

State of Maine - State Employees

Exhibit 1: Schedule of Changes in Net OPEB Liability

(All dollar amounts are in thousands)

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
June 30, 2016	\$ 1,147,800	\$ 203,088	\$ 944,712
Service Cost	16,446		16,446
Interest	76,105		76,105
Changes In Benefit Terms	-		-
Changes In Assumptions - Discount Rate	-		0
Changes In Assumptions - Others	-		-
Differences Between Expected And Actual Experience	9,854		9,854
Benefit Payments			
Explicit Subsidy	\$ (53,118)		
Implicit Subsidy	\$ (21,628)		
Total	(74,746)	(74,746)	-
Contributions - Employer			
Explicit Subsidy	\$ 57,118		
Implicit Subsidy	\$ 21,628		
Total		78,746	(78,746)
Contributions - Employee		-	-
Administrative Expenses		(6)	6
Net Investment Income			
Expected Investment Earnings	\$ 13,708		
Differences Between Projected And Actual Investment Earnings	\$ 12,806		
Total		26,514	(26,514)
Net Change	\$ 27,659	\$ 30,509	\$ (2,849)
June 30, 2017	\$ 1,175,459	\$ 233,596	\$ 941,863
		June 30, 2017	June 30, 2016
Plan Fiduciary Net Position As A Percentage Of Total OPEB Liability		19.9%	17.7%
Covered Payroll		\$ 582,934	\$ 574,663
Net OPEB Liability As A Percentage Of Covered Payroll		161.6%	164.4%
Sensitivity of Net OPEB Liability to changes in Discount Rate		June 30, 2017	% Change
A one percentage point change in discount rate would have the following effect on Total OPEB Liability as of June 30, 2017:			
One Percentage Increase (7.75%)		\$ (114,919)	-10%
One Percentage Decrease (5.75%)		\$ 137,730	12%
Net OPEB Liability at a one percentage point change in discount rate as of June 30, 2017 is as follows:			Net OPEB Liability
One Percentage Increase (7.75%)			\$ 826,944
One Percentage Decrease (5.75%)			\$ 1,079,593
Sensitivity of Net OPEB Liability to changes in Trend Rate		June 30, 2017	% Change
A one percentage point change in trend rate would have the following effect on Total OPEB Liability as of June 30, 2017:			
One Percentage Increase (7.6% grading down to 5.3%)		\$ 159,271	14%
One Percentage Decrease (5.6% grading down to 3.3%)		\$ (131,602)	-11%
Net OPEB Liability at a one percentage point change in trend rate as of June 30, 2017 is as follows:			Net OPEB Liability
One Percentage Increase (7.6% grading down to 5.3%)			\$ 1,101,134
One Percentage Decrease (5.6% grading down to 3.3%)			\$ 810,261
Key Assumptions		June 30, 2017	June 30, 2016
Discount Rate		6.75%	6.75%
Investment Rate of Return		6.75%	6.75%
Inflation		2.75%	2.75%
Initial Medical Trend Rate ^{1,2}		6.60%	6.80%
Ultimate Medical Trend Rate ²		4.29%	4.29%
Year Ultimate Trend Rate Reached		2075	2075

¹ In order to reflect known 2018 premiums, non-medicare increases were assumed to be 3.00% for 2016 and 4.00% for 2017, while Medicare increases were assumed to be -2.31% for 2016 and 0.00% for 2017.

² Trend is limited to no more than inflation + 3% in any given year.

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Exhibit 2: Development of OPEB Expense for Year Ended 06/30/2017

(All dollar amounts are in thousands)

Components of OPEB Expense	Year Ended 06/30/2017
Service Cost	\$ 16,446
Interest	76,105
Expected Investment Earnings	(13,708)
Contributions - Employee	0
Administrative Expenses	6
Changes In Benefit Terms	0
Recognition of Current Period Deferred Outflows and Inflows	
Changes in assumptions	0
Differences between expected and actual experience	1,910
Differences between expected and actual investment earnings	(2,561)
Recognition of Beginning Deferred Outflows	0
Recognition of Beginning Deferred Inflows	0
OPEB Expense	\$ 78,198

Assumptions Used to Determine OPEB Expense	Year Ended 06/30/2017
Discount Rate	6.75%
Investment Rate of Return	6.75%
Inflation	2.75%
Initial Medical Trend Rate ^{1,2}	6.80%
Ultimate Medical Trend Rate ²	4.29%
Year Ultimate Trend Rate Reached	2075

¹ In order to reflect known 2018 premiums, non-medicare increases were assumed to be 3.00% for 2016 and 4.00% for 2017, while Medicare increases were assumed to be -2.31% for 2016 and 0.00% for 2017.

² Trend is limited to no more than inflation + 3% in any given year.

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Exhibit 3: Schedule of Outflows/(Inflows)*

(All dollar amounts are in thousands)

Measurement Date Established	Initial Amount	Deferred Outflows of Resources as of 06/30/2017	Deferred (Inflows) of Resources as of 06/30/2017**	Initial Years	Remaining Years	Outflows/(Inflows) Recognized in Year Ended 06/30/2017
Changes In Assumptions 06/30/2017	-	-	-	-	-	-
Total	\$	-	\$	-		\$
Differences Between Expected And Actual Plan Experience 06/30/2017	9,854	7,944	-	5.16	4.16	1,910
Total	\$	7,944	\$	-		\$
Net Difference Between Projected And Actual Earnings On Investments 06/30/2017	(12,806)	-	(10,245)	5.00	4.00	(2,561)
Total	\$	-	\$	(10,245)		\$
Balance as of 06/30/2017		\$	7,944	\$	(10,245)	\$
						(651)
Deferred Outflows And Deferred (Inflows) Of Resources Will Be Recognized In Expense As Follows:						
Year Ending:						Outflows/(Inflows)
06/30/2018						\$ (651)
06/30/2019						(651)
06/30/2020						(651)
06/30/2021						(652)
06/30/2022						304
Thereafter						0

*There will also be a Deferred Outflow for Contributions Made after the Measurement Date (\$80,612 for fiscal year ending 6/30/2018).

**Deferred (Inflows) should be disclosed as positive numbers in the CAFR.

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Exhibit 4: 10-Year Schedule of Net OPEB Liability

(All dollar amounts are in thousands)

Year Ended	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (c)	Plan Fiduciary Net Position As A Percentage Of Total OPEB Liability (d)	Covered Payroll (e)	Net OPEB Liability As A Percentage Of Covered Payroll (f)
			(a)-(b)	(b)/(a)		(c)/(e)
June 30, 2016	\$1,147,800	\$203,088	\$944,712	17.7%	\$574,663	164.4%
June 30, 2017	\$1,175,459	\$233,596	\$941,863	19.9%	\$582,934	161.6%

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Exhibit 5: 10-Year Schedule of Employer Contributions

(All dollar amounts are in thousands)

Year Ended	Actuarially Determined Contributions¹ (a)	Contributions in Relation to Actuarially Determined Contributions (b)	Contribution Deficiency (Excess) (c)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (e)
			(a)-(b)		(b)/(d)
June 30, 2016	\$88,000	\$67,142	\$20,858	\$574,663	11.7%
June 30, 2017	\$69,000	\$78,746	(\$9,746)	\$582,934	13.5%

¹ Actuarially Determined Contributions for year ended June 30, 2016 and June 30, 2017 were calculated by the prior plan actuary.