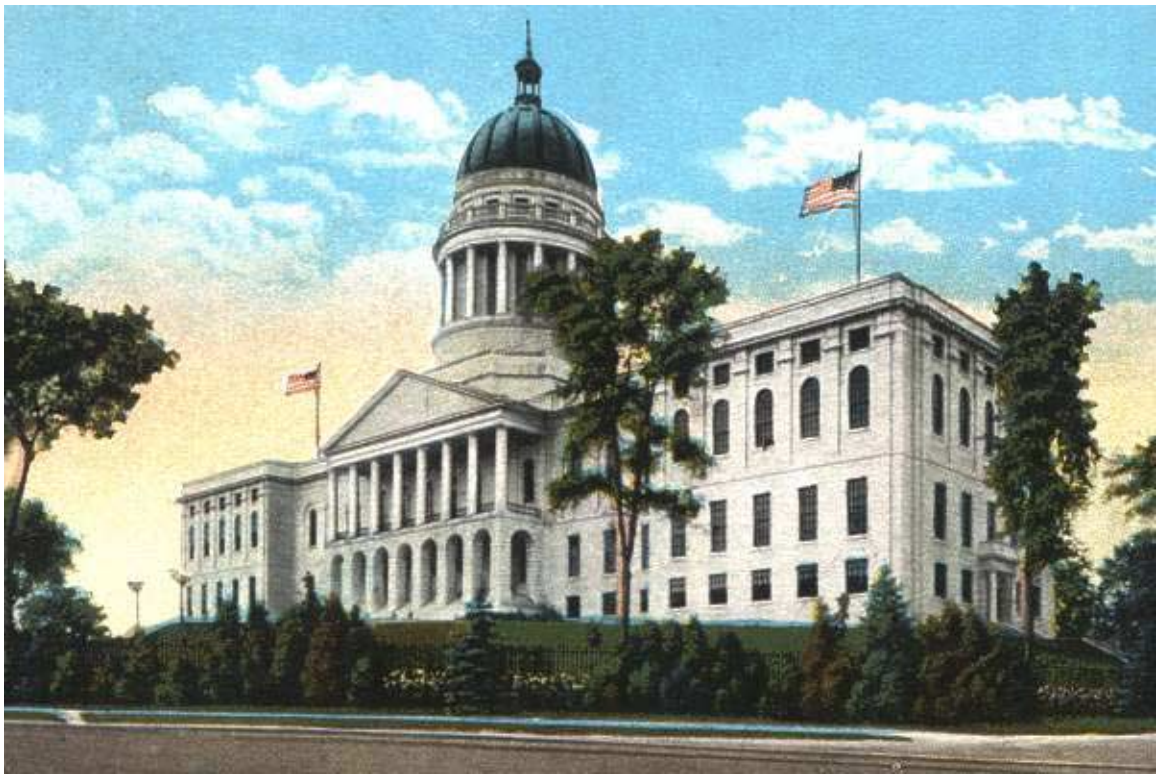
STATE OF MAINE



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2001

COMPREHENSIVE ANNUAL FINANCIAL REPORT

MAINE

FOR THE FISCAL YEAR ENDED JUNE 30, 2001

ANGUS S. KING, JR.
Governor

JANET E. WALDRON
Commissioner
Department of Administrative & Financial Services

CAROL F. WHITNEY
State Controller

Prepared by the State Controller's Office

Cover credit:
Oblique Front Elevation
Maine State House in Augusta, Maine
Early 20th century postcard courtesy of Chris Miller.

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Administration Division
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Augusta, ME 04333-0014

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STATE OF MAINE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

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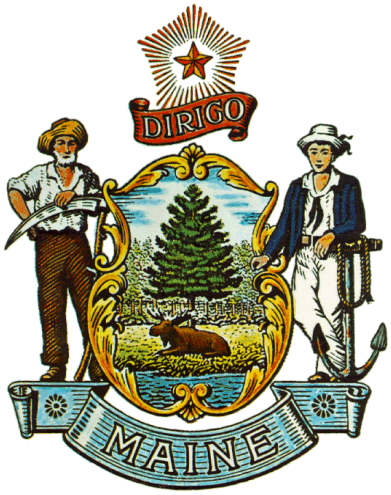

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INTRODUCTORY SECTION

STATE OF MAINE
DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES
BUREAU OF ACCOUNTS AND CONTROL
14 STATE HOUSE STATION AUGUSTA, ME 04333-0014

CAROL F. WHITNEY
STATE CONTROLLER

TERRY E. BRANN, CPA
DEPUTY STATE CONTROLLER

June 1, 2002

To the Honorable Angus S. King, Jr., Governor,
The Honorable Members of the Legislature, and
Citizens of the State of Maine

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2001 in accordance with 5 M.R.S.A. § 1547. Published by the State Controller's Office, Bureau of Accounts and Control, this report is the primary informational source for State government's financial activities, and is compliant with generally accepted accounting principles (GAAP).

The CAFR is presented in three sections: introductory, financial and statistical. The introductory section, which is unaudited, includes this transmittal letter, the State's organizational chart and a list of principal elected and appointed officials. The financial section includes the State Auditor's report, the audited general purpose financial statements and notes thereto. It also includes the underlying combining and individual fund financial statements and supporting schedules. The statistical section shows selected economic, financial trend and demographic information for the State on a multi-year basis.

The State Auditor's Report does not qualify the General Fixed Assets Account Group (GFAAG). This means that for the first time an inventory of the State's fixed assets, fairly stated, in all material respects, is included in the CAFR. Without the cooperation and support of virtually all agencies and the State Department of Audit over the past few years, the inventory, automation and presentation of the GFAAG would not have been possible. We do not expect capital leases and the Changes in Pension Plan Net Assets to be qualifications in the fiscal year 2002 CAFR.

The Governmental Accounting Standards Board (GASB) has mandated certain changes to the CAFR by the year 2002. The new GASB reporting model, which resembles private sector annual reporting, provides a picture of the government as a single, unified entity. Changes include a significantly expanded Introductory Section that is to be known as the Management Discussion and Analysis section, and an expanded Statistical section. Although this is a challenge for virtually all states to meet, we are preparing the CAFR for fiscal year 2002 according to the new GASB model.

The financial reporting section includes all the funds and account groups of the primary government, along with all component units. Generally, component units are legally separate organizations for which the primary government is financially accountable in accordance with criteria established by GASB. Note 1A elaborates on the component unit criteria and lists organizations, agencies, boards, commissions and authorities that the State includes as component units.

We believe that the information in the CAFR presents fairly and accurately in all material aspects the financial position and affairs of the State with the exception of certain issues for which the State Auditor qualified the Independent Auditor's Opinion. Responsibility for the accuracy and the completeness of this report, including all disclosure, rests with the State.

OFFICE LOCATED ON 4TH FLOOR, BURTON M. CROSS OFFICE BUILDING
PHONE: (207) 626-8420 FAX: (207) 626-8422

ECONOMIC CONDITION AND OUTLOOK

Maine is an exciting place to live and conduct business. Our business environment is stronger than ever, our communities are thriving and tourism continues to grow. All evidence points to the fact that Maine is on the move!

As a result, there has been a revival of business activity and community investment in Maine. Our entrepreneurial spirit is attracting today's most innovative companies and cutting-edge industries – semiconductors, biotechnology, and call centers. These companies are finding a productivity level and work ethic that are the envy of the world. They're also finding communities that are ready and able to meet their business needs.

Investments in its cities and towns, development of its infrastructure, and improvement in its tax structure and regulatory environments has changed the business landscape of Maine.

But Maine has something else unique to offer: a quality of life that's second to none. Our close-knit communities, rich cultural heritage and unspoiled natural beauty make Maine an ideal place to live, work and raise a family. And, as our flourishing tourism industry demonstrates, Maine is a spectacular place to visit.

Despite the national recession, there were over 50 business expansion projects of one-half million dollars or more this year. The sum of these investments totaled $300 million.

After enjoying a record breaking 10-year expansion, the US economy slipped silently into recession in March 2001. In fact, so quietly did we begin our descent, the whole downturn might have gone unnoticed absent the events of September 11th, which shone spotlights on the underlying performance. While recession is never a beast to be taken lightly, this downturn need not strike fear in the heart, as it is surely an animal of a different kind. As with this recession, this recovery will be mild and uneventful. Oil prices are already well behaved and will not need further taming. The large up-tick in consumer spending which usually accompanies a recovery will be muted by the fact that consumers never dramatically slowed purchases. Consumer spending, particularly for autos and houses, didn't plummet as it did in other recessions, thus the rebound will be less pronounced.

Retail sales continued to grow in 2001, albeit slowly, and seasonally adjusted job losses during the year were only 3,600 or 0.6% of the total jobs. While it is no comfort to those who have lost jobs over the past year, the current recession's effects in Maine are but a pale shadow of the devastating losses suffered during the recession of 1990-91. In fact, if this recession is not over by the time you read this, it probably will be over within another quarter or two.

MAJOR INITIATIVES

Transportation

Maine roadways were improved at a pace not seen for years. Maine's Department of Transportation Urban and Arterial Highway Program advertised twenty-two projects for bids, a production level that set the stage to bring all of Maine's arterial highways up to modern design standards within ten years. Extraordinary bridge improvements were also either under construction or set in motion, continuing remarkable progress in the reduction of Maine's major bridge deficiencies. Infrastructure for freight transport was also greatly improved, including the next phase of the Intermodal Freight Facility. The 30-mile widening project on the Maine Turnpike continued through its second year. The project's goal involves both modernizing the roadway and converting the capacity to three lanes of traffic in each direction between York and Scarborough. The project is on course for overall completion of its five-year schedule in 2005.

After a thirty-six year hiatus, track improvements were completed that would allow resumption of passenger train service between Portland and Boston. The "Downeaster" is now running from Portland to Boston's North Station four times daily, and passenger levels are high. There are already signs of collaboration amongst travel industry firms who are taking advantage of the investment in the new service by offering package deals that give better value and convenience to consumers, by melding together lodging and entertainment options for the passengers. The spin-off economic effects are expected to continue growing as more visitors to New England realize they do not need a car to access the vast natural and cultural amenities of Maine

Augusta State Facilities Master Plan

The state has embarked on a plan to improve the management of state owned buildings and sites in the greater Augusta area. The major goals associated with the plan include: improving the work environment of Maine State employees, improving the management and stewardship of State-owned facilities, creating appropriate space for customers of Maine State Government to transact business, consolidating state agencies that are currently fragmented in several Augusta area locations, restoring and preserving significant historic buildings, reducing the amount of leased space buildings, protecting and enhancing the existing green spaces, developing infrastructure to support alternative transportation. In addition, the state is implementing this plan with the input from Augusta area communities. One of the most significant accomplishments to date has been the completion of the Burton M. Cross building which now provides appropriate space for employees, citizens and customers of Maine to transact business.

Health Care Issues

Recent news articles have suggested health care costs are escalating rapidly. Estimates and projections prepared by the Federal Government's National Health Statistics Group, on the other hand, indicate likely increases in costs over the next decade that will challenge businesses, individuals, and governments, but do not suggest run-away growth. Concern has been expressed that small businesses will be unable to afford health insurance for their employees. However, a survey of employers, health care executives and insurance brokers and consultants in twelve U.S. cities found no overall movement of small businesses to drop insurance coverage, even though they have absorbed larger than average cost increases. The survey did find employers were dropping or considering dropping retirement coverage for new hires.

Computers for Kids

The State of Maine and Apple Computer, Inc. have signed an agreement to implement a laptop program giving all 7th and 8th grade students in Maine (whose schools choose to participate in the program) a laptop computer by the end of 2003. With this innovative initiative the State of Maine is making an investment in the future of its workforce, which is likely to make Maine more competitive in both attracting and retaining the knowledge-based workforce that the new economy demands.

Research and Development

Studies by Maine's State Planning Office (SPO) have led to the conclusion that the percentage of adults with Bachelor's degrees or higher and the dollars per worker spent on research and development are major drivers of per capita income. SPO determined that increasing the percentage of adults with 4-year degrees or more to 30% and increasing R&D investment to $1,000 per worker would raise Maine per capita income to the national average or above from about $25,400 to $29,450. The "30 and 1,000" initiative could lead in ten years to an expanded knowledge based economy in Maine, with a low to moderate population growth, good per capita income, and innovation in traditional and new industries, amidst a spectacular natural environment that is attractive to knowledgeable workers.

FINANCIAL INFORMATION

Internal Control

State management is responsible for establishing and maintaining internal control to ensure that government assets are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and that evaluation of costs and benefits requires estimates and judgments by management.

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 State Department of Audit as part of the annual single audit.

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 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.

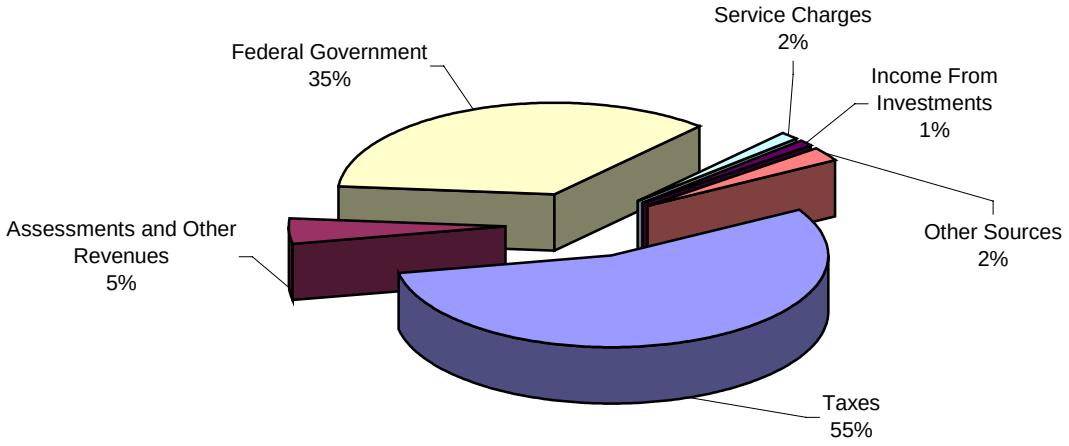
The State uses encumbrance accounting as an extension of formal budgetary control. This requires that purchase orders, contracts, and other commitments be recorded to reserve a portion of an appropriation or allocation for expenditure. Appropriated and allocated balances are available for subsequent expenditure to the extent that there are approved encumbrances at the end of a fiscal year. The State reports encumbrances outstanding at year-end as reservations of fund balances to identify those portions of fund balances that are not available for allocation or expenditure, or that are legally segregated for specific future uses. Unencumbered appropriations in the General Fund and in the Highway Fund are carried forward to a subsequent year only when authorized by law, otherwise the balances lapse at year-end.

General Government Functions

Financial resources for the principal operations of State government and jointly financed State-federal programs are accounted for in the general and special revenue funds. Revenues from various sources for fiscal years 2001 and 2000, which are used to finance general government functions, are compared in the following table (**dollars expressed in thousands**):

Revenues By Source	2001	2000	As Percent of Total 2001	As Percent of Total 2000	$ Incr (Decr) from 2000	% Incr (Decr) from 2000
Total Taxes	$2,522,131	$2,632,465	55.2 %	57.2 %	($110,334)	(4.2) %
Assessments and Other Rev.	208,904	189,213	4.6	4.1	19,691	10.4
Federal Government	1,610,209	1,555,970	35.2	33.8	54,239	3.5
Service Charges	69,350	71,398	1.5	1.6	(2,048)	(2.9)
Income from Investments	50,369	37,094	1.1	0.8	13,275	35.8
Other Sources	110,182	113,705	2.4	2.5	(3,523)	(3.1)
Total Revenues	$4,571,145	$4,599,845	100.0 %	100.0 %	($28,700)	(0.6) %

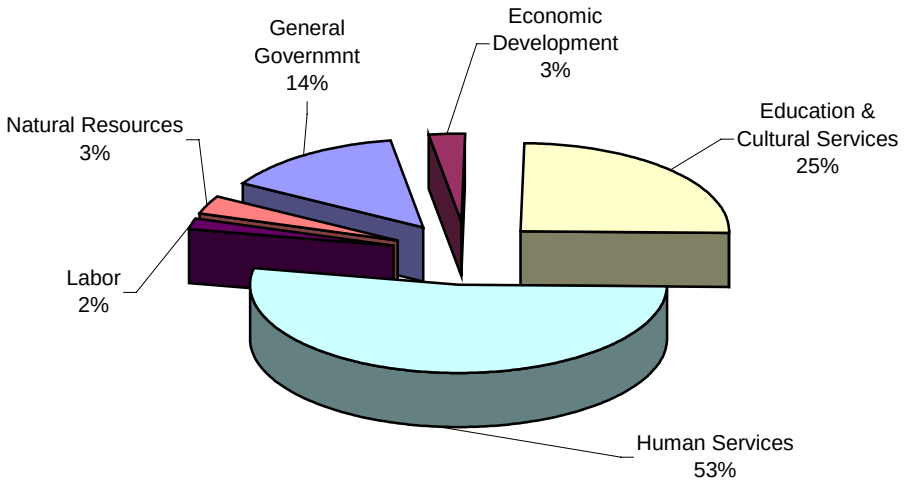
The following chart depicts the composition of general government revenue sources for fiscal year 2001:



The State provides a full range of services, including: economic development, education, health and social services, recreation and natural resource management, public safety, transportation, public improvement and financial assistance. The costs of providing these services are also accounted for in the general and special revenue funds. Expenditures for general government functions for fiscal years 2001 and 2000 are compared in the following table (**dollars expressed in thousands**):

Expenditures By Policy Area	**2001**	**2000**	**As Percent of Total 2001**	**As Percent of Total 2000**	**$ Incr (Decr) from 2000**	**% Incr (Decr) from 2000**
General Government	$555,264	$431,959	12.2 %	10.2 %	$123,305	28.5 %
Economic Development	110,304	112,079	2.4	2.7	(1,775)	(1.6)
Education & Cultural Services	993,992	966,947	21.8	23.0	27,045	2.8
Human Services	2,077,991	1,934,243	45.6	46.1	143,748	7.4
Labor	76,389	79,690	1.7	1.9	(3,301)	(4.1)
Natural Resources	132,041	119,783	2.9	2.9	12,258	10.2
Public Protection	92,947	82,641	2.0	2.0	10,306	12.5
Transportation	397,588	355,801	8.7	8.5	41,787	11.7
Debt Service	123,407	112,980	2.7	2.7	10,427	9.2
Total Expenditures	$4,559,923	$4,196,123	100.0 %	100.0 %	$363,800	8.7 %

The following chart depicts the composition of general government expenditures for fiscal year 2001:

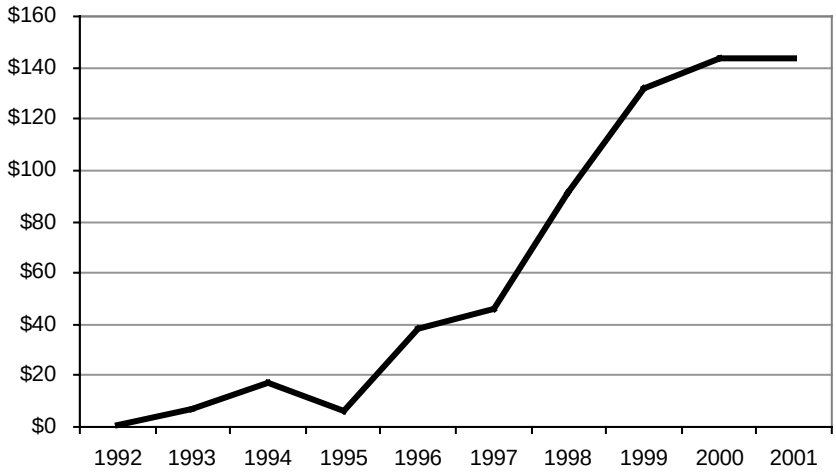


General Fund Balance

The unreserved and undesignated portion of General Fund GAAP fund balance decreased by $277,539,000. However, the overall fund balance of $311,571,000 at June 30, 2001, including more than $143 million reserved in the State's Rainy Day Fund, demonstrates fiscal strength resulting from prudent fiscal practices.

Included in the General Fund's fund balance, the *Rainy Day Fund* was created to fund potential operating deficits or other emergencies. Each year, the State transfers fifty percent of the excess of total General Fund revenues received, over accepted estimates, from the unappropriated surplus of the General Fund to the Rainy Day Fund. Upon recommendation by the Governor, and a 2/3 vote of the Legislature, appropriations from the fund may be made for prepayment of outstanding General Fund bonds or for major construction projects exceeding $500,000. The maximum amount that this fund may carry, by law, is six percent of the total General Fund revenues received in the immediately preceding fiscal year.

The chart to the right depicts the balance in the Rainy Day Fund, in millions of dollars, at the close of each of the last ten fiscal years.



Debt Administration

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

- Economy
- Financial Performance and Flexibility
- Debt Burden
- Administration

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

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

Standard & Poor's

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

Year	Rating
1992	AA+
1993	AA+
1994	AA+
1995	AA+
1996	AA+
1997	AA+
1998	AA+
1999	AA+
2000	AA+
2001	AA+

Moody's Investors Service

Moody's is one of the few major rating agencies that measures total expected credit loss over the life of the security, assessing both the likelihood that the issuer will default and the amount of loss after a default occurs. "Aaa"rated bonds are judged to be of the best quality. Generally referred to as "gilt edge," they carry the smallest degree of risk. "Aa"rated bonds are judged to be of high quality by all standards and together with the "Aaa" group they comprise what is generally known as high grade bonds. Moody's applies one of three numerical modifiers to each generic rating classification from "Aa" to "Caa." The modifier 1 indicates that the issue ranks at the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates that the issue ranks at the lower end of its generic category.

Year	Rating
1992	Aa1
1993	Aa
1994	Aa
1995	Aa
1996	Aa
1997	Aa3*
1998	Aa2
1999	Aa2
2000	Aa2
2001	Aa2

** Refinement of Aa rating, not a downgrade*

Fitch IBCA, Inc.

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

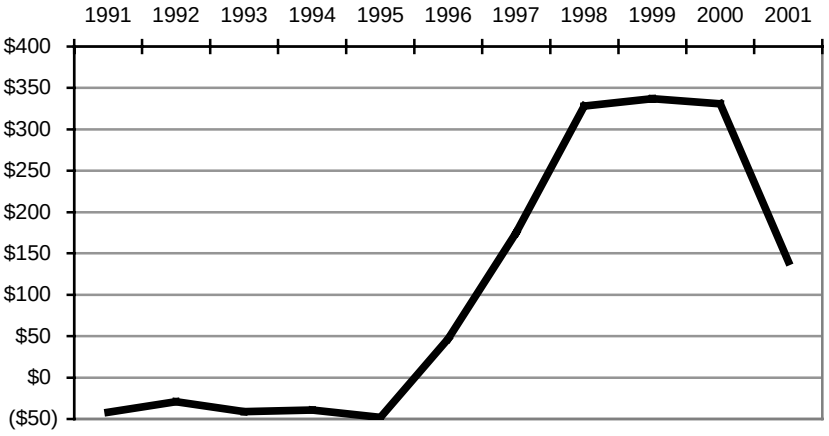
Year	Rating
1996	AA**
1997	AA
1998	AA
1999	AA
2000	AA+
2001	AA+

*** Initial rating in 1996, not previously rated*

Cash Management

The State pools cash for a variety of State agencies and public sector entities. Interest earned on pooled cash is allocated to the various funds, generally based on their average equity balances. In accordance with statute, the Treasurer of State may deposit State funds in any of the banking institutions organized under the laws of this State, and any national bank or federal savings and loan association located in the State. The Treasurer of State may invest funds that exceed current obligations, with the concurrence of the State Controller or the Commissioner of Administrative and Financial Services, and the consent of the Governor. The list of approved pool investments includes: U.S. Treasury Bills, Notes, Bonds and Agency Securities, certain secured repurchase agreements, prime commercial paper, tax-exempt obligations, banker's acceptances, and certain secured shares of an investment company registered under the federal Investment Company Act of 1940.

The chart to the right depicts the General Fund's share of the Treasurer's pooled cash and investment fund, in millions of dollars, at the close of each of the last ten fiscal years.



OTHER INFORMATION

Independent Audit

Pursuant to 5 M.R.S.A. § 243, the State Auditor has performed an examination of the State's general purpose financial statements in accordance with auditing standards generally accepted in the United States of America. The auditor's opinion is presented in the financial section of this report. 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 Stand*ards, issued by the Comptroller General of the United States, as required by federal law, which will include internal control and legal compliance reports on all federal funds received and expended by State government. This statewide federal single audit report, including the auditor's opinion in accordance with generally accepted auditing standards is published separately.

Acknowledgements

Preparation of this CAFR was made possible by the dedicated staffs within the Office of the State Controller and the Department of Audit, with the assistance of fiscal staff from all agencies, including component units.

Sincerely,

Carol F. Whitney
State Controller

Terry E. Brann, CPA
Deputy State Controller

STATE OF MAINE

OFFICIALS OF STATE GOVERNMENT

AS OF JUNE 30, 2001

EXECUTIVE

Angus S. King, Jr., *Governor*

LEGISLATIVE

Michael H. Michaud, *President of the Senate*

Michael V. Saxl, *Speaker of the House*

Constitutional Officers

G. Steven Rowe, *Attorney General*

Gail M. Chase, *State Auditor*

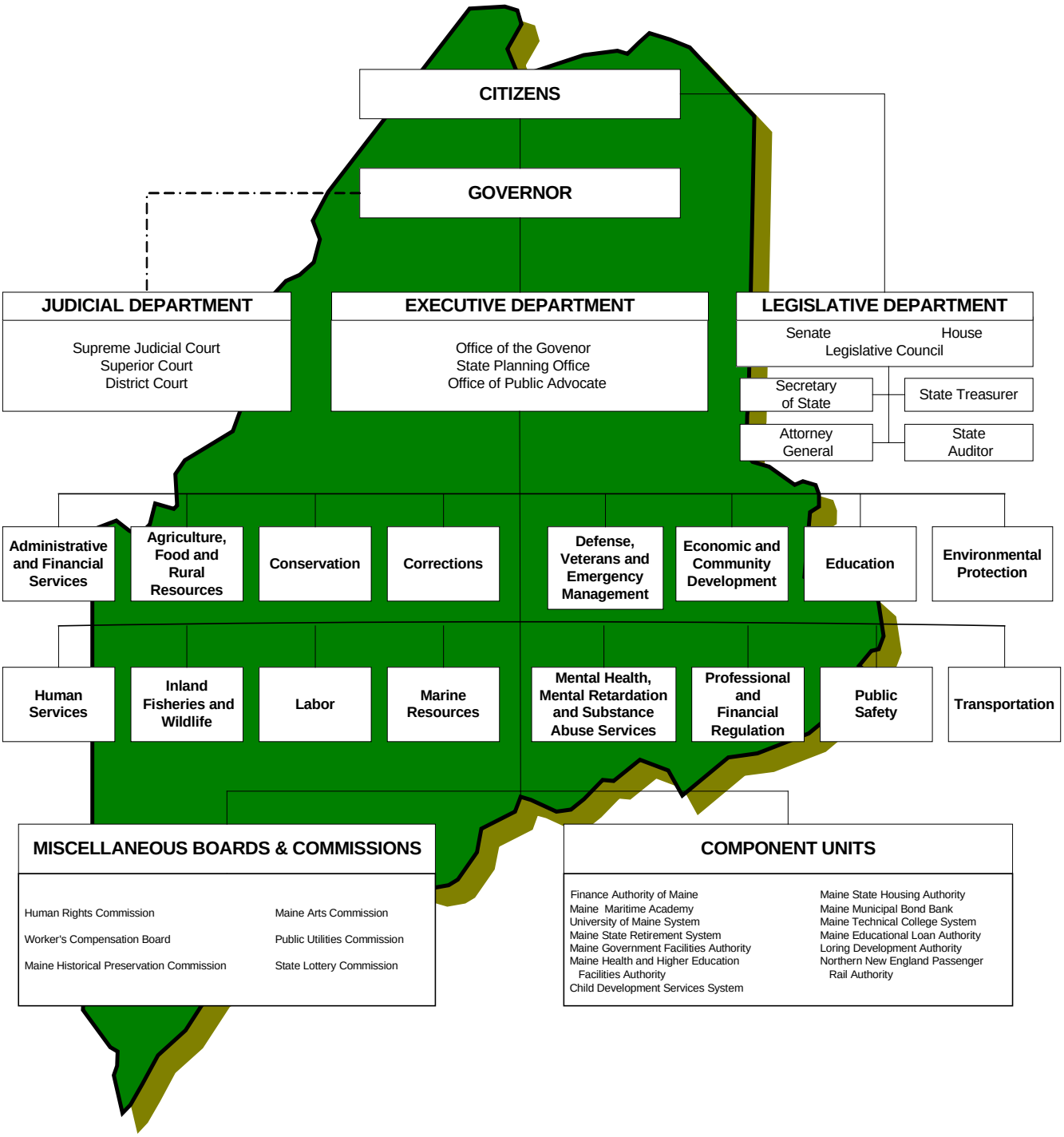
Dan A. Gwadowsky, *Secretary of State*

Dale McCormick, *State Treasurer*

JUDICIAL

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

ORGANIZATION CHART OF MAINE STATE GOVERNMENT AS OF JUNE 30, 2001



FINANCIAL SECTION

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GAIL M. CHASE, CIA
STATE AUDITOR

STATE OF MAINE
DEPARTMENT OF AUDIT

66 STATE HOUSE STATION
AUGUSTA, MAINE 04333-0066

TEL: (207) 624-6250
FAX: (207) 624-6273

RICHARD H. FOOTE, CPA
DEPUTY STATE AUDITOR
CAROL A. LEHTO CPA, CIA
DIRECTOR OF AUDITS
MICHAEL J. POULIN, CIA
DIRECTOR OF AUDITS

Independent Auditor's Report

To the President of the Senate and the
Speaker of the House of Representatives

We have audited the accompanying general purpose financial statements of the State of Maine, as of and for the year ended June 30, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of the State of Maine's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the discretely presented component units listed in Note 1, which represent 100 percent of the total assets and 100 percent of the total revenues of the component unit column, 100 percent of the changes in pension plan net assets and 100 percent of the assets and 100 percent of the revenues of the college and university component unit funds. We did not audit the financial statements of the Maine Governmental Facilities Authority, which represents 5.08 percent of the assets and .24 percent of the total revenues of the Special Revenue Fund Type. Those financial statements were audited by other auditors whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included for the discretely presented component units and for the Maine Governmental Facilities Authority, is based solely on the reports of the other auditors.

Except as discussed in the first succeeding paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

Because the State of Maine does not maintain adequate systems to classify and report capital leases in conformity with generally accepted accounting principles, we were unable to satisfy ourselves regarding the amounts at which fixed assets (stated at $76.9 million), and obligations under capital leases (stated at $26.7 million) are recorded in the Internal Service Fund and disclosed in the operating and capital lease portions of Note 11 to the financial statements.

The State's financial statements include pension information as audited by other auditors. The Statement of Changes in Pension Plan Net Assets is presented as if the Maine State Retirement System were the administrator of a single plan. Also, Notes 1 and 9 to the financial statements state that the System is the administrator of an agent, multiple-employer system. Further, Note 9 states that Maine State Retirement System management's interpretation of the State of Maine statutes is that all assets accumulated for the payment of benefits may legally be used to pay benefits, including refunds of member contributions, to any plan members or beneficiaries, and that the System is therefore regarded as administering a single plan for reporting purposes. The State's legal counsel does not agree with the accumulated assets representation. In our opinion, there is more than one pension plan and additional disclosure is required to conform with generally accepted accounting principles.

In our opinion, based on our audit and the reports of other auditors, except for the effect on the financial statements of the omission and representation described in the first preceding paragraph and the effect of such adjustments, if any, as might have been determined to be necessary had records concerning capital leases been adequate (discussed in the second preceding paragraph), the general purpose financial statements referred to in the first paragraph (as included in the table of contents) present fairly, in all material respects, the financial position of the State of Maine, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types, nonexpendable trust funds and discretely presented component units, the changes in pension plan net assets, and the changes in fund balances and current funds revenues, expenditures, and other changes of the college and university funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Notes 1 and 3 to the financial statements, the State of Maine reporting entity changed to include the Child Development Services System.

As discussed in Note 3 to the financial statements, the fund balance of the Expendable Trust Fund and the retained earnings and contributed capital of the Enterprise Fund have been restated.

Gail M. Chase CIA

Gail M. Chase, CIA
State Auditor

May 24, 2002

GENERAL PURPOSE FINANCIAL STATEMENTS

STATE OF MAINE
COMBINED BALANCE SHEET
ALL FUND TYPES, ACCOUNT GROUP AND DISCRETELY PRESENTED COMPONENT UNITS

June 30, 2001
(Expressed in Thousands)

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
Assets and Other Debits			
Cash and Short-Term Investments	$ 88,209	$ 217,172	$ 64,852
Cash with Fiscal Agent	13,704	3,389	-
Investments	58,789	163,957	6,684
Restricted Deposits and Investments	9,068	36,818	-
Assets Held in Trust	-	-	-
Unemployment Deposits with US Treasury	-	-	-
Receivables, Net of Allowance for Uncollectibles:			
Taxes Receivable	348,503	39,490	-
Due from Other Governments	-	184,238	-
Loans Receivable	1	1,093	-
Notes Receivable	-	-	-
Other Receivable	48,431	48,884	-
Due from Other Funds	5,734	12,553	-
Due from Primary Government	-	-	-
Inventories	2	20,766	-
Fixed Assets - Net of Depreciation Where Applicable	-	-	-
Working Capital Advances Receivable	1,386	1,117	-
Other Assets	8,428	1	-
Amount to be Provided for Retirement of General Long-Term Obligations	-	-	-
Total Assets and Other Debits	$ 582,255	$ 729,478	$ 71,536
Liabilities, Fund Equity and Other Credits			
Liabilities:			
Accounts Payable	$ 92,680	$ 170,560	$ 1,364
Accrued Payroll	15,970	18,706	-
Compensated Absences	1,641	1,877	-
Tax Refunds Payable	108,018	-	-
Due to Other Governments	-	60,917	-
Due to Other Funds	11,897	13,850	-
Due to Component Units	1,938	7,080	576
Agency Liabilities	-	-	-
Claims Payable	-	-	-
Interest Payable	-	-	-
Other Accrued Liabilities	8,517	1,191	-
Certificates of Participation and Other Financing Arrangements	-	-	-
Obligations under Capital Leases	-	-	-
Pension Obligation	-	-	-
Amounts Held under State Loan Programs	-	-	-
Deferred Revenue	29,475	28,477	-
Undisbursed Grant and Administrative Funds	-	-	-
Bonds and Notes Payable	448	11	-
Working Capital Advances Payable	100	175	-
Total Liabilities	270,684	302,844	1,940
Fund Equity and Other Credits:			
Investment in Fixed Assets			
Contributed Capital	-	-	-
Retained Earnings:			
Reserved	-	-	-
Unreserved	-	-	-
Fund Balances (Deficits):			
Reserved for Continuing Appropriations	143,404	450,647	-
Reserved for Unemployment Benefits	-	-	-
Reserved for Nonexpendable Trusts	-	-	-
Reserved for Rainy Day Fund	143,713	-	-
Reserved for Pension Benefits	-	-	-
Reserved for Debt Service	14,830	8,413	-
Reserved for Capital Projects	-	26,928	69,596
Other Reservations	36,887	2,265	-
Net Investment in Plant	-	-	-
Unreserved	(27,263)	(61,619)	-
Total Fund Equity and Other Credits	311,571	426,634	69,596
Total Liabilities, Fund Equity and Other Credits	$ 582,255	$ 729,478	$ 71,536

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

Primary Government							
Proprietary Fund Types		Fiduciary Fund Types	Account Groups				
Enterprise	Internal Service	Trust and Agency	General Long-Term Obligations	General Fixed Assets	Total Primary Government (Memorandum Only)	Component Units	Total Reporting Entity (Memorandum Only)
$ 4,857	$ 41,284	$ 4,899	$ -	$ -	$ 421,273	$ 293,754	$ 715,027
-	309	2	-	-	17,404	36,773	54,177
2,995	30,215	128,997	-	-	391,637	8,028,984	8,420,621
-	-	-	-	-	45,886	6,971	52,857
-	-	606,012	-	-	606,012	-	606,012
-	-	369,978	-	-	369,978	-	369,978
-	-	41,055	-	-	429,048	-	429,048
-	-	-	-	-	184,238	1,004,978	1,189,216
7,927	-	-	-	-	9,021	2,298,042	2,307,063
-	-	-	-	-	-	72,340	72,340
11,729	596	-	-	-	109,640	93,925	203,565
15	12,408	7	-	-	30,717	-	30,717
-	-	-	-	-	-	9,931	9,931
3,729	4,917	-	-	-	29,414	5,217	34,631
54,022	76,936	-	-	415,224	546,182	414,970	961,152
-	-	-	-	-	2,503	-	2,503
168	1,074	22	-	-	9,693	62,093	71,786
-	-	-	672,680	-	672,680	-	672,680
$ 85,442	$ 167,739	$ 1,150,972	$ 672,680	$ 415,224	$ 3,875,326	$ 12,327,978	$ 16,203,304
$ 6,163	$ 9,888	$ 2,711	$ -	$ -	$ 283,366	$ 48,940	$ 332,306
498	1,526	-	-	-	36,700	414	37,114
516	1,174	-	30,979	-	36,187	286	36,473
-	-	-	-	-	108,018	-	108,018
-	-	-	-	-	60,917	16,896	77,813
2,507	1,614	849	-	-	30,717	-	30,717
337	-	-	-	-	9,931	-	9,931
-	-	606,911	-	-	606,911	-	606,911
-	78,946	-	-	-	78,946	-	78,946
-	85	-	-	-	85	45,056	45,141
6,402	78	1,912	-	-	18,100	134,657	152,757
-	17,662	-	159,870	-	177,532	-	177,532
-	26,695	-	-	-	26,695	5,280	31,975
-	-	-	75,341	-	75,341	-	75,341
-	-	-	-	-	-	86,662	86,662
367	4,749	1,637	-	-	64,705	39,693	104,398
-	-	-	-	-	-	6,352	6,352
-	-	-	406,490	-	406,949	3,605,571	4,012,520
1,000	1,228	-	-	-	2,503	-	2,503
17,790	143,645	614,020	672,680	-	2,023,603	3,989,807	6,013,410
		-	-	415,224	415,224	-	415,224
56,632	26,824	-	-	-	83,456	-	83,456
-	-	-	-	-	-	289,628	289,628
11,020	(2,730)	-	-	-	8,290	283,752	292,042
-	-	-	-	-	594,051	-	594,051
-	-	405,834	-	-	405,834	-	405,834
-	-	20,557	-	-	20,557	-	20,557
-	-	-	-	-	143,713	-	143,713
-	-	-	-	-	-	7,028,779	7,028,779
-	-	-	-	-	23,243	50,475	73,718
-	-	-	-	-	96,524	113,363	209,887
-	-	-	-	-	39,152	172,048	211,200
-	-	-	-	-	-	328,203	328,203
-	-	110,561	-	-	21,679	71,923	93,602
67,652	24,094	536,952	-	415,224	1,851,723	8,338,171	10,189,894
$ 85,442	$ 167,739	$ 1,150,972	$ 672,680	$ 415,224	$ 3,875,326	$ 12,327,978	$ 16,203,304

STATE OF MAINE
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES, EXPENDABLE TRUST FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS

Fiscal Year Ended June 30, 2001
(Expressed in Thousands)

	Primary Government						
	Governmental Fund Types			Fiduciary Fund Type			
	General	Special Revenue	Capital Projects	Expendable Trust	Total Primary Government (Memorandum Only)	Component Units	Total Reporting Entity (Memorandum Only)
Revenues:							
Taxes	$ 2,282,090	$ 240,041	$ -	$ 150,973	$ 2,673,104	$ -	$ 2,673,104
Assessments and Other Revenues	61,636	147,268	-	-	208,904	-	208,904
Federal Grants and Reimbursements	503	1,609,706	-	-	1,610,209	12,445	1,622,654
Service Charges	24,921	44,429	-	-	69,350	7,374	76,724
Received and Receivable from Institutions	-	-	-	-	-	90,018	90,018
Income from Investments	21,491	25,762	3,116	27,370	77,739	14,470	92,209
Net Increase (Decrease) in the Fair Value of Investments	-	-	-	(3,693)	(3,693)	(7)	(3,700)
Miscellaneous Revenues	5,250	104,932	-	7,272	117,454	1,145	118,599
Total Revenues	2,395,891	2,172,138	3,116	181,922	4,753,067	125,445	4,878,512
Expenditures:							
General Government	271,503	282,500	1,261	633	555,897	155,786	711,683
Economic Development	43,709	66,595	-	-	110,304	-	110,304
Education and Culture	870,352	122,261	1,379	-	993,992	19,856	1,013,848
Human Services	835,249	1,242,648	94	-	2,077,991	-	2,077,991
Labor	11,942	64,447	-	90,917	167,306	-	167,306
Natural Resources	51,116	71,844	9,081	-	132,041	-	132,041
Public Protection	24,492	68,105	350	-	92,947	-	92,947
Transportation	3,212	363,450	30,926	-	397,588	22,958	420,546
Debt Service:							
Principal Payments	65,940	25,055	-	-	90,995	38,700	129,695
Interest Payments	18,122	14,290	-	-	32,412	54,882	87,294
Total Expenditures	2,195,637	2,321,195	43,091	91,550	4,651,473	292,182	4,943,655
Revenues over (under) Expenditures	200,254	(149,057)	(39,975)	90,372	101,594	(166,737)	(65,143)
Other Financing Sources (Uses):							
Operating Transfers In	115,222	176,737	-	51,062	343,021	-	343,021
Operating Transfers Out	(221,867)	(56,305)	(2,452)	(5,319)	(285,943)	(6,198)	(292,141)
Bond Proceeds	-	58,850	40,574	-	99,424	128,740	228,164
Operating Transfers from Component Units	-	-	-	-	-	-	-
Operating Transfers to Component Units	(304,952)	(36,027)	(9,412)	-	(350,391)	-	(350,391)
Operating Transfers from Primary Government	-	-	-	-	-	21,055	21,055
Net Other Financing Sources (Uses)	(411,597)	143,255	28,710	45,743	(193,889)	143,597	(50,292)
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	(211,343)	(5,802)	(11,265)	136,115	(92,295)	(23,140)	(115,435)
Fund Balances at Beginning of Year (As Restated)	522,914	432,436	80,861	380,280	1,416,491	159,925	1,576,416
Fund Balances at End of Year	$ 311,571	$ 426,634	$ 69,596	$ 516,395	$ 1,324,196	$ 136,785	$ 1,460,981

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

STATE OF MAINE
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUND TYPES

Fiscal Year Ended June 30, 2001
(Expressed in Thousands)

	General Fund			Special Revenue Fund		
	Actual	Budget	Variance Favorable/ (Unfavorable)	Actual	Budget	Variance Favorable/ (Unfavorable)
Revenues:						
Taxes	$ 2,291,573	$ 2,264,217	$ 27,356	$ 239,816	$ 232,570	$ 7,246
Assessments and Other Revenues	61,636	59,026	2,610	147,035	153,949	(6,914)
Federal Grants and Reimbursements	16,522	17,065	(543)	1,515,901	1,901,360	(385,459)
Service Charges	37,550	35,532	2,018	59,639	108,922	(49,283)
Miscellaneous Revenues	17,435	19,239	(1,804)	226,498	172,277	54,221
Total Revenues	2,424,716	2,395,079	29,637	2,188,889	2,569,078	(380,189)
Expenditures:						
General Government	365,084	390,538	25,454	206,760	252,305	45,545
Economic Development	56,027	74,945	18,918	68,857	101,486	32,629
Education and Culture	1,203,913	1,207,416	3,503	122,096	135,185	13,089
Human Services	852,892	901,771	48,879	1,302,573	1,517,028	214,455
Labor	12,412	17,149	4,737	65,234	96,507	31,273
Natural Resources	50,840	57,958	7,118	71,443	111,437	39,994
Public Protection	24,461	26,156	1,695	67,551	86,533	18,982
Transportation	2,982	16,586	13,604	392,516	531,410	138,894
Total Expenditures	2,568,611	2,692,519	123,908	2,297,030	2,831,891	534,861
Excess Revenues over (under) Expenditures	(143,895)	(297,440)	153,545	(108,141)	(262,813)	154,672
Other Financing Sources (Uses):						
Operating Transfers In	111,843	110,675	1,168	135,037	163,083	(28,046)
Operating Transfers Out	(160,768)	(151,423)	(9,345)	(37,363)	(42,234)	4,871
Net Other Financing Sources (Uses)	(48,925)	(40,748)	(8,177)	97,674	120,849	(23,175)
Excess Revenues and Other Sources over (under) Expenditures and Other Uses	(192,820)	$ (338,188)	$ 145,368	(10,467)	$ (141,964)	$ 131,497
Beginning Fund Balances - As Restated	558,382			426,077		
Ending Fund Balances	$ 365,562			$ 415,610		

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

STATE OF MAINE
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS/FUND BALANCES AND CONTRIBUTED CAPITAL
ALL PROPRIETARY FUND TYPES, NONEXPENDABLE TRUST FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS

Fiscal Year Ended June 30, 2001
(Expressed in Thousands)

	Primary Government					
	Proprietary Fund Types		Fiduciary Fund Types	Total Primary Government (Memorandum Only)	Component Units	Total Reporting Entity (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trusts			
Operating Revenues:						
Charges for Services	$ 231,299	$ 170,708	$ -	$ 402,007	$ -	$ 402,007
Interest on Loans Receivable from Governmental Units	-	-	-	-	48,032	48,032
Income from Investments	-	-	6,561	6,561	41,602	48,163
Fair Value Increases (Decreases)	-	-	(7,017)	(7,017)	15,453	8,436
Interest Income from Mortgages and Notes	-	-	-	-	87,365	87,365
Grant Revenue from Other Governments	-	-	-	-	62,203	62,203
Federal Rent Subsidy Income	-	-	-	-	52,294	52,294
Miscellaneous Revenues	186	39	-	225	22,747	22,972
Total Operating Revenues	231,485	170,747	(456)	401,776	329,696	731,472
Operating Expenses:						
General Operations	173,088	130,628	-	303,716	26,016	329,732
Depreciation	3,238	12,989	-	16,227	42	16,269
Interest Expense	22	3,912	-	3,934	141,547	145,481
Grant Related Expenses	-	-	-	-	53,213	53,213
Federal Rent Subsidy Expense	-	-	-	-	52,294	52,294
Claims / Fees Expense	-	4,431	-	4,431	-	4,431
Miscellaneous Expenses	-	13	-	13	21,619	21,632
Total Operating Expenses	176,348	151,973	-	328,321	294,731	623,052
Operating Income (Loss)	55,137	18,774	(456)	73,455	34,965	108,420
Nonoperating Revenue (Expenses):	4,303	4,037	-	8,340	(655)	7,685
Income (Loss) before Operating Transfers	59,440	22,811	(456)	81,795	34,310	116,105
Transfers In (Out):						
Operating Transfers In	2,821	2,000	-	4,821	-	4,821
Operating Transfers Out	(61,899)	-	-	(61,899)	-	(61,899)
Operating Transfers from Primary Government	-	-	-	-	55,275	55,275
Operating Transfers to Primary Government	-	-	-		(2,000)	(2,000)
Total Operating Transfers	(59,078)	2,000	-	(57,078)	53,275	(3,803)
Income (Loss) before Extraordinary Item	362	24,811	(456)	24,717	87,585	112,302
Income (Loss) from Extraordinary Item:						
Loss on Bond Redemption	-	-	-	-	(578)	(578)
Net Income (Loss)	362	24,811	(456)	24,717	87,007	111,724
Add: Depreciation of Fixed Assets Acquired from Contributed Capital	2,659	-	-	2,659	-	2,659
Increase (Decrease) in Retained Earnings/Fund Balances	3,021	24,811	(456)	27,376	87,007	114,383
Retained Earnings (Deficits)/Fund Balances at July 1, 2000 (As Restated)	7,999	(27,541)	21,013	1,471	486,373	487,844
Retained Earnings (Deficits)/Fund Balances at June 30, 2001	$ 11,020	$ (2,730)	$ 20,557	$ 28,847	$ 573,380	$ 602,227
Contributed Capital at July 1, 2000 (As Restated)	59,004	27,393		86,397		86,397
Add (Deduct): Capital Contributions	287	(569)		(282)		(282)
Less: Depreciation of Fixed Assets Acquired from Contributed Capital	(2,659)	-		(2,659)		(2,659)
Contributed Capital at June 30, 2001	$ 56,632	$ 26,824		$ 83,456		$ 83,456

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

STATE OF MAINE
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES, NONEXPENDABLE TRUST FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS

Fiscal Year Ended June 30, 2001
(Expressed in Thousands)

	Primary Government					
	Proprietary Fund Types		Fiduciary Fund Type	Total		Total
	Enterprise	Internal Service	Nonexpend-able Trusts	Primary Government (Memorandum Only)	Component Units	Reporting Entity (Memorandum Only)
Cash Flows from Operating Activities:						
Net Income (Loss)	$ 362	$ 24,811	$ (456)	$ 24,717	$ 87,007	$ 111,724
Adjustments to Reconcile Net Income (Loss) to						
Net Cash Provided by Operating Activities:						
Investments and Other Income	-	-	6,561	6,561	(33,192)	(26,631)
Depreciation/Amortization	3,238	12,989	-	16,227	2,072	18,299
Amortization	-	-	-	-	389	389
Accretion on Capital Appreciation of Bonds	-	-	-	-	309	309
Net Increase (Decrease) in Fair Value of Investments	-	-	(13,043)	(13,043)	(11,910)	(24,953)
Interest on Bonds and Other Investments	-	-	-	-	139,991	139,991
Interest Income on Mortgages, Notes and Loans	-	-	-	-	(437)	(437)
Grants from Federal Government and Primary Government	-	-	-	-	(56,637)	(56,637)
Provision for Losses on Insured Commercial and Student Loans	-	-	-	-	3,190	3,190
Changes in Assets and Liabilities:						
Accounts Receivable	-	-	-	-	2,188	2,188
Other Receivable	(1,262)	(392)	-	(1,654)	(838)	(2,492)
Loans Receivable	(323)	-	-	(323)	(33,824)	(34,147)
Receivable Reserves	83	-	-	83	-	83
Due from Other Funds	2	(1,630)	-	(1,628)	-	(1,628)
Inventories	(392)	588	-	196	-	196
Other Assets	26	(136)	-	(110)	4,113	4,003
Accounts Payable	787	1,923	-	2,710	(992)	1,718
Accrued Payroll	21	339	-	360	-	360
Compensated Absences	183	52	-	235	-	235
Due to Other Funds	1,029	1,381	-	2,410	-	2,410
Due to Component Unit	(308)	-	-	(308)	-	(308)
Deferred Revenue	15	(36)	-	(21)	(547)	(568)
Working Capital Payable	-	1,048	-	1,048	-	1,048
Claims and Judgments	-	(4,645)	-	(4,645)	-	(4,645)
Other Accrued Liabilities	57	15	-	72	(4,832)	(4,760)
Default Payments (Net of Recoveries) on Commercial and Student Loans	-	-	-	-	(583)	(583)
Investment in Mortgage and Other Notes	-	-	-	-	(139,432)	(139,432)
Principal Payments Received on Notes Receivable	-	-	-	-	90,045	90,045
Disbursements for New Notes Receivable	-	-	-	-	(9,461)	(9,461)
Educational Loans Originated	-	-	-	-	(6,526)	(6,526)
Increase in Amounts Held in State Revolving Loan Programs	-	-	-	-	6,172	6,172
Grant Program Funds Received (Disbursed)	-	-	-	-	(715)	(715)
Net Cash Provided (Used) by Operating Activities	$ 3,518	$ 36,307	$ (6,938)	$ 32,887	$ 35,550	$ 68,437

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

STATE OF MAINE
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES, NONEXPENDABLE TRUST FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS

Fiscal Year Ended June 30, 2001
(Expressed in Thousands)
(continued)

	Primary Government					
	Proprietary Fund Types		Fiduciary Fund Type	Total		
	Enterprise	Internal Service	Nonexpend-able Trusts	Primary Government (Memorandum Only)	Component Units	Total Reporting Entity (Memorandum Only)
Cash Flows from Noncapital Financing Activities:						
Proceeds from Bonds & Notes Payable	$ -	$ -	$ -	$ -	$ 254,462	$ 254,462
Principal Paid on Bonds & Notes Payable	-	-	-	-	(168,302)	(168,302)
Interest Paid on Bonds & Notes Payable	-	-	-	-	(135,688)	(135,688)
Grant Receipts from Other Governments	-	-	-	-	47,991	47,991
Capital Contributions	-	(569)	-	(569)	-	(569)
Miscellaneous Noncapital Financing Activities	-	-	-	-	(310)	(310)
Net Cash Provided (Used) by Noncapital Financing Activities	-	(569)	-	(569)	(1,847)	(2,416)
Cash Flows from Capital and Related Financing Activities:						
Proceeds from Bonds & Notes Payable	-	8,384	-	8,384	-	8,384
Additions to Land, Buildings and Equipment	(633)	(5,142)	-	(5,775)	(194)	(5,969)
Principal Payments on Bonds and Notes	-	(10,017)	-	(10,017)	-	(10,017)
Obligations under Capital Leases	-	(12,698)	-	(12,698)	-	(12,698)
Capital Contributions	287	-	-	287	-	287
Net Cash Provided (Used) by Capital and Related Financing Activities	(346)	(19,473)	-	(19,819)	(194)	(20,013)
Cash Flows from Investing Activities:						
Proceeds from Sales and Maturities of Investments	-	6,169	873	7,042	688,813	695,855
Purchase of Investments	(2,288)	(3,224)	(418)	(5,930)	(782,044)	(787,974)
Income Received from Investments	1,917	-	6,561	8,478	41,238	49,716
Miscellaneous Activities	-	-	-	-	9,014	9,014
Net Cash Provided (Used) by Investing Activities	(371)	2,945	7,016	9,590	(42,979)	(33,389)
Increase (Decrease) in Cash and Cash Equivalents	2,801	19,210	78	22,089	(9,470)	12,619
Cash and Cash Equivalents at Beginning of Year (as restated)	2,056	22,383	96	24,535	42,118	66,653
Cash and Cash Equivalents at End of Year	4,857	41,593	174	46,624	32,648	79,272
Reconciliation to the Combined Balance Sheet:						
Add: Agency Funds	-	-	3,665	3,665	-	3,665
Expendable Trust Funds	-	-	1,062	1,062	-	1,062
Component Unit Amounts Other Than Proprietary Funds	-	-	-	-	297,879	297,879
Cash and Cash Equivalents at End of Year	$ 4,857	$ 41,593	$ 4,901	$ 51,351	$ 330,527	$ 381,878
Supplemental disclosure of non-cash information						
Real estate acquired through foreclosure						10,995

STATE OF MAINE
STATEMENT OF CHANGES IN PLAN NET ASSETS
DISCRETELY PRESENTED COMPONENT UNIT - PENSION PLAN

Fiscal Year Ended June 30, 2001
(Expressed in Thousands)

Additions:		
Investment Income:		
Interest	$	95,026
Dividends		19,142
Net Depreciation in the Fair Value of Investments		(694,624)
Less: Investment Expenses		(10,781)
Net Investment Income (Loss)		(591,237)
Contributions:		
Members		123,248
State and Local Agencies		272,598
Total Contributions		395,846
Total Additions		(195,391)
Deductions:		
Benefits Paid		368,816
Refunds and Withdrawals		17,468
Administrative Expenses		8,026
Total Deductions		394,310
Net Increase (Decrease)		(589,701)
Net Assets Held in Trust for Pension Benefits:		
Beginning of Year		7,618,480
End of Year	$	7,028,779

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

STATE OF MAINE
COMBINED STATEMENT OF CHANGES IN FUND BALANCES
DISCRETELY PRESENTED COMPONENT UNITS - COLLEGE AND UNIVERSITY FUNDS

For the Fiscal Year Ended June 30, 2001
(Expressed in Thousands)

	Current Funds					
	Unrestricted	Restricted	Loan Funds	Endowment and Similar Funds	Plant Funds	Total (Memorandum Only)
Revenues and Other Additions:						
Unrestricted Current Fund Revenues	$ 213,762	$ -	$ -	$ -	$ -	$ 213,762
Education and General	20,585	8,533	-	-	-	29,118
Government Grants and Contracts - Restricted	-	66,444	569	-	49	67,062
Private Gifts, Grants and Contracts - Restricted	-	24,938	266	1,086	10,107	36,397
Endowment Income - Restricted	-	4,710	16	3,057	-	7,783
Investment Income - Restricted	-	1,273	1,265	-	3,364	5,902
Interest Income on Loans Receivable	-	-	82	-	-	82
Unrealized Gains (losses) on Investments	-	(74)	-	(9,726)	32	(9,768)
Expended for Plant Facilities	-	-	(96)	(1,370)	16,985	15,519
Other Additions	5,154	215	2	7	4,440	9,818
Total Revenues and Other Additions	239,501	106,039	2,104	(6,946)	34,977	375,675
Expenditures and Other Deductions:						
Educational and General Expenditures	378,186	129,213	1,729	3,648	-	512,776
Auxiliary Enterprise Expenditures	61,198	123	-	-	-	61,321
Administrative and Collection Costs	-	-	23	-	4	27
Interest on Indebtedness	-	-	-	-	498	498
Disposal of Plant Assets	-	-	-	-	476	476
Expended for Plant Facilities	-	-	-	-	14,568	14,568
Depreciation and Write Down of Asset Values	-	-	35	-	27,902	27,937
Total Expenditures and Other Deductions	439,384	129,336	1,787	3,648	43,448	617,603
Transfers Among Funds - Additions (Deductions):						
Mandatory:						
Principal and Interest	(825)	-	-	-	825	-
Loan Fund Transfers	(20)	-	20	-	-	-
Restricted Resources Allocated	(128)	197	-	(155)	86	-
Nonmandatory Transfers from Plant	(524)	(476)	-	(20)	1,020	-
Nonmandatory Transfers to Endowment	-	-	-	-	-	-
Transfers from Primary Government	217,582	27,191	59	2,000	29,229	276,061
Other Deductions	(13,315)	(2,028)	(61)	(54)	15,458	-
Total Transfers	202,770	24,884	18	1,771	46,618	276,061
Net Increase (Decrease) for the Year before Cumulative effect of Change in Accounting Principle	2,887	1,587	335	(8,823)	38,147	34,133
Cumulative effect of Change in Accounting Principle	-	47	-	81	-	128
Net Increase (Decrease) for the Year	2,887	1,634	335	(8,742)	38,147	34,261
Fund Balance June 30, 2000 (as restated)	48,183	26,777	40,288	113,613	336,105	564,966
Fund Balance June 30, 2001	$ 51,070	$ 28,411	$ 40,623	$ 104,871	$ 374,252	$ 599,227

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

STATE OF MAINE
COMBINED STATEMENT OF CURRENT FUNDS
REVENUES, EXPENDITURES AND OTHER CHANGES
DISCRETELY PRESENTED COMPONENT UNITS
COLLEGE AND UNIVERSITY FUNDS

For the Fiscal Year Ended June 30, 2001
(Expressed in Thousands)

	Unrestricted	Restricted	Total
Revenues:			
Tuition and Fees	$ 128,735	$ 225	$ 128,960
Federal Appropriations	1,138	12,716	13,854
State Appropriations and Grants	-	6,240	6,240
Federal Grants and Contracts	32	55,095	55,127
Private Gifts, Grants and Contracts	2,884	25,480	28,364
Endowment Income	528	4,710	5,238
Sales and Services of Auxiliary Enterprise	64,862	-	64,862
Other Income	41,322	1,388	42,710
Total Current Fund Revenues	239,501	105,854	345,355
Expenditures and Mandatory Transfers:			
Educational and General:			
Instruction	148,943	14,713	163,656
Research	20,743	34,881	55,624
Public Service	18,811	21,808	40,619
Academic Support	52,382	5,564	57,946
Student Services	40,552	2,588	43,140
Institutional Support	48,353	320	48,673
Operational and Maintenance of Plant	37,961	318	38,279
Scholarships and Fellowships	10,441	48,935	59,376
Total Expenditures	378,186	129,127	507,313
Mandatory Transfers:			
Principal and Interest	825	-	825
Loan Fund	20	-	20
Total Mandatory Transfers	845	-	845
Total Educational and General	379,031	129,127	508,158
Auxiliary Enterprises:			
Expenditures	61,198	123	61,321
Total Auxiliary Enterprises	61,198	123	61,321
Total Expenditures and Mandatory Transfers	440,229	129,250	569,479
Other Transfers and Additions (Deductions):			
Excess of Restricted Receipts over Transfers to Revenues	-	187	187
Net Allocation of Resources (to) from Other Funds	(13,903)	(2,259)	(16,162)
Transfer from Primary Government	217,582	27,191	244,773
Other Deductions	(64)	(89)	(153)
Total Transfers and Additions	203,615	25,030	228,645
Net Increase in Fund Balance	$ 2,887	$ 1,634	$ 4,521

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

Notes to the General Purpose Financial Statements
For The Fiscal Year Ended June 30, 2001

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the State of Maine 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 includes all funds, account groups, organizations, agencies, boards, commissions and authorities that make up the State's legal entity. It includes as component units those legally separate organizations for which the State is financially accountable or for which the nature and significance of their relationship with the State are such that exclusion would cause the State's financial statements to be misleading or incomplete.

GASB Statement No. 14, *The Financial Reporting Entity*, defines financial accountability. 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 or 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.

The State has included thirteen entities as component units in the reporting entity due to the significance of their operational and/or financial relationships with the State. Those agencies that meet the criteria for component units and have been included are: the Maine Governmental Facilities Authority (MGFA), the Maine Health and Higher Education Facilities Authority (MHHEFA), the Northern New England Passenger Rail Authority (NNEPRA), the Child Development Services System (CDS), the Finance Authority of Maine (FAME), the Loring Development Authority (LDA), the Maine Municipal Bond Bank (MMBB), the Maine Educational Loan Authority (MELA), the Maine State Housing Authority (MSHA), the Maine State Retirement System (MSRS), the Maine Maritime Academy (MMA), the Maine Technical College System (MTCS), and the University of Maine System (UMS). The financial information for these entities is blended within the State's financial statements or discretely presented in a separate column or in separate statements.

Blended Component Units - Blended component units are entities that are legally separate organizations that provide services entirely, or almost entirely, to the State or otherwise exclusively, or almost exclusively, benefit the State. Therefore, the State reports these organizations' balances and transactions as though they were part of the primary government. The MGFA has been blended within the financial statements of the primary government.

The MGFA was created in 1997, as a successor to the Maine Court Facilities Authority, for the purpose of 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. The MGFA is included in the Special Revenue Fund type.

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. The column labeled "Component Units" emphasizes these organizations' separateness from the State's primary government. It includes the financial data of the following entities:

Governmental Types

The Maine Health and Higher Education Facilities Authority 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 consists of 12 members, one of whom must be the Superintendent of Banking, *ex officio*; one of whom must be the Commissioner of Human Services, *ex officio*; one of whom must be the Commissioner of Education, *ex officio*; one of whom must be the Treasurer of State, *ex officio*; and eight of whom must be residents of the State appointed by the Governor. The Authority, pursuant to the Student Loan Corporations Act of 1983, may finance student loan programs of institutions of higher education.

The Northern New England Passenger Rail Authority, established on June 29, 1995 by the State of Maine Legislature, initiates, establishes and maintains regularly scheduled passenger rail service between points within Maine to points within and outside of Maine. The Governor appoints the five voting members of the Authority.

The Child Development Services System was established for the purpose of maintaining a coordinated service delivery system for the provision of Childfind activities, early intervention services, and free, appropriate public education services for eligible children with disabilities. CDS as a reporting entity includes a State-level intermediate educational unit and 16 regional intermediate educational units.

Proprietary Types

The Finance Authority of Maine, created in 1983, 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 Adaptive Equipment Loan Program Fund Board, the Fund Insurance Review Board, the Agricultural Marketing Loan Fund Board, the Occupational Safety Program Fund Board, and the Small Business Enterprise Growth Fund Board. Additionally, the Authority administers the Maine College Savings Program Fund. The NextGen College Investing Plan is the primary program of the Maine College Savings Program Fund. The Governor appoints the 15 voting members of the Authority.

The Loring Development Authority, created in 1993 after the President of the United States accepted the recommendation of the Base Closure and Realignment Commission to close Loring Air Force Base, is entrusted with investigating the acquisition, development and management of the properties within the geographical boundaries of the old Loring Air Force Base. The Governor nominates the 13 members of the Board of Trustees of which the Maine Senate confirms 12.

The Maine Municipal Bond Bank is authorized to issue bonds providing funds to counties, cities, towns, school administrative districts, community school districts, or other quasi-municipal corporations within the State. The Governor appoints three residents of the State to the five-member Board of Commissioners.

The Maine Educational Loan Authority was created in 1988 to grant educational loans primarily using funds acquired through issuance of long-term bonds payable. The Governor appoints five of the Authority's seven commissioners. The Authority's fiscal year ends on December 31.

The Maine State Housing Authority is authorized to issue bonds for the purchase of notes and mortgages on single-family and multifamily residential units for the purpose of providing housing for persons and families of low income in the State. The Authority also acts as 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 Authority's fiscal year ends on December 31.

The Maine State Retirement System is the administrator of an agent multiple-employer public employee retirement system. It provides pension, death, and disability benefits to its members, including State employees, some public school employees, and employees of approximately 250 local municipalities and other public entities in Maine. The Governor appoints four of the Board's seven voting members.

Colleges and Universities

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. State appropriations, student fees, and a subsidy from the Maritime Administration support the Academy.

The Maine Technical College System is Maine's primary provider of post-secondary technical education leading to a certificate, diploma, or associate degree. The combined financial statements of the system include the activity of seven colleges, the central administrative office, and the Maine Career Advantage.

The University of Maine System is the State University. In 1968 all existing units of the State college system (Orono, Portland, Augusta, and the Law School) were merged by the 103rd Legislature. The result was the creation of the consolidated University of Maine System with a single Board of Trustees. The System now consists of seven campuses and a central administrative office..

The State of Maine provides significant financial resources to these educational institutions.

The component unit financial information included in the reporting entity has been reformatted to conform to the accounting classifications used by the State. Condensed financial statement information for each component unit included in the component units column in the general purpose financial statements is presented in Note 13, Segment Information. Complete financial statements of the individual component units can be obtained directly from their respective administrative offices by writing to:

Maine Governmental Facilities Authority
PO Box 2268
Augusta, ME 04338-2268

Northern New England Passenger
Rail Authority
5 Industry Road
South Portland, ME 04106-6154

Finance Authority of Maine
5 Community Dr., PO Box 949
Augusta, ME 04332-0949

Maine Municipal Bond Bank
PO Box 2268
Augusta, ME 04338-2268

Maine State Housing Authority
89 State House Station, 353 Water Street
Augusta, ME 04330-4633

Maine Maritime Academy
Castine, ME 04420

University of Maine System
107 Maine Avenue
Bangor, ME 04401

Maine Health and Higher Education Facilities Authority
PO Box 2268
Augusta, ME 04338-2268

Child Development Services System
146 State House Station
Augusta, ME 04333-0146

Loring Development Authority of Maine
154 Development Drive, Suite F
Limestone, ME 04750

Maine Educational Loan Authority
One City Center 11th Floor
Portland, ME 04101

Maine State Retirement System
46 State House Station
Augusta, ME 04333-0046

Maine Technical College System
131 State House Station, 323 State Street
Augusta, ME 04333-0131

Related Organizations
Officials of the State's primary government appoint a voting majority of the governing boards of the Maine Port Authority, the Maine Public Utilities Financing Bank, the Maine School of Science and Mathematics, the Maine Science and Technology Foundation, the Maine Sludge and Residuals Utilization Research Foundation, the Maine Technology Institute, the Maine Turnpike Authority, and the Maine Veterans' Home. However, the primary government has no material accountability for these organizations beyond making the board appointments.

B. FUND ACCOUNTING

The State reports its financial position and results of operations in funds and account groups. Cash and other financial resources, all related liabilities and residual equities or balances, and changes therein, are recorded and segregated. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. Transactions between funds, if any, have not been eliminated.

The presentation of component units is not meant to be a consolidation, since transactions within the State entity have not been eliminated. However, appropriations and most grants to the component units are recorded as operating transfers to component units out of the applicable fund and as operating transfers from primary government into the component unit organization.

An account group is used to provide accounting control and accountability for the State's general long-term obligations. It is not considered a fund because it does not report expendable, available financial resources and related liabilities.

The financial activities of the State of Maine are classified in three fund categories, two account groups, and component units, as described below. The fund categories include Governmental Funds, Proprietary Funds, and Fiduciary Funds. The account groups are the General Long-Term Obligations Account Group and the General Fixed Assets Account Group.

Fund Types

Governmental Funds are used to account for the State's general activities.

The General Fund is the primary operating fund of the State. It is used to account for all governmental transactions that are not accounted for in other funds.

Special Revenue Funds account for specific revenue sources and the related current liabilities, other than Expendable Trusts, and include major capital projects that are legally restricted to expenditures for specified purposes.

Capital Projects Funds account for financial resources used to acquire or construct major capital assets other than those financed by Proprietary Funds or Special Revenue Funds. These resources are derived primarily from proceeds of general obligation bonds. The State also includes in this fund type proceeds from bond issues for uses other than construction of major capital facilities.

Proprietary Funds are used to account for ongoing activities similar to those in the private sector.

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

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

Fiduciary Funds are used to account for assets held by the State, acting as either a trustee or an agent for individuals, organizations, or other funds.

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

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

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

Account Groups

General Long-Term Obligations Account Group is used to establish control and accountability for long-term obligations of the State not accounted for in Proprietary Funds or Nonexpendable Trust Funds. This includes outstanding, long-term obligations related to general obligation bonds; Certificates of Participation and other financing arrangements; compensated employee absences; net pension obligation and other long-term obligations.

General Fixed Assets Account Group is used to establish control and accountability for all fixed assets of the State not accounted for in Proprietary Funds.

Component Units

Component units include three College and University Funds and other organizations that are legally separate from the State but are considered part of the reporting entity.

Current Funds account for unrestricted funds, over which the governing Boards retain full control in achieving the Institutions' purposes, and for restricted funds, which may be used only in accordance with externally restricted purposes. The funds do not show the results of operations or the net income or loss for the period.

Loan Funds, Endowment and Similar Funds account for assets for which the Institutions act in a fiduciary capacity.

Plant Funds account for institutional property acquisition, renewal, replacement, and debt service.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Governmental Funds and Expendable Trust Funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available. "Available" means earned and collected or expected to be collected within the current period or soon enough thereafter (within 12 months for individual income taxes or within 60 days for all other revenues) to be used to pay liabilities of the current period. 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 Territories of Maine and on telecommunications personal properties statewide by April 1 of each year. Property taxes levied during the current fiscal year for the subsequent period are recorded as deferred revenue during the current year. Telecommunications taxes are due on August 15, and all other property taxes are due on October 1. Formal collection procedures begin on November 1. Unpaid property taxes become a lien on March 15 of the fiscal year for which they are levied.

Significant revenues susceptible to accrual include: income, sales and use, unemployment compensation, and other taxes; federal grants; federal reimbursements; and other reimbursements for use of materials and services. Revenues from other sources are recognized when received. Expenditures are recorded at the time fund liabilities are incurred. Principal and interest on long-term obligations are recorded as fund liabilities when due.

Proprietary Fund Types and Nonexpendable Trust Funds are accounted for on a flow of economic resources measurement focus and the accrual basis of accounting. With this measurement focus, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. This measurement focus emphasizes the determination of net income. For Proprietary Funds, the State follows all applicable Financial Accounting Standards Board (FASB) pronouncements issued on or prior to November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Agency Fund assets and liabilities are reported using the modified accrual basis of accounting. They are custodial in nature and neither measure results of operations nor have a measurement focus.

The component units' College and University Funds aggregate the Institutions' separate financial statements and are accounted for on the accrual basis of accounting, with one exception. The Maine Maritime Academy does not record depreciation expense on physical plant and equipment, which is allowed by governmental accounting standards.

The Maine State Retirement System's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Investment purchases and sales are recorded as of their trade date.

D. CASH AND CASH EQUIVALENTS, AND INVESTMENTS

The State follows the practice of pooling cash and cash equivalents for a variety of State agencies and public sector entities. Cash equivalents consist of short-term, highly liquid investments that are both readily convertible to known amounts of cash and are near maturity. The balances pooled are reported at cost, which approximates fair value. Interest earned on pooled cash is allocated to the various funds, generally based on their average equity balances. Cash with Fiscal Agent in Governmental Funds represents cash that will be used for debt service on bonds. Cash with Fiscal Agent in Proprietary Funds represents proceeds of Certificates of Participation and other financing arrangements that have not been spent.

Short-term investments reported as Cash and Cash Equivalents on the balance sheet are comprised primarily of prime commercial paper, repurchase agreements, U.S. Treasury Bills, U.S. Treasury Notes, and other U.S. Agency Obligations with maturities of three months or less when purchased. Other investments of the State are carried at fair value. Donated investments are stated at fair value at the date of donation.

Certain component units participate in the cash pool and record their balances as cash and investments. Component units' funds have been removed from cash and investments of the primary government and shown as component unit cash and investments for purposes of note disclosure. Component units' investments are shown at fair value.

E. ASSETS HELD IN TRUST

These assets are held by the State in a fiduciary capacity, acting as either a trustee or an agent for individuals, organizations or other funds. The State also holds $106 million of Workers' Compensation and Employment Security surety bonds which are not reflected on the Balance Sheet.

F. UNEMPLOYMENT DEPOSITS WITH UNITED STATES TREASURY

These deposits represent unemployment tax receipts deposited with the United States Treasury that are drawn down to pay unemployment benefits.

G. RESTRICTED DEPOSITS AND INVESTMENTS

Restricted deposits and investments represent funds that have been 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. Also included in this category are cash and investments of the Maine Government Facilities Authority, a blended component unit that has been independently audited.

H. 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 for the construction and modernization of agricultural storage facilities and local commercial enterprises, as well as Department of Transportation loans to local governments. The receivables in the component units column are amounts that have arisen 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.

I. INTERFUND TRANSACTIONS

Numerous transactions are made between funds to finance operations, provide services, and acquire or construct assets. To the extent that certain transactions between funds were not completed as of June 30, 2001, interfund receivables or payables have been recorded. Receivables and payables resulting from transactions between funds are classified as “Due from Other Funds” or “Due to Other Funds” on the balance sheet.

The Bureau of Alcoholic Beverages and Lottery Operations is statutorily required to transfer all net earnings to the General Fund. For fiscal year 2001, these transfers totaled $61.9 million.

Advances to and from other funds are long-term loans made by one fund to another. Receivables and payables resulting from these transactions between funds are classified as “Working Capital Advances Receivable” or “Working Capital Advances Payable” on the balance sheet. The advances are offset by reservations of fund balance indicating that the reserves do not constitute expendable financial resources.

Receivables and payables between the component units and the primary government are classified as “Due to/from Primary Government” or “Due to/from Component Units.”

J. INVENTORIES

The costs of materials and supplies of the Governmental Funds are reported as expenditures when purchased. Unexpended balances of food stamps (stated at coupon value) and vaccines at fiscal year end are reported as inventory and deferred revenue in the Special Revenue Fund. Revenues and corresponding expenditures are recognized when the food stamps and vaccines 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, except for those of the Bureau of Alcoholic Beverages, which are maintained on a current replacement cost basis. Although this basis is not in conformity with GAAP, it does not result in a material misstatement.

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

K. FIXED ASSETS

For Governmental Funds, fixed asset acquisitions are recorded as expenditures in the acquiring fund. Buildings valued at $1 million or more, equipment valued at $3 thousand or more, and all land, regardless of value, are capitalized in the General Fixed Assets Account Group. They are capitalized at cost or, if not purchased, at fair value as of the date of acquisition. In assembling the GFAAG for the first time in 2001, fixed asset costs for buildings were not available; historical costs of these assets, valued at $117 million, have been estimated using current replacement cost appraisals adjusted back to estimated dates of construction using consumer price index tables. Depreciation is not recorded on general fixed assets. Infrastructure assets, such as highway curbs, bridges, and lighting systems, are not capitalized. Fixed asset acquisitions of Proprietary Funds are accounted for in the acquiring fund and stated net of accumulated depreciation. Depreciation is recorded on a straight-line basis over the assets' estimated useful lives, which are 10-40 years for buildings and improvements, and 2-25 years for equipment. No interest has been capitalized on self-constructed assets, since non-capitalization of interest does not materially affect the financial statements.

Fixed assets of component units are capitalized upon purchase and depreciated over the estimated useful lives of the assets. Interest incurred during construction is capitalized. The estimated useful lives of fixed assets are 5–60 years for structures and improvements and 3–15 years for equipment, furniture, fixtures and vehicles. The Maine Maritime Academy does not record depreciation, which is allowed by governmental accounting standards.

L. TAX REFUNDS PAYABLE

Tax refunds payable primarily represent amounts owed to taxpayers because of overpayments of their 2000 calendar year tax liabilities. Tax refunds are accrued based on payments and estimates.

M. CLAIMS PAYABLE

Claims payable represent workers' compensation and other claims payable at June 30, 2001. These include actual claims submitted, as well as actuarially determined claims incurred but not reported. The actuarially determined claims liability is discounted and presented at net present value.

N. DEFERRED REVENUE

Amounts recorded as receivable that do not meet the "availability" criterion for recognition as revenue in the current period are classified as deferred revenue. Resources received by the government before it has a legal claim to them are also included as deferred revenue. In subsequent periods, when the revenue recognition criterion is met or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized. Deferred revenue reported in the General Fund is comprised of sales and income taxes. Deferred revenue in the Special Revenue Fund is primarily for food stamps and vaccines not yet issued, and for taxes assessed on public utilities in the State.

O. DUE FROM/TO OTHER GOVERNMENTS

At June 30, 2001, amounts Due from/to Other Governments represent amounts receivable from or payable to municipalities or the federal government. Due to Other Governments are primarily amounts owed to municipalities for Municipal Revenue Sharing and the federal government for Medicaid cost recoveries from providers. Municipal Revenue Sharing and Medicaid cost recoveries are recorded in the Special Revenue Fund. Due from Other Governments represents primarily federal grants receivable for Medicaid claims, other Human Services Programs, and federal grants receivable for transportation-related expenditures. Due from Other Governments in the component units column represents money due from other governments for grants, bond repayment and retirement benefits.

P. COMPENSATED EMPLOYEE ABSENCES

Under the terms of collective bargaining agreements and personnel administrative policies, employees are granted limited amounts of vacation, sick, and personal days, as well as compensatory time. Upon separation from State service, employees are eligible for compensation for accrued vacation, personal days, compensatory time, and (in some cases) sick leave. For Governmental Funds, vested or accumulated leave expected to be liquidated with current available financial resources is reported as an expenditure and fund liability. Other leave is reported in the General Long-Term Obligations Account Group. Compensated employee absence benefits in the Proprietary Funds are recorded as expenses and liabilities as they accrue.

In the discretely presented component units, employees' accumulated compensated absences are recorded as an expense and liability as the benefits accrue.

Q. OTHER ACCRUED LIABILITIES

Other liabilities in the Enterprise Fund consist primarily of lottery prizes payable.

R. LONG-TERM OBLIGATIONS

Primary Government

The State records Governmental Fund long-term obligations in the General Long-Term Obligations Account Group. This includes the State's general obligation bonds, Certificates of Participation and other financing arrangements, long-term liabilities for compensated employee absences, and the net pension obligation. Also included in the General Long-Term Obligations Account Group are bonds and notes issued by the Maine Governmental Facilities Authority, a blended component unit.

Long-term debt and other obligations of the Proprietary Funds, as well as the related interest payments, are recorded as liabilities in the appropriate funds.

Component Units

Loans, notes, and bonds payable for component units are for commercial financing, educational loans, and loans to counties, cities, towns, school administrative districts, other quasi-municipal corporations, multifamily low income residential units, and the construction or capital improvement of school facilities and health care facilities.

S. FUND BALANCES

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

Reserved for Continuing Appropriations - identifies appropriations and encumbrances that the Legislature has specifically authorized to be carried into the next fiscal year if unexpended. The State's use of encumbrance accounting is more fully described in Note 2 – Budgetary Process.

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

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

Reserved for Rainy Day Fund – identifies amounts reserved for potential operating deficits or other emergencies. The maximum amount this fund may carry, by law, is six percent of the total General Fund revenues received in the immediately preceding year.

Reserved for Pension Benefits – identifies amounts reserved by the Maine State Retirement System for the payment of pension benefits.

Reserved for Debt Service - identifies amounts reserved for payment of future debt service obligations.

Reserved for Capital Projects - identifies a legally segregated portion of funds available to finance the construction of major capital facilities.

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

Contributed Capital - identifies equity acquired through contributions from other funds.

T. TOTAL COLUMN - MEMORANDUM ONLY

Total columns included in certain statements are captioned "Memorandum Only" because they do not represent consolidated financial information and are presented for information only.

U. FUTURE ADOPTION OF ACCOUNTING PRONOUNCEMENTS

In June 1999, GASB issued Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. In June 2001, GASB issued Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus* and Statement No. 38 *Certain Financial Statement Note Disclosures*. These statements establish new financial reporting requirements for State and local governments. They mandate that the basic financial statements and required supplementary information (RSI) for general purpose financial statements consist of Management's Discussion and Analysis, Basic Financial Statements and Required Supplementary Information. The provisions are effective for financial statements for periods beginning after June 15, 2001. The State will implement GASB 34, 37 and 38 for the year ending June 30, 2002.

In November 1999, GASB issued Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. An amendment to GASB Statement No. 34, this statement establishes new financial reporting requirements for public colleges and universities that are consistent with the requirements of GASB Statement No. 34. Because the University of Maine System, the Maine Technical College System and the Maine Maritime Academy are component units of the State of Maine, the provisions of this statement are effective no later than the year in which the State implements GASB Statement No. 34.

NOTE 2 - BUDGETARY PROCESS

In accordance with statute, the Governor presents a biennial budget for the General Fund and the Special Revenue Funds to the Legislature for enactment or revision. Effective November 27, 1995, a State Constitutional Amendment provided the Governor a "line item" veto 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 deallotment decreased) either in the specified line or in any other line in the legislative document. Another Constitutional Amendment requires the State to fund at least 90 percent of the annual cost of future mandates imposed on local governments; any exception 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. In 1995, the Revenue Forecasting Committee was established.

In fiscal year 1998, a law was passed that requires the State Budget Officer to use the revenue projections of the Revenue Forecasting Committee in preparing the General Fund and Highway Fund budgets.

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. In order to provide sufficient funding for several programs during the year ended June 30, 2001, supplemental appropriations of $403.8 million were required for the General Fund.

Encumbrance accounting, which requires that purchase orders, contracts, and other commitments be recorded to reserve a portion of an appropriation or allocation for expenditure, is employed as an extension of formal budgetary control. Appropriated and allocated balances are available for subsequent expenditure to the extent that encumbrances have been approved by the end of a fiscal year. Encumbrances outstanding at year end are reported as reservations of fund balances representing those portions of fund balances that are not available for allocation or expenditure or that are legally segregated for specific future uses. Unencumbered appropriations in the General Fund and in the Highway Fund lapse at year end unless, by law, they are carried forward to a subsequent year.

The State's budget is prepared primarily on a cash basis. Significant exceptions include sales, income, corporate and fuel taxes for which 60-day accruals are recorded at year end. A reconciliation of the General Fund and the Special Revenue Fund to the GAAP basis is presented in the following table.

Budget to GAAP Reconciliation
June 30, 2001
(Dollars in Thousands)

	General Fund	Special Revenue Fund
Fund Balances - Non-GAAP Budgetary Basis	$ 365,562	$ 415,610
Basis Differences		
Revenue Accruals/Adjustments:		
Taxes Receivable	175,594	19,677
Intergovernmental Receivables	-	41,832
Other Receivables	13,997	(14,000)
Due from Other Funds	1,444	539
Other Assets	10,995	(7,349)
Deferred Revenues	(29,475)	(1,560)
Total Revenue Accruals/Adjustments	172,555	39,139
Expenditure Accruals/Adjustments:		
Accounts Payable	(87,512)	(34,836)
Due to Component Units	(1,938)	(6,385)
Accrued Liabilities	(17,611)	(13,554)
Due to Other Funds	(11,467)	(5,604)
Tax Refunds Payable	(108,018)	-
Total Expenditure Accruals/Adjustments	(226,546)	(60,379)
Entity Differences		
Blended Component Unit included in the Special Revenue Fund on the GAAP basis but not on the budgetary basis	-	32,264
Fund Balances - GAAP Basis	$ 311,571	$ 426,634

NOTE 3 - FUND BALANCE AND RETAINED EARNINGS RESTATEMENTS

Fund balances/retained earnings as of June 30, 2000, have been restated:

Restatement of Fund Balances/Retained Earnings
(Dollars in Thousands)

Fund	Fund Balance/Retained Earnings as Previously Reported, June 30, 2000	Increase (Decrease) for Restatement	Fund Balance/Retained Earnings as Restated, July 1, 2000
Capital Projects Fund	$ 74,312	$ 6,549	$ 80,861
Enterprise Fund	(5,108)	13,107	7,999
Expendable Trust	587,596	(207,316)	380,280
Component Unit – Gov'tal	159,052	873	159,925

The Capital Projects Fund has been restated to adjust amounts accrued as due to component units in the prior period. The Enterprise Fund has been restated to record prior year depreciation of fixed assets acquired from Contributed Capital. Contributed Capital for the Enterprise Fund has been reduced to record that depreciation, and to record a $16.8 million asset, contributed in a prior period, which was not previously reported. The Expendable Trust fund balance has been restated because the Deferred Compensation Program is no longer reflected on the financial statements of the State of Maine due to a change in the interpretation of Governmental Accounting Standards Board Statement Number 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The Component Unit (governmental type) fund balance has been restated to include the Child Development Services System as a discretely presented component unit.

NOTE 4 - DEFICIT FUND BALANCES/RETAINED EARNINGS

Two Internal Service Funds showed deficit Retained Earnings for the fiscal year ended June 30, 2001. The Workers' Compensation Fund was at a deficit of $71.5 million, which reflects accruals for actuarially determined claims payable. The Property Lease Fund was at a deficit of $523 thousand, which reflects the recording of capital lease depreciation.

NOTE 5 - DEPOSITS AND INVESTMENTS

The deposit and investment policies of the State of Maine Office of the Treasurer are governed by Title 5 of the Maine Revised Statutes Annotated (M.R.S.A.). Per 5 M.R.S.A. § 135, the Treasurer of State may deposit State funds, including trust funds of the State, in any of the banking institutions (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 Treasurer of State may invest funds that exceed current obligations, with the concurrence of the State Controller or the Commissioner of Administrative and Financial Services and the consent of the Governor. Approved investments include bonds, notes, certificates of indebtedness, other obligations of the United States that mature not more than 24 months from the date of investment; repurchase agreements secured by obligations of the United States that mature within the succeeding 24 months; prime commercial paper; tax-exempt obligations; banker's acceptances; and shares of an investment company registered under the Federal Investment Company Act of 1940, whose shares are registered under the United States Security Act of 1933, only if the investments of the company are limited to obligations of the United States or repurchase agreements secured by obligations of the United States. The Treasurer is authorized to participate in the securities loan market by

lending State-owned bonds, notes or certificates of indebtedness of the federal government when the loans are fully collateralized by treasury bills or cash. The State does not participate in the securities loan market. The State's investment types are more fully described in Notes 1D, E, F and G.

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

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

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

DEPOSITS

Deposits with financial institutions are classified by collateral risk into three categories. Category 1 is the amount of State deposits that are fully insured or collateralized with securities held by the State or its agent in the State's name. Category 2 is the amount of deposits that are collateralized with securities held by the pledging financial institution's trust department or agent in the State's name. Category 3 is the amount of deposits that are neither collateralized nor insured.

Deposits of the Reporting Entity at June 30, 2001 are:

Primary Government - Deposits
June 30, 2001
(Dollars in Thousands)

	Category 1	Category 2	Category 3	Bank Balance	Carrying Amount
Cash and Cash Equivalents	$ 182,746	$ 10,956	$ 6,100	$ 199,802	$ 123,120
Cash with Fiscal Agent	-	17,093	311	17,404	17,404
Restricted Deposits	5,564	-	3,504	9,068	9,068
Total	$ 188,310	$ 28,049	$ 9,915	$ 226,274	$ 149,592

Deposits of the discretely presented component units are:

Component Unit - Deposits
(Dollars in Thousands)

	Category 1	Category 2	Category 3	Bank Balance	Carrying Amount
Cash and Cash Equivalents	$ 103,160	$ 103,106	$ 42,889	$ 249,155	$ 241,075
Cash with Fiscal Agent	-	-	36,773	36,773	36,773
Restricted Deposits	6,971	-	-	6,971	6,971
Total	$ 110,131	$ 103,106	$ 79,662	$ 292,899	$ 284,819

INVESTMENTS

Investments are classified to indicate the level of risk assumed by the State. Category 1 consists of investments that are insured or registered or for which the securities are held by the State or its agent in the State's name. Category 2 are those investments that are uninsured and unregistered, with securities held by the counterparty's trust department or agent in the State's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or its trust department or agent, but not in the State's name.

Investments of the Primary Government at June 30, 2001 are:

Primary Government - Investments
June 30, 2001
(Dollars in Thousands)

	Category 1	Category 2	Category 3	Fair Value
Cash & Cash Equivalents	$ 215,847	$ 1,037	$ -	$ 216,884
U.S. Government and Agency Obligations	270,851	2,599	11,311	284,761
Repurchase Agreements	-	-	3,886	3,886
Commercial Paper	72,589	-	-	72,589
Corporate Bonds and Notes	-	4,381	4,768	9,149
Equity Securities	-	12,306	35,352	47,658
Other Restricted Investments	89,545	-	2,136	91,681
Totals	$ 648,832	$ 20,323	$ 57,453	726,608
Deposits with U.S. Treasury				369,978
Assets Held in Trust				606,012
Total Investments – Primary Government				$ 1,702,598

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.

The Maine Educational Loan Authority (MELA) had entered into an interest rate exchange agreement to manage its interest rate exposure on its variable rate education loans. The agreement calls for MELA to receive fixed rate interest payments in exchange for variable market-indexed interest payments. The amounts potentially subject to credit risk are the streams of payments under the agreement and not the notional amount of the contracts. This agreement involves not only the risk of default by the other party, but also the interest rate risk if positions are not matched. MELA does not obtain collateral from the counterparty to secure the amounts subject to credit risks. The notional principal amount of the interest rate swap agreement outstanding at December 31, 2000 was $4.8 million. The termination date of the agreement is December 1, 2006.

Maine State Retirement System (The System) makes investments in a combination of equities, fixed income securities, mutual funds, commingled mutual and index funds, derivative financial instruments, and other investment securities established by the Trustee's investment policy. The System prohibits its investment managers from using leverage in its derivative financial instruments or from investing in speculative positions. The System has also entered into agreements for securities lending transactions, which are collateralized in an amount at least equal to 102 percent (105 percent for international securities) of the market value of the securities loaned.

Investments of the discretely presented component units are:

Component Units - Investments
(Dollars in thousands)

	Category 1	Category 2	Category 3	Fair Value
Cash and Cash Equivalents	$ 32,078	$ 27,961	$ 1,001	$ 61,040
U.S. Government and Agency Obligations	547,368	206,195	-	753,563
Repurchase Agreements	221,431	29,440	13,187	264,058
Commercial Paper	43,986	-	-	43,986
Corporate Bonds and Notes	545,173	-	22,080	567,253
Equity Securities	1,220,765	-	61,682	1,282,447
Common and Collective Trusts	4,880,564	211,681	6,489	5,098,734
Other	6,506	-	4,076	10,582
Totals	$ 7,497,871	$ 475,277	$ 108,515	$8,081,663

The State's internal investment pool consists primarily of commercial paper with maturities of up to 90 days and U.S. Government and Agency obligations with maturities of up to two years. Certain component units also invest in the pool; their participation comprises approximately ten percent of pool assets. The component units reported their participation as Cash and Cash Equivalents on their financial statements. The State has reclassified $71 million of the component units' participation as investments on the State's financials.

NOTE 6 - RECEIVABLES

Taxes, federal reimbursements, loans and other receivables are presented in the various funds as:

Primary Government - Receivables
June 30, 2001
(Dollars in Thousands)

	Taxes	Due from Other Governments	Loans	Other Receivables	Allowance for Uncollectibles	Net Receivables
General Fund	$ 464,503	$ -	$ 1	$ 55,082	$ (122,651)	$ 396,935
Special Revenue Funds	44,006	184,238	1,093	52,092	(7,724)	273,705
Trust and Agency Funds	41,055	-	-	-	-	41,055
Internal Service Funds	-	-	-	596	-	596
Enterprise Funds	-	-	9,002	12,046	(1,392)	19,656
Subtotal	549,564	184,238	10,096	119,816	(131,767)	731,947
Less: Allowance for uncollectibles	(120,516)	-	(1,075)	(10,176)	(131,767)	
Net Receivables	$ 429,048	$ 184,238	$ 9,021	$ 109,640		$ 731,947

Component Units - Receivables
(Dollars in Thousands)

	Other Governments	Loans and Notes	Other Types	Allowance for Uncollectibles	Net Receivables
Maine Health & Higher Education Facilities Authority	$ -	$ 969,351	$ 7,896	$ (1,646)	$ 975,601
No. NE Passenger Rail Authority	2,445	-	-	-	2,445
Child Development Services System	-	-	997	-	997
Finance Authority of Maine	-	38,167	3,023	(179)	41,011
Loring Development Authority	909	1,280	155	-	2,344
Maine Municipal Bond Bank	982,060	-	2,429	-	984,489
Maine Education Loan Authority	-	46,691	608	(595)	46,704
Maine State Housing Authority	952	1,291,415	17,210	(11,987)	1,297,590
Maine State Retirement System	9,476	-	33,561	-	43,037
Maine Maritime Academy	-	3,374	3,093	(371)	6,096
Maine Technical College System	-	-	2,149	(282)	1,867
University of Maine System	9,136	37,390	26,792	(6,214)	67,104
Subtotal	1,004,978	2,387,668	97,913	(21,274)	3,469,285
Less: Allowance for Uncollectibles	-	(17,286)	(3,988)		-
Net Receivables	$ 1,004,978	$ 2,370,382	$ 93,925		$ 3,469,285

NOTE 7 - INTERFUND TRANSACTIONS

Due from/Due to Other Funds and Component Units

Due from Other Funds are amounts owed to one State fund by another for goods sold or services received. Similarly, Due from Component Units are amounts owed to the State by a component unit.

A summary of amounts due from and due to other funds and component units is presented as:

Primary Government - Due to/Due from Other Funds
June 30, 2001
(Dollars in Thousands)

Fund Type	Due From	Due To	Working Capital Receivable	Working Capital Payable
General Fund	$ 5,734	$ 11,897	$ 1,386	$ 100
Special Revenue Fund	12,553	13,850	1,117	175
Capital Projects Fund	-	-	-	-
Enterprise Fund	15	2,507	-	1,000
Internal Service Fund	12,408	1,614	-	1,228
Trust and Agency Funds	7	849	-	-
Total	$ 30,717	$ 30,717	$ 2,503	$ 2,503

Component Units - Due From/Due To
June 30, 2001
(Dollars in Thousands)

	Due From Primary Government	Due To Component Units
Primary Government		
General Fund		
Child Development Services System	$ -	$ 641
Loring Development Authority	-	326
University of Maine System	-	971
Special Revenue Fund		
Child Development Services System	-	215
Loring Development Authority	-	26
Maine Municipal Bond Bank	-	5
University of Maine System	-	6,834
Capital Projects Fund		
Maine Technical College System	-	576
Enterprise Fund		
Finance Authority of Maine	-	337
Component Units		
Child Development Services System		
General Fund	641	-
Special Revenue Fund	215	-
Finance Authority of Maine		
Enterprise Fund	337	-
Loring Development Authority		
General Fund	326	-
Special Revenue Fund	26	-
Maine Municipal Bond Bank		
Special Revenue Fund	5	-
Maine Technical College System		
Capital Projects Fund	576	-
University of Maine System		
General Fund	971	-
Special Revenue Fund	6,834	-
Total	$9,931	$9,931

NOTE 8 - FIXED ASSETS

The following schedules detail fixed assets that are recorded in the General Fixed Assets Account Group, Proprietary Funds and discretely presented component units:

Primary Government - Fixed Assets
June 30, 2001
(Dollars in Thousands)

	General Fixed Assets Account Group	Enterprise Funds	Internal Service Funds
Land	$ 165,986	$ 5,605	$ 243
Buildings	117,092	11,810	39,647
Equipment	64,635	17,080	136,446
Improvement other than buildings	2,772	40,185	11
Construction in progress	64,739	6,291	-
Less: Accumulated depreciation	-	(26,949)	(99,411)
Total fixed assets	$ 415,224	$ 54,022	$ 76,936

Component Units - Fixed Assets
(Dollars in Thousands)

	Totals
Land and Buildings	$ 435,940
Equipment	150,811
Improvements Other Than Buildings	41,956
Library Books	3,987
Construction in Process	42,014
Less: Accumulated Depreciation	(259,738)
Total Fixed Assets	$ 414,970

NOTE 9 - MAINE STATE RETIREMENT SYSTEM

PLAN DESCRIPTION

The Maine State Retirement System is the administrator of an agent, multiple-employer, defined benefit public employee retirement system established and administered under the Maine State Retirement System Laws, Title 5 M.R.S.A., C. 421, 423, and 425. The System is a component unit of the State. Financial information for the System is included in the discretely presented component unit column on the Combined Balance Sheet and in the Statement of Changes in Net Assets Available for Pension Benefits. Condensed financial statement information is presented in Note 13 Segment Information for Enterprise Funds and Component Units. The Maine State Retirement System issues a stand-alone financial report.

The System provides pension, death, and disability benefits to its members, which include employees of the State, public school employees who are defined by Maine law as teachers for whom the State is the employer for retirement contribution purposes, and employees of approximately 250 local municipalities and other public entities in Maine, each of which contracts for participation in the System under provisions of relevant statutes.

At June 30, 2001, the membership consisted of:

Active vested and nonvested members	51,908
Terminated vested participants	2,291
Retirees and benefit recipients	29,566
Total	83,765

The System's retirement programs provide retirement benefits based on members' average final compensation and creditable service. Vesting occurs upon the earning of ten years of service credit or the earning of one year of service credit immediately preceding retirement at or after normal retirement age. Normal retirement age is age 60 or 62, determined by whether the member had at least 10 years of creditable service on June 30, 1993 (effective October 1, 1999, the ten-year requirement was reduced to five years by legislative action). The monthly benefit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The system also provides death and disability benefits, which are established by statute for State and public school employees, and by contract with other participating employers under applicable statutory provisions.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits. The annual rate of interest credited to terminated members' accounts is set by the System's Board of Trustees and is currently 6.0 percent.

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

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

The total funds managed by the System are constitutionally restricted as held in trust for the payment of pension and related benefits to its members. The System's Board of Trustees, in its fiduciary capacity, establishes the System's investment policies and their overall implementation. The System maintains separate reserves and accounts for each participating entity and performs separate actuarial valuations for each participating entity's respective plan. The Maine State Retirement System management's interpretation of the State of Maine statutes is that all assets accumulated for the payment of benefits may legally be used to pay benefits, including refunds of member contributions, to any plan members or beneficiaries. The System is therefore regarded as administering a single plan for reporting purposes. The State's legal counsel does not concur with the accumulated assets representation. Additional disclosures would be necessary to report this as more than one plan in conformity with generally accepted accounting principles.

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

FUNDING POLICY

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

The State of Maine is required to remit 25% of its budgetary surplus at the end of its fiscal year to the System, in order to reduce any unfunded pension liability for State employees and teachers. During the fiscal year ended June 30, 2001, however, the law was amended in a manner that resulted in no additional contribution from the State budgetary surplus.

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

The actuarially determined contribution rates in effect for 2001 for participating entities are:

State:	
Employees[1]	7.65-8.65%
Employer	14.81-43.90%
Teachers:	
Employees	7.65%
Employer	18.34%
Participating Local Entities:	
Employees	6.5-8.0%
Employer[1]	1.5-6.5%

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

ANNUAL PENSION COST AND NET PENSION OBLIGATION

The employer's annual pension cost and net pension obligation to the System for the current year were:

Net Pension Obligation
(Dollars in thousands)

Annual required contribution	$253,880
Interest on net pension obligation	5,939
Adjustment to annual required contribution	(4,841)
Annual pension cost	254,978
Contributions made	253,880
Increase (decrease) in net pension obligation	1,098
Net pension obligation beginning of year	74,243
Net pension obligation end of year	$ 75,341

Analysis of Funding Progress
(Dollars in thousands)

Year	Annual Pension Cost	Percentage Covered	Net Pension Obligation
2001	$ 254,978	99.57%	$ 75,341
2000	241,189	100.85%	74,243
1999	255,451	107.54%	76,295

The annual required contribution for the current year was determined as part of the June 30, 2001 actuarial valuation using the entry age normal cost method based on a level percentage of covered payrolls. The actuarial assumptions included (a) 8% return on investments and (b) projected salary increases of 5.5% to 9.5% per year, including inflation of 5.5%. The assumptions include post retirement benefit increases of 4% per annum. The System also uses the level percentage of payroll method to amortize the unfunded liability of the State and teacher plan over a closed 19-year period from June 30, 2000. For participating local districts, either the level percentage of payroll method or the level dollar method is used, depending on plan structure, status of the participating local district, nature of the unfunded liability, (i.e., separate or pooled) and the amount of the unfunded liability. Amortization periods range from 4 to 16 years.

COMPONENT UNIT PENSION DESCRIPTION

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

Employer contributions met actuarially determined contribution requirements.

OTHER PLANS

MTCS also has an optional program with the Teachers Insurance and Annuity Association - College Retirement Equities Fund (TIAA-CREF), which is a defined contribution plan, to which the MTCS contributes 12.88 percent of total salaries for participating employees or 6.04 percent for MEA employees.

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

LDA, FAME and CDS have Simplified Employee Pension Plans. MSHA has a defined contribution plan created under the provisions of the Internal Revenue Code Section 401(a). MHHEFA has a discretionary contributory profit sharing plan and a defined contribution plan created under the provisions of the Internal Revenue Code Section 401(k).

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS

POST RETIREMENT HEALTH CARE BENEFITS

The State of Maine funds postretirement health care benefits for most retired State employees and legislators, as authorized by 5 M.R.S.A. § 285, and for a portion of the premiums for teachers, as authorized by 20-A M.R.S.A. § 13451. Pursuant to 5 M.R.S.A., § 285, most retired employees of the Maine Turnpike Authority, the Maine Technical College System, the Maine Maritime Academy, and the Maine State Retirement System are eligible to participate in the health plan but are not funded by the State. Specifically excluded (5 M.R.S.A., § 285 1-B) are members of the Maine Municipal Association, the Maine Teachers Association and employees of counties and municipalities and their instrumentalities.

The State pays 100 percent of post retirement health insurance premiums for retirees who were first employed before July 1, 1991. A pro rata portion, ranging from zero percent for retirees with less than 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. Retirees eligible for Medicare are covered under supplemental insurance policies. The retiree must pay for Medicare Part B coverage to be eligible to participate in the State-funded Companion Plan. Coverage for retirees who are not eligible for Medicare includes basic hospitalization;

supplemental major medical and prescription drugs; and costs for treatment of mental health, alcoholism, and substance abuse.

Retiree health care benefits have been funded on a pay-as-you go basis. For retired State employees, the State estimated the total amount necessary to pay health insurance premiums. This amount is generated using a contribution rate (5.47 percent for July 1, 2000, through April 24, 2001, and 7.39 percent for April 25, 2001, through June 30, 2001), authorized by 5 MRSA § 286-A, multiplied by the value of the current employee payroll. The amounts contributed were reported as expenditures/expense in each of the various funds. For retired teachers, the State estimates the total annual amount necessary to pay its 30 percent share of health insurance premiums. This amount, less any accumulated funds remaining from prior years' estimates, is appropriated and reported as expenditures in the General Fund. Contributions resulting from both sources are accumulated in and reported as revenue of the Retiree Health Insurance Internal Service Fund. The State's share of the premium expense is paid from that fund when retiree payrolls are processed. The State's management proposed funding retiree healthcare benefits using rates, which have been developed actuarially, beginning in fiscal year 2001.

As of July 1, 2001, there were 7,039 retired eligible State employees and 6,027 retired teachers. In the 2001 fiscal year, the State paid into the Retiree Health Insurance Fund $27.4 million for retired employees and $4.3 million for retired teachers. Premium charges paid were $20.5 million and $5.0 million, respectively. Overall fund equity increased by $11.7 million to $36.2 million at June 30, 2001. The most recently available, State sponsored, actuarial study was issued for fiscal year 2000. The study estimated the amount of the liability for current and future retirees, as of July 1, 2000, was $725.3 million. This includes benefits for 13,424 current retirees as well as 41,601 currently active employees expected to retire in the future. The report does not consider employees not yet hired as of July 1, 2000.

POST RETIREMENT LIFE INSURANCE BENEFITS

The Maine State Retirement System (MSRS) provides certain life insurance benefits for retirees who, as active employees, participated in the Group Life Insurance Program for a minimum of ten years. Payments of claims are made by the MSRS from a fund containing the life insurance premiums of active State employees and teachers, plus earnings on the investments of the fund. In addition to the cost of claims, the State pays a monthly retention fee to a life insurance company. For the fiscal year ended June 30, 2001, claims totaled $1.7 million for retired State employees and $1.1 million for retired teachers. The number of participants eligible to receive benefits at fiscal year end was 6,027 retired State employees and 4,451 retired teachers.

NOTE 11 - LONG-TERM OBLIGATIONS

Primary Government

The State records its liability for bonds in the General Long-Term Obligations Account Group (GLTOAG). The State has also included in the GLTOAG $159.3 million in other financing arrangements to reflect revenue bonds issued by the Maine Governmental Facilities Authority, 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 the Authority is not debt of the State or any political subdivision within the State; and the State is not obligated for such debt, nor is the full faith and credit of the State pledged for such debt. Other general long-term obligations recognized by the State are its compensated employee absences and its obligations under Certificates of Participation and other financing arrangements. Payments for these liabilities will be made from the Governmental Funds.

GENERAL OBLIGATION 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 during the fiscal year are:

Primary Government - Changes in General Obligation Bonds
June 30, 2001
(Dollars in Thousands)

	Balance July 1, 2000	Additions	Retirements	Balance June 30, 2001
General Obligation Debt:				
General Fund	$ 341,205	$ 22,050	$ 65,850	$ 297,405
Special Revenue Fund	111,230	19,225	21,820	108,635
Self Liquidating	540	-	90	450
Total	$ 452,975	$ 41,275	$ 87,760	$ 406,490

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

Future Debt Service on General Obligation Bonds
June 30, 2001
(Dollars in Thousands)

Fiscal Year	Principal	Interest	Total
2002	$ 87,605	$ 20,775	$ 108,380
2003	82,400	15,910	98,310
2004	59,845	11,996	71,841
2005	47,090	8,915	56,005
2006	45,005	6,441	51,446
Thereafter	84,545	9,260	93,805
Total	$ 406,490	$ 73,297	$ 479,787

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, 2001, general obligations bonds authorized and unissued totaled $93.3 million. The Maine Governmental Facilities Authority, a blended component unit, may not issue securities in excess of $211 million outstanding at any one time except for the issuance of certain revenue refunding securities. The Legislature may increase this limit as necessary to meet the Authority's needs.

CERTIFICATES OF PARTICIPATION AND OTHER FINANCING ARRANGEMENTS

The State uses financing companies, Certificates of Participation (COP's), and lease/purchase agreements to finance the construction of certain State buildings and to purchase equipment and vehicles. Certificates of Participation are issued through a trustee, and the State is responsible for payments to the trustee that approximate the interest and principal payments made to the certificate holders. The State maintains custody and use of the assets; however, the trustee holds a lien as security until such time as the certificates are fully paid. Neither Certificates of Participation nor the other financing arrangements constitute a legal debt, 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.

Changes in liabilities reported in the General Long-Term Obligations Account Group are:

Changes in General Long-Term Obligations
June 30, 2001
(Dollars in Thousands)

	Bonds	COP's and other Financing Arrangements	GFA Revenue Bonds	Compensated Absences	Net Pension Obligation	Total
Balance, July 1, 2000	$ 452,975	$ 2,408	$ 103,563	$ 28,600	$ 74,243	$ 661,789
Issuances	41,275	-	58,850	-	-	100,125
Payments	(87,760)	(1,858)	(3,235)	-	-	(92,853)
Other Increase (Decrease)	-	-	142	2,379	1,098	3,619
Balance, June 30, 2001	$ 406,490	$ 550	$ 159,320	$ 30,979	$ 75,341	$ 672,680

Changes in COP's and Other Financing Arrangements reported in Proprietary Fund Types are:

Certificates of Participation and Other Financing Arrangements
June 30, 2001
(Dollars in Thousands)

Outstanding July 1, 2000	Additions	Retirements	Outstanding June 30, 2001
$19,369	$4,000	$5,707	$17,662

Debt service on COP's and other financing arrangements are presented as:

Debt Service on Certificates of Participation and Other Financing Arrangements
June 30, 2001
(Dollars in Thousands)

	Minimum Payments		
Fiscal Year Ending June 30,	Governmental Funds	Government Facilities Authority	Internal Service Funds
2002	$ 216	$ 12,710	$ 7,023
2003	182	12,557	5,099
2004	181	17,294	3,313
2005	22	16,895	2,388
2006	-	16,493	1,184
Thereafter	-	169,964	598
Total Minimum Payments	601	245,913	19,605
Less: Amount Representing Interest	51	86,593	1,943
Present Value of Future Minimum Payments	$ 550	$ 159,320	$ 17,662

OBLIGATIONS UNDER CAPITAL LEASES

The State of Maine has entered into long-term capital leases to buy certain fixed assets. Leases, which are in substance purchases, are classified as capital leases and the resulting assets and liabilities are recorded at lease inception. Assets acquired through capital leases are valued at the lower of fair market value or the present value of the minimum lease payments at the inception of the lease. The State accounts for lease commitments in the proprietary funds.

Leases that exist between the State and the Maine Governmental Facilities Authority (MGFA), a blended component unit, are not recorded as leases for financial reporting purposes. These leases are eliminated and the liabilities of the MGFA are included in the Special Revenue Fund. Capital lease commitments of the University of Maine System (UMS) are reported in the UMS Plant Funds. At June 30, 2001, property acquired under capital leases totaled $34.1 million in the Internal Service Fund, with related accumulated depreciation of $8.1 million.

The future minimum lease payments for capital leases reported in the Internal Service Fund are:

Future Minimum Lease Payments
Proprietary Fund Capital Leases
June 30, 2001
(Dollars in Thousands)

Fiscal Year Ending June 30,	
2002	$ 3,986
2003	3,764
2004	3,598
2005	3,190
2006	3,118
Thereafter	16,333
Total Minimum Payments	33,989
Less: Amount Representing Interest	7,294
Present Value of Future Minimum Payments	$ 26,695

OBLIGATIONS UNDER OPERATING LEASES

The State is obligated under certain leases accounted for as operating leases in the proprietary funds. Operating leases do not give rise to property rights or lease obligations, and therefore the results of the lease agreements are not reflected in the State's financial statements.

The following is a schedule by years of future minimum rental required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2001:

Future Minimum Lease Payments
Proprietary Fund Operating Leases
June 30, 2001
(Dollars in Thousands)

Fiscal Year Ending June 30,	
2002	$ 7,697
2003	7,364
2004	6,338
2005	4,718
2006	4,126
Thereafter	22,548
Total Future Minimum Payments	$ 52,791

Component Units - Bonds outstanding for the component units are:

Component Unit Bonds Outstanding
(Dollars in Thousands)

Component Unit	Purpose	Interest Rates	Amount	Maturity Dates
Maine Health and Higher Education Facilities Authority	General Bond Resolution	3.90 - 7.55%	$ 80,640	1986 - 2029
	Reserve Fund Resolution	2.5 - 6.50%	893,909	1992 - 2030
	Medium Term Financing Reserve Fund Resolution	4.0 - 8.25%	3,240	1993 - 2003
	Taxable Reserve Fund Resolution	7.03 - 9.35%	87,895	1993 - 2016
Subtotal			1,065,684	
Finance Authority of Maine	Construction Bonds	1.0 %	1,344	1999 - 2025
Maine Municipal Bond Bank	General Tax-Exempt Fund Group	3.00 - 9.75%	883,842	1990 - 2028
	Sewer and Water Fund Group	2.75 - 7.20%	67,252	1991 - 2028
	Special Obligation Taxable Fund Group	6.10 - 10.25%	1,635	1991 - 2009
Subtotal			952,729	
Maine Educational Loan Authority	Educational Loan Revenue Bonds	3.60 - 7.75%	67,378	1997 - 2029
Maine State Housing Authority	Mortgage Purchase Program	2.75 - 9.25%	1,386,969	2000 - 2038
	Housing Finance Revenue Program	4.25 - 6.30%	40,247	2000 - 2030
Subtotal			1,427,216	
Maine Maritime Academy	Revenue Bonds and Other Long-Term Obligations	2.6 - 10.00%	2,849	2000 - 2023
Maine Technical College System	Building Construction Bonds	8.16%	315	2005
University of Maine System	1993 Series A Revenue Bonds	2.30 - 5.20%	8,390	1994 - 2008
	1993 Series B Refunding Bonds	3.15 - 5.50%	13,120	1995 - 2020
	1998 Series A Revenue Bonds	3.95 - 5.00%	27,262	2000 - 2024
	2000 Series A Revenue Bonds	4.5 - 5.75%	39,284	2001 - 2030
Subtotal			88,056	
Total			$3,605,571	

Maturities of principal for component units are:

Component Units Principal Maturities
(Dollars in Thousands)

Fiscal Year Ending	MHHEFA	FAME	MMBB	MELA	MSHA	MMA	MTCS	UMS	Totals
2001	$ -	$ -	$ -	$ 1,745	$ 42,715	$ -	$ -	$ -	$ 44,460
2002	32,845	50	84,931	1,920	22,250	80	85	3,700	145,861
2003	36,660	51	80,606	1,855	29,770	79	85	3,755	152,861
2004	36,555	51	77,156	2,030	34,165	84	85	3,830	153,956
2005	37,220	52	74,721	2,025	38,485	85	60	3,900	156,548
2006	37,695	52	72,365			90	-	4,100	114,302
Thereafter	884,709	1,088	580,435	58,284	1,274,918	2,570	-	69,980	2,871,984
Less amounts deferred or unamortized	-	-	(17,485)	(481)	(15,087)	(139)	-	(1,209)	(34,401)
Total Principal Payments	$1,065,684	$1,344	$952,729	$67,378	$1,427,216	$2,849	$315	$88,056	$3,605,571

NOTE 12 - SELF-INSURANCE

A. RISK MANAGEMENT

The State maintains several types of insurance plans and accounts for them in two funds. The Self-Insurance Internal Service Fund provides insurance advice and services to State governmental agencies, and 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 professional, and a variety of other insurance products. Not all departments elect to insure through the Risk Management Division. Specifically, the Department of Human Services and the Department of Transportation have elected not to purchase general liability insurance.

In many cases the State purchases excess insurance to limit the State's liability for insured events. For example, coverage for property damage is $2.5 billion per occurrence. The State retains $1 million of this risk per occurrence, with the remainder being covered by a private insurance carrier (excess insurance). 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	$2.5 billion	$1 million	$2.5 billion
Employee Bond - Food Stamps	16.5 million	.5 million	16 million
Ocean Marine Boat Liability	10 million	10,000	10 million
Loss of Software and Data	8 million	25,000	8 million
Boiler and Machinery	2 million	5,000	2 million
General Liability including Employment Practices	400,000	400,000	none
Police Professionals	400,000	400,000	none

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 June 30, 2001. This cost of claims includes case reserves, the development of known claims and incurred-but-not-reported claims, and the direct administrative expenses for settling specific claims.

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

At June 30, 2000, $3.2 million was reported as the present value of the estimated claims payable for the State's self-insurance plan. The actuary calculated this based on a 5.5 percent yield on investments. The non-discounted amount was $3.6 million. At June 30, 2001, the State has estimated the range of loss between $3.0 and $3.5 million.

Risk Management Fund Changes in Claims Payable
June 30, 2001
(Dollars in Thousands)

	2001	2000
Liability at beginning of year	$3,219	$3,519
Current year claims and changes in estimate	1,570	1,019
Claims payments	1,570	1,319
Liability at end of year	$3,219	$3,219

As of June 30, 2001, fund assets of $15.4 million exceeded fund liabilities of $4 million by $11.4 million. The portion of this amount that may be reserved for catastrophic losses has not been determined.

In the past, general liability insurance coverage excluded lawsuits brought by employees. Therefore, the loss history used by the actuary to project claims did not include the effects of any such lawsuits. Effective July 1, 1999, the State added $50,000 coverage per occurrence for the cost of defending the State in any such lawsuits. Effective July 1, 2000, the State increased coverage to include both defense and indemnification costs up to $400,000. The effect of this change has not been incorporated into the estimate used to determine claims payable as of June 30, 2001.

The State, through the Risk Management Division, purchased insurance for four State Correctional facilities in an Owner Controlled Insurance Program (OCIP). The State, as owner, gets favorable premium rates compared with the contractors who typically purchase the coverage and include associated costs in their contract prices. Workers' compensation, tort, and property coverage for the projects will cost approximately $1.6 million, which represents $200,000 in savings over the lives of the projects. The entire premiums billed by OCIP insurers are paid by the State Risk Management Fund and billed to Maine's Department of Corrections.

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 $563,000 for the fiscal year ended June 30, 2001.

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.

Changes in the balance of claims and judgments liabilities during fiscal 2001 were:

Workers' Compensation Fund Changes in Claims Payable
June 30, 2001
(Dollars in Thousands)

	2001	2000
Liability at Beginning of Year	$ 80,371	$ 82,668
Current Year Claims and Changes in Estimates	2,861	10,252
Claims Payments	7,506	12,549
Liability at End of Year	$ 75,726	$ 80,371

Based on actuarial calculations as of June 30, 2001, the State is liable for unfunded claims, and incurred but not reported claims, of approximately $92.3 million. The discounted amount is $75.7 million and was calculated based on a 4.25 percent yield on investments.

D. DISABILITY

State law allows confidential employees who become temporarily disabled to receive 66.67 percent of their salary for up to 335 calendar days. There were a total of 1,013 confidential employees at June 30, 2001. The expenditure amount for this benefit cannot be determined.

NOTE 13 - SEGMENT INFORMATION-ENTERPRISE FUNDS AND COMPONENT UNITS

PRIMARY GOVERNMENT

The State has nine enterprise funds that have been created to provide various services to the general public. The purpose of each enterprise fund is described below:

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

The *Lottery Fund* was established to account for all operations of the Maine State Lottery. This includes the Tri-State Lotto Commission, established in 1985, and is a joint venture between the States of Maine, New Hampshire, and Vermont. The Commission is authorized and empowered to promulgate rules and regulations regarding the conduct of lottery games, including the price or prices of tickets, the number and size of prizes for winning tickets, and the licensing of agents.

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

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

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

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

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

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

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

Segment Information
June 30, 2001
(Dollars in Thousands)

	Bureau of Alcoholic Beverages	State Lottery Bureau	Agriculture Related	Transportation Related	Other Enterprise Funds	Total Enterprise Funds
Operating Revenues	$ 80,215	$ 147,013	$ 382	$ 2,686	$ 1,189	$ 231,485
Depreciation Expense	459	1	14	2,754	10	3,238
Operating Income (Loss)	24,456	36,938	(399)	(5,929)	71	55,137
Net Nonoperating Revenues	-	510	591	3,185	17	4,303
Net Income (Loss)	(11)	16	441	(172)	88	362
Operating Transfers in (out)	(24,467)	(37,432)	249	2,572	-	(59,078)
Additions (Deletions) to Property, Plant and Equipment	-	19	(37)	651	-	633
Total Assets	6,798	10,156	10,404	57,435	649	85,442
Total Long-Term Liabilities	1,000	-	-	-	-	1,000
Total Liabilities	6,798	10,156	501	272	63	17,790
Total Equity	-	-	9,903	57,163	586	67,652
Net Working Capital	959	(19)	1,257	3,929	577	6,703
Current Capital Contributions	-	-	-	287	-	287

COMPONENT UNITS

The following tables present condensed financial statements for each of the discretely presented component units. Complete financial statements of the individual component units can be obtained from their respective administrative offices as described in Note 1.

Component Units Condensed Balance Sheet
(Dollars in Thousands)

	MHHEFA	FAME	MMBB	MSHA	MSRS	U of ME	Other	Total
Assets:								
Cash	$ 85,348	$ 27,817	$ 344	$ 860	$ 96,460	$ 112,341	$ 7,357	$ 330,527
Investments	162,696	56,805	283,141	405,209	6,945,152	118,445	64,507	8,035,955
Due from primary government	-	337	5	-	-	7,805	1,784	9,931
Due from other governments	-	-	982,060	952	9,476	9,136	3,354	1,004,978
Loans and notes receivable	969,351	37,988	-	1,279,428	-	33,072	50,543	2,370,382
Other receivables	6,250	3,023	2,429	17,210	33,561	24,896	6,556	93,925
Fixed assets	4,606	2,236	1,009	459	386	302,938	103,336	414,970
Other assets	6,833	2,458	42,733	3,861	-	4,155	7,270	67,310
Total assets	$ 1,235,084	$ 130,664	$ 1,311,721	$ 1,707,979	$ 7,085,035	$ 612,788	$ 244,707	$ 12,327,978
Liabilities:								
Accounts payable	$ 504	$ 3,593	$ 687	$ 18,358	$ 9,931	$ 8,363	$ 7,504	$ 48,940
Due to other governments	-	6,707	3,531	5,277	-	-	1,381	16,896
Deferred revenues	1,175	6,352	-	26,933	-	9,508	2,077	46,045
Amounts held under state loan programs	-	74,087	12,575	-	-	-	-	86,662
Bonds and notes payable	1,065,684	1,344	952,729	1,427,216	-	88,056	70,542	3,605,571
Other accrued liabilities	35,320	16,201	8,863	16,667	46,325	45,164	17,153	185,693
Total Liabilities	1,102,683	108,284	978,385	1,494,451	56,256	151,091	98,657	3,989,807
Equity:								
Retained Earnings:								
Reserved	-	-	289,628	-	-	-	-	289,628
Unreserved	-	22,380	43,708	213,528	-	-	4,136	283,752
Reserved for debt service	49,317	-	-	-	-	1,158	-	50,475
Net investment in plant	-	-	-	-	-	229,100	99,103	328,203
Reserved for pension benefits	-	-	-	-	7,028,779		-	7,028,779
Other reservations	72,083	-	-	-	-	190,601	22,727	285,411
Unrestricted/unreserved	11,001	-	-	-	-	40,838	20,084	71,923
Total Equity	132,401	22,380	333,336	213,528	7,028,779	461,697	146,050	8,338,171
Total Liabilities and Equity	$ 1,235,084	$ 130,664	$ 1,311,721	$ 1,707,979	$ 7,085,035	$ 612,788	$ 244,707	$ 12,327,978

Component Unit Condensed Statement of Revenues, Expenditures and Changes in Fund Balances
(Dollars in Thousands)

	MHHEFA	NNEPRA	CDS	Total
Revenues	$ 112,385	$ 12,816	$ 244	$ 125,445
Current Expenditures	28,197	22,958	19,856	71,011
Capital Outlay Expenditures	127,589	-	-	127,589
Debt Service Expenditures	93,582	-	-	93,582
Transfers from Primary Government	-	-	21,055	21,055
Excess (Deficiency) of Revenues over (under) Expenditures	(136,983)	(10,142)	(19,612)	(166,737)

Component Unit Condensed Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balances
(Dollars in Thousands)

	FAME	LDA	MMBB	MELA	MSHA	Total
Operating Revenues	$ 14,044	$ 6,808	$ 88,580	$ 4,999	$ 215,265	$ 329,696
Operating Expenses	22,888	6,687	65,959	4,505	194,692	294,731
Operating Income (Loss)	(8,844)	121	22,621	494	20,573	34,965
Non-Operating Revenues (expenses)	(655)	-	-	-	-	(655)
Extraordinary Loss	-	-	-	-	(578)	(578)
Transfers from Primary Government	13,287	1,447	32,149	-	8,392	55,275
Transfers to Primary Government	(2,000)	-	-	-	-	(2,000)
Net Income (Loss)	1,788	1,568	54,770	494	28,387	87,007
Retained Earnings, July 1, 2000 (as restated)	20,592	1,200	278,566	874	185,141	486,373
Retained Earnings, June 30, 2001	$ 22,380	$ 2,768	$ 333,336	$ 1,368	$ 213,528	$ 573,380

NOTE 14 - JOINT VENTURES

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

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 has designated that 50 percent of its operating revenue be aggregated in a common prize pool. A prize award liability is established when the winning ticket number is selected. If no winning ticket is selected, the available jackpot is carried over to the following drawing. The Tri-State Lotto Compact requires that prizes

not claimed within one year from the date of the drawing be forfeited. All expired unclaimed prizes are credited to future prize pools. The Commission funds its jackpots through annuity contracts purchased from insurance companies and zero-coupon U.S. Government Treasury Strips.

A proportional share of revenues and expenses are allocated to each State based on the amount of ticket sales made by each State. Exceptions are the facility's management fee, which is based on a contracted percentage of operating revenue that varies from State to State; Daily Number expenses that are allocated to each State based on Daily Number ticket sales; and certain other miscellaneous costs that are based on actual charges generated by each State.

The financial statements of the Tri-State Lotto Commission may be obtained from the Bureau of Alcoholic Beverages and Lottery Operations, 8 State House Station, Augusta, ME 04333-0008.

As of and for the fiscal year ended June 30, 2001, selected financial information was reported in the audited financial statements of the Tri-State Lotto Commission:

Tri-State Lotto Commission
June 30, 2001
(Dollars in Thousands)

Current Assets	$ 47,149
Noncurrent Assets	199,304
Total Assets	$ 246,453
Current Liabilities	$ 41,306
Long-term Liabilities	184,636
Total Liabilities	225,942
Designated Prize Reserves	4,996
Unrealized Gain on Investments Held for Installment Prize Obligations	15,515
Total Retained Earnings	20,511
Total Liabilities and Retained Earnings	$ 246,453
Total Revenue	$ 80,673
Total Expenses	$ 54,593
Allocation of Funds to Member States	$ 26,828
Increase in Retained Earnings	$ 4,684

NOTE 15 - RELATED PARTY TRANSACTIONS

PRIMARY GOVERNMENT

Title 20 M.R.S.A. §11473 establishes the Maine College Savings Program Fund (the Fund), administered by the Finance Authority of Maine (FAME). The Fund holds all monies associated with the Maine College Savings Program doing business as the NextGen College Investing Plan (NextGen). NextGen is the primary program of the Fund and was established to encourage the investment of funds to be used for qualified higher education expenses at institutions of higher education. The program has been designed to comply with the requirements for treatment as a “Qualified State Tuition Program” under Section 529 of the Internal Revenue Code. By statute, the program assets and liabilities are held by the Treasurer of the State of Maine. FAME and the Treasurer of the State of Maine have entered into a management agreement for the Treasurer to act as a fiduciary of the Fund. The Treasurer is responsible for investment of the Fund and determining, with the advice of the Advisory Committee on College Savings, the proper allocation of the investments of the Fund. The NextGen College

Investing Plan had approximately $544 million in net assets at June 30, 2001, which have been recorded in an Agency Fund on the financial statements of the State.

In 1999, the Legislature established the Maine Learning Technology Endowment to enable the full integration of appropriate learning technologies into teaching and learning for the State's elementary and secondary students. During fiscal year 2001, the State of Maine invested $50 million with the Maine State Retirement System, a discretely presented component unit. At June 30, 2001, the value of this fund was approximately $52.7 million. The investment and related liability, recorded in the MSRS financial statements, have been eliminated for purposes of including MSRS as a component unit of the State of Maine, as the State has recorded the assets in an Expendable Trust Fund in its financial statements.

General Obligation Bonds of the State include $450,000 of self-liquidating bonds of the Maine Veterans' Home. The State issues the bonds, and the Maine Veterans' Home remits to the State the debt service as it comes due.

The State of Maine has entered into memoranda of understanding with the Wells National Estuarine Research Reserve Management Authority, a jointly governed organization, through the Bureau of Public Lands and the Bureau of Parks and Recreation. 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 Authority's responsibilities are generally to manage the Reserve consistent with the Wells National Estuarine Research Reserve Management Plan dated May 1991.

RELATED ORGANIZATIONS

The State provided appropriations to three related organizations. The Maine Science and Technology Foundation received an appropriation of $1.8 million, the Maine School of Science and Mathematics received an appropriation of $1.5 million, and the Maine Technology Institute received an appropriation of $6.3 million.

The State receives transfers in the amount of the annual operating surplus from the Maine Turnpike Authority under the Sensible Transportation Act of 1991. The Legislature has defined operating surplus within the Maine Turnpike Authority statute to be the total operating revenues of the Authority after money has been set aside to pay reasonable operating expenses and to meet the requirements of any resolution authorizing bonds. The Authority, with the concurrence of the Maine Department of Transportation, has established the operating surplus at $4.7 million annually. The payment of debt service costs in connection with the issuance of the Series 1996 Special Obligation Bonds is considered to constitute payment of the operating surplus for the year 2001.

COMPONENT UNITS

The University of Maine Foundation (Foundation) is an independent non-profit organization and, accordingly, its financial statements are not consolidated with those of the University. Total gifts and income received by the University from the Foundation during fiscal years ending June 30, 2001 and 2000 were approximately $4.2 million and $4.2 million, respectively. The reported fair market value of the Foundation's assets at June 30, 2001 and 2000 were approximately $114.7 million and $117.1 million, respectively.

The Finance Authority of Maine (FAME) administers several revolving loan funds on behalf of the State of Maine. During fiscal year 2001, the State expended approximately $6 million to FAME for State revolving loan funds. FAME recorded these funds as a liability in Amounts Held Under State Revolving Loan Programs in their financial statements

Title 20-A M.R.S.A. Chapter 419-A establishes the Maine State Grant Program as a fund under the jurisdiction of the Finance Authority of Maine (FAME). All grant revenues under this fund must be distributed by FAME to students who meet the eligibility requirements for a grant under this chapter. During fiscal year 2001, FAME paid approximately $6.2 million in grants to the University of Maine System (UMS) on behalf of eligible students. The UMS reflected these grants as grant revenues from the State of Maine in its financial statements.

NOTE 16 - COMMITMENTS AND CONTINGENCIES

FEDERAL GRANTS

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

MUNICIPAL SOLID WASTE LANDFILLS

Title 38 M.R.S.A., §1310-F, establishes within the Department of Environmental Protection (DEP) a cost-sharing program for the closure and remediation of municipal solid waste landfills that pose an actual or potential hazard to the environment and public health. The State's obligation to provide cost sharing to municipalities is subject to the availability of funds approved for that purpose. State expenditures for both municipal landfill closure and remediation projects totaled $1.2 million for fiscal year 2001.

During the 2001 fiscal year, $1.1 million of State general funds were expended for municipal solid waste landfill closure projects, which completed work before January 1, 2000. After January 1, 2000, the State is no longer liable for the costs relating to the closure of municipal solid waste landfills. The Commissioner may make grants or payments up to 30% if they are incurred pursuant to an alternative closure schedule approved by DEP prior to January 1, 2000, and if they are specifically identified in a department order or license, schedule of compliance or consent agreement. No reimbursement applications for past closure costs are on file. No additional cost share eligible closures have been approved by DEP. Consequently, the DEP expects no further expenditures related to municipal landfill closures.

The State expended $83 thousand of State general funds and $18 thousand of general obligation bond funds for municipal solid waste landfill remediation projects during fiscal year 2001. Remediation funding, subject to the availability of funds, will continue for 90% of the cost of remediation for threats posed by a municipal landfill to wells or other structures constructed on or before December 31, 1999. The maximum reimbursement for remediation funding is 50% for structures constructed after that date. The DEP recognizes that, in the future, post closure investigation and remediation activities may be necessary at landfills that will require State funds. The DEP has estimated the amount of these potential costs to be approximately $1.6 million, based on current site knowledge.

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 $12-14 million through the year 2005. This consists of approximately $7-9 million for State-owned facilities and approximately $5 million for the State's share, under a cost sharing arrangement, for municipal facilities.

POLLUTION ABATEMENT PROGRAM

Title 38 M.R.S.A. §411 establishes within DEP a cost-sharing program for pollution abatement projects. Subject to funding by the Legislature and the approval of the Commissioner, the State may contribute to the design, engineering and construction of municipal pollution abatement facilities. During the 2001 fiscal year, $10.4 million of general obligation bond funds were expended for pollution abatement projects. As of June 30, 2001, amounts encumbered for pollution abatement projects totaled $1.8 million; and general obligation bonds authorized for these projects, but not yet encumbered or expended, totaled $4.1 million. At June 30, 2001, DEP estimated the total cost (federal, State, and local) of future projects to be $320 million.

DESIGNATION AS A POTENTIALLY RESPONSIBLE PARTY BY THE ENVIRONMENTAL PROTECTION AGENCY

The State has been identified as a potentially responsible party at three hazardous waste clean-up sites in Maine. These sites are located in Plymouth, Casco and Ellsworth. The amount or range of potential liability has not been determined.

GROUND WATER OIL CLEAN-UP FUND

The Ground Water Oil Clean-up Fund is established in Title 38 MRSA §569-A. Fund activities include, but are not limited to, providing insurance to public and private entities for clean up of oil spills. The program is funded by a per barrel assessment on petroleum products imported into the State. Coverage is up to $1 million per occurrence for both aboveground and underground storage tanks. Third party injury coverage may not exceed $200,000 per claimant.

A report to the legislature dated December 15, 2000, submitted by the Maine Department of Environmental Protection (DEP), identified 356 long-term remediation sites as of August 2000 that are covered by the insurance program. The number of sites increased to 397 by December 2001. Since it is not possible for the DEP to estimate the cost of remediation, the State has not accrued a liability in the financial statements.

NURSING HOME LOANS

The Maine Health and Higher Education Facilities Authority (MHHEFA) has advanced approximately $2.9 million from the operating fund as of June 30, 2001, to certain financially troubled institutions. The outstanding loans owed to the Authority total approximately $39.9 million. These advances were made to assist these institutions in meeting debt service requirements. The Authority established a $1.6 million reserve in its operating fund related to amounts that have been advanced or are expected to require an advance to troubled institutions.

CONSTRUCTION COMMITMENTS

A portion of the payment that is made to municipalities for General Purpose Aid to Local Schools is allocated for debt service. This portion represents the subsidy for debt service resulting from local outstanding indebtedness for school construction projects. As of June 30, 2001, outstanding commitments by municipalities for school bond issues that are eligible for State subsidy totaled $739.9 million.

At June 30, 2001, the Department of Transportation had contractual commitments of approximately $87.9 million for construction of various highway projects. The State's share of that amount is expected to be approximately $16.8 million. Of these amounts, $15.1 million has already been reported as accruals, with the State's share at $4.9 million. Federal and State funds plus bond proceeds are expected to provide funding for these future expenditures.

At June 30, 2001, the State of Maine had contractual and guaranteed maximum price agreement commitments for construction projects of:

Northern Maine Juvenile Facility	$7.7 million
Southern Maine Juvenile Facility	$5.3 million
Maine State Prisons	$15.8 million
State House	$7.0 million

TOBACCO SETTLEMENTS

On November 23, 1998, Maine along with 45 other states and five jurisdictions agreed to an out-of-court settlement with certain Participating Tobacco Manufacturers (PM's) to recover smoking-related Medicaid costs. The PM's agreed to pay $206 billion to the states and jurisdictions. In return, the states have agreed to relinquish claims to further damages resulting from Medicaid costs. Maine's percentage of the total settlement payment is 0.7693505%, which equals $1.58 billion. Annual payments (2000 and thereafter) will fluctuate subject to various adjustments and litigation offsets and are contingent on the passage and enforcement of a State statute imposing economic conditions on the PM's. This settlement will result in an ongoing revenue stream to the State, which will continue into perpetuity.

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

The State received $47.8 million dollars from PM's during fiscal year 2001.

CONSTITUTIONAL OBLIGATIONS

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 a resident Maine veteran. The aggregate of these obligations, at any one time, may not exceed $90 million, $1 million, and $4 million, respectively. At June 30, 2001, loans outstanding pursuant to these authorizations are $20 million, less than $1 million, and $1.3 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, 2001.

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. The State has not paid, nor does it expect to pay, any amount as a result of this authorization as of June 30, 2001.

MORAL OBLIGATIONS

The State of Maine, through statute, enables certain Authorities to establish capital reserve funds. These funds may be used to secure a variety of financial undertakings including the issuance of bonds. The minimum amount of the capital reserve fund may be determined by statute or set by the Authority. The statutes may also limit the amount of debt that may be secured by the capital reserve funds, and allow the Authority to issue debt that is not secured by these funds. On or before December first of each year, the Authority is required to certify to the Governor the amount, if any, necessary to restore any capital reserve fund to its required minimum. If there is a shortfall, the Governor is required to pay first from the "Contingent Account" the amounts necessary for restoration. The Governor shall certify any remaining unpaid amounts to the Legislature, which is then required to appropriate and pay the remaining amounts to the Authority during the then-current State fiscal year. These moral obligations are not considered to be "full faith and credit" obligations 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
(Dollars in Thousands)

Issuer	Bonds Outstanding	Required Debt Reserve	Obligation Debt Limit	Legal Citation
Maine Health and Higher Education Facilities Authority	$ 985,040	$ 85,902	$ -	22 MRSA § 2075
Finance Authority of Maine	201,820	36,441	760,425	10 MRSA § 1032, 1053
Loring Development Authority	-	-	100,000	5 MRSA § 13080-N
Maine Municipal Bond Bank	970,215	114,599	-	30-A MRSA § 6006
Maine Educational Loan Authority	46,145	2,211	50,000	20-A MRSA § 11424
Maine State Housing Authority	1,442,303	129,035	1,650,000	30-A MRSA § 4906
Total	$ 3,645,523	$ 368,188		

NOTE 17 - LITIGATION

The State of Maine, its units and its employees are parties to numerous legal proceedings, many of which normally occur in governmental operations. In the opinion of the Attorney General and other legal counsel representing the State, in all of the cases listed, the State or its agencies or employees have valid defenses. The following cases have the potential for liability in excess of $1 million. The Attorney General cannot predict in which of the cases there is a higher or lower probability of paying out the full amounts sought. 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 Medical Center v. DHS. Central Maine Medical Center has appealed its audit decisions for FY 1993 through 1997. The case is currently at the DHS administrative hearings unit level. Hearings have been held for FY 1993 and 1994, and the FY 1995 hearing is scheduled for June 2002. The Department claims CMMC owes the Department $2 million; CMMC claims the Department owes it $8-10 million, for all of the issues, for all of the fiscal years. The other hospitals, including Eastern Maine Medical, have also filed appeals for FY 1998 through FY 2000. Those appeals have not yet been set for hearing. The Attorney General considers this to be a serious matter.

Profit Recovery Group USA v. Janet Waldron. The damages in this case could potentially be in excess of $1 million. In this lawsuit, which is pending in Kennebec County Superior Court, Plaintiff alleges breach of contract and quantum meruit claims. The lawsuit arises out of a contract between the Plaintiff and the State under which the Plaintiff was to audit the State's payments to vendors and look for overpayments. Plaintiff was to be paid a contingency fee based on overpayments if recovered. Plaintiff alleges that it identified two large overpayments for which it is owed a fee of $597,000. Plaintiff also alleges that the State prevented Plaintiff from doing further work under the contract, which would have resulted in the identification of additional payments. The case is currently on a July trial list.

Marr v. DHS. This suit is brought in federal court on behalf of the estate of Logan Marr, who was in the custody of the State when she died in a foster home. The foster mother is currently awaiting trial for murder. The suit seeks substantial damages. No schedule has been set by the court. The Attorney General considers this to be a serious matter.

Berube v. AMHI. This suit, brought in State court, is on behalf of the estate of an AMHI patient who committed suicide. Presently, motions to dismiss are pending.

Tucker v. Department of Corrections. Mr. Tucker has brought suit against 14 employees for alleged transgressions at the Maine Youth Center.

In various lawsuits, Plaintiffs seek damages in excess of $1 million against the State or against State officials, and various notices of claim also specify damages in excess of $1 million where no lawsuit has been filed. In none of these lawsuits, in the view of the Attorney General, is there any reasonable possibility that the State's liability could reach or exceed $1 million.

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

In addition to the foregoing, various other suits are 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.

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

NOTE 18 - SUBSEQUENT EVENTS

PRIMARY GOVERNMENT

On October 11, 2001, December 27, 2001, and April 2, 2002, the State issued $500 thousand, $10.1 million, and $17 million respectively of Bond Anticipation Notes, with interest rates ranging from 2.25% to 4.00%. The BAN's will mature on June 26, 2002.

On May 1, 2002, the State entered into a $3.9 million lease purchase agreement with GE Capital to purchase vehicles through its Central Fleet Management Internal Service Fund.

COMPONENT UNITS

On February 20, 2001 and March 20, 2001 the Maine State Housing Authority (MSHA) issued $40 million of its 2001 Series A bonds and $30 million of its 2001 Series B bonds respectively. The bonds carry interest rates ranging from 3.3% to 5.5% and maturities from 2011 – 2032. On April 17, 2001 and May 15, 2001 MSHA also redeemed, at par and at a premium, approximately $15.1 million and $33.9 million, respectively, of its Mortgage Purchase Program bonds with interest rates between 5.7% - 7.5% and maturities from 2001 – 2028.

As a result of legislation, members of the Maine Educational Loan Authority (MELA) conducted a study, performed by an independent third party, concerning whether changes to the structure and governance of MELA should be made. The final report, issued early in 2001, recommends that MELA continue to operate as a separate agency, continue the supplemental education loan program funded through tax-exempt bonds, and solicit proposals for an administrative services contract. Members of MELA do not expect the results of the study and any recommendations to significantly impact the loan program or the operations of MELA in the foreseeable future.

On July 6, 2001, the Maine Health and Higher Education Facilities Authority (MHHEFA) issued $27.6 million of 2001 C Series Revenue Bonds from the Reserve Fund. The bonds mature in 2002 - 2031 and carry interest rates ranging from 3.25% - 5.125%. The bonds are secured by loans made to institutions within the State of Maine.

On August 23, 2001, the Maine Governmental Facilities Authority, a blended component unit of the State, issued $36.5 million Bonds for the purpose of improvements to State facilities. The bonds mature from 2001 - 2022 and carry interest rates ranging from 3.75% to 5.375%.

Required Supplementary Information – State Retirement Plan

Schedule of Funding Progress

	(a)	(b)	(b-a)	(a/b)	(c)	(b-a)/c)
Actuarial Valuation Date	**Actuarial Value Of Assets**	**Actuarial Accrued Liability (AAL) – Entry Age**	**Unfunded AAL (UAAL)**	**Funded Ratio**	**Annual Covered Payroll**	**UAAL (as a percentage of covered payroll)**
June 30, 2001	5,844,838,370	7,997,931,582	2,153,093,212	73.1%	1,326,375,573	162.3%
June 30, 2000	5,528,795,711	7,491,075,545	1,962,279,834	73.8%	1,271,009,158	154.4%
June 30, 1999	4,881,389,092	7,053,934,465	2,172,545,373	69.2%	1,209,804,594	179.6%

Schedule of Employer Contributions

Year Ended	Annual Required Contribution	Annual Contribution	Percentage Contributed
2001	253,880,256	253,880,256	100.0%
2000	239,240,887	243,240,887	101.7%
1999	252,856,506	274,702,404	108.6%

Required Supplementary Information – Participating Local District Plan

Schedule of Funding Progress

Actuarial Valuation Date	(a) Actuarial Value Of Assets	(b) Actuarial Accrued liability (AAL) – Entry Age	(b-a) Unfunded AAL (UAAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	(b-a)/c) UAAL (as a percentage of covered payroll)
June 30, 2001	1,544,720,492	1,427,090,054	(117,630,438)	108.2%	254,155,180	-46.3%
June 30, 2000	1,498,729,722	1,351,640,782	(147,088,940)	110.9%	244,163,272	-60.2%
June 30, 1999	1,354,840,239	1,278,819,201	(76,021,038)	105.9%	233,507,942	-32.6%

Schedule of Employer Contributions

Year Ended	Annual Required Contribution	Annual Contribution	Percentage Contributed
2001	18,717,646	18,717,646	100.0%
2000	15,020,203	15,020,203	100.0%
1999	24,991,863	24,991,863	100.0%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Basis of Presentation

For financial statement reporting purposes, the information provided on the required supplementary information schedules includes amounts for employees of participating local districts as well as combined amounts for State employees, teachers, judicial and legislative employees.

Actuarial Assumptions and Methods:

The information in the required supplemental schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation date, June 30, 2001, is as follows:

Funding Method

Costs are developed using the entry age normal cost method (based on a level percentage of covered payroll). Under this method the accrued liability and the present value of future normal costs are determined by summing the individual entry age results for each participant. The normal cost is then determined in aggregate by spreading the present value of future normal costs as a level percentage of expected future covered payroll. Entry age is defined as the first day service is credited under the plan.

Experience gains and losses, i.e., decreases or increases in liabilities when actual experience differs from the actuarial assumptions, adjust the unfunded actuarial accrued liability.

Asset Valuation Method

For actuarial purposes, assets are valued by determining the total yield on the investments of the System using the full investment return (including capital gains), which is measured by the difference in the actuarial value of the assets at the beginning of the fiscal year and the market value of the assets at the end of the fiscal year. Prior year's unrecognized gains and losses are added to this amount to develop expected actuarial value. One third of the excess of the yield (using the full investment return) is added to the expected actuarial value to determine the actuarial valuation of assets.

Amortization

The unfunded actuarial liability is amortized on a level percentage of payroll over a 19 year closed period from June 30, 2000.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2001 are as follows:

Investment Return – 8% per annum, compounded annually

Salary Increases – 5.5% to 9.5% per year (included inflation of 5.5%)

Mortality Rates – Active State employee members and active participating local entity members – UP 1994 Tables; Active teacher members – 85% of UP 1994 Tables; Non-disabled State employee retirees and non-disabled participating local entity retirees – GAM 1971 Tables; Non-disabled teacher retirees – GAM 1971 Tables set back two years; All current recipients of disability benefits – 1964 Commissioners Disability Table; All disability benefit recipients who begin to receive benefits in 2000 and thereafter – RPA 1994 Table for pre-1995 Disabilities.

Post Retirement Benefit Increases – 4% per annum

Group Life Plan:

The Group Life Insurance Program administered by the System provides for a life insurance benefit for active members equal to a member's annual base compensation as defined by statute. Upon retirement, life insurance coverage in the amount of the member's average final compensation is provided with a reduction of 15% per year until the greater of 40% of the average final compensation or $2,500 is reached. To be covered in retirement, retirees must have participated in the Group Life Program for a minimum of ten years. Premiums are remitted to the System by the employer. The State pays a premium rate of $0.30 per $1,000 of coverage per month for state employees. Teachers and employees of participating local districts pay a premium rate of $0.22 and $0.46 per $1,000 of coverage per month, respectively, some or all of which may be deducted from employees' compensation as per individual agreements with employees. Assumptions used to determine the actuarial liability are the same as for the pension plan. At June 30, 2001 and 2000, the net assets held in trust for group life insurance benefits were $35.2 million and $31.6 million, respectively. At June 30, 2001 and 2000, the plan had the following actuarially determined liabilities:

	(In millions)	
	2001	**2000**
Actuarial Liabilities:		
Active Members	$ 36.4	$ 52.7
Retired Members	43.1	30.5
Total	$ 79.5	$ 83.2

GENERAL FUND

The General Fund 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.

STATE OF MAINE
BALANCE SHEET
GENERAL FUND

June 30, 2001
(Expressed in Thousands)

Assets and Other Debits

Cash and Short-Term Investments	$	88,209
Cash with Fiscal Agent		13,704
Investments		58,789
Restricted Deposits and Investments		9,068
Receivables, Net of Allowance for Uncollectibles:		
Taxes Receivable		348,503
Loans Receivable		1
Other Receivable		48,431
Due from Other Funds		5,734
Inventories		2
Working Capital Advances Receivable		1,386
Other Assets		8,428
Total Assets and Other Debits	$	582,255

Liabilities, Fund Equity and Other Credits

Liabilities:		
Accounts Payable	$	92,680
Accrued Payroll		15,970
Compensated Absences		1,641
Tax Refunds Payable		108,018
Due to Other Funds		11,897
Due to Component Units		1,938
Other Accrued Liabilities		8,517
Deferred Revenue		29,475
Bonds and Notes Payable		448
Working Capital Advances Payable		100
Total Liabilities		270,684
Fund Equity and Other Credits:		
Fund Balances (Deficits):		
Reserved for Continuing Appropriations		143,404
Reserved for Rainy Day Fund		143,713
Reserved for Debt Service		14,830
Other Reservations		36,887
Unreserved		(27,263)
Total Fund Equity and Other Credits		311,571
Total Liabilities, Fund Equity and Other Credits	$	582,255

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

Fiscal Year Ended June 30, 2001
(Expressed in Thousands)

Revenues:	
Taxes	$ 2,282,090
Assessments and Other Revenues	61,636
Federal Grants and Reimbursements	503
Service Charges	24,921
Income from Investments	21,491
Miscellaneous Revenues	5,250
Total Revenues	2,395,891
Expenditures:	
General Government	271,503
Economic Development	43,709
Education and Culture	870,352
Human Services	835,249
Labor	11,942
Natural Resources	51,116
Public Protection	24,492
Transportation	3,212
Debt Service:	
Principal Payments	65,940
Interest Payments	18,122
Total Expenditures	2,195,637
Revenues over (under) Expenditures	200,254
Other Financing Sources (Uses):	
Operating Transfers In	115,222
Operating Transfers Out	(221,867)
Operating Transfers to Component Units	(304,952)
Net Other Financing Sources (Uses)	(411,597)
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	(211,343)
Fund Balances at Beginning of Year (As Restated)	522,914
Fund Balances at End of Year	$ 311,571

STATE OF MAINE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND

Fiscal Year Ended June 30, 2001
(Expressed in Thousands)

	Actual	Budget	Variance Favorable/ (Unfavorable)
Revenues:			
Taxes	$ 2,291,573	$ 2,264,217	$ 27,356
Assessments and Other Revenues	61,636	59,026	2,610
Federal Grants and Reimbursements	16,522	17,065	(543)
Service Charges	37,550	35,532	2,018
Miscellaneous Revenues	17,435	19,239	(1,804)
Total Revenues	2,424,716	2,395,079	29,637
Expenditures:			
General Government	365,084	390,538	25,454
Economic Development	56,027	74,945	18,918
Education and Culture	1,203,913	1,207,416	3,503
Human Services	852,892	901,771	48,879
Labor	12,412	17,149	4,737
Natural Resources	50,840	57,958	7,118
Public Protection	24,461	26,156	1,695
Transportation	2,982	16,586	13,604
Total Expenditures	2,568,611	2,692,519	123,908
Excess Revenues over (under) Expenditures	(143,895)	(297,440)	153,545
Other Financing Sources (Uses):			
Operating Transfers In	111,843	110,675	1,168
Operating Transfers Out	(160,768)	(151,423)	(9,345)
Net Other Financing Sources (Uses)	(48,925)	(40,748)	(8,177)
Excess Revenues and Other Sources over (under) Expenditures and Other Uses	(192,820)	$ (338,188)	$ 145,368
Beginning Fund Balances	558,382		
Ending Fund Balances	$ 365,562		

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for revenue sources that are legally restricted to expenditures for specified purposes, including some major capital projects. These do not include expendable trusts or major capital projects financed by Proprietary Funds or proceeds from general obligation bonds.

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 Expenditures Fund – This fund is used to account for grants and other financial assistance received from the federal government, except for federal block grants, 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, Federal Expenditures and Federal Block Grants funds.

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

Government Facilities Authority Fund – This fund includes the operations of the Maine Government Facilities Authority, a blended component unit. The Authority was created to assist 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.

STATE OF MAINE
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS

June 30, 2001
(Expressed in Thousands)

	Highway	Federal Expenditures	Other Special Revenue	Federal Block Grants	Government Facilities Authority	Total
Assets and Other Debits						
Cash and Short-Term Investments	$ 54,228	$ -	$ 160,896	$ 1,857	$ 191	$ 217,172
Cash with Fiscal Agent	3,389	-	-	-	-	3,389
Investments	39,623	-	124,334	-	-	163,957
Restricted Deposits and Investments	-	-	-	-	36,818	36,818
Receivables, Net of Allowance for Uncollectibles:						
Taxes Receivable	37,487	-	2,003	-	-	39,490
Due from Other Governments	-	180,890	-	3,348	-	184,238
Loans Receivable	202	-	891	-	-	1,093
Other Receivable	526	42,038	6,297	1	22	48,884
Due from Other Funds	217	4,063	8,273	-	-	12,553
Inventories	2	20,764	-	-	-	20,766
Working Capital Advances Receivable	1,117	-	-	-	-	1,117
Other Assets	1	-	-	-	-	1
Total Assets and Other Debits	$ 136,792	$ 247,755	$ 302,694	$ 5,206	$ 37,031	$ 729,478
Liabilities, Fund Equity and Other Credits						
Liabilities:						
Accounts Payable	$ 11,648	$ 139,879	$ 11,818	$ 3,346	$ 3,869	$ 170,560
Accrued Payroll	6,704	6,041	5,513	448	-	18,706
Compensated Absences	823	499	513	42	-	1,877
Due to Other Governments	-	45,586	15,331	-	-	60,917
Due to Other Funds	4,341	8,246	1,263	-	-	13,850
Due to Component Units	597	5,600	400	478	5	7,080
Other Accrued Liabilities	122	3	171	2	893	1,191
Deferred Revenue	1,560	20,778	6,139	-	-	28,477
Bonds and Notes Payable	11	-	-	-	-	11
Working Capital Advances Payable	-	-	175	-	-	175
Total Liabilities	25,806	226,632	41,323	4,316	4,767	302,844
Fund Equity and Other Credits:						
Fund Balances (Deficits):						
Reserved for Continuing Appropriations	97,543	39,475	291,326	22,303	-	450,647
Reserved for Debt Service	3,339	-	-	-	5,074	8,413
Reserved for Capital Projects	-	-	-	-	26,928	26,928
Other Reservations	1,319	-	892	-	54	2,265
Unreserved	8,785	(18,352)	(30,847)	(21,413)	208	(61,619)
Total Fund Equity and Other Credits	110,986	21,123	261,371	890	32,264	426,634
Total Liabilities, Fund Equity and Other Credits	$ 136,792	$ 247,755	$ 302,694	$ 5,206	$ 37,031	$ 729,478

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

Fiscal Year Ended June 30, 2001
(Expressed in Thousands)

	Highway	Federal Expenditures	Other Special Revenue	Federal Block Grants	Government Facilities Authority	Total
Revenues:						
Taxes	$ 182,897	$ 5	$ 57,139	$ -	$ -	$ 240,041
Assessments and Other Revenues	81,142	-	66,126	-	-	147,268
Federal Grants and Reimbursements	-	1,476,996	7,505	125,205	-	1,609,706
Service Charges	5,349	5,989	30,503	2,410	178	44,429
Income from Investments	5,329	-	16,205	321	3,907	25,762
Miscellaneous Revenues	1,179	12,606	89,088	977	1,082	104,932
Total Revenues	275,896	1,495,596	266,566	128,913	5,167	2,172,138
Expenditures:						
General Government	24,958	7,858	175,695	593	73,396	282,500
Economic Development	-	4,075	46,936	15,584	-	66,595
Education and Culture	-	110,255	1,272	10,734	-	122,261
Human Services	-	1,084,089	53,430	105,129	-	1,242,648
Labor	-	60,226	4,221	-	-	64,447
Natural Resources	43	22,341	49,460	-	-	71,844
Public Protection	21,694	29,090	17,239	82	-	68,105
Transportation	200,874	137,612	24,964	-	-	363,450
Debt Service:						
Principal Payments	21,820	-	-	-	3,235	25,055
Interest Payments	5,619	-	-	-	8,671	14,290
Total Expenditures	275,008	1,455,546	373,217	132,122	85,302	2,321,195
Revenues over (under) Expenditures	888	40,050	(106,651)	(3,209)	(80,135)	(149,057)
Other Financing Sources (Uses):						
Operating Transfers In	25,270	2,605	139,763	-	9,099	176,737
Operating Transfers Out	-	(6,735)	(48,185)	(1,385)	-	(56,305)
Bond Proceeds	-	-	-	-	58,850	58,850
Operating Transfers to Component Units	(384)	(25,315)	(8,430)	(1,898)	-	(36,027)
Net Other Financing Sources (Uses)	24,886	(29,445)	83,148	(3,283)	67,949	143,255
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	25,774	10,605	(23,503)	(6,492)	(12,186)	(5,802)
Fund Balances at Beginning of Year (As Restated)	85,212	10,518	284,874	7,382	44,450	432,436
Fund Balances at End of Year	$ 110,986	$ 21,123	$ 261,371	$ 890	$ 32,264	$ 426,634

STATE OF MAINE
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGETARY BASIS - BUDGET AND ACTUAL - SPECIAL REVENUE FUNDS

Fiscal Year Ended June 30, 2001
(Expressed in Thousands)

	Highway			Federal Expenditures		
	Actual	Budget	Variance Favorable/ (Unfavorable)	Actual	Budget	Variance Favorable/ (Unfavorable)
Revenues:						
Taxes	$ 182,503	$ 177,635	$ 4,868	$ 5	$ -	$ 5
Assessments and Other Revenues	80,909	76,989	3,920	-	-	-
Federal Grants and Reimbursements	-	-	-	1,382,368	1,687,670	(305,302)
Service Charges	5,349	5,793	(444)	4,506	6,914	(2,408)
Miscellaneous Revenues	4,949	3,440	1,509	17,407	4,954	12,453
Total Revenues	273,710	263,857	9,853	1,404,286	1,699,538	(295,252)
Expenditures:						
General Government	24,649	30,216	5,567	8,213	11,367	3,154
Economic Development	-	-	-	4,057	7,042	2,985
Education and Culture	-	-	-	117,856	128,606	10,750
Human Services	-	-	-	1,023,130	1,133,222	110,092
Labor	-	-	-	61,039	89,849	28,810
Natural Resources	33	45	12	22,360	36,636	14,276
Public Protection	21,770	22,481	711	29,366	41,274	11,908
Transportation	224,298	295,715	71,417	142,967	204,102	61,135
Total Expenditures	270,750	348,457	77,707	1,408,988	1,652,098	243,110
Excess Revenues over (under) Expenditures	2,960	(84,600)	87,560	(4,702)	47,440	(52,142)
Other Financing Sources (Uses):						
Operating Transfers In	25,194	20,801	4,393	-	13	(13)
Operating Transfers Out	-	-	-	(1,000)	(6,184)	5,184
Net Other Financing Sources (Uses)	25,194	20,801	4,393	(1,000)	(6,171)	5,171
Excess Revenues and Other Sources over (under) Expenditures and Other Uses	28,154	$ (63,799)	$ 91,953	(5,702)	$ 41,269	$ (46,971)
Beginning Fund Balances	102,499			(8,535)		
Ending Fund Balances	$ 130,653			$ (14,237)		

Other Special Revenue			Federal Block Grants			Total		
Actual	Budget	Variance Favorable/ (Unfavorable)	Actual	Budget	Variance Favorable/ (Unfavorable)	Actual	Budget	Variance Favorable/ (Unfavorable)
$ 57,308	$ 54,935	$ 2,373	$ -	$ -	$ -	$ 239,816	$ 232,570	$ 7,246
66,126	76,960	(10,834)	-	-	-	147,035	153,949	(6,914)
7,505	20,700	(13,195)	126,028	192,990	(66,962)	1,515,901	1,901,360	(385,459)
47,374	96,215	(48,841)	2,410	-	2,410	59,639	108,922	(49,283)
210,677	163,783	46,894	(6,535)	100	(6,635)	226,498	172,277	54,221
388,990	412,593	(23,603)	121,903	193,090	(71,187)	2,188,889	2,569,078	(380,189)
173,317	210,138	36,821	581	584	3	206,760	252,305	45,545
47,596	60,271	12,675	17,204	34,173	16,969	68,857	101,486	32,629
2,267	3,341	1,074	1,973	3,238	1,265	122,096	135,185	13,089
168,513	229,341	60,828	110,930	154,465	43,535	1,302,573	1,517,028	214,455
4,195	6,658	2,463	-	-	-	65,234	96,507	31,273
49,050	74,756	25,706	-	-	-	71,443	111,437	39,994
16,331	22,691	6,360	84	87	3	67,551	86,533	18,982
25,251	31,593	6,342	-	-	-	392,516	531,410	138,894
486,520	638,789	152,269	130,772	192,547	61,775	2,297,030	2,831,891	534,861
(97,530)	(226,196)	128,666	(8,869)	543	(9,412)	(108,141)	(262,813)	154,672
109,843	142,269	(32,426)	-	-	-	135,037	163,083	(28,046)
(36,363)	(35,995)	(368)	-	(55)	55	(37,363)	(42,234)	4,871
73,480	106,274	(32,794)	-	(55)	55	97,674	120,849	(23,175)
(24,050)	$ (119,922)	$ 95,872	(8,869)	$ 488	$ (9,357)	(10,467)	$ (141,964)	$ 131,497
324,678			7,435			426,077		
$ 300,628			$ (1,434)			$ 415,610		

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CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for financial resources used to acquire fixed assets or construct major capital projects that are not financed by Proprietary Funds or Special Revenue Funds.

General Bond Fund – This fund accounts for the acquisition or construction of major capital facilities, other than highways and bridges that are financed primarily from proceeds of general obligation bonds. The State also includes proceeds from bond issues for purposes other than construction of major capital facilities in this fund.

Highway Bond Fund – This fund accounts for major highway and bridge construction projects that are financed primarily from proceeds of general obligation highway bonds.

STATE OF MAINE
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUND

June 30, 2001
(Expressed in Thousands)

	General Bond Fund	Highway Bond Fund	Total
Assets and Other Debits			
Cash and Short-Term Investments	$ 64,852	$ -	$ 64,852
Investments	6,684	-	6,684
Total Assets and Other Debits	$ 71,536	$ -	$ 71,536
Liabilities, Fund Equity and Other Credits			
Liabilities:			
Accounts Payable	$ 1,364	$ -	$ 1,364
Due to Component Units	576	-	576
Total Liabilities	1,940	-	1,940
Fund Equity and Other Credits:			
Fund Balances (Deficits):			
Reserved for Capital Projects	69,596	-	69,596
Total Fund Equity and Other Credits	69,596	-	69,596
Total Liabilities, Fund Equity and Other Credits	$ 71,536	$ -	$ 71,536

STATE OF MAINE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUND

Fiscal Year Ended June 30, 2001
(Expressed in Thousands)

	General Bond Fund	Highway Bond Fund	Total
Revenues:			
Income from Investments	$ 3,116	$ -	$ 3,116
Total Revenues	3,116	-	3,116
Expenditures:			
General Government	1,261	-	1,261
Education and Culture	1,379	-	1,379
Human Services	94	-	94
Natural Resources	9,081	-	9,081
Public Protection	350	-	350
Transportation	10,579	20,347	30,926
Total Expenditures	22,744	20,347	43,091
Revenues over (under) Expenditures	(19,628)	(20,347)	(39,975)
Other Financing Sources (Uses):			
Operating Transfers Out	(2,452)	-	(2,452)
Bond Proceeds	21,349	19,225	40,574
Operating Transfers to Component Units	(9,412)	-	(9,412)
Net Other Financing Sources (Uses)	9,485	19,225	28,710
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	(10,143)	(1,122)	(11,265)
Fund Balances at Beginning of Year (As Restated)	79,739	1,122	80,861
Fund Balances at End of Year	$ 69,596	$ -	$ 69,596

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ENTERPRISE FUNDS

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.

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

Lottery Fund – This fund was established to account for all operations of the Maine State Lottery. This includes the Tri-State Lotto Commission, which was established in 1985 and is a joint venture between the States of Maine, New Hampshire, and Vermont. The Commission is authorized and empowered to promulgate rules and regulations regarding the conduct of lottery games, including the prices of tickets, the number and size of prizes for winning tickets, and the licensing of agents.

Potato Marketing Improvement Fund – This fund provides low interest loans to potato growers for the modernization of storage facilities and improvements in the handling of the product.

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

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

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

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.

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

STATE OF MAINE
COMBINING BALANCE SHEET
ENTERPRISE FUNDS

June 30, 2001
(Expressed in Thousands)

	Alcoholic Beverages	Lottery	Potato Marketing & Improvement	Seed Potato
Assets and Other Debits				
Cash and Short-Term Investments	$ 1,287	$ 350	$ 813	$ 57
Investments	639	-	596	40
Receivables, Net of Allowance for Uncollectibles:				
Loans Receivable	22	-	7,905	-
Other Receivable	1,761	9,620	222	29
Due from Other Funds	-	-	-	-
Inventories	3,069	-	-	1
Fixed Assets - Net of Depreciation Where Applicable	19	19	-	741
Other Assets	1	167	-	-
Total Assets and Other Debits	$ 6,798	$ 10,156	$ 9,536	$ 868
Liabilities, Fund Equity and Other Credits				
Liabilities:				
Accounts Payable	$ 4,747	$ 1,414	$ -	$ -
Accrued Payroll	246	76	-	28
Compensated Absences	252	94	-	24
Due to Other Funds	231	2,276	-	-
Due to Component Units	-	-	337	-
Other Accrued Liabilities	322	6,032	15	33
Deferred Revenue	-	264	-	64
Working Capital Advances Payable	1,000	-	-	-
Total Liabilities	6,798	10,156	352	149
Fund Equity and Other Credits:				
Contributed Capital	-	-	5,000	-
Retained Earnings:				
Unreserved	-	-	4,184	719
Total Fund Equity and Other Credits	-	-	9,184	719
Total Liabilities, Fund Equity and Other Credits	$ 6,798	$ 10,156	$ 9,536	$ 868

Airport	Marine Ports	Ferry Service	Prison	Community Industrial Building	Total
$ 122	$ 1,977	$ 154	$ 97	$ -	$ 4,857
90	1,447	111	72	-	2,995
-	-	-	-	-	7,927
-	-	78	19	-	11,729
-	-	4	11	-	15
-	-	218	441	-	3,729
5,398	25,712	22,124	9	-	54,022
-	-	-	-	-	168
$ 5,610	$ 29,136	$ 22,689	$ 649	$ -	$ 85,442
$ -	$ -	$ 1	$ 1	$ -	$ 6,163
-	-	135	13	-	498
-	-	136	10	-	516
-	-	-	-	-	2,507
-	-	-	-	-	337
-	-	-	-	-	6,402
-	-	-	-	39	367
-	-	-	-	-	1,000
-	-	272	24	39	17,790
5,181	25,258	20,989	204	-	56,632
429	3,878	1,428	421	(39)	11,020
5,610	29,136	22,417	625	(39)	67,652
$ 5,610	$ 29,136	$ 22,689	$ 649	$ -	$ 85,442

STATE OF MAINE
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS/FUND BALANCES AND CONTRIBUTED CAPITAL
ENTERPRISE FUNDS

Fiscal Year Ended June 30, 2001
(Expressed in Thousands)

	Alcoholic Beverages	Lottery	Potato Marketing & Improvement	Seed Potato
Operating Revenues:				
Charges for Services	$ 80,071	$ 147,013	$ 24	$ 317
Miscellaneous Revenues	144	-	41	-
Total Operating Revenues	80,215	147,013	65	317
Operating Expenses:				
General Operations	55,300	110,074	122	623
Depreciation	459	1	-	14
Interest Expense	-	-	22	-
Total Operating Expenses	55,759	110,075	144	637
Operating Income (Loss)	24,456	36,938	(79)	(320)
Nonoperating Revenue (Expenses):	-	510	581	10
Income (Loss) before Operating Transfers	24,456	37,448	502	(310)
Transfers In (Out):				
Operating Transfers In	-	-	-	249
Operating Transfers Out	(24,467)	(37,432)	-	-
Total Operating Transfers	(24,467)	(37,432)	-	249
Net Income (Loss)	(11)	16	502	(61)
Add: Depreciation of Fixed Assets Acquired from Contributed Capital	-	-	-	-
Increase (Decrease) in Retained Earnings/Fund Balances	(11)	16	502	(61)
Retained Earnings (Deficits)/Fund Balances at July 1, 2000 (As Restated)	11	(16)	3,682	780
Retained Earnings (Deficits)/Fund Balances at June 30, 2001	$ -	$ -	$ 4,184	$ 719
Contributed Capital at July 1, 2000 (As Restated)			5,000	
Add: Capital Contributions			-	
Less: Depreciation of Fixed Assets Acquired from Contributed Capital			-	
Contributed Capital at June 30, 2001			$ 5,000	

Airport	Marine Ports	Ferry Service	Prison	Community Industrial Building	Total
$ 81	$ 35	$ 2,569	$ 1,189	$ -	$ 231,299
-	1	-	-	-	186
81	36	2,569	1,189	-	231,485
286	173	5,402	1,108	-	173,088
570	1,189	995	10	-	3,238
-	-	-	-	-	22
856	1,362	6,397	1,118	-	176,348
(775)	(1,326)	(3,828)	71	-	55,137
16	3,086	83	17	-	4,303
				-	
(759)	1,760	(3,745)	88	-	59,440
206	93	2,273	-	-	2,821
-	-	-	-	-	(61,899)
206	93	2,273	-	-	(59,078)
(553)	1,853	(1,472)	88	-	362
564	1,168	927	-	-	2,659
11	3,021	(545)	88	-	3,021
418	857	1,973	333	(39)	7,999
$ 429	$ 3,878	$ 1,428	$ 421	$ (39)	$ 11,020
5,739	28,415	19,646	204		59,004
6	(1,989)	2,270	-		287
(564)	(1,168)	(927)	-		(2,659)
$ 5,181	$ 25,258	$ 20,989	$ 204		$ 56,632

STATE OF MAINE
COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS

Fiscal Year Ended June 30, 2001
(Expressed in Thousands)

	Alcoholic Beverages	Lottery	Potato Marketing & Improvement	Seed Potato
Cash Flows from Operating Activities:				
Net Income (Loss)	$ (11)	$ 16	$ 502	$ (61)
Adjustments to Reconcile Net Income to				
Net Cash Provided by Operating Activities:				
Depreciation/Amortization	459	1	-	14
Changes in Assets and Liabilities:				
Other Receivable	171	(1,374)	(122)	27
Loans Receivable	(22)	-	(301)	-
Receivable Reserves	285	(66)	(124)	(14)
Due from Other Funds	13	-	-	-
Inventories	(293)	-	-	-
Other Assets	1	25	-	-
Accounts Payable	310	558	-	-
Accrued Payroll	10	7	-	-
Compensated Absences	9	4	-	24
Due to Other Funds	213	816	-	-
Due to Component Unit	-	-	(308)	-
Deferred Revenue	-	(13)	-	28
Other Accrued Liabilities	5	29	(11)	34
Net Cash Provided (Used) by Operating Activities	1,150	3	(364)	52
Cash Flows from Capital and Related Financing Activities:				
Additions to Land, Buildings and Equipment	-	(19)	-	37
Capital Contributions	-	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(19)	-	37
Cash Flows from Investing Activities:				
Purchase of Investments	(639)	-	-	(40)
Income Received from Investments	-	-	1,136	-
Net Cash Provided (Used) by Investing Activities	(639)	-	1,136	(40)
Increase (Decrease) in Cash and Cash Equivalents	511	(16)	772	49
Cash and Cash Equivalents at Beginning of Year (as restated)	776	366	41	8
Cash and Cash Equivalents at End of Year	$ 1,287	$ 350	$ 813	$ 57

Airport	Marine Ports	Ferry Service	Prison	Community Industrial Building	Total
$ (553)	$ 1,853	$ (1,472)	$ 88	$ -	$ 362
570	1,189	995	10	-	3,238
-	-	29	7	-	(1,262)
-	-	-	-	-	(323)
-	-	2	-	-	83
-	-	(1)	(10)	-	2
-	-	15	(114)	-	(392)
-	-	-	-	-	26
-	(38)	(34)	(9)	-	787
-	-	7	(3)	-	21
-	-	136	10	-	183
-	-	-	-	-	1,029
-	-	-	-	-	(308)
-	-	-	-	-	15
-	-	-	-	-	57
17	3,004	(323)	(21)	-	3,518
(6)	1,986	(2,631)	-	-	(633)
6	(1,989)	2,270	-	-	287
-	(3)	(361)	-	-	(346)
(90)	(1,447)	-	(72)	-	(2,288)
-	-	781	-	-	1,917
(90)	(1,447)	781	(72)	-	(371)
(73)	1,554	97	(93)	-	2,801
195	423	57	190	-	2,056
$ 122	$ 1,977	$ 154	$ 97	$ -	$ 4,857

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INTERNAL SERVICE FUNDS

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

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, and for a portion of the premiums for teachers.

Employee Health Insurance Fund – This fund accounts for health care premiums and benefits for most state employees.

STATE OF MAINE
COMBINING BALANCE SHEET
INTERNAL SERVICE FUNDS

June 30, 2001
(Expressed in Thousands)

	Motor Transport Service	Postal, Printing & Supply	Information Services	Risk Management
Assets and Other Debits				
Cash and Short-Term Investments	$ 4,676	$ 178	$ 4,132	$ 8,499
Cash with Fiscal Agent	89	-	-	-
Investments	3,421	122	3,024	6,220
Receivables, Net of Allowance for Uncollectibles:				
Other Receivable	1	49	443	2
Due from Other Funds	1,321	2,046	4,998	251
Inventories	4,118	778	-	-
Fixed Assets - Net of Depreciation Where Applicable	31,371	119	5,644	11
Other Assets	94	8	380	367
Total Assets and Other Debits	$ 45,091	$ 3,300	$ 18,621	$ 15,350
Liabilities, Fund Equity and Other Credits				
Liabilities:				
Accounts Payable	$ 565	$ 2,494	$ 5,271	$ 42
Accrued Payroll	419	266	626	18
Compensated Absences	386	120	584	5
Due to Other Funds	-	84	163	136
Claims Payable	-	-	-	3,220
Interest Payable	-	-	-	-
Other Accrued Liabilities	-	-	-	-
Certificates of Participation and Other Financing Arrangements	6,603	-	438	-
Obligations under Capital Leases	-	-	-	-
Deferred Revenue	-	-	3,896	614
Working Capital Advances Payable	1,117	111	-	-
Total Liabilities	9,090	3,075	10,978	4,035
Fund Equity and Other Credits:				
Contributed Capital	15,623	-	101	227
Retained Earnings:				
Unreserved	20,378	225	7,542	11,088
Total Fund Equity and Other Credits	36,001	225	7,643	11,315
Total Liabilities, Fund Equity and Other Credits	$ 45,091	$ 3,300	$ 18,621	$ 15,350

Workers' Compensation	Central Fleet Management	Leased Space	Revenue Services	Retiree Health Insurance	Employee Health Insurance	Total
$ 2,486	$ 156	$ 133	$ 395	$ 19,761	$ 868	$ 41,284
-	220	-	-	-	-	309
1,821	114	98	289	14,473	633	30,215
-	11	1	-	-	89	596
914	733	145	-	2,000	-	12,408
-	21	-	-	-	-	4,917
3	13,734	26,054	-	-	-	76,936
225	-	-	-	-	-	1,074
$ 5,449	$ 14,989	$ 26,431	$ 684	$ 36,234	$ 1,590	$ 167,739
$ 1,162	$ 233	$ 50	$ 11	$ -	$ 60	$ 9,888
75	66	10	-	-	46	1,526
29	33	1	-	-	16	1,174
-	155	-	-	-	1,076	1,614
75,726	-	-	-	-	-	78,946
-	85	-	-	-	-	85
-	-	-	-	-	78	78
-	10,621	-	-	-	-	17,662
-	-	26,695	-	-	-	26,695
-	41	198	-	-	-	4,749
-	-	-	-	-	-	1,228
76,992	11,234	26,954	11	-	1,276	143,645
-	-	-	204	10,669	-	26,824
(71,543)	3,755	(523)	469	25,565	314	(2,730)
(71,543)	3,755	(523)	673	36,234	314	24,094
$ 5,449	$ 14,989	$ 26,431	$ 684	$ 36,234	$ 1,590	$ 167,739

STATE OF MAINE
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS/FUND BALANCES AND CONTRIBUTED CAPITAL
INTERNAL SERVICE FUNDS

Fiscal Year Ended June 30, 2001
(Expressed in Thousands)

	Motor Transport Service	Postal, Printing & Supply	Information Services	Risk Management
Operating Revenues:				
Charges for Services	$ 27,697	$ 29,418	$ 35,817	$ 3,677
Miscellaneous Revenues	-	-	-	-
Total Operating Revenues	27,697	29,418	35,817	3,677
Operating Expenses:				
General Operations	19,487	30,080	29,765	2,539
Depreciation	4,625	31	2,916	6
Interest Expense	391	-	-	-
Claims / Fees Expense	-	-	-	1,570
Miscellaneous Expenses	13	-	-	-
Total Operating Expenses	24,516	30,111	32,681	4,115
Operating Income (Loss)	3,181	(693)	3,136	(438)
Nonoperating Revenue (Expenses):	173	-	253	1,154
Income (Loss) before Operating Transfers	3,354	(693)	3,389	716
Transfers In (Out):				
Operating Transfers In	-	-	-	-
Total Operating Transfers	-	-	-	-
Net Income (Loss)	3,354	(693)	3,389	716
Increase (Decrease) in Retained Earnings/Fund Balances	3,354	(693)	3,389	716
Retained Earnings (Deficits)/Fund Balances at July 1, 2000 (As Restated)	17,024	918	4,153	10,372
Retained Earnings (Deficits)/Fund Balances at June 30, 2001	$ 20,378	$ 225	$ 7,542	$ 11,088
Contributed Capital at July 1, 2000 (As Restated)	16,171	-	122	227
Add: Capital Contributions	(548)	-	(21)	-
Contributed Capital at June 30, 2001	$ 15,623	$ -	$ 101	$ 227

Workers' Compensation	Central Fleet Management	Leased Space	Revenue Services	Retiree Health Insurance	Employee Health Insurance	Total
$ 13,047	$ 6,350	$ 19,719	$ 95	$ 33,390	$ 1,498	$ 170,708
19	20	-	-	-	-	39
13,066	6,370	19,719	95	33,390	1,498	170,747
6,003	3,824	11,577	307	25,847	1,199	130,628
2	2,153	3,256	-	-	-	12,989
22	368	3,131	-	-	-	3,912
2,861	-	-	-	-	-	4,431
-	-	-	-	-	-	13
8,888	6,345	17,964	307	25,847	1,199	151,973
4,178	25	1,755	(212)	7,543	299	18,774
229	(67)	65	49	2,166	15	4,037
4,407	(42)	1,820	(163)	9,709	314	22,811
-	-	-	-	2,000	-	2,000
-	-	-	-	2,000	-	2,000
4,407	(42)	1,820	(163)	11,709	314	24,811
4,407	(42)	1,820	(163)	11,709	314	24,811
(75,950)	3,797	(2,343)	632	13,856	-	(27,541)
$ (71,543)	$ 3,755	$ (523)	$ 469	$ 25,565	$ 314	$ (2,730)
-	-	-	204	10,669	-	27,393
-	-	-	-	-	-	(569)
$ -	$ -	$ -	$ 204	$ 10,669	$ -	$ 26,824

STATE OF MAINE
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

Fiscal Year Ended June 30, 2001
(Expressed in Thousands)

	Motor Transport Service	Postal, Printing & Supply	Information Services	Risk Management
Cash Flows from Operating Activities:				
Net Income (Loss)	$ 3,354	$ (693)	$ 3,389	$ 716
Adjustments to Reconcile Net Income to				
Net Cash Provided by Operating Activities:				
Depreciation/Amortization	4,625	31	2,916	6
Changes in Assets and Liabilities:				
Other Receivable	-	(9)	(290)	2
Due from Other Funds	(209)	(366)	506	15
Inventories	279	303	-	-
Other Assets	(94)	3	(355)	192
Accounts Payable	(1,039)	(114)	1,967	(18)
Accrued Payroll	15	140	69	2
Compensated Absences	(6)	(8)	53	(9)
Due to Other Funds	-	29	102	136
Deferred Revenue	-	(10)	(296)	107
Working Capital Payable	1,048	-	-	-
Claims and Judgments	-	-	-	-
Other Accrued Liabilities	-	-	(43)	-
Net Cash Provided (Used) by Operating Activities	7,973	(694)	8,018	1,149
Cash Flows from Noncapital Financing Activities:				
Capital Contributions	(548)	-	(21)	-
Net Cash Provided (Used) by Noncapital Financing Activities	(548)	-	(21)	-
Cash Flows from Capital and Related Financing Activities:				
Proceeds from Bonds & Notes Payable	4,337	-	-	-
Additions to Land, Buildings and Equipment	(5,627)	76	(4,113)	(11)
Principal Payments on Bonds and Notes	(5,445)	-	(438)	-
Obligations under Capital Leases	-	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(6,735)	76	(4,551)	(11)
Cash Flows from Investing Activities:				
Proceeds from Sales and Maturities of Investments	1,626	-	-	3,874
Purchase of Investments	-	(122)	(147)	-
Net Cash Provided (Used) by Investing Activities	1,626	(122)	(147)	3,874
Increase (Decrease) in Cash and Cash Equivalents	2,316	(740)	3,299	5,012
Cash and Cash Equivalents at Beginning of Year (as restated)	2,449	918	833	3,487
Cash and Cash Equivalents at End of Year	$ 4,765	$ 178	$ 4,132	$ 8,499

Workers' Compensation	Central Fleet Management	Leased Space	Revenue Services	Retiree Health Insurance	Employee Health Insurance	Total
$ 4,407	$ (42)	$ 1,820	$ (163)	$ 11,709	$ 314	$ 24,811
2	2,153	3,256	-	-	-	12,989
-	(5)	(1)	-	-	(89)	(392)
(163)	(231)	203	132	(1,517)	-	(1,630)
-	6	-	-	-	-	588
118	-	-	-	-	-	(136)
894	152	10	11	-	60	1,923
27	35	5	-	-	46	339
4	3	(1)	-	-	16	52
-	51	(13)	-	-	1,076	1,381
-	29	134	-	-	-	(36)
-	-	-	-	-	-	1,048
(4,645)	-	-	-	-	-	(4,645)
-	(20)	-	-	-	78	15
644	2,131	5,413	(20)	10,192	1,501	36,307
-	-	-	-	-	-	(569)
-	-	-	-	-	-	(569)
-	4,047	-	-	-	-	8,384
(5)	(2,919)	7,457	-	-	-	(5,142)
-	(4,134)	-	-	-	-	(10,017)
-	-	(12,698)	-	-	-	(12,698)
(5)	(3,006)	(5,241)	-	-	-	(19,473)
-	-	-	-	669	-	6,169
(1,821)	(114)	(98)	(289)	-	(633)	(3,224)
(1,821)	(114)	(98)	(289)	669	(633)	2,945
(1,182)	(989)	74	(309)	10,861	868	19,210
3,668	1,365	59	704	8,900	-	22,383
$ 2,486	$ 376	$ 133	$ 395	$ 19,761	$ 868	$ 41,593

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TRUST & AGENCY FUNDS

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

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

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

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.

Learning Technology Fund – This fund accounts for funds dedicated by the Legislature and by other private and public sources for the advancement of learning technology for elementary and secondary students in Maine.

Baxter Park Trust 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.

Other Expendable Trusts - The State accounts for other small Expendable Trust Funds, including a fund used to account for expendable earnings on nonexpendable trust balances.

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

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

Lands Reserved Trust Funds – 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.

Other Trust Funds – These funds are comprised of numerous small Nonexpendable Trust Funds, the income from which may be used for specified purposes.

Agency Funds account for assets held by the State as agent for other funds, governmental units, organizations, or individuals.

Payroll Tax and Deductions Fund – This fund accounts for all payroll taxes and deductions withheld to pay the federal government, other State agencies, and payroll vendors.

Custodial Accounts Fund – This fund is used to account for assets held by the State acting as an agent for patients of State Mental Health facilities, inmates at State Correctional Institutions, recipients of State-supported elder and adult services, and child support enforcement services. Also included in this fund are insurance company and unemployment guaranty deposits, and assets held in Courts and Corrections restitution escrow accounts.

Treasurer's Agency Fund – This fund accounts for deposits of quasi-governmental units placed in the Treasurer's Cash Pool for investment purposes.

Other Agency Funds – These funds account for numerous small agency funds which have been combined for financial reporting purposes.

STATE OF MAINE
COMBINING BALANCE SHEET
TRUST AND AGENCY FUNDS

June 30, 2001
(Expressed in Thousands)

	Expendable	Nonexpendable	Agency	Total
Assets and Other Debits				
Cash and Short-Term Investments	$ 1,062	$ 174	$ 3,663	$ 4,899
Cash with Fiscal Agent	-	-	2	2
Investments	107,034	20,384	1,579	128,997
Assets Held in Trust	4,298	-	601,714	606,012
Unemployment Deposits with US Treasury	369,978	-	-	369,978
Receivables, Net of Allowance for Uncollectibles:				
Taxes Receivable	41,052	-	3	41,055
Due from Other Funds	7	-	-	7
Other Assets	-	21	1	22
Total Assets and Other Debits	$ 523,431	$ 20,579	$ 606,962	$ 1,150,972
Liabilities, Fund Equity and Other Credits				
Liabilities:				
Accounts Payable	$ 2,668	$ -	$ 43	$ 2,711
Due to Other Funds	849	-	-	849
Agency Liabilities	-	-	606,911	606,911
Other Accrued Liabilities	1,882	22	8	1,912
Deferred Revenue	1,637	-	-	1,637
Total Liabilities	7,036	22	606,962	614,020
Fund Equity and Other Credits:				
Fund Balances (Deficits):				
Reserved for Unemployment Benefits	405,834	-	-	405,834
Reserved for Nonexpendable Trusts	-	20,557	-	20,557
Unreserved	110,561	-	-	110,561
Total Fund Equity and Other Credits	516,395	20,557	-	536,952
Total Liabilities, Fund Equity and Other Credits	$ 523,431	$ 20,579	$ 606,962	$ 1,150,972

STATE OF MAINE
COMBINING BALANCE SHEET
EXPENDABLE TRUST FUNDS

June 30, 2001
(Expressed in Thousands)

	Employment Security	Abandoned Property	Learning Technology	Baxter Park	Other	Total
Assets and Other Debits						
Cash and Short-Term Investments	$ -	$ 943	$ -	$ -	$ 119	$ 1,062
Investments	-	692	52,727	53,567	48	107,034
Assets Held in Trust	-	4,298	-	-	-	4,298
Unemployment Deposits with US Treasury	369,978	-	-	-	-	369,978
Receivables, Net of Allowance for Uncollectibles:						
Taxes Receivable	41,052	-	-	-	-	41,052
Due from Other Funds	7	-	-	-	-	7
Total Assets and Other Debits	$ 411,037	$ 5,933	$ 52,727	$ 53,567	$ 167	$ 523,431
Liabilities, Fund Equity and Other Credits						
Liabilities:						
Accounts Payable	$ 2,615	$ 53	$ -	$ -	$ -	$ 2,668
Due to Other Funds	849	-	-	-	-	849
Other Accrued Liabilities	102	1,775	-	-	5	1,882
Deferred Revenue	1,637	-	-	-	-	1,637
Total Liabilities	5,203	1,828	-	-	5	7,036
Fund Equity and Other Credits:						
Fund Balances (Deficits):						
Reserved for Unemployment Benefits	405,834	-	-	-	-	405,834
Unreserved	-	4,105	52,727	53,567	162	110,561
Total Fund Equity and Other Credits	405,834	4,105	52,727	53,567	162	516,395
Total Liabilities, Fund Equity and Other Credits	$ 411,037	$ 5,933	$ 52,727	$ 53,567	$ 167	$ 523,431

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

Fiscal Year Ended June 30, 2001
(Expressed in Thousands)

	Employment Security	Abandoned Property	Learning Technology	Baxter Park	Other	Total
Revenues:						
Taxes	$ 150,973	$ -	$ -	$ -	$ -	$ 150,973
Income from Investments	22,299	210	2,727	1,456	678	27,370
Net Increase (Decrease) in the Fair Value of Investments	-	-	-	(3,693)	-	(3,693)
Miscellaneous Revenues	506	6,766	-	-	-	7,272
Total Revenues	173,778	6,976	2,727	(2,237)	678	181,922
Expenditures:						
General Government	-	317	-	-	316	633
Labor	90,917	-	-	-	-	90,917
Total Expenditures	90,917	317	-	-	316	91,550
Revenues over (under) Expenditures	82,861	6,659	2,727	(2,237)	362	90,372
Other Financing Sources (Uses):						
Operating Transfers In	-	-	50,000	-	1,062	51,062
Operating Transfers Out	-	(2,550)	-	(1,062)	(1,707)	(5,319)
Net Other Financing Sources (Uses)	-	(2,550)	50,000	(1,062)	(645)	45,743
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	82,861	4,109	52,727	(3,299)	(283)	136,115
Fund Balances (Deficits) at Beginning of Year (As Restated)	322,973	(4)	-	56,866	445	380,280
Fund Balances at End of Year	$ 405,834	$ 4,105	$ 52,727	$ 53,567	$ 162	$ 516,395

STATE OF MAINE
COMBINING BALANCE SHEET
NONEXPENDABLE TRUST FUNDS

June 30, 2001
(Expressed in Thousands)

	Baxter Park	Lands Reserved	Other	Total
Assets and Other Debits				
Cash and Short-Term Investments	$ -	$ 172	$ 2	$ 174
Investments	4,646	8,307	7,431	20,384
Other Assets	-	21	-	21
Total Assets and Other Debits	$ 4,646	$ 8,500	$ 7,433	$ 20,579
Liabilities, Fund Equity and Other Credits				
Liabilities:				
Other Accrued Liabilities	$ -	$ 22	$ -	$ 22
Total Liabilities	-	22	-	22
Fund Equity and Other Credits:				
Fund Balances (Deficits):				
Reserved for Nonexpendable Trusts	4,646	8,478	7,433	20,557
Total Fund Equity and Other Credits	4,646	8,478	7,433	20,557
Total Liabilities, Fund Equity and Other Credits	$ 4,646	$ 8,500	$ 7,433	$ 20,579

STATE OF MAINE
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS/FUND BALANCES AND CONTRIBUTED CAPITAL
NONEXPENDABLE TRUST FUNDS

Fiscal Year Ended June 30, 2001
(Expressed in Thousands)

	Baxter Park	Lands Reserved	Other	Total
Operating Revenues:				
Income from Investments	$ 598	$ 2,566	$ 3,397	$ 6,561
Fair Value Increases (Decreases)	(180)	(3,068)	(3,769)	(7,017)
Total Operating Revenues	418	(502)	(372)	(456)
Operating Expenses:				
Total Operating Expenses	-	-	-	-
Operating Income (Loss)	418	(502)	(372)	(456)
Net Income (Loss)	418	(502)	(372)	(456)
Increase (Decrease) in Retained Earnings/Fund Balances	418	(502)	(372)	(456)
Retained Earnings/Fund Balances at July 1, 2000 (As Restated)	4,228	8,980	7,805	21,013
Retained Earnings/Fund Balances at June 30, 2001	$ 4,646	$ 8,478	$ 7,433	$ 20,557

STATE OF MAINE
COMBINING STATEMENT OF CASH FLOWS
NONEXPENDABLE TRUST FUNDS

Fiscal Year Ended June 30, 2001
(Expressed in Thousands)

	Baxter Park	Lands Reserved	Other	Total
Cash Flows from Operating Activities:				
Net Income (Loss)	$ 418	$ (502)	$ (372)	$ (456)
Adjustments to Reconcile Net Income to				
Net Cash Provided by Operating Activities:				
Investments and Other Income	598	2,566	3,397	6,561
Net Increase (Decrease) in Fair Value of Investments	(1,195)	(5,053)	(6,795)	(13,043)
Changes in Assets and Liabilities:				
Other Accrued Liabilities	-	-	-	-
Net Cash Provided (Used) by Operating Activities	(179)	(2,989)	(3,770)	(6,938)
Cash Flows from Investing Activities:				
Proceeds from Sales and Maturities of Investments	-	502	371	873
Purchase of Investments	(418)	-	-	(418)
Income Received from Investments	598	2,566	3,397	6,561
Net Cash Provided (Used) by Investing Activities	180	3,068	3,768	7,016
Increase (Decrease) in Cash and Cash Equivalents	1	79	(2)	78
Cash and Cash Equivalents at Beginning of Year (as restated)	(1)	93	4	96
Cash and Cash Equivalents at End of Year	$ -	$ 172	$ 2	$ 174

STATE OF MAINE
COMBINING BALANCE SHEET
AGENCY FUNDS

June 30, 2001
(Expressed in Thousands)

	Payroll Tax and Deductions	Custodial Accounts	Treasurer's Agency	Other	Total
Assets and Other Debits					
Cash and Short-Term Investments	$ 19	$ 3,118	$ 12	$ 514	$ 3,663
Cash with Fiscal Agent	-	2	-	-	2
Investments	13	1,190	-	376	1,579
Assets Held in Trust	-	601,714	-	-	601,714
Receivables, Net of Allowance for Uncollectibles:					
Taxes Receivable	-	3	-	-	3
Other Assets	-	1	-	-	1
Total Assets and Other Debits	$ 32	$ 606,028	$ 12	$ 890	$ 606,962
Liabilities, Fund Equity and Other Credits					
Liabilities:					
Accounts Payable	$ 24	$ -	$ -	$ 19	$ 43
Agency Liabilities	-	606,028	12	871	606,911
Other Accrued Liabilities	8	-	-	-	8
Total Liabilities	$ 32	$ 606,028	$ 12	$ 890	$ 606,962

STATE OF MAINE
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS

Fiscal Year Ended June 30, 2001
(Expressed in Thousands)

	Balance July 1, 2000	Additions	Deletions	Balance June 30, 2001
Payroll Tax and Deductions				
Assets				
Cash	$ 7,616	$ 329,754	$ 337,338	$ 32
Total Assets	$ 7,616	$ 329,754	$ 337,338	$ 32
Liabilities				
Accounts Payable	$ 7,616	$ 560,171	$ 567,756	$ 32
Total Liabilities	$ 7,616	$ 560,171	$ 567,756	$ 32
Custodial Accounts				
Assets				
Assets Held In Trust	$ 321,077	$ 293,479	$ 8,527	$ 606,028
Total Assets	$ 321,077	$ 293,479	$ 8,527	$ 606,028
Liabilities				
Agency Liability	$ 321,077	$ 293,266	$ 8,314	$ 606,028
Total Liabilities	$ 321,077	$ 293,266	$ 8,314	$ 606,028
Treasurer's Agency				
Assets				
Cash	$ 11	$ 284,485	$ 284,484	$ 12
Total Assets	$ 11	$ 284,485	$ 284,484	$ 12
Liabilities				
Agency Liability	$ 11	$ 255,873	$ 255,872	$ 12
Total Liabilities	$ 11	$ 255,873	$ 255,872	$ 12
Other				
Assets				
Cash	$ 611	$ 6,355	$ 6,075	$ 890
Total Assets	$ 611	$ 6,355	$ 6,075	$ 890
Liabilities				
Agency Liability	$ 611	$ 12,421	$ 12,141	$ 890
Total Liabilities	$ 611	$ 12,421	$ 12,141	$ 890
Total - All Agency Funds				
Assets				
Cash	$ 8,238	$ 620,594	$ 627,898	$ 934
Assets Held In Trust	$ 321,077	$ 293,479	$ 8,527	$ 606,028
Total Assets	$ 329,315	$ 914,072	$ 636,425	$ 606,962
Liabilities				
Accounts Payable	$ 7,616	$ 560,171	$ 567,756	$ 32
Agency Liability	$ 321,698	$ 561,559	$ 276,327	$ 606,930
Total Liabilities	$ 329,315	$ 1,121,731	$ 844,083	$ 606,962

GENERAL FIXED ASSETS ACCOUNT GROUP

The General Fixed Assets Account Group is used to account for all fixed assets of the State not accounted for in Proprietary Funds.

STATE OF MAINE
SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION AND CLASS

June 30, 2001
(Expressed in Thousands)

	Land	Buildings	Equipment	Improvements Other Than Buildings	Construction in Progress	Total
Function:						
General Government	$ 4,261	$ 48,015	$ 4,334	$ -	$ 15,732	$ 72,342
Economic Development	234	6,036	2,421	-	-	8,691
Education and Culture	36	-	1,432	-	-	1,468
Human Services	224	46,054	8,262	298	35,509	90,347
Labor	55	1,198	5,059	-	-	6,312
Natural Resources	149,682	-	9,640	2,426	-	161,748
Public Protection	6,723	14,414	20,198	48	13,498	54,881
Transportation	4,771	1,375	13,289	-	-	19,435
Total General Fixed Assets	$ 165,986	$ 117,092	$ 64,635	$ 2,772	$ 64,739	$ 415,224

COMPONENT UNITS

Component Units are legally separate organizations for which the State is financially accountable or for which the nature and significance of their relationship with the State are such that exclusion would cause the State's financial statements to be misleading or incomplete. They are presented here in three separate reporting groups: Governmental, Proprietary and College and University Fund Types.

Governmental Fund Types

Maine Health and Higher Education Facilities Authority (MHHEFA) – The Authority 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, also has the power to finance student loan programs of institutions of higher education.

Northern New England Passenger Rail Authority (NNEPRA) – The Authority initiates, establishes and maintains regularly scheduled passenger rail service between points within Maine to points within and outside of Maine.

Child Development Services System (CDS) – CDS maintains a coordinated service delivery system for the provision of childfind activities for children, from birth to under age six, early intervention services for eligible children, from birth to under age three, and free, appropriate and public education services for eligible children, from age three to under age six, who have a disability.

Proprietary Fund Types

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. The Authority also provides financial and other services for the Adaptive Equipment Loan Program Fund Board, the Fund Insurance Review Board, the Agricultural Marketing Loan Fund Board, the Occupational Safety Program Fund Board, and the Small Business Enterprise Growth Fund Board. Additionally, the Authority administers the Maine College Savings Program Fund. The NextGen College Investing Plan is the primary program of the Maine College Savings Program Fund.

Loring Development Authority (LDA) – The Authority is entrusted with investigating the acquisition, development and management of the properties within the geographical boundaries of the old Loring Air Force Base.

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

Maine Educational Loan Authority (MELA) – The Authority was created to grant educational loans primarily using funds acquired through issuance of long-term bonds payable. The Authority's fiscal year ends on December 31.

Maine State Housing Authority (MSHA) – The Authority is authorized to issue bonds for the purchase of notes and mortgages on single-family and multifamily residential units for the purpose of providing housing for persons and families of low income in the State. The Authority also acts as 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 Authority's fiscal year ends on December 31.

Maine State Retirement System (MSRS) – The System provides pension, death, and disability benefits to its members, including State employees, some public school employees, and employees of approximately 250 local municipalities and other public entities in Maine.

College and University Fund Types

Maine Maritime Academy (MMA) – The 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. State appropriations, student fees, and a subsidy from the Maritime Administration support the Academy.

Maine Technical College System (MTCS) – The System is Maine's primary provider of post-secondary technical education leading to a certificate, diploma, or associate degree. The financial statements of the system include the activity of seven colleges, the central administrative office, and the Maine Career Advantage.

University of Maine System (UMS) – The State University consists of seven campuses and a central administrative office.

There are three College and University Funds.

Current Funds account for Unrestricted Funds, over which the governing Boards retain full control in achieving the Institutions' purposes, and for Restricted Funds, which may be used only in accordance with externally restricted purposes. The funds do not show the results of operations or the net income or loss for the period.

Loan, Endowment and Similar Funds account for assets for which the Institutions act in a fiduciary capacity.

Plant Funds account for institutional property acquisition, renewal, replacement, and debt service.

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STATE OF MAINE
COMBINING BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNITS

June 30, 2001
(Expressed in Thousands)

	Governmental Fund Types			Proprietary Fund		
	Maine Health and Higher Education Facilities Authority	Northern New England Passenger Rail Authority	Child Development Services	Finance Authority of Maine	Loring Development Authority	Maine Municipal Bond Bank
Assets and Other Debits						
Cash and Short-Term Investments	$ 85,348	$ 1,587	$ -	$ 27,817	$ 2,374	$ 344
Cash with Fiscal Agent	-	-	-	-	-	-
Investments	162,696	753	3,348	49,834	-	283,141
Restricted Deposits and Investments		-	-	6,971	-	-
Receivables, Net of Allowance for Uncollectibles:						
Due from Other Governments	-	2,445	-	-	909	982,060
Loans Receivable	969,351	-	-	-	-	-
Notes Receivable	-	-	-	37,988	1,280	-
Other Receivable	6,250	-	997	3,023	155	2,429
Due from Primary Government	-	-	856	337	352	5
Inventories	-	294	-	-	-	-
Fixed Assets - Net of Depreciation Where Applicable	4,606	-	255	2,236	40	1,009
Other Assets	6,833	5	79	2,458	-	42,733
Total Assets and Other Debits	$ 1,235,084	$ 5,084	$ 5,535	$ 130,664	$ 5,110	$ 1,311,721
Liabilities, Fund Equity and Other Credits						
Liabilities:						
Accounts Payable	$ 504	$ 3,015	$ 1,610	$ 3,593	$ 258	$ 687
Accrued Payroll	142	-	272	-	-	-
Compensated Absences	-	-	286	-	-	-
Due to Other Governments	-	-	-	6,707	1,381	3,531
Interest Payable	24,849	-	-	-	-	8,514
Other Accrued Liabilities	10,329	-	974	16,201	585	349
Obligations under Capital Leases	-	-	-	-	-	-
Amounts Held under State Loan Programs	-	-	-	74,087	-	12,575
Deferred Revenue	1,175	-	78	-	118	-
Undisbursed Grant and Administrative Funds	-	-	-	6,352	-	-
Bonds and Notes Payable	1,065,684	-	-	1,344	-	952,729
Total Liabilities	1,102,683	3,015	3,220	108,284	2,342	978,385
Fund Equity and Other Credits:						
Retained Earnings:						
Reserved	-	-	-	-	-	289,628
Unreserved	-	-	-	22,380	2,768	43,708
Fund Balances (Deficits):						
Reserved for Pension Benefits	-	-	-	-	-	-
Reserved for Debt Service	49,317	-	-	-	-	-
Reserved for Capital Projects	71,928	-	-	-	-	-
Other Reservations	155	-	15	-	-	-
Net Investment in Plant	-	-	255	-	-	-
Unreserved	11,001	2,069	2,045	-	-	-
Total Fund Equity and Other Credits	132,401	2,069	2,315	22,380	2,768	333,336
Total Liabilities, Fund Equity and Other Credits	$ 1,235,084	$ 5,084	$ 5,535	$ 130,664	$ 5,110	$ 1,311,721

Types			Pension Trust Fund	Colleges and Universities			
	Maine Educational Loan Authority	Maine State Housing Authority	Maine State Retirement System	Maine Maritime Academy	Maine Technical College System	University of Maine System	Total
	$ 1,253	$ 860	$ 96,460	$ 38	$ 1,460	$ 76,213	$ 293,754
	-	-	-	-	645	36,128	36,773
	22,264	405,209	6,945,152	17,705	20,437	118,445	8,028,984
	-	-	-	-	-	-	6,971
	-	952	9,476	-	-	9,136	1,004,978
	46,096	1,279,428	-	3,167	-	-	2,298,042
	-	-	-	-	-	33,072	72,340
	608	17,210	33,561	2,929	1,867	24,896	93,925
	-	-	-	-	576	7,805	9,931
	-	-	-	111	657	4,155	5,217
	-	459	386	41,766	61,275	302,938	414,970
	441	3,861	-	5,363	320	-	62,093
	$ 70,662	$ 1,707,979	$ 7,085,035	$ 71,079	$ 87,237	$ 612,788	$ 12,327,978
	$ 25	$ 18,358	$ 9,931	$ 1,076	$ 1,520	$ 8,363	$ 48,940
	-	-	-	-	-	-	414
	-	-	-	-	-	-	286
	-	5,277	-	-	-	-	16,896
	-	11,693	-	-	-	-	45,056
	869	4,974	46,325	2,347	6,540	45,164	134,657
	-	-	-	-	5,280	-	5,280
	-	-	-	-	-	-	86,662
	1,022	26,933	-	141	718	9,508	39,693
	-	-	-	-	-	-	6,352
	67,378	1,427,216	-	2,849	315	88,056	3,605,571
	69,294	1,494,451	56,256	6,413	14,373	151,091	3,989,807
	-	-	-	-	-	-	289,628
	1,368	213,528	-	-	-	-	283,752
	-	-	7,028,779	-	-	-	7,028,779
	-	-	-	-	-	1,158	50,475
	-	-	-	-	-	41,435	113,363
	-	-	-	15,570	7,142	149,166	172,048
	-	-	-	41,992	56,856	229,100	328,203
	-	-	-	7,104	8,866	40,838	71,923
	1,368	213,528	7,028,779	64,666	72,864	461,697	8,338,171
	$ 70,662	$ 1,707,979	$ 7,085,035	$ 71,079	$ 87,237	$ 612,788	$ 12,327,978

STATE OF MAINE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
DISCRETELY PRESENTED GOVERNMENTAL COMPONENT UNITS

Fiscal Year Ended June 30, 2001
(Expressed in Thousands)

	Maine Health and Higher Education Facilities Authority	Northern New England Passenger Rail Authority	Child Development Services	Total
Revenues:				
Federal Grants and Reimbursements	$ -	$ 12,445	$ -	$ 12,445
Service Charges	7,374	-	-	7,374
Received and Receivable from Institutions	90,018	-	-	90,018
Income from Investments	14,117	353	-	14,470
Net Increase (Decrease) in the Fair Value of Investments	(7)	-	-	(7)
Miscellaneous Revenues	883	18	244	1,145
Total Revenues	112,385	12,816	244	125,445
Expenditures:				
General Government	155,786	-	-	155,786
Education and Culture	-	-	19,856	19,856
Transportation	-	22,958		22,958
Debt Service:				
Principal Payments	38,700	-	-	38,700
Interest Payments	54,882	-	-	54,882
Total Expenditures	249,368	22,958	19,856	292,182
Revenues over (under) Expenditures	(136,983)	(10,142)	(19,612)	(166,737)
Other Financing Sources (Uses):				
Operating Transfers Out	(6,198)	-	-	(6,198)
Bond Proceeds	128,740	-	-	128,740
Operating Transfers from Primary Government	-	-	21,055	21,055
Net Other Financing Sources (Uses)	122,542	-	21,055	143,597
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	(14,441)	(10,142)	1,443	(23,140)
Fund Balances at Beginning of Year (As Restated)	146,842	12,211	872	159,925
Fund Balances at End of Year	$ 132,401	$ 2,069	$ 2,315	$ 136,785

STATE OF MAINE
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS/FUND BALANCES AND CONTRIBUTED CAPITAL
DISCRETELY PRESENTED PROPRIETARY COMPONENT UNITS

Fiscal Year Ended June 30, 2001
(Expressed in Thousands)

	Finance Authority of Maine	Loring Development Authority	Maine Municipal Bond Bank	Maine Educational Loan Authority	Maine State Housing Authority	Total
Operating Revenues:						
Interest on Loans Receivable from Governmental Units	$ -	$ -	$ 48,032	$ -	$ -	$ 48,032
Income from Investments	2,584	-	13,100	1,169	24,749	41,602
Fair Value Increases (Decreases)	-	-	6,538	3,543	5,372	15,453
Interest Income from Mortgages and Notes	388	-	-	-	86,977	87,365
Grant Revenue from Other Governments	561	3,897	18,146	-	39,599	62,203
Federal Rent Subsidy Income	-	-	-	-	52,294	52,294
Miscellaneous Revenues	10,511	2,911	2,764	287	6,274	22,747
Total Operating Revenues	14,044	6,808	88,580	4,999	215,265	329,696
Operating Expenses:						
General Operations	4,588	6,645	3,187	918	10,678	26,016
Depreciation	-	42	-	-	-	42
Interest Expense	14	-	54,055	3,456	84,022	141,547
Grant Related Expenses	11,199	-	-	-	42,014	53,213
Federal Rent Subsidy Expense	-	-	-	-	52,294	52,294
Miscellaneous Expenses	7,087	-	8,717	131	5,684	21,619
Total Operating Expenses	22,888	6,687	65,959	4,505	194,692	294,731
Operating Income (Loss)	(8,844)	121	22,621	494	20,573	34,965
Nonoperating Revenue (Expenses):	(655)	-	-	-	-	(655)
Income (Loss) before Operating Transfers	(9,499)	121	22,621	494	20,573	34,310
Transfers In (Out):						
Operating Transfers from Primary Government	13,287	1,447	32,149	-	8,392	55,275
Operating Transfers to Primary Government	(2,000)	-	-	-	-	(2,000)
Total Operating Transfers	11,287	1,447	32,149	-	8,392	53,275
Income (Loss) before Extraordinary Item	1,788	1,568	54,770	494	28,965	87,585
Income (Loss) from Extraordinary Item:						
Loss on Bond Redemption	-	-	-	-	(578)	(578)
Net Income	1,788	1,568	54,770	494	28,387	87,007
Increase (Decrease) in Retained Earnings/Fund Balances	1,788	1,568	54,770	494	28,387	87,007
Retained Earnings/Fund Balances at July 1, 2000 (As Restated)	20,592	1,200	278,566	874	185,141	486,373
Retained Earnings/Fund Balances at June 30, 2001	$ 22,380	$ 2,768	$ 333,336	$ 1,368	$ 213,528	$ 573,380

STATE OF MAINE
COMBINING STATEMENT OF CASH FLOWS
DISCRETELY PRESENTED PROPRIETARY COMPONENT UNITS

Fiscal Year Ended June 30, 2001
(Expressed in Thousands)

	Finance Authority of Maine	Loring Development Authority	Maine Municipal Bond Bank	Maine Educational Loan Authority	Maine State Housing Authority	Total
Cash Flows from Operating Activities:						
Net Income	$ 1,788	$ 1,568	$ 54,770	$ 494	$ 28,387	$ 87,007
Adjustments to Reconcile Net Income to						
Net Cash Provided (Used) by Operating Activities:						
Investments and Other Income	(2,584)	-	(4,690)	(1,169)	(24,749)	(33,192)
Depreciation/Amortization	216	42	45	-	1,769	2,072
Amortization	-	-	307	82	-	389
Accretion on Capital Appreciation of Bonds	-	-	-	-	309	309
Net Increase (Decrease) in Fair Value of Investments	-	-	(6,538)	-	(5,372)	(11,910)
Interest on Bonds and Other Investments	-	-	54,055	3,456	82,480	139,991
Interest Income (Loss) on Mortgages, Notes and Loans	(33)	-	-	(75)	(329)	(437)
Grants from Federal Government and Primary Government	-	-	(50,296)	-	(6,341)	(56,637)
Provision for Losses on Insured Commercial and Student Loans	656	-	-	174	2,360	3,190
Changes in Assets and Liabilities:						
Accounts Receivable	(1,131)	223	-	79	3,017	2,188
Other Receivable	151	(898)	(91)	-	-	(838)
Loans Receivable	-	(1,280)	(32,544)	-	-	(33,824)
Other Assets	(1,413)	-	(73)	(11)	5,610	4,113
Accounts Payable	1,676	112	33	(62)	(2,751)	(992)
Deferred Revenue	(420)	(83)	-	47	(91)	(547)
Other Accrued Liabilities	268	307	(24)	(381)	(5,002)	(4,832)
Default Payments (Net of Recoveries) on Commercial and Student Loans	(583)	-	-	-	-	(583)
Investment in Mortgage and Other Notes	-	-	-	-	(139,432)	(139,432)
Principal Payments Received on Notes Receivable	5,867	-	-	5,342	78,836	90,045
Disbursements for New Notes Receivable	(9,461)	-	-	-	-	(9,461)
Educational Loans Originated	-	-	-	(6,526)	-	(6,526)
Increase in Amounts Held in State Revolving Loan Programs	6,172	-	-	-	-	6,172
Grant Program Funds Received (Disbursed)	(715)	-	-	-	-	(715)
Net Cash Provided (Used) by Operating Activities	454	(9)	14,954	1,450	18,701	35,550
Cash Flows from Noncapital Financing Activities:						
Proceeds from Bonds & Notes Payable	221	-	74,195	9,834	170,212	254,462
Principal Paid on Bonds & Notes Payable	(51)	-	(76,456)	(1,895)	(89,900)	(168,302)
Interest Paid on Bonds & Notes Payable	(14)	-	(50,425)	(3,281)	(81,968)	(135,688)
Grant Receipts from Other Governments	-	-	47,991	-	-	47,991
Miscellaneous Noncapital Financing Activities				(310)		(310)
Net Cash Provided (Used) by Noncapital Financing Activities	156	-	(4,695)	4,348	(1,656)	(1,847)
Cash Flows from Capital and Related Financing Activities:						
Additions to Land, Buildings and Equipment	(178)	(16)	-	-	-	(194)
Net Cash Provided (Used) by Capital and Related Financing Activities	(178)	(16)	-	-	-	(194)
Cash Flows from Investing Activities:						
Proceeds from Sales and Maturities of Investments	8,624	-	651,289	13,473	15,427	688,813
Purchase of Investments	(5,794)	-	(673,845)	(21,468)	(80,937)	(782,044)
Income Received from Investments	2,584	-	13,556	1,025	24,073	41,238
Miscellaneous Activities	-	-	(915)	-	9,929	9,014
Net Cash Provided (Used) by Investing Activities	5,414	-	(9,915)	(6,970)	(31,508)	(42,979)
Increase (Decrease) in Cash and Cash Equivalents	5,846	(25)	344	(1,172)	(14,463)	(9,470)
Cash and Cash Equivalents at Beginning of Year (as restated)	21,971	2,399	-	2,425	15,323	42,118
Cash and Cash Equivalents at End of Year	$ 27,817	$ 2,374	$ 344	$ 1,253	$ 860	32,648
Reconciliation to the Combined Balance Sheet:						
Add Agency Funds						
Component Unit Amounts Other Than Proprietary Funds						297,879
Cash and Cash Equivalents at End of Year						$ 330,527
Supplemental disclosure of non-cash information						
Real estate acquired through foreclosure						10,995

STATE OF MAINE
STATEMENT OF CHANGES IN FUND BALANCES
MAINE MARITIME ACADEMY - COLLEGE AND UNIVERSITY FUNDS

For the Fiscal Year Ended June 30, 2001
(Expressed in Thousands)

	Current Funds					
	Unrestricted	Restricted	Loan Funds	Endowment and Similar Funds	Plant Funds	Total
Revenues and Other Additions:						
Unrestricted Current Fund Revenues	$ 9,533	$ -	$ -	$ -	$ -	$ 9,533
Government Grants and Contracts - Restricted	-	651	-	-	49	700
Private Gifts, Grants and Contracts - Restricted	-	514	-	-	479	993
Endowment Income - Restricted	-	273	-	2,758	-	3,031
Investment Income - Restricted	-	-	23	-	177	200
Interest Income on Loans Receivable	-	-	82	-	-	82
Unrealized Gain (Loss) on Investments	-	(77)	-	-	32	(45)
Expended for Plant Facilities	-	-	(96)	(1,370)	1,193	(273)
Other Additions	-	134	2	-	4	140
Total Revenues and Other Additions	9,533	1,495	11	1,388	1,934	14,361
Expenditures and Other Deductions:						
Educational and General Expenditures	13,739	1,393	-	229	-	15,361
Auxiliary Enterprise Expenditures	2,737	-	-	-	-	2,737
Administrative and Collection Costs	-	-	23	-	4	27
Interest on Indebtedness	-	-	-	-	174	174
Disposal of Plant Assets	-	-	-	-	346	346
Expended for Plant Facilities	-	-	-	-	1,207	1,207
Depreciation and Write Down of Asset Values	-	-	35	-	3	38
Total Expenditures and Other Deductions	16,476	1,393	58	229	1,734	19,890
Transfers Among Funds - Additions (Deductions):						
Mandatory:						
Principal and Interest	(240)	-	-	-	240	-
Loan Fund Transfers	(20)	-	20	-	-	-
Restricted Resources Allocated	(128)	197	-	(155)	86	-
Nonmandatory Transfers from Plant	(212)	(476)	-	(20)	708	-
Transfers from Primary Government	7,389	-	59	-	3,957	11,405
Total Transfers	6,789	(279)	79	(175)	4,991	11,405
Net Increase (Decrease) for the Year before Cumulative of Change in Accounting Principle	(154)	(177)	32	984	5,191	5,876
Cumulative effect of Change in Accounting Principle	-	47	-	81	-	128
Net Increase (Decrease) for the Year	(154)	(130)	32	1,065	5,191	6,004
Fund Balance July 1, 2000 (as restated)	5,234	1,237	3,869	11,521	36,801	58,662
Fund Balance June 30, 2001	$ 5,080	$ 1,107	$ 3,901	$ 12,586	$ 41,992	$ 64,666

STATE OF MAINE
STATEMENT OF CHANGES IN FUND BALANCES
MAINE TECHNICAL COLLEGE SYSTEM - COLLEGE AND UNIVERSITY FUNDS

For the Fiscal Year Ended June 30, 2001
(Expressed in Thousands)

	Current Funds					
	Unrestricted	Restricted	Loan Funds	Endowment and Similar Funds	Plant Funds	Total
Revenues and Other Additions:						
Education and General	$ 20,585	$ 8,533	$ -	$ -	$ -	$ 29,118
Private Gifts, Grants and Contracts - Restricted	-	-	-	169	210	379
Investment Income - Restricted	-	216	-	-	26	242
Unrealized Gain (Loss) on Investments	-	3	-	(469)	-	(466)
Expended for Plant Facilities	-	-	-	-	6,812	6,812
Other Additions	5,154	(8)	-	7	136	5,289
Total Revenues and Other Additions	25,739	8,744	-	(293)	7,184	41,374
Expenditures and Other Deductions:						
Educational and General Expenditures	59,255	12,040	-	-	-	71,295
Auxiliary Enterprise Expenditures	4,787	-	-	-	-	4,787
Interest on Indebtedness	-	-	-	-	324	324
Disposal of Plant Assets	-	-	-	-	130	130
Expended for Plant Facilities	-	-	-	-	5,175	5,175
Depreciation and Write Down of Asset Values	-	-	-	-	5,814	5,814
Total Expenditures and Other Deductions	64,042	12,040	-	-	11,443	87,525
Transfers Among Funds - Additions (Deductions):						
Mandatory:						
Principal and Interest	(585)	-	-	-	585	-
Nonmandatory Transfers from Plant	(312)	-	-	-	312	-
Nonmandatory Transfers to Endowment	-	-	-	-	-	-
Transfers from Primary Government	40,874	3,397	-	1,000	5,840	51,111
Other Deductions	248	(48)	-	(200)	-	-
Total Transfers	40,225	3,349	-	800	6,737	51,111
Net Increase (Decrease) for the Year	1,922	53	-	507	2,478	4,960
Fund Balance July 1, 2000 (as restated)	3,232	665	-	5,918	58,089	67,904
Fund Balance June 30, 2001	$ 5,154	$ 718	$ -	$ 6,425	$ 60,567	$ 72,864

STATE OF MAINE
STATEMENT OF CHANGES IN FUND BALANCES
UNIVERSITY OF MAINE SYSTEM - COLLEGE AND UNIVERSITY FUNDS

For the Fiscal Year Ended June 30, 2001
(Expressed in Thousands)

	Current Funds					
	Unrestricted	Restricted	Loan Funds	Endowment and Similar Funds	Plant Funds	Total
Revenues and Other Additions:						
Unrestricted Current Fund Revenues	$ 204,229	$ -	$ -	$ -	$ -	$ 204,229
Government Grants and Contracts - Restricted	-	65,793	569	-	-	66,362
Private Gifts, Grants and Contracts - Restricted	-	24,424	266	917	9,418	35,025
Endowment Income - Restricted	-	4,437	16	299	-	4,752
Investment Income - Restricted	-	1,057	1,242	-	3,161	5,460
Unrealized Gain (Loss) on Investments	-	-	-	(9,257)	-	(9,257)
Expended for Plant Facilities	-	-	-	-	8,980	8,980
Other Additions	-	89	-	-	4,300	4,389
Total Revenues and Other Additions	204,229	95,800	2,093	(8,041)	25,859	319,940
Expenditures and Other Deductions:						
Educational and General Expenditures	305,192	115,780	1,729	3,419	-	426,120
Auxiliary Enterprise Expenditures	53,674	123	-	-	-	53,797
Expended for Plant Facilities	-	-	-	-	8,186	8,186
Depreciation and Write Down of Asset Values	-	-	-	-	22,085	22,085
Total Expenditures and Other Deductions	358,866	115,903	1,729	3,419	30,271	510,188
Transfers Among Funds - Additions (Deductions):						
Mandatory:						
Transfers from Primary Government	169,319	23,794	-	1,000	19,432	213,545
Other Deductions	(13,563)	(1,980)	(61)	146	15,458	-
Total Transfers	155,756	21,814	(61)	1,146	34,890	213,545
Net Increase (Decrease) for the Year	1,119	1,711	303	(10,314)	30,478	23,297
Fund Balance July 1, 2000 (as restated)	39,717	24,875	36,419	96,174	241,215	438,400
Fund Balance June 30, 2001	$ 40,836	$ 26,586	$ 36,722	$ 85,860	$ 271,693	$ 461,697

STATE OF MAINE
COMBINING STATEMENT OF CURRENT FUNDS
REVENUES, EXPENDITURES AND OTHER CHANGES
DISCRETELY PRESENTED COMPONENT UNITS - COLLEGE AND UNIVERSITY FUNDS

For the Fiscal Year Ended June 30, 2001
(Expressed in Thousands)

	Maine Maritime Academy			Maine Technical College System		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Revenues:						
Tuition and Fees	$ 5,582	$ 94	$ 5,676	$ 14,965	$ 131	$ 15,096
Federal Appropriations	200	-	200	938	7,607	8,545
State Appropriations and Grants	-	-	-	-	-	-
Federal Grants and Contracts	32	651	683	-	-	-
Private Gifts, Grants and Contracts	73	514	587	2,669	542	3,211
Endowment Income	76	273	349	-	-	-
Sales and Services of Auxiliary Enterprise	3,456	-	3,456	5,149	-	5,149
Other Income	114	(36)	78	2,018	278	2,296
Total Current Fund Revenues	9,533	1,496	11,029	25,739	8,558	34,297
Expenditures and Mandatory Transfers:						
Educational and General:						
Instruction	4,008	28	4,036	28,978	1,329	30,307
Research	14	26	40	-	-	-
Public Service	772	4	776	214	222	436
Academic Support	891	94	985	6,689	2,058	8,747
Student Services	1,875	157	2,032	5,034	1,527	6,561
Institutional Support	3,883	42	3,925	10,837	119	10,956
Operational and Maintenance of Plant	2,057	165	2,222	6,617	3	6,620
Scholarships and Fellowships	239	878	1,117	886	6,695	7,581
Total Expenditures	13,739	1,394	15,133	59,255	11,953	71,208
Mandatory Transfers:						
Principal and Interest	240	-	240	585	-	585
Loan Fund	20	-	20	-	-	-
Total Mandatory Transfers	260	-	260	585	-	585
Total Educational and General	13,999	1,394	15,393	59,840	11,953	71,793
Auxiliary Enterprises:						
Expenditures	2,737	-	2,737	4,787	-	4,787
Total Auxiliary Enterprises	2,737	-	2,737	4,787	-	4,787
Total Expenditures and Mandatory Transfers	16,736	1,394	18,130	64,627	11,953	76,580
Other Transfers and Additions (Deductions):						
Excess of Restricted Receipts over Transfers to Revenues	-	-	-	-	187	187
Net Allocation of Resources (to) from Other Funds	(340)	(279)	(619)	-	-	-
Transfer from Primary Government	7,389	-	7,389	40,874	3,397	44,271
Other Deductions	-	47	47	(64)	(136)	(200)
Total Transfers and Additions	7,049	(232)	6,817	40,810	3,448	44,258
Net Increase (Decrease) in Fund Balance	$ (154)	$ (130)	$ (284)	$ 1,922	$ 53	$ 1,975

University of Maine System			Total		
Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
$ 108,188	$ -	$ 108,188	$ 128,735	$ 225	$ 128,960
-	5,109	5,109	1,138	12,716	13,854
-	6,240	6,240	-	6,240	6,240
-	54,444	54,444	32	55,095	55,127
142	24,424	24,566	2,884	25,480	28,364
452	4,437	4,889	528	4,710	5,238
56,257	-	56,257	64,862	-	64,862
39,190	1,146	40,336	41,322	1,388	42,710
204,229	95,800	300,029	239,501	105,854	345,355
115,957	13,356	129,313	148,943	14,713	163,656
20,729	34,855	55,584	20,743	34,881	55,624
17,825	21,582	39,407	18,811	21,808	40,619
44,802	3,412	48,214	52,382	5,564	57,946
33,643	904	34,547	40,552	2,588	43,140
33,633	159	33,792	48,353	320	48,673
29,287	150	29,437	37,961	318	38,279
9,316	41,362	50,678	10,441	48,935	59,376
305,192	115,780	420,972	378,186	129,127	507,313
-	-	-	825	-	825
-	-	-	20	-	20
-	-	-	845	-	845
305,192	115,780	420,972	379,031	129,127	508,158
53,674	123	53,797	61,198	123	61,321
53,674	123	53,797	61,198	123	61,321
358,866	115,903	474,769	440,229	129,250	569,479
-	-	-	-	187	187
(13,563)	(1,980)	(15,543)	(13,903)	(2,259)	(16,162)
169,319	23,794	193,113	217,582	27,191	244,773
-	-	-	(64)	(89)	(153)
155,756	21,814	177,570	203,615	25,030	228,645
$ 1,119	$ 1,711	$ 2,830	$ 2,887	$ 1,634	$ 4,521

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STATISTICAL & ECONOMIC DATA

The accompanying statistical tables of the State of Maine reflect social and economic data to allow a broader understanding of the environment in which the State operates, as well as historical perspectives and financial trends to assess the fiscal capacity of State government. Statistical tables differ from financial statements because they usually cover more than two fiscal years and present certain non-accounting data.

TABLE I

STATE OF MAINE
EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUND TYPES

LAST TEN FISCAL YEARS
(EXPRESSED IN THOUSANDS)

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
General Government	$ 218,430	$ 239,204	$ 312,767	$ 273,228	$ 257,228	$ 259,715	$ 313,648	$ 407,423	$ 431,959	$ 555,264
Economic Development	76,464	101,195	81,407	92,381	93,329	96,141	92,173	88,315	112,079	110,304
Education & Cultural Services	887,070	961,949	901,229	957,003	979,323	817,559	845,751	910,540	966,947	993,992
Human Services	1,382,146	1,340,335	1,445,823	1,527,840	1,700,472	1,697,053	1,712,124	1,816,359	1,934,243	2,077,991
Labor	116,659	152,423	103,161	62,389	54,651	77,793	83,613	82,012	79,690	76,389
Natural Resources	80,280	98,513	84,912	115,805	110,166	104,575	103,738	111,800	119,783	132,041
Public Protection	56,815	53,627	56,597	56,454	57,291	63,872	87,009	82,093	82,641	92,947
Transportation	257,458	291,516	291,631	283,171	342,133	364,978	319,123	339,572	355,801	397,588
Debt Service	73,336	79,822	-	113,063	111,825	122,275	104,220	107,587	112,980	123,407
Total Expenditures	$ 3,148,658	$ 3,318,584	$ 3,277,527	$ 3,481,334	$ 3,706,418	$ 3,603,961	$ 3,661,399	$ 3,945,701	$ 4,196,123	$ 4,559,923

Notes: Governmental Fund Types of the primary government are described in Note 1B of the Notes to the Financial Statements.
Fiscal Year 1994 data on budgetary basis - GAAP financial information unavailable for that year.

TABLE II

STATE OF MAINE
REVENUES BY SOURCE
ALL GOVERNMENTAL FUND TYPES

LAST TEN FISCAL YEARS
(EXPRESSED IN THOUSANDS)

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Taxes	$ 1,625,533	$ 1,798,315	$ 1,934,966	$ 1,733,996	$ 1,975,208	$ 2,113,711	$ 2,326,004	$ 2,350,495	$ 2,632,465	$ 2,522,131
Assessments & Other Revenues	166,188	47,185	134,640	223,903	147,770	150,213	175,502	178,997	189,213	208,904
Federal Grants & Reimbursements	969,525	1,084,124	1,064,397	1,103,981	1,404,181	1,324,706	1,337,685	1,470,231	1,555,970	1,610,209
Service Charges	116,881	133,483	105,504	104,125	113,477	133,886	113,442	83,639	71,398	69,350
Income from Investments	6,628	6,427	4,932	13,821	-	-	161	28,898	37,094	50,369
Miscellaneous Revenues	10,455	564	67,371	94,268	51,326	35,160	51,649	53,842	113,705	110,182
Total Revenues	$ 2,895,210	$ 3,070,098	$ 3,311,810	$ 3,274,094	$ 3,691,962	$ 3,757,676	$ 4,004,443	$ 4,166,102	$ 4,599,845	$ 4,571,145

Notes: Governmental Fund Types of the primary government are described in Note 1B of the Notes to the Financial Statements.
Fiscal Year 1994 data on budgetary basis - GAAP financial information unavailable for that year.

TABLE III

STATE OF MAINE
NET GENERAL LONG-TERM BONDED DEBT
AND OTHER FINANCING PER CAPITA

LAST TEN FISCAL YEARS
(EXPRESSED IN THOUSANDS)

Fiscal Year	Population (1)	Bonded Debt	Notes and Other Financing (2)	Total Debt	Bonded Debt Per Capita
2001	1,275	$406,490	$159,870	$566,360	$444
2000	1,275	452,975	105,971	558,946	438
1999	1,244	486,620	14,631	501,251	403
1998	1,244	497,050	6,137	503,187 (3)	404
1997	1,244	490,086	6,894	496,980	399
1996	1,244	515,690	8,045	523,735	421
1995	1,244	516,060	9,870	525,930	423
1994	1,244	529,060	11,680	540,740	435
1993	1,244	544,705	13,815	558,520	449
1992	1,244	429,680	15,670	429,680	345

Notes: (1) Population figures obtained from US Census population estimates released July 1999.

(2) Includes Other Debt of the General and Highway Fund expected to be repaid through general governmental resources. Includes revenue bonds of the Maine Government Facilities Authority.

(3) In fiscal year 1997, the State adopted GASB Statement No.14. This resulted in $719,000 of Maine Technical College System bonds being reported with discrete component units and $15,400,000 of Maine Governmental Facilities Authority bonds (then the Maine Court Facilities Authority) being blended in the Special Revenue Fund.

TABLE IV

STATE OF MAINE
RATIO OF NET GENERAL LONG-TERM BONDED DEBT
AND OTHER FINANCING TO ASSESSED VALUE

LAST TEN FISCAL YEARS
(EXPRESSED IN THOUSANDS)

Fiscal Year	Assessed Value (1)	Bonded Debt	Notes and Other Financing (2)	Total Debt	Ratio to Assessed Value
2001	$78,389,000	$406,490	$159,870	$566,360	0.72%
2000	74,260,000	452,975	105,971	558,946	0.75%
1999	71,779,350	486,620	14,631	501,251	0.70%
1998	69,691,900	497,050	6,137	503,187 (3)	0.72%
1997	68,286,600	490,086	6,894	496,980	0.73%
1996	67,102,926	515,690	8,045	523,735	0.78%
1995	66,425,500	516,060	9,870	525,930	0.79%
1994	66,565,500	529,060	11,680	540,740	0.81%
1993	67,751,400	544,705	13,815	558,520	0.82%
1992	68,471,100	429,680	15,670	429,680	0.63%

Notes: (1) The Maine Revenue Service valuation of taxable property is filed in January of each year, based on the value of property as of April 1, 21 months prior to the filing date.

(2) Includes Other Debt of the General and Highway Fund expected to be repaid through general governmental resources. Includes revenue bonds of the Maine Government Facilities Authority.

(3) In fiscal year 1997, the State adopted GASB Statement No.14. This resulted in $719,000 of Maine Technical College System bonds being reported with discrete component units and $15,400,000 of Maine Governmental Facilities Authority bonds (then the Maine Court Facilities Authority) being blended in the Special Revenue Fund.

TABLE V

STATE OF MAINE
RATIO OF ANNUAL DEBT SERVICE FOR GENERAL LONG-TERM BONDED DEBT AND OTHER FINANCING TO TOTAL GENERAL GOVERNMENT EXPENDITURES

LAST TEN FISCAL YEARS
(EXPRESSED IN THOUSANDS)

Fiscal Year	Principal	Interest	Total Debt Service	Total General Government Expenditures (1)	Ratio of Debt Service to General Government Expenditures
2001	$87,760	$23,774	$111,534	$4,516,812	2.5%
2000	82,280	24,359	106,639	4,155,963	2.6%
1999	79,615	25,022	104,637	3,933,125	2.7%
1998	76,426	25,111	101,537	3,661,399	2.8%
1997	87,917	27,486	115,403	3,603,961	3.2%
1996	76,807	26,828	103,635	3,706,418	2.8%
1995	74,318	29,567	103,885	3,481,334	3.0%
1994	61,964	31,528	93,492	3,277,527	2.9%
1993	46,190	28,485	74,675	3,318,584	2.3%
1992	45,710	25,454	71,164	3,148,658	2.3%

Notes: (1) Includes Other Debt of the General and Highway Fund expected to be repaid through general governmental resources. Does not include debt of the Maine Government Facilities Authority.

TABLE VI

STATE OF MAINE
COMPUTATION OF LEGAL DEBT MARGIN

JUNE 30, 2001

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% 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% of the total valuation of the State of Maine, whichever is the lesser.

There were no temporary loans outstanding at June 30, 2001, which were subject to the Constitutional limitations.

All other general long-term bonds outstanding at June 30, 2001 were issued pursuant to properly ratified legislation.

TABLE VII

STATE OF MAINE
PRINCIPAL INDUSTRIAL EMPLOYERS

NOT SEASONALLY ADJUSTED

RANKED BY NUMBER OF EMPLOYEES IN MAINE

JUNE 2001

	Company	Number of Employees (1)
1	Hannaford Brothers Company	7,400
2	Bath Iron Works Corporation	6,600
3	L.L. Bean, Inc	5,800
4	Wal Mart Associates, Inc	5,000
5	Maine Medical Center Foundation	4,800
6	MBNA Marketing Systems, Inc	4,000
7	UNUMPROVIDENT Corp	3,600
8	Shaw's Supermarkets	3,200
9	International Paper Company	2,600
10	Eastern Maine Medical Center	2,400
11	Envisionet Computer Services, Inc	2,200
12	MaineGeneral Medical Center - Augusta	2,000
13	Anthem Health Systems	1,600
14	Verizon New England, Inc	1,600
15	Central Maine Power Company	1,400
16	Fairchild Semiconductor Corporation	1,400
17	Pratt & Whitney Aircraft Group	1,400
18	S. D. Warren	1,400
19	Central Maine Medical Center	1,200
20	Great Northern Paper, Inc	1,200
21	Home Depot	1,200
22	Irving Oil Corporation	1,200
23	Mead Oxford Corporation	1,200
24	Rite Aid of Maine, Inc	1,200
25	Ames Department Stores	1,000
26	Cianbro Corporation	1,000
27	Jackson Laboratory	1,000
28	Mercy Hospital	1,000
29	Nexfor Fraser Papers, Inc	1,000
30	Vencor Nursing Centers West, LLC	1,000
31	Attendant Services, Inc	800
32	Banknorth Group, Inc	800
33	Bates College	800
34	Blethen Maine Newspapers, Inc	800
35	Bowdoin College	800
36	C.N. Brown Co	800
37	Community Health and Counseling Svc	800
38	Dead River Company	800
39	General Electric Co	800
40	Goodwill Industries of Northern N.E	800
41	Interstate Brands Corp	800
42	Manpower	800
43	New Balance Athletic Shoe, Inc	800
44	Peoples Heritage Financial Group	800
45	Sears Roebuck and Co	800
46	Southern Maine Medical Center	800
47	Sprague Sanford, Inc	800
48	Sweetser Children's Services	800
49	United Parcel Service	800
50	Penobscot Bay Medical Center	600

Note: (1) Approximate number of employees

Source: Maine State Department of Labor

TABLE VIII

STATE OF MAINE
EXPORTS BY INDUSTRY

JUNE 2001 and 2000
(EXPRESSED IN THOUSANDS)

Description	2001	2000	Percentage Change
Paper	$354,369	$371,534	-4.62 %
Computer and Electronic Products	347,066	330,229	5.10
Forestry Products	186,914	177,133	5.52
Fish, Fresh, Chilled or Frozen & Other Marine Products	148,978	156,482	-4.80
Machinery, Except Electrical	97,936	93,143	5.15
Transportation Equipment	79,684	59,499	33.92
Wood Products	76,235	77,977	-2.23
Oil and Gas	71,288	36,279	96.50
Leather and Allied Products	69,698	67,959	2.56
Food and Kindred Products	68,220	74,281	-8.16
Chemicals	53,578	38,453	39.33
Livestock and Livestock Products	38,996	40,915	-4.69
Electrical Equipment, Appliances, and Components	34,367	46,110	-25.47
Plastics and Rubber Products	27,566	28,639	-3.75
Goods Returned to Canada	22,364	21,503	4.00
Agricultural Products	19,133	21,906	-12.66
Special Classifications Provisions	16,776	22,043	-23.89
Primary Metal Manufacturing	13,508	14,426	-6.36
Miscellaneous Manufactured Commodities	13,185	11,124	18.53
Fabricated Metal Products	12,490	18,205	-31.39
Waste and Scrap	11,329	18,543	-38.90
Textile Mill Products	9,298	12,638	-26.43
Textile and Fabrics	8,757	7,966	9.93
Beverages and Tobacco Products	7,654	6,508	17.61
Nonmetallic Mineral Products	5,960	3,804	56.68
Printing, Publishing and Similar Products	5,348	6,393	-16.35
Furniture and Fixtures	4,027	3,718	8.31
Apparel and Accessories	3,649	2,951	23.65
Used or Second Hand Merchandise	1,954	997	95.99
Petroleum and Coal Products	1,804	6,080	-70.33
Minerals and Ores	295	1,255	-76.49
Maine Export Totals	$1,812,426	$1,778,693	1.90 %

TABLE IX

STATE OF MAINE
TOP TEN MARKETS

JUNE 2001 and 2000
(EXPRESSED IN THOUSANDS)

Country	2001	2000	Percentage Change
Canada	$846,319	$838,901	0.88 %
Malaysia	132,666	133,760	-0.82
Singapore	105,264	36,441	188.9
Japan	74,852	76,634	-2.33
Germany	47,382	35,249	34.42
Hong Kong	46,848	50,039	-6.38
Australia	42,005	40,085	4.79
Belgium	36,773	58,201	-36.82
United Kingdom	36,374	47,337	-23.16
South Korea	35,133	64,402	-45.45

Source: Maine International Trade Center

TABLE X

STATE OF MAINE
EMPLOYED AND UNEMPLOYED BY LABOR MARKET
NOT SEASONALLY ADJUSTED

JUNE 2001 and 2000

Labor Market Areas	Civilian Labor Force (1		Employed (2)		Unemployed (3)		Unemployment Rate (4)	
	June 01	June 00	June 01	June 00	June 01	June 00	June 01	June 00
Augusta	47,220	47,720	45,470	45,740	1,750	1,980	3.7 %	4.1 %
Bangor MSA	52,500	52,600	51,200	51,400	1,200	1,300	6.0	2.4
Bath-Brunswick	36,430	36,230	35,490	35,200	950	0	2.6	2.8
Belfast	18,370	18,410	17,840	17,780	530	630	2.9	3.4
Biddeford	44,650	45,150	43,590	44,270	1,060	880	2.4	2.0
Boothbay Harbor	10,460	10,520	10,300	10,340	170	190	1.6	1.8
Bucksport	5,510	5,540	5,340	5,320	170	210	3.0	3.8
Calais	4,960	5,190	4,550	4,570	410	620	8.2	11.9
Dexter-Pittsfield	12,490	12,680	11,610	11,830	880	850	7.1	6.7
Dover-Foxcroft	7,110	7,260	6,680	6,840	430	420	6.1	5.8
Ellsworth-Bar Harbor	22,440	23,080	21,720	22,250	720	820	3.2	3.6
Farmington	16,750	17,470	15,540	16,100	1,210	1,360	7.2	7.8
Fort Kent	3,790	3,870	3,510	3,580	280	290	7.3	7.4
Greenville	960	1,020	910	960	50	60	4.8	5.8
Houlton	6,140	6,430	5,890	6,180	240	250	4.0	3.8
Jonesport-Milbridge	4,100	4,330	3,840	4,040	260	290	6.4	6.8
Kittery-York (5)	21,240	21,130	20,810	20,800	430	340	2.0	1.6
Lewiston-Auburn MSA	54,400	55,700	52,400	53,800	2,000	1,900	3.6	3.4
Lincoln-Howland	5,940	6,230	5,540	5,780	400	450	6.8	7.3
Machias-Eastport	6,540	6,750	6,170	6,360	370	390	5.6	5.7
Madawaska	3,710	3,940	3,610	3,810	100	130	2.7	3.3
Millinocket-East Millinocket	5,060	5,220	4,710	4,850	350	370	7.0	7.1
Norway-Paris	12,070	12,050	11,450	11,420	620	630	5.2	5.2
Outer Bangor	8,970	8,900	8,540	8,480	430	430	4.8	4.8
Patten-Island Falls	1,820	1,830	1,650	1,720	170	110	9.2	6.2
Portland	139,300	140,000	136,300	137,100	3,000	2,900	2.2	2.1
Presque Isle-Caribou	20,790	21,420	20,070	20,630	720	790	3.5	3.7
Rockland	24,140	24,860	23,600	24,270	540	600	2.2	2.4
Rumford	9,660	10,090	8,900	9,150	760	940	7.9	9.3
Sanford	23,050	23,770	21,780	22,790	1,270	980	5.5	4.1
Sebago Lakes Region	14,220	14,680	13,770	14,180	450	500	3.1	3.4
Skowhegan	17,050	17,470	15,920	16,390	1,130	1,080	6.6	6.2
Stonington	5,800	5,990	5,660	5,800	140	190	2.4	3.2
Van Buren	1,450	1,500	1,390	1,430	60	70	4.3	4.9
Waterville	24,390	25,230	23,510	24,110	870	1,130	3.6	4.5
MAINE	693,400	704,300	669,300	679,200	24,100	25,100	3.5 %	3.6 %
UNITED STATES (000's)	142,684	142,132	135,923	136,192	6,762	5,940	4.7 %	4.2 %

Notes: (1) Civilian labor force, employed, and unemployed estimates are by place of residence. Items may not add due to rounding. All data exclude members of the Armed Forces. MSA stands for Metropolitan Statistical Area.

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

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

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

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

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

TABLE XI

STATE OF MAINE
FINANCIAL INSTITUTION DEPOSITS

LAST TEN FISCAL YEARS

(EXPRESSED IN THOUSANDS)

	2001		2000		1999		1998	
	No.	Bank Deposits	No.	Bank Deposits	No.	Bank Deposits	No.	Bank Deposits
Trust Companies	9	$1,424,564	10	$2,488,507	11	$2,958,142	12	$2,660,193
Limited Purpose Banks	6	-	5	-	5	772		-
National Banks	7	7,494,223	6	6,035,433	5	2,920,566	5	2,915,927
State Savings Banks	16	4,690,828	16	4,269,611	17	6,909,744	17	6,497,694
Federal Savings Banks	2	704,563	4	750,020	4	661,957	4	613,691
State Savings & Loans	3	100,834	3	94,665	3	95,868	3	91,170
Federal Savings & Loans	4	200,502	4	179,365	4	178,385	4	173,879
State Credit Unions	14	628,463	13	502,274	13	501,390	12	422,829
Federal Credit Unions	67	1,948,491	72	1,841,490	75	1,816,004	77	1,721,696
Total Institutions	128	$17,192,468	133	$16,161,365	137	$16,042,828	134	$15,097,079
State Chartered	48	$6,844,689	47	$7,355,057	49	$10,465,916	44	$9,671,886
Federally Chartered	80	10,347,779	86	8,806,308	88	5,576,912	90	5,425,193
Total Chartered	128	$17,192,468	133	$16,161,365	137	$16,042,828	134	$15,097,079

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

1997		1996		1995		1994		1993		1992	
No.	Bank Deposits	No.	Bank Deposits	No.	Bank Deposits	No.	Bank Deposits	No.	Bank Deposits	No.	Bank Deposits
13	$2,790,194	14	$5,396,641	14	$5,484,431	14	$4,909,550	14	$4,874,189	14	$5,255,394
	-		-		-		-		-		-
6	3,433,699	5	1,032,321	5	1,051,103	6	1,744,084	6	1,806,263	6	1,847,158
17	5,307,205	17	5,062,377	17	4,856,487	17	4,523,302	17	4,439,902	17	4,460,283
4	556,835	4	428,519	4	405,567	5	473,484	6	528,011	6	483,457
3	88,399	3	83,630	3	76,042	4	101,595	4	101,817	4	95,653
4	168,591	5	243,010	5	233,024	5	216,956	5	216,717	5	214,737
11	380,613	12	368,532	13	352,500	13	341,875	10	331,753	10	248,776
80	1,650,747	82	1,579,902	83	1,463,185	84	1,404,583	91	1,349,553	96	1,365,598
138	$14,376,283	142	$14,194,932	144	$13,922,339	148	$13,715,429	153	$13,648,205	158	$13,971,056
44	$8,566,411	46	$10,911,180	47	$10,769,460	48	$9,876,322	45	$9,747,661	45	$10,060,106
94	5,809,872	96	3,283,752	97	3,152,879	100	3,839,107	108	3,900,544	113	3,910,950
138	$14,376,283	142	$14,194,932	144	$13,922,339	148	$13,715,429	153	$13,648,205	158	$13,971,056