



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

SERVING THE PUBLIC AND DELIVERING ESSENTIAL SERVICES TO STATE GOVERNMENT

KIRSTEN LC FIGUEROA
COMMISSIONER

DOUGLAS E. COTNOIR, CPA, CIA
STATE CONTROLLER

**TO: Janet T. Mills, Governor
Kirsten LC Figueroa, Commissioner**

FROM: Douglas E. Cotnoir, CPA, CIA, State Controller

DATE: July 23, 2025

SUBJECT: Fiscal Year 2025 Year-End

The State of Maine preliminarily closed fiscal year 2025 with Unappropriated Surplus in the General Fund of \$308.4 million. This is termed “preliminary” because there are provisions of Public Law 2025 Chapters 388 & 443 that impact the ending balance of the General Fund but those provisions will not become effective until September 24, 2025. We have made appropriate adjustments to account for the impact of those provisions on the fiscal year 2025 ending balance. This balance is comprised of (amounts in millions):

• Budgeted balance forward	\$156.3
<i>(Total Projected Resources less Total Appropriations and other uses recognized by formal legislative action)</i>	
• Excess revenues	117.6
<i>(Actual Revenues exceeding Budgeted Estimates)</i>	
• Lapsing General Fund accounts - unbudgeted	25.2
<i>(Unexpended balances of General Fund accounts not authorized to carry by law)</i>	
• Lapsing General Fund encumbrances	6.1
<i>(Unexpended balances of prior period encumbrances not authorized to carry by law)</i>	
• Prior period accounting adjustments	<u>3.2</u>
<i>(Prior period corrections to transactions, balance forward adjustments, and the current year corrections accumulated throughout the fiscal year)</i>	
Net Unappropriated Surplus	<u>\$308.4</u>

Title 5 §1536 defines the statutory order for priority transfers at year end. At fiscal year end, the Controller is required to transfer \$2.5 million to the Reserve for Operating Capital. Additionally, if amounts are available in unappropriated surplus, the Controller is required to restore the Governor's Contingent Account to a maximum \$350,000; transfer \$1.0 million to the FAME Loan Insurance Reserve; and, transfer \$2.0 million to reduce the Unfunded Actuarial Liability for Retiree Health Insurance.

Affecting this fiscal year end, the State Legislature established fifth and sixth priority transfers in PL 2025 Chapter 388 and PL 2025 Chapter 443, totaling \$27.0 million.* These transfers affect the calculation of the year end cascade. Because these laws do not become effective until September 24, 2025, we have set these funds aside in a reserve to be distributed after the effective date. The following amounts were set aside in this reserve for Chapter 388 & 443 transfers:

• Chapter 388	MaineCare Stabilization Fund	\$24.0 million
• Chapter 443	Maine Center for Disease Control and Prevention Program	\$3.0 million
Total Transfers		\$27.0 million*

From the net unappropriated surplus, after the priority transfers, the Controller is required to transfer 80% to the Budget Stabilization Fund and 20% to the Highway and Bridge Capital Program in accordance with Title 5 §1536. If the Budget Stabilization Fund is at its limit of 18% of General Fund revenue for the fiscal year being closed, then amounts that would otherwise have been transferred to the stabilization fund are transferred to the Highway and Bridge Capital Program. This was the case at the close of fiscal year 2025. **

At the close of fiscal year 2025, the following transfers related to the cascade were made from the General Fund Unappropriated Surplus:

• Loan Insurance Reserve (<i>Title 5 §1511</i>)	\$1.0 million
• Retiree Health Insurance (<i>Title 5 §1519</i>)	\$2.0 million
• Reserve for Operating Capital (<i>Title 5 §1536</i>)	\$2.5 million
• MaineCare Stabilization Fund (<i>PL25 C388</i>)	\$24.0 million*
• Maine Center for Disease Control & Prevention (<i>PL25 C443</i>)	\$3.0 million*
• MaineCare Stabilization Fund (<i>PL23 C643</i>)	\$6.5 million
• Budget Stabilization Fund	\$79.4 million**
• Highway and Bridge Capital (<i>Title 5 §1536</i>)	<u>\$33.8 million**</u>
Total Transfers	\$152.2 million

The final reserve balances in the General Fund at June 30, 2025 were:

- **Budget Stabilization Fund** **\$1,030.0 million**

*** Transferring the full amount of 80% of the unappropriated surplus would have caused the balance in the Budget Stabilization Fund to exceed the statutory limit for this reserve of \$1,030 million for FY 2025, which represents 18% of FY 2025 General Fund revenue. Consequently, \$11.1 million that would otherwise have been transferred to the stabilization fund was transferred to the Highway and Bridge Capital Program.*

- **Reserve for General Fund Operating Capital** **\$7.5 million**

The statutory limit for this reserve is \$50.0 million.

- **Reserve for PL 2025 Chapter 388** **\$24.0 million**
- **Reserve for PL 2025 Chapter 443** **\$3.0 million**

** These reserves for PL 2025 Chapter 388 & 443 are set aside for distribution after September 24, 2025.*

- **Other Reserves** **\$6.6 million**

General Fund
Unreserved Fund Balance/Unappropriated Surplus Calculation
Fiscal Year Ended June 30, 2025

Overall Equity Balance (before required reserves and year end transfers) \$ 1,811,669,876

Existing Reserves:

Encumbrances	(142,842,134)
Carrying Balances	(399,138,815)
Contingent Account	(350,000)
General Fund Operating Capital	(5,041,135)
Budget Stabilization	(950,604,275)
Loan Insurance	0
Reserve for PL 2025 Chapters 388 & 443	0
Other Reserves	(5,254,205)

Unappropriated Surplus \$ 308,439,313

Less Budgeted Priority Transfers:

Budgeted Balance Forward	(156,271,645)
Contingent Account Title 5, S. 1507	0
Loan Insurance Reserve Title 5, S. 1511	(1,000,000)
Retiree Health ISF UAL (flat \$2 m) Title 5, S. 1519	(2,000,000)
General Fund Operating Capital (flat \$2.5 m) Title 5, S. 1536	(2,500,000)
C388 PL25 "5th priority" transfer (MM-1)	(24,000,000)
C443 PL25 "6th priority" transfer (Sec 1)	(3,000,000)
C643 PL23 "7th priority" transfer (MMMM-2)	(6,464,572)

Amount Available for Final Priority Reserves 113,203,096

Final Priority Reserves:

Budget Stabilization	(80%)	(less \$11,133,700 over cap)	79,428,777
Highway and Bridge Capital	(20%)	(plus \$11,133,700 bsf at cap)	33,774,319
Total Final Priority Reserve Transfers			<u>\$ 113,203,096</u>

Final Reserve Balances:

	<u>June 30, 2024</u>	<u>June 30, 2025</u>
Budget Stabilization Fund	\$ 968,308,562	\$ 1,030,033,052
Reserve for General Fund Operating Capital	5,041,135	7,541,135
Reserve for PL 2023 Chapter 643	12,906,649	
Reserve for PL 2025 Chapters 388 & 443		27,000,000
Other Reserves	39,671,651	6,604,205
Total Reserves	<u>\$ 1,025,927,997</u>	<u>\$ 1,071,178,391</u>