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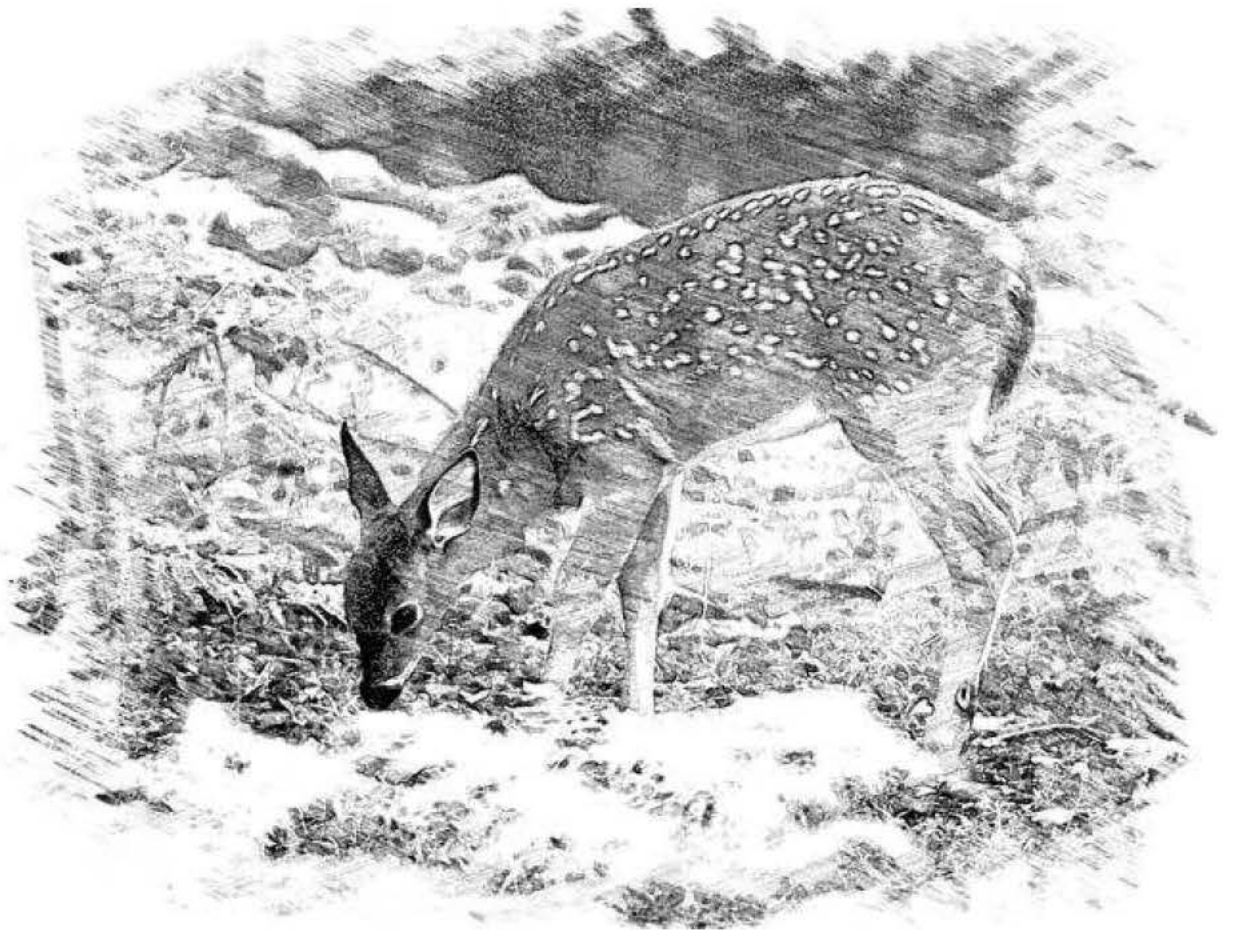


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State of Maine



Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2020



Prepared by

Office of the State Controller

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

STATE OF MAINE



FOR THE FISCAL YEAR ENDED JUNE 30, 2020

JANET T. MILLS
Governor

KIRSTEN LC FIGUEROA
Commissioner
Department of Administrative & Financial Services

DOUGLAS E. COTNOIR, CPA, CIA
State Controller

Prepared by the Office of the State Controller

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State of Maine
Office of the State Controller
Financial Reporting and Analysis Division
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STATE OF MAINE
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2020

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LEADING THE WAY

INTRODUCTORY SECTION



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

SERVING THE PUBLIC AND DELIVERING ESSENTIAL SERVICES TO STATE GOVERNMENT

KIRSTEN LC FIGUEROA
COMMISSIONER

DOUGLAS E. COTNOIR, CPA, CIA
STATE CONTROLLER

December 11, 2020

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

We are pleased to present the State of Maine's Fiscal Year 2020 Comprehensive Annual Financial Report (CAFR) prepared in accordance with Generally Accepted Accounting Principles (GAAP). The annual CAFR, required by Title 5 MRSA § 1547, is compiled and published by the Office of the State Controller (OSC). The report is the primary means of reporting the State's financial activities. The objective of this report is to provide a clear picture of our government as a single, unified entity, as well as providing traditional fund based financial statements.

INTRODUCTION TO THE REPORT

Responsibility

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

Adherence to Generally Accepted Accounting Principles

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

Format of Report

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

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

Internal Control Structure

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

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

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

Independent Auditors

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

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

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

Management's Discussion and Analysis (MD&A)

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

PROFILE OF THE GOVERNMENT

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

Reporting Entity

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

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

Budgetary Control

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

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

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

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

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

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

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

Maine Budget Stabilization Fund

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

Balances in the fund do not lapse; but carry forward each year. The money in the fund may be invested with any earnings credited to the fund except when the fund is at its statutory cap. In addition to interest earnings, the fund is capitalized at the close of each fiscal year. In fiscal year 2020 a net \$21.9 million was transferred into the fund, resulting in an ending balance of \$258.7 million.

MAJOR INITIATIVES AND FUTURE PROJECTS

Fiscal Stability

Governor Mills remains committed to the first-term priorities reflected in the State's biennial budget for 2020-2021 despite the unprecedented impacts of the global Coronavirus pandemic (COVID-19). The Administration is addressing the immediate fiscal impacts of the pandemic, while minimizing, to the extent possible, programmatic cuts in key policy areas and other of the Governor's priorities. These priorities include maintaining the Maine Budget Stabilization Fund; making health care more affordable and accessible; combating Maine's opioid crisis; investing in K-12 public education; investing in workforce training and higher education for Maine workers and young adults; and, pursuing forward-looking initiatives for infrastructure, energy, climate and planning. In some areas, like education and climate change, the Governor's ongoing initiatives are likely to be informed by what has been learned and achieved in responding to the pandemic.

The State's fiscal and economic position was strong throughout the first three quarters of FY 2020. Unemployment rates were low, General Fund reserve and cash balances were healthy, the Unemployment Trust and Pension Trust funds were well-funded, actual General Fund expenditures were forecasted at or below budget and revenues continued to increase over the period.

Regularly scheduled revenue forecasts, issued by the Revenue Forecasting Committee on December 1, 2019 and March 1, 2020, both adjusted General Fund and Highway Fund revenues upward for the 2020-2021 and 2022-2023 biennia. The March 2020 forecast, issued just prior to the pandemic-induced closing of non-essential businesses, revised General Fund revenue estimates upward by \$40 million for FY 2020 and by \$34.1 million for FY 2021. Highway Fund revenues were also increased by \$812,205 for the 2020-2021 biennium.

The 2020-2021 supplemental budget Governor Mills proposed on February 3, 2020 increased General Fund spending over the biennium by approximately \$126 million. It focused on education, infrastructure, health and welfare, economic development and workforce training while also adding over \$20 million to the Budget Stabilization Fund. Following the March 1, 2020 revenue forecast, however, the public health crisis around COVID-19 and the resulting economic impacts began to materialize nationally and in Maine. The Governor recommended a change package that included a smaller supplemental budget and left General Fund resources unappropriated in order to offset any potential revenue loss in FY 2020.

The enacted 2020-2021 supplemental budget approved additional General Fund resources for infrastructure needs, education, health and welfare, workforce development, and transportation. It also transferred \$17.4 million to the Budget Stabilization Fund. The projected General Fund unappropriated fund balance after the actions of the Second Regular Session of the 129th Legislature was approximately \$193 million for the end of FY 2020 and approximately \$113 million for the end of the biennium. The Legislature did not enact a Highway Fund supplemental budget and left \$6.7 million in unappropriated surplus for the 2020-2021 biennium.

Maine's economy felt the first impacts of COVID-19 in mid-March 2020 when the Governor declared a state of civil emergency and issued orders that closed most businesses and directed citizens to stay safer at home in efforts to slow the spread of the virus. Since then, managing the public health crisis, addressing the fiscal challenges it has presented to State government and other sectors, and reopening Maine's economy have become critical initiatives.

To these ends, the Governor and State agencies have made, and continue to make, strategic and judicious use of resources provided by the federal government through the Coronavirus Aid, Relief, and Economic Security

(CARES) Act. To date, those resources include \$1.25 billion in Coronavirus Relief Funds (CRF) being administered by the Governor's Office.

The Legislature also enacted Public Law 2019, Chapter 618 prior to adjourning, which authorized the transfer of up to \$11 million from the balance available in the Reserve for General Fund Operating Capital to a COVID-19 response fund established by the State Controller to address funding needs related to COVID-19 through January 15, 2021.

The Governor also took swift action to manage FY 2020 General Fund spending in response to the expected economic and fiscal impacts of the pandemic. The expected impacts were regularly communicated to State departments and agencies with emphasis on the need for judicious spending and hiring decisions for the remainder of FY 2020. Steps were taken to limit department and agency use of unspent FY 2020 Q1-Q3 allotments and prior year balances to critical or emergency spending only, thus increasing potential resources available for FY 2021. Additionally, departments and agencies were directed to identify opportunities to reduce or minimize contractual expenses for FY 2020 and FY 2021. Agencies were able to use CRF monies, where allowable in accordance with federal guidance, and federal grants received to cover increased costs associated with the pandemic. The State was also able to use some CRF for personal services costs for certain public health and safety employees considered dedicated to mitigating and responding to the pandemic, thus freeing up some GF resources.

With regard to the Highway Fund, existing available bond and federal resources were used for transportation projects, as necessary and appropriate, in lieu of the declining fuel tax revenues expected from reduced vehicle traffic related to the pandemic.

Combined, these actions made it possible for the State to absorb the substantial GF and HF revenue declines experienced in the last quarter of FY 2020. The Governor was also able to resolve the FY 2021 budget gaps (revenue shortfall) in the General and Highway funds without making major spending cuts to programs or drawing on the Budget Stabilization Fund (BSF), which had a balance of \$258.7 million at June 30, 2020.

To partially close the FY 2021 budget gap, in September 2020 the Governor ordered curtailment of allotments to the State's General Fund by \$221.8 million. Of this amount, approximately \$97 million was covered by one-time Federal funding from the CRF and approximately \$125 million came from adopting departmental cost savings and efficiencies. These curtailments will be presented to the Legislature for consideration in January 2021 in the FY 2021 Emergency Supplemental Budget

The biennial budget for fiscal years 2022-2023 is currently being developed and anticipates the revenue declines in the August 2020 revenue forecast including any adjustments at the December 2020 report. Consequently, the Governor's recommended budget for fiscal years 2022-2023 is expected to include initiatives that reduce spending from the prior year while minimizing, to the extent possible, programmatic cuts in key policy areas and other of the Governor's priorities.

Liquidity and Reserves

The State's cash position has continued to show significant improvement during FY 2020 and into FY 2021. Again, internal borrowing for cash flow purposes was not needed at any time in the 2020 fiscal year.

Of the \$297.2 million in the Maine Budget Stabilization Fund (BSF) at the close of FY 2019, \$60.3 million was specifically set aside by law as a Reserve for Riverview Psychiatric Center (the Reserve). The purpose of the Reserve was to provide General Fund resources to reimburse the Centers for Medicaid and Medicare Services

(CMS) for disallowed disproportionate share hospital payments occurring during the period that the Center was de-certified. During FY 2020, \$60.3 million was transferred to the Department of Health and Human Services (DHHS) from the Reserve to settle all outstanding debts to CMS related to the disallowed disproportionate share hospital payments.

During FY 2020, \$17.4 million was transferred into the BSF from General Fund Unappropriated Surplus. An additional \$4.5 million of interest earnings was deposited into the fund. The final balance in the BSF on June 30, 2020 was \$258.7 million. The total BSF balance represents 6.5% of the State's 2020 fiscal year General Fund revenue. The balance of non-Reserve funds in the BSF increased by \$21.9 million in FY 2020.

Stress-Testing State Revenues

Following adjournment of the 129th Legislature due to the COVID-19 pandemic, the Department of Administrative and Financial Services (DAFS) utilized the 2018 report on "Stress-Testing Maine General Fund Revenues & Reserves FY19-FY23" to quickly inform the Governor of the expected revenue shortfall over the final quarter of FY 2020 and the sufficiency of reserves to manage that shortfall.

Using the severe recession scenario from the 2018 report, DAFS estimated that the FY 2020 revenue shortfall could be as much as \$200 million; 5% of the approximately \$4 billion revenue forecast. The supplemental budget agreement, enacted as the Legislature adjourned, left a FY 2020 balance of \$193.2 million in the General Fund. Based on this initial analysis, it appeared that the State could absorb the estimated revenue shortfall without significant budget adjustments.

A more detailed analysis was performed to support the \$200 million estimated revenue shortfall over the remaining three months of the fiscal year. The \$200 million was assumed to be split evenly between sales and use and service provider taxes (consumption taxes) and individual and corporate income taxes, which represent over 85% of the State's General Fund revenue. Actual withholding taxes were much stronger than anticipated, primarily because of the increased taxable unemployment benefits included in the CARES Act. In total, the actual FY 2020 shortfall was less than half that projected using the 2018 stress-test report. The Maine specific stress-test, however, provided a quick and reasonable assessment of the impact of an unprecedented pandemic-induced recession on state revenues, and proved to be more accurate than many other estimates provided by out-of-state non-government entities.

Education

The 2020-2021 biennial budget raised the State share of education funding to nearly 51%, not including teacher retirement, retired teachers' health insurance and retired teacher's life insurance. The enacted biennial budget also provided funding for higher education and workforce training, including nearly a 3.3% increase for higher education and training programs at the University of Maine System, the Maine Community College System, and the Maine Maritime Academy to help keep tuition fees down. The budget provided nearly \$9 million across several programs for scholarship funds, adult education, adult degree completion, and early college.

A central point to the Governor's supplemental budget was additional funding for General Purpose Aid for Local Schools, increasing the State's contribution to the total cost of education by 1 percentage point, bringing the total to 51.78%. Additionally, the law provided \$2 million for equipment replacements at career and technical education centers throughout the State. The Adult Education program also received a one-time increase to their FY 2021 appropriation in the amount of \$1.2 million to be focused on workforce development and the Maine Community College System received \$2.5 million for short-term training through the Maine Quality Centers.

The COVID-19 pandemic induced a need to move to remote learning. Federal funding from the Governor's Emergency Education Relief Act and CRF monies were used to expand remote learning capabilities through the purchase of devices for students, expanded broadband to provide connectivity, as well as supporting teacher training and knowledge in remote learning techniques. Similarly, federal resources have been utilized for costs associated with safely reopening schools, including but not limited to personal protective equipment (PPE), facility reconfigurations, air system upgrades, and additional transportation and teacher costs.

Healthcare

One of Governor Mills first acts in office was to direct the implementation of the Medicaid expansion approved by voters in November 2017. Funds to expand coverage for an estimated 70,000 Mainers were provided in the enacted biennial budget for fiscal years 2020-2021.

An Act To Clarify and Amend MaineCare Reimbursement Provisions for Nursing and Residential Care Facilities, provided one-time rate increases for the 2020-2021 biennium to residential care facilities and nursing facilities. Additional funding was included in the Governor's 2020-2021 biennial and supplemental budgets to: address the MaineCare Section 29 Waiver waitlists; support the Health and Environmental Testing Lab; increase rates for Assisted Living Facilities, Consumer Directed Care and Nursing Services; address recruitment and retention issues within the Public Health Nurse group in the Maine Center for Disease Control and Prevention (MECDC); and support the MECDC response to the COVID-19 pandemic.

To address another key priority, the opioid epidemic/crisis, the Governor appointed the first Director of Opioid Response within the Governor's Office of Policy Innovation and the Future. The Director oversees the Maine Opioid Response Strategic Action Plan established in December 2019. This plan contains current and priority future actions associated with 9 priorities and 20 strategies focused on one goal – to “reduce the negative health and economic impacts of substance use disorder and opioid use disorder on individuals, families, and communities in Maine.”

Recently, the Governor announced a new “OPTIONS” (Overdose Prevention Through Intensive Outreach, Naloxone and Safety) initiative to combat the disturbing rise in fatal drug overdoses exacerbated by the COVID-19 pandemic. Under the initiative, mobile response teams in every Maine county will engage with communities that have high rates of drug overdoses to promote drug prevention and harm reduction strategies, connect people directly to recovery services and treatment, and distribute naloxone. The OPTIONS initiative will also include a broad public information campaign. The OPTIONS initiative is supported by \$2.5 million in existing federal funds, including \$500,000 in CRF monies.

One of the Governor's highest priorities is mitigating the public health impacts of the COVID-19 pandemic to ensure the safety of Mainers and put the State in position to safely reopen Maine's economy. The Administration has primarily used federal resources for PPE, public health campaigns, COVID testing supplies and equipment, and enhanced capacity. Recently, the Governor committed \$7.5 million from the COVID-19 response fund for the contracted administration of 300,000 rapid antigen COVID-19 tests being received from the federal government

Transportation

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

Despite curtailments of almost \$23 million in Highway funds, due to the effects of the COVID-19 pandemic, Maine DOT was able to fully move forward with that plan through the 2020 construction season using available bond and federal resources for transportation projects in lieu of declining Highway Fund resources.

Property Tax Relief

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

Public Law 2019, Chapter 448 amended the Tax Relief Fund for Maine Residents to create the Property Tax Relief Fund for Maine Residents. During FY 2020, more than \$30 million in the fund was used to provide relief payments to each property taxpayer receiving a homestead exemption in the State during the most recent property tax year, to pay for the Treasurer of State's costs in administering the relief payments and to reimburse municipalities for costs related to the relief payments.

Looking to the Future

Governor Mills' priorities also encompass innovation and planning for Maine's Future. The biennial budget for fiscal years 2020-2021 allocates funding for Maine's forward-looking initiatives and for revitalized planning efforts across state government.

The Governor's Office of Policy Innovation and the Future continues efforts to identify Maine's long-term challenges, develop goals and strategies, and then help coordinate between State agencies to achieve them. Areas of focus include climate change, early childhood education, and economic issues like workforce development, broadband and the State's rural and innovation economies.

One of the top innovation and planning priorities is combatting climate change, which includes planning for greater climate resiliency. Maine has established mandates with targets for reducing greenhouse gas emissions and increasing renewable energy and has joined the United States Climate Alliance, a bipartisan coalition of 25 states committed to addressing climate change. Governor Mills' administration established the Maine Climate Council, which is developing a four-year action plan and a timetable to meet the State's new legally required emission reduction goals. The Council is also charged with plans to ensure Maine's communities and economy are resilient to the effects of current and future impacts of climate change. The four-year action plan is due to the Governor and Legislature by December 1, 2020 for consideration of any legislative and rulemaking actions necessary to implement the plan. The Climate Council is developing funding mechanisms to support the infrastructure changes needed for adaption work.

Significant planning work is also ongoing in the area of economic development. Governor Mills released a new 10-year strategic economic development plan for the State in November 2019. The non-partisan plan aims to foster collaboration among the public, private, non-profit, and education sectors to grow and diversify Maine's economy. The Department of Economic and Community Development is leading the initiative, in collaboration and partnership with other government agencies, business leaders and private organizations. The primary goals of the plan are to:

- Grow the average annual wage by 10% to benefit workers at all income levels;
- Increase Value Added by 10%; and,

- Attract 75,000 new people to Maine's talent pool by increasing participation of Maine's existing population and attracting new people from out of state.

In May 2020, given the economic impact of the COVID-19 pandemic, Governor Mills appointed an Economic Recovery Committee of diverse private sector experts from across Maine to develop specific policy recommendations to stabilize the State's economy and build a bridge to future prosperity in the wake of the COVID-19 pandemic. The Committee is using the 10-Year Economic Development Strategy as a key guide. The work is ongoing and managed by the Governor's Office of Policy Innovation and the Future.

OTHER INFORMATION

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement of Excellence in Financial Reporting to the State of Maine for its comprehensive annual financial report for the fiscal year ended June 30, 2019. This is the thirteenth consecutive year that Maine has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

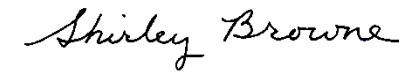
State government continues to have many accomplishments of which it can be proud. Consistent with the vision of Governor Mills to improve and enhance the fiscal administration of governmental operations, the Office of the State Controller continues to improve and refine its skills to meet the challenges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

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

Sincerely,

A handwritten signature in black ink, reading "Douglas E. Cotnoir". The signature is written in a cursive style with a large, stylized 'D' and 'C'.

Douglas E. Cotnoir, CPA, CIA
State Controller

A handwritten signature in black ink, reading "Shirley Browne". The signature is written in a cursive style with a large, stylized 'S' and 'B'.

Shirley A. Browne, CIA
Deputy State Controller

A handwritten signature in black ink, reading "Sandra J. Royce". The signature is written in a cursive style with a large, stylized 'S' and 'R'.

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



STATE OF MAINE

OFFICIALS OF STATE GOVERNMENT

AS OF JUNE 30, 2020

EXECUTIVE

Janet T. Mills, *Governor*

LEGISLATIVE

Troy D. Jackson, *President of the Senate*

Sara Gideon, *Speaker of the House*

Constitutional/Statutory Officers

Aaron Frey, *Attorney General*

Pola Buckley, *State Auditor*

Matthew Dunlap, *Secretary of State*

Henry Beck, *State Treasurer*

JUDICIAL

Andrew M. Mead, *Acting Chief Justice of the State Supreme Court*



STATE OF MAINE ORGANIZATION CHART AS OF JUNE 30, 2020

MAINE VOTERS

LEGISLATIVE BRANCH

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

EXECUTIVE BRANCH

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

The Governor
appoints all
Judicial Officers

JUDICIAL BRANCH

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

CONSTITUTIONAL OFFICERS

Secretary of State
State Treasurer
State Attorney General

STATUTORY OFFICER

State Auditor

CABINET LEVEL DEPARTMENTS

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

MISCELLANEOUS BOARDS & COMMISSIONS

Human Rights Commission
Maine Arts Commission
Maine Historic Preservation Commission
Public Utilities Commission
State Liquor & Lottery Commission
Workers' Compensation Board

MAJOR COMPONENT UNITS

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



Government Finance Officers Association

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for Excellence
in Financial
Reporting

Presented to

State of Maine

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO



FINANCIAL SECTION
INDEPENDENT AUDITOR'S REPORT
BASIC FINANCIAL STATEMENTS



STATE OF MAINE OFFICE OF THE STATE AUDITOR

66 STATE HOUSE STATION
AUGUSTA, ME 04333-0066

TEL: (207) 624-6250

Pola A. Buckley, CPA, CISA
State Auditor

B. Melissa Perkins, CPA
Deputy State Auditor

INDEPENDENT AUDITOR'S REPORT

Honorable Troy Jackson
President of the Senate

Honorable Ryan Fecteau
Speaker of the House of Representatives

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the State of Maine, as of and for the year ended June 30, 2020, and the related notes to the financial statements. We did not audit the financial statements of the aggregate discretely presented component units. These financial statements collectively comprise the State of Maine's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the following component units: Child Development Services, Efficiency Maine Trust, Finance Authority of Maine, Maine Community College System, Maine Governmental Facilities Authority, Maine Health and Higher Educational Facilities Authority, Maine Maritime Academy, Maine Municipal Bond Bank, Maine Public Employees Retirement System, Maine State Housing Authority, Maine Turnpike Authority, Midcoast Regional Redevelopment Authority, Northern New England Passenger Rail Authority, and the University of Maine System. The financial statements of these named component units comprise 100 percent of the assets, net position, and revenue of the aggregate discretely presented component units; 93 percent of assets, 96 percent of fund balance/net position, and 50 percent of revenue of the aggregate remaining fund information (Maine Public Employees Retirement System and Maine Governmental Facilities Authority); and 4 percent of the assets, and less than 1 percent of the net position and revenue of the governmental activities (Maine Governmental Facilities Authority). The financial statements of these named component units were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for these component units, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in

order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Maine, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Activity related to the COVID-19 global pandemic declared in March 2020 had significant effects on the State of Maine's finances, as discussed in Notes 1, 6, and 17 of the financial statements. In fiscal year 2020, the State received \$1.25 billion of direct relief provided under the Coronavirus Aid, Relief, and Economic Security (CARES) Act through the Coronavirus Relief Fund (CRF). Approximately \$289 million in CRF funds was expended during fiscal year 2020, \$269 million of which was used to prevent Employment Security (a major Enterprise Fund) from becoming insolvent. There was a significant accumulation of unemployment benefits owed to claimants at the end of fiscal year 2020, primarily due to a significant increase in claims volume and an associated increase in fraudulent claims within that population. Estimated liabilities of \$92.4 million for the Federal Fund and \$20.0 million for Employment Security (a major Enterprise Fund) are included in the financial statements as of June 30, 2020. In addition, a significant portion of the unemployment benefits paid during the fiscal year was subsequently identified as fraudulent claim activity. The financial statements include these fraudulent amounts as unemployment insurance related receivables. Thus, the identification of fraudulent claims paid during the pandemic resulted in a significant increase to unemployment insurance receivables from the prior year.

The overall impact on the State of Maine's operations and finances is extremely difficult to predict due to uncertainties relating to the duration and severity of the COVID-19 outbreak. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 21 to 33, and Budgetary Comparison Information, State Retirement Plans, Other Post-Employment Benefit Plans, and Information about Infrastructure Assets Reported Using the Modified Approach on pages 131 to 167, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual non-major fund financial statements on pages 169 to 227 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, our report dated December 11, 2020, on our consideration of the State of Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters will be issued under separate cover. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State of Maine's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Maine's internal control over financial reporting and compliance.



Pola A. Buckley, CPA, CISA
State Auditor



B. Melissa Perkins, CPA
Deputy State Auditor

Audit Managers

Single Audit - Desiree Willigar, CPA
Administration - Kristin Guerette, CPA
Quality Assurance - Sarah Dodge, CPA
Information Technology - Chad Flannery, CISA

Augusta, Maine
December 11, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the State of Maine's annual financial report presents the State's discussion and analysis of financial performance during the year ended June 30, 2020. Please read it in conjunction with the transmittal letter at the front of this report and with the State's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

Coronavirus Disease (COVID-19) Pandemic:

During the fiscal year ended June 30, 2020, the outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, was declared a pandemic by the World Health Organization and led to a declaration of a national state of emergency in the United States. The State of Maine declared a state of emergency and issued numerous other public health emergency orders that restrict movement and limit businesses and other activities. These actions and the effects of COVID-19 have significantly disrupted economic activity at all levels, including within the State, and have caused significant volatility in financial markets around the world, including in the United States.

In response to the public health crisis created by COVID-19, since early March, the Governor has issued multiple executive orders and declarations and taken various actions to protect the public health in an effort to reduce community spread of the virus and protect Maine's citizens. These measures have included, among others, closing or restricting access to certain businesses and activities, issuing a "stay at home" directive for most citizens, restricting nonessential travel, requiring self-quarantining by persons traveling into the State, suspension of lodging and short-term rental operations, and limiting movement of all persons in Maine to those necessary to obtain or provide essential services or conduct essential activities. The current state of emergency may be further extended if circumstances warrant. The Administration has implemented a phased reopening of the State, however, the speed and scope of the reopening process will depend upon progress toward limiting the continued spread of the disease.

Maine was well-poised, economically before the onset of the COVID-19 pandemic: the State's population had grown for 4 straight years; the unemployment rate was lower than national average; the State's pension plan is funded at 82% with the fifth lowest discount rate of all the states; and, the State's Unemployment Insurance trust fund was the 11th strongest in the country.

The economic, financial and budgetary impacts on the State and its economy from the measures taken to combat the spread of COVID-19, have been and are expected to continue to be significant.

Government-wide:

- The net position of Governmental Activities decreased by \$135.0 million, while net position of Business-Type Activities increased by \$97.7 million. The State's assets and deferred outflows exceeded its liabilities and deferred inflows by \$1.074 billion at the close of fiscal year 2020. Of this amount \$3.403 billion was reported as negative "Unrestricted" net position. A negative balance means that it would be necessary to convert restricted assets (e.g., capital assets) to unrestricted assets if all ongoing obligations were immediately due and payable. Component units reported net position of \$3.302 billion, an increase of \$161.2 million (5.1 percent) from the previous year.

Fund level:

- At the end of the fiscal year, the State's governmental funds reported combined ending fund balances of \$1.5 billion, an increase of \$44.0 million from the previous year. The General Fund's total fund balance was \$223.8 million, a decrease of \$143.6 million from the previous year. The Other Special Revenue Fund total fund balance was \$951.7 million, an increase of \$176.8 million from the prior year.
- The proprietary funds reported net position at year-end of \$983.9 million, an increase of \$159.0 million from the previous year. The increase is primarily the result of an increase in the Employment Security Fund of \$92.1 million and an increase in Employee Health Insurance, an Internal Service Fund, of \$55.9 million.

Long-term Debt:

- The State's liability for general obligation bonds increased by \$48.0 million during the fiscal year, which represents the difference between new issuances and payments of outstanding debt. During the year, the State issued \$141.3 million in bonds and made principal payments of \$93.3 million.

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Statements

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

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

Both government-wide statements report three activities:

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

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

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

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

- Capital assets used in governmental activities are not reported on governmental fund statements but are included on government-wide statements.
- Certain tax revenues that are earned, but not available, are reported as revenues in the Governmental Activities, but are reported as deferred inflows on the governmental fund statements.
- Other long-term assets that are not available to pay for current period expenditures are recorded as deferred outflows in governmental fund statements, but not deferred on the government-wide statements.
- Internal service funds are reported as Governmental Activities in the government-wide statements, but reported as proprietary funds in the fund financial statements.

- Governmental fund long-term liabilities, such as certificates of participation, net pension liabilities, compensated absences, bonds and notes payable, and others appear as liabilities only in the government-wide statements.
- Capital outlay spending results in capital assets on the government-wide statements, but is recorded as expenditures on the governmental fund statements.
- Proceeds from bonds, notes and other long-term financing arrangements result in liabilities on the government-wide statements, but are recorded as other financing sources on the governmental fund statements.
- Net position balances are allocated as follows:
 - *Net Investment in Capital Assets* are capital assets, net of accumulated depreciation, and reduced by outstanding balances for bonds, notes, and other debt attributed to the acquisition, construction or improvement of those assets.
 - *Restricted Net Position* are those with constraints placed on the use by external sources (creditors, grantors, contributors, or laws or regulations of governments) or imposed by law through constitutional provisions or enabling legislation.
 - *Unrestricted Net Position* is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not meet any of the above restrictions.

Fund Financial Statements

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

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

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

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

Notes to the Financial Statements

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

Required Supplementary Information

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

Other Supplementary Information

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

FINANCIAL ANALYSIS OF THE STATE AS A WHOLE

The State's net position decreased by \$37.3 million to \$1.074 billion over the course of fiscal year ended June 30, 2020, as detailed in Tables A-1 and A-2. The decrease is primarily due to lower corporate and individual tax revenue for governmental activities primarily due to the impact of the coronavirus pandemic.

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

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|--|----------------------------|--------------|-----------------------------|------------|-----------------------------|--------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Current and other noncurrent assets | \$ 4,474,168 | \$ 3,221,439 | \$ 720,204 | \$ 558,389 | \$ 5,194,372 | \$ 3,779,828 |
| Total capital assets net of accum depr | 4,346,711 | 4,322,196 | 37,205 | 32,690 | 4,383,916 | 4,354,886 |
| Total Assets | 8,820,879 | 7,543,635 | 757,409 | 591,079 | 9,578,288 | 8,134,714 |
| Deferred Outflows of Resources | 839,909 | 643,665 | 3,950 | 4,137 | 843,859 | 647,802 |
| Current liabilities | 2,511,440 | 1,366,107 | 105,160 | 36,583 | 2,616,600 | 1,402,690 |
| Non-current liabilities | 6,194,067 | 5,780,957 | 26,213 | 27,060 | 6,220,280 | 5,808,017 |
| Total Liabilities | 8,705,507 | 7,147,064 | 131,373 | 63,643 | 8,836,880 | 7,210,707 |
| Deferred Inflows of Resources | 509,385 | 459,341 | 1,986 | 1,283 | 511,371 | 460,624 |
| Net Position (Deficit) | | | | | | |
| Net Investment in Capital Assets | 3,651,931 | 3,559,387 | 37,205 | 32,690 | 3,689,136 | 3,592,077 |
| Restricted | 182,644 | 176,632 | 605,378 | 513,319 | 788,022 | 689,951 |
| Unrestricted (deficit) | (3,388,679) | (3,155,124) | (14,583) | (15,719) | (3,403,262) | (3,170,843) |
| Total Net Position | \$ 445,896 | \$ 580,895 | \$ 628,000 | \$ 530,290 | \$ 1,073,896 | \$ 1,111,185 |

The State's fiscal year 2020 revenues totaled \$10.626 billion. (See Table A-2) Taxes and Operating grants and contributions accounted for most of the State's revenue by contributing 39.8 percent and 46.1 percent, respectively. The remainder came from charges for services and other miscellaneous sources.

The Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act, is a \$2.2 trillion dollar economic stimulus bill signed into law on March 27, 2020 in response to the economic fallout of the COVID-19 pandemic. Through federal legislation, the State of Maine received \$1.25 billion dollars of Coronavirus Relief Funds (CRF).

The CARES Act requires that payments from CRF only be used to cover expenses that (1) are necessary expenditures incurred due to the public health emergency with respect to COVID-19; (2) were not accounted for in the budget most recently approved; and (3) were incurred during the period that begins on March 1, 2020 and ends on December 30, 2020.

The State recorded operating grant revenues and operating expenses in the Coronavirus Relief Federal Expenditures Fund as costs were incurred. The current unexpended amount is recorded as a Due To Other Government.

The total cost of all programs and services totaled \$10.663 billion for the year 2020. (See Table A-2) These expenses are predominantly (74.6 percent) related to health & human services, education and economic development & workforce training activities. The State's governmental support & operations activities accounted for 5.2 percent of total costs. Total net position decreased by \$37.3 million, primarily due to a decrease in tax revenue of \$119.0 million. The increase in operating grants and contributions was offset with increases in expenses in health & human services, education and economic development & workforce training primarily due to the impact of the COVID-19 pandemic.

TABLE A-2: CONDENSED STATEMENT OF ACTIVITIES
(Expressed in Thousands)

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|--|------------------------------------|-------------------|-------------------------------------|-------------------|-------------------------------------|---------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Revenues: | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | \$ 581,995 | \$ 571,632 | \$ 703,242 | \$ 641,371 | \$ 1,285,237 | \$ 1,213,003 |
| Operating grants and contributions | 4,853,773 | 3,074,939 | 42,756 | 10,921 | 4,896,529 | 3,085,860 |
| General Revenues: | | | | | | |
| Taxes | 4,232,398 | 4,351,358 | - | - | 4,232,398 | 4,351,358 |
| Other | 211,426 | 223,558 | - | - | 211,426 | 223,558 |
| Total Revenues | <u>9,879,592</u> | <u>8,221,487</u> | <u>745,998</u> | <u>652,292</u> | <u>10,625,590</u> | <u>8,873,779</u> |
| Expenses: | | | | | | |
| Governmental Activities: | | | | | | |
| Governmental Support | 552,526 | 475,715 | - | - | 552,526 | 475,715 |
| Education | 2,115,388 | 1,845,272 | - | - | 2,115,388 | 1,845,272 |
| Health & Human Services | 4,450,704 | 4,054,201 | - | - | 4,450,704 | 4,054,201 |
| Justice & Protection | 504,571 | 484,735 | - | - | 504,571 | 484,735 |
| Transportation Safety | 739,290 | 613,171 | - | - | 739,290 | 613,171 |
| Economic Development & Workforce Training | 1,386,867 | 168,963 | - | - | 1,386,867 | 168,963 |
| Other | 330,173 | 305,431 | - | - | 330,173 | 305,431 |
| Interest Expense | 56,707 | 51,140 | - | - | 56,707 | 51,140 |
| Business-type Activities: | | | | | | |
| Employment Security | - | - | 92,125 | 82,683 | 92,125 | 82,683 |
| Lottery | - | - | 254,683 | 242,619 | 254,683 | 242,619 |
| Alcoholic Beverages | - | - | 158,350 | 144,600 | 158,350 | 144,600 |
| Military Equipment Maintenance | - | - | 802 | 1,104 | 802 | 1,104 |
| Other | - | - | 20,693 | 21,008 | 20,693 | 21,008 |
| Total Expenses | <u>10,136,226</u> | <u>7,998,628</u> | <u>526,653</u> | <u>492,014</u> | <u>10,662,879</u> | <u>8,490,642</u> |
| Excess (Deficiency) before Special Items, Gain (Loss) on Sale of Assets and Transfers | (256,634) | 222,859 | 219,345 | 160,278 | (37,289) | 383,137 |
| Special Items | - | - | - | 15,761 | - | 15,761 |
| Gain (Loss) on Sale of Assets | - | - | - | (5,613) | - | (5,613) |
| Transfers | <u>121,635</u> | <u>112,833</u> | <u>(121,635)</u> | <u>(112,833)</u> | <u>-</u> | <u>-</u> |
| Increase (Decrease) in Net Position | (134,999) | 335,692 | 97,710 | 57,593 | (37,289) | 393,285 |
| Net Position, beginning of year | <u>580,895</u> | <u>245,203</u> | <u>530,290</u> | <u>472,697</u> | <u>1,111,185</u> | <u>717,900</u> |
| Ending Net Position | <u>\$ 445,896</u> | <u>\$ 580,895</u> | <u>\$ 628,000</u> | <u>\$ 530,290</u> | <u>\$ 1,073,896</u> | <u>\$ 1,111,185</u> |

Governmental Activities

Revenues for the State's Governmental Activities totaled \$9.880 billion while total expenses equaled \$10.136 billion. The decrease in net position for Governmental Activities was \$135.0 million in 2020, which was primarily the result of a decrease in tax revenue of \$119.0 million. The increase in expense activities is offset in part with the increase in operating grants & contributions primarily due to the impact of COVID-19. In addition, the State's Business-Type Activities transfers of \$121.6 million (net) to the Governmental Activities, included statutorily required profit transfers and the pledged profit of the Alcoholic Beverages Fund to finance the payment of the Liquor Revenue Bonds.

The users of the State's programs financed \$582.0 million of the cost. The federal and State governments subsidized certain programs with grants and contributions of \$4.854 billion. \$4.444 billion of the State's net costs were financed by taxes and other miscellaneous revenue.

TABLE A-3: TOTAL SOURCES OF REVENUES FOR GOVERNMENTAL ACTIVITIES FOR FISCAL YEAR 2020

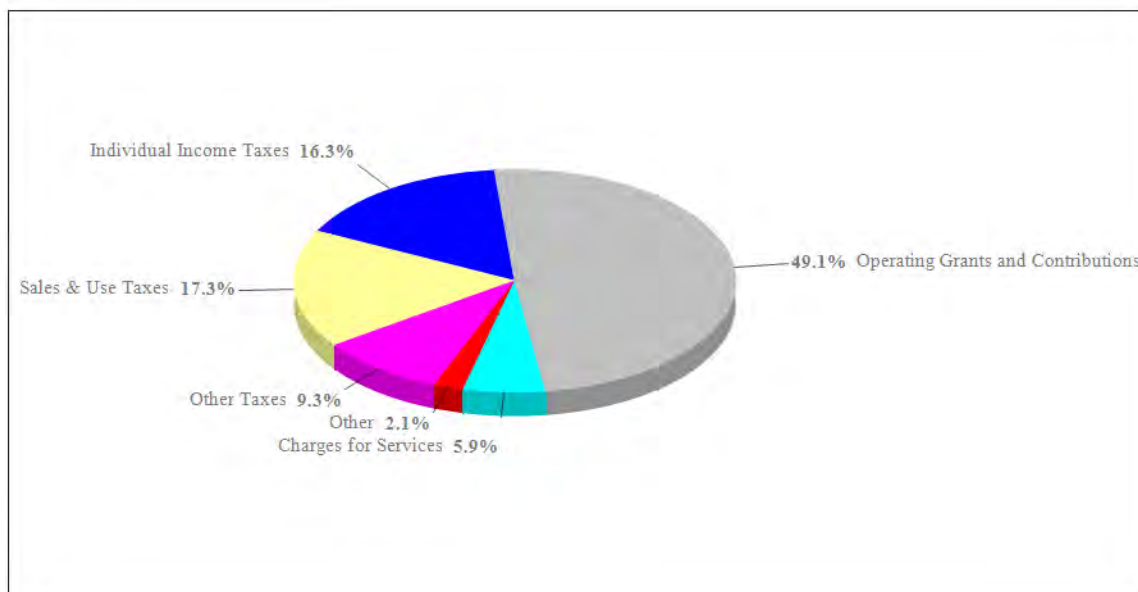
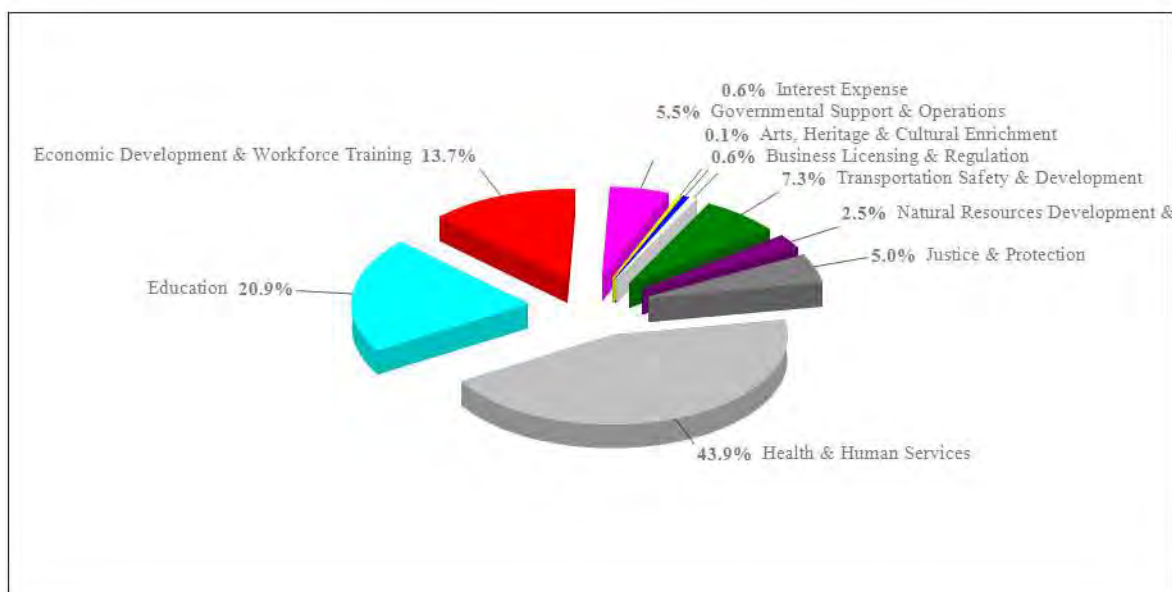


TABLE A-4: TOTAL EXPENSES FOR GOVERNMENTAL ACTIVITIES FOR FISCAL YEAR 2020



Business-Type Activities

Revenues for the State's Business-Type Activities totaled \$746.0 million while expenses totaled \$526.7 million. The increase in net position for Business-Type Activities was \$97.7 million in 2020, due entirely to the decrease in expenses related to the Employment Security Fund

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

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

| | Total Cost | | Net Revenue (Cost) | |
|---------------------------------------|-------------------|-------------------|--------------------|-------------------|
| | 2020 | 2019 | 2020 | 2019 |
| Employment Security | \$ 92,125 | \$ 82,683 | \$ 98,918 | \$ 45,745 |
| Alcoholic Beverages | 158,350 | 144,600 | 60,090 | 58,330 |
| Lottery | 254,683 | 242,619 | 67,672 | 61,703 |
| Ferry Services | 13,841 | 13,632 | (8,915) | (8,402) |
| Military Equipment Maintenance | 802 | 1,104 | (126) | 1,626 |
| Consolidated Emergency Communications | 5,473 | 5,950 | 1,270 | 727 |
| Other | 1,379 | 1,426 | 436 | 549 |
| Total | <u>\$ 526,653</u> | <u>\$ 492,014</u> | <u>\$ 219,345</u> | <u>\$ 160,278</u> |

The cost of all Business-Type Activities this year was \$526.7 million. The users of the State's programs financed most of the cost. The State's net revenue from Business-Type Activities was \$219.3 million. Employment Security, Alcoholic Beverages and Lottery contributed \$98.9, \$60.1 and \$67.7 million of net revenue, respectively. The \$121.6 million (net) transfers from the State's Business-Type Activities to the Governmental Activities included statutorily required profit transfers and the pledged profit of the Alcoholic Beverages Fund to finance the payment of the Liquor Revenue Bonds.

FINANCIAL ANALYSIS OF THE STATE'S FUNDS

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

| | 2020 | 2019 | Change |
|--------------------------|---------------------|---------------------|------------------|
| General | \$ 223,842 | \$ 367,487 | \$ (143,645) |
| Highway | 19,181 | 34,859 | (15,678) |
| Federal | 36,192 | 15,367 | 20,825 |
| Other Special Revenue | 951,653 | 774,858 | 176,795 |
| Other Governmental Funds | 269,357 | 263,648 | 5,709 |
| Total | <u>\$ 1,500,225</u> | <u>\$ 1,456,219</u> | <u>\$ 44,006</u> |

As of the end of the fiscal year, the State's governmental funds reported combined ending fund balances of \$1.5 billion, an increase of \$44.0 million in comparison with the prior year. Of this total, \$67.6 million (4.5 percent) is classified as non-spendable, either due to its form or legal constraints, and \$962.8 million (64.2 percent) is restricted for specific programs by external constraints, constitutional provisions, or contractual obligations. Unspent bond proceeds and revenue restricted for transportation, natural resources or other programs are included in restricted fund balance. At the end of fiscal year 2020, there was no unassigned fund balance on the GAAP basis in the General Fund.

General Fund expenditures and other uses surpassed General Fund revenues and other sources resulting in a decrease in the fund balance of \$143.6 million. Revenues and other sources of the General Fund decreased by approximately \$84.3 million (2.1 percent), as compared to fiscal year end 2019, which is mainly attributed to a decrease in tax revenue of \$111.5 million as a result of the coronavirus pandemic. General Fund expenditures and other financing uses increased by \$96.6 million (2.4 percent), as compared to fiscal year 2019. This is due, primarily, to an increase in expenditures for education of \$122.8 million.

Other Special Revenue Fund balance increased \$176.8 million, due mainly to an increase in net transfers of \$26.4 million, and an increase in cash with fiscal agents of \$154.8 million as a result of increased bond and COP financing issuances.

Budgetary Highlights

For the 2020 fiscal year, the final legally adopted budgeted expenditures for the General Fund amounted to \$4.165 billion, an increase of about \$253 million from the original legally adopted budget of approximately \$3.911 billion. Actual expenditures on a budgetary basis amounted to approximately \$336.3 million less than those authorized in the final budget. After deducting the encumbered obligations and other commitments that will come due in fiscal year 2020, including the budgeted starting balance for fiscal year 2020, there were no funds remaining to distribute in fiscal year 2020. Actual revenues were less than final budget forecasts by \$28.8 million. For year end 2020, the Legislature approved transfers of \$17.4 million from unappropriated surplus to the Budget Stabilization Fund. In addition, there was interest earnings of \$4.5 million, offset by legislatively and statutorily approved transfers resulting in a decrease to the balance in the Budget Stabilization Fund to \$258.7 million as of June 30, 2020. This item is further explained in Note 2 of the Financial Statements.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of fiscal year 2020, the State had roughly \$4.384 billion in a broad range of capital assets, including land, infrastructure, improvements, buildings, equipment, vehicles and intangibles. During fiscal year 2020, the State acquired or constructed more than \$109.2 million of capital assets. The most significant impact on capital assets during the year resulted from continued construction and rehabilitation of roads and bridges, and major construction and renovation of State-owned facilities. More detailed information about the State's capital assets and significant construction commitments is presented in Notes 8 and 17 to the financial statements.

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

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|-----------------------------------|------------------------------------|---------------------|-------------------------------------|------------------|-------------------------------------|---------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Land | \$ 649,952 | \$ 644,484 | \$ 2,389 | \$ 2,389 | \$ 652,341 | \$ 646,873 |
| Buildings | 881,631 | 866,161 | 4,655 | 4,655 | 886,286 | 870,816 |
| Equipment | 323,110 | 311,748 | 24,683 | 24,666 | 347,793 | 336,414 |
| Improvements other than buildings | 105,064 | 113,590 | 42,757 | 42,757 | 147,821 | 156,347 |
| Software | 118,777 | 118,777 | - | - | 118,777 | 118,777 |
| Infrastructure | 2,959,855 | 2,931,726 | - | - | 2,959,855 | 2,931,726 |
| Construction in Progress | 80,121 | 58,088 | 12,491 | 5,674 | 92,612 | 63,762 |
| Total Capital Assets | 5,118,510 | 5,044,574 | 86,975 | 80,141 | 5,205,485 | 5,124,715 |
| Accumulated Depreciation | 771,799 | 722,378 | 49,770 | 47,451 | 821,569 | 769,829 |
| Capital Assets, net | <u>\$ 4,346,711</u> | <u>\$ 4,322,196</u> | <u>\$ 37,205</u> | <u>\$ 32,690</u> | <u>\$ 4,383,916</u> | <u>\$ 4,354,886</u> |

Modified Approach for Infrastructure

As allowed by GASB Statement No. 34, the State has adopted an alternative process for recording depreciation expense on selected infrastructure assets – highways and bridges. Under this alternative method, referred to as the modified approach, the State expenses certain maintenance and preservation costs and does not report depreciation expense. Utilization of this approach requires the State to: 1) maintain an asset management system that includes an up-to-date inventory of infrastructure assets; 2) perform condition assessments that use a measurement scale and document that the infrastructure assets are being preserved at or above the condition

level established; and 3) estimate the annual amounts that must be expended to preserve and maintain the infrastructure at the condition level established by the State. As long as the State meets these requirements, any additions or improvements to infrastructure are capitalized and all other maintenance and preservation costs are expensed.

Highways and bridges are included in the State's infrastructure. There are 8,802 highway miles or 17,880 lane miles within the State. Bridges have a deck area of 12.4 million square feet among 2,983 total bridges. The State has established a policy to maintain its highways at an average condition assessment of 60. At June 30, 2020, the actual average condition was 74.0. Its policy for bridges is an average sufficiency rating condition assessment of 60. The actual average condition for bridges was 75.0 at June 30, 2020. Preservation costs for fiscal year 2020 totaled \$180.3 million compared to estimated preservation costs of \$145.0 million.

Transportation bonds, approved by referendum, are issued to fund improvements to highways and bridges. Of the amount authorized by Chapter 467, PL 2017, \$40 million in General Fund bonds were spent during fiscal year 2020. Of the amount authorized by Chapter 532, PL 2019, \$50 million in General Fund bonds were spent during fiscal year 2020.

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

Long-Term Debt

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

At year-end, the State had \$1.581 billion in general obligation and other long-term debt outstanding. More detailed information about the State's long-term liabilities is presented in Note 11 to the financial statements.

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

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|-----------------------------|------------------------------------|---------------------|-------------------------------------|---------------|-------------------------------------|---------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| General Obligation | | | | | | |
| Bonds | \$ 572,700 | \$ 543,400 | \$ - | \$ - | \$ 572,700 | \$ 543,400 |
| Unmatured Premiums | 79,098 | 60,378 | - | - | 79,098 | 60,378 |
| Other Long-Term Obligations | 927,893 | 840,527 | 948 | 779 | 928,841 | 841,306 |
| Total | <u>\$ 1,579,691</u> | <u>\$ 1,444,305</u> | <u>\$ 948</u> | <u>\$ 779</u> | <u>\$ 1,580,639</u> | <u>\$ 1,445,084</u> |

During the year, the State reduced outstanding long-term obligations by \$93.3 million for general obligation bonds and \$286.7 million for other long-term debt. Also during fiscal year 2020, the State incurred \$515.5 million of additional long-term obligations.

Credit Ratings

The State's credit was rated during fiscal year 2020 by Moody's Investors Service as Aa2 with a stable outlook and by Standard & Poor's as AA with a stable outlook.

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

The Maine Consensus Economic Forecasting Commission (CEFC) convened on October 23, 2020, to review and revise its forecast through 2025. This meeting follows the off-cycle forecast update of July 1, 2020, resulting from the extraordinary circumstances of the past eight months and recession caused by the onset of COVID-19.

As a critical part of the forecasting process, the Commission reviewed their key assumptions from the July 2020 off-cycle forecast. Overall, the CEFC agrees with the original assessment of the economic and public health conditions made during the summer. The Commission reiterates that current conditions are unprecedented, highly uncertain, and changing rapidly. The forecast update represents the best the Commission could do with the information available at that time. Several key assumptions had to be made, encompassing both the public health situation and economic conditions, increasing the level of uncertainty associated with the forecast. Unpredictability, while always an element in the forecasting process, is front and center at this time.

Since the last forecast, the CEFC has identified higher uncertainty regarding the timing of further federal stimulus and remains optimistic about Maine's opportunities to see increased immigration in the upcoming years. Additionally, the CEFC noted their concern that the exacerbation of inequality as different groups experience uneven paces of economic recovery will hold back the overall recovery of the state and place additional demands on state educational and social service programs while threatening to reduce the tax revenues that fund them.

Following the rapid declines of March and April 2020, Maine's employment situation has slowly improved over the summer. The CEFC continues to look for signs of change in the long-term trajectory of employment, immigration data, and labor force participation trends. The Commission is hopeful that this more optimistic medium-term forecast is confirmed with future data. This revised forecast anticipates employment will decline from 636.0 thousand in 2019 to 585.2 thousand in 2020, reaching a peak of 622.6 thousand in 2025. The July 2020 forecast projected a peak of 620.8 thousand. Still, this is significantly lower than the peak of 639.4 thousand in the February 2020 pre-pandemic forecast, reflecting the pronounced disruptions to employment in the state. Structural changes to the labor market complicate this forecast; the CEFC voiced concerns that retraining those who permanently lost jobs and reintegrating workers back into the labor force may take several years and will likely lead to a protracted recovery.

Total personal income was revised up to 5.3% in 2020, 1.4 percentage points higher than the July 2020 forecast. 2021-2025 were also revised up, from -1.2% to -0.5% in 2021; to 3.9% in 2022-2024, from 3.7%, 3.5%, and 3.6%, respectively; and from 3.6% to 4.0% in 2025.

Growth in wages and salaries, the largest component of personal income, was revised up for 2020 by 3.5 points compared to July's forecast, from -5.0% to -1.5%. 2021-2025 were each revised up by one percentage point, to 3.0% in 2021 and 4.0% in 2022-2025. The CEFC notes that heterogeneity in wage dynamics across industries complicates this forecast for total wage and salary income. While there have been signs of rising wages in some industries, both high unemployment and labor mismatch leaves short-term wage growth less certain. Additionally, the CEFC notes that COVID-19's effect on income inequality presents a major concern.

Growth in supplements to wages and salaries was unchanged for 2020-2025. Nonfarm Proprietors' income was also left unchanged for 2020-2025.

Growth in personal current transfer receipts was left unchanged for all years. While negotiations for a new stimulus package are currently underway, the CEFC believes any further federal aid will follow sometime in 2021 and is less likely to take place this year.

The CEFC revised its forecast for the Consumer Price Index (CPI) up for all years. The Commission projects inflation will be 1.3% in 2020, up from 0.9% in the previous forecast, though still well below the national inflation target. Forecasts for 2021 and 2022 were revised up to 2.2%, while 2023-2025 were revised up to 2.1%. These changes reflect the stated willingness of the Federal Reserve to exceed a 2.0% target each year in order to achieve 2.0% average inflation across years.

Finally, the forecast for corporate profits was revised up significantly for 2020, to growth of 0.6% compared to a decline of 30.0% in the July 2020 off-cycle forecast. No other years were revised.

Total personal income in Maine grew 41.0% in the second quarter of 2020, driven by sharp increases in transfer receipts. Wage and salary income, which is the largest component of total personal income, fell by 28.8%. Gross State Product fell by \$5.7 billion, or 34.4% at an annualized rate in the second quarter of 2020 during the worst of the COVID-19 pandemic. The Consumer Price Index was up 1.4% year-over-year in September 2020, while energy prices remain 7.6% below September 2019 and food sits 3.9% over last year.

Nationwide, consumer sentiment plummeted in late March and has faced a rocky recovery. The October 2020 consumer sentiment index remained 15% under October 2019. However, the Small Business Optimism Index was up 2.2% in September compared to last year.

Following a massive drop in the second quarter, the price of crude oil rose by 46.4% from the second quarter to the third quarter of 2020. Gasoline prices averaged \$2.19 on October 12, 2020, in New England.

Data for August 2020 show total exports in Maine decreased by 21.9% over August 2019 and by 14.1% for the year through August.

Single family existing-home sales in Maine in August 2020 were up 1.3% compared to August 2019, while the median sales price increased 17.4% from a year prior as the market maintains a tight supply. Maine's House Price Index rose by 8.4% in the first quarter of 2020, higher than both New England and the United States.

The first week of October had a year-over-year decline of 6.4% in vehicle miles traveled, up from a decline of 42% in the last week of March. New data from the U.S. Census Bureau shows that 38% of households in Maine have experienced a loss of employment income since March, while other analysis shows employment recovery has been slowest for low-income jobs. Credit and debit card data indicate that consumer spending has begun to stagnate and now sits 13.4% below January levels.

Overall, the commission felt generally comfortable with the assumptions made in the prior forecast. Several preliminary data points, particularly regarding new in-migration and a strong housing market and early signs of a robust winter tourism season, have renewed optimism for the Commission moving forward.

The key assumptions made by the CEFC are:

- A protracted and slow recovery from the current recession, highly uneven across sectors and different groups
- Although there is some concern that the holidays and winter months combined with "COVID fatigue" may lead to further spread of COVID-19, the State has developed resources that will help mitigate the effects
- The timeline for widespread availability and distribution of a vaccine remains uncertain
- Further federal stimulus will likely follow in 2021 including support for state and local governments, unemployed workers, and lower-income households
- Long-term structural changes are likely to occur as the labor market faces a skills mismatch; additionally, the challenges relating to the availability of childcare and K-12 education are seen as major factors in returning labor force participation rates to normal levels
- The Commission is optimistic that there is an opportunity for Maine to see increased in-migration in the coming years as telework becomes part of the "new normal" and people look for less densely populated places to live; however, this does have implications on the commercial real estate front, particularly for office space
- There is additional uncertainty in this forecast relating to the 2020 presidential election and subsequent policy action as well as the recent federal inflation target changes
- Human behavior underpins several key uncertainties at this time, including participation in testing and contact tracing; continued adherence to social distancing procedures; and winter tourism decisions

Of great concern to the CEFC were the structural changes to Maine's economy that COVID-19 may cause. For example, Commission members voiced concern for the potential long-term impacts of labor mismatch and increasing exits from the labor force, while recognizing that increased migration from out-of-state residents might accelerate the recovery process. The CEFC emphasized that improvements in labor conditions are dependent on policies that provide support for childcare and K-12 education. Additionally, further developments regarding another federal stimulus package have the potential to change these forecasts significantly.

Based on the July report of the CEFC, the Revenue Forecasting Committee (RFC) revised General Fund revenue estimates downward by \$527.8 million for FY21, by \$433.7 million for FY22 and by \$449.5 million for FY23. The resulting forecasted overall rate of decline for General Fund revenue for FY21 is -10.8% from FY20 final revenue amounts, followed by growth of 5.6% for FY22 and 3.4% for FY23.

Almost 95% (\$498.3 million) of the \$527.8 million reduction in FY21 by the RFC is from sales and use and individual income taxes, and 100% of the FY22 and FY23 net reductions are attributable to these two revenue lines. In both cases, swift and unprecedented stimulus from the federal government and the Federal Reserve System has helped to moderate the initial impact on State revenues of the historic COVID-19 recession during the final quarter of FY20. While the CEFC assumes that Congress will provide an additional \$1 trillion of stimulus during calendar year 2020, the temporary nature of that stimulus and a weak recovery for the Maine economy leads to significant ongoing reductions in the State's two largest sources of general fund revenue.

In the case of the sales and use tax line, approximately 60% of the \$238 million reduction in FY21 is attributable to taxable prepared foods and lodging. Lodging sales are assumed to be down year-over-year by 50% during the third-quarter of 2020, the height of the summer tourism season. Lodging sales are assumed to improve slowly over the remainder of 2020 and are not expected to generate the same level of tax revenue as 2019 until 2022. Prepared food sales, mostly restaurant sales, are projected to perform better than lodging, but are assumed to be down approximately 30% year-over-year during the third-quarter of 2020. Like lodging, prepared food sales are assumed to slowly improve but not get back to the same level of tax revenue as 2019 until 2022. These key assumptions by the RFC about lodging and prepared food sales are consistent with the CEFC's employment forecast for the leisure and hospitality industry. The gradual improvement in both sales categories, representing 25% of total sales tax revenue in a typical year, is the primary reason for the lower decrease in sales tax revenue of \$152 million in FY22 and \$131.3 million in FY23. One bright note on sales tax is the additional tax revenue the State is collecting because of several recent law changes that require remote sellers to collect and remit sales tax on sales delivered into Maine.

The adjustments to individual income tax revenue are primarily the result of the CEFC's assumption of combined wage and salary and unemployment insurance (UI) benefits growth over the forecast period. The CEFC forecast assumes that the initial enhanced UI benefits that were part of the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act, and a continuation of those benefits at some reduced level in the next federal stimulus package, will almost offset the reduction in wages and salaries during calendar year 2020. After 2020 the CEFC assumes that UI benefits will fall back to normal levels and growth as unemployment declines, but wage and salary growth will be weaker than their previous forecast. These assumptions result in a growing gap between the February and July CEFC forecast for the combined level of wage and salary and UI benefits, which has a significant impact on individual income tax liability.

The RFC will meet to review and update the current revenue forecast to comply with the statutory reporting date in December 2020. Based on the November CEFC forecast, the RFC will consider its revenue projections through the fiscal year ending June 30, 2021 for the General Fund, Highway Fund, Fund for a Healthy Maine and Medicaid/MaineCare Dedicated Revenue Taxes.

At June 30, 2020, the State of Maine reported an ending fund balance of \$223.8 million in the General Fund on a GAAP basis, a decrease of more than \$143 million since the end of fiscal year 2019. There was no "unassigned" fund balance on a GAAP basis in the General Fund at June 30, 2020.

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

These actions, along with the Governor's commitment to closing the structural gap in the budget, have resulted in significant increases in the equity and cash positions of the General Fund. Consequently, the State has seen record levels in its Treasurer's Cash Pool and Budget Stabilization Fund, and has not required external borrowing in the form of TANs or BANs for cash flow purposes.

CONTACTING THE STATE'S FINANCIAL MANAGEMENT

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

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BASIC FINANCIAL STATEMENTS



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

June 30, 2020
(Expressed in Thousands)

| | Primary Government | | | |
|--|-------------------------|--------------------------|--------------|-----------------|
| | Governmental Activities | Business-Type Activities | Total | Component Units |
| Assets | | | | |
| Current Assets: | | | | |
| Equity in Treasurer's Cash Pool | \$ 1,588,098 | \$ 282,551 | \$ 1,870,649 | \$ 86,055 |
| Cash and Cash Equivalents | 218 | 2,714 | 2,932 | 123,825 |
| Cash with Fiscal Agent | 335,742 | - | 335,742 | - |
| Investments | 146,906 | - | 146,906 | 657,432 |
| Restricted Assets: | | | | |
| Restricted Equity in Treasurer's Cash Pool | 88,219 | - | 88,219 | - |
| Restricted Deposits and Investments | 1,742 | 274,454 | 276,196 | 621,648 |
| Inventories | 11,960 | 4,056 | 16,016 | 2,487 |
| Receivables, Net of Allowances for Uncollectibles: | | | | |
| Taxes Receivable | 490,048 | - | 490,048 | - |
| Loans & Notes Receivable | 3,541 | - | 3,541 | 115,610 |
| Other Receivables | 291,744 | 138,477 | 430,221 | 67,245 |
| Internal Balances | 21,964 | (21,964) | - | - |
| Due from Other Governments | 547,326 | 33,578 | 580,904 | 175,864 |
| Due from Primary Government | - | - | - | 19,507 |
| Loans Receivable from Primary Government | - | - | - | 56,703 |
| Due from Component Units | 105,084 | - | 105,084 | - |
| Other Current Assets | 7,186 | 225 | 7,411 | 39,815 |
| Total Current Assets | 3,639,778 | 714,091 | 4,353,869 | 1,966,191 |
| Noncurrent Assets: | | | | |
| Equity in Treasurer's Cash Pool | 717,503 | 6,113 | 723,616 | 38,879 |
| Investments | - | - | - | 519,386 |
| Restricted Assets: | | | | |
| Restricted Equity in Treasurer's Cash Pool | 39,857 | - | 39,857 | - |
| Restricted Deposits and Investments | - | - | - | 385,927 |
| Pension Assets | 8,502 | - | 8,502 | - |
| Receivables, Net of Current Portion: | | | | |
| Taxes Receivable | 64,030 | - | 64,030 | - |
| Loans & Notes Receivable | - | - | - | 1,857,284 |
| Other Receivables | 465 | - | 465 | 8,200 |
| Due from Other Governments | 4,033 | - | 4,033 | 1,494,403 |
| Loans Receivable from Primary Government | - | - | - | 263,490 |
| Due from Primary Government | - | - | - | 3,401 |
| Other Noncurrent Assets | - | - | - | 13,350 |
| Capital Assets: | | | | |
| Land, Infrastructure, & Other Non-Depreciable Assets | 3,689,928 | 14,880 | 3,704,808 | 768,342 |
| Buildings, Equipment & Other Depreciable Assets | 656,783 | 22,325 | 679,108 | 1,036,421 |
| Total Noncurrent Assets | 5,181,101 | 43,318 | 5,224,419 | 6,389,083 |
| Total Assets | 8,820,879 | 757,409 | 9,578,288 | 8,355,274 |
| Deferred Outflows of Resources | \$ 839,909 | \$ 3,950 | \$ 843,859 | \$ 102,599 |

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

| | Primary Government | | | Component Units |
|--|-------------------------|--------------------------|--------------|-----------------|
| | Governmental Activities | Business-Type Activities | Total | |
| Liabilities | | | | |
| Current Liabilities: | | | | |
| Accounts Payable | \$ 793,291 | \$ 78,395 | \$ 871,686 | \$ 63,514 |
| Accrued Payroll | 65,657 | 848 | 66,505 | 4,964 |
| Tax Refunds Payable | 270,020 | - | 270,020 | - |
| Due to Component Units | 19,507 | - | 19,507 | - |
| Due to Primary Government | - | - | - | 105,084 |
| Current Portion of Long-Term Obligations: | | | | |
| Compensated Absences | 9,359 | 125 | 9,484 | 3,857 |
| Due to Other Governments | 1,091,224 | - | 1,091,224 | 1,430 |
| Amounts Held under State & Federal Loan Programs | - | - | - | 20,548 |
| Claims Payable | 19,803 | - | 19,803 | - |
| Bonds & Notes Payable | 90,236 | - | 90,236 | 232,808 |
| Revenue Bonds Payable | 21,980 | - | 21,980 | 34,272 |
| Obligations under Capital Leases | 6,200 | - | 6,200 | 1,306 |
| Certificates of Participation & Other Financing Arrangements | 13,852 | - | 13,852 | - |
| Loans Payable to Component Unit | 56,703 | - | 56,703 | - |
| Accrued Interest Payable | 8,265 | - | 8,265 | 28,257 |
| Unearned Revenue | 4,578 | 172 | 4,750 | 45,647 |
| Other Post-Employment Benefits | 31,782 | - | 31,782 | - |
| Other Current Liabilities | 8,983 | 25,620 | 34,603 | 73,161 |
| Total Current Liabilities | 2,511,440 | 105,160 | 2,616,600 | 614,848 |
| Long-Term Liabilities: | | | | |
| Compensated Absences | 52,413 | 823 | 53,236 | - |
| Due to Component Units | 3,401 | - | 3,401 | - |
| Due to Other Governments | - | - | - | 4,763 |
| Amounts Held under State & Federal Loan Program | - | - | - | 43,472 |
| Claims Payable | 50,619 | - | 50,619 | - |
| Bonds & Notes Payable | 561,562 | - | 561,562 | 3,686,691 |
| Revenue Bonds Payable | 361,955 | - | 361,955 | 408,124 |
| Obligations under Capital Leases | 47,522 | - | 47,522 | 5,188 |
| Certificates of Participation & Other Financing Arrangements | 23,997 | - | 23,997 | - |
| Loans Payable to Component Unit | 263,490 | - | 263,490 | - |
| Unearned Revenue | 6,381 | - | 6,381 | - |
| Net Pension Liability | 2,378,949 | 12,703 | 2,391,652 | 67,021 |
| Other Post-Employment Benefits | 2,401,305 | 12,687 | 2,413,992 | 125,902 |
| Pollution Remediation & Landfill Obligations | 42,473 | - | 42,473 | - |
| Other Noncurrent Liabilities | - | - | - | 137,994 |
| Total Long-Term Liabilities | 6,194,067 | 26,213 | 6,220,280 | 4,479,155 |
| Total Liabilities | 8,705,507 | 131,373 | 8,836,880 | 5,094,003 |
| Deferred Inflows of Resources | 509,385 | 1,986 | 511,371 | 62,363 |
| Net Position | | | | |
| Net Investment in Capital Assets | 3,651,931 | 37,205 | 3,689,136 | 1,179,020 |
| Restricted: | | | | |
| Business Licensing & Regulation | 26,136 | - | 26,136 | - |
| Governmental Support & Operations | 4,181 | - | 4,181 | - |
| Justice & Protection | 4,321 | - | 4,321 | - |
| Employment Security | - | 605,378 | 605,378 | - |
| Other Purposes | - | - | - | 1,525,730 |
| Funds Held for Permanent Investments: | | | | |
| Expendable | 88,675 | - | 88,675 | - |
| Nonexpendable | 59,331 | - | 59,331 | 287,907 |
| Unrestricted | (3,388,679) | (14,583) | (3,403,262) | 308,850 |
| Total Net Position | \$ 445,896 | \$ 628,000 | \$ 1,073,896 | \$ 3,301,507 |

STATE OF MAINE
STATEMENT OF ACTIVITIES

Fiscal Year Ended June 30, 2020
(Expressed in Thousands)

| | | Program Revenues | | |
|--|--------------|----------------------|------------------------------------|----------------------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary Government: | | | | |
| Governmental Activities: | | | | |
| Governmental Support & Operations | \$ 552,526 | \$ 118,150 | \$ 5,857 | \$ - |
| Arts, Heritage & Cultural Enrichment | 13,264 | 1,030 | 3,113 | - |
| Business Licensing & Regulation | 62,441 | 81,683 | 77 | - |
| Economic Development & Workforce Training | 1,386,867 | 7,731 | 1,258,211 | - |
| Education | 2,115,388 | 27,589 | 235,786 | - |
| Health & Human Services | 4,450,704 | 10,465 | 2,948,252 | - |
| Justice & Protection | 504,571 | 80,155 | 76,982 | - |
| Natural Resources Development & Protection | 254,468 | 100,990 | 54,968 | - |
| Transportation Safety & Development | 739,290 | 154,202 | 270,527 | - |
| Interest Expense | 56,707 | - | - | - |
| Total Governmental Activities | 10,136,226 | 581,995 | 4,853,773 | - |
| Business-Type Activities: | | | | |
| Employment Security | 92,125 | 148,287 | 42,756 | - |
| Alcoholic Beverages | 158,350 | 218,440 | - | - |
| Lottery | 254,683 | 322,355 | - | - |
| Ferry Services | 13,841 | 4,926 | - | - |
| Military Equipment Maintenance | 802 | 676 | - | - |
| Consolidated Emergency Communications | 5,473 | 6,743 | - | - |
| Other | 1,379 | 1,815 | - | - |
| Total Business-Type Activities | 526,653 | 703,242 | 42,756 | - |
| Total Primary Government | 10,662,879 | 1,285,237 | 4,896,529 | - |
| Component Units: | | | | |
| Finance Authority of Maine | 41,061 | 19,978 | 18,741 | - |
| Maine Community College System | 141,936 | 12,968 | 55,425 | 6,946 |
| Maine Health & Higher Education Facilities Authority | 23,402 | 21,587 | 2,950 | - |
| Maine Municipal Bond Bank | 68,103 | 51,790 | 24,140 | 28,031 |
| Maine State Housing Authority | 237,295 | 72,117 | 190,856 | - |
| Maine Turnpike Authority | 107,464 | 139,964 | - | - |
| University of Maine System | 740,475 | 295,910 | 197,701 | 3,387 |
| All Other Non-Major Component Units | 171,810 | 37,513 | 125,022 | 8,433 |
| Total Component Units | \$ 1,531,546 | \$ 651,827 | \$ 614,835 | \$ 46,797 |

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

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

Primary Government

| Governmental Activities | Business-type Activities | Total | Component Units |
|------------------------------------|-------------------------------------|--------------------|----------------------------|
| \$ (428,519) | \$ - | \$ (428,519) | \$ - |
| (9,121) | - | (9,121) | - |
| 19,319 | - | 19,319 | - |
| (120,925) | - | (120,925) | - |
| (1,852,013) | - | (1,852,013) | - |
| (1,491,987) | - | (1,491,987) | - |
| (347,434) | - | (347,434) | - |
| (98,510) | - | (98,510) | - |
| (314,561) | - | (314,561) | - |
| (56,707) | - | (56,707) | - |
| <u>(4,700,458)</u> | <u>-</u> | <u>(4,700,458)</u> | <u>-</u> |
| - | 98,918 | 98,918 | - |
| - | 60,090 | 60,090 | - |
| - | 67,672 | 67,672 | - |
| - | (8,915) | (8,915) | - |
| - | (126) | (126) | - |
| - | 1,270 | 1,270 | - |
| - | 436 | 436 | - |
| <u>-</u> | <u>219,345</u> | <u>219,345</u> | <u>-</u> |
| <u>(4,700,458)</u> | <u>219,345</u> | <u>(4,481,113)</u> | <u>-</u> |
| - | - | - | (2,342) |
| - | - | - | (66,597) |
| - | - | - | 1,135 |
| - | - | - | 35,858 |
| - | - | - | 25,678 |
| - | - | - | 32,500 |
| - | - | - | (243,477) |
| - | - | - | (842) |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (218,087)</u> |

General Revenues:

| | | | | |
|---|-------------------|-------------------|---------------------|---------------------|
| Taxes: | | | | |
| Corporate Taxes | 189,252 | - | 189,252 | - |
| Individual Income Taxes | 1,607,510 | - | 1,607,510 | - |
| Fuel Taxes | 239,976 | - | 239,976 | - |
| Property Taxes | 74,531 | - | 74,531 | - |
| Sales & Use Taxes | 1,708,059 | - | 1,708,059 | - |
| Other Taxes | 413,070 | - | 413,070 | - |
| Unrestricted Investment Earnings | 40,005 | - | 40,005 | 22,502 |
| Non-Program Specific Grants, Contributions & Appropriations | - | - | - | 345,676 |
| Miscellaneous Income | 138,463 | - | 138,463 | 11,218 |
| Gain (Loss) on Sale of Assets | - | - | - | (141) |
| Tobacco Settlement | 32,958 | - | 32,958 | - |
| Transfers - Internal Activities | 121,635 | (121,635) | - | - |
| Total General Revenues and Transfers | <u>4,565,459</u> | <u>(121,635)</u> | <u>4,443,824</u> | <u>379,255</u> |
| Change in Net Position | (134,999) | 97,710 | (37,289) | 161,168 |
| Net Position - Beginning | <u>580,895</u> | <u>530,290</u> | <u>1,111,185</u> | <u>3,140,339</u> |
| Net Position - Ending | <u>\$ 445,896</u> | <u>\$ 628,000</u> | <u>\$ 1,073,896</u> | <u>\$ 3,301,507</u> |



GOVERNMENTAL FUND FINANCIAL STATEMENTS

MAJOR FUNDS

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

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

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

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

NON-MAJOR FUNDS

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

**STATE OF MAINE
BALANCE SHEET
GOVERNMENTAL FUNDS**

June 30, 2020
(Expressed in Thousands)

| | <u>General</u> | <u>Highway</u> | <u>Federal</u> | <u>Other Special Revenue</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---|---------------------|------------------|---------------------|----------------------------------|---|---|
| Assets | | | | | | |
| Equity in Treasurer's Cash Pool | \$ 372,343 | \$ 26,382 | \$ 977,657 | \$ 510,958 | \$ 1,112 | \$ 1,888,452 |
| Cash & Short-Term Investments | 99 | 76 | - | 41 | - | 216 |
| Cash with Fiscal Agent | 3,827 | 785 | - | 325,444 | - | 330,056 |
| Investments | - | - | - | - | 146,906 | 146,906 |
| Restricted Assets: | | | | | | |
| Restricted Equity in Treasurer's Cash Pool | - | - | - | - | 128,076 | 128,076 |
| Inventories | 3,254 | 1 | 4,500 | - | - | 7,755 |
| Receivables, Net of Allowance for Uncollectibles: | | | | | | |
| Taxes Receivable | 520,103 | 19,687 | - | 14,288 | - | 554,078 |
| Loans Receivable | 1 | - | - | 3,540 | - | 3,541 |
| Other Receivable | 87,563 | 3,936 | 128,184 | 66,338 | - | 286,021 |
| Due from Other Funds | 40,068 | 15,897 | 10,958 | 26,027 | - | 92,950 |
| Due from Other Governments | - | - | 546,599 | - | - | 546,599 |
| Due from Component Units | - | - | - | 105,084 | - | 105,084 |
| Other Assets | 703 | 2 | 136 | - | - | 841 |
| Working Capital Advances Receivable | 111 | - | - | - | - | 111 |
| Total Assets | <u>\$ 1,028,072</u> | <u>\$ 66,766</u> | <u>\$ 1,668,034</u> | <u>\$ 1,051,720</u> | <u>\$ 276,094</u> | <u>\$ 4,090,686</u> |
| Liabilities | | | | | | |
| Accounts Payable | \$ 184,028 | \$ 26,813 | \$ 484,412 | \$ 30,588 | \$ 958 | \$ 726,799 |
| Accrued Payroll | 32,180 | 11,732 | 6,217 | 11,634 | - | 61,763 |
| Tax Refunds Payable | 269,957 | 63 | - | - | - | 270,020 |
| Due to Other Governments | - | - | 1,091,211 | - | - | 1,091,211 |
| Due to Other Funds | 77,507 | 4,801 | 39,641 | 12,812 | 13 | 134,774 |
| Due to Component Units | 2,384 | 43 | 3,775 | 10,360 | 5,763 | 22,325 |
| Unearned Revenue | - | 3,295 | 4,500 | 3,083 | 3 | 10,881 |
| Other Accrued Liabilities | 2,119 | 23 | 2,073 | 6,833 | - | 11,048 |
| Total Liabilities | <u>568,175</u> | <u>46,770</u> | <u>1,631,829</u> | <u>75,310</u> | <u>6,737</u> | <u>2,328,821</u> |
| Deferred Inflows of Resources | <u>236,055</u> | <u>815</u> | <u>13</u> | <u>24,757</u> | <u>-</u> | <u>261,640</u> |
| Fund Balances | | | | | | |
| Nonspendable: | | | | | | |
| Permanent Fund Principal | - | - | - | - | 59,331 | 59,331 |
| Inventories & Prepaid Items | 3,628 | - | 4,637 | - | - | 8,265 |
| Restricted | 7,420 | 19,181 | 31,555 | 694,568 | 210,026 | 962,750 |
| Committed | 19,759 | - | - | 149,634 | - | 169,393 |
| Assigned | 193,035 | - | - | 107,451 | - | 300,486 |
| Total Fund Balances | <u>223,842</u> | <u>19,181</u> | <u>36,192</u> | <u>951,653</u> | <u>269,357</u> | <u>1,500,225</u> |
| Total Liabilities, Deferred Inflows and Fund Balances | <u>\$ 1,028,072</u> | <u>\$ 66,766</u> | <u>\$ 1,668,034</u> | <u>\$ 1,051,720</u> | <u>\$ 276,094</u> | <u>\$ 4,090,686</u> |

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

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

June 30, 2020
(Expressed in Thousands)

| | | |
|---|-----------------|-----------------------|
| Total fund balances for governmental funds | \$ | 1,500,225 |
| Amounts reported for governmental activities in the Statement of Net Position are different because: | | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. | 4,665,810 | |
| Accumulated Depreciation | <u>518,339</u> | 4,147,471 |
| Refunded Bond Deferred Outflows | | 2,070 |
| Pollution Remediation Receivable | | 476 |
| Long-term liabilities are not due and payable in the current period. Therefore, long-term liabilities are not reported in the governmental fund statements. However, these amounts are included in the Statement of Net Position. This net effect of these balances on the statement: | | |
| Bonds Payable | (1,035,733) | |
| Interest Payable Related to Long-term Financing | (6,125) | |
| Certificates of Participation and Other Financing Arrangements | (23,086) | |
| Capital Leases | (531) | |
| Loans Payable to Component Unit | (320,193) | |
| Compensated Absences | (57,268) | |
| Pension Liabilities and Deferrals | (2,067,857) | |
| Other Post-Employment Benefit Liabilities and Deferrals | (2,273,390) | |
| Pollution Remediation and Landfill Obligations | <u>(42,473)</u> | (5,826,656) |
| Certain revenues are earned but not available and therefore are not reported in the governmental fund statements. | | 261,640 |
| Other Revenue | | 4,736 |
| Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position. | | |
| | | <u>355,934</u> |
| Net position of governmental activities | \$ | <u><u>445,896</u></u> |

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

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

Fiscal Year Ended June 30, 2020
(Expressed in Thousands)

| | <u>General</u> | <u>Highway</u> | <u>Federal</u> | <u>Other Special Revenue</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|-------------------|------------------|------------------|----------------------------------|---|---|
| Revenues | | | | | | |
| Taxes | \$ 3,683,195 | \$ 214,585 | \$ - | \$ 344,976 | \$ - | \$ 4,242,756 |
| Assessments | 89,132 | 97,054 | - | 172,255 | - | 358,441 |
| Federal Grants & Reimbursements | 1,903 | - | 4,839,559 | 11,369 | - | 4,852,831 |
| Charges for Services | 52,069 | 4,451 | - | 149,430 | - | 205,950 |
| Investment Income | 18,986 | 258 | 72 | 6,466 | 7,881 | 33,663 |
| Miscellaneous Revenues | 2,357 | 201 | 4,646 | 167,880 | 94 | 175,178 |
| Total Revenues | <u>3,847,642</u> | <u>316,549</u> | <u>4,844,277</u> | <u>852,376</u> | <u>7,975</u> | <u>9,868,819</u> |
| Expenditures | | | | | | |
| Current: | | | | | | |
| Governmental Support & Operations | 322,063 | 2,619 | 2,723 | 187,891 | 540 | 515,836 |
| Economic Development & Workforce Training | 44,460 | - | 1,269,921 | 57,912 | 17,500 | 1,389,793 |
| Education | 1,732,975 | - | 235,069 | 35,746 | 12,443 | 2,016,233 |
| Health & Human Services | 1,191,315 | - | 2,936,489 | 372,057 | - | 4,499,861 |
| Business Licensing & Regulation | - | - | 68 | 64,316 | - | 64,384 |
| Natural Resources Development & Protection | 85,122 | 33 | 53,822 | 117,744 | 4,892 | 261,613 |
| Justice & Protection | 341,748 | 26,945 | 76,931 | 92,289 | 455 | 538,368 |
| Arts, Heritage & Cultural Enrichment | 9,317 | - | 2,952 | 1,205 | - | 13,474 |
| Transportation Safety & Development | 8,000 | 308,433 | 230,668 | 119,366 | 5,344 | 671,811 |
| Debt service: | | | | | | |
| Principal Payments | 101,200 | 7,610 | 16,135 | 36,120 | - | 161,065 |
| Interest Expense | 34,948 | 320 | 6,021 | 10,471 | - | 51,760 |
| Capital Outlay | - | - | - | - | 98,555 | 98,555 |
| Total Expenditures | <u>3,871,148</u> | <u>345,960</u> | <u>4,830,799</u> | <u>1,095,117</u> | <u>139,729</u> | <u>10,282,753</u> |
| Revenue over (under) Expenditures | <u>(23,506)</u> | <u>(29,411)</u> | <u>13,478</u> | <u>(242,741)</u> | <u>(131,754)</u> | <u>(413,934)</u> |
| Other Financing Sources (Uses) | | | | | | |
| Transfer from Other Funds | 117,332 | 25,272 | 19,575 | 319,901 | 2,076 | 484,156 |
| Transfer to Other Funds | (243,336) | (12,274) | (12,228) | (73,239) | (5,913) | (346,990) |
| COPs & Other | 5,865 | 735 | - | 1,879 | - | 8,479 |
| Bonds Issued | - | - | - | 170,995 | 114,905 | 285,900 |
| Premiums on Bond Issuance | - | - | - | - | 26,395 | 26,395 |
| Net Other Finance Sources (Uses) | <u>(120,139)</u> | <u>13,733</u> | <u>7,347</u> | <u>419,536</u> | <u>137,463</u> | <u>457,940</u> |
| Net Change in Fund Balances | <u>(143,645)</u> | <u>(15,678)</u> | <u>20,825</u> | <u>176,795</u> | <u>5,709</u> | <u>44,006</u> |
| Fund Balance at Beginning of Year | <u>367,487</u> | <u>34,859</u> | <u>15,367</u> | <u>774,858</u> | <u>263,648</u> | <u>1,456,219</u> |
| Fund Balances at End of Year | <u>\$ 223,842</u> | <u>\$ 19,181</u> | <u>\$ 36,192</u> | <u>\$ 951,653</u> | <u>\$ 269,357</u> | <u>\$ 1,500,225</u> |

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

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

Fiscal Year Ended June 30, 2020
(Expressed in Thousands)

| | |
|--|----------------------------|
| Net change in fund balances - total governmental funds | \$ 44,006 |
| Amounts reported for governmental activities in the Statement of Net Activities are different because: | |
| Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. | |
| Capital Outlay | 86,908 |
| Depreciation Expense | (49,186) |
| The net effect of various transactions involving capital assets (i.e. sales, trade-ins and contributions) is to increase net position. | <u>(21)</u> |
| | 37,701 |
| Refunded Bond Deferred Outflows | (554) |
| Pollution Remediation Receivable | 422 |
| The issuance of long-term debt provides current financial resources to governmental funds which increases long-term debt in the Statement of Net Position. Repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but repayment reduces long-term debt in the Statement of Net Position. This is the amount that proceeds exceed repayments: | |
| Bond Proceeds | (285,900) |
| Premium on Bonds Issued | (26,395) |
| Proceeds from Other Financing Arrangements | (6,600) |
| Loan Proceeds from Component Unit | 113 |
| Repayment of Bond Principal | 108,810 |
| Repayment of Other Financing Debt | 18,581 |
| Repayment of Pledged Revenue Principal | 54,857 |
| Repayment of Capitalized Lease Principal | 529 |
| Accrued Interest | (1,337) |
| Amortization of Bond Premiums | <u>7,675</u> |
| | (129,667) |
| Certain expenditures are reported in the funds. However, they either increase or decrease long-term liabilities reported as expenditures on the Statement of Net Position and have been eliminated from the Statement of Position as follows: | |
| Compensated Absences | (9,881) |
| Pension Liabilities and Deferrals | (81,698) |
| Other Post-employment Benefit Liabilities and Deferrals | (34,474) |
| Pollution Remediation and Landfill Obligations | <u>(643)</u> |
| | (126,696) |
| Certain revenues are earned but not available and therefore are not reported in the governmental fund statements. | (21,454) |
| Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is included in governmental activities in the Statement of Activities. | |
| | <u>61,243</u> |
| Changes in net position of governmental activities | <u><u>\$ (134,999)</u></u> |

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



PROPRIETARY FUND FINANCIAL STATEMENTS

MAJOR FUNDS

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

NON-MAJOR FUNDS

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

STATE OF MAINE
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS

June 30, 2020
(Expressed in Thousands)

| | Business-Type Activities | | | Governmental |
|--|---------------------------------|-------------------|--------------|-------------------------|
| | Enterprise Funds | | | Activities |
| | Major | Non-Major | | |
| | Employment | Other | | Internal Service |
| | Security | Enterprise | Total | Funds |
| Assets | | | | |
| Current Assets: | | | | |
| Equity in Treasurer's Cash Pool | \$ 269,022 | \$ 13,529 | \$ 282,551 | \$ 287,687 |
| Cash & Short-Term Investments | 1,960 | 754 | 2,714 | 2 |
| Cash with Fiscal Agent | - | - | - | 5,686 |
| Restricted Assets: | | | | |
| Restricted Deposits & Investments | 274,454 | - | 274,454 | 1,742 |
| Inventories | - | 4,056 | 4,056 | 4,205 |
| Receivables, Net of Allowance for Uncollectibles: | | | | |
| Other Receivable | 97,930 | 40,547 | 138,477 | 5,721 |
| Due from Other Funds | 478 | 2,516 | 2,994 | 41,152 |
| Due from Other Governments | 33,578 | - | 33,578 | - |
| Other Assets | - | 225 | 225 | 6,345 |
| Total Current Assets | 677,422 | 61,627 | 739,049 | 352,540 |
| Noncurrent Assets: | | | | |
| Equity in Treasurer's Cash Pool | - | 6,113 | 6,113 | 129,462 |
| Capital Assets - Net of Depreciation | - | 37,205 | 37,205 | 199,240 |
| Total Noncurrent Assets | - | 43,318 | 43,318 | 328,702 |
| Total Assets | 677,422 | 104,945 | 782,367 | 681,242 |
| Deferred Outflows of Resources | \$ - | \$ 3,950 | \$ 3,950 | \$ 22,923 |
| Liabilities | | | | |
| Current Liabilities: | | | | |
| Accounts Payable | \$ 67,213 | \$ 11,182 | \$ 78,395 | \$ 19,915 |
| Accrued Payroll | - | 848 | 848 | 3,894 |
| Due to Other Funds | 3,835 | 21,045 | 24,880 | 24,017 |
| Due to Component Units | - | - | - | 583 |
| Current Portion of Long-Term Obligations: | | | | |
| Certificates of Participation and Other Financing Arrangements | - | - | - | 6,808 |
| Obligations under Capital Leases | - | - | - | 5,669 |
| Claims Payable | - | - | - | 19,803 |
| Compensated Absences | - | 125 | 125 | 593 |
| Unearned Revenue | - | 172 | 172 | 78 |
| Accrued Interest Payable | - | - | - | 75 |
| Other Accrued Liabilities | 996 | 24,624 | 25,620 | - |
| Total Current Liabilities | 72,044 | 57,996 | 130,040 | 81,435 |
| Long-Term Liabilities: | | | | |
| Working Capital Advances Payable | - | - | - | 111 |
| Certificates of Participation & Other Financing Arrangements | - | - | - | 7,955 |
| Obligations under Capital Leases | - | - | - | 47,522 |
| Claims Payable | - | - | - | 50,619 |
| Compensated Absences | - | 823 | 823 | 3,912 |
| Net Pension Liability | - | 12,703 | 12,703 | 73,313 |
| Net Other Post-Employment Benefit Liability | - | 12,687 | 12,687 | 72,047 |
| Total Long-Term Liabilities | - | 26,213 | 26,213 | 255,479 |
| Total Liabilities | 72,044 | 84,209 | 156,253 | 336,914 |
| Deferred Inflows of Resources | \$ - | \$ 1,986 | \$ 1,986 | \$ 11,396 |
| Net Position | | | | |
| Net Investment in Capital Assets: | - | 37,205 | 37,205 | 136,972 |
| Restricted for: | | | | |
| Unemployment Compensation | 605,378 | - | 605,378 | - |
| Other Purposes | - | - | - | 531 |
| Unrestricted | - | (14,505) | (14,505) | 218,352 |
| Total Net Position | \$ 605,378 | \$ 22,700 | 628,078 | \$ 355,855 |
| Amounts reported for business-type activities in the government-wide Statement of Activities are different due to elimination of the State's internal business-type activities | | | | |
| | | | (78) | |
| Net Position of Business-Type Activities | | | \$ 628,000 | |

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

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

Fiscal Year Ended June 30, 2020
(Expressed in Thousands)

| | Business-Type Activities Enterprise Funds | | | Governmental Activities Internal Service Funds |
|--|--|----------------------------------|------------|--|
| | Major Employment Security | Non-Major Other Enterprise | Total | |
| Operating Revenues | | | | |
| Charges for Services | \$ - | \$ 554,801 | \$ 554,801 | \$ 502,239 |
| Assessments | 148,169 | - | 148,169 | - |
| Miscellaneous Revenues | 118 | 38 | 156 | 318 |
| Total Operating Revenues | 148,287 | 554,839 | 703,126 | 502,557 |
| Operating Expenses | | | | |
| General Operations | - | 431,232 | 431,232 | 390,522 |
| Depreciation | - | 2,332 | 2,332 | 23,161 |
| Claims/Fees Expense | 92,125 | - | 92,125 | 18,569 |
| Other Operating Expenses | - | - | - | 1,742 |
| Total Operating Expenses | 92,125 | 433,564 | 525,689 | 433,994 |
| Operating Income (Loss) | 56,162 | 121,275 | 177,437 | 68,563 |
| Nonoperating Revenues (Expenses) | | | | |
| Investment Revenue (Expenses) - net | 11,448 | - | 11,448 | 6,342 |
| Interest Expense | - | - | - | (13,416) |
| Operating Subsidy and Grants | 31,308 | - | 31,308 | - |
| Other Nonoperating Revenue (Expenses) - net | - | 116 | 116 | (64) |
| Total Nonoperating Revenues (Expenses) | 42,756 | 116 | 42,872 | (7,138) |
| Income (Loss) Before Capital Contributions, Transfers and Special Items | 98,918 | 121,391 | 220,309 | 61,425 |
| Capital Contributions, Transfers and Special Items | | | | |
| Capital Contributions from (to) Other Funds | - | 6,840 | 6,840 | 801 |
| Transfer from Other Funds | - | 5,928 | 5,928 | 2,053 |
| Transfer to Other Funds | (6,859) | (127,544) | (134,403) | (4,000) |
| Total Capital Contributions, Transfers and Special Items | (6,859) | (114,776) | (121,635) | (1,146) |
| Change in Net Position | 92,059 | 6,615 | 98,674 | 60,279 |
| Net Position - Beginning | 513,319 | 16,085 | | 295,576 |
| Net Position - End of Year | \$ 605,378 | \$ 22,700 | | \$ 355,855 |
| Amounts reported for business-type activities in the government-wide Statement of Activities are different due to elimination of the State's internal business-type activities | | | | (964) |
| Changes in Business-Type Net Position | | | \$ 97,710 | |

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

STATE OF MAINE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

Fiscal Year Ended June 30, 2020
(Expressed in Thousands)

| | Business-type Activities - Enterprise Funds | | | Governmental |
|---|--|-------------------|---------------|-------------------------|
| | Major | Non-Major | | Activities |
| | Employment | Other | Totals | Internal Service |
| | Security | Enterprise | | Funds |
| Cash Flows from Operating Activities | | | | |
| Receipts from Customers and Users | \$ 44,799 | \$ 542,331 | \$ 587,130 | \$ 13,116 |
| Other Operating Cash Receipts (Payments): | | | | |
| Cash Received from Interfund Services | 3,835 | 12,397 | 16,232 | 504,882 |
| Payments of Benefits | (28,252) | - | (28,252) | - |
| Payments to Prize Winners | - | (214,087) | (214,087) | - |
| Payments to Suppliers | (169) | (197,317) | (197,486) | (270,371) |
| Payments to Employees | - | (12,032) | (12,032) | (79,281) |
| Payments for Interfund Goods and Services | (427) | (3,508) | (3,935) | (66,609) |
| Net Cash Provided (Used) by Operating Activities | 19,786 | 127,784 | 147,570 | 101,737 |
| Cash Flows from Noncapital Financing Activities | | | | |
| Transfers from Other Funds | - | 5,928 | 5,928 | 2,053 |
| Transfers to Other Funds | (6,859) | (127,544) | (134,403) | (4,000) |
| Operating Subsidy and Grants | 31,308 | - | 31,308 | - |
| Net Cash Provided (Used) by Noncapital Financing Activities | 24,449 | (121,616) | (97,167) | (1,947) |
| Cash Flows from Capital and Related Financing Activities | | | | |
| Payments for Acquisition of Capital Assets | - | (7) | (7) | (13,758) |
| Proceeds from Financing Arrangements | - | - | - | 5,500 |
| Principal and Interest Paid on Financing Arrangements | - | - | - | (22,790) |
| Proceeds from Sale of Capital Assets | - | - | - | 749 |
| Net Cash Provided (Used) by Capital and Related Financing Activities | - | (7) | (7) | (30,299) |
| Cash Flows from Investing Activities | | | | |
| Interest Revenue | 11,448 | 116 | 11,564 | 6,342 |
| Net Cash Provided (Used) by Investing Activities | 11,448 | 116 | 11,564 | 6,342 |
| Net Increase (Decrease) in Cash/Cash Equivalents | 55,683 | 6,277 | 61,960 | 75,833 |
| Cash/Cash Equivalents - Beginning of Year | 489,753 | 14,119 | 503,872 | 348,746 |
| Cash/Cash Equivalents - End of Year | \$ 545,436 | \$ 20,396 | \$ 565,832 | \$ 424,579 |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities | | | | |
| Operating Income (Loss) | \$ 56,162 | \$ 121,275 | \$ 177,437 | \$ 68,563 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | | |
| Depreciation Expense | - | 2,332 | 2,332 | 23,161 |
| Decrease (Increase) in Assets: | | | | |
| Accounts Receivable | (69,910) | (6,865) | (76,775) | 1,391 |
| Interfund Balances | 3,408 | 6,262 | 9,670 | 941 |
| Due from Other Governments | (33,578) | - | (33,578) | - |
| Inventories | - | (444) | (444) | (149) |
| Other Assets | - | 308 | 308 | (1,516) |
| Deferred Outflows | - | 187 | 187 | 816 |
| Increase (Decrease) in Liabilities: | | | | |
| Accounts Payable | 63,873 | 1,658 | 65,531 | 9,469 |
| Accrued Payroll Expense | - | 169 | 169 | 710 |
| Due to Other Governments | - | - | - | (1,916) |
| Compensated Absences | - | 169 | 169 | 591 |
| Deferred Inflows | - | 703 | 703 | 3,962 |
| Net Pension Liability | - | (23) | (23) | (695) |
| Other Accruals | (169) | 3,024 | 2,855 | 2,430 |
| Net OPEB Liability | - | (971) | (971) | (6,021) |
| Total Adjustments | (36,376) | 6,509 | (29,867) | 33,174 |
| Net Cash Provided (Used) by Operating Activities | \$ 19,786 | \$ 127,784 | \$ 147,570 | \$ 101,737 |
| Non Cash Investing, Capital and Financing Activities | | | | |
| Property Leased, Accrued or Acquired | - | - | - | 65 |
| Contributed Capital Assets | - | 6,840 | 6,840 | 801 |
| Disposal of Assets | - | - | - | (4,425) |

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

FIDUCIARY FUND

FINANCIAL STATEMENTS

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

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

STATE OF MAINE
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

June 30, 2020
(Expressed in Thousands)

| | Pension (and Other Employee Benefits) | Private Purpose Trusts | Agency Funds |
|---|--|---------------------------------------|-------------------------|
| Assets | | | |
| Equity in Treasurer's Cash Pool | \$ - | \$ 732 | \$ 21,678 |
| Cash & Short-Term Investments | 36,942 | 3,984 | 27 |
| Receivables, Net of Allowance for Uncollectibles: | | | |
| State and Local Agency Contributions | 30,420 | - | - |
| Interest and Dividends | 3,970 | - | - |
| Due from Brokers for Securities Sold | 275 | - | - |
| Other Receivable | - | 1,737 | - |
| Investments at Fair Value: | | | |
| Equity Securities | 2,557,862 | - | - |
| Common/Collective Trusts | 13,035,604 | - | - |
| Investments - Other | - | 22,686 | - |
| Restricted Deposits & Investments | - | - | 11 |
| Securities Lending Collateral | 206,266 | - | - |
| Due from Other Funds | - | 46,577 | - |
| Investments Held on Behalf of Others | - | - | 63,112 |
| Capital Assets - Net of Depreciation | 17,494 | - | - |
| Other Assets | - | 4,129 | 51 |
| Total Assets | <u>15,888,833</u> | <u>79,845</u> | <u>84,879</u> |
| Liabilities | | | |
| Accounts Payable | 3,549 | 743 | 30 |
| Due to Other Funds | - | 2 | - |
| Agency Liabilities | - | - | 83,020 |
| Obligations Under Securities Lending | 206,266 | - | - |
| Other Accrued Liabilities | 38,471 | - | 1,829 |
| Total Liabilities | <u>248,286</u> | <u>745</u> | <u>84,879</u> |
| Net Position | | | |
| Restricted for Pension | 15,198,307 | - | - |
| Restricted for Other Post-Employment Benefits | 442,240 | - | - |
| Restricted for Individuals, Organizations and Other Governments | - | 79,100 | - |
| Total Net Position | <u>\$ 15,640,547</u> | <u>\$ 79,100</u> | <u>\$ -</u> |

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

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

Fiscal Year Ended June 30, 2020
(Expressed in Thousands)

| | Pension (and Other Employee Benefits) | Private Purpose Trusts |
|--|--|-----------------------------------|
| Additions: | | |
| Contributions: | | |
| Members | \$ 214,635 | \$ - |
| State & Local Agency Employers | 392,279 | - |
| Non-Employer Contributing Entity | 179,008 | - |
| Investment Income (Loss): | | |
| Net Increase (Decrease) in the Fair Value of Investments | 469,915 | 1,351 |
| Interest & Dividends | 125,910 | 463 |
| Securities Lending Income & Borrower Rebates Refunded | 2,859 | - |
| Less Investment Expense: | | |
| Investment Activity Expense | 130,060 | - |
| Securities Lending Expense | 132 | - |
| Net Investment Income (Loss) | 468,492 | 1,814 |
| Miscellaneous Revenues | - | 26,791 |
| Transfer from Other Funds | - | 750 |
| Transfer from Other Pension Plans | 29,220 | - |
| Total Additions | 1,283,634 | 29,355 |
| Deductions: | | |
| Benefits Paid to Participants or Beneficiaries | 1,143,727 | 11,813 |
| Refunds & Withdrawals | 29,132 | - |
| Administrative Expenses | 15,775 | 368 |
| Claims Processing Expense | 915 | - |
| Transfer to Other Funds | - | 7,494 |
| Transfer to Other Pension Plans | 29,220 | - |
| Total Deductions | 1,218,769 | 19,675 |
| Net Increase (Decrease) | 64,865 | 9,680 |
| Net Position: | | |
| Restricted | | |
| Beginning of Year | 15,575,682 | 69,420 |
| End of Year | \$ 15,640,547 | \$ 79,100 |

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



COMPONENT UNIT

FINANCIAL STATEMENTS

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

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

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

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

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

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

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

STATE OF MAINE
STATEMENT OF NET POSITION
COMPONENT UNITS

June 30, 2020
(Expressed in Thousands)

| | <u>Finance Authority of Maine</u> | <u>Maine Community College System</u> | <u>Maine Health & Higher Educational Facilities Authority</u> | <u>Maine Municipal Bond Bank</u> |
|---|---------------------------------------|---|---|--------------------------------------|
| Assets | | | | |
| Current Assets: | | | | |
| Equity in Treasurer's Cash Pool | \$ 43,704 | \$ 13,379 | \$ 4,254 | \$ - |
| Cash & Short-Term Investments | 3,653 | 13,665 | 13,422 | 61 |
| Investments | 21,361 | 57,582 | 4,072 | 25,321 |
| Restricted Assets: | | | | |
| Restricted Deposits & Investments | - | - | 17,490 | 378,114 |
| Inventories | - | - | - | - |
| Receivables, Net of Allowance for Uncollectibles: | | | | |
| Loans Receivable | 39,987 | - | 31,474 | - |
| Other Receivable | 2,799 | 7,113 | 233 | 632 |
| Due from Other Governments | - | - | - | 154,275 |
| Due from Primary Government | - | 2,728 | - | 6,658 |
| Loans Receivable from Primary Government | - | - | - | 56,703 |
| Other Assets | 660 | 2,302 | 310 | 27,991 |
| Total Current Assets | <u>112,164</u> | <u>96,769</u> | <u>71,255</u> | <u>649,755</u> |
| Noncurrent Assets: | | | | |
| Equity in Treasurer's Cash Pool | 19,745 | 6,045 | 1,922 | - |
| Restricted Assets: | | | | |
| Investments | 19,682 | 1,154 | 56,382 | 207,729 |
| Receivables, Net of Current Portion: | | | | |
| Loans & Notes Receivable | 54,752 | - | 352,024 | - |
| Other Receivables | - | - | - | - |
| Due from Other Governments | - | - | - | 1,494,403 |
| Due from Primary Government | - | - | - | - |
| Loans Receivable from Primary Government | - | - | - | 263,490 |
| Capital Assets - Net of Depreciation | 1,331 | 183,243 | - | 1,132 |
| Other Non-Current Assets | - | - | - | - |
| Total Noncurrent Assets | <u>95,510</u> | <u>205,548</u> | <u>436,898</u> | <u>1,966,754</u> |
| Total Assets | <u>207,674</u> | <u>302,317</u> | <u>508,153</u> | <u>2,616,509</u> |
| Deferred Outflows of Resources | <u>\$ 1,584</u> | <u>\$ 11,428</u> | <u>\$ -</u> | <u>\$ 21,266</u> |
| Liabilities | | | | |
| Current Liabilities: | | | | |
| Accounts Payable | \$ 4,262 | \$ 5,990 | \$ 72 | \$ 584 |
| Accrued Payroll | - | - | - | - |
| Compensated Absences | - | 3,008 | - | - |
| Due to Other Governments | - | - | - | 865 |
| Due to Primary Government | - | - | - | 104,006 |
| Amounts Held Under State & Federal Loan Programs | - | - | - | 20,548 |
| Bonds & Notes Payable | 4,900 | 810 | 32,575 | 173,311 |
| Obligations under Capital Leases | - | - | - | - |
| Accrued Interest Payable | 304 | - | 8,961 | 13,368 |
| Unearned Revenue | 1,080 | 3,100 | 49 | 4,944 |
| Other Accrued Liabilities | 20,156 | 7,434 | - | - |
| Total Current Liabilities | <u>30,702</u> | <u>20,342</u> | <u>41,657</u> | <u>317,626</u> |
| Long-Term Liabilities: | | | | |
| Due to Other Governments | 3,904 | - | - | 323 |
| Amounts Held Under State & Federal Loan Programs | 43,472 | - | - | - |
| Bonds & Notes Payable | 83,676 | 16,516 | 405,580 | 1,505,005 |
| Obligations under Capital Leases | - | - | - | - |
| Net Pension Liability | - | 48,215 | - | 598 |
| Net Other Post-Employment Benefit Liability | - | 2,368 | - | 927 |
| Other Noncurrent Liabilities | - | - | - | - |
| Total Long-Term Liabilities: | <u>131,052</u> | <u>67,099</u> | <u>405,580</u> | <u>1,506,853</u> |
| Total Liabilities | <u>161,754</u> | <u>87,441</u> | <u>447,237</u> | <u>1,824,479</u> |
| Deferred Inflows of Resources | <u>-</u> | <u>16,920</u> | <u>-</u> | <u>346</u> |
| Net Position | | | | |
| Net Investment in Capital Assets | 1,331 | 167,070 | - | 1,132 |
| Restricted | 20,639 | 43,602 | - | 724,483 |
| Unrestricted | 25,534 | (1,288) | 60,916 | 87,335 |
| Total Net Position | <u>\$ 47,504</u> | <u>\$ 209,384</u> | <u>\$ 60,916</u> | <u>\$ 812,950</u> |

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

| Maine State Housing Authority | Maine Turnpike Authority | University of Maine System | Non-Major Component Units | Total |
|----------------------------------|-----------------------------|-------------------------------|------------------------------|--------------|
| \$ - | \$ - | \$ 24,718 | \$ - | \$ 86,055 |
| 37,413 | 23,390 | 12,020 | 20,201 | 123,825 |
| 283,885 | - | 251,642 | 13,569 | 657,432 |
| - | 171,974 | - | 54,070 | 621,648 |
| - | 1,134 | - | 1,353 | 2,487 |
| 43,354 | - | 76 | 719 | 115,610 |
| 11,587 | 5,458 | 35,556 | 3,867 | 67,245 |
| 5,691 | - | 13,189 | 2,709 | 175,864 |
| 4,023 | - | 4,576 | 1,522 | 19,507 |
| - | - | - | - | 56,703 |
| - | 1,750 | 5,582 | 1,220 | 39,815 |
| 385,953 | 203,706 | 347,359 | 99,230 | 1,966,191 |
| - | - | 11,167 | - | 38,879 |
| - | 58,173 | 5,778 | 37,029 | 385,927 |
| 60,905 | - | 401,850 | 14,955 | 519,386 |
| 1,398,816 | - | 32,172 | 19,520 | 1,857,284 |
| - | 341 | 7,859 | - | 8,200 |
| - | - | - | - | 1,494,403 |
| - | - | 2,945 | 456 | 3,401 |
| - | - | - | - | 263,490 |
| 13,408 | 750,103 | 683,288 | 172,258 | 1,804,763 |
| 1,192 | 232 | 9,102 | 2,824 | 13,350 |
| 1,474,321 | 808,849 | 1,154,161 | 247,042 | 6,389,083 |
| 1,860,274 | 1,012,555 | 1,501,520 | 346,272 | 8,355,274 |
| \$ 15,198 | \$ 20,021 | \$ 31,407 | \$ 1,695 | \$ 102,599 |
| \$ 9,145 | \$ 19,556 | \$ 12,974 | \$ 10,931 | \$ 63,514 |
| - | 3,519 | - | 1,445 | 4,964 |
| - | - | - | 849 | 3,857 |
| 473 | - | - | 92 | 1,430 |
| - | - | - | 1,078 | 105,084 |
| - | - | - | - | 20,548 |
| 24,464 | 16,015 | 12,510 | 2,495 | 267,080 |
| - | - | 1,306 | - | 1,306 |
| 5,624 | - | - | - | 28,257 |
| 7,133 | 11,961 | 15,486 | 1,894 | 45,647 |
| - | 11,385 | 33,239 | 947 | 73,161 |
| 46,839 | 62,436 | 75,515 | 19,731 | 614,848 |
| - | - | - | 536 | 4,763 |
| - | - | - | - | 43,472 |
| 1,445,536 | 508,267 | 119,266 | 10,969 | 4,094,815 |
| - | - | 5,188 | - | 5,188 |
| 2,282 | 11,438 | - | 4,488 | 67,021 |
| - | 58,813 | 63,247 | 547 | 125,902 |
| 10,860 | 1,893 | 125,241 | - | 137,994 |
| 1,458,678 | 580,411 | 312,942 | 16,540 | 4,479,155 |
| 1,505,517 | 642,847 | 388,457 | 36,271 | 5,094,003 |
| 893 | 5,898 | 36,558 | 1,748 | 62,363 |
| 2,208 | 296,413 | 547,438 | 163,428 | 1,179,020 |
| 332,721 | 141,439 | 444,843 | 117,831 | 1,825,558 |
| 34,133 | (54,021) | 115,631 | 28,689 | 296,929 |
| \$ 369,062 | \$ 383,831 | \$ 1,107,912 | \$ 309,948 | \$ 3,301,507 |

STATE OF MAINE
STATEMENT OF ACTIVITIES
COMPONENT UNITS

Fiscal Year Ended June 30, 2020
(Expressed in Thousands)

| | Finance Authority Of Maine | Maine Community College System | Maine Health & Higher Educational Facilities Authority | Maine Municipal Bond Bank |
|---|---|---|---|--|
| Expenses | \$ 41,061 | \$ 141,936 | \$ 23,402 | \$ 68,103 |
| Program Revenues | | | | |
| Charges for Services | 19,978 | 12,968 | 21,587 | 51,790 |
| Program Investment Income | 476 | 760 | 2,950 | 20,900 |
| Operating Grants & Contributions | 18,265 | 54,665 | - | 3,240 |
| Capital Grants & Contributions | - | 6,946 | - | 28,031 |
| Net Revenue (Expense) | <u>(2,342)</u> | <u>(66,597)</u> | <u>1,135</u> | <u>35,858</u> |
| General Revenues | | | | |
| Unrestricted Investment Earnings | 1,835 | 3,147 | 473 | 540 |
| Non-program Specific Grants, Contributions & Appropriations | - | 73,862 | - | - |
| Miscellaneous Revenues | - | 1,259 | 131 | 1,385 |
| Gain (Loss) on Assets Held for Sale | - | - | - | - |
| Total General Revenues | <u>1,835</u> | <u>78,268</u> | <u>604</u> | <u>1,925</u> |
| Change in Net Position | (507) | 11,671 | 1,739 | 37,783 |
| Net Position, Beginning of Year (as restated) | <u>48,011</u> | <u>197,713</u> | <u>59,177</u> | <u>775,167</u> |
| Net Position, End of Year | <u><u>\$ 47,504</u></u> | <u><u>\$ 209,384</u></u> | <u><u>\$ 60,916</u></u> | <u><u>\$ 812,950</u></u> |

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

| Maine State Housing Authority | Maine Turnpike Authority | University Of Maine System | Non-Major Component Units | Total |
|--|-------------------------------------|---------------------------------------|--|---------------------|
| \$ 237,295 | \$ 107,464 | \$ 740,475 | \$ 171,810 | \$ 1,531,546 |
| 72,117 | 139,964 | 295,910 | 37,513 | 651,827 |
| 13,197 | - | (1,108) | 43 | 37,218 |
| 177,659 | - | 198,809 | 124,979 | 577,617 |
| - | - | 3,387 | 8,433 | 46,797 |
| <u>25,678</u> | <u>32,500</u> | <u>(243,477)</u> | <u>(842)</u> | <u>(218,087)</u> |
| 401 | 6,223 | 9,074 | 809 | 22,502 |
| - | - | 257,957 | 13,857 | 345,676 |
| - | 6,510 | - | 1,933 | 11,218 |
| - | 49 | (511) | 321 | (141) |
| <u>401</u> | <u>12,782</u> | <u>266,520</u> | <u>16,920</u> | <u>379,255</u> |
| 26,079 | 45,282 | 23,043 | 16,078 | 161,168 |
| <u>342,983</u> | <u>338,549</u> | <u>1,084,869</u> | <u>293,870</u> | <u>3,140,339</u> |
| <u>\$ 369,062</u> | <u>\$ 383,831</u> | <u>\$ 1,107,912</u> | <u>\$ 309,948</u> | <u>\$ 3,301,507</u> |



NOTES TO THE FINANCIAL STATEMENTS

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

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

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

A. REPORTING ENTITY

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

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

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

Blended Component Units

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

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

Discrete Component Units

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Related Organizations

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

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

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

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

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

Restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported. Constraints placed on restricted components of net position are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net position reports \$788.0 million of restricted net position, of which \$631.5 million is restricted by enabling legislation.

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

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

Fund Financial Statements

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

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

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

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

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

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

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

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

Financial Statement Presentation

The State reports the following major governmental funds:

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

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

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

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

The State reports the following major enterprise fund:

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

Additionally, the State reports the following fund types:

Governmental Fund Types:

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

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

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

Proprietary Fund Types:

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

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

Fiduciary Fund Types:

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

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

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

D. FISCAL YEAR-ENDS

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

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

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

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

Cash and Cash Equivalents

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

Cash with Fiscal Agent

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

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

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

Investments Held on Behalf of Others

These assets include amounts held by the State in a fiduciary capacity, acting as either a trustee or an agent for individuals, organizations or other funds. Generally, these investments are reported at fair value or at amortized cost which approximates fair value. The State also holds \$128.6 million of Workers' Compensation, \$59.8 million of Bureau of Insurance, and \$41.0 million of Maine Department of Labor surety bonds and letters of credit that are not reflected on the financial statements.

Restricted Deposits and Investments

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

Inventories

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

Receivables

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

Interfund Transactions and Balances

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

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

Due from/to Primary Government/Component Units

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

Due from/to Other Governments

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

Capital Assets

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

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

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

Deferred Outflows of Resources

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

Accounts Payable

Accounts payable represent the gross amount of expenditures or expenses incurred as a result of normal operations, but for which no actual payment has yet been issued to vendors/providers. Incurred but not paid (IBNP) Medicaid claims settlements are actuarially estimated. The IBNP estimate recorded at June 30, 2020 is \$268.8 million.

Tax Refunds Payable

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

Claims Payable

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

Compensated Employee Absences

In the government-wide statements and proprietary fund financial statements, compensated absences are recorded as a long-term liability as required by GASB. In the governmental fund financial statements, vested or accumulated leave is reported as an expenditure and fund liability when incurred upon retirement, termination or death. Sick and vacation payments to terminated employees as of June 30, 2020 but paid after the fiscal year end are also reported in the funds. Approximately 56 percent of the governmental fund compensated absences are liquidated by the general fund. In the discretely presented component units, employees' accumulated compensated absences are recorded as an expense and liability as the benefits accrue.

Net Pension Liability

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

OPEB Liability

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

Deferred Inflows of Resources

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

Loans Payable to Component Units

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

Long-Term Obligations

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

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

Net Position/Fund Balances

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

Fund Balance Restrictions

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

The State reported the following fund balance restrictions:

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

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

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

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

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

F. REVENUES AND EXPENDITURES/EXPENSES

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

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

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

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

G. RISKS AND UNCERTAINTIES

The Worldwide Health Organization declared COVID-19 a global pandemic on March 11, 2020. The impact of the pandemic and significant related restrictive measures are likely to affect operations and performance in fiscal year 2021. In late March 2020, a variety of federal legislation was passed, including, but not limited to, the Coronavirus Aid, Relief, and Economic Security Act (CARES) that provides certain relief to partially mitigate the economic impact of the pandemic. The State of Maine received \$1.25 billion of direct relief provided under the CARES Act through the Coronavirus Relief Fund (CRF). The COVID-19 pandemic has significantly affected travel, commerce and financial markets globally. The degree of impact on the State's operations and finance is extremely difficult to predict due to uncertainties relating to the duration and severity of the COVID-19 outbreak. In response, the Maine Consensus Economic Forecasting Commission and the Maine Revenue Forecasting Committee are meeting frequently to monitor and update the economic and revenue forecasts to reflect the impact of the COVID-19 pandemic.

NOTE 2 - BUDGETING AND BUDGETARY CONTROL, AND LEGAL COMPLIANCE

Appropriation Limits

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

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

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

Budget Stabilization Fund

The Maine Budget Stabilization Fund ("BSF"), a fund designation established under Title 5 MRSA C. 142, is included in the General Fund fund balance. The BSF had a balance of \$258.7 million. Amounts in the stabilization fund may be expended only to offset a General Fund revenue shortfall. The Governor may also allocate funds for payment of death benefits for law enforcement officers, firefighters and emergency medical services personnel.

Balances in the fund do not lapse, but carry forward each year. Money in the fund may be invested with any earnings credited to the fund except when the fund is at its statutory cap. The State Controller also transferred \$17.4 million from the General Fund unappropriated surplus to the Budget Stabilization Fund in accordance with Public Law 2019, Chapter 616, Part J-1.

The statutory cap for the fund is 18 percent of the total General Fund revenue received in the immediately preceding fiscal year. At the close of the fiscal year, the cap is based on the revenue received in the fiscal year being closed. Based on fiscal year 2020 actual General Fund revenue, the statutory cap at the close of fiscal year 2020 and during fiscal year 2020 was \$714.5 million. At the close of fiscal year 2020, the balance of the Maine Budget Stabilization Fund was \$258.7 million. No reductions to the Maine Budget Stabilization Fund balance are required when it exceeds the balance of the statutory cap as a result of a decline of General Fund revenue.

Budget Stabilization Fund Activity
(Expressed in Thousands)

| | |
|---|-------------------|
| Balance, beginning of year (as restated)* | \$ 236,904 |
| Increase in fund balance | 21,843 |
| Balance, end of year | <u>\$ 258,747</u> |

*Restated to exclude the Reserve for Riverview Disallowance

Budget and Budgetary Expenditures

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

Except in specific instances, only the Legislature may transfer appropriations between departments. Changes in appropriation, allocation, or funding for new programs are presented to the Legislature as supplemental budgets or separate pieces of legislation. For the year ended June 30, 2020, the Legislature increased appropriations to the General Fund by \$20.8 million.

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

Governmental Fund Balances - Restricted, Committed and Assigned

The State's fund balances represent: (1) restricted purposes, which include balances legally restricted for specific purposes due to constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; (2) committed purposes, which include balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislature; (3) assigned purposes, which includes balances that are constrained by government's intent to be used for specific purposes, but are neither restricted nor committed. A summary of the nature and purpose of these fund balance types at June 30, 2020 are detailed on the following pages.

Governmental Fund Balances
(Expressed in Thousands)

| | <u>NSIF</u> | <u>Restricted</u> | <u>Committed</u> | <u>Assigned</u> |
|--|-----------------|-------------------|-------------------|-------------------|
| General Fund: | | | | |
| Education | \$ - | \$ - | \$ - | \$ 24,086 |
| Governmental Support & Operations | - | 2,361 | 1,906 | 2,458 |
| Treasury | - | - | - | 10,859 |
| Health & Human Services | - | - | 15,848 | 143,736 |
| Public Safety | - | 1,466 | - | - |
| Justice & Protection | - | - | - | 8,919 |
| Defense, Veterans & Emergency Management | - | - | - | 1,467 |
| Inland Fisheries & Wildlife | - | 3,593 | - | - |
| Transportation Safety & Development | - | - | 2,005 | - |
| All Other | 3,628 | - | - | 1,510 |
| Total | <u>\$ 3,628</u> | <u>\$ 7,420</u> | <u>\$ 19,759</u> | <u>\$ 193,035</u> |
| Highway Fund: | | | | |
| Transportation, Highway & Bridge Construction | \$ - | \$ 19,181 | \$ - | \$ - |
| Total | <u>\$ -</u> | <u>\$ 19,181</u> | <u>\$ -</u> | <u>\$ -</u> |
| Federal Fund: | | | | |
| Governmental Support & Operations | \$ - | \$ 1,913 | \$ - | \$ - |
| Centers for Disease Control | - | 1,462 | - | - |
| Office of Family Independence | - | 1,475 | - | - |
| Substance Abuse & Mental Health | - | 1,915 | - | - |
| Office of Child & Family Services | - | 10,746 | - | - |
| Justice & Protection | - | 1,257 | - | - |
| Public Safety | - | 2,027 | - | - |
| Transportation - Highway & Bridge Construction | - | 8,528 | - | - |
| All Other | 4,637 | 2,232 | - | - |
| Total | <u>\$ 4,637</u> | <u>\$ 31,555</u> | <u>\$ -</u> | <u>\$ -</u> |
| Other Special Revenue Fund: | | | | |
| Business Licensing & Regulation | \$ - | \$ 4,571 | \$ 322 | \$ - |
| Workers Compensation Board | - | 19,235 | - | - |
| Professional & Financial Regulation | - | 66,057 | - | 819 |
| Public Utilities Commission | - | 14,663 | - | 602 |
| Education | - | 2,801 | - | 7,012 |
| Economic & Community Development | - | 26,842 | 16,086 | - |
| Governmental Support & Operations | - | 91,807 | 27,056 | 15,665 |
| Treasury | - | - | 4,640 | - |
| Liquor Bond | - | 3,849 | - | - |
| Bonds for Highway & Bridge Construction | - | 140,689 | - | - |
| Health & Human Services | - | 1,683 | - | - |
| Aging & Disability Services | - | - | - | 1,061 |
| Fund for Healthy Maine | - | - | 43,223 | - |
| Office of Family Independence | - | - | - | 8,621 |
| Substance Abuse & Mental Health | - | - | 8,542 | 4,532 |
| Centers for Disease Control & Prevention | - | - | 3,951 | 1,254 |
| MaineCare | - | 17,056 | - | 37,509 |
| Defense, Veterans & Emergency Management | - | 2,120 | - | - |
| Justice & Protection | - | 211,669 | 4,531 | 7,177 |
| Public Safety | - | 11,714 | - | 2,003 |
| Agriculture & Conservation | - | 4,833 | 5,212 | 12,843 |
| Environmental Protection | - | 27,413 | 2,329 | - |
| Inland Fisheries & Wildlife | - | 12,103 | - | - |
| Marine Resources | - | 4,812 | - | 5,195 |
| Transportation Safety & Development | - | 6,277 | 1,868 | 3,020 |
| Transportation - Highway & Bridge Construction | - | 11,109 | 7,615 | - |
| Motor Vehicles | - | 8,004 | - | - |
| Multimodal Transportation | - | - | 24,259 | - |
| Transcap | - | 5,261 | - | - |
| All Other | - | - | - | 138 |
| Total | <u>\$ -</u> | <u>\$ 694,568</u> | <u>\$ 149,634</u> | <u>\$ 107,451</u> |

Governmental Fund Balances
(Expressed in Thousands)

| | <u>NSIF</u> | <u>Restricted</u> | <u>Permanent</u> |
|--|-------------|-------------------|------------------|
| Other Governmental Funds: | | | |
| Capital Projects - Agriculture & Conservation | \$ - | \$ 7,634 | \$ - |
| Capital Projects - Higher Education | - | 17,048 | - |
| Capital Projects - Multimodal Transportation | - | 49,567 | - |
| Capital Projects - Economic & Community Development | - | 12,978 | - |
| Capital Projects - Environmental Protection | - | 25,880 | - |
| Capital Project - Treasury | - | 7,841 | - |
| Capital Projects - Other | - | 403 | - |
| Permanent Funds - Baxter Park | - | - | 9,155 |
| Permanent Funds - Baxter Park Wilderness Trust | - | - | 24,657 |
| Permanent Funds - All Others | - | - | 25,519 |
| Special Revenue Funds - Baxter Park | - | 88,081 | - |
| Special Revenue Funds - Baxter Park Wilderness Trust | - | 475 | - |
| Special Revenue Funds - All Other | - | 119 | - |
| Total | <u>\$ -</u> | <u>\$ 210,026</u> | <u>\$ 59,331</u> |

NOTE 3 - ACCOUNTING CHANGES AND RESTATEMENTS

ACCOUNTING CHANGES

During fiscal year ended June 30, 2020, the State implemented the following accounting standard:

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. This change will improve financial reporting by providing governments with sufficient time to apply the authoritative guidance addressed in this Statement will help to safeguard the reliability of their financial statements, which in turn will benefit the users of those financial statements.

Restatement - Component Unit

A non-major discretely presented component unit increased its beginning net position balance \$284 thousand as a result of correcting an error.

NOTE 4 - DEFICIT FUND BALANCES/NET POSITION

PROPRIETARY FUNDS

Five internal service funds showed deficits for the fiscal year ended June 30, 2020. The Workers' Compensation Fund reported a deficit of \$20.3 million, which reflects accruals for actuarially determined claims payable. The Leased Space Fund had a deficit of \$5.6 million because rates charged were insufficient to cover expenses incurred. The Postal, Printing & Supply fund reported a deficit of \$14.3 million because expenses are recognized when incurred; however, related revenue is not earned until jobs are satisfactorily completed. All of the deficits mentioned above are expected to be funded by future service charges. The remaining two internal service funds, Financial and Personnel Services and Information Services, reported deficits of \$33.7 million and \$56.2 million, respectively. These deficits are primarily the result of the implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, and GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pension, which required the recognition of the entire net pension and postemployment benefits other than pension liability.

Two enterprise funds showed deficits for the fiscal year ended June 30, 2020. Maine Military Authority reported a deficit of \$5.9 million. Maine Military Authority significantly reduced its operation and workforce in Fiscal Year 2019. As a result, the fund incurred a loss on the disposal of its assets. The Consolidated Emergency Communications Fund reported a deficit of \$7.3 million. The deficit is primarily the result of the implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions and GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pension, which required the recognition of the entire net pension and postemployment benefits other than pension liability.

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

The Primary Government's Deposits and Investments, excluding component units that are fiduciary in nature, at June 30, 2020 are as follows:

Primary Government Deposits and Investments

(Expressed in Thousands)

| | Government al Activities | Business- Type Activities | Private Purpose Trusts | Agency Funds | Total |
|--|-------------------------------------|--|---------------------------------------|-------------------------|---------------------|
| Equity in Treasurer's Cash Pool | \$ 2,305,601 | \$ 288,664 | \$ 732 | \$ 21,678 | \$ 2,616,675 |
| Cash and Cash Equivalents | 218 | 2,714 | 3,984 | 27 | 6,943 |
| Cash with Fiscal Agent | 335,742 | - | - | - | 335,742 |
| Investments | 146,906 | - | 22,686 | - | 169,592 |
| Restricted Equity in Treasurer's Cash Pool | 128,076 | - | - | - | 128,076 |
| Restricted Deposits and Investments | 1,742 | 274,454 | - | 11 | 276,207 |
| Investments Held on Behalf of Others | - | - | - | 63,112 | 63,112 |
| Total Primary Government | \$ 2,918,285 | \$ 565,832 | \$ 27,402 | \$ 84,828 | \$ 3,596,347 |

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

The following table provides the segmented time distribution of the Primary Government's investments at June 30, 2020:

Maturities in Years

(Expressed in Thousands)

| | Less than 1 | 1-5 | 6-10 | 11-20 | More than 20 | No Maturity | Fair Value |
|---|------------------------|-------------------|-----------------|-----------------|-------------------------|------------------------|----------------------------|
| <i>Governmental and Business-Type Activities, excluding Non-Major Special Revenue and Permanent Funds</i> | | | | | | | |
| US Instrumentalities | \$ 51,848 | \$ 333,134 | \$ - | \$ - | \$ - | \$ - | \$ 384,982 |
| US Treasury Notes | 23,762 | 460,187 | - | - | - | - | 483,949 |
| Corporate Notes and Bonds | - | 25,930 | - | - | - | - | 25,930 |
| Certificates of Deposit | 173,189 | 37,446 | - | - | - | - | 210,635 |
| Cash and Cash Equivalents | 705 | - | - | - | - | 1,620,814 | 1,621,519 |
| Unemployment Fund | - | - | - | - | - | 274,454 | 274,454 |
| <i>Private-Purpose Trusts, Agency Funds, and Non-Major Special Revenue and Permanent Funds</i> | | | | | | | |
| US Instrumentalities | 427 | 2,734 | 384 | 472 | 1,011 | - | 5,028 |
| US Treasury Notes | 4,430 | 8,126 | 5,253 | - | 1,375 | 1,227 | 20,411 |
| Corporate Notes and Bonds | - | 2,931 | 805 | 9,047 | 512 | 43,696 | 56,991 |
| Other Fixed Income Securities | 241 | - | - | 69 | - | 43,548 | 43,858 |
| Certificates of Deposit | 9,143 | 308 | - | - | - | 2,901 | 12,352 |
| Money Market | - | - | - | - | 3,242 | 3,056 | 6,298 |
| Cash and Cash Equivalents | 3,984 | - | - | - | - | 28,979 | 32,963 |
| Equities | - | - | - | - | - | 74,368 | 74,368 |
| Other | - | - | - | - | - | 6,867 | 6,867 |
| | <u>\$ 267,729</u> | <u>\$ 870,796</u> | <u>\$ 6,442</u> | <u>\$ 9,588</u> | <u>\$ 6,140</u> | <u>\$ 2,099,910</u> | <u>\$ 3,260,605</u> |
| Other Assets | | | | | | | |
| Cash with Fiscal Agent | | | | | | | 335,742 |
| Total Primary Government | | | | | | | <u><u>\$ 3,596,347</u></u> |

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

The Primary Government's total investments by credit quality rating as of June 30, 2020 are presented below:

Standard and Poor's Credit Rating

(Expressed in Thousands)

| | A1 | A | AA | AAA | BB | BBB | Not Rated | Total |
|---|-------------|---------------|---------------|------------------|-------------|-----------------|----------------------|------------------|
| <i>Governmental and Business-Type Activities, excluding Non-Major Special Revenue and Permanent Funds</i> | | | | | | | | |
| Corporate Notes and Bonds | \$ - | \$ - | \$ - | \$ 25,930 | \$ - | \$ - | \$ - | \$ 25,930 |
| <i>Private-Purpose Trusts, Agency Funds, and Non-Major Special Revenue and Permanent Funds</i> | | | | | | | | |
| Corporate Notes and Bonds | - | 862 | 345 | 292 | - | 1,532 | 53,960 | 56,991 |
| Money Market | - | - | - | - | - | - | 6,298 | 6,298 |
| Other Fixed Income Securities | - | - | - | - | - | - | 6,867 | 6,867 |
| Total Primary Government | <u>\$ -</u> | <u>\$ 862</u> | <u>\$ 345</u> | <u>\$ 26,222</u> | <u>\$ -</u> | <u>\$ 1,532</u> | <u>\$ 67,125</u> | <u>\$ 96,086</u> |

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The State limits concentration of credit risk in its trusts by requiring that no single stock represent more than seven percent of the total portfolio. There is no concentration of credit risk policy for the Treasurer’s Cash Pool. At June 30, 2020, there were no investments that exceeded five percent of the Treasurer’s Cash Pool.

Custodial Credit Risk - For investments, custodial credit risk is the risk that, in the event of a failure of the counterparty to a transaction, the State will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The State limits its custodial credit risk for the Treasurer’s Cash Pool by maintaining a file of the most recent credit rating analysis reports performed for each approved financial institution. The State also requires that all securities be perfected in the name of the State and held in third party safekeeping by a state approved custodian. Of the cash pool’s \$225 million invested in non-negotiable certificates of deposit, certain CD’s exceeded the FDIC insured amounts for the institutions at which they were held. However, certificates of deposits, money market accounts and regular cash deposits are all collateralized at a minimum of 100 percent with pledged securities or a Federal Home Loan Bank letter of credit.

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

The fair value of the trust’s investments as of June 30, 2020 was \$113.2 million and was comprised of the following (expressed in thousands):

| | Percival Baxter Trust | Baxter Park Wilderness Trust |
|-------------------------------|--------------------------------------|---|
| U.S. Instrumentalities | \$ 1,867 | \$ - |
| U.S. Treasury Notes | 2,332 | - |
| Corporate Notes and Bonds | 3,072 | - |
| Other Fixed Income Securities | 15,715 | 6,745 |
| Equities | 57,753 | 17,982 |
| Cash and Equivalents | 935 | 417 |
| Other | 6,407 | - |
| Total | \$ 88,081 | \$ 25,144 |

The State and certain vendors contract with a fiscal intermediary, Clareon, for electronic disbursements from the State to its vendors. During fiscal year 2020 these disbursements, on average, exceeded \$188 million per month. The funds in transit are not collateralized and are not held by the State Treasurer. Until the vendor receives payment, the State retains some liability.

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

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

Level 2 - Inputs to the valuation method include:

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

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

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

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

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

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

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

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

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

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

The following table set forth by level, within the fair value hierarchy, the State of Maine's assets carried at fair value on a recurring basis as of June 30, 2020:

Fair Value Measurement
(Expressed in Thousands)

| | Total | Quoted Prices in Active Markets for Identical Assets Level 1 | Significant Other Observable Inputs Level 2 | Significant Unobservable Inputs Level 3 |
|-------------------------------|---------------------|---|---|---|
| Corporate Notes and Bonds | \$ 72,911 | \$ 43,696 | \$ 29,179 | \$ 36 |
| U.S. Instrumentalities | 388,972 | - | 388,972 | - |
| U.S. Treasury Notes | 490,265 | 490,265 | - | - |
| Other Fixed Income Securities | 43,810 | 36,401 | 1,002 | 6,407 |
| Equities | 74,331 | 74,331 | - | - |
| Other | 417 | 417 | - | - |
| Total | <u>\$ 1,070,706</u> | <u>\$ 645,110</u> | <u>\$ 419,153</u> | <u>\$ 6,443</u> |

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

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

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

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

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

Cash collateral is invested in a short-term investment pool. Cash collateral may also be invested separately in "term loans." At June 30, 2020 all of the collateral for securities lending is subject to custodial credit risk. The System believes that there is no credit risk as defined in GASB Statement No. 28 and GASB Statement No. 40. The collateral held and the market value of securities on loan for the System as of June 30, 2020 was \$270.2 million and \$264.0 million, respectively.

The system did not have any derivative investments as of June 30, 2020 or during the year then ended.

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

COMPONENT UNITS

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

Certain component units also invest in the Treasurer's Cash Pool and comprise approximately 5.63 percent of pool assets. The component units reported their participation as either Cash and Cash Equivalents or Investments on their financial statements. The State reclassified \$124.9 million of the component units' participation to "Equity in Treasurer's Cash Pool" on the State's financial statements. In addition to the amounts reported, the State Treasurer's Cash Pool includes \$22.3 million, consisting of Finance Authority of Maine component unit fiduciary funds that, because of GASB Statement No. 34 reporting criteria, are not shown in the accompanying financial statements as invested in the Treasurer's Cash Pool.

NOTE 6 - RECEIVABLES

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

Primary Government - Receivables
(Expressed in Thousands)

| | <u>Taxes</u> | <u>Accounts</u> | <u>Loans</u> | <u>Allowance for Uncollectibles</u> | <u>Net Receivables</u> |
|------------------------------|-------------------|-------------------|-----------------|---|----------------------------|
| Governmental Funds: | | | | | |
| General | \$ 619,976 | \$ 146,753 | \$ 1 | \$ (159,063) | \$ 607,667 |
| Highway | 19,731 | 3,952 | - | (60) | 23,623 |
| Federal | - | 213,825 | - | (85,641) | 128,184 |
| Other Special Revenue | 14,561 | 125,446 | 4,003 | (59,844) | 84,166 |
| Total Governmental Funds | 654,268 | 489,976 | 4,004 | (304,608) | 843,640 |
| Allowance for Uncollectibles | (100,190) | (203,955) | (463) | | |
| Net Receivables | <u>\$ 554,078</u> | <u>\$ 286,021</u> | <u>\$ 3,541</u> | | <u>\$ 843,640</u> |
| Proprietary Funds: | | | | | |
| Employment Security * | \$ - | \$ 157,662 | \$ - | \$ (59,732) | \$ 97,930 |
| Nonmajor Enterprise | - | 40,688 | - | (141) | 40,547 |
| Internal Service | - | 5,721 | - | - | 5,721 |
| Total Proprietary Funds | - | 204,071 | - | (59,873) | 144,198 |
| Allowance for Uncollectibles | - | (59,873) | - | | |
| Net Receivables | <u>\$ -</u> | <u>\$ 144,198</u> | <u>\$ -</u> | | <u>\$ 144,198</u> |

* Accounts receivable increased significantly in the Employment Security Major Enterprise Fund in fiscal year 2020. This is due primarily to a significant increase in fraudulent claims activity associated with Pandemic Unemployment Assistance and emergency benefits provided in response to the Coronavirus Pandemic.

Component Units - Receivables
(Expressed in Thousands)

| | <u>Accounts</u> | <u>Loans</u> | <u>Allowance for Uncollectibles</u> | <u>Net Receivables</u> |
|---|------------------|---------------------|---|----------------------------|
| Finance Authority of Maine | \$ 2,799 | \$ 100,759 | \$ (6,020) | \$ 97,538 |
| Maine Community College System | 8,279 | - | (1,166) | 7,113 |
| Maine Health and Educational Facilities Authority | 302 | 383,498 | (69) | 383,731 |
| Maine Municipal Bond Bank | 632 | - | - | 632 |
| Maine State Housing Authority | 11,587 | 1,450,731 | (8,561) | 1,453,757 |
| Maine Turnpike Authority | 5,799 | - | - | 5,799 |
| University of Maine System | 56,907 | 33,530 | (14,774) | 75,663 |
| Net Receivables | <u>\$ 86,305</u> | <u>\$ 1,968,518</u> | <u>\$ (30,590)</u> | <u>\$ 2,024,233</u> |

NOTE 7 - INTERFUND TRANSACTIONS

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

Balances due within one year are recorded as Due to/Due from Other Funds. The balances of current interfund receivables and payables as of June 30, 2020 were:

| Interfund Receivables (Expressed in Thousands) | | | | | |
|--|------------------|-----------------|------------------|------------------------------|---------------------------|
| Due to Other Funds | | | | | |
| Due from Other Funds | General | Highway | Federal | Other Special Revenue | Other Governmental |
| General | \$ - | \$ - | \$ 8,967 | \$ - | \$ - |
| Highway | 2 | 2 | 15,893 | - | - |
| Federal | 5 | - | 179 | 6,939 | - |
| Other Special Revenue | 15,777 | 317 | 800 | 915 | 13 |
| Other Governmental | - | - | - | - | - |
| Employment Security | - | - | 478 | - | - |
| Non-Major Enterprise | 2,452 | 59 | - | 5 | - |
| Internal Service | 12,694 | 4,423 | 13,324 | 4,953 | - |
| Fiduciary | 46,577 | - | - | - | - |
| Total | \$ 77,507 | \$ 4,801 | \$ 39,641 | \$ 12,812 | \$ 13 |

| Due to Other Funds | | | | | |
|-----------------------------|----------------------------|-----------------------------------|-------------------------------|------------------------|-------------------|
| Due from Other Funds | Employment Security | Non-Major Enterprise Funds | Internal Service Funds | Fiduciary Funds | Total |
| General | \$ - | \$ 12,660 | \$ 18,441 | \$ - | \$ 40,068 |
| Highway | - | - | - | - | 15,897 |
| Federal | 3,835 | - | - | - | 10,958 |
| Other Special Revenue | - | 7,963 | 242 | - | 26,027 |
| Other Governmental | - | - | - | - | - |
| Employment Security | - | - | - | - | 478 |
| Non-Major Enterprise | - | - | - | - | 2,516 |
| Internal Service | - | 422 | 5,334 | 2 | 41,152 |
| Fiduciary | - | - | - | - | 46,577 |
| Total | \$ 3,835 | \$ 21,045 | \$ 24,017 | \$ 2 | \$ 183,673 |

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

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

During fiscal year 2020, the State of Maine, in accordance with the legislatively authorized budget, recorded the following non-routine, nonrecurring transfers.

The General Fund transferred \$16.5 million, \$4.0 million and \$32.5 million to the Other Special Revenue Fund, respectively, for: Indigent Legal Services Fund, Maine Economic Development Fund and the Property Tax Relief Fund. The Liquor Operation Revenue Fund transferred \$20.0 million to the unappropriated surplus of the General Fund.

Interfund transfers for the year ended June 30, 2020 consisted of the following:

| Interfund Transfers (Expressed in Thousands) | | | | | |
|--|-------------------------|------------------|------------------|------------------------------|---------------------------|
| Transferred To | Transferred From | | | | |
| | General | Highway | Federal | Other Special Revenue | Other Governmental |
| General | \$ - | \$ - | \$ 23 | \$ 22,046 | \$ - |
| Highway | 1,689 | - | 11,764 | 11,819 | - |
| Federal | - | - | - | 12,716 | - |
| Other Special Revenue | 239,594 | 6,346 | 441 | 26,658 | 3,087 |
| Other Governmental Funds | - | - | - | - | 2,076 |
| Non-Major Enterprise | - | 5,928 | - | - | - |
| Internal Service | 2,053 | - | - | - | - |
| Fiduciary | - | - | - | - | 750 |
| Total | \$ 243,336 | \$ 12,274 | \$ 12,228 | \$ 73,239 | \$ 5,913 |

| Transferred To | Transferred From | | | | |
|--------------------------|----------------------------|-----------------------------------|-------------------------------|------------------------|-------------------|
| | Employment Security | Non-Major Enterprise Funds | Internal Service Funds | Fiduciary Funds | Total |
| General | \$ - | \$ 84,590 | \$ 4,000 | \$ 6,673 | \$ 117,332 |
| Highway | - | - | - | - | 25,272 |
| Federal | 6,859 | - | - | - | 19,575 |
| Other Special Revenue | - | 42,954 | - | 821 | 319,901 |
| Other Governmental Funds | - | - | - | - | 2,076 |
| Non-Major Enterprise | - | - | - | - | 5,928 |
| Internal Service | - | - | - | - | 2,053 |
| Fiduciary | - | - | - | - | 750 |
| Total | \$ 6,859 | \$ 127,544 | \$ 4,000 | \$ 7,494 | \$ 492,887 |

NOTE 8 - CAPITAL ASSETS

The following schedule details changes in capital assets for the governmental activities and business-type activities of the primary government for the fiscal year ended June 30, 2020:

Primary Government - Capital Assets
(Expressed in Thousands)

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending Balance</u> |
|--|-------------------------------------|-------------------------|-------------------------|----------------------------------|
| Governmental Activities: | | | | |
| Capital assets not being depreciated | | | | |
| Land | \$ 644,484 | \$ 5,522 | \$ 54 | \$ 649,952 |
| Construction in progress | 58,088 | 45,008 | 22,975 | 80,121 |
| Infrastructure | <u>2,931,726</u> | <u>28,129</u> | <u>-</u> | <u>2,959,855</u> |
| Total capital assets not being depreciated | <u>3,634,298</u> | <u>78,659</u> | <u>23,029</u> | <u>3,689,928</u> |
| Capital assets being depreciated | | | | |
| Buildings | 866,161 | 23,230 | 7,760 | 881,631 |
| Equipment | 311,748 | 22,492 | 11,130 | 323,110 |
| Improvements other than buildings | 113,590 | 907 | 9,433 | 105,064 |
| Software | <u>118,777</u> | <u>-</u> | <u>-</u> | <u>118,777</u> |
| Total capital assets being depreciated | <u>1,410,276</u> | <u>46,629</u> | <u>28,323</u> | <u>1,428,582</u> |
| Less accumulated depreciation for | | | | |
| Buildings | 365,667 | 22,238 | 4,916 | 382,989 |
| Equipment | 224,015 | 23,836 | 8,578 | 239,273 |
| Improvements other than buildings | 63,878 | 10,864 | 9,433 | 65,309 |
| Software | <u>68,818</u> | <u>15,410</u> | <u>-</u> | <u>84,228</u> |
| Total accumulated depreciation | <u>722,378</u> | <u>72,348</u> | <u>22,927</u> | <u>771,799</u> |
| Total capital assets being depreciated, net | <u>687,898</u> | <u>(25,719)</u> | <u>5,396</u> | <u>656,783</u> |
| Governmental Activities Capital Assets, net | <u>\$ 4,322,196</u> | <u>\$ 52,940</u> | <u>\$ 28,425</u> | <u>\$ 4,346,711</u> |
| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending Balance</u> |
| Business-Type Activities: | | | | |
| Capital assets not being depreciated | | | | |
| Land | \$ 2,389 | \$ - | \$ - | \$ 2,389 |
| Construction in progress | <u>5,674</u> | <u>6,817</u> | <u>-</u> | <u>12,491</u> |
| Total capital assets not being depreciated | <u>8,063</u> | <u>6,817</u> | <u>-</u> | <u>14,880</u> |
| Capital assets being depreciated | | | | |
| Buildings | 4,655 | - | - | 4,655 |
| Equipment | 24,666 | 31 | 14 | 24,683 |
| Improvements other than buildings | <u>42,757</u> | <u>-</u> | <u>-</u> | <u>42,757</u> |
| Total capital assets being depreciated | <u>72,078</u> | <u>31</u> | <u>14</u> | <u>72,095</u> |
| Less accumulated depreciation for | | | | |
| Buildings | 3,044 | 136 | - | 3,180 |
| Equipment | 11,476 | 708 | 14 | 12,170 |
| Improvements other than buildings | <u>32,931</u> | <u>1,489</u> | <u>-</u> | <u>34,420</u> |
| Total accumulated depreciation | <u>47,451</u> | <u>2,333</u> | <u>14</u> | <u>49,770</u> |
| Total capital assets being depreciated, net | <u>24,627</u> | <u>(2,302)</u> | <u>-</u> | <u>22,325</u> |
| Business-Type Activities Capital Assets, net | <u>\$ 32,690</u> | <u>\$ 4,515</u> | <u>\$ -</u> | <u>\$ 37,205</u> |

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

Governmental Activities - Depreciation Expense

(Expressed in Thousands)

| | <u>Amount</u> |
|--|------------------|
| Governmental Activities: | |
| Arts, Heritage and Cultural Enrichment | \$ 32 |
| Business Licensing and Regulation | 412 |
| Economic Development and Workforce Training | 1,814 |
| Education | 272 |
| Governmental Support and Operations | 12,496 |
| Health and Human Services | 10,937 |
| Justice and Protection | 15,709 |
| Natural Resources Development and Protection | 5,928 |
| Transportation Safety and Development | <u>24,748</u> |
| Total Depreciation Expense - Governmental Activities | <u>\$ 72,348</u> |

NOTE 9 - MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM**OVERVIEW OF THE SYSTEM**

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

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

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

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

The System administers three defined contribution plans for employees of PLD's that elect to participate. At June 30, 2020, there were 74 employers participating in these plans. The 1,394 participants individually direct the \$46.0 million covered by the plans.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for the plan. The June 30, 2020 report may be obtained from the Maine Public Employees Retirement System, PO Box 349 Augusta, ME 04332-0349 or on-line at www.mainebers.org.

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

PENSIONS

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit retirement plans and additions to or deductions from each plans' fiduciary net position have been determined on the same basis as they are reported by the System. The measurement period used is June 30, 2019. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

EMPLOYER ALLOCATIONS FOR COST-SHARING DEFINED BENEFIT RETIREMENT PROGRAMS

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

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

MEMBERSHIP

State employees and teachers are covered under the Maine Public Employees Retirement System's State Employee and Teacher Retirement Program (SETP). State employees and public school teachers are required by law to become members of SETP when hired. Membership is optional for elected, appointed officials and substitute teachers. SETP also covers eligible employees of two discretely presented State component units: Maine Community College System and the Northern New England Passenger Rail Authority. At June 30, 2020 there were 237 employers, including the State of Maine, participating in the plan.

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

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

Membership in each single employer defined benefit plan consisted of the following at the measurement date of June 30, 2019:

Employees of single employer covered by benefit terms

| | <u>Judicial</u> | <u>Legislative</u> |
|-------------------------------------|-----------------|--------------------|
| Inactive employees or beneficiaries | | |
| currently receiving benefits | 76 | 204 |
| Terminated participants: | | |
| Vested | 3 | 124 |
| Inactive employees due refunds | 1 | 111 |
| Active employees | 61 | 179 |
| Total participants | <u>141</u> | <u>618</u> |

STATE EMPLOYEES AND TEACHERS PENSION PLAN BENEFITS

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

PARTICIPATING LOCAL DISTRICTS PLAN BENEFITS

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

CONTRIBUTION INFORMATION

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

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

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

On occasion, the State may agree to pay employee pension contributions as a part of the compensation and benefits that are negotiated with employees. The employer-paid contributions are treated as part of their pension compensation. In accordance with statute, the actuary accumulates them in the Retirement Allowance Fund. Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to terminated members' accounts is set by the System's Board of Trustees and is currently 1.92 percent.

CONTRIBUTION RATES - DEFINED BENEFIT PENSION PLANS

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

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

Contribution rates¹ in effect for the fiscal years ended June 30, 2020 and June 30, 2019 are as follows:

| | <u>June 30, 2020</u> | <u>June 30, 2019</u> |
|--|----------------------|----------------------|
| SETP - State Employees | | |
| Employees ² | 7.65% - 8.65% | 7.65% - 8.65% |
| Employer ¹ | 20.93% - 32.68% | 23.44% - 47.64% |
| SETP - Teachers | | |
| Employees ² | 7.65% | 7.65% |
| Employer ¹ | 4.16% | 3.97% |
| Non-employer entity ¹ | 14.33% | 11.08% |
| Judicial Plan | | |
| Employees ² | 7.65% | 7.65% |
| Employer ¹ | 8.89% | 14.94% |
| Legislative Plan | | |
| Employees ² | 7.65% | 7.65% |
| Employer ¹ | 0.00% | 0.00% |
| Consolidated Participating Local Entities | | |
| Employees ² | 3.85% - 9.50% | 4.50% - 9.50% |
| Employer ¹ | 4.50% - 16.20% | 4.10% - 16.30% |

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

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

For the year ended June 30, 2020, the contributions recognized as part of pension expense (grant expense for Teacher Members) for each plan were as follows:

(Expressed in Thousands)

State Employee and Teacher Pension Plan:

| | |
|---|-------------------|
| State & Component Unit Members | |
| State Employees | \$ 152,815 |
| 1 Major and Non-major Component Unit and 1 formerly reported component unit. | <u>8,494</u> |
| Subtotal State & Component Unit Members | <u>\$ 161,309</u> |
| Teacher Members (Non-employer contribution) | <u>\$ 132,564</u> |

NET PENSION LIABILITY - SINGLE EMPLOYER

The State is the sole employer for two defined benefit pension plans. The State's net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The changes in net pension liabilities for these plans are as follows:

(Expressed in Thousands)

| | Judicial Pension Plan | | | Legislative Pension Plan | | |
|--|--|--|--|--|--|--|
| | Increase (Decrease) | | | Increase (Decrease) | | |
| | Total Pension Liability (Asset) (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (Asset) (a) - (b) | Total Pension Liability (Asset) (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (Asset) (a) - (b) |
| Balances at June 30, 2019 | <u>\$ 68,293</u> | <u>\$ 71,235</u> | <u>\$ (2,942)</u> | <u>\$ 8,560</u> | <u>\$ 12,756</u> | <u>\$ (4,196)</u> |
| Changes for the Year: | | | | | | |
| Service Cost | 1,597 | - | 1,597 | 297 | - | 297 |
| Interest | 4,582 | - | 4,582 | 578 | - | 578 |
| Differences Between Expected and Actual Experience | (1,087) | - | (1,087) | 239 | - | 239 |
| Benefit Payments, Including Refunds | (4,068) | (4,068) | - | (607) | (607) | - |
| Employer Contributions | - | 1,213 | (1,213) | - | - | - |
| Member Contributions | - | 620 | (620) | - | 221 | (221) |
| Transfers | - | (3) | 3 | - | 45 | (45) |
| Net Investment Income | - | 4,709 | (4,709) | - | 845 | (845) |
| Administrative Expense | - | (68) | 68 | - | (12) | 12 |
| Net Changes | <u>1,024</u> | <u>2,403</u> | <u>(1,379)</u> | <u>507</u> | <u>492</u> | <u>15</u> |
| Balances at June 30, 2020 | <u>\$ 69,317</u> | <u>\$ 73,638</u> | <u>\$ (4,321)</u> | <u>\$ 9,067</u> | <u>\$ 13,248</u> | <u>\$ (4,181)</u> |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | | | 106.2 % | | | 146.1 % |
| Covered Payroll | | | \$ 8,117 | | | \$ 2,660 |
| Net Pension Liability as a Percentage of Covered Payroll | | | (53.2)% | | | (157.2)% |

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

The State's net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The State's net pension liability is measured as the proportionate share of the net pension liability. The State's proportion of the net pension liability was based on a projection of the State's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers and non-employer contributors, actuarially determined. The State's proportionate share of the collective net pension liability for each plan at June 30, 2020 and June 30, 2019 is as follows:

(Expressed in Thousands)

| Pension Plan | Proportionate Share June 30, 2019 | Proportionate Share June 30, 2020 | Net Pension Asset June 30, 2020 | Net Pension Liability June 30, 2020 |
|---|--|--|--|--|
| SETP - State Employees ¹ | \$ 94.652308 | 94.775523 % | \$ - | \$ 991,147 |
| SETP - Teachers ² | 95.298384 | 95.540502 % | - | 1,400,505 |
| Total Primary Government | | | - | 2,391,652 |
| SETP - 1 Major and Non-major Component Unit and 1 formerly reported component unit ¹ | \$ 5.347691 | 5.224477 % | \$ - | \$ 54,637 |

¹ Percentage of State Employees in the SETP

² Percentage of employer and non-employer contributors to the SETP - Teachers

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

| Proportion | June 30, 2019 | June 30, 2020 | Change Increase (Decrease) |
|------------------------|----------------------|----------------------|-----------------------------------|
| Governmental Funds | 91.27 % | 91.32 % | 0.05 % |
| Internal Service Funds | 7.45 % | 7.40 % | (0.05)% |
| Enterprise Funds | 1.28 % | 1.28 % | 0.00 % |

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

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

SCHEDULE OF CHANGES IN NET PENSION LIABILITY

(Expressed in Thousands)

| | SETP State of Maine | Component Units ¹ | Total State of Maine Employees SETP | SETP Teachers |
|---|---------------------------|---------------------------------|--|------------------|
| Total Pension Liability | | | | |
| Service Cost | \$ 75,013 | \$ 4,135 | \$ 79,148 | \$ 145,626 |
| Interest | 310,733 | 17,129 | 327,862 | 606,148 |
| Differences Between Expected and Actual Experience | 49,370 | 2,721 | 52,091 | 156,628 |
| Benefit Payments, Including Refunds of Member Contributions | (296,753) | (16,358) | (313,111) | (538,358) |
| Change in Proportionate Share | 6,077 | (6,077) | - | - |
| Net Change in Total Pension Liability | 144,440 | 1,550 | 145,990 | 370,044 |
| Beginning Total Pension Liability | 4,668,307 | 263,752 | 4,932,059 | 9,099,130 |
| Ending Total Pension Liability | 4,812,747 | 265,302 | 5,078,049 | 9,469,174 |
| Plan Fiduciary Net Position | | | | |
| Employer Contributions | 153,056 | 8,437 | 161,493 | 56,910 |
| Non-employer Contributions | - | - | - | 132,981 |
| Member Contributions | 45,355 | 2,500 | 47,855 | 98,164 |
| Transfers | (300) | (17) | (317) | 1 |
| Net Investment Income | 244,127 | 13,457 | 257,584 | 511,403 |
| Benefit Payments, Including Refunds of Member Contributions | (296,753) | (16,358) | (313,111) | (538,358) |
| Change in Proportionate Share | 4,783 | (4,783) | - | - |
| Administrative Expense | (3,537) | (195) | (3,732) | (7,449) |
| Net Change in Plan Fiduciary Net Position | 146,731 | 3,041 | 149,772 | 253,652 |
| Beginning Plan Fiduciary Net Position | 3,674,869 | 207,624 | 3,882,493 | 7,749,687 |
| Ending Plan Fiduciary Net Position | 3,821,600 | 210,665 | 4,032,265 | 8,003,339 |
| Ending Net Pension Liability | \$ 991,147 | \$ 54,637 | \$ 1,045,784 | \$ 1,465,835 |
| Proportion | | | | |
| June 30, 2020 | 94.775523 % | 5.224477 % | 100 % | 95.540502 % |
| June 30, 2019 | 94.652308 % | 5.347692 % | 100 % | 95.298384 % |
| Change - Increase (Decrease) | 0.123215 % | (0.123215)% | 0 % | 0.242118 % |

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

Actuarial Assumptions

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

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

ANNUAL PENSION COST AND NET PENSION LIABILITY

For the year ended June 30, 2020, the State recognized pension expense of \$412,598 which includes \$247,837 of teacher pensions recorded in grant expense.

PENSION COSTS
(Expressed in Thousands)

| | |
|---|-------------------|
| SETP - State of Maine Pension Expense | \$ 163,598 |
| SETP - Teachers Non-Employer Pension Expense (grant expense) | 247,837 |
| Legislative Pension Expense | 65 |
| Judicial Pension Expense | 1,098 |
| | <u>\$ 412,598</u> |

At June 30, 2020, the State reported \$538,372 of deferred outflows of resources and \$300,338 of deferred inflows of resources related to its pension plans. Deferred outflows of resources of \$329,330 relate to the State contributions that were made subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense over the next four years. Information by pension plan is as follows:

(Expressed in Thousands)

| | SETP State of Maine | | 1 Major Component Unit and 2 Formerly Reported Component Units | | Total State of Maine Employees SETP | |
|--|--------------------------------------|-------------------------------------|--|-------------------------------------|---|-------------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience demographic and economic | \$ 34,599 | \$ - | \$ 1,907 | \$ - | \$ 36,506 | \$ - |
| Changes of assumptions | 20,432 | - | 1,126 | - | 21,558 | - |
| Net difference between projected and actual earnings on pension plan investments | - | 99,070 | - | 5,461 | - | 104,531 |
| Changes in proportion and differences between State contributions and proportionate share of contributions | 917 | 672 | 809 | 1,053 | 1,726 | 1,725 |
| State and component unit contributions subsequent to the measurement date | 154,513 | - | 8,059 | - | 162,572 | - |
| Total | <u>\$ 210,461</u> | <u>\$ 99,742</u> | <u>\$ 11,901</u> | <u>\$ 6,514</u> | <u>\$ 222,362</u> | <u>\$ 106,256</u> |

For the Year Ended

| | | | |
|------|----------|---------|----------|
| 2021 | 20,291 | 1,330 | 21,621 |
| 2022 | (42,044) | (2,787) | (44,831) |
| 2023 | (22,216) | (1,225) | (23,441) |
| 2024 | 176 | 9 | 185 |
| 2025 | - | - | - |

| | SETP Teachers | | Legislative | | Judicial | |
|--|--------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience demographic and economic | \$ 108,940 | \$ - | \$ - | \$ - | \$ - | \$ 544 |
| Changes of assumptions | 40,549 | - | - | - | - | - |
| Net difference between projected and actual earnings on pension plan investments | - | 197,689 | - | 341 | - | 2,022 |
| Changes in proportion and differences between State contributions and proportionate share of contributions | 3,605 | - | - | - | - | - |
| State and component unit contributions subsequent to the measurement date | 174,093 | - | 8 | - | 716 | - |
| Total | <u>\$ 327,187</u> | <u>\$ 197,689</u> | <u>\$ 8</u> | <u>\$ 341</u> | <u>\$ 716</u> | <u>\$ 2,566</u> |

For the Year Ended

| | | | |
|------|----------|-------|---------|
| 2021 | 66,935 | (62) | (974) |
| 2022 | (67,705) | (203) | (1,166) |
| 2023 | (44,426) | (76) | (430) |
| 2024 | 600 | - | 5 |
| 2025 | - | - | - |

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

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

The discount rate used to measure the collective total pension liability was 6.750 percent for the 2019 and 2018 actuarial valuations for the State Employee and Teacher Plan. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at actuarially determined, contractually required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NET PENSION LIABILITY SENSITIVITY

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

(Expressed in Thousands)

| Defined Benefit Plans Administered Through MPERS | 1% Decrease (5.750%) | Current Discount Rate (6.750%) | 1% Increase (7.750%) |
|---|---------------------------------|---|---------------------------------|
| State Employee and Teacher Pension Plan: | | | |
| State & Component Unit Members | | | |
| State Employees | \$ 1,198,608 | \$ 991,148 | \$ 267,041 |
| Maine Community College System | 58,307 | 48,215 | 12,991 |
| 2 Formerly Reported Component Units. | 7,765 | 6,421 | 1,730 |
| Subtotal State & Component Unit Members | 1,264,680 | 1,045,784 | 281,762 |
| Teacher Members (100%) | 2,650,268 | 1,465,876 | 478,902 |
| Total State Employee and Teacher Pension Plan | <u>\$ 3,914,948</u> | <u>\$ 2,511,660</u> | <u>\$ 760,664</u> |
| Judicial Pension Plan | 1,815 | (4,321) | (9,663) |
| Legislative Pension Plan | (3,260) | (4,181) | (4,978) |

RECOGNITION OF CHANGES - EXCEPTIONS

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

Differences Between Expected and Actual Experience The difference between actual and expected experience with regard to economic or demographic factors were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. For 2019, this was one year for the Legislative Plan, two years for the Judicial Plan, three years for the State Employee and Teacher Plan and four for the PLD Consolidated Plan. Prior to 2017, this was two years for the Legislative Plan. With the exception of 2018, which reported three years, prior years reflected four years for the PLD Consolidated Plan.

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

Changes in Assumptions Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used for the June 30, 2019 valuation were based on the results of an actuarial experience study for the period of June 30, 2012 through June 30, 2015.

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

COMPONENT UNIT PARTICIPANTS

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

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS**POST RETIREMENT HEALTHCARE PLANS AND BENEFITS****State Employees**

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

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

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

Teachers and First Responders

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

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

County and municipal law enforcement officers and municipal firefighters began coverage in fiscal year 2008 with the State contributing 45 percent of the retiree-only premium of their respective plans. Public Law 2019, Chapter 446 §2 changed a number of plan provisions. Effective July 1, 2021 the applicable premium subsidy is 55 percent. The State's premium subsidy is outlined in Title 5 MRSA §286-M ¶6, as referenced in Title 5 MRSA §285 ¶11-A, as being the cost of the retiree's share of the individual premium for the standard plan identified and offered under the group health insurance plan in which the retiree enrolls. The plan change also enables an enrollee to participate in the group health insurance plan in which the enrollee's spouse participates if that plan is offered in this State or in another group health insurance plan that is offered in this State. Active employees may elect to enroll in the plan on different dates based on date of hire. A special open enrollment period exists for all active employees from October 1, 2019 through December 31, 2021. The State subsidy ends after the retiree is eligible for Medicare. First Responders are eligible if they retire after age 50 with 25 or more years of service and receive a retirement benefit from either the MPERS or a defined contribution plan. If retirees have fewer than 25 years of service, the normal retirement benefit must be at least 50 percent of final average compensation. Retirees must also participate in their employer's health insurance plan or other fully insured health plan for at least five years. Retirees can elect to participate in the plan at their retirement date. If participation is waived at that time, the retiree is ineligible to participate at a later date.

POST RETIREMENT GROUP LIFE INSURANCE PLAN

The Maine Public Employees Retirement System (the System) is a component unit of the State of Maine. For financial reporting purposes, the System administers two multiple-employer cost-sharing, defined benefit Group Life Insurance Plans (GLIP) administered by a third party insurance company in accordance with Title 5 MRSA C. 423 and 425. Members include employees of the State, public school employees (defined by Maine law as teachers), members of the Judiciary and the Legislature, which are eligible for membership in the System. The State of Maine is also a non-employer contributing entity in that the State pays contributions for retired public school teachers in the plan. Group life insurance benefits are also provided to employees of approximately 140 local municipalities and other public entities (Participating Local Districts, or PLDs) in Maine that elect to participate under provisions of the relevant statutes.

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

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

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for the plan. The June 30, 2020 report may be obtained from the Maine Public Employees Retirement System, PO Box 349, Augusta, ME 04332-0349 or on-line at www.maineopers.org.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

CONTRIBUTIONS AND RESERVES

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

INVESTMENTS

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

PLAN MEMBERSHIP

Membership in the OPEB plans is as follows:

| | Healthcare | | | Group Life | |
|------------------|--------------------|----------|---------------------|--------------------|----------|
| | State Employees | Teachers | First Responders | State Employees | Teachers |
| Actives | 11,886 | 27,236 | 598 | 10,793 | 14,592 |
| Retirees | 8,848 | 10,292 | 121 | 8,329 | 7,437 |
| Inactives Vested | 134 | 533 | - | - | - |
| Total | 20,868 | 38,061 | 719 | 19,122 | 22,029 |

STATE EMPLOYEE HEALTHCARE FUNDING POLICY

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

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

TEACHERS PLAN AND FIRST RESPONDERS PLAN HEALTHCARE FUNDING POLICY

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

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

Public Law 2019, Chapter 280 establishes a separate trust for the purpose of accumulating resources to assist in retiring the unfunded liability of the first responders plan. Beginning June 30, 2020, all monies not necessary to fund the normal costs and administrative costs of the program must be transferred from the Firefighters and Law Enforcement Officers Health Insurance Program Fund to the trust at the end of each fiscal year.

GROUP LIFE INSURANCE FUNDING POLICY

Premium rates are those determined by the System's Board of Trustees to be actuarially sufficient to pay anticipated claims and cover administrative costs. For State employee, legislative and judicial classes, the premiums for retiree life insurance coverage are factored into the premiums paid for Basic coverage while participants are active members. The State remits premiums at a single rate that supports basic coverage for active and retired State employees. This rate is 82 cents per month for every \$1,000 of coverage. Premiums for retiree life insurance coverage for retired teachers are paid by the State based on a rate of 33 cents per \$1,000 of coverage per month during the post-employment retirement period.

CHANGES IN THE TOTAL OPEB LIABILITY

The changes in total OPEB liabilities are as follows:

| (Expressed in Thousands) | | |
|--|-----------------------------------|---------------------|
| | Healthcare Increase (Decrease) | |
| | Teachers | First Responders |
| Balances at June 30, 2019 | \$ 1,235,862 | \$ 19,232 |
| Changes for the Year: | | |
| Service Cost | 33,787 | 751 |
| Interest | 48,502 | 763 |
| Contributions - Employee | - | (592) |
| Contributions - Non-Employer Contributing Entity | (33,032) | (48) |
| Administrative Expenses | - | 92 |
| Benefit Payments | - | 8,247 |
| Differences Between Expected and Actual Experience | 59,296 | (863) |
| Changes in Assumptions - Discount Rate | 90,624 | 939 |
| Changes in Assumptions - Others | 6,221 | (1,015) |
| Net Changes | 205,398 | 8,274 |
| Balances at June 30, 2020 | \$ 1,441,260 | \$ 27,506 |
| Covered Payroll | \$ 1,260,742 | \$ 66,360 |
| Total OPEB Liability as a Percentage of Covered Payroll | 114.3 % | 41.4 % |
| State's Proportionate Share of the Collective Total OPEB Liability | 75 % | 23 % |

The State's proportionate share for fiscal years ended June 30, 2020 and June 30, 2019 was estimated using the same share of implicit subsidy for each school district's or municipality's OPEB Plan.

CHANGES IN NET OPEB LIABILITY

Changes in net OPEB liabilities are as follows:

SCHEDULE OF CHANGES IN NET OPEB LIABILITY

(Expressed in Thousands)

| | Healthcare | Group Life Insurance | | |
|---|----------------------|----------------------|----------------------------|----------------------|
| | State Employees | State Employees | Component Units and Others | Teachers |
| Total OPEB Liability | | | | |
| Service Cost | \$ (17,425) | \$ (873) | \$ (46) | \$ (1,213) |
| Interest | (79,128) | (6,263) | (330) | (6,563) |
| Differences Between Expected and Actual Experience | 51,593 | - | - | - |
| Changes in Assumptions Other | (517) | - | - | - |
| Change in Proportion | - | 180 | (180) | - |
| Benefit Payments, Including Refunds of Member Contributions - Explicit | 70,524 | 3,779 | 199 | 3,140 |
| Benefit Payments, Including Refunds of Member Contributions - Implicit | 20,305 | - | - | - |
| Net Change in Total OPEB Liability | 45,352 | (3,177) | (357) | (4,636) |
| Beginning Total OPEB Liability | (1,199,512) | (93,948) | (4,759) | (97,555) |
| Ending Total OPEB Liability | (1,154,160) | (97,125) | (5,116) | (102,191) |
| Plan Fiduciary Net Position | | | | |
| Employer Contributions - Explicit | (72,524) | (3,998) | (211) | - |
| Employer Contributions - Implicit | (20,305) | - | - | - |
| Non-employer Contributions | - | - | - | (3,547) |
| Transfers | - | - | - | (4,061) |
| Net Investment Income | (18,846) | (2,238) | (121) | - |
| Changes in Proportion | - | 63 | (63) | - |
| Benefit Payments, Including Refunds of Member Contributions | 90,829 | 3,779 | 199 | 3,140 |
| Administrative Expense | 3 | 253 | 14 | 460 |
| Net Change in Plan Fiduciary Net Position | (20,843) | (2,141) | (182) | (4,008) |
| Beginning Plan Fiduciary Net Position | (256,860) | (32,968) | (1,670) | (59,648) |
| Ending Plan Fiduciary Net Position | (277,703) | (35,109) | (1,852) | (63,656) |
| Ending Net OPEB Liability | <u>\$ (876,457)</u> | <u>\$ (62,016)</u> | <u>\$ (3,264)</u> | <u>\$ (38,535)</u> |
| Proportion | | | | |
| June 30, 2020 | (100.000000)% | (94.999635)% | (5.000365)% | (100.000000)% |
| June 30, 2019 | <u>(100.000000)%</u> | <u>(95.182167)%</u> | <u>(4.817833)%</u> | <u>(100.000000)%</u> |
| Change - Increase (Decrease) | 0.000000 % | 0.182532 % | (0.182532)% | 0.000000 % |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | (24.061049)% | (36.148263)% | (36.200156)% | (62.291200)% |

ACTUARIAL METHODS AND ASSUMPTIONS

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

State Health Insurance

The valuation date is June 30, 2019. Costs are developed using the entry age normal cost method based on a level percentage of payroll. The participation rate for future retirees is 95 percent of active participants currently enrolled. Actuarial assumptions used in the June 30, 2019 and June 30, 2018 actuarial valuations were based on the results of an actuarial experience study conducted for the period of June 30, 2012 to June 30, 2015. Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2019 and June 30, 2018 include: a 6.75 percent investment rate of return, a 2.75 percent inflation rate; and, annual salary increases, including inflation of 2.75 percent plus merit component based on employee's years of service. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll over a 30-year period on a closed basis. The unfunded liability will be fully recognized by June 30, 2037. Assumption changes, plan changes and experience gains are amortized over a 20 year fixed period. Experience losses are amortized over a 10 year fixed period. The initial medical trend rate had been 6.40 percent at June 30, 2018 and 6.20 percent at June 30, 2019. The ultimate medical trend rate for both years was 4.29 percent reached at 2075. The State actively manages premium increases within the statutory cap, so healthcare cost increases are limited to no more than inflation plus 3 percent in any year. For active members and non-disabled retirees, the RP2014 Total Dataset Healthy Annuitant Mortality Table was used. For State employees rates are based on 104 percent and 120 percent for males and females, respectively.

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

Group Life Insurance

The valuation date is June 30, 2018 rolled forward to June 30, 2019. Costs are developed using the individual entry age normal cost method based on a level percentage of payroll. The participation rate for future retirees is 100 percent of those currently enrolled. Actuarial assumptions used in the June 30, 2019 and June 30, 2018 actuarial valuations were based on the results of an actuarial experience study conducted for the period of June 30, 2012 to June 30, 2015. Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2017 and June 30, 2016 include: a 6.75 percent investment rate of return, a 2.75 percent inflation rate; and, annual salary increases, including inflation of 2.75 percent plus merit component based on employee's years of service. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll over a 30-year period on a closed basis. As of June 30, 2019, there were 18 years remaining in the amortization schedule for state employees and teachers. For active members and non-disabled retirees, the RP2014 Total Dataset Healthy Annuitant Mortality Table was used. For State employees rates are based on 104 percent and 120 percent for males and females, respectively. Teachers rates are based on 99 percent for both genders.

The long-term expected rate of return on Other Post-Employment Benefit Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of long-term real rates of return for each major asset class included in the target asset allocation as of June 30, 2019 are summarized in the table in the plan section below.

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

Teachers Health Insurance

The valuation date is June 30, 2019. Costs are developed using the entry age normal cost method based on a level percentage of payroll. 93.33 percent of all Teachers are assumed to be eligible to receive a State contribution at retirement. 75 percent of active participants currently with coverage continue coverage at retirement. The State is currently funding the plan on a pay-as-you-go basis. One third of active participants who have currently waived coverage elect coverage at retirement. Actuarial assumptions used in the June 30, 2019 and June 30, 2018 actuarial valuations were based on the results of an actuarial experience study conducted for the period of June 30, 2012 to June 30, 2015. Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2019 and June 30, 2018 include: using a 2.75 percent inflation rate and 3.00 percent annual salary increases. Since the State's portion of the Teachers' postretirement medical plans are not being funded by assets in a separate trust, GASB No. 75 requires that the discount rate be based on the index rate as of the measurement date of a 20-year tax-exempt general obligation municipal bond index with an average rating of AA/Aa or higher. The State of Maine elected to determine the discount rate using the Bond Buyer 20-Bond General Obligation Index. The discount rate was 3.50 percent as of the measurement date, June 30, 2019, (3.87 percent as of June 30, 2018). The initial medical trend rate had been 6.40 percent at June 30, 2018 and 6.20 percent at June 30, 2019. The ultimate medical trend rate for both years was 4.29 percent reached at 2075. For active members and non-disabled retirees, the RP2014 Total Dataset Healthy Annuitant Mortality Table was used. For Teachers rates are adjusted based on 99 percent for males and females.

First Responders Health Insurance

The valuation date is June 30, 2019. Costs are developed using the entry age normal cost method based on a level percentage of payroll. 90 percent of all active members who currently have coverage are assumed to elect coverage at retirement. No employee who has waived coverage will be assumed to be eligible for coverage at retirement. The State is currently funding the plan on a pay-as-you-go basis. The valuation assumes the State will continue this policy. Since the State's portion of the First Responders' postretirement medical plans are not being funded by assets in a separate trust, GASB No. 75 requires that the discount rate be based on the index rate as of the measurement date of a 20-year tax-exempt general obligation municipal bond index with an average rating of AA/Aa or higher. The State of Maine elected to determine the discount rate using the Bond Buyer 20-Bond General Obligation Index. The discount rate was 3.50 percent as of the measurement date, June 30, 2019, (3.87 percent as of June 30, 2018). Actuarial assumptions used in the June 30, 2019 and June 30, 2018 actuarial valuations were based on the results of an actuarial experience study conducted for the period of June 30, 2012 to June 30, 2015. Other significant actuarial assumptions employed by the actuary for June 30, 2019 and June 30, 2018 include using a 2.75 percent inflation rate and 3.00 percent annual salary increase. The initial medical trend rate had been 6.40 percent at June 30, 2019 and 6.20 percent at June 30, 2020. The ultimate medical trend rate for both years was 4.29 percent reached at 2075. For active members and non-disabled retirees, the RP2014 Total Dataset Healthy Annuitant Mortality Table was used. Rates were adjusted 104 percent for males and 120 percent based on females.

OPEB EXPENSE AND DEFERRALS

For the year ended June 30, 2020, the State recognized OPEB expense of \$162,484. Costs related to non-State employees are charged to the General Fund.

OPEB COSTS

(Expressed in Thousands)

| | |
|--|-------------------|
| SETP - State of Maine Healthcare OPEB Expense | \$ 68,805 |
| SETP - Teachers Non-Employer Healthcare OPEB Expense | 77,144 |
| First Responders Healthcare OPEB Expense | 7,804 |
| Group Life Insurance OPEB Expense - State Employees | 5,093 |
| Group Life Insurance OPEB Expense - Teachers (grant expense) | 3,638 |
| | <u>\$ 162,484</u> |

Of State employee costs charged to governmental funds, 49 percent is charged to the General Fund, 21 percent to Other Special Revenue Funds, 16 percent to the Highway Fund and 14 percent to Federal funds. At June 30, 2020, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Healthcare
(Expressed in Thousands)

| | State | | Teachers | | First Responders | |
|---|--------------------------------|-------------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience demographic and economic | \$ 8,944 | \$ 41,594 | \$ 76,892 | \$ 3,778 | \$ - | \$ 2,609 |
| Changes of assumptions | 417 | - | 83,740 | 146,260 | - | 4,103 |
| Net difference between projected and actual earnings on OPEB plan investments | - | 9,591 | - | - | - | - |
| State and component unit contributions subsequent to the measurement date | 88,619 | - | 31,133 | - | 649 | - |
| Total | <u>\$ 97,980</u> | <u>\$ 51,185</u> | <u>\$ 191,765</u> | <u>\$ 150,038</u> | <u>\$ 649</u> | <u>\$ 6,712</u> |

For the Year Ended

| | | | |
|------------|----------|---------|---------|
| 2021 | (10,413) | (5,145) | (1,457) |
| 2022 | (10,414) | (5,145) | (1,457) |
| 2023 | (9,459) | (5,145) | (1,457) |
| 2024 | (9,957) | (5,145) | (1,457) |
| 2025 | (1,581) | 5,363 | (674) |
| Thereafter | - | 25,811 | (210) |

Group Life Insurance
(Expressed in Thousands)

| | State | | Teachers | |
|--|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience demographic and economic | \$ 904 | \$ - | \$ 486 | \$ - |
| Changes of assumptions | 1,047 | - | 1,289 | - |
| Net difference between projected and actual earnings on OPEB plan investments | - | 1,078 | - | 1,914 |
| Changes in proportion and differences between State contributions and proportionate share of contributions | 196 | 106 | - | - |
| State and component unit contributions subsequent to the measurement date | 4,623 | - | 4,478 | - |
| Total | <u>\$ 6,770</u> | <u>\$ 1,184</u> | <u>\$ 6,253</u> | <u>\$ 1,914</u> |

For the Year Ended

| | | |
|------------|-------|-------|
| 2021 | 53 | (573) |
| 2022 | 53 | (573) |
| 2023 | (272) | - |
| 2024 | (409) | 246 |
| 2025 | (388) | 761 |
| Thereafter | - | - |

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

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

For the year ended June 30, 2020, the annual money-weighted average rate of return on investments, net of investment expense was 6.0 percent for both plans. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

SENSITIVITY ANALYSIS

The following tables show how the collective OPEB liabilities would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The discount rate used for the funded healthcare plan is 6.75 percent. The discount rate used for unfunded healthcare plans is 3.50 percent. The discount rate used for funded group life insurance plans is 6.75 percent.

Discount Rate
(Expressed in Thousands)

| | <u>1% Decrease</u> | <u>Current Discount Rate</u> | <u>1% Increase</u> |
|----------------------------------|--------------------|--------------------------------------|--------------------|
| Net OPEB Liabilities | | | |
| State Employee Healthcare Plan | \$ 1,014,099 | \$ 876,457 | \$ 761,938 |
| State Employee Group Life | \$ 75,320 | \$ 62,014 | \$ 51,121 |
| State Employee Group Life - DCU | \$ 3,965 | \$ 3,266 | \$ 2,691 |
| Teacher Group Life | \$ 53,867 | \$ 38,535 | \$ 26,125 |
| Total OPEB Liabilities | | | |
| Teacher Healthcare Plan | \$ 1,730,596 | \$ 1,441,260 | \$ 1,213,428 |
| First Responders Healthcare Plan | \$ 29,968 | \$ 27,506 | \$ 25,282 |

Healthcare Cost Trend Rate
(Expressed in Thousands)

| | <u>1% Decrease</u> | <u>Current Discount Rate</u> | <u>1% Increase</u> |
|---|--------------------|--------------------------------------|--------------------|
| Net OPEB State Employee Healthcare Plan | \$ 745,704 | \$ 876,457 | \$ 1,035,223 |
| Total OPEB Teacher Healthcare Plan | \$ 1,181,120 | \$ 1,441,260 | \$ 1,786,209 |
| Total OPEB First Responder Healthcare Plan | \$ 24,852 | \$ 27,506 | \$ 30,586 |

For all plans, the current trend rate is 6.20 percent grading down to 4.29 percent.

Plan Information

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

Information not already contained in this note disclosure at June 30, 2020 follows. The Trustees of the State Retiree Healthcare Plan (SRHP) are the State Controller and State Treasurer.

Components of the Net OPEB Liability for the plans at June 30, 2020 were as follows:

(Expressed in Thousands)

| | State Employee Healthcare Plan | State and Teachers Group Life Insurance Benefit Plan |
|--|---|---|
| Total OPEB liability | \$ 1,180,487 | \$ 213,309 |
| Plan fiduciary net position | 291,559 | 105,617 |
| State of Maine's net OPEB liability | <u>\$ 888,928</u> | <u>\$ 107,692</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | 24.70 % | 49.51 % |

Actuarial assumptions for both funded OPEB plans used in the June 30, 2020 valuations were based on results from an actuarial experience study for the period of June 30, 2012 to June 30, 2015. The individual entry age normal method is used to determine liabilities. Asset amounts are taken as reported to the actuaries by the System without audit or change. Specific health and group life insurance OPEB plans' actuarial assumptions are included in the plan specific section of this note. For the 2020 healthcare valuation, actuaries decreased the initial medical trend rate from 6.20 percent to 6.00 percent.

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

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

For the year ended June 30, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 6.0 percent for both plans. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

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

(Expressed in Thousands)

| | 1% Decrease | Current Discount Rate | 1% Increase |
|--|------------------------|--------------------------------------|------------------------|
| State Employee Healthcare Plan | \$ 1,028,260 | \$ 888,928 | \$ 772,972 |
| State Employee and Teacher Group Life Insurance Benefit Plan | \$ 138,563 | \$ 107,692 | \$ 82,569 |

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following table shows how the collective net OPEB liabilities would change if the healthcare rate used was one percentage point lower or one percentage point higher than the current rate of 6.00 percent grading down to 4.29 percent.

(Expressed in Thousands)

| | 1% Decrease | Current Discount Rate | 1% Increase |
|--------------------------------|--------------------|--------------------------------------|--------------------|
| State Employee Healthcare Plan | \$ 746,393 | \$ 888,928 | \$ 1,062,502 |

NOTE 11 - LONG-TERM OBLIGATIONS

PRIMARY GOVERNMENT

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

GENERAL OBLIGATIONS BONDS

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

Changes in general obligation bonds of the primary government during fiscal year 2020 were:

Primary Government - Changes in General Obligation Bonds

(Expressed in Thousands)

| | Balance July 1, 2019 | Additions | Reductions | Balance June 30, 2020 | Due Within One Year |
|--------------------------|---------------------------------|-------------------|-------------------|----------------------------------|--------------------------------|
| General Obligation Debt: | | | | | |
| General Fund | \$ 533,580 | \$ 114,905 | \$ 77,995 | \$ 570,490 | \$ 77,700 |
| Special Revenue Fund | 9,820 | - | 7,610 | 2,210 | 2,210 |
| Unamortized Premiums: | | | | | |
| General Fund | 60,378 | 26,395 | 7,675 | 79,098 | 10,326 |
| Total | <u>\$ 603,778</u> | <u>\$ 141,300</u> | <u>\$ 93,280</u> | <u>\$ 651,798</u> | <u>\$ 90,236</u> |

Debt service requirements (principal and interest) for all outstanding general obligation bonds of the primary government, from June 30, 2020 until maturity, are summarized in the following table:

Future Debt Service on General Obligation Bonds

(Expressed in Thousands)

| Fiscal Year | Principal | Interest | Total |
|----------------------|-------------------|-------------------|-------------------|
| 2021 | \$ 79,910 | \$ 26,332 | \$ 106,242 |
| 2022 | 83,845 | 23,018 | 106,863 |
| 2023 | 79,110 | 19,578 | 98,688 |
| 2024 | 79,105 | 15,800 | 94,905 |
| 2025 | 67,810 | 12,125 | 79,935 |
| 2026-2030 | 182,920 | 21,663 | 204,583 |
| Total | <u>\$ 572,700</u> | <u>\$ 118,516</u> | <u>\$ 691,216</u> |
| Unamortized Premiums | 79,098 | | |
| Total Principal | <u>\$ 651,798</u> | | |

General fund, special revenue and other general obligation bonds issued and outstanding at June 30, 2020 are as follows:

Primary Government - General Obligation Bonds Outstanding

(Expressed in Thousands)

| | Amounts Issued | Outstanding June 30, 2020 | Fiscal Year Maturities | | Interest Rates |
|-------------------------------|-------------------|------------------------------|------------------------|-----------|----------------|
| | | | First Year | Last Year | |
| General Fund: | | | | | |
| Series 2010 | \$ 31,755 | \$ - | 2011 | 2020 | 1.41% - 4.00% |
| Series 2011 | 86,010 | 6,625 | 2012 | 2021 | 1.625% - 5.00% |
| Series 2012 | 49,265 | 9,470 | 2013 | 2022 | 1.00% - 5.00% |
| Series 2014 | 112,945 | 45,175 | 2015 | 2024 | 0.20% - 5.00% |
| Series 2015 | 102,555 | 51,275 | 2016 | 2025 | 0.85% - 5.00% |
| Series 2016 | 97,705 | 58,620 | 2017 | 2026 | 1.00% - 5.00% |
| Series 2017 | 98,060 | 68,635 | 2018 | 2027 | 2.00% - 5.00% |
| Series 2019A | 111,255 | 89,000 | 2019 | 2028 | 3.125% - 5.00% |
| Series 2019B | 140,875 | 126,785 | 2020 | 2029 | 2.50% - 5.00% |
| Series 2020 | 114,905 | 114,905 | 2021 | 2030 | 1.25% - 5.00% |
| | | 570,490 | | | |
| Plus Unamortized Bond Premium | | 79,098 | | | |
| Total General Fund | | <u>\$ 649,588</u> | | | |
| Special Revenue Fund: | | | | | |
| Series 2010 | 25,080 | - | 2011 | 2020 | 1.41% - 4.00% |
| Series 2011 | 22,125 | 2,210 | 2012 | 2021 | 1.625% - 5.00% |
| Total Special Revenue | | <u>\$ 2,210</u> | | | |

AUTHORIZED UNISSUED BONDS

Any bonds not issued within five years of the date of ratification may not be issued after that date. Within two years after expiration of the five-year period, the Legislature may extend, by a majority vote, the five-year period for an additional five years or may deauthorize the bonds. If the Legislature fails to take action within those two years, the bond issue shall be considered to be deauthorized and no further bonds may be issued. At June 30, 2020, general obligation bonds authorized and unissued totaled \$64.6 million.

REVENUE BONDS OF THE MAINE GOVERNMENTAL FACILITIES AUTHORITY

The State included \$383.9 million in other financing arrangements to reflect revenue bonds issued by the Maine Governmental Facilities Authority (MGFA), a blended component unit. Payment of the bonds is subject to, and dependent upon, biennial appropriations being made by the State Legislature. Debt issued by MGFA is not debt of the State or any political subdivision within the State. The State is not obligated for such debt, nor is the full faith and credit of the State pledged for such debt. MGFA may not issue securities in excess of \$701.1 million outstanding, at any one time, except for the issuance of certain revenue refunding securities.

During the fiscal year ended June 30, 2020, MGFA issued \$171.0 million in 2020A bonds with interest rates between 2.50 percent and 5.00 percent.

At June 30, 2020, there were no in-substance defeased bonds outstanding.

CERTIFICATES OF PARTICIPATION AND OTHER FINANCING ARRANGEMENTS

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

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

SHORT-TERM OBLIGATIONS

The State of Maine did not issue or retire Bond Anticipation Notes during fiscal year 2020. Short-term obligations are used to meet temporary operating cash flow needs. At June 30, 2020 there were no outstanding Tax Anticipation Notes or Bond Anticipation Notes.

OTHER LONG-TERM OBLIGATIONS

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

Changes in other long-term obligations for governmental and business-type activities for the fiscal year ended June 30, 2020, are summarized as follows:

Primary Government - Changes in Other Long-Term Obligations

(Expressed in Thousands)

| | <u>Balance</u> <u>July 1, 2019</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance</u> <u>June 30, 2020</u> | <u>Due Within</u> <u>One Year</u> |
|----------------------------------|---------------------------------------|-------------------|-------------------|--|--------------------------------------|
| General Activities: | | | | | |
| MGFA Revenue Bonds | \$ 236,699 | \$ 170,995 | \$ 23,759 | \$ 383,935 | \$ 21,980 |
| COP's and Other Financing | 51,269 | 12,100 | 25,520 | 37,849 | 13,852 |
| Compensated Absences | 51,299 | 18,242 | 7,769 | 61,772 | 9,359 |
| Claims Payable | 67,520 | 167,958 | 165,056 | 70,422 | 19,803 |
| Capital Leases | 58,577 | 4,626 | 9,481 | 53,722 | 6,200 |
| Loans Payable to Component Unit | 375,163 | - | 54,970 | 320,193 | 56,703 |
| Total Government Activities | <u>\$ 840,527</u> | <u>\$ 373,921</u> | <u>\$ 286,555</u> | <u>\$ 927,893</u> | <u>\$ 127,897</u> |
| Business-Type Activities: | | | | | |
| Compensated Absences | <u>\$ 779</u> | <u>\$ 272</u> | <u>\$ 103</u> | <u>\$ 948</u> | <u>\$ 125</u> |

Debt service requirements (principal and interest) for COP's and other financing arrangements of the primary government, from June 30, 2020 until maturity, are summarized as follows:

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

| Fiscal Year | Governmental Funds | | | Internal Service Funds | | |
|-------------|--------------------|-----------------|------------------|------------------------|-------------------|-------------------|
| | Principal | Interest | Total | Principal | Interest | Total |
| 2021 | \$ 7,044 | \$ 376 | \$ 7,420 | \$ 28,787 | \$ 16,514 | \$ 45,301 |
| 2022 | 4,648 | 268 | 4,916 | 24,688 | 15,517 | 40,205 |
| 2023 | 3,912 | 189 | 4,101 | 23,789 | 14,537 | 38,326 |
| 2024 | 3,984 | 117 | 4,101 | 22,610 | 13,576 | 36,186 |
| 2025 | 2,349 | 45 | 2,394 | 21,753 | 12,615 | 34,368 |
| 2026 - 2030 | 1,150 | 23 | 1,173 | 99,785 | 49,047 | 148,832 |
| 2031 - 2035 | - | - | - | 92,855 | 27,641 | 120,496 |
| 2036 - 2040 | - | - | - | 84,430 | 7,958 | 92,388 |
| Total | <u>\$ 23,087</u> | <u>\$ 1,018</u> | <u>\$ 24,105</u> | <u>\$ 398,697</u> | <u>\$ 157,405</u> | <u>\$ 556,102</u> |

LOANS PAYABLE TO COMPONENT UNIT

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

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

Changes in GARVEE, TransCap and Liquor Operations revenue bonds during fiscal year 2020 were:

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

| | Balance July 1, 2019 | Additions | Reductions | Balance June 30, 2020 | Due Within One Year |
|--|-------------------------|-------------|------------------|--------------------------|------------------------|
| Loans Payable to Components Unit: | | | | | |
| Federal Funds | \$ 156,752 | \$ - | \$ 18,211 | \$ 138,541 | \$ 18,605 |
| Special Revenue Fund | 218,411 | - | 36,759 | 181,652 | 38,098 |
| Total | <u>\$ 375,163</u> | <u>\$ -</u> | <u>\$ 54,970</u> | <u>\$ 320,193</u> | <u>\$ 56,703</u> |

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

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

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

GARVEE, TransCap and Liquor Operations Revenue bonds issued and outstanding at June 30, 2020 are as follows:

GARVEE, TransCap and Liquor Revenue Bonds Outstanding

(Expressed in Thousands)

| | Amounts Issued | Outstanding June 30, 2020 | Fiscal Year Maturities | | Interest Rates |
|-----------------------------|-------------------|------------------------------|------------------------|-----------|----------------|
| | | | First Year | Last Year | |
| Federal Funds: | | | | | |
| Series 2010B | \$ 24,085 | \$ 14,890 | 2018 | 2022 | 4.52% - 5.32% |
| Series 2014A | 44,810 | 29,645 | 2015 | 2026 | 2.00% - 5.00% |
| Series 2016A | 44,105 | 35,575 | 2017 | 2028 | 2.63% - 5.00% |
| Series 2018A | 44,310 | 44,310 | 2023 | 2030 | 4.00% - 5.00% |
| Series 2018B | 9,875 | 5,030 | 2019 | 2020 | 4.00% |
| Total Federal Funds | | <u>\$ 129,450</u> | | | |
| Special Revenue Fund: | | | | | |
| Series 2009A | 105,000 | 19,855 | 2010 | 2023 | 2.50% - 5.00% |
| Series 2009B | 30,000 | 2,140 | 2010 | 2024 | 2.00% - 5.00% |
| Series 2011A | 55,000 | 46,395 | 2012 | 2026 | 2.00% - 5.00% |
| Series 2013 | 220,660 | 96,915 | 2015 | 2024 | 1.07% - 4.35% |
| Series 2015A | 54,680 | 50,985 | 2019 | 2024 | 4.00% - 5.00% |
| Total Special Revenue Funds | | <u>\$ 216,290</u> | | | |

Total principal and interest requirements over the life of the 2010 GARVEE bonds are \$35.8 million, with annual requirements of up to \$5.6 million; for 2014 GARVEE bonds total principal and interest requirements are \$59.0 million, with annual requirements of up to \$5.0 million; for 2016 GARVEE bonds total principal and interest requirements are \$58.0 million, with annual requirements up to \$4.9 million; for 2018A GARVEE bonds total principal and interest requirements are \$63.3 million, with annual requirements up to \$6.7 million; for 2018B GARVEE bonds total principal and interest requirements are \$10.4 million, with annual requirements up to \$5.1 million. Total federal highway transportation funds received in federal fiscal year 2020 were \$231.9 million. Current year payments to MMBB for GARVEE bonds were \$22.4 million (9.7 percent of federal highway transportation funds received).

Total principal and interest requirements over the life of the 2009A TransCap Revenue bond are \$139.3 million, with annual requirements up to \$10.1 million; for the 2009B TransCap Revenue bonds total principal and interest requirements are \$45.2 million, with annual requirements up to \$15.9 million. Total principal and interest requirements over the life of the 2011A TransCap Revenue bond are \$84.2 million, with annual requirements up to \$20.3 million. Total principal and interest requirements over the life of the 2015A TransCap Revenue bond are \$74.4 million, with annual requirements up to \$16.6 million. Total revenue received for revenue sources used as pledged revenues were \$40.8 million in fiscal year 2020.

Total principal and interest requirements over the life of the 2013 Liquor Operation Revenue bond are \$273.7 million, with annual requirements up to \$26.8 million. Current year payments to MMBB for the Liquor Operation bonds were \$26.8 million. Total revenue received from revenue sources used as pledged revenue were \$62.3 million in fiscal year 2020.

OBLIGATIONS UNDER CAPITAL LEASES

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

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

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

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

At June 30, 2020 capital assets include capitalized buildings of \$98.3 million in Governmental Activities, with related accumulated depreciation of \$49.8 million.

OBLIGATIONS UNDER OPERATING LEASES

The State is obligated under certain leases, accounted for as operating leases, in the proprietary funds. Operating leases do not give rise to property rights or lease obligations, and therefore assets and liabilities related to the lease agreements are not recorded in the State's financial statements. Rental expense incurred under operating leases totaled \$3.1 million during the year.

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

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

| Fiscal Year | Capital Leases | Operating Leases |
|--|-------------------|---------------------|
| 2021 | \$ 6,200 | \$ 3,088 |
| 2022 | 5,238 | 2,311 |
| 2023 | 4,872 | 1,988 |
| 2024 | 4,401 | 1,776 |
| 2025 | 4,098 | 1,648 |
| 2026-2030 | 15,919 | 5,321 |
| 2031-2035 | 10,112 | 2,943 |
| 2036-2040 | 7,125 | 735 |
| 2041-2045 | 5,534 | 736 |
| 2046-2050 | 3,206 | 797 |
| 2051-2055 | - | 290 |
| Total Minimum Payments | 66,705 | \$ 21,633 |
| Less: Amount Representing Interest | 12,983 | |
| Present Value of Future Minimum Payments | \$ 53,722 | |

MGFA REVENUE BONDS, COP'S AND OTHER FINANCING ARRANGEMENTS

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

CLAIMS PAYABLE

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

COMPENSATED ABSENCES

In the government-wide statements and proprietary fund financial statements, compensated absences are reported as long-term liabilities as required by GASB. In the governmental fund financial statements, vested or accumulated leave is reported as an expenditure and fund liability when incurred upon retirement, termination or death. Sick and vacation payments made to terminated employees as of June 30, 2020 but paid after the fiscal year end is also reported in the funds.

COMPONENT UNITS

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

Component Unit Bonds Outstanding

(Expressed in Thousands)

| Component Unit | Interest Rates | Amount | Maturity Dates |
|--|-----------------------|---------------|-----------------------|
| Finance Authority of Maine | 3.000% - 5.050% | \$ 88,576 | 2020 - 2040 |
| Maine Community College System | 4.250% - 5.000% | \$ 17,326 | 2020 - 2036 |
| Maine Health and Higher Educational Facilities Authority | 2.000% - 5.250% | 438,155 | 2020 - 2049 |
| Maine Municipal Bond Bank | 0.500% - 6.120% | 1,678,316 | 2020 - 2049 |
| Maine State Housing Authority | 0.000% - 5.000% | 1,470,000 | 2020 - 2054 |
| Maine Turnpike Authority | 2.000% - 5.250% | 524,282 | 2020 - 2047 |
| University of Maine System | 1.500% - 5.000% | \$ 131,776 | 2020 - 2037 |

In periods of declining interest rates, Maine Health and Higher Educational Facilities Authority (MHHEFA) has refunded certain bond obligations. The proceeds of any advance refunding bonds are primarily used to purchase U.S. Treasury obligations, the principal and interest on which will be sufficient to pay the principal and interest, when due, of the defeased bonds.

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

On July 31, 2019 MHHEFA issued a forward refunding of \$42.4 million of 2019C Reserve Resolution bonds with a closing date of April 3, 2020. The bonds have an average interest rate of 5.0 percent. The bonds were used to defease \$50.7 million of certain maturities within the 2010A bond series. The net proceeds of approximately \$51.9 million, including other sources of funds and after payment of underwriting fees and other issuance costs, were used to purchase U.S. Government securities which will provide for all future debt service payments on defeased bonds. The economic benefits associated with the refunding inure to the respective institutions and not the Authority.

On June 30, 2020 MHHEFA issued \$21.7 million in 2020A Reserve Resolution fund bonds with an average interest rate of 4.39 percent, all of which was used to in-substance defease \$26.4 million of certain maturities within the 2010B bond series. The net proceeds of approximately \$27.1 million, including other sources of funds and after payment of underwriting fees and other issuance costs, were used to purchase U.S. Government securities which will provide for all future debt service payments on defeased bonds. The economic benefits associated with the refunding inure to the respective institutions and not the Authority.

At June 30, 2020, MHHEFA had approximately \$106.9 million of defeased bonds remaining outstanding with respect to all advance-refunding issues within the Reserve Fund Resolution.

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

At June 30, 2020, the remaining balances of the General Tax-Exempt Fund Group in-substance defeased bonds total approximately \$45.8 million.

For the period ended December 31, 2019, the Maine State Housing Authority redeemed prior to maturity \$107.2 million of its Mortgage Purchase Fund Group bonds from reserve funds, mortgage prepayments, surplus revenues and the proceeds of refunding bonds. Mortgage Purchase Fund gains of \$228 thousand were attributed to recognition of the related bond premium.

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

Component Units Principal Maturities

(Expressed in Thousands)

| Fiscal Year Ending | FAME | MMBB | MCCS | MSHA | MTA | UMS | MHHEFA |
|---|------------------|---------------------|------------------|---------------------|-------------------|-------------------|-------------------|
| 2021 | \$ 4,535 | \$ 132,110 | \$ 810 | \$ 23,935 | \$ 16,015 | \$ 10,870 | \$ 32,575 |
| 2022 | 5,415 | 148,330 | 850 | 48,255 | 17,350 | 11,347 | 34,780 |
| 2023 | 6,335 | 139,080 | 895 | 48,880 | 18,435 | 10,831 | 31,835 |
| 2024 | 6,915 | 135,970 | 935 | 51,030 | 19,360 | 11,316 | 31,980 |
| 2025 | 7,445 | 142,275 | 980 | 49,825 | 23,790 | 9,820 | 31,250 |
| 2026 - 2030 | 28,905 | 479,446 | 5,370 | 246,070 | 136,850 | 43,655 | 132,530 |
| 2031 - 2035 | 17,395 | 215,690 | 5,202 | 263,255 | 99,920 | 26,455 | 90,245 |
| 2036 - 2040 | 8,295 | 139,135 | 245 | 262,235 | 67,620 | 865 | 44,080 |
| 2041 - 2045 | - | 13,960 | - | 218,805 | 52,040 | - | 7,130 |
| 2046 - 2050 | - | 5,000 | - | 184,160 | 28,660 | - | 1,750 |
| 2051 - 2055 | - | - | - | 49,165 | - | - | - |
| Net Unamortized Premium (or Deferred Amount) | 3,336 | 127,320 | 2,039 | 24,385 | 44,242 | 6,617 | - |
| Total Principal Payments | <u>\$ 88,576</u> | <u>\$ 1,678,316</u> | <u>\$ 17,326</u> | <u>\$ 1,470,000</u> | <u>\$ 524,282</u> | <u>\$ 131,776</u> | <u>\$ 438,155</u> |

NOTE 12 - SELF - INSURANCE

A. RISK MANAGEMENT

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

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

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

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

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

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

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

² Excess insurance is only for out of state travel.

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

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

All risk-financing liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Claims liabilities represent the estimated cost of claims as of March 31, 2020. This cost of claims includes case reserves, the development of known claims, and the direct administrative expenses for settling specific claims.

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

At March 31, 2020 and 2019 the present value of claims payable for the State's self-insurance plan was estimated at \$11.7 million and \$8.0 million, respectively. The actuary calculated this based on the State's rate on investments.

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

| | 2020 | 2019 |
|--|------------------|-----------------|
| Liability at Beginning of Year | \$ 8,039 | \$ 8,026 |
| Current Year Claims and Changes in Estimates | 9,620 | 2,298 |
| Claims/Fees Expense | 5,957 | 2,285 |
| Liability at End of Year | <u>\$ 11,702</u> | <u>\$ 8,039</u> |

As of June 30, 2020, fund assets of \$26.7 million exceeded fund liabilities of \$13.2 million by \$13.5 million. The portion of this amount that may be reserved for catastrophic losses has not been determined.

B. UNEMPLOYMENT INSURANCE

The State is self-insured for unemployment compensation. As a direct reimbursement employer, the State recognizes all costs for unemployment compensation as claims are paid. These costs totaled \$620 thousand for the fiscal year ended June 30, 2020.

C. WORKERS' COMPENSATION

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

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

The balance of claims liabilities as of June 30, 2020 and 2019:

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

| | <u>2020</u> | <u>2019</u> |
|------------------------------------|------------------|------------------|
| Liability at Beginning of Year | \$ 44,316 | \$ 46,149 |
| Current Year Claims and Changes in | | |
| Estimates | 12,612 | 8,764 |
| Claims Payments | 9,497 | 10,597 |
| Liability at End of Year | <u>\$ 47,431</u> | <u>\$ 44,316</u> |

Based on the actuarial calculation as of June 30, 2020, the State is liable for unfunded claims, and incurred but not reported claims, of approximately \$61.7 million. The discounted amount is \$47.4 million and was calculated based on a 3.0 percent interest rate on investments.

D. EMPLOYEE HEALTH INSURANCE

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

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

There are two primary health plans available. A Preferred Provider Organization (PPO) plan is available to all active employees and some retirees not eligible for Medicare Part A. A Medicare Advantage plan is available to Medicare eligible retirees. Total enrollment averaged approximately 36,175 covered individuals. This total includes approximately 26,850 active employees, retirees and their dependents in the PPO plan and 9,325 Medicare retirees and dependents.

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

Expenses and liabilities for incurred but not reported claims, based on an actuarial analysis of claim lag pattern, have been recorded as liabilities in the amount of \$11.3 million. Changes in the Employee Health Insurance and Retiree Health Insurance claims liability for the fiscal year ending June 30, 2020 follows:

(Expressed in Thousands)

| | Employee Health Fund | Retiree Health Fund |
|--------------------------------|-------------------------------------|------------------------------------|
| Liability at Beginning of Year | \$ 11,374 | \$ 3,791 |
| Claims and Changes in Estimate | 116,036 | 29,690 |
| Claims Payments | 118,943 | 30,659 |
| Liability at End of Year | <u>\$ 8,467</u> | <u>\$ 2,822</u> |

The table above reflects actual activity of the employee health and retiree health insurance programs. In accordance with GASB Statement No. 75, certain costs reported above were reclassified for financial statement purposes. Retiree healthcare costs of \$71.2 million were reclassified from the internal service fund to the OPEB Trust Fund, a fiduciary fund. Additionally, \$17.4 million of active employee healthcare costs were reclassified from the internal service fund to the OPEB Trust Fund to reflect age-adjusted claims.

NOTE 13 - JOINT VENTURES

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

TRI-STATE LOTTO COMMISSION

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

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

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

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

The Tri-State Lotto Commission financial report for fiscal year 2020, which may be obtained from the Bureau of Alcoholic Beverages and Lottery Operations, 8 State House Station, Augusta, ME 04333-0008, includes the following selected unaudited financial information as of the date of publication.

Tri-State Lotto Commission (Unaudited)

(Expressed in Thousands)

| | |
|--|-------------------------|
| Current Assets | \$ 15,051 |
| Noncurrent Assets | <u>20,409</u> |
| Total Assets | <u><u>\$ 35,460</u></u> |
| Current Liabilities | \$ 13,728 |
| Long-term Liabilities | <u>14,710</u> |
| Total Liabilities | <u><u>\$ 28,438</u></u> |
| Designated Prize Reserves | \$ 4,346 |
| Reserve for Unrealized Gains | <u>2,676</u> |
| Total Net Position | <u><u>7,022</u></u> |
| Total Liabilities and Net Position | <u><u>\$ 35,460</u></u> |
| Total Revenue | \$ 72,892 |
| Total Expenses | 50,271 |
| Allocation to Member States | 22,621 |
| Change in Unrealized Gain on Investments Held for Resale | <u>674</u> |
| Change in Net Position | <u><u>\$ 674</u></u> |

Multi-State Lottery Association

The Maine State Lottery became a member of the Multi-State Lottery Association (MUSL) in July 2004. The MUSL currently has 38 member State lotteries, including the District of Columbia and the United States Virgin Islands. The MUSL is managed by a board of directors, which is comprised of the lottery directors or their designee from each of the party States, and authorized to initiate, promulgate, administer and carry out one or more lottery product offerings that will enhance the participating parties' lottery revenue.

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

The Multi-State Lottery Association's financial report for fiscal year 2020, which may be obtained from the Bureau of Alcoholic Beverages and Lottery Operations, 8 State House Station, Augusta, ME 04333-0008, includes the following selected information:

Multi State Lottery Association

(Expressed in Thousands)

| | |
|---|-------------------|
| Cash and Cash Equivalents | \$ 362,307 |
| Investments in US Government Securities | 79,603 |
| US Government Securities Held for Prize Annuities | 64,127 |
| Due from Party Lotteries | 27,316 |
| Other Assets | 913 |
| Total Assets | <u>\$ 534,266</u> |
| Amount Held for Future Prizes | \$ 452,465 |
| Grand Prize Annuities Payable | 64,186 |
| Other Liabilities | 2,905 |
| | <u>519,556</u> |
| Net Position, Unrestricted | <u>14,710</u> |
| Total Liabilities and Net Position | <u>\$ 534,266</u> |
| Total Revenue | \$ 7,523 |
| Total Expenses | <u>5,981</u> |
| Excess (Deficit) of Revenues over Expenses | 1,542 |
| Other Changes in Net Assets | <u>(7,800)</u> |
| Increase (Decrease) in Net Assets | (6,258) |
| Net Position, beginning | <u>20,969</u> |
| Net Position, ending | <u>\$ 14,711</u> |

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

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

Spurwink, a non-profit organization, received \$57.3 million in funding from the MaineCare program and \$3.5 in funding for General Purpose Aid to Schools during fiscal year 2020. A member of the Maine Senate served on the board of directors during the fiscal year.

Children's Center of Maine received \$2.0 million in funding from the MaineCare Program during fiscal year 2020. The spouse of an employee of the Department of Economic and Community Development served as the director during the fiscal year.

Maine Coalition Against Sexual Assault received \$1.7 million in funding from the Crime Victim's Assistance Program and additional funding of \$2.9 million from various other State programs during fiscal year 2020. An employee of the State of Maine served as the president of the board of directors during the fiscal year.

The Maine Technology Institute, a component unit of the State of Maine, received \$16.6 million in funding from the Department of Economic and Community Development. The Director of MTI is an employee of the State of Maine and two board members are Commissioners of the State of Maine.

COMPONENT UNITS

The State provided appropriations and grant monies to the following discretely presented component units: University of Maine System, \$250.2 million; Maine Community College System, \$84.7 million; Maine Municipal Bond Bank (MMBB), \$40.8 million; Finance Authority of Maine, \$18.4 million; and Maine State Housing Authority, \$36.6 million.

FAME administers several revolving loan funds on behalf of the State of Maine. FAME recorded these funds, which total \$26.8 million at June 30, 2020, as a liability in Amounts Held Under State Revolving Loan Programs in their fiduciary financial statements. The state reports the asset as a receivable in the Special Revenue Fund. During fiscal year 2020, the State expended \$3.1 million to FAME for State revolving loan funds. The State also transferred \$1.0 million from its Loan Insurance Reserves to FAME.

Title 20-A MRSA Chapter 419-A established the Maine State Grant Program as a fund under the jurisdiction of the Finance Authority of Maine. All grant revenues under this fund must be distributed by FAME to students who meet the eligibility requirements for a grant under this chapter. FAME paid approximately \$7.2 million in grants to the University of Maine System (UMS) on behalf of eligible students. The UMS reflected these as grant revenues from the State.

The Maine Turnpike Authority (MTA) pays the State for services rendered by the Maine State Police (MSP). MSP has a separate troop responsible for patrolling the Maine Turnpike. MTA pays all costs associated with that troop. For fiscal year 2020, the amount billed totaled \$9.7 million.

NOTE 15 - DEFERRED OUTFLOWS AND DEFERRED INFLOWS

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

(Expressed in Thousands)

| | Primary Government | | | Component Units |
|---|--------------------------------|---------------------------------|-------------------|------------------------|
| | Governmental Activities | Business-Type Activities | Totals | |
| Deferred Outflows of Resources: | | | | |
| Accumulated Decrease in Fair Value of Hedging Derivatives | \$ - | \$ - | \$ - | \$ 10,860 |
| Refunding of Debt | 2,070 | - | 2,070 | 39,184 |
| Pension Related | 535,839 | 2,533 | 538,372 | 18,598 |
| OPEB Related | 302,000 | 1,417 | 303,417 | 33,957 |
| Total Deferred Outflows of Resources | <u>\$ 839,909</u> | <u>\$ 3,950</u> | <u>\$ 843,859</u> | <u>\$ 102,599</u> |
| Deferred Inflows of Resources: | | | | |
| Grant Income | \$ - | \$ - | \$ - | \$ 6,486 |
| Loan Origination Fees | - | - | - | 473 |
| Pension Related | 299,060 | 1,278 | 300,338 | 12,357 |
| OPEB Related | 210,325 | 708 | 211,033 | 43,047 |
| Total Deferred Inflows of Resources | <u>\$ 509,385</u> | <u>\$ 1,986</u> | <u>\$ 511,371</u> | <u>\$ 62,363</u> |

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

Governmental Funds

(Expressed in Thousands)

| | General | Highway | Federal | Other Special Revenue | Other Governmental Funds | Total Governmental Funds |
|---------------------------------------|-------------------|----------------|----------------|------------------------------|---------------------------------|---------------------------------|
| Deferred Inflows of Resources: | | | | | | |
| Tax Revenue or Assessments | \$ 236,055 | \$ 815 | \$ 13 | \$ 24,757 | \$ - | \$ 261,640 |
| Total Deferred Inflows of Resources | <u>\$ 236,055</u> | <u>\$ 815</u> | <u>\$ 13</u> | <u>\$ 24,757</u> | <u>\$ -</u> | <u>\$ 261,640</u> |

NOTE 16 - TAX ABATEMENTS

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

As of June 30, 2020, the State provided tax abatements through the following programs:

| Program Name | Pine Tree Development Zone Tax Credit | Employment Tax Increment Financing | New Markets Capital Investment Tax Credit |
|--|---|---|---|
| Program Purpose | The program encourages capital investment and job creation in designated industries and geographic areas within the state. | The program is designed to create and prevent loss of employment in designated industries and geographic areas within the state. | The program is designed to encourage investment in qualified businesses located in economically distressed areas within the state. |
| Tax Types Abated | Personal income, corporate income, insurance premiums, bank franchise and sales taxes. | State income tax withholding from employee salary. | Personal income, corporate income, insurance premiums, and bank franchise taxes. |
| Statutory Authority | 36 M.R.S. §5219-W | 36 M.R.S. §6754 | 36 M.R.S. §5219-HH |
| Eligibility Criteria | Businesses apply to be certified as a qualified business, agree to conduct a qualified business activity, and hire at least one net new employee within two years. | Businesses apply for certification and agree to hire at least five net new employees within two years. | A person must make a qualified equity investment that has been certified by the Finance Authority of Maine, and execute a memorandum of agreement with the state. |
| Abatement Method | Allowance of credit against taxes attributable to qualified business activity, up to the amount of tax liability (nonrefundable credit). | Qualified business applies for annual reimbursement payment independent of any other tax reporting requirements. | Allowance of credit against taxes. Taxpayer receives full amount of annual credit regardless of tax liability (refundable credit). |
| Abatement Computation | Credit equals 100 percent of the tax liability attributable to the qualified activity of a certified business for a period of five years. Businesses located in certain areas receive a 50 percent credit for an additional five years. | Reimbursement equals 30 - 80 percent of qualified state-withheld taxes, depending on the unemployment rate in the area where the employee works, for a period of ten years. | The credit amount equals a total of 39 percent of the qualified investment, spread over a period of seven years in varying amounts each year. |
| Recapture Provisions | None. | Any overpayment must be applied to reduce future reimbursement payments. Overpayments must be repaid if the business no longer qualifies for future payments. | The abatement amount may be recaptured upon 1) recapture of any amount of the related federal NMTC credits; 2) early repayment of any portion of the principle amount that forms the qualified equity investment, or 3) failure to reinvest less than 85% of the qualified equity investment into a qualified business. |
| Estimated Revenue Reduction for FYE 6/30/2020 | \$2,779,119 | \$12,741,278 | \$13,396,078 |

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

Source: Maine Revenue Services

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

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

ACA Connects - America's Communication Assoc., et al. v. Frey. Trade associations are challenging on constitutional grounds 35-A M.R.S. §9301, which restricts internet service providers from using, disclosing, or selling customers' personal information. Although plaintiffs are not seeking monetary damages, an adverse judgement could result in an order requiring the State to pay plaintiffs' attorneys' fees. The probability that this case will result in future losses to the State in excess of \$1 million is undetermined at this time.

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

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

Irish, et al. v. Maine State Police et. al. This lawsuit seeks damages for the fatal shooting of Kyle Hewitt, the kidnapping of Brittany Irish and the shooting of Kimberly Irish by Anthony Lord. Plaintiffs allege that defendant police officers failed to protect against the threat posed by Lord. The probability that this case will result in future losses to the State in excess of \$1 million is undetermined at this time.

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

Maine SNAP Program. The Food and Nutrition Service (FNS) of the United States Department of Agriculture assessed a \$2.6 million liability against the Maine Department of Health and Human Services (DHHS) arising out of DHHS's administration of the Supplemental Nutrition Assistance Program. DHHS has appealed FNS's assessment. The probability that this case will result in future losses to the State in excess of \$1 million is undetermined at this time.

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

The Hershey Company et al. v. State Tax Assessor. Hershey has filed a Petition for Review against the State Tax Assessor challenging the denial of a refund of all corporate taxes paid between 2014 and 2017, which totaled in excess of \$2.8 million. Hershey claims that under federal law, its limited activities in Maine, during the years at issue, protect it from state corporate income taxes. The probability that this case will result in future losses to the State in excess of \$1 million is undetermined at this time.

Express Scripts, Inc. v. State Tax Assessor. Taxpayers are challenging the method by which they are required to apportion certain sales to Maine under the Maine Corporate Income Tax. If the taxpayers prevail, they may be entitled to a refund of approximately \$1 million from the State. The probability that this case will result in future losses to the State in excess of \$1 million is undetermined at this time.

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

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

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

ENCUMBRANCES

Encumbrances are reported in the restricted, committed, and assigned fund balances of the governmental funds. General fund, highway fund, federal fund, other special revenue fund and other governmental funds encumbrance balances are \$79.9 million, \$2.2 million, \$212.4 million, \$45.8 million and \$12.7 million, respectively.

FEDERAL GRANTS

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

POLLUTION REMEDIATION

The Department of Environmental Protection (DEP) and Department of Transportation (DOT) have pollution remediation obligations as defined by Governmental Accounting Standards Board (GASB) Statement No. 49. The State's total amount of pollution remediation obligation as of June 30, 2020 is \$20.9 million. Superfund sites account for approximately \$7.2 million. Superfund is the federal government program to clean up hazardous waste sites.

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

Eastland Woolen Mill – The State recorded a liability for pollution remediation activities of approximately \$650 thousand. Currently the State shares the costs with Environmental Protection Agency (EPA) in a cost-sharing ratio of 10 percent State, 90 percent EPA. Beginning in September of 2018, the State assumed 100 percent of the operation and maintenance and long-term monitoring costs.

Eastern Surplus – The State recorded a liability for pollution remediation activities of approximately \$2.0 million. Beginning in August of 2012, the State assumed 100 percent of the operation, maintenance and monitoring costs. As of June 30, 2020, the State has received \$2.1 million in recoveries from the Department of Defense. The State expects to recover additional costs of \$11 thousand.

Callahan Mine – The State recorded a liability for pollution remediation activities of approximately \$4.5 million. Currently the State shares the costs with EPA in a cost-sharing ratio of 10 percent State, 90 percent EPA. The State will assume 100 percent of the cost for the operation and maintenance of the site.

The State recorded a liability for pollution remediation activities of approximately \$13.4 million (net of unrealized recoveries of \$298 thousand) related to five uncontrolled hazardous substance sites. The State expects to recover \$0.46 million in costs. The Uncontrolled Hazardous Substance Sites Program was created in response to the threats and potential threats to human health and the environment posed primarily by abandoned hazardous waste sites. The Uncontrolled Hazardous Substance Sites program is the State's equivalent to the Federal Superfund Program.

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

MUNICIPAL SOLID WASTE LANDFILLS

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

The Dolby Landfill no longer accepts solid waste. In Calendar Year 2016, the first phase of a multi-year plan to cap approximately 100 acres at the facility was completed. The State allocated \$6 million of current bond funds and anticipates another \$6 million in bonds funds to complete the closure of the facility. In addition to the closure of the facility, the State anticipates additional post-closure maintenance and monitoring costs of approximately \$15 million over the next 30 years. Actual costs may be higher due to inflation, changes in technology or changes in applicable laws or regulations. The State's total obligation related to the Dolby Landfill as of June 30, 2020 is \$21.9 million.

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

In FY2020 the DEP received \$1,210,489 from the CDD fee. As required, the entirety of this fee was used to reimburse municipalities for eligible expenses. At the beginning of FY20, DEP's total outstanding reimbursement obligation to municipalities was \$3,892,096. At the end of FY20 the outstanding match obligation was \$3,187,658. Although the overall outstanding debt during the year decreased, \$506,051 of additional debt was incurred due to qualifying expenses which were submitted over the course of the year. DEP incurred the oldest outstanding match obligations in 2008.

SAND AND SALT STORAGE PROGRAM

The State estimates the potential aggregate cost to comply with the environmental requirements associated with the Sand and Salt Storage program to be \$1.4 million. The state no longer provides funding for municipal facilities.

POLLUTION ABATEMENT PROGRAM

Title 38 MRSA §411, §411-A, and §412 establish within DEP cost-sharing programs for pollution abatement projects. Subject to funding by the Legislature and the approval of the Commissioner, the State may contribute to the planning of municipal pollution abatement facilities; the design, engineering, and construction of private, commercial, and municipal pollution abatement facilities; and make payments to the Maine Municipal Bond Bank to supply the State's share of the revolving loan fund established by Title 30A §6006-A. During the 2020 fiscal year, \$3.77 million of general obligation bond funds and \$2.46 million of Liquor Operation Revenue Funds were expended for pollution abatement projects. As of June 30, 2020, amounts encumbered for pollution abatement projects totaled \$10.62 million, and general obligation bonds authorized for these projects, but not yet encumbered, totaled \$17.86 million. As of June 30, 2020, DEP estimates the total cost (federal, State, and local) of future projects to be \$1 billion.

GROUND WATER OIL CLEAN-UP FUND

The Maine Ground and Surface Waters Clean-up and Response Fund is established in Title 38 MRSA § 551. Fund activities include, but are not limited to, providing insurance to public and private entities for cleanup of oil spills. The program is funded by a per barrel assessment on petroleum products imported into the State. Coverage is up to \$750 thousand per occurrence for aboveground storage tanks and \$1 million per occurrence for underground storage tanks. Third party injury coverage may not exceed \$200 thousand per claimant.

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

| | <u>Completed</u> | <u>Remaining</u> |
|------|------------------|------------------|
| 2019 | 137 | 530 |
| 2018 | 91 | 540 |
| 2017 | 117 | 519 |
| 2016 | 126 | 525 |
| 2015 | 151 | 524 |

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

CONSTRUCTION COMMITMENTS

A portion of the payment that is made to municipalities for General Purpose Aid to Local Schools is allocated for debt service. Although the outstanding indebtedness for school construction projects is debt of the municipalities, the State subsidizes 50.78 percent of the annual payments. As of June 30, 2020 outstanding commitments by municipalities for school bond issues that are eligible for State subsidy totaled \$1.040 billion.

At June 30, 2020, the Department of Transportation had contractual commitments of approximately \$269.9 million for construction of various highway projects. The State's share of that amount is expected to be approximately \$62.3 million. Of these amounts, \$8.2 million has already been accrued. Federal and State funds plus bond proceeds are expected to fund these future expenditures.

TOBACCO SETTLEMENTS

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

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

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

In April 2020, Maine received an annual tobacco settlement payment of \$46.2 million.

ESCHEAT PROPERTY

The State Abandoned Property Statute requires the deposit of certain defined and unclaimed assets into a state-managed Abandoned Property Fund (Private Purpose Trust Fund). The State Statute provides that whenever the cash balance of the fund exceeds \$.5 million at fiscal year-end, the excess must be remitted to the General Fund where it is reported as operating transfers from other funds. At June 30, 2020, the Fund included \$4.1 million of securities not yet liquidated that were not subject to transfer to the General Fund. Net collections from inception (1979) to June 30, 2020 of approximately \$260.0 million represent a contingent liability to the State since claims for refund may be filed by the owners of such property.

A liability representing the probable amount of escheat property that will be reclaimed and paid to claimants and other third parties is reported in the Fund. To the extent that the assets in the Fund are less than the claimant liability, a receivable (due from other funds) is reported in that Fund and an equal liability (due to other funds) is reported in the General Fund. At June 30, 2020, the amount reported in the Fund for claimant liability is \$51.2 million. The General Fund shows a \$46.6 million payable to the Escheat Fund.

CONSTITUTIONAL OBLIGATIONS

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

Article 9, § 14-A, C, and D of the Maine State Constitution provides that the State may insure the payment of mortgage loans for industrial, manufacturing, fishing, agricultural and recreational enterprises; mortgage loans for the acquisition, construction, repair and remodeling of houses owned or to be owned by members of two tribes on several Indian reservations; and mortgage loans to resident Maine veterans of the Armed Forces of the United States, including loans to a business organization owned in whole or in part by resident Maine veterans. The aggregate of these obligations, at any one time, may not exceed \$90 million, \$1 million, and \$4 million, respectively. At June 30, 2020, loans outstanding pursuant to these authorizations are \$86.4 million, less than \$0.1 million, and \$0.2 million, respectively. The State has not paid, nor does it expect to pay, any amounts as a result of these authorizations as of June 30, 2020.

Article 8, § 2, of the Maine State Constitution provides that the State may secure funds, through the issuance of bonds authorized by the Governor, for loans to Maine students attending institutions of higher education. The amount of bonds issued and outstanding shall not at any one time exceed \$4 million in the aggregate. At June 30, 2020, no bonds were outstanding. The State has not paid, nor does it expect to pay, any amount as a result of this authorization as of June 30, 2020.

MORAL OBLIGATIONS

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

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

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

The following summarizes information regarding outstanding moral obligations:

Moral Obligation Bonds

(Expressed in Thousands)

| Issuer | Bonds Outstanding | Required Debt Reserve | Obligation Debt Limit ¹ | Legal Citation |
|--|----------------------|-----------------------------|--|---------------------|
| Maine Health and Higher Educational Facilities Authority | \$ 438,155 | \$ 53,000 | NIL | 22 MRSA § 2075 |
| Finance Authority of Maine | 39,891 | - | 642,000 | 10 MRSA §1032, 1053 |
| | - | - | 50,000 | 20-A MRSA §11449 |
| | - | - | 50,000 | 38 MRSA §2221 |
| | 85,240 | 1,005 | 225,000 | 20-A MRSA §11424 |
| Maine Municipal Bond Bank | 1,269,325 | 157,057 | NIL | 30-A MRSA §6006 |
| Maine State Housing Authority | 1,419,645 | 92,564 | 2,150,000 | 30-A MRSA §4906 |
| Total | <u>\$ 3,252,256</u> | <u>\$ 303,626</u> | | |

¹ NIL indicates a "no limit" obligation.

COMPONENT UNITS

CONSTRUCTION CONTRACTS

At June 30, 2020, UMS and MCCS had outstanding commitments on uncompleted construction contracts. They totaled \$21.3 million and \$4.8 million, respectively.

At December 31, 2019, the Maine Turnpike Authority had \$123.3 million remaining in commitments on outstanding construction projects for improvements and maintenance.

MORTGAGE COMMITMENTS

Mortgage commitments are agreements to lend provided there is no violation of any term or condition of the agreement. Generally, once exercised, the loans made under the terms of such commitments are secured by a lien on the related property and other collateral as deemed necessary. At December 31, 2019, Maine State Housing Authority (MSHA) had outstanding commitments to originate multi-family loans of approximately \$104.1 million.

MSHA, under its single-family program, enters into purchase agreements to lenders to purchase mortgage loans. At December 31, 2019, single-family loans being processed by lenders totaled \$42.0 million.

INSURED LOAN COMMITMENTS

The Finance Authority of Maine (FAME) insures loans made by financial institutions to qualifying businesses under various insurance programs. FAME is contingently liable for the insured portion of payments due on these loans. At June 30, 2020, FAME had insurance outstanding for commercial loans under the Loan Insurance Program totaling approximately \$126.5 million. At June 30, 2020, FAME was insuring loans with an aggregate outstanding principle balance approximating \$2.2 million which were 90 or more days delinquent. The aggregate insured balance of these loans was approximately \$1.3 million at June 30, 2020. In addition, FAME has entered into commitments to insure loans at some future date. At June 30, 2020, these commitments under the Loan Insurance Program were approximately \$13.4 million. FAME provides loan insurance on direct educational loans and consolidation loans made by participating financial institutions in the Maine Private Education Loan Network. At June 30, 2020, approximately \$19.3 million of loans were insured under this program. Such loans are unsecured.

FEDERAL STUDENT LOAN RESERVE FUND

FAME held and administered the Federal Student Loan Reserve Fund for the US Department of Education (USDE) until December 1, 2019. The entire guarantee loan portfolio, including all associated guarantee obligations, transferred to another agency. At June 30, 2020, the reserve level, approximately \$3.5 million, was transferred to USDE in fiscal year 2021.

CONTINGENT LIABILITIES

Overpayments made by the Office for Family Independence (OFI) client services are recorded as accounts receivable in the State financial statements. The total overpayments for Temporary Assistance for Needy Families (TANF) and Supplemental Nutrition Assistance Program (SNAP), applicable to federal funds, are \$29.7 million as of June 30, 2020. All overpayments that are outstanding for more than one year, \$23.2 million, are fully reserved.

Federal regulations in the former Aid to Families with Dependent Children (AFDC) require States to continue collection efforts until the full amount is recovered. The AFDC Program was repealed and replaced with the TANF Program effective October 1, 1996. The federal portion of any AFDC overpayments (made prior to October 1, 1996) that are recovered, must be returned to the federal government. For AFDC and TANF overpayment recoveries, made from October 1, 1996 and forward, States are not required to repay any portion to the federal government. Instead, the full amount of the recovered overpayments are to be retained by the State and used for TANF program costs during the grant year in which they are recovered, or later.

The liability for TANF and SNAP overpayments that may be recovered and remitted to the federal government or retained for program costs cannot be determined at this time.

During fiscal year 2020, a backlog of unemployment claims occurred primarily due to a significant increase in claims filed as a result of the COVID-19 pandemic and an associated increase in fraudulent unemployment claims included in that population. The exact amount of the liability for backlog claims cannot be determined. Based on a range of outstanding claims, the State has recorded an estimated liability of \$92.4 million in the federal funds and \$20.0 million in the Employment Security, Major Enterprise Fund.

NOTE 18 - SUBSEQUENT EVENTS

PRIMARY GOVERNMENT

At June 30, 2020, \$269 million was reported as Equity in Treasurer's Cash Pool in the Employment Security, Major Enterprise Fund, as the result of a transfer from the State's Coronavirus Relief Fund. On July 9, 2020, this amount was transferred to the Unemployment Insurance Trust Fund, which would be reported as Restricted Deposits & Investments.

On November 10, 2020 the Maine Municipal Bond Bank (MMBB) issued \$60.9 million of Series 2020A Grant Anticipation Bonds on behalf of the Maine Department of Transportation. The bonds bear an interest rate of 5.00 percent and maturities from 2021 to 2033.

On November 24, 2020 the State issued \$22.5 million of Certificates of Participation (COP's) for the purpose of consolidating and upgrading Maine Revenue Service's computer applications. The COP's carry interest rates of 1.62 percent and maturities from 2024 to 2028.

COMPONENT UNITS

Maine State Housing Authority (MSHA), has a December 31 fiscal year end. On January 22, 2020, MSHA issued at par \$34.4 million of bonds in the General Mortgage Purchase Bond Resolution.

On July 29, 2020 Maine Health and Higher Educational Facilities Authority (MHHEFA) issued \$212.7 million of bonds under the General Bond Resolution with an interest rate of 4.0 percent, with principal payments beginning July 1, 2026 and maturing July 1, 2050. On September 29, 2020, MHHEFA issued \$45.4 million in bonds under the General Bond Resolution with an interest rate of 2.25 percent, with principal payments beginning April 1, 2023 and maturing April 1, 2050. The debt of the General Bond Resolution is considered conduit debt and neither the Authority nor the State of Maine is under obligation for repayment.

On September 21, 2020, MHHEFA defeased certain maturities of Reserve Resolution bonds with a par value of \$39.6 million within series 2011A, 2011C and 2012A bond issues with funds from other sources. The economic benefits associated with the refunding inure to the respective institutions and not the Authority.

On November 11, 2020, MHHEFA issued \$13.1 million, on behalf of three borrowers, under the Reserve Fund Resolution with an average interest rate of 3.18 percent and a final maturity of July 1, 2040.

On October 29, 2020, MMBB issued \$15.7 million of Series 2020B General Resolution Tax Exempt bonds for making loans to several municipal governments. Also on October 29, 2020, MMBB issued \$44.5 million of refunding bonds that refunded the remaining outstanding bonds, totaling \$46.3 million, for the Series 2011C General Resolution Tax Exempt bond issue.

On November 18, 2020, the Maine Turnpike Authority issued \$130.0 million in bonds with net proceeds equaling \$156.0 million.



REQUIRED SUPPLEMENTARY INFORMATION



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

Fiscal Year Ended June 30, 2020
(Expressed in Thousands)

| | General Fund | | | | Highway Fund | | | |
|---|--------------------|--------------|--------------|----------------------------------|--------------------|-----------------|-------------|----------------------------------|
| | Original Budget | Final Budget | Actual | Variance with Final Budget | Original Budget | Final Budget | Actual | Variance with Final Budget |
| Revenues | | | | | | | | |
| Taxes | \$ 3,800,675 | \$ 3,907,465 | \$ 3,893,218 | \$ (14,247) | \$ 235,076 | \$ 235,076 | \$ 218,976 | \$ (16,100) |
| Assessments and Other | 97,106 | 91,656 | 89,596 | (2,060) | 96,063 | 97,720 | 95,944 | (1,776) |
| Federal Grants | 1,585 | 2,029 | 1,903 | (126) | - | - | - | - |
| Service Charges | 40,724 | 48,711 | 51,664 | 2,953 | 6,208 | 6,342 | 6,137 | (205) |
| Income from Investments | 10,575 | 12,305 | 18,490 | 6,185 | 513 | 313 | 258 | (55) |
| Miscellaneous Revenue | 59,810 | 63,814 | 5,344 | (58,470) | 3,473 | 5,880 | 5,979 | 99 |
| Total Revenues | 4,010,475 | 4,125,980 | 4,060,215 | (65,765) | 341,333 | 345,331 | 327,294 | (18,037) |
| Expenditures | | | | | | | | |
| Governmental Support & Operations | 354,412 | 387,903 | 364,576 | 23,327 | 40,238 | 45,000 | 42,051 | 2,949 |
| Economic Development & Workforce | | | | | | | | |
| Training | 44,414 | 46,029 | 44,321 | 1,708 | - | - | - | - |
| Education | 1,726,550 | 1,756,291 | 1,720,925 | 35,366 | - | - | - | - |
| Health and Human Services | 1,323,872 | 1,487,897 | 1,247,062 | 240,835 | - | - | - | - |
| Business Licensing & Regulation | - | - | - | - | - | - | - | - |
| Natural Resources Development & Protection | 86,394 | 87,826 | 84,233 | 3,593 | 33 | 33 | 33 | - |
| Justice and Protection | 366,701 | 378,597 | 350,032 | 28,565 | 31,629 | 28,607 | 26,040 | 2,567 |
| Arts, Heritage & Cultural Enrichment | 9,152 | 10,130 | 9,265 | 865 | - | - | - | - |
| Transportation Safety & Development | - | 10,000 | 8,000 | 2,000 | 270,015 | 293,815 | 265,730 | 28,085 |
| Total Expenditures | 3,911,495 | 4,164,673 | 3,828,414 | 336,259 | 341,915 | 367,455 | 333,854 | 33,601 |
| Revenues Over (Under) Expenditures | 98,980 | (38,693) | 231,801 | 270,494 | (582) | (22,124) | (6,560) | 15,564 |
| Other Financing Sources (Uses) | | | | | | | | |
| Operating Transfers Net | (108,667) | (108,054) | (123,152) | (15,098) | - | - | (6,346) | (6,346) |
| Proceeds from Pledged Future Revenues | - | - | - | - | - | - | - | - |
| Net Other Financing Sources (Uses) | (108,667) | (108,054) | (123,152) | (15,098) | - | - | (6,346) | (6,346) |
| Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses | \$ (9,687) | \$ (146,747) | \$ 108,649 | \$ 255,396 | \$ (582) | \$ (22,124) | \$ (12,906) | \$ 9,218 |
| Fund balances, beginning of year | | | 814,399 | | | | 59,337 | |
| Fund balances, end of year | | | \$ 923,048 | | | | \$ 46,431 | |

| Federal Funds | | | | Other Special Revenue Fund | | | |
|--------------------|---------------------|-------------------|----------------------------------|----------------------------|---------------------|-------------------|----------------------------------|
| Original Budget | Final Budget | Actual | Variance with Final Budget | Original Budget | Final Budget | Actual | Variance with Final Budget |
| \$ - | \$ - | \$ - | \$ - | \$ 349,528 | \$ 348,818 | \$ 344,954 | \$ (3,864) |
| 366 | 366 | - | (366) | 195,857 | 203,859 | 172,354 | (31,505) |
| 3,526,091 | 4,928,785 | 5,245,011 | 316,226 | 12,744 | 14,730 | 11,355 | (3,375) |
| 6,023 | 6,027 | - | (6,027) | 226,022 | 227,385 | 217,275 | (10,110) |
| - | - | 2,181 | 2,181 | 1,186 | 1,312 | 2,627 | 1,315 |
| 252 | 252 | 4,646 | 4,394 | 214,437 | 234,577 | 222,915 | (11,662) |
| <u>3,532,732</u> | <u>4,935,430</u> | <u>5,251,838</u> | <u>316,408</u> | <u>999,774</u> | <u>1,030,681</u> | <u>971,480</u> | <u>(59,201)</u> |
| 4,719 | 7,651 | 1,740 | 5,911 | 194,999 | 253,274 | 228,492 | 24,782 |
| 100,461 | 1,222,466 | 1,127,819 | 94,647 | 72,003 | 78,584 | 55,173 | 23,411 |
| 241,251 | 387,743 | 226,131 | 161,612 | 46,938 | 51,316 | 35,522 | 15,794 |
| 2,719,069 | 2,974,391 | 2,555,338 | 419,053 | 627,487 | 566,741 | 518,386 | 48,355 |
| 123 | 123 | 68 | 55 | 70,665 | 79,509 | 64,123 | 15,386 |
| 46,833 | 67,411 | 42,861 | 24,550 | 138,508 | 160,156 | 120,263 | 39,893 |
| 74,757 | 126,763 | 66,936 | 59,827 | 77,262 | 85,772 | 65,970 | 19,802 |
| 3,864 | 4,770 | 2,901 | 1,869 | 2,000 | 2,081 | 1,090 | 991 |
| <u>248,659</u> | <u>295,122</u> | <u>262,436</u> | <u>32,686</u> | <u>53,294</u> | <u>165,025</u> | <u>125,408</u> | <u>39,617</u> |
| <u>3,439,736</u> | <u>5,086,440</u> | <u>4,286,230</u> | <u>800,210</u> | <u>1,283,156</u> | <u>1,442,458</u> | <u>1,214,427</u> | <u>228,031</u> |
| 92,996 | (151,010) | 965,608 | 1,116,618 | (283,382) | (411,777) | (242,947) | 168,830 |
| 91,347 | (4,198) | 12,827 | 17,025 | 16,119 | 116,030 | 211,695 | 95,665 |
| - | - | - | - | 21,100 | 76,100 | 50,215 | (25,885) |
| <u>91,347</u> | <u>(4,198)</u> | <u>12,827</u> | <u>17,025</u> | <u>37,219</u> | <u>192,130</u> | <u>261,910</u> | <u>69,780</u> |
| <u>\$ 184,343</u> | <u>\$ (155,208)</u> | <u>\$ 978,435</u> | <u>\$ 1,133,643</u> | <u>\$ (246,163)</u> | <u>\$ (219,647)</u> | <u>\$ 18,963</u> | <u>\$ 238,610</u> |
| | | <u>9,374</u> | | | | <u>497,647</u> | |
| | | <u>\$ 987,809</u> | | | | <u>\$ 516,610</u> | |



STATE OF MAINE
BUDGETARY COMPARISON SCHEDULE
BUDGET TO GAAP RECONCILIATION

Fiscal Year Ended June 30, 2020
(Expressed in Thousands)

| | General Fund | Highway Fund | Federal Funds | Special Revenue Fund |
|--|-------------------------|-------------------------|--------------------------|-------------------------------------|
| Fund Balances - Non-GAAP Budgetary Basis | \$ 923,048 | \$ 46,431 | \$ 987,809 | \$ 516,610 |
| Basis Differences | | | | |
| Revenue Accruals/Adjustments: | | | | |
| Taxes Receivable | 10,754 | (2,874) | - | 13,461 |
| Other Receivables | 58,216 | 3,675 | 127,276 | 56,413 |
| Inventories | 3,244 | - | 4,500 | - |
| Due from Component Units | - | - | - | 106,211 |
| Due from Other Governments | - | - | 545,131 | - |
| Due from Other Funds | 30,541 | 19,591 | 10,773 | 347,717 |
| Other Assets | 2,462 | - | 84 | 4 |
| Unearned Revenues | - | (3,295) | (4,500) | 5,898 |
| Deferred Inflows - Taxes and Assessment Revenues | (236,055) | (815) | (13) | (24,757) |
| Total Revenue Accruals/Adjustments | (130,838) | 16,282 | 683,251 | 504,947 |
| Expenditure Accruals/Adjustments: | | | | |
| Accounts Payable | (182,535) | (26,893) | (485,850) | (30,023) |
| Due to Component Units | (1,923) | (43) | (2,292) | (11,263) |
| Accrued Liabilities | (32,180) | (11,732) | (8,282) | (13,085) |
| Taxes Payable | (269,957) | (63) | - | - |
| Intergovernmental Payables | - | - | (1,091,211) | - |
| Due to Other Funds | (81,773) | (4,801) | (47,233) | (15,533) |
| Total Expenditure Accruals/Adjustments | (568,368) | (43,532) | (1,634,868) | (69,904) |
| Fund Balances - GAAP Basis | \$ 223,842 | \$ 19,181 | \$ 36,192 | \$ 951,653 |

STATE OF MAINE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY REPORTING

Fiscal Year Ended June 30, 2020

Statutory/Budgetary Presentation

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

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

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

Detailed budgetary control is maintained at the program and line category level at which appropriations and allocations are approved by the Legislature, principally through a quarterly allotment system. The State Budget Officer and the Governor must approve budget revisions during the year, reflecting program changes or intradepartmental administrative transfers. Except in specific instances, only the Legislature may transfer appropriations between departments. Increases in appropriation, allocation, or funding for new programs are presented to the Legislature as a supplemental budget or separate pieces of legislation. For the year ended June 30, 2020, the legislature increased appropriations to the General Fund by \$20.8 million.

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

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

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

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

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

The budgetary comparison schedule presented for the General Fund, the Highway Fund, the Federal Fund, and the Other Special Revenue Fund presents the original and final appropriated budgets for fiscal year 2020 - 2021, as well as the actual resource inflows, outflows and fund balances stated on the budgetary basis.

The original budget and related estimated revenues represent the spending authority enacted into law by the appropriation bills as of June 17, 2019, and includes encumbrances carried forward from the prior year.

STATE OF MAINE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY REPORTING

Fiscal Year Ended June 30, 2020

Generally accepted accounting principles (GAAP) require that the final legal budget be reflected in the “final budget” column. Therefore updated revenue estimates available for appropriations as of June 30, 2020 rather than the amounts shown in the original budget, are reported.

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

Compliance at the Legal Level of Budgetary Control

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

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

Last Six Fiscal Years
(Expressed in Thousands)

| | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|--|-------------|-------------|-------------|
| Total Pension Liability | | | |
| Service Cost | \$ 1,597 | \$ 1,487 | \$ 1,466 |
| Interest | 4,582 | 4,442 | 4,358 |
| Changes in Benefit Terms | - | - | - |
| Differences Between Expected and Actual Experience | (1,087) | 469 | (893) |
| Changes of Assumptions | - | 698 | - |
| Benefit Payments, Including Refunds of Member Contributions | (4,068) | (3,805) | (3,652) |
| Net Change in Total Pension Liability | 1,024 | 3,291 | 1,279 |
| Beginning Total Pension Liability | 68,293 | 65,002 | 63,723 |
| Ending Total Pension Liability | 69,317 | 68,293 | 65,002 |
| Plan Fiduciary Net Position | | | |
| Employer Contributions | 1,213 | 1,179 | 1,144 |
| Member Contributions | 620 | 604 | 585 |
| Net Investment Income | 4,709 | 6,607 | 7,800 |
| Transfers | (3) | - | - |
| Benefit Payments, Including Refunds of Member Contributions | (4,068) | (3,805) | (3,652) |
| Administrative Expense | (68) | (62) | (57) |
| Net Change in Plan Fiduciary Net Position | 2,403 | 4,523 | 5,820 |
| Beginning Plan Fiduciary Net Position | 71,235 | 66,712 | 60,892 |
| Ending Plan Fiduciary Net Position | 73,638 | 71,235 | 66,712 |
| Ending Net Pension Liability (Asset) | \$ (4,321) | \$ (2,942) | \$ (1,710) |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 106.2 % | 104.3 % | 102.6 % |
| Covered Payroll | \$ 8,117 | \$ 7,894 | \$ 7,640 |
| Net Pension Liability (Asset) as a Percentage of Covered Payroll | (53.2)% | (37.3)% | (22.4)% |

| | 2017 | 2016 | 2015 |
|----|---------|----------|------------|
| \$ | 1,397 | \$ 1,606 | \$ 1,518 |
| | 4,155 | 3,863 | 3,736 |
| | 2,017 | 28 | 17 |
| | (1,746) | 2,238 | (292) |
| | 2,490 | - | 426 |
| | (3,502) | (3,384) | (3,219) |
| | 4,811 | 4,351 | 2,186 |
| | 58,912 | 54,561 | 52,375 |
| | 63,723 | 58,912 | 54,561 |
| | 1,078 | 979 | 932 |
| | 550 | 550 | 528 |
| | 130 | 1,055 | 8,416 |
| | 6,343 | - | - |
| | (3,502) | (3,384) | (3,219) |
| | (48) | (49) | (42) |
| | 4,551 | (849) | 6,615 |
| | 56,341 | 57,190 | 50,575 |
| | 60,892 | 56,341 | 57,190 |
| \$ | 2,831 | \$ 2,571 | \$ (2,629) |
| | 95.6 % | 95.6 % | 104.8 % |
| \$ | 7,188 | \$ 7,186 | \$ 6,742 |
| | 39.4 % | 35.8 % | (39.0)% |

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

Last Six Fiscal Years
(Expressed in Thousands)

| | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|--|-------------|-------------|-------------|
| Total Pension Liability | | | |
| Service Cost | \$ 297 | \$ 282 | \$ 265 |
| Interest | 578 | 565 | 530 |
| Changes in Benefit Terms | - | - | - |
| Differences Between Expected and Actual Experience | 239 | (91) | 158 |
| Changes of Assumptions | - | 100 | - |
| Benefit Payments, Including Refunds of Member Contributions | (607) | (460) | (469) |
| Net Change in Total Pension Liability | 507 | 396 | 484 |
| Beginning Total Pension Liability | 8,560 | 8,164 | 7,680 |
| Ending Total Pension Liability | 9,067 | 8,560 | 8,164 |
| Plan Fiduciary Net Position | | | |
| Employer Contributions | - | - | - |
| Member Contributions | 221 | 154 | 202 |
| Net Investment Income | 845 | 1,176 | 1,366 |
| Transfers | (607) | (460) | (469) |
| Benefit Payments, Including Refunds of Member Contributions | 45 | (460) | (469) |
| Administrative Expense | (12) | (11) | (9) |
| Net Change in Plan Fiduciary Net Position | 492 | 399 | 621 |
| Beginning Plan Fiduciary Net Position | 12,756 | 11,897 | 10,807 |
| Ending Plan Fiduciary Net Position | 13,248 | 12,296 | 11,428 |
| Ending Net Pension Liability (Asset) | \$ (4,181) | \$ (4,196) | \$ (3,733) |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 146.1 % | 143.6 % | 140.0 % |
| Covered Payroll | \$ 2,660 | \$ 2,711 | \$ 2,651 |
| Net Pension Liability (Asset) as a Percentage of Covered Payroll | (157.2)% | (154.8)% | (140.8)% |

| 2017 | | 2016 | 2015 | | |
|-------------|----------|-------------|-------------|----------|--|
| \$ | 412 | \$ 451 | \$ | 450 | |
| | 549 | 545 | | 503 | |
| | - | 4 | | 4 | |
| | (246) | (508) | | (93) | |
| | (147) | - | | 86 | |
| | (446) | (439) | | (318) | |
| | 53 | 53 | | 632 | |
| | 7,558 | 7,505 | | 6,873 | |
| | 7,558 | 7,558 | | 7,505 | |
| | - | 4 | | 4 | |
| | 138 | 193 | | 140 | |
| | 48 | 206 | | 1,622 | |
| | (446) | (439) | | (318) | |
| | (446) | (439) | | (318) | |
| | (8) | (9) | | (8) | |
| | (45) | (484) | | 1,122 | |
| | 11,075 | 11,120 | | 9,680 | |
| | 11,075 | 10,636 | | 10,802 | |
| \$ | (3,127) | \$ (3,517) | \$ | (3,615) | |
| | 146.0 % | 140.7 % | | 143.9 % | |
| \$ | 2,590 | \$ 2,528 | \$ | 2,535 | |
| | (139.0)% | (139.1)% | | (142.6)% | |

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

Last Seven Fiscal Years
(Expressed in Thousands)

| | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|---|--------------|----------------|----------------|
| Judicial Pension Plan | | | |
| Actuarially Determined Contribution | \$ 716 | \$ 1,213 | \$ 1,179 |
| Contributions in Relation to the Actuarially Determined Employer Contribution | <u>(716)</u> | <u>(1,213)</u> | <u>(1,179)</u> |
| Contribution Deficiency (Excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered Payroll | \$ 8,054 | \$ 8,117 | \$ 7,894 |
| Contributions as a percentage of covered payroll | 8.89 % | 14.94 % | 14.94 % |
| Legislative Pension Plan | | | |
| Actuarially Determined Contribution | \$ - | \$ - | \$ - |
| Contributions in Relation to the Actuarially Determined Employer Contribution | <u>-</u> | <u>-</u> | <u>-</u> |
| Contribution Deficiency (Excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered Payroll | \$ 2,814 | \$ 2,660 | \$ 2,711 |
| Contributions as a Percentage of Covered Payroll | 0.00 % | 0.00 % | 0.00 % |

(continued)

| <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|----------------|----------------|--------------|---------------|
| \$ 1,144 | \$ 1,078 | \$ 951 | \$ 932 |
| <u>(1,144)</u> | <u>(1,078)</u> | <u>(951)</u> | <u>(932)</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| \$ 7,640 | \$ 7,188 | \$ 7,186 | \$ 6,742 |
| 14.97 % | 15.00 % | 13.23 % | 13.82 % |
| \$ - | \$ - | \$ - | \$ - |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>(4)</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (4)</u> |
| \$ 2,651 | \$ 2,590 | \$ 2,528 | \$ 2,535 |
| 0.00 % | 0.00 % | 0.00 % | 0.16 % |

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

A complete description of the methods and assumptions used to determine contribution rates for the year ending June 30, 2020 can be found in the June 30, 2018 actuarial valuation report.

Notes to Schedule

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

| | |
|---------------------------------------|--|
| Valuation date | June 30, 2017 |
| | June 30, 2020 actuarially determined contribution rates are calculated based on 2018 liabilities developed as a roll-forward of the 2017 actuarial valuation, adjusted for expected experience and any assumption or methodology changes during fiscal year end 2018 using assets as of June 30, 2018. |
| Actuarial cost method | Entry age normal |
| Asset valuation method | 3-Year smoothed market |
| Amortization method | Level percent of payroll, open 10-year amortization of 2016 UAL. |
| Discount rate | 6.75% |
| Amortization growth rate | 2.75% |
| Price inflation | 2.75% |
| Salary increases | 2.75% |
| Retirement age | Normal retirement age for State employees and teachers is age 60, 62 or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. |
| Most recent review of plan experience | 2015 |
| Mortality | 104 percent and 120 percent of the RP-2014 Total Dataset Healthy Annuitant Mortality Table, respectively, for males and females. |

Former actuarial assumptions:

Discount rate

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

Other information

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

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

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

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

Last Six Fiscal Years
(Expressed in Thousands)

| | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|---|--------------|--------------|--------------|
| State Employees | | | |
| Proportion of the Collective Net Pension Liability | 94.775523 % | 94.652308 % | 94.829879 % |
| Proportionate Share (Amount) of the Collective Net Pension Liability | \$ 991,147 | \$ 993,438 | \$ 1,080,168 |
| Covered Payroll | \$ 627,615 | \$ 608,615 | \$ 601,904 |
| Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | 157.92 % | 163.23 % | 179.46 % |
| Plan Fiduciary Net Position As a Percentage of the Total Pension Liability | 79.41 % | 78.70 % | 76.10 % |
| Maine Community College System | | | |
| Proportion of the Collective Net Pension Liability | 4.610452 % | 4.695230 % | 4.605776 % |
| Proportionate Share (Amount) of the Collective Net Pension Liability | \$ 48,215 | \$ 49,280 | \$ 52,462 |
| Covered Payroll | \$ 31,535 | \$ 31,106 | \$ 30,867 |
| Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | 152.89 % | 158.43 % | 169.96 % |
| Plan Fiduciary Net Position As a Percentage of the Total Pension Liability | 79.41 % | 78.70 % | 76.10 % |
| Non-Major and Formerly Reported Component Units | | | |
| Proportion of the Collective Net Pension Liability | 0.614025 % | 0.652461 % | 0.564345 % |
| Proportionate Share (Amount) of the Collective Net Pension Liability | \$ 6,421 | \$ 6,848 | \$ 6,428 |
| Covered Payroll | \$ 4,115 | \$ 4,240 | \$ 3,700 |
| Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | 156.04 % | 161.51 % | 173.73 % |
| Plan Fiduciary Net Position As a Percentage of the Total Pension Liability | 79.41 % | 78.70 % | 76.10 % |
| Total SETP - State of Maine Employees | | | |
| Proportion of the Collective Net Pension Liability | 100.000000 % | 100.000000 % | 100.000000 % |
| Proportionate Share (Amount) of the Collective Net Pension Liability | \$ 1,045,784 | \$ 1,049,566 | \$ 1,139,058 |
| Covered Payroll | \$ 663,265 | \$ 643,961 | \$ 636,471 |
| Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | 157.67 % | 162.99 % | 178.96 % |
| Plan Fiduciary Net Position As a Percentage of the Total Pension Liability | 79.41 % | 78.70 % | 76.10 % |

Notes to Schedule:

As of June 30, 2020, the SETP includes the State, 1 major component unit, 1 non-major component unit and 1 formerly reported component unit in its definition of state employees. Totals for the non-major and formerly reported component unit have been combined.

A complete description of the methods and assumptions used to determine contribution rates for the year ending June 30, 2020 can be found in the June 30, 2018 actuarial valuation report.

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

| 2017 | 2016 | 2015 |
|------|------|------|
|------|------|------|

| | | |
|--------------|-------------|-------------|
| 94.498857 % | 92.825250 % | 92.853946 % |
| \$ 1,269,080 | \$ 950,597 | \$ 837,743 |
| \$ 588,415 | \$ 520,115 | \$ 525,765 |
| 215.68 % | 182.77 % | 159.34 % |
| 71.00 % | 76.80 % | 79.21 % |

| | | |
|------------|------------|------------|
| 4.969634 % | 6.640831 % | 6.618303 % |
| \$ 66,740 | \$ 68,007 | \$ 59,710 |
| \$ 32,627 | \$ 32,008 | \$ 31,679 |
| 204.55 % | 212.47 % | 188.48 % |
| 71.00 % | 76.80 % | 79.21 % |

| | | |
|------------|------------|------------|
| 0.531509 % | 0.533919 % | 0.527751 % |
| \$ 7,138 | \$ 5,468 | \$ 4,760 |
| \$ 3,424 | \$ 3,927 | \$ 3,776 |
| 208.47 % | 139.24 % | 126.06 % |
| 71.00 % | 76.80 % | 79.21 % |

| | | |
|--------------|--------------|--------------|
| 100.000000 % | 100.000000 % | 100.000000 % |
| \$ 1,342,959 | \$ 1,024,072 | \$ 902,213 |
| \$ 624,466 | \$ 556,050 | \$ 561,220 |
| 215.06 % | 184.17 % | 160.76 % |
| 71.00 % | 76.80 % | 79.21 % |

STATE OF MAINE
SCHEDULE OF STATE CONTRIBUTIONS
COST-SHARING MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLANS - EMPLOYER CONTRIBUTIONS
STATE EMPLOYEES AND TEACHERS PLAN - STATE EMPLOYEES ONLY

Last Seven Fiscal Years
(Expressed in Thousands)

| | 2020 | 2019 | 2018 | 2017 |
|--|------------|------------|------------|------------|
| State Employees | | | | |
| Actuarially Determined Contribution | \$ 155,628 | \$ 152,439 | \$ 148,115 | \$ 141,295 |
| Contributions in Relation to the Actuarially Determined Employer Contribution | (155,628) | (152,439) | (148,115) | (141,295) |
| Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | \$ - |
| Covered Payroll | \$ 688,817 | \$ 627,615 | \$ 608,615 | \$ 601,904 |
| Contributions Recognized by the Pension Plan in Relation to the Actuarially Determined Employer Contribution as a Percentage of Employer's Covered Payroll | 22.59 % | 24.29 % | 24.34 % | 23.47 % |
| Maine Community College System | | | | |
| Actuarially Determined Contribution | \$ 7,030 | \$ 7,416 | \$ 7,347 | \$ 6,863 |
| Contributions in Relation to the Actuarially Determined Employer Contribution | (7,030) | (7,416) | (7,347) | (6,863) |
| Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | \$ - |
| Covered Payroll | \$ 32,713 | \$ 31,535 | \$ 31,106 | \$ 30,867 |
| Contributions Recognized by the Pension Plan in Relation to the Actuarially Determined Employer Contribution as a Percentage of Employer's Covered Payroll | 21.49 % | 23.52 % | 23.62 % | 22.23 % |
| Combined Non-major and Formerly Reported Component Units | | | | |
| Actuarially Determined Contribution | \$ 1,005 | \$ 987 | \$ 1,021 | \$ 840 |
| Contributions in Relation to the Actuarially Determined Employer Contribution | (1,005) | (987) | (1,021) | (840) |
| Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | \$ - |
| Covered Payroll | \$ 4,571 | \$ 4,115 | \$ 4,240 | \$ 3,700 |
| Contributions Recognized by the Pension Plan in Relation to the Actuarially Determined Employer Contribution as a Percentage of Employer's Covered Payroll | 21.99 % | 23.99 % | 24.08 % | 22.70 % |
| Total SETP - State of Maine Employees | | | | |
| Actuarially Determined Contribution | \$ 163,663 | \$ 160,842 | \$ 156,483 | \$ 148,998 |
| Contributions in Relation to the Actuarially Determined Employer Contribution | (163,663) | (160,842) | (156,483) | (148,998) |
| Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | \$ - |
| Covered Payroll | \$ 726,101 | \$ 663,265 | \$ 643,961 | \$ 636,471 |
| Contributions Recognized by the Pension Plan in Relation to the Actuarially Determined Employer Contribution as a Percentage of Employer's Covered Payroll | 22.54 % | 24.25 % | 24.30 % | 23.41 % |

(continued)

| <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--------------------------------|--------------------------------|--------------------------------|
| \$ 136,139 <u>(136,139)</u> | \$ 107,807 <u>(107,807)</u> | \$ 117,380 <u>(117,380)</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| \$ 588,415 23.14 % | \$ 521,846 20.66 % | \$ 525,765 22.33 % |
| \$ 7,159 <u>(7,159)</u> | \$ 8,135 <u>(8,135)</u> | \$ 3,133 <u>(3,133)</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| \$ 32,627 21.94 % | \$ 30,257 26.89 % | \$ 31,679 9.89 % |
| \$ 766 <u>(766)</u> | \$ 635 <u>(635)</u> | \$ 522 <u>(522)</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| \$ 3,424 22.37 % | \$ 3,947 16.09 % | \$ 3,776 13.82 % |
| \$ 144,064 <u>(144,064)</u> | \$ 116,577 <u>(116,577)</u> | \$ 121,035 <u>(121,035)</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| \$ 624,466 23.07 % | \$ 556,050 20.97 % | \$ 561,220 21.57 % |

STATE OF MAINE
SCHEDULE OF STATE CONTRIBUTIONS
COST-SHARING MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLANS - EMPLOYER CONTRIBUTIONS
STATE EMPLOYEES AND TEACHERS PLAN - STATE EMPLOYEES ONLY (CONTINUED)

Notes to Schedule:

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

| | |
|--------------------------|--|
| Valuation date | June 30, 2017 |
| | June 30, 2020 actuarially determined contribution rates are calculated based on 2018 liabilities developed as a roll-forward of the 2017 actuarial valuation, adjusted for expected experience and any assumption or methodology changes during fiscal year end 2018 using assets as of June 30, 2018. |
| Actuarial cost method | Entry age normal |
| Asset valuation method | 3-Year smoothed market |
| Amortization method | Level Percentage of payroll, closed 16-year amortization of the UAL prior to 2012 and individual, closed, level percent of payroll, 20-year amortization of UAL arising each year beginning in 2012. |
| Discount rate | 6.75% |
| Amortization growth rate | 2.75% |
| Price inflation | 2.75% |
| Salary increases | 2.75% plus merit component based on employee's years of service. |
| Retirement age | Normal retirement age for State employees and teachers is age 60, 62 or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. |
| Mortality | 104 percent and 120 percent of the RP-2014 Total Dataset Healthy Annuitant Mortality Table, respectively, for males and females. |

A complete description of the methods and assumptions used to determine contribution rates for the year ending June 30, 2020 can be found in the June 30, 2018 actuarial valuation report.

Former actuarial assumptions:

Discount rate

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

Other information

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

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

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

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

Last Six Fiscal Years
(Expressed in Thousands)

| | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|--|--------------|--------------|--------------|
| Non-employer Contributing Entity's Proportion of: | | | |
| Percentage of the Collective Net Pension Liability | 95.540502 % | 95.298384 % | 95.016790 % |
| Amount of the Collective Net Pension Liability | \$ 1,465,876 | \$ 1,349,443 | \$ 1,452,536 |
| Plan Fiduciary Net Position As a Percentage of the Total Pension Liability | 84.50 % | 85.20 % | 83.30 % |

Notes to Schedule:

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

| 2017 | 2016 | 2015 |
|--------------|--------------|--------------|
| 95.002519 % | 95.036038 % | 95.069591 % |
| \$ 1,766,662 | \$ 1,350,118 | \$ 1,027,065 |
| 79.00 % | 83.60 % | 86.46 % |

STATE OF MAINE
SCHEDULE OF STATE CONTRIBUTIONS
COST-SHARING MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLANS - EMPLOYER CONTRIBUTIONS
STATE EMPLOYEES AND TEACHERS PLAN - TEACHERS

Last Seven Fiscal Years
(Expressed in Thousands)

| | 2020 | 2019 | 2018 | 2017 |
|---|------------|------------|------------|------------|
| Teachers - Non-Employer Contributor | | | | |
| Actuarially Determined Contribution | \$ 174,530 | \$ 132,981 | \$ 129,422 | \$ 116,080 |
| Contributions in Relation to the Actuarially Determined Non-Employer Contribution | (174,530) | (132,981) | (129,422) | (116,080) |
| Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | \$ - |
| Employer Contributors | | | | |
| Actuarially Determined Contribution | \$ 61,582 | \$ 56,761 | \$ 54,472 | \$ 47,659 |
| Contributions in Relation to the Actuarially Determined Employer Contribution | (61,582) | (56,761) | (54,472) | (47,659) |
| Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | \$ - |
| Total SETP - Teachers | | | | |
| Actuarially Determined Contribution | \$ 236,112 | \$ 189,742 | \$ 183,894 | \$ 163,739 |
| Contributions in Relation to the Actuarially Determined Employer Contribution | (236,112) | (189,742) | (183,894) | (163,739) |
| Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | \$ - |

(continued)

| <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--------------------------------|--------------------------------|--------------------------------|
| \$ 112,478 <u>(112,478)</u> | \$ 147,048 <u>(147,048)</u> | \$ 146,362 <u>(146,362)</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| | | |
| \$ 45,349 <u>(45,349)</u> | \$ 38,404 <u>(38,404)</u> | \$ 36,931 <u>(36,931)</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| | | |
| \$ 157,827 <u>(157,827)</u> | \$ 185,452 <u>(185,452)</u> | \$ 183,293 <u>(183,293)</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

STATE OF MAINE
SCHEDULE OF STATE CONTRIBUTIONS
COST-SHARING MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLANS - EMPLOYER CONTRIBUTIONS
STATE EMPLOYEES AND TEACHERS PLAN - TEACHERS (CONTINUED)

Notes to Schedule:

| | |
|--------------------------|---|
| Valuation date | June 30, 2017 June 30, 2020 actuarially determined contribution rates are calculated based on 2018 liabilities developed as a roll-forward of the 2017 valuation liability, adjusted for expected experience and any assumption or methodology changes during fiscal year end 2018 using actual assets at June 30, 2018. |
| Actuarial cost method | Entry age normal |
| Asset valuation method | 3-Year smoothed market |
| Amortization method | Level Percentage of payroll, closed 16-year amortization of the UAL prior to 2012 and individual, closed. level percent of payroll, 20-year amortization of UAL arising each year beginning in 2012. |
| Discount rate | 6.75% |
| Amortization growth rate | 2.75% |
| Price inflation | 2.75% |
| Salary increases | 2.75% plus merit component based on employee's years of service. |
| Retirement age | Normal retirement age for State employees and teachers is age 60, 62 or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. |
| Mortality | 99 percent of the RP-2014 Total Dataset Healthy Annuitant Mortality Table for males and females. |

A complete description of the methods and assumptions used to determine contribution rates for the year ending June 30, 2020 can be found in the June 30, 2018 actuarial valuation report.

| | |
|-------------------|--|
| Discount rate | Change in assumptions 2018: The annual rate of investment return was reduced from 6.875% used at funding to 6.75%. The impact of this change is included in the TPL reconciliation as a change in assumptions. |
| Other information | Change in assumptions 2016: the amounts reported as changes of assumptions were due to assumptions that were updated based on the experience study covering the period from June 30, 2012 through June 30, 2015. |

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

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

STATE OF MAINE
SCHEDULE OF CHANGES IN
THE NET OPEB LIABILITY
HEALTHCARE PLAN - STATE EMPLOYEES

Last Four Fiscal Years
(Expressed in Thousands)

| | 2020 | 2019 | 2018 | 2017 |
|--|--------------|--------------|--------------|--------------|
| Total OPEB Liability | | | | |
| Beginning Total Liability | \$ 1,226,111 | \$ 1,199,512 | \$ 1,161,320 | \$ 1,143,542 |
| Service Cost | 17,777 | 17,425 | 16,917 | 12,246 |
| Interest | 81,020 | 79,128 | 76,921 | 75,650 |
| Differences Between Expected and Actual Experience | (56,455) | 20,875 | 17,725 | - |
| Changes of Assumptions Others | 652 | - | 5,241 | - |
| Benefit Payments, Including Refunds of Member Contributions - Explicit | (71,199) | (70,524) | (58,347) | (54,118) |
| Benefit Payments, Including Refunds of Member Contributions - Implicit | (17,419) | (20,305) | (20,265) | (16,000) |
| Net Change in Total OPEB Liability | (45,624) | 26,599 | 38,192 | 17,778 |
| Ending Total OPEB Liability | 1,180,487 | 1,226,111 | 1,199,512 | 1,161,320 |
| Plan Fiduciary Net Position | | | | |
| Beginning Plan Fiduciary Net Position | 277,703 | 256,860 | 233,596 | 203,088 |
| Employer Contributions - Explicit | 71,199 | 72,524 | 60,347 | 58,118 |
| Employer Contributions - Implicit | 17,419 | 20,305 | 20,265 | 16,000 |
| Net Investment Income | 13,859 | 18,846 | 21,270 | 26,513 |
| Benefit Payments, Including Refunds of Member Contributions | (88,618) | (90,829) | (78,612) | (70,118) |
| Administrative Expense | (3) | (3) | (6) | (5) |
| Net Change in Plan Fiduciary Net Position | 13,856 | 20,843 | 23,264 | 30,508 |
| Ending Plan Fiduciary Net Position | 291,559 | 277,703 | 256,860 | 233,596 |
| Ending Net OPEB Liability | \$ 888,928 | \$ 948,408 | \$ 942,652 | \$ 927,724 |
| Plan Fiduciary Net Position as Percentage of the Total OPEB Liability | 24.7 % | 22.6 % | 21.4 % | 20.1 % |
| Covered Payroll | \$ 687,595 | \$ 626,384 | \$ 612,195 | \$ 574,663 |
| Net OPEB Liability as a Percentage of Covered Payroll | \$ 129.3 | \$ 151.4 | \$ 154.0 | \$ 161.4 |

This information relates to the OPEB Plan, not the employer's plan.

Per GASB Statement No. 75, governments should present information for those years for which information is available. If information is not available, the government may implement them prospectively.

STATE OF MAINE
SCHEDULE OF CHANGES IN
THE NET OPEB LIABILITY
GROUP LIFE INSURANCE PLAN - STATE EMPLOYEES AND TEACHERS

Last Four Fiscal Years
(Expressed in Thousands)

| | 2020 | 2019 | 2018 | 2017 |
|--|--------------|--------------|--------------|--------------|
| Total OPEB Liability | | | | |
| Beginning Total Liability | \$ 204,432 | \$ 196,263 | \$ 183,723 | \$ 175,647 |
| Service Cost | 2,191 | 2,132 | 2,122 | 2,065 |
| Interest | 14,275 | 13,155 | 12,531 | 12,015 |
| Differences Between Expected and Actual Experience | 589 | - | 1,957 | - |
| Changes of Assumptions Discount Rate | - | - | 3,200 | - |
| Benefit Payments, Including Refunds of Member Contributions - Explicit | (8,178) | (7,118) | (7,270) | (6,004) |
| Net Change in Total OPEB Liability | 8,877 | 8,169 | 12,540 | 8,076 |
| Ending Total OPEB Liability | 213,309 | 204,432 | 196,263 | 183,723 |
| Plan Fiduciary Net Position | | | | |
| Beginning Plan Fiduciary Net Position | 100,617 | 94,287 | 86,883 | 77,416 |
| Employer and Non-Employer Contributions | 9,311 | 7,756 | 7,639 | 6,921 |
| Net Investment Income | 4,886 | 6,418 | 7,805 | 9,886 |
| Benefit Payments, Including Refunds of Member Contributions | (8,178) | (7,118) | (7,270) | (6,004) |
| Administrative Expense | (1,019) | (726) | (770) | (1,336) |
| Net Change in Plan Fiduciary Net Position | 5,000 | 6,330 | 7,404 | 9,467 |
| Ending Plan Fiduciary Net Position | 105,617 | 100,617 | 94,287 | 86,883 |
| Ending Net OPEB Liability | \$ 107,692 | \$ 103,815 | \$ 101,976 | \$ 96,840 |
| Plan Fiduciary Net Position as Percentage of the Total OPEB Liability | 49.5 % | 49.2 % | 48.0 % | 47.3 % |
| Covered Payroll | \$ 1,484,373 | \$ 1,380,619 | \$ 1,343,669 | \$ 1,277,009 |
| Change - Increase (Decrease) | 7.3 % | 7.5 % | 7.6 % | 7.6 % |

Per GASB Statement No. 75, governments should present information for those years for which information is available. If information is not available, the government may implement them prospectively.

STATE OF MAINE
SCHEDULE OF CHANGES IN
TOTAL OPEB LIABILITY
HEALTHCARE PLAN - TEACHERS

Last Four Fiscal Years
(Expressed in Thousands)

| | 2020 | 2019 | 2018 | 2017 |
|---|--------------|--------------|--------------|--------------|
| Total OPEB Liability | | | | |
| Beginning Total Liability | \$ 1,235,862 | \$ 1,248,326 | \$ 1,323,731 | |
| Service Cost | 33,787 | 35,795 | 42,214 | - |
| Interest | 48,502 | 45,495 | 38,521 | - |
| Contribution - Non-Employer Contributing Entity | (33,032) | (26,855) | (28,848) | - |
| Differences Between Expected and Actual Experience | 59,296 | (5,178) | - | - |
| Changes of Assumptions Discount Rate | 90,624 | (61,721) | (170,420) | - |
| Changes of Assumptions - Others | 6,221 | - | - | - |
| Differences Between Expected and Actual Investment Earnings | - | - | 43,128 | - |
| Net Change in Total OPEB Liability | 205,398 | (12,464) | (75,405) | - |
| Ending Total OPEB Liability | \$ 1,441,260 | \$ 1,235,862 | \$ 1,248,326 | \$ 1,323,731 |
| Covered Payroll | \$ 1,260,742 | \$ 1,156,592 | \$ 1,149,126 | \$ 1,125,444 |
| Total OPEB Liability as Percentage of Covered Payroll | 114.3 % | 106.9 % | 107.5 % | 117.6 % |
| State's Proportionate Share of the Collective Total OPEB | 75 % | 74 % | 83 % | 83 % |

This plan is funded on a pay-as-you go basis. The State's proportionate share for fiscal years June 30, 2017 through June 30, 2019 was estimated assuming the same share of implicit subsidy for each school district's OPEB Plan.

Per GASB Statement No. 75, governments should present information for those years for which information is available. If information is not available, the government may implement them prospectively.

STATE OF MAINE
SCHEDULE OF CHANGES IN
TOTAL OPEB LIABILITY
HEALTHCARE PLAN - FIRST RESPONDERS

Last Four Fiscal Years
(Expressed in Thousands)

| | 2020 | 2019 | 2018 | 2017 |
|--|-------------|-------------|-------------|-------------|
| Total OPEB Liability | | | | |
| Beginning Total Liability | \$ 19,232 | \$ 18,980 | \$ 26,052 | |
| Service Cost | 751 | 776 | 1,836 | - |
| Interest | 763 | 698 | 786 | - |
| Changes in Benefit Terms | 8,247 | - | - | - |
| Contribution - Employee | (592) | (617) | (618) | - |
| Contribution - Non-Employer Contributing Entity | (48) | (5) | (78) | - |
| Administrative Expenses | 92 | 98 | 99 | - |
| Differences Between Expected and Actual Experience | (863) | (191) | (2,909) | - |
| Changes of Assumptions Discount Rate | 939 | (507) | (1,325) | - |
| Changes of Assumptions - Others | (1,015) | - | (4,863) | - |
| Net Change in Total OPEB Liability | 8,274 | 252 | (7,072) | - |
| Ending Total OPEB Liability | \$ 27,506 | \$ 19,232 | \$ 18,980 | \$ 26,052 |
| Covered Payroll | \$ 66,360 | \$ 64,427 | \$ 62,551 | \$ 55,651 |
| Total OPEB Liability as Percentage of Covered Payroll | 41.4 % | 29.9 % | 30.3 % | 46.8 % |
| State's Proportionate Share of the Collective Total OPEB | 23 % | 13 % | 23 % | 23 % |

This plan is funded on a pay-as-you go basis. The State's proportionate share for fiscal years June 30, 2017 through June 30, 2019 was estimated assuming the same share of implicit subsidy for each municipality's OPEB Plan.

Per GASB Statement No. 75, governments should present information for those years for which information is available. If information is not available, the government may implement them prospectively.

STATE OF MAINE
SCHEDULE OF STATE CONTRIBUTIONS
STATE FUNDED HEALTHCARE AND GROUP LIFE INSURANCE OPEB PLANS

Last Four Fiscal Years
(Expressed in Thousands)

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---|--------------------|--------------------|-------------------|-------------------|
| State Employee Healthcare | | | | |
| Actuarially Determined Contribution | \$ 56,241 | \$ 71,363 | \$ 71,179 | \$ 69,000 |
| Contributions in Relation to the Actuarially Determined Employer Contribution | <u>(88,618)</u> | <u>(92,829)</u> | <u>(80,612)</u> | <u>(74,000)</u> |
| Contribution Deficiency (Excess) | <u>\$ (32,377)</u> | <u>\$ (21,466)</u> | <u>\$ (9,433)</u> | <u>\$ (5,000)</u> |
| Covered Payroll | \$ 687,595 | \$ 626,384 | \$ 612,195 | \$ 582,934 |
| Contributions as a Percentage of Covered Payroll | 12.89 % | 14.82 % | 13.17 % | 12.69 % |
| State Employee and Teacher Group Life Insurance Benefit Plan | | | | |
| Actuarially Determined Contribution | \$ 10,671 | \$ 9,040 | \$ 8,806 | \$ 8,240 |
| Contributions in Relation to the Actuarially Determined Employer Contribution | <u>(9,310)</u> | <u>(7,756)</u> | <u>(7,638)</u> | <u>(6,921)</u> |
| Contribution Deficiency (Excess) | <u>\$ 1,361</u> | <u>\$ 1,284</u> | <u>\$ 1,168</u> | <u>\$ 1,319</u> |
| Covered Payroll | \$ 1,484,373 | \$ 1,380,619 | \$ 1,343,669 | \$ 1,277,009 |
| Contributions as a Percentage of Covered Payroll | 0.63 % | 0.56 % | 0.57 % | 0.54 % |

Notes to Schedule:

Pay-as-you-go plans do not require an actuarially determined contribution.

State Health Insurance The valuation date is June 30, 2019. Costs are developed using the entry age normal cost method based on a level percentage of payroll. The participation rate for future retirees is 95 percent of active participants currently enrolled. Actuarial assumptions used in the June 30, 2020 and June 30, 2019 actuarial valuations were based on the results of an actuarial experience study conducted for the period of June 30, 2012 to June 30, 2015. Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2020 and June 30, 2019 include: a 6.75 percent investment rate of return, a 2.75 percent inflation rate; and, annual salary increases, including inflation of 2.75 percent plus merit component based on employee's years of service. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll over a 30-year period on a closed basis. The unfunded liability will be fully recognized by June 30, 2037. Assumption and plan changes are amortized over an 18 year fixed period. Experience losses are amortized over a 10 year fixed period. The medical trend rate had been 6.80 at June 30, 2016. Every year thereafter, the medical trend rate has dropped by .20. At June 30, 2020, the medical trend rate was 6.00. The ultimate medical trend rate for both years is 4.29 percent reached at 2075. The State actively manages premium increases within the statutory cap, so healthcare cost increases are limited to no more than inflation plus 3 percent in any year. For active members and non-disabled retirees, the RP2014 Total Dataset Healthy Annuitant Mortality Table was used. For State employees rates are based on 104 percent and 120 percent for males and females, respectively. The only assumption changed has been the annual decline in medical trend rate of .20 annually since June 30, 2016.

Group Life Insurance The valuation date is June 30, 2016 for State Employees and June 30, 2014 for Teachers. Costs are developed using the individual entry age normal cost method based on a level percentage of payroll. The participation rate for future retirees is 100 percent of those currently enrolled. Actuarial assumptions were based on the results of an actuarial experience study conducted for the period of June 30, 2012 to June 30, 2015. Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2020 include: a 6.75 percent investment rate of return, a 6.875 percent discount rate, a 2.75 percent inflation rate; and, annual salary increases, including inflation of 2.75 percent plus merit component based on employee's years of service. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll over a 30-year period on a closed basis. As of June 30, 2020, there were 17 years remaining in the amortization schedule for state employees and teachers. For active members and non-disabled retirees, the RP2014 Total Dataset Healthy Annuitant Mortality Table was used. For State employees rates are based on 104 percent and 120 percent for males and females, respectively. Teachers rates are based on 99 percent for both genders. One assumption changed in 2018. The discount rate assumption was lowered from 6.875 percent to 6.750 percent.

Per GASB Statement No. 74, governments should present information for those years for which information is available. If information is not available, the government may implement them prospectively.

STATE OF MAINE
SCHEDULE OF INVESTMENT RETURNS
STATE FUNDED HEALTHCARE AND GROUP LIFE INSURANCE OPEB PLANS

Last Four Fiscal Years

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---|-------------|-------------|-------------|-------------|
| Annual money-weighted rate of return, net of investment expense | 6.00 % | 6.60 % | 9.00 % | 12.88 % |

Notes to Schedule:

Per GASB Statement No. 74, governments should present information for those years for which information is available. If information is not available, the government may implement them prospectively.

STATE OF MAINE
INFORMATION ABOUT INFRASTRUCTURE ASSETS REPORTING USING THE MODIFIED APPROACH

As allowed by GASB Statement No. 34, the State has adopted an alternative process for recording depreciation expense on selected infrastructure assets. Under this process, the State does not record depreciation expense nor are amounts capitalized in connection with improvements to those assets, unless the improvements expand the capacity or efficiency of an asset. Assets accounted for under the modified approach include 8,802 highway miles or 17,880 lane miles of roads and 2,983 bridges having a total deck area of 12.4 million square feet that the State is responsible to maintain.

In order to utilize the modified approach, the State is required to:

- Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure.
- Perform condition assessments of eligible assets and summarize the results using a measurement scale.
- Estimate each year the annual amount to maintain and preserve the assets at the condition level established and disclosed by the State.
- Document that the assets are being preserved at, or above, the established condition level.

Roads and bridges maintained by the Department of Transportation are accounted for using the modified approach.

HIGHWAYS

Measurement Scale for Highways

The Maine Department of Transportation (MDOT) uses six indicators to determine the condition of highway adequacy. The six indicators and their relative point weighting are listed in the table below.

| Data Element | Point Rating (%) | Description |
|--|-----------------------------|---|
| Pavement Condition Rating (PCR) | 45 | PCR is defined as the composite condition of the pavement on a roadway only, and is compiled from the severity and extent of pavement distresses such as cracking, rutting and patching. It is the key indicator used to determine the optimum time to treat a particular section of road. Points decrease as PCR decreases |
| Safety | 20 | Statewide crash rates are used to allocate points. Locations with high rates get fewer points. |
| Backlog (Built vs. Unbuilt roadway) | 15 | A "Built" road is one that has been constructed to a modern standard, usually post 1950. This includes adequate drainage, base, and pavement to carry the traffic load, and adequate sight distance and width to meet current safety standards. "Unbuilt" (backlog) is defined as a roadway section that has not been built to modern standards. Yes or No (15 or 0). |
| Annual Average Daily Traffic divided by the hourly highway capacity (AADT/C) | 10 | This ratio measures how intensely a highway is utilized. As a highway facility's AADT/C ratio increases, the average speed of vehicles on that facility tends to decrease. This decrease in average speed is evidence of reduced mobility. As congestion increases, points decrease (0-10). |
| Posted Speed | 5 | Lower speeds equal fewer points |
| Paved Shoulder | 5 | In general, roadways with paved shoulders perform at a higher level and last longer than those without shoulders or with only gravel shoulders. Yes or No (5 or 0). |
| <hr/> <hr/> | | |
| 100 | | |

STATE OF MAINE
INFORMATION ABOUT INFRASTRUCTURE ASSETS REPORTING USING THE MODIFIED APPROACH

BRIDGES

MDOT uses four separate factors to obtain a numerical value used to indicate the ability of bridges to remain in service at the current level of usage. The numeric value is a percentage ranging from 0 percent to represent an entirely insufficient or deficient bridge, and 100 percent to represent an entirely sufficient bridge. The four indicators and their relative point weighting are listed in the table below. The composite numeric value is based on the sufficiency rating formula in the Recording and Coding Guide for Structure Inventory and Appraisal of the Nation's Bridges.

| Data Element | Point Rating (%) | Description |
|--|-------------------------|---|
| Structural Adequacy and Safety | 55 | This category considers inventory rating, superstructure, substructure and culverts. |
| Serviceability and Functional Obsolescence | 30 | Serviceability and functional obsolescence that addresses the number of lanes, average daily traffic, roadway width, bridge width, deck condition, under clearances, waterway adequacy, alignment, and defense highway designation. |
| Essentiality for Public Use | 15 | This considers detour length, average daily traffic, and defense highway designation. |
| Special Reduction | (13) | The sufficiency rating also includes consideration of special reductions for detour length, safety features, and type of structure. |

Assessed Conditions

The following table shows adequacy ratings for maintenance levels from Excellent to Poor.

| Adequacy Rating | Total |
|------------------------|--------------|
| Excellent | 80 - 100 |
| Good | 70 - 80 |
| Fair | 60 - 70 |
| Poor | 0 - 60 |

MDOT intends to maintain highways and bridges at an adequacy rating of 60 or higher. The following table shows adequacy ratings achieved by MDOT.

| Fiscal Year | Highways | Bridges |
|--------------------|-----------------|----------------|
| 2020 | 74.0 | 75.0 |
| 2019 | 70.0 | 74.0 |
| 2018 | 71.8 | 74.0 |

STATE OF MAINE
INFORMATION ABOUT INFRASTRUCTURE ASSETS REPORTING USING THE MODIFIED APPROACH

Comparison of Estimated-to-Actual Preservation Costs

The following table presents the State's preservation costs for the past five fiscal years. It also shows the estimate of spending necessary to preserve and maintain the roads and bridges at, or above, a sufficiency rating of 60 for both highways and bridges (in millions).

| Actual Preservation Costs | | | | | |
|----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| (Expressed in millions) | | | | | |
| | 2020 | 2019 | 2018 | 2017 | 2016 |
| Highways | \$ 148.3 | \$ 119.6 | \$ 124.8 | \$ 123.3 | \$ 110.7 |
| Bridges | 32.0 | 13.2 | 16.4 | 18.8 | 4.9 |
| Total | <u>\$ 180.3</u> | <u>\$ 132.8</u> | <u>\$ 141.2</u> | <u>\$ 142.1</u> | <u>\$ 115.6</u> |

| Estimated Preservation Costs | | | | | |
|-------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| (Expressed in millions) | | | | | |
| | 2020 | 2019 | 2018 | 2017 | 2016 |
| Highways | \$ 130.0 | \$ 112.0 | \$ 133.0 | \$ 142.2 | \$ 113.4 |
| Bridges | 15.0 | 13.5 | 21.0 | 23.7 | 8.8 |
| Total | <u>\$ 145.0</u> | <u>\$ 125.5</u> | <u>\$ 154.0</u> | <u>\$ 165.9</u> | <u>\$ 122.2</u> |

Transportation Bonds

Transportation bonds, approved by referendum, are issued to fund improvements to highways and bridges. Of the amount authorized by Chapter 467, PL 2017, \$40 million in General Fund bonds were spent during FY2020. Of the amount authorized by Chapter 532, PL 2019, \$50 million in General Fund bonds were spent during FY2020.



COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

STATE OF MAINE
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES
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NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds - include operating fund activities financed by specific revenue sources that are legally restricted for specified purposes.

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

Permanent Trust Funds - report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that benefit the government or its citizenry.

STATE OF MAINE
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE

June 30, 2020
(Expressed in Thousands)

| | <u>Special Revenue</u> | <u>Capital Projects</u> | <u>Permanent</u> | <u>Total Other Governmental Funds</u> |
|--|----------------------------|-----------------------------|------------------|---|
| Assets | | | | |
| Equity in Treasurer's Cash Pool | \$ 107 | \$ - | \$ 1,005 | \$ 1,112 |
| Investments | 88,580 | - | 58,326 | 146,906 |
| Restricted Assets: | | | | |
| Restricted Equity in Treasurer's Cash Pool | <u>-</u> | <u>128,076</u> | <u>-</u> | <u>128,076</u> |
| Total Assets | <u>\$ 88,687</u> | <u>\$ 128,076</u> | <u>\$ 59,331</u> | <u>\$ 276,094</u> |
| Liabilities and Fund Balances | | | | |
| Accounts Payable | \$ 12 | \$ 946 | \$ - | \$ 958 |
| Due to Other Funds | - | 13 | - | 13 |
| Due to Component Units | - | 5,763 | - | 5,763 |
| Unearned Revenue | <u>-</u> | <u>3</u> | <u>-</u> | <u>3</u> |
| Total Liabilities | 12 | 6,725 | - | 6,737 |
| Fund Balances | | | | |
| Non-Spendable Legal or Contractual | - | - | 59,331 | 59,331 |
| Restricted | <u>88,675</u> | <u>121,351</u> | <u>-</u> | <u>210,026</u> |
| Total Fund Balances | <u>88,675</u> | <u>121,351</u> | <u>59,331</u> | <u>269,357</u> |
| Total Liabilities and Fund Balances | <u>\$ 88,687</u> | <u>\$ 128,076</u> | <u>\$ 59,331</u> | <u>\$ 276,094</u> |

STATE OF MAINE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE

Fiscal Year Ended June 30, 2020
(Expressed in Thousands)

| | <u>Special Revenue</u> | <u>Capital Projects</u> | <u>Permanent</u> | <u>Total Other Governmental Funds</u> |
|--|----------------------------|-----------------------------|------------------|---|
| Revenues | | | | |
| Investment Income | \$ 3,242 | \$ - | \$ 4,639 | \$ 7,881 |
| Miscellaneous Revenues | - | 94 | - | 94 |
| Total Revenues | <u>3,242</u> | <u>94</u> | <u>4,639</u> | <u>7,975</u> |
| Expenditures | | | | |
| Governmental Support & Operations | 493 | (1) | 48 | 540 |
| Economic Development & Workforce Training | - | 17,500 | - | 17,500 |
| Education | - | 12,443 | - | 12,443 |
| Natural Resources Development & Protection | - | 4,892 | - | 4,892 |
| Justice & Protection | - | 455 | - | 455 |
| Transportation Safety & Development | - | 5,344 | - | 5,344 |
| Debt Service: | | | | |
| Capital Outlay | - | 98,555 | - | 98,555 |
| Total Expenditures | <u>493</u> | <u>139,188</u> | <u>48</u> | <u>139,729</u> |
| Revenue over (under) Expenditures | <u>2,749</u> | <u>(139,094)</u> | <u>4,591</u> | <u>(131,754)</u> |
| Other Financing Sources (Uses) | | | | |
| Transfer from Other Funds | 2,076 | - | - | 2,076 |
| Transfer to Other Funds | (4,767) | - | (1,146) | (5,913) |
| Bonds Issued | - | 114,905 | - | 114,905 |
| Premiums on Bond Issuance | - | 26,395 | - | 26,395 |
| Net Other Financing Sources (Uses) | <u>(2,691)</u> | <u>141,300</u> | <u>(1,146)</u> | <u>137,463</u> |
| Net Change in Fund Balances | <u>58</u> | <u>2,206</u> | <u>3,445</u> | <u>5,709</u> |
| Fund Balance at Beginning of Year | <u>88,617</u> | <u>119,145</u> | <u>55,886</u> | <u>263,648</u> |
| Fund Balances, End of Year | <u>\$ 88,675</u> | <u>\$ 121,351</u> | <u>\$ 59,331</u> | <u>\$ 269,357</u> |



OTHER GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Baxter Park Fund – This fund accounts for a gift to the State of Maine by former Governor Baxter, which allows for the principal and interest to be used to purchase public reserved lands. Interest income may also be used for operations of the Baxter State Park.

Revenue on Permanent Funds Fund – This fund accounts for expendable earnings on permanent fund balances.

Revenue on Baxter Park Wilderness Trust – This fund accounts for a gift to the State of Maine by an anonymous donor. Funds provide income for the maintenance and operation of Baxter State Park and may be used to make user fees more affordable. The fund will transfer small but regular additions from income to the trust principal.

PERMANENT FUNDS

Baxter Park Trust Fund – This fund accounts for a gift to the State of Maine by former Governor Baxter, calling for principal to be maintained intact and income to be used for park operations.

Other Trust Funds – These funds are comprised of numerous small Permanent Funds, the income from which may be used for specified purposes.

Baxter Park Wilderness Trust – This permanent fund accounts for a gift to the State of Maine by an anonymous donor.

STATE OF MAINE
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS

June 30, 2020
(Expressed in Thousands)

| | <u>Baxter Park</u> | <u>Revenue on Permanent Funds</u> | <u>Revenue on Baxter Park Wilderness Trust</u> | <u>Total Special Revenue Funds</u> |
|--------------------------------------|--------------------|---|--|--|
| Assets | | | | |
| Equity in Treasurer's Cash Pool | \$ - | \$ 107 | \$ - | \$ 107 |
| Investments | 88,081 | 12 | 487 | 88,580 |
| Total Assets | <u>\$ 88,081</u> | <u>\$ 119</u> | <u>\$ 487</u> | <u>\$ 88,687</u> |
| Liabilities and Fund Balances | | | | |
| Accounts Payable | - | - | 12 | 12 |
| Total Liabilities | <u>-</u> | <u>-</u> | <u>12</u> | <u>12</u> |
| Fund Balances: | | | | |
| Restricted | 88,081 | 119 | 475 | 88,675 |
| Total Fund Balances | <u>88,081</u> | <u>119</u> | <u>475</u> | <u>88,675</u> |
| Total Liabilities and Fund Balances | <u>\$ 88,081</u> | <u>\$ 119</u> | <u>\$ 487</u> | <u>\$ 88,687</u> |

STATE OF MAINE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR SPECIAL REVENUE FUNDS

Fiscal Year Ended June 30, 2020
(Expressed in Thousands)

| | Baxter Park | Revenue on Permanent Funds | Revenue on Baxter Park Wilderness Trust | Total Special Revenue Funds |
|---------------------------------------|--------------------|---|--|--|
| Revenues | | | | |
| Investment Income | \$ 2,881 | \$ 353 | \$ 8 | \$ 3,242 |
| Total Revenues | <u>2,881</u> | <u>353</u> | <u>8</u> | <u>3,242</u> |
| Expenditures | | | | |
| Current: | | | | |
| General Government | - | 454 | 39 | 493 |
| Total Expenditures | <u>-</u> | <u>454</u> | <u>39</u> | <u>493</u> |
| Revenue over (under) Expenditures | <u>2,881</u> | <u>(101)</u> | <u>(31)</u> | <u>2,749</u> |
| Other Financing Sources (Uses) | | | | |
| Transfer from Other Funds | - | 1,750 | 326 | 2,076 |
| Transfer to Other Funds | <u>(2,500)</u> | <u>(1,917)</u> | <u>(350)</u> | <u>(4,767)</u> |
| Net Other Financing Sources (Uses) | <u>(2,500)</u> | <u>(167)</u> | <u>(24)</u> | <u>(2,691)</u> |
| Net Change in Fund Balances | <u>381</u> | <u>(268)</u> | <u>(55)</u> | <u>58</u> |
| Fund Balance at Beginning of Year | <u>87,700</u> | <u>387</u> | <u>530</u> | <u>88,617</u> |
| Fund Balances at End of Year | <u>\$ 88,081</u> | <u>\$ 119</u> | <u>\$ 475</u> | <u>\$ 88,675</u> |

STATE OF MAINE
COMBINING BALANCE SHEET
NON-MAJOR PERMANENT FUNDS

June 30, 2020
(Expressed in Thousands)

| | <u>Baxter Trust</u> | <u>Other Trust</u> | <u>Baxter Park Wilderness Trust</u> | <u>Total Permanent Funds</u> |
|------------------------------------|---------------------|--------------------|---|--------------------------------------|
| Assets | | | | |
| Equity in Treasurer's Cash Pool | \$ - | \$ 1,005 | \$ - | \$ 1,005 |
| Investments | 9,155 | 24,514 | 24,657 | 58,326 |
| Total Assets | <u>\$ 9,155</u> | <u>\$ 25,519</u> | <u>\$ 24,657</u> | <u>\$ 59,331</u> |
| Fund Balances | | | | |
| Non-Spendable Legal or Contractual | <u>\$ 9,155</u> | <u>\$ 25,519</u> | <u>\$ 24,657</u> | <u>\$ 59,331</u> |

STATE OF MAINE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR PERMANENT FUNDS

Fiscal Year Ended June 30, 2020
(Expressed in Thousands)

| | <u>Baxter Trust</u> | <u>Other Trust</u> | <u>Baxter Park Wilderness Trust</u> | <u>Total Permanent Funds</u> |
|--|---------------------|--------------------|---|--------------------------------------|
| Revenues | | | | |
| Investment Income (Loss) | \$ 545 | \$ 2,875 | \$ 1,219 | \$ 4,639 |
| Total Revenues | <u>545</u> | <u>2,875</u> | <u>1,219</u> | <u>4,639</u> |
| Expenditures | | | | |
| Governmental Support & Operations | - | - | 48 | 48 |
| Total Expenditures | <u>-</u> | <u>-</u> | <u>48</u> | <u>48</u> |
| Revenue over (under) Expenditures | <u>545</u> | <u>2,875</u> | <u>1,171</u> | <u>4,591</u> |
| Other Financing Sources (Uses) | | | | |
| Transfer to Other Funds | - | (820) | (326) | (1,146) |
| Net Other Financing Sources (Uses) | - | (820) | (326) | (1,146) |
| Revenues and Other Sources over (under) Expenditures and Other Uses | <u>545</u> | <u>2,055</u> | <u>845</u> | <u>3,445</u> |
| Fund Balance at Beginning of Year | <u>8,610</u> | <u>23,464</u> | <u>23,812</u> | <u>55,886</u> |
| Fund Balances at End of Year | <u>\$ 9,155</u> | <u>\$ 25,519</u> | <u>\$ 24,657</u> | <u>\$ 59,331</u> |



BUDGETARY COMPARISON SCHEDULES

STATE OF MAINE
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND EXPENDITURES BY AGENCY

Fiscal Year Ended June 30, 2020
(Expressed in Thousands)

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|---|---------------------|------------------|---------------------------------------|
| Department of Administrative and Financial Services | | | |
| Administrative Services | \$ 21,301 | \$ 16,634 | \$ 4,667 |
| Financial Services | 195,499 | 184,895 | 10,604 |
| Human Resources | 3,304 | 2,498 | 806 |
| Financial and Personnel Services | 160 | 132 | 28 |
| Liquor and Lottery | 1,588 | 1,193 | 395 |
| Marijuana | 1,763 | 1,631 | 132 |
| Purchasing | 1,973 | 1,743 | 230 |
| Bureau of Information Services | 8,625 | 7,789 | 836 |
| State Employee Health Commission | 799 | 799 | - |
| | <u>235,012</u> | <u>217,314</u> | <u>17,698</u> |
| Department of Agriculture, Conservation and Forestry | <u>36,357</u> | <u>34,884</u> | <u>1,473</u> |
| Attorney General | <u>23,103</u> | <u>21,494</u> | <u>1,609</u> |
| State Auditor | <u>1,593</u> | <u>1,496</u> | <u>97</u> |
| Department of Corrections | | | |
| Corrections | 75,263 | 66,777 | 8,486 |
| Maine State Prison | 40,573 | 39,598 | 975 |
| Maine Correctional Center | 30,488 | 29,587 | 901 |
| Charleston Correctional Facility | 19,410 | 18,990 | 420 |
| Long Creek Youth Development Center | 16,176 | 15,762 | 414 |
| County Jail Operations | 18,442 | 18,341 | 101 |
| | <u>200,352</u> | <u>189,055</u> | <u>11,297</u> |
| Department of Economic and Community Development | <u>13,775</u> | <u>12,797</u> | <u>978</u> |
| Department of Environmental Protection | <u>9,179</u> | <u>8,632</u> | <u>547</u> |
| Department of Human Services | | | |
| Human Services | <u>1,486,179</u> | <u>1,245,923</u> | <u>240,256</u> |
| Department of Labor | | | |
| Labor | 11,246 | 10,528 | 718 |
| Labor Relations Board | <u>427</u> | <u>415</u> | <u>12</u> |
| | <u>11,673</u> | <u>10,943</u> | <u>730</u> |
| Transportation | <u>10,000</u> | <u>8,000</u> | <u>2,000</u> |
| Defense, Veterans and Emergency Management | <u>12,535</u> | <u>10,029</u> | <u>2,506</u> |
| Department of Education | | | |
| Education | 1,437,602 | 1,403,513 | 34,089 |
| Education - Unorganized Territory | <u>12,905</u> | <u>11,653</u> | <u>1,252</u> |
| | <u>1,450,507</u> | <u>1,415,166</u> | <u>35,341</u> |
| General Government | | | |
| Office of the Governor | 5,624 | 4,963 | 661 |
| Ombudsman Program | <u>255</u> | <u>151</u> | <u>104</u> |
| | <u>5,879</u> | <u>5,114</u> | <u>765</u> |
| Department of Inland Fisheries and Wildlife | <u>29,804</u> | <u>29,195</u> | <u>609</u> |
| Judicial Department | <u>87,128</u> | <u>85,659</u> | <u>1,469</u> |

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|---|---------------------|---------------------|---------------------------------------|
| Legislative Department | | | |
| Legislative | 29,318 | 26,581 | 2,737 |
| Law and Legislative Reference Library | 1,722 | 1,695 | 27 |
| Statehouse Preservation and Maintenance | 800 | 613 | 187 |
| Program Evaluation and Government Accountability | 1,361 | 1,267 | 94 |
| | <u>33,201</u> | <u>30,156</u> | <u>3,045</u> |
| Department of Marine Resources | <u>12,348</u> | <u>11,385</u> | <u>963</u> |
| Department of Public Safety | <u>54,005</u> | <u>42,462</u> | <u>11,543</u> |
| Secretary of State | | | |
| Secretary of State | 4,667 | 4,021 | 646 |
| Archives Services | 2,156 | 1,636 | 520 |
| | <u>6,823</u> | <u>5,657</u> | <u>1,166</u> |
| Treasurer of State | <u>104,651</u> | <u>104,103</u> | <u>548</u> |
| Other Agencies | | | |
| Maine Maritime Academy | 9,204 | 9,204 | - |
| University of Maine | 224,378 | 224,378 | - |
| Board of Education | 188 | 163 | 25 |
| Maine Fire Protection Service Commission | 2 | 2 | - |
| Com. On Governmental Ethics and Election Practices | 155 | 152 | 3 |
| Finance Authority of Maine | 17,694 | 17,694 | - |
| Saco River Corridor Commission | 47 | 47 | - |
| Human Rights Commission | 962 | 956 | 6 |
| Maine Indian Tribal State Council | 112 | 112 | - |
| Board of Property Tax Review | 87 | 81 | 6 |
| Museum | 1,980 | 1,818 | 162 |
| Maine Municipal Bond Bank | 69 | 69 | - |
| Maine State Cultural Affairs Council | 1,093 | 764 | 329 |
| Maine Historic Preservation Commission | 380 | 374 | 6 |
| Library | 3,966 | 3,627 | 339 |
| Maine State Retirement System | 322 | 322 | - |
| Arts and Humanities Administration | 1,038 | 1,009 | 29 |
| Dirigo Health | 1,529 | 949 | 580 |
| Commission on Indigent Legal Services | 9 | - | 9 |
| Maine Humanities Council | 53 | 53 | - |
| Centers for Innovation | 118 | 118 | - |
| NE International Water Pollution Control Commission | 53 | 53 | - |
| Downeast Institute Appl Marine | 13 | 13 | - |
| St. Croix International Waterway | 25 | 25 | - |
| Disability Rights Center | 126 | 126 | - |
| Maine Historical Society | 45 | 45 | - |
| Maine Hospice Counsel | 64 | 64 | - |
| Maine Development Foundation | 58 | 58 | - |
| Maine Public Broadcasting Corporation | 1,575 | 1,575 | - |
| Maine State Housing Authority | 2,550 | 2,550 | - |
| Maine Potato Board | 161 | 161 | - |
| Pine Tree Legal | 500 | 375 | 125 |
| Maine Community College System | 72,013 | 72,013 | - |
| | <u>340,569</u> | <u>338,950</u> | <u>1,619</u> |
| Grand Total | <u>\$ 4,164,673</u> | <u>\$ 3,828,414</u> | <u>\$ 336,259</u> |



**BUDGETARY COMPARISON SCHEDULE
HIGHWAY FUND EXPENDITURES BY AGENCY**

Fiscal Year Ended June 30, 2020
(Expressed in Thousands)

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Actual Budget</u> |
|--|---------------------|-------------------|--|
| Department of Administrative and Financial Services | | | |
| Administrative Services | \$ 1,796 | \$ 1,699 | \$ 97 |
| Financial Services | 768 | 745 | 23 |
| | <u>2,564</u> | <u>2,444</u> | <u>120</u> |
| Department of Environmental Protection | <u>33</u> | <u>33</u> | <u>-</u> |
| Legislative Department | | | |
| Legislative | <u>19</u> | <u>3</u> | <u>16</u> |
| Department of Transportation | | | |
| Transportation | 293,210 | 265,125 | 28,085 |
| Rail/Van Pool | 604 | 604 | - |
| | <u>293,814</u> | <u>265,729</u> | <u>28,085</u> |
| Department of Public Safety | <u>28,607</u> | <u>26,040</u> | <u>2,567</u> |
| Secretary of State | | | |
| Motor Vehicles | <u>42,418</u> | <u>39,605</u> | <u>2,813</u> |
| Grand Total | <u>\$ 367,455</u> | <u>\$ 333,854</u> | <u>\$ 33,601</u> |

STATE OF MAINE
BUDGETARY COMPARISON SCHEDULE
FEDERAL FUND EXPENDITURES BY AGENCY

Fiscal Year Ended June 30, 2020
(Expressed in Thousands)

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|---|---------------------|------------------|---------------------------------------|
| Department of Administrative and Financial Services | | | |
| Administrative Services | \$ 111 | \$ 111 | \$ - |
| Bureau of Information Services | 520 | 306 | 214 |
| Financial Services | 10 | 5 | 5 |
| Financial and Personnel Services | 932 | 540 | 392 |
| Purchasing | 54 | 54 | - |
| State Employee Health Commission | 8 | - | 8 |
| | <u>1,635</u> | <u>1,016</u> | <u>619</u> |
| Department of Agriculture, Conservation and Forestry | <u>19,810</u> | <u>9,765</u> | <u>10,045</u> |
| Attorney General | <u>3,829</u> | <u>2,296</u> | <u>1,533</u> |
| Department of Corrections | | | |
| Corrections | 3,063 | 936 | 2,127 |
| Maine State Prison | 912 | 907 | 5 |
| Maine Correctional Center | 787 | 655 | 132 |
| Charleston Correctional Facility | 584 | 399 | 185 |
| Long Creek Youth Development Center | 749 | 515 | 234 |
| | <u>6,095</u> | <u>3,412</u> | <u>2,683</u> |
| Department of Economic and Community Development | <u>30,685</u> | <u>8,253</u> | <u>22,432</u> |
| Department of Environmental Protection | <u>18,078</u> | <u>10,570</u> | <u>7,508</u> |
| Department of Human Services | | | |
| Human Services | <u>2,974,389</u> | <u>2,555,338</u> | <u>419,051</u> |
| Department of Labor | <u>1,191,781</u> | <u>1,119,566</u> | <u>72,215</u> |
| Department of Transportation | | | |
| Transportation | 278,486 | 257,150 | 21,336 |
| Air Transportation | 1,886 | 475 | 1,411 |
| Ferry Service/Ports and Marine | 1,650 | 1,286 | 364 |
| Rail/Van Pool | 13,100 | 3,525 | 9,575 |
| | <u>295,122</u> | <u>262,436</u> | <u>32,686</u> |
| Defense, Veterans and Emergency Management | <u>80,831</u> | <u>37,068</u> | <u>43,763</u> |
| Department of Education | | | |
| Education | 387,389 | 225,826 | 161,563 |
| Education - Unorganized Territory | 354 | 305 | 49 |
| | <u>387,743</u> | <u>226,131</u> | <u>161,612</u> |
| General Government | | | |
| Office of the Governor | 2,590 | 491 | 2,099 |
| Ombudsman Program | 64 | 40 | 24 |
| | <u>2,654</u> | <u>531</u> | <u>2,123</u> |
| Department of Inland Fisheries and Wildlife | <u>20,860</u> | <u>17,079</u> | <u>3,781</u> |
| Judicial Department | <u>1,621</u> | <u>656</u> | <u>965</u> |
| Department of Marine Resources | <u>8,665</u> | <u>5,447</u> | <u>3,218</u> |

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|----------------------------|----------------------------|--|
| Department of Professional and Financial Regulation | | | |
| Professional and Financial Regulation | 53 | 16 | 37 |
| Board of Nursing | 10 | - | 10 |
| Department of Public Safety | 33,829 | 23,076 | 10,753 |
| Public Utilities Commission | 60 | 52 | 8 |
| Secretary of State | | | |
| Secretary of State | 2,715 | 77 | 2,638 |
| Motor Vehicles | 485 | - | 485 |
| Archives Services | 83 | 41 | 42 |
| | 3,283 | 118 | 3,165 |
| Treasurer of State | 79 | 74 | 5 |
| Other Agencies | | | |
| Human Rights Commission | 558 | 429 | 129 |
| Museum | 131 | - | 131 |
| Maine Historic Preservation Commission | 1,072 | 800 | 272 |
| Library | 2,076 | 1,459 | 617 |
| Arts and Humanities Administration | 1,491 | 642 | 849 |
| | 5,328 | 3,330 | 1,998 |
| Grand Total | <u>\$ 5,086,440</u> | <u>\$ 4,286,230</u> | <u>\$ 800,210</u> |

STATE OF MAINE
BUDGETARY COMPARISON SCHEDULE
OTHER SPECIAL REVENUE FUND EXPENDITURES BY AGENCY

Fiscal Year Ended June 30, 2020
(Expressed in Thousands)

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|---|---------------------|----------------|---------------------------------------|
| Department of Administrative and Financial Services | | | |
| Administrative Services | \$ 5,434 | \$ 3,458 | \$ 1,976 |
| Bureau of Information Services | 1,114 | 446 | 668 |
| Financial Services | 35,378 | 29,385 | 5,993 |
| Human Resources | 5 | - | 5 |
| Financial and Personnel Services | 30 | 14 | 16 |
| Liquor and Lottery | 19 | 4 | 15 |
| Marijuana | 3,158 | 1,917 | 1,241 |
| State Employee Health Commission | 75 | - | 75 |
| Purchasing | 4 | - | 4 |
| | <u>45,217</u> | <u>35,224</u> | <u>9,993</u> |
| Department of Agriculture, Conservation and Forestry | <u>78,000</u> | <u>60,118</u> | <u>17,882</u> |
| Attorney General | <u>19,983</u> | <u>16,852</u> | <u>3,131</u> |
| State Auditor | <u>2,827</u> | <u>2,089</u> | <u>738</u> |
| Department of Corrections | | | |
| Corrections | 1,149 | 533 | 616 |
| Maine State Prison | 670 | 108 | 562 |
| Maine Correctional Center | 369 | 103 | 266 |
| Charleston Correctional Facility | 146 | 50 | 96 |
| Long Creek Youth Development Center | 42 | - | 42 |
| County Jail Operations | 566 | 243 | 323 |
| | <u>2,942</u> | <u>1,037</u> | <u>1,905</u> |
| Department of Economic and Community Development | <u>34,298</u> | <u>18,959</u> | <u>15,339</u> |
| Department of Environmental Protection | | | |
| Department of Environmental Protection | <u>58,636</u> | <u>41,149</u> | <u>17,487</u> |
| Department of Human Services | | | |
| Human Services | <u>564,482</u> | <u>516,770</u> | <u>47,712</u> |
| Department of Labor | | | |
| Labor | 6,366 | 4,736 | 1,630 |
| Labor Relations Board | 140 | 46 | 94 |
| | <u>6,506</u> | <u>4,782</u> | <u>1,724</u> |
| Department of Transportation | | | |
| Transportation | 157,403 | 122,581 | 34,822 |
| Air Transportation | 2,476 | 803 | 1,673 |
| Ferry Service/Ports & Maine | 770 | 182 | 588 |
| Rail/Van Pool | 4,376 | 1,842 | 2,534 |
| | <u>165,025</u> | <u>125,408</u> | <u>39,617</u> |
| Defense, Veterans and Emergency Management | <u>3,047</u> | <u>1,686</u> | <u>1,361</u> |
| Department of Education | | | |
| Education | 42,461 | 28,397 | 14,064 |
| Education - Unorganized Territory | 8 | - | 8 |
| | <u>42,469</u> | <u>28,397</u> | <u>14,072</u> |
| General Government | | | |
| Office of the Governor | 454 | 195 | 259 |
| Public Advocate | 3,575 | 2,211 | 1,364 |
| | <u>4,029</u> | <u>2,406</u> | <u>1,623</u> |
| Department of Inland Fisheries and Wildlife | <u>8,790</u> | <u>6,707</u> | <u>2,083</u> |
| Judicial Department | <u>11,484</u> | <u>7,521</u> | <u>3,963</u> |
| Legislative Department | | | |
| Legislative | <u>40</u> | <u>13</u> | <u>27</u> |

| | Final Budget | Actual | Variance with Final Budget |
|--|---------------------|---------------------|---------------------------------------|
| Department of Marine Resources | 10,014 | 7,862 | 2,152 |
| Department of Professional and Financial Regulation | | | |
| Professional and Financial Regulation | 31,941 | 26,543 | 5,398 |
| Board of Dental Examiners | 570 | 545 | 25 |
| Board of Nursing | 1,215 | 1,123 | 92 |
| Board of Optometry | 85 | 84 | 1 |
| Board of Osteopathic Examination and Registration | 267 | 247 | 20 |
| Board of Professional Engineers | 302 | 266 | 36 |
| Board of Registration in Medicine | 1,805 | 1,548 | 257 |
| | 36,185 | 30,356 | 5,829 |
| Department of Public Safety | 27,689 | 20,953 | 6,736 |
| Public Utilities Commission | 23,647 | 19,047 | 4,600 |
| Secretary of State | | | |
| Secretary of State | 484 | 404 | 80 |
| Motor Vehicles | 1,532 | 963 | 569 |
| Archives Services | 48 | 29 | 19 |
| | 2,064 | 1,396 | 668 |
| Treasurer of State | 150,667 | 146,459 | 4,208 |
| Other Agencies | | | |
| Maine Maritime | 161 | 161 | - |
| University of Maine | 4,109 | 3,246 | 863 |
| Worker's Compensation Board | 12,861 | 12,068 | 793 |
| Maine Health Data Organization | 2,210 | 1,613 | 597 |
| Maine Charter School | 717 | 551 | 166 |
| Baxter State Park Authority | 4,633 | 4,345 | 288 |
| Com. On Governmental Ethics and Election Practices | 3,620 | 1,366 | 2,254 |
| Finance Authority of Maine | 5,737 | 2,136 | 3,601 |
| Saco River Corridor Commission | 81 | 81 | - |
| Human Rights Commission | 108 | 32 | 76 |
| Board of Property Tax Review | 3 | - | 3 |
| Museum | 421 | 209 | 212 |
| Maine Municipal Bond Bank | 47,407 | 40,775 | 6,632 |
| Maine State Cultural Affairs Council | 66 | 23 | 43 |
| Maine Historic Preservation Commission | 680 | 422 | 258 |
| Library | 812 | 428 | 384 |
| Maine State Retirement System | 975 | 975 | - |
| Lobster Promotion Council | 2,686 | 1,849 | 837 |
| Arts and Humanities Administration | 102 | 8 | 94 |
| Maine Efficiency Trust | 2,613 | 137 | 2,476 |
| Commission on Indigent Legal Services | 20,521 | 17,888 | 2,633 |
| Telecommunication Relay Services Council | 628 | 305 | 323 |
| Maine Children's Trust Incorporated | 48 | 3 | 45 |
| Maine State Housing Authority | 25,896 | 25,239 | 657 |
| Maine Potato Board | 1,586 | 729 | 857 |
| Maine Community College System | 3,861 | 3,168 | 693 |
| Wild Blueberry Commission of Maine | 1,875 | 1,479 | 396 |
| | 144,417 | 119,236 | 25,181 |
| Grand Total | \$ 1,442,458 | \$ 1,214,427 | \$ 228,031 |



NON-MAJOR ENTERPRISE FUNDS

Lottery Fund – This fund was established to account for all operations of the Maine State Lottery. This includes the Tri-State Lotto Commission and the Multi-State Lottery Association. The Tri-State Lotto Commission was established in 1985 and is a joint venture between the States of Maine, New Hampshire, and Vermont. The Commission is authorized and empowered to promulgate rules and regulations regarding the conduct of lottery games, including the prices of tickets, the number and size of prizes for winning tickets, and the licensing of agents. The Multi-State Lottery Association was established in July 2004 and is authorized to initiate, promulgate, administer and carry out one or more lottery product offerings.

Alcoholic Beverages Fund - This fund was established to license and regulate the sale of alcoholic beverages. During fiscal year 2014, the State entered into a ten-year contract with a vendor to manage and operate wholesale liquor distribution as the State's agent.

Maine Military Authority Fund – This fund was created for the purpose of operating the Maine Readiness Sustainment Maintenance Center. The Center maintains, rebuilds, repairs, stores and manufactures equipment for the United States Departments of Defense, Army, Air Force, Navy and Treasury.

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

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

Dirigo Health Agency – This fund was created to arrange for the provision of comprehensive, affordable health care coverage to eligible small employers, including the self-employed, their employees and dependents, and individuals on a voluntary basis.

Consolidated Emergency Communications Fund – This fund accounts for payments made by municipal, county, and state governmental entities towards the implementation and on-going costs of the Statewide Communication System.

STATE OF MAINE
COMBINING STATEMENT OF NET POSITION
NON-MAJOR ENTERPRISE FUNDS

June 30, 2020
(Expressed in Thousands)

| | <u>Lottery</u> | <u>Alcoholic Beverages</u> | <u>Maine Military Authority</u> | <u>Ferry Service</u> |
|---|-----------------|--------------------------------|---|--------------------------|
| Assets | | | | |
| Current assets: | | | | |
| Equity in Treasurer's Cash Pool | \$ - | \$ 10,724 | \$ - | \$ 639 |
| Cash & Short-Term Investments | 750 | - | - | 3 |
| Inventories | - | - | - | 167 |
| Receivables, Net of Allowance for Uncollectibles: | | | | |
| Other Receivable | 36,774 | 3,458 | 185 | 116 |
| Due from Other Funds | 2,334 | - | - | - |
| Other Assets | 225 | - | - | - |
| Total Current assets | <u>40,083</u> | <u>14,182</u> | <u>185</u> | <u>925</u> |
| Noncurrent Assets: | | | | |
| Equity in Treasurer's Cash Pool | - | 4,845 | - | 289 |
| Capital Assets - Net of Depreciation | - | - | - | 37,039 |
| Total Noncurrent Assets | <u>-</u> | <u>4,845</u> | <u>-</u> | <u>37,328</u> |
| Total Assets | <u>40,083</u> | <u>19,027</u> | <u>185</u> | <u>38,253</u> |
| Deferred Outflows of Resources | <u>\$ 469</u> | <u>\$ 67</u> | <u>\$ -</u> | <u>\$ 1,774</u> |
| Liabilities | | | | |
| Current Liabilities: | | | | |
| Accounts Payable | \$ 1,622 | \$ 9,182 | \$ - | \$ 353 |
| Accrued Payroll | 84 | 14 | 5 | 474 |
| Due to Other Funds | 8,064 | 6,660 | 6,110 | 126 |
| Current Portion of Long-Term Obligations: | | | | |
| Compensated Absences | 17 | 2 | - | 70 |
| Unearned Revenue | 172 | - | - | - |
| Other Accrued Liabilities | 24,624 | - | - | - |
| Total Current Liabilities | <u>34,583</u> | <u>15,858</u> | <u>6,115</u> | <u>1,023</u> |
| Long-Term Liabilities | | | | |
| Compensated Absences | 109 | 10 | - | 462 |
| Net Pension Liability | 1,473 | 210 | - | 5,714 |
| Net Other Post-Employment Benefit Liability | 1,440 | 185 | - | 5,742 |
| Total Long-Term Liabilities | <u>3,022</u> | <u>405</u> | <u>-</u> | <u>11,918</u> |
| Total Liabilities | <u>37,605</u> | <u>16,263</u> | <u>6,115</u> | <u>12,941</u> |
| Deferred Inflows of Resources | <u>\$ 228</u> | <u>\$ 31</u> | <u>\$ -</u> | <u>\$ 897</u> |
| Net Position | | | | |
| Net Investment in Capital Assets | - | - | - | 37,039 |
| Unrestricted | 2,719 | 2,800 | (5,930) | (10,850) |
| Total Net Position | <u>\$ 2,719</u> | <u>\$ 2,800</u> | <u>\$ (5,930)</u> | <u>\$ 26,189</u> |

| <u>Prison Industries</u> | <u>Dirigo Health</u> | <u>Consolidated Emergency Communications</u> | <u>Total Other Enterprise Funds</u> |
|------------------------------|--------------------------|--|---|
| \$ 409 | \$ 44 | \$ 1,713 | \$ 13,529 |
| 1 | - | - | 754 |
| 3,889 | - | - | 4,056 |
| 10 | - | 4 | 40,547 |
| 1 | - | 181 | 2,516 |
| - | - | - | 225 |
| <u>4,310</u> | <u>44</u> | <u>1,898</u> | <u>61,627</u> |
| 185 | 20 | 774 | 6,113 |
| <u>166</u> | <u>-</u> | <u>-</u> | <u>37,205</u> |
| 351 | 20 | 774 | 43,318 |
| <u>4,661</u> | <u>64</u> | <u>2,672</u> | <u>104,945</u> |
| <u>\$ 75</u> | <u>\$ -</u> | <u>\$ 1,565</u> | <u>\$ 3,950</u> |
| \$ 25 | \$ - | \$ - | \$ 11,182 |
| 19 | - | 252 | 848 |
| 5 | - | 80 | 21,045 |
| 2 | - | 34 | 125 |
| - | - | - | 172 |
| - | - | - | 24,624 |
| <u>51</u> | <u>-</u> | <u>366</u> | <u>57,996</u> |
| 14 | - | 228 | 823 |
| 297 | - | 5,009 | 12,703 |
| <u>211</u> | <u>-</u> | <u>5,109</u> | <u>12,687</u> |
| 522 | - | 10,346 | 26,213 |
| <u>573</u> | <u>-</u> | <u>10,712</u> | <u>84,209</u> |
| <u>\$ 41</u> | <u>\$ -</u> | <u>\$ 789</u> | <u>\$ 1,986</u> |
| 166 | - | - | 37,205 |
| <u>3,956</u> | <u>64</u> | <u>(7,264)</u> | <u>(14,505)</u> |
| <u>\$ 4,122</u> | <u>\$ 64</u> | <u>\$ (7,264)</u> | <u>\$ 22,700</u> |

STATE OF MAINE
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NON-MAJOR ENTERPRISE FUNDS

Fiscal Year Ended June 30, 2020
(Expressed in Thousands)

| | <u>Lottery</u> | <u>Alcoholic Beverages</u> | <u>Maine Military Authority</u> | <u>Ferry Service</u> |
|---|-----------------|--------------------------------|---|--------------------------|
| Operating Revenues | | | | |
| Charges for Services | \$ 322,188 | \$ 218,440 | \$ 753 | \$ 4,905 |
| Miscellaneous Revenues | <u>1</u> | <u>-</u> | <u>-</u> | <u>7</u> |
| Total Operating Revenues | <u>322,189</u> | <u>218,440</u> | <u>753</u> | <u>4,912</u> |
| Operating Expenses | | | | |
| General Operations | 254,683 | 158,350 | 802 | 10,569 |
| Depreciation | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,308</u> |
| Total Operating Expenses | <u>254,683</u> | <u>158,350</u> | <u>802</u> | <u>12,877</u> |
| Operating Income (Loss) | <u>67,506</u> | <u>60,090</u> | <u>(49)</u> | <u>(7,965)</u> |
| Nonoperating Revenues (Expenses) | | | | |
| Other Nonoperating Revenues (Expenses) - net | <u>166</u> | <u>-</u> | <u>(77)</u> | <u>14</u> |
| Total Nonoperating Revenues (Expenses) | <u>166</u> | <u>-</u> | <u>(77)</u> | <u>14</u> |
| Income (Loss) Before Capital Contributions, Transfers and Special Items | <u>67,672</u> | <u>60,090</u> | <u>(126)</u> | <u>(7,951)</u> |
| Capital Contributions, Transfers and Special Items | | | | |
| Capital Contributions from (to) Other Funds | - | - | - | 6,817 |
| Transfer from Other Funds | - | - | - | 5,928 |
| Transfer to Other Funds | <u>(65,241)</u> | <u>(62,303)</u> | <u>-</u> | <u>-</u> |
| Total Capital Contributions, Transfers In (Out) and Special Items | <u>(65,241)</u> | <u>(62,303)</u> | <u>-</u> | <u>12,745</u> |
| Change in Net Position | <u>2,431</u> | <u>(2,213)</u> | <u>(126)</u> | <u>4,794</u> |
| Net Position - Beginning of Year | <u>288</u> | <u>5,013</u> | <u>(5,804)</u> | <u>21,395</u> |
| Net Position - End of Year | <u>\$ 2,719</u> | <u>\$ 2,800</u> | <u>\$ (5,930)</u> | <u>\$ 26,189</u> |

| Prison Industries | Dirigo Health | Consolidated Emergency Communications | Total Other Enterprise Funds |
|------------------------------|--------------------------|--|---|
| \$ 1,802 | \$ - | \$ 6,713 | \$ 554,801 |
| - | - | 30 | 38 |
| <u>1,802</u> | <u>-</u> | <u>6,743</u> | <u>554,839</u> |
| 1,355 | - | 5,473 | 431,232 |
| 24 | - | - | 2,332 |
| <u>1,379</u> | <u>-</u> | <u>5,473</u> | <u>433,564</u> |
| 423 | - | 1,270 | 121,275 |
| <u>13</u> | <u>-</u> | <u>-</u> | <u>116</u> |
| <u>13</u> | <u>-</u> | <u>-</u> | <u>116</u> |
| <u>436</u> | <u>-</u> | <u>1,270</u> | <u>121,391</u> |
| 23 | - | - | 6,840 |
| - | - | - | 5,928 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>(127,544)</u> |
| 23 | - | - | (114,776) |
| <u>459</u> | <u>-</u> | <u>1,270</u> | <u>6,615</u> |
| <u>3,663</u> | <u>64</u> | <u>(8,534)</u> | <u>16,085</u> |
| <u>\$ 4,122</u> | <u>\$ 64</u> | <u>\$ (7,264)</u> | <u>\$ 22,700</u> |

STATE OF MAINE
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS

Fiscal Year Ended June 30, 2020
(Expressed in Thousands)

| | <u>Lottery</u> | <u>Alcoholic Beverages</u> | <u>Maine Military Authority</u> | <u>Ferry Service</u> |
|--|------------------|--------------------------------|---|--------------------------|
| Cash Flows from Operating Activities | | | | |
| Receipts from Customers and Users | \$ 313,181 | \$ 220,875 | \$ 761 | \$ 4,872 |
| Cash Received from Interfund Services | 3,498 | 2,834 | 117 | 49 |
| Payments to Prize Winners | (214,087) | - | - | - |
| Payments to Suppliers | (34,739) | (155,799) | (674) | (4,400) |
| Payments to Employees | (1,775) | (301) | (105) | (5,699) |
| Payments for Interfund Goods and Services | (1,009) | (194) | (22) | (540) |
| Net Cash Provided (Used) by Operating Activities | <u>65,069</u> | <u>67,415</u> | <u>77</u> | <u>(5,718)</u> |
| Cash Flows from Noncapital Financing Activities | | | | |
| Transfers from Other Funds | - | - | - | 5,928 |
| Transfers to Other Funds | (65,241) | (62,303) | - | - |
| Net Cash Provided (Used) by Noncapital Financing Activities | <u>(65,241)</u> | <u>(62,303)</u> | <u>-</u> | <u>5,928</u> |
| Cash Flows from Capital and Related Financing Activities | | | | |
| Payments for Acquisition of Capital Assets | - | - | - | - |
| Net Cash Provided (Used) by Capital and Related Financing Activities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Cash Flows from Investing Activities | | | | |
| Investment Income | 166 | - | (77) | 14 |
| Net Cash Provided (Used) by Investing Activities | <u>166</u> | <u>-</u> | <u>(77)</u> | <u>14</u> |
| Net Increase (Decrease) in Cash/Cash Equivalents | (6) | 5,112 | - | 224 |
| Cash/Cash Equivalents - Beginning of Period | 756 | 10,457 | - | 707 |
| Cash/Cash Equivalents - End of Period | <u>\$ 750</u> | <u>\$ 15,569</u> | <u>\$ -</u> | <u>\$ 931</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities | | | | |
| Operating Income (Loss) | <u>\$ 67,506</u> | <u>\$ 60,090</u> | <u>\$ (49)</u> | <u>\$ (7,965)</u> |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities | | | | |
| Depreciation Expense | - | - | - | 2,308 |
| Decrease (Increase) in Assets & Liabilities | | | | |
| Accounts Receivable | (9,316) | 2,435 | 40 | (14) |
| Interfund Balances | 3,498 | 2,834 | 85 | 23 |
| Inventories | - | - | - | 22 |
| Other Assets | 308 | - | - | - |
| Deferred Outflows | 21 | (5) | - | 93 |
| Increase (Decrease) in Liabilities | | | | |
| Accounts Payable | 98 | 1,972 | - | (386) |
| Accrued Payroll Expense | 3 | 3 | 1 | 97 |
| Compensated Absences | 15 | 2 | - | 102 |
| Deferred Inflows | 77 | 14 | - | 327 |
| Net Pension Liability | (24) | 37 | - | 47 |
| Other Accruals | 3,024 | - | - | - |
| Net OPEB Liability | (141) | 33 | - | (372) |
| Total Adjustments | (2,437) | 7,325 | 126 | 2,247 |
| Net Cash Provided (Used) by Operating Activities | <u>\$ 65,069</u> | <u>\$ 67,415</u> | <u>\$ 77</u> | <u>\$ (5,718)</u> |
| Non Cash Investing, Capital and Financing Activities | | | | |
| Contributed Capital Assets | - | - | - | 6,817 |

| <u>Prison Industries</u> | <u>Dirigo Health</u> | <u>Consolidated Emergency Communications</u> | <u>Total Other Enterprise Funds</u> |
|------------------------------|--------------------------|--|---|
| \$ 1,181 | \$ - | \$ 1,461 | \$ 542,331 |
| 614 | - | 5,285 | 12,397 |
| - | - | - | (214,087) |
| (854) | - | (851) | (197,317) |
| (203) | - | (3,949) | (12,032) |
| (822) | - | (921) | (3,508) |
| (84) | - | 1,025 | 127,784 |
| - | - | - | 5,928 |
| - | - | - | (127,544) |
| - | - | - | (121,616) |
| (7) | - | - | (7) |
| (7) | - | - | (7) |
| 13 | - | - | 116 |
| 13 | - | - | 116 |
| (78) | - | 1,025 | 6,277 |
| 673 | 64 | 1,462 | 14,119 |
| \$ 595 | \$ 64 | \$ 2,487 | \$ 20,396 |
| \$ 423 | \$ - | \$ 1,270 | \$ 121,275 |
| 24 | - | - | 2,332 |
| (7) | - | (3) | (6,865) |
| (3) | - | (175) | 6,262 |
| (466) | - | - | (444) |
| - | - | - | 308 |
| (3) | - | 81 | 187 |
| (5) | - | (21) | 1,658 |
| 5 | - | 60 | 169 |
| 1 | - | 49 | 169 |
| 9 | - | 276 | 703 |
| (31) | - | (52) | (23) |
| - | - | - | 3,024 |
| (31) | - | (460) | (971) |
| (507) | - | (245) | 6,509 |
| \$ (84) | \$ - | \$ 1,025 | \$ 127,784 |
| 23 | - | - | 6,840 |



INTERNAL SERVICE FUNDS

Motor Transport Service Fund – This fund accounts for all the equipment and vehicle operations of the Department of Transportation.

Postal, Printing and Supply Fund – This fund accounts for the purchase of general office supplies, materials and photocopiers required by any State department or agency, the purchase of and contract for all postal and mailing services, duplicating needs, and the acquisition and disposition of State and federal surplus property. This fund is also used to administer the State's Procurement Card Program.

Information Services Fund – This fund accounts for the costs of providing information services in data processing and telecommunications and for coordinating data processing services including computer operations, programming and applications systems development, technical support and networking services.

Risk Management Fund – This fund accounts for resources generated and used to provide insurance advice and services for all forms of insurance except health and workers' compensation. This includes insurance for automobile, fire, liability and any other type of coverage that may be necessary to protect the State against financial loss.

Workers' Compensation Fund – This fund accounts for resources generated and used to provide workers compensation advice and insurance services.

Central Fleet Management Fund – This fund accounts for the cost of administering a uniform program for the operation and maintenance of all State vehicles except those of the Department of Transportation and Public Safety.

Leased Space Fund – This fund accounts for State facilities leasing activities and maintains records of State agency property, leasing needs and all available space owned, leased and potentially available for lease.

Revenue Services Fund – This fund accounts for the resources generated and used to provide up-to-date information to facilitate compliance with Maine tax law and to help reduce common mistakes in filing tax forms.

Retiree Health Insurance Fund – This fund accounts for post retirement health care premiums and benefits for most retired state employees and Legislators, for a portion of the premiums for teachers, and for a portion of the premiums for county and municipal law enforcement officers and firefighters (First Responders).

Employee Health Insurance Fund – This fund accounts for health care premiums and benefits for most state employees.

Statewide Radio & Network Systems Fund – This fund accounts for resources generated and used to acquire, expand, upgrade and replace a statewide radio and network system for use by State agencies.

Financial & Personnel Services Fund – This fund accounts for centralized services provided by the Department of Administrative and Financial Services. Services provided include personnel administration, employee relations, budget management, general administration, and accounting.

Transportation Facilities Fund – This fund accounts for the purchase, operation, maintenance, improvement, repair, construction, and management of buildings owned by the Department of Transportation.

Governmental Facilities Authority Fund – This fund includes the operations of the Maine Governmental Facilities Authority, a blended component unit. The Authority was created to assist in the financing, equipping, improvement, reconstruction, acquisition, and construction of additions to structures designed for use as a court facility, State office or State activity space.

Industrial Drive Facility Fund – This fund accounts for the managing and operation of the facility at 66 Industrial Drive in Augusta. The facility consolidates agencies performing similar work in an effort to promote resource sharing.

STATE OF MAINE
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS

June 30, 2020
(Expressed in Thousands)

| | Motor Transport Services | Postal, Printing & Supply | Information Services | Risk Management |
|--|---|--|---------------------------------|----------------------------|
| Assets | | | | |
| Current Assets: | | | | |
| Equity in Treasurer's Cash Pool | \$ 6,019 | \$ - | \$ 6,318 | \$ 17,162 |
| Cash & Short-Term Investments | - | 1 | - | - |
| Cash with Fiscal Agent | 87 | - | - | - |
| Restricted Assets: | | | | |
| Restricted Deposits & Investments | - | - | - | - |
| Inventories | 3,927 | 265 | 4 | - |
| Receivables, Net of Allowance for Uncollectibles: | | | | |
| Other Receivable | 40 | 37 | 111 | 16 |
| Due from Other Funds | 80 | 13,234 | 8,567 | 538 |
| Other Assets | - | 56 | 4,549 | 1,103 |
| | <u>10,153</u> | <u>13,593</u> | <u>19,549</u> | <u>18,819</u> |
| Total Current Assets | | | | |
| Noncurrent Assets: | | | | |
| Equity in Treasurer's Cash Pool | 2,720 | - | 2,854 | 7,754 |
| Capital Assets - Net of Depreciation | 43,197 | 428 | 6,212 | - |
| | <u>45,917</u> | <u>428</u> | <u>9,066</u> | <u>7,754</u> |
| Total Noncurrent Assets | | | | |
| Total Assets | <u>56,070</u> | <u>14,021</u> | <u>28,615</u> | <u>26,573</u> |
| Deferred Outflows of Resources | <u>\$ 2,751</u> | <u>\$ 572</u> | <u>\$ 12,038</u> | <u>\$ 135</u> |
| Liabilities | | | | |
| Current Liabilities: | | | | |
| Accounts Payable | \$ 508 | \$ 6,198 | \$ 5,324 | \$ 299 |
| Accrued Payroll | 697 | 111 | 1,931 | 17 |
| Due to Other Funds | 264 | 18,470 | 1,732 | 133 |
| Due to Component Units | - | - | 6 | 121 |
| Current Portion of Long-Term Obligations: | | | | |
| Certificates of Participation and Other Financing Arrangements | 8 | - | - | - |
| Obligations under Capital Leases | - | - | - | - |
| Claims Payable | - | - | - | - |
| Compensated Absences | 57 | 15 | 323 | 3 |
| Unearned Revenue | - | - | - | - |
| Accrued Interest Payable | - | - | - | - |
| | <u>1,534</u> | <u>24,794</u> | <u>9,316</u> | <u>573</u> |
| Total Current Liabilities | | | | |
| Long-Term Liabilities: | | | | |
| Working Capital Advances Payable | - | 111 | - | - |
| Certificates of Participation & Other Financing Arrangements | - | - | - | - |
| Obligations under Capital Leases | - | - | - | - |
| Claims Payable | - | - | - | 11,702 |
| Compensated Absences | 379 | 97 | 2,134 | 19 |
| Net Other Post-Employment Benefit Liability | 8,625 | 1,819 | 39,929 | 381 |
| Net Pension Liability | 8,482 | 1,804 | 39,251 | 417 |
| | <u>17,486</u> | <u>3,831</u> | <u>81,314</u> | <u>12,519</u> |
| Total Long-Term Liabilities | | | | |
| Total Liabilities | <u>19,020</u> | <u>28,625</u> | <u>90,630</u> | <u>13,092</u> |
| Deferred Inflows of Resources | <u>\$ 1,334</u> | <u>\$ 282</u> | <u>\$ 6,177</u> | <u>\$ 64</u> |
| Net Position | | | | |
| Net Investment in Capital Assets | 43,276 | 428 | 6,212 | - |
| Restricted for: | | | | |
| Other Purposes | - | - | - | - |
| Unrestricted | (4,809) | (14,742) | (62,366) | 13,552 |
| | <u>38,467</u> | <u>(14,314)</u> | <u>(56,154)</u> | <u>13,552</u> |
| Total Net Position | | | | |

(Continued)

| <u>Workers' Compensation</u> | <u>Central Fleet Management</u> | <u>Leased Space</u> | <u>Revenue Services</u> | <u>Retiree Health Insurance</u> | <u>Employee Health Insurance</u> | <u>Statewide Radio & Network Systems</u> |
|------------------------------|---------------------------------|---------------------|-------------------------|---------------------------------|----------------------------------|--|
| \$ 20,032 | \$ 838 | \$ - | \$ 7 | \$ 129,412 | \$ 104,329 | \$ 343 |
| - | 1 | - | - | - | - | - |
| - | 5,599 | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | 9 | - | - | - | - | - |
| - | 20 | 163 | - | 868 | 4,466 | - |
| 1,027 | 1,383 | 142 | - | 4,082 | 11,863 | - |
| 510 | - | 10 | - | 29 | 88 | - |
| <u>21,569</u> | <u>7,850</u> | <u>315</u> | <u>7</u> | <u>134,391</u> | <u>120,746</u> | <u>343</u> |
| 9,050 | - | - | 3 | 58,468 | 47,136 | 155 |
| - | 19,623 | 47,857 | - | - | - | 29,960 |
| <u>9,050</u> | <u>19,623</u> | <u>47,857</u> | <u>3</u> | <u>58,468</u> | <u>47,136</u> | <u>30,115</u> |
| <u>30,619</u> | <u>27,473</u> | <u>48,172</u> | <u>10</u> | <u>192,859</u> | <u>167,882</u> | <u>30,458</u> |
| <u>\$ 474</u> | <u>\$ 290</u> | <u>\$ 72</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 306</u> | <u>\$ -</u> |
| \$ 787 | \$ 231 | \$ 54 | \$ - | \$ 5,889 | \$ 530 | \$ - |
| 19 | 45 | 4 | - | - | 44 | - |
| 37 | 193 | 16 | 10 | 2,717 | 116 | - |
| - | - | - | - | 456 | - | - |
| - | 5,578 | - | - | - | - | 1,222 |
| - | - | 5,669 | - | - | - | - |
| 8,514 | - | - | - | 2,822 | 8,467 | - |
| 7 | 7 | 1 | - | - | 8 | - |
| - | - | - | - | - | - | - |
| - | 75 | - | - | - | - | - |
| <u>9,364</u> | <u>6,129</u> | <u>5,744</u> | <u>10</u> | <u>11,884</u> | <u>9,165</u> | <u>1,222</u> |
| - | - | - | - | - | - | - |
| - | 7,582 | - | - | - | - | 373 |
| - | - | 47,522 | - | - | - | - |
| 38,917 | - | - | - | - | - | - |
| 45 | 49 | 4 | - | - | 53 | - |
| 1,323 | 926 | 242 | - | - | 877 | - |
| 1,537 | 937 | 263 | - | - | 1,029 | - |
| <u>41,822</u> | <u>9,494</u> | <u>48,031</u> | <u>-</u> | <u>-</u> | <u>1,959</u> | <u>373</u> |
| <u>51,186</u> | <u>15,623</u> | <u>53,775</u> | <u>10</u> | <u>11,884</u> | <u>11,124</u> | <u>1,595</u> |
| <u>\$ 229</u> | <u>\$ 146</u> | <u>\$ 39</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 153</u> | <u>\$ -</u> |
| - | 12,062 | (5,334) | - | - | - | 28,365 |
| - | - | - | - | - | - | 498 |
| <u>(20,322)</u> | <u>(68)</u> | <u>(236)</u> | <u>-</u> | <u>180,975</u> | <u>156,911</u> | <u>-</u> |
| <u>\$ (20,322)</u> | <u>\$ 11,994</u> | <u>\$ (5,570)</u> | <u>\$ -</u> | <u>\$ 180,975</u> | <u>\$ 156,911</u> | <u>\$ 28,863</u> |

STATE OF MAINE
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS (CONTINUED)

June 30, 2020
(Expressed in Thousands)

| | Financial & Personnel Services | Transportation Facilities | Governmental Facilities Authority | Industrial Drive Facility | Total Internal Service Funds |
|--|--------------------------------------|------------------------------|---|---------------------------------|---------------------------------------|
| Assets | | | | | |
| Current Assets: | | | | | |
| Equity in Treasurer's Cash Pool | \$ 2,146 | \$ 780 | \$ - | \$ 301 | \$ 287,687 |
| Cash & Short-Term Investments | - | - | - | - | 2 |
| Cash with Fiscal Agent | - | - | - | - | 5,686 |
| Restricted Assets: | | | | | |
| Restricted Deposits & Investments | - | - | 1,742 | - | 1,742 |
| Inventories | - | - | - | - | 4,205 |
| Receivables, Net of Allowance for Uncollectibles: | | | | | |
| Other Receivable | - | - | - | - | 5,721 |
| Due from Other Funds | 72 | 164 | - | - | 41,152 |
| Other Assets | - | - | - | - | 6,345 |
| Total Current Assets | 2,218 | 944 | 1,742 | 301 | 352,540 |
| Noncurrent Assets: | | | | | |
| Equity in Treasurer's Cash Pool | 969 | 353 | - | - | 129,462 |
| Capital Assets - Net of Depreciation | 1 | 39,880 | - | 12,082 | 199,240 |
| Total Noncurrent Assets | 970 | 40,233 | - | 12,082 | 328,702 |
| Total Assets | 3,188 | 41,177 | 1,742 | 12,383 | 681,242 |
| Deferred Outflows of Resources | \$ 6,285 | \$ - | \$ - | \$ - | \$ 22,923 |
| Liabilities | | | | | |
| Current Liabilities: | | | | | |
| Accounts Payable | \$ 8 | \$ 48 | \$ 14 | \$ 25 | \$ 19,915 |
| Accrued Payroll | 1,026 | - | - | - | 3,894 |
| Due to Other Funds | 311 | 14 | - | 4 | 24,017 |
| Due to Component Units | - | - | - | - | 583 |
| Current Portion of Long-Term Obligations: | | | | | |
| Certificates of Participation and Other Financing Arrangements | - | - | - | - | 6,808 |
| Obligations under Capital Leases | - | - | - | - | 5,669 |
| Claims Payable | - | - | - | - | 19,803 |
| Compensated Absences | 172 | - | - | - | 593 |
| Unearned Revenue | - | - | 78 | - | 78 |
| Accrued Interest Payable | - | - | - | - | 75 |
| Total Current Liabilities | 1,517 | 62 | 92 | 29 | 81,435 |
| Long-Term Liabilities: | | | | | |
| Working Capital Advances Payable | - | - | - | - | 111 |
| Certificates of Participation & Other Financing Arrangements | - | - | - | - | 7,955 |
| Obligations under Capital Leases | - | - | - | - | 47,522 |
| Claims Payable | - | - | - | - | 50,619 |
| Compensated Absences | 1,132 | - | - | - | 3,912 |
| Net Other Post-Employment Benefit Liability | 17,925 | - | - | - | 72,047 |
| Net Pension Liability | 19,593 | - | - | - | 73,313 |
| Total Long-Term Liabilities | 38,650 | - | - | - | 255,479 |
| Total Liabilities | 40,167 | 62 | 92 | 29 | 336,914 |
| Deferred Inflows of Resources | \$ 2,972 | \$ - | \$ - | \$ - | \$ 11,396 |
| Net Position | | | | | |
| Net Investment in Capital Assets | 1 | 39,880 | - | 12,082 | 136,972 |
| Restricted for: | | | | | |
| Other Purposes | - | - | 33 | - | 531 |
| Unrestricted | (33,667) | 1,235 | 1,617 | 272 | 218,352 |
| Total Net Position | \$ (33,666) | \$ 41,115 | \$ 1,650 | \$ 12,354 | \$ 355,855 |



STATE OF MAINE
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS

Fiscal Year Ended June 30, 2020
(Expressed in Thousands)

| | Motor Transport Services | Postal, Printing & Supply | Information Services | Risk Management |
|---|---|--|---------------------------------|----------------------------|
| Operating Revenues | | | | |
| Charges for Services | \$ 32,800 | \$ 37,537 | \$ 114,911 | \$ 5,852 |
| Miscellaneous Revenues | - | - | - | 25 |
| Total Operating Revenues | <u>32,800</u> | <u>37,537</u> | <u>114,911</u> | <u>5,877</u> |
| Operating Expenses | | | | |
| General Operations | 28,422 | 43,724 | 112,826 | 3,866 |
| Depreciation | 8,057 | 17 | 2,531 | - |
| Claims/Fees Expense | - | - | - | 5,957 |
| Other Operating Expenses | - | - | - | - |
| Total Operating Expenses | <u>36,479</u> | <u>43,741</u> | <u>115,357</u> | <u>9,823</u> |
| Operating Income (Loss) | <u>(3,679)</u> | <u>(6,204)</u> | <u>(446)</u> | <u>(3,946)</u> |
| Nonoperating Revenues (Expenses) | | | | |
| Investment Revenue (Expenses) - net | 230 | (151) | (64) | 471 |
| Interest Expense | - | - | (1,807) | - |
| Other Nonoperating Revenue (Expenses) - net | <u>(36)</u> | <u>-</u> | <u>26</u> | <u>-</u> |
| Total Nonoperating Revenues (Expenses) - net | <u>194</u> | <u>(151)</u> | <u>(1,845)</u> | <u>471</u> |
| Income (Loss) Before Capital Contributions, Transfers and Special Items | <u>(3,485)</u> | <u>(6,355)</u> | <u>(2,291)</u> | <u>(3,475)</u> |
| Capital Contributions, Transfers and Special Items | | | | |
| Capital Contributions from (to) Other Funds | 23 | - | - | - |
| Transfer to Other Funds | - | - | - | - |
| Transfer from Other Funds | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Capital Contributions, Transfers In (Out) and Special Items | <u>23</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Change in Net Position | <u>(3,462)</u> | <u>(6,355)</u> | <u>(2,291)</u> | <u>(3,475)</u> |
| Net Position - Beginning of Year | <u>41,929</u> | <u>(7,959)</u> | <u>(53,863)</u> | <u>17,027</u> |
| Net Position - End of Year | <u>\$ 38,467</u> | <u>\$ (14,314)</u> | <u>\$ (56,154)</u> | <u>\$ 13,552</u> |

(Continued)

| <u>Workers'</u> <u>Compensation</u> | <u>Central Fleet</u> <u>Management</u> | <u>Leased Space</u> | <u>Revenue</u> <u>Services</u> | <u>Retiree</u> <u>Health</u> <u>Insurance</u> | <u>Employee</u> <u>Health</u> <u>Insurance</u> | <u>Statewide</u> <u>Radio &</u> <u>Network</u> <u>Systems</u> |
|--|---|---------------------|-----------------------------------|---|--|--|
| \$ 16,051 | \$ 12,374 | \$ 26,766 | \$ 14 | \$ 50,585 | \$ 176,271 | \$ - |
| 216 | - | - | - | 4 | 73 | - |
| 16,267 | 12,374 | 26,766 | 14 | 50,589 | 176,344 | - |
| 3,911 | 7,182 | 10,861 | 339 | 30,249 | 122,597 | - |
| - | 4,045 | 4,160 | - | - | - | 3,010 |
| 12,612 | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| 16,523 | 11,227 | 15,021 | 339 | 30,249 | 122,597 | 3,010 |
| (256) | 1,147 | 11,745 | (325) | 20,340 | 53,747 | (3,010) |
| 482 | 26 | 24 | 4 | 3,009 | 2,138 | - |
| - | (230) | (11,379) | - | - | - | - |
| - | (76) | - | - | - | - | - |
| 482 | (280) | (11,355) | 4 | 3,009 | 2,138 | - |
| 226 | 867 | 390 | (321) | 23,349 | 55,885 | (3,010) |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | 2,053 |
| - | - | - | - | - | - | 2,053 |
| 226 | 867 | 390 | (321) | 23,349 | 55,885 | (957) |
| (20,548) | 11,127 | (5,960) | 321 | 157,626 | 101,026 | 29,820 |
| <u>\$ (20,322)</u> | <u>\$ 11,994</u> | <u>\$ (5,570)</u> | <u>\$ -</u> | <u>\$ 180,975</u> | <u>\$ 156,911</u> | <u>\$ 28,863</u> |

STATE OF MAINE
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS (CONTINUED)

Fiscal Year Ended June 30, 2020
(Expressed in Thousands)

| | Financial & Personnel Services | Transportation Facilities | Governmental Facilities Authority | Industrial Drive Facility | Total Internal Service Funds |
|---|---|--------------------------------------|--|--|---|
| Operating Revenues | | | | | |
| Charges for Services | \$ 24,745 | \$ 711 | \$ 3,035 | \$ 587 | \$ 502,239 |
| Miscellaneous Revenues | - | - | - | - | 318 |
| Total Operating Revenues | 24,745 | 711 | 3,035 | 587 | 502,557 |
| Operating Expenses | | | | | |
| General Operations | 24,549 | 1,318 | 266 | 412 | 390,522 |
| Depreciation | 2 | 971 | - | 368 | 23,161 |
| Claims/Fees Expense | - | - | - | - | 18,569 |
| Other Operating Expenses | - | - | 1,742 | - | 1,742 |
| Total Operating Expenses | 24,551 | 2,289 | 2,008 | 780 | 433,994 |
| Operating Income (Loss) | 194 | (1,578) | 1,027 | (193) | 68,563 |
| Nonoperating Revenues (Expenses) | | | | | |
| Investment Revenue (Expenses) - net | - | 27 | 138 | 8 | 6,342 |
| Interest Expense | - | - | - | - | (13,416) |
| Other Nonoperating Revenue (Expenses) - net | - | 22 | - | - | (64) |
| Total Nonoperating Revenues (Expenses) - net | - | 49 | 138 | 8 | (7,138) |
| Income (Loss) Before Capital Contributions, Transfers and Special Items | 194 | (1,529) | 1,165 | (185) | 61,425 |
| Capital Contributions, Transfers and Special Items | | | | | |
| Capital Contributions from (to) Other Funds | - | 778 | - | - | 801 |
| Transfer to Other Funds | - | - | (4,000) | - | (4,000) |
| Transfer from Other Funds | - | - | - | - | 2,053 |
| Total Capital Contributions, Transfers In (Out) and Special Items | - | 778 | (4,000) | - | (1,146) |
| Change in Net Position | 194 | (751) | (2,835) | (185) | 60,279 |
| Net Position - Beginning of Year | (33,860) | 41,866 | 4,485 | 12,539 | 295,576 |
| Net Position - End of Year | <u>\$ (33,666)</u> | <u>\$ 41,115</u> | <u>\$ 1,650</u> | <u>\$ 12,354</u> | <u>\$ 355,855</u> |



STATE OF MAINE
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

Fiscal Year Ended June 30, 2020
(Expressed in Thousands)

| | Motor Transport Services | Postal, Printing & Supply | Information Services | Risk Management |
|--|---|--|---------------------------------|----------------------------|
| Cash Flows from Operating Activities | | | | |
| Receipts from Customers and Users | \$ 30 | \$ 1,953 | \$ 1,944 | \$ 155 |
| Cash Received from Interfund Services | 33,416 | 47,587 | 114,039 | 5,218 |
| Payments to Suppliers | (6,177) | (33,160) | (46,694) | (416) |
| Payments to Employees | (10,344) | (2,076) | (40,160) | (460) |
| Payments for Interfund Goods and Services | (12,415) | (14,074) | (23,757) | (5,286) |
| Net Cash Provided (Used) by Operating Activities | <u>4,510</u> | <u>230</u> | <u>5,372</u> | <u>(789)</u> |
| Cash Flows from Noncapital Financing Activities | | | | |
| Transfers from Other Funds | - | - | - | - |
| Transfers to Other Funds | - | - | - | - |
| Net Cash Provided (Used) by Noncapital Financing Activities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Cash Flows from Capital and Related Financing Activities | | | | |
| Payments for Acquisition of Capital Assets | (6,653) | - | (1,676) | - |
| Proceeds from Financing Arrangements | - | - | - | - |
| Principal and Interest Paid on Financing Arrangements | - | (79) | - | - |
| Proceeds from Sale of Capital Assets | 219 | - | 26 | - |
| Net Cash Provided (Used) by Capital and Related Financing Activities | <u>(6,434)</u> | <u>(79)</u> | <u>(1,650)</u> | <u>-</u> |
| Cash Flows from Investing Activities | | | | |
| Investment Revenue | 230 | (151) | (64) | 471 |
| Net Cash Provided (Used) by Investing Activities | <u>230</u> | <u>(151)</u> | <u>(64)</u> | <u>471</u> |
| Net Increase (Decrease) in Cash/Cash Equivalents | (1,694) | - | 3,658 | (318) |
| Cash/Cash Equivalents - Beginning of Period | 10,520 | 1 | 5,514 | 25,234 |
| Cash/Cash Equivalents - End of Period | <u>\$ 8,826</u> | <u>\$ 1</u> | <u>\$ 9,172</u> | <u>\$ 24,916</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities | | | | |
| Operating Income (Loss) | <u>\$ (3,679)</u> | <u>\$ (6,204)</u> | <u>\$ (446)</u> | <u>\$ (3,946)</u> |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities | | | | |
| Depreciation Expense | 8,057 | 17 | 2,531 | - |
| Decrease (Increase) in Assets | | | | |
| Accounts Receivable | (30) | 23 | 9 | 17 |
| Interfund Balances | 895 | 676 | 1,931 | (101) |
| Inventories | (219) | 69 | (1) | - |
| Other Assets | - | (33) | (989) | (532) |
| Deferred Outflows | 54 | 40 | 667 | (1) |
| Increase (Decrease) in Liabilities | | | | |
| Accounts Payable | 73 | 5,778 | 3,069 | 397 |
| Accrued Payroll Expense | 138 | 28 | 423 | 1 |
| Due to Other Governments | - | - | 6 | - |
| Compensated Absences | 33 | - | 344 | (12) |
| Deferred Inflows | 450 | 98 | 2,144 | 21 |
| Net Pension Liability | (267) | (18) | (694) | (11) |
| Other Accruals | - | (84) | - | 3,417 |
| Net OPEB Liability | (995) | (160) | (3,622) | (39) |
| Total Adjustments | 8,189 | 6,434 | 5,818 | 3,157 |
| Net Cash Provided (Used) by Operating Activities | <u>\$ 4,510</u> | <u>\$ 230</u> | <u>\$ 5,372</u> | <u>\$ (789)</u> |
| Non Cash Investing, Capital and Financing Activities | | | | |
| Property Leased, Accrued or Acquired | - | - | - | - |
| Contributed Capital Assets | 23 | - | - | - |
| Disposal of Asset - Gain (Loss) | (255) | - | (3,511) | (101) |

(Continued)

| Workers' Compensation | Central Fleet Management | Leased Space | Revenue Services | Retiree Health Insurance | Employee Health Insurance | Statewide Radio & Network Systems |
|------------------------------|---------------------------------|---------------------|-------------------------|---------------------------------|----------------------------------|--|
| \$ 120 | \$ 205 | \$ 587 | \$ - | \$ 4,171 | \$ 622 | \$ - |
| 16,147 | 12,630 | 26,168 | 14 | 46,856 | 176,686 | 75 |
| (10,932) | (3,100) | (10,653) | (187) | (30,988) | (124,460) | - |
| (1,664) | (1,040) | (207) | - | - | (1,007) | - |
| (1,151) | (3,173) | (298) | (155) | (2,358) | (2,088) | - |
| <u>2,520</u> | <u>5,522</u> | <u>15,597</u> | <u>(328)</u> | <u>17,681</u> | <u>49,753</u> | <u>75</u> |
| - | - | - | - | - | - | 2,053 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | 2,053 |
| - | (5,058) | - | - | - | - | - |
| - | 5,500 | - | - | - | - | - |
| - | (5,037) | (15,621) | - | - | - | (2,053) |
| - | 480 | - | - | - | - | - |
| - | (4,115) | (15,621) | - | - | - | (2,053) |
| <u>482</u> | <u>26</u> | <u>24</u> | <u>4</u> | <u>3,009</u> | <u>2,138</u> | <u>-</u> |
| <u>482</u> | <u>26</u> | <u>24</u> | <u>4</u> | <u>3,009</u> | <u>2,138</u> | <u>-</u> |
| 3,002 | 1,433 | - | (324) | 20,690 | 51,891 | 75 |
| 26,080 | 5,005 | - | 334 | 167,190 | 99,574 | 423 |
| - | - | - | - | - | - | - |
| <u>\$ 29,082</u> | <u>\$ 6,438</u> | <u>\$ -</u> | <u>\$ 10</u> | <u>\$ 187,880</u> | <u>\$ 151,465</u> | <u>\$ 498</u> |
| <u>\$ (256)</u> | <u>\$ 1,147</u> | <u>\$ 11,745</u> | <u>\$ (325)</u> | <u>\$ 20,340</u> | <u>\$ 53,747</u> | <u>\$ (3,010)</u> |
| - | 4,045 | 4,160 | - | - | - | 3,010 |
| - | 19 | (1) | - | 467 | 887 | - |
| (499) | 440 | (150) | (3) | (556) | (1,900) | 75 |
| - | 2 | - | - | - | - | - |
| - | - | (10) | - | (29) | 77 | - |
| 12 | 17 | 9 | - | - | 9 | - |
| 88 | (72) | (88) | - | 350 | (162) | - |
| (70) | 4 | (5) | - | - | 5 | - |
| - | - | - | - | (1,922) | - | - |
| 14 | (4) | (15) | - | - | 13 | - |
| 83 | 49 | 12 | - | - | 52 | - |
| 57 | (17) | (20) | - | - | (7) | - |
| 3,115 | (12) | - | - | (969) | (2,907) | - |
| (24) | (96) | (40) | - | - | (61) | - |
| <u>2,776</u> | <u>4,375</u> | <u>3,852</u> | <u>(3)</u> | <u>(2,659)</u> | <u>(3,994)</u> | <u>3,085</u> |
| <u>\$ 2,520</u> | <u>\$ 5,522</u> | <u>\$ 15,597</u> | <u>\$ (328)</u> | <u>\$ 17,681</u> | <u>\$ 49,753</u> | <u>\$ 75</u> |
| - | - | 65 | - | - | - | - |
| - | - | - | - | - | - | - |
| - | (556) | - | - | - | - | - |

STATE OF MAINE
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS (CONTINUED)

Fiscal Year Ended June 30, 2020
(Expressed in Thousands)

| | Industrial Drive Facility | Financial & Personnel Services | Transportation Facilities | Governmental Facilities Authority | Total |
|--|------------------------------|--------------------------------------|------------------------------|---|------------|
| Cash Flows from Operating Activities | | | | | |
| Receipts from Customers and Users | \$ - | \$ 21 | \$ 273 | \$ 3,035 | \$ 13,116 |
| Cash Received from Interfund Services | 587 | 25,020 | 439 | - | 504,882 |
| Payments to Suppliers | (343) | (305) | (819) | (2,137) | (270,371) |
| Payments to Employees | - | (22,323) | - | - | (79,281) |
| Payments for Interfund Goods and Services | (65) | (1,168) | (621) | - | (66,609) |
| Net Cash Provided (Used) by Operating Activities | 179 | 1,245 | (728) | 898 | 101,737 |
| Cash Flows from Noncapital Financing Activities | | | | | |
| Transfers from Other Funds | - | - | - | - | 2,053 |
| Transfers to Other Funds | - | - | - | (4,000) | (4,000) |
| Net Cash Provided (Used) by Noncapital Financing Activities | - | - | - | (4,000) | (1,947) |
| Cash Flows from Capital and Related Financing Activities | | | | | |
| Payments for Acquisition of Capital Assets | (1) | (1) | (369) | - | (13,758) |
| Proceeds from Financing Arrangements | - | - | - | - | 5,500 |
| Principal and Interest Paid on Financing Arrangements | - | - | - | - | (22,790) |
| Proceeds from Sale of Capital Assets | - | - | 24 | - | 749 |
| Net Cash Provided (Used) by Capital and Related Financing Activities | (1) | (1) | (345) | - | (30,299) |
| Cash Flows from Investing Activities | | | | | |
| Investment Revenue | 8 | - | 27 | 138 | 6,342 |
| Net Cash Provided (Used) by Investing Activities | 8 | - | 27 | 138 | 6,342 |
| Net Increase (Decrease) in Cash/Cash Equivalents | 186 | 1,244 | (1,046) | (2,964) | 75,833 |
| Cash/Cash Equivalents - Beginning of Period | 115 | 1,871 | 2,179 | 4,706 | 348,746 |
| Cash/Cash Equivalents - End of Period | \$ 301 | \$ 3,115 | \$ 1,133 | \$ 1,742 | \$ 424,579 |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities | | | | | |
| Operating Income (Loss) | \$ (193) | \$ 194 | \$ (1,578) | \$ 1,027 | \$ 68,563 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities | | | | | |
| Depreciation Expense | 368 | 2 | 971 | - | 23,161 |
| Decrease (Increase) in Assets | | | | | |
| Accounts Receivable | - | - | - | - | 1,391 |
| Interfund Balances | - | 296 | (163) | - | 941 |
| Inventories | - | - | - | - | (149) |
| Other Assets | - | - | - | - | (1,516) |
| Deferred Outflows | - | 9 | - | - | 816 |
| Increase (Decrease) in Liabilities | | | | | |
| Accounts Payable | 4 | (11) | 42 | 1 | 9,469 |
| Accrued Payroll Expense | - | 186 | - | - | 710 |
| Due to Other Governments | - | - | - | - | (1,916) |
| Compensated Absences | - | 218 | - | - | 591 |
| Deferred Inflows | - | 1,053 | - | - | 3,962 |
| Net Pension Liability | - | 282 | - | - | (695) |
| Other Accruals | - | - | - | (130) | 2,430 |
| Net OPEB Liability | - | (984) | - | - | (6,021) |
| Total Adjustments | 372 | 1,051 | 850 | (129) | 33,174 |
| Net Cash Provided (Used) by Operating Activities | \$ 179 | \$ 1,245 | \$ (728) | \$ 898 | \$ 101,737 |
| Non Cash Investing, Capital and Financing Activities | | | | | |
| Property Leased, Accrued or Acquired | - | - | - | - | 65 |
| Contributed Capital Assets | - | - | 778 | - | 801 |
| Disposal of Asset - Gain (Loss) | - | - | (2) | - | (4,425) |

FIDUCIARY FUNDS

Pension (and Other Employee Benefits) Trusts

This fund accounts for all of the trust activity occurring in the employees defined benefit pension plan, healthcare and group life insurance other postemployment benefits trusts and defined contribution plans.

Private Purpose Trust Funds

Abandoned Property Fund – This fund accounts for unclaimed property receipts. All holders of property presumed abandoned must report these properties to the Treasurer annually. The Treasurer will honor claims indefinitely.

Revenue on Private Purpose Trusts Fund – This fund accounts for expendable earnings on private purpose trust fund balances.

Lands Reserved Trust Funds – These funds were established to account for revenue derived from the sale of timber from public lands and from appreciation on investments. The income is to be used for school purposes by townships when they become organized towns or plantations.

Permanent School Fund – This fund is comprised of numerous small private purpose trusts, the income from which may be used for specified purposes.

Maine Universal Service Fund – This fund provides universal land-line service to the poor and to otherwise underserved rural areas.

Maine Education Access Fund – This fund provides schools and qualified libraries with resources to provide computer-based and network services.

Agency Funds

Payroll Withholding Fund – This fund accounts for all payroll taxes and deductions withheld to pay the federal government, other State agencies, and payroll vendors.

Private Trusts Fund – This fund is used to account for assets held by the State acting as an agent for patients of State mental health facilities, inmates at State correctional institutions, recipients of State-supported elder and adult services, and child support enforcement services. Also included in this fund are insurance company and unemployment guaranty deposits, and assets held in Courts and Corrections restitution escrow accounts.

Other Agency Funds – These funds account for numerous small agency funds which have been combined for financial reporting purposes.

Treasurer's Agency Fund – This fund accounts for deposits of quasi governmental units placed in the Treasurer's Cash Pool for investment purposes.

STATE OF MAINE
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION (AND OTHER EMPLOYEE BENEFITS) TRUSTS

June 30, 2020
(Expressed in Thousands)

| | State/Teacher Defined Benefit Pension Plan | Judicial Defined Benefit Pension Plan | Legislative Defined Benefit Pension Plan | PLD Consolidated Pension Plan | PLD Agent Pension Plan |
|---|---|--|---|--|-----------------------------------|
| Assets | | | | | |
| Cash & Short-Term Investments | \$ 32,420 | \$ 319 | \$ 58 | \$ 2,914 | \$ 36 |
| Receivables, Net of Allowance for Uncollectibles: | | | | | |
| Interest and Dividends | 3,156 | 19 | 4 | 789 | 2 |
| Due from Brokers for Securities Sold | 219 | 1 | - | 55 | - |
| Due from Primary Government | 19,809 | - | - | 10,149 | - |
| Investments at Fair Value: | | | | | |
| Equity Securities | 2,033,257 | 12,410 | 2,270 | 508,517 | 1,408 |
| Common/Collective Trusts | 9,972,339 | 60,865 | 11,136 | 2,494,077 | 6,905 |
| Securities Lending Collateral | 163,961 | 1,001 | 183 | 41,007 | 114 |
| Capital Assets - Net of Depreciation | 13,905 | 85 | 16 | 3,478 | 10 |
| Total Assets | <u>12,239,066</u> | <u>74,700</u> | <u>13,667</u> | <u>3,060,986</u> | <u>8,475</u> |
| Liabilities | | | | | |
| Accounts Payable | 2,815 | 17 | 3 | 704 | 2 |
| Obligations Under Securities Lending | 163,961 | 1,001 | 183 | 41,007 | 114 |
| Other Accrued Liabilities | 27,370 | 167 | 31 | 6,846 | 19 |
| Total Liabilities | <u>194,146</u> | <u>1,185</u> | <u>217</u> | <u>48,557</u> | <u>135</u> |
| Net Position | | | | | |
| Restricted for Pension and Other Post-Employment Benefits | <u>12,044,920</u> | <u>73,515</u> | <u>13,450</u> | <u>3,012,429</u> | <u>8,340</u> |
| Total Net Position | <u>\$ 12,044,920</u> | <u>\$ 73,515</u> | <u>\$ 13,450</u> | <u>\$3,012,429</u> | <u>\$ 8,340</u> |

| Healthcare OPEB | MainePERS OPEB Trust | Group Life Insurance OPEB | Group Life Insurance Retired SETP | Group Life Insurance Retired PLD | Defined Contribution Plans | Total Pension (and Other Employee Benefits) Trusts |
|----------------------------|---------------------------------|--|--|---|---|---|
| \$ - | \$ - | \$ 452 | \$ 632 | \$ 74 | \$ 37 | \$ 36,942 |
| - | - | - | - | - | - | 3,970 |
| - | - | - | - | - | - | 275 |
| - | - | 388 | - | 73 | 1 | 30,420 |
| - | - | - | - | - | - | 2,557,862 |
| 291,583 | 14,406 | 15,158 | 106,919 | 16,587 | 45,629 | 13,035,604 |
| - | - | - | - | - | - | 206,266 |
| - | - | - | - | - | - | 17,494 |
| <u>291,583</u> | <u>14,406</u> | <u>15,998</u> | <u>107,551</u> | <u>16,734</u> | <u>45,667</u> | <u>15,888,833</u> |
| - | - | 1 | 6 | 1 | - | 3,549 |
| - | - | - | - | - | - | 206,266 |
| <u>24</u> | <u>699</u> | <u>1,024</u> | <u>1,929</u> | <u>348</u> | <u>14</u> | <u>38,471</u> |
| <u>24</u> | <u>699</u> | <u>1,025</u> | <u>1,935</u> | <u>349</u> | <u>14</u> | <u>248,286</u> |
| <u>291,559</u> | <u>13,707</u> | <u>14,973</u> | <u>105,616</u> | <u>16,385</u> | <u>45,653</u> | <u>15,640,547</u> |
| <u>\$ 291,559</u> | <u>\$ 13,707</u> | <u>\$ 14,973</u> | <u>\$ 105,616</u> | <u>\$ 16,385</u> | <u>\$ 45,653</u> | <u>\$ 15,640,547</u> |

STATE OF MAINE
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION (AND OTHER EMPLOYEE BENEFITS) TRUSTS

Fiscal Year Ended June 30, 2020
(Expressed in Thousands)

| | State/Teacher Defined Benefit Pension Plan | Judicial Defined Benefit Pension Plan | Legislative Defined Benefit Pension Plan | PLD Consolidated Pension Plan | PLD Agent Pension Plan |
|--|---|--|---|--|-----------------------------------|
| Additions: | | | | | |
| Contributions: | | | | | |
| Members | \$ 151,439 | \$ 616 | \$ 156 | \$ 54,090 | \$ 29 |
| State & Local Agency Employers | 225,469 | 716 | - | 66,718 | 345 |
| Non-employer Contributing Entity | 174,530 | - | - | - | - |
| Transfer from Other Pension Plans | - | 765 | 366 | 27,886 | - |
| Investment Income (Loss): | | | | | |
| Net Increase (Decrease) in the Fair Value of Investments | 355,317 | 2,174 | 390 | 88,315 | 581 |
| Interest & Dividends | 100,079 | 611 | 112 | 25,027 | 71 |
| Securities Lending Income & Borrower Rebates Refunded | 2,284 | (1) | 3 | 571 | 2 |
| Less Investment Expense: | | | | | |
| Investment Activity Expense | 103,291 | 633 | 114 | 25,552 | 232 |
| Securities Lending Expense | 117 | (14) | - | 29 | - |
| Net Investment Income (Loss) | <u>354,272</u> | <u>2,165</u> | <u>391</u> | <u>88,332</u> | <u>422</u> |
| Total Additions | <u>905,710</u> | <u>4,262</u> | <u>913</u> | <u>237,026</u> | <u>796</u> |
| Deductions: | | | | | |
| Benefits Paid to Participants or Beneficiaries | 863,978 | 4,313 | 520 | 167,897 | 1,759 |
| Refunds & Withdrawals | 18,842 | 1 | 177 | 6,855 | 914 |
| Administrative Expenses | 11,341 | 70 | 14 | 2,798 | 21 |
| Transfer to Other Pension Funds | 2,194 | - | - | 203 | 26,823 |
| Claims Processing Expense | - | - | - | - | - |
| Total Deductions | <u>896,355</u> | <u>4,384</u> | <u>711</u> | <u>177,753</u> | <u>29,517</u> |
| Net Increase (Decrease) | <u>9,355</u> | <u>(122)</u> | <u>202</u> | <u>59,273</u> | <u>(28,721)</u> |
| Net Position: | | | | | |
| Restricted for Pension and Other Post-Employment Benefits: | | | | | |
| Beginning of Year | <u>12,035,565</u> | <u>73,637</u> | <u>13,248</u> | <u>2,953,156</u> | <u>37,061</u> |
| End of Year | <u>\$ 12,044,920</u> | <u>\$ 73,515</u> | <u>\$ 13,450</u> | <u>\$ 3,012,429</u> | <u>\$ 8,340</u> |

| <u>Healthcare OPEB</u> | <u>MainePERS OPEB Trust</u> | <u>Group Life Insurance OPEB</u> | <u>Group Life Insurance Retired SETP</u> | <u>Group Life Insurance Retired PLD</u> | <u>Defined Contribution Plans</u> | <u>Total Pension (and Other Employee Benefits) Trusts</u> |
|----------------------------|---------------------------------|--|--|---|---|---|
| \$ - | \$ - | \$ 4,424 | \$ - | \$ - | \$ 3,881 | \$ 214,635 |
| 90,829 | 8 | 1,499 | 4,833 | 1,127 | 735 | 392,279 |
| - | - | - | 4,478 | - | - | 179,008 |
| - | - | - | - | - | 203 | 29,220 |
| 13,947 | 678 | 708 | 4,947 | 762 | 2,096 | 469,915 |
| - | - | 1 | 8 | 1 | - | 125,910 |
| - | - | - | - | - | - | 2,859 |
| 88 | 9 | 9 | 69 | 11 | 52 | 130,060 |
| - | - | - | - | - | - | 132 |
| <u>13,859</u> | <u>669</u> | <u>700</u> | <u>4,886</u> | <u>752</u> | <u>2,044</u> | <u>468,492</u> |
| <u>104,688</u> | <u>677</u> | <u>6,623</u> | <u>14,197</u> | <u>1,879</u> | <u>6,863</u> | <u>1,283,634</u> |
| 90,829 | 347 | 5,057 | 7,540 | 1,487 | - | 1,143,727 |
| - | - | - | - | - | 2,343 | 29,132 |
| 3 | 1 | 139 | 1,020 | 163 | 205 | 15,775 |
| - | - | - | - | - | - | 29,220 |
| - | - | 87 | 638 | 103 | 87 | 915 |
| <u>90,832</u> | <u>348</u> | <u>5,283</u> | <u>9,198</u> | <u>1,753</u> | <u>2,635</u> | <u>1,218,769</u> |
| <u>13,856</u> | <u>329</u> | <u>1,340</u> | <u>4,999</u> | <u>126</u> | <u>4,228</u> | <u>64,865</u> |
| <u>277,703</u> | <u>13,378</u> | <u>13,633</u> | <u>100,617</u> | <u>16,259</u> | <u>41,425</u> | <u>15,575,682</u> |
| <u>\$ 291,559</u> | <u>\$ 13,707</u> | <u>\$ 14,973</u> | <u>\$ 105,616</u> | <u>\$ 16,385</u> | <u>\$ 45,653</u> | <u>\$ 15,640,547</u> |

STATE OF MAINE
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUSTS

June 30, 2020
(Expressed in Thousands)

| | <u>Abandoned Property</u> | <u>Revenue on Private Purpose Trusts</u> | <u>Lands Reserved</u> | <u>Permanent School</u> |
|--|-------------------------------|--|---------------------------|-----------------------------|
| Assets | | | | |
| Equity in Treasurer's Cash Pool | \$ 500 | \$ 46 | \$ 186 | \$ - |
| Cash & Short-Term Investments | - | - | - | - |
| Investments at Fair Value: | | | | |
| Investments - Other | - | 6 | 18,090 | 4,590 |
| Other Receivable | - | - | - | - |
| Due from Other Funds | 46,577 | - | - | - |
| Other Assets | <u>4,129</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Assets | <u>51,206</u> | <u>52</u> | <u>18,276</u> | <u>4,590</u> |
| Liabilities | | | | |
| Accounts Payable | 28 | 1 | - | - |
| Due to Other Funds | <u>2</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Liabilities | <u>30</u> | <u>1</u> | <u>-</u> | <u>-</u> |
| Net Position Restricted | | | | |
| Held in Trust for Individuals, Organizations and Other Governments | <u>51,176</u> | <u>51</u> | <u>18,276</u> | <u>4,590</u> |
| Total Net Position | <u>\$ 51,176</u> | <u>\$ 51</u> | <u>\$ 18,276</u> | <u>\$ 4,590</u> |

| Maine Universal Service Trust | Maine Telecommunications Education Access Trust | Total Private Purpose Trusts |
|--|--|---|
| \$ - | \$ - | \$ 732 |
| 3,649 | 335 | 3,984 |
| - | - | 22,686 |
| 825 | 912 | 1,737 |
| - | - | 46,577 |
| - | - | 4,129 |
| <u>4,474</u> | <u>1,247</u> | <u>79,845</u> |
| 5 | 709 | 743 |
| - | - | 2 |
| <u>5</u> | <u>709</u> | <u>745</u> |
| 4,469 | 538 | 79,100 |
| <u>\$ 4,469</u> | <u>\$ 538</u> | <u>\$ 79,100</u> |

STATE OF MAINE
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUSTS

Fiscal Year Ended June 30, 2020
(Expressed in Thousands)

| | <u>Abandoned Property</u> | <u>Revenue on Private Purpose Trusts</u> | <u>Lands Reserved</u> | <u>Permanent School</u> |
|---|-------------------------------|--|---------------------------|-----------------------------|
| Additions: | | | | |
| Investment Income (Loss): | | | | |
| Net Increase (Decrease) in the Fair Value of Investments | \$ - | \$ - | \$ 1,078 | \$ 273 |
| Interest & Dividends | 117 | 149 | 186 | - |
| Net Investment Income (Loss) | 117 | 149 | 1,264 | 273 |
| Miscellaneous Revenues | 12,657 | - | - | - |
| Transfer from Other Funds | - | 750 | - | - |
| Total Additions | 12,774 | 899 | 1,264 | 273 |
| Deductions: | | | | |
| Benefits Paid to Participants or Beneficiaries | - | 194 | - | - |
| Administrative Expenses | 298 | - | - | - |
| Transfer to Other Funds | 6,673 | 821 | - | - |
| Total Deductions | 6,971 | 1,015 | - | - |
| Net Increase (Decrease) | 5,803 | (116) | 1,264 | 273 |
| Net Position Restricted: | | | | |
| Held in Trust for Individuals, Organizations and Other Governments: | | | | |
| Beginning of Year | 45,373 | 167 | 17,012 | 4,317 |
| End of Year | \$ 51,176 | \$ 51 | \$ 18,276 | \$ 4,590 |

| Maine Universal Service Trust | Maine Telecommunications Education Access Trust | Total Private Purpose Trusts |
|--|--|---|
| \$ - | \$ - | \$ 1,351 |
| 9 | 2 | 463 |
| 9 | 2 | 1,814 |
| 10,193 | 3,941 | 26,791 |
| - | - | 750 |
| 10,202 | 3,943 | 29,355 |
| 7,828 | 3,791 | 11,813 |
| 36 | 34 | 368 |
| - | - | 7,494 |
| 7,864 | 3,825 | 19,675 |
| 2,338 | 118 | 9,680 |
| 2,131 | 420 | 69,420 |
| \$ 4,469 | \$ 538 | \$ 79,100 |



STATE OF MAINE
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS

June 30, 2020
(Expressed in Thousands)

| | <u>Payroll Withholding</u> | <u>Private Trusts</u> | <u>Other Agency</u> | <u>Treasurer's Agency</u> | <u>Total Agency Funds</u> |
|--------------------------------------|--------------------------------|---------------------------|---------------------|-------------------------------|-------------------------------|
| Assets | | | | | |
| Equity in Treasurer's Cash Pool | \$ - | \$ 16,427 | \$ 5,251 | \$ - | \$ 21,678 |
| Cash & Short-Term Investments | - | 27 | - | - | 27 |
| Restricted Deposits & Investments | - | - | 11 | - | 11 |
| Investments Held on Behalf of Others | - | 63,112 | - | - | 63,112 |
| Other Assets | - | 51 | - | - | 51 |
| Total Assets | <u>\$ -</u> | <u>\$ 79,617</u> | <u>\$ 5,262</u> | <u>\$ -</u> | <u>\$ 84,879</u> |
| Liabilities | | | | | |
| Accounts Payable | \$ - | \$ 15 | \$ 15 | \$ - | \$ 30 |
| Agency Liabilities | - | 77,773 | 5,247 | - | 83,020 |
| Other Accrued Liabilities | - | 1,829 | - | - | 1,829 |
| Total Liabilities | <u>\$ -</u> | <u>\$ 79,617</u> | <u>\$ 5,262</u> | <u>\$ -</u> | <u>\$ 84,879</u> |

STATE OF MAINE
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS

Fiscal Year Ended June 30, 2020
(Expressed in Thousands)

| | Balance, Beginning of Year July 1, 2019 | Additions | Deductions | Balance, End of Year June 30, 2020 |
|--|--|-------------------|-------------------|---|
| Payroll Withholding | | | | |
| Assets | | | | |
| Cash, Short-term Investments & Equity in Treasurer's Cash Pool | \$ - | \$ 330,382 | \$ 330,382 | \$ - |
| Total Assets | <u>\$ -</u> | <u>\$ 330,382</u> | <u>\$ 330,382</u> | <u>\$ -</u> |
| Liabilities | | | | |
| Accounts Payable & Other Accrued Liabilities | \$ - | \$ 835,913 | \$ 835,913 | \$ - |
| Total Liabilities | <u>\$ -</u> | <u>\$ 835,913</u> | <u>\$ 835,913</u> | <u>\$ -</u> |
| Private Trusts | | | | |
| Assets | | | | |
| Cash, Short-term Investments & Equity in Treasurer's Cash Pool | \$ 10,450 | \$ 20,358 | \$ 14,354 | \$ 16,454 |
| Investments Held on Behalf of Others | 62,725 | 19,228 | 18,841 | 63,112 |
| Other Assets | 61 | - | 10 | 51 |
| Total Assets | <u>\$ 73,236</u> | <u>\$ 39,586</u> | <u>\$ 33,205</u> | <u>\$ 79,617</u> |
| Liabilities | | | | |
| Accounts Payable & Other Accrued Liabilities | \$ 2,106 | \$ 3,645 | \$ 3,907 | \$ 1,844 |
| Agency Liabilities | 71,130 | 23,461 | 16,818 | 77,773 |
| Total Liabilities | <u>\$ 73,236</u> | <u>\$ 27,106</u> | <u>\$ 20,725</u> | <u>\$ 79,617</u> |
| Other Agency | | | | |
| Assets | | | | |
| Cash, Short-term Investments & Equity in Treasurer's Cash Pool | \$ 6,224 | \$ 5,256 | \$ 6,218 | \$ 5,262 |
| Total Assets | <u>\$ 6,224</u> | <u>\$ 5,256</u> | <u>\$ 6,218</u> | <u>\$ 5,262</u> |
| Liabilities | | | | |
| Accounts Payable & Other Accrued Liabilities | \$ 30 | \$ 4,789 | \$ 4,804 | \$ 15 |
| Agency Liabilities | 6,194 | 10,074 | 11,021 | 5,247 |
| Total Liabilities | <u>\$ 6,224</u> | <u>\$ 14,863</u> | <u>\$ 15,825</u> | <u>\$ 5,262</u> |
| Treasurer's Agency | | | | |
| Assets | | | | |
| Cash, Short-term Investments & Equity in Treasurer's Cash Pool | \$ - | \$ 363,842 | \$ 363,842 | \$ - |
| Total Assets | <u>\$ -</u> | <u>\$ 363,842</u> | <u>\$ 363,842</u> | <u>\$ -</u> |
| Liabilities | | | | |
| Agency Liabilities | - | 275,923 | 275,923 | - |
| Total Liabilities | <u>\$ -</u> | <u>\$ 275,923</u> | <u>\$ 275,923</u> | <u>\$ -</u> |

| | Balance, Beginning of Year July 1, 2019 | | | Balance, End of Year June 30, 2020 | |
|--|--|---------------------|---------------------|---|---------------|
| | Additions | Deductions | | | |
| Total All Agency Funds | | | | | |
| Assets | | | | | |
| Cash, Short-term Investments & Equity in Treasurer's Cash Pool | \$ 16,674 | \$ 719,838 | \$ 714,796 | \$ | 21,716 |
| Investments Held on Behalf of Others | 62,725 | 19,228 | 18,841 | | 63,112 |
| Other Assets | 61 | - | 10 | | 51 |
| Total Assets | <u>\$ 79,460</u> | <u>\$ 739,066</u> | <u>\$ 733,647</u> | <u>\$</u> | <u>84,879</u> |
| Liabilities | | | | | |
| Accounts Payable & Other Accrued Liabilities | \$ 2,136 | \$ 844,347 | \$ 844,624 | \$ | 1,859 |
| Agency Liabilities | 77,324 | 309,458 | 303,762 | | 83,020 |
| Total Liabilities | <u>\$ 79,460</u> | <u>\$ 1,153,805</u> | <u>\$ 1,148,386</u> | <u>\$</u> | <u>84,879</u> |



NON-MAJOR COMPONENT UNIT FINANCIAL STATEMENTS

Child Development Services System – maintains a coordinated service delivery system for the provision of Childfind activities, early intervention services, and free, appropriate public education services for eligible children with disabilities.

Efficiency Maine Trust – was established for the purpose of administering programs for energy efficiency and alternative energy resources to help individuals and businesses in Maine meet their energy needs at the lowest cost.

Maine Maritime Academy – is a college specializing in ocean and marine programs at the undergraduate and graduate levels. The operation of the Academy is subject to review by the federal government.

Midcoast Regional Redevelopment Authority – is responsible for acquiring and managing Naval Air Station Brunswick properties in both Brunswick and Topsham and implementing the Reuse Master Plans for each.

Northern New England Passenger Rail Authority – initiates, establishes and maintains regularly scheduled passenger rail service between points within Maine to points within and outside of Maine.

STATE OF MAINE
COMBINING STATEMENT OF NET POSITION
NON-MAJOR COMPONENT UNITS

June 30, 2020
(Expressed in Thousands)

| | Child Development Services | Efficiency Maine Trust | Maine Maritime Academy | Midcoast Regional Redevelopment Authority | Northern New England Passenger Rail Authority | Total Non-Major Component Units |
|--|-------------------------------|---------------------------|---------------------------|---|---|---------------------------------------|
| Assets | | | | | | |
| Current Assets: | | | | | | |
| Cash & Short-Term Investments | \$ 6,813 | \$ - | \$ 10,354 | \$ 1,890 | \$ 1,144 | \$ 20,201 |
| Investments | - | - | 13,569 | - | - | 13,569 |
| Restricted Assets: | | | | | | |
| Restricted Deposits & Investments | - | 54,070 | - | - | - | 54,070 |
| Inventories | - | - | 1,353 | - | - | 1,353 |
| Receivables, Net of Allowance for Uncollectibles: | | | | | | |
| Loans Receivable | - | - | 437 | 282 | - | 719 |
| Other Receivable | - | 1,480 | 499 | 1,798 | 90 | 3,867 |
| Due from Other Governments | - | - | - | - | 2,709 | 2,709 |
| Due from Primary Government | 880 | - | - | 642 | - | 1,522 |
| Other Assets | 192 | 129 | 775 | 25 | 99 | 1,220 |
| Total Current Assets | 7,885 | 55,679 | 26,987 | 4,637 | 4,042 | 99,230 |
| Noncurrent Assets: | | | | | | |
| Restricted Assets | - | - | 35,715 | 366 | 948 | 37,029 |
| Investments | - | - | 14,955 | - | - | 14,955 |
| Receivables, Net of Current Portion: | | | | | | |
| Loans & Notes Receivable | - | 17,084 | 2,436 | - | - | 19,520 |
| Due from Primary Government | - | - | - | - | 456 | 456 |
| Capital Assets - Net of Depreciation | 652 | 6 | 30,083 | 127,106 | 14,411 | 172,258 |
| Other Non-Current Assets | - | - | 2,730 | 94 | - | 2,824 |
| Total Non-Current Assets | 652 | 17,090 | 85,919 | 127,566 | 15,815 | 247,042 |
| Total Assets | 8,537 | 72,769 | 112,906 | 132,203 | 19,857 | 346,272 |
| Deferred Outflows of Resources | - | - | 1,181 | - | 514 | 1,695 |
| Liabilities | | | | | | |
| Current Liabilities: | | | | | | |
| Accounts Payable | 2,007 | 1,922 | 3,203 | 1,105 | 2,694 | 10,931 |
| Accrued Payroll | 1,445 | - | - | - | - | 1,445 |
| Compensated Absences | 727 | - | - | 77 | 45 | 849 |
| Due to Other Governments | - | - | - | 92 | - | 92 |
| Due to Primary Government | - | - | - | 1,078 | - | 1,078 |
| Bonds & Notes Payable | - | - | 1,697 | 798 | - | 2,495 |
| Unearned Revenue | - | 26 | 1,772 | 96 | - | 1,894 |
| Other Accrued Liabilities | - | 184 | 446 | 317 | - | 947 |
| Total Current Liabilities | 4,179 | 2,132 | 7,118 | 3,563 | 2,739 | 19,731 |
| Long-Term Liabilities: | | | | | | |
| Due to Other Governments | - | - | 536 | - | - | 536 |
| Bonds & Notes Payable | - | - | 2,544 | 8,425 | - | 10,969 |
| Net Pension Liability | - | - | 3,426 | - | 1,062 | 4,488 |
| Net Other Post-Employment Benefit Liability | - | - | - | - | 547 | 547 |
| Total Long-Term Liabilities | - | - | 6,506 | 8,425 | 1,609 | 16,540 |
| Total Liabilities | 4,179 | 2,132 | 13,624 | 11,988 | 4,348 | 36,271 |
| Deferred Inflows of Resources | - | - | 1,571 | - | 177 | 1,748 |
| Net Position | | | | | | |
| Net Investment in Capital Assets | 652 | 6 | 29,701 | 118,723 | 14,346 | 163,428 |
| Restricted | 3,706 | 70,631 | 42,192 | - | 1,302 | 117,831 |
| Unrestricted | - | - | 26,999 | 1,492 | 198 | 28,689 |
| Total Net Position | \$ 4,358 | \$ 70,637 | \$ 98,892 | \$ 120,215 | \$ 15,846 | \$ 309,948 |

STATE OF MAINE
COMBINING STATEMENT OF ACTIVITIES
NON-MAJOR COMPONENT UNITS

Fiscal Year Ended June 30, 2020
(Expressed in Thousands)

| | Child Development Services | Efficiency Maine Trust | Maine Maritime Academy | Midcoast Regional Redevelopment Authority | Northern New England Passenger Rail Authority | Total Non-Major Component Units |
|--|-------------------------------|---------------------------|---------------------------|---|---|---------------------------------------|
| General Operations | \$ 42,466 | \$ 52,982 | \$ 39,006 | \$ 10,907 | \$ 26,449 | \$ 171,810 |
| Program Revenues | | | | | | |
| Charges for Services | 850 | - | 22,068 | 5,975 | 8,620 | 37,513 |
| Program Investment Income | 43 | - | - | - | - | 43 |
| Operating Grants & Contributions | 44,355 | 64,903 | 2,086 | 35 | 13,600 | 124,979 |
| Capital Grants & Contributions | - | - | 1,415 | 3,850 | 3,168 | 8,433 |
| Net Revenue (Expense) | 2,782 | 11,921 | (13,437) | (1,047) | (1,061) | (842) |
| General Revenues | | | | | | |
| Unrestricted Investment Earnings | - | - | 747 | 49 | 13 | 809 |
| Non-program Specific Grants, Contributions & Appropriations | - | - | 13,857 | - | - | 13,857 |
| Miscellaneous Revenues | - | - | 1,438 | 128 | 367 | 1,933 |
| Gain (Loss) on Assets Held for Sale | - | - | - | 321 | - | 321 |
| Total General Revenues | - | - | 16,042 | 498 | 380 | 16,920 |
| Change in Net Position | 2,782 | 11,921 | 2,605 | (549) | (681) | 16,078 |
| Net Position - Beginning of Year (As Restated) | 1,576 | 58,716 | 96,287 | 120,764 | 16,527 | 293,870 |
| Net Position - End of Year | \$ 4,358 | \$ 70,637 | \$ 98,892 | \$ 120,215 | \$ 15,846 | \$ 309,948 |



STATISTICAL SECTION



STATE OF MAINE
STATISTICAL SECTION NARRATIVE AND
TABLE OF CONTENTS

This part of the State of Maine's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the State's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the State's financial performance and fiscal health have changed over time. Fund perspective schedules are presented for the last ten years. Schedules included are:

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| Schedule 2 - Changes in Net Position By Activities..... | 234 |

Fund Perspective

| | |
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| Schedule 4 - Changes in Fund Balances - Governmental Funds..... | 240 |
| Schedule 5 - Changes in Fund Balances - General Fund..... | 242 |

Revenue Capacity

These schedules contain information to help the reader assess the State's most significant revenue sources:

| | |
|---|-----|
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| Schedule 7 - Individual Income Tax Filers and Tax Liability by Maine Adjusted Gross Income..... | 247 |
| Schedule 8 - Taxable Sales and Sales Tax Rates..... | 248 |

Debt Capacity

These schedules present financial information to help the reader assess the affordability of the State's current levels of outstanding debt and the State's ability to issue additional debt in the future. Schedules included are:

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| Schedule 10 - Ratios of Outstanding Debt by Type..... | 252 |
| Schedule 11 - Pledged Future Revenue Coverage..... | 254 |

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment in which the state operates. Schedules included are:

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| Schedule 14 - State Government Full Time Equivalent Employees by Policy Area..... | 260 |
| Schedule 15 - Operating Indicators and Capital Information..... | 262 |
| Schedule 16 - Capital Assets by Function..... | 264 |

STATE OF MAINE
NET POSITION BY ACTIVITIES

Last Ten Fiscal Years
(Expressed in Thousands)

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|---------------------|---------------------|--------------------|---------------------|
| Primary Government | | | | |
| Governmental Activities | | | | |
| Net Investment in Capital Assets | \$ 3,651,931 | \$ 3,559,387 | \$ 3,580,547 | \$ 3,501,237 |
| Restricted | 182,644 | 176,632 | 134,705 | 125,429 |
| Unrestricted | <u>(3,388,679)</u> | <u>(3,155,124)</u> | <u>(3,491,939)</u> | <u>(3,748,147)</u> |
| Total Governmental Activities Net Position | <u>\$ 445,896</u> | <u>\$ 580,895</u> | <u>\$ 223,313</u> | <u>\$ (121,481)</u> |
| Business-Type Activities | | | | |
| Net Investment in Capital Assets | \$ 37,205 | \$ 32,690 | \$ 33,521 | \$ 35,402 |
| Restricted | 605,378 | 513,319 | 471,256 | 429,124 |
| Unrestricted | <u>(14,583)</u> | <u>(15,719)</u> | <u>(32,080)</u> | <u>(32,750)</u> |
| Total Business-Type Activities Net Position | <u>\$ 628,000</u> | <u>\$ 530,290</u> | <u>\$ 472,697</u> | <u>\$ 431,776</u> |
| Total Primary Government | | | | |
| Net Investment in Capital Assets | \$ 3,689,136 | \$ 3,592,077 | \$ 3,614,068 | \$ 3,536,639 |
| Restricted | 788,022 | 689,951 | 605,961 | 554,553 |
| Unrestricted | <u>(3,403,262)</u> | <u>(3,170,843)</u> | <u>(3,524,019)</u> | <u>(3,780,897)</u> |
| Total Primary Government Activities Net Position | <u>\$ 1,073,896</u> | <u>\$ 1,111,185</u> | <u>\$ 696,010</u> | <u>\$ 310,295</u> |

The methodology of calculating infrastructure capital assets changed in 2014.

SOURCE: State of Maine Comprehensive Annual Financial Reporting System. Accrual basis of accounting.

SCHEDULE 1

| <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$ 3,435,465 | \$ 3,362,340 | \$ 3,326,722 | \$ 3,262,047 | \$ 4,408,377 | \$ 4,165,760 |
| 132,972 | 215,520 | 168,085 | 403,837 | 398,122 | 376,044 |
| <u>(1,906,492)</u> | <u>(2,232,749)</u> | <u>(2,616,106)</u> | <u>(464,311)</u> | <u>(514,820)</u> | <u>(324,465)</u> |
| <u>\$ 1,661,945</u> | <u>\$ 1,345,111</u> | <u>\$ 878,701</u> | <u>\$ 3,201,573</u> | <u>\$ 4,291,679</u> | <u>\$ 4,217,339</u> |
| \$ 38,658 | \$ 42,658 | \$ 44,462 | \$ 55,340 | \$ 152,763 | \$ 146,357 |
| 398,342 | 366,766 | 331,799 | 321,112 | 295,632 | 300,287 |
| <u>(23,819)</u> | <u>(35,942)</u> | <u>(25,148)</u> | <u>2,860</u> | <u>675</u> | <u>(6,623)</u> |
| <u>\$ 413,181</u> | <u>\$ 373,482</u> | <u>\$ 351,113</u> | <u>\$ 379,312</u> | <u>\$ 449,070</u> | <u>\$ 440,021</u> |
| \$ 3,474,123 | \$ 3,404,998 | \$ 3,371,184 | \$ 3,317,387 | \$ 4,561,140 | \$ 4,312,117 |
| 531,314 | 582,286 | 499,884 | 724,949 | 693,754 | 676,331 |
| <u>(1,930,311)</u> | <u>(2,268,691)</u> | <u>(2,641,254)</u> | <u>(461,451)</u> | <u>(514,145)</u> | <u>(331,088)</u> |
| <u>\$ 2,075,126</u> | <u>\$ 1,718,593</u> | <u>\$ 1,229,814</u> | <u>\$ 3,580,885</u> | <u>\$ 4,740,749</u> | <u>\$ 4,657,360</u> |

STATE OF MAINE
CHANGES IN NET POSITION BY ACTIVITIES

Last Ten Fiscal Years
(Expressed in Thousands)

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| Expenses | | | | |
| Governmental Activities | | | | |
| Governmental Support & Operations | \$ 552,526 | \$ 475,715 | \$ 432,870 | \$ 354,421 |
| Arts, Heritage & Cultural Enrichment | 13,264 | 12,447 | 11,821 | 12,813 |
| Business Licensing & Regulation | 62,441 | 60,616 | 67,030 | 66,006 |
| Economic Development & Workforce Training | 1,386,867 | 168,963 | 185,166 | 180,006 |
| Education | 2,115,388 | 1,845,272 | 1,774,309 | 1,804,804 |
| Health & Human Services | 4,450,704 | 4,054,201 | 3,804,516 | 3,774,348 |
| Justice & Protection | 504,571 | 484,735 | 433,728 | 493,427 |
| Natural Resources Development & Protection | 254,468 | 232,368 | 218,375 | 236,928 |
| Transportation, Safety & Development | 739,290 | 613,171 | 627,901 | 664,921 |
| Interest Expense | 56,707 | 51,140 | 51,788 | 38,992 |
| Total Governmental Activities | <u>10,136,226</u> | <u>7,998,628</u> | <u>7,607,504</u> | <u>7,626,666</u> |
| Business-Type Activities | | | | |
| Employment Security | 92,125 | 82,683 | 83,159 | 96,075 |
| Alcoholic Beverages | 158,350 | 144,600 | 137,426 | 131,192 |
| Lottery | 254,683 | 242,619 | 230,678 | 214,670 |
| Transportation | - | - | - | - |
| Ferry Services | 13,841 | 13,632 | 12,950 | 12,271 |
| Military Equipment Maintenance | 802 | 1,104 | 10,895 | 3,858 |
| Consolidated Emergency Communications | 5,473 | 5,950 | 6,952 | 6,489 |
| Other | 1,379 | 1,426 | 1,593 | 1,821 |
| Total Business-Type Activities | <u>526,653</u> | <u>492,014</u> | <u>483,653</u> | <u>466,376</u> |
| Total Primary Government Expenses | <u>\$ 10,662,879</u> | <u>\$ 8,490,642</u> | <u>\$ 8,091,157</u> | <u>\$ 8,093,042</u> |
| Program Revenues | | | | |
| Governmental Activities | | | | |
| Charges for Services | | | | |
| Governmental Support & Operations | \$ 118,150 | \$ 114,597 | \$ 93,862 | \$ 90,906 |
| Arts, Heritage & Cultural Enrichment | 1,030 | 1,131 | 876 | 845 |
| Business Licensing & Regulation | 81,683 | 70,383 | 81,866 | 73,430 |
| Economic Development & Workforce Training | 7,731 | 8,625 | 6,286 | 8,658 |
| Education | 27,589 | 34,859 | 36,221 | 37,278 |
| Health & Human Services | 10,465 | 9,058 | 13,673 | 14,687 |
| Justice & Protection | 80,155 | 87,266 | 86,995 | 86,744 |
| Natural Resources Development & Protection | 100,990 | 98,042 | 99,351 | 93,304 |
| Transportation, Safety & Development | 154,202 | 147,671 | 145,090 | 178,018 |
| Operating Grants and Contributions | <u>4,853,773</u> | <u>3,074,939</u> | <u>3,002,173</u> | <u>2,966,809</u> |
| Total Governmental Activities Program Revenues | <u>5,435,768</u> | <u>3,646,571</u> | <u>3,566,393</u> | <u>3,550,679</u> |
| Business-Type Activities | | | | |
| Charges for Services | | | | |
| Employment Security | 148,287 | 117,507 | 116,053 | 118,207 |
| Alcoholic Beverages | 218,440 | 202,930 | 189,263 | 177,184 |
| Lottery | 322,355 | 304,322 | 293,759 | 274,902 |
| Transportation | - | - | - | - |
| Ferry Services | 4,926 | 5,230 | 5,056 | 4,599 |
| Military Equipment Maintenance | 676 | 2,730 | 11,228 | 5,088 |
| Consolidated Emergency Communications | 6,743 | 6,677 | 6,278 | 6,406 |
| Other | 1,815 | 1,975 | 2,047 | 2,233 |
| Operating Grants and Contributions | <u>42,756</u> | <u>10,921</u> | <u>9,510</u> | <u>8,714</u> |
| Total Business-Type Activities Program Revenues | <u>\$ 745,998</u> | <u>\$ 652,292</u> | <u>\$ 633,194</u> | <u>\$ 597,333</u> |
| Net (Expense)/Revenue | | | | |
| Governmental Activities | (4,700,458) | (4,352,057) | (4,041,111) | (4,075,987) |
| Business-Type Activities | <u>219,345</u> | <u>160,278</u> | <u>149,541</u> | <u>130,957</u> |
| Total Primary Government Net (Expense)/Revenue | <u>\$ (4,481,113)</u> | <u>\$ (4,191,779)</u> | <u>\$ (3,891,570)</u> | <u>\$ (3,945,030)</u> |

SCHEDULE 2

| <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ 477,351 | \$ 357,029 | \$ 377,269 | \$ 428,001 | \$ 456,622 | \$ 448,917 |
| 10,815 | 11,457 | 11,401 | 10,538 | 11,507 | 11,807 |
| 51,207 | 67,348 | 73,016 | 63,406 | 68,697 | 69,288 |
| 169,201 | 169,192 | 175,338 | 240,485 | 302,614 | 374,473 |
| 1,614,477 | 1,543,947 | 1,676,908 | 1,581,556 | 1,610,095 | 1,706,305 |
| 3,587,573 | 3,595,418 | 3,669,552 | 3,657,573 | 3,750,402 | 3,522,341 |
| 412,088 | 412,718 | 410,641 | 401,656 | 401,740 | 415,450 |
| 207,610 | 205,334 | 208,970 | 201,979 | 208,463 | 204,379 |
| 590,437 | 553,321 | 524,024 | 384,852 | 376,689 | 371,374 |
| 44,822 | 50,639 | 47,271 | 46,541 | 45,551 | 43,202 |
| <u>7,165,581</u> | <u>6,966,403</u> | <u>7,174,390</u> | <u>7,016,587</u> | <u>7,232,380</u> | <u>7,167,536</u> |
| 110,912 | 129,697 | 159,058 | 169,334 | 187,703 | 203,693 |
| 120,373 | 111,265 | 19 | - | - | - |
| 217,556 | 200,457 | 180,087 | 176,094 | 176,837 | 167,956 |
| - | - | - | - | 9,310 | 11,082 |
| 12,782 | 12,338 | 11,849 | 12,030 | 11,458 | 12,711 |
| 11,610 | 9,342 | 11,466 | 36,971 | 35,058 | 44,765 |
| 5,530 | 5,818 | 5,810 | 5,414 | 5,841 | 5,775 |
| 1,660 | 3,015 | 28,593 | 57,998 | 58,523 | 49,802 |
| <u>480,423</u> | <u>471,932</u> | <u>396,882</u> | <u>457,841</u> | <u>484,730</u> | <u>495,784</u> |
| <u>\$ 7,646,004</u> | <u>\$ 7,438,335</u> | <u>\$ 7,571,272</u> | <u>\$ 7,474,428</u> | <u>\$ 7,717,110</u> | <u>\$ 7,663,320</u> |
| | | | | | |
| \$ 91,136 | \$ 99,959 | \$ 96,712 | \$ 89,374 | \$ 80,534 | \$ 105,851 |
| 890 | 955 | 1,315 | 869 | 1,006 | 749 |
| 74,634 | 69,790 | 74,799 | 69,196 | 75,633 | 57,772 |
| 10,934 | 7,863 | 7,410 | 7,910 | 7,175 | 5,972 |
| 38,691 | 37,016 | 37,467 | 26,098 | 6,897 | 4,470 |
| 17,553 | 15,988 | 11,953 | 18,801 | 20,018 | 18,252 |
| 87,183 | 80,028 | 82,347 | 83,173 | 86,583 | 83,093 |
| 92,054 | 95,922 | 88,035 | 93,531 | 93,991 | 102,084 |
| 159,659 | 131,936 | 128,635 | 119,087 | 116,995 | 110,401 |
| 2,875,849 | 2,817,929 | 2,831,956 | 3,047,714 | 3,160,241 | 3,355,823 |
| <u>3,448,583</u> | <u>3,357,386</u> | <u>3,360,629</u> | <u>3,555,753</u> | <u>3,649,073</u> | <u>3,844,467</u> |
| | | | | | |
| 137,593 | 157,623 | 163,352 | 188,833 | 176,645 | 173,416 |
| 166,752 | 157,369 | 12,539 | 12,533 | 12,532 | 12,533 |
| 278,454 | 254,883 | 232,420 | 229,565 | 231,015 | 218,081 |
| - | - | - | - | 4,692 | 4,182 |
| 4,138 | 4,831 | 4,912 | 4,584 | 4,695 | 4,649 |
| 6,139 | 5,315 | 10,102 | 35,814 | 35,104 | 42,473 |
| 5,857 | 5,405 | 5,773 | 5,787 | 4,566 | 7,305 |
| 2,785 | 2,119 | 28,049 | 66,810 | 71,675 | 72,710 |
| 7,948 | 7,383 | 7,036 | 7,032 | 7,823 | 11,253 |
| <u>\$ 609,666</u> | <u>\$ 594,928</u> | <u>\$ 464,183</u> | <u>\$ 550,958</u> | <u>\$ 548,747</u> | <u>\$ 546,602</u> |
| | | | | | |
| (3,716,998) | (3,609,017) | (3,813,761) | (3,460,834) | (3,583,307) | (3,323,069) |
| <u>129,243</u> | <u>122,996</u> | <u>67,301</u> | <u>93,117</u> | <u>64,017</u> | <u>50,818</u> |
| <u>\$ (3,587,755)</u> | <u>\$ (3,486,021)</u> | <u>\$ (3,746,460)</u> | <u>\$ (3,367,717)</u> | <u>\$ (3,519,290)</u> | <u>\$ (3,272,251)</u> |

STATE OF MAINE
CHANGES IN NET POSITION BY ACTIVITIES

Last Ten Fiscal Years
(Expressed in Thousands)

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---|--------------------|-------------------|-------------------|-------------------|
| General Revenues and Other Changes in Net Position | | | | |
| Governmental Activities | | | | |
| Taxes | | | | |
| Corporate ¹ | \$ 189,252 | \$ 262,459 | \$ 187,519 | \$ 184,599 |
| Individual Income | 1,607,510 | 1,712,301 | 1,628,709 | 1,579,511 |
| Fuel | 239,976 | 253,924 | 249,927 | 253,176 |
| Property | 74,531 | 69,902 | 66,226 | 62,979 |
| Sales & Use | 1,708,059 | 1,654,643 | 1,573,544 | 1,493,728 |
| Other ¹ | 413,070 | 398,129 | 377,966 | 370,998 |
| Unrestricted Investment Earnings | 40,005 | 46,306 | 26,621 | 22,003 |
| Miscellaneous Income | 138,463 | 88,991 | 99,208 | 69,515 |
| Loss on Assets Held for Sale | - | - | - | - |
| Tobacco Settlement | 32,958 | 88,261 | 67,565 | 52,267 |
| Special Items | - | - | - | - |
| Transfers - Internal Activities | <u>121,635</u> | <u>112,833</u> | <u>108,620</u> | <u>93,845</u> |
| Total Governmental Activities | <u>4,565,459</u> | <u>4,687,749</u> | <u>4,385,905</u> | <u>4,182,621</u> |
| Business-Type Activities | | | | |
| Gain (Loss) on Sale of Assets | - | (5,613) | - | - |
| Miscellaneous Income | - | - | - | - |
| Special Items | - | 15,761 | - | 895 |
| Transfers - Internal Activities | <u>(121,635)</u> | <u>(112,833)</u> | <u>(108,620)</u> | <u>(93,845)</u> |
| Total Business-Type Activities | <u>(121,635)</u> | <u>(102,685)</u> | <u>(108,620)</u> | <u>(92,950)</u> |
| Total Primary Government | <u>4,443,824</u> | <u>4,585,064</u> | <u>4,277,285</u> | <u>4,089,671</u> |
| Change in Net Position | | | | |
| Governmental Activities | (134,999) | 335,692 | 344,794 | 106,634 |
| Business-Type Activities | <u>97,710</u> | <u>57,593</u> | <u>40,921</u> | <u>38,007</u> |
| Total Primary Government | <u>\$ (37,289)</u> | <u>\$ 393,285</u> | <u>\$ 385,715</u> | <u>\$ 144,641</u> |

¹ Realignment of corporate and other taxes occurred in 2014

SOURCE: State of Maine Comprehensive Annual Financial Reporting System. Accrual basis of accounting.

SCHEDULE 2 (CONTINUED)

| <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|-------------------|-------------------|--------------------|-------------------|------------------|-------------------|
| \$ 108,395 | \$ 196,586 | \$ 194,770 | \$ 294,333 | \$ 334,818 | \$ 310,693 |
| 1,534,620 | 1,553,043 | 1,399,238 | 1,508,024 | 1,459,039 | 1,455,959 |
| 245,299 | 247,900 | 237,439 | 235,112 | 245,815 | 241,710 |
| 58,450 | 54,276 | 51,684 | 49,444 | 45,902 | 45,882 |
| 1,437,916 | 1,351,498 | 1,257,376 | 1,140,645 | 1,113,952 | 1,097,900 |
| 382,191 | 390,185 | 383,026 | 313,154 | 273,062 | 283,715 |
| 7,335 | 7,826 | 19,950 | 10,288 | 2,543 | 17,051 |
| 85,948 | 96,578 | 118,043 | 100,329 | 76,360 | 107,017 |
| - | - | (53) | - | - | - |
| 52,083 | 48,059 | 57,749 | 50,723 | 51,188 | 48,554 |
| - | 28,849 | 48,861 | 92,401 | - | (36,931) |
| 100,879 | 100,627 | 193,192 | 54,916 | 54,968 | (13,016) |
| <u>4,013,116</u> | <u>4,075,427</u> | <u>3,961,275</u> | <u>3,849,369</u> | <u>3,657,647</u> | <u>3,558,534</u> |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 11,335 | - | (48,861) | (108,288) | - | (7,086) |
| <u>(100,879)</u> | <u>(100,627)</u> | <u>(193,192)</u> | <u>(54,916)</u> | <u>(54,968)</u> | <u>13,016</u> |
| <u>(89,544)</u> | <u>(100,627)</u> | <u>(242,053)</u> | <u>(163,204)</u> | <u>(54,968)</u> | <u>5,930</u> |
| <u>3,923,572</u> | <u>3,974,800</u> | <u>3,719,222</u> | <u>3,686,165</u> | <u>3,602,679</u> | <u>3,564,464</u> |
| 296,118 | 466,410 | 147,514 | 388,535 | 74,340 | 235,465 |
| 39,699 | 22,369 | (174,752) | (70,087) | 9,049 | 56,748 |
| <u>\$ 335,817</u> | <u>\$ 488,779</u> | <u>\$ (27,238)</u> | <u>\$ 318,448</u> | <u>\$ 83,389</u> | <u>\$ 292,213</u> |

STATE OF MAINE
FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(Expressed in Thousands)

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|-------------------------------------|---------------------|---------------------|---------------------|-------------------|
| General Fund | | | | |
| Nonspendable: | | | | |
| Permanent Fund Principal | \$ - | \$ - | \$ - | \$ - |
| Inventories and Prepaid Items | 3,628 | 4,086 | 3,172 | 3,059 |
| Restricted | 7,420 | 4,113 | 16,449 | 14,133 |
| Committed | 19,759 | 234 | 23,978 | 10,064 |
| Assigned | 193,035 | 121,907 | 118,986 | 87,085 |
| Unassigned | <u>-</u> | <u>237,147</u> | <u>169,674</u> | <u>59,083</u> |
| Total General Fund | <u>\$ 223,842</u> | <u>\$ 367,487</u> | <u>\$ 332,259</u> | <u>\$ 173,424</u> |
| All Other Governmental Funds: | | | | |
| Nonspendable: | | | | |
| Permanent Fund Principal | \$ 59,331 | \$ 55,886 | \$ 30,466 | \$ 27,765 |
| Inventories and Prepaid Items | 4,637 | 3,757 | 610 | 622 |
| Restricted | 955,330 | 793,007 | 613,348 | 640,464 |
| Committed | 149,634 | 140,399 | 101,969 | 76,629 |
| Assigned | 107,451 | 95,683 | 49,985 | 47,111 |
| Unassigned (Deficit) | <u>-</u> | <u>-</u> | <u>(52,298)</u> | <u>-</u> |
| Total All Other Governmental Funds: | <u>\$ 1,276,383</u> | <u>\$ 1,088,732</u> | <u>\$ 744,080</u> | <u>\$ 792,591</u> |
| Total Governmental Fund Balances | <u>\$ 1,500,225</u> | <u>\$ 1,456,219</u> | <u>\$ 1,076,339</u> | <u>\$ 966,015</u> |

SOURCE: State of Maine Comprehensive Annual Financial Reporting System.

Modified accrual basis of accounting

SCHEDULE 3

| <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|-------------------|--------------------|---------------------|---------------------|---------------------|---------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 2,665 | 4,154 | 3,807 | 3,341 | 2,965 | 3,846 |
| 12,865 | 2,425 | 2,064 | 3,534 | 2,989 | 3,344 |
| 64,959 | - | - | - | - | - |
| - | - | - | - | - | - |
| (35,155) | (80,378) | (221,307) | (151,250) | (355,889) | (243,559) |
| <u>\$ 45,334</u> | <u>\$ (73,799)</u> | <u>\$ (215,436)</u> | <u>\$ (144,375)</u> | <u>\$ (349,935)</u> | <u>\$ (236,369)</u> |
| \$ 24,402 | \$ 23,162 | \$ 21,895 | \$ 17,794 | \$ 16,328 | \$ 14,961 |
| 698 | 932 | 1,340 | 1,556 | 1,563 | 1,578 |
| 621,981 | 627,003 | 548,591 | 502,108 | 527,811 | 493,094 |
| 65,957 | 51,951 | 48,381 | - | 38,436 | 38,444 |
| 61,144 | 10,737 | 15,987 | - | 12,489 | 17,149 |
| - | - | - | (132,447) | (2,300) | (4,374) |
| <u>\$ 774,182</u> | <u>\$ 713,785</u> | <u>\$ 636,194</u> | <u>\$ 389,011</u> | <u>\$ 594,327</u> | <u>\$ 560,852</u> |
| <u>\$ 819,516</u> | <u>\$ 639,986</u> | <u>\$ 420,758</u> | <u>\$ 244,636</u> | <u>\$ 244,392</u> | <u>\$ 324,483</u> |

STATE OF MAINE
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(Expressed in Thousands)

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|-------------------|-------------------|-------------------|-------------------|
| Revenues: | | | | |
| Taxes | \$ 4,242,756 | \$ 4,337,016 | \$ 4,063,124 | \$ 3,936,667 |
| Assessments and Other Revenue | 358,441 | 371,332 | 379,354 | 364,131 |
| Federal Grants and Reimbursements | 4,852,831 | 3,074,927 | 3,002,697 | 2,966,679 |
| Service Charges | 205,950 | 171,263 | 173,493 | 211,292 |
| Investment Income (Loss) | 33,663 | 40,172 | 23,689 | 20,356 |
| Miscellaneous Revenue | 175,178 | 160,865 | 155,845 | 124,553 |
| Total Revenues | <u>9,868,819</u> | <u>8,155,575</u> | <u>7,798,202</u> | <u>7,623,678</u> |
| Expenditures | | | | |
| Current: | | | | |
| Governmental Support & Operations | 515,836 | 435,238 | 390,122 | 381,537 |
| Economic Development & Workforce Training | 1,389,793 | 172,631 | 188,026 | 177,669 |
| Education | 2,016,233 | 1,881,689 | 1,781,977 | 1,785,928 |
| Health and Human Services | 4,499,861 | 4,111,228 | 3,857,080 | 3,779,950 |
| Business Licensing & Regulation | 64,384 | 64,200 | 69,462 | 62,709 |
| Natural Resources Development & Protection | 261,613 | 243,148 | 231,254 | 227,362 |
| Justice and Protection | 538,368 | 513,167 | 477,416 | 472,369 |
| Arts, Heritage & Cultural Enrichment | 13,474 | 12,428 | 12,063 | 12,048 |
| Transportation Safety & Development | 671,811 | 558,843 | 605,339 | 615,838 |
| Debt Service: | | | | |
| Principal Payments | 161,065 | 157,395 | 152,310 | 144,040 |
| Interest Payments | 51,760 | 48,108 | 45,696 | 43,912 |
| Capital Outlays | 98,555 | 108,027 | 68,468 | 93,341 |
| Total Expenditures | <u>10,282,753</u> | <u>8,306,102</u> | <u>7,879,213</u> | <u>7,796,703</u> |
| Revenue Over (Under) Expenditures | <u>(413,934)</u> | <u>(150,527)</u> | <u>(81,011)</u> | <u>(173,025)</u> |
| Other Financing Sources (Uses) | | | | |
| Transfer from Other Funds | 484,156 | 414,267 | 401,501 | 325,299 |
| Transfer to Other Funds | (346,990) | (297,461) | (292,284) | (237,327) |
| COPS and Other | 8,479 | 4,631 | 23,583 | 48,895 |
| Proceeds from Component Unit Loan Payable | - | 50,000 | - | 50,002 |
| Bonds Issued | 285,900 | 302,640 | 58,535 | 116,040 |
| Refunding Bonds Issued | - | - | - | 24,950 |
| Premium on Bonds Issued | 26,395 | 34,440 | - | 20,490 |
| Bonds Defeased | - | - | - | - |
| Payments to Refunded Bond Escrow Agent | - | - | - | (28,825) |
| Net Other Financing Sources (Uses) | <u>457,940</u> | <u>508,517</u> | <u>191,335</u> | <u>319,524</u> |
| Special Items: | | | | |
| Transfer of STAR Fund | - | - | - | - |
| Return of Excess Equity from Retiree Health Insurance Fund | - | - | - | - |
| Other | - | - | - | - |
| Net Special Items | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Change in Fund Balances | <u>\$ 44,006</u> | <u>\$ 357,990</u> | <u>\$ 110,324</u> | <u>\$ 146,499</u> |
| Debt Service as a Percentage of Non-Capital Expenditures | 2.09 % | 2.50 % | 2.55 % | 2.44 % |

SOURCE: State of Maine Comprehensive Annual Financial Reporting System. Modified accrual basis of accounting.

SCHEDULE 4

| <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|-------------------|-------------------|-------------------|------------------|--------------------|------------------|
| \$ 3,813,782 | \$ 3,756,622 | \$ 3,530,357 | \$ 3,558,881 | \$ 3,469,925 | \$ 3,398,030 |
| 363,183 | 353,148 | 350,758 | 351,510 | 331,862 | 314,447 |
| 2,876,044 | 2,816,224 | 2,830,083 | 3,048,069 | 3,162,059 | 3,366,618 |
| 196,785 | 173,050 | 164,461 | 141,358 | 147,379 | 155,491 |
| 6,458 | 7,205 | 17,767 | 9,921 | 1,299 | 16,250 |
| 133,200 | 142,375 | 154,219 | 130,615 | 127,327 | 132,411 |
| <u>7,389,452</u> | <u>7,248,624</u> | <u>7,047,645</u> | <u>7,240,354</u> | <u>7,239,851</u> | <u>7,383,247</u> |
| 340,047 | 332,237 | 332,180 | 402,006 | 408,730 | 400,580 |
| 175,527 | 169,949 | 173,868 | 241,126 | 301,827 | 375,234 |
| 1,688,041 | 1,668,409 | 1,701,248 | 1,590,595 | 1,616,987 | 1,717,991 |
| 3,647,770 | 3,638,366 | 3,681,004 | 3,676,832 | 3,771,099 | 3,571,466 |
| 56,775 | 70,277 | 72,020 | 62,883 | 65,876 | 67,700 |
| 233,834 | 209,293 | 195,526 | 208,453 | 204,353 | 211,168 |
| 451,792 | 444,889 | 417,896 | 392,352 | 383,123 | 398,911 |
| 11,747 | 11,891 | 11,154 | 10,298 | 10,981 | 11,544 |
| 602,723 | 540,218 | 536,995 | 584,201 | 566,540 | 657,528 |
| 143,165 | 144,230 | 125,325 | 143,229 | 134,886 | 121,995 |
| 42,165 | 42,617 | 34,820 | 38,791 | 40,133 | 38,131 |
| 58,185 | 66,903 | 35,227 | 7,753 | 25,729 | - |
| <u>7,451,771</u> | <u>7,339,279</u> | <u>7,317,263</u> | <u>7,358,519</u> | <u>7,530,264</u> | <u>7,572,248</u> |
| <u>(62,319)</u> | <u>(90,655)</u> | <u>(269,618)</u> | <u>(118,165)</u> | <u>(290,413)</u> | <u>(189,001)</u> |
| 321,363 | 442,207 | 426,724 | 472,313 | 426,135 | 395,679 |
| (225,927) | (340,283) | (379,767) | (399,791) | (365,936) | (332,250) |
| 13,259 | 11,216 | 77,821 | 6,371 | 2,625 | 5,244 |
| - | 50,000 | 183,482 | - | 58,726 | 51,710 |
| 118,895 | 105,455 | 123,000 | 30,290 | 82,265 | 108,135 |
| 41,115 | - | - | - | - | - |
| 16,663 | 11,288 | 14,175 | 2,210 | 6,507 | - |
| - | - | (4,500) | - | - | - |
| (43,519) | - | - | - | - | - |
| <u>241,849</u> | <u>279,883</u> | <u>440,935</u> | <u>111,393</u> | <u>210,322</u> | <u>228,518</u> |
| - | - | - | 7,016 | - | - |
| - | - | - | - | - | (22,520) |
| - | 30,000 | 59 | - | - | - |
| - | 30,000 | 59 | 7,016 | - | (22,520) |
| <u>\$ 179,530</u> | <u>\$ 219,228</u> | <u>\$ 171,376</u> | <u>\$ 244</u> | <u>\$ (80,091)</u> | <u>\$ 16,997</u> |
| 2.51 % | 2.58 % | 2.21 % | 2.56 % | 2.40 % | 2.19 % |

STATE OF MAINE
CHANGES IN FUND BALANCES
GENERAL FUND

Last Ten Fiscal Years
(Expressed in Thousands)

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|---------------------|------------------|-------------------|-------------------|
| Revenues: | | | | |
| Taxes | \$ 3,683,195 | \$ 3,794,729 | \$ 3,529,960 | \$ 3,411,497 |
| Assessments and Other Revenue | 89,132 | 99,859 | 102,271 | 106,085 |
| Federal Grants and Reimbursements | 1,903 | 1,626 | 1,638 | 1,771 |
| Service Charges | 52,069 | 45,517 | 44,055 | 45,229 |
| Investment Income (Loss) | 18,986 | 20,051 | 10,048 | 5,424 |
| Miscellaneous Revenue | <u>2,357</u> | <u>4,216</u> | <u>1,484</u> | <u>12,547</u> |
| Total Revenues | <u>3,847,642</u> | <u>3,965,998</u> | <u>3,689,456</u> | <u>3,582,553</u> |
| Expenditures | | | | |
| Current: | | | | |
| Governmental Support & Operations | 322,063 | 300,840 | 278,502 | 260,661 |
| Economic Development & Workforce Training | 44,460 | 42,688 | 41,861 | 42,379 |
| Education | 1,732,975 | 1,610,210 | 1,518,098 | 1,503,763 |
| Health and Human Services | 1,191,315 | 1,310,680 | 1,142,645 | 1,126,330 |
| Business Licensing & Regulation | - | - | 73 | - |
| Natural Resources Development & Protection | 85,122 | 85,649 | 79,245 | 75,445 |
| Justice and Protection | 341,748 | 335,478 | 338,241 | 336,267 |
| Arts, Heritage & Cultural Enrichment | 9,317 | 8,223 | 7,921 | 7,852 |
| Transportation Safety & Development | 8,000 | - | - | - |
| Debt Service: | | | | |
| Principal Payments | 101,200 | 94,515 | 86,075 | 78,940 |
| Interest Payments | <u>34,948</u> | <u>29,726</u> | <u>26,074</u> | <u>22,547</u> |
| Total Expenditures | <u>3,871,148</u> | <u>3,818,009</u> | <u>3,518,735</u> | <u>3,454,184</u> |
| Revenue Over (Under) Expenditures | <u>(23,506)</u> | <u>147,989</u> | <u>170,721</u> | <u>128,369</u> |
| Other Financing Sources (Uses) | | | | |
| Transfer from Other Funds | 117,332 | 87,816 | 113,151 | 117,307 |
| Transfer to Other Funds | (243,336) | (199,860) | (147,142) | (148,822) |
| Other | <u>5,865</u> | <u>1,365</u> | <u>22,105</u> | <u>31,236</u> |
| Total Other Financing Sources (Uses) | <u>(120,139)</u> | <u>(110,679)</u> | <u>(11,886)</u> | <u>(279)</u> |
| Net Change in Fund Balance | <u>\$ (143,645)</u> | <u>\$ 37,310</u> | <u>\$ 158,835</u> | <u>\$ 128,090</u> |
| Debt Service as a Percentage of Non-Capital Expenditures | 3.60 % | 3.34 % | 3.28 % | 3.03 % |

SOURCE: State of Maine Comprehensive Annual Financial Reporting System. Modified accrual basis of accounting.

SCHEDULE 5

| <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|-------------------|-------------------|--------------------|-------------------|---------------------|------------------|
| \$ 3,305,720 | \$ 3,237,598 | \$ 3,027,088 | \$ 3,077,321 | \$ 2,990,353 | \$ 2,926,972 |
| 105,216 | 104,795 | 97,622 | 106,086 | 103,292 | 107,878 |
| 1,952 | 2,064 | 1,988 | 1,726 | 3,377 | 11,832 |
| 38,984 | 46,466 | 50,580 | 46,281 | 49,008 | 46,206 |
| 2,439 | 1,170 | 716 | 356 | 1,413 | (54) |
| 14,360 | 11,736 | 23,706 | 10,467 | 17,047 | 15,805 |
| <u>3,468,671</u> | <u>3,403,829</u> | <u>3,201,700</u> | <u>3,242,237</u> | <u>3,164,490</u> | <u>3,108,639</u> |
| 230,692 | 218,279 | 219,125 | 265,160 | 255,191 | 238,729 |
| 39,885 | 31,501 | 32,635 | 31,922 | 33,561 | 34,504 |
| 1,422,871 | 1,401,594 | 1,404,149 | 1,332,688 | 1,335,736 | 1,389,383 |
| 1,107,675 | 1,119,182 | 1,159,000 | 907,141 | 1,126,805 | 933,047 |
| - | - | 3,797 | 992 | - | - |
| 73,225 | 68,870 | 66,684 | 64,184 | 65,332 | 64,972 |
| 320,810 | 302,133 | 283,477 | 258,969 | 253,226 | 264,792 |
| 7,623 | 7,358 | 7,459 | 6,932 | 7,117 | 7,081 |
| - | - | - | - | - | 7,000 |
| 80,405 | 84,875 | 85,735 | 103,840 | 98,340 | 89,835 |
| 20,309 | 19,167 | 18,163 | 20,657 | 21,714 | 21,425 |
| <u>3,303,495</u> | <u>3,252,959</u> | <u>3,280,224</u> | <u>2,992,485</u> | <u>3,197,022</u> | <u>3,050,768</u> |
| <u>165,176</u> | <u>150,870</u> | <u>(78,524)</u> | <u>249,752</u> | <u>(32,532)</u> | <u>57,871</u> |
| 91,809 | 171,771 | 169,095 | 181,932 | 134,722 | 179,795 |
| (146,996) | (183,793) | (206,907) | (230,298) | (216,827) | (167,274) |
| 9,144 | 2,789 | 45,275 | 4,174 | 1,071 | 1,487 |
| <u>(46,043)</u> | <u>(9,233)</u> | <u>7,463</u> | <u>(44,192)</u> | <u>(81,034)</u> | <u>14,008</u> |
| <u>\$ 119,133</u> | <u>\$ 141,637</u> | <u>\$ (71,061)</u> | <u>\$ 205,560</u> | <u>\$ (113,566)</u> | <u>\$ 71,879</u> |
| 3.13 % | 3.29 % | 3.23 % | 4.54 % | 4.07 % | 3.99 % |

STATE OF MAINE
INDIVIDUAL INCOME TAX
AND TAX RATES ON TAXABLE INCOME

Last Ten Calendar Years
(Expressed in Thousands)

| | 2019 | 2018 | 2017 | 2016 |
|---------------------------------|---------------------|---------------------|---------------------|---------------------|
| Individual Income Tax Liability | \$ 1,588,608 | \$ 1,528,511 | \$ 1,459,744 | \$ 1,371,026 |
| Personal Income | 68,062,400 | 65,454,140 | 62,059,956 | 58,655,433 |
| Average Effective Tax Rate | 2.3 % | 2.3 % | 2.4 % | 2.3 % |
| | | | | |
| Income Bracket | \$0 - \$21,849 | \$0 - \$21,449 | \$0 - \$21,099 | \$0 - \$21,049 |
| Tax Rate | 5.8% | 5.8% | 5.8% | 5.8% |
| | | | | |
| Income Bracket | \$21,850 - \$51,699 | \$21,450 - \$50,749 | \$21,100 - \$49,999 | \$21,050 - \$37,499 |
| Tax Rate | 6.75% | 6.75% | 6.75% | 6.75% |
| | | | | |
| Income Bracket | | | | |
| Tax Rate | | | | |
| | | | | |
| Income Bracket | \$51,700 + | \$50,750 + | \$50,000 + | \$37,500 + |
| Tax Rate | 7.15% | 7.15% | 7.15% | 7.15% |

Individual income tax brackets are indexed for inflation beginning in tax year 2003.
Inflation adjustments were suspended for tax years 2014 and 2015.

¹ Amounts shown are for single and married filing separate returns.
For joint filers, approx. double the income amounts, for head of household filers
multiply the brackets by approx 1.5.

SOURCE: Maine Revenue Services.

SCHEDULE 6

| 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|--------------------|--------------------|--------------------|---------------------|--------------------|--------------------|
| \$ 1,492,954 | \$ 1,393,286 | \$ 1,311,617 | \$ 1,433,654 | \$ 1,343,096 | \$ 1,310,748 |
| 56,893,803 | 54,860,182 | 52,724,616 | 52,877,607 | 51,714,022 | 49,827,077 |
| 2.6 % | 2.5 % | 2.5 % | 2.7 % | 2.6 % | 2.6 % |
| \$0 - \$5,199 | \$0 - \$5,199 | \$0 - \$5,199 | \$0 - \$5,099 | \$0 - \$4,999 | \$0 - \$4,949 |
| 0.0% | 0.0% | 0.0% | 2.0% | 2.0% | 2.0% |
| \$5,200 - \$20,899 | \$5,200 - \$20,899 | \$5,200 - \$20,899 | \$5,100 - \$10,149 | \$5,000 - \$9,949 | \$4,950 - \$9,849 |
| 6.5% | 6.5% | 6.5% | 4.5% | 4.5% | 4.5% |
| | | | \$10,150 - \$20,349 | \$9,950 - \$19,949 | \$9,850 - \$19,749 |
| | | | 7.0% | 7.0% | 7.0% |
| \$20,900+ | \$20,900+ | \$20,900+ | \$20,350+ | \$19,950+ | \$19,750+ |
| 7.95% | 7.95% | 7.95% | 8.5% | 8.5% | 8.5% |



STATE OF MAINE
INDIVIDUAL INCOME TAX FILERS AND TAX
LIABILITY BY MAINE ADJUSTED GROSS INCOME

SCHEDULE 7

(Tax Liability Expressed in Millions)

| Income Level | Number of Filers | 2019 Tax Year | | |
|-----------------------|------------------|---------------------|--------------------|---------------------|
| | | Percentage of Total | Tax Liability | Percentage of Total |
| \$0 and below | 26,033 | 3.5 % | \$ (8.46) | (0.5)% |
| \$1 - \$10,000 | 94,633 | 12.8 % | (16.68) | (1.0)% |
| \$10,001 - \$20,000 | 93,163 | 12.6 % | (14.29) | (0.9)% |
| \$20,001 - \$30,000 | 94,177 | 12.8 % | 14.24 | 0.9 % |
| \$30,001 - \$50,000 | 147,703 | 20.1 % | 113.65 | 7.2 % |
| \$50,001 - \$75,000 | 102,912 | 14.0 % | 185.36 | 11.7 % |
| \$75,001 - \$100,000 | 60,865 | 8.3 % | 181.15 | 11.4 % |
| \$100,001 - \$200,000 | 83,579 | 11.3 % | 465.70 | 29.3 % |
| \$200,001 and higher | 34,441 | 4.7 % | 667.93 | 42.0 % |
| Total | <u>737,506</u> | <u>100.0 %</u> | <u>\$ 1,588.60</u> | <u>100.0 %</u> |

(Tax Liability Expressed in Millions)

| Income Level | Number of Filers | 2010 Tax Year | | |
|-----------------------|------------------|---------------------|--------------------|---------------------|
| | | Percentage of Total | Tax Liability | Percentage of Total |
| \$0 and below | 9,423 | 1.5 % | \$ 0.04 | - % |
| \$1 - \$10,000 | 98,197 | 15.4 % | 0.67 | 0.1 % |
| \$10,001 - \$20,000 | 106,287 | 16.6 % | 11.55 | 0.9 % |
| \$20,001 - \$30,000 | 93,747 | 14.7 % | 41.52 | 3.2 % |
| \$30,001 - \$50,000 | 124,356 | 19.4 % | 145.66 | 11.1 % |
| \$50,001 - \$75,000 | 90,146 | 14.1 % | 218.21 | 16.6 % |
| \$75,001 - \$100,000 | 50,185 | 7.8 % | 200.54 | 15.3 % |
| \$100,001 - \$200,000 | 50,078 | 7.8 % | 339.66 | 25.9 % |
| \$200,001 and higher | 17,096 | 2.7 % | 352.89 | 26.9 % |
| Total | <u>639,515</u> | <u>100.0 %</u> | <u>\$ 1,310.74</u> | <u>100.0 %</u> |

SOURCE: Maine Revenue Services.

STATE OF MAINE
TAXABLE SALES AND SALES TAX RATES

Last Ten Calendar Years
(Expressed in Thousands)

| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|---------------------|----------------------|----------------------|----------------------|----------------------|
| Business Operating | \$ 2,738,262 | \$ 2,552,155 | \$ 2,342,886 | \$ 2,278,205 |
| Building Supply | 2,920,206 | 2,860,548 | 2,682,564 | 2,527,689 |
| Food Store | 2,472,245 | 2,409,798 | 2,321,863 | 2,244,009 |
| General Merchandise | 3,754,314 | 3,573,657 | 3,657,373 | 3,428,111 |
| Other Retail | 3,593,601 | 2,980,164 | 2,573,748 | 2,503,954 |
| Auto/Transportation | 5,490,572 | 5,176,989 | 4,912,964 | 4,728,135 |
| Restaurant/Lodging | 4,298,812 | 3,989,954 | 3,793,014 | 3,617,473 |
| Total | <u>\$ 25,268,012</u> | <u>\$ 23,543,265</u> | <u>\$ 22,284,412</u> | <u>\$ 21,327,576</u> |

Sales and Use Tax Rates:

| | | | | |
|------------------------|--------|--------|--------|--------|
| General Sales & Use | 5.5 % | 5.5 % | 5.5 % | 5.5 % |
| Lodging | 9.0 % | 9.0 % | 9.0 % | 9.0 % |
| Prepared Food | 8.0 % | 8.0 % | 8.0 % | 8.0 % |
| Short-term Auto Rental | 10.0 % | 10.0 % | 10.0 % | 10.0 % |

Effective October 1, 2013: (1) general sales and use tax increased to 5.5% (2) 7% rate on meals and lodging increased to 8%.

Tax rates. The current general sales tax rate of 5.5% remains in place, as does the current 8% rate on lodging, meals and liquor and the 10% rate on short-term automobile rentals. The tax rate on lodging increases from 8% to 9% on January 1, 2016. 36 M.R.S.A. §§ 1811; LD 1019, PL 2015, c. 267, Pt. OOOO, § 5.

SOURCE: Maine Revenue Services.

SCHEDULE 8

| 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 2,274,758 | \$ 2,205,300 | \$ 2,144,569 | \$ 2,071,027 | \$ 2,013,955 | \$ 1,918,061 |
| 2,389,625 | 2,275,309 | 2,184,879 | 2,062,162 | 2,080,002 | 1,952,148 |
| 1,791,703 | 1,724,835 | 1,654,251 | 1,624,714 | 1,575,567 | 1,549,563 |
| 3,210,403 | 3,153,868 | 3,107,412 | 3,086,232 | 3,027,034 | 3,035,792 |
| 2,308,153 | 2,216,658 | 2,169,047 | 2,105,616 | 2,094,362 | 2,018,804 |
| 4,552,275 | 4,211,761 | 3,947,689 | 3,665,555 | 3,482,008 | 3,301,937 |
| 3,367,607 | 3,185,843 | 3,040,446 | 2,927,667 | 2,762,278 | 2,673,050 |
| <u>\$ 19,894,524</u> | <u>\$ 18,973,574</u> | <u>\$ 18,248,293</u> | <u>\$ 17,542,973</u> | <u>\$ 17,035,206</u> | <u>\$ 16,449,355</u> |
| 5.5 % | 5.0 % | 5.0 % | 5.0 % | 5.0 % | 5.0 % |
| 8.0 % | 7.0 % | 7.0 % | 7.0 % | 7.0 % | 7.0 % |
| 8.0 % | 7.0 % | 7.0 % | 7.0 % | 7.0 % | 7.0 % |
| 10.0 % | 10.0 % | 10.0 % | 10.0 % | 10.0 % | 10.0 % |



STATE OF MAINE
CALCULATION OF LEGAL DEBT MARGIN

SCHEDULE 9

Last Ten Fiscal Years
(Expressed in Thousands)

Pursuant to Article IX, Section 14 of the Maine Constitution, the Legislature shall not create any debt or debts on behalf of the State, which shall exceed \$2,000,000 in the aggregate, except to suppress insurrection, to repel invasion, or for purposes of war, and except for temporary loans to be paid out of money raised by taxation during the fiscal year in which they are made. Whenever 2/3 of both Houses shall deem it necessary, by proper enactment ratified by a majority of the electors voting thereon at a general or special election, the Legislature may authorize the issuance of bonds on behalf of the State as approved by such action. Temporary loans to be paid out of moneys raised by taxation during any fiscal year shall not exceed in the aggregate during the fiscal year in question an amount greater than 10 percent of all the moneys appropriated, authorized and allocated by the Legislature from undedicated revenues to the General Fund and dedicated revenues to the Highway Fund for that fiscal year, exclusive of proceeds or expenditures from the sale of bonds, or greater than 1 percent of the total valuation of the State of Maine, whichever is the lesser.

There were no temporary loans outstanding at June 30, for the years presented below, which were subject to the Constitutional limitations.*

All other general long-term bonds outstanding at June 30, for the years presented below, were issued pursuant to properly ratified legislation.

Calculations of temporary loans made during the year, yet paid back prior to year end are:

(Expressed in Thousands)

| Fiscal Year | Temporary Loans Outstanding During the Year* | Total Governmental Funds Revenue | % of Total Governmental Funds Revenue | 10% of Total Governmental Funds Revenue Limit Amount | Total Valuation | % of Total Valuation | 1% of Total Valuation Limit Amount |
|--------------------|---|---|--|---|----------------------------|---------------------------------|---|
| 2020 | \$ 82,025 | \$ 10,720,170 | 0.77 % | \$ 1,072,017 | \$ 185,896,400 | 0.04 % | \$ 1,858,964 |
| 2019 | \$ 82,500 | \$ 8,130,497 | 1.01 % | \$ 813,050 | \$ 176,176,000 | 0.05 % | \$ 1,761,760 |
| 2018 | \$ 54,500 | \$ 7,709,591 | 0.71 % | \$ 770,959 | \$ 169,799,900 | 0.03 % | \$ 1,697,999 |
| 2017 | \$ 36,600 | \$ 7,497,108 | 0.49 % | \$ 749,711 | \$ 165,485,750 | 0.02 % | \$ 1,654,858 |
| 2016 | \$ 37,185 | \$ 7,287,606 | 0.51 % | \$ 728,761 | \$ 162,950,100 | 0.02 % | \$ 1,629,501 |
| 2015 | \$ 38,150 | \$ 7,103,637 | 0.54 % | \$ 710,364 | \$ 159,770,050 | 0.02 % | \$ 1,597,701 |
| 2014 | \$ 65,000 | \$ 7,315,155 | 0.89 % | \$ 731,516 | \$ 158,661,600 | 0.04 % | \$ 1,586,616 |
| 2013 | \$ - | \$ 6,959,426 | 0.00 % | \$ 695,943 | \$ 160,011,900 | 0.00 % | \$ 1,600,119 |
| 2012 | \$ - | \$ 6,947,865 | 0.00 % | \$ 694,787 | \$ 163,424,200 | 0.00 % | \$ 1,634,242 |
| 2011 | \$ 68,455 | \$ 7,190,530 | 0.95 % | \$ 719,053 | \$ 166,990,700 | 0.04 % | \$ 1,669,907 |

STATE OF MAINE
RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years
(Expressed in Thousands, Except Per Capita)

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---|---------------------|---------------------|---------------------|---------------------|
| Governmental Activities Debt | | | | |
| General Obligation Bonds | \$ 651,798 | \$ 603,778 | \$ 407,746 | \$ 496,132 |
| MGFA Revenue Bonds | 383,935 | 236,699 | 209,155 | 171,870 |
| COPS and Other Financing Arrangements | 37,849 | 51,269 | 72,368 | 74,537 |
| Obligations Under Capital Leases | 53,722 | 58,577 | 56,518 | 34,276 |
| Loans Payable to Component Unit ¹ | 320,193 | 375,163 | 378,264 | 428,713 |
| Total Governmental Activities Debt | <u>1,447,497</u> | <u>1,325,486</u> | <u>1,124,051</u> | <u>1,205,528</u> |
| Total Business-Type Activities Debt | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Primary Government Debt | <u>\$ 1,447,497</u> | <u>\$ 1,325,486</u> | <u>\$ 1,124,051</u> | <u>\$ 1,205,528</u> |
| Debt Ratios | | | | |
| Ratio of Total Debt to Personal Income ² | 2.0 % | 2.0 % | 1.8 % | 2.0 % |
| Per Capita ³ | \$ 1,075 | \$ 989 | \$ 839 | \$ 904 |
| Net General Obligation Bonded Debt | | | | |
| Gross Bonded Debt | \$ 1,035,733 | \$ 840,477 | \$ 616,901 | \$ 668,002 |
| Less: Debt Service Funds | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Bonded Debt | <u>\$ 1,035,733</u> | <u>\$ 840,477</u> | <u>\$ 616,901</u> | <u>\$ 668,002</u> |
| Ratio of Net Bonded Debt to Estimated Property Value ⁴ | 0.6 % | 0.5 % | 0.4 % | 0.4 % |
| Per Capita ³ | \$ 769 | \$ 627 | \$ 461 | \$ 501 |

¹ Federal and other revenue streams associated with qualified transportation projects are pledged as security for GARVEE and TransCap bonds. These pledged future revenues offset the unspent proceeds of the bond received by a component unit. Profit from the Alcoholic Beverages Enterprise Fund are pledged as security for the Liquor bonds. See Schedule 11.

² Personal income data can be found in Schedule 12.

³ Population data can be found on Schedule 12.

⁴ Estimated property value can be found on Schedule 9.

SCHEDULE 10

| <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|---------------------|---------------------|---------------------|-------------------|---------------------|---------------------|
| \$ 464,444 | \$ 430,947 | \$ 399,190 | \$ 369,725 | \$ 472,055 | \$ 520,230 |
| 172,373 | 170,870 | 187,175 | 199,910 | 187,865 | 172,150 |
| 69,565 | 88,696 | 106,810 | 47,938 | 52,097 | 71,830 |
| 36,679 | 40,533 | 35,215 | 34,741 | 29,778 | 33,690 |
| 425,199 | 477,188 | 472,976 | 304,045 | 328,131 | 290,919 |
| <u>1,168,260</u> | <u>1,208,234</u> | <u>1,201,366</u> | <u>956,359</u> | <u>1,069,926</u> | <u>1,088,819</u> |
| - | - | - | - | - | - |
| <u>\$ 1,168,260</u> | <u>\$ 1,208,234</u> | <u>\$ 1,201,366</u> | <u>\$ 956,359</u> | <u>\$ 1,069,926</u> | <u>\$ 1,088,819</u> |
| | | | | | |
| 2.0 % | 2.2 % | 2.2 % | 1.8 % | 2.0 % | 2.1 % |
| \$ 879 | \$ 908 | \$ 904 | \$ 720 | \$ 805 | \$ 819 |
| | | | | | |
| \$ 636,817 | \$ 601,817 | \$ 586,365 | \$ 569,635 | \$ 659,920 | \$ 692,380 |
| - | - | - | - | - | - |
| <u>\$ 636,817</u> | <u>\$ 601,817</u> | <u>\$ 586,365</u> | <u>\$ 569,635</u> | <u>\$ 659,920</u> | <u>\$ 692,380</u> |
| | | | | | |
| 0.4 % | 0.4 % | 0.4 % | 0.4 % | 0.4 % | 0.4 % |
| \$ 479 | \$ 452 | \$ 441 | \$ 429 | \$ 497 | \$ 521 |

STATE OF MAINE
PLEDGED FUTURE REVENUE COVERAGE

Last Ten Fiscal Years
(Expressed in Thousands)

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|-------------|-------------|-------------|-------------|
| Grant Anticipation Revenue Vehicle (GARVEE) Bonds¹ | | | | |
| Federal Aid Revenues | \$ 231,878 | \$ 208,546 | \$ 201,593 | \$ 217,501 |
| Annual Debt Service | \$ 22,394 | \$ 20,850 | \$ 19,611 | \$ 15,942 |
| Debt Service Coverage | 9.66 % | 10.00 % | 9.73 % | 7.33 % |

The State has committed to appropriate each year a portion of the State's future federal transportation funds, in amounts sufficient to cover the principal and interest requirements of Maine Municipal Bond Bank's debt for these bonds. The State's receipt of these funds is subject to continuing federal appropriations.

Transportation Infrastructure Revenue (TRANSCAP) Bonds²

| | | | | |
|------------------------|-----------|-----------|-----------|-----------|
| Pledged Revenue Stream | \$ 39,628 | \$ 41,490 | \$ 40,843 | \$ 40,388 |
| Annual Debt Service | \$ 20,018 | \$ 20,076 | \$ 20,074 | \$ 20,072 |
| Debt Service Coverage | 50.51 % | 48.39 % | 49.15 % | 49.70 % |

SOURCE: Department of Transportation.

The State has committed the profit of the Alcoholic Beverages Enterprise Fund as pledged revenue until such time as the bond liability is paid in full, pursuant to 28-A MRSA § 90. In FY 2014 only interest payments were due.

Liquor Revenue Bonds³

| | | | | |
|------------------------|-----------|-----------|-----------|-----------|
| Pledged Revenue Stream | \$ 62,303 | \$ 56,067 | \$ 51,675 | \$ 47,307 |
| Annual Debt Service | \$ 26,842 | \$ 26,839 | \$ 26,790 | \$ 26,801 |
| Debt Service Coverage | 43.08 % | 47.87 % | 51.84 % | 56.65 % |

¹ Based on Federal Fiscal Year End

² Based on State Fiscal Year End

³ The profit from the Alcoholic Beverages Enterprise Fund began being deposited 7/1/15.

SCHEDULE 11

| <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|-------------|-------------|-------------|-------------|-------------|-------------|
| \$ 216,915 | \$ 195,830 | \$ 210,870 | \$ 223,076 | \$ 206,952 | \$ 186,326 |
| \$ 20,143 | \$ 16,416 | \$ 15,951 | \$ 15,921 | \$ 15,100 | \$ 11,191 |
| 9.29 % | 8.38 % | 7.56 % | 7.14 % | 7.30 % | 6.01 % |
| | | | | | |
| \$ 39,634 | \$ 38,866 | \$ 38,340 | \$ 40,154 | \$ 38,171 | \$ 38,136 |
| \$ 19,789 | \$ 20,273 | \$ 20,268 | \$ 20,268 | \$ 17,467 | \$ 16,951 |
| 49.93 % | 52.16 % | 52.86 % | 50.48 % | 45.76 % | 44.45 % |
| | | | | | |
| \$ 44,400 | \$ 44,094 | \$ - | | | |
| \$ 26,812 | \$ 26,823 | \$ 5,306 | | | |
| 60.39 % | 60.83 % | - % | | | |

STATE OF MAINE
DEMOGRAPHIC INFORMATION

Last Ten Fiscal Years

| | 2020 | 2019 | 2018 | 2017 |
|--|-------------|-------------|-------------|-------------|
| Maine | | | | |
| Population (in thousands) ¹ | 1,349 | 1,341 | 1,341 | 1,333 |
| Total Personal Income (in millions) ¹ | 70,665 | 66,962 | 63,375 | 59,396 |
| Per Capita Personal Income ² | 52,395 | 49,930 | 47,269 | 44,558 |
| Unemployment Rate ³ | 6.7 % | 3.2 % | 2.9 % | 3.5 % |
| United States | | | | |
| Population (in thousands) ¹ | 329,661 | 328,898 | 327,734 | 325,059 |
| Total Personal Income (in millions) ¹ | 19,167,097 | 18,236,377 | 17,189,635 | 16,353,217 |
| Per Capita Personal Income ² | 58,142 | 55,477 | 52,450 | 50,308 |
| Unemployment Rate ³ | 11.1 % | 3.7 % | 4.0 % | 4.4 % |

¹ FY20, FY19, FY18, FY17, FY16 and FY15's source is the preliminary average of the last 4 quarters reported in the Quarterly Personal Income Summary last updated September 2020, September 2019, September 2018, September 2017, February 2016 or September 2015, respectively. FY13 - FY10 source is SA1 Personal Income Summary: Personal Income, Population, Per Capita Personal Income use state population estimates released in December, 2013, while 2014 estimates reflect the December 2014 release.

² Calculation total personal income/population

³ Local Area Unemployment Statistics Information and Analysis, Bureau of Labor Statistics, U.S. Department of Labor.

SCHEDULE 12

| 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|-------------|-------------|-------------|-------------|-------------|-------------|
| 1,329 | 1,331 | 1,330 | 1,328 | 1,329 | 1,328 |
| 57,990 | 54,926 | 55,958 | 54,359 | 52,958 | 51,524 |
| 43,638 | 41,273 | 42,074 | 40,933 | 39,848 | 38,798 |
| 3.7 % | 4.7 % | 5.5 % | 6.8 % | 7.5 % | 7.8 % |
| 322,704 | 320,064 | 318,857 | 316,129 | 313,875 | 311,583 |
| 15,725,128 | 14,991,944 | 14,708,582 | 14,151,427 | 13,873,161 | 13,189,935 |
| 48,729 | 46,840 | 46,129 | 44,765 | 44,200 | 42,332 |
| 4.9 % | 5.3 % | 6.1 % | 7.6 % | 8.2 % | 8.9 % |



STATE OF MAINE
PRINCIPAL EMPLOYERS - TOP 10
NOT SEASONALLY ADJUSTED

SCHEDULE 13

Current Year and Ten Years Ago

| Employer | 2020 | | | | | 2011 | | | |
|------------------------------|--------------------|---|---------------|--------------------------------|---------------|-----------------------------|-----------|--------------------------------|----------|
| | Range of Employees | | Rank | Percentage of Total Employment | | Average Number of Employees | Rank | Percentage of Total Employment | |
| MaineHealth | 18,501 | - | 19,000 | 1 | 3.0 % | - | - | - | % |
| Maine State Government | 14,001 | - | 14,500 | 2 | 2.3 % | 15,250 | 1 | 2.5 | % |
| Department of Defense | 8,501 | - | 9,000 | 3 | 1.4 % | 6,750 | 4 | 1.1 | % |
| Hannaford Bros Co | 8,001 | - | 8,500 | 4 | 1.3 % | 7,250 | 2 | 1.2 | % |
| Wal Mart/Sam's Club | 7,001 | - | 7,500 | 5 | 1.2 % | 7,250 | 3 | 1.2 | % |
| Bath Iron Works | 5,501 | - | 6,000 | 6 | 0.9 % | 5,250 | 6 | 0.9 | % |
| Eastern Maine Medical Center | 3,501 | - | 4,000 | 7 | 0.6 % | 3,250 | 9 | 0.5 | % |
| MaineGeneral Medical Center | 3,000 | - | 3,500 | 8 | 0.5 % | 6,250 | 5 | 1.0 | % |
| US Post Office | 3,000 | - | 3,500 | 9 | 0.5 % | 3,250 | 8 | 0.5 | % |
| TD Bank | 3,000 | - | 3,500 | 10 | 0.5 % | - | - | - | % |
| LL Bean, Inc | - | - | - | - | - % | 4,250 | 7 | 0.7 | % |
| University of Maine at Orono | - | - | - | - | - % | 3,250 | 10 | 0.5 | % |
| Total | <u>74,007</u> | | <u>79,000</u> | | <u>12.2 %</u> | <u>62,000</u> | | <u>10.1</u> | <u>%</u> |

Source: Maine Department of Labor, Center for Workforce Research and Information

Note: Percentage of total state employment is based on the midpoints in the ranges given.

STATE OF MAINE
SCHEDULE OF STATE GOVERNMENT FULL TIME
EQUIVALENT EMPLOYEES BY POLICY AREA

Last Ten Fiscal Years

| | 2020 | 2019 | 2018 | 2017 |
|--|-----------------|-----------------|-----------------|-----------------|
| Arts, Heritage & Cultural Enrichment | 88.7 | 89.7 | 89.7 | 91.6 |
| Business Licensing & Regulation | 395.3 | 392.8 | 395.0 | 394.5 |
| Economic Development & Workforce Training | 548.0 | 544.5 | 563.5 | 585.0 |
| Education | 216.9 | 198.5 | 196.5 | 191.3 |
| Governmental Support & Operations | 2,092.7 | 2,094.1 | 2,084.1 | 2,102.9 |
| Health and Human Services | 3,333.9 | 3,225.9 | 3,202.9 | 3,440.9 |
| Justice and Protection | 2,982.4 | 2,952.9 | 2,998.9 | 2,999.8 |
| Natural Resources Development & Protection | 1,407.5 | 1,403.9 | 1,406.7 | 1,421.8 |
| Transportation Safety & Development | 2,004.6 | 2,046.3 | 2,046.3 | 2,047.3 |
| Total Full Time Equivalents | <u>13,070.0</u> | <u>12,948.6</u> | <u>12,983.6</u> | <u>13,275.1</u> |

SOURCE: Maine Bureau of Budget

The information in this schedule is based on budgeted numbers. Actual numbers may differ.

SCHEDULE 14

| 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| 91.6 | 89.1 | 89.6 | 89.6 | 90.3 | 92.1 |
| 394.5 | 389.0 | 389.0 | 395.0 | 395.6 | 406.0 |
| 584.0 | 581.5 | 557.5 | 558.5 | 555.0 | 593.6 |
| 191.3 | 193.5 | 192.5 | 190.6 | 185.6 | 194.3 |
| 2,099.9 | 2,100.1 | 2,106.1 | 2,128.4 | 2,162.4 | 2,214.3 |
| 3,440.9 | 3,494.2 | 3,475.4 | 3,468.4 | 3,477.4 | 3,645.1 |
| 2,999.8 | 2,962.8 | 2,959.3 | 2,960.3 | 2,969.8 | 2,986.6 |
| 1,421.3 | 1,447.8 | 1,448.8 | 1,461.0 | 1,446.4 | 1,481.8 |
| 2,047.3 | 2,046.9 | 2,045.8 | 2,072.4 | 2,072.4 | 2,123.2 |
| <u>13,270.6</u> | <u>13,304.9</u> | <u>13,264.0</u> | <u>13,324.2</u> | <u>13,354.9</u> | <u>13,737.0</u> |

STATE OF MAINE
OPERATING INDICATORS AND CAPITAL INFORMATION

Last Ten Fiscal Years

| Operating Indicators by Function: | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|-------------|-------------|-------------|-------------|
| Education | | | | |
| Students enrolled in the free/reduced lunch program ⁴ | 78,523 | 81,838 | 82,900 | 85,080 |
| Economic Development & Workforce Training | | | | |
| Unemployed persons | 30,253 | 23,216 | 21,407 | 24,648 |
| Governmental Support & Operations | | | | |
| Return on investments | 1.78 % | 2.15 % | 1.31 % | 0.85 % |
| Lottery tickets sales, in millions | 314 | 299 | 294 | 266 |
| Health and Human Services | | | | |
| Percentage of population enrolled in MaineCare ¹ | 22 % | 20 % | 20 % | 20 % |
| Number of TANF cases ² | 3,918 | 3,995 | 4,308 | 4,630 |
| Number of members served by Dirigo Health | - | - | - | - |
| Justice and Protection | | | | |
| Average number of adult inmates | 2,043 | 2,332 | 2,586 | 2,310 |
| Average number of juvenile inmates | 33 | 52 | 75 | 88 |
| Number of guard troops | 2,946 | 2,981 | 3,072 | 3,088 |
| Number of cases tried in the court system | 143,015 | 177,768 | 198,199 | 192,527 |
| Natural Resources and Development | | | | |
| Number of park passes purchased ³ | 14,656 | 14,621 | 14,853 | 19,722 |
| Number of visitors to State parks | 2,968,710 | 2,997,931 | 2,698,907 | 2,876,190 |
| Number of hunting and fishing licenses sold ³ | 563,781 | 559,411 | 558,820 | 564,863 |
| Transportation Safety & Development | | | | |
| Number of construction projects | 289 | 411 | 351 | 323 |

¹ Based on the average enrollees over the fiscal year.

² Based on the average number of cases over the fiscal year.

³ As of December.

⁴ As of October of the school year.

SOURCE: All statistical information was provided by State agencies.

SCHEDULE 15

| <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|---------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| 86,746 | 85,794 | 86,500 | 85,731 | 84,717 | 83,625 |
| 26,220 | 32,809 | 39,300 | 48,500 | 52,900 | 52,500 |
| 0.52 % 272 | 0.33 % 253 | 0.28 % 230 | 0.29 % 228 | 0.35 % 228 | 0.24 % 216 |
| 21 % 5,401 - | 22 % 5,401 - | 24 % 7,617 40,565 | 26 % 9,342 40,388 | 26 % 13,260 38,070 | 26 % 14,151 35,105 |
| 2,189 95 3,145 204,330 | 2,091 157 3,285 216,460 | 2,089 144 3,236 229,365 | 2,016 155 3,169 237,596 | 2,043 170 3,124 242,710 | 2,124 186 3,065 260,171 |
| 16,881 2,626,416 557,123 | 16,734 2,539,754 545,359 | 14,039 2,553,638 529,615 | 12,498 2,519,849 516,442 | 12,117 2,648,484 497,712 | 11,288 2,528,900 503,487 |
| 197 | 121 | 227 | 218 | 194 | 238 |

STATE OF MAINE
CAPITAL ASSETS BY FUNCTION

Fiscal Years Ended June 30

| Capital Assets by Function: | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---|-------------|-------------|-------------|-------------|
| Governmental Support & Operations | | | | |
| Vehicles controlled by Central Fleet Management | 2,174 | 2,089 | 2,229 | 2,208 |
| Health and Human Services | | | | |
| Number of regional offices | 16 | 16 | 16 | 16 |
| Justice and Protection | | | | |
| Number of correctional facilities | 6 | 5 | 5 | 7 |
| Number of armories and AFR's | 15 | 15 | 15 | 14 |
| Number of State police barracks | 8 | 8 | 8 | 8 |
| Number of vehicles in Public Safety | 579 | 579 | 524 | 614 |
| Natural Resources and Development | | | | |
| Total acreage of State parks | 86,102 | 86,102 | 85,680 | 85,680 |
| Number of State park buildings | 585 | 585 | 585 | 585 |
| Transportation Safety & Development | | | | |
| Number of DOT vehicles and equipment | 1,329 | 1,307 | 1,448 | 1,233 |
| Number of regional DOT active buildings | 546 | 548 | 553 | 570 |

SOURCE: All statistical information was provided by State agencies.

SCHEDULE 16

| <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|-------------|-------------|-------------|-------------|-------------|-------------|
| 2,158 | 2,096 | 2,114 | 2,116 | 2,037 | 1,922 |
| 16 | 16 | 16 | 16 | 17 | 18 |
| 8 | 8 | 8 | 8 | 9 | 9 |
| 18 | 21 | 21 | 21 | 18 | 16 |
| 8 | 8 | 8 | 8 | 8 | 8 |
| 541 | 575 | 487 | 420 | 439 | 504 |
| 85,680 | 85,680 | 98,831 | 98,832 | 97,948 | 97,942 |
| 562 | 563 | 569 | 567 | 556 | 553 |
| 1,229 | 1,226 | 1,219 | 1,188 | 1,457 | 1,193 |
| 555 | 575 | 568 | 564 | 564 | 577 |

