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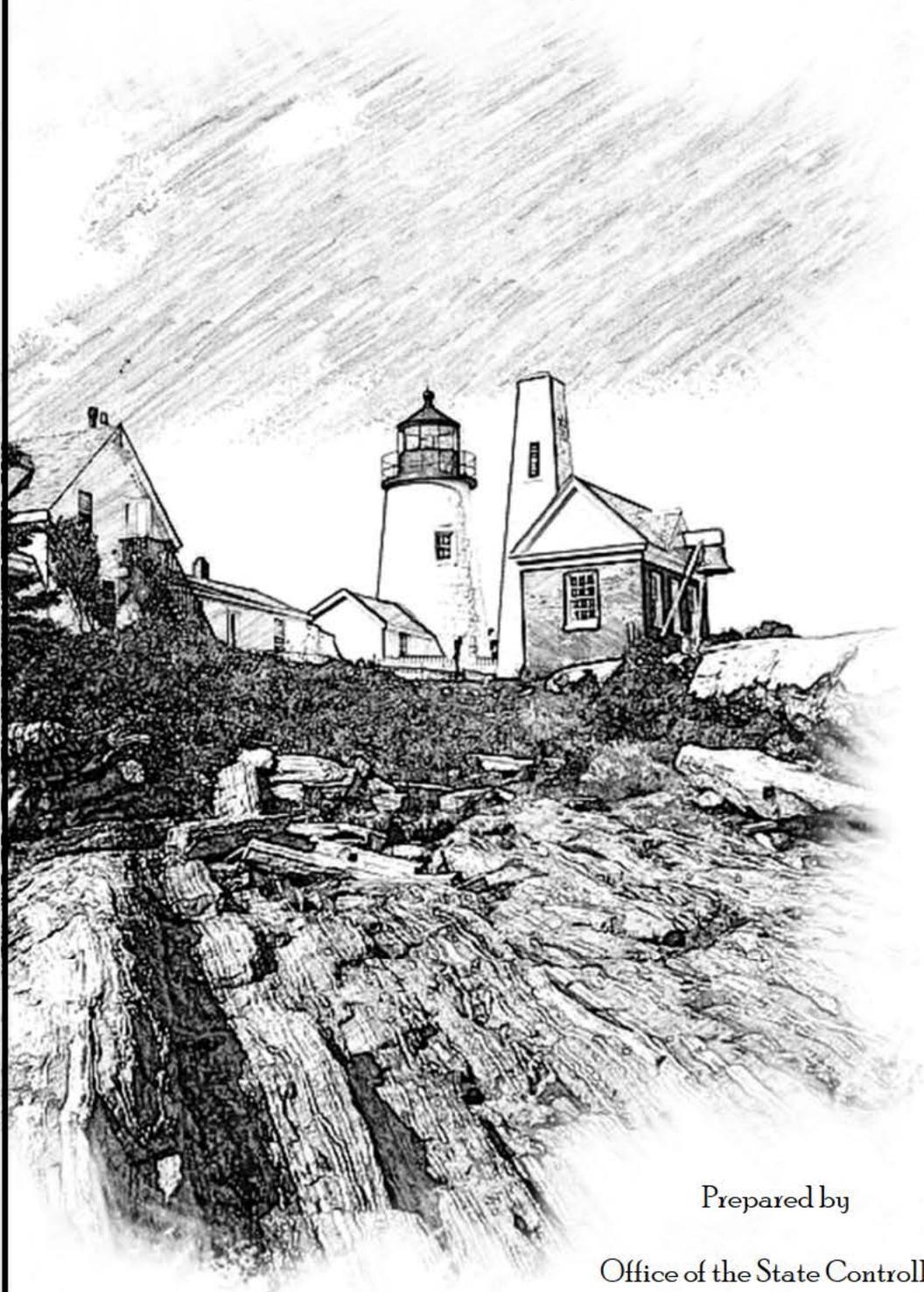
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State of Maine

Annual Comprehensive Financial Report
For the Fiscal Year Ended
June 30, 2025



Prepared by

Office of the State Controller

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

STATE OF MAINE



FOR THE FISCAL YEAR ENDED JUNE 30, 2025

JANET T. MILLS
Governor

ELAINE CLARK
Acting 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
ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2025

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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

ELAINE CLARK
ACTING COMMISSIONER

DOUGLAS E. COTNOIR, CPA, CIA
STATE CONTROLLER

December 12, 2025

**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 2025 Annual Comprehensive Financial Report (ACFR) prepared in accordance with Generally Accepted Accounting Principles (GAAP). The annual ACFR, 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 ACFR 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 ACFR 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.

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 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 ACFR, 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 ACFR. 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).

Tax Abatements

- Pine Tree Development Zone Program
The program encourages capital investment and job creation in designated industries and geographic areas through tax abatements including personal income, corporate income, insurance premiums, bank franchise, and sales taxes.
- Employment Tax Increment Financing
The program is designed to incentivize employment and prevent loss of employment in designated industries and geographic areas within the State, particularly in rural and other distressed areas via reimbursement of a percentage of qualified gross wages.
- New Markets Capital Investment Tax Credit
The program is designed to encourage investment in qualified businesses located in economically distressed areas within the State through tax abatements including personal income, corporate income, insurance premiums, and bank franchise.

Maine Budget Stabilization Fund

The Maine Budget Stabilization Fund, established in Title 5 MRSA § 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.

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 2025 a net \$61.7 million was transferred into the fund, resulting in an ending balance of \$1.030 billion.

MAJOR INITIATIVES AND FUTURE PROJECTS

Fiscal Stability

Maine maintained strong fiscal footing throughout fiscal year 2025. Monthly General Fund revenues were relatively consistent with forecasted projections. Under Governor Mills' leadership, Maine's GDP growth remained steady, just below the New England and U.S. averages, while Maine's seasonally adjusted unemployment rate was 3.3% in June 2025. Currently, Maine's economy, as measured by GDP, has surpassed pre-pandemic levels, our impressive bond ratings have been upheld by Moody's and S&P, State government is in the black, and the State's Budget Stabilization Fund was increased to its statutory limit of \$1.030 billion.

The December 2024 and May 2025 revenue forecasts both revised General Fund estimates upward for fiscal year 2025. In the December 2024 forecast, projected revenues were increased by \$247.9 million for fiscal year 2025. The May 2025 forecast revised General Fund revenue estimates upward by another \$24.4 million for fiscal year 2025. The December and May reports also reflected a combined upward adjustment of General Fund revenues for the 2026-2027 biennium of \$178.9 million, composed of an adjustment upward of \$114.6 million in fiscal year 2026 and an adjustment upward of \$64.3 million in fiscal year 2027.

On March 20, 2025, the Legislature passed a "current services" biennial budget for fiscal years 2026 and 2027, that included fiscal year 2025 supplemental appropriations totaling \$119.2 million, enacted as Public Law 2025, Chapter 2. It was signed by the Governor on March 21, 2025. Chapter 2 provided funding for baseline budgets, as well as funding to pay health care providers for MaineCare services, maintain 55 percent of the cost of education and protect Maine forests from spruce budworm.

On June 18, 2025, the Legislature passed a "Part II" budget for fiscal years 2026 and 2027, enacted as Public Law 2025, Chapter 388. It was signed by the Governor on June 20, 2025, with an effective date of September 24, 2025. Chapter 388 continued to build on the current services budget and increased funding to maintain free school meals for Maine students, support Maine's higher education efforts through a 4% operations increase and provided funds to support the Governor's highly successful Free Community College initiative. Chapter 388 included strategic investments in DHHS to maintain critical programs and services, ensuring their long-term sustainability and maximizing their impact for those who rely on them, including \$34 million over the biennium for child welfare needs and \$122 million of ongoing funding to address MaineCare enrollment increases associated with the federal COVID-era continuous enrollment requirement, as well as from increases in health care costs due to high inflation, increasing patient need and service utilization. Additionally, the biennial budget included approximately \$40 million of targeted items for other State agencies including funding for State dams, climate and energy initiatives, capital investments for State natural resource agencies, funding for improving State facilities including corrections facilities' roofs and HVAC repair and replacement, as well as funding for technology and capital efforts of the Judicial Branch.

Actual General Fund revenues over the course of fiscal year 2025 exceeded projections and at year-end revenues that exceeded budget were distributed in accordance with statute. Distributions via the "cascade" included transfers of \$1 million to the Finance Authority of Maine, Loan Insurance Reserve, \$2 million to the Retiree Health Insurance, \$2.5 million to the Reserve for Operating Capital, \$30.5 million to the MaineCare Stabilization Fund, \$3 million to the Maine Center for Disease Control & Prevention for family planning services, \$33.8 million to MaineDOT for

Highway and Bridge Capital, and \$79.4 million to the Budget Stabilization Fund. At the end of the fiscal year, there was a General Fund unappropriated surplus of about \$156.3 million and the balance in the Budget Stabilization Fund was \$1.030 billion.

Both the December 2024 and May 2025 revenue forecasts also increased Highway Fund revenues by modest margins for a total upward revision of \$9.6 million for fiscal year 2025. The Highway Fund revenue changes were largely the result of net increases in fuel tax and income from investments. The enacted 2025 Highway Fund supplemental budget, Public Law 2025 Chapter 3, included an allocation increase of \$369,504 in fiscal year 2025. Actual Highway Fund revenues for fiscal year 2025 exceeded budgeted projections and the Highway Fund had a projected unallocated balance of approximately \$37.6 million at the end of fiscal year 2025.

American Rescue Plan Act

The American Rescue Plan Act of 2021 (ARPA) was signed into law on March 11, 2021, which provided \$997.5 million in Coronavirus State Fiscal Recovery Funds (SFRF) to the State of Maine.

In June and July of 2021, the Legislature enacted, and the Governor signed into law, Public Law 2021 Chapter 78 and Chapter 483, which allocated \$997.5 million of the State's discretionary ARPA funding. This effort, known as the Maine Jobs and Recovery Plan (MJRP), includes 114 initiatives across 23 State entities. The plan outlined in these original authorizations remain fundamentally intact; however, there have been some subsequent adjustments authorized through the Legislative process. Ultimately, \$997.4 million of Maine's original allocations were obligated by the December 31, 2024 deadline. This resulted in an unobligated balance of \$59.3 thousand that was subsequently returned to US Treasury in accordance with program regulations.

The MJRP drew heavily on recommendations from the Governor's Economic Recovery Committee and the State's 10-Year Economic Development Strategy, transforming them into real action to improve the lives of Maine people and strengthen the economy. Governor Mills has specifically honed-in on strategic investments to relieve the significant toll of the COVID-19 pandemic on Maine's people, communities, and economy, while addressing known, systemic challenges that have constrained the State's ability to grow and thrive, broadly divided into three categories: immediate economic recovery from the pandemic; long-term economic growth for Maine; and infrastructure revitalization.

As of September 30, 2025, 149 business cases (across 114 initiatives) have been fully approved through a two-part process that confirms federal eligibility, reporting parameters, and metric structure. This represents a total of \$997.4 million in Federal funds obligated to be deployed into Maine's economy. Through the same timeframe, \$779.7 million of the aforementioned \$997.4 million of ARPA funding has already been expended for recovery plan purposes.

Liquidity and Reserves

The State's cash position has remained strong through fiscal year 2025, even without consideration of the federal CARES Act and ARPA funding. Again, internal borrowing for cash flow purposes was not needed at any time in the 2025 fiscal year.

The Budget Stabilization Fund (BSF) closed the fiscal year at its statutory cap of 18% of General Fund revenue for fiscal year 2025. During FY 2025, the State transferred \$60 million from the fund in accordance with Public Law 2023 Chapter 643. \$50 million was transferred to the Department of Transportation, Infrastructure Adaptation Fund for municipal, State or regionally significant infrastructure adaptation, repair and improvements that support

public safety, protection of essential community assets, regional economic needs and long-term infrastructure resiliency. \$10 million was transferred to the Department of Economic and Community Development, Business Recovery and Resilience Fund program for economic recovery and resilience grants to businesses and nonprofit organizations within areas that were impacted by major storms in December 2023 and January 2024. The final balance in the BSF on June 30, 2025, was \$1.030 billion, its highest level ever.

Education

Public Law 2025, Chapter 2, increased funding for GPA by over \$157 million over the biennium, allowing the State to maintain its contribution at 55% of the total cost of education. Additionally, the biennial budget included nearly \$30 million to fund the increased costs associated with the unfunded actuarial liability for teacher retirement and retired teachers' life insurance. Public Law 2025, Chapter 388 increased funding to support special education and related services for preschool-aged children 3 to 5 years of age and provided additional funding for the difference between the federal reimbursement for a free breakfast or lunch and the full price of a breakfast or lunch for each student.

Public Law 2025, Chapter 2 and Chapter 388 provided additional investment in higher education to support the continued operational needs of the Maine Maritime Academy, the Community College System and the University of Maine System, as well as funding to offset the cost of premiums associated with the implementation of the Paid Family Medical Leave Program. Additional funding was also provided to the Community College System to continue the State's free community college tuition program for students who graduated or obtained the equivalent high school diploma in 2024 or 2025.

Healthcare

Public Law 2025, Chapter 2, provided one-time funding totaling over \$117 million to pay health care providers for MaineCare services in fiscal year 2025. This legislation also included funding for anticipated Medicaid needs in fiscal year 2026 of over \$122.7 million, as well as \$64.5 million over the biennium to replace federal funding as a result of changes to the FMAP, over \$18 million for increases in the cost of the Medicaid "clawback" payment, and \$46 million to fund a rate increase implemented through Public Law 2023, Chapter 17.

The additional biennial budget efforts of 2025, Chapter 388, included strategic investments in DHHS that were carefully prioritized to maintain critical programs and services, ensuring their long-term sustainability and maximizing their impact for those who rely on them. This included \$34 million over the biennium for child welfare needs, including compliance efforts with Department of Justice. The biennial budget continued the State's investment to stabilize the MaineCare program by appropriating an ongoing \$122 million in FY27 and bridged a gap stemming predominantly from significant MaineCare enrollment increases due to the federal COVID-era continuous enrollment requirement, as well as from increases in health care costs due to high inflation, increasing patient need, returning to pre-pandemic levels of service utilization. There were also one-time investments in aging, civil legal aid, and family planning efforts. Additionally, there is an ongoing contribution of \$6 million over the biennium to account for the decreased federal funding for victims of crimes.

Transportation

MaineDOT traditionally receives its funding from the State Highway Fund, the TransCap Trust Fund, federal funds, proceeds from authorized bond sales, and other sources. On February 20, 2025, MaineDOT released a \$4.8 billion work plan for all MaineDOT work activities for calendar years 2025 through 2027. The work plan consists of \$4.2 billion in capital work over three years with \$2.7 billion for highway and bridge projects and \$757 million for multimodal projects.

On March 18, 2025, the Legislature passed the fiscal year 2025 Highway Fund supplemental budget, enacted as Public Law 2025, Chapter 3 and on March 20, 2025, the Legislature passed the 2026-2027 Highway Fund biennial budget enacted as Public Law 2025, Chapter 9. Both laws were signed by the Governor on March 21, 2025. In addition to providing funding for the capital projects prioritized in the MaineDOT work plan, funding was provided for cost-saving initiatives, including the prepurchase of materials, the rental of equipment and increased use of consultants.

Beginning with fiscal year 2021, 20% of the excess General Fund remaining after certain other priority transfers is transferred to MaineDOT for the Highway and Bridge Capital program. Additionally, Public Law 2023, Chapter 412 stipulated that 80% of General Fund revenue that exceeds the appropriation limitation, when the stabilization fund is at the statutory limit of 18% of General Fund revenues, should be transferred to support the Highway and Bridge Capital program. MaineDOT received about \$33.8 million from the "cascade" at the end of fiscal year 2025.

Property Tax Relief

Public Law 2021 Chapter 398 raised municipal revenue sharing to 4.5% in fiscal year 2022 and then fully restored revenue sharing to its statutorily required 5% level in fiscal year 2023. Revenue was increased each year since the Governor took office, improving from 2 percent to 3 percent in fiscal year 2020, to 3.75 percent in fiscal year 2021, to 4.5 percent in fiscal year 2022, until reaching the statutory level of 5 percent in fiscal year 2023. In fiscal year 2024, revenue sharing distributions totaled \$260.1 million. For comparison, revenue sharing at 2 percent would have delivered only \$102.4 million to municipalities, a difference of nearly \$158 million. Chapter 398 also maintained the reimbursement to municipalities for the Homestead Property Tax Exemption at 70% in fiscal year 2022 and increases the reimbursement by 3% each year thereafter until it reaches 100%. Public Law 2023, Chapter 412 caps the Homestead Property Tax reimbursement to municipalities at 76% effective in fiscal year 2025.

The biennial budget and the 2022-2023 supplemental budget also included provisions that increased the amount of the Property Tax Fairness Credit and expanded eligibility for the credit. For tax years beginning on or after January 1, 2022, resident individuals whose benefit base exceeds 4% of their income can receive a credit up to \$1,000 if under 65 years of age, or \$1,500 if 65 years of age or older. The Property Tax Fairness Credit was further expanded in Public Law 2023, Chapter 412 increasing the maximum credit for individuals 65 years or older and indexing the credit for inflation. All the changes since 2019 are estimated to increase the relief provided by the Property Tax Fairness Credit to \$111.5 million in fiscal year 2025 and roughly double the number of tax returns benefiting from the credit.

The increases in revenue sharing rates, Homestead reimbursement and Property Tax Fairness credit, along with increasing the funding level for the total cost of K-12 education to 55%, are intended to help mitigate property tax increases at the local level. Consistent with these efforts, Public Law 2025, Chapter 388 included funding for the Renewable Energy Facilities Property Tax Exemption program to offset the impact on local property tax revenues related to the exemption of certain solar and wind energy equipment from municipal taxes.

In recognition of the property tax burden and affordable housing challenges for citizens throughout the State, the Legislature established the Real Estate Property Tax Relief Force in Resolve 2025, Chapter 108, approved by the Governor on July 1, 2025. The task force is responsible for conducting a thorough examination of the current system of property taxation and is required to report findings, make recommendations and submit any suggested legislation to the joint standing committee of the Legislature having jurisdiction over taxation matters no later than December 15, 2026.

Looking to the Future

Forward looking planning and policy for Maine's future remain among the Governor's top priorities. The Governor's recommended budgets consistently allocate funding for Maine's long-term planning and coordination efforts across State government. Additionally, the Governor's Maine Jobs & Recovery Plan, approved by the Legislature and supported by the Governor's Office of Policy Innovation and the Future (GOPIF) and the Department of Administrative and Financial Services, since 2021 has invested and continues to invest nearly \$1 billion in federal American Rescue Plan funds to achieve three goals: immediate economic recovery from the pandemic; long-term economic growth for Maine; and infrastructure revitalization.

These investments are already working to address known, systemic challenges that have constrained Maine's ability to thrive, with priority focus on expanding Maine's workforce. After more than four years of implementation, Maine is among the leading States in the country in successfully deploying these funds to benefit economic recovery, workforce challenges, and infrastructure projects. Since the Jobs Plan went into law on October 18, 2021, its initiatives have delivered \$222 million in direct economic relief to thousands of Maine small businesses; invested in workforce programs estimated to offer apprenticeship, career and education advancement, and job training opportunities to 42,000 Maine people; and catalyzed more than 820 infrastructure projects to bolster childcare, broadband, energy efficiency and weatherization, housing, and more.

The GOPIF, in partnership with the Department of Energy Resources plays a critical role in efforts to identify Maine's long-term challenges, develop goals and strategies, and then helps coordinate the ongoing work among State agencies to achieve their goals, especially those related to infrastructure, climate resilience and energy. Other areas of focus for GOPIF include issues related to Maine's Artificial Intelligence Task Force, climate action, infrastructure rebuilding, supporting Maine's children and aging adults, housing, economic development, as well as targeted initiatives to reduce hunger and combat the opioid epidemic, in partnership with other State agencies. A sample of notable initiatives follows.

- The State's Climate Action Plan, 2024 Update to "Maine Won't Wait": Maine Won't Wait is Maine's four-year climate action plan packed with strategies and goals to emit less carbon, produce energy from renewable sources and protect our natural resources, communities and people from the effects of climate change. The updated Climate Action Plan, unveiled by Governor Janet Mills and the Maine Climate Council on November 21, 2024, builds upon the original 2020 plan titled Maine Won't Wait. This four-year update reflects the state's evolving climate priorities in the wake of increasingly severe weather events, including three major winter storms that caused over \$90 million in infrastructure damage in December 2023 and January 2024. The plan emphasizes reducing greenhouse gas emissions, achieving carbon neutrality, and enhancing community resilience while fostering economic growth through clean energy jobs. Maine's updated climate plan highlights significant progress in clean energy and sustainability. The state has already created over 15,000 clean energy jobs. It has also achieved the largest annual decline in home heating oil reliance in over a decade, a testament to widespread adoption of high-efficiency heat pumps. Since 2020, Maine has reduced greenhouse gas emissions by 30% from 1990 levels, surpassed its goal of installing 100,000 heat pumps, and now aims for 275,000 by 2027. Over half of the state's electricity now comes from renewable sources, and electric vehicle adoption and charging infrastructure have grown significantly. Federal investments, including nearly \$1 billion from the American Rescue Plan (ARPA) and \$3.7 billion from the Bipartisan Infrastructure Law, have supported these efforts. The Inflation Reduction Act offers further opportunities, but with federal funding expected to decline, Maine must diversify its funding sources and strengthen public-private partnerships to sustain momentum. A key feature of the updated Climate Action Plan is its integration with the findings of the

Infrastructure Rebuilding and Resilience Commission, which released its own resilience strategy in May 2025. The plan also highlights the expansion of the Community Resilience Partnership, a grant program launched in 2021.

- Maine Infrastructure Rebuilding and Resilience Commission: Governor Janet Mills established the 24-member Commission by Executive Order in May 2024 in the wake of several devastating storms, including the winter storms of 2023 and 2024 that caused an estimated \$90 million in damage to public infrastructure and untold damage to homes, businesses, and private infrastructure. The Commission traveled extensively across Maine to engage with communities facing the brunt of storm-related damage and climate vulnerability. In response, the Mills Administration and the Legislature have committed \$60 million—the largest storm recovery investment in Maine’s history—toward working waterfronts, infrastructure, and business recovery. This funding, distributed through the Working Waterfront Resilience Grant Program, the Maine Infrastructure Adaptation Fund, and the Business Recovery and Resilience Fund, has supported recovery efforts in 43 towns and cities, nearly 70 working waterfront facilities, and over 100 businesses and nonprofits. These efforts have been further bolstered by a \$69 million federal grant from the National Oceanographic and Atmospheric Administration (NOAA), announced in July 2024. This grant enables state agencies and partners to collaborate with communities on practical strategies to reduce vulnerabilities, protect residents, and strengthen infrastructure against future climate impacts and also includes \$9 million for the state’s Community Resilience Partnership grant program to help towns adapt to climate change and reduce fossil fuel use and emissions. An additional \$39 million was provided through passage of LD 1, a bill to strengthen community preparedness and resiliency for future storms which is designated for home retrofits, emergency communication improvements, and flood planning. Over 260 towns are now participating in the Community Resilience Partnership program. Maine’s Plan for Infrastructure Resilience, developed by the Commission, is structured around three core pillars: strengthening resilience to climate impacts by identifying and mitigating infrastructure risks; improving disaster preparedness, response, and rebuilding to enhance community and system readiness; and sustaining Maine’s momentum through strategic investments that build long-term resilience and capacity.
- Lead by Example in State Government: The third "Lead By Example" report for Maine’s state government outlines actions by state government agencies in support of Maine’s four-year climate action plan, Maine Won’t Wait. This report includes strategies to curb state agencies’ greenhouse gas emissions, transition state electricity use to 100 percent clean power by 2024, and ensure all new vehicles purchased for the state are electric by 2030. Reinforcing the state’s commitment to climate leadership, Governor Mills issued an executive order on January 17, 2024, directing Maine to pursue building decarbonization across state facilities. The Executive Order includes goals for installing EV charging stations at public buildings, transitioning to zero-emissions heating and cooling systems, and reducing both emissions and energy use in state operations. “Lead By Example” implementation will leverage state purchasing power to save taxpayer money, stimulate local markets, and enhance climate resilience. Specific targets include reducing greenhouse gas emissions from state facilities by 30% by 2030, prioritizing energy efficiency upgrades, sourcing 100% clean energy for state operations (this was achieved in 2024), and incorporating climate-friendly materials like cross-laminated timber in new construction. Additional goals include electrifying the state’s light-duty vehicle fleet by 2030, expanding telework and ridesharing, assessing infrastructure vulnerability to climate change, and increasing local food procurement to 20% by 2025. These initiatives are partly funded by \$3.6 million from funds received in settlement of claims brought against Volkswagen administered by both the Bureau of General Services and the Efficiency Maine Trust.

- The Governor's Infrastructure Implementation Committee: Established by Executive Order in April 2022, Governor Mills' Infrastructure Implementation Committee (IIC) coordinates activities across State agencies related to federal infrastructure funding. This group was initially convened through Executive Order to respond to a series of Biden-era laws passed in 2021 and 2022 aimed at investing in American infrastructure: the Bipartisan Infrastructure Law (BIL; also called the Infrastructure Investment and Jobs Act or IIJA), the Inflation Reduction Act (IRA), and the CHIPS & Science Act (CHIPS). Since the IIC was established in April 2022, over \$4 billion in BIL, IRA, and CHIPS funding has been announced to upgrade Maine's transportation infrastructure, improve energy systems and harden Maine grids, increase the resilience of Maine's infrastructure and environment, and advance State broadband and economic development goals. The Mills Administration is committed to maximizing the benefits of these initiatives for Maine communities.
- Housing and Community Development: Since taking office in 2019, Governor Mills has made a historic investment of \$315 million to alleviate Maine's housing crunch -- nearly five times the amount the state dedicated to housing production from 2000 to 2018. To date, these housing investments have resulted in 2,100 new apartments and homes, with more than 1,800 under construction and more than 1,500 units in MaineHousing's affordable development pipeline - the largest in its history. The Mills Administration, with bipartisan legislative support, has made substantial investments to address housing and homelessness in Maine. In April 2024, Governor Mills signed a supplemental budget allocating \$30 million to build over 260 new homes through programs supporting rural rentals and affordable homeownership and leveraging federal tax credits. An additional \$21 million was authorized for the Emergency Housing Relief Fund to keep shelters and transitional housing operational, building on \$55 million previously invested to support over 75 programs and 7,000 residents. Governor Mills signed into law the \$80 million State Affordable Housing Tax Credit in 2020; since then, MaineHousing has allocated \$65.5 million of the State credit to support the construction or preservation of 982 affordable rental homes. Through the Maine Jobs & Recovery Plan, \$50 million in federal funds were directed toward workforce housing, expected to yield at least 600 affordable homes. A \$15 million senior housing bond has already resulted in nine developments with over 400 units for older Mainers. Governor Mills also signed bipartisan zoning reform laws to expand housing supply and committed \$10 million in federal funds to support homeless shelters, along with \$1.5 million for housing navigators. Maine joined the national House America initiative, pledging to house 1,000 people and add 500 affordable units using federal resources.
- Opioid Response and Prevention: On February 6, 2019, Governor Mills issued Executive Order 2: An Order to Implement Immediate Responses to Maine's Opioid Epidemic (PDF). Since then, the Mills Administration has taken significant action to respond to the opioid crisis, including increased access to the life-saving reversal drug naloxone; additional recovery resources in communities across the state; expanded treatment capacity, including the number of beds for medically supervised withdrawal; and developed innovative policy solutions to support Maine people with substance use disorder. The Maine Opioid Response: 2023–2025 Strategic Action Plan outlines a comprehensive, multi-pronged strategy, led by the Mills Administration's Director of Opioid Response Gordon Smith, focusing on infrastructure, prevention, public safety, harm reduction, treatment, and recovery. The plan builds on earlier efforts and responds to evolving challenges, particularly the surge in overdoses linked to non-pharmaceutical fentanyl, which now accounts for nearly 80% of fatal overdoses in Maine. Key initiatives include the distribution of over 750,000 doses of naloxone—credited with reversing more than 12,000 potentially fatal overdoses—and the creation of mainedrugdata.org, a public data portal developed in partnership with the University of Maine and the Attorney General to provide real-time insights into substance use harms. The plan also emphasizes expanding access to treatment and recovery services. Through Medicaid (MaineCare) expansion, over 100,000 Mainers now have health coverage, with more than 22,000 receiving substance use treatment. The state has increased the number of Recovery

Community Centers and Residences, trained hundreds of recovery coaches, and broadened access to Medication Assisted Treatment (MAT), including for over 1,500 incarcerated individuals. Another cornerstone of the strategy is the OPTIONS program, which deploys county-based response teams to engage individuals at risk of overdose, distribute naloxone, and connect them to treatment and recovery services.

- The Children’s Cabinet: The Children's Cabinet's strategic plans lay out two overarching goals: that all Maine children enter kindergarten prepared to succeed; and all Maine youth enter adulthood healthy, connected to the workforce and/or education. The Mills Administration, led by the Children's Cabinet, has continued to make significant progress towards its strategic goals by leveraging State and federal government resources for several efforts. Governor Mills sees early quality childcare and education as critical to the healthy development of young children and to the long-term growth of Maine's economy and supports investments in Maine's childcare infrastructure to increase the availability and quality of childcare, especially in underserved communities in rural Maine. With significant federal ARPA funds supporting the Maine Jobs and Recovery Program, State funds, and other ARPA response funds, additional resources were allocated to stabilize childcare programs and to support the expansion of childcare infrastructure and Pre-K programs. In addition, state funds have been used to expand eligibility for the Child Care Affordability Program and Head Start as well as to strengthen the early care and education workforce through investments in the Early Childhood Education Workforce Salary Supplement Program which provides stipends to educators in childcare programs. Investments have been made in career exploration programs to support Maine youth to plan for their futures and transition into adulthood.
- The Cabinet on Aging: The Governor's Cabinet on Aging, created by Executive Order in 2022, comes at a time when Maine's median age makes it the oldest State in the nation, with tens of thousands of people expected to retire in the coming years, removing them from the State's workforce and increasing demand for aging-related services. The Cabinet on Aging is helping Maine prepare for and address these demographic changes by advancing policies that support Maine people in aging safely, affordably, and in ways and settings that best serve their needs. The Cabinet brings together State government agencies to coordinate and advance work on issues such as affordable housing and long-term services and supports; community engagement and planning; financial security and protection against fraud; access to information, and connection to services; and engagement and employment in Maine's growing economy.
- Ending Hunger in Maine: Public Law 2022 Chapter 677 directed GOPIF to serve as a convener, bringing together stakeholders within and outside State government to coordinate and leverage anti-hunger efforts across the State to create greater food security for all Maine people. In its role as a convenor, GOPIF facilitates the collaboration and coordination of anti-hunger strategies and policies across State government, convenes and supports the Ending Hunger Advisory Committee and helps to ensure greater collaboration and communication between State agencies and external stakeholders.
- Office of New Americans: Public Law 2023 Chapter 643 established the Office of New Americans (ONA) within GOPIF for the purpose of improving the economic and civic integration of immigrants into the State’s workforce and communities to strengthen the economy over the long term. GOPIF launched the ONA in January 2025. Maine is part of the Office of New Americans State Network– a consortium of over two dozen U.S. states with dedicated offices or staff to coordinate immigrant integration. The Network, which includes 22 states, provides access to expertise, experiences, and best practices from states across the country with the goal of developing policy approaches to support the successful economic, social, and civic integration of immigrants. The Maine ONA will evolve in collaboration with immigrants, employers, communities, workforce infrastructure, and state agencies. Its initial priorities include building workforce pathways and entrepreneurship

support for immigrants, improving coordination among organizations supporting immigrants, and expanding and strengthening English language acquisition opportunities.

- The Maine AI Task Force: The Maine Artificial Intelligence Task Force, created by Executive Order of Governor Janet Mills on December 20, 2024, delivered its final report to the Governor and legislature on October 31, 2025. Governor Mills charged the Task Force with exploring how to: prepare Maine's economy and workforce for the opportunities and risks likely to result from advances in AI; protect Maine residents from potentially harmful uses of AI technologies; deploy AI technologies at State agencies, quasi-State agencies, and other public entities such as municipalities to address capacity gaps and improve service delivery. The 21-member Task Force included State and local officials, legislators, education representatives, and business and non-profit leaders and was supported with expertise of a 10-member Technical Advisory Committee. In its report, the Task Force delivered a set of 34 recommendations that lay a foundation for bolstering innovation related to AI while strengthening guardrails against its potential harms. The AI Task Force report (PDF), along with recordings and materials from its meetings and a full list of its members, is available on the Task Force website. The Task Force was supported by staff from the Governor's Office of Policy Innovation and the Future and Maine's Office of Information Technology.

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 annual comprehensive financial report for the fiscal year ended June 30, 2024. This is the eighteenth consecutive year that Maine has achieved this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive 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 annual comprehensive 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 to 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 assists many State agencies 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.

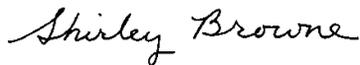
Each year the preparation of the ACFR requires the efforts of the finance people throughout the State from virtually all agencies, departments and component units. We sincerely appreciate the dedicated efforts of all these

individuals. 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 ACFR each year.

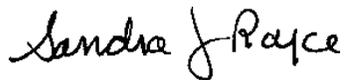
Sincerely,

Handwritten signature of Douglas E. Cotnoir in black ink.

Douglas E. Cotnoir, CPA, CIA State Controller

Handwritten signature of Shirley Browne in black ink.

Shirley A. Browne, CIA Deputy State Controller

Handwritten signature of Sandra J. Royce in black ink.

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



STATE OF MAINE

OFFICIALS OF STATE GOVERNMENT

AS OF JUNE 30, 2025

EXECUTIVE

Janet T. Mills, *Governor*

LEGISLATIVE

Matthea Elisabeth Larsen Daughtry, *President of the Senate*

Ryan D. Fecteau, *Speaker of the House*

Constitutional/Statutory Officers

Aaron Frey, *Attorney General*

Matthew Dunlap, *State Auditor*

Shenna Bellows, *Secretary of State*

Joseph Perry, *State Treasurer*

JUDICIAL

Valerie Stanfill, *Chief Justice of the State Supreme Court*



STATE OF MAINE ORGANIZATION CHART AS OF JUNE 30, 2025

MAINE VOTERS

LEGISLATIVE BRANCH

Senate
House of Representatives
Legislative Council
Office of Fiscal and Program Review
Legislative Information Office
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

Certificate of
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for Excellence
in Financial
Reporting

Presented to

State of Maine

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morrill

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

Matthew Dunlap, CIA
State Auditor

B. Melissa Perkins, CPA
Deputy State Auditor

INDEPENDENT AUDITOR'S REPORT

Honorable Members of the Legislative Council, 132nd Maine Legislature;

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information (except for blended component unit, Maine Governmental Facilities Authority, and fiduciary component unit, Maine Public Employees Retirement System) of the State of Maine, as of and for the year ended June 30, 2025, and the related notes to the financial statements. We did not audit the financial statements of the blended component unit, fiduciary component unit, or 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.

In our opinion, based on our audit and the reports of the 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, 2025, 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.

We did not audit the financial statements of the following component units: Efficiency Maine Trust, Finance Authority of Maine, Maine Community College System, Maine Connectivity Authority, 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 represent 100 percent of the assets, net position, and revenue of the aggregate discretely presented component units; 93 percent of assets, 95 percent of net position, and 65 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) as of June 30, 2025. 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 reports of the other auditors.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the State of Maine and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Key Audit Matters

We have determined that there are no key audit matters to communicate in our report.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the State of Maine's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State of Maine's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the State of Maine’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis on pages 33 to 44, and Budgetary Comparison Information, State Retirement Plans, Other Post-Employment Benefit Plans, and Information about Infrastructure Assets Reported Using the Modified Approach on pages 146 to 185, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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.

Supplementary 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 accompanying combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit and the reports 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.

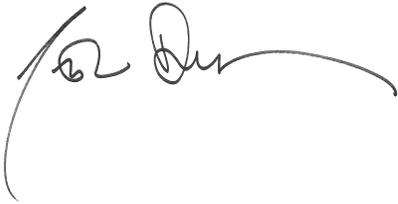
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2025, 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. 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.

A handwritten signature in black ink, appearing to read 'M. Dunlap', with a long horizontal flourish extending to the right.

Matthew Dunlap, CIA
State Auditor
Office of the State Auditor

Augusta, Maine
December 12, 2025



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, 2025. 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

Maine's economy has been stable, with continued in-migration leading to population growth from 2020-2024 that ranks 17th in the nation. Moody's has affirmed Maine's bond rating of Aa1, which is the second highest possible rating, while Standard & Poor's has affirmed its AA long-term rating. Maine increased the balance in the Budget Stabilization Fund to its highest level ever, the newly calculated statutory cap of 18% of total General Fund revenues in the immediately preceding State fiscal year. Maine has continued to see growth in personal income and Gross Domestic Product, but changes in federal fiscal policies have eroded business and consumer confidence as uncertainty about future economic conditions has increased. At the same time, a strong market has bolstered capital gains.

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, 2025. Please read in conjunction with the transmittal letter at the front of this report and with the State's financial statements, which follow this section.

Government-wide:

- The net position of Governmental Activities increased by \$540.3 million, while net position of Business-Type Activities increased by \$192.2 million. The State's assets and deferred outflows exceeded its liabilities and deferred inflows by \$4.390 billion at the close of fiscal year 2025. Of this amount \$997.7 million 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 \$4.657 billion, an increase of \$389.5 million (9.1 percent) from the previous year.

Fund level:

- At the end of the fiscal year, the State's governmental funds reported a combined ending fund balance of \$2.540 billion, a decrease of \$420.3 million from the previous year. The General Fund's total fund balance is \$901.2 million, a decrease of \$214.3 million from the previous year. The General Fund revenue of \$6.194 billion is an increase of \$478.8 million from the prior year, primarily due to an increase in tax revenue of \$473.2 million. The increase is primarily due to an extension granted for filing and paying final and estimated individual income taxes as a result of the impact of severe winter storms in 2024. The final and individual income tax payments were originally due in April 2024, but were extended until July 2024. The General Fund expenses of \$5.681 billion is an increase of \$427.5 million from the prior year, primarily due to an increase in health & human services (HHS) of \$279.1 million. The HHS expense increase being primarily in the Medical Assistance Program which provides free and low cost health insurance for people who meet certain requirements. Education expense increased by \$91.5 million, primarily due to an increase in General Purpose Aid for essential programs & services and pension contributions. Justice & Protection expense increased by \$56.2 million primarily due to a new program for the Maine Commission on Public Defense Services. General Fund revenues exceeded expenses by \$513.2 million.
- The Other Special Revenue Fund (OSR) total fund balance is \$1.350 billion, a decrease of \$213.4 million from the prior year. The OSR fund revenue of \$951.3 million is an increase of \$12.5 million from the prior year. The OSR fund expenses of \$1.874 billion is an increase of \$303.5 million from the prior year. This was due primarily to an increase in health & human services expense of \$96.6 million primarily due to one time funding for various medical assistance and substance abuse programs. The increase in economic development & workforce training expense of \$68.3 million was primarily for housing and business recovery. The increase in transportation safety & development expense of \$52.3 million was primarily due to additional highway and bridge capital and improvement funding.
- The proprietary funds reported net position at year-end of \$1.478 billion, an increase of \$282.6 million from the previous year. The increase is the net result of an increase in two Enterprise Funds, the Employment Security Fund of

\$43.8 million and Paid Family Medical Leave Fund of \$141.3 million and increases in three Internal Service Funds, the Retiree Health Insurance Fund, the Employee Health and Benefit Fund and the Information Services Fund by \$17.1 million, \$32.1 million and \$14.3 million, respectively.

Long-term Debt:

- The State's liability for general obligation bonds decreased by \$106.6 million during the fiscal year, which represents the difference between new issuances and payments of outstanding debt. During the year, the State did not issue any new general obligation bonds and made principal payments of \$106.6 million.

Additional information regarding the government-wide, fund level, and long-term debt activities can be found beginning on page 36.

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 custodial funds. Fiduciary funds are reported using the accrual basis of accounting. 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 information regarding the State's pension plans and other post-employment benefit trust funds and condition and maintenance data regarding certain portions of the State's infrastructure.

Other Supplementary Information

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

FINANCIAL ANALYSIS OF THE STATE AS A WHOLE

The State's net position increased by \$662.2 million to \$4.390 billion over the course of fiscal year ended June 30, 2025, as detailed in Tables A-1 and A-2. The change in net position for the year is a positive \$732.5 million. Current year revenue increased by \$1.111 billion primarily due to Operating Grants & Contributions and Tax revenue. The current year expenses increased by \$785.1 million, primarily due to an increase in health & human services expenses of \$682.6 million. The increase was primarily for the Medical Assistance Program which provides free and low cost health insurance for people who meet certain requirements.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024*	2025	2024	2025	2024*
Current and other noncurrent assets						
Current and other assets	\$ 4,233,971	\$ 4,709,984	\$ 977,271	\$ 839,481	\$ 5,211,242	\$ 5,549,465
Long-term assets	1,757,669	1,811,568	58,785	10,390	1,816,454	1,821,958
Current and other noncurrent assets	5,991,640	6,521,552	1,036,056	849,871	7,027,696	7,371,423
Total capital and right to use assets, net	5,393,843	5,229,853	83,214	80,658	5,477,057	5,310,511
Total Assets	11,385,483	11,751,405	1,119,270	930,529	12,504,753	12,681,934
Deferred Outflows of Resources	1,065,969	1,051,068	7,195	5,988	1,073,164	1,057,056
Current liabilities	2,717,142	2,753,754	53,326	53,295	2,770,468	2,807,049
Non-current liabilities	4,873,184	5,200,925	20,268	20,199	4,893,452	5,221,124
Total Liabilities	7,590,326	7,954,679	73,594	73,494	7,663,920	8,028,173
Deferred Inflows of Resources	1,519,124	1,976,824	4,975	6,316	1,524,099	1,983,140
Net Position (Deficit)						
Net Investment in Capital Assets	4,299,470	4,099,173	80,152	80,658	4,379,622	4,179,831
Restricted	198,688	226,579	809,269	765,421	1,007,957	992,000
Unrestricted (deficit)	(1,156,156)	(1,454,782)	158,475	10,628	(997,681)	(1,444,154)
Total Net Position	\$ 3,342,002	\$ 2,870,970	\$ 1,047,896	\$ 856,707	\$ 4,389,898	\$ 3,727,677

* As restated for an error correction. The restatement for the implementation of GASB 101, Compensated Absences, is not reflected above in fiscal year 2024 per GASB code section 2250, paragraph 157. Please see Note 3 in the Financial Statements.

The State's fiscal year 2025 revenues totaled \$14.578 billion. (See Table A-2) Taxes and Operating grants and contributions accounted for most of the State's revenue by contributing 44.8 percent and 41.4 percent, respectively. The remainder came from charges for services and other miscellaneous sources.

The total cost of all programs and services totaled \$13.845 billion for the year 2025. (See Table A-2) These expenses are predominantly (68.1 percent) related to health & human services and education activities. The State's governmental support & operations activities accounted for 6.3 percent of total costs. The net position increased by \$732.5 million, due primarily to an increase in Operating Grants & Contributions and Tax revenue.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024*	2025	2024	2025	2024*
Revenues:						
Program Revenues:						
Charges for Services	\$ 643,613	\$ 627,816	\$ 992,903	\$ 857,403	\$ 1,636,516	\$ 1,485,219
Operating grants and contributions	6,006,205	5,451,288	24,061	21,570	6,030,266	5,472,858
General Revenues:						
Taxes	6,528,552	6,119,448	-	-	6,528,552	6,119,448
Other	382,373	388,871	-	-	382,373	388,871
Total Revenues	13,560,743	12,587,423	1,016,964	878,973	14,577,707	13,466,396
Expenses:						
Governmental Activities:						
Governmental Support	871,194	825,001	-	-	871,194	825,001
Education	2,419,911	2,783,638	-	-	2,419,911	2,783,638
Health & Human Services	7,012,341	6,329,698	-	-	7,012,341	6,329,698
Justice & Protection	872,135	684,160	-	-	872,135	684,160
Transportation Safety	1,038,358	902,085	-	-	1,038,358	902,085
Economic Development & Workforce Training	400,120	328,794	-	-	400,120	328,794
Other	479,159	474,230	-	-	479,159	474,230
Interest Expense	41,414	48,096	-	-	41,414	48,096
Business-type Activities:						
Employment Security	-	-	136,304	119,895	136,304	119,895
Lottery	-	-	335,332	343,962	335,332	343,962
Alcoholic Beverages	-	-	195,802	191,706	195,802	191,706
Other	-	-	43,138	28,838	43,138	28,838
Total Expenses	13,134,632	12,375,702	710,576	684,401	13,845,208	13,060,103
Excess (Deficiency) before Special Items and Transfers	426,111	211,721	306,388	194,572	732,499	406,293
Transfers	114,221	127,329	(114,221)	(127,329)	-	-
Increase (Decrease) in Net Position	540,332	339,050	192,167	67,243	732,499	406,293
Net Position, beginning of year	2,801,670	2,531,920	855,729	789,464	3,657,399	3,321,384
Ending Net Position	\$ 3,342,002	\$ 2,870,970	\$ 1,047,896	\$ 856,707	\$ 4,389,898	\$ 3,727,677

* As restated for an error correction. The restatement for the implementation of GASB 101, Compensated Absences, is not reflected above in fiscal year 2024 per GASB code section 2250, paragraph 157. Please see Note 3 in the Financial Statements. The ending fund balance for fiscal year 2024 does not tie to the beginning fund balance for fiscal year 2025 due to the GASB 101 restatement not being reflected in the MD&A.

Governmental Activities

Revenue for the State's Governmental Activities totaled \$13.561 billion while total expenses equaled \$13.135 billion. The increase in net position for Governmental Activities was \$540.3 million in 2025. The current year net position increased by \$201.3 million over the prior year. The change is primarily due to increased funding received in Operating Grants & Contributions of \$554.9 million and Tax revenue of \$409.1 million, offset by an increase in expense for health & human services of \$682.6 million. In addition, the State's Business-Type Activities transfers of \$114.2 million (net) to the Governmental Activities, included statutorily required profit transfers of the Alcoholic Beverages Fund.

The users of the State's programs financed \$643.6 million of the cost. The federal and State governments subsidized certain programs with grants and contributions of \$6.006 billion. \$6.911 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 2025

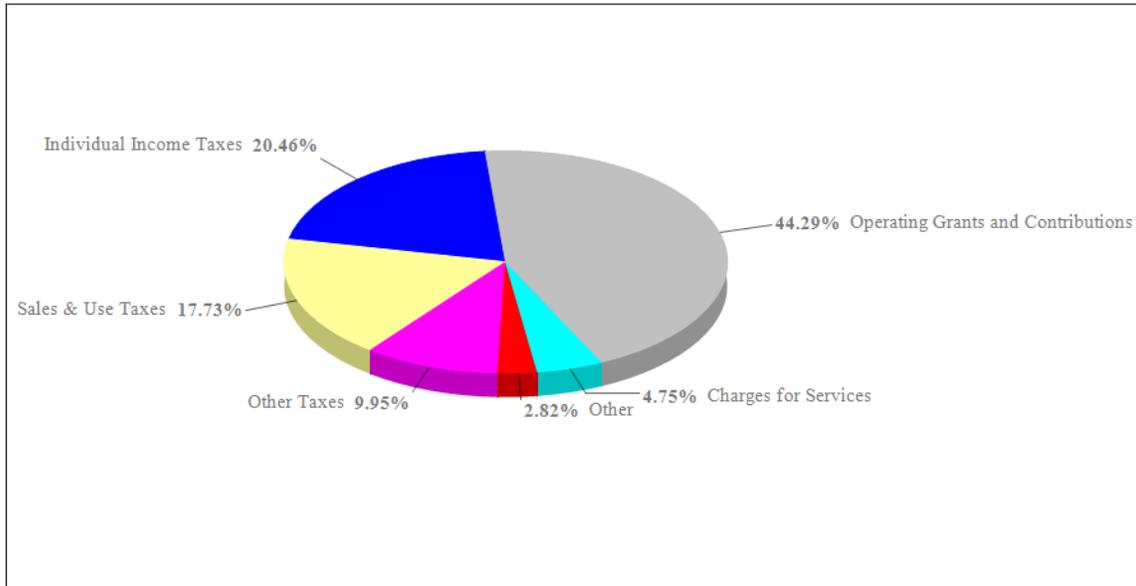
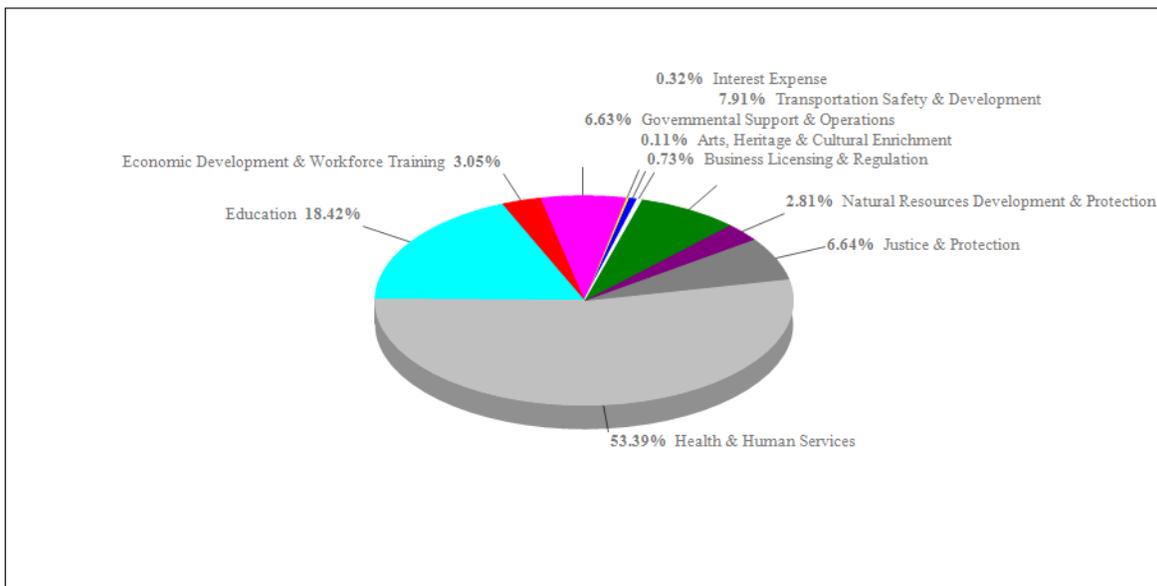


TABLE A-4: TOTAL EXPENSES FOR GOVERNMENTAL ACTIVITIES FOR FISCAL YEAR 2025



Business-Type Activities

Revenues for the State's Business-Type Activities totaled \$1.017 billion while expenses totaled \$710.6 million. The increase in net position for Business-Type Activities was \$192.2 million in 2025 due to a net revenue over expenses of \$43.8 million in Employment Security, a net revenue over expenses of \$64.7 million in Alcoholic Beverages, a net revenue over expenses of \$80.4 million in Lottery and a net revenue over expenses of \$125.4 million in the Other category. The change in net position was also impacted by \$114.2 million in (net) transfers from the State's Business-Type Activities to the Governmental Activities, which includes statutorily required profit transfers of the Alcoholic Beverages Fund.

Table A-5 presents the revenue of State Business-Type Activities: Employment Security, Alcoholic Beverages, Lottery, Ferry Services, 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)

	<u>Total Cost</u>		<u>Net Revenue (Cost)</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Employment Security	\$ 136,304	\$ 119,895	\$ 43,848	\$ 44,049
Alcoholic Beverages	195,802	191,706	64,735	66,145
Lottery	335,332	343,962	80,368	85,808
Ferry Services	16,264	17,310	(8,360)	(9,511)
Consolidated Emergency Communications	7,887	7,769	386	159
Other	18,987	3,759	125,411	7,922
Total	<u>\$ 710,576</u>	<u>\$ 684,401</u>	<u>\$ 306,388</u>	<u>\$ 194,572</u>

The cost of all Business-Type Activities this year was \$710.6 million. The users of the State's programs financed most of the cost. The State's net revenue from Business-Type Activities was \$306.4 million. Employment Security net revenue increased by \$43.8 million, and Other contributed \$125.4 million of net revenue. The \$114.2 million (net) transfers from the State's Business-Type Activities to the Governmental Activities included statutorily required profit transfers of the Alcoholic Beverages Fund.

FINANCIAL ANALYSIS OF THE STATE'S FUNDS

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

	<u>2025</u>	<u>2024</u>	<u>Change</u>
General	\$ 901,169	\$ 1,115,459	\$ (214,290)
Highway	64,064	40,995	23,069
Federal	14,071	6,528	7,543
Other Special Revenue	1,349,969	1,563,360	(213,391)
Other Governmental Funds	210,485	233,679	(23,194)
Total	<u>\$ 2,539,758</u>	<u>\$ 2,960,021</u>	<u>\$ (420,263)</u>

As of the end of the fiscal year, the State's governmental funds reported combined ending fund balances of \$2.540 billion, a decrease of \$420.3 million in comparison with the prior year. Of this total, \$62.9 million (2.5 percent) is classified as non-spendable, either due to its form or legal constraints, and \$835.1 million (32.9 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 2025, there was \$665.5 million of unassigned fund balance on the GAAP basis in the General Fund.

General Fund expenditures and other uses were greater than General Fund revenues and other sources resulting in a decrease in the fund balance of \$214.3 million. Revenues and other financing sources of the General Fund of \$6.349 billion increased by approximately \$464.0 million (7.9 percent), as compared to fiscal year end 2024. Expenses and uses of \$6.563 billion increased by \$435.3 million (7.1 percent), as compared to the prior year.

Other Special Revenue fund revenue and other financing sources of \$1.723 billion decreased by \$111.0 million from the prior year (6.1 percent). Expenses and other uses of \$1.936 billion increased from the prior year by \$312.2 million (19.2 percent).

Budgetary Highlights

For the 2025 fiscal year, the final legally adopted budgeted expenditures for the General Fund amounted to \$5.864 billion, an increase of about \$570 million from the original legally adopted budget of approximately \$5.294 billion. Actual expenditures on a budgetary basis amounted to approximately \$332.3 million less than those authorized in the final budget. After deducting the encumbered obligations and other commitments that will come due in fiscal year 2025, including the budgeted starting balance for fiscal year 2025, there were funds remaining of \$113.2 million to distribute in fiscal year 2025. Actual revenues and net operating transfers exceeded final budget forecasts by \$117.6 million. Interest earning of \$42.6 million along with legislatively and statutorily approved transfers resulted in the Budget Stabilization Fund reaching its cap of \$1.030 billion as of June 30, 2025. The remaining \$33.8 million of surplus was transferred to the Highway and Capital Program, an Other Special Revenue Funds account for fiscal year 2025. 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 2025, the State had roughly \$5.477 billion in a broad range of capital and right to use assets, including land, infrastructure, improvements, buildings, equipment, vehicles and intangibles. During fiscal year 2025, the State acquired or constructed more than \$252.2 million of capital, right to use and subscription based information technology 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 19 to the financial statements.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Land	\$ 708,875	\$ 704,080	\$ 3,927	\$ 3,926	\$ 712,802	\$ 708,006
Construction in Progress	170,016	335,204	22,048	20,385	192,064	355,589
Infrastructure	3,244,318	3,176,376	-	-	3,244,318	3,176,376
Buildings	1,073,351	887,863	5,191	5,268	1,078,542	893,131
Equipment	456,684	415,849	52,870	50,870	509,554	466,719
Improvements Other Than Buildings	129,239	117,553	60,351	60,266	189,590	177,819
Software	218,108	155,356	-	-	218,108	155,356
Total Capital Assets	6,000,591	5,792,281	144,387	140,715	6,144,978	5,932,996
Less: Accumulated Depreciation	994,934	922,289	64,232	60,057	1,059,166	982,346
Capital Assets, net	5,005,657	4,869,992	80,155	80,658	5,085,812	4,950,650
Right to Use Assets	309,732	272,786	-	-	309,732	272,786
Less: Accumulated Amortization	42,808	30,228	-	-	42,808	30,228
Right to Use Assets, net	266,924	242,558	-	-	266,924	242,558
Subscription Based Assets	190,916	170,660	3,243	-	194,159	170,660
Less: Accumulated Amortization	69,654	53,357	184	-	69,838	53,357
Subscription Based Assets, net	121,262	117,303	3,059	-	124,321	117,303
Capital, Right to Use and Subscription Based Assets, net	\$ 5,393,843	\$ 5,229,853	\$ 83,214	\$ 80,658	\$ 5,477,057	\$ 5,310,511

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 expends 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 8,777 highway miles or 17,828 lane miles within the State. Bridges have a deck area of 12.6 million square feet among 3,034 total bridges. The State has established a policy to maintain its highways at an average condition assessment of 60. At June 30, 2025, the actual average condition was 74.1. 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, 2025. Preservation costs for fiscal year 2025 totaled \$267.0 million compared to estimated preservation costs of \$240.0 million.

Transportation bonds, approved by referendum, are issued to fund improvements to highways and bridges. Of the amount authorized by PL 2021, Chapter 408, \$24.3 million in General Fund bonds were spent during fiscal year 2025. Of the amount authorized by PL 2019, Chapter 673, \$400 thousand in General Fund bonds were spent during fiscal year 2025.

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 \$1.731 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	
	2025	2024	2025	2024	2025	2024
General Obligation						
Bonds	\$ 360,515	\$ 454,295	\$ -	\$ -	\$ 360,515	\$ 454,295
Unmatured Premiums	52,538	65,312	-	-	52,538	65,312
Other Long-Term Obligations	1,312,121	1,300,625	5,517	3,284	1,317,638	1,303,909
Total	<u>\$ 1,725,174</u>	<u>\$ 1,820,232</u>	<u>\$ 5,517</u>	<u>\$ 3,284</u>	<u>\$ 1,730,691</u>	<u>\$ 1,823,516</u>

During the year, the State reduced outstanding long-term obligations by \$106.6 million for general obligation bonds and \$353.0 million for other long-term debt. Also during fiscal year 2025, the State incurred \$296.5 million of additional long-term obligations.

Credit Ratings

The State’s credit was rated during fiscal year 2025 by Moody’s Investors Service as Aa1 with a stable outlook and by Standard & Poor’s as AA with a stable outlook.

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

The Maine Consensus Economic Forecasting Commission (CEFC) convened on October 30, 2025, to review and revise its forecast through 2029. This meeting builds on the Commission's forecast update of April 1, 2025, incorporating the most recent updates available for all relevant baseline data.

The CEFC emphasized that Maine continues to face significant economic uncertainty stemming from fiscal, geopolitical, and economic developments. Tariff policies continue to change rapidly, contributing to the possibility of a global trade war and increasing risk for businesses. The federal government is in a period of fiscal austerity (which is compounded by the government shutdown that began October 1), increasing uncertainty around ongoing federal funding. Maine's economy will be impacted by any reduction of federal funds and the multiplier effects of those reductions, particularly cuts to programs such as Medicaid (MaineCare) and the Affordable Care Act. Inflation remains elevated above target levels and is likely to face ongoing upward pressure from tariffs, while consumer sentiment has weakened. Because of our state's demographics and close relationship with Canada, Maine may be particularly vulnerable to changes in federal funding and tariff policy.

The Commission's forecast for wage and salary employment was left unchanged for all forecast years based on information from the Maine Department of Labor.

The Commission revised its forecast for total personal income growth up from 4.1% to 5.6% in 2025. The remaining years of the forecast were left unchanged. The only adjustments to personal income were made to wage and salary income and personal current transfer receipts.

The Commission made an upward revision to the forecast for 2025, from 4.0% to 4.8% based on information provided by the Office of Tax Policy in Maine Revenue Services. There were no changes for 2026-2029 and the forecast assumes growth of 4.0% for each of those years.

Annual inflation according to the Consumer Price Index (CPI) was revised down in 2025 to 2.8% from 3.2%. This revision was made to align with Moody's and S&P. The remaining years of the forecast were left unchanged. The Commission forecasts that inflation will stay at 2.8% in 2026 before slowing to 2.2% in 2027 and 2.1% in 2028 and 2029.

Corporate profits grew 8.4% in 2024, lower than the April forecast of 11.4%. No changes were made to the forecast. The current forecast projects growth of 0.5% in 2025 and then 2.0% annual growth for 2026-2029.

Maine saw continued population growth in 2024, gaining over 5,300 in population. In 2024, Maine had the 20th highest rate of total migration, at 7.5 per thousand. This was below the national rate of 8.2 per thousand. In recent years, this has been driven by growth in net domestic migration. However, in 2024, this was more evenly split between domestic migration (3.8 per thousand) and international migration (3.7 per thousand).

Total personal income in Maine grew 6.9% at an annualized rate in the second quarter of 2025, ranking 6th in the U.S. (5.5%) and second in New England (6.2%). Maine's total seasonally adjusted personal income was \$101.3 billion in the second quarter of 2025. Wage and salary income, the largest component of personal income, grew 4.5% seasonally adjusted at an annualized rate (SAAR) in the second quarter of 2025 while dividends, interest, and rent increased 1.1% and transfer receipts increased by 19.9%, driven in large part by retroactive payments to Social Security beneficiaries from the Social Security Fairness Act (2024). Meanwhile, real GDP for Maine grew to just over \$77.9 billion in the second quarter of 2025.

Inflation has decelerated from the high in June of 2022 but is still above the Federal Reserve's 2% target. The CPI all-items index grew 3% year-over-year in September (before seasonal adjustment), the fastest annual pace since the start of the year. On October 29, the Federal Reserve Federal Open Market Committee (FOMC) lowered rates to 3.75% - 4.00%.

The Index of Consumer Sentiment from the University of Michigan was down 2.7% in October and is down 24% year-over-year. Inflation and high prices remain at the forefront of consumers' minds. The Small Business Optimism Index, as measured by the National Federation of Independent Businesses (NFIB), declined 2 points in September to 98.8. This was the first decline in three months - though it remains above the 52-year average of 98. Uncertainty remains high, and the majority reported that supply chain disruptions were affecting their business.

Maine single-family existing-home sales were up 5.1% from 12 months prior in September 2025, and prices declined for the second time in 2025 (-1.35%). In the second quarter of 2025, Maine's year-over-year growth in the house price index was 6.0% (seasonally adjusted), 6th highest in the nation for year-over-year growth and second in New England.

The key assumptions made by the CEFC are:

- Maine is navigating a period of significant uncertainty around economic policy, government spending, geopolitical tensions, and consumer sentiment. The economy may be experiencing K-shaped dynamics, with spending by wealthier households helping to keep the economy growing in the face of tariffs and uncertainty around other federal policies. The recent federal government shutdown has disrupted funding flows, delayed program implementation, and created uncertainty for households and organizations that rely on federal programs, adding further short-term strain to Maine’s economy. Decisions around Maine’s conformity to recent federal tax legislation and their impact on state revenues will be addressed by the Legislature during the upcoming legislative session.
- Geopolitical tensions exist and continue to pose a negative risk to the forecast. Rapidly changing tariff policies are contributing to the possibility of a global trade war. Strained relations between the U.S. and China, European nations, Canada, and South America contribute to additional uncertainty, as does the risk of escalating tensions between China and Taiwan.
- The federal government has entered into a period of significant fiscal austerity. This contributes to uncertainty in ongoing federal funding. Maine’s economy will be impacted by any reduction of federal funding, with the full scope and scale unknown and dependent on the exact nature of the reductions. Federal funds not only flow into Maine through state and local governments, but also through payments to individuals, contracts with nonprofits and businesses, and grants to higher education and research institutions. In all these cases, there are additional multiplier effects. For example, cuts to federal Medicaid (MaineCare) and the loss of ACA subsidies would raise premiums, jeopardize healthcare coverage, and strain rural hospitals.
- Inflation growth remains elevated above target levels and will face upward pressure from tariffs. Consumer sentiment has declined as expectations about future personal financial wellbeing have deteriorated and short-term inflation expectations have increased.
- Maine may be at greater risk from federal funding and tariff policy changes. Canada is Maine’s largest trading partner and the tensions between Canada and the U.S. have driven a decline in Canadian visitation to Maine that may persist for the foreseeable future. However, a decline in Canadian visitors may be offset by an increase in domestic tourism.

At June 30, 2025, the State of Maine reported an ending fund balance of \$901.2 million in the General Fund on a GAAP basis, a decrease of more than \$214.0 million since the end of fiscal year 2024. The General Fund “unassigned” fund balance on a GAAP basis at June 2025 was \$665.5 million.

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 strong equity and cash positions of the General Fund. Consequently, the State has enjoyed significant balances in its Treasurer’s Cash Pool and Budget Stabilization Fund and has not required external borrowing in the form of TANs or BANs for cash flow purposes.

CONTACTING THE STATE'S FINANCIAL MANAGEMENT

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

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

BASIC FINANCIAL STATEMENTS



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

June 30, 2025
(Expressed in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets				
Current Assets:				
Equity in Treasurer's Cash Pool	\$ 1,850,911	\$ 68,454	\$ 1,919,365	\$ 75,546
Cash and Cash Equivalents	184	2,244	2,428	197,205
Cash with Fiscal Agent	246,916	-	246,916	-
Investments	184,257	-	184,257	1,103,665
Restricted Assets:				
Restricted Equity in Treasurer's Cash Pool	14,474	-	14,474	-
Restricted Deposits and Investments	2,417	787,459	789,876	697,532
Inventories	15,786	5,971	21,757	1,730
Receivables, Net of Allowances for Uncollectibles:				
Taxes Receivable	658,484	-	658,484	-
Settlements Receivable	28,710	-	28,710	-
Loans, Leases & Notes Receivable	2,329	-	2,329	173,637
Other Receivables	355,737	121,157	476,894	124,533
Internal Balances	8,014	(8,014)	-	-
Due from Other Governments	785,219	-	785,219	208,478
Due from Primary Government	-	-	-	31,758
Loans Receivable from Primary Government	-	-	-	26,098
Due from Component Units	62,374	-	62,374	-
Prepaid Items	17,767	-	17,767	-
Other Current Assets	392	-	392	144,684
Total Current Assets	<u>4,233,971</u>	<u>977,271</u>	<u>5,211,242</u>	<u>2,784,866</u>
Noncurrent Assets:				
Equity in Treasurer's Cash Pool	1,589,441	58,785	1,648,226	64,874
Investments	-	-	-	815,119
Restricted Assets:				
Restricted Equity in Treasurer's Cash Pool	12,430	-	12,430	-
Restricted Deposits and Investments	-	-	-	391,829
Pension Assets	14,217	-	14,217	-
Receivables, Net of Current Portion:				
Taxes Receivable	57,377	-	57,377	-
Settlements Receivable	72,188	-	72,188	-
Loans, Leases & Notes Receivable	3,591	-	3,591	2,945,946
Other Receivables	410	-	410	12,439
Due from Other Governments	8,015	-	8,015	1,693,493
Loans Receivable from Primary Government	-	-	-	133,959
Due from Primary Government	-	-	-	1,062
Post-Employment Benefit Assets	-	-	-	77,051
Other Noncurrent Assets	-	-	-	36,226
Capital Assets:				
Land, Infrastructure, & Other Non-Depreciable Assets	4,123,209	25,975	4,149,184	1,151,088
Buildings, Equipment & Other Depreciable Assets	882,448	54,180	936,628	1,289,779
Right to Use Assets - Leases, Net	266,924	-	266,924	61,738
Right to Use Assets - Subscriptions, Net	121,262	3,059	124,321	33,076
Total Noncurrent Assets	<u>7,151,512</u>	<u>141,999</u>	<u>7,293,511</u>	<u>8,707,679</u>
Total Assets	<u>11,385,483</u>	<u>1,119,270</u>	<u>12,504,753</u>	<u>11,492,545</u>
Deferred Outflows of Resources	<u>\$ 1,065,969</u>	<u>\$ 7,195</u>	<u>\$ 1,073,164</u>	<u>\$ 60,648</u>

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	\$ 1,373,621	\$ 26,531	\$ 1,400,152	\$ 155,464
Accrued Payroll	79,747	1,270	81,017	5,176
Tax Refunds Payable	429,841	-	429,841	-
Due to Component Units	33,758	-	33,758	-
Due to Primary Government	-	-	-	62,374
Current Portion of Long-Term Obligations:				
Compensated Absences	31,340	505	31,845	3,480
Due to Other Governments	455,409	112	455,521	3,337
Amounts Held under State & Federal Loan Programs	-	-	-	72,125
Claims Payable	22,614	-	22,614	-
Bonds & Notes Payable	94,842	-	94,842	284,322
Revenue Bonds Payable	27,880	-	27,880	36,104
Lease Liabilities	10,335	-	10,335	3,684
Subscription Liabilities	28,291	704	28,995	5,495
Certificates of Participation & Other Financing Arrangements	19,940	-	19,940	-
Loans Payable to Component Unit	26,098	-	26,098	-
Accrued Interest Payable	10,240	-	10,240	41,752
Unearned Revenue	5,473	-	5,473	209,169
Other Post-Employment Benefits	883	-	883	-
Other Current Liabilities	66,830	24,204	91,034	103,844
Total Current Liabilities	2,717,142	53,326	2,770,468	986,326
Long-Term Liabilities:				
Compensated Absences	122,985	1,950	124,935	-
Due to Component Units	1,062	-	1,062	-
Due to Other Governments	-	-	-	10,169
Amounts Held under State & Federal Loan Program	-	-	-	49,759
Claims Payable	52,123	-	52,123	-
Bonds & Notes Payable	318,211	-	318,211	4,454,002
Revenue Bonds Payable	412,195	-	412,195	937,107
Lease Liabilities	268,609	-	268,609	60,160
Subscription Liabilities	71,653	2,358	74,011	23,946
Certificates of Participation & Other Financing Arrangements	84,099	-	84,099	-
Loans Payable to Component Unit	133,959	-	133,959	-
Unearned Revenue	15,178	-	15,178	18,596
Net Pension Liability	2,101,121	11,226	2,112,347	60,292
Other Post-Employment Benefits	1,252,707	4,734	1,257,441	29,502
Pollution Remediation & Landfill Obligations	39,282	-	39,282	-
Other Noncurrent Liabilities	-	-	-	53,945
Total Long-Term Liabilities	4,873,184	20,268	4,893,452	5,697,478
Total Liabilities	7,590,326	73,594	7,663,920	6,683,804
Deferred Inflows of Resources	1,519,124	4,975	1,524,099	212,129
Net Position				
Net Investment in Capital Assets	4,299,470	80,152	4,379,622	1,586,392
Restricted:				
Governmental Support & Operations	5,860	-	5,860	-
Justice & Protection	8,357	-	8,357	-
Employment Security	-	809,269	809,269	-
Restricted for Revolving Loan Funds	-	-	-	1,019,182
Restricted for Bond Resolutions and Programs	-	-	-	525,864
Other Purposes	-	-	-	741,948
Funds Held for Permanent Investments:				
Expendable	125,529	-	125,529	-
Nonexpendable	58,942	-	58,942	366,331
Unrestricted (deficit) Net Position	(1,156,156)	158,475	(997,681)	417,543
Total Net Position	\$ 3,342,002	\$ 1,047,896	\$ 4,389,898	\$ 4,657,260

Note: Restricted net position balance for Governmental Support & Operations and Justice & Protection includes only Pension Assets.

STATE OF MAINE
STATEMENT OF ACTIVITIES

Fiscal Year Ended June 30, 2025
(Expressed in Thousands)

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental Activities:				
Governmental Support & Operations	\$ 871,194	\$ 129,083	\$ 30,589	\$ -
Arts, Heritage & Cultural Enrichment	13,880	359	4,501	-
Business Licensing & Regulation	96,521	79,360	25,968	-
Economic Development & Workforce Training	400,120	6,351	140,565	-
Education	2,419,911	32,159	435,618	-
Health & Human Services	7,012,341	22,389	4,459,986	-
Justice & Protection	872,135	99,613	273,316	-
Natural Resources Development & Protection	368,758	113,517	138,974	-
Transportation Safety & Development	1,038,358	160,782	496,688	-
Interest Expense	41,414	-	-	-
Total Governmental Activities	<u>13,134,632</u>	<u>643,613</u>	<u>6,006,205</u>	<u>-</u>
Business-Type Activities:				
Employment Security	136,304	156,091	24,061	-
Alcoholic Beverages	195,802	260,537	-	-
Lottery	335,332	415,700	-	-
Ferry Services	16,264	7,904	-	-
Consolidated Emergency Communications	7,887	8,273	-	-
Other	18,987	144,398	-	-
Total Business-Type Activities	<u>710,576</u>	<u>992,903</u>	<u>24,061</u>	<u>-</u>
Total Primary Government	<u>13,845,208</u>	<u>1,636,516</u>	<u>6,030,266</u>	<u>-</u>
Component Units:				
Finance Authority of Maine	75,421	23,350	40,917	-
Maine Community College System	199,733	15,479	107,749	34
Maine Health & Higher Education Facilities Authority	41,086	37,960	5,299	-
Maine Municipal Bond Bank	84,788	47,406	28,439	76,063
Maine State Housing Authority	385,290	96,407	313,113	-
Maine Turnpike Authority	140,393	169,552	-	-
University of Maine System	928,082	323,545	325,019	76,816
All Other Non-Major Component Units	332,150	49,832	219,662	36,680
Total Component Units	<u>\$ 2,186,943</u>	<u>\$ 763,531</u>	<u>\$ 1,040,198</u>	<u>\$ 189,593</u>

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
\$ (711,522)	\$ -	\$ (711,522)	\$ -
(9,020)	-	(9,020)	-
8,807	-	8,807	-
(253,204)	-	(253,204)	-
(1,952,134)	-	(1,952,134)	-
(2,529,966)	-	(2,529,966)	-
(499,206)	-	(499,206)	-
(116,267)	-	(116,267)	-
(380,888)	-	(380,888)	-
(41,414)	-	(41,414)	-
<u>(6,484,814)</u>	<u>-</u>	<u>(6,484,814)</u>	<u>-</u>
-	43,848	43,848	-
-	64,735	64,735	-
-	80,368	80,368	-
-	(8,360)	(8,360)	-
-	386	386	-
<u>-</u>	<u>125,411</u>	<u>125,411</u>	<u>-</u>
<u>-</u>	<u>306,388</u>	<u>306,388</u>	<u>-</u>
<u>(6,484,814)</u>	<u>306,388</u>	<u>(6,178,426)</u>	<u>-</u>
-	-	-	(11,154)
-	-	-	(76,471)
-	-	-	2,173
-	-	-	67,120
-	-	-	24,230
-	-	-	29,159
-	-	-	(202,702)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,976)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (193,621)</u>

General Revenues:

Taxes:				
Corporate Taxes	430,052	-	430,052	-
Individual Income Taxes	2,774,106	-	2,774,106	-
Fuel Taxes	253,787	-	253,787	-
Property Taxes	90,505	-	90,505	-
Sales & Use Taxes	2,404,604	-	2,404,604	-
Other Taxes	575,498	-	575,498	-
Unrestricted Investment Earnings	176,764	-	176,764	57,505
Non-Program Specific Grants, Contributions & Appropriations				
Appropriations	-	-	-	501,976
Miscellaneous Income	164,111	-	164,111	23,671
Tobacco and Opioid Settlements	41,498	-	41,498	-
Transfers - Internal Activities	114,221	(114,221)	-	-
Total General Revenues and Transfers	<u>7,025,146</u>	<u>(114,221)</u>	<u>6,910,925</u>	<u>583,152</u>
Change in Net Position	<u>540,332</u>	<u>192,167</u>	<u>732,499</u>	<u>389,531</u>
Net Position - Beginning	2,990,254	856,707	3,846,961	4,271,444
Restatement Amount (Note 3)	(188,584)	(978)	(189,562)	(3,715)
Net Position - Beginning (as restated)	2,801,670	855,729	3,657,399	4,267,729
Net Position - Ending	<u>\$ 3,342,002</u>	<u>\$ 1,047,896</u>	<u>\$ 4,389,898</u>	<u>\$ 4,657,260</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, 2025
(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	\$ 1,509,070	\$ 88,686	\$ 308,369	\$ 1,097,644	\$ 214	\$ 3,003,983
Cash & Short-Term Investments	71	76	-	36	-	183
Cash with Fiscal Agent	2,317	4,109	-	231,171	-	237,597
Investments	-	-	-	-	184,257	184,257
Restricted Assets:						
Restricted Equity in Treasurer's Cash Pool	-	-	-	-	26,904	26,904
Inventories	4,089	3	5,106	133	-	9,331
Receivables, Net of Allowance for Uncollectibles:						
Taxes Receivable	677,255	23,059	-	15,547	-	715,861
Settlements Receivable	-	-	-	100,898	-	100,898
Loans Receivable	1	-	-	1,802	-	1,803
Other Receivable	110,461	7,851	162,741	53,678	-	334,731
Due from Other Funds	24,872	28,176	5,866	38,604	-	97,518
Due from Other Governments	-	-	782,240	-	-	782,240
Due from Component Units	-	-	-	62,374	-	62,374
Other Assets	144	32	391	1,598	-	2,165
Working Capital Advances Receivable	111	-	-	-	-	111
Total Assets	<u>\$ 2,328,391</u>	<u>\$ 151,992</u>	<u>\$ 1,264,713</u>	<u>\$ 1,603,485</u>	<u>\$ 211,375</u>	<u>\$ 5,559,956</u>
Liabilities						
Accounts Payable	\$ 394,042	\$ 64,016	\$ 727,015	\$ 88,411	\$ 780	\$ 1,274,264
Accrued Payroll	39,415	11,353	8,269	14,506	-	73,543
Tax Refunds Payable	429,841	-	-	-	-	429,841
Due to Other Governments	-	-	454,959	-	-	454,959
Due to Other Funds	121,466	8,487	38,875	13,620	8	182,456
Due to Component Units	4,880	-	12,911	13,967	99	31,857
Unearned Revenue	-	3,250	1,947	14,948	3	20,148
Other Accrued Liabilities	61,303	-	2,410	8,865	-	72,578
Total Liabilities	<u>1,050,947</u>	<u>87,106</u>	<u>1,246,386</u>	<u>154,317</u>	<u>890</u>	<u>2,539,646</u>
Deferred Inflows of Resources	<u>376,275</u>	<u>822</u>	<u>4,256</u>	<u>99,199</u>	<u>-</u>	<u>480,552</u>
Fund Balances						
Nonspendable:						
Permanent Fund Principal	-	-	-	-	58,942	58,942
Inventories & Prepaid Items	3,912	-	-	-	-	3,912
Restricted	8,573	64,064	14,071	596,810	151,543	835,061
Committed	1,878	-	-	576,273	-	578,151
Assigned	221,333	-	-	176,886	-	398,219
Unassigned	665,473	-	-	-	-	665,473
Total Fund Balances	<u>901,169</u>	<u>64,064</u>	<u>14,071</u>	<u>1,349,969</u>	<u>210,485</u>	<u>2,539,758</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 2,328,391</u>	<u>\$ 151,992</u>	<u>\$ 1,264,713</u>	<u>\$ 1,603,485</u>	<u>\$ 211,375</u>	<u>\$ 5,559,956</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, 2025
(Expressed in Thousands)

Total fund balances for governmental funds	\$	2,539,758
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.		5,711,298
Accumulated Depreciation & Amortization		<u>(765,894)</u>
		4,945,404
Refunded Bond Deferred Outflows		395
Pollution Remediation Receivable		424
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		(853,128)
Interest Payable Related to Long-term Financing		(3,500)
Certificates of Participation and Other Financing Arrangements		(57,079)
Leases		(9,561)
Subscriptions		(82,353)
Loans Payable to Component Unit		(160,057)
Compensated Absences		(142,816)
Pension Liabilities and Deferrals		(1,578,460)
Other Post-Employment Benefit Liabilities and Deferrals		(2,134,836)
Pollution Remediation and Landfill Obligations		<u>(39,282)</u>
		(5,061,072)
Certain revenues are earned but not available and therefore are not reported in the governmental fund statements.		476,746
Other Revenue		10,530
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>429,817</u>
Net position of governmental activities	\$	<u><u>3,342,002</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, 2025
(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	\$ 5,910,772	\$ 217,630	\$ -	\$ 399,527	\$ -	\$ 6,527,929
Assessments	101,221	116,174	-	199,104	-	416,499
Federal Grants & Reimbursements	27	-	5,971,748	28,473	-	6,000,248
Charges for Services	50,741	4,834	-	151,675	-	207,250
Investment Income (Loss)	113,749	4,137	289	18,875	19,474	156,524
Miscellaneous Revenues	17,778	402	-	153,643	1,834	173,657
Total Revenues	<u>6,194,288</u>	<u>343,177</u>	<u>5,972,037</u>	<u>951,297</u>	<u>21,308</u>	<u>13,482,107</u>
Expenditures						
Current:						
Governmental Support & Operations	454,078	4,598	27,904	374,701	1,942	863,223
Economic Development & Workforce Training	64,886	-	137,088	204,828	762	407,564
Education	2,224,805	-	433,679	64,024	1,345	2,723,853
Health & Human Services	2,102,410	-	4,434,960	583,196	-	7,120,566
Business Licensing & Regulation	-	-	25,640	81,566	-	107,206
Natural Resources Development & Protection	136,079	31	134,264	142,997	5,119	418,490
Justice & Protection	511,357	42,443	274,173	129,117	-	957,090
Arts, Heritage & Cultural Enrichment	11,399	-	4,039	451	-	15,889
Transportation Safety & Development	-	510,076	424,100	228,893	-	1,163,069
Debt service:						
Principal Payments	127,711	434	25,282	50,887	-	204,314
Interest Expense	40,893	47	7,589	963	-	49,492
Capital Outlay	7,470	-	10,807	11,935	30,115	60,327
Total Expenditures	<u>5,681,088</u>	<u>557,629</u>	<u>5,939,525</u>	<u>1,873,558</u>	<u>39,283</u>	<u>14,091,083</u>
Revenue over (under) Expenditures	<u>513,200</u>	<u>(214,452)</u>	<u>32,512</u>	<u>(922,261)</u>	<u>(17,975)</u>	<u>(608,976)</u>
Other Financing Sources (Uses)						
Transfer from Other Funds	144,869	252,539	8,502	747,528	-	1,153,438
Transfer to Other Funds	(881,728)	(18,603)	(44,130)	(62,494)	(5,219)	(1,012,174)
Certificates of Participation & Other	2,015	3,585	-	11,901	-	17,501
Subscriptions	7,354	-	10,659	11,935	-	29,948
Net Other Finance Sources (Uses)	<u>(727,490)</u>	<u>237,521</u>	<u>(24,969)</u>	<u>708,870</u>	<u>(5,219)</u>	<u>188,713</u>
Net Change in Fund Balances	<u>(214,290)</u>	<u>23,069</u>	<u>7,543</u>	<u>(213,391)</u>	<u>(23,194)</u>	<u>(420,263)</u>
Fund Balances - Beginning of Year	<u>1,115,459</u>	<u>40,995</u>	<u>6,528</u>	<u>1,563,360</u>	<u>233,679</u>	<u>2,960,021</u>
Fund Balances - End of Year	<u>\$ 901,169</u>	<u>\$ 64,064</u>	<u>\$ 14,071</u>	<u>\$ 1,349,969</u>	<u>\$ 210,485</u>	<u>\$ 2,539,758</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, 2025
(Expressed in Thousands)

Net change in fund balances - total governmental funds		\$ (420,263)
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	220,705	
Depreciation Expense	(93,305)	
The net effect of various transactions involving capital assets (i.e. sales, trade-ins and contributions) is to increase net position.	<u>(1,663)</u>	125,737
Refunded Bond Deferred Outflows		(227)
Pollution Remediation Receivable		-
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:		
Proceeds from Other Financing Arrangements	(5,600)	
Repayment of Bond Principal	120,695	
Repayment of Other Financing Debt	12,467	
Repayment of Pledged Revenue Principal	67,009	
Repayment of Lease Principal	658	
Repayment of Subscription Principal	(13,689)	
Accrued Interest	1,592	
Amortization of Bond Premiums	12,774	195,906
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	(11,732)	
Pension Liabilities and Deferrals	298,013	
Other Post-employment Benefit Liabilities and Deferrals	266,674	
Pollution Remediation and Landfill Obligations	<u>(43)</u>	552,912
Certain revenues are earned but not available and therefore are not reported in the governmental fund statements.		(4,154)
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>90,421</u>
Changes in net position of governmental activities		<u><u>\$ 540,332</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, 2025
(Expressed in Thousands)

	Business-Type Activities			Governmental
	Enterprise Funds			Activities
	Major Employment Security	Non-Major Other Enterprise	Total	Internal Service Funds
Assets				
Current Assets:				
Equity in Treasurer's Cash Pool	\$ -	\$ 68,454	\$ 68,454	\$ 234,768
Cash & Short-Term Investments	1,490	754	2,244	1
Cash with Fiscal Agent	-	-	-	9,319
Restricted Assets:				
Restricted Deposits & Investments	787,448	11	787,459	2,417
Inventories	-	5,971	5,971	6,455
Receivables, Net of Allowance for Uncollectibles:				
Other Receivable	36,844	84,313	121,157	21,516
Due from Other Funds	899	3,647	4,546	61,269
Other Assets	-	-	-	15,994
Total Current Assets	<u>826,681</u>	<u>163,150</u>	<u>989,831</u>	<u>351,739</u>
Noncurrent Assets:				
Equity in Treasurer's Cash Pool	-	58,785	58,785	201,601
Receivables, Net of Current Portion	-	-	-	3,591
Capital Assets, Net of Accumulated Depreciation	-	80,155	80,155	173,414
Right to Use Assets - Leases, Net	-	-	-	257,830
Right to Use Assets - Subscriptions, Net	-	3,059	3,059	17,195
Total Noncurrent Assets	<u>-</u>	<u>141,999</u>	<u>141,999</u>	<u>653,631</u>
Total Assets	<u>826,681</u>	<u>305,149</u>	<u>1,131,830</u>	<u>1,005,370</u>
Deferred Outflows of Resources	<u>\$ -</u>	<u>\$ 7,195</u>	<u>\$ 7,195</u>	<u>\$ 33,692</u>
Liabilities				
Current Liabilities:				
Accounts Payable	\$ 12,568	\$ 13,963	\$ 26,531	\$ 38,332
Accrued Payroll	-	1,270	1,270	6,204
Due to Other Governments	112	-	112	-
Due to Other Funds	3,835	8,978	12,813	29,073
Due to Component Units	-	-	-	2,963
Current Portion of Long-Term Obligations:				
Certificates of Participation and Other Financing Arrangements	-	-	-	8,367
Lease Liabilities	-	-	-	9,653
Subscription Liabilities	-	704	704	8,651
Claims Payable	-	-	-	22,614
Compensated Absences	-	505	505	2,256
Unearned Revenue	-	-	-	503
Accrued Interest Payable	-	-	-	992
Other Accrued Liabilities	897	23,307	24,204	-
Total Current Liabilities	<u>17,412</u>	<u>48,727</u>	<u>66,139</u>	<u>129,608</u>
Long-Term Liabilities:				
Working Capital Advances Payable	-	-	-	111
Certificates of Participation & Other Financing Arrangements	-	-	-	38,593
Lease Liabilities	-	-	-	259,730
Subscription Liabilities	-	2,358	2,358	8,940
Claims Payable	-	-	-	52,123
Compensated Absences	-	1,950	1,950	9,253
Net Pension Liability	-	11,226	11,226	55,632
Net Other Post-Employment Benefit Liability	-	4,734	4,734	25,016
Total Long-Term Liabilities	<u>-</u>	<u>20,268</u>	<u>20,268</u>	<u>449,398</u>
Total Liabilities	<u>17,412</u>	<u>68,995</u>	<u>86,407</u>	<u>579,006</u>
Deferred Inflows of Resources	<u>\$ -</u>	<u>\$ 4,975</u>	<u>\$ 4,975</u>	<u>\$ 29,986</u>
Net Position				
Net Investment in Capital Assets:	-	80,152	80,152	123,825
Restricted for:				
Unemployment Compensation	809,269	-	809,269	-
Other Purposes	-	-	-	270
Unrestricted	-	158,222	158,222	305,975
Total Net Position	<u>\$ 809,269</u>	<u>\$ 238,374</u>	<u>1,047,643</u>	<u>\$ 430,070</u>
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				
			253	
Net Position of Business-Type Activities			<u>\$ 1,047,896</u>	

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, 2025
(Expressed in Thousands)

	Business-Type Activities			Governmental	
	Enterprise Funds				Internal
	Major	Non-Major	Total		
Employment	Other			Funds	
	Security	Enterprise			
Operating Revenues					
Charges for Services	\$ -	\$ 692,924	\$ 692,924	\$ 592,085	
Assessments	153,327	140,828	294,155	-	
Miscellaneous Revenues	2,764	1,025	3,789	214	
Total Operating Revenues	<u>156,091</u>	<u>834,777</u>	<u>990,868</u>	<u>592,299</u>	
Operating Expenses					
General Operations	-	569,550	569,550	468,131	
Depreciation and Amortization	-	4,458	4,458	49,049	
Claims/Fees Expense	136,304	-	136,304	7,305	
Total Operating Expenses	<u>136,304</u>	<u>574,008</u>	<u>710,312</u>	<u>524,485</u>	
Operating Income (Loss)	<u>19,787</u>	<u>260,769</u>	<u>280,556</u>	<u>67,814</u>	
Nonoperating Revenues (Expenses)					
Investment Revenue (Expenses) - net	24,061	-	24,061	20,240	
Interest Expense	-	(205)	(205)	(6,294)	
Other Nonoperating Revenue (Expenses) - net	-	2,035	2,035	(399)	
Total Nonoperating Revenues (Expenses)	<u>24,061</u>	<u>1,830</u>	<u>25,891</u>	<u>13,547</u>	
Income (Loss) Before Capital Contributions, Transfers and Special Items	<u>43,848</u>	<u>262,599</u>	<u>306,447</u>	<u>81,361</u>	
Capital Contributions, Transfers and Special Items					
Capital Contributions from (to) Other Funds	-	2,704	2,704	4,921	
Transfer from Other Funds	750	30,716	31,466	4,080	
Transfer to Other Funds	(750)	(147,641)	(148,391)	-	
Total Capital Contributions, Transfers and Special Items	<u>-</u>	<u>(114,221)</u>	<u>(114,221)</u>	<u>9,001</u>	
Change in Net Position	<u>43,848</u>	<u>148,378</u>	<u>192,226</u>	<u>90,362</u>	
Net Position - Beginning of Year	765,421	90,974	856,395	350,274	
Restatements (Note 3)	-	(978)	(978)	(10,566)	
Net Position - Beginning (as restated)	<u>765,421</u>	<u>89,996</u>	<u>855,417</u>	<u>339,708</u>	
Net Position - End of Year	<u>\$ 809,269</u>	<u>\$ 238,374</u>	<u>\$ 1,047,643</u>	<u>\$ 430,070</u>	
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			<u>(59)</u>		
Changes in Business-Type Net Position			<u>\$ 192,167</u>		

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, 2025
(Expressed in Thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities Internal Service Funds
	Major Employment Security	Non-Major Other Enterprise	Totals	
Cash Flows from Operating Activities				
Receipts from Customers and Users	\$ 152,396	\$ 777,717	\$ 930,113	\$ 240,306
Other Operating Cash Receipts (Payments):				
Cash Received from Interfund Services	66	15,812	15,878	330,954
Payments of Benefits	(135,769)	-	(135,769)	-
Payments to Prize Winners	-	(284,074)	(284,074)	-
Payments to Suppliers	-	(261,443)	(261,443)	(326,345)
Payments to Employees	-	(23,844)	(23,844)	(98,175)
Payments for Interfund Goods and Services	-	(5,350)	(5,350)	(62,097)
Net Cash Provided (Used) by Operating Activities	<u>16,693</u>	<u>218,818</u>	<u>235,511</u>	<u>84,643</u>
Cash Flows from Noncapital Financing Activities				
Transfers from Other Funds	750	30,716	31,466	4,080
Transfers to Other Funds	(750)	(147,641)	(148,391)	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>(116,925)</u>	<u>(116,925)</u>	<u>4,080</u>
Cash Flows from Capital and Related Financing Activities				
Payments for Acquisition of Capital Assets	-	(2,024)	(2,024)	(71,786)
Proceeds from Financing Arrangements	-	-	-	54,611
Principal and Interest Paid on Financing Arrangements	-	(1,572)	(1,572)	(29,717)
Proceeds from Sale of Capital Assets	-	2	2	1,381
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>(3,594)</u>	<u>(3,594)</u>	<u>(45,511)</u>
Cash Flows from Investing Activities				
Interest Revenue	24,061	2,034	26,095	20,240
Net Cash Provided (Used) by Investing Activities	<u>24,061</u>	<u>2,034</u>	<u>26,095</u>	<u>20,240</u>
Net Increase (Decrease) in Cash/Cash Equivalents	40,754	100,333	141,087	63,452
Cash/Cash Equivalents - Beginning of Year (as restated)	748,184	27,671	775,855	384,654
Cash/Cash Equivalents - End of Year	<u>\$ 788,938</u>	<u>\$ 128,004</u>	<u>\$ 916,942</u>	<u>\$ 448,106</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ 19,787	\$ 260,769	\$ 280,556	\$ 67,814
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	-	4,458	4,458	49,049
Decrease (Increase) in Assets:				
Accounts Receivable	(3,695)	(47,513)	(51,208)	(15,122)
Interfund Balances	66	6,084	6,150	(4,489)
Due from Other Governments	-	-	-	522
Inventories	-	(99)	(99)	(517)
Other Assets	-	-	-	(1,795)
Deferred Outflows	-	(1,207)	(1,207)	(4,388)
Increase (Decrease) in Liabilities:				
Accounts Payable	1,466	3,107	4,573	19,088
Accrued Payroll Expense	-	218	218	1,555
Due to Other Governments	-	-	-	136
Compensated Absences	-	335	335	(4,819)
Deferred Inflows	-	(1,341)	(1,341)	(7,476)
Net Pension Liability	-	(636)	(636)	(5,369)
Other Accruals	(931)	(4,460)	(5,391)	(4,984)
Net OPEB Liability	-	(897)	(897)	(4,562)
Total Adjustments	<u>(3,094)</u>	<u>(41,951)</u>	<u>(45,045)</u>	<u>16,829</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 16,693</u>	<u>\$ 218,818</u>	<u>\$ 235,511</u>	<u>\$ 84,643</u>
Non Cash Investing, Capital and Financing Activities				
Subscription Based Assets	-	3,243	3,243	1,551
Contributed Capital Assets	-	2,704	2,704	4,921
Disposal of Assets	-	-	-	(1,780)

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 Custodial 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 governments.

STATE OF MAINE
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

June 30, 2025
(Expressed in Thousands)

	Pension (and Other Employee Benefits)	Private Purpose Trusts	Custodial Funds
Assets			
Equity in Treasurer's Cash Pool	\$ -	\$ 564	\$ 11,956
Cash & Short-Term Investments	50,208	11,080	27
Receivables, Net of Allowance for Uncollectibles:			
State and Local Agency Contributions	40,369	-	-
Interest and Dividends	5,800	-	-
Due from Brokers for Securities Sold	97	-	-
Settlements Receivable	-	-	32,336
Other Receivable	-	3,294	-
Investments at Fair Value:			
Equity Securities	3,823,475	-	-
Common/Collective Trusts	18,563,102	-	-
Investments - Other	-	26,770	-
Securities Lending Collateral	18,535	-	-
Due from Other Funds	-	61,025	-
Investments Held on Behalf of Others	-	-	64,763
Capital Assets, Net of Accumulated Depreciation	14,444	-	-
Other Assets	-	6,049	18
Total Assets	<u>22,516,030</u>	<u>108,782</u>	<u>109,100</u>
Liabilities			
Accounts Payable	3,662	419	110
Due to Other Funds	-	16	-
Obligations Under Securities Lending	18,536	-	-
Other Accrued Liabilities	27,084	-	-
Total Liabilities	<u>49,282</u>	<u>435</u>	<u>110</u>
Net Position			
Restricted for Pension	21,490,623	-	-
Restricted for Other Post-Employment Benefits	976,125	-	-
Restricted for Individuals, Organizations and Other Governments	-	108,347	108,990
Total Net Position	<u>\$ 22,466,748</u>	<u>\$ 108,347</u>	<u>\$ 108,990</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, 2025
(Expressed in Thousands)

	Pension (and Other Employee Benefits)	Private Purpose Trusts	Custodial Funds
Additions:			
Contributions:			
Members	\$ 284,101	\$ -	\$ -
State & Local Agency Employers	534,937	-	-
Non-Employer Contributing Entity	261,968	-	3,037
Litigation Receipts	-	-	10,007
Other	-	-	1,447
Investment Income (Loss):			
Net Increase (Decrease) in the Fair Value of Investments	2,042,885	2,756	26
Interest & Dividends	76,487	1,488	49
Securities Lending Income & Borrower Rebates Refunded	254	-	-
Less Investment Expense:			
Securities Lending Expense	137,677	-	-
Net Investment Income (Loss)	1,981,949	4,244	75
Miscellaneous Revenues	-	31,432	-
Transfer from Other Pension Plans	285	-	-
Total Additions	<u>3,063,240</u>	<u>35,676</u>	<u>14,566</u>
Deductions:			
Benefits Paid to Participants, Beneficiaries or Clients	1,431,443	12,358	14,229
Refunds & Withdrawals	39,557	-	6,815
Restitution Payments	-	-	1,374
Administrative Expenses	21,122	501	-
Claims Processing Expense	3,394	-	-
Transfer to Other Funds	-	28,419	-
Transfer to Other Pension Plans	285	-	-
Total Deductions	<u>1,495,801</u>	<u>41,278</u>	<u>22,418</u>
Net Increase (Decrease)	1,567,439	(5,602)	(7,852)
Net Position:			
Restricted			
Beginning of Year	20,899,309	113,949	116,842
End of Year	<u>\$ 22,466,748</u>	<u>\$ 108,347</u>	<u>\$ 108,990</u>

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, 2025
(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	\$ 21,962	\$ 12,866	\$ -	\$ 32,352
Cash & Short-Term Investments	1,512	13,183	7,234	375
Investments	95,808	90,766	17,457	11,868
Restricted Assets:				
Restricted Deposits & Investments	-	-	24,182	401,744
Inventories	-	-	-	-
Receivables, Net of Allowance for Uncollectibles:				
Loans, Leases & Notes Receivable	43,976	-	30,485	-
Other Receivable	3,955	22,643	192	2,762
Due from Other Governments	-	-	-	160,494
Due from Primary Government	-	9,563	-	-
Loans Receivable from Primary Government	-	-	-	26,098
Other Assets	1,519	2,181	5,218	122,459
Total Current Assets	168,732	151,202	84,768	758,152
Noncurrent Assets:				
Equity in Treasurer's Cash Pool	18,859	11,049	-	27,782
Restricted Assets:				
Restricted Assets	46,398	1,334	86,300	134,271
Investments	-	19,081	24,241	-
Receivables, Net of Current Portion:				
Loans, Leases & Notes Receivable	72,069	-	821,909	-
Other Receivables	-	52	-	-
Due from Other Governments	-	-	-	1,693,493
Due from Primary Government	-	-	-	-
Loans Receivable from Primary Government	-	-	-	133,959
Post-Employment Benefit Asset	-	36,386	-	-
Capital and Right to Use Assets, Net	1,001	198,849	-	1,135
Other Non-Current Assets	-	-	-	-
Total Noncurrent Assets	138,327	266,751	932,450	1,990,640
Total Assets	307,059	417,953	1,017,218	2,748,792
Deferred Outflows of Resources	\$ 698	\$ 22,786	\$ -	\$ 3,344
Liabilities				
Current Liabilities:				
Accounts Payable	\$ 6,823	\$ 12,773	\$ 100	\$ 649
Accrued Payroll	-	-	-	-
Compensated Absences	-	3,233	-	-
Due to Other Governments	-	-	481	2,482
Due to Primary Government	-	-	-	60,104
Amounts Held Under State & Federal Loan Programs	-	-	-	72,125
Bonds & Notes Payable	6,104	960	33,445	151,682
Obligations for Right to Use Assets	-	1,196	-	-
Accrued Interest Payable	473	-	19,484	11,751
Unearned Revenue	1,222	11,515	10	13,695
Other Accrued Liabilities	54,167	8,428	1,805	-
Total Current Liabilities	68,789	38,105	55,325	312,488
Long-Term Liabilities:				
Due to Other Governments	3,554	-	1,201	3,340
Amounts Held Under State & Federal Loan Programs	49,759	-	-	-
Bonds & Notes Payable	122,106	11,259	907,570	1,351,658
Obligations for Right to Use Assets	-	9,732	-	-
Net Pension Liability	-	41,777	-	775
Net Other Post-Employment Benefit Liability	-	2,900	-	847
Other Noncurrent Liabilities	-	-	-	-
Total Long-Term Liabilities:	175,419	65,668	908,771	1,356,620
Total Liabilities	244,208	103,773	964,096	1,669,108
Deferred Inflows of Resources	-	29,381	-	462
Net Position				
Net Investment in Capital Assets	1,001	177,024	-	1,135
Restricted	31,808	55,516	-	1,023,853
Unrestricted	30,740	75,045	53,122	57,578
Total Net Position	\$ 63,549	\$ 307,585	\$ 53,122	\$ 1,082,566

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
\$ -	\$ -	\$ 8,154	\$ 212	\$ 75,546
114,393	16,702	13,402	30,404	197,205
601,218	14,772	251,912	19,864	1,103,665
-	178,020	-	93,586	697,532
-	1,630	-	100	1,730
59,393	2,340	294	37,149	173,637
12,159	6,820	64,448	11,554	124,533
5,522	-	26,791	15,671	208,478
4,283	800	15,184	1,928	31,758
-	-	-	-	26,098
-	2,459	10,020	828	144,684
<u>796,968</u>	<u>223,543</u>	<u>390,205</u>	<u>211,296</u>	<u>2,784,866</u>
-	-	7,002	182	64,874
-	30,595	2,583	90,348	391,829
169,473	-	586,688	15,636	815,119
1,980,990	31,662	23,965	15,351	2,945,946
-	848	11,326	213	12,439
-	-	-	-	1,693,493
-	-	99	963	1,062
-	-	-	-	133,959
-	-	40,665	-	77,051
17,113	1,004,310	1,106,493	206,780	2,535,681
19,631	125	9,637	6,833	36,226
<u>2,187,207</u>	<u>1,067,540</u>	<u>1,788,458</u>	<u>336,306</u>	<u>8,707,679</u>
<u>2,984,175</u>	<u>1,291,083</u>	<u>2,178,663</u>	<u>547,602</u>	<u>11,492,545</u>
<u>\$ 2,643</u>	<u>\$ 7,315</u>	<u>\$ 21,693</u>	<u>\$ 2,169</u>	<u>\$ 60,648</u>
\$ 43,394	\$ 13,435	\$ 45,674	\$ 32,616	\$ 155,464
-	5,176	-	-	5,176
-	-	-	247	3,480
374	-	-	-	3,337
-	1,192	-	1,078	62,374
-	-	-	-	72,125
84,943	21,710	18,292	3,290	320,426
-	-	7,203	780	9,179
10,044	-	-	-	41,752
95,839	15,770	64,688	6,430	209,169
-	11,492	25,049	2,903	103,844
<u>234,594</u>	<u>68,775</u>	<u>160,906</u>	<u>47,344</u>	<u>986,326</u>
1,939	-	-	135	10,169
-	-	-	-	49,759
2,251,843	528,238	183,708	34,727	5,391,109
226	-	70,925	3,223	84,106
2,240	11,428	-	4,072	60,292
-	25,258	-	497	29,502
-	737	71,763	41	72,541
<u>2,256,248</u>	<u>565,661</u>	<u>326,396</u>	<u>42,695</u>	<u>5,697,478</u>
<u>2,490,842</u>	<u>634,436</u>	<u>487,302</u>	<u>90,039</u>	<u>6,683,804</u>
<u>20,147</u>	<u>53,962</u>	<u>73,363</u>	<u>34,814</u>	<u>212,129</u>
3,702	450,787	783,573	169,170	1,586,392
431,231	192,819	740,604	177,494	2,653,325
40,896	(33,606)	115,514	78,254	417,543
<u>\$ 475,829</u>	<u>\$ 610,000</u>	<u>\$ 1,639,691</u>	<u>\$ 424,918</u>	<u>\$ 4,657,260</u>

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

Fiscal Year Ended June 30, 2025
(Expressed in Thousands)

	Finance Authority Of Maine	Maine Community College System	Maine Health & Higher Educational Facilities Authority	Maine Municipal Bond Bank
Expenses	\$ 75,421	\$ 199,733	\$ 41,086	\$ 84,788
Program Revenues				
Charges for Services	23,350	15,479	37,960	47,406
Program Investment Income	2,129	9,515	5,299	15,517
Operating Grants & Contributions	38,788	98,234	-	12,922
Capital Grants & Contributions	-	34	-	76,063
Net Revenue (Expense)	<u>(11,154)</u>	<u>(76,471)</u>	<u>2,173</u>	<u>67,120</u>
General Revenues				
Unrestricted Investment Earnings	9,466	2,393	1,092	546
Non-program Specific Grants, Contributions & Appropriations	-	88,302	-	-
Miscellaneous Revenues	-	3,264	124	1,553
Total General Revenues	<u>9,466</u>	<u>93,959</u>	<u>1,216</u>	<u>2,099</u>
Change in Net Position	<u>(1,688)</u>	<u>17,488</u>	<u>3,389</u>	<u>69,219</u>
Net Position, Beginning of Year	65,237	290,065	49,733	1,013,347
Restatements (Note 3)	-	32	-	-
Net Position, Beginning of Year (as restated)	<u>65,237</u>	<u>290,097</u>	<u>49,733</u>	<u>1,013,347</u>
Net Position, End of Year	<u>\$ 63,549</u>	<u>\$ 307,585</u>	<u>\$ 53,122</u>	<u>\$ 1,082,566</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
\$ 385,290	\$ 140,393	\$ 928,082	\$ 332,150	\$ 2,186,943
96,407	169,552	323,545	49,832	763,531
29,729	-	54,864	36	117,089
283,384	-	270,155	219,626	923,109
-	-	76,816	36,680	189,593
<u>24,230</u>	<u>29,159</u>	<u>(202,702)</u>	<u>(25,976)</u>	<u>(193,621)</u>
416	12,328	19,734	11,530	57,505
-	-	364,504	49,170	501,976
-	9,758	287	8,685	23,671
<u>416</u>	<u>22,086</u>	<u>384,525</u>	<u>69,385</u>	<u>583,152</u>
<u>24,646</u>	<u>51,245</u>	<u>181,823</u>	<u>43,409</u>	<u>389,531</u>
451,183	558,755	1,461,563	381,561	4,271,444
-	-	(3,695)	(52)	(3,715)
<u>451,183</u>	<u>558,755</u>	<u>1,457,868</u>	<u>381,509</u>	<u>4,267,729</u>
<u>\$ 475,829</u>	<u>\$ 610,000</u>	<u>\$ 1,639,691</u>	<u>\$ 424,918</u>	<u>\$ 4,657,260</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, 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, Department of Agriculture for the Agricultural Marketing Loan Fund and the Potato Marketing Improvement Fund, the Northern Maine Transmission Corporation, Dairy Improvement Loan Fund Board, Compliance Assistance Loan Program 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 Bond Bank is also authorized by the Legislature to issue bonds on behalf of the State of Maine to finance qualified transportation projects and payments to healthcare providers, to be repaid by taxes, fees and grant revenues. 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 non-major component units include Efficiency Maine Trust, Maine Connectivity Authority, Maine Maritime Academy, Midcoast Regional Redevelopment Authority and Northern New England Passenger Rail Authority. Addresses to obtain their audited financial statements and descriptions can be found on page 243.

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 26 Edison Drive Augusta, ME 04330-6046	University of Maine System 65 Texas Ave Bangor, ME 04401

The blended component unit financial statements can be obtained directly from the administrative office by writing to Maine Governmental Authority, PO Box 2268, Augusta, ME 04338.

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 \$1,008.0 million of restricted net position, of which \$809.3 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. 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 Permanent School 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. In the government-wide financial statements, internal service funds are included with governmental activities.

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, Teachers, and for MPERS’ retiree healthcare benefits. The investment trusts, managed by the MPERS, hold the long-term investments. The trustees of the State Healthcare Other Employee Benefits Trust Fund are the State Controller and State Treasurer. The Teacher Healthcare Other Employee Benefits Trust Fund trustee is Harpswell Capital Advisors, LLC and its successors.

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 and Lands Reserved Trust Funds.

Custodial Funds report assets and liabilities for deposits and investments entrusted to the State as an agent for others. Examples include amounts held for entities self-insured for worker's compensation and unemployment claims, inmate and student guardianship accounts and non-entitlement units.

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 \$132.6 million of Workers' Compensation, \$70.0 million of Bureau of Insurance, and \$49.2 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.

Lease receivables are recorded as the present value of the future lease payments expected to be received from the lessee during the lease term, reduced by any provision for estimated uncollectible amounts. Lease receivables are subsequently reduced over the life of the lease as cash is received in the applicable reporting period. The present value of future lease payments to be received are discounted based on the same rate used to calculate the State's lease obligations.

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.

Right to use leased assets are recognized at the commencement date of the contract and represent the State of Maine's right to use an underlying asset for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments to the lessor before the commencement of the contract term, less any incentives received from the lessor at or before the commencement of the contract term, plus any initial direct cost necessary to place the asset into service. Right to use assets are amortized over the shorter of the contract term or useful life of the underlying asset using the straight-line method. The amortization period varies from 2 to 40 years.

Right to use subscription IT assets are recognized at the subscription commencement date and represent the State of Maine's right to use the underlying IT asset for the subscription term. Right to use subscription IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives received from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right to use subscription IT assets are amortized over the shorter of the subscription term or useful live of the underlying asset using the straight-line method. The amortization period varies from 2 to 14 years.

Capital assets of component units are capitalized upon purchase and depreciated over their estimated useful lives. 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 17 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, 2025 is \$485.5 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

The liability for compensated absences consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that have been used for time off but have not yet been paid in cash or settled through noncash means and certain other types of leave. Leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits is excluded from this liability. The State determined its material leave types include annual vacation leave, sick leave, and compensatory time using fully burdened pay rates in effect at June 30. Current and non-current portions are based on historical data for specific employee groups.

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 was 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 17 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 and TransCap 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.

Lease liabilities represent the State of Maine's contractual requirement to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of the lease payments are discounted at rates based on state specific municipal market data.

Subscription liabilities represent the State of Maine's obligation to make subscription payments arising from the subscription contract. Subscription liabilities are recognized at the subscription commencement date based on the present value of future subscription payments expected to be made during the subscription term. The present value of subscription payments are discounted based on state specific municipal market data.

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 that 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 effects of interfund activity are eliminated in the government-wide Statement of Activities.

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

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

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

NOTE 2 - BUDGETING AND BUDGETARY CONTROL, AND LEGAL COMPLIANCE**Appropriation Limits**

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

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

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

Budget Stabilization Fund

The Maine Budget Stabilization Fund ("BSF"), a fund designation established under Title 5 MRSA C. 142, is included in the \$665.5 million unassigned General Fund fund balance. The BSF had a balance of \$1,030.0 billion. 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. When the fund is at its cap, interest earnings are transferred to the Irrevocable Trust Funds for Other Post-employment Benefits. The State Controller is required to transfer to the fund 80 percent of the amount available from the unappropriated surplus after all required deductions of appropriations, budgeted financial commitments and adjustments at the close of each fiscal year when the fund is not at its statutory cap. When the fund is at its cap, that amount is transferred to the Highway and Bridge Capital Program, Other Special Revenue Funds Account. In accordance with the statute, the State Controller transferred \$79.4 million to the Budget Stabilization Fund, which resulted in it reaching its cap. The remaining \$33.8 million was transferred to Highway and Bridge Capital Program at the end of fiscal year 2025.

During fiscal year 2025, the State transferred \$60.0 million from the Maine BSF in accordance with Public Law 2023 Chapter 643. \$50.0 million was transferred to the Department of Transportation, Infrastructure Adaptation Fund for municipal, State or regionally significant infrastructure adaptation, repair and improvements that support public safety, protection of essential community assets, regional economic needs and long-term infrastructure resilience. \$10.0 million was transferred to the Department of Economic and Community Development, Business Recovery and Resilience Fund program for economic recovery and resilience grants to businesses and nonprofit organizations within areas that were impacted by major storms in December 2023 and January 2024.

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 2025 actual General Fund revenue, the statutory cap at the close of fiscal year 2025 was \$1,030.0 billion. At the close of fiscal year 2025, the balance of the Maine BSF was \$1,030.0 billion. No reductions to the Maine BSF 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	\$ 968,309
Increase in fund balance	61,724
Balance, end of year	<u>\$ 1,030,033</u>

Budget and Budgetary Expenditures

The gross unified budget bills and budget document encompass resources from the General Fund, Highway Fund, Federal Expenditures Fund, Federal Block Grant Fund, Other Special Revenue Fund, internal service funds and enterprise funds. Separate gross unified budget bills must be submitted for the General Fund and the Highway Fund. All funds except trust and custodial 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, 2025, the Legislature increased appropriations to the General Fund by \$138.3 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, 2025 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	\$ -	\$ -	\$ -	\$ 56,532
Economic & Community Development	-	-	-	3,525
Governmental Support & Operations	-	140	-	135,053
Public Safety	-	2,177	-	-
Justice & Protection	-	-	-	21,656
Inland Fisheries & Wildlife	-	6,256	-	-
Agriculture & Conservation	-	-	1,878	3,406
All Other	3,912	-	-	1,161
Total	<u>\$ 3,912</u>	<u>\$ 8,573</u>	<u>\$ 1,878</u>	<u>\$ 221,333</u>
Highway Fund:				
Transportation, Highway & Bridge Construction	\$ -	\$ 64,064	\$ -	\$ -
Total	<u>\$ -</u>	<u>\$ 64,064</u>	<u>\$ -</u>	<u>\$ -</u>
Federal Fund:				
Economic Development & Workforce Training	\$ -	\$ 4,051	\$ -	\$ -
Governmental Support & Operations	-	8,152	-	-
Education	-	1,868	-	-
Total	<u>\$ -</u>	<u>\$ 14,071</u>	<u>\$ -</u>	<u>\$ -</u>
Other Special Revenue Fund:				
Workers Compensation Board	\$ -	\$ 15,973	\$ 6,996	\$ -
Professional & Financial Regulation	-	10,564	18,920	2,513
Public Utilities Commission	-	1,504	11,053	-
PFR Bureau of Consumer Credit Protection	-	-	7,886	-
PFR Bureau of Financial Institutions	-	-	18,047	-
PFR Bureau of Insurance	-	23,545	-	-
PFR Licensing & Enforcement Division	-	-	16,991	-
PFR Office of Securities	-	7,512	-	-
Education	-	-	2,511	5,378
Higher Education	-	-	-	1,505
Education Stabilization Fund	-	-	45,000	-
Economic Development & Workforce Training	-	33,413	4,495	1,151
Tourism Marketing Promotion Fund	-	-	15,182	-
Unemployment Administrative Fund	-	-	-	7,908
Paid Family and Medical Leave	-	-	1,701	-
Governmental Support & Operations	-	108,233	58,663	-
Treasury	-	-	3,061	-
Bonds for Highway & Bridge Construction	-	138,652	-	-

Governmental Fund Balances
(Expressed in Thousands)

	<u>NSIF</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
State Facilities Capital Improvements	-	-	15,808	-
Unorganized Territory Education	-	6,079	-	-
Municipal Excise Tax Reimbursement Fund	-	-	8,380	-
Cannabis Use Funds	-	-	19,633	-
Clean Elections Act Funds	-	-	6,875	-
Transcap Trust Fund	-	6,480	-	-
Health & Human Services	-	-	1,517	-
Fund for Healthy Maine	-	-	43,890	-
Office of Family Independence	-	10,046	861	508
Office of the Commissioner	-	-	-	11,315
Substance Abuse & Mental Health	-	-	8,659	7,434
Centers for Disease Control & Prevention	-	1,166	9,351	7,630
MaineCare	-	5,327	-	38,428
Defense, Veterans & Emergency Management	-	3,020	6,462	2,127
Justice & Protection	-	16,103	6,412	28,245
Public Safety	-	9,177	3,911	7,871
Armory Maintenance	-	-	3,497	-
State Fire Marshall	-	10,796	-	-
Maine Recovery Fund	-	-	-	26,687
EMS Stabilization	-	-	12,188	-
Natural Resources Development & Protection	-	48,682	-	-
Agriculture & Conservation	-	6,031	18,780	15,450
Environmental Protection	-	-	5,698	2,839
Inland Fisheries & Wildlife	-	19,549	-	-
Marine Resources	-	8,806	6,251	1,683
PFAS Mitigation	-	-	65,641	-
Hazardous Waste Fund	-	3,355	-	-
Uncontrolled Sites Fund	-	17,928	-	-
Ground and Surface Waters Cleanup Fund	-	2,893	-	-
Environmental Protection Fund	-	-	19,076	-
Land for Maine's Future	-	-	23,323	-
Public Reserved Lands Management Fund	-	-	-	1,976
DEP Revolving Loan Program	-	-	5,259	-
Transportation Safety & Development	-	6,929	52,935	3,215
Transportation - Highway & Bridge Construction	-	71,112	164	-
Multimodal Transportation	-	-	18,909	1,776
All Other	-	3,935	2,287	1,247
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	\$ -	\$ 596,810	\$ 576,273	\$ 176,886
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Other Governmental Funds:	<u>NSIF</u>	<u>Restricted</u>	<u>Permanent</u>	
Capital Projects - Multimodal Transportation	-	14,397	-	
Capital Projects - Environmental Protection	-	8,084	-	
Capital Projects - Treasury	-	3,533	-	
Permanent Funds - Baxter Park	-	-	13,177	
Permanent Funds - All Others	-	-	45,765	
Special Revenue Funds - Baxter Park	-	125,296	-	
Special Revenue Funds - All Other	-	233	-	
	<u> </u>	<u> </u>	<u> </u>	
Total	\$ -	\$ 151,543	\$ 58,942	
	<u> </u>	<u> </u>	<u> </u>	

NOTE 3 - ACCOUNTING CHANGES AND RESTATEMENTS

ACCOUNTING CHANGES AND ERROR CORRECTIONS

The following GASB Statements became effective for fiscal year ended June 30, 2025:

GASB Statement No. 101, Compensated Absences (GASB 101) - GASB 101 updates recognition and measurement guidance under a unified model and amends previously required disclosures. This statement applies to compensated absences such as vacation, sick leave and compensatory time. The State historically recorded a liability for vested unused vacation up to certain limits and compensatory leave. The impact of the adoption of GASB 101 was to record an additional liability for sick leave. The State adopted GASB 101 for its June 30, 2025 financial statements, which also included a reduction to beginning net position. The change represents a change from one generally accepted accounting principle to another generally accepted accounting principle.

GASB Statement No. 102, Certain Risk Disclosures (GASB 102) - the objective is to provide users of governmental financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. GASB 102 defines a concentration as a lack of diversity related to an aspect of significant inflow of resources or outflow of resources.

A constraint is a limitation imposed on a government by an external party or by a formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending. There was no impact on the financial statements resulting from the adoption of GASB 102.

Accounting Changes and Error Corrections
(Expressed in Thousands)

	<u>As Previously Reported</u>	<u>Implementation of a new GASB</u>	<u>Error Correction</u>	<u>As Restated</u>
Government-Wide				
Governmental Activities	\$ 2,990,254	\$ (69,300)	\$ (119,284)	\$ 2,801,670
Business Type Activities	<u>856,707</u>	<u>(978)</u>	<u>-</u>	<u>855,729</u>
Total Primary Government	<u>\$ 3,846,961</u>	<u>\$ (70,278)</u>	<u>\$ (119,284)</u>	<u>\$ 3,657,399</u>
Proprietary Funds				
Nonmajor Funds	<u>\$ 90,974</u>	<u>\$ (978)</u>	<u>\$ -</u>	<u>\$ 89,996</u>
Discretely Presented Component Units				
University of Maine System	\$ 1,461,563	\$ (3,695)	\$ -	\$ 1,457,868
Maine Community College System	290,065	-	32	290,097
Nonmajor Component Unit	<u>381,561</u>	<u>(52)</u>	<u>-</u>	<u>381,509</u>
Total Discretely Presented Component Units	<u>\$ 2,133,189</u>	<u>\$ (3,747)</u>	<u>\$ 32</u>	<u>\$ 2,129,474</u>

PRIMARY GOVERNMENT RESTATEMENTS

In fiscal year 2024 the State of Maine recorded \$2.528 billion of Individual Income Tax Revenue. After further review, the State determined that due to an error, Individual Income Tax revenue in fiscal year 2024 was overstated by \$119.3 million on the Government Wide, Governmental Activities, Statement of Activities. The error was due to an unintentional change in estimation resulting from a new system implementation. This overstatement requires an adjustment to beginning net position.

In addition, the state implemented a new Governmental Accounting Standards Board pronouncement - GASB 101, Compensated Absences. This also requires a restatement of beginning net position for both Government Activities and Business-Type activities. The impact to beginning fund balance for Governmental Activities was a reduction of \$69.3 million and for Business Type Activities a reduction of \$978 thousand

RESTATEMENT – COMPONENT UNITS

The University of Maine System and a non-major component unit, Northern New England Passenger Rail Authority, restated their beginning net positions for the implementation of GASB 101. The financial statements for the Foundations of the Maine Community College System have been restated to reclassify amounts in beginning net position. Accordingly, an adjustment was made of \$615 thousand to decrease net position without donor restrictions, \$647 to increase net position with donor restrictions and decrease accounts payable by \$32 thousand.

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

Five internal service funds showed deficits for the fiscal year ended June 30, 2025. The Leased Space Fund and Revenue Service Fund, reported deficits of \$11.6 million and \$15 thousand, respectively because rates charged were insufficient to cover expenses incurred. The Postal, Printing & Supply fund reported a deficit of \$12.6 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 \$21.0 million and \$2.1 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.

Three enterprise funds showed deficits for the fiscal year ended June 30, 2025. Maine Military Authority reported a deficit of \$14 thousand. 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 \$4.4 million due to the accrual of Other Postemployment Benefits and Pension Liabilities which will be funded by future service charges. The Alcoholic Beverages Fund reported a deficit of \$1.4 million due to the timing of statutorily required transfers, which sometimes occur before information is available to record some accrued expenses in the budget fiscal year. This deficit is expected to be funded by revenues in the subsequent budget fiscal year.

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, 2025 are as follows:

Primary Government Deposits and Investments
(Expressed in Thousands)

	Governmental Activities	Business- Type Activities	Private Purpose Trusts	Custodial Funds	Total
Equity in Treasurer's Cash Pool	\$ 3,440,352	\$ 127,239	\$ 564	\$ 11,956	\$ 3,580,111
Cash and Cash Equivalents	184	2,244	11,080	27	13,535
Cash with Fiscal Agent	246,916	-	-	-	246,916
Investments	184,257	-	26,770	-	211,027
Restricted Equity in Treasurer's Cash Pool	26,904	-	-	-	26,904
Restricted Deposits and Investments	2,417	787,459	-	-	789,876
Investments Held on Behalf of Others	-	-	-	64,763	64,763
Total Primary Government	<u>\$ 3,901,030</u>	<u>\$ 916,942</u>	<u>\$ 38,414</u>	<u>\$ 76,746</u>	<u>\$ 4,933,132</u>

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, 2025:

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	\$ -	\$ 1,533	\$ -	\$ -	\$ -	\$ -	\$ 1,533
US Treasury Notes	453,672	1,664,011	-	-	-	-	2,117,683
Certificates of Deposit	382,511	-	-	-	-	-	382,511
Cash and Cash Equivalents	883	-	-	-	-	1,096,730	1,097,613
Unemployment Fund	-	-	-	-	-	787,459	787,459
<i>Private-Purpose Trusts, Custodial Funds, and Non-Major Special Revenue and Permanent Funds</i>							
US Instrumentalities	-	376	942	1,041	1,755	1,512	5,626
US Treasury Notes	1,678	5,796	-	-	4,728	10,314	22,516
Corporate Notes and Bonds	-	5,131	-	-	-	62,671	67,802
Other Fixed Income Securities	-	-	-	-	-	38,836	38,836
Certificates of Deposit	1,458	-	-	-	-	5,859	7,317
Money Market	-	330	601	-	6,642	1,454	9,027
Cash and Cash Equivalents	14,152	6,749	2,144	-	-	35,655	58,700
Equities	-	-	-	-	-	84,941	84,941
Other	-	-	-	-	-	4,652	4,652
	<u>\$ 854,354</u>	<u>\$ 1,683,926</u>	<u>\$ 3,687</u>	<u>\$ 1,041</u>	<u>\$ 13,125</u>	<u>\$ 2,130,083</u>	<u>\$ 4,686,216</u>
Other Assets							
Cash with Fiscal Agent							246,916
Total Primary Government							<u>\$ 4,933,132</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, 2025 are presented below:

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

	<u>A1</u>	<u>A</u>	<u>AA</u>	<u>AAA</u>	<u>BB</u>	<u>BBB</u>	<u>Not Rated</u>	<u>Total</u>
<i>Governmental and Business-Type Activities, excluding Non-Major Special Revenue and Permanent Funds</i>								
<i>Private-Purpose Trusts, Custodial Funds, and Non-Major Special Revenue and Permanent Funds</i>								
Corporate Notes and Bonds	\$ -	\$ 2,533	\$ 588	\$ 136	\$ -	\$ 3,722	\$ 60,823	\$ 67,802
Money Market	-	-	-	-	-	-	9,027	9,027
Other Fixed Income Securities	-	-	-	-	-	-	4,652	4,652
Total Primary Government	<u>\$ -</u>	<u>\$ 2,533</u>	<u>\$ 588</u>	<u>\$ 136</u>	<u>\$ -</u>	<u>\$ 3,722</u>	<u>\$ 74,502</u>	<u>\$ 81,481</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, 2025, 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 \$400.2 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 is held by a counterparty, but not in the State's name.

The fair value of the trust's investments as of June 30, 2025 was \$125.3 million and was comprised of the following (expressed in thousands):

	<u>Percival Baxter Trust</u>
U.S. Instrumentalities	\$ 5,627
U.S. Treasury Notes	11,302
Corporate Notes and Bonds	6,979
Other Fixed Income Securities	5,303
Equities	77,984
Cash and Equivalents	1,848
Other	16,255
Total	<u>\$ 125,298</u>

The State and certain vendors contract with a fiscal intermediary, Clareon, for electronic disbursements from the State to its vendors. During fiscal year 2025 these disbursements, on average, exceeded \$328 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, 2025:

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	\$ 67,441	\$ 60,462	\$ 6,979	\$ -
U.S. Instrumentalities	5,627	-	5,611	16
U.S. Treasury Notes	2,136,651	2,136,651	-	-
Other Fixed Income Securities	38,836	22,581	-	16,255
Equities	84,941	84,941	-	-
Total	\$ 2,333,496	\$ 2,304,635	\$ 12,590	\$ 16,271

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 instruments, and other investment securities established by the Trustee's investment policy.

Derivative Instruments – Derivative 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.

The system did not have any derivative investments as of June 30, 2025 or during the year then ended.

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 with its master custodian 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. Securities are loaned against collateral that may include cash, U.S. government securities and irrevocable letters of credit. Non-cash collateral cannot be pledged or sold unless the borrower defaults. Cash collateral may also be invested separately in "term loans," in which case the investments match the loan term. During fiscal years 2025 and 2024, there were no violations of legal or contractual provision, and no borrower or lending agent default losses identified to the system by securities lending agent. Because of the program's collateralization of loans, generally at 102% (or more) the system believes that there is no material credit risk.

Cash collateral is invested in a short-term investment pool. Cash collateral may also be invested separately in "term loans." At June 30, 2025 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, 2025 was \$98.5 million and \$96.1 million, respectively.

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 3.75 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 \$140.4 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 \$10.4 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>Settlements</u>	<u>Accounts</u>	<u>Loans</u>	<u>Allowance for Uncollectibles</u>	<u>Net Receivables</u>
Governmental Funds:						
General	\$ 771,879	\$ -	\$ 191,913	\$ 1	\$ (176,076)	\$ 787,717
Highway	23,071	-	7,869	-	(30)	30,910
Federal *	-	-	268,998	-	(106,257)	162,741
Other Special Revenue **	15,963	100,898	143,551	1,825	(90,312)	171,925
Total Governmental Funds	810,913	100,898	612,331	1,826	(372,675)	1,153,293
Allowance for Uncollectibles	(95,052)	-	(277,600)	(23)		
Net Receivables	<u>\$ 715,861</u>	<u>\$ 100,898</u>	<u>\$ 334,731</u>	<u>\$ 1,803</u>		<u>\$ 1,153,293</u>
Proprietary Funds:						
Employment Security *	\$ -	\$ -	\$ 105,152	\$ -	\$ (68,308)	\$ 36,844
Nonmajor Enterprise	-	-	84,460	-	(147)	84,313
Internal Service	-	-	21,516	-	-	21,516
Total Proprietary Funds	-	-	211,128	-	(68,455)	142,673
Allowance for Uncollectibles	-	-	(68,455)	-		
Net Receivables	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 142,673</u>	<u>\$ -</u>		<u>\$ 142,673</u>

* Accounts receivable related to the Unemployment Insurance program increased significantly in the Federal Fund and the Employment Security Major Enterprise Fund in fiscal year 2022 and 2021. This was due primarily to a significant increase in fraudulent claims activity and benefit overpayments associated with Federal Pandemic Unemployment Compensation, Pandemic Unemployment Assistance, and other emergency benefits provided in response to the Coronavirus Pandemic.

** Maine is participating in the National Opioid Settlement (Settlement), which negotiated conclusions to investigations and litigation by the Attorney General and by certain Maine counties, cities, and towns of the marketing and sales practices of opioid pain medications by entities in the pharmaceutical supply chain. In 2024 the State of Maine agreed to join five additional opioid settlements with similar terms and payment schedules as the original settlements in 2022. In addition to the Opioid settlement, Maine is participating in a Tobacco settlement. Please see Note 19 for additional information on both settlement agreements.

Component Units - Receivables

(Expressed in Thousands)

	<u>Accounts</u>	<u>Loans and Leases</u>	<u>Allowance for Uncollectibles</u>	<u>Net Receivables</u>
Finance Authority of Maine	\$ 3,955	\$ 121,300	\$ (5,255)	\$ 120,000
Maine Community College System	26,021	-	(3,326)	22,695
Maine Health and Educational Facilities Authority	192	852,394	-	852,586
Maine Municipal Bond Bank	2,762	-	-	2,762
Maine State Housing Authority	12,159	2,048,374	(7,991)	2,052,542
Maine Turnpike Authority	7,668	34,002	-	41,670
University of Maine System	99,647	25,359	(24,973)	100,033
Net Receivables	<u>\$ 152,404</u>	<u>\$ 3,081,429</u>	<u>\$ (41,545)</u>	<u>\$ 3,192,288</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, 2025 were:

Interfund Receivables (Expressed in Thousands)					
Due to Other Funds					
Due from Other Funds	General	Highway	Federal	Other Special Revenue	Other Governmental
General	\$ -	\$ -	\$ 2,098	\$ -	\$ -
Highway	8	10	28,155	1	-
Federal	3	50	266	1,712	-
Other Special Revenue	33,779	581	1,624	2,187	8
Other Governmental	-	-	-	-	-
Employment Security	-	-	899	-	-
Non-Major Enterprise	2,299	1,036	-	312	-
Internal Service	24,352	6,810	5,833	9,408	-
Fiduciary	61,025	-	-	-	-
Total	\$ 121,466	\$ 8,487	\$ 38,875	\$ 13,620	\$ 8

Due to Other Funds					
Due from Other Funds	Employment Security	Non-Major Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total
General	\$ -	\$ 8,399	\$ 14,375	\$ -	\$ 24,872
Highway	-	-	2	-	28,176
Federal	3,835	-	-	-	5,866
Other Special Revenue	-	31	394	-	38,604
Other Governmental	-	-	-	-	-
Employment Security	-	-	-	-	899
Non-Major Enterprise	-	-	-	-	3,647
Internal Service	-	548	14,302	16	61,269
Fiduciary	-	-	-	-	61,025
Total	\$ 3,835	\$ 8,978	\$ 29,073	\$ 16	\$ 224,358

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 2025, the State of Maine, in accordance with the legislatively authorized budget, recorded the following non-routine, nonrecurring transfers.

The General Fund transferred \$50.0 million, \$37.8 million, \$30.0 million, \$23.5 million, \$23.2 million and \$20.0 million to the Other Special Revenue Fund, respectively, for: the Infrastructure Adaptation Fund, Highway and Bridge Capital Program, the Education Stabilization Fund, the MaineCare Stabilization Fund, the Nursing Facilities Program and the Maine State Housing Authority State

Program.

Interfund transfers for the year ended June 30, 2025 consisted of the following:

Interfund Transfers
(Expressed in Thousands)

<u>Transferred To</u>	<u>Transferred From</u>				
	<u>General</u>	<u>Highway</u>	<u>Federal</u>	<u>Other Special Revenue</u>	<u>Other Governmental</u>
General	\$ -	\$ 11,000	\$ -	\$ 19,407	\$ -
Highway	138,770	-	40,755	12,297	-
Federal	-	-	-	7,752	-
Other Special Revenue	738,803	-	2,625	-	5,219
Employment Security	-	-	750	-	-
Non-Major Enterprise	75	7,603	-	23,038	-
Internal Service	4,080	-	-	-	-
Total	<u>\$ 881,728</u>	<u>\$ 18,603</u>	<u>\$ 44,130</u>	<u>\$ 62,494</u>	<u>\$ 5,219</u>

<u>Transferred To</u>	<u>Transferred From</u>				
	<u>Employment Security</u>	<u>Non-Major Enterprise Funds</u>	<u>Internal Service Funds</u>	<u>Fiduciary Funds</u>	<u>Total</u>
General	\$ -	\$ 86,213	\$ -	\$ 28,249	\$ 144,869
Highway	-	60,717	-	-	252,539
Federal	750	-	-	-	8,502
Other Special Revenue	-	711	-	170	747,528
Employment Security	-	-	-	-	750
Non-Major Enterprise	-	-	-	-	30,716
Internal Service	-	-	-	-	4,080
Total	<u>\$ 750</u>	<u>\$ 147,641</u>	<u>\$ -</u>	<u>\$ 28,419</u>	<u>\$ 1,188,984</u>

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, 2025:

Primary Government - Capital Assets
(Expressed in Thousands)

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital assets not being depreciated				
Land	\$ 704,080	\$ 5,516	\$ 721	\$ 708,875
Construction in progress	335,204	85,778	250,966	170,016
Infrastructure	3,176,376	67,942	-	3,244,318
Total capital assets not being depreciated	<u>4,215,660</u>	<u>159,236</u>	<u>251,687</u>	<u>4,123,209</u>
Capital assets being depreciated				
Buildings	887,863	185,871	383	1,073,351
Equipment	415,849	61,234	20,399	456,684
Improvements other than buildings	117,553	11,711	25	129,239
Software	155,356	62,752	-	218,108
Total capital assets being depreciated	<u>1,576,621</u>	<u>321,568</u>	<u>20,807</u>	<u>1,877,382</u>
Less accumulated depreciation for				
Buildings	406,837	24,088	-	430,925
Equipment	301,135	40,592	17,422	324,305
Improvements other than buildings	79,745	5,546	25	85,266
Software	134,572	19,866	-	154,438
Total accumulated depreciation	<u>922,289</u>	<u>90,092</u>	<u>17,447</u>	<u>994,934</u>
Total capital assets being depreciated, net	<u>654,332</u>	<u>231,476</u>	<u>3,360</u>	<u>882,448</u>
Governmental Activities Capital Assets, net	<u>4,869,992</u>	<u>390,712</u>	<u>255,047</u>	<u>5,005,657</u>
Right to use assets being amortized				
Buildings	272,786	39,556	2,610	309,732
Less accumulated amortization				
Buildings	30,228	12,988	408	42,808
Net right to use lease assets	242,558	26,568	2,202	266,924
Subscription Assets being amortized	170,660	43,244	22,988	190,916
Less accumulated amortization	53,357	40,250	23,953	69,654
Net Subscription assets	117,303	2,994	(965)	121,262
Governmental Activities Capital, Right to Use and Subscription Assets, net	<u>\$ 5,229,853</u>	<u>\$ 420,274</u>	<u>\$ 256,284</u>	<u>\$ 5,393,843</u>
Business-Type Activities:				
Capital assets not being depreciated				
Land	\$ 3,926	\$ 1	\$ -	\$ 3,927
Construction in progress	20,385	2,859	1,196	22,048
Total capital assets not being depreciated	<u>24,311</u>	<u>2,860</u>	<u>1,196</u>	<u>25,975</u>
Capital assets being depreciated				
Buildings	5,268	23	100	5,191
Equipment	50,870	2,000	-	52,870
Improvements other than buildings	60,266	85	-	60,351
Total capital assets being depreciated	<u>116,404</u>	<u>2,108</u>	<u>100</u>	<u>118,412</u>
Less accumulated depreciation for				
Buildings	3,745	161	-	3,906
Equipment	15,709	2,011	100	17,620
Improvements other than buildings	40,603	2,103	-	42,706
Total accumulated depreciation	<u>60,057</u>	<u>4,275</u>	<u>100</u>	<u>64,232</u>
Total capital assets being depreciated, net	<u>56,347</u>	<u>(2,167)</u>	<u>-</u>	<u>54,180</u>
Business-Type Activities Capital Assets, net	80,658	693	1,196	80,155
Subscription Assets being amortized	-	3,243	-	3,243
Less accumulated amortization	-	184	-	184
Net Subscription assets	-	3,059	-	3,059
Business-Type Activities Capital and Subscription Assets, net	<u>\$ 80,658</u>	<u>\$ 3,752</u>	<u>\$ 1,196</u>	<u>\$ 83,214</u>

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

**Governmental Activities
Depreciation and Amortization Expense**
(Expressed in Thousands)

	Amount
Governmental Activities:	
Arts, Heritage and Cultural Enrichment	\$ 12
Business Licensing and Regulation	158
Economic Development and Workforce Training	806
Education	1,386
Governmental Support and Operations	65,301
Health and Human Services	23,333
Justice and Protection	27,979
Natural Resources Development and Protection	11,640
Transportation Safety and Development	12,715
Total Depreciation Expense - Governmental Activities	\$ 143,330

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 330 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 three OPEB Trusts. The Retiree Health Insurance Trust Fund and the Teachers Health Insurance Trust Fund accumulate assets to provide funding for the State's unfunded obligations for retiree health benefits for both groups. 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 3 defined contribution plans for employees of PLD's that elect to participate. At June 30, 2025, there were 90 employers participating in these plans. The 1,934 participants individually direct the \$81.9 million covered by the plans.

The System issues a publicly available annual comprehensive financial report that includes financial statements and required supplementary information (RSI) for the plan. The June 30, 2025 report may be obtained from the Maine Public Employees Retirement System, PO Box 349 Augusta, ME 04332-0349 or on-line at www.maineperc.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 three 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, 2024. 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 un-pooled 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, 2025 there were 241 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, 2024:

Employees of single employer covered by benefit terms

	<u>Judicial</u>	<u>Legislative</u>
Inactive employees or beneficiaries		
currently receiving benefits	94	234
Terminated participants:		
Vested	4	130
Inactive employees due refunds	1	95
Active employees	<u>62</u>	<u>175</u>
Total participants	<u>161</u>	<u>634</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 4.58 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, 2025 and June 30, 2024 are as follows:

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
SETP - State Employees		
Employees ²	7.65% - 8.65%	7.65% - 8.65%
Employer ¹	18.34% - 44.17%	18.26% - 44.02%
SETP - Teachers		
Employees ²	7.65%	7.65%
Employer ¹	4.47%	4.47%
Non-employer entity ¹	14.51%	14.51%
Judicial Plan		
Employees ²	7.65%	7.65%
Employer ¹	4.15%	4.19%
Legislative Plan		
Employees ²	7.65%	7.65%
Employer ¹	0.00%	0.00%
Consolidated Participating Local Entities		
Employees ²	3.35% - 10.10%	3.45% - 10.70%
Employer ¹	5.10% - 14.00%	5.30% - 14.80%

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, 2025, 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 Plan	
State Employees in primary government	\$ 178,021
Teacher Members (non-employer contribution)	214,468
Judicial Pension Plan	400
Legislative Pension Plan	<u>9</u>
Total Contributions Recognized as Pension Expense	<u>\$ 392,898</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, 2024, 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		
	Total Pension Liability (Asset)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)	Total Pension Liability (Asset)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2024	\$ 78,586	\$ 87,423	\$ (8,837)	\$ 11,409	\$ 16,685	\$ (5,276)
Changes for the Year:						
Service Cost	1,748	-	1,748	392	-	392
Interest	4,986	-	4,986	733	-	733
Changes in Benefit Terms	55	-	55	15	-	15
Differences Between Expected and Actual Experience	1,098	-	1,098	(308)	-	(308)
Benefit Payments, Including Refunds	(5,627)	(5,627)	-	(670)	(670)	-
Employer Contributions	-	456	(456)	-	15	(15)
Member Contributions	-	732	(732)	-	184	(184)
Net Investment Income	-	6,298	(6,298)	-	1,232	(1,232)
Administrative Expense	-	(79)	79	-	(15)	15
Net Changes	2,260	1,780	480	162	746	(584)
Balances at June 30, 2025	\$ 80,846	\$ 89,203	\$ (8,357)	\$ 11,571	\$ 17,431	\$ (5,860)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability			110.3 %			150.7 %
Covered Payroll			\$ 9,568			\$ 3,057
Net Pension Liability as a Percentage of Covered Payroll			(87.3)%			(191.7)%

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, 2024, 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, 2025 and June 30, 2024 is as follows:

(Expressed in Thousands)

Pension Plan	Proportionate Share June 30, 2024	Proportionate Share June 30, 2025	Net Pension Asset June 30, 2025	Net Pension Liability June 30, 2025
SETP - State Employees ¹	94.845535 %	94.558490 %	\$ -	\$ 821,410
SETP - Teachers ²	93.677413 %	94.078955 %	-	1,290,937
Total Primary Government			\$ -	\$ 2,112,347

¹ Percentage of primary government State Employees in the SETP

² Percentage of 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, 53 percent is posted to the General Fund, 19 percent to Other Special Revenue Funds, 15 percent to Highway Funds and 13 percent to Federal Funds.

Proportion	<u>June 30, 2024</u>	<u>June 30, 2025</u>	Change Increase (Decrease)
Governmental Funds	91.74 %	91.86 %	0.12 %
Internal Service Funds	6.91 %	6.77 %	(0.14)%
Enterprise Funds	1.34 %	1.37 %	0.03 %

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)

	<u>SETP State Employees</u>	<u>SETP Teachers</u>	<u>Total SETP Pension</u>
Total Pension Liability			
Service Cost	\$ 107,782	\$ 184,750	\$ 292,532
Interest	382,551	732,771	1,115,322
Changes in Benefit Terms	11,881	13,795	25,676
Differences Between Expected and Actual Experience	71,153	84,600	155,753
Benefit Payments, Including Refunds of Member Contributions	(382,649)	(676,603)	(1,059,252)
Change in Proportionate Share	-	-	-
Net Change in Total Pension Liability	190,718	339,313	530,031
Beginning Total Pension Liability	6,012,642	11,507,897	17,520,539
Ending Total Pension Liability	6,203,360	11,847,210	18,050,570
Plan Fiduciary Net Position			
Employer Contributions	199,929	95,613	295,542
Non-employer Contributions	-	214,918	214,918
Member Contributions	61,879	117,627	179,506
Transfers	(305)	-	(305)
Net Investment Income	378,047	741,784	1,119,831
Benefit Payments, Including Refunds of Member Contributions	(382,649)	(676,603)	(1,059,252)
Administrative Expense	(4,615)	(9,071)	(13,686)
Net Change in Plan Fiduciary Net Position	252,286	484,268	736,554
Beginning Plan Fiduciary Net Position	5,082,395	9,990,757	15,073,152
Ending Plan Fiduciary Net Position	5,334,681	10,475,025	15,809,706
Ending Net Pension Liability	\$ 868,679	\$ 1,372,185	\$ 2,240,864
Proportion			
June 30, 2025	94.558490 %	94.078955 %	100 %
June 30, 2024	94.845535 %	93.677413 %	100 %
Change - Increase (Decrease)	(0.287045)%	0.401542 %	0 %

Actuarial Assumptions

Actuarial assumptions used in the June 30, 2024 and 2023 valuations were based on results of an actuarial experience study for the period July 1, 2015 through June 30, 2020. Actuarially determined contribution rates for 2024 are calculated based on 2022 liabilities developed as a roll-forward of the 2021 actuarial valuation, adjusted for expected experience and any assumption or methodology changes during fiscal year end 2022 using assets as of June 30, 2022. Actuarially determined contribution rates for 2023 were calculated based on 2020 liabilities developed as a roll-forward of the 2019 actuarial valuation, adjusted for expected experience and any assumption or methodology changes during fiscal year end 2020 using assets as of June 30, 2020. 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, the amortization method used a level percentage of payroll over closed periods. The original UAL is amortized over a remaining 7 years from July 1, 2021. Subsequent layers of UAL are amortized over individual 20 year periods. The amortization period used by both the Judicial and Legislative Plans is an open 10-year amortization. The investment rate of return used for contributions in 2021 was 6.50 percent. Contributions in 2021 used an investment rate of return, inflation rate and annual salary increases, including inflation were 6.50 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 June 30, 2024 and 2023 investment rate of return used in the valuation was 6.50 percent. Judicial and Legislative annual salary increases remained constant at 2.75 percent.

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, 2025, the State recognized pension expense of \$137,694 which includes \$44,145 of teacher pensions recorded in grant expense.

PENSION COSTS
(Expressed in Thousands)

SETP - State of Maine Primary Government Pension Expense	\$ 94,533
SETP - Teachers Non-Employer Pension Expense (grant expense)	44,145
Legislative Pension Expense	(634)
Judicial Pension Expense	(350)
Total	<u>\$ 137,694</u>

At June 30, 2025, the State reported \$267,261 of deferred outflows of resources and \$54,552 of deferred inflows of resources related to its pension plans. Deferred outflows of resources of \$199,971 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, 2026. 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		SETP Teachers		Total State of Maine 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	\$ 66,547	\$ -	\$ 130,576	\$ -	\$ 197,123	\$ -
Net difference between projected and actual earnings on pension plan investments	-	50,658	-	98,320	-	148,978
Changes in proportion and differences between State contributions and proportionate share of contributions	11	2,835	7,744	3,129	7,755	5,964
State and component unit contributions subsequent to the measurement date	199,694	-	220,366	-	420,060	-
Total	<u>\$ 266,252</u>	<u>\$ 53,493</u>	<u>\$ 358,686</u>	<u>\$ 101,449</u>	<u>\$ 624,938</u>	<u>\$ 154,942</u>

For the Year Ended

2026	(51,930)		(118,324)		(170,254)	
2027	81,257		164,708		245,965	
2028	(6,485)		9,421		2,936	
2029	(9,777)		(18,934)		(28,711)	
2030	-		-		-	

	Legislative		Judicial	
	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	\$ -	\$ -	\$ 732	\$ 37
Net difference between projected and actual earnings on pension plan investments	-	174	-	848
Changes in proportion and differences between State contributions and proportionate share of contributions	-	-	-	-
State and component unit contributions subsequent to the measurement date	3	-	274	-
Total	<u>\$ 3</u>	<u>\$ 174</u>	<u>\$ 1,006</u>	<u>\$ 885</u>

For the Year Ended

2026	(329)		(1,439)	
2027	210		1,520	
2028	(21)		(82)	
2029	(34)		(152)	
2030	-		-	

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 %	5.6 %
U.S. Government	7.5 %	2.2 %
Private Equity	15.0 %	7.2 %
Real Assets:		
Real Estate	10.0 %	5.8 %
Infrastructure	10.0 %	5.3 %
Natural Resources	5.0 %	5.1 %
Traditional Credit	7.5 %	2.7 %
Alternative Credit	5.0 %	6.4 %
Diversifiers	10.0 %	4.8 %

The discount rate used to measure the collective total pension liability was 6.50 percent for the 2024 and 2023 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 6.50 percent.

(Expressed in Thousands)

Defined Benefit Plans Administered Through MPERS	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
State Employee and Teacher Plan			
State Employees	\$ 1,508,898	\$ 821,410	\$ 244,551
Teacher Members	2,708,735	1,290,937	110,860
Judicial Pension Plan	(1,242)	(8,357)	(14,574)
Legislative Pension Plan	\$ (4,712)	\$ (5,860)	\$ (6,830)

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 2023 and 2024, this was one year for the Legislative Plan, three years for the Judicial Plan, three years for the State Employee and four years for the Teacher 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, 2024 valuation were based on the results of an actuarial experience study for the period of July 1, 2015 through June 30, 2020.

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 post retirement 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 post retirement 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 State contribution to first responder health premiums is 55 percent of the retiree-only premium. For teachers, the subsidy of 60 percent of the retiree medical premium 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.

For first responders, the rate is defined 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 allows an enrollee to participate in the group health insurance plan in which the enrollee's spouse participates. 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 have participated in the person's employer's health insurance plan or other fully insured health insurance plan while actively working as a county or municipal law enforcement officer or a municipal firefighter. 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 160 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 annual comprehensive financial report that includes financial statements and required supplementary information (RSI) for the plan. The June 30, 2025 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.

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	Teachers	First	State	
	Employees		Responders	Employees*	Teachers
Actives	12,101	27,767	696	11,839	15,214
Retirees	8,713	10,851	146	8,864	7,978
Inactives Vested	182	482	-	-	-
Total	20,996	39,100	842	20,703	23,192

* Group life membership totals include component unit and other members.

STATE EMPLOYEE HEALTHCARE FUNDING POLICY

The Trustees of the State Employee Healthcare Plan are the State Controller and State Treasurer. Title 5 MRS § 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. 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. Annually 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.

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. It makes contributions on behalf of teachers at a 60 percent level for Teachers. It also makes contributions on behalf of the employing jurisdictions at a 55 percent level for the current portion of the health plan costs. The First Responders Plan is currently funded on a pay-as-you-go basis with the State directly paying insurers. The Teachers Plan had been funded on a pay-as-you-go basis until June 30, 2023.

An Irrevocable Trust Fund for Other Post-Employment Benefits for the Teachers Plan was funded with an initial \$103 million deposit on June 30, 2023. The Trustee of the Teachers Plan is Harpswell Capital Advisors, LLC. 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. Annually 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 2019, Chapter 280 established 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 investment 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 98 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 78 cents per \$1,000 of coverage per month during the post-employment retirement period.

CHANGES IN THE TOTAL OPEB LIABILITY

Changes in total OPEB liability are as follows:

(Expressed in Thousands)

	Healthcare Increase (Decrease) First Responders
Balance at June 30, 2024	<u>\$ 29,302</u>
Changes for the Year:	
Service Cost	1,295
Interest	1,096
Contributions - Employee	(910)
Contributions - Non-Employer Contributing Entity	(405)
Administrative Expenses	145
Differences Between Expected and Actual Experience	(535)
Changes in Assumptions - Discount Rate	<u>(701)</u>
Net Changes	<u>(15)</u>
Balance at June 30, 2025	<u><u>\$ 29,287</u></u>
Covered Payroll	\$ 60,697
Total OPEB Liability as a Percentage of Covered Payroll	48.3 %
State's Proportionate Share of the Collective Total OPEB Liability	17 %

The State's proportionate share for fiscal years ended June 30, 2025 and June 30, 2024 was estimated using the same share of implicit subsidy for each 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)

	<u>Healthcare</u>		<u>Group Life Insurance</u>		
					State
	State		State	Teachers	portion of
	Employees	Teachers	Employees	Teachers	Group
					Life
					Insurance
Total OPEB Liability					
Service Cost	\$ 12,482	\$ 19,954	\$ 1,350	\$ 1,509	\$ 2,859
Interest	48,779	60,442	7,668	8,145	15,813
Differences Between Expected and Actual Experience	-	68	(5,148)	(4,980)	(10,128)
Changes in Assumptions Discount Rate	-	-	101	-	101
Changes in Assumptions Other	30,006	-	-	1,647	1,647
Change in Proportion	-	-	(627)	-	(627)
Benefit Payments, Including Refunds of Member Contributions	(40,844)	(36,147)	(3,560)	(3,476)	(7,036)
Benefit Payments, Including Refunds of Member Contributions - Implicit	(41,729)	-	-	-	-
Net Change in Total OPEB Liability	8,694	44,317	(216)	2,845	2,629
Beginning Total OPEB Liability	778,598	927,707	118,504	121,023	239,527
Ending Total OPEB Liability	787,292	972,024	118,288	123,868	242,156
Plan Fiduciary Net Position					
Employer Contributions - Explicit	84,573	36,147	6,919	-	6,919
Non-employer Contributions	-	-	-	4,859	4,859
Net Investment Income	61,365	12,314	7,617	12,645	20,262
Changes in Proportion	-	-	(271)	-	(271)
Benefit Payments, Including Refunds of Member Contributions	(82,573)	(36,147)	(3,560)	(3,476)	(7,036)
Administrative Expense	(2)	(2)	(350)	(601)	(951)
Net Change in Plan Fiduciary Net Position	63,363	12,312	10,355	13,427	23,782
Beginning Plan Fiduciary Net Position	432,679	103,000	50,740	86,558	137,298
Ending Plan Fiduciary Net Position	496,042	115,312	61,095	99,985	161,080
Ending Net OPEB Liability	\$ 291,250	\$ 856,712	\$ 57,192	\$ 23,883	\$ 81,075
Proportion					
June 30, 2025	100.000000 %	64.000000 %	94.734729 %	100.000000 %	96.226885 %
June 30, 2024	100.000000 %	62.000000 %	95.243470 %	100.000000 %	96.794932 %
Change - Increase (Decrease)	0.000000 %	(2.000000)%	(0.508741)%	0.000000 %	0.568047 %
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	63.006102 %	11.863082 %	51.649817 %	80.718991 %	66.519344 %

The group life insurance plan includes discretely presented component units and other entities. Plan numbers in the table above report the primary government's totals.

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, 2023 rolled-forward to the June 30, 2024 measurement date using generally accepted actuarial principles. 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, 2023 valuation and June 30, 2024 actuarial rollforward were based on the results of an actuarial experience study conducted for the period of July 1, 2015 to June 30, 2020. No method changes occurred since the prior valuation. Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2024 and June 30, 2023 include: using a discount rate assumption of 6.50 percent, 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 June 30, 2007 unfunded actuarial accrued liability is amortized as a level percentage of payroll over 30 years 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 period to June 30, 2037. Experience losses are amortized over a 10 year fixed period. The initial medical trend rate had been -34.13 percent to 7.16 percent at 2023 and was 7.09 percent at June 30, 2024. The ultimate medical trend rate of 4.19 percent reached at 2075 remained constant. 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 rates are based on the 2010 Public Plan General Headcount-Weighted Employee and Healthy Retiree Mortality Tables and MP-2020 Mortality Improvement Scale with different adjustments made to base employee and healthy retiree mortality rates.

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, 2024. 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, 2024 and June 30, 2023 actuarial valuations were based on the results of an actuarial experience study conducted for the period of July 1, 2015 to June 30, 2020. Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2024 and June 30, 2023 include: using a discount rate of 6.50 percent, 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, 2024, there were 13 years remaining in the amortization schedule for state employees and teachers. For active members and non-disabled retirees, the rates are based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model.

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, 2024 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 6.50 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, 2023 rolled-forward to the June 30, 2024 measurement date using generally accepted actuarial principles. 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 funded the plan on June 30, 2023. Prior to that date the State had funded the plan on a pay-as-you-go basis. The June 30, 2023 valuation included a discount rate and investment rate of return assumption of 6.5 percent. One third of active participants who have currently waived coverage elect coverage at retirement. Actuarial assumptions used in the June 30, 2024 roll-forward and June 30, 2023 actuarial valuation were based on the results of an actuarial experience study conducted for the period of July 1, 2015 to June 30, 2020. Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2024 and June 30, 2023 include: using a 2.75 percent inflation rate and 3.00 percent annual salary increases. The initial medical trend rate had been 7.16 percent at June 30, 2023 and was 7.09 percent at June 30, 2024. The ultimate medical trend rate of 4.19 percent reached at 2075 remained constant. For active members and non-disabled retirees, the rates are based on the 2010 Public Plan Teacher Headcount-Weighted Employee and Healthy Retiree Mortality Tables and MP-2020 Mortality Improvement Scale with different adjustments made to base employee and healthy retiree mortality rates.

First Responders Health Insurance

The valuation date is June 30, 2023 rolled-forward to the June 30, 2024 measurement date using generally accepted actuarial principles. Costs are developed using the individual 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' post retirement 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 3.93 percent as of the measurement date and 3.65 percent at June 30, 2023. Actuarial assumptions used in the June 30, 2023 and June 30, 2022 actuarial valuations were based on the results of an actuarial experience study conducted for the period of July 1, 2015 to June 30, 2020. Other significant actuarial assumptions employed by the actuary for June 30, 2024 and June 30, 2023 include using a 2.75 percent inflation rate and 3.00 percent annual salary increase. The initial medical trend rate had been 6.4 percent to 7.16 percent at June 30, 2023 and was 7.09 percent at June 30, 2024. The ultimate medical trend rate of 4.19 percent reached at 2075 remained constant. For active members and non-disabled retirees, the rates are based on the 2010 Public Plan General Headcount-Weighted Employee and Healthy Retiree Mortality Tables and MP-2020 Mortality Improvement Scale with different adjustments made to base employee and healthy retiree mortality rates.

OPEB EXPENSE AND DEFERRALS

For the year ended June 30, 2025, the State recognized OPEB expense of \$(110,573). Costs related to non-State employees are charged to the General Fund.

OPEB COSTS

(Expressed in Thousands)

SETP - State of Maine Healthcare OPEB Expense	\$ (52,122)
SETP - Teachers Non-Employer Healthcare OPEB Expense (grant expense)	(66,931)
First Responders Healthcare OPEB Expense	322
Group Life Insurance OPEB Expense - State Employees	5,351
Group Life Insurance OPEB Expense - Teachers (grant expense)	2,807
Total	<u>\$ (110,573)</u>

Of State employee costs charged to governmental funds, 52 percent is charged to the General Fund, 19 percent to Other Special Revenue Funds, 15 percent to the Highway Fund and 14 percent to Federal funds. Contributions made after the measurement date of the net OPEB liability but before the end of June 30, 2024 will be recognized as a reduction of the net OPEB liability. At June 30, 2025, 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	\$ 31,155	\$ 237,662	\$ 11,513	\$ 353,969	\$ -	\$ 2,376
Changes of assumptions	35,262	16,079	160,612	675,103	1,330	3,035
Net difference between projected and actual earnings on OPEB plan investments	31,417	49,500	-	4,495	-	-
State and component unit contributions subsequent to the measurement date	124,853	-	35,980	-	883	-
Total	\$ 222,687	\$ 303,241	\$ 208,105	\$ 1,033,567	\$ 2,213	\$ 5,411
For the Year Ended						
2026	(85,233)		(128,424)		(790)	
2027	(43,657)		(137,759)		(680)	
2028	(60,264)		(157,850)		(1,015)	
2029	(18,164)		(181,991)		(962)	
2030	1,911		(128,899)		(382)	
Thereafter	-		(126,519)		(252)	

	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	\$ 112	\$ 4,872	\$ 987	\$ 4,534
Changes of assumptions	1,650	-	1,851	2,136
Net difference between projected and actual earnings on OPEB plan investments	-	2,304	-	3,724
Changes in proportion and differences between State contributions and proportionate share of contributions	132	422	-	-
State and component unit contributions subsequent to the measurement date	4,092	-	4,993	-
Total	\$ 5,986	\$ 7,598	\$ 7,831	\$ 10,394
For the Year Ended				
2026	(1,196)		(2,032)	
2027	442		1,226	
2028	(1,639)		(2,755)	
2029	(1,758)		(1,980)	
2030	(781)		(568)	
Thereafter	(772)		(1,447)	

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 and Teacher Healthcare		State and Teacher Group Life Insurance	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	45.0 %	6.9 %	- %	- %
U.S. Government Securities	- %	- %	15.0 %	2.2 %
Public Equity	- %	- %	70.0 %	5.6 %
International Equity	25.0 %	6.9 %	- %	- %
Traditional Credit	- %	- %	15.0 %	2.7 %
Real Estate	5.0 %	5.0 %	- %	- %
U.S. Fixed Income	25.0 %	2.5 %	- %	- %

For the year ended June 30, 2025, the annual money-weighted average rate of return on investments, net of investment expense was 13.1 percent. 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 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 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 plans is 6.50 percent. The discount rate used for unfunded healthcare plan is 3.93 percent. The discount rate used for funded group life insurance plans is 6.50 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	\$ 370,327	\$ 291,250	\$ 223,956
State Employee Group Life	\$ 73,745	\$ 57,193	\$ 43,663
Teacher Group Life	\$ 43,588	\$ 23,883	\$ 8,034
Total OPEB Liabilities			
Teacher Healthcare Plan	\$ 996,461	\$ 856,712	\$ 742,335
First Responders Healthcare Plan	\$ 31,893	\$ 29,287	\$ 26,954

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	\$ 203,799	\$ 291,250	\$ 396,274
Total OPEB Teacher Healthcare Plan	\$ 717,856	\$ 856,712	\$ 1,031,860
Total OPEB First Responder Healthcare Plan	\$ 26,287	\$ 29,287	\$ 32,831

Current healthcare trend rates are as follows: for State Employees and Teachers and First Responder plans the current trend rate is 7.09 percent grading to an ultimate of 4.19 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). Three OPEB Plans met the requirements for funded OPEB trusts or their equivalents: the State Employee Healthcare Plan, the Teachers Healthcare Plan and the Group Life Insurance Plan for State Employees and Teachers.

Information not already contained in this note disclosure at June 30, 2025 follows. The Trustees of the State Retiree Healthcare Plan (SRHP) are the State Controller and State Treasurer. The Trustee of the Teacher Retiree Healthcare Plan is Harpswell Capital Advisors, LLC.

Components of the Net OPEB Liability for the plans at June 30, 2025 were as follows:

(Expressed in Thousands)

	State Employee Healthcare Plan	Teachers Healthcare Plan	State and Teachers Group Life Insurance Benefit Plan
Total OPEB liability	\$ 798,312	\$ 1,016,639	\$ 257,050
Plan fiduciary net position	600,532	130,415	187,594
State of Maine's net OPEB liability	<u>\$ 197,780</u>	<u>\$ 886,224</u>	<u>\$ 69,456</u>
Plan fiduciary net position as a percentage of the total OPEB liability	75.2 %	12.8 %	73.0 %

Actuarial assumptions for the funded OPEB plans used in the June 30, 2025 valuations were based on results from an actuarial experience study for the period of June 30, 2015 to June 30, 2020. 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 2025 healthcare valuation, the initial medical trend rate of 7.09 percent decreased to 5.65 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 %	5.6 %
Traditional Credit	15.0 %	2.7 %
U.S. Government Securities	15.0 %	2.2 %
Asset Class for State Employee and Teacher Healthcare Plans		
U.S. Equity	45.0 %	6.9 %
International Equity	25.0 %	6.9 %
U.S. Fixed Income	25.0 %	2.5 %
Real Estate	5.0 %	5.0 %

For the year ended June 30, 2025, the annual money-weighted rate of return on investments, net of investment expense, was 13.1 percent for the funded 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 the plans is 6.50 percent.

(Expressed in Thousands)

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
State Employee Healthcare Plan	\$ 276,805	\$ 197,780	\$ 130,559
Teachers Healthcare Plan	1,030,277	886,224	768,234
State Employee and Teacher Group Life Insurance Benefit Plan	\$ 107,400	\$ 69,456	\$ 38,673

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 5.65 percent grading down to 4.19 percent.

(Expressed in Thousands)

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
State Employee Healthcare Plan	\$ 103,317	\$ 197,780	\$ 311,648
Teachers Healthcare Plan	\$ 734,522	\$ 886,224	\$ 1,078,148

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 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 2025 were:

Primary Government - Changes in General Obligation Bonds

(Expressed in Thousands)

	<u>Balance</u> <u>July 1, 2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2025</u>	<u>Due Within</u> <u>One Year</u>
General Obligation Debt:					
General Fund	\$ 454,295	\$ -	\$ 93,780	\$ 360,515	\$ 83,515
Unamortized Premiums:					
General Fund	<u>65,312</u>	<u>-</u>	<u>12,774</u>	<u>52,538</u>	<u>11,327</u>
Total	<u>\$ 519,607</u>	<u>\$ -</u>	<u>\$ 106,554</u>	<u>\$ 413,053</u>	<u>\$ 94,842</u>

Debt service requirements (principal and interest) for all outstanding general obligation bonds of the primary government, from June 30, 2025 until maturity, are summarized in the following table:

Future Debt Service on General Obligation Bonds

(Expressed in Thousands)

Fiscal Year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 83,515	\$ 17,712	\$ 101,227
2027	73,745	13,722	87,467
2028	63,945	10,068	74,013
2029	52,820	6,898	59,718
2030	38,730	4,273	43,003
2031-2035	<u>47,760</u>	<u>3,807</u>	<u>51,567</u>
Total	<u>\$ 360,515</u>	<u>\$ 56,480</u>	<u>\$ 416,995</u>
Unamortized Premiums	<u>52,538</u>		
Total Principal	<u>\$ 413,053</u>		

General fund, special revenue and other general obligation bonds issued and outstanding at June 30, 2025 are as follows:

Primary Government - General Obligation Bonds Outstanding

(Expressed in Thousands)

	<u>Amounts Issued</u>	<u>Outstanding June 30, 2025</u>	<u>Fiscal Year Maturities</u>		<u>Interest Rates</u>
			<u>First Year</u>	<u>Last Year</u>	
General Fund:					
Series 2016	\$ 97,705	\$ 9,770	2017	2026	1.00% - 5.00%
Series 2017	98,060	19,610	2018	2027	2.00% - 5.00%
Series 2019A	111,255	33,375	2019	2028	3.125% - 5.00%
Series 2019B	140,875	56,340	2020	2029	2.50% - 5.00%
Series 2020	114,905	63,825	2021	2030	1.25% - 5.00%
Series 2021	96,875	64,580	2022	2031	1.00% - 5.00%
Series 2022	85,470	60,285	2023	2032	3.75% - 5.00%
Series 2023	65,920	52,730	2024	2033	4.75% - 5.25%
		360,515			
Plus Unamortized Bond Premium		52,538			
Total General Fund		\$ 413,053			

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, 2025, there were \$65 million in general obligation bonds authorized and unissued.

REVENUE BONDS OF THE MAINE GOVERNMENTAL FACILITIES AUTHORITY

The State included \$440.1 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 \$1.1 billion outstanding, at any one time, except for the issuance of certain revenue refunding securities.

During the fiscal year ended June 30, 2025, MGFA did not issue any new revenue bonds.

At June 30, 2025, there were no MGFA in-substance defeased bonds outstanding.

CERTIFICATES OF PARTICIPATION AND OTHER FINANCING ARRANGEMENTS

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

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

SHORT-TERM OBLIGATIONS

The State of Maine did not issue or retire Bond Anticipation Notes during fiscal year 2025. Short-term obligations are used to meet temporary operating cash flow needs. At June 30, 2025 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, 2025, are summarized as follows:

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

	<u>Balance</u> <u>July 1, 2024*</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2025</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities:					
MGFA Revenue Bonds	\$ 467,217	\$ -	\$ 27,142	\$ 440,075	27,880
COP's and Other Financing	100,536	22,100	18,597	104,039	19,940
Compensated Absences	147,412	18,747	11,834	154,325	31,340
Claims Payable	78,788	194,040	198,091	74,737	22,614
Leases	251,876	38,583	11,515	278,944	10,335
Subscriptions	97,325	18,997	16,378	99,944	28,291
Loans Payable to Component Unit	226,771	295	67,009	160,057	26,098
Total Governmental Activities	<u>\$ 1,369,925</u>	<u>\$ 292,762</u>	<u>\$ 350,566</u>	<u>\$ 1,312,121</u>	<u>166,498</u>
Business-Type Activities:					
COP's and Other Financing	\$ 2,142	\$ -	\$ 2,142	\$ -	-
Compensated Absences	2,120	485	150	2,455	505
Subscriptions	-	3,243	181	3,062	704
Total Business-Type Activities	<u>\$ 4,262</u>	<u>\$ 3,728</u>	<u>\$ 2,473</u>	<u>\$ 5,517</u>	<u>1,209</u>

* As restated

Debt service requirements (principal and interest) for COP's and other financing arrangements of the primary government, from June 30, 2025 until maturity, are summarized as follows:

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

Fiscal Year	Governmental Activities			
	Governmental Funds		Internal Service Funds	
	Principal	Interest	Principal	Interest
2026	\$ 11,573	\$ 1,506	\$ 36,248	\$ 20,045
2027	10,795	1,189	36,337	18,603
2028	9,246	911	36,473	17,129
2029	8,423	681	37,870	15,692
2030	7,245	469	32,176	14,222
2031 - 2035	9,797	503	133,991	53,419
2036 - 2040	-	-	134,570	23,591
2041 - 2045	-	-	39,370	3,572
Total	<u>\$ 57,079</u>	<u>\$ 5,259</u>	<u>\$ 487,035</u>	<u>\$ 166,273</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.

Changes in GARVEE and TransCap revenue bonds during fiscal year 2025 were:

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

	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Due Within One Year
Loans Payable to Components Unit:					
Federal Funds	\$ 183,379	\$ 294	\$ 23,616	\$ 160,057	\$ 26,098
Special Revenue Fund	43,392	-	43,392	-	-
Total	<u>\$ 226,771</u>	<u>\$ 294</u>	<u>\$ 67,008</u>	<u>\$ 160,057</u>	<u>\$ 26,098</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.

GARVEE and TransCap Revenue bonds issued and outstanding at June 30, 2025 are as follows:

GARVEE and TransCap Revenue Bonds Outstanding

(Expressed in Thousands)

	Amounts Issued	Outstanding June 30, 2025	Fiscal Year Maturities		Interest Rates
			First Year	Last Year	
Federal Funds:					
Series 2014A	\$ 44,810	\$ 9,525	2015	2026	2.00% - 5.00%
Series 2016A	44,105	17,600	2017	2028	2.63% - 5.00%
Series 2018A	44,310	34,835	2023	2030	4.00% - 5.00%
Series 2020A	60,925	44,515	2021	2032	5.00%
Series 2022A	47,175	41,140	2023	2035	5.00%
Total Federal Funds		<u>\$ 147,615</u>			

Total principal and interest requirements over the life of the 2014 GARVEE bonds are \$59.0 million, with annual requirements 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 2020A GARVEE bonds total principal and interest requirements are \$81.9 million, with annual requirements up to \$6.8 million; for 2022A GARVEE bonds total principal and interest requirements are \$63.4 million, with annual requirements up to \$5.2 million. Total federal highway transportation funds received in federal fiscal year 2025 were \$476.3 million. Current year payments to MMBB for GARVEE bonds were \$28.4 million (6.0 percent of federal highway transportation funds received).

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, 2025 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)

<u>Component Unit</u>	<u>Interest Rates</u>	<u>Amount</u>	<u>Maturity Dates</u>
Finance Authority of Maine	2.120% - 5.250%	\$ 128,210	2025 - 2048
Maine Community College System	3.000% - 5.000%	12,219	2025 - 2036
Maine Health and Higher Educational Facilities Authority	0.359% - 5.500%	941,015	2025 - 2055
Maine Municipal Bond Bank	0.350% - 6.120%	1,503,340	2025 - 2055
Maine State Housing Authority	0.500% - 5.400%	2,336,786	2025 - 2054
Maine Turnpike Authority	2.000% - 5.000%	549,948	2025 - 2050
University of Maine System	1.400% - 5.500%	202,000	2025 - 2062

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

At June 30, 2024, MHHEFA had approximately \$21.7 million of defeased bonds remaining outstanding with respect to all advance-refunding within the Reserve Fund Resolution.

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

On September 26, 2024, MMBB deposited \$37.1 million from existing resources to in-substance defease \$34.5 million in Transportation Infrastructure Revenue Refunding Series 2021 A bond. These deposits were used to purchase U.S. Government securities which will provide for all future debt service payments on the defeased bonds at their maturities through September 2026. This in-substance defeasance utilizing existing resources resulted in a loss on defeasance of \$2.5 million recorded in the Transportation Infrastructure Fund Group statement of revenues, expenses and changes in net position for the year ended June 30, 2025. At June 30, 2025, the remaining balance of these in-substance defeased bonds totaled \$34.5 million.

On November 7, 2024, MMBB issued \$30.7 million in General Tax-Exempt Series 2024 C bonds with an average interest rate of 5 percent to in-substance defease \$40.3 million of the remaining outstanding maturities of the 2014 C bonds. The net proceeds of approximately \$32.5 million, including a bond premium of approximately \$1.8 million and after payment of approximately \$0.1 million in underwriting fees and other issuance costs, along with a transfer of existing funds from the 2014 C debt service reserve of \$8.0 million, were used to purchase U.S. Government securities which will provide for all future debt service payments on the refunded bonds. The MMBB in effect reduced the aggregate debt service payments by approximately \$2.9 million over the next eight years. At June 30, 2025, MMBB had no outstanding in-substance defeased bonds related to this advance refunding, as all were called on their respective call dates in fiscal 2025.

For the year ended December 31, 2024, the Maine State Housing Authority (MHSA) redeemed prior to maturity \$74.4 million of its Mortgage Purchase Fund Group bonds from recoveries of principal, reserve funds, mortgage prepayments, surplus revenues and the proceeds of remarketed bonds. Mortgage Purchase Fund gains of \$76 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)

<u>Fiscal Year Ending</u>	<u>FAME</u>	<u>MMBB</u>	<u>MCCS</u>	<u>MSHA</u>	<u>MTA</u>	<u>UMS</u>	<u>MHHEFA</u>
2026	\$ 5,620	\$ 135,620	\$ 960	\$ 84,920	\$ 21,710	\$ 16,743	\$ 33,445
2027	5,780	130,550	1,050	110,503	25,700	14,697	35,820
2028	6,830	119,341	1,070	106,495	26,950	15,191	38,455
2029	7,350	119,185	1,120	111,843	28,190	13,611	39,670
2030	5,725	108,540	1,170	95,861	29,320	11,268	39,710
2031 - 2035	34,390	400,250	5,202	373,411	115,775	35,137	199,540
2036 - 2040	29,985	252,305	245	402,725	93,030	12,147	186,160
2041 - 2045	29,445	108,285	-	368,905	81,645	12,470	156,195
2046 - 2050	-	14,885	-	395,780	64,535	12,090	114,920
2051 - 2055	-	3,905	-	288,155	8,150	15,765	93,970
2056 - 2060	-	435	-	-	-	20,615	3,130
2061 - 2065	-	-	-	-	-	9,915	-
Net Unamortized Premium (or Deferred Amount)	3,085	110,039	1,402	(1,812)	54,943	12,351	-
Total Principal Payments	<u>\$ 128,210</u>	<u>\$ 1,503,340</u>	<u>\$ 12,219</u>	<u>\$ 2,336,786</u>	<u>\$ 549,948</u>	<u>\$ 202,000</u>	<u>\$ 941,015</u>

NOTE 12 - RIGHT TO USE LEASED ASSETS AND PUBLIC-PRIVATE PARTNERSHIPS

PRIMARY GOVERNMENT - GOVERNMENTAL ACTIVITIES RIGHT TO USE LEASED ASSETS

In the government-wide and proprietary fund statements, assets and liabilities resulting from right to use leased assets 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.

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. Note 11 provides information on the amount of MGFA bonds outstanding and a schedule of debt service requirements.

The Bureau of General Services (BGS) negotiates leases for most all state agencies. The accounting for BGS leases is recorded in an internal service fund.

The historical cost of assets acquired under leases, all of which are buildings, on the government-wide financial statements at June 30, 2025, is \$309.7 million. Accumulated amortization is \$42.8 million. Leased assets net of accumulated amortization is \$266.9 million.

Right to Use Leased Assets

(Expressed in Thousands)

	<u>General Fund</u>	<u>Other Special Revenue Funds</u>	<u>Internal Service Funds</u>	<u>Total Governmental Activities</u>
Buildings	\$ 11,218	\$ 620	\$ 297,894	\$ 309,732
Less: Accumulated Amortization	2,584	160	40,064	42,808
Total Right to Use Assets, net	<u>\$ 8,634</u>	<u>\$ 460</u>	<u>\$ 257,830</u>	<u>\$ 266,924</u>

A summary of lease commitments to maturity is as follows:

Future Lease Payments
(Expressed in Thousands)

Fiscal Years Ending June 30	<u>Principal</u>	<u>Interest</u>
2026	\$ 10,336	\$ 5,488
2027	10,642	5,289
2028	10,831	5,083
2029	10,721	4,873
2030	10,416	4,665
2031-2035	50,753	20,114
2036-2040	43,978	15,018
2041-2045	39,501	10,457
2046-2050	28,791	7,005
2051-2055	21,153	4,660
2056-2060	17,708	2,983
2061-2065	15,471	1,483
2066-2070	8,563	334
2071-2075	80	-
Total	<u>\$ 278,944</u>	<u>\$ 87,452</u>

Lease liabilities are valued using discount rates between 0.67% and 4.69% based on the lease term, using State Specific Municipal Market Data.

The State of Maine, Bureau of General Services, negotiates leases on behalf of Child Development Services. At June 30, 2025, leases receivable from CDS is \$4.1 million. Fiscal year 2025 lease revenue was \$523 thousand, interest revenue was \$64 thousand.

COMPONENT UNITS

RIGHT TO USE LEASED ASSETS

The University of Maine System leases building space for various terms under long-term non-cancelable lease agreements. The original lease terms expire at various dates through 2028 and provide for renewal options (ranging from 1-20 years) which extend them to 2047. As of June 30, 2025, right of use lease assets acquired through outstanding leases consisting of building and office space totaled \$71.2 million less \$13.4 million in accumulated amortization, or \$57.7 million net. The lease liabilities outstanding totaled \$59.5 million.

A non-major discretely presented component unit, Midcoast Regional Redevelopment Authority (MRRA), regularly operates and leases property and buildings within its jurisdiction to third parties. As of June 30, 2025, MRRA reported a lease receivable, including accrued interest, of \$36.8 million. At June 30, 2025, MRRA also had a \$34.0 million deferred inflow of resources balance associated with the leases that will be recognized as revenue over the lease terms that extend until 2069.

PUBLIC-PRIVATE PARTNERSHIP

On August 15, 2022, the System entered into a public-private partnership with a limited liability corporation (LLC1) to renovate two historic buildings and construct an adjacent 24,800 square foot addition creating a boutique hotel ensemble and extended stay residence consisting of 95 rooms and a café on the University of Maine campus in Orono. The hotel is under the operation of a second limited liability corporation (LLC2) and was opened to the public in March 2024.

As of June 30, 2025, public private leased assets totaled \$25.1 million less \$0.6 million depreciation, or \$24.5 million net. Upon termination, the improvements shall be surrendered to the System in the agreed upon condition.

The arrangement covers 99 years with a base rent subject to scheduled increases every five years. A net present value receivable for installment payments of \$5.9 million recognizing the expected future rental revenue under the lease. The System has reported deferred inflows of resources totaling \$27.9 million as of June 30, 2025, which will be recognized into revenue evenly over the term of the agreement.

The arrangement also includes a performance guarantee and an income sharing arrangement. The arrangement includes certain minimum projected revenues for the first 25 years that the System may have to supplement. In consideration for the services it will provide under the arrangement, the System will receive 20 percent of all net operating income, on a cumulative basis, earned annually in excess of annual amounts outlined in the contract and subject to an annual maximum of \$600 thousand. Both the shortfall supplement and the income sharing are variable in nature and will be recognized as incurred or earned. To date, no such amounts have been recognized.

NOTE 13 - SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS**PRIMARY GOVERNMENT**

In the government-wide and proprietary fund statements, assets and liabilities resulting from right to use subscription based information technology arrangements are recorded when the system is placed into service. Any implementation costs incurred prior to the system being placed into service are recorded as prepaid assets. The principal portion of subscription payments reduces the liability; the interest portion is expensed.

Most subscriptions 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 subscription agreements include renewal options. The effect of such options is reflected in the minimum subscription payments only if it is considered reasonably assured that an option will be exercised.

GOVERNMENTAL ACTIVITIES

The historical cost of assets acquired under subscription based technology arrangements in the governmental activities column of the financial statements at June 30, 2025, is \$190.9 million. Accumulated amortization is \$69.7 million. Subscription assets net of accumulated amortization is \$121.3 million.

BUSINESS-TYPE ACTIVITIES

The historical cost of assets acquired under subscription based technology arrangements in the business -type activities column of the financial statements at June 30, 2025, is \$3.2 million. Accumulated amortization is \$184 thousand. Subscription assets net of accumulated amortization is \$3.1 million.

	General Fund	Highway Fund	Federal Funds	Other Special Revenue Funds	Internal Service Funds	Total Governmental Activities	Alcoholic Beverages Funds	Total Business- Type Activities
Right to Use Subscription Assets								
Subscriptions	\$ 95,474	\$ 2,881	\$ 31,582	\$ 11,936	\$ 49,043	\$ 190,916	\$ 3,243	\$ 3,243
Less: Accumulated Amortization	19,799	1,347	11,819	4,841	31,848	69,654	184	184
Total Right to Use Assets, net	<u>\$ 75,675</u>	<u>\$ 1,534</u>	<u>\$ 19,763</u>	<u>\$ 7,095</u>	<u>\$ 17,195</u>	<u>\$ 121,262</u>	<u>\$ 3,059</u>	<u>\$ 3,059</u>

A summary of subscription based information technology arrangements to maturity is as follows:

Future Minimum SBITA Payments
(Expressed in Thousands)

Fiscal Years Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2026	\$ 28,291	\$ 2,916	\$ 704	\$ 73
2027	19,422	2,182	723	54
2028	7,546	1,830	743	34
2029	5,446	1,590	763	14
2030	5,056	1,386	129	-
2031-2035	27,972	3,659	-	-
2036-2040	6,211	21	-	-
Total	<u>\$ 99,944</u>	<u>\$ 13,584</u>	<u>\$ 3,062</u>	<u>\$ 175</u>

Subscription based information technology arrangement liabilities are valued using discount rates between 2.66 percent and 4.08 percent based on the SBITA contract term including optional renewal periods using State Specific Municipal Market Data.

COMPONENT UNITS

The University of Maine System (UMS) has subscription based IT arrangements (SBITA). At June 30, 2025, SBITA assets totaled \$19.4 million, net of \$16.4 million of amortization. The associated liabilities totaled \$18.6 million. The remaining balance is reported

as a deferred inflow.

The Maine Community College has SBITA right-to-use assets net of amortization that totaled \$12.9 million at June 30, 2025. The associated liabilities totaled \$12.7 million.

NOTE 14 - 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). In some cases, individual claim settlements have exceeded policy limits in 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*	Per Schedule	\$2 million	\$400 million
Ocean Marine Boat Liability* ¹	Per Schedule	10 million	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	1 million aggregate	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)* ⁴	400 thousand	400 thousand	none
Aircraft Liability* ³	10 million	Various	none
Data Breach	5 million	500 thousand	5 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. The property insurance limit per occurrence is per scheduled location. Total occurrence limit is \$400 million.

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

² Excess insurance is only for out of state travel.

³ \$10 million is the maximum limit for per occurrence coverage. Some agencies have chosen \$500 thousand. Retentions vary up to \$10 thousand.

⁴ Inland Marine policies vary by line, limit, and retention.

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, 2024. 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, 2025 and 2024 the present value of claims payable for the State's self-insurance plan was estimated at \$10.4 million and \$11.1 million, respectively. The actuary calculated this based on the State's rate on investments.

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

	2025	2024
Liability at Beginning of Year	\$ 11,142	\$ 11,329
Current Year Claims and Changes in		
Estimates	481	2,637
Claims/Fees Expense	1,266	2,824
Liability at End of Year	\$ 10,357	\$ 11,142

As of June 30, 2025, fund assets of \$35.2 million exceeded fund liabilities of \$12.1 million by \$23.1 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 \$950 thousand for the fiscal year ended June 30, 2025.

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, 2025 and 2024:

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

	2025	2024
Liability at Beginning of Year	\$ 51,235	\$ 51,744
Current Year Claims and Changes in		
Estimates	6,039	8,028
Claims Payments	8,029	8,537
Liability at End of Year	\$ 49,245	\$ 51,235

Based on the actuarial calculation as of June 30, 2025, the State is liable for unfunded claims, and incurred but not reported claims, of approximately \$69.2 million. The discounted amount is \$49.2 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) and pharmacy benefit management (PBM) services for claims administration, utilization review, case management services, and pharmacy fulfillment. 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, early retirees, and grandfathered retirees not eligible for Medicare Part A as of July 1, 2019. A Medicare Advantage plan is available to age sixty-five or older retirees. Total enrollment averaged approximately 36,293 covered individuals. This total includes approximately 26,535 active employees, retirees and their dependents in the PPO plan and 9,758 Medicare Advantage retirees and dependents.

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

Expenses and liabilities for incurred but not reported claims, based on an actuarial analysis of claim lag pattern, have been recorded as liabilities in the amount of \$15.1 million. Changes in the Employee Health Insurance and Retiree Health Insurance claims liability for the fiscal year ending June 30, 2025 follows:

(Expressed in Thousands)

	Employee Health Fund	Retiree Health Fund
Liability at Beginning of Year	\$ 12,308	\$ 4,103
Claims and Changes in Estimate	142,620	44,900
Claims Payments	143,576	45,220
Liability at End of Year	<u>\$ 11,352</u>	<u>\$ 3,783</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 \$40.8 million and teacher healthcare costs of \$36.1 million were reclassified from the internal service fund to the OPEB Trust Fund, a fiduciary fund. Additionally, \$41.7 million of active employee healthcare costs were reclassified from the internal service fund to the OPEB Trust Fund to reflect age-adjusted claims.

NOTE 15 - 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 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 table below was obtained from the Tri-State Lotto Commission financial report for fiscal year 2025, which may be obtained from the Bureau of Alcoholic Beverages and Lottery Operations, 8 State House Station, Augusta, ME 04333-0008.

Tri-State Lotto Commission
(Expressed in Thousands)

Current Assets	\$ 20,586
Noncurrent Assets	<u>11,546</u>
Total Assets	<u><u>\$ 32,132</u></u>
Current Liabilities	\$ 20,619
Long-term Liabilities	<u>7,185</u>
Total Liabilities	<u><u>\$ 27,804</u></u>
Designated Prize Reserves	\$ 4,345
Reserve for Unrealized Gains (Losses)	<u>(17)</u>
Total Net Position	<u><u>4,328</u></u>
Total Liabilities and Net Position	<u><u>\$ 32,132</u></u>
Total Revenue	\$ 113,592
Total Expenses	83,686
Gain (Loss) on Sale of Investment	13
Allocation to Member States	29,919
Change in Unrealized Gain (Loss) on Investments Held for Resale	<u>309</u>
Change in Net Position	<u><u>\$ 309</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 39 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 allocated 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 grantor 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 table below was obtained from the Multi-State Lottery Association's financial report for fiscal year 2025, which may be obtained from the Bureau of Alcoholic Beverages and Lottery Operations, 8 State House Station, Augusta, ME 04333-0008.

Multi State Lottery Association
(Expressed in Thousands)

Cash and Cash Equivalents	\$ 533,674
Investments in US Government Securities	316,550
US Government Securities Held for Prize Annuities	36,573
Due from Party Lotteries	35,872
Other Assets	<u>1,230</u>
Total Assets	<u>\$ 923,899</u>
Amount Held for Future Prizes	\$ 800,006
Grand Prize Annuities Payable	38,221
Other Liabilities	<u>17,661</u>
	855,888
Net Position, Unrestricted	<u>68,011</u>
Total Liabilities and Net Position	<u>\$ 923,899</u>
Total Revenue	\$ 40,627
Total Expenses	<u>35,454</u>
Excess (Deficit) of Revenues over Expenses	5,173
Net Position, beginning	<u>62,838</u>
Net Position, ending	<u>\$ 68,011</u>

NOTE 16 - RELATED PARTY TRANSACTIONS**PRIMARY GOVERNMENT**

The State of Maine entered into a memorandum 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.

The Maine Technology Institute (MTI), a component unit of the State of Maine, received \$20.0 million in funding from the State of Maine, 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. The Board members receive no compensation.

COMPONENT UNITS

The State provided appropriations and grant monies to the following discretely presented component units: University of Maine System, \$323.8 million; Maine Community College System, \$113.1 million; Finance Authority of Maine, \$33.3 million; and Maine State Housing Authority, \$162.1 million.

FAME administers several revolving loan funds on behalf of the State of Maine. FAME recorded these funds, which total \$32.1 million at June 30, 2025, 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 2025, the State expended \$934.9 thousand to FAME for State revolving loan funds.

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 \$11.8 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 2025, the amount billed totaled \$7.5 million.

NOTE 17 - 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:				
Refunding of Debt	\$ 395	\$ -	\$ 395	\$ 7,678
Pension Related	621,875	4,072	625,947	26,568
OPEB Related	443,699	3,123	446,822	26,402
Total Deferred Outflows of Resources	<u>\$ 1,065,969</u>	<u>\$ 7,195</u>	<u>\$ 1,073,164</u>	<u>\$ 60,648</u>
Deferred Inflows of Resources:				
Grant Income	\$ -	\$ -	\$ -	\$ 676
Benefit Recovery	3,806	-	3,806	-
Loan Origination Fees	-	-	-	319
Accumulated Increase in Fair Value of Hedging				
Derivatives	-	-	-	19,631
Pension Related	155,269	732	156,001	6,022
OPEB Related	1,355,968	4,243	1,360,211	86,429
Lease Related	4,081	-	4,081	71,176
Public Private Partnerships	-	-	-	27,876
Total Deferred Inflows of Resources	<u>\$ 1,519,124</u>	<u>\$ 4,975</u>	<u>\$ 1,524,099</u>	<u>\$ 212,129</u>

* Please refer back to Note 6 for information on the Opioid settlement.

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

Governmental Funds

(Expressed in Thousands)

					Total Governmental Funds
	General	Highway	Federal	Other Special Revenue	
Deferred Inflows of Resources:					
Tax Revenue or Assessments	\$ 376,275	\$ 822	\$ 450	\$ 4,255	\$ 381,802
Settlements **	-	-	-	94,944	94,944
Benefit Recovery	-	-	3,806	-	3,806
Total Deferred Inflows of Resources	<u>\$ 376,275</u>	<u>\$ 822</u>	<u>\$ 4,256</u>	<u>\$ 99,199</u>	<u>\$ 480,552</u>

** Please refer back to Note 6 and Note 19 for information on the Opioid settlement and the Tobacco settlement, respectively.

NOTE 18 - 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, 2025, the State provided tax abatements through the following programs:

Program Name	Pine Tree Development Zone Program	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.
Abatement Type	Personal income, corporate income, insurance premiums, bank franchise and sales taxes.	4.5% of qualified gross wages multiplied by the applicable reimbursement rate.	Personal income, corporate income, insurance premiums, and bank franchise taxes.
Statutory Authority	36 M.R.S. §§2529 and 5219-W	36 M.R.S. §6754	36 M.R.S. §§2533 and 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. No business may be certified under the program after December 31, 2024. Businesses certified prior to 2025 may continue to receive PTDZ credit for the full benefit period of ten years. No PTDZ benefits may be paid after 2034.	Businesses apply for certification and agree to hire at least five net new employees within two years. The program will sunset at the end of 2024. No businesses may be certified under the program after December 31, 2024. Businesses certified prior to 2025 may continue to receive annual ETIF benefits for the full benefit period of ten years. No ETIF benefits may be paid after 2034.	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 4.5% of qualified gross wages, multiplied by the applicable reimbursement rate from 30 - 80 percent, 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 6/30/2025	\$3,309,606	\$10,823,215	\$3,979,326

The Dirigo business incentive program applies to tax years beginning on or after January 1, 2025. The credits cannot be claimed until tax years beginning in 2025 and therefore won't be claimed until the 2026 tax season.

Note: The cost of the PTDZ sales tax exemptions, claimed at the point of purchase, cannot be determined.

Source: Maine Revenue Services

NOTE 19 - 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.

Central Maine Power Co., et al. v. Maine Commission on Governmental Ethics and Election Practices, et al. Several companies and individuals are challenging on constitutional grounds 21-A M.R.S. § 1064, a Maine law intended to prohibit foreign governments from contributing to or otherwise influencing state elections. Plaintiffs are not seeking monetary damages but, if they prevail, they could be awarded attorneys' fees in excess of \$1 million. 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 eleven 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.

Justin Savage and Shawna Morse v. Maine State Police, et. al. Plaintiffs allege that law enforcement officers used excessive force when arresting Justin Savage and committed other unlawful acts, including negligent and intentional infliction of emotional distress, wrongful arrest, malicious prosecution, and defamation. The probability that this case will result in future losses to the State in excess of \$1 million is undetermined at this time.

Maine Service Employees Association, SEIU, Local 1989 and State of Maine Reclassification appeal of Eligibility Specialists (Case No. 67-2017): On 2/3/2017, 38 Eligibility Specialists appealed their classification, claiming that they are performing duties not represented in their current classification and requesting reclassification to a higher paying classification. The probability that this case will result in future losses to the State in excess of \$1 million is undetermined at this time.

Maine Service Employees Association, SEIU, Local 1989 and State of Maine Reclassification appeal of IF&W Resource Biologists (Case No. 361-2018): On 12/21/2018, 31 IF&W Resource Biologists appealed their classification, claiming that they are performing duties not represented in their current classification and requesting reclassification to a higher paying classification. The probability that this case will result in future losses to the State in excess of \$1 million is undetermined at this time.

Maine State Troopers Association (MSTA) and State of Maine Reclassification appeal of State Police Troopers (Case No. 65-2024). In or around February of 2024 the State submitted reallocation requests for all State Troopers classifications. The reallocation/range changes were implemented in August of 2024. MSTA appealed the reallocation, asserting that the duties of the Troopers warranted a higher pay range. The State subsequently received the reallocation award, which found that the Troopers should be reallocated from range 23 to range 24. The cost of both retroactive and prospective pay is currently being calculated.

Maine State Troopers Association and State of Maine Reclassification appeal of State Police Sergeants (Case No. 78-2024). In or around February of 2024 the State submitted reallocation requests for all State Police Sergeant classifications. The reallocation/range changes were implemented in August of 2024. MSTA appealed the reallocation, asserting that the duties of the Sergeants warranted a higher pay range. The probability that this case will result in future losses to the State in excess of \$1 million is undetermined at this time.

Maine State Troopers Association and State of Maine; (Grievance # 2024-202-T). In or around February of 2024 the State submitted reallocation requests for several classifications represented by the MSTA. The reallocation/range changes were implemented in August of 2024. The MSTA filed a grievance asserting that the State violated the collective bargaining agreement when it did not compensate its members with retroactive pay back to the date that the reallocation was approved by the Bureau of Human Resources. The State subsequently received the arbitration award, which found that the State violated the collective bargaining agreement when it failed to pay the affected employees' retroactive pay back to the date the reallocation was approved by the Bureau of Human Resources, and ordered that the State pay the employees retroactive pay. The cost of retroactive pay is currently being calculated.

Marie Searles v. Belanger, et al. Plaintiff alleges that a state law enforcement officer used excessive force and falsely arrested her, and alleges that the officer's supervisor failed to properly supervise the officer. The probability that this case will result in future losses to the State in excess of \$1 million is undetermined at this time.

Mascal v. DOC, et al: Alexander Mascal alleges that while he was housed at Long Creek Youth Development Center and Mountain

View Youth Development Center from 2012 to 2016, he was subject to excessive use of isolation, excessive use of force and restraint, sexual assault, and other violations of his statutory and constitutional rights. The probability that this case will result in future losses to the State in excess of \$1 million is undetermined at this time.

Meryl Nass, M.D. v. Maine Board of Licensure in Medicine, et al. Dr. Nass has filed a lawsuit against the Maine Board of Licensure in Medicine and several current and past Board members in their official and individual capacities alleging that the Board improperly restricted Dr. Nass's speech in violation of the First Amendment and the Maine Constitution, along with several other claims. The probability that this case will result in future losses to the State in excess of \$1 million is undetermined at this time.

United States vs. Maine Department of Education. The federal government filed a complaint against the Maine Department of Education alleging violations of Title IX of the Education Amendments of 1972 and related regulations by permitting transgender girls and women to participate in girls' and womens' school sports. The complaint seeks injunctive and declaratory relief, and an award of monetary damages, fees and costs to the United States. The probability that this case will result in future losses to the State in excess of \$1 million is undetermined at this time.

Zachary Swain v. Maine Department of Corrections, et al. Mr. Swain alleges that while he was confined at the Maine State Prison, staff there willfully ignored his mental illness and unnecessarily placed him in solitary confinement. The probability that this case will result in future losses to the State in excess of \$1 million is undetermined at this time.

The Office of the Attorney General is representing Maine Revenue Services in a number of cases in which taxpayers are challenging the assessment of taxes. In most of these cases, the taxpayers are not seeking refunds of taxes previously paid but are instead challenging taxes that were assessed but which the taxpayers have not paid. We are aware of only two cases in which a taxpayer seeks a refund in excess of \$1 million.

Apple Inc. v. State Tax Assessor. Apple Inc. has filed a Rule 80C petition for review to appeal a Board of Tax Appeals decision that affirmed the State Tax Assessor's denial of a claim for a corporate income refund for 2018. Petitioner contends that the form of alternative apportionment known as the Augusta Formula was not correctly applied by Maine Revenue Services to Petitioner's repatriation income. The probability that this case will result in future losses to the State in excess of \$1 million is undetermined at this time.

Bessemer Trust Company of Delaware, N.A., as Trustee of Harold Alford Trust dated 10/25/1989 FBO Deborah Alford v. State Tax Assessor. Bessemer Trust Company of Delaware, N.A., has filed a Rule 80C petition for review of the State Tax Assessor's decision denying its claim for a refund of Maine fiduciary income tax that was imposed on and paid by the Harold Alford Trust dated 10/25/1989 FBO Deborah Alford. Petitioner claims that the underlying Maine statute is unconstitutional. 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 our view, is there any reasonable possibility that the State's liability could reach or exceed \$1 million.

In addition to the foregoing, there are various other suits pending against the State, State agencies and State officials involving damages or other potential costs. Since the amounts sought are less than \$1 million, these suits have not been individually identified in this letter.

There are also now pending numerous workers' compensation claims 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 a spouse), it is difficult to estimate the total potential liability to 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 \$142.8 million, \$5.2 million, \$729.3 million, \$123.5 million and \$5.9 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, 2025 is \$20.7 million. Superfund sites account for approximately \$6.9 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 \$599 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, 2025, the State has received \$2.1 million in recoveries from the Department of Defense. The State expects to recover additional costs of \$14 thousand.

Callahan Mine – The State recorded a liability for pollution remediation activities of approximately \$4.3 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 \$13.5 million (net of unrealized recoveries of \$298 thousand) related to five uncontrolled hazardous substance sites. The State expects to recover \$409 thousand 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 originally allocated \$6 million of bond funds to pay for the first phase of capping. In fiscal year 2022, the State issued an additional \$7 million in bonds to complete the capping of the landfill. In fiscal year 2024, the State issued an additional \$2.8 million in bonds to complete the capping of the landfill. On June 30, 2025, remaining unspent bond funds were \$674 thousand. In addition to the closure of the facility, the State anticipates additional post-closure maintenance and monitoring costs of approximately \$18.2 million over the next 30 years based on current annual expense. However, the State anticipates a significant reduction in post closure costs due to the reduction in the amount of the leachate from the site that must be treated after the capping is complete. The State has entered into a cost sharing agreement with the Town of E. Millinocket to treat the leachate at the town's wastewater treatment facility. The State will likely renegotiate the cost sharing agreement once the amount leachate, subsequent to the completion of the capping can be determined or estimated. The State's total obligation related to the Dolby Landfill as of June 30, 2025 is \$18.9 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 \$2/ton 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 December 31, 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 FY25 the DEP received \$977 thousand from the CDD fee. As required, the entirety of this fee was used to reimburse municipalities for eligible expenses. At the beginning of FY25, DEP's total outstanding reimbursement obligation to municipalities was \$5.1 million. At the end of FY25, the outstanding match obligation was \$4.4 million. Additional debt was incurred due to qualifying closure and remediation expenses which were submitted by municipalities over the course of the year. DEP incurred the oldest outstanding match obligations in 2022.

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 \$800 thousand. 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 2025 fiscal year, \$4.8 million of general fund and other special revenue funds were expended for pollution abatement projects. As of June 30, 2025, amounts encumbered for pollution abatement projects totaled \$5.3 million, and general obligation bonds authorized for these projects, but not yet encumbered, totaled \$2.3 million. As of June 30, 2022, DEP estimates the total cost (federal, State, and local) of future projects to be \$3.1 billion according to the 2022 Clean Watershed Needs Survey.

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>
2024	78	389
2023	85	401
2022	105	413
2021	127	440
2020	156	494

The annual average cost per spill over the past five years is \$9,313. 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 the debt of the municipalities, the State subsidizes a portion of the annual payments. As of June 30, 2025, the States share of outstanding commitments by municipalities for school bond issues that are eligible for State subsidy totaled \$1.137 billion.

At June 30, 2025, the Department of Transportation had contractual commitments of approximately \$523.7 million for construction of various highway projects. The State's share of that amount is expected to be approximately \$83.0 million. Of these amounts, \$19.2 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. While the NPM Adjustment is being arbitrated, the PMs either withhold the amount from their annual payments or place the amount in what is known as a 'disputed payment account'. Maine arbitrated the 2003 NPM Adjustment and was found diligent, however the determination was not made until 2018. In the meantime, Maine was unable to access the withheld funds. Additionally, arbitration was incredibly time-consuming and resource intensive. Maine has entered into NPM Adjustment settlement agreements for 2004-2024 to prevent the withholding of significant portions of the annual payment and to save the State the significant costs and liabilities of arbitration. Maine anticipates settling the NPM Adjustment for 2025-2027.

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 2025, Maine received an annual tobacco settlement payment of \$43.2 million.

CONTINGENT GAINS

The State of Maine is participating in the National Opioid Settlement, which negotiated conclusions to investigations and litigation by the Attorney General and certain Maine counties, cities, and towns, of the marketing and sales practices of opioid pain medications by entities in the pharmaceutical supply chain. In 2024 the State of Maine agreed to join five additional opioid settlements with similar terms and payment schedules as the original settlements in 2022. The 2022 Settlement will produce a stream of annual payments through 2038, the use of which is restricted for permissible opioid abatement activities described in the court order which gives effect to the Settlement, and the five additional settlements will add to the funding and will pay out over a somewhat shorter time, all restricted for the same permissible opioid abatement activities. All the settlements also impose certain injunctive terms agreed to by the Defendants. The expected total funding from all of the settlements to the State (excluding payments made by the Defendants directly to the 39 counties, cities, and towns eligible to participate in the settlements) through 2038 is \$161.3 million.

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 \$22.1 million as of June 30, 2025. All overpayments that are outstanding for more than one year, \$18.3 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 is 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.

Overpayments made by the Department of Labor are recorded as accounts receivable in the State financial statements. The total overpayments for Unemployment Benefits applicable to federal funds, are \$54.8 million as of June 30, 2025. All overpayments that are outstanding for more than one year, \$54.4 million, are fully reserved. The liability for Unemployment Benefit overpayments that may be recovered and remitted to the Unemployment Insurance Trust Fund cannot be determined at this time.

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, 2025, the Fund included \$6.2 million of securities not yet liquidated that were not subject to transfer to the General Fund.

Net collections from inception (1979) to June 30, 2025 of approximately \$356.4 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, 2025, the amount reported in the Fund for claimant liability is \$67.6 million. The General Fund shows a \$61.0 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, 2025, loans outstanding pursuant to these authorizations are \$90.0 million, \$0 and less than \$0.1 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, 2025.

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, 2025, 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, 2025.

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)

<u>Issuer</u>	<u>Bonds Outstanding</u>	<u>Required Debt Reserve</u>	<u>Obligation Debt Limit ¹</u>	<u>Legal Citation</u>
Maine Health and Higher Educational Facilities Authority	\$ 941,015	\$ 77,000	NIL	22 MRSA § 2075
Finance Authority of Maine	67,182	-	730,500	10 MRSA §1032, 1053
	-	-	50,000	20-A MRSA §11449
	-	-	50,000	38 MRSA §2221
	125,125	1,697	225,000	20-A MRSA §11424
Maine Municipal Bond Bank	1,313,630	136,209	NIL	30-A MRSA §6006
Maine State Housing Authority	2,281,295	180,667	3,000,000	30-A MRSA §4906
Total	<u>\$ 4,728,247</u>	<u>\$ 395,573</u>		

¹ NIL indicates a "no limit" obligation.

COMPONENT UNITS**CONSTRUCTION CONTRACTS**

At June 30, 2025, UMS and MCCS had outstanding commitments on uncompleted construction contracts. They totaled \$102.9 million and \$3.9 million, respectively. A non-major discretely reported component unit, Maine Maritime Academy, had commitments on construction projects at June 30, 2025 totaling \$88.3 million.

At December 31, 2024, the Maine Turnpike Authority had \$43.2 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, 2024 Maine State Housing Authority (MSHA) had outstanding commitments to originate multi-family loans of approximately \$312.6 million.

MSHA, under its single-family program, enters into purchase agreements to lenders to purchase mortgage loans. At December 31, 2024, single-family loans being processed by lenders totaled \$65.7 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, 2025, FAME had insurance outstanding for commercial loans under the Loan Insurance Program totaling approximately \$157.2 million. At June 30, 2025, FAME was insuring loans with an aggregate outstanding principle balance approximating \$4.7 million which were 90 or more days delinquent. The aggregate insured balance of these loans was approximately \$2.9 million at June 30, 2025. In addition, FAME has entered into commitments to insure loans at some future date. At June 30, 2025, these commitments under the Loan Insurance Program were approximately \$7.3 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, 2025, approximately \$19.3 million of loans were insured under this program. Such loans are unsecured.

NOTE 20 - SUBSEQUENT EVENTS**PRIMARY GOVERNMENT**

On December 10, 2025, the State issued \$3.7 million of certificates of participation (COP's) for the acquisition of approximately 75 motor vehicles for Public Safety. The COP's carry interest rates of 3.23 percent and maturities from 2026 to 2029.

COMPONENT UNITS

Maine State Housing Authority (MSHA), has a December 31 fiscal year end.

On March 26, 2025, MSHA issued Series A bonds of \$60.0 million with interest rates between 3.20% and 4.70% in the General Mortgage Purchase Bond Resolution and mature from 2029 to 2053.

On July 2, 2025, MSHA issued Series B bonds of \$73.6 million with interest rates between 3.25% and 6.25% in the General Mortgage Purchase Bond Resolution and mature from 2027 to 2055.

On September 11, 2025, MSHA issued Series C bonds of \$125.0 million with interest rates between 2.90% and 5.25% in the General Mortgage Purchase Bond Resolution and mature from 2027 to 2055.

On October 29, 2025, MSHA issued Series D bonds of \$117.7 million with interest rates between 2.85% and 6.00% in the General Mortgage Purchase Bond Resolution and mature from 2028 to 2055.

MSHA has an Issue Commitment Date of December 30, 2025 for Series E bonds of \$70.0 million with interest rates between 3.00% and 4.90% in the General Mortgage Purchase Bond Resolution with maturity dates from 2028 to 2055.

After its December 31 fiscal year end, MSHA retired \$145.3 million of bonds in the General Mortgage Purchase Bond Resolution. It also retired \$3.1 million bonds in the Maine Energy, Housing and Economic Recovery Fund..

On July 17, 2025, Bowdoin College defeased certain maturities of Maine Health and Higher Education Facilities Authority's (MHHEFA) with a par value of \$20.7 million within the 2008 issue with funds from other sources. On August 11, 2025, Bowdoin College defeased certain maturities of the General Resolution Bonds with a par value of \$19.8 million within the 2009B issue with funds from other sources.

On November 6, 2025, the Maine Municipal Bond Bank issued \$56.9 million of Series 2025B General Resolution Bonds with a True Interest Cost (TIC) of 3.93% and an average coupon rate of 5.00%. Principal payments begin November 1, 2026, and mature November 1, 2055.



**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, 2025
(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	\$ 5,488,772	\$ 5,723,312	\$ 5,836,056	\$ 112,744	\$ 212,705	\$ 217,324	\$ 220,547	\$ 3,223
Assessments and Other	101,105	95,744	99,858	4,114	102,756	104,431	113,059	8,628
Federal Grants	1,630	1,780	119	(1,661)	-	-	-	-
Service Charges	47,252	48,933	49,575	642	6,467	6,467	6,580	113
Income from Investments	38,008	64,591	111,153	46,562	1,975	4,164	4,137	(27)
Miscellaneous Revenue	68,595	93,790	30,521	(63,269)	64,945	64,920	59,378	(5,542)
Total Revenues	5,745,362	6,028,150	6,127,282	99,132	388,848	397,306	403,701	6,395
Expenditures								
Governmental Support & Operations	532,330	577,976	511,700	66,276	55,149	69,378	2,691	66,687
Economic Development & Workforce								
Training	62,640	69,461	64,573	4,888	-	-	-	-
Education	2,193,094	2,282,100	2,235,088	47,012	-	-	-	-
Health and Human Services	1,871,491	2,204,953	2,048,480	156,473	-	-	-	-
Business Licensing & Regulation	-	-	-	-	-	-	-	-
Natural Resources Development & Protection	129,554	145,177	135,107	10,070	34	35	22	13
Justice and Protection	494,482	570,704	525,309	45,395	40,169	43,735	40,235	3,500
Arts, Heritage & Cultural Enrichment	10,604	13,350	11,135	2,215	-	-	-	-
Transportation Safety & Development	-	-	-	-	407,270	470,009	465,970	4,039
Total Expenditures	5,294,195	5,863,721	5,531,392	332,329	502,622	583,157	508,918	74,239
Revenues Over (Under) Expenditures	451,167	164,429	595,890	431,461	(113,774)	(185,851)	(105,217)	80,634
Other Financing Sources (Uses)								
Operating Transfers Net	(430,840)	(450,476)	(739,900)	(289,424)	115,418	137,031	135,738	(1,293)
Proceeds from Pledged Future Revenues	-	-	-	-	-	-	-	-
Net Other Financing Sources (Uses)	(430,840)	(450,476)	(739,900)	(289,424)	115,418	137,031	135,738	(1,293)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ 20,327	\$ (286,047)	\$ (144,010)	\$ 142,037	\$ 1,644	\$ (48,820)	\$ 30,521	\$ 79,341
Fund balances, beginning of year			1,909,442				79,147	
Fund balances, end of year			<u>\$ 1,765,432</u>				<u>\$ 109,668</u>	

Federal Funds				Other Special Revenue Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
\$ -	\$ -	\$ -	\$ -	\$ 349,117	\$ 382,229	\$ 401,870	\$ 19,641
641	641	-	(641)	220,233	217,757	195,640	(22,117)
4,890,378	6,467,349	5,289,302	(1,178,047)	188,243	35,856	28,472	(7,384)
6,730	13,006	-	(13,006)	259,982	286,412	285,867	(545)
-	-	18,977	18,977	1,571	2,309	13,141	10,832
391	287	196	(91)	262,734	366,303	140,066	(226,237)
<u>4,898,140</u>	<u>6,481,283</u>	<u>5,308,475</u>	<u>(1,172,808)</u>	<u>1,281,880</u>	<u>1,290,866</u>	<u>1,065,056</u>	<u>(225,810)</u>
9,782	99,789	32,613	67,176	326,464	408,737	342,309	66,428
120,897	304,075	131,455	172,620	134,995	231,579	204,924	26,655
284,117	687,324	465,989	221,335	59,564	81,798	56,406	25,392
3,826,331	4,504,555	4,001,262	503,293	580,161	859,589	748,272	111,317
17,125	55,831	22,566	33,265	83,955	100,262	82,156	18,106
64,245	263,384	113,217	150,167	249,901	353,397	145,533	207,864
83,139	488,005	242,241	245,764	69,476	169,380	117,005	52,375
4,138	5,662	4,153	1,509	1,927	2,450	459	1,991
<u>485,657</u>	<u>699,469</u>	<u>472,381</u>	<u>227,088</u>	<u>324,647</u>	<u>597,013</u>	<u>246,576</u>	<u>350,437</u>
<u>4,895,431</u>	<u>7,108,094</u>	<u>5,485,877</u>	<u>1,622,217</u>	<u>1,831,090</u>	<u>2,804,205</u>	<u>1,943,640</u>	<u>860,565</u>
2,709	(626,811)	(177,402)	449,409	(549,210)	(1,513,339)	(878,584)	634,755
4,922	3,789	1,902	(1,887)	677,503	926,998	685,886	(241,112)
-	-	-	-	53,966	74,966	47,385	(27,581)
<u>4,922</u>	<u>3,789</u>	<u>1,902</u>	<u>(1,887)</u>	<u>731,469</u>	<u>1,001,964</u>	<u>733,271</u>	<u>(268,693)</u>
<u>\$ 7,631</u>	<u>\$ (623,022)</u>	<u>\$ (175,500)</u>	<u>\$ 447,522</u>	<u>\$ 182,259</u>	<u>\$ (511,375)</u>	<u>\$ (145,313)</u>	<u>\$ 366,062</u>
		487,834				1,227,292	
		<u>\$ 312,334</u>				<u>\$ 1,081,979</u>	



STATE OF MAINE
BUDGETARY COMPARISON SCHEDULE
BUDGET TO GAAP RECONCILIATION

Fiscal Year Ended June 30, 2025
(Expressed in Thousands)

	General Fund	Highway Fund	Federal Funds	Special Revenue Fund
Fund Balances - Non-GAAP Budgetary Basis	\$ 1,765,432	\$ 109,668	\$ 312,334	\$ 1,081,979
Basis Differences				
Revenue Accruals/Adjustments:				
Taxes Receivable	369,984	1,067	-	13,989
Other Receivables	66,317	7,513	158,810	140,476
Inventories	4,074	-	5,106	133
Due from Component Units	-	-	-	62,374
Due from Other Governments	-	-	780,772	1,811
Due from Other Funds	52,678	33,740	7,086	327,020
Other Assets	106	(1)	337	1,598
Unearned Revenues	-	(3,250)	(1,947)	(3,023)
Deferred Inflows - Taxes and Assessment Revenues	<u>(376,275)</u>	<u>(822)</u>	<u>(4,256)</u>	<u>(99,199)</u>
Total Revenue Accruals/Adjustments	<u>116,884</u>	<u>38,247</u>	<u>945,908</u>	<u>445,179</u>
Expenditure Accruals/Adjustments:				
Accounts Payable	(386,296)	(64,154)	(730,944)	(89,842)
Due to Component Units	(3,446)	143	(8,720)	(9,310)
Accrued Liabilities	(36,925)	(11,353)	(10,673)	(17,598)
Taxes Payable	(429,841)	-	-	-
Intergovernmental Payables	-	-	(453,609)	-
Due to Other Funds	<u>(124,639)</u>	<u>(8,487)</u>	<u>(40,225)</u>	<u>(60,439)</u>
Total Expenditure Accruals/Adjustments	<u>(981,147)</u>	<u>(83,851)</u>	<u>(1,244,171)</u>	<u>(177,189)</u>
Fund Balances - GAAP Basis	<u>\$ 901,169</u>	<u>\$ 64,064</u>	<u>\$ 14,071</u>	<u>\$ 1,349,969</u>

STATE OF MAINE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY REPORTING

Fiscal Year Ended June 30, 2025

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, 2025, the legislature increased appropriations to the General Fund by \$138.3 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 2024 - 2025, 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 August 9, 2024, and includes encumbrances carried forward from the prior year.

STATE OF MAINE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY REPORTING

Fiscal Year Ended June 30, 2025

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, 2025 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 ten Fiscal Years
(Expressed in Thousands)

	2025	2024	2023
Total Pension Liability			
Service Cost	\$ 1,748	\$ 1,770	\$ 1,734
Interest	4,986	4,915	4,876
Changes in Benefit Terms	55	19	274
Differences Between Expected and Actual Experience	1,098	(110)	(151)
Changes of Assumptions	-	-	-
Benefit Payments, Including Refunds of Member Contributions	<u>(5,627)</u>	<u>(5,434)</u>	<u>(5,095)</u>
Net Change in Total Pension Liability	2,260	1,160	1,638
Beginning Total Pension Liability	<u>78,586</u>	<u>77,426</u>	<u>75,788</u>
Ending Total Pension Liability	<u>80,846</u>	<u>78,586</u>	<u>77,426</u>
Plan Fiduciary Net Position			
Employer Contributions	456	620	868
Member Contributions	732	663	651
Net Investment Income	6,298	5,094	(454)
Transfers	-	730	30
Benefit Payments, Including Refunds of Member Contributions	(5,627)	(5,434)	(5,095)
Administrative Expense	<u>(79)</u>	<u>(71)</u>	<u>(73)</u>
Net Change in Plan Fiduciary Net Position	1,780	1,602	(4,073)
Beginning Plan Fiduciary Net Position	<u>87,423</u>	<u>85,821</u>	<u>89,894</u>
Ending Plan Fiduciary Net Position	<u>89,203</u>	<u>87,423</u>	<u>85,821</u>
Ending Net Pension Liability (Asset)	<u>\$ (8,357)</u>	<u>\$ (8,837)</u>	<u>\$ (8,395)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	110.3 %	111.2 %	110.8 %
Covered Payroll	\$ 9,568	\$ 8,658	\$ 8,502
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(87.3)%	(102.1)%	(98.7)%

	2022	2021	2020	2019	2018	2017	2016
\$	1,547	\$ 1,609	\$ 1,597	\$ 1,487	\$ 1,466	\$ 1,397	\$ 1,606
	4,823	4,645	4,582	4,442	4,358	4,155	3,863
	-	-	-	-	-	2,017	28
	1,066	943	(1,087)	469	(893)	(1,746)	2,238
	836	-	-	698	-	2,490	-
	(4,681)	(4,317)	(4,068)	(3,805)	(3,652)	(3,502)	(3,384)
	3,591	2,880	1,024	3,291	1,279	4,811	4,351
	72,197	69,317	68,293	65,002	63,723	58,912	54,561
	75,788	72,197	69,317	68,293	65,002	63,723	58,912
	739	716	1,213	1,179	1,144	1,078	979
	636	617	620	604	585	550	550
	19,280	2,165	4,709	6,607	7,800	130	1,055
	473	765	(3)	-	-	6,343	-
	(4,681)	(4,317)	(4,068)	(3,805)	(3,652)	(3,502)	(3,384)
	(68)	(69)	(68)	(62)	(57)	(48)	(49)
	16,379	(123)	2,403	4,523	5,820	4,551	(849)
	73,515	73,638	71,235	66,712	60,892	56,341	57,190
	89,894	73,515	73,638	71,235	66,712	60,892	56,341
\$	(14,106)	\$ (1,318)	\$ (4,321)	\$ (2,942)	\$ (1,710)	\$ 2,831	\$ 2,571
	118.6 %	101.8 %	106.2 %	104.3 %	102.6 %	95.6 %	95.6 %
\$	8,312	\$ 8,054	\$ 8,117	\$ 7,894	\$ 7,640	\$ 7,188	\$ 7,186
	(169.7)%	(16.4)%	(53.2)%	(37.3)%	(22.4)%	39.4 %	35.8 %

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

Last ten Fiscal Years
(Expressed in Thousands)

	2025	2024	2023
Total Pension Liability			
Service Cost	\$ 392	\$ 311	\$ 376
Interest	733	703	699
Changes in Benefit Terms	15	6	44
Differences Between Expected and Actual Experience	(308)	65	(200)
Changes of Assumptions	-	-	-
Benefit Payments, Including Refunds of Member Contributions	(670)	(655)	(619)
Net Change in Total Pension Liability	162	430	300
Beginning Total Pension Liability	11,409	10,979	10,679
Ending Total Pension Liability	11,571	11,409	10,979
Plan Fiduciary Net Position			
Employer Contributions	15	6	44
Member Contributions	184	227	162
Net Investment Income	1,232	975	(90)
Benefit Payments, Including Refunds of Member Contributions	(670)	(655)	(619)
Transfers	-	-	-
Administrative Expense	(15)	(13)	(12)
Net Change in Plan Fiduciary Net Position	746	540	(515)
Beginning Plan Fiduciary Net Position	16,685	16,145	16,660
Ending Plan Fiduciary Net Position	17,431	16,685	16,145
Ending Net Pension Liability (Asset)	\$ (5,860)	\$ (5,276)	\$ (5,166)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	150.7 %	146.2 %	147.1 %
Covered Payroll	\$ 3,057	\$ 2,962	\$ 2,802
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(191.7)%	(178.1)%	(184.4)%

	2022	2021	2020	2019	2018	2017	2016
\$	287	\$ 335	\$ 297	\$ 282	\$ 265	\$ 412	\$ 451
	658	611	578	565	530	549	545
	-	-	-	-	-	-	4
	181	414	239	(91)	158	(246)	(508)
	374	-	-	100	-	(147)	-
	(550)	(698)	(607)	(460)	(469)	(446)	(439)
	950	662	507	396	484	122	53
	9,729	9,067	8,560	8,164	7,680	7,558	7,505
	10,679	9,729	9,067	8,560	8,164	7,680	7,558
	-	-	-	-	-	-	4
	215	157	221	154	202	138	193
	3,560	391	845	1,176	1,366	48	206
	(550)	(698)	(607)	-	-	-	-
	(3)	366	45	(460)	(469)	(446)	(439)
	(12)	(14)	(12)	(11)	(9)	(8)	(9)
	3,210	202	492	859	1,090	(268)	(45)
	13,450	13,248	12,756	11,897	10,807	11,075	11,120
	16,660	13,450	13,248	12,756	11,897	10,807	11,075
\$	(5,981)	\$ (3,721)	\$ (4,181)	\$ (4,196)	\$ (3,733)	\$ (3,127)	\$ (3,517)
	156.0 %	138.2 %	146.1 %	149.0 %	145.7 %	140.7 %	146.5 %
\$	2,802	\$ 2,814	\$ 2,660	\$ 2,711	\$ 2,651	\$ 2,590	\$ 2,528
	(213.5)%	(132.2)%	(157.2)%	(154.8)%	(140.8)%	(120.7)%	(139.1)%

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

Last ten Fiscal Years
(Expressed in Thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Judicial Pension Plan			
Actuarially Determined Contribution	\$ 426	\$ 401	\$ 602
Contributions in Relation to the Actuarially Determined Employer Contribution	<u>(426)</u>	<u>(401)</u>	<u>(602)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 10,256	\$ 9,568	\$ 8,658
Contributions as a percentage of covered payroll	4.15 %	4.19 %	6.95 %
Legislative Pension Plan			
Actuarially Determined Contribution	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 4,662	\$ 3,057	\$ 2,962
Contributions as a Percentage of Covered Payroll	0.00 %	0.00 %	0.00 %

(continued)

2022	2021	2020	2019	2018	2017	2016
\$ 594	\$ 739	\$ 716	\$ 1,213	\$ 1,179	\$ 1,144	\$ 1,078
(594)	(739)	(716)	(1,213)	(1,179)	(1,144)	(1,078)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 8,502	\$ 8,312	\$ 8,054	\$ 8,117	\$ 7,894	\$ 7,640	\$ 7,188
6.99 %	8.89 %	8.89 %	14.94 %	14.94 %	14.97 %	15.00 %
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 2,801	\$ 2,802	\$ 2,814	\$ 2,660	\$ 2,711	\$ 2,651	\$ 2,590
0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %

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, 2025 can be found in the June 30, 2022 actuarial valuation report.

Notes to Schedule

Key Methods and Assumptions Used to Determine Contribution Rates

Valuation date	June 30, 2021 June 30, 2025 actuarially determined contribution rates are calculated based on 2022 liabilities developed as a roll-forward of the 2021 actuarial valuation, adjusted for expected experience and any assumption or methodology changes during fiscal year end 2022 using preliminary assets as of June 30, 2022.
Actuarial cost method	Entry age normal
Asset valuation method	3-Year smoothed market
Amortization method	Level percent of payroll, open 10-year amortization
Discount rate	6.5%
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	2020
Mortality	Based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model.

Former and future actuarial assumptions:

Discount rate and other information

Change in assumptions 2021: Demographic assumptions were changed based on recommendations from the July 1, 2015 to June 30, 2020 experience study as well as the actuarial audit completed of the June 30, 2020 actuarial valuation, first effective with the development of the NPL as of June 30, 2021. The annual rate of investment interest was also reduced from 6.75 percent to 6.50 percent effective as of this same date.

Discount rate

Change in assumptions 2018: The annual rate of investment return was reduced from 6.875 percent used at funding to 6.75 percent. 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.

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

Last ten Fiscal Years
(Expressed in Thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>
State Employees - Primary Government			
Proportion of the Collective Net Pension Liability	94.558490 %	94.845535 %	95.160789 %
Proportionate Share (Amount) of the Collective Net Pension Liability	\$ 821,410	\$ 882,298	\$ 883,273
Covered Payroll	\$ 824,519	\$ 775,283	\$ 733,368
Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	99.62 %	113.80 %	120.44 %
Plan Fiduciary Net Position As a Percentage of the Total Pension Liability	86.00 %	84.50 %	84.10 %
Maine Community College System - DCU			
Proportion of the Collective Net Pension Liability	4.809223 %	4.512781 %	4.205865 %
Proportionate Share (Amount) of the Collective Net Pension Liability	\$ 41,777	\$ 41,980	\$ 39,038
Covered Payroll	\$ 43,964	\$ 39,033	\$ 32,896
Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	95.03 %	107.55 %	118.67 %
Plan Fiduciary Net Position As a Percentage of the Total Pension Liability	86.00 %	84.50 %	84.10 %
Non-Major and Formerly Reported Component Units			
Proportion of the Collective Net Pension Liability	0.632287 %	0.641684 %	0.633346 %
Proportionate Share (Amount) of the Collective Net Pension Liability	\$ 5,492	\$ 5,969	\$ 5,878
Covered Payroll	\$ 5,645	\$ 5,415	\$ 5,029
Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	97.29 %	110.23 %	116.88 %
Plan Fiduciary Net Position As a Percentage of the Total Pension Liability	86.00 %	84.50 %	84.10 %
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	\$ 868,679	\$ 930,247	\$ 928,189
Covered Payroll	\$ 874,128	\$ 819,731	\$ 771,293
Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	99.38 %	113.48 %	120.34 %
Plan Fiduciary Net Position As a Percentage of the Total Pension Liability	86.00 %	84.50 %	84.10 %

Notes to Schedule:

As of June 30, 2025, 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.

2022	2021	2020	2019	2018	2017	2016
------	------	------	------	------	------	------

95.299042 %	95.090771 %	94.775523 %	94.652308 %	94.829879 %	94.498857 %	92.825250 %
\$ 615,520	\$ 1,129,955	\$ 991,147	\$ 993,438	\$ 1,080,168	\$ 1,269,080	\$ 950,597
\$ 726,579	\$ 688,817	\$ 627,615	\$ 608,615	\$ 601,904	\$ 588,415	\$ 520,115
84.71 %	164.04 %	157.92 %	163.23 %	179.46 %	215.68 %	182.77 %
88.60 %	77.30 %	79.41 %	78.70 %	76.10 %	71.00 %	76.80 %

4.085948 %	4.295313 %	4.610452 %	4.695230 %	4.605776 %	4.969634 %	6.640831 %
\$ 26,390	\$ 51,041	\$ 48,215	\$ 49,280	\$ 52,462	\$ 66,740	\$ 68,007
\$ 32,619	\$ 32,713	\$ 31,535	\$ 31,106	\$ 30,867	\$ 32,627	\$ 32,008
80.90 %	156.03 %	152.89 %	158.43 %	169.96 %	204.55 %	212.47 %
88.60 %	77.30 %	79.41 %	78.70 %	76.10 %	71.00 %	76.80 %

0.615050 %	0.613916 %	0.614025 %	0.652461 %	0.564345 %	0.531509 %	0.533919 %
\$ 3,972	\$ 7,295	\$ 6,421	\$ 6,848	\$ 6,428	\$ 7,138	\$ 5,468
\$ 4,768	\$ 4,571	\$ 4,115	\$ 4,240	\$ 3,700	\$ 3,424	\$ 3,927
83.31 %	159.59 %	156.04 %	161.51 %	173.73 %	208.47 %	139.24 %
88.60 %	77.30 %	79.41 %	78.70 %	76.10 %	71.00 %	76.80 %

100.000000 %	100.000000 %	100.000000 %	100.000000 %	100.000000 %	100.000000 %	100.000000 %
\$ 645,881	\$ 1,188,292	\$ 1,045,784	\$ 1,049,566	\$ 1,139,058	\$ 1,342,959	\$ 1,024,072
\$ 763,966	\$ 726,101	\$ 663,265	\$ 643,961	\$ 636,471	\$ 624,466	\$ 556,050
84.54 %	163.65 %	157.67 %	162.99 %	178.96 %	215.06 %	184.17 %
88.60 %	77.30 %	79.41 %	78.70 %	76.10 %	71.00 %	76.80 %

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 ten Fiscal Years
(Expressed in Thousands)

	2025	2024	2023	2022
State Employees - Primary Government				
Actuarially Determined Contribution	\$ 199,403	\$ 177,789	\$ 177,882	\$ 167,081
Contributions in Relation to the Actuarially Determined Employer Contribution	<u>(199,403)</u>	<u>(177,789)</u>	<u>(177,882)</u>	<u>(167,081)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 925,021	\$ 824,519	\$ 775,283	\$ 733,367
Contributions Recognized by the Pension Plan in Relation to the Actuarially Determined Employer Contribution as a Percentage of Employer's Covered Payroll	21.56 %	21.56 %	22.94 %	22.78 %
Maine Community College System - DCU				
Actuarially Determined Contribution	\$ 9,667	\$ 9,047	\$ 8,468	\$ 7,385
Contributions in Relation to the Actuarially Determined Employer Contribution	<u>(9,667)</u>	<u>(9,047)</u>	<u>(8,468)</u>	<u>(7,385)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 46,861	\$ 43,964	\$ 39,033	\$ 32,896
Contributions Recognized by the Pension Plan in Relation to the Actuarially Determined Employer Contribution as a Percentage of Employer's Covered Payroll	20.63 %	20.58 %	21.69 %	22.45 %
Combined Non-major and Formerly Reported Component Units				
Actuarially Determined Contribution	\$ 1,135	\$ 1,189	\$ 1,204	\$ 926
Contributions in Relation to the Actuarially Determined Employer Contribution	<u>(1,135)</u>	<u>(1,189)</u>	<u>(1,204)</u>	<u>(926)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 5,360	\$ 5,645	\$ 5,415	\$ 5,030
Contributions Recognized by the Pension Plan in Relation to the Actuarially Determined Employer Contribution as a Percentage of Employer's Covered Payroll	21.18 %	21.06 %	22.23 %	18.41 %
Total SETP - State of Maine Employees				
Actuarially Determined Contribution	\$ 210,205	\$ 188,025	\$ 187,554	\$ 175,392
Contributions in Relation to the Actuarially Determined Employer Contribution	<u>(210,205)</u>	<u>(188,025)</u>	<u>(187,554)</u>	<u>(175,392)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 977,242	\$ 874,128	\$ 819,731	\$ 771,293
Contributions Recognized by the Pension Plan in Relation to the Actuarially Determined Employer Contribution as a Percentage of Employer's Covered Payroll	21.51 %	21.51 %	22.88 %	22.74 %

(continued)

2021	2020	2019	2018	2017	2016
\$ 164,103 (164,103)	\$ 155,628 (155,628)	\$ 152,439 (152,439)	\$ 148,115 (148,115)	\$ 141,295 (141,295)	\$ 136,139 (136,139)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 726,579 22.59 %	\$ 688,817 22.59 %	\$ 627,615 24.29 %	\$ 608,615 24.34 %	\$ 601,904 23.47 %	\$ 588,415 23.14 %
\$ 7,036 (7,036)	\$ 7,030 (7,030)	\$ 7,416 (7,416)	\$ 7,347 (7,347)	\$ 6,863 (6,863)	\$ 7,159 (7,159)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 32,619 21.57 %	\$ 32,713 21.49 %	\$ 31,535 23.52 %	\$ 31,106 23.62 %	\$ 30,867 22.23 %	\$ 32,627 21.94 %
\$ 1,059 (1,059)	\$ 1,005 (1,005)	\$ 987 (987)	\$ 1,021 (1,021)	\$ 840 (840)	\$ 766 (766)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 4,768 22.21 %	\$ 4,571 21.99 %	\$ 4,115 23.99 %	\$ 4,240 24.08 %	\$ 3,700 22.70 %	\$ 3,424 22.37 %
\$ 172,198 (172,198)	\$ 163,663 (163,663)	\$ 160,842 (160,842)	\$ 156,483 (156,483)	\$ 148,998 (148,998)	\$ 144,064 (144,064)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 763,966 22.54 %	\$ 726,101 22.54 %	\$ 663,265 24.25 %	\$ 643,961 24.30 %	\$ 636,471 23.41 %	\$ 624,466 23.07 %

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, 2021
Actuarial cost method	June 30, 2025 actuarially determined contribution rates are calculated based on 2022 liabilities developed as a roll-forward of the 2021 valuation liability, adjusted for expected experience and any assumption or methodology changes during fiscal 2022 using preliminary assets at June 30, 2022.
Asset valuation method	Entry age normal
Amortization method	3-Year smoothed market
Discount rate	Level Percentage of payroll, closed periods. Cumulative UAL amortized over a remaining 7 years from July 1, 2021. Subsequent layers of UAL are amortized over individual 20-year periods.
Amortization growth rate	6.50%
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	Based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model.
Most recent review of plan experience	2020

A complete description of the methods and assumptions used to determine contribution rates for the year ending June 30, 2025 can be found in the June 30, 2022 actuarial valuation report.

Former and future actuarial assumptions:

Discount rate and other assumptions

Change in assumptions 2021: Demographic assumptions were changed based on recommendations from the July 1, 2015 to June 30, 2020 experience study as well as the actuarial audit completed of the June 30, 2020 actuarial valuation, first effective with the development of the NPL as of June 30, 2021. The annual rate of investment interest was also reduced from 6.75 percent to 6.50 percent effective as of this same date.

Discount rate

Change in assumptions 2018: The annual rate of investment return was reduced from 6.875 percent used at funding to 6.75 percent. 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.

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

Last ten Fiscal Years
(Expressed in Thousands)

	2025	2024	2023
Non-employer Contributing Entity's Proportion of:			
Percentage of the Collective Net Pension Liability	94.078955 %	93.677413 %	93.504374 %
Amount of the Collective Net Pension Liability	\$ 1,372,185	\$ 1,517,141	\$ 1,484,911
Plan Fiduciary Net Position As a Percentage of the Total Pension Liability	88.40 %	86.80 %	86.70 %

2022	2021	2020	2019	2018	2017	2016
94.381819 %	95.704826 %	95.540502 %	95.298384 %	95.016790 %	95.002519 %	95.036038 %
\$ 845,826	\$ 1,632,252	\$ 1,465,876	\$ 1,349,443	\$ 1,452,536	\$ 1,766,662	\$ 1,350,118
92.10 %	83.10 %	84.50 %	85.20 %	83.30 %	79.00 %	83.60 %

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

Last ten Fiscal Years
(Expressed in Thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Teachers - Non-Employer Contributions			
Actuarially Determined Contribution	\$ 220,828	\$ 214,918	\$ 200,007
Contributions in Relation to the Actuarially Determined Non-Employer Contribution	<u>(220,828)</u>	<u>(214,918)</u>	<u>(200,007)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer Contributions			
Actuarially Determined Contribution	\$ 81,675	\$ 81,730	\$ 70,616
Contributions in Relation to the Actuarially Determined Employer Contribution	<u>(81,675)</u>	<u>(81,730)</u>	<u>(70,616)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total SETP - Teachers			
Actuarially Determined Contribution	\$ 302,503	\$ 296,647	\$ 270,623
Contributions in Relation to the Actuarially Determined Employer Contribution	<u>(302,503)</u>	<u>(296,647)</u>	<u>(270,623)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

2022	2021	2020	2019	2018	2017	2016
\$ 194,229 (194,229)	\$ 179,330 (179,330)	\$ 174,530 (174,530)	\$ 132,981 (132,981)	\$ 129,422 (129,422)	\$ 116,080 (116,080)	\$ 112,478 (112,478)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 68,677 (68,677)	\$ 67,031 (67,031)	\$ 61,582 (61,582)	\$ 56,761 (56,761)	\$ 54,472 (54,472)	\$ 47,659 (47,659)	\$ 45,349 (45,349)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 262,906 (262,906)	\$ 246,361 (246,361)	\$ 236,112 (236,112)	\$ 189,742 (189,742)	\$ 183,894 (183,894)	\$ 163,739 (163,739)	\$ 157,827 (157,827)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2021 June 30, 2025 actuarially determined contribution rates are calculated based on 2022 liabilities developed as a roll-forward of the 2021 valuation liability, adjusted for expected experience and any assumption or methodology changes during fiscal year end 2022 using preliminary assets as of June 30, 2022.
Actuarial cost method	Entry age normal
Asset valuation method	3-Year smoothed market
Amortization method	Level Percentage of payroll, closed period amortization of the UAL prior to 2012 amortized over a remaining 7 years from July 1, 2021. Subsequent layers of UAL are amortized over individual 20 year periods.
Discount rate	6.50%
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	Based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model.
Most recent review of plan experience	2020
A complete description of the methods and assumptions used to determine contribution rates for the year ending June 30, 2025 can be found in the June 30, 2022 actuarial valuation report.	
Discount rate and other information	Change in assumptions 2021: Demographic assumptions were changed based on recommendations from the July 1, 2015 to June 30, 2020 experience study as well as the actuarial audit completed of the June 30, 2020 actuarial valuation, first effective with the development of the NPL as of June 30, 2021. The annual rate of investment interest was also reduced from 6.75 percent to 6.50 percent effective as of this same date.
Discount rate	Change in assumptions 2018: The annual rate of investment return was reduced from 6.875 percent used at funding to 6.75 percent. 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.

STATE OF MAINE
SCHEDULE OF CHANGES IN
THE NET OPEB LIABILITIES
HEALTHCARE PLANS - STATE EMPLOYEES AND TEACHERS

Last Nine Fiscal Years
(Expressed in Thousands)

	2025	2024	2023
State Employee Healthcare Plan			
Total OPEB Liability			
Beginning Total Liability	\$ 787,292	\$ 1,100,482	\$ 1,077,787
Service Cost	12,856	12,482	18,237
Interest	49,138	69,701	68,578
Changes in Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	38,808	(373,843)	19,145
Changes of Assumptions Discount Rate	-	-	-
Changes of Assumptions Others	-	61,043	-
Benefit Payments, Including Refunds of Member Contributions	(89,782)	(82,573)	(83,265)
Net Change in Total OPEB Liability	11,020	(313,190)	22,695
Ending Total OPEB Liability	798,312	787,292	1,100,482
Plan Fiduciary Net Position			
Beginning Plan Fiduciary Net Position	496,042	432,679	331,180
Employer Contributions	89,782	82,573	83,265
Discretionary/Prefunded	37,071	2,000	65,000
Net Investment Income	67,421	61,365	36,502
Benefit Payments, Including Refunds of Member Contributions	(89,782)	(82,573)	(83,265)
Administrative Expense	(2)	(2)	(3)
Net Change in Plan Fiduciary Net Position	104,490	63,363	101,499
Ending Plan Fiduciary Net Position	600,532	496,042	432,679
Ending Net OPEB Liability	\$ 197,780	\$ 291,250	\$ 667,803
Proportion			
Plan Fiduciary Net Position as Percentage of the Total OPEB Liability	75.2 %	63.0 %	39.3 %
Covered Payroll	\$ 939,940	\$ 835,682	\$ 785,462
Net OPEB Liability as a Percentage of Covered Payroll	21.0 %	34.9 %	85.0 %
Teacher Healthcare Plan			
Total OPEB Liability			
Beginning Total Liability	\$ 972,024	\$ 1,006,594	\$ 1,480,042
Service Cost	20,552	19,954	45,372
Interest	63,366	65,569	53,324
Changes in Benefit Terms	-	77,309	-
Differences Between Expected and Actual Experience	(3,323)	(180,235)	2,824
Changes of Assumptions Discount Rate	-	-	(536,445)
Changes of Assumptions Others	-	18,980	-
Benefit Payments, Including Refunds of Member Contributions	(35,980)	(36,147)	(38,523)
Net Change in Total OPEB Liability	44,615	(34,570)	(473,448)
Ending Total OPEB Liability	1,016,639	972,024	1,006,594
Plan Fiduciary Net Position			
Beginning Plan Fiduciary Net Position	115,312	103,000	-
Non-Employer Contributions	35,980	36,147	38,523
Discretionary/Prefunded	-	-	103,000
Net Investment Income	15,105	12,314	-
Benefit Payments, Including Refunds of Member Contributions	(35,980)	(36,147)	(38,523)
Administrative Expense	(2)	(2)	-
Net Change in Plan Fiduciary Net Position	15,103	12,312	103,000
Ending Plan Fiduciary Net Position	130,415	115,312	103,000
Ending Net OPEB Liability	\$ 886,224	\$ 856,712	\$ 903,594
Proportion			
Plan Fiduciary Net Position as Percentage of the Total OPEB Liability	12.8 %	11.9 %	10.2 %
Covered Payroll	\$ 1,593,797	\$ 1,562,947	\$ 1,492,683
Net OPEB Liability as a Percentage of Covered Payroll	55.6 %	54.8 %	60.5 %

This information relates to the OPEB Plans at June 30, 2025 administered through trusts. This is not the employer's or non-employer contributing entity's plan. The Teacher's Plan was funded on June 30, 2023.

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.

	2022	2021	2020	2019	2018	2017
\$	1,236,901	\$ 1,180,487	\$ 1,226,111	\$ 1,199,512	\$ 1,161,320	\$ 1,143,542
	17,706	18,311	17,777	17,425	16,917	12,246
	79,021	78,426	81,020	79,128	76,921	75,650
	554	-	-	-	-	-
	(59,931)	6,689	(56,455)	20,875	17,725	-
	-	28,083	-	-	-	-
	(116,306)	-	652	-	5,241	-
	(80,158)	(75,095)	(88,618)	(90,829)	(78,612)	(70,118)
	(159,114)	56,414	(45,624)	26,599	38,192	17,778
	1,077,787	1,236,901	1,180,487	1,226,111	1,199,512	1,161,320
	382,842	291,559	277,703	256,860	233,596	203,088
	82,158	77,095	88,618	92,829	80,612	74,118
	-	-	-	-	-	-
	(53,659)	89,286	13,859	18,846	21,270	26,513
	(80,158)	(75,095)	(88,618)	(90,829)	(78,612)	(70,118)
	(3)	(3)	(3)	(3)	(6)	(5)
	(51,662)	91,283	13,856	20,843	23,264	30,508
	331,180	382,842	291,559	277,703	256,860	233,596
\$	746,607	\$ 854,059	\$ 888,928	\$ 948,408	\$ 942,652	\$ 927,724
	30.7 %	31.0 %	24.7 %	22.6 %	21.4 %	20.1 %
\$	737,707	\$ 736,411	\$ 687,595	\$ 626,384	\$ 612,195	\$ 574,663
	101.2 %	116.0 %	129.3 %	151.4 %	154.0 %	161.4 %

STATE OF MAINE
SCHEDULE OF CHANGES IN
THE NET OPEB LIABILITY
GROUP LIFE INSURANCE PLAN - STATE EMPLOYEES AND TEACHERS

Last Nine Fiscal Years
(Expressed in Thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Total OPEB Liability			
Beginning Total Liability	\$ 248,730	\$ 245,450	\$ 235,060
Service Cost	3,111	2,934	2,856
Interest	16,023	16,241	15,219
Changes of Assumptions Other	-	1,754	-
Differences Between Expected and Actual Experience	-	(10,415)	-
Changes of Assumptions Discount Rate	-	-	-
Benefit Payments, Including Refunds of Member Contributions	(10,814)	(7,234)	(7,685)
Net Change in Total OPEB Liability	<u>8,320</u>	<u>3,280</u>	<u>10,390</u>
Ending Total OPEB Liability	<u>257,050</u>	<u>248,730</u>	<u>245,450</u>
Plan Fiduciary Net Position			
Beginning Plan Fiduciary Net Position	164,475	139,836	123,155
Employer and Non-Employer Contributions	12,911	12,163	11,053
Net Investment Income	22,077	20,683	14,264
Benefit Payments, Including Refunds of Member Contributions	(10,814)	(7,234)	(7,685)
Administrative Expense	(1,054)	(973)	(951)
Net Change in Plan Fiduciary Net Position	<u>23,120</u>	<u>24,639</u>	<u>16,681</u>
Ending Plan Fiduciary Net Position	<u>187,595</u>	<u>164,475</u>	<u>139,836</u>
Ending Net OPEB Liability	<u>\$ 69,455</u>	<u>\$ 84,255</u>	<u>\$ 105,614</u>
Proportion			
Plan Fiduciary Net Position as Percentage of the Total OPEB Liability	73.0 %	66.1 %	57.0 %
Covered Payroll	\$ 1,782,495	\$ 1,734,788	\$ 1,644,477
Net OPEB Liability as a Percentage of Covered Payroll	3.9 %	4.9 %	6.4 %

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.

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
\$	223,516	\$ 213,309	\$ 204,432	\$ 196,263	\$ 183,723	\$ 175,647
	2,757	2,683	2,191	2,132	2,122	2,065
	15,240	13,847	14,275	13,155	12,531	12,015
	-	-	-	-	-	-
	365	-	589	-	1,957	-
	-	291	-	-	3,200	-
	<u>(6,818)</u>	<u>(6,614)</u>	<u>(8,178)</u>	<u>(7,118)</u>	<u>(7,270)</u>	<u>(6,004)</u>
	<u>11,544</u>	<u>10,207</u>	<u>8,877</u>	<u>8,169</u>	<u>12,540</u>	<u>8,076</u>
	<u>235,060</u>	<u>223,516</u>	<u>213,309</u>	<u>204,432</u>	<u>196,263</u>	<u>183,723</u>
	140,600	105,617	100,617	94,287	86,883	77,416
	10,585	9,867	9,311	7,756	7,639	6,921
	(20,387)	32,552	4,886	6,418	7,805	9,886
	(6,818)	(6,614)	(8,178)	(7,118)	(7,270)	(6,004)
	<u>(825)</u>	<u>(822)</u>	<u>(1,019)</u>	<u>(726)</u>	<u>(770)</u>	<u>(1,336)</u>
	<u>(17,445)</u>	<u>34,983</u>	<u>5,000</u>	<u>6,330</u>	<u>7,404</u>	<u>9,467</u>
	<u>123,155</u>	<u>140,600</u>	<u>105,617</u>	<u>100,617</u>	<u>94,287</u>	<u>86,883</u>
\$	<u>111,905</u>	<u>\$ 82,916</u>	<u>\$ 107,692</u>	<u>\$ 103,815</u>	<u>\$ 101,976</u>	<u>\$ 96,840</u>

	52.4 %	62.9 %	49.5 %	49.2 %	48.0 %	47.3 %
\$	1,600,465	\$ 1,525,193	\$ 1,484,373	\$ 1,380,619	\$ 1,343,669	\$ 1,277,009
	7.0 %	5.4 %	7.3 %	7.5 %	7.6 %	7.6 %

**STATE OF MAINE
SCHEDULE OF CHANGES IN
TOTAL OPEB LIABILITY
HEALTHCARE PLAN - TEACHERS**

Fiscal Years 2017 - 2022
(Expressed in Thousands)

	2022	2021	2020	2019	2018	2017
Total OPEB Liability						
Beginning Total Liability	\$ 1,905,991	\$ 1,441,260	\$ 1,235,862	\$ 1,248,326	\$ 1,323,731	\$ 1,323,731
Service Cost	68,197	44,132	33,787	35,795	42,214	-
Interest	43,314	51,449	48,502	45,495	38,521	-
Changes in Benefit Terms	325,417	-	-	-	-	-
Contribution - Non-Employer Contributing Entity	(28,719)	(31,133)	(33,032)	(26,855)	(28,848)	-
Differences Between Expected and Actual Experience	(457,831)	846	59,296	(5,178)	-	-
Changes of Assumptions Discount Rate	12,837	399,437	90,624	(61,721)	(170,420)	-
Changes of Assumptions - Others	(79,412)	-	6,221	-	-	-
Differences Between Expected and Actual Investment Earnings	-	-	-	-	43,128	-
Net Change in Total OPEB Liability	(116,197)	464,731	205,398	(12,464)	(75,405)	-
Ending Total OPEB Liability	1,789,794	1,905,991	1,441,260	1,235,862	1,248,326	1,323,731

Proportion

Covered-Employee Payroll	\$ 1,414,447	\$ 1,276,975	\$ 1,260,742	\$ 1,156,592	\$ 1,149,126	\$ 1,125,444
Net OPEB Liability as Percentage of Covered Employee Payroll	126.5 %	149.3 %	114.3 %	106.9 %	107.5 %	117.6 %
State's Proportionate Share of the Collective Total OPEB	78 %	80 %	75 %	74 %	83 %	83 %

This information relates to the OPEB Plan up to the date that the plan was funded on June 30, 2023. The plan did not previously accumulate assets in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits. The plan was funded on a pay-as-you go basis prior to June 30, 2023. Information related to the funded plan is included in a schedule titled "Changes in Net OPEB Liability - Healthcare - State and Teachers."



STATE OF MAINE
SCHEDULE OF CHANGES IN
TOTAL OPEB LIABILITY
HEALTHCARE PLAN - FIRST RESPONDERS

Last Nine Fiscal Years
(Expressed in Thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Total OPEB Liability			
Beginning Total Liability	\$ 29,302	\$ 29,949	\$ 32,680
Service Cost	1,295	1,246	1,639
Interest	1,096	1,079	729
Changes in Benefit Terms	-	-	-
Contribution - Employee	(910)	(769)	(837)
Contribution - Non-Employer Contributing Entity	(405)	(829)	(397)
Administrative Expenses	145	134	98
Differences Between Expected and Actual Experience	(535)	(1,108)	(287)
Changes of Assumptions Discount Rate	(701)	(271)	(3,676)
Changes of Assumptions - Others	-	(129)	-
Net Change in Total OPEB Liability	<u>(15)</u>	<u>(647)</u>	<u>(2,731)</u>
Ending Total OPEB Liability	<u>\$ 29,287</u>	<u>\$ 29,302</u>	<u>\$ 29,949</u>
 Proportion			
Covered Employee Payroll	\$ 60,697	\$ 51,267	\$ 55,806
Total OPEB Liability as Percentage of Covered Employee Payroll	48.3 %	57.2 %	53.7 %
State's Proportionate Share of the Collective Total OPEB	17 %	24 %	24 %

The plan does not accumulate assets in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits. This plan is funded on a pay-as-you go basis.

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.

	2022	2021	2020	2019	2018	2017
\$	31,926	\$ 27,506	\$ 19,232	\$ 18,980	\$ 26,052	\$ -
	1,553	1,142	751	776	1,836	-
	731	989	763	698	786	-
	165	-	8,247	-	-	-
	(693)	(696)	(592)	(617)	(618)	-
	(218)	(242)	(48)	(5)	(78)	-
	72	132	92	98	99	-
	(1,641)	(210)	(863)	(191)	(2,909)	-
	138	3,305	939	(507)	(1,325)	-
	647	-	(1,015)	-	(4,863)	-
	<u>754</u>	<u>4,420</u>	<u>8,274</u>	<u>252</u>	<u>(7,072)</u>	<u>-</u>
\$	<u>32,680</u>	<u>\$ 31,926</u>	<u>\$ 27,506</u>	<u>\$ 19,232</u>	<u>\$ 18,980</u>	<u>\$ 26,052</u>

\$	46,207	\$ 46,395	\$ 66,360	\$ 64,427	\$ 62,551	\$ 55,651
	70.7 %	68.8 %	41.4 %	29.9 %	30.3 %	46.8 %
	24 %	24 %	23 %	13 %	23 %	23 %

STATE OF MAINE
SCHEDULE OF STATE CONTRIBUTIONS
STATE FUNDED OPEB PLANS

Last Nine Fiscal Years
(Expressed in Thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>
State Employee Healthcare			
Actuarially Determined Contribution	\$ 40,033	\$ 27,551	\$ 74,913
Contributions in Relation to the Actuarially Determined Employer Contribution	<u>(126,853)</u>	<u>(84,573)</u>	<u>(148,265)</u>
Contribution Deficiency (Excess)	<u>\$ (86,820)</u>	<u>\$ (57,022)</u>	<u>\$ (73,352)</u>
Covered Payroll	\$ 939,940	\$ 835,682	\$ 785,462
Contributions as a Percentage of Covered Payroll	13.50 %	10.12 %	18.88 %
State Employee and Teacher Group Life Insurance Benefit Plan			
Actuarially Determined Contribution	\$ 13,416	\$ 13,057	\$ 11,593
Contributions in Relation to the Actuarially Determined Employer Contribution	<u>(12,911)</u>	<u>(12,163)</u>	<u>11,053</u>
Contribution Deficiency (Excess)	<u>\$ 505</u>	<u>\$ 894</u>	<u>\$ 540</u>
Covered Payroll	\$ 1,782,495	\$ 1,734,788	\$ 1,644,477
Contributions as a Percentage of Covered Payroll	0.72 %	0.70 %	0.67 %
Teacher Healthcare			
Actuarially Determined Contribution	\$ 108,458	\$ 99,341	\$ 106,617
Contributions in Relation to the Actuarially Determined Employer Contribution	<u>(35,980)</u>	<u>(36,147)</u>	<u>(141,523)</u>
Contribution Deficiency (Excess)	<u>\$ 72,478</u>	<u>\$ 63,194</u>	<u>\$ (34,906)</u>
Covered Payroll	\$ 1,593,797	\$ 1,562,947	\$ 1,492,683
Contributions as a Percentage of Covered Payroll	2.26 %	2.31 %	9.48 %

Notes to Schedule:

Actuarial assumptions for both Health Insurance plans and Group Life Insurance plans:

All plans use the same basic assumptions including: the entry age normal actuarial cost method, inflation based on 2.75 percent, and a 5-year smoothed market asset valuation; and an investment interest rate and discount rate of 6.5 percent. Salary increases mirror the inflation rate plus a merit component. Plans based their mortality assumptions using the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC 2020 model adjusted for experience. The experience study used is the one from July 1, 2015 to June 30, 2020. The unfunded actuarial liability is being amortized as a level percentage of payroll over a 30-year period on a closed basis.

State Health Insurance

The valuation date is June 30, 2025. The participation rate for future retirees is 95 percent of active participants currently enrolled. Experience losses (gains) are amortized over a 10-year fixed period. Assumption changes and plan changes are amortized over a period to June 30, 2037. The unfunded liability will be fully recognized by June 30, 2037. The initial medical trend rate started at 5.65 percent. The ultimate medical trend rate of 4.19 percent is used 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.

Group Life Insurance

The valuation date is June 30, 2025. The ADCs for 2025 and 2024 were based on the June 30, 2020 valuation rolled forward and adjusted for changes in assumptions. The discount rate is 6.75%. The participation rate for future retirees is 100 percent of those currently enrolled.

Teacher Health Insurance

The valuation date is 2025 and establishment of a funded Irrevocable OPEB Trust was June 30, 2023. Prior to that date the State funded the plan on a pay-as-you-go basis. 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. One third of active participants who have currently waived coverage elect coverage at retirement. The initial medical trend rate was 5.65 percent. The ultimate medical trend rate of 4.19 percent is used at 2075. Assumption changes and plan changes are amortized over a period to June 30, 2037. The unfunded liability will be fully recognized by June 30, 2037.

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.

<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
\$ 52,922 <u>(82,158)</u>	\$ 58,819 <u>(77,095)</u>	\$ 56,241 <u>(88,618)</u>	\$ 71,363 <u>(92,829)</u>	\$ 71,179 <u>(80,612)</u>	\$ 69,000 <u>(74,000)</u>
<u>\$ (29,236)</u>	<u>\$ (18,276)</u>	<u>\$ (32,377)</u>	<u>\$ (21,466)</u>	<u>\$ (9,433)</u>	<u>\$ (5,000)</u>
\$ 737,707 11.14 %	\$ 736,411 10.47 %	\$ 687,595 12.89 %	\$ 626,384 14.82 %	\$ 612,195 13.17 %	\$ 582,934 12.67 %
\$ 11,242 <u>(10,585)</u>	\$ 10,965 <u>(9,867)</u>	\$ 10,671 <u>(9,310)</u>	\$ 9,040 <u>(7,756)</u>	\$ 8,806 <u>(7,638)</u>	\$ 8,240 <u>(6,921)</u>
<u>\$ 657</u>	<u>\$ 1,098</u>	<u>\$ 1,361</u>	<u>\$ 1,284</u>	<u>\$ 1,168</u>	<u>\$ 1,319</u>
\$ 1,600,465 0.66 %	\$ 1,525,193 0.65 %	\$ 1,484,373 0.63 %	\$ 1,380,619 0.56 %	\$ 1,343,669 0.57 %	\$ 1,277,009 0.54 %
\$ - <u>-</u>					
<u>\$ -</u>					
\$ - - %					

**SCHEDULE OF INVESTMENT RETURNS
STATE FUNDED OPEB PLANS**

Last Nine Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
State Employee Healthcare Plan & State Employee and Teacher Group Life Insurance Benefit Plan									
Annual money-weighted rate of return, net of investment expense	13.1 %	14.2 %	11.0 %	14.1 %	30.6 %	6.0 %	6.6 %	9.0 %	12.9 %
Teacher Healthcare Plan									
Annual money-weighted rate of return, net of investment expense	13.1 %	12.2 %							

Notes to Schedule:

The Teacher Healthcare Plan was funded on June 30, 2023. There was no investment return in 2023.

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 8,777 highway miles or 17,828 lane miles of roads and 3,034 bridges having a total deck area of 12.6 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 style="border-top: 3px double #000;"/> 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
2025	74.1	75.0
2024	73.1	74.0
2023	74.3	74.0

STATE OF MAINE
INFORMATION ABOUT INFRASTRUCTURE ASSETS REPORTING USING THE MODIFIED APPROACH

Comparison of Estimated-to-Actual Preservation Costs

The following table presents the State’s preservation costs for the past five fiscal years. It also shows the estimate of spending necessary to preserve and maintain the roads and bridges at, or above, a sufficiency rating of 60 for both highways and bridges (in millions).

Actual Preservation Costs					
(Expressed in millions)					
	2025	2024	2023	2022	2021
Highways	\$ 248.7	\$ 198.4	\$ 197.0	\$ 153.2	\$ 157.4
Bridges	18.3	18.3	8.7	22.8	34.9
Total	<u>\$ 267.0</u>	<u>\$ 216.7</u>	<u>\$ 205.7</u>	<u>\$ 176.0</u>	<u>\$ 192.3</u>

Estimated Preservation Costs					
(Expressed in millions)					
	2025	2024	2023	2022	2021
Highways	\$ 215.0	\$ 185.0	\$ 175.0	\$ 150.0	\$ 150.0
Bridges	25.0	22.0	30.0	35.0	35.0
Total	<u>\$ 240.0</u>	<u>\$ 207.0</u>	<u>\$ 205.0</u>	<u>\$ 185.0</u>	<u>\$ 185.0</u>

Transportation Bonds

Transportation bonds, approved by referendum, are issued to fund improvements to highways and bridges. Of the amount authorized by PL 2021, Chapter 408, \$24.3 million in General Fund bonds were spent during FY2025. Of the amount authorized by PL 2019, Chapter 673, \$400 thousand in General Fund bonds were spent during FY2025.



**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, 2025
(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	\$ 214	\$ -	\$ -	\$ 214
Investments	125,315	-	58,942	184,257
Restricted Assets:				
Restricted Equity in Treasurer's Cash Pool	-	26,904	-	26,904
Total Assets	<u>\$ 125,529</u>	<u>\$ 26,904</u>	<u>\$ 58,942</u>	<u>\$ 211,375</u>
Liabilities and Fund Balances				
Accounts Payable	\$ -	\$ 780	\$ -	\$ 780
Due to Other Funds	-	8	-	8
Due to Component Units	-	99	-	99
Unearned Revenue	-	3	-	3
Total Liabilities	-	890	-	890
Fund Balances				
Non-Spendable Legal or Contractual	-	-	58,942	58,942
Restricted	125,529	26,014	-	151,543
Total Fund Balances	<u>125,529</u>	<u>26,014</u>	<u>58,942</u>	<u>210,485</u>
Total Liabilities and Fund Balances	<u>\$ 125,529</u>	<u>\$ 26,904</u>	<u>\$ 58,942</u>	<u>\$ 211,375</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, 2025
(Expressed in Thousands)

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	<u>Total Other Governmental Funds</u>
Revenues				
Investment Income (Loss)	\$ 12,980	\$ (1)	\$ 6,495	\$ 19,474
Miscellaneous Revenues	-	1,834	-	1,834
Total Revenues	<u>12,980</u>	<u>1,833</u>	<u>6,495</u>	<u>21,308</u>
Expenditures				
Governmental Support & Operations	121	1,821	-	1,942
Economic Development & Workforce Training	-	762	-	762
Education	-	1,345	-	1,345
Natural Resources Development & Protection	-	5,119	-	5,119
Debt Service:				
Capital Outlay	-	30,115	-	30,115
Total Expenditures	<u>121</u>	<u>39,162</u>	<u>-</u>	<u>39,283</u>
Revenue over (under) Expenditures	<u>12,859</u>	<u>(37,329)</u>	<u>6,495</u>	<u>(17,975)</u>
Other Financing Sources (Uses)				
Transfer to Other Funds	(5,219)	-	-	(5,219)
Net Change in Fund Balances	<u>7,640</u>	<u>(37,329)</u>	<u>6,495</u>	<u>(23,194)</u>
Fund Balance at Beginning of Year	<u>117,889</u>	<u>63,343</u>	<u>52,447</u>	<u>233,679</u>
Fund Balances, End of Year	<u>\$ 125,529</u>	<u>\$ 26,014</u>	<u>\$ 58,942</u>	<u>\$ 210,485</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 – This fund accounts for expendable earnings on permanent fund balances.

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.

Permanent School Fund – Established in 1828, the fund generates income used to support schools through the Department of Education.

STATE OF MAINE
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS

June 30, 2025
(Expressed in Thousands)

	<u>Baxter Park</u>	<u>Revenue on Permanent Funds</u>	<u>Total Special Revenue Funds</u>
Assets			
Equity in Treasurer's Cash Pool	\$ -	\$ 214	\$ 214
Investments	125,298	17	125,315
Total Assets	<u>\$ 125,298</u>	<u>\$ 231</u>	<u>\$ 125,529</u>
Liabilities and Fund Balances			
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Restricted	<u>125,298</u>	<u>231</u>	<u>125,529</u>
Total Fund Balances	<u>125,298</u>	<u>231</u>	<u>125,529</u>
Total Liabilities and Fund Balances	<u>\$ 125,298</u>	<u>\$ 231</u>	<u>\$ 125,529</u>

STATE OF MAINE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR SPECIAL REVENUE FUNDS

Fiscal Year Ended June 30, 2025
(Expressed in Thousands)

	<u>Baxter Park</u>	<u>Revenue on Permanent Funds</u>	<u>Total Special Revenue Funds</u>
Revenues			
Investment Income (Loss)	\$ 12,305	\$ 675	\$ 12,980
Total Revenues	<u>12,305</u>	<u>675</u>	<u>12,980</u>
Expenditures			
Current:			
General Government	-	121	121
Total Expenditures	<u>-</u>	<u>121</u>	<u>121</u>
Revenue over (under) Expenditures	<u>12,305</u>	<u>554</u>	<u>12,859</u>
Other Financing Sources (Uses)			
Transfer to Other Funds	<u>(4,399)</u>	<u>(820)</u>	<u>(5,219)</u>
Net Other Financing Sources (Uses)	(4,399)	(820)	(5,219)
Net Change in Fund Balances	<u>7,906</u>	<u>(266)</u>	<u>7,640</u>
Fund Balance at Beginning of Year	<u>117,392</u>	<u>497</u>	<u>117,889</u>
Fund Balances at End of Year	<u>\$ 125,298</u>	<u>\$ 231</u>	<u>\$ 125,529</u>

**STATE OF MAINE
COMBINING BALANCE SHEET
NON-MAJOR PERMANENT FUNDS**

June 30, 2025
(Expressed in Thousands)

	<u>Baxter Trust</u>	<u>Other Trust</u>	<u>Permanent School</u>	<u>Total Permanent Funds</u>
Assets				
Investments	\$ 13,177	\$ 39,174	\$ 6,591	\$ 58,942
Total Assets	<u>\$ 13,177</u>	<u>\$ 39,174</u>	<u>\$ 6,591</u>	<u>\$ 58,942</u>
Fund Balances				
Non-Spendable Legal or Contractual	<u>\$ 13,177</u>	<u>\$ 39,174</u>	<u>\$ 6,591</u>	<u>\$ 58,942</u>

STATE OF MAINE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR PERMANENT FUNDS

Fiscal Year Ended June 30, 2025
(Expressed in Thousands)

	<u>Baxter Trust</u>	<u>Other Trust</u>	<u>Permanent School</u>	<u>Total Permanent Funds</u>
Revenues				
Investment Income (Loss)	\$ 1,325	\$ 4,508	\$ 662	\$ 6,495
Total Revenues	<u>1,325</u>	<u>4,508</u>	<u>662</u>	<u>6,495</u>
Expenditures				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenue over (under) Expenditures	<u>1,325</u>	<u>4,508</u>	<u>662</u>	<u>6,495</u>
Other Financing Sources (Uses)				
Revenues and Other Sources over (under) Expenditures and Other Uses	<u>1,325</u>	<u>4,508</u>	<u>662</u>	<u>6,495</u>
Fund Balance at Beginning of Year	<u>11,852</u>	<u>34,666</u>	<u>5,929</u>	<u>52,447</u>
Fund Balances at End of Year	<u>\$ 13,177</u>	<u>\$ 39,174</u>	<u>\$ 6,591</u>	<u>\$ 58,942</u>



BUDGETARY COMPARISON SCHEDULES

STATE OF MAINE
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND EXPENDITURES BY AGENCY

Fiscal Year Ended June 30, 2025
(Expressed in Thousands)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Department of Administrative and Financial Services			
Administrative Services	\$ 20,655	\$ 18,891	\$ 1,764
Financial Services	313,958	273,492	40,466
Human Resources	4,364	3,992	372
Financial and Personnel Services	4,108	621	3,487
Liquor and Lottery	2,356	1,939	417
Marijuana	3,276	3,188	88
Purchasing	4,275	3,344	931
Bureau of Information Services	24,764	20,396	4,368
State Employee Health Commission	773	773	-
	<u>378,529</u>	<u>326,636</u>	<u>51,893</u>
Department of Agriculture, Conservation and Forestry	<u>55,851</u>	<u>49,127</u>	<u>6,724</u>
Attorney General	<u>30,818</u>	<u>29,216</u>	<u>1,602</u>
State Auditor	<u>1,974</u>	<u>1,516</u>	<u>458</u>
Department of Corrections			
Corrections	123,303	101,648	21,655
Maine State Prison	48,478	46,974	1,504
Maine Correctional Center	36,452	34,903	1,549
Downeast Correctional Facility	2,270	2,223	47
Charleston Correctional Facility	22,629	22,212	417
Long Creek Youth Development Center	18,464	15,173	3,291
County Jail Operations	20,342	20,342	-
	<u>271,938</u>	<u>243,475</u>	<u>28,463</u>
Department of Economic and Community Development	<u>21,321</u>	<u>17,425</u>	<u>3,896</u>
Department of Environmental Protection	<u>20,610</u>	<u>20,282</u>	<u>328</u>
Department of Human Services			
Human Services	<u>2,202,601</u>	<u>2,046,480</u>	<u>156,121</u>
Department of Labor			
Labor	15,667	14,750	917
Labor Relations Board	538	464	74
	<u>16,205</u>	<u>15,214</u>	<u>991</u>
Department of Transportation			
Defense, Veterans and Emergency Management	<u>17,519</u>	<u>15,677</u>	<u>1,842</u>
Department of Education			
Education	1,877,438	1,833,648	43,790
Education - Unorganized Territory	20,816	17,893	2,923
	<u>1,898,254</u>	<u>1,851,541</u>	<u>46,713</u>
General Government			
Office of the Governor	16,201	11,894	4,307
Maine Office of Community Affairs	183	132	51
Ombudsman Program	425	305	120
	<u>16,809</u>	<u>12,331</u>	<u>4,478</u>
Department of Inland Fisheries and Wildlife	<u>45,807</u>	<u>44,437</u>	<u>1,370</u>
Judicial Department	<u>120,511</u>	<u>117,318</u>	<u>3,193</u>

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Legislative Department			
Legislative	38,725	35,681	3,044
Law and Legislative Reference Library	1,893	1,706	187
Statehouse Preservation and Maintenance	800	217	583
Program Evaluation and Government Accountability	1,493	1,481	12
	<u>42,911</u>	<u>39,085</u>	<u>3,826</u>
Department of Marine Resources	<u>22,711</u>	<u>21,063</u>	<u>1,648</u>
Department of Public Safety	<u>78,095</u>	<u>70,822</u>	<u>7,273</u>
Secretary of State			
Secretary of State	7,467	6,939	528
Archives Services	4,335	2,525	1,810
	<u>11,802</u>	<u>9,464</u>	<u>2,338</u>
Treasurer of State	<u>119,962</u>	<u>118,012</u>	<u>1,950</u>
Other Agencies			
Maine Maritime Academy	16,449	16,449	-
University of Maine	279,681	279,431	250
Board of Education	213	165	48
Office of Affordable Healthcare	597	519	78
Permanent Commission Status of Racial Indigenous and Tribal	1,404	1,199	205
Maine Fire Protection Service Commission	2,252	164	2,088
Com. On Governmental Ethics and Election Practices	1,730	618	1,112
Finance Authority of Maine	28,540	28,540	-
Saco River Corridor Commission	47	47	-
Human Rights Commission	1,616	1,496	120
Maine Indian Tribal State Council	269	269	-
Board of Property Tax Review	338	318	20
Museum	2,828	2,621	207
Maine Municipal Bond Bank	69	69	-
Maine State Cultural Affairs Council	74	23	51
Maine Historic Preservation Commission	722	719	3
Library	6,705	4,763	1,942
Maine State Retirement System	2,181	2,181	-
Arts and Humanities Administration	1,112	1,101	11
Dirigo Health	1,545	1,344	201
Commission on Indigent Legal Services	47,305	46,492	813
Maine Humanities Council	163	163	-
Centers for Innovation	118	118	-
NE International Water Pollution Control Commission	53	53	-
Downeast Institute Appl Marine	13	13	-
St. Croix International Waterway	85	85	-
Disability Rights Center	146	73	73
Maine Historical Society	95	95	-
Maine Hospice Counsel	64	64	-
Maine Development Foundation	58	58	-
Maine Public Broadcasting Corporation	1,650	1,650	-
Maine State Housing Authority	3,057	3,057	-
Maine Potato Board	161	161	-
Pine Tree Legal	650	650	-
Maine Community College System	87,503	87,503	-
	<u>489,493</u>	<u>482,271</u>	<u>7,222</u>
Grand Total	<u>\$ 5,863,721</u>	<u>\$ 5,531,392</u>	<u>\$ 332,329</u>



**BUDGETARY COMPARISON SCHEDULE
HIGHWAY FUND EXPENDITURES BY AGENCY**

Fiscal Year Ended June 30, 2025
(Expressed in Thousands)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Actual Budget</u>
Department of Administrative and Financial Services			
Administrative Services	\$ 2,341	\$ 1,978	\$ 363
Financial Services	934	711	223
	<u>3,275</u>	<u>2,689</u>	<u>586</u>
Department of Environmental Protection	<u>35</u>	<u>22</u>	<u>13</u>
Legislative Department			
Legislative	<u>8</u>	<u>2</u>	<u>6</u>
Department of Transportation			
Transportation	<u>470,009</u>	<u>413,605</u>	<u>56,404</u>
Department of Public Safety	<u>43,735</u>	<u>40,235</u>	<u>3,500</u>
Secretary of State			
Motor Vehicles	<u>66,095</u>	<u>52,365</u>	<u>13,730</u>
Grand Total	<u>\$ 583,157</u>	<u>\$ 508,918</u>	<u>\$ 74,239</u>

STATE OF MAINE
BUDGETARY COMPARISON SCHEDULE
FEDERAL FUND EXPENDITURES BY AGENCY

Fiscal Year Ended June 30, 2025
(Expressed in Thousands)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Department of Administrative and Financial Services			
Bureau of Information Services	\$ 27,792	\$ 8,646	\$ 19,146
Financial Services	15,175	12,395	2,780
Financial and Personnel Services	627	468	159
Purchasing	1,169	199	970
State Employee Health Commission	8	-	8
	<u>44,771</u>	<u>21,708</u>	<u>23,063</u>
Department of Agriculture, Conservation and Forestry	<u>88,777</u>	<u>46,307</u>	<u>42,470</u>
Attorney General	<u>4,625</u>	<u>2,633</u>	<u>1,992</u>
Department of Corrections			
Corrections	4,229	1,631	2,598
Maine State Prison	1	-	1
Maine Correctional Center	61	-	61
Charleston Correctional Facility	73	-	73
Long Creek Youth Development Center	230	113	117
	<u>4,594</u>	<u>1,744</u>	<u>2,850</u>
Department of Economic and Community Development	<u>111,393</u>	<u>49,802</u>	<u>61,591</u>
Department of Environmental Protection	<u>53,969</u>	<u>25,793</u>	<u>28,176</u>
Department of Human Services			
Human Services	<u>4,504,554</u>	<u>4,001,260</u>	<u>503,294</u>
Department of Labor	<u>145,866</u>	<u>74,795</u>	<u>71,071</u>
Department of Transportation			
Transportation	674,783	459,455	215,328
Air Transportation	1,886	42	1,844
Ferry Service/Ports and Marine	2,700	199	2,501
Rail/Van Pool	20,100	12,686	7,414
	<u>699,469</u>	<u>472,382</u>	<u>227,087</u>
Defense, Veterans and Emergency Management	<u>446,135</u>	<u>221,290</u>	<u>224,845</u>
Department of Education			
Education	613,821	446,811	167,010
Education - Unorganized Territory	562	144	418
	<u>614,383</u>	<u>446,955</u>	<u>167,428</u>
General Government			
Office of the Governor	46,565	8,513	38,052
Maine Office of Community Affairs	185	15	170
Ombudsman Program	71	52	19
	<u>46,821</u>	<u>8,580</u>	<u>38,241</u>
Department of Inland Fisheries and Wildlife	<u>52,465</u>	<u>23,035</u>	<u>29,430</u>
Judicial Department	<u>2,206</u>	<u>731</u>	<u>1,475</u>
Department of Marine Resources	<u>68,172</u>	<u>18,084</u>	<u>50,088</u>

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Department of Professional and Financial Regulation			
Professional and Financial Regulation	4,361	3,561	800
Board of Nursing	10	-	10
Department of Public Safety	28,185	15,308	12,877
Public Utilities Commission	61	47	14
Secretary of State			
Secretary of State	6,769	1,463	5,306
Motor Vehicles	486	385	101
Archives Services	68	40	28
	7,323	1,888	5,435
Other Agencies			
University of Maine	28,417	11,392	17,025
Maine Connectivity Authority	13,616	5,401	8,215
Permanent Commission Status of Racial Indigenous and Tribal	874	436	438
Finance Authority of Maine	5,086	638	4,448
Human Rights Commission	635	512	123
Museum	131	-	131
Maine Historic Preservation Commission	1,129	837	292
Library	1,807	1,583	224
Arts and Humanities Administration	1,521	925	596
Maine Efficiency Trust	51,400	18,958	32,442
Commission on Indigent Legal Services	1,625	24	1,601
Maine Public Broadcasting Corporation	1,075	807	268
Maine State Housing Authority	28,114	820	27,294
Maine Community College System	44,524	7,641	36,883
	179,954	49,974	129,980
Grand Total	<u>\$ 7,108,094</u>	<u>\$ 5,485,877</u>	<u>\$ 1,622,217</u>

STATE OF MAINE
BUDGETARY COMPARISON SCHEDULE
OTHER SPECIAL REVENUE FUND EXPENDITURES BY AGENCY

Fiscal Year Ended June 30, 2025
(Expressed in Thousands)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Department of Administrative and Financial Services			
Administrative Services	\$ 26,953	\$ 14,275	\$ 12,678
Bureau of Information Services	301	60	241
Financial Services	50,474	36,771	13,703
Human Resources	5	-	5
Financial and Personnel Services	30	19	11
Liquor and Lottery	19	9	10
Marijuana	11,000	4,420	6,580
State Employee Health Commission	75	-	75
Purchasing	4	-	4
	<u>88,861</u>	<u>55,554</u>	<u>33,307</u>
Department of Agriculture, Conservation and Forestry	<u>243,635</u>	<u>76,479</u>	<u>167,156</u>
Attorney General	<u>47,504</u>	<u>35,864</u>	<u>11,640</u>
State Auditor	<u>3,405</u>	<u>2,869</u>	<u>536</u>
Department of Corrections			
Corrections	6,633	5,004	1,629
Maine State Prison	133	54	79
Maine Correctional Center	430	-	430
Charleston Correctional Facility	152	102	50
Long Creek Youth Development Center	43	-	43
County Jail Operations	4,566	4,465	101
	<u>11,957</u>	<u>9,625</u>	<u>2,332</u>
Department of Economic and Community Development	<u>47,869</u>	<u>35,948</u>	<u>11,921</u>
Department of Environmental Protection			
Department of Environmental Protection	<u>74,022</u>	<u>45,867</u>	<u>28,155</u>
Department of Human Services			
Human Services	<u>856,826</u>	<u>745,886</u>	<u>110,940</u>
Department of Labor			
Labor	25,920	16,635	9,285
Labor Relations Board	140	52	88
	<u>26,060</u>	<u>16,687</u>	<u>9,373</u>
Department of Transportation			
Transportation	575,393	235,466	339,927
Air Transportation	3,433	977	2,456
Ferry Service/Ports & Maine	12,345	7,657	4,688
Rail/Van Pool	5,843	2,475	3,368
	<u>597,014</u>	<u>246,575</u>	<u>350,439</u>
Defense, Veterans and Emergency Management	<u>26,083</u>	<u>13,684</u>	<u>12,399</u>
Department of Education			
Education	63,033	38,435	24,598
Education - Unorganized Territory	8	-	8
	<u>63,041</u>	<u>38,435</u>	<u>24,606</u>
General Government			
Office of the Governor	8,073	878	7,195
Public Advocate	5,220	3,343	1,877
	<u>13,293</u>	<u>4,221</u>	<u>9,072</u>
Department of Inland Fisheries and Wildlife	<u>17,801</u>	<u>9,186</u>	<u>8,615</u>
Judicial Department	<u>13,260</u>	<u>11,206</u>	<u>2,054</u>
Legislative Department			
Legislative	<u>11</u>	<u>7</u>	<u>4</u>

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Department of Marine Resources	11,008	7,365	3,643
Department of Professional and Financial Regulation			
Professional and Financial Regulation	39,974	30,961	9,013
Board of Nursing	1,568	1,483	85
Board of Optometry	117	110	7
Board of Osteopathic Examination and Registration	355	336	19
Board of Professional Engineers	372	346	26
Board of Registration in Medicine	2,386	2,068	318
	<u>44,772</u>	<u>35,304</u>	<u>9,468</u>
Department of Public Safety	<u>60,758</u>	<u>37,016</u>	<u>23,742</u>
Public Utilities Commission	<u>34,561</u>	<u>28,717</u>	<u>5,844</u>
Secretary of State			
Secretary of State	2,705	691	2,014
Motor Vehicles	1,442	582	860
Archives Services	147	-	147
	<u>4,294</u>	<u>1,273</u>	<u>3,021</u>
Treasurer of State	<u>298,919</u>	<u>279,284</u>	<u>19,635</u>
Other Agencies			
Maine Maritime	190	190	-
University of Maine	4,855	4,537	318
Worker's Compensation Board	14,880	14,248	632
Maine Cemetery Preservation Commission	86	-	86
Maine Health Data Organization	2,720	2,383	337
Permanent Commission Status of Racial Indigenous and Tribal	51	-	51
Maine Charter School	954	731	223
Maine Redevelopment Land Bank Authority	2,094	1,452	642
Baxter State Park Authority	6,760	6,467	293
Com. On Governmental Ethics and Election Practices	5,119	2,444	2,675
Finance Authority of Maine	783	783	-
Saco River Corridor Commission	170	170	-
Human Rights Commission	108	36	72
Board of Property Tax Review	3	-	3
Museum	466	90	376
Maine State Cultural Affairs Council	66	7	59
Maine Historic Preservation Commission	517	119	398
Library	1,213	243	970
Lobster Promotion Council	2,686	1,719	967
Arts and Humanities Administration	102	-	102
Maine Efficiency Trust	179	178	1
Commission on Indigent Legal Services	9,710	9,574	136
Telecommunication Relay Services Council	649	366	283
Maine Children's Trust Incorporated	48	3	45
Maine State Housing Authority	147,004	146,062	942
Maine Potato Board	1,586	922	664
ConnectME Authority	1,716	-	1,716
Maine Community College System	12,756	12,513	243
Wild Blueberry Commission of Maine	1,780	1,351	429
	<u>219,251</u>	<u>206,588</u>	<u>12,663</u>
Grand Total	<u>\$ 2,804,205</u>	<u>\$ 1,943,640</u>	<u>\$ 860,565</u>



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.

Competitive Skills Scholarship Fund – This fund provides scholarships to eligible Maine residents to access post-secondary education including certificate programs and two- and four-year degrees.

Maine Retirement Savings Program Fund – The fund accounts for administrative costs and expenses of the Maine Retirement Savings Program which is to promote individual retirement savings through a Public-Private partnership.

Paid Family and Medical Leave Insurance Fund – This fund was created to account for the operation of a self-supporting program to pay family leave benefits and medical leave benefits to covered individuals and to pay the administrative costs of the program.

STATE OF MAINE
COMBINING STATEMENT OF NET POSITION
NON-MAJOR ENTERPRISE FUNDS

June 30, 2025
(Expressed in Thousands)

	<u>Lottery</u>	<u>Alcoholic Beverages</u>	<u>Maine Military Authority</u>	<u>Ferry Service</u>	<u>Prison Industries</u>
Assets					
Current assets:					
Equity in Treasurer's Cash Pool	\$ -	\$ 3,267	\$ -	\$ 186	\$ 338
Cash & Short-Term Investments	750	-	-	3	1
Restricted Assets					
Restricted Deposits & Investments	-	-	-	-	-
Inventories	-	-	-	142	5,829
Receivables, Net of Allowance for Uncollectibles:					
Other Receivable	33,303	3,701	-	153	12
Due from Other Funds	-	-	-	-	39
Total Current assets	<u>34,053</u>	<u>6,968</u>	<u>-</u>	<u>484</u>	<u>6,219</u>
Noncurrent Assets:					
Equity in Treasurer's Cash Pool	-	2,806	-	159	291
Capital Assets, Net of Accumulated Depreciation	-	-	-	79,941	107
Right to Use Assets, Net of Accumulated Amortization	-	3,059	-	-	-
Total Noncurrent Assets	<u>-</u>	<u>5,865</u>	<u>-</u>	<u>80,100</u>	<u>398</u>
Total Assets	<u>34,053</u>	<u>12,833</u>	<u>-</u>	<u>80,584</u>	<u>6,617</u>
Deferred Outflows of Resources	<u>\$ 726</u>	<u>\$ 204</u>	<u>\$ -</u>	<u>\$ 3,052</u>	<u>\$ 93</u>
Liabilities					
Current Liabilities:					
Accounts Payable	\$ 1,183	\$ 10,707	\$ -	\$ 375	\$ 81
Accrued Payroll	123	75	-	483	6
Due to Other Funds	6,866	50	3	167	10
Current Portion of Long-Term Obligations:					
Obligations for Right to Use Assets	-	704	-	-	-
Compensated Absences	46	23	3	225	1
Other Accrued Liabilities	23,307	-	-	-	-
Total Current Liabilities	<u>31,525</u>	<u>11,559</u>	<u>6</u>	<u>1,250</u>	<u>98</u>
Long-Term Liabilities					
Obligations for Right to Use Assets	-	2,358	-	-	-
Compensated Absences	120	134	8	880	3
Net Pension Liability	1,196	243	-	4,925	195
Net Other Post-Employment Benefit Liability	546	88	-	2,092	60
Total Long-Term Liabilities	<u>1,862</u>	<u>2,823</u>	<u>8</u>	<u>7,897</u>	<u>258</u>
Total Liabilities	<u>33,387</u>	<u>14,382</u>	<u>14</u>	<u>9,147</u>	<u>356</u>
Deferred Inflows of Resources	<u>\$ 565</u>	<u>\$ 88</u>	<u>\$ -</u>	<u>\$ 2,211</u>	<u>\$ 64</u>
Net Position					
Net Investment in Capital Assets	-	(3)	-	79,941	107
Unrestricted	827	(1,430)	(14)	(7,663)	6,183
Total Net Position	<u>\$ 827</u>	<u>\$ (1,433)</u>	<u>\$ (14)</u>	<u>\$ 72,278</u>	<u>\$ 6,290</u>

<u>Dirigo Health</u>	<u>Consolidated Emergency Communications</u>	<u>Competitive Skills Scholarship Fund</u>	<u>Maine Retirement Savings Program</u>	<u>Paid Family and Medical Leave Insurance Fund</u>	<u>Total Other Enterprise Funds</u>
\$ 34	\$ -	\$ 12,570	\$ 527	\$ 51,532	\$ 68,454
-	-	-	-	-	754
-	-	11	-	-	11
-	-	-	-	-	5,971
-	115	-	-	47,029	84,313
-	3,608	-	-	-	3,647
<u>34</u>	<u>3,723</u>	<u>12,581</u>	<u>527</u>	<u>98,561</u>	<u>163,150</u>
30	-	10,794	452	44,253	58,785
-	107	-	-	-	80,155
-	-	-	-	-	3,059
<u>30</u>	<u>107</u>	<u>10,794</u>	<u>452</u>	<u>44,253</u>	<u>141,999</u>
<u>64</u>	<u>3,830</u>	<u>23,375</u>	<u>979</u>	<u>142,814</u>	<u>305,149</u>
\$ -	\$ 2,583	\$ 298	\$ -	\$ 239	\$ 7,195
\$ -	\$ 3	\$ 188	\$ -	\$ 1,426	\$ 13,963
-	521	62	-	-	1,270
-	1,811	19	-	52	8,978
-	-	-	-	-	704
-	137	15	-	55	505
-	-	-	-	-	23,307
<u>-</u>	<u>2,472</u>	<u>284</u>	<u>-</u>	<u>1,533</u>	<u>48,727</u>
-	-	-	-	-	2,358
-	569	48	-	188	1,950
-	4,234	433	-	-	11,226
-	1,713	235	-	-	4,734
<u>-</u>	<u>6,516</u>	<u>716</u>	<u>-</u>	<u>188</u>	<u>20,268</u>
<u>-</u>	<u>8,988</u>	<u>1,000</u>	<u>-</u>	<u>1,721</u>	<u>68,995</u>
\$ -	\$ 1,809	\$ 238	\$ -	\$ -	\$ 4,975
-	107	-	-	-	80,152
<u>64</u>	<u>(4,491)</u>	<u>22,435</u>	<u>979</u>	<u>141,332</u>	<u>158,222</u>
<u>\$ 64</u>	<u>\$ (4,384)</u>	<u>\$ 22,435</u>	<u>\$ 979</u>	<u>\$ 141,332</u>	<u>\$ 238,374</u>

STATE OF MAINE
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NON-MAJOR ENTERPRISE FUNDS

Fiscal Year Ended June 30, 2025
(Expressed in Thousands)

	<u>Lottery</u>	<u>Alcoholic Beverages</u>	<u>Maine Military Authority</u>	<u>Ferry Service</u>	<u>Prison Industries</u>
Operating Revenues					
Charges for Services	\$ 414,345	\$ 260,355	\$ -	\$ 7,850	\$ 2,101
Assessments	-	-	-	-	-
Miscellaneous Revenues	734	135	156	-	-
Total Operating Revenues	<u>415,079</u>	<u>260,490</u>	<u>156</u>	<u>7,850</u>	<u>2,101</u>
Operating Expenses					
General Operations	335,332	195,413	66	11,982	1,998
Depreciation and Amortization	-	184	-	4,223	20
Total Operating Expenses	<u>335,332</u>	<u>195,597</u>	<u>66</u>	<u>16,205</u>	<u>2,018</u>
Operating Income (Loss)	<u>79,747</u>	<u>64,893</u>	<u>90</u>	<u>(8,355)</u>	<u>83</u>
Nonoperating Revenues (Expenses)					
Other Nonoperating Revenues (Expenses) - net	621	47	(3)	54	36
Interest Expense	-	(205)	-	-	-
Total Nonoperating Revenues (Expenses)	<u>621</u>	<u>(158)</u>	<u>(3)</u>	<u>54</u>	<u>36</u>
Income (Loss) Before Capital Contributions, Transfers and Special Items	<u>80,368</u>	<u>64,735</u>	<u>87</u>	<u>(8,301)</u>	<u>119</u>
Capital Contributions, Transfers and Special Items					
Capital Contributions from (to) Other Funds	-	-	-	2,704	-
Transfer from Other Funds	-	-	75	7,603	-
Transfer to Other Funds	(79,890)	(67,717)	-	-	-
Total Capital Contributions, Transfers In (Out) and Special Items	<u>(79,890)</u>	<u>(67,717)</u>	<u>75</u>	<u>10,307</u>	<u>-</u>
Change in Net Position	478	(2,982)	162	2,006	119
Net Position - Beginning of Year	503	1,650	(170)	70,615	6,177
Restatements (Note 3)	(154)	(101)	(6)	(343)	(6)
Net Position - End of Year	<u>\$ 827</u>	<u>\$ (1,433)</u>	<u>\$ (14)</u>	<u>\$ 72,278</u>	<u>\$ 6,290</u>

<u>Dirigo Health</u>	<u>Consolidated Emergency Communications</u>	<u>Competitive Skills Scholarship Fund</u>	<u>Maine Retirement Savings Program</u>	<u>Paid Family and Medical Leave Insurance Fund</u>	<u>Total Other Enterprise Funds</u>
\$ -	\$ 8,273	\$ -	\$ -	\$ -	\$ 692,924
-	-	9,582	-	131,246	140,828
-	-	-	-	-	1,025
-	8,273	9,582	-	131,246	834,777
-	7,856	3,345	255	13,303	569,550
-	31	-	-	-	4,458
-	7,887	3,345	255	13,303	574,008
-	386	6,237	(255)	117,943	260,769
-	-	847	48	385	2,035
-	-	-	-	-	(205)
-	-	847	48	385	1,830
-	386	7,084	(207)	118,328	262,599
-	-	-	-	-	2,704
-	-	-	-	23,038	30,716
-	-	-	-	(34)	(147,641)
-	-	-	-	23,004	(114,221)
-	386	7,084	(207)	141,332	148,378
64	(4,440)	15,389	1,186	-	90,974
-	(330)	(38)	-	-	(978)
\$ 64	\$ (4,384)	\$ 22,435	\$ 979	\$ 141,332	\$ 238,374

STATE OF MAINE
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS

Fiscal Year Ended June 30, 2025
(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	\$ 414,988	\$ 260,249	\$ 81	\$ 5,612
Cash Received from Interfund Services	6,227	21	75	2,227
Payments to Prize Winners	(284,074)	-	-	-
Payments to Suppliers	(54,881)	(190,906)	(2)	(2,694)
Payments to Employees	(2,146)	(706)	(43)	(10,102)
Payments for Interfund Goods and Services	(845)	(551)	(183)	(731)
Net Cash Provided (Used) by Operating Activities	<u>79,269</u>	<u>68,107</u>	<u>(72)</u>	<u>(5,688)</u>
Cash Flows from Noncapital Financing Activities				
Transfers from Other Funds	-	-	75	7,603
Transfers to Other Funds	(79,890)	(67,717)	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(79,890)</u>	<u>(67,717)</u>	<u>75</u>	<u>7,603</u>
Cash Flows from Capital and Related Financing Activities				
Payments for Acquisition of Capital Assets	-	-	-	(2,024)
Principal and Interest Paid on Financing Arrangements	-	(1,572)	-	-
Proceeds from Sale of Capital Assets	1	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>1</u>	<u>(1,572)</u>	<u>-</u>	<u>(2,024)</u>
Cash Flows from Investing Activities				
Investment Income	620	47	(3)	54
Net Cash Provided (Used) by Investing Activities	<u>620</u>	<u>47</u>	<u>(3)</u>	<u>54</u>
Net Increase (Decrease) in Cash/Cash Equivalents	-	(1,135)	-	(55)
Cash/Cash Equivalents - Beginning of Period	750	7,208	-	403
Cash/Cash Equivalents - End of Period	<u>\$ 750</u>	<u>\$ 6,073</u>	<u>\$ -</u>	<u>\$ 348</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ 79,747	\$ 64,893	\$ 90	\$ (8,355)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Depreciation Expense	-	184	-	4,223
Decrease (Increase) in Assets & Liabilities				
Accounts Receivable	(125)	(241)	-	(11)
Interfund Balances	6,264	21	(167)	(2)
Inventories	-	-	-	65
Deferred Outflows	(108)	(77)	-	(406)
Increase (Decrease) in Liabilities				
Accounts Payable	(1,610)	3,307	-	(161)
Accrued Payroll Expense	4	39	-	105
Compensated Absences	(64)	20	5	111
Deferred Inflows	(152)	(26)	-	(601)
Net Pension Liability	(130)	7	-	(250)
Other Accruals	(4,458)	(2)	-	-
Net OPEB Liability	(99)	(18)	-	(406)
Total Adjustments	(478)	3,214	(162)	2,667
Net Cash Provided (Used) by Operating Activities	<u>\$ 79,269</u>	<u>\$ 68,107</u>	<u>\$ (72)</u>	<u>\$ (5,688)</u>
Non Cash Investing, Capital and Financing Activities				
Subscription Based Assets	-	3,243	-	-
Contributed Capital Assets	-	-	-	2,704

<u>Prison Industries</u>	<u>Dirigo Health</u>	<u>Consolidated Emergency Communications</u>	<u>Competitive Skills Scholarship Fund</u>	<u>Maine Retirement Savings Program</u>	<u>Paid Family and Medical Leave Insurance Fund</u>	<u>Total Other Enterprise Funds</u>
\$ 1,492	\$ -	\$ 1,496	\$ 9,582	\$ -	\$ 84,217	\$ 777,717
572	-	6,638	-	-	52	15,812
-	-	-	-	-	-	(284,074)
(918)	-	(374)	(2,295)	-	(9,373)	(261,443)
(256)	-	(7,896)	(964)	-	(1,731)	(23,844)
<u>(1,016)</u>	<u>-</u>	<u>(780)</u>	<u>(220)</u>	<u>(255)</u>	<u>(769)</u>	<u>(5,350)</u>
<u>(126)</u>	<u>-</u>	<u>(916)</u>	<u>6,103</u>	<u>(255)</u>	<u>72,396</u>	<u>218,818</u>
-	-	-	-	-	23,038	30,716
-	-	-	-	-	(34)	(147,641)
-	-	-	-	-	23,004	(116,925)
-	-	-	-	-	-	(2,024)
-	-	-	-	-	-	(1,572)
<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>
<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,594)</u>
36	-	-	847	48	385	2,034
<u>36</u>	<u>-</u>	<u>-</u>	<u>847</u>	<u>48</u>	<u>385</u>	<u>2,034</u>
(89)	-	(916)	6,950	(207)	95,785	100,333
719	64	916	16,425	1,186	-	27,671
<u>\$ 630</u>	<u>\$ 64</u>	<u>\$ -</u>	<u>\$ 23,375</u>	<u>\$ 979</u>	<u>\$ 95,785</u>	<u>\$ 128,004</u>
<u>\$ 83</u>	<u>\$ -</u>	<u>\$ 386</u>	<u>\$ 6,237</u>	<u>\$ (255)</u>	<u>\$ 117,943</u>	<u>\$ 260,769</u>
20	-	31	-	-	-	4,458
(3)	-	(104)	-	-	(47,029)	(47,513)
(42)	-	(35)	(7)	-	52	6,084
(164)	-	-	-	-	-	(99)
-	-	(329)	(48)	-	(239)	(1,207)
25	-	2	118	-	1,426	3,107
(6)	-	62	14	-	-	218
(9)	-	42	(13)	-	243	335
(19)	-	(481)	(62)	-	-	(1,341)
1	-	(166)	(98)	-	-	(636)
-	-	-	-	-	-	(4,460)
<u>(12)</u>	<u>-</u>	<u>(324)</u>	<u>(38)</u>	<u>-</u>	<u>-</u>	<u>(897)</u>
(209)	-	(1,302)	(134)	-	(45,547)	(41,951)
<u>\$ (126)</u>	<u>\$ -</u>	<u>\$ (916)</u>	<u>\$ 6,103</u>	<u>\$ (255)</u>	<u>\$ 72,396</u>	<u>\$ 218,818</u>
-	-	-	-	-	-	3,243
-	-	-	-	-	-	2,704



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, 2025
(Expressed in Thousands)

	Motor Transport Services	Postal, Printing & Supply	Information Services	Risk Management
Assets				
Current Assets:				
Equity in Treasurer's Cash Pool	\$ 3,379	\$ -	\$ 2,658	\$ 17,273
Cash & Short-Term Investments	-	1	-	-
Cash with Fiscal Agent	87	-	-	-
Restricted Assets:				
Restricted Deposits & Investments	-	-	-	-
Inventories	5,471	955	7	-
Receivables, Net of Allowance for Uncollectibles:				
Other Receivable	45	121	140	63
Due from Other Funds	242	3,449	31,248	504
Other Assets	-	83	13,074	2,240
Total Current Assets	<u>9,224</u>	<u>4,609</u>	<u>47,127</u>	<u>20,080</u>
Noncurrent Assets:				
Equity in Treasurer's Cash Pool	2,902	-	2,282	14,832
Receivables, Net of Current Portion	-	-	-	-
Capital Assets, Net of Accumulated Depreciation	46,842	535	9,521	-
Right to Use Assets, Net of Accumulated Amortization	-	-	17,195	-
Total Noncurrent Assets	<u>49,744</u>	<u>535</u>	<u>28,998</u>	<u>14,832</u>
Total Assets	<u>58,968</u>	<u>5,144</u>	<u>76,125</u>	<u>34,912</u>
Deferred Outflows of Resources	<u>\$ 3,871</u>	<u>\$ 857</u>	<u>\$ 17,224</u>	<u>\$ 243</u>
Liabilities				
Current Liabilities:				
Accounts Payable	\$ 730	\$ 811	\$ 7,920	\$ 95
Accrued Payroll	557	167	3,193	52
Due to Other Funds	361	14,494	5,980	295
Due to Component Units	-	-	-	-
Current Portion of Long-Term Obligations:				
Certificates of Participation and Other Financing Arrangements	8	-	-	-
Obligations for Right to Use Assets	-	-	8,651	-
Claims Payable	-	-	-	-
Compensated Absences	246	57	1,193	23
Unearned Revenue	-	-	-	503
Accrued Interest Payable	-	-	-	-
Total Current Liabilities	<u>1,902</u>	<u>15,529</u>	<u>26,937</u>	<u>968</u>
Long-Term Liabilities:				
Working Capital Advances Payable	-	111	-	-
Certificates of Participation & Other Financing Arrangements	-	-	-	-
Obligations for Right to Use Assets	-	-	8,940	-
Claims Payable	-	-	-	10,357
Compensated Absences	1,102	202	4,662	110
Net Other Post-Employment Benefit Liability	3,062	654	13,216	145
Net Pension Liability	6,411	1,413	28,106	387
Total Long-Term Liabilities	<u>10,575</u>	<u>2,380</u>	<u>54,924</u>	<u>10,999</u>
Total Liabilities	<u>12,477</u>	<u>17,909</u>	<u>81,861</u>	<u>11,967</u>
Deferred Inflows of Resources	<u>\$ 3,119</u>	<u>\$ 680</u>	<u>\$ 13,611</u>	<u>\$ 154</u>
Net Position				
Net Investment in Capital Assets	46,921	535	9,126	-
Restricted for:				
Other Purposes	-	-	-	-
Unrestricted	322	(13,123)	(11,249)	23,034
Total Net Position	<u>\$ 47,243</u>	<u>\$ (12,588)</u>	<u>\$ (2,123)</u>	<u>\$ 23,034</u>

(Continued)

<u>Workers' Compensation</u>	<u>Central Fleet Management</u>	<u>Leased Space</u>	<u>Revenue Services</u>	<u>Retiree Health Insurance</u>	<u>Employee Health Insurance</u>	<u>Statewide Radio & Network Systems</u>
\$ 29,520	\$ 2,026	\$ 42	\$ -	\$ 44,833	\$ 125,477	\$ 15
-	-	-	-	-	-	-
-	6,279	-	-	-	-	2,953
-	-	-	-	-	-	-
-	22	-	-	-	-	-
1	41	567	1	4,308	16,228	-
1,060	2,925	559	-	10,539	10,372	-
587	-	10	-	-	-	-
<u>31,168</u>	<u>11,293</u>	<u>1,178</u>	<u>1</u>	<u>59,680</u>	<u>152,077</u>	<u>2,968</u>
25,349	1,739	36	-	38,499	107,751	13
-	-	3,591	-	-	-	-
-	37,727	-	-	-	-	27,175
-	-	257,830	-	-	-	-
<u>25,349</u>	<u>39,466</u>	<u>261,457</u>	<u>-</u>	<u>38,499</u>	<u>107,751</u>	<u>27,188</u>
<u>56,517</u>	<u>50,759</u>	<u>262,635</u>	<u>1</u>	<u>98,179</u>	<u>259,828</u>	<u>30,156</u>
\$ 743	\$ 424	\$ 85	\$ -	\$ -	\$ 597	\$ -
\$ 772	\$ 331	\$ 549	\$ -	\$ 12,546	\$ 14,504	\$ -
126	85	21	-	-	142	-
83	765	59	16	10	6,331	-
-	-	-	-	2,963	-	-
-	5,904	-	-	-	-	2,455
-	-	9,653	-	-	-	-
7,479	-	-	-	3,783	11,352	-
38	34	7	-	-	45	-
-	-	-	-	-	-	-
-	416	-	-	-	-	-
<u>8,498</u>	<u>7,535</u>	<u>10,289</u>	<u>16</u>	<u>19,302</u>	<u>32,374</u>	<u>2,455</u>
-	-	-	-	-	-	-
-	28,417	-	-	-	-	10,176
-	-	259,730	-	-	-	-
41,766	-	-	-	-	-	-
187	127	9	-	-	157	-
486	309	63	-	-	325	-
1,296	684	131	-	-	945	-
<u>43,735</u>	<u>29,537</u>	<u>259,933</u>	<u>-</u>	<u>-</u>	<u>1,427</u>	<u>10,176</u>
<u>52,233</u>	<u>37,072</u>	<u>270,222</u>	<u>16</u>	<u>19,302</u>	<u>33,801</u>	<u>12,631</u>
\$ 519	\$ 321	\$ 4,144	\$ -	\$ -	\$ 350	\$ -
-	9,685	(11,553)	-	-	-	17,497
-	-	-	-	-	-	28
4,508	4,105	(93)	(15)	78,877	226,274	-
<u>\$ 4,508</u>	<u>\$ 13,790</u>	<u>\$ (11,646)</u>	<u>\$ (15)</u>	<u>\$ 78,877</u>	<u>\$ 226,274</u>	<u>\$ 17,525</u>

STATE OF MAINE
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS (CONTINUED)

June 30, 2025
(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	\$ 2,659	\$ 6,687	\$ -	\$ 199	\$ 234,768
Cash & Short-Term Investments	-	-	-	-	1
Cash with Fiscal Agent	-	-	-	-	9,319
Restricted Assets:					
Restricted Deposits & Investments	-	-	2,417	-	2,417
Inventories	-	-	-	-	6,455
Receivables, Net of Allowance for Uncollectibles:					
Other Receivable	-	1	-	-	21,516
Due from Other Funds	371	-	-	-	61,269
Other Assets	-	-	-	-	15,994
Total Current Assets	<u>3,030</u>	<u>6,688</u>	<u>2,417</u>	<u>199</u>	<u>351,739</u>
Noncurrent Assets:					
Equity in Treasurer's Cash Pool	2,284	5,743	-	171	201,601
Receivables, Net of Current Portion	-	-	-	-	3,591
Capital Assets, Net of Accumulated Depreciation	-	41,234	-	10,380	173,414
Right to Use Assets, Net of Accumulated Amortization	-	-	-	-	275,025
Total Noncurrent Assets	<u>2,284</u>	<u>46,977</u>	<u>-</u>	<u>10,551</u>	<u>653,631</u>
Total Assets	<u>5,314</u>	<u>53,665</u>	<u>2,417</u>	<u>10,750</u>	<u>1,005,370</u>
Deferred Outflows of Resources	<u>\$ 9,648</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,692</u>
Liabilities					
Current Liabilities:					
Accounts Payable	\$ 24	\$ 23	\$ -	\$ 27	\$ 38,332
Accrued Payroll	1,861	-	-	-	6,204
Due to Other Funds	678	-	-	1	29,073
Due to Component Units	-	-	-	-	2,963
Current Portion of Long-Term Obligations:					
Certificates of Participation and Other Financing Arrangements	-	-	-	-	8,367
Obligations for Right to Use Assets	-	-	-	-	18,304
Claims Payable	-	-	-	-	22,614
Compensated Absences	613	-	-	-	2,256
Unearned Revenue	-	-	-	-	503
Accrued Interest Payable	-	-	576	-	992
Total Current Liabilities	<u>3,176</u>	<u>23</u>	<u>576</u>	<u>28</u>	<u>129,608</u>
Long-Term Liabilities:					
Working Capital Advances Payable	-	-	-	-	111
Certificates of Participation & Other Financing Arrangements	-	-	-	-	38,593
Obligations for Right to Use Assets	-	-	-	-	268,670
Claims Payable	-	-	-	-	52,123
Compensated Absences	2,697	-	-	-	9,253
Net Other Post-Employment Benefit Liability	6,756	-	-	-	25,016
Net Pension Liability	16,259	-	-	-	55,632
Total Long-Term Liabilities	<u>25,712</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>449,398</u>
Total Liabilities	<u>28,888</u>	<u>23</u>	<u>576</u>	<u>28</u>	<u>579,006</u>
Deferred Inflows of Resources	<u>\$ 7,088</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,986</u>
Net Position					
Net Investment in Capital Assets	-	41,234	-	10,380	123,825
Restricted for:					
Other Purposes	-	-	242	-	270
Unrestricted	(21,014)	12,408	1,599	342	305,975
Total Net Position	<u>\$ (21,014)</u>	<u>\$ 53,642</u>	<u>\$ 1,841</u>	<u>\$ 10,722</u>	<u>\$ 430,070</u>



STATE OF MAINE
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS

Fiscal Year Ended June 30, 2025
(Expressed in Thousands)

	Motor Transport Services	Postal, Printing & Supply	Information Services	Risk Management
Operating Revenues				
Charges for Services	\$ 42,842	\$ 38,655	\$ 152,902	\$ 10,245
Miscellaneous Revenues	-	-	-	177
Total Operating Revenues	<u>42,842</u>	<u>38,655</u>	<u>152,902</u>	<u>10,422</u>
Operating Expenses				
General Operations	32,067	37,919	124,693	7,588
Depreciation and Amortization	7,390	-	13,896	-
Claims/Fees Expense	-	-	-	1,266
Total Operating Expenses	<u>39,457</u>	<u>37,919</u>	<u>138,589</u>	<u>8,854</u>
Operating Income (Loss)	<u>3,385</u>	<u>736</u>	<u>14,313</u>	<u>1,568</u>
Nonoperating Revenues (Expenses)				
Investment Revenue (Expenses) - net	289	(690)	(159)	1,522
Interest Expense	-	-	(515)	-
Other Nonoperating Revenue (Expenses) - net	<u>27</u>	<u>-</u>	<u>(51)</u>	<u>-</u>
Total Nonoperating Revenues (Expenses) - net	<u>316</u>	<u>(690)</u>	<u>(725)</u>	<u>1,522</u>
Income (Loss) Before Capital Contributions, Transfers and Special Items	<u>3,701</u>	<u>46</u>	<u>13,588</u>	<u>3,090</u>
Capital Contributions, Transfers and Special Items				
Capital Contributions from (to) Other Funds	-	-	744	-
Transfer from Other Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Capital Contributions, Transfers In (Out) and Special Items	<u>-</u>	<u>-</u>	<u>744</u>	<u>-</u>
Change in Net Position	<u>3,701</u>	<u>46</u>	<u>14,332</u>	<u>3,090</u>
Net Position - Beginning of Year (as restated)	<u>43,542</u>	<u>(12,634)</u>	<u>(16,455)</u>	<u>19,944</u>
Net Position - End of Year	<u>\$ 47,243</u>	<u>\$ (12,588)</u>	<u>\$ (2,123)</u>	<u>\$ 23,034</u>

(Continued)

Workers' Compensation	Central Fleet Management	Leased Space	Revenue Services	Retiree Health Insurance	Employee Health Insurance	Statewide Radio & Network Systems
\$ 18,353	\$ 17,355	\$ 32,337	\$ 54	\$ 55,622	\$ 182,809	\$ -
30	-	4	-	-	-	-
<u>18,383</u>	<u>17,355</u>	<u>32,341</u>	<u>54</u>	<u>55,622</u>	<u>182,809</u>	<u>-</u>
3,920	10,366	19,195	334	46,304	160,616	-
-	6,186	11,312	-	-	-	8,826
6,039	-	-	-	-	-	-
<u>9,959</u>	<u>16,552</u>	<u>30,507</u>	<u>334</u>	<u>46,304</u>	<u>160,616</u>	<u>8,826</u>
<u>8,424</u>	<u>803</u>	<u>1,834</u>	<u>(280)</u>	<u>9,318</u>	<u>22,193</u>	<u>(8,826)</u>
2,319	439	112	3	5,765	9,861	408
-	(950)	(4,761)	-	-	-	(68)
-	(375)	-	-	-	-	-
<u>2,319</u>	<u>(886)</u>	<u>(4,649)</u>	<u>3</u>	<u>5,765</u>	<u>9,861</u>	<u>340</u>
<u>10,743</u>	<u>(83)</u>	<u>(2,815)</u>	<u>(277)</u>	<u>15,083</u>	<u>32,054</u>	<u>(8,486)</u>
-	-	-	-	-	-	3,789
-	-	-	-	2,000	-	2,080
-	-	-	-	2,000	-	5,869
<u>10,743</u>	<u>(83)</u>	<u>(2,815)</u>	<u>(277)</u>	<u>17,083</u>	<u>32,054</u>	<u>(2,617)</u>
<u>(6,235)</u>	<u>13,873</u>	<u>(8,831)</u>	<u>262</u>	<u>61,794</u>	<u>194,220</u>	<u>20,142</u>
<u>\$ 4,508</u>	<u>\$ 13,790</u>	<u>\$ (11,646)</u>	<u>\$ (15)</u>	<u>\$ 78,877</u>	<u>\$ 226,274</u>	<u>\$ 17,525</u>

STATE OF MAINE
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS (CONTINUED)

Fiscal Year Ended June 30, 2025
(Expressed in Thousands)

	Financial & Personnel Services	Transportation Facilities	Governmental Facilities Authority	Industrial Drive Facility	Total Internal Service Funds
Operating Revenues					
Charges for Services	\$ 30,471	\$ 9,527	\$ 201	\$ 712	\$ 592,085
Miscellaneous Revenues	3	-	-	-	214
Total Operating Revenues	<u>30,474</u>	<u>9,527</u>	<u>201</u>	<u>712</u>	<u>592,299</u>
Operating Expenses					
General Operations	23,925	185	403	616	468,131
Depreciation and Amortization	-	1,065	-	374	49,049
Claims/Fees Expense	-	-	-	-	7,305
Total Operating Expenses	<u>23,925</u>	<u>1,250</u>	<u>403</u>	<u>990</u>	<u>524,485</u>
Operating Income (Loss)	<u>6,549</u>	<u>8,277</u>	<u>(202)</u>	<u>(278)</u>	<u>67,814</u>
Nonoperating Revenues (Expenses)					
Investment Revenue (Expenses) - net	-	343	-	28	20,240
Interest Expense	-	-	-	-	(6,294)
Other Nonoperating Revenue (Expenses) - net	-	-	-	-	(399)
Total Nonoperating Revenues (Expenses) - net	<u>-</u>	<u>343</u>	<u>-</u>	<u>28</u>	<u>13,547</u>
Income (Loss) Before Capital Contributions, Transfers and Special Items	<u>6,549</u>	<u>8,620</u>	<u>(202)</u>	<u>(250)</u>	<u>81,361</u>
Capital Contributions, Transfers and Special Items					
Capital Contributions from (to) Other Funds	-	388	-	-	4,921
Transfer from Other Funds	-	-	-	-	4,080
Total Capital Contributions, Transfers In (Out) and Special Items	<u>-</u>	<u>388</u>	<u>-</u>	<u>-</u>	<u>9,001</u>
Change in Net Position	<u>6,549</u>	<u>9,008</u>	<u>(202)</u>	<u>(250)</u>	<u>90,362</u>
Net Position - Beginning of Year (as restated)	<u>(27,563)</u>	<u>44,634</u>	<u>2,043</u>	<u>10,972</u>	<u>339,708</u>
Net Position - End of Year	<u>\$ (21,014)</u>	<u>\$ 53,642</u>	<u>\$ 1,841</u>	<u>\$ 10,722</u>	<u>\$ 430,070</u>



STATE OF MAINE
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

Fiscal Year Ended June 30, 2025
(Expressed in Thousands)

	Motor Transport Services	Postal, Printing & Supply	Information Services
Cash Flows from Operating Activities			
Receipts from Customers and Users	\$ 501	\$ 10,910	\$ 9,808
Cash Received from Interfund Services	41,784	28,064	139,945
Payments to Suppliers	(9,255)	(27,481)	(57,996)
Payments to Employees	(11,367)	(2,565)	(48,797)
Payments for Interfund Goods and Services	(13,405)	(8,238)	(28,240)
Net Cash Provided (Used) by Operating Activities	<u>8,258</u>	<u>690</u>	<u>14,720</u>
Cash Flows from Noncapital Financing Activities			
Transfers from Other Funds	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities			
Payments for Acquisition of Capital Assets	(8,443)	-	(5,471)
Proceeds from Financing Arrangements	-	-	-
Principal and Interest Paid on Financing Arrangements	-	-	(9,157)
Proceeds from Sale of Capital Assets	612	-	155
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(7,831)</u>	<u>-</u>	<u>(14,473)</u>
Cash Flows from Investing Activities			
Investment Revenue	289	(690)	(159)
Net Cash Provided (Used) by Investing Activities	<u>289</u>	<u>(690)</u>	<u>(159)</u>
Net Increase (Decrease) in Cash/Cash Equivalents	716	-	88
Cash/Cash Equivalents - Beginning of Period (as restated)	5,652	1	4,852
Cash/Cash Equivalents - End of Period	<u>\$ 6,368</u>	<u>\$ 1</u>	<u>\$ 4,940</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	<u>\$ 3,385</u>	<u>\$ 736</u>	<u>\$ 14,313</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Depreciation and Amortization Expense	7,390	-	13,896
Decrease (Increase) in Assets			
Accounts Receivable	(19)	1	246
Interfund Balances	(36)	728	(2,993)
Due from Other Governments	-	-	-
Inventories	(436)	(87)	-
Other Assets	-	(14)	(1,293)
Deferred Outflows	(487)	(113)	(2,176)
Increase (Decrease) in Liabilities			
Accounts Payable	314	(3)	3,561
Accrued Payroll Expense	98	32	588
Due to Other Governments	-	-	-
Compensated Absences	138	(127)	(2,459)
Deferred Inflows	(840)	(181)	(3,633)
Net Pension Liability	(698)	(165)	(2,942)
Other Accruals	-	-	-
Net OPEB Liability	(551)	(117)	(2,388)
Total Adjustments	4,873	(46)	407
Net Cash Provided (Used) by Operating Activities	<u>\$ 8,258</u>	<u>\$ 690</u>	<u>\$ 14,720</u>
Non Cash Investing, Capital and Financing Activities			
Subscription Based Assets	-	-	1,551
Contributed Capital Assets	-	-	744
Disposal of Asset - Gain (Loss)	(585)	-	(206)

(Continued)

<u>Risk Management</u>	<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>
\$ 2,779	\$ 101	\$ 415	\$ 1,342	\$ -	\$ 50,321	\$ 163,816
7,897	18,260	16,382	31,072	54	1,278	5,431
(4,481)	(9,804)	(4,694)	(18,219)	(9)	(43,491)	(147,661)
(778)	(2,127)	(1,327)	(243)	-	(143)	(2,141)
<u>(4,120)</u>	<u>(1,003)</u>	<u>(4,218)</u>	<u>(574)</u>	<u>(316)</u>	<u>(52)</u>	<u>(233)</u>
<u>1,297</u>	<u>5,427</u>	<u>6,558</u>	<u>13,378</u>	<u>(271)</u>	<u>7,913</u>	<u>19,212</u>
-	-	-	-	-	2,000	-
-	-	-	-	-	2,000	-
-	-	(13,768)	(38,111)	-	-	-
-	-	13,500	38,111	-	-	-
-	-	(4,834)	(13,412)	-	-	-
-	-	614	-	-	-	-
-	-	<u>(4,488)</u>	<u>(13,412)</u>	-	-	-
<u>1,522</u>	<u>2,319</u>	<u>439</u>	<u>112</u>	<u>3</u>	<u>5,765</u>	<u>9,861</u>
<u>1,522</u>	<u>2,319</u>	<u>439</u>	<u>112</u>	<u>3</u>	<u>5,765</u>	<u>9,861</u>
2,819	7,746	2,509	78	(268)	15,678	29,073
<u>29,286</u>	<u>47,123</u>	<u>7,535</u>	<u>-</u>	<u>268</u>	<u>67,654</u>	<u>204,155</u>
<u>\$ 32,105</u>	<u>\$ 54,869</u>	<u>\$ 10,044</u>	<u>\$ 78</u>	<u>\$ -</u>	<u>\$ 83,332</u>	<u>\$ 233,228</u>
<u>\$ 1,568</u>	<u>\$ 8,424</u>	<u>\$ 803</u>	<u>\$ 1,834</u>	<u>\$ (280)</u>	<u>\$ 9,318</u>	<u>\$ 22,193</u>
-	-	6,186	11,312	-	-	-
189	(1)	14	200	-	(3,404)	(12,348)
48	(5)	(255)	(423)	9	(615)	(1,208)
-	-	-	522	-	-	-
-	-	6	-	-	-	-
79	(567)	-	-	-	-	-
<u>(48)</u>	<u>(58)</u>	<u>(65)</u>	<u>(19)</u>	-	-	<u>(100)</u>
53	91	(80)	516	-	2,798	11,963
13	11	14	15	-	-	23
-	-	-	-	-	136	-
(19)	(183)	(67)	(3)	-	-	(196)
(42)	(141)	(86)	(539)	-	-	(98)
(12)	(61)	(75)	(27)	-	-	6
(504)	(1,990)	219	-	-	(320)	(956)
<u>(28)</u>	<u>(93)</u>	<u>(56)</u>	<u>(10)</u>	-	-	<u>(67)</u>
<u>(271)</u>	<u>(2,997)</u>	<u>5,755</u>	<u>11,544</u>	<u>9</u>	<u>(1,405)</u>	<u>(2,981)</u>
<u>\$ 1,297</u>	<u>\$ 5,427</u>	<u>\$ 6,558</u>	<u>\$ 13,378</u>	<u>\$ (271)</u>	<u>\$ 7,913</u>	<u>\$ 19,212</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	(989)	-	-	-	-

STATE OF MAINE
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS (CONTINUED)

Fiscal Year Ended June 30, 2025
(Expressed in Thousands)

	Statewide Radio & Network Systems	Industrial Drive Facility	Financial & Personnel Services	Transportation Facilities	Governmental Facilities Authority	Total
Cash Flows from Operating Activities						
Receipts from Customers and Users	\$ -	\$ -	\$ 85	\$ 27	\$ 201	\$ 240,306
Cash Received from Interfund Services	-	712	30,575	9,500	-	330,954
Payments to Suppliers	-	(618)	(609)	(191)	(1,836)	(326,345)
Payments to Employees	-	-	(28,687)	-	-	(98,175)
Payments for Interfund Goods and Services	-	(53)	(1,609)	(36)	-	(62,097)
Net Cash Provided (Used) by Operating Activities	-	41	(245)	9,300	(1,635)	84,643
Cash Flows from Noncapital Financing Activities						
Transfers from Other Funds	2,080	-	-	-	-	4,080
Net Cash Provided (Used) by Noncapital Financing Activities	2,080	-	-	-	-	4,080
Cash Flows from Capital and Related Financing Activities						
Payments for Acquisition of Capital Assets	(5,261)	-	-	(732)	-	(71,786)
Proceeds from Financing Arrangements	3,000	-	-	-	-	54,611
Principal and Interest Paid on Financing Arrangements	(2,314)	-	-	-	-	(29,717)
Proceeds from Sale of Capital Assets	-	-	-	-	-	1,381
Net Cash Provided (Used) by Capital and Related Financing Activities	(4,575)	-	-	(732)	-	(45,511)
Cash Flows from Investing Activities						
Investment Revenue	408	28	-	343	-	20,240
Net Cash Provided (Used) by Investing Activities	408	28	-	343	-	20,240
Net Increase (Decrease) in Cash/Cash Equivalents	(2,087)	69	(245)	8,911	(1,635)	63,452
Cash/Cash Equivalents - Beginning of Period (as restated)	5,068	301	5,188	3,519	4,052	384,654
Cash/Cash Equivalents - End of Period	\$ 2,981	\$ 370	\$ 4,943	\$ 12,430	\$ 2,417	\$ 448,106
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities						
Operating Income (Loss)	\$ (8,826)	\$ (278)	\$ 6,549	\$ 8,277	\$ (202)	\$ 67,814
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities						
Depreciation and Amortization Expense	8,826	374	-	1,065	-	49,049
Decrease (Increase) in Assets						
Accounts Receivable	-	-	-	-	-	(15,122)
Interfund Balances	-	-	261	-	-	(4,489)
Due from Other Governments	-	-	-	-	-	522
Inventories	-	-	-	-	-	(517)
Other Assets	-	-	-	-	-	(1,795)
Deferred Outflows	-	-	(1,322)	-	-	(4,388)
Increase (Decrease) in Liabilities						
Accounts Payable	-	(55)	(28)	(42)	-	19,088
Accrued Payroll Expense	-	-	761	-	-	1,555
Due to Other Governments	-	-	-	-	-	136
Compensated Absences	-	-	(1,903)	-	-	(4,819)
Deferred Inflows	-	-	(1,916)	-	-	(7,476)
Net Pension Liability	-	-	(1,395)	-	-	(5,369)
Other Accruals	-	-	-	-	(1,433)	(4,984)
Net OPEB Liability	-	-	(1,252)	-	-	(4,562)
Total Adjustments	8,826	319	(6,794)	1,023	(1,433)	16,829
Net Cash Provided (Used) by Operating Activities	\$ -	\$ 41	\$ (245)	\$ 9,300	\$ (1,635)	\$ 84,643
Non Cash Investing, Capital and Financing Activities						
Subscription Based Assets	-	-	-	-	-	1,551
Contributed Capital Assets	3,789	-	-	388	-	4,921
Disposal of Asset - Gain (Loss)	-	-	-	-	-	(1,780)

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.

Maine Universal Service Trust Fund – This fund provides universal land-line service to the poor and to otherwise underserved rural areas.

Maine Telecommunications Education Access Trust Fund – This fund provides schools and qualified libraries with resources to provide computer-based and network services.

Custodial Funds

Bureau of Insurance and Other Custodial Funds – Almost half of these funds represent deposits held for entities that are self-insured for worker's compensation and/or unemployment claims. About one quarter of the funds represent assets held for DHHS clients. Most of the remaining monies include Attorney General's Office anti-trust escrow accounts and balances held for multi-state cost sharing lawsuits.

Self-Insured and Other Custodial Funds – This fund holds worker's compensation deposits for entities that have ceased to exist. Natural resources also holds deposits for municipalities and other entities.

Non-Entitlement Units – This fund accounts for American Rescue Plan (ARP) awards from the federal government that pass through the State of Maine to municipalities that qualify as non-entitlement units.

STATE OF MAINE
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION (AND OTHER EMPLOYEE BENEFITS) TRUSTS

June 30, 2025
(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	\$ 39,762	\$ 357	\$ 72	\$ 3,915	\$ 27
Receivables, Net of Allowance for Uncollectibles:					
Interest and Dividends	4,576	25	5	1,192	2
Due from Brokers for Securities Sold	77	-	-	20	-
Due from Primary Government	25,230	-	-	13,023	-
Investments at Fair Value:					
Equity Securities	3,016,264	16,569	3,332	786,074	1,236
Common/Collective Trusts	13,807,400	75,848	15,254	3,598,374	5,655
Securities Lending Collateral	14,622	80	16	3,811	6
Capital Assets, Net of Accumulated Depreciation	11,394	63	13	2,969	5
Total Assets	<u>16,919,325</u>	<u>92,942</u>	<u>18,692</u>	<u>4,409,378</u>	<u>6,931</u>
Liabilities					
Accounts Payable	\$ 2,881	\$ 16	\$ 3	\$ 751	\$ 1
Obligations Under Securities Lending	14,623	79	17	3,811	6
Other Accrued Liabilities	12,911	71	14	3,363	6
Total Liabilities	<u>30,415</u>	<u>166</u>	<u>34</u>	<u>7,925</u>	<u>13</u>
Net Position					
Restricted for Pension and Other Post-Employment Benefits	<u>16,888,910</u>	<u>92,776</u>	<u>18,658</u>	<u>4,401,453</u>	<u>6,918</u>
Total Net Position	<u>\$ 16,888,910</u>	<u>\$ 92,776</u>	<u>\$ 18,658</u>	<u>\$ 4,401,453</u>	<u>\$ 6,918</u>

<u>State 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>Teachers Healthcare OPEB</u>	<u>Total Pension (and Other Employee Benefits) Trusts</u>
\$ -	\$ -	\$ 1,978	\$ 3,046	\$ 941	\$ 110	\$ -	\$ 50,208
-	-	-	-	-	-	-	5,800
-	-	-	-	-	-	-	97
2,000	-	75	-	41	-	-	40,369
-	-	-	-	-	-	-	3,823,475
598,550	21,056	10,598	190,909	27,143	81,896	130,419	18,563,102
-	-	-	-	-	-	-	18,535
-	-	-	-	-	-	-	14,444
<u>600,550</u>	<u>21,056</u>	<u>12,651</u>	<u>193,955</u>	<u>28,125</u>	<u>82,006</u>	<u>130,419</u>	<u>22,516,030</u>
\$ -	\$ -	\$ -	\$ 9	\$ 1	\$ -	\$ -	\$ 3,662
-	-	-	-	-	-	-	18,536
<u>18</u>	<u>559</u>	<u>2,237</u>	<u>6,351</u>	<u>1,452</u>	<u>98</u>	<u>4</u>	<u>27,084</u>
<u>18</u>	<u>559</u>	<u>2,237</u>	<u>6,360</u>	<u>1,453</u>	<u>98</u>	<u>4</u>	<u>49,282</u>
<u>600,532</u>	<u>20,497</u>	<u>10,414</u>	<u>187,595</u>	<u>26,672</u>	<u>81,908</u>	<u>130,415</u>	<u>22,466,748</u>
<u>\$ 600,532</u>	<u>\$ 20,497</u>	<u>\$ 10,414</u>	<u>\$ 187,595</u>	<u>\$ 26,672</u>	<u>\$ 81,908</u>	<u>\$ 130,415</u>	<u>\$ 22,466,748</u>

STATE OF MAINE
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION (AND OTHER EMPLOYEE BENEFITS) TRUSTS

Fiscal Year Ended June 30, 2025
(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	\$ 192,912	\$ 784	\$ 348	\$ 77,556	\$ -
State & Local Agency Employers	294,204	426	-	107,993	112
Non-employer Contributing Entity	220,828	-	-	-	-
Transfer from Other Pension Plans	-	-	-	-	-
Investment Income (Loss):					
Net Increase (Decrease) in the Fair Value of Investments	1,518,175	8,457	1,670	392,851	650
Interest & Dividends	60,318	332	67	15,718	24
Securities Lending Income & Borrower Rebates Refunded	200	1	-	52	1
Less Investment Expense:					
Securities Lending Expense	108,543	603	119	28,150	46
Net Investment Income (Loss)	<u>1,470,150</u>	<u>8,187</u>	<u>1,618</u>	<u>380,471</u>	<u>629</u>
Total Additions	<u>2,178,094</u>	<u>9,397</u>	<u>1,966</u>	<u>566,020</u>	<u>741</u>
Deductions:					
Benefits Paid to Participants or Beneficiaries	1,058,973	5,737	624	227,849	732
Refunds & Withdrawals	24,464	-	98	10,418	-
Administrative Expenses	15,457	87	17	3,991	7
Transfer to Other Pension Funds	-	-	-	285	-
Claims Processing Expense	-	-	-	-	-
Total Deductions	<u>1,098,894</u>	<u>5,824</u>	<u>739</u>	<u>242,543</u>	<u>739</u>
Net Increase (Decrease)	<u>1,079,200</u>	<u>3,573</u>	<u>1,227</u>	<u>323,477</u>	<u>2</u>
Net Position:					
Restricted for Pension and Other Post-Employment Benefits:					
Beginning of Year	<u>15,809,710</u>	<u>89,203</u>	<u>17,431</u>	<u>4,077,976</u>	<u>6,916</u>
End of Year	<u>\$ 16,888,910</u>	<u>\$ 92,776</u>	<u>\$ 18,658</u>	<u>\$ 4,401,453</u>	<u>\$ 6,918</u>

State Healthcare OPEB	MainePERS OPEB Trust	Group Life Insurance OPEB	Group Life Insurance Retired SETP	Group Life Insurance Retired PLD	Defined Contribution Plans	Teachers Healthcare OPEB	Total Pension (and Other Employee Benefits) Trusts
\$ -	\$ -	\$ 5,552	\$ -	\$ -	\$ 6,949	\$ -	\$ 284,101
119,644	12	1,979	7,918	1,664	985	-	534,937
-	-	-	4,993	-	-	36,147	261,968
-	-	-	-	-	285	-	285
67,563	2,444	1,330	22,123	3,136	9,348	15,138	2,042,885
4	-	1	20	3	-	-	76,487
-	-	-	-	-	-	-	254
<u>56</u>	<u>7</u>	<u>4</u>	<u>67</u>	<u>9</u>	<u>60</u>	<u>13</u>	<u>137,677</u>
<u>67,511</u>	<u>2,437</u>	<u>1,327</u>	<u>22,076</u>	<u>3,130</u>	<u>9,288</u>	<u>15,125</u>	<u>1,981,949</u>
<u>187,155</u>	<u>2,449</u>	<u>8,858</u>	<u>34,987</u>	<u>4,794</u>	<u>17,507</u>	<u>51,272</u>	<u>3,063,240</u>
82,573	268	9,389	8,186	965	-	36,147	1,431,443
-	-	-	-	-	4,577	-	39,557
2	-	72	1,053	150	284	2	21,122
-	-	-	-	-	-	-	285
<u>-</u>	<u>-</u>	<u>258</u>	<u>2,628</u>	<u>386</u>	<u>122</u>	<u>-</u>	<u>3,394</u>
<u>82,575</u>	<u>268</u>	<u>9,719</u>	<u>11,867</u>	<u>1,501</u>	<u>4,983</u>	<u>36,149</u>	<u>1,495,801</u>
<u>104,580</u>	<u>2,181</u>	<u>(861)</u>	<u>23,120</u>	<u>3,293</u>	<u>12,524</u>	<u>15,123</u>	<u>1,567,439</u>
<u>495,952</u>	<u>18,316</u>	<u>11,275</u>	<u>164,475</u>	<u>23,379</u>	<u>69,384</u>	<u>115,292</u>	<u>20,899,309</u>
<u>\$ 600,532</u>	<u>\$ 20,497</u>	<u>\$ 10,414</u>	<u>\$ 187,595</u>	<u>\$ 26,672</u>	<u>\$ 81,908</u>	<u>\$ 130,415</u>	<u>\$ 22,466,748</u>

STATE OF MAINE
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUSTS

June 30, 2025
(Expressed in Thousands)

	<u>Abandoned Property</u>	<u>Revenue on Private Purpose Trusts</u>	<u>Lands Reserved</u>	<u>Maine Universal Service Trust</u>
Assets				
Equity in Treasurer's Cash Pool	\$ 500	\$ -	\$ 64	\$ -
Cash & Short-Term Investments	-	-	-	7,871
Investments at Fair Value:				
Investments - Other	-	-	26,770	-
Other Receivable	-	-	-	2,230
Due from Other Funds	61,025	-	-	-
Other Assets	6,049	-	-	-
Total Assets	<u>67,574</u>	<u>-</u>	<u>26,834</u>	<u>10,101</u>
Liabilities				
Accounts Payable	\$ 45	\$ -	\$ -	\$ -
Due to Other Funds	16	-	-	-
Total Liabilities	<u>61</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position Restricted				
Held in Trust for Individuals, Organizations and Other Governments	<u>67,513</u>	<u>-</u>	<u>26,834</u>	<u>10,101</u>
Total Net Position	<u>\$ 67,513</u>	<u>\$ -</u>	<u>\$ 26,834</u>	<u>\$ 10,101</u>

Maine Telecommunications Education Access Trust	Total Private Purpose Trusts
\$ -	\$ 564
3,209	11,080
-	26,770
1,064	3,294
-	61,025
-	6,049
<u>4,273</u>	<u>108,782</u>
\$ 374	\$ 419
<u>-</u>	<u>16</u>
<u>374</u>	<u>435</u>
<u>3,899</u>	<u>108,347</u>
<u>\$ 3,899</u>	<u>\$ 108,347</u>

STATE OF MAINE
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUSTS

Fiscal Year Ended June 30, 2025
(Expressed in Thousands)

	<u>Abandoned Property</u>	<u>Revenue on Private Purpose Trusts</u>	<u>Lands Reserved</u>	<u>Maine Universal Service Trust</u>
Additions:				
Investment Income (Loss):				
Net Increase (Decrease) in the Fair Value of Investments	\$ -	\$ -	\$ 2,756	\$ -
Interest & Dividends	830	558	-	71
Miscellaneous Revenues	18,225	-	-	8,941
Total Additions	<u>19,055</u>	<u>558</u>	<u>2,756</u>	<u>9,012</u>
Deductions:				
Benefits Paid to Participants or Beneficiaries	-	388	-	8,086
Administrative Expenses	427	-	-	38
Transfer to Other Funds	28,249	170	-	-
Total Deductions	<u>28,676</u>	<u>558</u>	<u>-</u>	<u>8,124</u>
Net Increase (Decrease)	(9,621)	-	2,756	888
Net Position Restricted:				
Held in Trust for Individuals, Organizations and Other Governments:				
Beginning of Year	77,134	-	24,078	9,213
End of Year	<u>\$ 67,513</u>	<u>\$ -</u>	<u>\$ 26,834</u>	<u>\$ 10,101</u>

Maine Telecommunications Education Access Trust	Total Private Purpose Trusts
\$ -	\$ 2,756
29	1,488
<u>4,266</u>	<u>31,432</u>
<u>4,295</u>	<u>35,676</u>
3,884	12,358
36	501
-	<u>28,419</u>
<u>3,920</u>	<u>41,278</u>
375	(5,602)
<u>3,524</u>	<u>113,949</u>
<u>\$ 3,899</u>	<u>\$ 108,347</u>

STATE OF MAINE
COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS

June 30, 2025
(Expressed in Thousands)

	Bureau of Insurance & Other	Self-Insured & Other	Non-Entitlement Units	Total Custodial Funds
Assets				
Equity in Treasurer's Cash Pool	\$ 1,511	\$ 9,729	\$ 716	\$ 11,956
Cash & Short-Term Investments	-	27	-	27
Settlements Receivable	-	32,336	-	32,336
Investments Held on Behalf of Others	-	64,763	-	64,763
Other Assets	-	18	-	18
Total Assets	<u>1,511</u>	<u>106,873</u>	<u>716</u>	<u>109,100</u>
Liabilities				
Accounts Payable	\$ 1	\$ 109	\$ -	\$ 110
Total Liabilities	<u>1</u>	<u>109</u>	<u>-</u>	<u>110</u>
Net Position				
Held for Individuals, Organizations and Other Governments	<u>\$ 1,510</u>	<u>\$ 106,764</u>	<u>\$ 716</u>	<u>\$ 108,990</u>

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

Fiscal Year Ended June 30, 2025
(Expressed in Thousands)

	<u>Bureau of Insurance & Other</u>	<u>Self-Insured & Other</u>	<u>Non-Entitlement Units</u>	<u>Total Custodial Funds</u>
Additions				
Contributions:				
Other Contributing Entity	\$ 98	\$ 2,939	\$ -	\$ 3,037
Litigation Receipts	-	10,007	-	10,007
Other	802	645	-	1,447
Investment Income (Loss):				
Net Increase (Decrease) in the Fair Value of Investments	-	26	-	26
Interest & Dividends	32	-	17	49
Less Investment Expense:				
Net Investment Income (Loss)	<u>32</u>	<u>26</u>	<u>17</u>	<u>75</u>
Total Additions	<u>932</u>	<u>13,617</u>	<u>17</u>	<u>14,566</u>
Deductions:				
Benefits Paid to Participants, Beneficiaries or Clients	762	13,467	-	14,229
Refunds & Withdrawals	236	6,579	-	6,815
Restitution Payments	-	1,374	-	1,374
Total Deductions:	<u>998</u>	<u>21,420</u>	<u>-</u>	<u>22,418</u>
Net Increase (Decrease)	(66)	(7,803)	17	(7,852)
Net Position:				
Held for Individuals, Organizations and Other Governments				
Beginning of Year	<u>1,576</u>	<u>114,567</u>	<u>699</u>	<u>116,842</u>
End of Year	<u>\$ 1,510</u>	<u>\$ 106,764</u>	<u>\$ 716</u>	<u>\$ 108,990</u>



NON-MAJOR COMPONENT UNIT FINANCIAL STATEMENTS

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. Financial statements are available by contacting the Executive Director, Efficiency Maine Trust, 168 Capitol Street, Suite 104, Augusta, ME 04330.

Maine Connectivity Authority – was established for the purpose of achieving the universal access of affordable high-speed broadband in Maine. Financial statements are available by contacting info@maineconnectivity.org.

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. Financial statements are available by contacting Maine Maritime Academy, 1 Pleasant Street, Castine, ME 04420.

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. Financial statements are available by contacting Jeffrey K. Jordan, Deputy Director, Midcoast Regional Redevelopment Authority, 15 Terminal Road, Brunswick, ME 04011.

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. Financial statements are available by contacting Patricia Quinn, Executive Director, 75 West Commercial Street, Suite 104, Portland, ME 04101.

STATE OF MAINE
COMBINING STATEMENT OF NET POSITION
NON-MAJOR COMPONENT UNITS

June 30, 2025
(Expressed in Thousands)

	Efficiency Maine Trust	Maine Maritime Academy	Midcoast Regional Redevelopment Authority	Northern New England Passenger Rail Authority	Maine Connectivity Authority	Total Non-Major Component Units
Assets						
Current Assets:						
Equity in Treasurer's Cash Pool	\$ -	\$ 1	\$ -	\$ -	\$ 211	\$ 212
Cash & Short-Term Investments	-	16,551	5,631	1,076	7,146	30,404
Investments	-	19,864	-	-	-	19,864
Restricted Assets:						
Restricted Deposits & Investments	90,265	3,321	-	-	-	93,586
Inventories	-	52	48	-	-	100
Receivables, Net of Allowance for Uncollectibles:						
Loans, Leases & Notes Receivable	-	328	36,821	-	-	37,149
Other Receivable	1,433	3,986	2,242	626	3,267	11,554
Due from Other Governments	-	-	-	15,671	-	15,671
Due from Primary Government	1,928	-	-	-	-	1,928
Other Assets	202	390	15	221	-	828
Total Current Assets	<u>93,828</u>	<u>44,493</u>	<u>44,757</u>	<u>17,594</u>	<u>10,624</u>	<u>211,296</u>
Noncurrent Assets:						
Equity in Treasurer's Cash Pool	-	-	-	-	182	182
Restricted Assets	-	88,943	405	1,000	-	90,348
Investments	-	15,636	-	-	-	15,636
Receivables, Net of Current Portion:						
Loans, Leases & Notes Receivable	13,537	1,814	-	-	-	15,351
Other Receivables	-	213	-	-	-	213
Due from Primary Government	-	-	-	963	-	963
Capital and Right to Use Assets, Net	1,583	78,842	113,077	13,278	-	206,780
Other Non-Current Assets	-	6,635	198	-	-	6,833
Total Non-Current Assets	<u>15,120</u>	<u>192,083</u>	<u>113,680</u>	<u>15,241</u>	<u>182</u>	<u>336,306</u>
Total Assets	<u>108,948</u>	<u>236,576</u>	<u>158,437</u>	<u>32,835</u>	<u>10,806</u>	<u>547,602</u>
Deferred Outflows of Resources	<u>-</u>	<u>1,726</u>	<u>-</u>	<u>443</u>	<u>-</u>	<u>2,169</u>
Liabilities						
Current Liabilities:						
Accounts Payable	3,872	12,490	2,310	13,140	804	32,616
Compensated Absences	-	-	185	62	-	247
Due to Primary Government	-	-	1,078	-	-	1,078
Bonds & Notes Payable	-	2,659	631	-	-	3,290
Obligations for Right to Use Assets	130	360	-	290	-	780
Unearned Revenue	48	1,178	101	-	5,103	6,430
Other Accrued Liabilities	275	1,088	1,540	-	-	2,903
Total Current Liabilities	<u>4,325</u>	<u>17,775</u>	<u>5,845</u>	<u>13,492</u>	<u>5,907</u>	<u>47,344</u>
Long-Term Liabilities:						
Due to Other Governments	-	135	-	-	-	135
Bonds & Notes Payable	-	29,537	5,190	-	-	34,727
Obligations for Right to Use Assets	846	1,701	-	676	-	3,223
Net Pension Liability	-	3,041	-	1,031	-	4,072
Net Other Post-Employment Benefit Liability	-	-	-	497	-	497
Other Noncurrent Liabilities	-	-	-	41	-	41
Total Long-Term Liabilities	<u>846</u>	<u>34,414</u>	<u>5,190</u>	<u>2,245</u>	<u>-</u>	<u>42,695</u>
Total Liabilities	<u>5,171</u>	<u>52,189</u>	<u>11,035</u>	<u>15,737</u>	<u>5,907</u>	<u>90,039</u>
Deferred Inflows of Resources	<u>-</u>	<u>425</u>	<u>33,973</u>	<u>416</u>	<u>-</u>	<u>34,814</u>
Net Position						
Net Investment in Capital Assets	1,395	47,895	107,456	12,424	-	169,170
Restricted	102,382	72,885	873	1,354	-	177,494
Unrestricted	-	64,908	5,100	3,347	4,899	78,254
Total Net Position	<u>\$ 103,777</u>	<u>\$ 185,688</u>	<u>\$ 113,429</u>	<u>\$ 17,125</u>	<u>\$ 4,899</u>	<u>\$ 424,918</u>

STATE OF MAINE
COMBINING STATEMENT OF ACTIVITIES
NON-MAJOR COMPONENT UNITS

Fiscal Year Ended June 30, 2025
(Expressed in Thousands)

	<u>Efficiency Maine Trust</u>	<u>Maine Maritime Academy</u>	<u>Midcoast Regional Redevelopment Authority</u>	<u>Northern New England Passenger Rail Authority</u>	<u>Maine Connectivity Authority</u>	<u>Total Non-Major Component Units</u>
General Operations	\$ 134,502	\$ 56,940	\$ 15,497	\$ 62,677	\$ 62,534	\$ 332,150
Program Revenues						
Charges for Services	-	21,992	10,369	14,659	2,812	49,832
Program Investment Income	-	-	-	-	36	36
Operating Grants & Contributions	138,958	3,826	-	15,874	60,968	219,626
Capital Grants & Contributions	-	1,989	3,550	31,141	-	36,680
Net Revenue (Expense)	<u>4,456</u>	<u>(29,133)</u>	<u>(1,578)</u>	<u>(1,003)</u>	<u>1,282</u>	<u>(25,976)</u>
General Revenues						
Unrestricted Investment Earnings	-	11,197	154	179	-	11,530
Non-program Specific Grants, Contributions & Appropriations	-	49,170	-	-	-	49,170
Miscellaneous Revenues	-	5,962	2,342	381	-	8,685
Total General Revenues	<u>-</u>	<u>66,329</u>	<u>2,496</u>	<u>560</u>	<u>-</u>	<u>69,385</u>
Change in Net Position	4,456	37,196	918	(443)	1,282	43,409
Net Position - Beginning of Year	99,321	148,492	112,511	17,620	3,617	381,561
Restatements (Note 3)	-	-	-	(52)	-	(52)
Net Position - End of Year	<u>\$ 103,777</u>	<u>\$ 185,688</u>	<u>\$ 113,429</u>	<u>\$ 17,125</u>	<u>\$ 4,899</u>	<u>\$ 424,918</u>



STATISTICAL SECTION



**STATE OF MAINE
STATISTICAL SECTION
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This part of the State of Maine's annual comprehensive 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.

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STATE OF MAINE
NET POSITION BY ACTIVITIES

Last Ten Fiscal Years
(Expressed in Thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Primary Government				
Governmental Activities				
Net Investment in Capital Assets	\$ 4,299,470	\$ 4,099,173	\$ 3,916,854	\$ 3,724,890
Restricted	198,688	226,579	166,741	163,469
Unrestricted	<u>(1,156,156)</u>	<u>(1,335,498)</u>	<u>(1,607,044)</u>	<u>(2,025,819)</u>
Total Governmental Activities Net Position	<u>\$ 3,342,002</u>	<u>\$ 2,990,254</u>	<u>\$ 2,476,551</u>	<u>\$ 1,862,540</u>
Business-Type Activities				
Net Investment in Capital Assets	\$ 80,152	\$ 80,658	\$ 64,696	\$ 47,150
Restricted	809,269	765,421	715,946	667,500
Unrestricted	<u>158,475</u>	<u>10,628</u>	<u>4,134</u>	<u>(3,048)</u>
Total Business-Type Activities Net Position	<u>\$ 1,047,896</u>	<u>\$ 856,707</u>	<u>\$ 784,776</u>	<u>\$ 711,602</u>
Total Primary Government				
Net Investment in Capital Assets	\$ 4,379,622	\$ 4,179,831	\$ 3,981,550	\$ 3,772,040
Restricted	1,007,957	992,000	882,687	830,969
Unrestricted	<u>(997,681)</u>	<u>(1,324,870)</u>	<u>(1,602,910)</u>	<u>(2,028,867)</u>
Total Primary Government Activities Net Position	<u>\$ 4,389,898</u>	<u>\$ 3,846,961</u>	<u>\$ 3,261,327</u>	<u>\$ 2,574,142</u>

SOURCE: State of Maine Annual Comprehensive Financial Reporting System. Accrual basis of accounting.

SCHEDULE 1

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 3,587,505	\$ 3,651,931	\$ 3,559,387	\$ 3,580,547	\$ 3,501,237	\$ 3,435,465
171,245	182,644	176,632	134,705	125,429	132,972
<u>(2,358,934)</u>	<u>(3,388,679)</u>	<u>(3,155,124)</u>	<u>(3,491,939)</u>	<u>(3,748,147)</u>	<u>(1,906,492)</u>
<u>\$ 1,399,816</u>	<u>\$ 445,896</u>	<u>\$ 580,895</u>	<u>\$ 223,313</u>	<u>\$ (121,481)</u>	<u>\$ 1,661,945</u>
\$ 39,887	\$ 37,205	\$ 32,690	\$ 33,521	\$ 35,402	\$ 38,658
510,934	605,378	513,319	471,256	429,124	398,342
<u>(9,339)</u>	<u>(14,583)</u>	<u>(15,719)</u>	<u>(32,080)</u>	<u>(32,750)</u>	<u>(23,819)</u>
<u>\$ 541,482</u>	<u>\$ 628,000</u>	<u>\$ 530,290</u>	<u>\$ 472,697</u>	<u>\$ 431,776</u>	<u>\$ 413,181</u>
\$ 3,627,392	\$ 3,689,136	\$ 3,592,077	\$ 3,614,068	\$ 3,536,639	\$ 3,474,123
682,179	788,022	689,951	605,961	554,553	531,314
<u>(2,368,273)</u>	<u>(3,403,262)</u>	<u>(3,170,843)</u>	<u>(3,524,019)</u>	<u>(3,780,897)</u>	<u>(1,930,311)</u>
<u>\$ 1,941,298</u>	<u>\$ 1,073,896</u>	<u>\$ 1,111,185</u>	<u>\$ 696,010</u>	<u>\$ 310,295</u>	<u>\$ 2,075,126</u>

STATE OF MAINE
CHANGES IN NET POSITION BY ACTIVITIES

Last Ten Fiscal Years
(Expressed in Thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Expenses				
Governmental Activities				
Governmental Support & Operations	\$ 871,194	\$ 825,001	\$ 1,220,177	\$ 1,618,142
Arts, Heritage & Cultural Enrichment	13,880	19,410	17,327	14,250
Business Licensing & Regulation	96,521	112,342	110,792	67,848
Economic Development & Workforce Training	400,120	328,794	468,971	738,928
Education	2,419,911	2,783,638	2,439,809	2,691,379
Health & Human Services	7,012,341	6,329,698	5,974,642	5,680,639
Justice & Protection	872,135	684,160	691,174	565,778
Natural Resources Development & Protection	368,758	342,478	303,327	256,581
Transportation, Safety & Development	1,038,358	902,085	767,090	732,881
Interest Expense	41,414	48,096	47,790	37,835
Total Governmental Activities	<u>13,134,632</u>	<u>12,375,702</u>	<u>12,041,099</u>	<u>12,404,261</u>
Business-Type Activities				
Employment Security	136,304	119,895	97,758	11,217
Alcoholic Beverages	195,802	191,706	190,456	183,874
Lottery	335,332	343,962	342,736	319,494
Ferry Services	16,264	17,310	14,761	13,713
Military Equipment Maintenance ²	-	-	-	-
Consolidated Emergency Communications	7,887	7,769	6,396	5,705
Other	18,987	3,759	3,632	3,048
Total Business-Type Activities	<u>710,576</u>	<u>684,401</u>	<u>655,739</u>	<u>537,051</u>
Total Primary Government Expenses	<u>\$ 13,845,208</u>	<u>\$ 13,060,103</u>	<u>\$ 12,696,838</u>	<u>\$ 12,941,312</u>
Program Revenues				
Governmental Activities				
Charges for Services				
Governmental Support & Operations	\$ 129,083	\$ 117,135	\$ 94,296	\$ 125,609
Arts, Heritage & Cultural Enrichment	359	839	1,101	1,089
Business Licensing & Regulation	79,360	91,548	78,535	95,625
Economic Development & Workforce Training	6,351	7,249	9,144	7,837
Education	32,159	33,215	34,310	33,687
Health & Human Services	22,389	23,018	23,387	16,938
Justice & Protection	99,613	91,085	91,354	86,823
Natural Resources Development & Protection	113,517	115,453	109,615	109,270
Transportation, Safety & Development	160,782	148,274	167,838	168,631
Operating Grants and Contributions	6,006,205	5,451,288	5,689,721	5,721,551
Total Governmental Activities Program Revenues	<u>6,649,818</u>	<u>6,079,104</u>	<u>6,299,301</u>	<u>6,367,060</u>
Business-Type Activities				
Charges for Services				
Employment Security	156,091	144,974	144,616	162,908
Alcoholic Beverages	260,537	257,851	256,099	245,900
Lottery	415,700	429,770	416,795	391,862
Transportation	-	-	-	-
Ferry Services	7,904	6,799	7,325	6,547
Military Equipment Maintenance ¹	-	-	-	-
Consolidated Emergency Communications	8,273	7,928	6,737	7,040
Other	144,398	10,081	5,068	6,688
Operating Grants and Contributions	24,061	21,570	11,507	9,132
Total Business-Type Activities Program Revenues	<u>\$ 1,016,964</u>	<u>\$ 878,973</u>	<u>\$ 848,147</u>	<u>\$ 830,077</u>
Net (Expense)/Revenue				
Governmental Activities	(6,484,814)	(6,296,598)	(5,741,798)	(6,037,201)
Business-Type Activities	306,388	194,572	192,408	293,026
Total Primary Government Net (Expense)/Revenue	<u>\$ (6,178,426)</u>	<u>\$ (6,102,026)</u>	<u>\$ (5,549,390)</u>	<u>\$ (5,744,175)</u>

SCHEDULE 2

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 606,474	\$ 552,526	\$ 475,715	\$ 432,870	\$ 354,421	\$ 477,351
14,135	13,264	12,447	11,821	12,813	10,815
60,150	62,441	60,616	67,030	66,006	51,207
1,705,292	1,386,867	168,963	185,166	180,006	169,201
2,518,099	2,115,388	1,845,272	1,774,309	1,804,804	1,614,477
4,911,056	4,450,704	4,054,201	3,804,516	3,774,348	3,587,573
538,019	504,571	484,735	433,728	493,427	412,088
261,461	254,468	232,368	218,375	236,928	207,610
696,683	739,290	613,171	627,901	664,921	590,437
57,852	56,707	51,140	51,788	38,992	44,822
<u>11,369,221</u>	<u>10,136,226</u>	<u>7,998,628</u>	<u>7,607,504</u>	<u>7,626,666</u>	<u>7,165,581</u>
251,681	92,125	82,683	83,159	96,075	110,912
175,750	158,350	144,600	137,426	131,192	120,373
328,250	254,683	242,619	230,678	214,670	217,556
12,501	13,841	13,632	12,950	12,271	12,782
120	802	1,104	10,895	3,858	11,610
6,120	5,473	5,950	6,952	6,489	5,530
4,602	1,379	1,426	1,593	1,821	1,660
<u>779,024</u>	<u>526,653</u>	<u>492,014</u>	<u>483,653</u>	<u>466,376</u>	<u>480,423</u>
<u>\$ 12,148,245</u>	<u>\$ 10,662,879</u>	<u>\$ 8,490,642</u>	<u>\$ 8,091,157</u>	<u>\$ 8,093,042</u>	<u>\$ 7,646,004</u>
\$ 135,662	\$ 118,150	\$ 114,597	\$ 93,862	\$ 90,906	\$ 91,136
887	1,030	1,131	876	845	890
73,427	81,683	70,383	81,866	73,430	74,634
1,643	7,731	8,625	6,286	8,658	10,934
20,730	27,589	34,859	36,221	37,278	38,691
14,203	10,465	9,058	13,673	14,687	17,553
74,735	80,155	87,266	86,995	86,744	87,183
109,899	100,990	98,042	99,351	93,304	92,054
166,574	154,202	147,671	145,090	178,018	159,659
6,124,694	4,853,773	3,074,939	3,002,173	2,966,809	2,875,849
<u>6,722,454</u>	<u>5,435,768</u>	<u>3,646,571</u>	<u>3,566,393</u>	<u>3,550,679</u>	<u>3,448,583</u>
137,068	148,287	117,507	116,053	118,207	137,593
237,421	218,440	202,930	189,263	177,184	166,752
397,998	322,355	304,322	293,759	274,902	278,454
-	-	-	-	-	-
5,842	4,926	5,230	5,056	4,599	4,138
15	676	2,730	11,228	5,088	6,139
7,109	6,743	6,677	6,278	6,406	5,857
5,706	1,815	1,975	2,047	2,233	2,785
19,379	42,756	10,921	9,510	8,714	7,948
<u>\$ 810,538</u>	<u>\$ 745,998</u>	<u>\$ 652,292</u>	<u>\$ 633,194</u>	<u>\$ 597,333</u>	<u>\$ 609,666</u>
(4,646,767)	(4,700,458)	(4,352,057)	(4,041,111)	(4,075,987)	(3,716,998)
31,514	219,345	160,278	149,541	130,957	129,243
<u>\$ (4,615,253)</u>	<u>\$ (4,481,113)</u>	<u>\$ (4,191,779)</u>	<u>\$ (3,891,570)</u>	<u>\$ (3,945,030)</u>	<u>\$ (3,587,755)</u>

STATE OF MAINE
CHANGES IN NET POSITION BY ACTIVITIES

Last Ten Fiscal Years
(Expressed in Thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
General Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes				
Corporate	\$ 430,052	\$ 458,878	\$ 458,438	\$ 434,675
Individual Income	2,774,106	2,528,315	2,428,123	2,703,462
Fuel	253,787	248,458	248,130	244,313
Property	90,505	87,756	87,011	97,805
Sales & Use	2,404,604	2,409,027	2,348,331	2,222,622
Other	575,498	506,298	476,496	494,874
Unrestricted Investment Earnings	176,764	173,689	97,730	(2,547)
Miscellaneous Income	164,111	121,925	193,862	126,074
Tobacco Settlement	41,498	93,257	53,416	50,541
Special Items	-	-	(168,000)	-
Transfers - Internal Activities	114,221	127,329	119,234	122,906
Total Governmental Activities	<u>7,025,146</u>	<u>6,754,932</u>	<u>6,342,771</u>	<u>6,494,725</u>
Business-Type Activities				
Gain (Loss) on Sale of Assets	-	-	-	-
Miscellaneous Income	-	-	-	-
Special Items	-	-	-	-
Transfers - Internal Activities	(114,221)	(127,329)	(119,234)	(122,906)
Total Primary Government	<u>6,910,925</u>	<u>6,627,603</u>	<u>6,223,537</u>	<u>6,371,819</u>
Change in Net Position				
Governmental Activities	540,332	458,334	600,973	457,524
Business-Type Activities	192,167	67,243	73,174	170,120
Total Primary Government	<u>\$ 732,499</u>	<u>\$ 525,577</u>	<u>\$ 674,147</u>	<u>\$ 627,644</u>

1 Beginning in fiscal year 2022, Military Equipment Maintenance is included in Other.

SOURCE: State of Maine Annual Comprehensive Financial Reporting System. Accrual basis of accounting.

SCHEDULE 2 (CONTINUED)

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 324,990	\$ 189,252	\$ 262,459	\$ 187,519	\$ 184,599	\$ 108,395
2,236,349	1,607,510	1,712,301	1,628,709	1,579,511	1,534,620
235,125	239,976	253,924	249,927	253,176	245,299
88,696	74,531	69,902	66,226	62,979	58,450
1,974,930	1,708,059	1,654,643	1,573,544	1,493,728	1,437,916
439,577	413,070	398,129	377,966	370,998	382,191
55,139	40,005	46,306	26,621	22,003	7,335
95,847	138,463	88,991	99,208	69,515	85,948
50,574	32,958	88,261	67,565	52,267	52,083
-	-	-	-	-	-
<u>120,002</u>	<u>121,635</u>	<u>112,833</u>	<u>108,620</u>	<u>93,845</u>	<u>100,879</u>
<u>5,621,229</u>	<u>4,565,459</u>	<u>4,687,749</u>	<u>4,385,905</u>	<u>4,182,621</u>	<u>4,013,116</u>
-	-	(5,613)	-	-	-
-	-	-	-	-	-
-	-	15,761	-	895	11,335
<u>(120,002)</u>	<u>(121,635)</u>	<u>(112,833)</u>	<u>(108,620)</u>	<u>(93,845)</u>	<u>(100,879)</u>
<u>5,501,227</u>	<u>4,443,824</u>	<u>4,585,064</u>	<u>4,277,285</u>	<u>4,089,671</u>	<u>3,923,572</u>
974,462	(134,999)	335,692	344,794	106,634	296,118
<u>(88,488)</u>	<u>97,710</u>	<u>57,593</u>	<u>40,921</u>	<u>38,007</u>	<u>39,699</u>
<u>\$ 885,974</u>	<u>\$ (37,289)</u>	<u>\$ 393,285</u>	<u>\$ 385,715</u>	<u>\$ 144,641</u>	<u>\$ 335,817</u>

STATE OF MAINE
FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(Expressed in Thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
General Fund				
Nonspendable:				
Permanent Fund Principal	\$ -	\$ -	\$ -	\$ -
Inventories and Prepaid Items	3,912	3,173	5,850	5,365
Restricted	8,573	11,988	15,402	29,456
Committed	1,878	4,927	-	14,666
Assigned	221,333	254,305	337,089	306,474
Unassigned	665,473	841,066	1,000,094	604,410
Total General Fund	<u>\$ 901,169</u>	<u>\$ 1,115,459</u>	<u>\$ 1,358,435</u>	<u>\$ 960,371</u>
All Other Governmental Funds:				
Nonspendable:				
Permanent Fund Principal	\$ 58,942	\$ 52,447	\$ 45,922	\$ 41,866
Inventories and Prepaid Items	-	-	-	20,258
Restricted	826,488	1,081,633	981,928	964,615
Committed	576,273	514,597	473,209	566,006
Assigned	176,886	195,885	163,115	142,435
Unassigned (Deficit)	-	-	-	-
Total All Other Governmental Funds:	<u>\$ 1,638,589</u>	<u>\$ 1,844,562</u>	<u>\$ 1,664,174</u>	<u>\$ 1,735,180</u>
Total Governmental Fund Balances	<u>\$ 2,539,758</u>	<u>\$ 2,960,021</u>	<u>\$ 3,022,609</u>	<u>\$ 2,695,551</u>

SOURCE: State of Maine Annual Comprehensive Financial Reporting System.

Modified accrual basis of accounting

SCHEDULE 3

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4,584	3,628	4,086	3,172	3,059	2,665
16,893	7,420	4,113	16,449	14,133	12,865
10,165	19,759	234	23,978	10,064	64,959
415,605	193,035	121,907	118,986	87,085	-
338,349	-	237,147	169,674	59,083	(35,155)
<u>\$ 785,596</u>	<u>\$ 223,842</u>	<u>\$ 367,487</u>	<u>\$ 332,259</u>	<u>\$ 173,424</u>	<u>\$ 45,334</u>
\$ 50,336	\$ 59,331	\$ 55,886	\$ 30,466	\$ 27,765	\$ 24,402
30,265	4,637	3,757	610	622	698
974,149	955,330	793,007	613,348	640,464	621,981
548,129	149,634	140,399	101,969	76,629	65,957
131,602	107,451	95,683	49,985	47,111	61,144
-	-	-	(52,298)	-	-
<u>\$ 1,734,481</u>	<u>\$ 1,276,383</u>	<u>\$ 1,088,732</u>	<u>\$ 744,080</u>	<u>\$ 792,591</u>	<u>\$ 774,182</u>
<u>\$ 2,520,077</u>	<u>\$ 1,500,225</u>	<u>\$ 1,456,219</u>	<u>\$ 1,076,339</u>	<u>\$ 966,015</u>	<u>\$ 819,516</u>

STATE OF MAINE
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(Expressed in Thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Revenues:				
Taxes	\$ 6,527,929	\$ 6,054,367	\$ 6,072,454	\$ 6,068,440
Assessments and Other Revenue	416,499	425,264	404,260	416,370
Federal Grants and Reimbursements	6,000,248	5,450,293	5,645,460	5,756,595
Service Charges	207,250	196,719	206,579	213,458
Investment Income (Loss)	156,524	159,720	87,205	(4,708)
Miscellaneous Revenue	173,657	164,435	233,161	177,695
Total Revenues	<u>13,482,107</u>	<u>12,450,798</u>	<u>12,649,119</u>	<u>12,627,850</u>
Expenditures				
Current:				
Governmental Support & Operations	863,223	838,473	1,229,467	1,597,055
Economic Development & Workforce Training	407,564	333,856	430,046	779,063
Education	2,723,853	2,709,047	2,576,888	2,450,377
Health and Human Services	7,120,566	6,401,048	6,096,833	5,748,780
Business Licensing & Regulation	107,206	117,516	116,581	73,739
Natural Resources Development & Protection	418,490	373,348	355,667	280,104
Justice and Protection	957,090	736,650	764,959	674,283
Arts, Heritage & Cultural Enrichment	15,889	20,366	18,351	15,360
Transportation Safety & Development	1,163,069	988,769	832,968	799,990
Debt Service:				
Principal Payments	204,314	173,805	175,647	159,195
Interest Payments	49,492	58,204	57,677	56,738
Capital Outlays	60,327	69,151	130,055	29,451
Total Expenditures	<u>14,091,083</u>	<u>12,820,233</u>	<u>12,785,139</u>	<u>12,664,135</u>
Revenue Over (Under) Expenditures	<u>(608,976)</u>	<u>(369,435)</u>	<u>(136,020)</u>	<u>(36,285)</u>
Other Financing Sources (Uses)				
Transfer from Other Funds	1,153,438	1,147,889	1,400,825	1,689,185
Transfer to Other Funds	(1,012,174)	(987,904)	(1,257,582)	(1,559,502)
COPS and Other	17,501	25,129	6,856	24,623
Proceeds from Component Unit Loan Payable	-	-	50,000	-
Bonds Issued	-	110,550	151,390	44,815
Refunding Bonds Issued	-	-	-	-
Premium on Bonds Issued	-	-	15,740	-
Payments to Refunded Bond Escrow Agent	-	-	-	-
Leases	-	1,840	-	12,638
Subscriptions	29,948	5,143	82,811	-
Net Other Financing Sources (Uses)	<u>188,713</u>	<u>302,647</u>	<u>450,040</u>	<u>211,759</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>\$ (420,263)</u>	<u>\$ (66,788)</u>	<u>\$ 314,020</u>	<u>\$ 175,474</u>
Debt Service as a Percentage of Non-Capital Expenditures	1.83 %	1.84 %	1.86 %	1.73 %

SOURCE: State of Maine Annual Comprehensive Financial Reporting System. Modified accrual basis of accounting.

SCHEDULE 4

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 5,328,416	\$ 4,242,756	\$ 4,337,016	\$ 4,063,124	\$ 3,936,667	\$ 3,813,782
378,542	358,441	371,332	379,354	364,131	363,183
6,135,069	4,852,831	3,074,927	3,002,697	2,966,679	2,876,044
203,012	205,950	171,263	173,493	211,292	196,785
52,544	33,663	40,172	23,689	20,356	6,458
129,921	175,178	160,865	155,845	124,553	133,200
<u>12,227,504</u>	<u>9,868,819</u>	<u>8,155,575</u>	<u>7,798,202</u>	<u>7,623,678</u>	<u>7,389,452</u>
588,081	515,836	435,238	390,122	381,537	340,047
1,720,013	1,389,793	172,631	188,026	177,669	175,527
2,380,930	2,016,233	1,881,689	1,781,977	1,785,928	1,688,041
4,956,694	4,499,861	4,111,228	3,857,080	3,779,950	3,647,770
61,564	64,384	64,200	69,462	62,709	56,775
261,070	261,613	243,148	231,254	227,362	233,834
615,005	538,368	513,167	477,416	472,369	451,792
14,232	13,474	12,428	12,063	12,048	11,747
614,452	671,811	558,843	605,339	615,838	602,723
155,795	161,065	157,395	152,310	144,040	143,165
58,580	51,760	48,108	45,696	43,912	42,165
127,027	98,555	108,027	68,468	93,341	58,185
<u>11,553,443</u>	<u>10,282,753</u>	<u>8,306,102</u>	<u>7,879,213</u>	<u>7,796,703</u>	<u>7,451,771</u>
<u>674,061</u>	<u>(413,934)</u>	<u>(150,527)</u>	<u>(81,011)</u>	<u>(173,025)</u>	<u>(62,319)</u>
992,137	484,156	414,267	401,501	325,299	321,363
(855,648)	(346,990)	(297,461)	(292,284)	(237,327)	(225,927)
24,123	8,479	4,631	23,583	48,895	13,259
75,000	-	50,000	-	50,002	-
109,660	285,900	302,640	58,535	116,040	118,895
37,355	-	-	-	24,950	41,115
20,625	26,395	34,440	-	20,490	16,663
(36,919)	-	-	-	(28,825)	(43,519)
-	-	-	-	-	-
-	-	-	-	-	-
<u>366,333</u>	<u>457,940</u>	<u>508,517</u>	<u>191,335</u>	<u>319,524</u>	<u>241,849</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 1,040,394</u>	<u>\$ 44,006</u>	<u>\$ 357,990</u>	<u>\$ 110,324</u>	<u>\$ 146,499</u>	<u>\$ 179,530</u>
1.88 %	2.09 %	2.50 %	2.55 %	2.44 %	2.51 %

STATE OF MAINE
CHANGES IN FUND BALANCES
GENERAL FUND

Last Ten Fiscal Years
(Expressed in Thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Revenues:				
Taxes	\$ 5,910,772	\$ 5,437,602	\$ 5,473,723	\$ 5,467,668
Assessments and Other Revenue	101,221	104,527	92,345	94,175
Federal Grants and Reimbursements	27	186	53	94
Service Charges	50,741	47,740	47,802	60,520
Investment Income (Loss)	113,749	105,200	56,315	12,008
Miscellaneous Revenue	17,778	20,193	74,473	31,056
Total Revenues	<u>6,194,288</u>	<u>5,715,448</u>	<u>5,744,711</u>	<u>5,665,521</u>
Expenditures				
Current:				
Governmental Support & Operations	454,078	442,266	286,512	371,052
Economic Development & Workforce Training	64,886	62,293	58,205	46,056
Education	2,224,805	2,133,321	2,001,566	1,892,691
Health and Human Services	2,102,410	1,823,324	1,422,937	1,276,680
Business Licensing & Regulation	-	-	500	-
Natural Resources Development & Protection	136,079	130,531	105,278	93,520
Justice and Protection	511,357	455,200	398,834	378,204
Arts, Heritage & Cultural Enrichment	11,399	11,531	9,509	8,728
Transportation Safety & Development	-	-	-	-
Debt Service:				
Principal Payments	127,711	135,752	120,732	103,372
Interest Payments	40,893	43,897	43,348	41,881
Capital Outlays	7,470	15,469	74,656	12,064
Total Expenditures	<u>5,681,088</u>	<u>5,253,584</u>	<u>4,522,077</u>	<u>4,224,248</u>
Revenue Over (Under) Expenditures	<u>513,200</u>	<u>461,864</u>	<u>1,222,634</u>	<u>1,441,273</u>
Other Financing Sources (Uses)				
Transfer from Other Funds	144,869	151,848	171,921	131,214
Transfer to Other Funds	(881,728)	(873,901)	(1,087,704)	(1,433,271)
Leases	-	1,220	-	12,064
Subscriptions	7,354	2,189	74,656	-
Other	2,015	13,804	1,495	23,495
Total Other Financing Sources (Uses)	<u>(727,490)</u>	<u>(704,840)</u>	<u>(839,632)</u>	<u>(1,266,498)</u>
Net Change in Fund Balance	<u>\$ (214,290)</u>	<u>\$ (242,976)</u>	<u>\$ 383,002</u>	<u>\$ 174,775</u>
Debt Service as a Percentage of Non-Capital Expenditures	3.09 %	3.55 %	3.82 %	3.58 %

SOURCE: State of Maine Annual Comprehensive Financial Reporting System. Modified accrual basis of accounting.

SCHEDULE 5

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 4,765,942	\$ 3,683,195	\$ 3,794,729	\$ 3,529,960	\$ 3,411,497	\$ 3,305,720
94,909	89,132	99,859	102,271	106,085	105,216
103	1,903	1,626	1,638	1,771	1,952
57,120	52,069	45,517	44,055	45,229	38,984
9,556	18,986	20,051	10,048	5,424	2,439
12,493	2,357	4,216	1,484	12,547	14,360
4,940,123	3,847,642	3,965,998	3,689,456	3,582,553	3,468,671
337,750	322,063	300,840	278,502	260,661	230,692
44,638	44,460	42,688	41,861	42,379	39,885
1,780,320	1,732,975	1,610,210	1,518,098	1,503,763	1,422,871
1,181,934	1,191,315	1,310,680	1,142,645	1,126,330	1,107,675
-	-	-	73	-	-
68,515	85,122	85,649	79,245	75,445	73,225
274,665	341,748	335,478	338,241	336,267	320,810
9,255	9,317	8,223	7,921	7,852	7,623
2,000	8,000	-	-	-	-
99,235	101,200	94,515	86,075	78,940	80,405
42,230	34,948	29,726	26,074	22,547	20,309
-	-	-	-	-	-
3,840,542	3,871,148	3,818,009	3,518,735	3,454,184	3,303,495
1,099,581	(23,506)	147,989	170,721	128,369	165,176
158,611	117,332	87,816	113,151	117,307	91,809
(719,903)	(243,336)	(199,860)	(147,142)	(148,822)	(146,996)
-	-	-	-	-	-
-	-	-	-	-	-
23,465	5,865	1,365	22,105	31,236	9,144
(537,827)	(120,139)	(110,679)	(11,886)	(279)	(46,043)
\$ 561,754	\$ (143,645)	\$ 37,310	\$ 158,835	\$ 128,090	\$ 119,133
3.84 %	3.60 %	3.34 %	3.28 %	3.03 %	3.13 %

**STATE OF MAINE
INDIVIDUAL INCOME TAX
AND TAX RATES ON TAXABLE INCOME**

Last Ten Calendar Years
(Expressed in Thousands)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Individual Income Tax Liability	\$ 2,327,665	\$ 2,242,145	\$ 2,101,133	\$ 2,207,302
Personal Income*	96,850,300	91,602,300	85,704,200	81,887,100
Average Effective Tax Rate	2.4 %	2.4 %	2.5 %	2.7 %
Income Bracket	<u>\$0 - \$26,049</u>	<u>\$0 - \$24,449</u>	<u>\$0 - \$23,000</u>	<u>\$0 - \$22,449</u>
Tax Rate	5.8%	5.8%	5.8%	5.8%
Income Bracket	<u>\$26,050 - \$61,599</u>	<u>\$24,500 - \$58,049</u>	<u>\$23,000 - \$54,500</u>	<u>\$22,450 - \$53,150</u>
Tax Rate	6.75%	6.75%	6.75%	6.75%
Income Bracket	<u>\$61,600+</u>	<u>\$58,050+</u>	<u>\$54,450 +</u>	<u>\$53,150 +</u>
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 and continued thereafter.

Personal income totals were restated back to 2020.

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

2020	2019	2018	2017	2016	2015
\$ 1,812,419 74,137,000 2.4 %	\$ 1,588,608 67,852,800 2.3 %	\$ 1,528,511 64,463,200 2.4 %	\$ 1,459,744 61,740,100 2.4 %	\$ 1,371,026 59,286,800 2.3 %	\$ 1,492,954 57,356,500 2.6 %
\$0 - \$22,199 5.8%	\$0 - \$21,849 5.8%	\$0 - \$21,449 5.8%	\$0 - \$21,099 5.8%	\$0 - \$21,049 5.8%	\$0 - \$5,199 0.0%
\$22,200 - \$52,599 6.75%	\$21,850 - \$51,699 6.75%	\$21,450 - \$50,749 6.75%	\$21,100 - \$49,999 6.75%	\$21,050 - \$37,499 6.75%	\$5,200 - \$20,899 6.5%
\$52,600 + 7.15%	\$51,700 + 7.15%	\$50,750 + 7.15%	\$50,000 + 7.15%	\$37,500 + 7.15%	\$20,900+ 7.95%



STATE OF MAINE
INDIVIDUAL INCOME TAX FILERS AND TAX
LIABILITY BY MAINE ADJUSTED GROSS INCOME

SCHEDULE 7

(Tax Liability Expressed in Millions)

Income Level	2024 Tax Year			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
\$0 and below	40,356	5.0 %	\$ (26.50)	(1.1)%
\$1 - \$10,000	98,275	12.3 %	(51.71)	(2.2)%
\$10,001 - \$20,000	78,846	9.8 %	(44.44)	(1.9)%
\$20,001 - \$30,000	68,540	8.6 %	(25.53)	(1.1)%
\$30,001 - \$50,000	139,974	17.6 %	59.90	2.6 %
\$50,001 - \$75,000	120,619	15.1 %	202.66	8.7 %
\$75,001 - \$100,000	70,844	8.8 %	203.27	8.7 %
\$100,001 - \$200,000	119,980	15.0 %	661.68	28.4 %
\$200,001 and higher	63,525	7.9 %	1,348.32	57.9 %
Total	<u>800,959</u>	<u>100.0 %</u>	<u>\$ 2,327.65</u>	<u>100.0 %</u>

(Tax Liability Expressed in Millions)

Income Level	2015 Tax Year			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
\$0 and below	18,137	2.6 %	\$ (3.35)	(0.2)%
\$1 - \$10,000	96,682	14.1 %	(4.85)	(0.3)%
\$10,001 - \$20,000	102,109	14.9 %	0.79	0.1 %
\$20,001 - \$30,000	94,743	13.8 %	28.45	1.9 %
\$30,001 - \$50,000	130,811	19.1 %	122.18	8.2 %
\$50,001 - \$75,000	93,214	13.6 %	193.68	13.0 %
\$75,001 - \$100,000	55,831	8.1 %	194.49	13.0 %
\$100,001 - \$200,000	67,915	9.9 %	425.68	28.5 %
\$200,001 and higher	27,067	3.9 %	535.88	35.9 %
Total	<u>686,509</u>	<u>100.0 %</u>	<u>\$ 1,492.95</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>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Business Operating	\$ 4,003,188	\$ 3,884,662	\$ 3,712,014	\$ 3,412,611
Building Supply	4,648,505	4,610,552	4,538,327	4,123,703
Food Store	2,963,411	2,952,167	2,884,352	2,756,160
General Merchandise	4,611,448	4,570,383	4,575,626	4,409,228
Other Retail	6,821,976	6,514,973	6,322,981	6,117,520
Auto/Transportation	7,727,754	7,511,889	7,122,342	6,899,224
Restaurant/Lodging	<u>5,796,802</u>	<u>5,641,969</u>	<u>5,348,224</u>	<u>4,768,030</u>
Total	<u>\$ 36,573,084</u>	<u>\$ 35,686,595</u>	<u>\$ 34,503,866</u>	<u>\$ 32,486,476</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 %
Service Provider Tax	6.00 %	6.00 %	6.00 %	6.00 %

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. The service provider tax of 6% was imposed effective January 1, 2016. 36 M.R.S.A. § 2552; PL 2015, c. 267, Pt. TTTT, § 9.

SOURCE: Maine Revenue Services.

SCHEDULE 8

2020	2019	2018	2017	2016	2015
\$ 2,882,965	\$ 2,738,262	\$ 2,551,496	\$ 2,341,535	\$ 2,278,205	\$ 2,274,758
3,501,829	2,920,206	2,867,304	2,688,382	2,527,689	2,389,625
2,624,614	2,472,245	2,383,202	2,293,710	2,244,009	1,791,703
3,604,291	3,754,314	3,614,696	3,652,712	3,428,111	3,210,403
4,985,847	3,593,601	3,032,448	2,609,584	2,503,954	2,308,153
5,798,609	5,490,572	5,212,449	4,966,954	4,728,135	4,552,275
3,082,390	4,298,812	4,054,892	3,823,305	3,617,473	3,367,607
<u>\$ 26,480,545</u>	<u>\$ 25,268,012</u>	<u>\$ 23,716,487</u>	<u>\$ 22,376,182</u>	<u>\$ 21,327,576</u>	<u>\$ 19,894,524</u>

5.5 %	5.5 %	5.5 %	5.5 %	5.5 %	5.5 %
9.0 %	9.0 %	9.0 %	9.0 %	9.0 %	8.0 %
8.0 %	8.0 %	8.0 %	8.0 %	8.0 %	8.0 %
10.0 %	10.0 %	10.0 %	10.0 %	10.0 %	10.0 %
6.00 %	6.00 %	6.00 %	6.00 %	6.00 %	5.00 %



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)

<u>Fiscal Year</u>	<u>Temporary Loans Outstanding During the Year*</u>	<u>Total Governmental Funds Revenue</u>	<u>% of Total Governmental Funds Revenue</u>	<u>10% of Total Governmental Funds Revenue Limit Amount</u>	<u>Total Valuation</u>	<u>% of Total Valuation</u>	<u>1% of Total Valuation Limit Amount</u>
2025	\$ -	\$ 13,008,547	0.00 %	\$ 1,300,855	\$ 311,085,600	0.00 %	\$ 3,110,856
2024	\$ -	\$ 12,028,871	0.00 %	\$ 1,202,887	\$ 275,156,250	0.00 %	\$ 2,751,563
2023	\$ 47,870	\$ 11,884,422	0.40 %	\$ 1,188,442	\$ 233,899,750	0.02 %	\$ 2,338,998
2022	\$ 47,595	\$ 12,306,418	0.39 %	\$ 1,230,642	\$ 206,784,950	0.02 %	\$ 2,067,850
2021	\$ 98,200	\$ 11,715,852	0.84 %	\$ 1,171,585	\$ 195,137,500	0.05 %	\$ 1,951,375
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

STATE OF MAINE
RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years
(Expressed in Thousands, Except Per Capita)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Governmental Activities Debt				
General Obligation Bonds	\$ 413,052	\$ 519,606	\$ 638,640	\$ 582,788
MGFA Revenue Bonds	440,075	467,217	380,523	403,212
COPS and Other Financing Arrangements	104,039	100,536	84,113	72,147
Leases ⁵	278,944	251,876	249,039	234,510
Subscriptions ⁶	99,944	97,325	110,559	-
Loans Payable to Component Unit ¹	160,057	226,771	262,009	270,449
Total Governmental Activities Debt	<u>\$ 1,496,111</u>	<u>\$ 1,663,331</u>	<u>\$ 1,724,883</u>	<u>\$ 1,563,106</u>
Business-Type Activities Debt				
COPS and Other Financing Arrangements	\$ -	\$ 2,142	\$ 2,571	\$ -
Subscriptions	3,062	-	-	-
Total Business-Type Activities Debt	<u>\$ 3,062</u>	<u>\$ 2,142</u>	<u>\$ 2,571</u>	<u>\$ -</u>
Total Primary Government Debt	<u>\$ 1,499,173</u>	<u>\$ 1,665,473</u>	<u>\$ 1,727,454</u>	<u>\$ 1,563,106</u>
Debt Ratios				
Ratio of Total Debt to Personal Income ² Per Capita ³	1.5 % \$ 1,066	1.8 % \$ 1,190	2.0 % \$ 1,242	2.0 % \$ 1,134
Net General Obligation Bonded Debt				
Gross Bonded Debt	\$ 853,127	\$ 986,823	\$ 1,019,163	\$ 986,000
Less: Debt Service Funds	-	-	-	-
Net Bonded Debt	<u>\$ 853,127</u>	<u>\$ 986,823</u>	<u>\$ 1,019,163</u>	<u>\$ 986,000</u>
Ratio of Net Bonded Debt to Estimated Property Value ⁴ Per Capita ³	0.3 % \$ 607	0.4 % \$ 705	0.4 % \$ 733	0.5 % \$ 715

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.

⁵ As restated. GASB 87 was implemented in FY2022, which required a restatement of the lease liability.

⁶ FY2023 was the first year for implementation of GASB 96 Subscription Based Information Technology Arrangements

SCHEDULE 10

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 679,062	\$ 651,798	\$ 603,778	\$ 407,746	\$ 496,132	\$ 464,444
377,785	383,935	236,699	209,155	171,870	172,373
53,524	37,849	51,269	72,368	74,537	69,565
49,487	53,722	58,577	56,518	34,276	36,679
-	-	-	-	-	-
336,993	320,193	375,163	378,264	428,713	425,199
<u>\$ 1,496,851</u>	<u>\$ 1,447,497</u>	<u>\$ 1,325,486</u>	<u>\$ 1,124,051</u>	<u>\$ 1,205,528</u>	<u>\$ 1,168,260</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
<u>\$ -</u>					
<u>\$ 1,496,851</u>	<u>\$ 1,447,497</u>	<u>\$ 1,325,486</u>	<u>\$ 1,124,051</u>	<u>\$ 1,205,528</u>	<u>\$ 1,168,260</u>
2.0 %	2.0 %	2.0 %	1.8 %	2.0 %	2.0 %
\$ 1,107	\$ 1,075	\$ 989	\$ 839	\$ 904	\$ 879
\$ 1,056,847	\$ 1,035,733	\$ 840,477	\$ 616,901	\$ 668,002	\$ 636,817
<u>\$ 1,056,847</u>	<u>\$ 1,035,733</u>	<u>\$ 840,477</u>	<u>\$ 616,901</u>	<u>\$ 668,002</u>	<u>\$ 636,817</u>
0.5 %	0.6 %	0.5 %	0.4 %	0.4 %	0.4 %
\$ 782	\$ 769	\$ 627	\$ 461	\$ 501	\$ 479

STATE OF MAINE
PLEGGED FUTURE REVENUE COVERAGE

Last Ten Fiscal Years
(Expressed in Thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Grant Anticipation Revenue Vehicle (GARVEE) Bonds¹				
Federal Aid Revenues	\$ 476,322	\$ 342,807	\$ 316,923	\$ 286,120
Annual Debt Service	\$ 28,403	\$ 28,420	\$ 24,690	\$ 23,957
Debt Service Coverage	5.96 %	8.29 %	7.79 %	8.37 %

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	\$ 41,714	\$ 41,420	\$ 41,629	\$ 41,312
Annual Debt Service	\$ 17,494	\$ 18,144	\$ 18,141	\$ 19,943
Debt Service Coverage	41.94 %	43.80 %	43.58 %	48.27 %

SOURCE: Department of Transportation.

¹ Based on Federal Fiscal Year End

² Based on State Fiscal Year End

SCHEDULE 11

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 275,433	\$ 231,878	\$ 208,546	\$ 201,593	\$ 217,501	\$ 216,915
\$ 23,292	\$ 22,394	\$ 20,850	\$ 19,611	\$ 15,942	\$ 20,143
8.46 %	9.66 %	10.00 %	9.73 %	7.33 %	9.29 %
\$ 41,260	\$ 39,628	\$ 41,490	\$ 40,843	\$ 40,388	\$ 39,634
\$ 20,017	\$ 20,018	\$ 20,076	\$ 20,074	\$ 20,072	\$ 19,789
48.51 %	50.51 %	48.39 %	49.15 %	49.70 %	49.93 %

STATE OF MAINE
DEMOGRAPHIC INFORMATION

Last Ten Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Maine				
Population (in thousands) ¹	1,406	1,402	1,394	1,383
Total Personal Income (in millions) ¹	101,332	95,549	86,962	81,095
Per Capita Personal Income ²	72,064	68,164	62,368	58,640
Unemployment Rate ³	3.3 %	2.8 %	2.4 %	3.0 %
United States				
Population (in thousands) ¹	341,789	336,446	334,769	332,693
Total Personal Income (in millions) ¹	26,062	24,634	22,857,767	21,622,650
Per Capita Personal Income ²	76,251	73,219	68,279	64,993
Unemployment Rate ³	4.1 %	4.1 %	3.6 %	3.6 %

¹ Source is SQINC1 State Quarterly Personal Income Summary: Personal Income, Population, Per Capita Personal Income

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

2021	2020	2019	2018	2017	2016
1,371	1,362	1,357	1,350	1,344	1,329
78,628	78,991	68,527	64,673	61,946	57,990
57,366	57,987	50,516	47,916	46,085	43,638
4.8 %	6.7 %	3.2 %	2.9 %	3.5 %	3.7 %
331,776	331,448	330,009	328,289	326,330	322,704
20,907,855	20,459,376	18,493,580	17,538,302	16,740,049	15,725,128
63,018	61,727	56,040	53,423	51,298	48,729
5.9 %	11.1 %	3.7 %	4.0 %	4.4 %	4.9 %



STATE OF MAINE
PRINCIPAL EMPLOYERS - TOP 10
NOT SEASONALLY ADJUSTED

SCHEDULE 13

Current Year and Ten Years Ago

Employer	2025					2016				
	Range of Employees		Rank	Percentage of Total Employment		Average Number of Employees	Rank	Percentage of Total Employment		
MaineHealth	22,501	-	23,000	1	3.0	%	8,750	2	1.4	%
Maine State Government	14,501	-	15,000	2	1.9	%	14,250	1	2.4	%
Hannaford Bros Co	9,001	-	9,500	3	1.2	%	8,250	3	1.4	%
Department of Defense	8,501	-	9,000	4	1.1	%	7,250	4	1.2	%
Wal Mart/Sam's Club	8,001	-	8,500	5	1.1	%	7,250	5	1.2	%
Bath Iron Works	6,001	-	6,500	6	0.8	%	5,750	6	1.0	%
University of Maine System	5,001	-	5,500	7	0.7	%	-	-	-	%
MaineGeneral Health	4,001	-	4,500	8	0.6	%	-	-	-	%
Eastern Maine Medical Center	3,501	-	4,000	9	0.5	%	3,750	8	0.6	%
US Post Office	3,001	-	3,500	10	0.4	%	-	-	-	%
LL Bean, Inc.	-	-	-	-	-	%	4,250	7	0.7	%
MaineGeneral Medical Center	-	-	-	-	-	%	3,250	9	0.5	%
Central Maine Healthcare Corp	-	-	-	-	-	%	3,250	10	0.5	%
Total	<u>84,010</u>		<u>89,000</u>		<u>11.3</u>	<u>%</u>	<u>66,000</u>		<u>10.9</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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Arts, Heritage & Cultural Enrichment	89.7	89.7	90.2	88.2
Business Licensing & Regulation	438.3	424.8	415.3	409.8
Economic Development & Workforce Training	617.5	554.5	544.0	546.0
Education	239.2	239.2	224.0	219.3
Governmental Support & Operations	2,252.8	2,232.2	2,149.7	2,095.2
Health and Human Services	3,599.7	3,552.7	3,478.4	3,423.4
Justice and Protection	3,207.4	3,132.4	3,027.7	2,994.6
Natural Resources Development & Protection	1,529.2	1,517.2	1,496.2	1,461.9
Transportation Safety & Development	<u>1,982.7</u>	<u>1,982.7</u>	<u>1,975.0</u>	<u>2,001.0</u>
Total Full Time Equivalents	<u><u>13,956.5</u></u>	<u><u>13,725.4</u></u>	<u><u>13,400.5</u></u>	<u><u>13,239.4</u></u>

SOURCE: Maine Bureau of Budget

The information in this schedule is based on budgeted numbers. Actual numbers may differ.

SCHEDULE 14

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
88.7	88.7	89.7	89.7	91.6	91.6
395.3	395.3	392.8	395.0	394.5	394.5
548.0	548.0	544.5	563.5	585.0	584.0
216.9	216.9	198.5	196.5	191.3	191.3
2,093.7	2,092.7	2,094.1	2,084.1	2,102.9	2,099.9
3,333.9	3,333.9	3,225.9	3,202.9	3,440.9	3,440.9
2,997.4	2,982.4	2,952.9	2,998.9	2,999.8	2,999.8
1,407.5	1,407.5	1,403.9	1,406.7	1,421.8	1,421.3
<u>2,004.6</u>	<u>2,004.6</u>	<u>2,046.3</u>	<u>2,046.3</u>	<u>2,047.3</u>	<u>2,047.3</u>
<u>13,086.0</u>	<u>13,070.0</u>	<u>12,948.6</u>	<u>12,983.6</u>	<u>13,275.1</u>	<u>13,270.6</u>

STATE OF MAINE
OPERATING INDICATORS AND CAPITAL INFORMATION

Last Ten Fiscal Years

Operating Indicators by Function:	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Education				
Students enrolled in the free/reduced lunch program ⁴	65,740	60,896	60,958	59,383
Economic Development & Workforce Training				
Unemployed persons	23,290	19,795	18,614	27,292
Governmental Support & Operations				
Return on investments	4.58 %	3.97 %	2.19 %	0.68 %
Lottery tickets sales, in millions	406	430	410	385
Health and Human Services				
Percentage of population enrolled in MaineCare ¹	34 %	30 %	30 %	28 %
Number of TANF cases ²	4,909	4,364	4,285	3,806
Justice and Protection				
Average number of adult inmates	1,874	1,816	1,679	1,623
Average number of juvenile inmates	38	34	24	30
Number of guard troops	2,677	2,714	2,800	3,037
Number of cases tried in the court system	142,195	132,031	130,903	127,687
Natural Resources and Development				
Number of park passes purchased ³	17,888	16,953	16,283	20,422
Number of visitors to State parks ⁵	3,119,749	2,930,408	3,283,383	3,145,285
Number of hunting and fishing licenses sold ³	612,737	594,993	607,382	614,051
Transportation Safety & Development				
Number of construction projects	154	384	317	282

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.

⁵ The parks opened late in 2024 due to storm damage.

SOURCE: All statistical information was provided by State agencies.

SCHEDULE 15

2021	2020	2019	2018	2017	2016
64,925	78,523	81,838	82,900	85,080	86,746
35,244	30,253	23,216	21,407	24,648	26,220
1.19 % 391	1.78 % 314	2.15 % 299	1.31 % 294	0.85 % 266	0.52 % 272
25 % 3,937	22 % 3,918	20 % 3,995	20 % 4,308	20 % 4,630	21 % 5,401
1,682 28 2,950 130,461	2,043 33 2,946 143,015	2,332 52 2,981 177,768	2,586 75 3,072 198,199	2,310 88 3,088 192,527	2,189 95 3,145 204,330
14,361 3,067,112 569,785	14,656 2,968,710 563,781	14,621 2,997,931 559,411	14,853 2,698,907 558,820	19,722 2,876,190 564,863	16,881 2,626,416 557,123
251	289	411	351	323	197

STATE OF MAINE
CAPITAL ASSETS BY FUNCTION

Last Ten Fiscal Years

Capital Assets by Function:	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Governmental Support & Operations				
Vehicles controlled by Central Fleet Management	2,704	2,591	2,318	2,198
Health and Human Services				
Number of regional offices	16	16	16	16
Justice and Protection				
Number of correctional facilities	7	7	7	6
Number of armories and AFR's	16	16	16	16
Number of State police barracks	8	8	8	8
Number of vehicles in Public Safety	690	675	704	615
Natural Resources and Development				
Total acreage of State parks	86,509	86,509	86,509	86,509
Number of State park buildings	589	586	585	585
Transportation Safety & Development				
Number of DOT vehicles and equipment	1,389	1,436	1,388	1,388
Number of regional DOT active buildings	546	544	549	546

SOURCE: All statistical information was provided by State agencies.

SCHEDULE 16

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
2,152	2,174	2,089	2,229	2,208	2,158
16	16	16	16	16	16
6	6	5	5	7	8
17	15	15	15	14	18
8	8	8	8	8	8
584	579	579	524	614	541
86,102	86,102	86,102	85,680	85,680	85,680
585	585	585	585	585	562
1,380	1,329	1,307	1,448	1,233	1,229
546	546	548	553	570	555

