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October 27, 2022

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

**Subject: Fiscal Year End June 30, 2022 GASB Statement No. 74 Disclosure Information for the State of Maine Retiree Healthcare Plan for State Employees**

Dear Sandra:

This letter and the associated documents contain certain information required by the State of Maine retiree healthcare plan ("plan") for State Employees in connection with the Governmental Accounting Standards Board ("GASB") Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans". 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. 74.

The information provided herein will be used for the June 30, 2022 GASB 74 disclosures.

The Total OPEB Liability and certain sensitivity information shown in this letter are based on the actuarial valuation performed as of June 30, 2021. The Total OPEB Liability was rolled-forward from the valuation date to fiscal year ended June 30, 2022 using generally accepted actuarial principles. We are not aware of any significant events or material changes in benefit provisions that required an adjustment to the roll-forward of the liability.

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, 2021, provided to the State and should be considered together as a complete report for the State's fiscal year ended June 30, 2022 GASB No. 74 reporting. Please see the actuarial valuation report as of June 30, 2021, 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.

A single discount rate of 6.50% was used to measure the Total OPEB Liability as of June 30, 2021 and June 30, 2022. This rate is based on the long-term expected asset return for the State of Maine Retiree Health Insurance Trust Fund. The selection of this discount rate is consistent with the rate to be used for purposes of GASB No. 74. Since the State's postretirement medical plan for this group is being funded by assets in a separate trust, GASB No. 74 requires that the discount rate be based on the long-term expected asset return to the extent that assets are sufficient to cover future benefit payments.

## **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 meet 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.

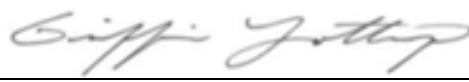
To the best of our knowledge, no employee of the Deloitte U.S. Firms is an officer or director of the employer. In addition, we are not aware of any relationship between the Deloitte U.S. Firms and the employer that may impair or appear to impair the objectivity of the work detailed in this report.

## **Deloitte Consulting LLP**



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Michael de Leon, EA, ASA, FCA, MAAA  
Managing Director



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Griffin Lothrop, EA, ASA, FCA, MAAA  
Specialist Leader

**State of Maine - State Employees**  
**Fiscal Year Ended June 30, 2022 GASB Statement No. 74 Disclosure Information**

**Exhibit 1: Schedule of Changes in Net OPEB Liability**

(All dollar amounts are in thousands)

	Discount Rate	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
<b>June 30, 2021</b>	<b>6.50%</b>	<b>\$ 1,236,901</b>	<b>\$ 382,842</b>	<b>\$ 854,059</b>
Service Cost		17,706		17,706
Interest		79,021		79,021
Changes In Benefit Terms		554		554
Changes In Assumptions - Discount Rate		-		-
Changes In Assumptions - Others		(116,306)		(116,306)
Differences Between Expected And Actual Experience		(59,931)		(59,931)
Benefit Payments				
Explicit Subsidy	\$ (47,026)			
Implicit Subsidy	\$ (33,132)			
Total		(80,158)	(80,158)	-
Contributions - Employer				
Discretionary/Prefunded	\$ 2,000			
Explicit Subsidy	\$ 47,026			
Implicit Subsidy	\$ 33,132			
Total			82,158	(82,158)
Contributions - Employee			-	-
Contributions - Retiree			-	-
Administrative Expenses			(3)	3
Net Investment Income				
Expected Investment Earnings	\$ 24,885			
Differences Between Projected And Actual Investment Earnings	\$ (78,544)			
Total			(53,659)	53,659
Net Change		\$ (159,114)	\$ (51,662)	\$ (107,452)
<b>June 30, 2022</b>	<b>6.50%</b>	<b>\$ 1,077,787</b>	<b>\$ 331,180</b>	<b>\$ 746,607</b>
			<b>June 30, 2022</b>	<b>June 30, 2021</b>
Plan Fiduciary Net Position As A Percentage Of Total OPEB Liability			30.7%	31.0%
Covered Payroll			\$ 737,707	\$ 736,411
Net OPEB Liability As A Percentage Of Covered Payroll			101.2%	116.0%
<b>Sensitivity of Net OPEB Liability to changes in Discount Rate</b>			<b>June 30, 2022</b>	<b>% Change</b>
A one percentage point change in discount rate would have the following effect on Total OPEB Liability as of June 30, 2022:				
One Percentage Increase (7.50%)	\$	(99,996)		-9%
One Percentage Decrease (5.50%)	\$	118,724		11%
Net OPEB Liability at a one percentage point change in discount rate as of June 30, 2022 is as follows:				<b>Net OPEB Liability</b>
One Percentage Increase (7.50%)				\$ 646,611
One Percentage Decrease (5.50%)				\$ 865,331
<b>Sensitivity of Net OPEB Liability to changes in Trend Rate</b>			<b>June 30, 2022</b>	<b>% Change</b>
A one percentage point change in trend rate would have the following effect on Total OPEB Liability as of June 30, 2022:				
One Percentage Increase (8.63% grading down to 5.19%)	\$	153,229		14%
One Percentage Decrease (6.63% grading down to 3.19%)	\$	(126,384)		-12%
Net OPEB Liability at a one percentage point change in trend rate as of June 30, 2022 is as follows:				<b>Net OPEB Liability</b>
One Percentage Increase (8.63% grading down to 5.19%)				\$ 899,836
One Percentage Decrease (6.63% grading down to 3.19%)				\$ 620,223
<b>Key Assumptions</b>			<b>June 30, 2022</b>	<b>June 30, 2021</b>
Discount Rate			6.50%	6.50%
Investment Rate of Return			6.50%	6.50%
Inflation			2.75%	2.75%
Initial Medical Trend Rate <sup>1</sup>			7.63%	5.90%
Ultimate Medical Trend Rate <sup>1</sup>			4.19%	4.29%
Year Ultimate Trend Rate Reached			2075	2075

<sup>1</sup> Trend applied to premium rates is limited to no more than inflation + 3% in any given year.

**State of Maine - State Employees**  
**Fiscal Year Ended June 30, 2022 GASB Statement No. 74 Disclosure Information**

**Exhibit 2: 10-Year Schedule of Employer Contributions**  
*(All dollar amounts are in thousands)*

Year Ended	Actuarially Determined Contributions <sup>1</sup> (a)	Contributions in Relation to Actuarially Determined Contributions		Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (e)
		(b)	Contribution Deficiency (Excess) (c)		
			(a)-(b)		(b)/(d)
June 30, 2017	\$69,000	\$78,746	(\$9,746)	\$582,934	13.5%
June 30, 2018	\$71,179	\$80,612	(\$9,433)	\$591,521	13.6%
June 30, 2019	\$71,363	\$92,829	(\$21,466)	\$626,384	14.8%
June 30, 2020	\$56,241	\$71,200	(\$14,959)	\$698,462	10.2%
June 30, 2021	\$58,819	\$77,095	(\$18,276)	\$736,411	10.5%
June 30, 2022	\$52,922	\$82,158	(\$29,236)	\$737,707	11.1%

<sup>1</sup> Actuarially Determined Contributions for year ended June 30, 2017 was calculated by the prior plan actuary.