-
1,521,246	2,773,639	16,312	2,901,175
-	1,329,739,768	-	-
-	5,972,434	-	-
5,145,263	69,692,899	-	353,666
-	-	-	-
-	-	-	-
1,924,693	84,737,525	-	-
8,591,202	1,492,916,265	16,312	3,254,841
221,876,271	1,831,133,530	16,312	3,254,841
-	-	84,500,000	-
-	-	-	-
11,828,616	1,331,239	9,550	(4,730,806)
233,704,887	1,832,464,769	84,525,862	(1,475,965)
22,962,630	114,398,864	10,670,030	-
115,028	62,757,208	-	-
-	94,482,192	1,418,452	-
-	1,214,137,931	298,592	-
-	70,592,148	-	-
-	50,158,219	13,290,768	-
17,616,452	46,371,855	-	-
168,122,933	129,697,848	42,893,146	-
208,817,043	1,782,596,265	68,570,988	-
24,887,844	49,868,504	15,954,874	(1,475,965)
46,707,868	125,810,102	50,216,378	3,014,877
\$71,595,712	\$175,678,606	\$66,171,252	\$1,538,912

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, 1998

	General Fund	
	Actual	Budget
REVENUES		
Taxes	\$1,960,345,966	\$1,793,344,907
Fines, Forfeits and Penalties	24,852,353	22,261,780
Hunting and Fishing Licenses and Fees	13,838,407	13,950,813
Income from Investments	12,145,209	1,776,409
Intergovernmental Revenue	5,509,829	8,618,180
Revenue from Private Sources	1,961,750	1,388,000
Charges for Current Services	14,363,203	15,456,165
Transferred from Bureau of Alcohol Beverages	20,546,162	21,256,837
Transferred from Lottery Commission	40,742,121	37,637,870
Other Revenues	17,555,005	85,900
TOTAL REVENUES	2,111,860,005	1,915,776,861
OTHER FINANCING RESOURCES (uses)	17,206,078	11,887,453
TOTAL REVENUES AND RESOURCES	2,129,066,083	1,927,664,314
EXPENDITURES		
General Government	241,436,887	251,218,491
Economic Development	31,587,061	32,506,945
Education and Culture	964,505,781	969,949,382
Human Services	578,090,511	612,562,604
Labor	13,020,653	16,746,655
Natural Resources	40,458,815	42,807,693
Public Protection	22,759,747	24,529,144
Transportation	6,513,566	7,073,883
TOTAL EXPENDITURES	1,898,373,021	1,957,394,797
EXCESS RESOURCES OVER (under) EXPENDITURES	230,693,062	(29,730,483)
FUND EQUITY JULY 1, 1997	215,198,522	215,198,522
FUND EQUITY JUNE 30, 1998	\$445,891,584	\$185,468,039

Highway Fund		Other Special Revenue Fund	
Actual	Budget	Actual	Budget
\$213,285,069	\$206,785,531	\$338,217,265	\$307,864,837
1,766,368	1,900,000	4,502,158	3,319,384
-	-	-	-
1,521,246	1,300,000	2,773,639	1,572,325
-	-	1,335,712,202	1,650,389,146
-	-	94,508,328	92,054,854
5,145,263	5,507,774	69,692,899	81,521,264
-	-	-	-
-	-	-	-
158,326	439,000	(14,272,961)	8,636,940
221,876,272	215,932,305	1,831,133,530	2,145,358,750
11,828,616	-	1,331,239	-
233,704,888	215,932,305	1,832,464,769	2,145,358,750
22,962,630	25,746,506	114,398,864	136,180,277
115,028	1,199	62,757,208	91,916,636
-	-	94,482,192	106,983,330
-	-	1,214,137,931	1,328,511,757
-	-	70,592,148	112,436,403
-	-	50,158,219	81,433,847
17,616,452	19,566,745	46,371,855	59,941,036
168,122,933	200,223,756	129,697,848	197,140,925
208,817,043	245,538,206	1,782,596,265	2,114,544,211
24,887,845	(29,605,901)	49,868,504	30,814,539
46,707,868	46,707,868	125,810,102	125,810,102
\$71,595,713	\$17,101,967	\$175,678,606	\$156,624,641

GOVERNMENTAL FUNDS

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

For the Year Ended June 30, 1998

	Balance Forward July 1, 1997 (Adjusted)	Legislative
GENERAL GOVERNMENT		
Attorney General	\$2,157,509	\$8,800,194
State Auditor	180,177	1,377,071
Executive Department	9,504,892	4,132,931
Department of Administration & Financial Services	30,559,470	93,313,442
Tax Relief Programs	8,942,404	40,867,703
Compensation and Benefit Plans	650,000	4,339,553
Judicial	1,100,245	35,042,315
Legislature	692,747	15,443,694
Secretary of State	3,400,887	25,049,885
Treasurer of State	1,320	1,080,175
Debt Service - General Fund	-	71,124,172
Municipal Revenue Sharing	150	-
Capital Projects	6,413,867	-
Other	949,980	6,306,047
TOTAL GENERAL GOVERNMENT	64,553,648	306,877,182
ECONOMIC DEVELOPMENT		
Department of Agriculture, Food & Rural Resources	4,032,072	7,820,115
Department of Economic and Community Development	2,845,618	7,214,666
Department of Marine Resources	3,003,638	7,119,614
Department of Professional & Financial Regulation	15,643,605	-
Finance Authority of Maine	40	9,793,394
Independent Agencies	10,566,557	900,000
Other	3,858,126	-
TOTAL ECONOMIC DEVELOPMENT	39,949,656	32,847,789
EDUCATION AND CULTURAL SERVICES		
Department of Education		
Administration	426,591	11,211,105
General Purpose Aid for Local Schools	647,417	556,290,235
Teachers Retirement	-	151,539,355
Governor Baxter School for the Deaf	217,964	4,609,464
Local School Nutrition Program	76,085	-
Education in Unorganized Territory	369,046	9,422,882
Capital Projects	6,132,563	-
Other Programs	624,006	17,111,780
Total Department of Education	8,493,672	750,184,821
Cultural Agencies		
Maine State Museum	56,797	1,015,024
Maine State Library	125,570	2,389,745
Maine Arts Commission	101,144	523,458
Maine Historical Society	-	24,761
Maine Historic Preservation Commission	83,071	227,960

Revenues Transfers and Other Resources	Total Available	Expenditures	Unexpended Balance June 30, 1998	
			Lapsed	Carried
\$6,393,729	\$17,351,432	\$14,441,116	\$50,025	\$2,860,291
784,833	2,342,081	2,014,919	115,445	211,718
3,769,353	17,407,175	8,558,793	167,820	8,680,563
(25,937,289)	97,935,623	52,770,503	7,614,616	37,550,505
(122,585)	49,687,522	45,858,393	767,847	3,061,281
(1,962,921)	3,026,632	-	-	3,026,632
2,447,554	38,590,114	38,056,796	13,795	519,524
1,748,772	17,885,213	15,978,907	969	1,905,337
2,280,669	30,731,441	25,716,659	64,022	4,950,760
-	1,081,495	1,012,578	22,546	46,370
4,159,000	75,283,172	75,283,056	116	-
89,495,308	89,495,458	89,494,820	-	638
433,067	6,846,934	1,670,030	-	5,176,904
1,077,242	8,333,268	7,495,514	25,009	812,745
84,566,731	455,997,561	378,352,083	8,842,210	68,803,268
9,754,250	21,606,437	17,915,057	247,110	3,444,270
15,993,167	26,053,451	23,432,358	41,503	2,579,590
4,390,832	14,514,084	10,986,649	87,692	3,439,744
15,440,804	31,084,409	12,866,007	-	18,218,402
-	9,793,434	9,793,394	-	40
20,390,723	31,857,280	17,906,342	-	13,950,938
9,508,277	13,366,403	10,445,662	-	2,920,741
75,478,053	148,275,498	103,345,468	376,305	44,553,725
4,081,429	15,719,125	14,543,985	73,131	1,102,009
39,226,419	596,164,071	595,846,013	-	318,058
-	151,539,355	151,539,355	-	-
89,553	4,916,981	4,616,689	123,077	177,215
21,553,195	21,629,280	21,515,207	-	114,073
213,396	10,005,324	8,035,699	-	1,969,624
4,999,993	11,132,556	1,418,452	-	9,714,104
66,915,522	84,651,308	83,176,890	11,352	1,463,065
137,079,507	895,758,000	880,692,290	207,561	14,858,149
206,727	1,278,549	1,187,819	112	90,618
689,672	3,204,987	3,029,555	19,748	155,684
283,503	908,105	855,974	2,429	49,703
-	24,761	24,761	-	-
744,208	1,055,239	904,972	3	150,264

EXHIBIT IV

GOVERNMENTAL FUNDS

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

For the Year Ended June 30, 1998

	Balance Forward July 1, 1997 (Adjusted)	Legislative
State Historian	996	496
Independent Agencies		
University of Maine	-	138,665,672
Maine Maritime Academy	-	6,635,629
Maine Vocational Technical College System	-	30,125,533
TOTAL EDUCATION AND CULTURAL SERVICES	8,861,251	929,793,099
 HUMAN SERVICES		
Department of Human Services		
Administration	1,611,983	36,774,956
Medical Payments	5,240,613	169,692,165
Temporary Assistance for Needy Families	7,140,781	23,088,314
General Assistance	367,600	5,434,670
Purchased Services	2,922,139	29,083,167
Child Welfare Services	2,346,331	21,679,332
Other	9,172,183	53,119,329
Total Department of Human Services	28,801,629	338,871,933
Department of Mental Health, Mental Retardation and Substance Abuse Services		
Departmental Operations	176,163	6,512,626
Augusta Mental Health Institute	1,117,279	6,827,618
Consent Decree Reinvestment	-	-
Bangor Mental Health Institute	2,341,857	8,350,801
Medicaid Match	389,461	40,417,009
Pineland Center	15,611	1,138,586
Community Mental Retardation Service	3,940,706	16,956,617
Community Mental Health Programs	11,621,114	49,188,405
Office of Substance Abuse	1,643,855	7,130,473
Capital Projects		
Other	3,118,583	22,346,376
Total Department of Mental Health, Mental Retardation and Substance Abuse Services	24,364,629	158,868,511
Department of Corrections		
Administration	28,590	2,977,291
State Prison	465,512	21,030,897
Maine Correctional Center	170,937	12,117,261
Maine Youth Center - South Portland	220,921	10,801,919
Downeast & Charleston Correctional Center	12,752	3,538,257
Probation and Parole	1,241	6,757,838
Capital Projects	919,893	-
Other	3,009,067	14,440,319
Total Department of Corrections	4,828,913	71,663,782

Revenues Transfers and Other Resources	Total Available	Expenditures	Unexpended Balance June 30, 1998	
			Lapsed	Carried
-	1,492	8	-	1,484
-	138,665,672	138,665,672	-	-
-	6,635,629	6,635,629	-	-
514,369	30,639,902	30,639,902	-	-
139,517,986	1,078,172,336	1,062,636,582	229,852	15,305,903
19,667,544	58,054,483	56,840,850	58,373	1,155,259
832,897,988	1,007,830,766	1,015,004,403	1,634	(7,175,271)
117,241,480	147,470,575	130,212,519	-	17,258,056
-	5,802,270	5,382,153	338,369	81,748
52,499,915	84,505,221	77,943,264	354,989	6,206,968
13,975,685	38,001,348	36,829,529	-	1,171,819
128,305,816	190,597,328	175,056,403	1,032,554	14,508,371
1,164,588,428	1,532,261,990	1,497,269,121	1,785,918	33,206,951
61,632	6,750,421	6,687,573	7,692	55,156
16,710,558	24,655,455	22,355,091	-	2,300,364
-	-	-	-	-
18,823,270	29,515,928	25,470,145	-	4,045,783
2,403,752	43,210,222	40,939,127	-	2,271,095
117,618	1,271,815	1,267,775	42	3,998
(2,166,000)	18,731,323	16,424,140	-	2,307,183
1,310,807	62,120,326	53,360,833	-	8,759,493
10,008,501	18,782,829	18,645,652	36,967	100,209
-	-	-	-	-
8,693,423	34,158,382	31,847,283	22	2,311,077
55,963,561	239,196,701	216,997,619	44,723	22,154,358
(748,147)	2,257,734	2,236,626	5,934	15,174
801,625	22,298,034	22,145,958	34,488	117,588
317,087	12,605,285	12,461,501	57,697	86,087
539,628	11,562,468	11,363,125	36,880	162,463
126,151	3,677,160	3,585,636	16,628	74,896
(241,324)	6,517,755	6,453,567	62,065	2,123
-	919,893	298,592	-	621,301
3,046,852	20,496,238	17,397,886	125,748	2,972,604
3,841,872	80,334,567	75,942,891	339,440	4,052,236

GOVERNMENTAL FUNDS

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

For the Year Ended June 30, 1998

	Balance Forward July 1, 1997 (Adjusted)	Legislative
Independent Agencies	1,496,769	632,680
TOTAL HUMAN SERVICES	59,491,940	570,036,906
 LABOR		
Department of Labor		
Bureau of Labor & Industry	2,021	466,852
Employment Security Offices	1,389,960	-
Employment, Training and Rehabilitation Programs	4,171,983	8,820,305
Other	159,419	4,483,177
TOTAL LABOR	5,723,384	13,770,334
 NATURAL RESOURCES		
Department of Conservation		
Administration	444,766	1,347,985
Bureau of Forestry	2,196,058	9,923,462
Bureau of Geology	177,897	827,289
Bureau of Parks and Recreation	381,928	5,420,447
Capital Projects	3,882,995	-
Other	7,673,733	1,635,359
Total Department of Conservation	14,757,377	19,154,542
Department of Environmental Protection	16,772,426	4,801,851
Capital Projects	17,297,184	-
Department of Inland Fisheries and Wildlife	8,012,759	17,234,534
Capital Projects	3,112	-
Independent Agencies	21,900	184,273
TOTAL NATURAL RESOURCES	56,864,758	41,375,200
 PUBLIC PROTECTION		
Department of Defense, Veterans and Emergency Mgmt.	2,609,133	3,733,560
Department of Public Safety	3,978,879	34,293,121
TOTAL PUBLIC PROTECTION	6,588,012	38,026,681
 TRANSPORTATION		
Department of Transportation		
Administration	4,184,992	13,174,885
Construction of Highways & Bridges	20,919,234	29,075,424
Maintenance of Highways & Bridges	3,699,663	102,642,056
Transportation Services	292,268	12,680,004

Revenues Transfers and Other Resources	Total Available	Expenditures	Unexpended Balance June 30, 1998	
			Lapsed	Carried
1,797,626	3,927,075	2,317,403	4	1,609,668
1,226,191,487	1,855,720,333	1,792,527,034	2,170,086	61,023,214
(57,673)	411,200	396,064	15,137	-
52,744,931	54,134,890	51,776,260	-	2,358,630
12,064,607	25,056,896	20,778,247	841,640	3,437,008
6,401,694	11,044,290	10,662,230	16,469	365,591
71,153,559	90,647,277	83,612,802	873,245	6,161,230
(35,096)	1,757,655	1,312,124	32,222	413,309
1,164,295	13,283,815	11,484,567	174,179	1,625,069
87,148	1,092,334	1,021,038	122	71,174
669,842	6,472,217	5,946,062	26,885	499,270
485,670	4,368,665	1,994,024	-	2,374,641
8,302,734	17,611,826	9,475,578	102,287	8,033,961
10,674,593	44,586,512	31,233,393	335,695	13,017,424
32,526,213	54,100,490	35,363,600	64,728	18,672,163
7,480,908	24,778,092	11,296,744	-	13,481,348
7,211,580	32,458,873	23,631,649	-	8,827,224
200	3,312	-	-	3,312
2,352,207	2,558,380	2,382,417	14,870	161,093
60,245,701	158,485,659	103,907,802	415,293	54,162,564
38,896,441	45,239,134	39,036,936	712,135	5,490,064
17,135,461	55,407,461	47,711,119	208,998	7,487,345
56,031,902	100,646,595	86,748,054	921,133	12,977,409
16,978	17,376,855	14,441,053	57,448	2,878,354
120,157,281	170,151,940	134,342,808	-	35,809,132
16,467,935	122,809,655	116,294,511	-	6,515,143
4,682,527	17,654,799	5,558,120	-	12,096,679

EXHIBIT IV

GOVERNMENTAL FUNDS

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

For the Year Ended June 30, 1998

	Balance Forward July 1, 1997 (Adjusted)	Legislative
	<hr/>	<hr/>
Debt Service - Highway Fund	-	27,373,510
Capital Projects	16,429,190	-
Other	1,123,265	6,065,636
	<hr/>	<hr/>
TOTAL TRANSPORTATION	46,648,613	191,011,515
	<hr/>	<hr/>
TOTAL GOVERNMENTAL FUND	\$288,681,262	\$2,123,738,706
	<hr/>	<hr/>
 DETAIL OF FUNDS		
General Fund	\$89,660,202	\$1,907,754,616
Highway Fund	31,230,686	215,984,090
Other Special Revenue Funds	113,711,569	-
Capital Projects Fund	54,078,805	-
	<hr/>	<hr/>
TOTAL DETAIL OF FUNDS	\$288,681,262	\$2,123,738,706
	<hr/>	<hr/>

Revenues Transfers and Other Resources	Total Available	Expenditures	Unexpended Balance June 30, 1998	
			Lapsed	Carried
-	27,373,510	26,955,196	418,314	-
58,650,002	75,079,192	42,893,146	-	32,186,046
3,578,162	10,767,063	6,742,657	50	4,024,357
203,552,886	441,213,014	347,227,492	475,812	93,509,710
\$1,916,738,305	\$4,329,158,273	\$3,958,357,317	\$14,303,934	\$356,497,022
(\$10,489,528)	\$1,986,925,290	\$1,898,373,021	\$13,696,183	\$74,856,086
11,713,230	258,928,006	208,817,043	607,751	49,503,212
1,832,464,763	1,946,176,332	1,782,596,265	-	163,580,067
83,049,840	137,128,645	68,570,988	-	68,557,657
\$1,916,738,305	\$4,329,158,273	\$3,958,357,317	\$14,303,934	\$356,497,022

GOVERNMENTAL FUNDS

COMBINED STATEMENT OF EXPENDITURES BY CHARACTER AND OBJECT

For the Years Ended June 30,

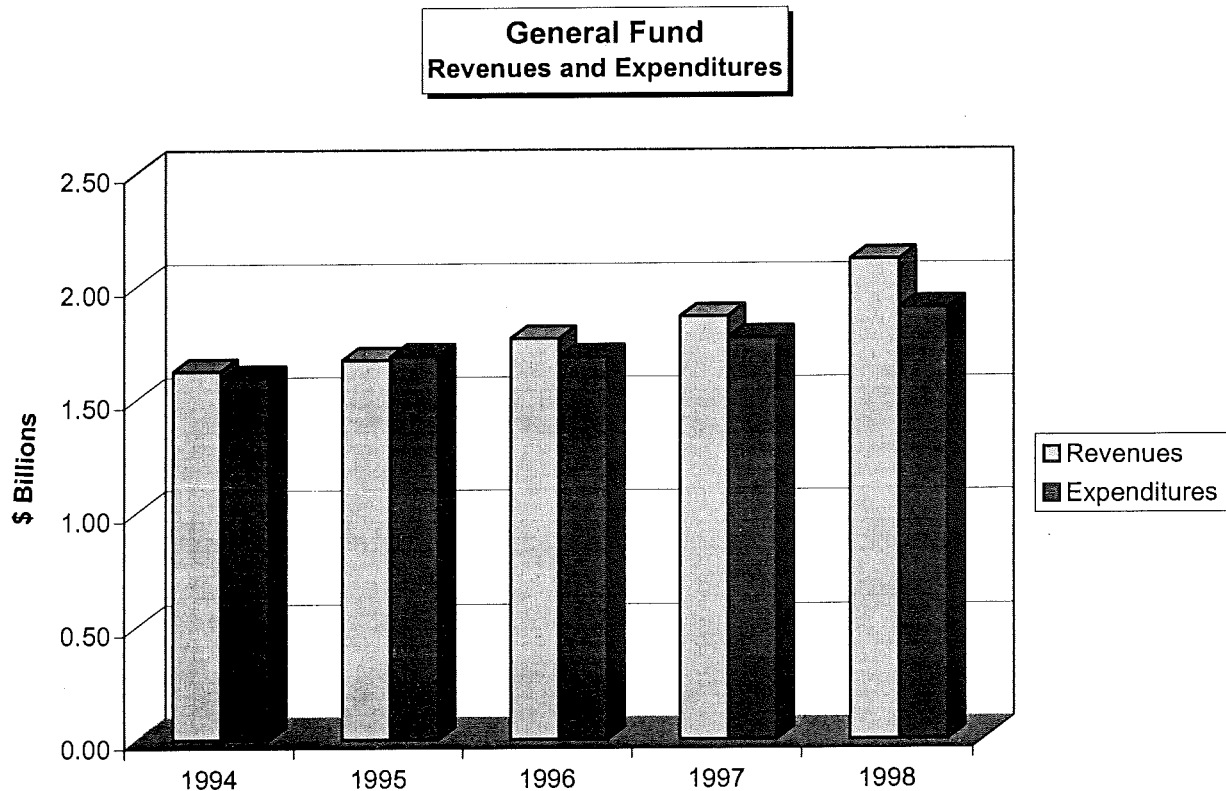
	1998	1997
PERSONAL SERVICES		
Salaries and Wages	\$390,161,992	\$383,678,671
Retirement Costs	31,414,050	29,374,074
Health Insurance and Other Fringe Benefits	130,367,452	136,448,468
Unemployment Reimbursements	741,688	1,319,428
	<hr/> 552,685,182	<hr/> 550,820,641
CONTRACTUAL SERVICES		
Professional Fees and Special Services	122,208,908	103,330,739
Traveling Expenses	10,435,168	9,790,484
Operating State-Owned Vehicles	2,655,171	2,667,499
Utility Services	22,454,976	21,287,589
Rents	62,726,739	49,811,872
Repairs and Insurance	14,412,531	15,814,049
General Operating Expenses	41,503,846	36,090,458
	<hr/> 276,397,338	<hr/> 238,792,690
COMMODITIES		
Foods	2,729,762	2,808,348
Fuels	2,624,609	2,800,854
Highway Materials	14,764,772	13,301,047
Office and Other Supplies	23,477,527	18,982,992
	<hr/> 43,596,669	<hr/> 37,893,241
GRANTS, SUBSIDIES AND PENSIONS		
To Other Governmental Agencies	844,401,884	763,578,279
To Public and Private Organizations	428,329,479	402,072,407
To Individuals:		
Aid to Families with Dependent Children	144,997,829	152,677,331
Supplemental Social Security Income	12,073,885	24,215,428
Medicaid	1,212,413,453	1,110,489,195
Property Tax Relief	15,394,545	10,110,917
Unemployment, Pension and Compensation for Injuries	156,089,491	139,531,462
	<hr/> 2,813,700,566	<hr/> 2,602,675,019
CAPITAL OUTLAYS	160,131,743	162,234,693
DEBT SERVICE		
Principal	77,675,639	87,917,345
Interest	24,894,303	36,524,152
	<hr/> 102,569,942	<hr/> 124,441,497
CONTRIBUTIONS AND TRANSFERS TO OTHER FUNDS		
Maine State Retirement System	-	-
Transfers to Other Funds	9,275,869	10,416,395
	<hr/> 9,275,869	<hr/> 10,416,395
TOTAL EXPENDITURES	<hr/> \$3,958,357,309	<hr/> \$3,727,274,176

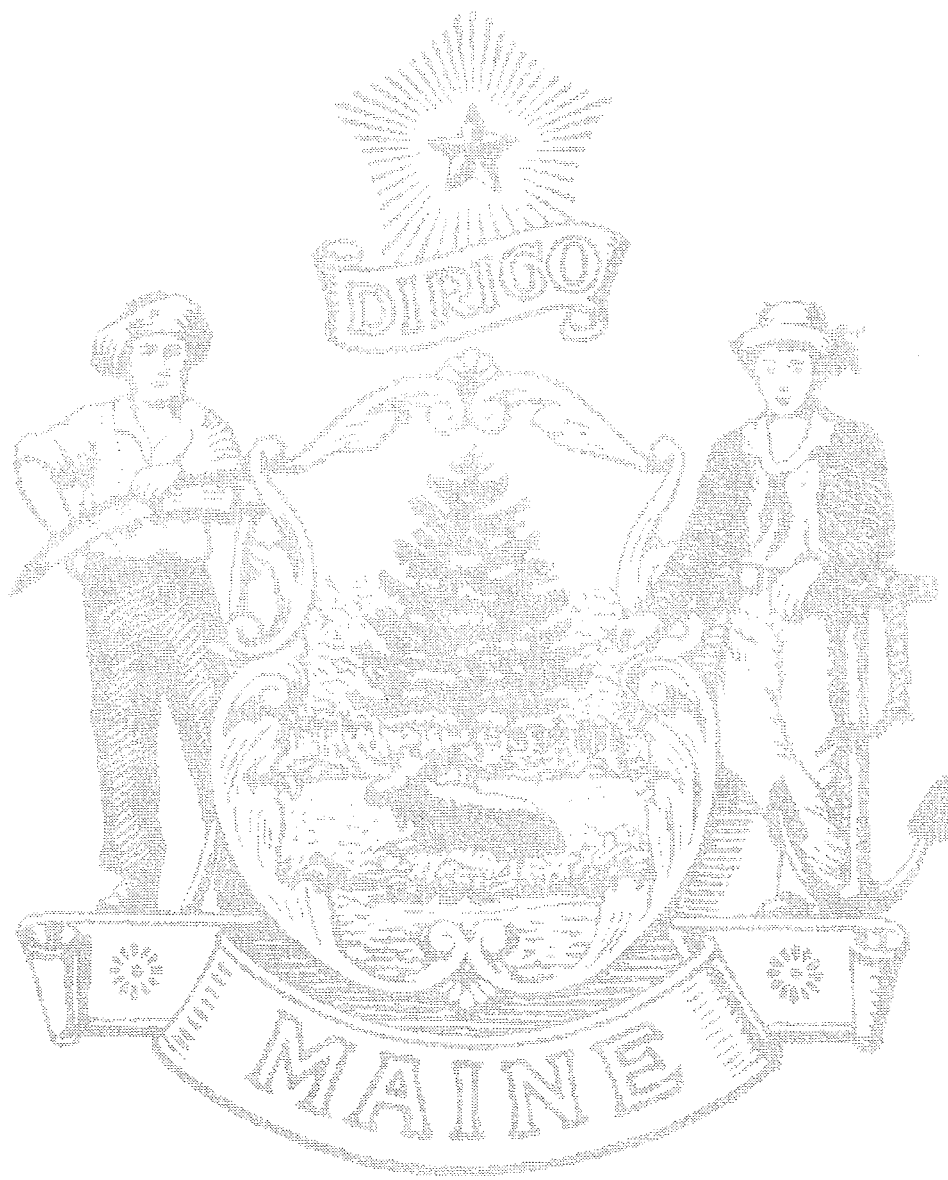
GENERAL FUND

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.





GENERAL FUND**COMPARATIVE BALANCE SHEET**

	For the Years Ended June 30,	
	1998	1997
ASSETS		
Equity in Treasurer's Cash Pool	\$327,787,650	\$175,018,581
Cash - Other	16,922,370	17,310,312
Accounts Receivable		
Tax Accounts	264,464,542	198,947,454
Other	14,271,371	21,974,880
Total Accounts Receivable	278,735,912	220,922,334
Less Allowance for Possible Losses	158,875,536	146,331,384
Net Accounts Receivable	119,860,376	74,590,950
Due from Other Funds	7,315,850	14,925,392
Working Capital Advances to Other Funds	2,177,261	2,027,261
Other Assets	47,889	31,181
TOTAL ASSETS	\$474,111,397	\$283,903,677
LIABILITIES AND EQUITY		
LIABILITIES		
Accounts Payable	14,195,711	23,642,333
Due to Other Funds	12,926,674	23,009,448
Other Liabilities	1,097,429	22,053,375
TOTAL LIABILITIES	28,219,813	68,705,156
EQUITY		
Reserved for:		
Encumbrances	23,136,589	25,866,818
Authorized Expenditures	51,719,495	72,088,051
State Contingent Account	350,000	350,000
Operating Capital	7,500,000	6,500,000
Clean Election Fund	267,807	-
Loan Insurance	1,000,000	1,000,000
Rainy Day Fund	91,690,842	45,724,219
Tax Relief for Maine Residents	154,045,354	44,676,565
Retirement	11,737,572	-
University of Maine	4,000,000	-
Working Capital Advances	2,177,261	2,027,261
Total Reserves	347,624,920	198,232,914
Unappropriated Equity	98,266,664	16,965,608
TOTAL EQUITY	445,891,584	215,198,522
TOTAL LIABILITIES AND EQUITY	\$474,111,397	\$283,903,677

GENERAL FUND

ANALYSIS OF CHANGES IN FUND BALANCE

	For the Years Ended June 30,	
	1998	1997
BALANCE at BEGINNING of YEAR	\$16,965,608	\$25,833,916
ADJUSTMENT of PRIOR YEAR TRANSACTIONS	9,095,137	1,590,915
	<u>26,060,745</u>	<u>27,424,831</u>
ADDITIONS:		
Revenues	2,111,860,005	1,863,086,301
Interest Earned for Rainy Day Fund	2,844,179	2,394,282
Interest Earned for Arbitrage Payment	-	2,300,000
Appropriation of Balances Carried Forward		
Beginning of Year (adjusted)	89,660,202	62,211,235
Repayment of Appropriated Receivables, Advances, Etc.	25,000	94,000
(Increase)decrease for Operating Capital	(1,000,000)	(1,000,000)
Transfers from Other Funds (net)	13,386,425	(1,485,530)
TOTAL ADDITIONS	<u>2,216,775,811</u>	<u>1,927,600,288</u>
DEDUCTIONS:		
Expenditures	1,898,373,018	1,768,652,528
Appropriation Balances		
Carried Forward at End of Year	74,856,084	97,954,869
Transfers to Rainy Day Fund Reserve	45,966,623	7,483,360
Transfers to Tax Relief for Maine Residents	109,368,789	44,676,565
Reserve for Arbitrage Payment	-	2,300,000
Reserve for MSRS	-	2,100,000
Reserve for Sears Island	-	2,000,000
Reserve for Retirement Allowance Fund	11,737,572	14,892,189
Reserve for Clean Election Fund	267,807	-
Reserve for Univ of Me Payment	4,000,000	-
Increase for Loan Insurance Reserve	-	-
Working Capital Advances	-	-
Increase for Contingent Account	-	(2,000,000)
TOTAL DEDUCTIONS	<u>2,144,569,892</u>	<u>1,938,059,511</u>
BALANCE at END of YEAR	<u><u>\$98,266,664</u></u>	<u><u>\$16,965,608</u></u>

GENERAL FUND

COMPARATIVE STATEMENT OF REVENUES

	For the Years Ended June 30,		1998
	1998	1997	Budget
TAXES			
Sales and Use Tax	\$833,755,683	\$683,412,121	\$817,969,701
Gross Receipts Tax	-	58,795,882	-
Income Taxes			
Individual Income Tax	907,981,057	772,462,258	766,746,299
Corporate Income Tax	107,375,484	97,804,819	107,760,131
Cigarette Tax	45,524,322	48,047,995	44,890,210
Inheritance and Estate Tax	34,335,598	14,770,860	31,299,520
Taxes on Specific			
Businesses or Occupations:			
Insurance Tax	39,153,287	39,642,756	35,663,000
Public Utilities	29,334,895	28,600,511	28,475,000
Corporations	2,842,889	2,647,928	2,355,200
Commission on Pari-Mutuels	949,263	1,018,043	1,160,260
Other	13,785,432	9,281,785	10,611,743
Property Taxes			
Real Estate Transfer Tax	9,636,432	8,415,755	7,466,147
Unorganized Territories Tax	8,725,314	8,388,418	8,797,464
Other Taxes	21,251,034	21,114,707	19,680,131
TOTAL TAXES	2,054,650,689	1,794,403,836	1,882,874,806
TRANSFERRED FROM the BUREAU of			
ALCOHOLIC BEVERAGES &			
LOTTERY OPERATIONS			
Alcoholic Beverages	20,546,162	20,661,837	21,256,837
Lottery ✓	40,742,121	40,937,096	37,637,870
TRANSFERRED TO REVENUE SHARING	(94,304,723)	(79,237,330)	(89,529,899)
CHARGES for CURRENT SERVICES	14,363,203	15,425,839	15,456,165
FINES, FORFEITS and PENALTIES	24,852,353	23,318,463	22,261,780
CONTRIBUTIONS from OTHER FUNDS	17,125,033	16,692,584	11,887,453
HUNTING and FISHING LICENSES and FEES	13,838,407	12,503,674	13,950,813
INCOME from INVESTMENTS	12,145,209	9,875,895	1,776,409
INTERGOVERNMENTAL REVENUES			
Federal Government	5,425,165	6,042,746	8,496,280
Cities, Towns and Counties	84,664	103,860	121,900
REVENUE from PRIVATE SOURCES	1,961,750	2,128,805	1,388,000
MISCELLANEOUS	429,971	228,994	85,900
TOTAL REVENUES	\$2,111,860,005	\$1,863,086,301	\$1,927,664,314

GENERAL FUND

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

For the Year Ended June 30, 1998

	Balance Forward July 1, 1997 (Adjusted)	Legislative
<hr/>		
GENERAL GOVERNMENT		
Attorney General	\$93,002	\$8,800,194
State Auditor	-	1,377,071
Executive Department		
Governor's Office	22,843	1,883,247
State Planning Office	719,048	2,249,684
Other	-	-
Total Executive Department	<hr/> 741,892	<hr/> 4,132,931
Department of Administration & Financial Services		
Administration	-	264,500
Administrative Services Division	-	862,651
Bureau of Accounts and Control	535,567	4,302,140
Bureau of Budget	355	734,931
Bureau of Taxation	707,126	19,048,147
Tax Relief Programs	8,942,404	40,867,703
Compensation and Benefit Plans	650,000	4,339,553
Bureau of General Services	9,165,724	15,803,102
Bureau of Human Resources	3,133	1,544,324
Employee Relations	19,540	517,698
Other	8,368,645	48,895,804
Total Administrative & Financial Services	<hr/> 28,392,495	<hr/> 137,180,553
Judicial		
Supreme, Superior and District Court	733,522	35,042,315
Legislature		
Legislature	433,271	14,849,909
Other	160,986	593,785
Secretary of State		
Secretary of State	72,111	2,356,187
State Archives	569	697,997
Treasurer of State		
Department Operations	1,320	1,080,175
Debt Service	-	71,124,172
Independent Agencies		
Maine Indian Tribal Commission	-	22,500
Maine Science & Technology	-	3,162,000
Other	-	2,899,795
TOTAL GENERAL GOVERNMENT	<hr/> 30,629,167	<hr/> 283,319,584
<hr/>		
ECONOMIC DEVELOPMENT		
Department of Agriculture, Food & Rural Resources	140,743	7,820,115
Department of Economic and Community Development	1,356,808	7,214,666
Department of Marine Resources	335,863	7,119,614
Finance Authority of Maine	-	9,793,394
Independent Agencies		

Transfers In/(Out)	Total Available	Expenditures	Unexpended Balance - June 30, 1998		
			Lapsed	Encumbrances Carried	Unencumbered Balances
\$24,011	\$8,917,207	\$8,728,586	\$50,025	\$38,596	\$100,000
(16,326)	1,360,745	1,245,076	115,445	225	-
-	1,906,090	1,721,632	167,816	9,670	6,972
28,859	2,997,591	2,370,607	4	626,980	-
-	-	-	-	-	-
28,859	4,903,681	4,092,240	167,820	636,650	106,972
8,374	272,874	272,871	3	-	-
11,240	873,891	873,827	64	-	-
292	4,837,999	4,590,920	62,534	184,545	-
2,831	738,117	730,757	2,442	4,918	-
284,004	20,039,277	19,019,628	191,207	828,442	-
(122,585)	49,687,522	45,858,393	767,847	61,281	3,000,000
(1,962,921)	3,026,632	-	-	-	3,026,632
(1,780,623)	23,188,203	14,878,892	44,186	3,362,502	4,902,624
(12,011)	1,535,446	1,519,562	8,529	7,355	-
24,981	562,219	541,937	5,032	15,250	-
(47,784,959)	9,479,490	202,768	7,258,077	-	2,018,645
(51,331,377)	114,241,671	88,489,554	8,339,922	4,464,294	12,947,901
8,000	35,783,837	35,510,706	13,795	259,258	79
(250,000)	15,033,180	14,499,492	-	3,091	530,597
1,963,339	2,718,110	1,424,172	969	897	1,292,072
(12,004)	2,416,294	2,148,181	40,983	227,130	-
12,328	710,894	705,692	3	5,200	-
-	1,081,495	1,012,578	22,546	46,370	-
4,159,000	75,283,172	75,283,056	116	-	-
-	22,500	22,500	-	-	-
-	3,162,000	3,162,000	-	-	-
-	2,899,795	2,882,898	16,897	-	-
(45,414,170)	268,534,581	239,206,730	8,768,520	5,681,710	14,877,621
(1,965,669)	5,995,189	5,617,015	247,110	131,063	1
13,823	8,585,297	8,014,793	41,503	529,001	-
57,001	7,512,478	7,261,860	87,692	162,927	-
-	9,793,394	9,793,394	-	-	-

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

For the Year Ended June 30, 1998

	Balance Forward July 1, 1997 (Adjusted)	Legislative
Workers Compensation Board	-	-
Other	-	900,000
TOTAL ECONOMIC DEVELOPMENT	1,833,414	32,847,789
EDUCATION AND CULTURAL SERVICES		
Department of Education		
Administration	206,055	11,211,105
General Purpose Aid for Local Schools	647,417	556,290,235
Teachers Retirement	-	151,539,355
Other Local School Programs	-	-
Education in Unorganized Territory	303,856	9,422,882
Adult Education	-	-
Governor Baxter School for the Deaf	54,937	4,609,464
Other Education Programs	138,601	17,111,780
Total Department of Education	1,350,866	750,184,821
Cultural Agencies		
State Historian	996	496
Maine Historic Preservation Commission	-	227,960
Maine Arts Commission	3,040	523,458
Maine State Library	5,128	2,389,745
Maine State Museum	6,005	1,015,024
Maine Historical Society	-	24,761
Independent Agencies		
University of Maine	-	138,665,672
Maine Vocational Technical College System	-	30,125,533
Maine Maritime Academy	-	6,635,629
TOTAL EDUCATION AND CULTURAL SERVICES	1,366,036	929,793,099
HUMAN SERVICES		
Department of Human Services		
Administration	424,591	36,774,956
Medical Care Payments	14,488,493	169,692,165
Medical Care Administration	1,323,853	7,939,722
Temporary Assistance for Needy Families	78,261	23,088,314
General Assistance	367,600	5,434,670
Supplemental Security Income	1,630	8,947,724
Purchased Services	2,706,496	29,083,167
Bureau of Health	440,409	5,308,692
Bureau of Social Welfare	2,285,081	12,039,663
Child Welfare Services	2,345,966	21,679,332
Bureau of Maine's Elderly	265,104	12,258,396
Bureau of Child and Family Services	66,032	1,324,058
Other	121,469	5,301,074
Total Department of Human Services	24,914,985	338,871,933

Transfers In/(Out)	Total Available	Expenditures	Unexpended Balance - June 30, 1998		
			Lapsed	Encumbrances Carried	Unencumbered Balances
-	-	-	-	-	-
-	900,000	900,000	-	-	-
(1,894,845)	32,786,358	31,587,061	376,305	822,991	1
1,498	11,418,658	10,421,348	73,131	924,179	-
39,226,419	596,164,071	595,846,013	-	-	318,058
-	151,539,355	151,539,355	-	-	-
-	-	-	-	-	-
-	9,726,738	7,815,575	-	281,505	1,629,657
-	-	-	-	-	-
(9,640)	4,654,761	4,487,818	123,077	43,866	-
11,093	17,261,474	17,083,113	11,352	167,008	-
39,229,370	790,765,057	787,193,222	207,561	1,416,558	1,947,716
-	1,492	8	-	-	1,484
1,000	228,960	228,957	3	-	-
8,697	535,195	515,533	2,429	17,234	-
(41,585)	2,353,288	2,302,629	19,748	29,908	1,003
23,076	1,044,106	1,043,994	112	-	-
-	24,761	24,761	-	-	-
-	-	-	-	-	-
-	138,665,672	138,665,672	-	-	-
-	30,125,533	30,125,533	-	-	-
-	6,635,629	6,635,629	-	-	-
39,220,558	970,379,693	966,735,938	229,852	1,463,701	1,950,203
(499,649)	36,699,898	36,393,267	58,373	248,257	-
-	184,180,658	174,848,456	1,634	794,427	8,536,141
(358,862)	8,904,713	7,829,272	427,047	648,395	-
-	23,166,575	21,069,180	-	-	2,097,395
-	5,802,270	5,382,153	338,369	81,748	-
-	8,949,354	8,372,075	-	-	577,280
-	31,789,663	27,616,939	354,989	3,238,869	578,866
1,083,987	6,833,088	6,505,647	28,879	298,562	-
(3,177)	14,321,567	13,898,388	68,375	156,761	198,042
-	24,025,298	22,861,343	-	252,838	911,117
(14,192)	12,509,308	11,598,005	342,170	569,133	-
-	1,390,090	1,224,575	40,937	124,577	-
(3,914)	5,418,629	5,182,892	125,146	110,591	-
204,193	363,991,111	342,782,193	1,785,918	6,524,159	12,898,841

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

For the Year Ended June 30, 1998

	Balance Forward July 1, 1997 (Adjusted)	Legislative
Department of Mental Health, Mental Retardation and Substance Abuse Services		
Departmental Operations	176,163	6,512,626
Augusta Mental Health Institute	784,757	6,827,618
Consent Decree Reinvestment	-	-
Bangor Mental Health Institute	718,720	8,350,801
Medicaid Match	389,461	40,417,009
Pineland Center	7,624	1,138,586
Community Mental Retardation Service	3,872,324	16,956,617
Community Mental Health	10,593,312	49,188,405
Children's Mental Health Services	1,379,292	18,284,166
Bath Childrens' Home	18,236	-
Aroostook Residential Center	28,954	1,157,177
Elizabeth Levinson Center	20,107	2,200,154
Office of Substance Abuse	958,206	7,130,473
Other	-	704,879
Total Department of Mental Health, Mental Retardation and Substance Abuse Services	18,947,156	158,868,511
Department of Corrections		
Administration	28,590	2,977,291
State Prison	465,512	21,030,897
Maine Correctional Center	170,937	12,117,261
Maine Youth Center - South Portland	220,921	10,801,919
Charleston Correctional Center	24,686	5,790,451
Downeast Correctional Facility	12,752	3,538,257
Probation and Parole	1,241	6,757,838
Community Correctional Services	981,286	2,553,106
Correction Improvement Program	1,140,228	5,392,405
Fuel	-	704,357
Construction, Repairs and Improvements	141,025	-
Total Department of Corrections	3,187,178	71,663,782
Independent Agencies		
Human Rights Commission	-	435,610
Other	-	197,070
TOTAL HUMAN SERVICES	47,049,319	570,036,906
LABOR		
Department of Labor		
Administration	2,021	466,852
Governor's Training Initiative Program	2,847,158	3,246,624
Rehabilitation Services	86,147	5,573,681
Other	83,189	4,483,177
TOTAL LABOR	3,018,516	13,770,334

Transfers In/(Out)	Total Available	Expenditures	Unexpended Balance - June 30, 1998		
			Lapsed	Encumbrances Carried	Unencumbered Balances
61,632	6,750,421	6,687,573	7,692	55,156	-
30,707	7,643,082	7,284,509	-	58,615	299,958
-	-	-	-	-	-
121,072	9,190,593	8,660,030	-	270,800	259,763
2,403,752	43,210,222	40,939,127	-	-	2,271,095
36,328	1,182,538	1,181,873	42	623	-
(2,542,045)	18,286,896	16,062,623	-	749,552	1,474,721
(1,191,453)	58,590,264	49,961,271	-	1,620,654	7,008,339
(2,830)	19,660,628	17,904,525	-	520,829	1,235,274
-	18,236	18,236	-	-	-
12,199	1,198,330	1,150,066	22	48,242	-
(31,965)	2,188,296	2,167,891	-	20,405	-
1,260,212	9,348,891	9,138,787	36,967	173,136	-
(10,116)	694,763	694,763	-	-	-
147,493	177,963,160	161,851,274	44,723	3,518,012	12,549,150
(748,147)	2,257,734	2,236,626	5,934	7,483	7,691
801,625	22,298,034	22,145,958	34,488	117,588	-
317,087	12,605,285	12,461,501	57,697	86,087	-
539,628	11,562,468	11,363,125	36,880	162,463	-
41,967	5,857,104	5,678,828	56,762	121,514	-
126,151	3,677,160	3,585,636	16,628	74,896	-
(241,324)	6,517,755	6,453,567	62,065	2,123	-
(2,750)	3,531,642	2,910,004	20,002	601,636	-
-	6,532,633	5,192,725	-	800	1,339,108
-	704,357	704,355	2	-	-
-	141,025	92,043	48,982	-	-
834,237	75,685,197	72,824,368	339,440	1,174,590	1,346,799
-	435,610	435,606	4	-	-
-	197,070	197,070	-	-	-
1,185,923	618,272,148	578,090,511	2,170,086	11,216,762	26,794,790
(57,673)	411,200	396,064	15,137	-	-
-	6,093,782	2,851,645	829,442	2,412,695	-
3,000	5,662,828	5,603,678	12,198	46,952	-
12,477	4,578,843	4,169,267	16,469	193,107	200,000
(42,196)	16,746,654	13,020,654	873,245	2,652,755	200,000

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

For the Year Ended June 30, 1998

	Balance Forward July 1, 1997 (Adjusted)	Legislative
NATURAL RESOURCES		
Department of Conservation		
Central Administration	19,684	1,347,985
Construction, Repairs and Improvements	-	-
Bureau of Forestry	1,231,313	9,923,462
Bureau of Geology	1,591	827,289
Land Use Regulation Commission	39,946	1,635,359
Bureau of Parks and Recreation	27,481	5,420,447
Total Department of Conservation	1,320,015	19,154,542
Department of Environmental Protection		
Administration	193,442	342,722
Land, Water & Air Quality Programs	206,858	4,139,922
Waste Management & Pollution Control	-	319,207
Total Department of Environmental Protection	400,299	4,801,851
Department of Inland Fisheries and Wildlife		
Administrative Services	2,044,372	3,164,116
Resource Management	65,926	3,645,351
Licensing Services	29,764	1,542,229
Warden Services	12,221	8,882,838
Public Education & Safety	-	-
Total Department of Inland Fisheries and Wildlife	2,152,283	17,234,534
Independent Agencies		
Saco River Corridor Commission	-	5,000
Atlantic State Marine Fisheries	-	23,845
Other	-	155,428
TOTAL NATURAL RESOURCES	3,872,597	41,375,200
PUBLIC PROTECTION		
Department of Defense, Veterans and Emergency Mgmt.		
Administration	33,445	76,432
Military Bureau	2,259	2,189,244
Maine Emergency Management	1,425,071	286,198
Veterans Services	-	1,181,686
Total Department of Defense, Veterans and Emergency Mgmt	1,460,775	3,733,560
Department of Public Safety		
State Police	143,608	11,794,001
Maine Criminal Justice Academy	7,359	590,248
Liquor Enforcement	14,987	1,300,683
Bureau of Capitol Security	-	386,408
Drug Enforcement Agency	-	322,313
Other	23,924	819,604

Transfers In/(Out)	Total Available	Expenditures	Unexpended Balance - June 30, 1998		
			Lapsed	Encumbrances Carried	Unencumbered Balances
(292,710)	1,074,959	1,021,104	32,222	21,633	-
-	-	-	-	-	-
106,596	11,261,371	10,307,164	174,179	495,151	284,877
4,953	833,833	822,113	122	11,598	-
(8,702)	1,666,603	1,543,053	102,287	21,263	-
75,775	5,523,703	5,422,217	26,885	74,601	-
(114,088)	20,360,469	19,115,651	335,695	624,246	284,877
(96,831)	439,333	428,833	10,499	-	-
24,424	4,371,204	4,246,528	42,835	81,840	-
3,821	323,028	311,635	11,393	-	-
(68,586)	5,133,564	4,986,997	64,728	81,840	-
(52,000)	5,156,488	2,848,706	-	77,568	2,230,214
10,000	3,721,277	3,428,718	-	60,725	231,834
-	1,571,993	1,387,645	-	72,244	112,104
-	8,895,059	8,521,696	-	43,411	329,952
-	-	-	-	-	-
(42,000)	19,344,817	16,186,765	-	253,948	2,904,104
-	5,000	5,000	-	-	-
-	23,845	23,343	502	-	-
-	155,428	141,060	14,368	-	-
(224,674)	45,023,123	40,458,815	415,293	960,034	3,188,981
1,391	111,268	110,006	1,262	-	-
789,250	2,980,753	2,304,610	670,594	5,549	-
6,597,982	8,309,251	4,110,000	21,743	29,876	4,147,632
-	1,181,686	1,029,689	18,537	133,460	-
7,388,623	12,582,958	7,554,307	712,135	168,884	4,147,632
112,092	12,049,701	11,854,154	57,537	138,010	-
4,542	602,149	584,053	3,255	14,841	-
-	1,315,670	1,300,947	2,347	12,376	-
6,123	392,531	392,207	324	-	-
-	322,313	248,446	73,683	185	-
-	843,528	825,634	13,552	4,342	-

GENERAL FUND

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

For the Year Ended June 30, 1998

	Balance Forward July 1, 1997 (Adjusted)	Legislative
Total Department of Public Safety	189,878	15,213,257
TOTAL PUBLIC PROTECTION	1,650,653	18,946,817
TRANSPORTATION		
Department of Transportation		
Transportation Services	240,500	12,680,004
Bureau of Waterways	-	2,498,381
Bureau of Aeronautics	-	317,449
Other	-	2,169,053
TOTAL TRANSPORTATION	240,500	17,664,887
TOTAL GENERAL FUND	\$89,660,202	\$1,907,754,616
 SUMMARY OF THE GENERAL FUND BY POLICY AREA		
GENERAL GOVERNMENT	\$30,629,167	\$283,319,584
ECONOMIC DEVELOPMENT	1,833,414	32,847,789
EDUCATION AND CULTURAL SERVICES	1,366,036	929,793,099
HUMAN SERVICES	47,049,319	570,036,906
LABOR	3,018,516	13,770,334
NATURAL RESOURCES	3,872,597	41,375,200
PUBLIC PROTECTION	1,650,653	18,946,817
TRANSPORTATION	240,500	17,664,887
TOTAL GENERAL GOVERNMENT	\$89,660,202	\$1,907,754,616

Transfers In/(Out)	Total Available	Expenditures	Unexpended Balance - June 30, 1998		
			Lapsed	Encumbrances Carried	Unencumbered Balances
122,757	15,525,892	15,205,441	150,698	169,753	-
7,511,380	28,108,850	22,759,747	862,833	338,637	4,147,632
(10,832,301)	2,088,203	1,777,935	-	-	310,268
-	2,498,381	2,248,381	-	-	250,000
-	317,449	317,446	3	-	-
797	2,169,850	2,169,804	46	-	-
(10,831,504)	7,073,883	6,513,566	50	-	560,268
(\$10,489,528)	\$1,986,925,290	\$1,898,373,021	\$13,696,183	\$23,136,590	\$51,719,496
(\$45,414,170)	\$268,534,581	\$239,206,730	\$8,768,520	\$5,681,710	\$14,877,621
(1,894,845)	32,786,358	31,587,061	376,305	822,991	1
39,220,558	970,379,693	966,735,938	229,852	1,463,701	1,950,203
1,185,923	618,272,148	578,090,511	2,170,086	11,216,762	26,794,790
(42,196)	16,746,654	13,020,654	873,245	2,652,755	200,000
(224,674)	45,023,123	40,458,815	415,293	960,034	3,188,981
7,511,380	28,108,850	22,759,747	862,833	338,637	4,147,632
(10,831,504)	7,073,883	6,513,566	50	-	560,268
(\$10,489,528)	\$1,986,925,290	\$1,898,373,021	\$13,696,183	\$23,136,590	\$51,719,496

GENERAL FUND

COMBINED STATEMENT OF EXPENDITURES BY CHARACTER AND OBJECT

	For the Years Ended June 30,	
	1998	1997
PERSONAL SERVICES		
Salaries and Wages	\$188,904,215	\$178,873,846
Retirement Costs	17,724,490	14,923,912
Health Insurance and Other Fringe Benefits	60,669,100	62,518,922
Unemployment Reimbursements	338,430	785,791
	267,636,235	257,102,471
CONTRACTUAL SERVICES		
Professional Fees and Special Services	47,909,479	41,298,629
Traveling Expenses	4,803,824	4,718,650
Operating State-Owned Vehicles	1,497,929	719,100
Utility Services	12,263,931	11,815,812
Rents	12,665,706	9,708,940
Repairs and Insurance	6,576,372	7,516,951
General Operating Expenses	23,131,429	21,191,841
	108,848,671	96,969,924
COMMODITIES		
Foods	2,348,872	2,324,570
Fuels	1,910,222	2,101,724
Materials	1,341,201	644,115
Office and Other Supplies	8,961,967	7,713,530
	14,562,262	12,783,939
GRANTS, SUBSIDIES AND PENSIONS		
To Federal Government	-	113,000
To Cities, Towns and Counties	605,776,158	551,068,373
To Public and Private Organizations	300,298,308	283,018,739
To Individuals:		
Aid to Families with Dependent Children	31,674,272	30,441,096
Supplemental Social Security Income	8,371,012	24,215,428
Medicaid	171,588,623	151,146,915
Property Tax Relief	15,394,545	10,110,917
Pensions and Compensations for Injuries	153,124,975	137,111,644
Other	129,690,111	106,098,657
	1,415,918,006	1,293,324,768
CAPITAL OUTLAYS		
Land, Buildings and Improvements	7,733,418	2,968,478
Equipment	5,201,887	7,249,724
	12,935,305	10,218,202
DEBT SERVICE		
Principal	57,795,639	67,537,345
Interest	17,769,027	28,347,556
	75,564,666	95,884,901
CONTRIBUTIONS AND TRANSFERS TO OTHER FUNDS		
Transfers to Other Funds	2,907,874	2,368,323
	2,907,874	2,368,323
TOTAL EXPENDITURES	\$1,898,373,018	\$1,768,652,528

GENERAL FUND**ANALYSIS OF STATE CONTINGENT ACCOUNT**

For the Year Ended June 30, 1998

BALANCE JULY 1, 1997 \$350,000**GENERAL GOVERNMENT**

Executive Department	137,682
Department of Administrative & Financial Services	2,235

ECONOMIC DEVELOPMENT

Department of Economic & Community Development	27,517
Department of Agriculture	45,000
Department of Marine Resources	9,794

EDUCATION AND CULTURAL SERVICES

Cultural Agencies	993
-------------------	-----

HUMAN SERVICES

Department of Corrections	4,464
---------------------------	-------

TOTAL APPROPRIATIONS227,685

Amount Necessary to Restore Balance

227,685

BALANCE JUNE 30, 1998\$350,000

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

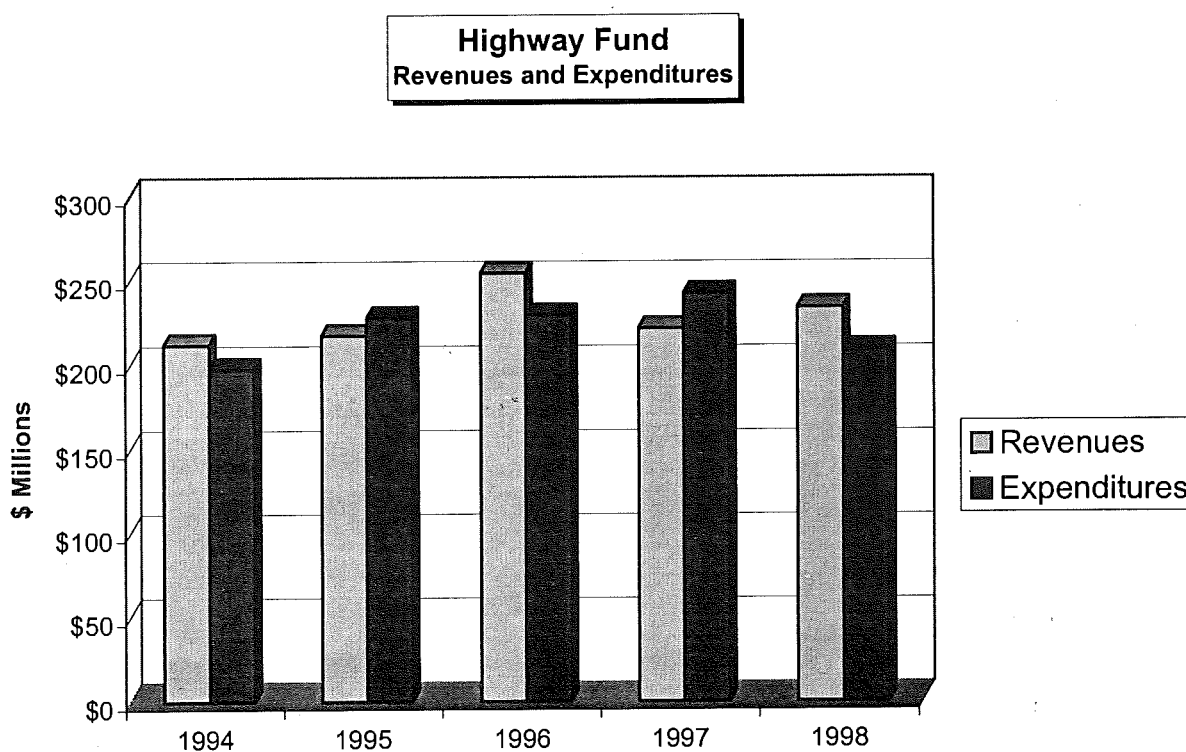
GENERAL FUND**DEBT SERVICE REQUIREMENTS TO MATURITY****GENERAL OBLIGATION BONDS**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
1999	\$57,235,000	\$17,616,780
2000	52,805,000	14,642,082
2001	51,195,000	11,760,917
2002	47,265,000	8,979,031
2003	44,150,000	6,359,551
2004	26,790,000	4,338,901
2005	20,630,000	2,910,517
2006	20,645,000	1,771,457
2007	11,655,000	760,480
2008	5,205,000	239,931
TOTAL GENERAL FUND OBLIGATED BONDS	<u><u>\$337,575,000</u></u>	<u><u>\$69,379,647</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,	
	1998	1997
ASSETS		
Equity in Treasurer's Cash Pool	\$55,000,792	\$26,289,730
Cash - Other	3,830,869	9,245,078
Accounts Receivable		
Tax Accounts	3,527,598	2,924,462
Other	1,356,930	1,050,875
Total Accounts Receivable	4,884,528	3,975,337
Less Allowance for Possible Losses	3,410,177	2,940,463
Net Accounts Receivable	1,474,351	1,034,874
Due from Other Funds	5,047	18,548
Working Capital Advances to Other Funds	13,464,529	13,182,115
Other Assets	443,699	510,512
TOTAL ASSETS	\$74,219,286	\$50,280,856
LIABILITIES AND EQUITY		
LIABILITIES		
Accounts Payable	\$2,375,175	\$3,422,149
Due to Other Funds	-	-
Other Liabilities	248,399	150,839
TOTAL LIABILITIES	2,623,574	3,572,988
EQUITY		
Allocated:		
Encumbrances	6,303,428	3,845,366
Authorized Expenditures	48,299,784	27,500,868
Reserve for Utility Loans	431,779	498,701
Working Capital Advances	13,464,529	13,182,115
Total Allocated	68,499,519	45,027,050
Unallocated Fund Balance	3,096,193	1,680,818
TOTAL EQUITY	71,595,712	46,707,868
TOTAL LIABILITIES AND EQUITY	\$74,219,286	\$50,280,856

EXHIBIT B-2

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

	For the Years Ended June 30,	
	1998	1997
BALANCE at BEGINNING of YEAR	\$1,680,818	\$10,835,782
ADJUSTMENT of PRIOR YEAR TRANSACTIONS	15,351	90,300
	1,696,169	10,926,082
ADDITIONS:		
Revenues	221,876,271	220,942,617
Appropriation of Balances Carried Forward		
Beginning of Year (adjusted)	31,230,686	43,059,888
Transfer from Other Funds (net)	11,713,322	233,795
TOTAL ADDITIONS	264,820,279	264,236,300
DEDUCTIONS:		
Expenditures	208,817,043	242,135,329
Appropriation Balances Carried Forward		
at End of Year	54,603,212	31,346,234
TOTAL DEDUCTIONS	263,420,255	273,481,563
BALANCE at END of YEAR	\$3,096,193	\$1,680,818

EXHIBIT B-3

HIGHWAY FUND**COMPARATIVE STATEMENT OF REVENUES**

	For the Years Ended June 30,		1998
	1998	1997	Budgeted Revenue
TAXES			
Gasoline Tax	\$121,456,054	\$118,471,766	\$119,743,033
Use Fuel and Motor Carrier Tax	28,893,590	26,705,908	26,392,521
Motor Vehicle Fees and Driver's Licenses	62,387,018	61,803,595	60,030,632
Other	548,407	487,832	619,345
TOTAL TAXES	213,285,069	207,469,100	206,785,531
FINES, FORFEITS and PENALTIES	1,766,368	2,022,436	1,900,000
INCOME from INVESTMENTS	1,521,246	966,740	1,300,000
CITIES, TOWNS and COUNTIES	-	733	-
SERVICE CHARGES for CURRENT SERVICES	5,145,263	10,115,098	5,507,774
OTHER REVENUES	158,326	368,510	439,000
TOTAL REVENUE	\$221,876,271	\$220,942,617	\$215,932,305

HIGHWAY FUND

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

For the Year Ended June 30, 1998

	Balance Forward July 1, 1997 (Adjusted)	Legislative Allocation
GENERAL GOVERNMENT		
Bureau of Public Improvements	\$2,173	\$1,340,145
Secretary of State - Division of Motor Vehicles	1,882,198	21,995,701
Other	265,773	221,752
TOTAL GENERAL GOVERNMENT	<u>2,150,145</u>	<u>23,557,598</u>
ECONOMIC DEVELOPMENT		
Other	1,199	-
TOTAL ECONOMIC DEVELOPMENT	<u>1,199</u>	<u>-</u>
PUBLIC PROTECTION		
Department of Public Safety	268,637	19,079,864
TRANSPORTATION		
Administration Costs	4,158,795	13,174,885
Highway & Bridge Construction	20,919,201	29,075,424
Maintenance of Highways & Bridges	3,699,661	102,642,056
Debt Services	-	27,373,510
Other	33,047	1,080,753
TOTAL TRANSPORTATION	<u>28,810,705</u>	<u>173,346,628</u>
TOTAL HIGHWAY FUND	<u><u>\$31,230,686</u></u>	<u><u>\$215,984,090</u></u>

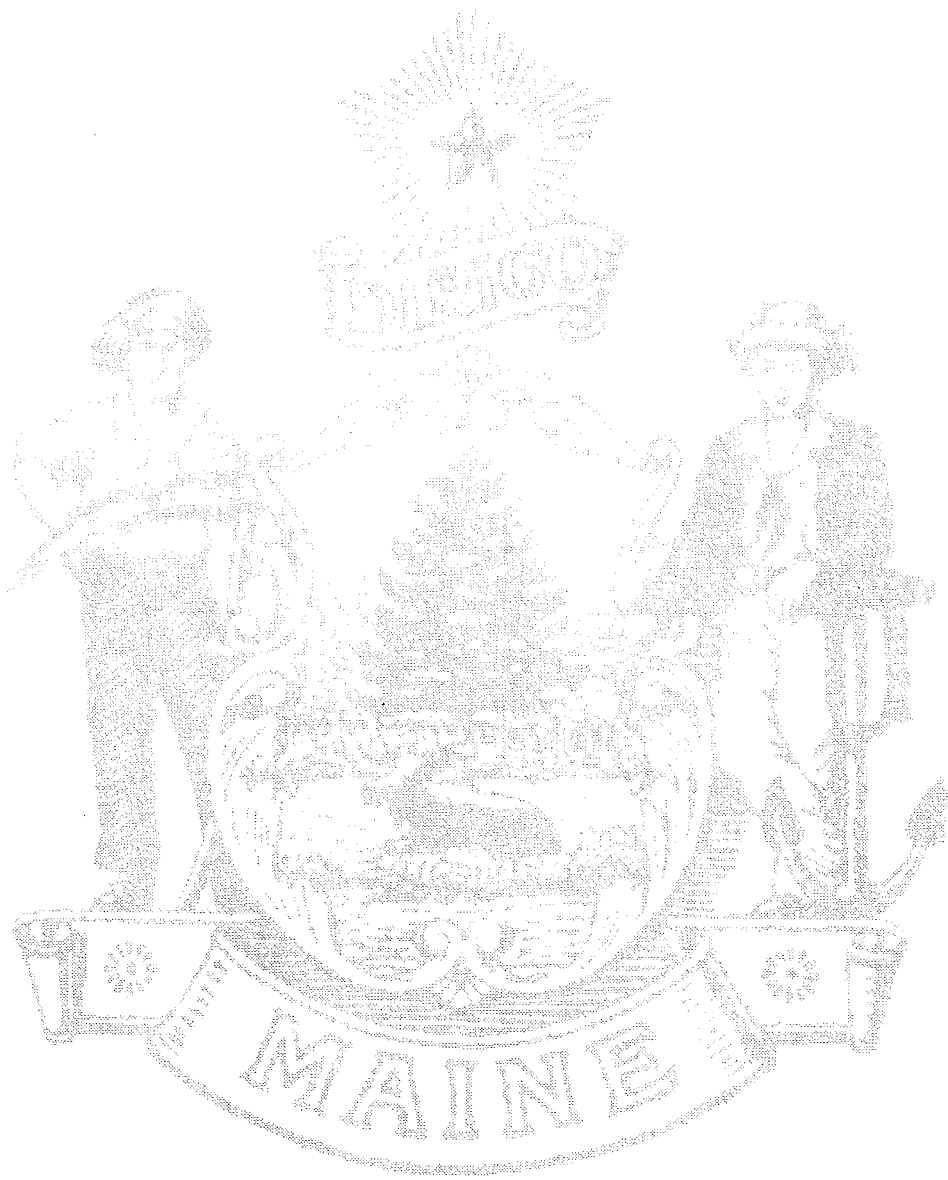
Transfers In/(Out)	Total Available	Expenditures	Unexpended Balance - June 30, 1998		
			Lapsed	Encumbrances Carried	Unencumbered Balances
\$144,893	\$1,487,212	\$1,269,644	\$42,541	\$175,027	\$ -
79,929	23,957,828	21,614,013	23,036	2,320,779	-
(23,812)	463,712	192,803	8,113	-	262,797
201,009	25,908,752	23,076,459	73,690	2,495,805	262,797
-	1,199	1,199	-	-	-
-	1,199	1,199	-	-	-
181,039	19,529,541	17,616,452	58,299	1,854,789	-
(474,162)	16,859,518	13,938,651	57,448	739,431	3,058,233
12,193,306	62,187,932	26,424,560	-	586,286	35,177,086
45,837	106,387,555	100,127,909	-	627,116	5,632,529
-	27,373,510	26,955,196	418,314	-	-
(433,800)	680,000	676,616	-	-	3,385
11,331,182	213,488,515	168,122,932	475,762	1,952,833	42,936,987
\$11,713,230	\$258,928,006	\$208,817,043	\$607,751	\$6,303,428	\$43,199,784

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

	For the Years Ended June 30,	
	1998	1997
PERSONAL SERVICES		
Salaries and Wages	\$65,799,751	\$70,327,294
Retirement Costs	1,618,056	2,900,420
Health Insurance and Other Fringe Benefits	28,543,457	30,284,400
Unemployment Reimbursements	172,376	263,622
	<hr/>	<hr/>
	96,133,640	103,775,736
CONTRACTUAL SERVICES		
Professional Fees and Special Services	4,275,373	5,235,585
Traveling Expenses	920,414	781,904
Operating State-Owned Vehicles	476,007	1,200,472
Utility Services	3,229,761	3,525,136
Rents	29,948,791	28,594,389
Repairs and Insurance	1,958,981	1,861,260
General Operating Expenses	4,129,212	4,347,299
	<hr/>	<hr/>
	44,938,539	45,546,045
COMMODITIES		
Foods	4,540	3,040
Fuels	245,033	182,090
Materials	8,731,974	11,332,470
Office and Other Supplies	4,650,318	3,631,164
	<hr/>	<hr/>
	13,631,865	15,148,764
GRANTS, SUBSIDIES AND PENSIONS		
To Cities, Towns and Counties	6,257,747	20,215,246
Pensions and Compensation for Injuries	403,637	500,728
Public and Private	840,477	1,160,861
	<hr/>	<hr/>
	7,501,862	21,876,834
CAPITAL OUTLAYS	17,047,074	23,550,329
DEBT SERVICE		
Principal	19,880,000	20,380,000
Interest	7,125,276	8,176,596
	<hr/>	<hr/>
	27,005,276	28,556,596
CONTRIBUTIONS and TRANSFERS to OTHER FUNDS	2,558,788	3,681,026
	<hr/>	<hr/>
TOTAL EXPENDITURES	\$208,817,043	\$242,135,329
	<hr/>	<hr/>

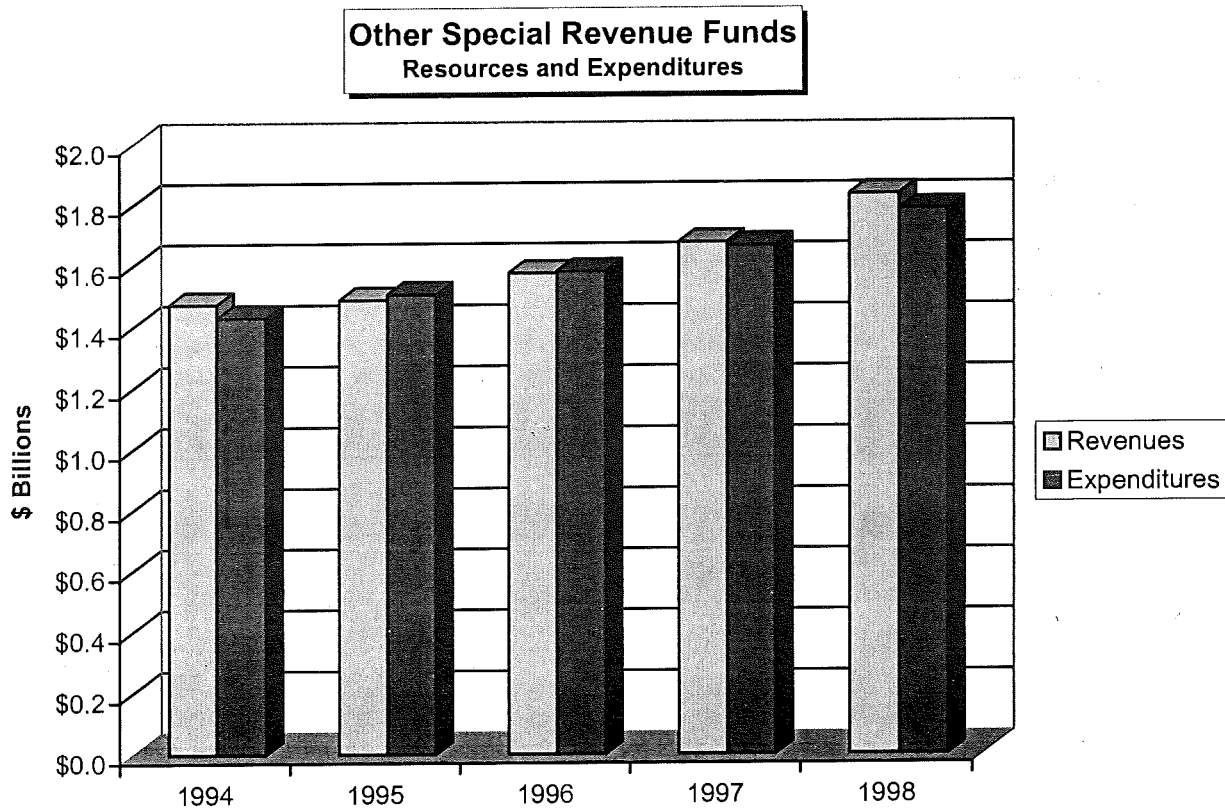
HIGHWAY FUND**DEBT SERVICE REQUIREMENTS TO MATURITY****HIGHWAYS AND BRIDGES**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
1999	\$22,380,000	\$7,305,132
2000	20,780,000	6,090,373
2001	20,130,000	4,952,779
2002	19,685,000	3,867,640
2003	17,600,000	2,747,713
2004	12,400,000	1,912,190
2005	8,945,000	1,275,393
2006	8,895,000	813,813
2007	5,365,000	375,978
2008	3,000,000	131,250
TOTAL HIGHWAY FUND BONDS	<u><u>\$139,180,000</u></u>	<u><u>\$29,472,261</u></u>



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.



OTHER SPECIAL REVENUE FUNDS

COMPARATIVE BALANCE SHEET

For the Years Ended June 30, 1998

	1998	1997
ASSETS		
Equity in Treasurer's Cash Pool	\$136,425,010	\$109,762,343
Cash - Other	31,820	32,057
Accounts Receivable		
Tax Accounts	37,710,084	24,089,397
Other	24,325,482	15,612,601
Total Accounts Receivable	62,035,566	39,701,998
Less Allowance for Possible Losses	8,663,168	7,652,213
Net Accounts Receivable	53,372,398	32,049,785
Due from Other Funds	14,123,863	1,310,186
Other Assets	1,899,316	10,817,464
TOTAL ASSETS	\$205,852,406	\$153,971,835
LIABILITIES AND EQUITY		
LIABILITIES		
Accounts Payable	13,550,944	24,091,231
Due to Other Funds	-	10,913
Other Liabilities	2,818,755	3,143,326
TOTAL LIABILITIES	16,369,699	27,245,470
Working Capital Advances from General Fund	891,261	916,261
EQUITY		
Encumbrances	48,246,790	52,619,636
Authorized Expenditures (unencumbered)	140,344,656	73,190,466
TOTAL EQUITY	188,591,446	125,810,102
TOTAL LIABILITIES AND EQUITY	\$205,852,406	\$153,971,833

Federal Expenditures	Federal Block Grants	Other Special Revenue
\$261	\$3,762,533	\$132,662,217
3,500	-	28,320
-	-	37,710,084
13,251,234	42,030	11,032,219
13,251,234	42,030	48,742,303
1,219,287	-	7,443,882
12,031,947	42,030	41,298,421
205,812	37,000	13,881,051
63,878	4,431	1,831,007
<u>\$12,305,397</u>	<u>\$3,845,994</u>	<u>\$189,701,016</u>
9,751,754	228,167	3,571,023
-	-	-
26,830	-	2,791,926
<u>9,778,584</u>	<u>228,167</u>	<u>6,362,949</u>
-	-	891,261
19,433,728	15,263,901	13,549,161
(16,906,915)	(11,646,074)	168,897,645
<u>2,526,813</u>	<u>3,617,827</u>	<u>182,446,806</u>
<u>\$12,305,397</u>	<u>\$3,845,994</u>	<u>\$189,701,016</u>

OTHER SPECIAL REVENUE FUNDS

ANALYSIS OF CHANGES IN AVAILABLE FUNDS

For the Years Ended June 30, 1998

	1998	1997
BALANCE at BEGINNING of the YEAR	\$125,810,101	\$115,298,124
ADJUSTMENT of PRIOR YEAR TRANSACTIONS	(2,302,113)	314,608
	<u>123,507,988</u>	<u>115,612,732</u>
ADDITIONS:		
Revenues	1,831,885,473	1,668,097,133
Transfers from Other Funds (net)	28,908,909	5,770,117
TOTAL ADDITIONS	<u>1,860,794,383</u>	<u>1,673,867,250</u>
DEDUCTIONS:		
Expenditures	1,782,596,264	1,662,806,247
Transfers to Other Funds	13,114,661	863,633
TOTAL DEDUCTIONS	<u>1,795,710,925</u>	<u>1,663,669,880</u>
BALANCE at END of the YEAR	<u><u>\$188,591,446</u></u>	<u><u>\$125,810,102</u></u>

Expenditure Fund	Block Grants	Other Special Revenue
<u>\$8,242,241</u>	<u>\$2,066,860</u>	<u>\$115,501,000</u>
241,379	(590,561)	(1,952,932)
<u>8,483,620</u>	<u>1,476,299</u>	<u>113,548,068</u>
1,195,834,360	128,445,954	507,605,159
9,514,764	-	19,394,145
<u>1,205,349,124</u>	<u>128,445,954</u>	<u>526,999,304</u>
1,207,903,980	116,591,716	458,100,568
3,401,951	9,712,710	-
<u>1,211,305,931</u>	<u>126,304,426</u>	<u>458,100,568</u>
<u>\$2,526,814</u>	<u>\$3,617,827</u>	<u>\$182,446,805</u>

OTHER SPECIAL REVENUE FUNDS

COMPARATIVE STATEMENT OF REVENUES

For the Years Ended June 30, 1998

	1998	1997
TAXES		
Property Taxes		
Unorganized Territories Tax	\$4,356,480	\$4,601,356
Real Estate	3,268,004	2,565,499
Sales and Use Tax	39,523,336	34,593,699
Income Taxes	49,971,960	43,109,058
Gasoline Tax	2,863,275	2,718,595
Public Utility	6,790,295	9,375,270
Inland Fishing, Hunting and Related Taxes	225,091	196,040
Taxes on Specific		
Businesses or Occupations:		
Tobacco Product Tax	28,845,919	-
Potato Tax	-	874,490
Sardine Tax	185,767	257,980
Insurance Tax	19,095,090	13,956,128
Banks and Banking	3,842,685	4,778,756
Milk Purchases by Dealers	914,328	887,062
Pari-Mutuels	3,052,893	3,167,163
Other	161,850,801	164,539,152
Other Taxes	13,431,342	5,870,092
TOTAL TAXES	338,217,265	291,490,340
FINES, FORFEITS AND PENALITIES	4,502,158	3,417,076
INCOME FROM INVESTMENTS	2,773,639	2,339,177
INTERGOVERNMENTAL REVENUES:		
Federal Government	1,329,739,768	1,215,669,725
Cities, Towns and Counties	5,972,434	6,068,154
REVENUES FROM PRIVATE SOURCES	94,508,328	75,976,896
SERVICE CHARGES FOR CURRENT SERVICES	69,692,899	69,601,695
SALES AND COMPENSATION FOR LOSS OF PROPERTY	2,736,645	2,081,401
CONTRIBUTIONS AND TRANSFERS FROM OTHER FUNDS	(17,009,606)	1,452,669
TOTAL OTHER SPECIAL REVENUE	\$1,831,133,530	\$1,668,097,133

1998 Budget	Federal Expenditure Funds	Federal Block Grants	Other Special Revenue
\$967,303	\$ -	\$ -	\$4,356,480
4,000,000	-	-	3,268,004
39,676,764	-	-	39,523,336
45,343,159	-	-	49,971,960
2,944,472	-	-	2,863,275
6,034,374	-	-	6,790,295
359,562	-	-	225,091
-	-	-	28,845,919
-	-	-	751,943
525,000	-	-	185,767
15,924,154	-	-	19,095,090
3,567,343	-	-	3,842,685
1,307,873	-	-	914,328
4,558,955	-	-	3,052,893
171,758,151	-	-	161,850,801
6,197,727	(45,403)	-	13,476,745
307,864,837	(45,403)	-	339,014,611
3,319,384	-	-	4,502,158
1,572,325	-	-	2,773,639
1,639,122,028	1,189,999,632	127,926,528	11,813,608
11,267,118	-	-	5,972,434
92,054,854	5,025,693	483,044	88,999,592
81,521,264	2,256,587	36,382	67,399,930
3,059,240	23,423	-	2,713,222
5,577,700	(1,425,572)	-	(15,584,034)
<u>\$2,145,358,750</u>	<u>\$1,195,834,360</u>	<u>\$128,445,954</u>	<u>\$507,605,159</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, 1998

	Balance Forward July 1, 1997 (Adjusted)	Transfers In/(Out)
GENERAL GOVERNMENT		
Attorney General	\$2,064,507	\$6,369,718
State Auditor	180,177	801,159
Executive Department	8,763,000	3,740,494
Department of Administrative & Financial Services		
Bureau of Taxation - Unorganized Territories Services	5,053,192	5,662,980
Bureau of Public Improvements	351,442	1,641,071
Other	6,352,572	15,859,638
Total Administrative & Financial Services	11,757,206	23,163,689
Judicial - Supreme, Superior and District Courts	366,723	2,439,554
Legislature	98,490	35,433
Secretary of State		
Secretary of State	104,816	299,827
Highway Safety	1,301,782	1,881,517
State Archives	39,411	19,072
Total Secretary of State	1,446,009	2,200,416
Treasurer of State		
Municipal Revenue Sharing	150	89,495,308
Other	-	-
Independent Agencies		
Accident Sickness and Health Insurance	496,196	891,391
Science and Technology Foundation	380	-
Other	187,631	209,663
TOTAL GENERAL GOVERNMENT	25,360,469	129,346,825
ECONOMIC DEVELOPMENT		
Department of Agriculture, Food & Rural Resources	3,891,329	11,719,919
Department of Economic & Community Development	1,488,810	15,979,344
Department of Marine Resources	2,667,775	4,333,831
Department of Professional & Financial Regulation	15,643,605	15,440,804
Independent Agencies		
Regulatory Boards	25,384	7,592
Public Utilities Commission	4,459,520	6,382,022
Blueberry Advisory Board	289,665	822,616
Maine Sardine Council	10,066	185,767
Maine Lobster Promotion Council	21,775	302,640
Maine State Housing Authority	243,877	3,268,004
Maine Waste Management	6,186	(6,186)
Finance Authority of Maine	40	-
Worker's Compensation Board	5,448,665	8,676,324
Maine Potato Board	61,419	751,944
Other	856,926	1,008,277
TOTAL ECONOMIC DEVELOPMENT	35,115,042	68,872,898
EDUCATION AND CULTURAL SERVICES		
Department of Education		
Administration	220,536	4,079,931
Local School Nutrition Program	76,085	21,553,195
Education in Unorganized Territory	65,190	213,396

Total Available	Expenditures	Unexpended Balance June 30, 1998	
		Encumbrances Carried	Unencumbered Balances
\$8,434,225	\$5,712,530	\$243,138	\$2,478,557
981,336	769,843	38,814	172,679
12,503,494	4,466,553	1,103,894	6,933,047
10,716,172	5,764,861	-	4,951,311
1,992,513	1,725,872	-	266,641
22,212,210	1,378,965	18,190	20,815,055
34,920,895	8,869,698	18,190	26,033,007
2,806,277	2,546,090	213,327	46,860
133,923	55,243	-	78,680
404,643	126,542	69,897	208,204
3,183,299	1,109,456	-	2,073,843
58,483	12,776	2,724	42,983
3,646,425	1,248,774	72,621	2,325,030
89,495,458	89,494,820	-	638
-	-	-	-
1,387,587	1,096,771	48,742	242,074
380	-	-	380
397,294	138,542	3,226	255,526
154,707,294	114,398,864	1,741,952	38,566,478
15,611,248	12,298,042	413,454	2,899,752
17,468,154	15,417,565	10,139,866	(8,089,277)
7,001,606	3,724,789	502,628	2,774,189
31,084,409	12,866,007	420,230	17,798,172
32,976	13,378	-	19,598
10,841,542	4,844,110	566,167	5,431,265
1,112,281	1,112,281	-	-
195,833	195,833	-	-
324,415	296,215	-	28,200
3,511,881	3,443,383	-	68,498
-	-	-	-
40	-	-	40
14,124,989	6,376,036	32,466	7,716,487
813,363	725,106	-	88,257
1,865,203	1,444,463	54,926	365,814
103,987,940	62,757,208	12,129,737	29,100,995
4,300,467	4,122,637	22,271	155,559
21,629,280	21,515,207	70,946	43,127
278,586	220,124	-	58,462

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, 1998

	Balance Forward July 1, 1997 (Adjusted)	Transfers In/(Out)
School Construction Aid	31,966	1,491,922
Vocational Education	97,516	5,416,860
Maine Technical College System	-	514,369
Adult Education	12,791	1,650,262
Rehabilitation Services	-	-
Other Education Programs	343,132	58,345,385
Governor Baxter School for the Deaf	163,027	99,193
Total Department of Education	1,010,243	93,364,513
 Maine Historic Preservation Commission	 83,071	 743,208
Maine Arts Commission	98,104	274,806
State Library	120,442	731,257
Museum	50,792	183,651
TOTAL EDUCATION AND CULTURAL SERVICES	1,362,652	95,297,435
 HUMAN SERVICES		
Department of Human Services		
Administration	1,187,392	20,167,193
Bureau of Health	1,954,459	37,111,499
Emergency Medical and Disease Prevention	11,813	1,013,569
Medical Care Payments	(9,247,880)	832,897,988
Medical Care Administration	366,603	26,057,955
Bureau of Social Welfare	786,244	32,777,272
Temporary Assistance for Needy Families	7,062,520	117,241,480
Bureau of Child and Family Services	1,005,895	12,172,323
Purchased Social Services	215,643	52,499,915
Child Welfare Services	\$365	\$13,975,685
Bureau of Rehabilitation	(114,391)	6,808,507
Bureau of Maine's Elderly	469,055	6,383,573
Other	188,926	2,777,276
Total Department of Human Services	3,886,644	1,161,884,235
 Department of Mental Health, Mental Retardation and Substance Abuse Services		
Community Mental Health	1,027,802	2,502,260
Title XX Federal Mental Health	43,092	274,026
Food	1,567	(1,264)
Capital Construction, Repairs and Improvement	1,592,287	2,468,310
Children's Mental Health Services	11,587	5,085,423
Augusta Mental Health Institute	332,522	16,679,851
Bangor Mental Health Institute	1,623,137	18,702,198
Community Mental Retardation Service	68,382	376,045
Title XX Federal Mental Retardation	23,290	899,640
Pineland Center	7,987	81,290
Elizabeth Levinson Center	171	-
Office of Substance Abuse	685,649	8,748,289
Total Department of Mental Health, Mental Retardation and Substance Abuse Services	5,417,473	55,816,068

Total Available	Expenditures	Unexpended Balance June 30, 1998	
		Encumbrances Carried	Unencumbered Balances
1,523,888	1,522,796	-	1,092
5,514,376	5,359,133	6,826	148,417
514,369	514,369	-	-
1,663,053	1,628,385	-	34,668
-	-	-	-
58,688,517	57,583,463	282,758	822,296
262,220	128,871	483	132,866
94,374,756	92,594,985	383,284	1,396,487
826,279	676,015	46,096	104,168
372,910	340,441	2,771	29,698
851,699	726,926	835	123,938
234,443	143,825	2,602	88,016
96,660,087	94,482,192	435,588	1,742,307
21,354,585	20,447,583	534,723	372,279
39,065,958	34,915,990	5,293,644	(1,143,676)
1,025,382	985,258	74,272	(34,148)
823,650,108	840,155,947	638,876	(17,144,715)
26,424,558	25,029,581	1,464,053	(69,076)
33,563,516	30,505,733	2,268,567	789,216
124,304,000	109,143,339	-	15,160,661
13,178,218	12,027,696	4,065,374	(2,914,852)
52,715,558	50,326,325	2,809,119	(419,886)
\$13,976,050	\$13,968,186	\$1,813,335	(\$1,805,471)
6,694,116	7,466,704	547,486	(1,320,074)
6,852,628	6,683,373	341,980	(172,725)
2,966,202	2,831,213	225,678	(90,689)
1,165,770,879	1,154,486,928	20,077,107	(8,793,156)
3,530,062	3,399,562	820,479	-689,979
317,118	311,041	6,076	1
303	-	-	303
4,060,597	3,610,152	110,937	339,508
5,097,010	5,081,359	272,153	(256,502)
17,012,373	15,070,582	294,532	1,647,259
20,325,335	16,810,115	519,905	2,995,315
444,427	361,517	31,319	51,591
922,930	909,250	12,227	1,453
89,277	85,902	-	3,375
171	-	-	171
9,433,938	9,506,865	260,239	(333,166)
61,233,541	55,146,345	2,327,867	3,759,329

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, 1998

	Balance Forward July 1, 1997 (Adjusted)	Transfers In/(Out)
Department of Corrections	721,842	3,007,635
Independent Agencies		
Human Rights Commission	120,753	193,429
Maine Health Care Finance Commission	556	(556)
Other	1,375,460	1,604,753
TOTAL HUMAN SERVICES	11,522,728	1,222,505,564
LABOR		
Department of Labor		
Employment Security - Administration	1,389,960	52,744,931
Labor Allowance	48,298	4,868,339
Labor Development and Training	995,995	1,566,577
Rehab Services	242,683	10,495,030
Labor Relations	7,663	61,834
Benefit Account	20,269	1,459,044
TOTAL LABOR	2,704,868	71,195,755
NATURAL RESOURCES		
Department of Conservation		
Central Administration	425,082	257,614
Bureau of Forestry	\$964,745	\$1,057,699
Bureau of Geology	176,306	82,195
Land Use Regulation Commission	53,130	7,382
Bureau of Parks and Recreation	354,447	594,067
Bureau of Public Lands	3,538,536	3,244,312
Boating Facilities Fund	2,703,369	1,668,472
Snowmobile Trail Fund	496,290	2,035,596
Maine State Parks Fund	550,767	1,041,231
Other	291,695	314,443
Total Department of Conservation	9,554,367	10,303,011
Department of Environmental Protection		
Administration	349,281	3,576,175
Bureau of Air Quality	5,973	231,191
Bureau of Land Quality	2,206,391	1,670,112
Bureau of Water Quality	104,305	23,835
Waste Treatment Planning	351,735	2,588,246
Maine Coastal Protection Fund	13,152,236	20,788,137
Low Level Waste Site Fund	78,685	(385)
Other	123,521	3,717,488
Total Department of Environment Protection	16,372,127	32,594,799
Department of Inland Fisheries and Wildlife		
Administration, Warden & Bio Services	4,511,268	5,183,682
White Water Rafting	56,824	97,839
Non-Game Wildlife Fund	1,234,417	1,462,643
Atlantic Sea Run Salmon Management	57,967	509,416

Total Available	Expenditures	Unexpended Balance June 30, 1998	
		Encumbrances Carried	Unencumbered Balances
3,729,477	2,819,931	261,086	648,460
314,182	205,732	88	108,362
2,980,213	1,478,995	57,202	1,444,016
1,234,028,292	1,214,137,931	22,723,350	(2,832,989)
54,134,890	51,776,260	1,550,558	808,072
4,916,637	4,967,413	-	(50,776)
2,562,572	1,865,867	110,145	586,560
10,737,714	10,457,058	287,622	(6,966)
69,497	48,218	-	21,279
1,479,313	1,477,332	-	1,981
73,900,623	70,592,148	1,948,325	1,360,150
682,696	291,020	75,330	316,346
\$2,022,444	\$1,177,403	\$370,991	\$474,050
258,501	198,925	22,267	37,309
60,512	7,069	-	53,443
948,514	523,845	161,470	263,199
6,782,848	3,074,338	106,768	3,601,742
4,371,841	1,706,590	618,761	2,046,490
2,531,886	1,877,324	3,700	650,862
1,591,998	974,532	252,214	365,252
606,138	292,672	91,718	221,748
19,857,378	10,123,718	1,703,219	8,030,441
3,925,456	3,939,770	107,848	(122,162)
237,164	208,609	14,900	13,655
3,876,503	1,869,124	106,054	1,901,325
128,140	108,941	-	19,199
2,939,981	2,543,547	242,946	153,488
33,940,373	18,110,554	2,652,936	13,176,883
78,300	25,383	-	52,917
3,841,009	3,570,675	695,062	(424,728)
48,966,926	30,376,603	3,819,746	14,770,577
9,694,950	6,103,871	746,364	2,844,715
154,663	12,324	-	142,339
2,697,060	833,288	165,727	1,698,045
567,383	495,401	8,235	63,747

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, 1998

	Balance Forward July 1, 1997 (Adjusted)	Transfers In/(Out)
Total Department of Inland Fisheries and Wildlife	5,860,476	7,253,580
Independent Agencies		
Baxter State Park Authority	5,223	2,352,207
Maine Forest Authority	16,677	-
TOTAL NATURAL RESOURCES	31,808,870	52,503,597
PUBLIC PROTECTION		
Department of Defense, Veterans and Emergency Mgmt.		
Administration	679,207	7,659,054
Maine Emergency Management's Hazardous Mitigation	4,025	272,470
Veteran's Memorial Cemetary	40,809	54,260
Bureau of Civil Emergency Preparedness	424,317	23,522,034
Total Department of Defense, Veterans and Emergency Mgmt	1,148,358	31,507,818
Department of Public Safety		
State Police	\$1,516,149	\$10,964,917
Emergency 911 System	848,758	1,923,822
Maine Criminal Justice Academy	157,398	1,074,842
State Fire Marshall	848,004	1,341,941
Drug Enforcement Agency	118,951	1,518,405
Other	31,104	7,738
Total Department of Public Safety	3,520,364	16,831,665
TOTAL PUBLIC PROTECTION	4,668,722	48,339,483
TRANSPORTATION		
Department of Transportation		
Transportation Services	51,768	15,514,828
Administration Costs	26,197	491,140
Construction of Highways	33	107,963,975
Maintenance of Highways	2	16,422,098
Bureau of Aeronautics	51,425	18,248
Other	1,038,793	3,992,917
TOTAL TRANSPORTATION	1,168,218	144,403,206
TOTAL OTHER SPECIAL REVENUE FUNDS	113,711,569	1,832,464,763
DETAIL OF:		
Federal Expenditure Fund	1,517,499	1,202,188,551
Federal Block Grant	2,072,048	118,142,681
Other Special Revenue	110,122,022	512,133,531
TOTAL OTHER SPECIAL REVENUE FUNDS	\$113,711,569	\$1,832,464,763

Total Available	Expenditures	Unexpended Balance June 30, 1998	
		Encumbrances Carried	Unencumbered Balances
13,114,056	7,444,884	920,326	4,748,846
2,357,430	2,213,014	-	144,416
16,677	-	-	16,677
84,312,467	50,158,219	6,443,291	27,710,957
8,338,261	7,812,622	1,349,813	(824,174)
276,495	269,909	-	6,586
95,069	40,355	1,101	53,613
23,946,351	23,359,743	32,003	554,605
32,656,176	31,482,629	1,382,917	(209,370)
\$12,481,066	\$10,375,352	\$545,872	\$1,559,842
2,772,580	792,487	66,194	1,913,899
1,232,240	855,525	25,253	351,462
2,189,945	1,236,047	39,754	914,144
1,637,356	1,620,516	1,859	14,981
38,842	9,299	-	29,543
20,352,029	14,889,226	678,932	4,783,871
53,008,205	46,371,855	2,061,849	4,574,501
15,566,596	3,780,185	762,698	11,023,713
517,337	502,402	-	14,935
107,964,008	107,918,248	-	45,760
16,422,100	16,166,602	-	255,498
69,673	69,673	-	-
5,031,710	1,260,738	-	3,770,972
145,571,424	129,697,848	762,698	15,110,878
1,946,176,332	1,782,596,265	48,246,790	115,333,277
1,203,706,050	1,207,903,980	19,433,728	-23,631,658
120,214,729	116,591,717	15,263,901	(11,640,889)
622,255,553	458,100,568	13,549,161	150,605,824
\$1,946,176,332	\$1,782,596,265	\$48,246,790	\$115,333,277

OTHER SPECIAL REVENUE FUNDS

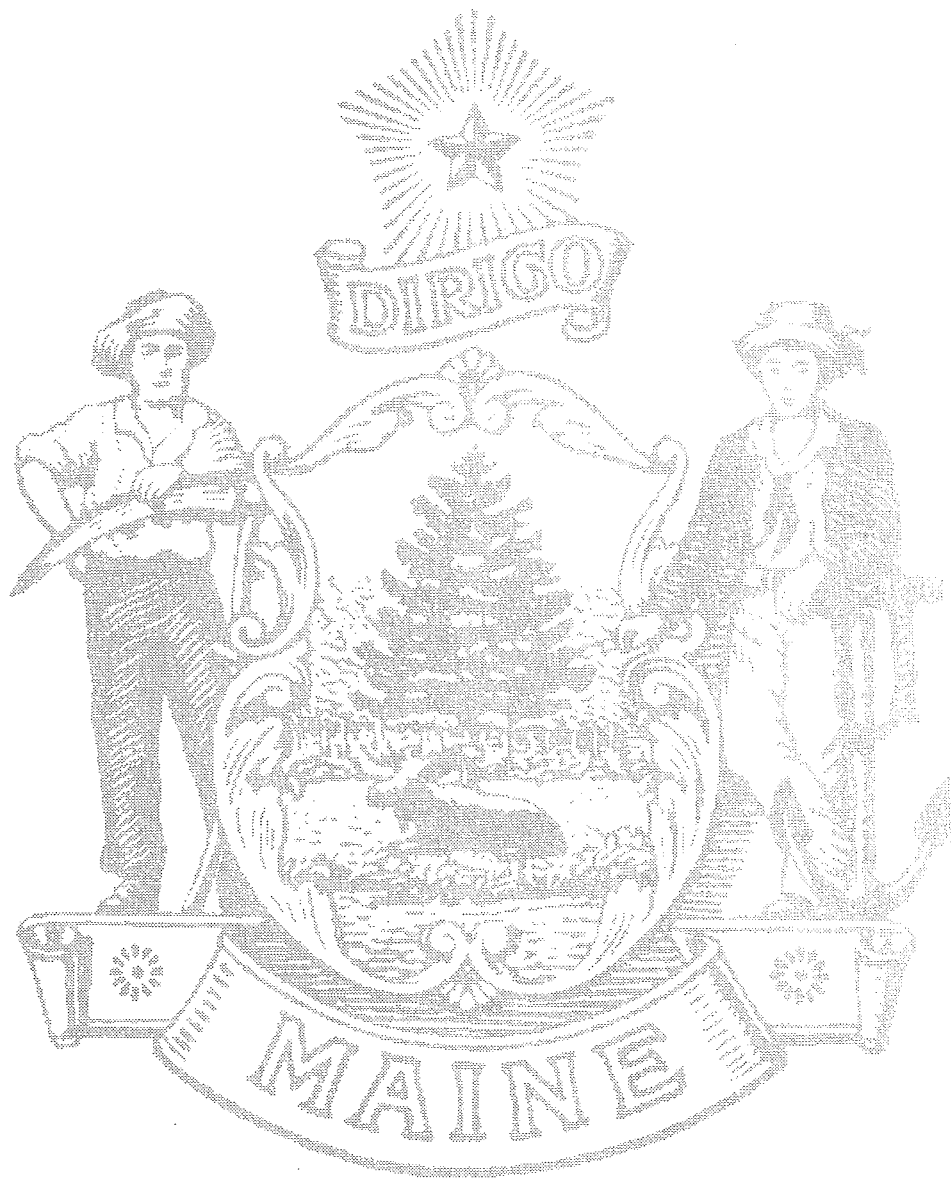
COMBINED STATEMENT OF EXPENDITURES BY CHARACTER AND OBJECT

For the Years Ended June 30, 1998

	1998	1997
PERSONAL SERVICES		
Salaries and Wages	\$135,458,026	\$134,477,531
Retirement Costs	12,071,504	11,549,742
Health Insurance and Other Fringe Benefits	41,154,895	43,645,146
Unemployment Reimbursements	230,882	270,015
	<hr/> 188,915,306	<hr/> 189,942,434
CONTRACTUAL SERVICES		
Professional Fees and Special Services	66,376,614	52,165,192
Traveling Expenses	4,544,456	4,084,213
Operating State-Owned Vehicles	679,022	747,903
Utility Services	6,943,827	5,934,488
Rents	18,977,723	10,819,838
Repairs and Insurance	4,385,064	5,179,725
General Operating Expenses	14,036,601	10,543,347
	<hr/> 115,943,308	<hr/> 89,474,706
COMMODITIES		
Foods	376,350	480,738
Fuels	468,795	516,651
Materials	2,712,847	876,896
Office and Other Supplies	9,840,824	7,628,842
	<hr/> 13,398,816	<hr/> 9,503,127
GRANTS, SUBSIDIES AND PENSIONS		
To Federal Government	178	12,000
To Cities, Towns and Counties	209,233,132	174,318,425
To Public and Private Organizations	117,497,401	108,485,723
To Individuals:		
Temporary Assistance for Needy Families	113,013,632	122,236,235
Assistance and Medical Care	911,134,719	852,247,581
Unemployment Compensation Benefits	2,473,999	1,857,674
Pensions and Compensation for Injuries	86,880	61,416
Other	3,702,873	996,043
	<hr/> 1,357,142,813	<hr/> 1,260,215,097
CAPITAL OUTLAYS		
Contract Payments	83,680,354	93,340,926
Other	19,713,595	15,964,820
	<hr/> 103,393,949	<hr/> 109,305,746
CONTRIBUTIONS AND TRANSFERS TO OTHER FUNDS	3,802,071	4,365,136
TOTAL EXPENDITURES	<hr/> <hr/> \$1,782,596,264	<hr/> <hr/> 1,662,806,247

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.



CAPITAL PROJECTS FUNDS**COMPARATIVE BALANCE SHEET**

For the Years Ended June 30,

	1998	1997
ASSETS		
Equity in Treasurer's Demand Cash and/or Investment	\$69,148,975	\$55,653,962
Other Assets	-	905
TOTAL ASSETS	69,148,975	55,654,867
LIABILITIES AND FUND EQUITY		
LIABILITIES		
Accounts Payable	2,977,723	5,438,489
Due to Other Funds	-	-
TOTAL LIABILITIES	2,977,723	5,438,489
FUND EQUITY		
Encumbered	5,630,255	6,529,389
Unencumbered	60,540,997	43,686,989
TOTAL FUND EQUITY	66,171,252	50,216,378
TOTAL LIABILITIES AND FUND EQUITY	\$69,148,975	\$55,654,867

CAPITAL PROJECTS FUND

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

For the Year Ended June 30, 1998

	Balance Forward July 1, 1997 (Adjusted)	Revenue Transfers and Other Resources
GENERAL GOVERNMENT		
Debt Service	\$3,014,749	(\$1,476,022)
Land for Maine's Future	851,070	(90,911)
Energy Conservation - State Buildings	2,052,445	-
Bureau of Public Improvements - Asbestos Bond	-	2,000,000
Recycling	495,603	-
TOTAL GENERAL GOVERNMENT	6,413,867	433,067
ECONOMIC DEVELOPMENT		
Maine State Housing Authority	2,000,001	-
Fame	1,000,000	8,500,000
TOTAL ECONOMIC DEVELOPMENT	3,000,001	8,500,000
EDUCATION AND CULTURAL SERVICES		
Acquisition of School Buses	46,208	-
Technology Equipment	3,866,149	-
Statewide Library Information System	-	-
Other	2,220,206	4,999,993
TOTAL EDUCATION AND CULTURAL SERVICES	6,132,563	4,999,993
HUMAN SERVICES		
Drinking Water	-	2,500,000
Correctional Facilities	919,893	-
TOTAL HUMAN SERVICES	919,893	2,500,000
NATURAL RESOURCES		
Conservation Department		
Bureau of Parks and Recreation	3,882,995	485,670
Inland Fisheries and Wildlife	3,112	200
Environmental Protection		
Hazardous Waste Clean Up	2,834,900	750,000
Pollution Abatement	6,187,623	4,604,833
Solid Waste	8,274,661	2,126,075
TOTAL NATURAL RESOURCES	21,183,291	7,966,778
TRANSPORTATION		
Airport Improvements	1,463,674	1,961,500
Public Safety 911	1,862,286	-
Highways & Bridges	4,725,668	43,305,000
Ports & Marine	7,945,187	9,233,502
Rail Transportation	432,375	4,150,000
TOTAL TRANSPORTATION	16,429,190	58,650,002
TOTAL CAPITAL PROJECTS FUND	\$54,078,805	\$83,049,840

Total Available	Expenditures	Unexpended Balance June 30, 1998	
		Encumbrances Carried	Unencumbered Balances
\$1,538,727	\$ -	\$ -	\$1,538,727
760,159	181,046	4,500	574,613
2,052,445	1,397,001	504,810	150,634
2,000,000	71,779	-	1,928,221
495,603	20,204	-	475,399
6,846,934	1,670,030	509,310	4,667,594
2,000,001	2,000,000	-	1
9,500,000	7,000,000	-	2,500,000
11,500,001	9,000,000	-	2,500,001
46,208	-	-	46,208
3,866,149	742,036	292,947	2,831,166
-	-	-	-
7,220,199	676,416	-	6,543,783
11,132,556	1,418,452	292,947	9,421,157
2,500,000	-	-	2,500,000
919,893	298,592	186,847	434,454
3,419,893	298,592	186,847	2,934,454
4,368,665	1,994,024	1,232,915	1,141,726
3,312	-	-	3,312
3,584,900	1,180,555	602,326	1,802,019
10,792,456	5,430,863	1,009,710	4,351,883
10,400,736	4,685,326	1,729,179	3,986,231
29,150,069	13,290,768	4,574,130	11,285,171
3,425,174	1,204,384	-	2,220,790
1,862,286	226,945	67,020	1,568,321
48,030,668	30,558,632	-	17,472,036
17,178,689	10,470,996	-	6,707,693
4,582,375	432,189	-	4,150,186
75,079,192	42,893,146	67,020	32,119,026
\$137,128,645	\$68,570,988	\$5,630,254	\$62,927,403

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

Fiscal Year	Principal	Interest
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	\$1,290,000	\$423,775

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 1998, the State retired \$77,916,005 in debt and paid \$24,725,993 in interest.

DEBT SERVICE FUNDS**COMPARATIVE BALANCE SHEET**

For the Years Ended June 30,

	1998	1997
ASSETS		
Equity in Treasurer's Demand		
Cash and/or Investments	\$1,538,912	\$3,014,877
Cash - Other	655,957	2,678,798
TOTAL ASSETS	\$2,194,870	\$5,693,675
LIABILITIES AND FUND EQUITY		
Bonds Matured - Not Presented for Payment	\$15,000	\$15,000
Interest Matured - Not Presented for Payment	640,957	2,663,798
Fund Equity	1,538,912	3,014,877
TOTAL LIABILITIES AND FUND EQUITY	\$2,194,870	\$5,693,675

EXHIBIT E-2

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

For the Years Ended June 30,

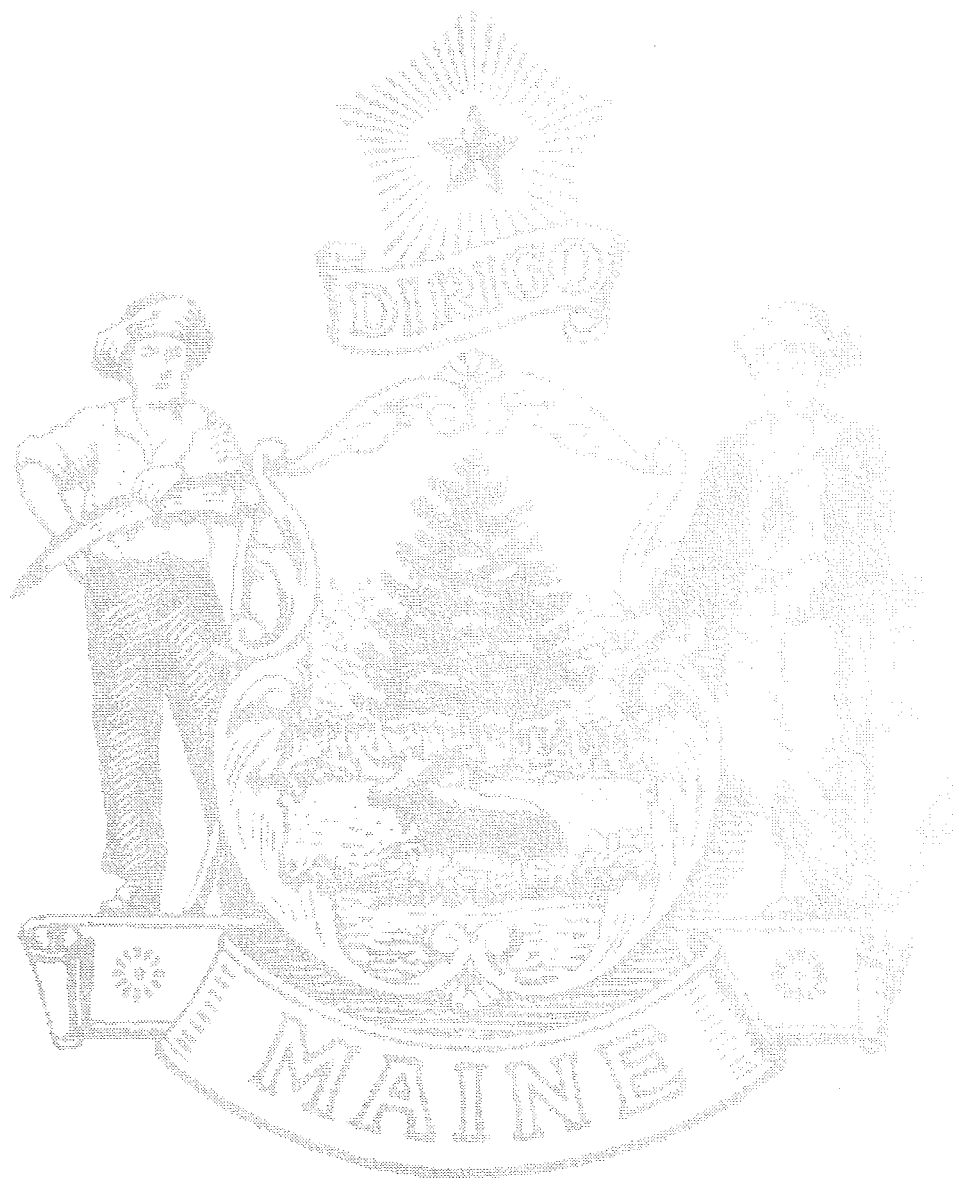
	1998	1997
REVENUES		
Contribution from:		
Vocational Technical Colleges	\$204,023	\$236,953
Maine Veterans Home	149,700	157,400
Income from Investments	2,901,175	(3,018,959)
Transfers from Other Funds		
General Fund	70,905,858	90,185,613
Highway Fund	27,005,276	28,556,596
TOTAL REVENUE	101,166,033	116,117,603
EXPENDITURES		
Redemption of Bonds	77,916,005	88,180,000
Interest on Bonds	24,725,993	27,674,983
TOTAL EXPENDITURES	102,641,998	115,854,983
EXCESS TO FUND EQUITY	(1,475,965)	172,621
FUND BALANCE JULY 1, 1997	3,014,877	2,842,256
FUND BALANCE JUNE 30, 1998	\$1,538,912	\$3,014,877

Detail of This Year

General Fund Issues	Highway Fund Issues	Other Issues
\$1,538,726	\$ -	\$186
448,092	96,713	111,153
<u>\$1,986,818</u>	<u>\$96,713</u>	<u>\$111,339</u>
<u><u>\$1,986,818</u></u>	<u><u>\$96,713</u></u>	<u><u>\$111,339</u></u>
\$5,000	-	\$10,000
443,092	96,713	101,153
1,538,726		186
<u>\$1,986,818</u>	<u>\$96,713</u>	<u>\$111,339</u>
<u><u>\$1,986,818</u></u>	<u><u>\$96,713</u></u>	<u><u>\$111,339</u></u>

Detail of This Year

Issues	Issues	Issues
\$ -	\$ -	\$204,023
-	-	149,700
2,682,862	-	-
71,124,172	-	-
-	27,005,276	-
<u>73,807,034</u>	<u>27,005,276</u>	<u>353,723</u>
57,795,639	19,880,000	240,366
17,487,417	7,125,276	113,300
<u>75,283,056</u>	<u>27,005,276</u>	<u>353,666</u>
(1,476,022)	-	57
3,014,749	-	129
<u>\$1,538,726</u>	<u>\$ -</u>	<u>\$186</u>
<u><u>\$1,538,726</u></u>	<u><u>\$ -</u></u>	<u><u>\$186</u></u>



ENTERPRISE FUNDS

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, 1998

	<u>Fund Total</u>	<u>Community Industrial</u>	<u>Potato Marketing</u>	<u>State Ferry</u>
ASSETS				
Cash and Short-Term Investments	\$12,586,676	\$ -	\$1,868,681	\$1,044,528
Receivables, (net of allowance for uncollectibles):	-	-	-	-
Loans	7,337,532	-	7,305,960	-
Other Receivables	8,924,342	-	-	103,969
Due from Other Funds	3,383	-	-	1,032
Inventories	3,055,191	-	-	207,717
Property and Equipment	52,283,895	-	1,437	20,415,024
Other Assets	100,668	-	-	3
TOTAL ASSETS	<u>\$84,291,686</u>	<u>\$ -</u>	<u>\$9,176,078</u>	<u>\$21,772,273</u>
LIABILITIES, FUND EQUITY and OTHER CREDITS				
LIABILITIES				
Accounts Payable	\$6,273,146	\$ -	\$447	\$37,864
Accrued Payroll	198,776	-	-	198,776
Compensated Absences	471,805	-	-	119,947
Due to Other Funds	1,312,695	-	484	-
Due to component unit	1,223,191	-	1,223,191	-
Deferred Revenue	244,297	39,229	-	-
Lottery Prizes Payable	-	-	-	-
Loans Payable	-	-	-	-
Other Accrued Liabilities	7,432,351	-	42,578	-
Working Capital Advances Payable	1,000,000	-	-	-
TOTAL LIABILITIES	<u>18,156,262</u>	<u>39,229</u>	<u>1,266,701</u>	<u>356,587</u>
FUND EQUITY AND OTHER CREDITS				
Contributed Capital	54,394,262	-	5,000,000	19,795,889
Retained Earnings	11,741,161	(39,229)	2,909,377	1,619,797
TOTAL FUND EQUITY and OTHER CREDITS	<u>66,135,424</u>	<u>(39,229)</u>	<u>7,909,377</u>	<u>21,415,686</u>
TOTAL LIABILITIES, FUND EQUITY and OTHER CREDITS	<u>\$84,291,685</u>	<u>\$ -</u>	<u>\$9,176,078</u>	<u>\$21,772,273</u>

State Airport	Marine Ports	Alcoholic Beverages	Prison Industries	Seed Potato	Risk Pool	Lottery
\$175,655	\$445,478	\$2,892,453	\$253,564	\$338	\$5,547,198	\$358,781
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	31,572	-	-	-	-
-	-	540,830	39,910	47,131	39,457	8,153,045
1,840	-	-	85	-	426	-
-	-	2,570,652	276,173	650	-	-
6,631,881	23,497,065	706,254	48,076	924,044	-	60,113
-	-	1,939	-	-	51,528	47,198
<u>\$6,809,376</u>	<u>\$23,942,542</u>	<u>\$6,743,700</u>	<u>\$617,808</u>	<u>\$972,163</u>	<u>\$5,638,609</u>	<u>\$8,619,136</u>

-	\$6,977	\$4,959,935	\$34,868	\$6,311	\$59,098	\$1,167,645
-	-	-	-	-	-	-
-	-	270,454	-	-	-	81,404
-	-	26,269	18,043	10,868	-	1,257,031
-	-	-	-	-	-	-
-	-	-	-	-	205,068	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	487,041	(146)	25,822	764,000	6,113,056
-	-	1,000,000	-	-	-	-
<u>-</u>	<u>6,977</u>	<u>6,743,700</u>	<u>52,765</u>	<u>43,001</u>	<u>1,028,166</u>	<u>8,619,136</u>

6,390,783	23,004,040	-	203,550	-	-	-
418,592	931,526	-	361,493	929,162	4,610,443	-
<u>6,809,376</u>	<u>23,935,566</u>	<u>-</u>	<u>565,043</u>	<u>929,162</u>	<u>4,610,443</u>	<u>-</u>
<u>\$6,809,376</u>	<u>\$23,942,542</u>	<u>\$6,743,700</u>	<u>\$617,808</u>	<u>\$972,163</u>	<u>\$5,638,609</u>	<u>\$8,619,136</u>

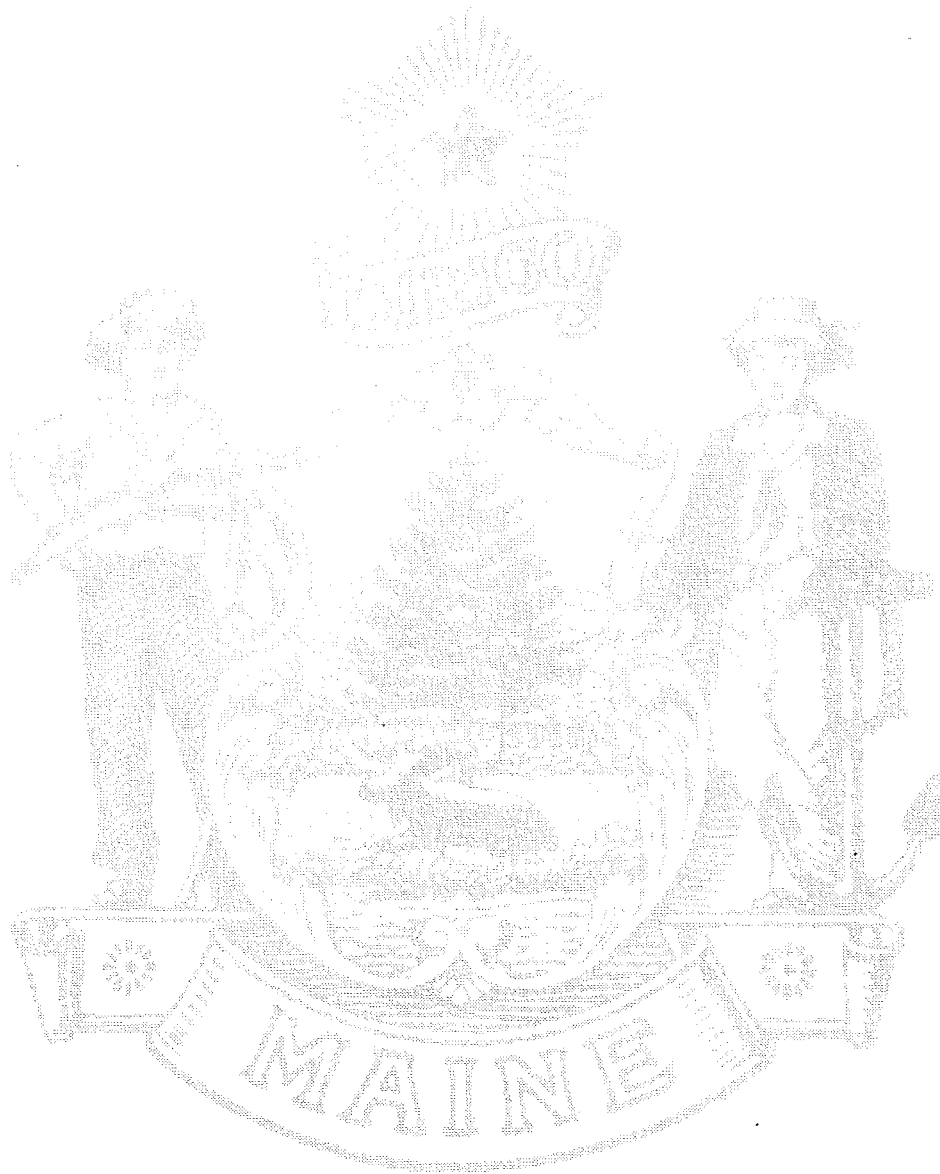
ENTERPRISE FUNDS

COMBINING STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN RETAINED EARNINGS

For the Year Ended June 30, 1998

	Fund Total	Community Industrial	Potato Marketing	State Ferry
OPERATING REVENUES				
Charges for Services	\$228,460,429	\$ -	\$13,901	\$2,446,805
Other Operating Income	8,879	-	-	-
TOTAL OPERATING REVENUES	<u>228,469,308</u>	<u>-</u>	<u>13,901</u>	<u>2,446,805</u>
OPERATING EXPENSES				
General Operations	167,814,848	-	877,164	3,954,634
Depreciation	3,303,202	-	503	1,243,455
Interest	66,917	-	66,917	-
Claims	209,307	-	-	-
TOTAL OPERATING EXPENSES	<u>171,394,274</u>	<u>-</u>	<u>944,584</u>	<u>5,198,089</u>
OPERATING INCOME (loss)	57,075,034	-	(930,683)	(2,751,284)
NONOPERATING REVENUES (expenses)	<u>1,893,598</u>	<u>-</u>	<u>556,846</u>	<u>69,090</u>
INCOME (loss) BEFORE OPERATING TRANSFERS	<u>58,968,632</u>	<u>-</u>	<u>(373,837)</u>	<u>(2,682,194)</u>
OPERATING TRANSFERS				
Transfers In	2,841,855	-	-	2,155,674
Transfers Out	(64,002,728)	(100,000)	-	-
TOTAL OPERATING TRANSFERS	<u>(61,160,873)</u>	<u>(100,000)</u>	<u>-</u>	<u>2,155,674</u>
NET INCOME	(2,192,240)	(100,000)	(373,837)	(526,520)
Add Back Depreciation on Assets Acquired with Contributed Capital	3,073,992	-	-	1,194,104
INCREASE IN RETAINED EARNINGS	881,752	(100,000)	(373,837)	667,584
RETAINED EARNINGS (deficits) at July 1, 1997 AS RESTATED	<u>10,859,410</u>	<u>60,771</u>	<u>3,283,215</u>	<u>952,213</u>
RETAINED EARNINGS (deficits) at June 30, 1998	<u>\$11,741,162</u>	<u>(\$39,229)</u>	<u>\$2,909,378</u>	<u>\$1,619,797</u>
CONTRIBUTED CAPITAL at July 1, 1997	56,646,243	-	5,000,000	20,768,409
Add: Capital Contributions	822,012	-	-	221,584
Less: Depreciation of Fixed Assets Acquired from Contributed Capital	(3,073,992)	-	-	(1,194,104)
CONTRIBUTED CAPITAL at June 30, 1998	<u>\$54,394,263</u>	<u>\$ -</u>	<u>\$5,000,000</u>	<u>\$19,795,889</u>

State Airport	Marine Ports	Alcoholic Beverages	Prison Industries	Seed Potato	Risk Pool	Lottery
\$129,086	\$335,990	\$71,641,131	\$923,164	\$283,810	\$825,927	\$151,860,615
4,405	5,895	-	-	(1,421)	-	-
133,491	341,885	71,641,131	923,164	282,389	825,927	151,860,615
249,648	209,387	49,436,567	997,952	623,604	504,528	110,961,364
580,946	1,326,770	65,145	11,890	62,880	-	11,613
-	-	-	-	-	-	-
-	-	-	-	-	209,307	-
830,594	1,536,157	49,501,712	1,009,842	686,484	713,835	110,972,977
(697,103)	(1,194,272)	22,139,419	(86,678)	(404,095)	112,092	40,887,638
11,740	22,132	-	16,833	3,910	337,376	875,671
(685,363)	(1,172,140)	22,139,419	(69,845)	(400,185)	449,468	41,763,309
208,391	92,707	-	-	385,083	-	-
-	-	(22,139,419)	-	-	-	(41,763,309)
208,391	92,707	(22,139,419)	-	385,083	-	(41,763,309)
(476,972)	(1,079,433)	-	(69,845)	(15,102)	449,468	-
573,939	1,305,949	-	-	-	-	-
96,967	226,516	-	(69,845)	(15,102)	449,468	-
321,625	705,010	-	431,338	944,264	4,160,974	-
\$418,592	\$931,526	-	\$361,493	\$929,162	\$4,610,442	-
6,578,585	24,095,699		203,550			
386,138	214,290					
(573,939)	(1,305,949)					
\$6,390,784	\$23,004,040	\$ -	\$203,550	\$ -	\$ -	\$ -



INTERNAL SERVICE FUNDS

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, 1998

	Total	Motor Transport Service	Postal Printing and Supply
ASSETS			
Cash and Short-Term Investments	\$33,941,794	\$3,902,071	\$434,954
Cash with Fiscal Agent	775,015	2,262	-
Receivables (net of allowance for uncollectibles)	1,999,260	441	77,370
Due from Other Funds	8,903,425	1,546,228	1,300,190
Inventories	4,377,944	3,513,851	830,845
Fixed Assets (net of accumulated depreciation)	42,997,129	29,142,339	199,601
Other Assets	577,111	37,890	51,487
TOTAL ASSETS	\$93,571,678	\$38,145,082	\$2,894,447
LIABILITIES, FUND EQUITY OTHER CREDITS			
LIABILITIES			
Accounts Payable	\$7,036,911	\$506,915	\$850,597
Accrued Payroll	1,025,365	615,488	90,572
Compensated Absences	985,318	393,826	123,172
Due to Other Funds	413,311	1,309	317,041
Deferred Revenue	3,040,447	-	-
Certificates of Participation and Other Financing Arrangements	16,221,210	8,000,000	-
Claims Payable	91,815,847	-	-
Other Accrued Liabilities	469,257	-	339,643
Working Capital Advances Payable	13,750,528	13,464,528	111,000
TOTAL LIABILITIES	134,758,194	22,982,066	1,832,025
FUND EQUITY and OTHER CREDITS			
Contributed Capital	16,100,332	2,410,503	68,692
Retained Earnings (deficits)	(57,286,848)	12,752,513	993,730
TOTAL FUND EQUITY (deficit) and OTHER CREDITS	(41,186,516)	15,163,016	1,062,422
TOTAL LIABILITIES, FUND EQUITY and OTHER CREDITS	\$93,571,678	\$38,145,082	\$2,894,447

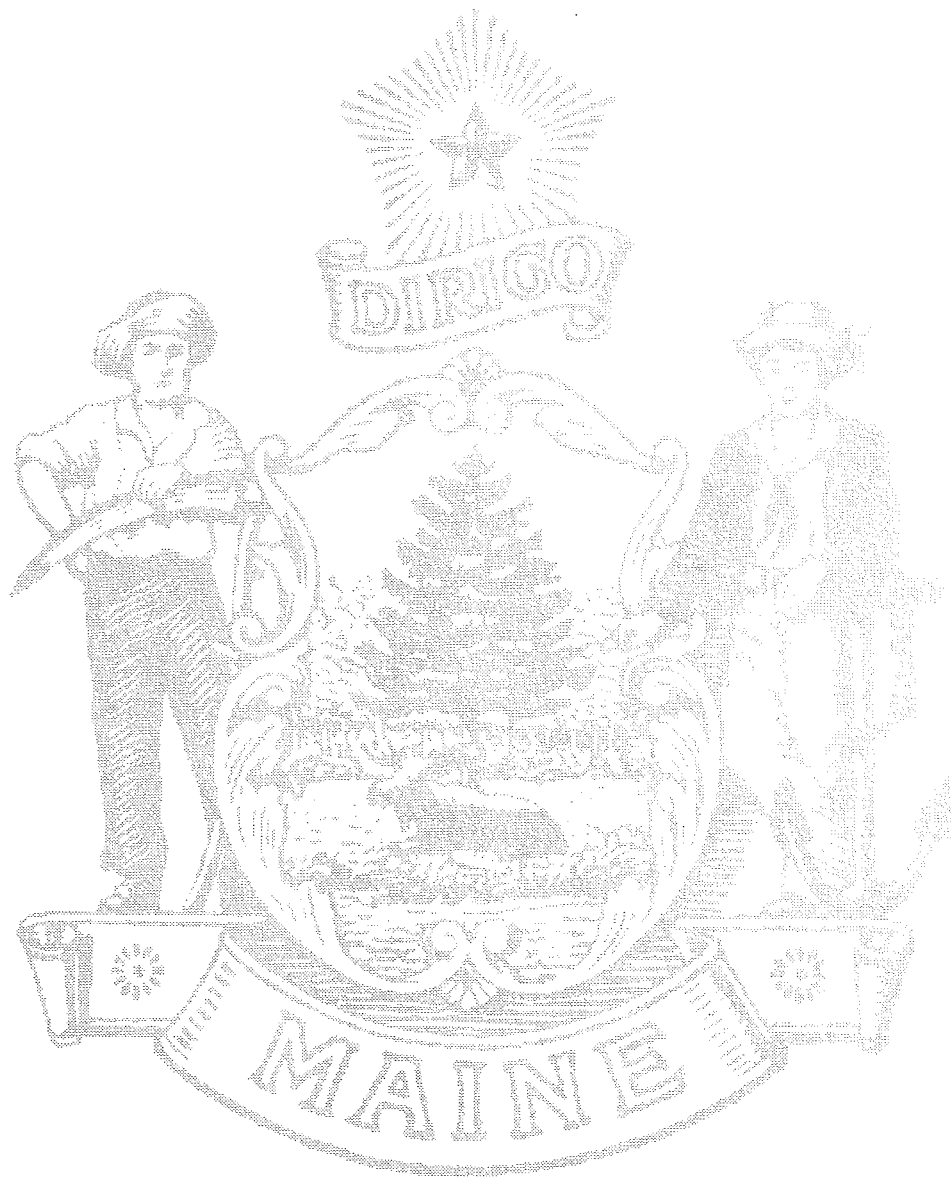
<u>Information Services</u>	<u>Risk Management</u>	<u>Workers Compensation</u>	<u>Central Fleet Management</u>	<u>Leased Space</u>	<u>Revenue Services</u>	<u>Retiree Health</u>
\$4,666,779	\$6,154,230	\$6,515,551	\$367,659	(\$131,999)	\$175,000	\$11,857,549
-	-	-	772,753	-	-	-
1,333,888	211	560,000	18,872	8,478	-	-
4,537,061	635,216	-	616,085	268,645	-	-
-	-	-	33,248	-	-	-
4,813,676	8,790	6,319	8,822,814	3,590	-	-
1,060	158,628	303,046	-	25,000	-	-
<u>\$15,352,464</u>	<u>\$6,957,075</u>	<u>\$7,384,916</u>	<u>\$10,631,431</u>	<u>\$173,714</u>	<u>\$175,000</u>	<u>\$11,857,549</u>
\$3,438,355	\$316,170	\$151,920	\$247,368	\$12,444	-	\$1,513,142
315,485	-	-	-	3,820	-	-
403,938	15,703	18,863	27,666	2,150	-	-
8,840	3,673	34,084	48,364	-	-	-
2,349,464	617,216	-	73,755	12	-	-
1,054,546	-	-	7,166,664	-	-	-
-	2,370,999	89,444,848	-	-	-	-
3,436	100	6,491	119,587	-	-	-
-	-	-	-	-	175,000	-
<u>7,574,064</u>	<u>3,323,861</u>	<u>89,656,206</u>	<u>7,683,404</u>	<u>18,426</u>	<u>175,000</u>	<u>1,513,142</u>
1,417,996	226,775	-	1,307,150	-	-	10,669,216
6,360,404	3,406,439	(82,271,290)	1,640,877	155,288	-	(324,809)
<u>7,778,400</u>	<u>3,633,214</u>	<u>(82,271,290)</u>	<u>2,948,027</u>	<u>155,288</u>	<u>-</u>	<u>10,344,407</u>
<u>\$15,352,464</u>	<u>\$6,957,075</u>	<u>\$7,384,916</u>	<u>\$10,631,431</u>	<u>\$173,714</u>	<u>\$175,000</u>	<u>\$11,857,549</u>

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

For the Year Ended June 30, 1998

	Total	Motor Transport Service	Postal, Printing and Supply
OPERATING REVENUES			
Charges for Services	\$123,886,013	\$25,929,140	\$15,406,583
TOTAL OPERATING REVENUES	<u>123,886,013</u>	<u>25,929,140</u>	<u>15,406,583</u>
OPERATING EXPENSES			
General Operations	94,852,048	18,514,691	14,944,907
Depreciation and amortization	9,671,977	5,340,116	59,968
Financing Expense-Interest	894,188	605,500	-
Claims	52,191,422	-	-
Miscellaneous	-	-	-
TOTAL OPERATING EXPENSES	<u>157,609,635</u>	<u>24,460,307</u>	<u>15,004,875</u>
OPERATING INCOME (loss)	<u>(33,723,622)</u>	<u>1,468,833</u>	<u>401,708</u>
NONOPERATING REVENUES (expenses)	<u>988,009</u>	<u>(96,831)</u>	<u>28,879</u>
NET INCOME	<u>(32,735,613)</u>	<u>1,372,002</u>	<u>430,587</u>
RETAINED EARNINGS (deficits) at JULY 1, 1997	<u>(24,551,236)</u>	<u>11,380,511</u>	<u>563,143</u>
RETAINED EARNINGS (deficits) at JUNE 30, 1998	<u>(\$57,286,849)</u>	<u>\$12,752,513</u>	<u>\$993,730</u>
CONTRIBUTED CAPITAL at July 1, 1997	15,610,033	2,410,503	68,692
Add: Capital Contributions	<u>490,299</u>	<u>-</u>	<u>-</u>
CONTRIBUTED CAPITAL at June 30, 1998	<u>\$16,100,332</u>	<u>\$2,410,503</u>	<u>\$68,692</u>

Information Services	Risk Management	Workers Compensation	Central Fleet Management	Leased Space	Retiree Health
\$29,418,051	\$2,213,482	\$14,237,595	\$5,580,239	\$9,920,118	\$21,180,805
<u>29,418,051</u>	<u>2,213,482</u>	<u>14,237,595</u>	<u>5,580,239</u>	<u>9,920,118</u>	<u>21,180,805</u>
26,966,007	687,649	1,790,380	2,990,739	9,848,975	19,108,700
2,591,385	7,128	1,471	1,671,909	-	-
55,610	-	-	233,078	-	-
-	1,532,078	50,659,344	-	-	-
-	-	-	-	-	-
<u>29,613,002</u>	<u>2,226,855</u>	<u>52,451,195</u>	<u>4,895,726</u>	<u>9,848,975</u>	<u>19,108,700</u>
(194,951)	(13,373)	(38,213,600)	684,513	71,143	2,072,105
177,754	367,041	448,460	40,309	22,397	-
(17,197)	353,668	(37,765,140)	724,822	93,540	2,072,105
6,377,601	3,052,771	(44,506,151)	916,055	61,748	(2,396,914)
<u>\$6,360,404</u>	<u>\$3,406,439</u>	<u>(\$82,271,291)</u>	<u>\$1,640,877</u>	<u>\$155,288</u>	<u>(\$324,809)</u>
927,697	226,775	-	1,307,150	-	10,669,216
490,299	-	-	-	-	-
<u>\$1,417,996</u>	<u>\$226,775</u>	<u>\$ -</u>	<u>\$1,307,150</u>	<u>\$ -</u>	<u>\$10,669,216</u>



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, 1998

	<u>Total</u>	<u>Expendable Trust</u>	<u>Nonexpendable Trust</u>	<u>Agency</u>
ASSETS				
Cash and Short-Term Investments	\$11,867,089	\$2,177,593	\$5,140,809	\$4,548,687
Cash with Fiscal Agent	1,514	-	-	1,514
Investments	41,050,337	32,690,039	8,360,298	-
Investments of Deferred Compensation Plan	159,969,572	-	-	159,969,572
Assets Held in Trust	38,159,532	3,847,965	-	34,311,567
Unemployment Deposits with US Treasury	159,916,260	159,916,260	-	-
Receivables, (net of allowance for uncollectibles)	5,031,266	5,031,266	-	-
Due from Other Funds	23,191	23,191	-	-
Inventory	501	-	-	501
Other Assets	1,854,761	65,000	17,947	1,771,814
TOTAL ASSETS	<u>\$417,874,023</u>	<u>\$203,751,314</u>	<u>\$13,519,054</u>	<u>\$200,603,655</u>
LIABILITIES, FUND EQUITY and OTHER CREDITS				
LIABILITIES				
Accounts Payable	\$664,729	\$212,981	-	\$451,748
Due to Other Funds	-	-	-	-
Deferred Revenue	5,017,172	5,017,172	-	-
Deferred Compensation Payable	159,969,572	-	-	159,969,572
Agency Liabilities	40,183,100	-	-	40,183,100
Other Accrued Liabilities	(120,366)	(137,666)	18,065	(765)
TOTAL LIABILITIES	<u>205,714,207</u>	<u>5,092,487</u>	<u>18,065</u>	<u>200,603,655</u>
FUND EQUITY and OTHER CREDITS				
Fund Balances (deficits)				
Reserved for Nonexpendable Trusts	13,500,989	-	13,500,989	-
Reserved for Unemployment Benefits	117,861,193	117,861,193	-	-
Unreserved and Undesignated	80,797,634	80,797,634	-	-
TOTAL FUND EQUITY (deficit) and OTHER CREDITS	<u>212,159,816</u>	<u>198,658,827</u>	<u>13,500,989</u>	<u>-</u>
TOTAL LIABILITIES, FUND EQUITY and OTHER CREDITS	<u>\$417,874,023</u>	<u>\$203,751,314</u>	<u>\$13,519,054</u>	<u>\$200,603,655</u>

EXPENDABLE TRUST FUNDS

COMBINING BALANCE SHEET

For the Year Ended June 30, 1998

	Total	Employment Security	Abandoned Property	Baxter	Reserve for Nonexpendible Trust
ASSETS					
Cash and Short-Term Investments	\$2,177,593	\$881,628	\$189,942	\$703,747	\$402,276
Investments	32,690,039	-	-	32,690,039	-
Assets Held in Trust	3,847,965	-	3,847,965	-	-
Unemployment Deposits with U S Treasury	159,916,260	159,916,260	-	-	-
Receivables (net of allowance for uncollectibles)	5,031,266	5,031,266	-	-	-
Due from Other Funds	23,191	23,191	-	-	-
Other Assets	65,000	65,000	-	-	-
TOTAL ASSETS	\$203,751,314	\$165,917,345	\$4,037,907	\$33,393,786	\$402,276
LIABILITIES, FUND EQUITY and OTHER CREDITS					
LIABILITIES					
Accounts Payable	\$212,981	\$25,119	\$66,956	-	\$120,906
Due to Other Funds	-	-	-	-	-
Deferred Revenue	5,017,172	5,017,172	-	-	-
Other Accrued Liabilities	(137,666)	(134,789)	(3,632)	-	755
TOTAL LIABILITIES	5,092,487	4,907,502	63,324	-	121,661
FUND EQUITY and OTHER CREDITS					
Fund Balances (deficits)					
Reserved for Unemployment Benefi	117,861,193	117,861,193	-	-	-
Unreserved and Undesignated	80,797,634	43,148,650	3,974,583	33,393,786	280,615
TOTAL FUND EQUITY (deficits) and OTHER CREDITS	198,658,827	161,009,843	3,974,583	33,393,786	280,615
TOTAL LIABILITIES, FUND EQUITY and OTHER CREDITS	\$203,751,314	\$165,917,345	\$4,037,907	\$33,393,786	\$402,276

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

For the Year Ended June 30, 1998

	Total	Employment Security	Abandoned Property	Baxter	Reserve for Nonexpendible Trust
REVENUES					
Taxes	\$122,803,108	\$122,803,108	\$ -	\$ -	\$ -
Licenses Fines and Fees	-	-	-	-	-
Investment Income	8,992,741	7,346,876	233,745	1,412,120	-
Other Revenues	356,534	(489,985)	60,733	624,899	160,887
TOTAL REVENUES	<u>132,152,383</u>	<u>129,659,999</u>	<u>294,478</u>	<u>2,037,019</u>	<u>160,887</u>
EXPENDITURES					
General Government	385,336	-	385,336	-	-
Labor	88,311,332	88,311,332	-	-	-
Natural Resources	-	-	-	-	-
TOTAL EXPENDITURES	<u>88,696,668</u>	<u>88,311,332</u>	<u>385,336</u>	<u>-</u>	<u>-</u>
REVENUES OVER (under) EXPENDITURES	<u>43,455,715</u>	<u>41,348,667</u>	<u>(90,858)</u>	<u>2,037,019</u>	<u>160,887</u>
OTHER FINANCING SOURCES (uses)					
Operating Transfers In (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS of REVENUES and OTHER SOURCES OVER (under) EXPENDITURES and OTHER USES	<u>43,455,715</u>	<u>41,348,667</u>	<u>(90,858)</u>	<u>2,037,019</u>	<u>160,887</u>
FUND BALANCES (deficits) at June 30, 1997	<u>155,203,112</u>	<u>119,661,176</u>	<u>4,065,441</u>	<u>31,356,767</u>	<u>119,728</u>
FUND BALANCES (deficits) at June 30, 1998	<u>\$198,658,827</u>	<u>\$161,009,843</u>	<u>\$3,974,583</u>	<u>\$33,393,786</u>	<u>\$280,615</u>

EXHIBIT H-4 **NONEXPENDABLE TRUST FUNDS**

COMBINING BALANCE SHEET

For the Year Ended June 30, 1998

	<u>Total</u>	<u>Baxter</u>	<u>Lands Reserved</u>	<u>Other Trusts</u>
ASSETS				
Cash and Short-Term Investments	\$5,140,809	\$4,047,584	\$8,374	\$1,084,851
Cash with Fiscal Agent	-	-	-	-
Investments	8,360,298	-	4,980,949	3,379,349
Other Assets	17,947	-	17,947	-
TOTAL ASSETS	<u>\$13,519,054</u>	<u>\$4,047,584</u>	<u>\$5,007,270</u>	<u>\$4,464,200</u>
LIABILITIES, FUND EQUITY and OTHER CREDITS				
LIABILITIES				
Other Accrued Liabilities	\$18,065	-	\$18,065	-
TOTAL LIABILITIES	<u>18,065</u>	<u>-</u>	<u>18,065</u>	<u>-</u>
FUND EQUITY AND OTHER CREDITS				
Fund Balances (deficits)				
Reserved for nonexpendable Trusts	13,500,989	4,047,584	4,989,205	4,464,200
Unreserved and Undesignated	-	-	-	-
TOTAL FUND EQUITY (deficit) and OTHER CREDITS	<u>13,500,989</u>	<u>4,047,584</u>	<u>4,989,205</u>	<u>4,464,200</u>
TOTAL LIABILITIES, FUND EQUITY and OTHER CREDITS	<u>\$13,519,054</u>	<u>\$4,047,584</u>	<u>\$5,007,270</u>	<u>\$4,464,200</u>

EXHIBIT H-5 **NONEXPENDABLE TRUST FUNDS**

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES

For the Year Ended June 30, 1998

	Total	Baxter	Lands Reserved	Other Trusts
OPERATING REVENUES				
Investment Income	\$808,992	\$542,642	\$155,730	\$110,620
TOTAL OPERATING REVENUES	<u>808,992</u>	<u>542,642</u>	<u>155,730</u>	<u>110,620</u>
 OPERATING INCOME (loss)	 808,992	 542,642	 155,730	 110,620
INCOME (loss) BEFORE OPERATING TRANSFERS	808,992	542,642	155,730	110,620
OPERATING TRANSFERS				
Transfers Out	-	-	-	-
TOTAL OPERATING TRANSFERS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 NET INCOME	 <u>808,992</u>	 <u>542,642</u>	 <u>155,730</u>	 <u>110,620</u>
 RETAINED EARNINGS				
(deficits) at July 1, 1997	<u>12,691,997</u>	<u>3,504,942</u>	<u>4,833,475</u>	<u>4,353,580</u>
 RETAINED EARNINGS				
(deficits) at June 30, 1998	<u>\$13,500,989</u>	<u>\$4,047,584</u>	<u>\$4,989,205</u>	<u>\$4,464,200</u>

AGENCY FUNDS

COMBINING BALANCE SHEET

For the Year Ended June 30, 1998

	Total	Deferred Compensation	Payroll Deductions	Custodial Accounts	Other Agencies	Escrow Funds
ASSETS						
Cash and Short-Term Investments	\$4,548,687	\$ -	\$419,578	\$1,289,285	\$690,678	\$2,149,146
Cash with Fiscal Agent	1,514	-	-	1,514	-	-
Investments of Deferred Compensation Plan	159,969,572	159,969,572	-	-	-	-
Assets Held in Trust	34,311,567	-	-	34,311,567	-	-
Due from Other Funds	-	-	-	-	-	-
Inventory	501	-	-	501	-	-
Other Assets	1,771,814	-	1,771,691	-	123	-
TOTAL ASSETS	\$200,603,655	\$159,969,572	\$2,191,269	\$35,602,867	\$690,801	\$2,149,146
LIABILITIES, FUND EQUITY and OTHER CREDITS						
LIABILITIES						
Accounts and Notes Payable	\$451,748	\$ -	\$419,578	\$4,717	\$27,453	\$ -
Due to Other Funds	-	-	-	-	-	-
Deferred Compensation Payable	159,969,572	159,969,572	-	-	-	-
Agency Liabilities	40,183,100	-	1,771,691	35,598,915	663,348	2,149,146
Other Accrued Liabilities	(765)	-	-	(765)	-	-
TOTAL LIABILITIES	\$200,603,655	\$159,969,572	\$2,191,269	\$35,602,867	\$690,801	\$2,149,146

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

For the Year Ended June 30, 1998

	Balance July 1, 1997	Additions	Deletions	Balance June 30, 1998
DEFERRED COMPENSATION				
ASSETS				
Investments	\$133,988,389	\$25,981,183	\$ -	\$159,969,572
TOTAL ASSETS	\$133,988,389	\$25,981,183	\$ -	\$159,969,572
LIABILITIES				
Other Current Liabilities	\$133,988,389	\$25,981,183	\$ -	\$159,969,572
TOTAL LIABILITIES	\$133,988,389	\$25,981,183	\$ -	\$159,969,572
PAYROLL DEDUCTIONS				
ASSETS				
Cash	\$7,033,616	\$286,647,965	\$291,490,312	\$2,191,269
TOTAL ASSETS	\$7,033,616	\$286,647,965	\$291,490,312	\$2,191,269
LIABILITIES				
Accounts Payable	\$7,033,616	\$286,647,965	\$291,490,312	\$2,191,269
TOTAL LIABILITIES	\$7,033,616	\$286,647,965	\$291,490,312	\$2,191,269
CUSTODIAL ACCOUNTS				
ASSETS				
Cash	\$44,804,168	\$8,628,727	\$17,830,028	\$35,602,867
TOTAL ASSETS	\$44,804,168	\$8,628,727	\$17,830,028	\$35,602,867
LIABILITIES				
Other Current Liabilities	\$44,804,168	\$8,628,727	\$17,830,028	\$35,602,867
TOTAL LIABILITIES	\$44,804,168	\$8,628,727	\$17,830,028	\$35,602,867
OTHER AGENCIES				
ASSETS				
Cash	\$712,470	\$5,562,267	\$5,583,936	\$690,801
TOTAL ASSETS	\$712,470	\$5,562,267	\$5,583,936	\$690,801
LIABILITIES				
Other Current Liabilities	\$712,470	\$5,562,267	\$5,583,936	\$690,801
TOTAL LIABILITIES	\$712,470	\$5,562,267	\$5,583,936	\$690,801
ESCROW FUNDS				
ASSETS				
Cash	\$512,521	\$350,964,715	\$349,328,090	\$2,149,146
TOTAL ASSETS	\$512,521	\$350,964,715	\$349,328,090	\$2,149,146
LIABILITIES				
Other Current Liabilities	\$512,521	\$350,964,715	\$349,328,090	\$2,149,146
TOTAL LIABILITIES	\$512,521	\$350,964,715	\$349,328,090	\$2,149,146
TOTAL - ALL AGENCY FUNDS				
ASSETS				
Cash	\$53,062,775	\$651,803,674	\$664,232,366	\$40,634,083
Investments	133,988,389	25,981,183	-	159,969,572
TOTAL ASSETS	\$187,051,164	\$677,784,857	\$664,232,366	\$200,603,655
LIABILITIES				
Other Current Liabilities	\$187,051,164	\$677,784,857	\$664,232,366	\$200,603,655
TOTAL LIABILITIES	\$187,051,164	\$677,784,857	\$664,232,366	\$200,603,655

GENERAL LONG-TERM OBLIGATIONS

The General Long-Term Obligations 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 Obligations outstanding at June 30, 1998 totaled \$478,045,000.

EXHIBIT J-1**GENERAL LONG TERM OBLIGATIONS****COMPARATIVE BALANCE SHEET****For the Years Ended June 30, 1998**

ASSETS AND AMOUNTS TO BE PROVIDED	1998	1997
FOR THE RETIREMENT OF GENERAL BONDS		
Amount to be Provided from Future		
Revenue for Retirement of Bonds:		
General Fund	\$337,575,000	\$339,620,000
Highway Fund	139,180,000	129,060,000
Student Housing and Dining Facilities	570,000	720,000
Maine Veterans' Home	720,000	810,000
TOTAL ASSETS AND AMOUNTS TO BE PROVIDED	\$478,045,000	\$470,210,000
LIABILITIES AND RESERVES		
Bonds Payable		
General Fund	\$337,575,000	\$339,620,000
Highway Fund	139,180,000	129,060,000
Student Housing and Dining Facilities	570,000	720,000
Maine Veteran's Home	720,000	810,000
TOTAL LIABILITIES AND RESERVES	\$478,045,000	\$470,210,000

EXHIBIT J-2

Loan Used for:	Date of Issue	Interest Rate %	Amount of Issue	Balance at 07/01/97	New Bonds Issued	Amount Matured	Outstanding Balance
GENERAL FUND							
GENERAL PURPOSES							
	April 1, 1980	8.00 %	\$560	\$120	\$ -	\$40	\$80
	May 15, 1981	10.00	5,365	215	-	215	-
		9.00	595	595	-	-	595
	May 15, 1981	10.00	3,135	285	-	285	-
		9.00	855	855	-	-	855
	December 15, 1982	7.50	4,385	4,385	-	740	3,645
	March 1, 1983	8.50	3,000	3,000	-	1,000	2,000
		6.50	3,000	3,000	-	-	3,000
	May 1, 1984	9.00	2,660	665	-	665	-
		8.00	3,945	3,945	-	-	3,945
	December 15, 1987	6.50	5,170	2,470	-	2,470	-
	December 15, 1988	6.70	5,895	1,965	-	1,965	-
		6.00	1,945	1,945	-	-	1,945
	May 15, 1990	6.60	2,650	1,325	-	1,325	-
		6.75	2,725	2,725	-	-	2,725
	June 1, 1991	6.00	15,210	15,210	-	7,605	7,605
		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
		8.70	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	5.50	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
	March 2, 1992	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
	September 1, 1992	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

EXHIBIT J-2

Loan Used for:	Date of Issue	Interest Rate %	Amount of Issue	Balance at 07/01/97	New Bonds Issued	Amount Matured	Outstanding Balance
	September 1, 1992	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	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	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	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
		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	7.25	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	4.40	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

EXHIBIT J-2

Loan Used for:	Date of Issue	Interest Rate %	Amount of Issue	Balance at 07/01/97	New Bonds Issued	Amount Matured	Outstanding Balance
	May 10, 1996	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
		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
	June 5, 1997	5.00	3,960	3,960	-	3,960	-
		5.00	3,960	3,960	-	-	3,960
		5.00	3,960	3,960	-	-	3,960
		5.00	3,960	3,960	-	-	3,960
		5.00	3,960	3,960	-	-	3,960
		4.88	2,180	2,180	-	-	2,180
		4.88	2,180	2,180	-	-	2,180
		4.88	2,180	2,180	-	-	2,180
		4.88	2,180	2,180	-	-	2,180
		5.00	2,180	2,180	-	-	2,180
	June 5, 1997	7.50	900	900	-	900	-
		7.50	900	900	-	-	900
		7.25	900	900	-	-	900
		7.00	900	900	-	-	900
		6.80	900	900	-	-	900
		6.90	500	500	-	-	500
		7.00	500	500	-	-	500
		7.00	500	500	-	-	500
		7.10	500	500	-	-	500
		7.13	500	500	-	-	500
	June 25, 1998	4.50	4,215	-	4,215	-	4,215
		4.50	4,215	-	4,215	-	4,215
		5.00	4,215	-	4,215	-	4,215
		5.00 %	4,215	-	4,215	-	4,215
		4.00	4,215	-	4,215	-	4,215
		5.00	3,725	-	3,725	-	3,725
		4.20	3,725	-	3,725	-	3,725
		4.25	3,725	-	3,725	-	3,725
		4.25	3,725	-	3,725	-	3,725
		4.38	3,380	-	3,380	-	3,380
		-	345	-	345	-	345

EXHIBIT J-2

Loan Used for:	Date of Issue	Interest Rate %	Amount of Issue	Balance at 07/01/97	New Bonds Issued	Amount Matured	Outstanding Balance
	June 25, 1998	4.50	1,480	-	1,480	-	1,480
		4.50	1,480	-	1,480	-	1,480
		4.00	1,480	-	1,480	-	1,480
		4.10	1,480	-	1,480	-	1,480
		4.00	1,480	-	1,480	-	1,480
		4.20	1,480	-	1,480	-	1,480
		4.20	1,480	-	1,480	-	1,480
		4.25	1,480	-	1,480	-	1,480
		5.25	1,480	-	1,480	-	1,480
		4.38	1,480	-	1,480	-	1,480
TOTAL GENERAL PURPOSES			<u>407,650</u>	<u>334,760</u>	<u>54,500</u>	<u>55,495</u>	<u>333,765</u>
GENERAL FUND							
UNIVERSITY OF MAINE SYSTEM							
Orono							
	June 1, 1960	3.50	2,575	295	-	145	150
		1.00	155	155	-	-	155
	August 1, 1961	3.50	2,155	470	-	110	360
		1.00	125	125	-	-	125
	April 1, 1963	3.20	1,550	425	-	80	345
		0.25	95	95	-	-	95
	February 1, 1964	3.30	1,510	500	-	75	425
		0.10	95	95	-	-	95
	February 15, 1966	3.50	4,605	1,665	-	210	1,455
		0.10	555	555	-	-	555
Southern Maine							
	March 15, 1978	4.60	855	45	-	45	-
TOTAL UNIVERSITY OF MAINE SYSTEM			<u>14,275</u>	<u>4,425</u>	<u>-</u>	<u>665</u>	<u>3,760</u>
STATE COLLEGES and VOCATIONAL INSTITUTIONS							
Student Housing & Dining Facilities							
	March 15, 1968	3.00	650	335	-	335	-
	March 1, 1969	3.00	380	100	-	50	50
TOTAL STATE COLLEGE and VOCATIONAL INSTITUTIONS			<u>1,030</u>	<u>435</u>	<u>-</u>	<u>385</u>	<u>50</u>
TOTAL GENERAL FUND			<u>422,955</u>	<u>339,620</u>	<u>54,500</u>	<u>56,545</u>	<u>337,575</u>

EXHIBIT J-2

Loan Used for:	Date of Issue	Interest Rate %	Amount of Issue	Balance at 07/01/97	New Bonds Issued	Amount Matured	Outstanding Balance
HIGHWAY FUND							
Bangor-Brewer Bridge							
August 1, 1952		1.75	1,500	400	-	50	350
Highways and Bridges							
April 1, 1980		8.00	9,100	1,950	-	650	1,300
May 15, 1981		10.00	4,620	420	-	420	-
		9.00	1,260	1,260	-	-	1,260
March 15, 1982		9.25	3,450	2,875	-	575	2,300
December 15, 1982		7.50	6,945	6,945	-	1,165	5,780
March 1, 1983		8.50	840	840	-	280	560
		6.50	785	785	-	-	785
May 1, 1984		9.00	2,460	615	-	615	-
		8.00	3,690	3,690	-	-	3,690

HIGHWAY FUND

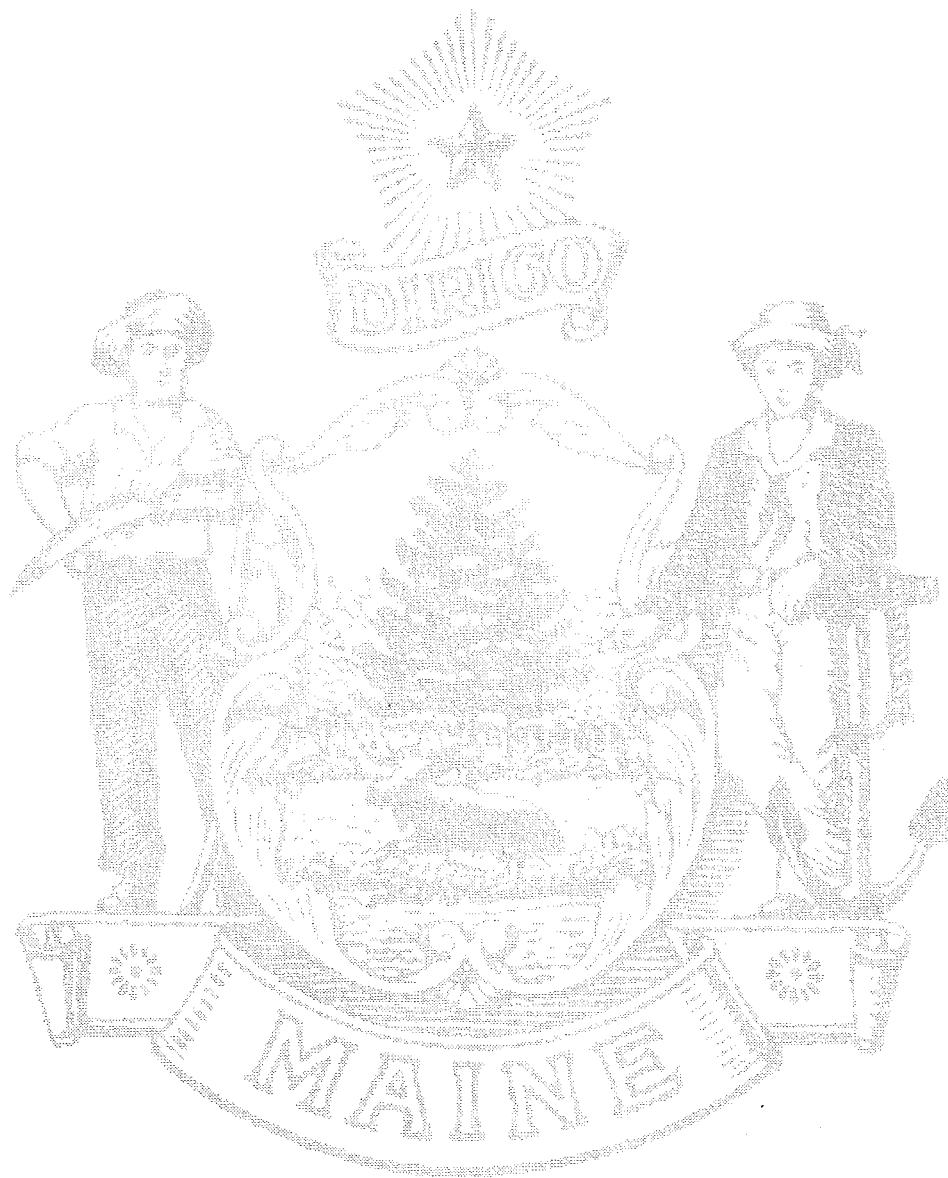
Highways and Bridges							
December 15, 1987	6.50	%	\$1,000	\$500	-	\$500	-
December 15, 1988	6.70		4,800	1,600	-	1,600	-
	6.00		1,600	1,600	-	-	1,600
June 1, 1991	6.00		3,790	3,790	-	1,895	1,895
	6.10		1,895	1,895	-	-	1,895
	6.25		1,895	1,895	-	-	1,895
	6.30		1,895	1,895	-	-	1,895
	6.40		1,895	1,895	-	-	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	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	4.50		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	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	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

EXHIBIT J-2

Loan Used for:	Date of Issue	Interest Rate %	Amount of Issue	Balance at 07/01/97	New Bonds Issued	Amount Matured	Outstanding Balance
		5.25	2,240	2,240	-	-	2,240
	June 1, 1995	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
		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	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
	June 5, 1997	5.00	500	500	-	500	-
		4.30	500	500	-	-	500
		4.50	500	500	-	-	500
		4.60	500	500	-	-	500
		4.70	500	500	-	-	500
		4.75	500	500	-	-	500
		4.80	500	500	-	-	500
		4.85	500	500	-	-	500
		4.90	500	500	-	-	500
		4.95	500	500	-	-	500
	June 25, 1998	4.50	3,000	-	3,000	-	3,000
		4.50	3,000	-	3,000	-	3,000
		4.00	3,000	-	3,000	-	3,000
		4.10	3,000	-	3,000	-	3,000
		4.00	3,000	-	3,000	-	3,000
		4.20	3,000	-	3,000	-	3,000
		4.20	3,000	-	3,000	-	3,000
		4.25	3,000	-	3,000	-	3,000
		5.25	3,000	-	3,000	-	3,000
		4.38	3,000	-	3,000	-	3,000
TOTAL HIGHWAY FUND			<u>177,630</u>	<u>129,060</u>	<u>30,000</u>	<u>19,880</u>	<u>139,180</u>

EXHIBIT J-2

Loan Used for:	Date of Issue	Interest Rate %	Amount of Issue	Balance at 07/01/97	New Bonds Issued	Amount Matured	Outstanding Balance
SELF-LIQUIDATING							
STATE COLLEGES and VOCATIONAL INSTITUTIONS							
Student Housing & Dining Facilities							
March 15, 1968		3.00	125	65	-	65	-
April 1, 1980		8.00	1,190	255	-	85	170
		8.30	400	400	-	-	400
TOTAL STATE COLLEGE and VOCATIONAL INSTITUTIONS			<u>1,715</u>	<u>720</u>	<u>-</u>	<u>150</u>	<u>570</u>
MAINE VETERANS' HOME							
May 15, 1981		10.00 %	\$110	\$10	-	\$10	-
		9.00	30	30	-	-	30
March 15, 1982		9.25	60	50	-	10	40
December 15, 1982		7.50	720	720	-	70	650
TOTAL MAINE VETERANS' HOME			<u>920</u>	<u>810</u>	<u>-</u>	<u>90</u>	<u>720</u>
TOTAL SELF-LIQUIDATING			<u>2,635</u>	<u>1,530</u>	<u>-</u>	<u>240</u>	<u>1,290</u>
TOTAL GENERAL LONG-TERM OBLIGATIONS			<u>\$603,219</u>	<u>\$470,210</u>	<u>\$84,500</u>	<u>\$76,665</u>	<u>\$478,045</u>



**NOTES TO
THE
FINANCIAL SECTION**

STATE OF MAINE

INDEX TO THE NOTES TO THE BUDGETARY FINANCIAL STATEMENTS

PAGE

Note 1 - Summary of Significant Accounting Policies.....	126
Note 2 - Budgetary Process.....	130
Note 3 - Deficit Fund Balances/Retained Earnings.....	131
Note 4 - Deposits and Investments	131
Note 5 - Long Term Obligations.....	132
Note 6 - Fixed Assets	134
Note 7 - Maine State Retirement System	135
Note 8 - Other Post Employee Benefits	137
Note 9 - Deferred Compensation	138
Note 10 - Self-Insurance	138
Note 11 - Segment Information	140
Note 12 - Joint Ventures	141
Note 13 - Commitments and Contingencies.....	142
Note 14 - Litigation	144
Note 15 - Subsequent Events.....	145

NOTES TO THE FINANCIAL STATEMENTS

June 30, 1998

Annual Report on the Budgetary Basis

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, Department of Administrative and Financial Services. Statistical and economic information are presented as well. The Budgetary report presents combining financial statements for all funds.

Component Units are not included in the budgetary report. Component units are legally separate organizations for which the State is financially accountable, or for which the nature and significance of its relationship with the State is such that exclusion would cause the State's financial statements to be misleading or incomplete. Component Units are included in the Audited Financial Statements of the State.

The GAAP report presents financial information on the accrual basis of accounting, recognizing amounts owed by and due to the State at the end of the fiscal year, June 30. Accruals conform to standards set by the Governmental Accounting Standards Board. To obtain a FY98 GAAP report, contact Lorrie Richardson at 207-287-4600.

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 statutes. Transactions between funds, if any, are not prohibited.

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 of the State.

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 are primarily used to receive federal matching and grant funds. Also included is a grouping of various special purpose funds that have been established on a self-supporting basis. These include taxes, licenses and fees, which along with the federal funds generate revenue. 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 College System to pay principal and interest on revenue bonds.

Capital Project Funds are 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 are 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 are 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 are assets held in a trustee capacity. The principal and income from the trusts may be expended in the course of the funds' designated operations.

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

Agency Funds are assets the State holds on behalf of other public sector entities. Agency funds are custodial in nature and do not involve measurement of operations.

General Long-Term Obligations Account Group:

This account group is used to show the liability for outstanding general obligation bonds.

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 of 60 days from the billing date, or soon enough thereafter to be used to pay liabilities of the current period

The major taxes subject to accrual are individual income tax, corporate income tax, and sales tax. Property tax on telecommunications equipment must be recognized as revenue in the fiscal year levied. The tax on

telecommunications equipment is recorded at the time of levy, some of which relates to a tax year two years in the future.

A reserve amount for uncollectible accounts is determined for individual income taxes based upon an aging schedule.

Revenues from other sources are recognized when Treasury receives the cash deposits, submitted by various agencies. Expenditures are recognized when the related cash disbursement occurs.

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 when 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 not currently needed. Cash equivalents consist of short-term, highly liquid investments that are both readily convertible to cash or are within 30 days of maturity. Investments 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.

Other 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

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

Receivables

Governmental and expendable trust funds receivables consist primarily of the accrual of taxes due, 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.

Enterprise funds receivables are primarily amounts due but not yet remitted from lottery sales by agents and payments due on 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, 1998, interfund receivables or payables have been accrued and 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 to one fund from another. The advances are offset by a fund balance reserve indicating they are not expendable financial resources. These also will not balance because of accruals made to proprietary funds that are not made to governmental funds.

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.

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 30-50 years for real property such as buildings. The General Fixed Asset Account Group is not reported.

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 Obligations

Long-term bonded debt of governmental funds is recorded in the General Long-Term Obligations 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 Authorized Expenditures - 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.

Reserved for Nonexpendable Trusts - identifies the nonexpendable amount of trusts’ principal.

Reserved for Unemployment Benefits - identifies amounts reserved for payment of unemployment compensation.

Reserved for Tax Relief for Maine Residents –indicates the amount to be used to increase the personal exemption amount.

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.

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

Total Column - Memorandum Only

Total columns included in certain statements are captioned "Memorandum Only" because they do not represent consolidated financial information and are presented for information only. Interfund eliminations have not been made in the aggregation of this data.

Accounting Disclosures

Risk management activities are presented in two funds, one for the Budgetary Financial Report and another fund for the General Purpose Financial Statements (GAAP). The State is self-insured for property, vehicle, boat and aircraft, tort, civil rights, employee bonds, police professional, and workers' compensation for state employees and state agencies. State activities are accounted for in an Internal Service Fund.

The State also provides risk management insurance advice and services to public instrumentalities other than state agencies. The activities of the State administered risk pool are accounted for in an Enterprise Fund. In 1997 these two funds were reported as one.

NOTE 2 BUDGETARY PROCESS

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

Once passed and signed, the budget becomes the financial plan for the State through the next biennium. It includes estimated expenditures for all departments and agencies, interest and debt redemption charges, and expenditures for capital projects to be undertaken and executed during each fiscal year. The budget also includes projected revenues and any other means of financing expenditures. In 1995, the Revenue Forecasting Committee was established. The Committee submits revenue projections for the General Fund and Highway Fund for the upcoming fiscal biennium and recommends adjustments to the current biennial budget revenues.

Budgetary control is maintained at the account level and line category level at which appropriations and allocations are approved by the Legislature, principally through a quarterly allotment system. The State Budget Officer and the Governor must approve budget revisions during the year, reflecting program changes or intradepartmental administrative transfers. Except in specific instances, only the Legislature may transfer appropriations between departments. Increases in appropriation, allocation, or funding for new programs, requested by agencies, are presented to the Legislature as a supplemental budget. In order to provide sufficient funding for several programs during the year ended June 30, 1998, supplemental appropriations of \$58.7 million were required.

Encumbrance accounting, which requires that purchase orders, contracts, and other commitments be recorded to reserve a portion of an 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 a fiscal year. 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.

NOTE 3 DEFICIT FUND BALANCES/RETAINED EARNINGS

Two Internal Service Funds, the Workers' Compensation Fund and the Retiree Health Insurance Fund, had deficit Retained Earnings for the fiscal year ended June 30, 1998. The \$82.2 million deficit in the Workers' Compensation Fund reflects the accrual of an \$89.4 million actuarial liability for claims payable.

The Community Industrial Building Fund had a deficit fund balance of \$39 thousand.

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, specifically 5 M.R.S.A. § 135. The Treasurer of State may deposit State funds, including trust funds of the State, in any of the banking institutions that meets certain criteria. Specifically, a trust company, State Savings and Loan Association, or mutual savings bank organized under the laws of Maine, or any national bank or federal savings and loan association located in the State.

The Treasurer of State may invest funds that exceed current obligations, with the concurrence of the State Controller or the Commissioner of Administrative and Financial Services, and the consent of the Governor. Authorized investments include:

- U.S. Treasury Bills, Bonds, Notes and other U.S. securities that mature within 24 months of the investment.
- repurchase agreements secured by U.S. securities that mature within the succeeding 24 months
- high grade commercial paper, tax-exempt obligations, and banker's acceptances
- shares of an investment company registered under the Federal Investment Company Act of 1940, if the investments of the company are limited to obligations of the United States or Repurchase Agreements secured by obligations of the United States

Investment policies of the permanent trust funds are governed by 5 M.R.S.A. § 138. The Treasurer of State, with the approval of the Commissioner of Administrative and Financial Services, the Superintendent of Banking, and the Commissioner of Education, may invest the funds in securities that are legal investments in accordance with Title 9-B, M.R.S.A. The investments need not be segregated to the separate trust funds but the identity of each separate trust fund must be maintained. The State may enter into custodial contracts or agreements negotiated in accordance with the laws of this State for the handling of funds held in escrow.

In concert with the Finance Authority of Maine, the State Treasurer participates in a restricted deposit program to encourage banks to provide loans at two percent below market rates to agricultural enterprises and small businesses. The Treasurer may invest up to eight million dollars in lending institutions at a two percent lower-than-market rate provided the lenders pass the rate reduction on to the borrowers. Four million dollars of this program are earmarked for loans to agricultural enterprises and four million are designated for commercial entities.

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 in any one institution at any one time. This restriction does not apply to deposits subject to immediate withdrawal to meet the payment of any bonded debt or interest, or to pay current bills or expenses of the State. Also exempt are deposits secured by the pledge of certain securities as collateral or fully covered by insurance.

Investments of the Treasurer's Cash Pool

June 30, 1998

(Dollars in Thousands)

<u>Investment Description</u>	<u>Amount Invested</u>
Repurchase Agreements	\$ 9,883
Certificates of Deposit	21,191
U.S. Treasury Bills	9,757
High Grade Commercial Paper	<u>646,508</u>
Total	<u>\$687,339</u>

NOTE 5 LONG-TERM OBLIGATIONS

Liability for General Obligation bonds is recorded in the General Long-Term Obligations Account Group. However, outstanding Certificates of Participation, capital leases, liability for compensated employee absences and other financing arrangements are recognized as the related cash payments are made with no entry recorded for the debt or asset on the Balance Sheet.

General Obligation Bonds

Bonds are issued pursuant to Sections 14, 14-A, 14-B, 14-C, and 14-D of Article IX 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 legislative 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 and The Maine Technical College System are made for the required debt service. In June 1998, the State issued \$84.5 million of general obligation bonds, \$54.5 million of which will be repaid from the General Fund and \$30 million of which will be appropriated and repaid from the Highway Fund.

The following schedule presents the changes in general obligation bonds:

Changes in General Obligation Bonds

June 30, 1998

(Dollars in Thousands)

	<u>Balance</u> <u>July 1, 1997</u>	<u>Retirements</u>	<u>Additions</u>	<u>Balance</u> <u>June 30, 1998</u>
General Fund	\$ 339,620	\$ 56,545	\$ 54,500	\$ 337,575
Highway Fund	129,060	19,880	30,000	139,180
Self-Liquidating	<u>1,530</u>	<u>240</u>	<u>-</u>	<u>1,290</u>
Total	<u>\$ 470,210</u>	<u>76,665</u>	<u>\$ 84,500</u>	<u>\$ 478,045</u>

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

Future Debt Service on General Obligation Bonds
June 30, 1998

(Dollars in Thousands)			
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1999	\$ 79,790	\$ 25,122	\$104,912
2000	73,760	20,817	94,577
2001	71,500	16,785	88,285
2002	67,115	12,904	80,019
2003	61,905	9,152	71,057
Thereafter	<u>123,975</u>	<u>14,596</u>	<u>138,571</u>
Total	<u>\$ 478,045</u>	<u>\$ 99,376</u>	<u>\$ 577,421</u>

Authorized Unissued Bonds

Any bonds not issued within five years of the ratification date, following public referendum, 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 first five year period for an additional five years, or may elect to withdraw authorization of the bonds. If the Legislature fails to take action within those two years, the authorized but unissued bonds will no longer be authorized. At June 30, 1998, general obligation bonds authorized but unissued totaled \$90.8 million.

Bond and Tax Anticipation Notes

During fiscal year 1998, Bond Anticipation Notes (BAN's) totaling \$46.5 million were issued, interest rates ranged from 4 to 6.25%. There were no BAN's outstanding at June 30, 1998.

Certificates of Participation and Other Financing Arrangements

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

Neither Certificates of Participation nor the other financing arrangements constitute a legal debt or liability, or a contractual obligation in excess of amounts appropriated. The State's obligation to make minimum payments or any other obligation under agreements is subject to, and dependent upon, appropriations being made by the Legislature.

The Legislature has no obligation to appropriate the money for future minimum payments or other obligations under any agreement.

Future Debt Service on Certificates of Participation, Capital Leases, and Other Financing Arrangements has been recorded in the Internal Service Funds. It has not been recorded in Governmental funds as payments are expensed as rent when made. The Governmental Facilities Authority is included as a special revenue fund within the Primary Government in the GAAP Financial Statements. It is not included in the Budgetary Report. Debt service is recorded as rental expense as payments are made.

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

**Future Debt Service on Certificates of Participation, Capital Leases,
and Other Financing Arrangements**

June 30, 1998

(Dollars in Thousands)

<u>Fiscal Year Ended June 30</u>	<u>Minimum Payments</u>	
	<u>Governmental Funds</u>	<u>Internal Service Funds</u>
1999	\$ 2,181	\$ 6,700
2000	2,081	7,148
2001	1,940	2,319
2002	216	1,333
2003	182	0
Thereafter	<u>6,803</u>	<u>0</u>
Total Minimum Payments	6,803	17,500
Less Amount Representing Interest	<u>665</u>	<u>1,273</u>
Present Value of Future Minimum Payments	\$ <u>6,138</u>	\$ <u>16,227</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, projected for June 30, 1999, all fixed assets will be recorded.

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

Summary of Fixed Assets in Proprietary Funds

June 30, 1998

(Dollars in Thousands)

	<u>Enterprise Funds</u>	<u>Internal Service Funds</u>
Land	\$ 1,523	\$ 243
Buildings	32,229	6,105
Equipment	40,730	112,672
Improvement other than buildings	350	119
Construction in progress	2,660	-
Less: Accumulated depreciation	<u>(25,208)</u>	<u>(76,142)</u>
Total fixed assets	\$ <u>52,284</u>	\$ <u>42,997</u>

NOTE 7 MAINE STATE RETIREMENT SYSTEM

Plan Description

The Maine State Retirement System is the administrator of multiple-employer, defined benefit public employee retirement system established and administered under the Maine State Retirement System Laws, Title 5 M.R.S.A., C. 421, 423, and 425. The System is a component unit of the State. Financial information for the System is included on the combined balance sheet and in the statement of changes in net assets available for pension benefits in the General Purpose Financial Statements of the State which are prepared on a GAAP basis. Certain information is provided in the Budgetary Report as it is felt that it is of interest to readers.

The System provides pension, death, and disability benefits to its members, which include employees of the State, public school employees who are defined by Maine law as teachers for whom the State is the employer for retirement contribution purposes, 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 relevant statutes. At June 30, 1998, the membership consisted of:

Active vested and nonvested members	48,851
Terminated vested participants	1,444
Retirees and benefit recipients	<u>27,873</u>
Total	<u>76,168</u>

The System's retirement programs provide retirement benefits based on members' average final compensation and creditable service. Vesting occurs upon the earning of ten years of service credit or the earning of one year of service credit immediately preceding retirement at or after normal retirement age. Normal retirement age is age 60 or 62, determined by whether the member had at least 10 years of creditable service on June 30, 1993, and the monthly benefit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The system also provides 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 in accordance with statute. 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 6.50 percent.

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 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 and 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 total funds managed by the System are constitutionally restricted as held in trust for the payment of pension and related benefits to its members. The System's Board of Trustees, in its fiduciary capacity, establishes the System's investment policies and their overall implementation. The System maintains separate reserves and accounts for each participating entity and performs separate actuarial valuations for each participating entity's respective plan. Because there is no legal requirement that any portion of the total

assets managed by the System be accumulated and utilized solely for the benefit of certain classes of members or for members who are employees of certain participating entities, the System is regarded as administering a single plan for reporting purposes. Notwithstanding this, each of its participating entities is responsible for the funding of benefits related to that entity.

The System also provides group life insurance under a plan that is administered by a third party insurance company. Premiums paid by or on behalf of those covered are set and collected by the System. Benefit payments are made by the insurance company. The System remits to the insurance company payments in the amount of benefits paid out and additional payments representing administrative fees.

Funding Policy

The Maine Constitution, Maine Statutes and the System's funding policy provide for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate adequate assets to pay benefits when due. Level percentage of payroll employer contribution rates are determined using the entry age normal actuarial funding method. The System also uses the level percentage of payroll method to amortize the unfunded liability of the State and teacher plan over a closed 25-year period from June 30, 1998. For participating local districts, either the level percentage of payroll method or the level dollar method is used, depending on plan structure, status of the participating local district, nature of the unfunded liability (i.e., separate or pooled) and the amount of the unfunded liability. Amortization periods range from 2 years to 28 years.

The State of Maine is required to remit 25% of its budgetary surplus at the end of its fiscal year to the System, in order to reduce any unfunded pension liability for state employees and teachers. Accordingly, for the year ended June 30, 1998 the System recorded \$8,487,572 in additional contributions from the State of Maine, of which \$8,487,572 was recorded as due from primary government at June 30, 1998.

The annual required contribution for the current year was determined as part of the June 30, 1998 actuarial valuation using the entry age normal cost method based on a level percentage of covered payrolls. The actuarial assumptions included (a) 8% return on investments (b) projected salary increases of 5.5% to 9.5% per year, including inflation of 5.5% and (c) post retirement benefit increases of 4% per annum.

The actuarially determined contribution rates in effect for 1998 for participating entities are as follows:

<u>State:</u>	
Employees ¹	7.65-8.65%
Employer	16.39%
<u>Teachers:</u>	
Employees	7.65%
Employer	19.30%
<u>Participating Local Entities:</u>	
Employees	6.5%
Employer ¹	4.7-19%

¹ Contribution rates vary depending on specific terms of plan benefits for certain classes of employees or benefit plan options selected by a particular participating local entity. Withdrawn entities' contributions are set in dollar amounts, not as rates.

By statute, the System maintains separate benefit reserve funds, as well as other reserves the board of trustees designates. At June 30, 1998, the System had the following reserves:

Retirement allowance fund	\$4,881,547,693
Member contribution fund	1,269,803,349
Group life reserve	<u>30,605,221</u>
Total	<u>\$6,181,956,263</u>

Component Unit Pension Description

The Maine Municipal Bond Bank, Maine Maritime Academy, Maine State Retirement System, University of Maine, and Maine Health and Higher Educational Facilities Authority have defined benefit pension plans. All except the University of Maine System are participants in plans administered by the Maine State Retirement System. Employees of the Maine Technical College System are considered to be state employees for retirement benefit purposes and are included in the pension disclosures of the State.

Employer contributions met actuarially determined contribution requirements.

Other Plans

MTCS also has an optional program with the Teachers Insurance and Annuity Association - College Retirement Equities Fund (TIAA-CREF), which is a defined contribution plan, to which the MTCS contributes 12.88 percent of total salaries for participating employees.

UM also has a defined contribution program with TIAA-CREF. The University contributes approximately 10 percent of base salary of participants. All full time employees are eligible, and part-time employees are eligible once they have achieved the equivalent of five years of continuous, full-time service. All eligible employees are required to participate in this Plan when they reach thirty years of age.

LDA and FAME have Simplified Employee Pension Plans. MSHA has a defined contribution plan created under the provisions of the Internal Revenue Code Section 401(a).

NOTE 8 OTHER POST EMPLOYMENT EMPLOYEE BENEFITS

Post Retirement Health Care Benefits

The State of Maine funds health care benefits for most retirees. Pursuant to 5 M.R.S.A., § 285, most retired state employees, Legislators, and retired employees of the Maine Turnpike Authority, the Maine Technical College System, the Maine Maritime Academy, and the Maine State Retirement System are eligible for this benefit. Specifically excluded (5 M.R.S.A., § 285 1-B) are members of other component units, the Maine Municipal Association and the Maine Teachers Association, and employees of counties and municipalities and their instrumentalities.

Effective January 1, 1999, the State will pay 30 percent of health insurance premiums for retired teachers, rather than 24 percent. Benefits for retired teachers are addressed in 20-A M.R.S.A., § 13451 et seq.

The State pays 100 percent of post retirement health insurance premiums for retirees who were first employed before July 1, 1991. A pro rata portion, ranging from zero percent for retirees with less than 5 years participation to 100 percent 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. The retiree must pay for Medicare Part B coverage to be eligible to participate in the State-funded Companion Plan. 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.

Retiree health care benefits have been funded on a pay-as-you-go basis. For retired state employees, the State estimates the total amount necessary to pay health insurance premiums. This amount resulted in an employer contribution rate that was applied against current employee payrolls. The amounts contributed were reported as expenditures/expense in each of the various funds. For retired teachers, the State estimated the total annual amount necessary to pay its 25 percent share of health insurance premiums. This amount, less any accumulated funds remaining from prior years' estimates, is appropriated and reported as expenditures in the General Fund. Contributions resulting from both sources are accumulated in and reported as revenue of the Retiree Health Insurance Internal Service Fund. The State's share of the premium expense

is paid from that fund when retiree payrolls are processed. The State has proposed funding retiree health care benefits using rates which have been developed actuarially beginning in the 2000-2001 biennium.

For the fiscal year ended June 30, 1998, there were 6,937 retired eligible state and Technical College System employees and 7,355 retired teachers. In the 1998 fiscal year, the State paid into the Retiree Health Insurance Fund \$18.0 million for retired employees and \$3.2 million for retired teachers. Premium charges paid were \$16.1 million and \$3.1 million, respectively. Overall fund equity increased by \$2.1 million, to \$10.3 million at June 30, 1998.

Post Retirement Life Insurance Benefits

The Maine State Retirement System (MSRS) provides certain life insurance benefits for retirees who, as active employees, participated in the Group Life Insurance Program for a minimum of 10 years. Payments of claims are made by the MSRS from a fund containing a percentage of the life insurance premiums of active state employees and teachers, plus 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 claims totaled \$1.7 million and retired teacher claims totaled \$1.0 million for the fiscal year ended June 30, 1998. The number of participants eligible to receive benefits at fiscal year end cannot be readily determined.

Financial information about the Maine State Retirement System may be obtained by writing them at 46 State House Station, Augusta, ME 04332.

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 state employees, permits deferral of a portion of salary until future years. Compensation deferred is not available until the employee retires, resigns, or otherwise leaves state employment.

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 compensation 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 participant remains an employee of the State, and only to the amount of the compensation or portion of compensation held for payment of such premiums or shares. In the past, plan assets have been used only to pay benefits. The State believes that it is highly unlikely that it will use the assets to satisfy the claims of general creditors.

During fiscal 1997, legislation was enacted at the federal and state levels that, under the provisions of Internal Revenue Code §457, will transfer the ownership and rights to the employee or beneficiary if certain procedures are followed, which include establishing a trust for the assets held in the plan. The State will change the current trust document in fiscal year 1999, at which time it is anticipated that the deferred compensation will not be reported in the State's financial statements.

NOTE 10 SELF-INSURANCE

Risk Management

The State maintains several types of self-insurance plans and accounts for them in an Internal Service Fund. This coverage includes property, vehicle, boat and aircraft, tort, civil rights, employee bonds, and police professionals.

The plan recovers 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 re-evaluated 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 per occurrence subject to a \$2 million annual aggregate, after which a \$100,000 per occurrence retention applies; 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 \$300,000 per occurrence, subject to a \$2.5 million aggregate for police professionals, foster parents, vehicle liability, civil rights, and tort.

At June 30, 1998, \$2.4 million was reported as the estimated claims payable for the State's self-insurance plan for the Internal Service Fund. The pooled insurance fund within the Enterprise Fund reported \$764 thousand as the estimated claims payable at June 30, 1998.

Unemployment Insurance

The State is self-insured for unemployment compensation. As a direct reimbursement employer, the State recognizes all costs for unemployment compensation as claims are paid. These costs totaled \$766 thousand for the fiscal year ended June 30, 1998.

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.

Based on actuarial calculations as of June 30, 1998, the State is liable for unfunded claims, and incurred but not reported claims, of approximately \$63.8 million. The discounted amount is \$50.2 million and was recorded on the financial statements.

Health Care

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

Rates were set to generate working premiums totaling \$91.5 million, of which the State's share was 93 percent. The contract agreement with Blue Cross/Blue Shield was effective from July 1, 1996 through December 31, 1997. This contract was extended through March 31, 1998. At the end of the contract period the final settlement amount was \$2.1 million.

The current contract with Healthsource Maine is effective from April 1, 1998 through March 31, 2000. Under this contract the carrier assumes all risk of any loss.

For the fiscal years 1995 and 1996, contracts were not fully insured and contract settlements exceeded insurance coverage as follows:

<u>Fiscal Year</u>	<u>Cumulative Deficit (Dollars in Millions)</u>
1995	\$5.1
1996	\$0.6

Medicare contributions have been required for all employees hired since April 1986.

Disability

State law allows confidential employees who become temporarily disabled to receive 66.67 percent of their salary for up to 335 calendar days. There were a total of 1,022 confidential employees at June 30, 1998. The expenditure amount for this benefit cannot be determined.

NOTE 11 SEGMENT INFORMATION

The State has nine enterprise funds that have been created to provide various services to the general public and are described below:

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

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 potato growers for the modernization of storage facilities and improvements in the handling of the product.

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

The *State Ferry Service Fund* accounts for the operation of ferry services between the mainland and various islands for the purpose of transporting vehicles, freight, and passengers to and from those islands.

The *State Airport Fund* accounts for all operations and maintenance of the Maine State Airport. The State, through the Department of Transportation, entered into a lease/purchase agreement with the City of Augusta to operate and eventually own the airport.

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

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

Segment Information

June 30, 1998

(Dollars in Thousands)

	State Lottery Bureau	Bureau Of Alcoholic Beverages	Transportation Related	Agriculture Related	Other Enterprise Funds	Total Enterprise Funds
Operating Revenues	\$ 151,861	\$ 71,641	\$ 2,922	\$ 296	\$ 1,749	\$ 228,469
Depreciation Expense	12	65	3,151	63	12	3,303
Operating Income (Loss)	40,888	22,140	(4,643)	(1,335)	25	57,075
Net Nonoperating Revenues	876	-	103	561	353	1,893
Net Income (Loss)	16	(110)	(2,083)	(389)	279	(2,287)
Operating Transfers in (out)	(41,764)	(22,140)	2,457	387	(100)	(61,160)
Additions (Deletions) to Property, Plant and Equipment	(25)	528	635	-	(27)	1,111
Total Assets	8,619	6,744	52,524	10,148	6,257	84,292
Total Long-Term Liabilities	-	1,000	-	-	-	1,000
Total Liabilities	8,619	6,743	364	1,310	1,120	18,156
Total Equity	-	-	52,160	8,839	5,136	66,135
Net Working Capital	(44)	152	1,617	607	5,852	8,184
Current Capital Contributions	-	-	822	-	-	822

NOTE 12 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 (Commission) was established in 1985 pursuant to passage into law of the Tri-State Lotto Compact by the States of Maine, New Hampshire, and Vermont. The Commission is authorized and empowered to promulgate rules and regulations regarding the conduct of lottery games, including ticket prices, prizes, and the licensing of agents.

The Commission is composed of one member from each of the participating states. Each member state's commission appoints one of its members to serve on the Commission. Each member holds office at the pleasure of his or her appointing authority. The Commission annually elects a chairman from among its members.

The Commission has designated that 50 percent 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 U.S. Government Treasury Strips.

A proportional share of revenues 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 from the Bureau of Alcoholic Beverages and Lottery Operations, 8 State House Station, Augusta, ME 04333.

As of and for the year ended June 30, 1998, the following selected financial information was reported in the audited financial statements of the Tri-State Lotto Commission:

Tri-State Lotto Commission

June 30, 1998

(Dollars in Thousands)

Current Assets	\$ 39,558
Noncurrent Assets	<u>233,839</u>
TOTAL ASSETS	<u>\$ 273,397</u>
Current Liabilities	\$ 34,784
Long-term Liabilities	<u>213,176</u>
TOTAL LIABILITIES	247,960
Retained Earnings (designated prize reserves)	4,996
Unrealized Gain on Investments	<u>20,441</u>
TOTAL RETAINED EARNINGS	<u>25,437</u>
TOTAL LIABILITIES AND RETAINED EARNINGS	<u>\$ 273,397</u>
Total Revenue	\$ 87,190
Total Expenses	\$ 56,573
Allocation of Funds to Member States	\$ 31,199
Increase in Retained Earnings	\$ 10,997

NOTE 13 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 that may be disallowed by the grantor agencies cannot be determined at this time.

Municipal Solid Waste Landfills

Title 38 M.R.S.A., § 1310-F, establishes within the Department of Environmental Protection (DEP) a cost-sharing program for the closure and remediation of solid waste landfills that 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. After January 1, 2000, the State will not be liable for the costs relating to the post closure and closure of landfills, unless these costs are specifically identified in an agreement and approved by DEP prior to January 1, 2000.

During the 1998 fiscal year, \$3.9 million of general obligation bond funds were expended for solid waste landfill closure projects. At June 30, 1998, DEP estimates the State's share of future costs relating to the postclosure and closure of landfills to be \$4.3 million.

Sand and Salt Storage Program

The State estimates the potential aggregate cost to comply with the environmental requirements associated with the sand and salt storage program to be \$35-45 million through the year 2003. This consists of approximately \$15-20 million for State owned facilities and \$20-25 million for the State's share, under a cost sharing arrangement, for municipal facilities. The amount of the potential commitment may be less, if the Legislature enacts statutory changes to the program.

Construction Commitments

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, 1998, outstanding commitments by municipalities for school bond issues that are eligible for state subsidy totaled \$696.8 million.

At June 30, 1998, the Department of Transportation had contractual commitments of approximately \$107 million for construction of various highway projects. The State's share of that amount is expected to be approximately \$21 million. Funding for these future expenditures is expected to be provided from federal funds, state funds, and bond proceeds.

Title 38 M.R.S.A. §411 establishes within DEP a cost-sharing program for pollution abatement projects. Subject to funding by the Legislature and the approval of the Commissioner, the State may contribute to the design, engineering and construction of municipal pollution abatement facilities. During the 1998 fiscal year, \$5.4 million of general obligation bond funds were expended for pollution abatement projects. As of June 30, 1998 the State's contractual commitment for pollution abatement projects totaled \$13 million. DEP estimates the total cost (federal, state, and local) of future projects to be \$287 million. At June 30, 1998, general obligation bonds authorized for these projects, but not yet encumbered or expended, totaled \$11.7 million.

Treatment of Wastewater from the State's Correctional Facilities

At June 30, 1998, the Department of Corrections (DOC) had a contractual commitment with the Warren Sanitary District to provide treatment of wastewater from the State's correctional facilities located in Warren, Maine. Under the terms of the agreement, the DOC is required to make annual payments to the District for the DOC's prorated share of capital costs, debt service, and operation and maintenance costs. Fiscal year 1998 expenditures totaled \$359 thousand. The agreement with the District shall be in effect for as long as the DOC uses the wastewater treatment facility. If the DOC ceases its use, the agreement is in effect until (a) the DOC has paid off its share of the local capital costs of the project and (b) another user acceptable to the Warren Sanitary District assumes the DOC's share of the operations and maintenance costs.

Contingent Receivable

At June 30, 1998, the Maine Department of Transportation (MDOT) had unreimbursed expenditures paid from the Highway Fund in fiscal years 1998 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 Obligations

Article IX, § 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, 1998, \$48.1 million was committed pursuant to this authorization.

Article IX, § 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, 1997, \$63,000 was committed pursuant to this authorization.

Article IX, § 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, 1998, \$1.3 million was committed pursuant to this authorization.

Article VIII, § 2, of the Maine State Constitution provides that the State may secure funds, through the issuance of bonds authorized by the Governor, for loans to Maine students attending institutions of higher education. The amount of bonds issued and outstanding shall not at any one time exceed \$4 million in the aggregate. As of June 30, 1998, there were no amounts issued pursuant to these authorizations.

Moral Obligations

The State of Maine, through statute, enables certain authorities to establish capital reserve funds. These funds may be used to secure a variety of financial undertakings including the issuance of bonds. The minimum amount of the capital reserve fund may be determined by statute or set by the authority. The statutes may also limit the amount of debt that may be secured by the capital reserve funds, and allow the authority to issue debt that is not secured by these funds. On or before December first of each year, the authority is required to certify to the Governor the amount, if any, necessary to restore any capital reserve fund to its required minimum. If there is a shortfall, the Governor is required to pay first from the "Contingent Account" the amounts necessary for restoration. The Governor shall certify any remaining unpaid amounts to the Legislature, which is then required to appropriate and pay the remaining amounts to the Authority during the then current state fiscal year. These moral obligations are not considered to be "full faith and credit" obligations, and voter approval of the underlying bonds is not required. No capital reserve fund restorations have been made in the current or previous years.

The following summarizes information regarding Moral Obligations as of June 30, 1998.

Moral Obligation Bonds

June 30, 1998

(Dollars in Thousands)

<u>Issuer</u>	<u>Bonds Outstanding</u>	<u>Required Debt Reserve</u>	<u>Obligation Debt Limit</u>	<u>Legal Citation</u>
Finance Authority of Maine	\$ 283,322	\$ 36,441	\$757,000	10 MRSA § 1032, 1053
Maine Educational Loan Authority	37,285	2,379	50,000	20-A MRSA § 11424
Maine Municipal Bond Bank	918,955	107,753	No Limit	30-A MRSA § 6006
Maine Health and Higher Education Facilities Authority	706,530	54,300	No Limit	22 MRSA § 2075
Loring Development Authority	-	-	100,000	5 MRSA § 13080-N
Maine State Housing Authority	<u>1,231,568</u>	<u>87,251</u>	1,650,000	30-A MRSA § 4906
Total	<u>\$3,177,660</u>	<u>\$288,124</u>		

NOTE 14 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, in all of the cases listed, except in the Consent Decrees, the State or its agencies or employees have valid defenses, and that, even if liability is found, the damages awarded will be far less than the amounts sought. The Attorney General is unaware of any case in which it is both probable that the State will incur liability and that the amount of such liability can be reasonably estimated to exceed \$1 million. In any given case, however, it is possible that the State could incur a large judgment against it.

Bates v. Peet, et al., is a class action suit that was settled in 1990 by a Consent Decree, applicable to the mental health and mental retardation services provided by the Department of Mental Health and Mental Retardation. On September 7, 1994, the Superior Court found the defendants in contempt for their failure to live up to certain of the obligations contained in the Decree. On March 8, 1996, the Court found that the defendants had not purged themselves of the contempt previously found in the September 1994 order. A receivership was imposed but was stayed on condition that the defendants complied with further milestones by October 31, 1996. On February 8, 1997, the Court determined that the defendants had substantially complied with the term of the March 8, 1996, order and therefore purged themselves of civil contempt.

However, the defendants remain under the obligations of the underlying Consent Decree, which may result in costs to the State that cannot be determined at this time.

Consumer Advisory Board, et al., v. Glover was the Consent Decree entered into September 28, 1994. This is the former Pineland Consent Decree and is now officially called the Community Consent Decree. The Department of Mental Health, Mental Retardation and Substance Abuse Services filed a motion to terminate the consent decree in July of 1998, and the parties are now engaged in negotiations to attempt to bring about a negotiated end to this 20-year old decree. There remains some hope that by the summer of 1999, the U.S. District Court will hand down an order terminating this case, though possibly with several conditions. It is possible that additional funds could be required as a result of further court orders.

New Hampshire v. Maine. The Attorney General has advised us that the State of New Hampshire is preparing to file a lawsuit in the U.S. Supreme Court contending that the Kittery Shipyard is actually located in New Hampshire. The Attorney General believes that if such a suit is filed, the State of Maine will prevail.

State of Maine v. Shalala On May 5, 1998, the HHS Departmental Appeals Board ruled against the State on its appeal with respect to the proper allocation of pension contribution costs between the state and federal government. This will cost the State approximately \$7 million. The State has filed an appeal in the U.S. District Court. As the scope of review is narrow, our possibility of success on appeal is limited.

Alden v. State. This case involves claims by probation officers against the State for violations of the federal Fair Labor Standards Act. We have successfully defended this suit in state and federal court but it is now before the Supreme Court of the United States, scheduled to be argued in March of 1999. The outstanding claims, interest and attorney fees would be well over \$1 million. Observers of the Supreme Court view this as a close case in view of the 11th amendment implications.

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

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

NOTE 15 SUBSEQUENT EVENTS

Subsequent to June 30, 1998, the State issued \$39.4 million of bond anticipation notes with interest rates ranging from 3.5 percent to 5.5 percent.

In July 1998, the State entered into a lease financing arrangement for the purchase of a mainframe and fleet vehicles. Both are recorded in Internal Service Funds. The amount financed was \$3.0 million.

On November 23, 1998, Maine along with 49 other states and jurisdictions agreed to an out of court settlement with certain Participating Tobacco Manufacturers (PMs) to recover smoking related Medicaid costs. The PMs agreed to pay \$206 billion to the 50 states. In return, the states have agreed to relinquish claims to further damages resulting from Medicaid costs. Maine's percentage of the total settlement payment is 0.7693505%, which equals \$1.58 billion. Annual payments (2000 and thereafter) will fluctuate subject to various adjustments and litigation offsets and are contingent on the passage and enforcement of a state statute imposing economic conditions on the PMs. This settlement should result in an ongoing revenue stream to the State, which will continue into perpetuity. The Federal government may claim two thirds of all of the states' settlement payments to recover their share of costs previously paid by Medicaid for tobacco

related illnesses.

As compensation, the PMs have also agreed to pay \$8.6 billion to the 50 states and jurisdictions for their contribution to the overall settlement. These payments are subject to the adjustments referred to above. Maine's share equals approximately \$114 million and will be received in ten annual payments beginning in 2008.

STATISTICAL SECTION

STATE OF MAINE

INDEX TO THE STATISTICAL INFORMATION

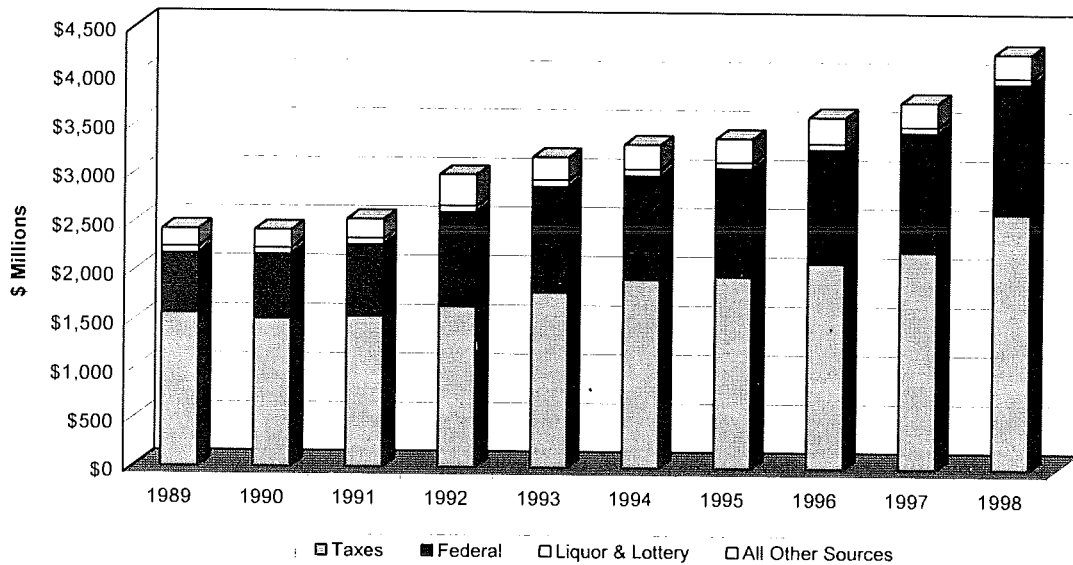
	<u>PAGE</u>
Total Revenues by Source - Governmental Funds.....	150
Tax Revenues by Source - Governmental Funds.....	151
Expenditures by Policy Area - Governmental Funds.....	153
Expenditures by Type - Governmental Funds	153
Total Revenues by Source - General Fund.....	155
Tax Revenues by Source - General Fund.....	155
Expenditures by Policy Area - General Fund.....	157
Expenditures by Type - General Fund.....	157
Total Revenues by Source - Highway Fund.....	158
Expenditures by Policy Area - Highway Fund.....	159
Expenditures by Type - Highway Fund.....	159
Bonded Debt - All Funds.....	161
Maine Financial Institution Deposits.....	162
Civilian Labor Force.....	163
Top Fifty Maine Companies.....	164
1996 Maine Exports at a Glance.....	165
Ten Year Schedule of Revenues and Expenditures - Governmental Funds.....	166

GOVERNMENTAL FUNDS

TOTAL REVENUES BY SOURCE (EXPRESSED IN THOUSANDS)

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Taxes	\$1,573,361	\$1,520,455	\$1,545,488	\$1,648,405	\$1,798,651	\$1,934,966	\$1,970,227	\$2,103,155	\$2,226,630	\$2,619,991
Federal Government	607,870	652,892	729,911	961,931	1,081,174	1,059,253	1,104,096	1,168,803	1,221,712	1,335,165
Cities, Towns & Counties	7,198	4,721	3,709	4,059	3,586	5,144	4,551	3,649	6,173	6,057
Service Charges	62,822	63,931	84,206	98,085	111,980	105,504	99,730	131,968	95,537	89,555
Alcoholic Beverages	36,941	34,194	34,820	31,282	29,796	21,977	20,128	21,447	20,662	20,546
Lottery Commission	30,407	30,548	29,371	35,434	36,538	45,393	41,185	37,737	40,937	40,742
Other Sources	109,887	114,523	106,272	216,129	116,766	139,572	141,697	131,958	144,907	150,389
Total Revenues	\$2,428,486	\$2,421,264	\$2,533,777	\$2,995,325	\$3,178,491	\$3,311,809	\$3,381,614	\$3,598,717	\$3,756,558	\$4,262,446

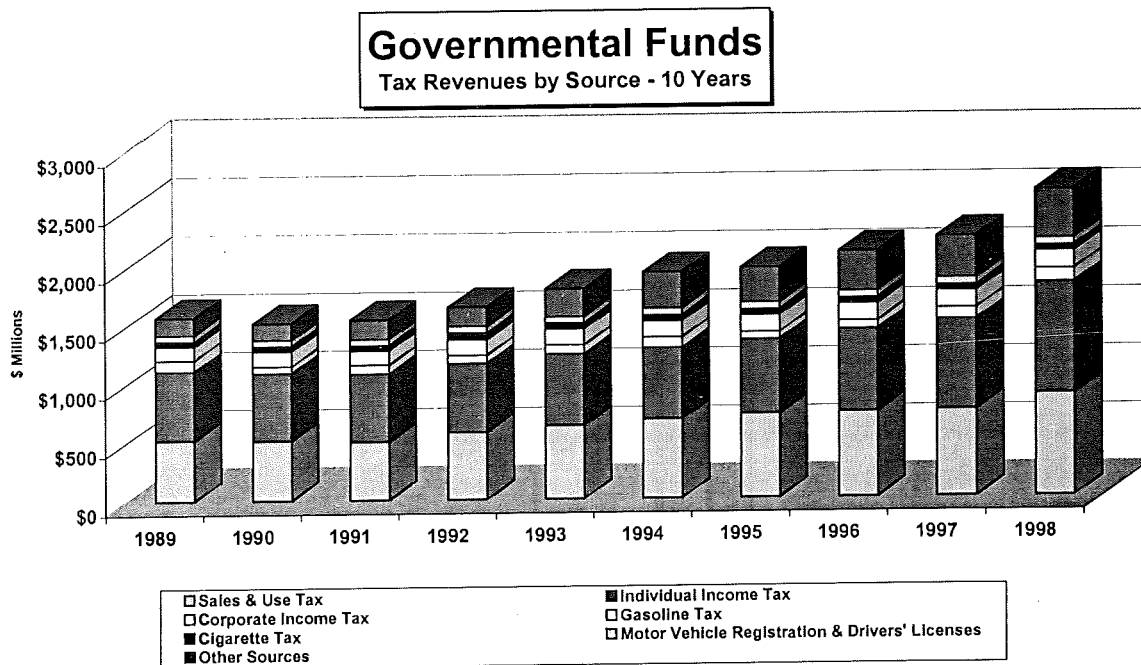
Governmental Funds
Revenue by Source - 10 years



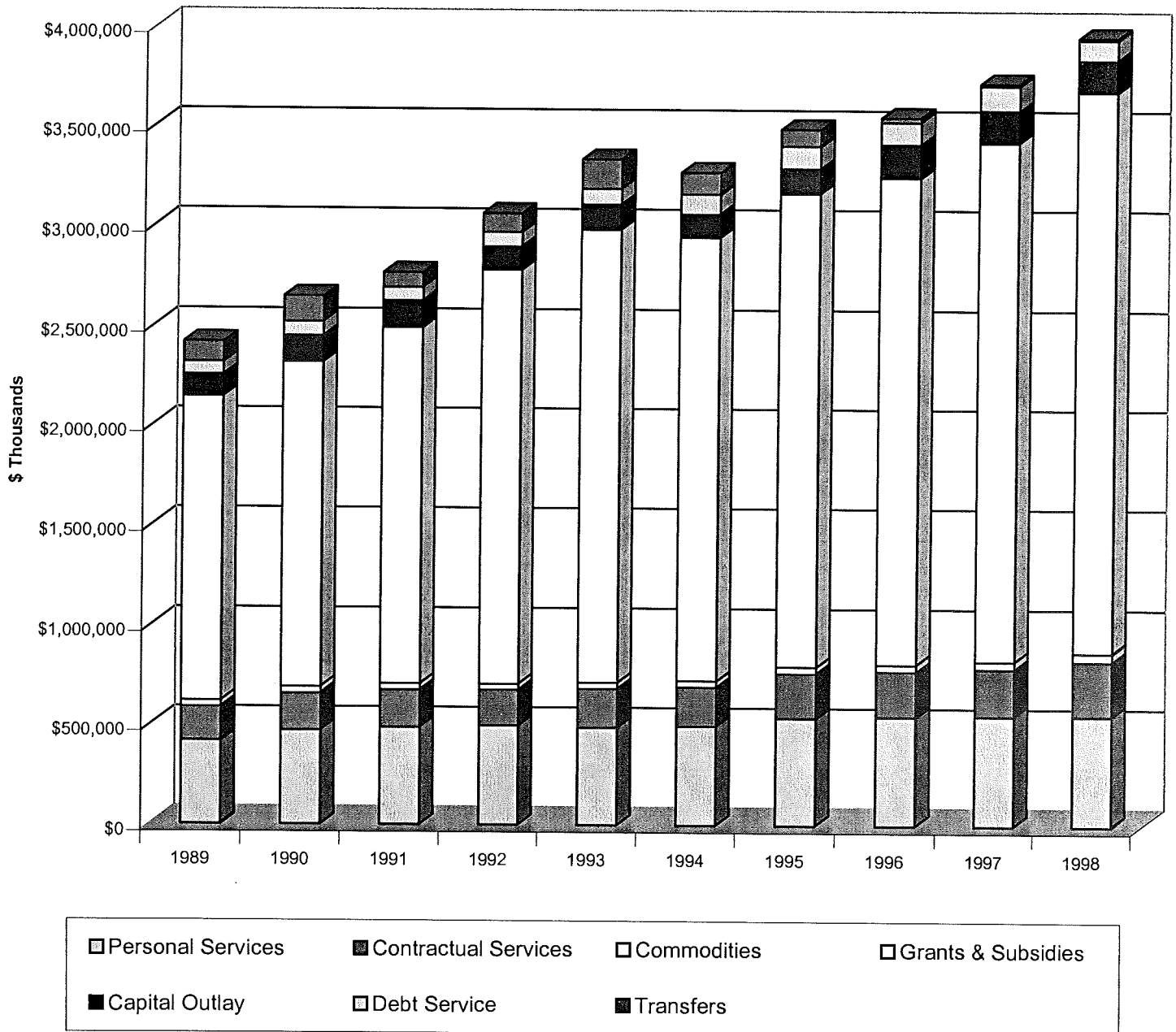
GOVERNMENTAL FUNDS

TAX REVENUES BY SOURCE (EXPRESSED IN THOUSANDS)

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Sales & Use Tax	\$517,068	\$508,980	\$497,069	\$573,428	\$625,429	\$673,755	\$716,199	\$726,821	\$741,947	\$873,279
Individual Income Tax	593,311	580,562	582,794	591,476	614,171	611,826	637,516	709,491	771,847	952,728
Corporate Income Tax	96,333	57,658	76,053	69,927	75,700	90,208	63,032	71,062	97,146	112,601
Gasoline Tax	120,093	129,425	121,458	135,257	137,698	140,258	144,193	147,140	147,897	153,213
Cigarette Tax	41,218	44,311	45,610	55,322	51,978	48,675	48,632	47,602	48,048	45,524
Registration & Drivers' Licenses	56,968	55,198	55,138	57,821	53,542	59,795	62,558	61,329	61,804	62,387
Other Sources	148,370	144,321	167,366	165,174	240,133	310,449	298,097	339,710	357,941	420,260
Total Tax Revenue	\$1,573,361	\$1,520,455	\$1,545,488	\$1,648,405	\$1,798,651	\$1,934,966	\$1,970,227	\$2,103,155	\$2,226,630	\$2,619,991



Governmental Funds Expenditures by Type - 10 Years



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

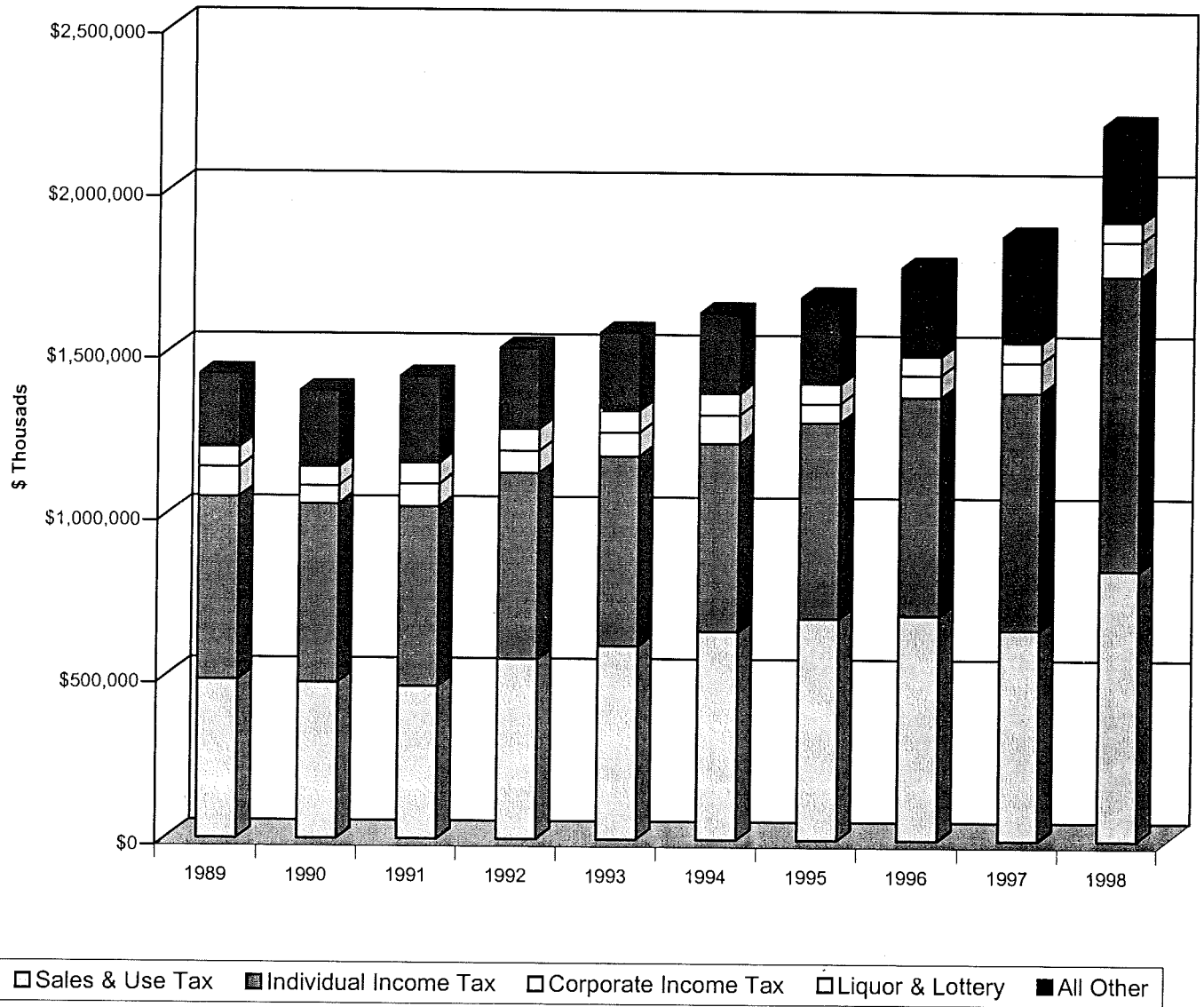
EXPENDITURES BY POLICY AREA (EXPRESSED IN THOUSANDS)

	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>
General Government	\$321,890	\$304,635	\$329,895	\$269,650	\$281,083	\$310,065	\$362,172	\$352,450	\$365,027	\$389,468
Economic Development	69,311	74,474	76,767	76,434	101,195	81,407	92,459	96,049	94,543	94,459
Education & Cultural Services	800,346	886,776	834,034	892,672	958,295	901,229	959,367	974,989	985,952	1,060,406
Human Services	835,432	944,719	1,069,892	1,299,089	1,383,513	1,445,823	1,536,796	1,553,781	1,680,462	1,792,527
Labor	35,187	38,332	48,632	116,660	152,423	103,161	62,407	54,529	77,794	83,613
Natural Resources	65,710	73,681	87,710	80,331	98,514	84,911	115,906	109,259	107,109	103,908
Public Protection	47,902	51,194	50,360	56,815	53,627	56,597	56,640	56,733	63,357	86,748
Transportation	245,752	276,401	273,528	275,179	310,590	291,631	308,040	356,164	353,030	347,227
Total Expenditures	<u>\$2,421,530</u>	<u>\$2,650,212</u>	<u>\$2,770,818</u>	<u>\$3,066,830</u>	<u>\$3,339,240</u>	<u>\$3,274,824</u>	<u>\$3,493,787</u>	<u>\$3,553,954</u>	<u>\$3,727,274</u>	<u>\$3,958,357</u>

EXPENDITURES BY TYPE (EXPRESSED IN THOUSANDS)

	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>
Personal Services	\$417,341	\$469,186	\$484,763	\$496,429	\$486,769	\$495,205	\$537,972	\$545,539	\$550,821	\$552,685
Contractual Services	169,322	186,261	190,692	179,747	196,818	198,379	224,724	230,087	238,793	276,397
Commodities	30,558	33,464	31,668	29,716	31,561	32,284	34,760	33,233	37,893	43,597
Grants & Subsidies	1,528,016	1,630,268	1,787,597	2,079,244	2,270,785	2,223,323	2,373,108	2,442,251	2,602,675	2,813,701
Capital Outlay	109,201	132,643	134,271	114,533	126,917	116,333	125,146	167,417	162,235	160,132
Debt Service	64,570	70,342	67,038	73,561	78,150	100,294	114,226	113,852	124,441	102,570
Contributions & Transfers to Other Funds	102,522	128,048	74,789	93,600	148,240	109,006	83,851	21,575	10,416	9,276
Total Expenditures	<u>\$2,421,530</u>	<u>\$2,650,212</u>	<u>\$2,770,818</u>	<u>\$3,066,830</u>	<u>\$3,339,240</u>	<u>\$3,274,824</u>	<u>\$3,493,787</u>	<u>\$3,553,954</u>	<u>\$3,727,274</u>	<u>\$3,958,357</u>

General Fund
Revenue by Source - 10 Years



G E N E R A L F U N D

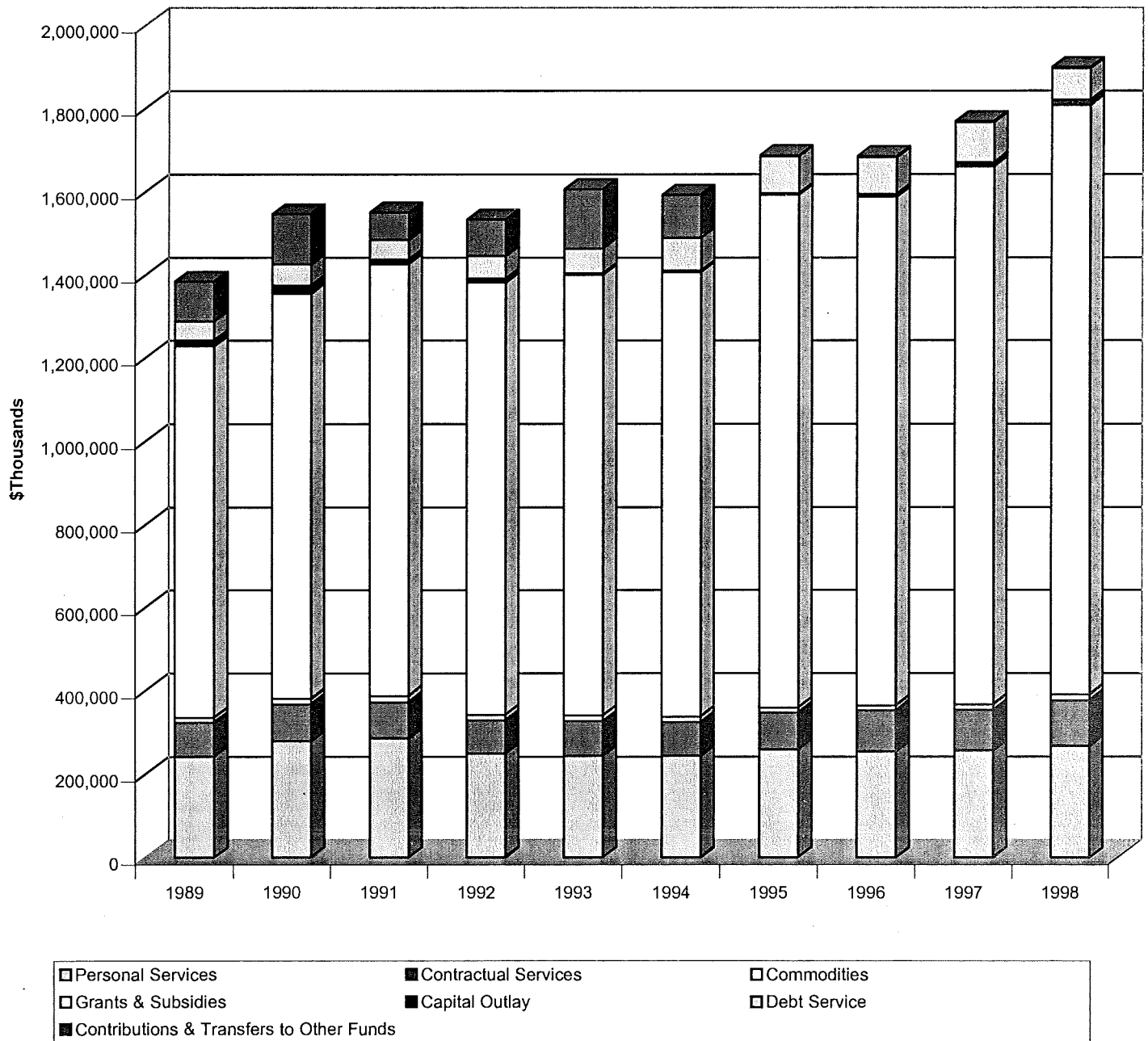
TOTAL REVENUES BY SOURCE (EXPRESSED IN THOUSANDS)

	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>
Taxes	\$1,288,407	\$1,234,030	\$1,279,404	\$1,371,354	\$1,419,437	\$1,487,951	\$1,536,581	\$1,622,932	\$1,727,670	\$2,068,489
Federal Government	527	1,800	7,173	6,125	5,560	3,846	6,262	16,767	6,043	5,425
Cities, Towns & Counties	788	178	97	28	166	223	282	318	104	85
Service Charges	25,415	28,263	27,664	29,296	33,211	26,081	20,693	20,003	15,426	14,363
Alcoholic Beverages	31,505	28,828	34,820	31,282	29,796	21,977	20,128	21,447	20,662	20,546
Lottery Operations	30,407	30,547	29,371	35,434	36,538	45,394	41,185	37,737	40,937	40,742
Other Sources	<u>53,566</u>	<u>55,812</u>	<u>45,556</u>	<u>38,944</u>	<u>36,695</u>	<u>38,416</u>	<u>46,605</u>	<u>47,197</u>	<u>52,244</u>	<u>56,514</u>
Total Revenues	\$1,430,615	\$1,379,458	\$1,424,085	\$1,512,463	\$1,561,403	\$1,623,888	\$1,671,736	\$1,766,401	\$1,863,086	\$2,206,165

TAX REVENUES BY SOURCE (EXPRESSED IN THOUSANDS)

	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>
Sales & Use Tax	\$488,029	\$480,019	\$468,830	\$554,463	\$596,160	\$641,610	\$682,130	\$692,502	\$648,558	\$833,756
Individual Income Tax	564,154	551,232	555,250	574,036	585,677	580,610	604,958	674,508	733,067	907,981
Corporate Income Tax	91,607	54,951	69,735	67,985	72,335	86,805	58,404	67,345	92,817	107,375
Cigarette Tax	41,218	44,311	45,610	55,322	51,978	48,675	48,632	47,602	48,048	45,524
Public Utilities Tax	33,993	21,776	33,699	23,871	23,558	26,930	27,907	28,853	28,601	29,335
Insurance Company Tax	34,827	44,785	34,973	45,102	38,779	36,742	35,949	35,519	39,643	39,153
Other Sources	<u>34,579</u>	<u>36,956</u>	<u>71,307</u>	<u>50,575</u>	<u>50,950</u>	<u>66,579</u>	<u>78,601</u>	<u>76,603</u>	<u>136,936</u>	<u>105,364</u>
Total Tax Revenues	\$1,288,407	\$1,234,030	\$1,279,404	\$1,371,354	\$1,419,437	\$1,487,951	\$1,536,581	\$1,622,932	\$1,727,670	\$2,068,489

General Fund Expenditures by Type - 10 Years



G E N E R A L F U N D

EXPENDITURES BY POLICY AREA (EXPRESSED IN THOUSANDS)

	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>
General Government	\$193,741	\$178,984	\$177,320	\$172,103	\$175,645	\$193,450	\$216,224	\$224,279	\$235,210	\$241,437
Economic Development	28,277	34,318	36,383	33,952	30,010	23,700	27,925	30,643	30,290	31,587
Education & Cultural Services	713,742	804,822	750,233	795,444	854,091	800,836	854,864	868,288	891,458	964,506
Human Services	398,575	465,299	523,955	467,629	492,642	523,778	531,713	506,056	545,415	578,091
Labor	5,135	6,407	5,642	5,485	5,339	4,552	6,250	4,308	11,274	13,021
Natural Resources	22,761	24,609	39,092	36,867	34,435	32,936	36,592	37,564	38,892	40,459
Public Protection	15,458	22,291	14,537	14,577	11,745	11,247	11,310	11,304	13,336	22,760
Transportation	7,069	10,130	3,803	7,787	2,713	2,305	2,120	2,765	2,778	6,514
Total Expenditures	\$1,384,758	\$1,546,860	\$1,550,965	\$1,533,844	\$1,606,620	\$1,592,804	\$1,686,998	\$1,685,207	\$1,768,653	\$1,898,373

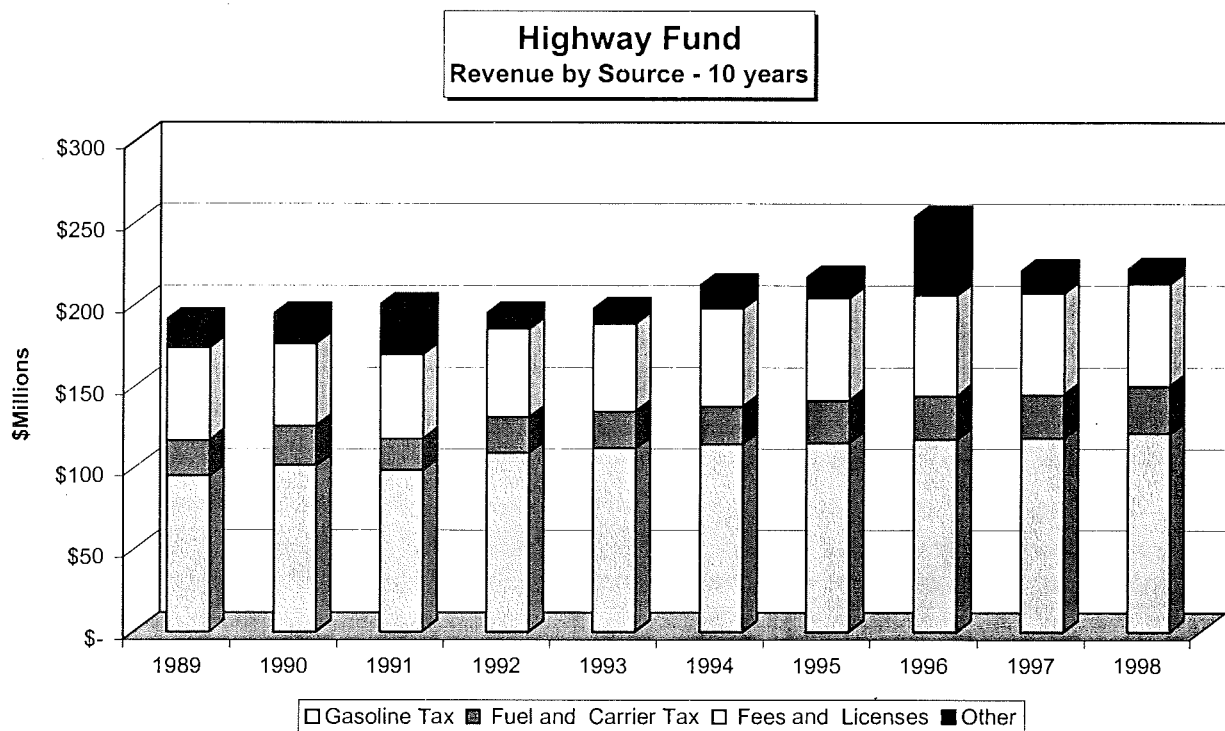
EXPENDITURES BY TYPE (EXPRESSED IN THOUSANDS)

	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>
Personal Services	\$242,236	\$279,461	\$286,723	\$249,714	\$244,303	\$244,254	\$259,490	\$254,518	\$257,102	\$267,636
Contractual Services	81,652	88,324	86,016	79,641	83,361	81,136	87,959	98,119	96,970	108,849
Commodities	11,923	13,438	14,931	12,465	12,928	12,516	11,920	11,740	12,784	14,562
Grants & Subsidies	893,031	974,504	1,038,945	1,040,396	1,060,010	1,069,456	1,233,127	1,223,736	1,293,325	1,415,918
Capital Outlay	13,661	19,078	11,396	9,557	3,889	3,753	3,754	6,312	10,218	12,935
Debt Service	45,914	51,942	47,419	54,548	59,926	78,784	89,001	88,530	95,885	75,565
Contributions & Transfers to Other Funds	96,341	120,113	65,535	87,523	142,203	102,905	1,747	2,252	2,368	2,908
Total Expenditures	\$1,384,758	\$1,546,860	\$1,550,965	\$1,533,844	\$1,606,620	\$1,592,804	\$1,686,998	\$1,685,207	\$1,768,653	\$1,898,373

HIGHWAY FUND

TOTAL REVENUES BY SOURCE (EXPRESSED IN THOUSANDS)

	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>
Gasoline Tax	\$95,368	\$101,818	\$98,820	\$109,540	\$112,427	\$114,811	\$115,650	\$117,680	\$118,472	\$121,456
Fuel and Carrier Tax	21,668	24,120	19,296	21,920	22,522	23,181	25,966	26,704	26,706	28,894
Fees and Licenses	56,968	50,541	51,514	54,005	53,542	59,795	62,558	61,329	61,804	62,387
Other Sources	<u>17,335</u>	<u>18,396</u>	<u>30,879</u>	<u>9,574</u>	<u>9,263</u>	<u>14,318</u>	<u>12,813</u>	<u>47,897</u>	<u>13,961</u>	<u>9,140</u>
Total Revenues	\$191,339	\$194,876	\$200,509	\$195,039	\$197,754	\$212,105	\$216,988	\$253,609	\$220,943	\$221,876



HIGHWAY FUND

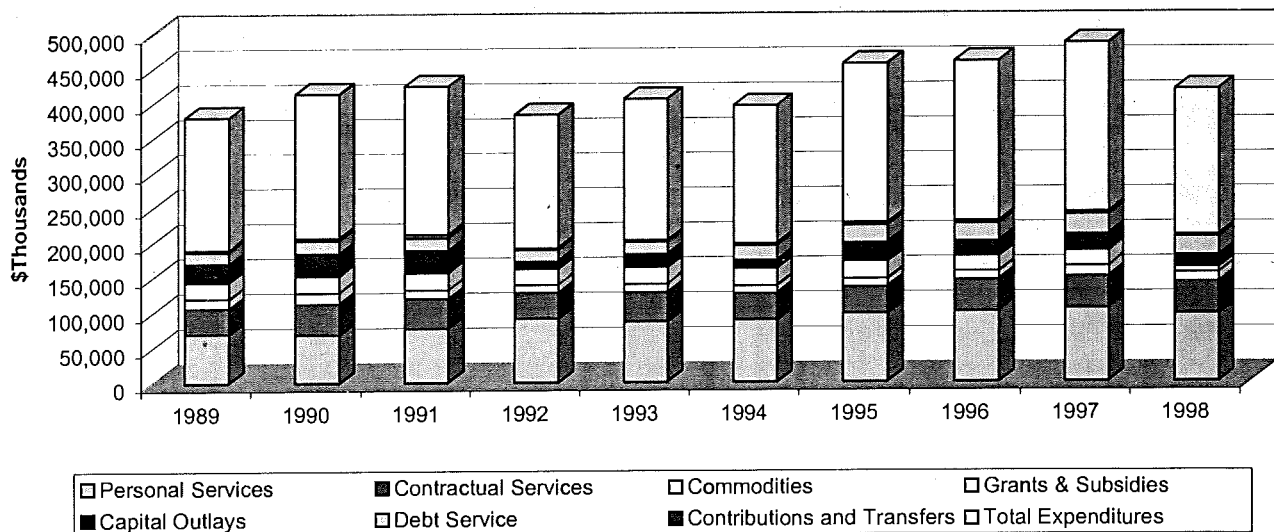
EXPENDITURES BY POLICY AREA (EXPRESSED IN THOUSANDS)

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
General Government	\$13,599	\$14,571	\$15,385	\$17,261	\$15,746	\$19,873	\$22,576	\$22,751	\$23,999	\$23,076
Economic Development	99	110	123	145	163	152	162	155	162	1
Public Protection	18,011	13,420	19,595	19,891	21,941	22,338	23,922	24,219	22,759	17,616
Transportation	158,531	178,922	177,097	154,596	165,017	155,398	181,142	182,293	195,215	168,123
Total Expenditures	\$190,241	\$207,023	\$212,200	\$191,893	\$202,866	\$197,761	\$227,801	\$229,418	\$242,135	\$208,817

EXPENDITURES BY TYPE (EXPRESSED IN THOUSANDS)

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Personal Services	\$70,373	\$69,198	\$77,447	\$91,336	\$86,348	\$88,850	\$97,696	\$100,066	\$103,776	\$96,134
Contractual Services	36,545	43,582	42,483	36,423	41,966	37,078	37,381	44,701	45,546	44,939
Commodities	13,470	15,515	12,082	11,106	11,745	11,284	11,853	12,450	15,149	13,632
Grants & Subsidies	23,376	24,197	24,605	23,049	24,065	24,806	25,061	21,654	21,877	7,502
Capital Outlays	26,854	32,538	32,514	10,628	18,336	11,472	26,356	21,089	23,550	17,047
Debt Service	16,551	18,401	17,546	16,971	18,224	21,499	25,226	25,321	28,557	27,005
Contributions and Transfers	3,072	3,591	5,523	2,379	2,182	2,771	4,228	4,137	3,681	2,559
Total Expenditures	\$190,241	\$207,023	\$212,200	\$191,893	\$202,866	\$197,761	\$227,801	\$229,418	\$242,135	\$208,817

**Highway Fund
Expenditures by Type - 10 Years**



Bonded Debt **Percent of Bonded Debt to Total State Revenue**

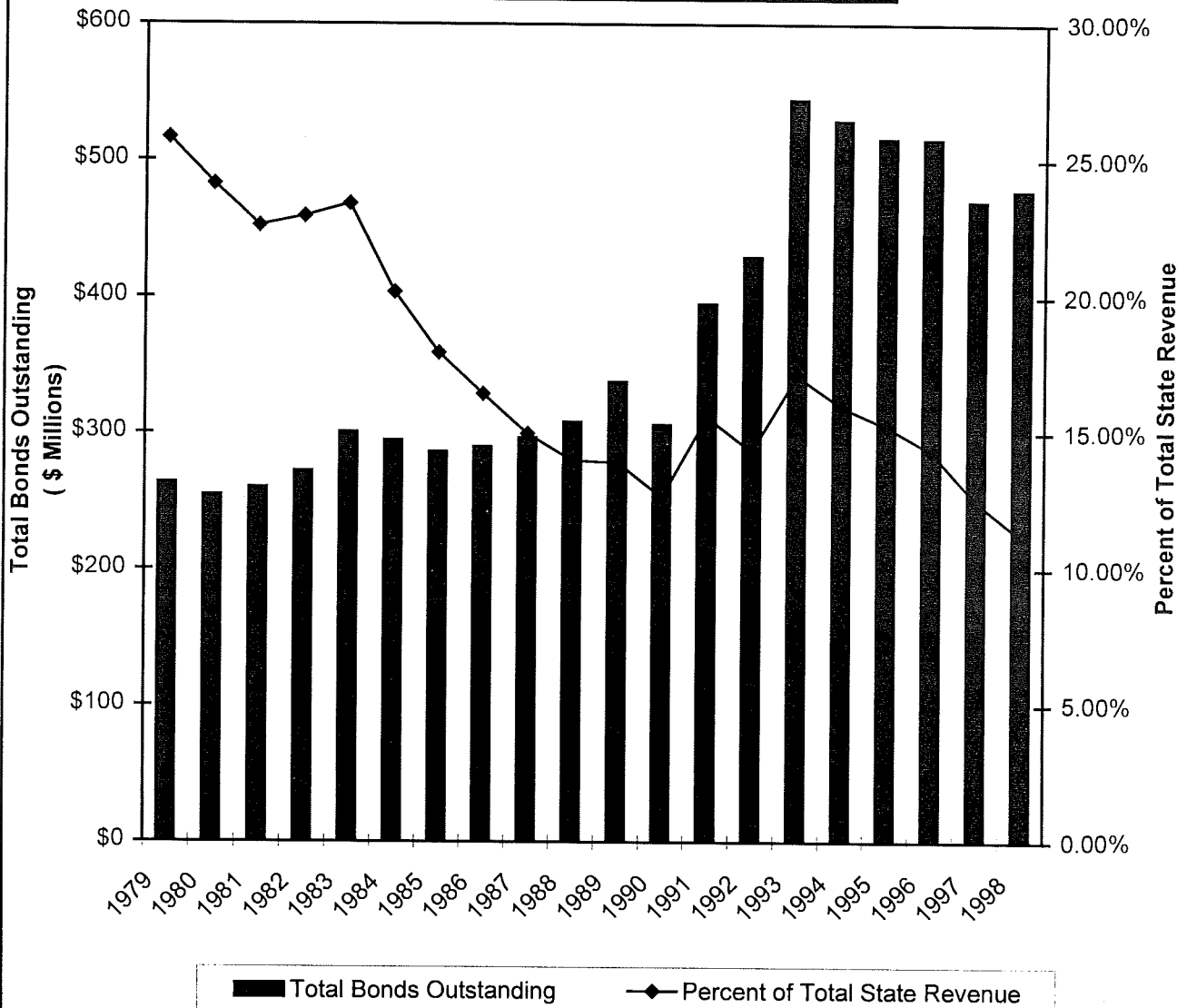


EXHIBIT S-7

BONDED DEBT - ALL FUNDS

(EXPRESSED IN THOUSANDS)

Year Ended	Bonds Outstanding at June 30, 1998					Total Governmental Funds Revenue	Percent of State Revenues
	General Fund	Highway Fund	University of Maine	Other	Total		
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%
1997	339,620	129,060	-	1,530	470,210	3,756,558	12.5%
1998	337,575	139,180	-	1,290	478,045	4,262,446	11.2%

MAINE FINANCIAL INSTITUTION DEPOSITS

For the Years 1994 to 1998
(Expressed in Thousands)

	1994		1995		1996		1997		1998	
	<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	\$4,909,550	14	\$5,484,431	14	\$5,396,641	13	\$2,790,194	12	\$2,660,193
National Banks	6	1,744,084	5	1,051,103	5	1,032,321	6	3,433,699	5	2,915,927
State Savings Banks	17	4,523,302	17	4,856,487	17	5,062,377	17	5,307,205	17	6,497,694
Federal Savings Banks	5	473,484	4	405,567	4	428,519	4	556,835	4	613,691
State Savings & Loans	4	101,595	3	76,042	3	83,630	3	88,399	3	91,170
Federal Savings & Loans	5	216,956	5	233,024	5	243,010	4	168,591	4	173,879
State Credit Unions	13	341,875	13	352,500	12	368,532	11	380,613	12	422,629
Federal Credit Unions	84	1,404,583	83	1,463,185	82	1,579,902	80	1,650,747	77	1,721,696
Total Institutions	148	\$13,715,429	144	\$13,922,339	142	\$14,194,932	138	14,376,283	134	15,097,079
State Chartered	48	9,876,322	47	10,769,460	46	10,911,180	44	8,566,411	44	9,671,886
Federally Chartered	100	3,839,107	97	3,152,879	96	3,283,752	94	5,809,872	90	5,425,193
Total Chartered	148	\$13,715,429	144	\$13,922,339	142	\$14,194,932	138	14,376,283	134	15,097,079

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

CIVILIAN LABOR FORCE

Employed and Unemployed by Labor Market Area, Not Seasonally Adjusted June 1998

AREA	CIVILIAN LABOR FORCE(1)		EMPLOYED(2)		UNEMPLOYED(3)		UNEMPLOYMENT RATE(4)	
	June 98	June 97	June 98	June 97	June 98	June 97	June 98	June 97
LABOR MARKET AREAS								
Augusta	45,280	46,480	43,210	44,000	2,070	2,480	4.6%	5.3%
Bangor MSA	48,500	49,500	47,000	47,500	1,400	2,000	3	4.1
Bath-Brunswick	33,480	34,690	32,460	33,370	1,020	1,330	3	3.8
Belfast	15,110	15,740	14,510	14,970	600	770	4	4.9
Biddeford	39,540	41,290	38,570	40,030	970	1,260	2.5	3
Boothbay Harbor	9,760	9,630	9,560	9,400	200	230	2.1	2.4
Bucksport	5,180	5,260	4,940	4,940	240	330	4.6	6.2
Calais	5,070	5,490	4,530	4,690	530	800	10.5	14.5
Dexter-Pittsfield	12,620	12,850	11,710	11,510	910	1,340	7.2	10.4
Dover-Foxcroft	7,260	760	6,830	6,760	420	610	5.8	8.2
Ellsworth-Bar Harbor	21,210	21,310	20,430	20,440	780	880	3.7	4.1
Farmington	16,700	17,780	15,390	16,090	1,310	1,690	7.8	9.5
Fort Kent	3,610	3,850	3,140	3,180	470	680	13.1	17.5
Greenville	1,040	1,080	970	990	80	90	7.3	8.4
Houlton	6,650	7,030	6,160	6,430	480	600	7.3	8.5
Jonesport-Milbridge	3,970	4,140	3,620	3,810	350	330	8.9	8
Kittery-York (5)	19,490	20,220	19,290	19,910	200	310	1	1.5
Lewiston-Auburn MSA	51,200	51,400	48,800	48,500	2,300	2,900	4.5	5.7
Lincoln-Howland	5,830	6,050	5,410	5,470	420	580	7.1	9.5
Machias-Eastport	6,780	7,170	6,160	6,380	620	790	9.2	11
Madawaska	4,130	4,410	3,900	4,120	220	290	5.4	6.6
Millinocket-East Millinocket	5,280	5,430	4,860	4,990	420	450	7.9	8.2
Norway-Paris	11,600	11,540	10,940	10,770	660	770	5.7	6.6
Outer Bangor	7,850	7,640	7,440	7,080	410	570	5.2	7.4
Patten-Island Falls	1,960	2,080	1,730	1,780	230	300	11.9	14.4
Portland	132,400	133,200	129,200	129,400	3,200	3,800	2.4	2.9
Presque Isle-Caribou	19,890	21,110	18,570	19,190	1,310	1,930	6.6	9.1
Rockland	23,920	24,200	23,210	23,290	710	910	3	3.8
Rumford	9,940	9,890	9,220	8,950	720	950	7.2	9.6
Sanford	22,560	23,060	21,690	21,800	880	1,250	3.9	5.4
Sebang Lakes Region	14,260	14,520	13,790	13,990	460	530	3.2	3.7
Skowhegan	16,820	17,540	15,660	16,060	1,160	1,470	6.9	8.4
Stonington	5,460	5,550	5,320	5,380	140	170	2.6	3
Van Buren	1,520	1,580	1,420	1,420	110	150	6.9	9.6
Waterville	24,510	25,300	23,080	23,660	1,430	1,640	5.9	6.5
MAINE	660,300	675,500	632,800	640,300	27,500	35,200	4.2	5.2
UNITED STATES (000)	137,498	136,254	131,253	129,430	6,245	6,824	4.5	5

1. Civilian labor force, employed, and unemployed estimates are by place of residence. 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 December, 1997

(Ranked by Number of Employees in Maine)

	Company	Number of Employees
1	Bath Iron Works	7000
2	Hannaford Bros. Co	5600
3	Wal-Mart Associates, Inc.	4400
4	L.L. Bean, Inc.	4000
5	Maine Medical Center Foundation	3800
6	UNUM Insurance Co.	3200
7	Shaw's Supermarkets	3200
8	MBNA New England	2600
9	Eastern Maine Medical Center	2400
10	S.D. Warren, Westbrook	2200
11	Central Maine Power Co.	1800
12	Manpower	1800
13	Great Northern Paper, Inc.	1600
14	Pratt & Whitney Aircraft Group	1600
15	Peoples Heritage Bank	1600
16	Irving Oil Corp.	1400
17	Mead Oxford	1400
18	Champion International Corp.	1400
19	International Paper Co.	1400
20	Dexter Shoe Co.	1400
21	Ames Department Stores	1400
22	Nynex (now Bell Atlantic)	1400
23	Maine Blue Cross/Blue Shield	1200
24	Fairchild Semiconductor Corp.	1200
25	Rite-Aid of Maine	1000
26	Sears, Roebuck & Co.	1000
27	MaineGeneral Medical Center	1000
28	United Parcel Service	1000
29	Fraser Papers, LTD	1000
30	Central Maine Medical Center	1000
31	G.H. Bass & Co.	1000
32	Sunday River Skiway Corp. (now American Skiing Co.)	1000
33	Guy Gannett Communications (now Blethen Maine Newspapers)	1000
34	Community Health and Counseling Services	1000
35	First HealthCare Corp.	1000
36	SCI Systems, Inc.	800
37	C.N. Brown Co.	800
38	Mercy Hospital	800
39	MaineGeneral Medical Center	800
40	Sprague Sanford, Inc.	800
41	KeyBank National Association	800
42	Dead River Co.	800
43	Cianbro Corp.	800
44	Georgia Pacific Co.	800
45	Southern Maine Medical Center	800
46	Jackson Laboratory	800
47	Bates College	800
48	Bowdoin College	800
49	J.C. Penney Co.	600
50	Attendant Services, Inc.	600

* Approximate number of employees

Source: Maine State Department of Labor

MAINE EXPORTS AT A GLANCE

EXPORTS BY INDUSTRY

(Expressed in Thousands)

SIC	Description	1998	1997	Percentage Change
.1	Agricultural Production, Crops	\$13,203	\$15,711	(16.0) %
2	Agricultural Production, Livestock	31,526	37,782	(16.6)
8	Forestry	454	955	(52.5)
9	Fishing, Hunting, and Trapping	96,775	120,900	(20.0)
14	Nonmetallic Minerals	576	472	21.9
20	Food & Kindred Products	76,185	76,590	(0.5)
21	Tobacco Manufactures	7	0	100.0
22	Textile Mill Products	11,102	8,365	32.7
23	Apparel & Other Fabric Products	24,382	24,141	1.0
24	Lumber & Wood Products	225,557	220,718	2.2
25	Furniture & Fixtures	9,318	6,386	45.9
26	Paper & Allied Products	310,870	382,260	(18.7)
27	Printing & Publishing	2,827	3,307	(14.5)
28	Chemicals & Allied Products	22,342	32,237	(30.7)
29	Petroleum & Coal Products	1,434	2,473	(42.0)
30	Rubber & Miscellaneous Plastic Products	25,526	23,968	6.5
31	Leather & Leather Products	90,040	103,495	(13.0)
32	Stone, Clay, & Glass Products	7,038	7,231	(2.7)
33	Primary Metal Industries	12,951	11,519	12.4
34	Fabricated Metal Products	34,118	32,454	5.1
35	Industrial Machinery & Computer Equipment	90,877	77,722	16.9
36	Electronics & Electrical Equipment	716,553	543,469	31.8
37	Transportation Equipment	98,712	84,147	17.3
38	Instruments & Optical Goods	16,630	19,679	(15.5)
39	Miscellaneous Manufacturing	7,412	9,607	(22.9)
91	Scrap & Waste	7,445	9,449	(21.2)
92	Used or Second Hand Merchandise	1,939	1,790	8.3
95	Charity, Military NIK	2,873	2,097	37.0
98	Canadian/Non-Canadian Goods Returned to Canada	25,716	20,919	22.9
99	Special Classification Provisions	1,418	654	116.9
Maine Export Totals		<u>\$1,965,803</u>	<u>\$1,880,497</u>	

TOP TEN MARKETS

(Expressed in Thousands)

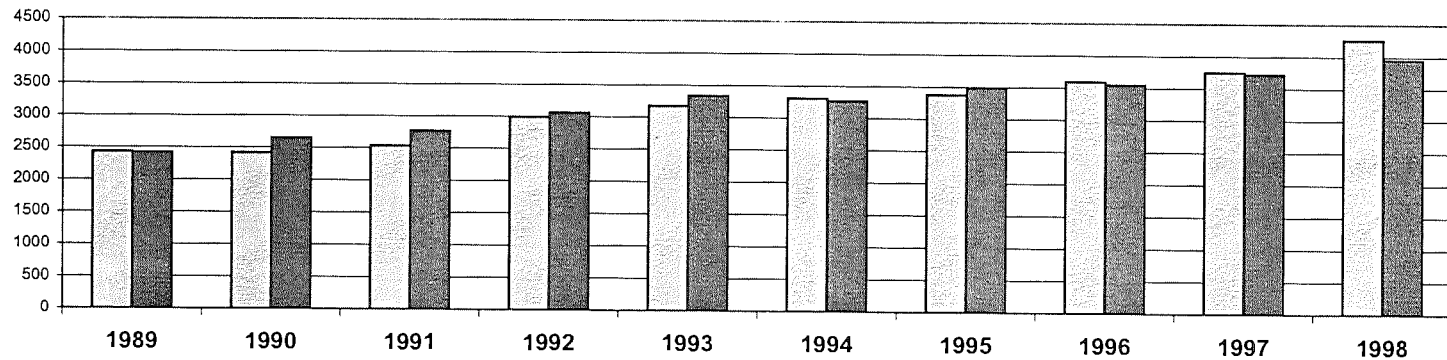
Country	1998	1997	Percentage Change
Canada	\$639,397	\$645,008	(0.9) %
Singapore	309,111	179,626	72.1
Malaysia	285,655	248,322	15.0
Japan	90,301	99,970	(9.7)
United Kingdom	67,716	89,126	(24.0)
Germany	60,406	38,486	57.0
South Korea	50,550	80,400	(37.1)
Belgium	50,412	52,215	(3.5)
Hong Kong SAR	40,473	59,251	(31.7)
France	36,254	55,573	(34.8)

Source: Maine International Trade Center

GOVERNMENTAL FUNDS

TEN YEAR SCHEDULE OF REVENUES AND EXPENSES

\$ Thousands

☐ Total Revenues
 ☒ Total Expenditures


Revenues by Source:

Taxes

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	% of Total
Sales & Use	\$517,068	\$508,980	\$497,069	\$573,428	\$625,429	\$673,755	\$716,199	\$726,821	\$741,948	\$873,279	20.49%
Individual Income Tax	593,311	580,562	582,794	591,476	614,171	611,826	637,516	709,491	771,847	952,727	22.35%
Corporate Income Tax	96,333	57,658	76,053	69,927	75,700	90,208	63,032	71,062	97,146	112,601	2.64%
Gasoline Tax	120,093	129,425	121,458	135,257	137,698	140,258	144,193	147,140	147,896	153,213	3.59%
Cigarette Tax	41,218	44,311	45,610	55,322	51,978	48,675	48,632	47,602	48,048	45,524	1.07%
Other Tax Sources	148,370	144,321	167,366	165,174	240,133	310,449	298,097	339,710	357,941	420,260	9.86%
Total Taxes	1,516,393	1,465,257	1,490,350	1,590,584	1,745,109	1,875,171	1,907,669	2,041,826	2,164,826	2,557,604	60.00%
Federal Government	607,870	652,892	729,911	961,931	1,081,174	1,059,253	1,104,096	1,168,803	1,221,712	1,335,165	31.32%
Motor Vehicle Registration & Driver Licenses	56,968	55,198	55,138	57,821	53,542	59,795	62,558	61,329	61,804	62,387	1.46%
Cities, Towns & Counties	7,198	4,721	3,709	4,059	3,586	5,144	4,551	3,649	6,173	6,057	0.14%
Service Charges	62,822	63,931	84,206	98,085	111,980	105,504	99,730	131,968	95,537	89,555	2.10%
Alcoholic Beverages & Lottery Operations	67,348	64,742	64,191	66,716	66,334	67,370	61,313	59,184	61,599	61,198	1.44%
Other Revenue Sources	109,887	114,523	106,272	216,129	116,766	139,572	141,697	131,958	144,907	150,389	3.53%
Total Revenues	\$2,428,486	\$2,421,264	\$2,533,777	\$2,995,325	\$3,178,491	\$3,311,809	\$3,381,614	\$3,598,717	\$3,756,558	\$4,262,355	100.00%

Expenditures by Policy Area:	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	
General Government	\$321,890	\$304,635	\$329,895	\$269,650	\$281,083	\$310,065	\$362,172	\$352,450	\$365,027	\$389,468	9.84%
Economic Development	69,311	74,474	76,767	76,434	101,195	81,407	92,459	96,049	94,543	94,459	2.39%
Education & Cultural Service	800,346	886,776	834,034	892,672	958,295	901,229	959,367	974,989	985,952	1,060,406	26.79%
Human Services	835,432	944,719	1,069,892	1,299,089	1,383,513	1,445,823	1,536,796	1,553,781	1,680,462	1,792,527	45.28%
Labor	35,187	38,332	48,632	116,660	152,423	103,161	62,407	54,529	77,794	83,613	2.11%
Natural Resources	65,710	73,681	87,710	80,331	98,514	84,911	115,906	109,259	107,109	103,908	2.63%
Public Protection	47,902	51,194	50,360	56,815	53,627	56,597	56,640	56,733	63,357	86,748	2.19%
Transportation	245,752	276,401	273,528	275,179	310,590	291,631	308,040	356,164	353,030	347,228	8.77%
Total Expenditures	\$2,421,530	\$2,650,212	\$2,770,818	\$3,066,830	\$3,339,240	\$3,274,824	\$3,493,787	\$3,553,954	\$3,727,274	\$3,958,357	100.00%