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Sandra Royce
Director of Financial Reporting & Analysis
Office of the State Controller
State of Maine
14 State House Station
Augusta, ME 04333-0014

**Subject: GASB 75 Reporting and Disclosure - Actuarial Information for Fiscal Year
Ended June 30, 2018**

Dear Sandra:

This letter and the associated documents contain certain information required by the State of Maine retiree healthcare plans ("plans") for County and Municipal Law Enforcement Officers & Municipal Firefighters ("First Responders"), Teachers, State Employees, and the Ancillary Groups in connection with the Governmental Accounting Standards Board ("GASB") Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions." The calculation of the liability associated with the benefits referenced in this letter was performed for the purpose of satisfying the requirements of GASB No. 75.

GASB No. 75 is first applicable for the State of Maine as of June 30, 2018. The information provided herein was determined using a Measurement Date of June 30, 2017 to be disclosed as of the June 30, 2018 Reporting Date.

The Total OPEB Liability, Net OPEB Liability (Total OPEB Liability minus Fiduciary Net Position), OPEB expense, and certain sensitivity information shown in this letter are based the actuarial valuations performed as of June 30, 2017. We are not aware of any significant events or material changes in benefit provisions that required an adjustment of the liability.

The Total OPEB liability at the beginning of the year, June 30, 2016, was based on actuarial valuations performed as of June 30, 2016, by Deloitte Consulting LLP ("Deloitte").

This letter and accompanying exhibits are based upon information furnished to us by the State of Maine, which includes benefit provisions, membership information, and financial data. We have analyzed the data and other information provided for reasonableness, but we have not independently audited the data or other information provided. We have no reason to believe the data or other information provided is not complete and accurate and know of no further information that is essential to the preparation of the actuarial valuation.

This letter complements the actuarial valuation reports as of June 30, 2017, provided to the State and should be considered together as a complete report for the State's fiscal year ended June 30, 2018. Please see the actuarial valuation reports as of June 30, 2017, for additional discussion of the results used in the roll-forward, including the nature of actuarial calculations and more information related to participant data, economic and demographic assumptions, and benefit provisions.

State Employees and Ancillary Groups

For the State Employees, a single discount rate of 6.75% was used to measure the Total OPEB Liability as of June 30, 2017. This rate is based on the expected asset return for the State of Maine. The selection of this discount rate is consistent with the rate to be used for purposes of GASB No. 75. Since the State's postretirement medical plan for this group is being funded by assets in a separate trust, GASB No. 75 requires that the discount rate be based on the expected asset return to the extent that assets are sufficient to cover future benefit payments.

For Ancillary groups, a single discount rate of 3.58% was used to measure the Total OPEB Liability as of June 30, 2017 (2.85% as of June 30, 2016). This rate is based on the Bond Buyer 20-Bond General Obligation Index as of the measurement date. The selection of this discount rate is consistent with the rate to be used for purposes of GASB No. 75 given that the State's postretirement medical plan is not being funded by assets in a separate trust for these groups.

Teachers

The State of Maine contributes to Retiree Healthcare Plans for Teachers. The State of Maine is a governmental nonemployer contributing entity in a special funding situation, where contributions are made on behalf of the single employer OPEB plans sponsored by each of the participating school districts.

An approximation was made to estimate the State's proportionate share of the collective Net OPEB Liability for these school district plans. Due to a lack of necessary data from each participating school district and time constraints, it was not practical to obtain a detailed calculation this year. The estimated approach assumes the overall State of Maine OPEB plan population, and associated demographics, are representative of the total populations covered by the school districts. For the State of Maine OPEB plan, an implicit subsidy liability was calculated and used as a proxy to estimate the implicit subsidy liability held by the collective school districts.

A single discount rate of 3.58% was used to measure the Total OPEB Liability as of June 30, 2017 (2.85% as of June 30, 2016). This rate is based on the Bond Buyer 20-Bond General Obligation Index as of the measurement date. The selection of this discount rate is consistent with the rate to be used for purposes of GASB No. 75 given that the State's postretirement medical plan is not being funded by assets in a separate trust for Teachers.

First Responders

The State of Maine contributes to Retiree Healthcare Plans for First Responders. The State of Maine is a governmental nonemployer contributing entity in a special funding situation where contributions are made on behalf of the single employer OPEB plans sponsored by each of the participating municipalities.

An approximation was made to estimate the State's proportionate share of the collective Net OPEB Liability for the participating municipalities. Due to a lack of complete data and time constraints, it was not practical to obtain complete detailed calculations of the implicit liability held by each participating municipality. We received the implicit liability for seven of the participating municipalities prepared by the actuaries for those plans. The State of Maine's proportionate share of the collective Net OPEB Liability for these seven plans was used as a proxy for the proportionate share for each of the plans in total.

A single discount rate of 3.58% was used to measure the Total OPEB Liability as of June 30, 2017 (2.85% as of June 30, 2016). This rate is based on the Bond Buyer 20-Bond General Obligation Index as of the measurement date. The selection of this discount rate is consistent with the rate to

be used for purposes of GASB No. 75 given that the State's postretirement medical plan is not being funded by assets in a separate trust for First Responders.

Actuarial Valuation Opinion

In our opinion, all costs, liabilities, rates of interest, and other factors underlying these actuarial computations have been determined on the basis of actuarial assumptions and methods that are each reasonable (or consistent with authoritative guidance) for the purposes described herein taking into account the experience of the Plan and future expectations.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operations of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the Plan's funded status); and changes in plan provisions or applicable law.

The undersigned with actuarial credentials meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

This report was prepared solely for the benefit and internal use of the plan sponsor. This report is not intended for the benefit of any other party and may not be relied upon by any third party for any purpose, and Deloitte Consulting accepts no responsibility or liability with respect to any party other than the plan sponsor.

To the best of our knowledge, no employee of the Deloitte U.S. Firms is an officer or director of the employer. In addition, we are not aware of any relationship between the Deloitte U.S. Firms and the employer that may impair or appear to impair the objectivity of the work detailed in this report.

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