
INTRODUCTORY SECTION



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

December 11, 2020

**To the Honorable Janet T. Mills, Governor,
The Honorable Members of the Legislature, and
Citizens of the State of Maine**

We are pleased to present the State of Maine's Fiscal Year 2020 Comprehensive Annual Financial Report (CAFR) prepared in accordance with Generally Accepted Accounting Principles (GAAP). The annual CAFR, required by Title 5 MRSA § 1547, is compiled and published by the Office of the State Controller (OSC). The report is the primary means of reporting the State's financial activities. The objective of this report is to provide a clear picture of our government as a single, unified entity, as well as providing traditional fund based financial statements.

INTRODUCTION TO THE REPORT

Responsibility

The OSC is responsible for the accuracy, fairness and completeness of the financial statements presented in this report. The statements have been prepared in accordance with GAAP. To the best of our knowledge and belief, the information presented is accurate in all material respects and includes all disclosures necessary to enable the reader to gain a reasonable understanding of Maine's financial position and activities.

Adherence to Generally Accepted Accounting Principles

As required by State statute, we have prepared the CAFR in accordance with GAAP applicable to State and local governments, as promulgated by the Governmental Accounting Standards Board (GASB). The State also voluntarily follows the recommendations of the Government Finance Officers Association of the United States and Canada (GFOA) for the contents of government financial reports.

Format of Report

This CAFR is presented in three sections: Introductory, Financial and Statistical. The Introductory Section contains this letter including an overview of current initiatives, the list of principal elected and appointed officials, and the State government organization chart. The Financial Section contains: the Independent Auditor's Report on the Basic Financial Statements; Management's Discussion and Analysis (MD&A), which provides an introduction, overview and analysis of the Basic Financial Statements; the Basic Financial Statements, which present the government-wide financial statements and fund financial statements for governmental funds, proprietary funds, fiduciary funds and similar component units, and component units, together with notes to the financial statements; Required Supplementary Information other than MD&A, which presents budgetary comparison schedules, schedules of pension funding progress, other post-employment benefit plans funding progress, and information about infrastructure assets; and the supplemental financial data, which includes the combining financial statements and schedules.

This letter of transmittal is designed to complement MD&A where the financial analysis is now presented. The State's MD&A can be found immediately following the Independent Auditor's Report from the State Auditor. The Statistical Section contains selected trend information and statistical data on financial, economic and demographic measures.

Internal Control Structure

The OSC prepared these financial statements and assumes full responsibility for the completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, the OSC has established a comprehensive internal control framework that is designed to protect the State's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the State of Maine's financial statements in conformity with GAAP.

Because the cost of internal controls should not outweigh their benefits, the State's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

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 Office of the State Auditor as part of the annual Single Audit.

Independent Auditors

Pursuant to Title 5 MRSA § 243, the State Auditor has performed an examination of the Basic Financial Statements in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards. The auditor's opinion is presented in the financial section of this report. The audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the Basic Financial Statements; assessing the accounting principles used and significant estimates made by management; and, evaluating the overall financial statement presentation. The State Auditor rendered an unmodified opinion on the Basic Financial Statements for this fiscal year.

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 Standards, issued by the Comptroller General of the United States, as required by federal law. The standards governing Single Audit engagements require the auditor to report not only on the fair presentation of the financial statements, but also on the government's internal controls and compliance with legal requirements involving the administration of federal awards. This statewide federal Single Audit Report, including the auditor's opinion in accordance with generally accepted government auditing standards, is published separately.

The State Auditor is statutorily mandated to audit all accounts and other financial records of State Government or any department or agency of State Government, including the Judiciary and the Executive Department of the Governor, except the Governor's Expense Account, and to report annually, and at such other times as the Legislature may require.

Management's Discussion and Analysis (MD&A)

GASB Statement No. 34 requires that management provide a narrative introduction, overview and analysis to accompany the Basic Financial Statements in the form of MD&A. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

The State of Maine was the twenty-third state admitted to the Union on March 15, 1820 under the Missouri Compromise. By this time the population of Maine had reached nearly 300,000. The newly admitted state had nine counties and 236 towns. The city of Portland was the original site of the capital of Maine upon its admission to the Union. The Capital moved to Augusta in 1832 as a more central location from which to govern. The State has an area of 33,215 square miles and 3,500 miles of continuous coastline. Maine boasts 6,000 lakes and approximately 17 million acres of forest land. Geographically, the State includes 16 counties. The most populous county is Cumberland which includes Maine's largest city, Portland.

Reporting Entity

The Governor and Legislature govern all funds and accounts for every executive agency, board, commission, public trust, authority and component unit. The State of Maine financial reporting entity reflected in the CAFR, which is more fully described in Note 1 to the Basic Financial Statements, includes these funds, agencies, organizations, boards, commissions, authorities and major component units in accordance with GASB Statement No. 14 as amended by GASB Statement No. 39 and GASB Statement No. 61. There are 7 major component units, 5 non-major component units, one blended component unit, and one fiduciary component unit included in the CAFR. The major component units are discretely presented in the financial statements, and the blended component unit is included as separate funds in the fund financial statements. The fiduciary component unit is presented in the fiduciary fund and similar component unit financial statements, along with the other fiduciary activities of the State. The fiduciary activities are not included in the government-wide financial statements because the resources of these funds are not available to support the State's own programs.

The departments of the primary government record their daily financial operations in the State accounting system called AdvantageME operated by the OSC.

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 total General Fund appropriation for each fiscal year of the biennium in the Governor's budget submission to the Legislature may not exceed the General Fund appropriation of the previous fiscal year multiplied by one plus the average real personal income growth rate, as defined in Title 5 MRSA § 1665, subsection 1. This appropriation limitation may be exceeded only by the amount of the additional costs or the lost federal revenue from the following exceptional circumstances: unfunded or under-funded new federal mandates; losses in federal revenues or other revenue sources; citizens' initiatives or referenda that require increased State spending; court orders or decrees that require additional State resources to comply with the orders or decrees; and sudden or significant increases in demand for existing State services that are not the result of legislative changes that increased eligibility or increased benefits. The Governor may designate exceptional circumstances that are not explicitly defined, but meet the intent

of this statute. "Exceptional circumstances" means an unforeseen condition or conditions over which the Governor and the Legislature have little or no control. Exceptional circumstances do not apply to new programs or program expansions that go beyond existing program criteria and operation.

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. 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. For financial statement purposes, unless amounts would create deficits, fund balance is classified based on existing resources, if any, which will liquidate the encumbrances outstanding at June 30 (shown as restrictions, commitments or assignments of fund balance).

Maine Budget Stabilization Fund

The Maine Budget Stabilization Fund, established in Title 5 § 1532, to replace the Maine Rainy Day Fund, is a designation of the unassigned General Fund fund balance intended to be used when revenues are under budget and critical services must be preserved. The Governor may also allocate funds from the Budget Stabilization Fund for payment of death benefits for law enforcement officers, firefighters and emergency medical services persons or to supplement school funding in situations where a municipality suffers a sudden and severe change in their property valuation.

Balances in the fund do not lapse; but carry forward each year. The money in the fund may be invested with any earnings credited to the fund except when the fund is at its statutory cap. In addition to interest earnings, the fund is capitalized at the close of each fiscal year. In fiscal year 2020 a net \$21.9 million was transferred into the fund, resulting in an ending balance of \$258.7 million.

MAJOR INITIATIVES AND FUTURE PROJECTS

Fiscal Stability

Governor Mills remains committed to the first-term priorities reflected in the State's biennial budget for 2020-2021 despite the unprecedented impacts of the global Coronavirus pandemic (COVID-19). The Administration is addressing the immediate fiscal impacts of the pandemic, while minimizing, to the extent possible, programmatic cuts in key policy areas and other of the Governor's priorities. These priorities include maintaining the Maine Budget Stabilization Fund; making health care more affordable and accessible; combating Maine's opioid crisis; investing in K-12 public education; investing in workforce training and higher education for Maine workers and young adults; and, pursuing forward-looking initiatives for infrastructure, energy, climate and planning. In some areas, like education and climate change, the Governor's ongoing initiatives are likely to be informed by what has been learned and achieved in responding to the pandemic.

The State's fiscal and economic position was strong throughout the first three quarters of FY 2020. Unemployment rates were low, General Fund reserve and cash balances were healthy, the Unemployment Trust and Pension Trust funds were well-funded, actual General Fund expenditures were forecasted at or below budget and revenues continued to increase over the period.

Regularly scheduled revenue forecasts, issued by the Revenue Forecasting Committee on December 1, 2019 and March 1, 2020, both adjusted General Fund and Highway Fund revenues upward for the 2020-2021 and 2022-2023 biennia. The March 2020 forecast, issued just prior to the pandemic-induced closing of non-essential businesses, revised General Fund revenue estimates upward by \$40 million for FY 2020 and by \$34.1 million for FY 2021. Highway Fund revenues were also increased by \$812,205 for the 2020-2021 biennium.

The 2020-2021 supplemental budget Governor Mills proposed on February 3, 2020 increased General Fund spending over the biennium by approximately \$126 million. It focused on education, infrastructure, health and welfare, economic development and workforce training while also adding over \$20 million to the Budget Stabilization Fund. Following the March 1, 2020 revenue forecast, however, the public health crisis around COVID-19 and the resulting economic impacts began to materialize nationally and in Maine. The Governor recommended a change package that included a smaller supplemental budget and left General Fund resources unappropriated in order to offset any potential revenue loss in FY 2020.

The enacted 2020-2021 supplemental budget approved additional General Fund resources for infrastructure needs, education, health and welfare, workforce development, and transportation. It also transferred \$17.4 million to the Budget Stabilization Fund. The projected General Fund unappropriated fund balance after the actions of the Second Regular Session of the 129th Legislature was approximately \$193 million for the end of FY 2020 and approximately \$113 million for the end of the biennium. The Legislature did not enact a Highway Fund supplemental budget and left \$6.7 million in unappropriated surplus for the 2020-2021 biennium.

Maine's economy felt the first impacts of COVID-19 in mid-March 2020 when the Governor declared a state of civil emergency and issued orders that closed most businesses and directed citizens to stay safer at home in efforts to slow the spread of the virus. Since then, managing the public health crisis, addressing the fiscal challenges it has presented to State government and other sectors, and reopening Maine's economy have become critical initiatives.

To these ends, the Governor and State agencies have made, and continue to make, strategic and judicious use of resources provided by the federal government through the Coronavirus Aid, Relief, and Economic Security

(CARES) Act. To date, those resources include \$1.25 billion in Coronavirus Relief Funds (CRF) being administered by the Governor's Office.

The Legislature also enacted Public Law 2019, Chapter 618 prior to adjourning, which authorized the transfer of up to \$11 million from the balance available in the Reserve for General Fund Operating Capital to a COVID-19 response fund established by the State Controller to address funding needs related to COVID-19 through January 15, 2021.

The Governor also took swift action to manage FY 2020 General Fund spending in response to the expected economic and fiscal impacts of the pandemic. The expected impacts were regularly communicated to State departments and agencies with emphasis on the need for judicious spending and hiring decisions for the remainder of FY 2020. Steps were taken to limit department and agency use of unspent FY 2020 Q1-Q3 allotments and prior year balances to critical or emergency spending only, thus increasing potential resources available for FY 2021. Additionally, departments and agencies were directed to identify opportunities to reduce or minimize contractual expenses for FY 2020 and FY 2021. Agencies were able to use CRF monies, where allowable in accordance with federal guidance, and federal grants received to cover increased costs associated with the pandemic. The State was also able to use some CRF for personal services costs for certain public health and safety employees considered dedicated to mitigating and responding to the pandemic, thus freeing up some GF resources.

With regard to the Highway Fund, existing available bond and federal resources were used for transportation projects, as necessary and appropriate, in lieu of the declining fuel tax revenues expected from reduced vehicle traffic related to the pandemic.

Combined, these actions made it possible for the State to absorb the substantial GF and HF revenue declines experienced in the last quarter of FY 2020. The Governor was also able to resolve the FY 2021 budget gaps (revenue shortfall) in the General and Highway funds without making major spending cuts to programs or drawing on the Budget Stabilization Fund (BSF), which had a balance of \$258.7 million at June 30, 2020.

To partially close the FY 2021 budget gap, in September 2020 the Governor ordered curtailment of allotments to the State's General Fund by \$221.8 million. Of this amount, approximately \$97 million was covered by one-time Federal funding from the CRF and approximately \$125 million came from adopting departmental cost savings and efficiencies. These curtailments will be presented to the Legislature for consideration in January 2021 in the FY 2021 Emergency Supplemental Budget

The biennial budget for fiscal years 2022-2023 is currently being developed and anticipates the revenue declines in the August 2020 revenue forecast including any adjustments at the December 2020 report. Consequently, the Governor's recommended budget for fiscal years 2022-2023 is expected to include initiatives that reduce spending from the prior year while minimizing, to the extent possible, programmatic cuts in key policy areas and other of the Governor's priorities.

Liquidity and Reserves

The State's cash position has continued to show significant improvement during FY 2020 and into FY 2021. Again, internal borrowing for cash flow purposes was not needed at any time in the 2020 fiscal year.

Of the \$297.2 million in the Maine Budget Stabilization Fund (BSF) at the close of FY 2019, \$60.3 million was specifically set aside by law as a Reserve for Riverview Psychiatric Center (the Reserve). The purpose of the Reserve was to provide General Fund resources to reimburse the Centers for Medicaid and Medicare Services

(CMS) for disallowed disproportionate share hospital payments occurring during the period that the Center was de-certified. During FY 2020, \$60.3 million was transferred to the Department of Health and Human Services (DHHS) from the Reserve to settle all outstanding debts to CMS related to the disallowed disproportionate share hospital payments.

During FY 2020, \$17.4 million was transferred into the BSF from General Fund Unappropriated Surplus. An additional \$4.5 million of interest earnings was deposited into the fund. The final balance in the BSF on June 30, 2020 was \$258.7 million. The total BSF balance represents 6.5% of the State's 2020 fiscal year General Fund revenue. The balance of non-Reserve funds in the BSF increased by \$21.9 million in FY 2020.

Stress-Testing State Revenues

Following adjournment of the 129th Legislature due to the COVID-19 pandemic, the Department of Administrative and Financial Services (DAFS) utilized the 2018 report on "Stress-Testing Maine General Fund Revenues & Reserves FY19-FY23" to quickly inform the Governor of the expected revenue shortfall over the final quarter of FY 2020 and the sufficiency of reserves to manage that shortfall.

Using the severe recession scenario from the 2018 report, DAFS estimated that the FY 2020 revenue shortfall could be as much as \$200 million; 5% of the approximately \$4 billion revenue forecast. The supplemental budget agreement, enacted as the Legislature adjourned, left a FY 2020 balance of \$193.2 million in the General Fund. Based on this initial analysis, it appeared that the State could absorb the estimated revenue shortfall without significant budget adjustments.

A more detailed analysis was performed to support the \$200 million estimated revenue shortfall over the remaining three months of the fiscal year. The \$200 million was assumed to be split evenly between sales and use and service provider taxes (consumption taxes) and individual and corporate income taxes, which represent over 85% of the State's General Fund revenue. Actual withholding taxes were much stronger than anticipated, primarily because of the increased taxable unemployment benefits included in the CARES Act. In total, the actual FY 2020 shortfall was less than half that projected using the 2018 stress-test report. The Maine specific stress-test, however, provided a quick and reasonable assessment of the impact of an unprecedented pandemic-induced recession on state revenues, and proved to be more accurate than many other estimates provided by out-of-state non-government entities.

Education

The 2020-2021 biennial budget raised the State share of education funding to nearly 51%, not including teacher retirement, retired teachers' health insurance and retired teacher's life insurance. The enacted biennial budget also provided funding for higher education and workforce training, including nearly a 3.3% increase for higher education and training programs at the University of Maine System, the Maine Community College System, and the Maine Maritime Academy to help keep tuition fees down. The budget provided nearly \$9 million across several programs for scholarship funds, adult education, adult degree completion, and early college.

A central point to the Governor's supplemental budget was additional funding for General Purpose Aid for Local Schools, increasing the State's contribution to the total cost of education by 1 percentage point, bringing the total to 51.78%. Additionally, the law provided \$2 million for equipment replacements at career and technical education centers throughout the State. The Adult Education program also received a one-time increase to their FY 2021 appropriation in the amount of \$1.2 million to be focused on workforce development and the Maine Community College System received \$2.5 million for short-term training through the Maine Quality Centers.

The COVID-19 pandemic induced a need to move to remote learning. Federal funding from the Governor’s Emergency Education Relief Act and CRF monies were used to expand remote learning capabilities through the purchase of devices for students, expanded broadband to provide connectivity, as well as supporting teacher training and knowledge in remote learning techniques. Similarly, federal resources have been utilized for costs associated with safely reopening schools, including but not limited to personal protective equipment (PPE), facility reconfigurations, air system upgrades, and additional transportation and teacher costs.

Healthcare

One of Governor Mills first acts in office was to direct the implementation of the Medicaid expansion approved by voters in November 2017. Funds to expand coverage for an estimated 70,000 Mainers were provided in the enacted biennial budget for fiscal years 2020-2021.

An Act To Clarify and Amend MaineCare Reimbursement Provisions for Nursing and Residential Care Facilities, provided one-time rate increases for the 2020-2021 biennium to residential care facilities and nursing facilities. Additional funding was included in the Governor’s 2020-2021 biennial and supplemental budgets to: address the MaineCare Section 29 Waiver waitlists; support the Health and Environmental Testing Lab; increase rates for Assisted Living Facilities, Consumer Directed Care and Nursing Services; address recruitment and retention issues within the Public Health Nurse group in the Maine Center for Disease Control and Prevention (MECDC); and support the MECDC response to the COVID-19 pandemic.

To address another key priority, the opioid epidemic/crisis, the Governor appointed the first Director of Opioid Response within the Governor’s Office of Policy Innovation and the Future. The Director oversees the Maine Opioid Response Strategic Action Plan established in December 2019. This plan contains current and priority future actions associated with 9 priorities and 20 strategies focused on one goal – to “reduce the negative health and economic impacts of substance use disorder and opioid use disorder on individuals, families, and communities in Maine.”

Recently, the Governor announced a new “OPTIONS” (Overdose Prevention Through Intensive Outreach, Naloxone and Safety) initiative to combat the disturbing rise in fatal drug overdoses exacerbated by the COVID-19 pandemic. Under the initiative, mobile response teams in every Maine county will engage with communities that have high rates of drug overdoses to promote drug prevention and harm reduction strategies, connect people directly to recovery services and treatment, and distribute naloxone. The OPTIONS initiative will also include a broad public information campaign. The OPTIONS initiative is supported by \$2.5 million in existing federal funds, including \$500,000 in CRF monies.

One of the Governor’s highest priorities is mitigating the public health impacts of the COVID-19 pandemic to ensure the safety of Mainers and put the State in position to safely reopen Maine’s economy. The Administration has primarily used federal resources for PPE, public health campaigns, COVID testing supplies and equipment, and enhanced capacity. Recently, the Governor committed \$7.5 million from the COVID-19 response fund for the contracted administration of 300,000 rapid antigen COVID-19 tests being received from the federal government

Transportation

The Maine Department of Transportation (MaineDOT) receives its funding from the State Highway Fund, the TransCap Trust Fund, federal funds, proceeds from authorized bond sales, and other sources. In 2019, MaineDOT released a \$2.44 billion work plan for all MaineDOT work activities for calendar years 2019 through 2021. The work plan consists of \$1.5 billion in capital work over three years, consisting of \$1.2 billion for highway and bridge projects and \$297 million in multi-modal projects.

Despite curtailments of almost \$23 million in Highway funds, due to the effects of the COVID-19 pandemic, Maine DOT was able to fully move forward with that plan through the 2020 construction season using available bond and federal resources for transportation projects in lieu of declining Highway Fund resources.

Property Tax Relief

The enacted biennial budget for fiscal years 2020-2021 allocated an additional \$75 million in property tax relief for hardworking Mainers, seniors, families and small businesses and increased revenue sharing to local municipalities from 2.5% to 3% in 2020 and to 3.75% in 2021. Additional provisions increased the Homestead Exemption for Maine residents by \$5,000, to \$25,000, and expanded eligibility for the Property Tax Fairness Credit that will allow another 13,000 Mainers to get property tax relief.

Public Law 2019, Chapter 448 amended the Tax Relief Fund for Maine Residents to create the Property Tax Relief Fund for Maine Residents. During FY 2020, more than \$30 million in the fund was used to provide relief payments to each property taxpayer receiving a homestead exemption in the State during the most recent property tax year, to pay for the Treasurer of State's costs in administering the relief payments and to reimburse municipalities for costs related to the relief payments.

Looking to the Future

Governor Mills' priorities also encompass innovation and planning for Maine's Future. The biennial budget for fiscal years 2020-2021 allocates funding for Maine's forward-looking initiatives and for revitalized planning efforts across state government.

The Governor's Office of Policy Innovation and the Future continues efforts to identify Maine's long-term challenges, develop goals and strategies, and then help coordinate between State agencies to achieve them. Areas of focus include climate change, early childhood education, and economic issues like workforce development, broadband and the State's rural and innovation economies.

One of the top innovation and planning priorities is combatting climate change, which includes planning for greater climate resiliency. Maine has established mandates with targets for reducing greenhouse gas emissions and increasing renewable energy and has joined the United States Climate Alliance, a bipartisan coalition of 25 states committed to addressing climate change. Governor Mills' administration established the Maine Climate Council, which is developing a four-year action plan and a timetable to meet the State's new legally required emission reduction goals. The Council is also charged with plans to ensure Maine's communities and economy are resilient to the effects of current and future impacts of climate change. The four-year action plan is due to the Governor and Legislature by December 1, 2020 for consideration of any legislative and rulemaking actions necessary to implement the plan. The Climate Council is developing funding mechanisms to support the infrastructure changes needed for adaption work.

Significant planning work is also ongoing in the area of economic development. Governor Mills released a new 10-year strategic economic development plan for the State in November 2019. The non-partisan plan aims to foster collaboration among the public, private, non-profit, and education sectors to grow and diversify Maine's economy. The Department of Economic and Community Development is leading the initiative, in collaboration and partnership with other government agencies, business leaders and private organizations. The primary goals of the plan are to:

- Grow the average annual wage by 10% to benefit workers at all income levels;
- Increase Value Added by 10%; and,

- Attract 75,000 new people to Maine’s talent pool by increasing participation of Maine’s existing population and attracting new people from out of state.

In May 2020, given the economic impact of the COVID-19 pandemic, Governor Mills appointed an Economic Recovery Committee of diverse private sector experts from across Maine to develop specific policy recommendations to stabilize the State’s economy and build a bridge to future prosperity in the wake of the COVID-19 pandemic. The Committee is using the 10-Year Economic Development Strategy as a key guide. The work is ongoing and managed by the Governor’s Office of Policy Innovation and the Future.

OTHER INFORMATION

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement of Excellence in Financial Reporting to the State of Maine for its comprehensive annual financial report for the fiscal year ended June 30, 2019. This is the thirteenth consecutive year that Maine has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program’s requirements and we will be submitting it to the GFOA to determine its eligibility for another certificate.

The Certificate of Achievement is the highest recognition a government may receive for excellence in financial reporting. We thank the finance community and our auditors for their contributions in achieving this award.

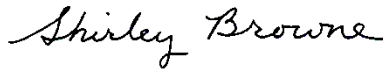
State government continues to have many accomplishments of which it can be proud. Consistent with the vision of Governor Mills to improve and enhance the fiscal administration of governmental operations, the Office of the State Controller continues to improve and refine its skills to meet the challenges of financial management in the 21st century. The Office provides assistance to many State agencies to help ensure the integrity and accountability of the programs they deliver to Maine’s citizens. We partner with financial and program managers to find the best solutions to the State’s financial challenges. In an environment where economic resources are limited and agencies are coping with budget constraints, the challenge of maintaining effective controls is greater than ever. We will continue to partner with each department, at its highest levels, to ensure that the tools are available to help each agency assess its risks and target controls to manage those risks effectively and within its budgetary constraints whenever possible.

Each year the preparation of the CAFR requires the efforts of the finance people throughout the State from virtually all agencies, departments and component units. We sincerely appreciate the dedicated efforts of all of these individuals. We are especially proud of the dedication and contributions of the staff of the Office of the State Controller, who strive to maintain the public's trust in our financial operations. Their efforts culminate in the CAFR each year.

Sincerely,



Douglas E. Cotnoir, CPA, CIA
State Controller



Shirley A. Browne, CIA
Deputy State Controller



Sandra J. Royce, CPA
Director, Financial Reporting & Analysis



STATE OF MAINE

OFFICIALS OF STATE GOVERNMENT

AS OF JUNE 30, 2020

EXECUTIVE

Janet T. Mills, *Governor*

LEGISLATIVE

Troy D. Jackson, *President of the Senate*

Sara Gideon, *Speaker of the House*

Constitutional/Statutory Officers

Aaron Frey, *Attorney General*

Pola Buckley, *State Auditor*

Matthew Dunlap, *Secretary of State*

Henry Beck, *State Treasurer*

JUDICIAL

Andrew M. Mead, *Acting Chief Justice of the State Supreme Court*



STATE OF MAINE ORGANIZATION CHART AS OF JUNE 30, 2020

MAINE VOTERS

LEGISLATIVE BRANCH

Senate
House of Representatives
Legislative Council
Office of Fiscal and Program Review
Legislative Information Services
Office of Policy and Legal Analysis
Office of the Revisor of Statutes
Maine-Canadian Legislative Advisory Commission
State House and Capitol Park Commission
Office of Executive Director of the Legislative Council
Commission on Interstate Cooperation
Commission on Uniform State Laws
Office of Program Evaluation and Gov't Accountability

EXECUTIVE BRANCH

Governor
Office of the Governor
Governor's Board on Executive Clemency
Judicial Nominations Advisory Committee
Office of Public Advocate
Land for Maine's Future Board

The Governor
appoints all
Judicial Officers

JUDICIAL BRANCH

Supreme Judicial Court
Superior Court
District Court
Court Alternative Dispute Resolution Service
Administrative Office of the Courts
Committee on Judicial Responsibility and Disability
Board of Bar Examiners
Board of Overseers of the Bar
State Court Library Committee

CONSTITUTIONAL OFFICERS

Secretary of State
State Treasurer
State Attorney General

STATUTORY OFFICER

State Auditor

CABINET LEVEL DEPARTMENTS

Administrative and Financial Services
Agriculture, Conservation and Forestry
Corrections
Defense, Veterans and Emergency Management
Economic and Community Development
Education
Environmental Protection
Governor's Office of Policy and Management
Health and Human Services
Inland Fisheries and Wildlife
Labor
Marine Resources
Professional and Financial Regulation
Public Safety
Transportation

MISCELLANEOUS BOARDS & COMMISSIONS

Human Rights Commission
Maine Arts Commission
Maine Historic Preservation Commission
Public Utilities Commission
State Liquor & Lottery Commission
Workers' Compensation Board

MAJOR COMPONENT UNITS

Finance Authority of Maine
Maine Community College System
Maine Health and Higher Education Facilities Authority
Maine Municipal Bond Bank
Maine Public Employees Retirement System
Maine State Housing Authority
Maine Turnpike Authority
University of Maine System



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

State of Maine

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO



MAINE200

LEADING THE WAY
