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**FINANCIAL SECTION**

**INDEPENDENT AUDITOR'S REPORT**

**BASIC FINANCIAL STATEMENTS**

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# STATE OF MAINE OFFICE OF THE STATE AUDITOR

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Matthew Dunlap, CIA  
State Auditor

B. Melissa Perkins, CPA  
Deputy State Auditor

## INDEPENDENT AUDITOR'S REPORT

Honorable Members of the Legislative Council, 131<sup>st</sup> Maine Legislature;

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information (except for blended component unit, Maine Governmental Facilities Authority, and fiduciary component unit, Maine Public Employees Retirement System) of the State of Maine, as of and for the year ended June 30, 2022, and the related notes to the financial statements. We did not audit the financial statements of the blended component unit, fiduciary component unit, or the aggregate discretely presented component units. These financial statements collectively comprise the State of Maine's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Maine, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the following component units: Efficiency Maine Trust, Finance Authority of Maine, Maine Community College System, Maine Connectivity Authority, Maine Governmental Facilities Authority, Maine Health and Higher Educational Facilities Authority, Maine Maritime Academy, Maine Municipal Bond Bank, Maine Public Employees Retirement System, Maine State Housing Authority, Maine Turnpike Authority, Midcoast Regional Redevelopment Authority, Northern New England Passenger Rail Authority, and the University of Maine System. The financial statements of these named component units represent 100 percent of the assets, net position, and revenue of the aggregate discretely presented component units; 93 percent of assets, 96 percent of net position, and 34 percent of revenue of the aggregate remaining fund information (Maine Public Employees Retirement System and Maine Governmental Facilities Authority); and 4 percent of the assets, and less than 1 percent of the net position and revenue of the governmental activities (Maine Governmental Facilities Authority). The financial statements of these named component units were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for these component units, is based solely on the report of the other auditors.

#### *Basis for Opinions*

We conducted our audit 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the State of Maine and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Key Audit Matters***

Key audit matters are those matters that were communicated with those charged with governance and, in the auditor's professional judgment, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming the auditor's opinion thereon, and the auditor does not provide a separate opinion on these matters. Key audit matters identified during our audit include:

- Implementation of Governmental Accounting Standards Board (GASB) Statement No. 87 *Leases*: This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities; including reclassification of leases that previously were reported as operating leases and recognized based on the payment provisions of the contract. We audited the State's reclassification and revaluation of leased assets and the reporting thereof. The State's policies relative to leased assets are discussed in Notes 1 and 12 to the financial statements.
- American Rescue Plan Act (ARPA) Coronavirus State and Local Fiscal Recovery Funds (SLFRF) \$80 million contribution to the Employment Security Trust Fund (ESTF): In fiscal year 2022, Public Law 2021, Chapter 483, Part D authorized the transfer of \$80 million to the ESTF for the purpose of replenishing the ESTF for COVID-19 related benefit payments. The transfer was treated as an offset to current year claims expenses totaling \$91.2 million, reducing claims expenses to \$11.2 million in the ESTF financial statements. We audited the transfer and its effect on the State's financial statements. The State has discussed this transfer in Note 7 to the financial statements.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the State of Maine's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit is conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State of Maine's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the State of Maine's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 33 to 44, and Budgetary Comparison Information, State Retirement Plans, Other Post-Employment Benefit Plans, and Information about Infrastructure Assets Reported Using the Modified Approach on pages 141 to 178, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Maine's basic financial statements. The accompanying combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of

the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit and the reports of the other auditors, the combining and individual non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

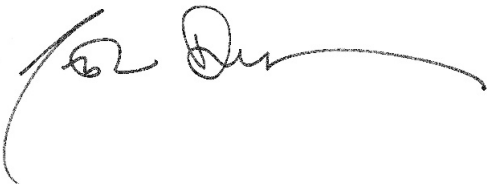
### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2022, on our consideration of the State of Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State of Maine's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Maine's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read 'Matthew Dunlap', with a long horizontal flourish extending to the right.

Matthew Dunlap, CIA  
State Auditor  
Office of the State Auditor

Augusta, Maine  
December 14, 2022



# MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the State of Maine's annual financial report presents the State's discussion and analysis of financial performance during the year ended June 30, 2022. Please read it in conjunction with the transmittal letter at the front of this report and with the State's financial statements, which follow this section.

## FINANCIAL HIGHLIGHTS

### Coronavirus Disease (COVID-19) Pandemic:

During the fiscal year ended June 30, 2022, the effects of COVID-19, a respiratory disease caused by a new strain of coronavirus, which was declared a pandemic by the World Health Organization, continued to impact the economy at all levels, including within the State, and continued to cause volatility in financial markets around the world, including in the United States.

Maine was well-poised, economically before the onset of the COVID-19 pandemic. Maine's economy, as measured by GDP, has not only fully recovered to pre-pandemic levels, it has surpassed them. Maine's bond ratings have been upheld by both Moody's and Standard & Poor's, and we have increased the balance in the Budget Stabilization Fund to its highest level ever.

The unprecedented federal fiscal and monetary policies have significantly impacted Maine's economy, raising the volume and mix of economic activity, which is in turn driving revenues and prosperity. The economic, financial and budgetary impacts on the State and its economy from the measures taken to combat the spread of COVID-19 have been and are expected to continue to be significant.

### Government-wide:

- The net position of Governmental Activities increased by \$457.5 million, while net position of Business-Type Activities increased by \$170.1 million. The State's assets and deferred outflows exceeded its liabilities and deferred inflows by \$2.574 billion at the close of fiscal year 2022. Of this amount \$2.029 billion was reported as negative "Unrestricted" net position. A negative balance means that it would be necessary to convert restricted assets (e.g., capital assets) to unrestricted assets if all ongoing obligations were immediately due and payable. Component units reported net position of \$3.768 billion, an increase of \$128.1 million (3.5 percent) from the previous year.

### Fund level:

- At the end of the fiscal year, the State's governmental funds reported combined ending fund balances of \$2.696 billion, an increase of \$175.5 million from the previous year. The General Fund's total fund balance was \$960.4 million, an increase of \$174.8 million from the previous year. The General Fund tax revenue increase was primarily due to a wage growth of nearly 2 percent as well as a significant increase in capital gains realization. The Other Special Revenue Fund total fund balance was \$1.506 billion, an increase of \$136.5 million from the prior year. This was due primarily to an increase in net Transfers from Other Funds
- The proprietary funds reported net position at year-end of \$1.155 billion, an increase of \$192.1 million from the previous year. The increase is primarily the result of an increase in the Employment Security Fund of \$156.6 million and an increase in Employee Health Insurance and Retiree Health Insurance Funds, both Internal Service Funds, of \$4.6 million and \$14.1 million, respectively.

### Long-term Debt:

- The State's liability for general obligation bonds decreased by \$96.3 million during the fiscal year, which represents the difference between new issuances and payments of outstanding debt. During the year, the State did not issue any new general obligation bonds and made principal payments of \$96.3 million.

Additional information regarding the government-wide, fund level, and long-term debt activities can be found beginning on page 36.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is an introduction to the State of Maine's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

### Government-wide Statements

The government-wide statements report information about the State as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position presents all of the State's assets, deferred outflows, liabilities and deferred inflows with the difference between the two reported as net position. Over time, increases and decreases in net position are an indicator of whether the financial position is improving or deteriorating.

The Statement of Activities presents information showing how the State's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying events giving rise to the change occur, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused leave).

Both government-wide statements report three activities:

*Governmental activities* - Most basic services, such as health and human services, education, governmental support and operations, justice and protection, and transportation are included in this category. The Legislature, Judiciary and the general operations of the Executive departments fall within the Governmental Activities. Income taxes, sales and use taxes, and State and federal grants finance most of these activities.

*Business-type activities* - The State charges fees to customers to help cover all, or most of, the costs of certain services it provides. Operating costs not covered by customer fees are subsidized by the General Fund. Lottery tickets, Ferry Services, and the State's unemployment compensation services are examples of business-type activities.

*Component units* - Although legally separate, component units are important because the State is financially accountable for these entities. The State has one "blended" component unit, the Maine Governmental Facilities Authority (MGFA) with Governmental Activities as described above. Maine reports 12 other component units (7 major and 5 non-major) as discretely presented component units of the State, and one component unit is reported with the State's fiduciary funds. Complete financial statements of the individual component units may be obtained directly from their respective administrative offices as shown in Note 1 A to the financial statements.

Government-wide statements are reported utilizing an economic resources measurement focus and full accrual basis of accounting. The following summarizes the impact of the transition from modified accrual to full accrual accounting:

- Capital assets used in governmental activities are not reported on governmental fund statements but are included on government-wide statements.
- Certain tax revenues that are earned, but not available, are reported as revenues in the Governmental Activities, but are reported as deferred inflows on the governmental fund statements.
- Other long-term assets that are not available to pay for current period expenditures are recorded as deferred outflows in governmental fund statements, but not deferred on the government-wide statements.
- Internal service funds are reported as Governmental Activities in the government-wide statements, but reported as proprietary funds in the fund financial statements.
- Governmental fund long-term liabilities, such as certificates of participation, net pension liabilities, compensated absences, bonds and notes payable, and others appear as liabilities only in the government-wide statements.
- Capital outlay spending results in capital assets on the government-wide statements, but is recorded as expenditures on the governmental fund statements.



- Proceeds from bonds, notes and other long-term financing arrangements result in liabilities on the government-wide statements, but are recorded as other financing sources on the governmental fund statements.
- Net position balances are allocated as follows:
  - *Net Investment in Capital Assets* are capital assets, net of accumulated depreciation, and reduced by outstanding balances for bonds, notes, and other debt attributed to the acquisition, construction or improvement of those assets.
  - *Restricted Net Position* are those with constraints placed on the use by external sources (creditors, grantors, contributors, or laws or regulations of governments) or imposed by law through constitutional provisions or enabling legislation.
  - *Unrestricted Net Position* is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not meet any of the above restrictions.

## Fund Financial Statements

The fund financial statements provide more detailed information about the State's most significant funds. Funds are fiscal and accounting entities with self-balancing sets of accounts that the State uses to keep track of specific revenue sources and spending for particular purposes. The State's funds are divided into three categories – governmental, proprietary, and fiduciary – and use different measurement focuses and bases of accounting.

*Governmental funds:* Most of the basic services are included in governmental funds, which generally focus on how money flows into and out of those funds and the balances left at year-end that are available for future spending. The governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the programs of the State. The governmental fund statements focus primarily on the sources, uses, and balance of current financial resources and often have a budgetary orientation. These funds are reported using a flow of current financial resources measurement focus and the modified accrual basis of accounting. Because this information does not encompass the additional long-term focus of the government-wide statements, a separate reconciliation provides additional information that explains the relationship (or differences) between them. The governmental funds consist of the General Fund, special revenue, capital projects, and permanent funds.

*Proprietary funds:* When the State charges customers for the services it provides, whether to outside customers or to other agencies within the State, these services are generally reported in proprietary funds. Proprietary funds (enterprise and internal service) apply the accrual basis of accounting utilized by private sector businesses. Enterprise funds report activities that provide supplies and services to the general public. An example is the State Lottery Fund. Internal service funds report activities that provide supplies and services to the State's other programs and activities – such as the State's Postal, Printing and Supply Fund. Internal service funds are reported as Governmental Activities on the government-wide statements.

*Fiduciary funds:* The State is the trustee or fiduciary for assets that belong to others. The State is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. These funds include pension and other employee benefit trusts administered by the Maine Public Employees Retirement System, a component unit, private-purpose trusts, and custodial funds. Fiduciary funds are reported using the accrual basis of accounting. The State excludes these activities from the government-wide financial statements because these assets are restricted in purpose and do not represent discretionary assets of the State to finance its operations.

## Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in both the government-wide and fund financial statements.

## Required Supplementary Information

The required supplementary information includes budgetary comparison schedules for the General Fund and major special revenue funds. Also included are notes and a reconciliation of fund balance from the budgetary basis to fund balance determined according to generally accepted accounting principles. This section also includes schedules of funding progress for certain pension and other post-employment benefit trust funds and condition and maintenance data regarding certain portions of the State's infrastructure.

## Other Supplementary Information

Other supplementary information includes combining financial statements for non-major governmental, proprietary, and fiduciary funds. These funds are added together, by fund type, and presented in single columns in the basic financial statements. Budgetary comparison schedules by agency are also included for the general fund, the highway fund, federal funds, and other special revenue fund.

## FINANCIAL ANALYSIS OF THE STATE AS A WHOLE

The State's net position increased by \$627.6 million to \$2.574 billion over the course of fiscal year ended June 30, 2022, as detailed in Tables A-1 and A-2. The increase is primarily due to increased corporate and individual tax revenue for governmental activities.

**TABLE A-1: CONDENSED STATEMENT OF NET POSITION**  
(Expressed in Thousands)

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2022</b>	<b>2021*</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Current and other noncurrent assets</b>						
Current and other assets	\$ 4,564,823	\$ 4,065,972	\$ 730,714	\$ 569,197	\$ 5,295,537	\$ 4,635,169
Long-term assets	1,755,178	1,373,969	8,934	10,758	1,764,112	1,384,727
Current and other noncurrent assets	6,320,001	5,439,941	739,648	579,955	7,059,649	6,019,896
Total capital and right to use assets, net	4,768,024	4,413,231	47,150	39,887	4,815,174	4,453,118
Total Assets	11,088,025	9,853,172	786,798	619,842	11,874,823	10,473,014
Deferred Outflows of Resources	1,677,865	1,159,927	6,588	4,545	1,684,453	1,164,472
Current liabilities	2,900,490	2,418,297	51,158	53,349	2,951,648	2,471,646
Non-current liabilities	5,489,161	6,996,022	20,541	29,037	5,509,702	7,025,059
Total Liabilities	8,389,651	9,414,319	71,699	82,386	8,461,350	9,496,705
Deferred Inflows of Resources	2,513,699	193,764	10,085	519	2,523,784	194,283
Net Position (Deficit)						
Net Investment in Capital Assets	3,724,890	3,592,705	47,150	39,887	3,772,040	3,632,592
Restricted	163,469	171,245	667,500	510,934	830,969	682,179
Unrestricted (deficit)	(2,025,819)	(2,358,934)	(3,048)	(9,339)	(2,028,867)	(2,368,273)
Total Net Position	\$ 1,862,540	\$ 1,405,016	\$ 711,602	\$ 541,482	\$ 2,574,142	\$ 1,946,498

\* As restated

The State's fiscal year 2022 revenues totaled \$13.569 billion. (See Table A-2) Taxes and Operating grants and contributions accounted for most of the State's revenue by contributing 45.7 percent and 42.2 percent, respectively. The remainder came from charges for services and other miscellaneous sources.

The Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act, is a \$2.2 trillion dollar economic stimulus bill signed into law on March 27, 2020 in response to the economic fallout of the COVID-19 pandemic. Through federal legislation, the State of Maine received \$1.25 billion dollars of Coronavirus State Fiscal Recovery Funds (CSFRF) during fiscal year 2020 to be expended through fiscal year 2023.

The State recorded operating grant revenues and operating expenses in the Coronavirus Relief Federal Expenditures Fund as costs were incurred. The current unexpended amount is recorded as a Due To Other Government.

The American Rescue Plan Act of 2021, also known as ARPA, is a \$1.9 trillion dollar bill intended to provide funding to combat the COVID-19 pandemic, including public health and economic impacts, signed into law on March 11, 2021. Through federal legislation, the State of Maine received \$997.5 million dollars of State and Local Fiscal Recovery Funds (SLFRF) payable in two tranches. The first tranche of \$498.75 million was received during fiscal year 2021 and the second tranche of \$498.75 was received in fiscal year 2022.

The total cost of all programs and services totaled \$12.941 billion for the year 2022. (See Table A-2) These expenses are predominantly (64.7 percent) related to health & human services and education activities. The State's governmental support & operations activities accounted for 12.5 percent of total costs. Total net position increased by \$627.6 million, primarily due to an increase in tax revenue of \$898.1 million. The increase in operating grants and contributions was offset with increases in expenses in health & human services, education and economic development & workforce training primarily due to the impact of the COVID-19 pandemic.

**TABLE A-2: CONDENSED STATEMENT OF ACTIVITIES**  
(Expressed in Thousands)

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2022</b>	<b>2021*</b>	<b>2022</b>	<b>2021*</b>	<b>2022</b>	<b>2021*</b>
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$ 645,509	\$ 597,760	\$ 820,945	\$ 791,159	\$ 1,466,454	\$ 1,388,919
Operating grants and contributions	5,721,551	6,124,694	9,132	19,379	5,730,683	6,144,073
General Revenues:						
Taxes	6,197,751	5,299,667	-	-	6,197,751	5,299,667
Other	174,068	201,560	-	-	174,068	201,560
Total Revenues	12,738,879	12,223,681	830,077	810,538	13,568,956	13,034,219
<b>Expenses:</b>						
Governmental Activities:						
Governmental Support	1,618,142	601,274	-	-	1,618,142	601,274
Education	2,691,379	2,518,099	-	-	2,691,379	2,518,099
Health & Human Services	5,680,639	4,911,056	-	-	5,680,639	4,911,056
Justice & Protection	565,778	538,019	-	-	565,778	538,019
Transportation Safety	732,881	696,683	-	-	732,881	696,683
Economic Development & Workforce Training	738,928	1,705,292	-	-	738,928	1,705,292
Other	338,679	335,746	-	-	338,679	335,746
Interest Expense	37,835	57,852	-	-	37,835	57,852
Business-type Activities:						
Employment Security	-	-	11,217	251,681	11,217	251,681
Lottery	-	-	319,494	328,250	319,494	328,250
Alcoholic Beverages	-	-	183,874	175,750	183,874	175,750
Other	-	-	22,466	23,343	22,466	23,343
Total Expenses	12,404,261	11,364,021	537,051	779,024	12,941,312	12,143,045
Excess (Deficiency) before Special Items, Gain (Loss) on Sale of Assets and Transfers	334,618	859,660	293,026	31,514	627,644	891,174
Transfers	122,906	120,002	(122,906)	(120,002)	-	-
Increase (Decrease) in Net Position	457,524	979,662	170,120	(88,488)	627,644	891,174
Net Position, beginning of year	1,405,016	425,354	541,482	629,970	1,946,498	1,055,324
Ending Net Position	\$ 1,862,540	\$ 1,405,016	\$ 711,602	\$ 541,482	\$ 2,574,142	\$ 1,946,498

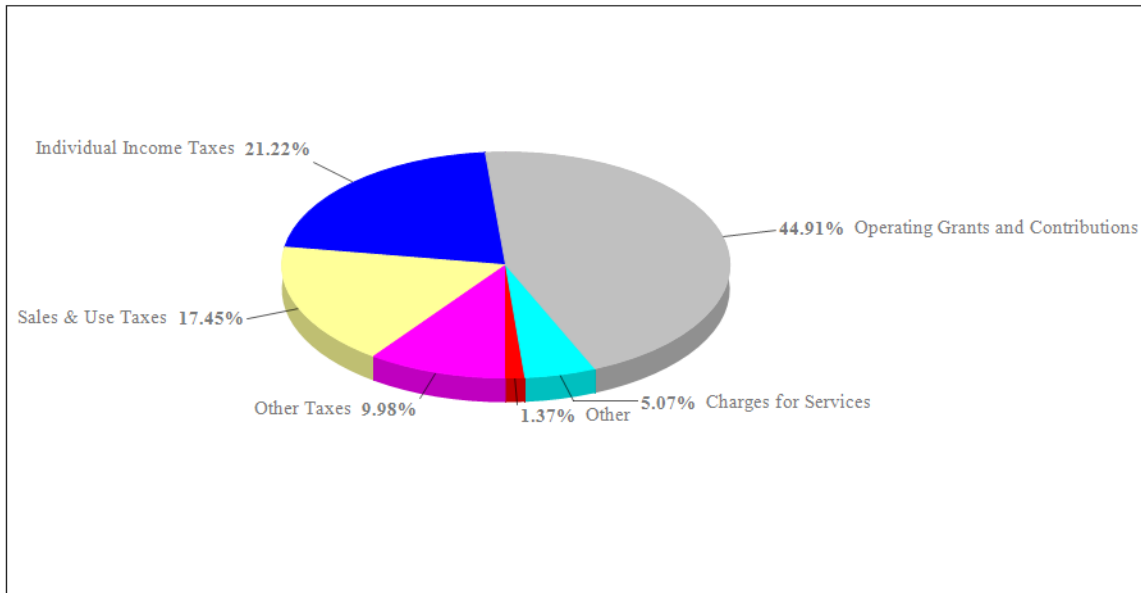
\* As Restated

## Governmental Activities

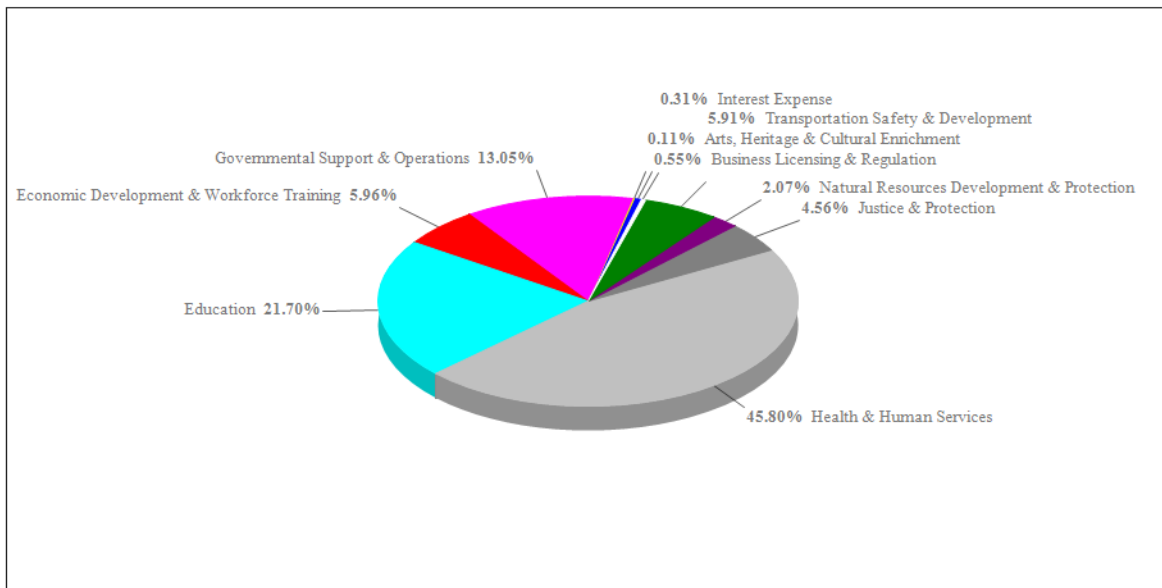
Revenues for the State's Governmental Activities totaled \$12.739 billion while total expenses equaled \$12.404 billion. The increase in net position for Governmental Activities was \$457.5 million in 2022, which was primarily the result of an increase in tax revenue of \$898.1 million. The increase in tax revenue was primarily due to a wage increase of nearly 2 percent as well as a significant increase in capital gains realization. The increase in expense activities is offset in part with the increase in operating grants & contributions primarily due to the impact of COVID-19. In addition, the State's Business-Type Activities transfers of \$122.9 million (net) to the Governmental Activities, included statutorily required profit transfers and the pledged profit of the Alcoholic Beverages Fund to finance the payment of the Liquor Revenue Bonds.

The users of the State's programs financed \$645.5 million of the cost. The federal and State governments subsidized certain programs with grants and contributions of \$5.722 billion. \$6.372 billion of the State's net costs were financed by taxes and other miscellaneous revenue.

**TABLE A-3: TOTAL SOURCES OF REVENUES FOR GOVERNMENTAL ACTIVITIES FOR FISCAL YEAR 2022**



**TABLE A-4: TOTAL EXPENSES FOR GOVERNMENTAL ACTIVITIES FOR FISCAL YEAR 2022**



## Business-Type Activities

Revenues for the State's Business-Type Activities totaled \$830.1 million while expenses totaled \$537.1 million. The increase in net position for Business-Type Activities was \$170.1 million in 2022, due entirely to the decrease in expenses related Employment Security Fund

Table A-5 presents the revenue of State Business-Type Activities: Employment Security, Alcoholic Beverages, Lottery, Ferry Services, Military Equipment Maintenance, Consolidated Emergency Communications and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs) or net revenue. The net cost shows the financial burden placed on the State's taxpayers by each of these functions.

**TABLE A-5: NET REVENUE (COST) OF BUSINESS-TYPE ACTIVITIES**

(Expressed in Thousands)

	<b>Total Cost</b>		<b>Net Revenue (Cost)</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Employment Security	\$ 11,217	\$ 251,681	\$ 160,823	\$ (95,234)
Alcoholic Beverages	183,874	175,750	62,026	61,671
Lottery	319,494	328,250	72,368	69,748
Ferry Services	13,713	12,501	(7,166)	(6,659)
Consolidated Emergency Communications	5,705	6,120	1,335	989
Other	3,048	4,722	3,640	999
Total	<u>\$ 537,051</u>	<u>\$ 779,024</u>	<u>\$ 293,026</u>	<u>\$ 31,514</u>

The cost of all Business-Type Activities this year was \$537.1 million. The users of the State's programs financed most of the cost. The State's net revenue from Business-Type Activities was \$293.0 million. Employment Security net revenue increased by \$160.8, while Alcoholic Beverages and Lottery contributed \$62.0 and \$72.4 million of net revenue, respectively. The \$122.9 million (net) transfers from the State's Business-Type Activities to the Governmental Activities included statutorily required profit transfers and the pledged profit of the Alcoholic Beverages Fund to finance the payment of the Liquor Revenue Bonds.

## FINANCIAL ANALYSIS OF THE STATE'S FUNDS

**TABLE A-6: GOVERNMENTAL FUND BALANCES**

(Expressed in Thousands)

	<b>2022</b>	<b>2021</b>	<b>Change</b>
General	\$ 960,371	\$ 785,596	\$ 174,775
Highway	4,185	56,673	(52,488)
Federal	52,326	61,932	(9,606)
Other Special Revenue	1,506,249	1,369,756	136,493
Other Governmental Funds	172,420	246,120	(73,700)
Total	<u>\$ 2,695,551</u>	<u>\$ 2,520,077</u>	<u>\$ 175,474</u>

As of the end of the fiscal year, the State's governmental funds reported combined ending fund balances of \$2.696 billion, an increase of \$175.5 million in comparison with the prior year. Of this total, \$67.5 million (2.5 percent) is classified as non-spendable, either due to its form or legal constraints, and \$994.1 million (36.9 percent) is restricted for specific programs by external constraints, constitutional provisions, or contractual obligations. Unspent bond proceeds and revenue restricted for transportation, natural resources or other programs are included in restricted fund balance. At the end of fiscal year 2022, there was a \$604.4 million of unassigned fund balance on the GAAP basis in the General Fund.

General Fund revenues and other sources were greater than General Fund expenditures and other uses resulting in an increase in the fund balance of \$174.8 million. Revenues and other sources of the General Fund increased by approximately \$710.1 million (13.9 percent), as compared to fiscal year end 2021, which is mainly attributed to an increase in tax revenue of over \$701.7 million primarily due to in Sales & Use Tax, Individual Income Tax and Corporate Income Tax. General Fund expenditures and other financing uses increased by \$1.1 billion (24.1 percent), as compared to fiscal year 2021. This is due, primarily, to an increase in Transfers to Other Funds of \$713.4 million primarily related to various legislative initiatives.

Other Special Revenue Fund balance increased \$136.5 million, due primarily to an increase in net Transfers from Other Funds of \$720.1 million for various legislative initiatives.

## Budgetary Highlights

For the 2022 fiscal year, the final legally adopted budgeted expenditures for the General Fund amounted to \$4.375 billion, an increase of about \$18 million from the original legally adopted budget of approximately \$4.357 billion. Actual expenditures on a budgetary basis amounted to approximately \$281.9 million less than those authorized in the final budget. After deducting the encumbered obligations and other commitments that will come due in fiscal year 2022, including the budgeted starting balance for fiscal year 2022, there were funds remaining of \$502.4 million to distribute in fiscal year 2022. Actual revenues exceeded final budget forecasts by \$517.7 million. Interest earnings of \$2.5 million along with legislatively and statutorily approved transfers resulted in an increase to the balance in the Budget Stabilization Fund to \$896.0 million as of June 30, 2022. This item is further explained in Note 2 of the Financial Statements.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

By the end of fiscal year 2022, the State had roughly \$4.815 billion in a broad range of capital and right to use assets, including land, infrastructure, improvements, buildings, equipment, vehicles and intangibles. During fiscal year 2022, the State acquired or constructed more than \$216.8 million of capital and right to use assets. The most significant impact on capital assets during the year resulted from continued construction and rehabilitation of roads and bridges, and major construction and renovation of State-owned facilities. More detailed information about the State's capital assets and significant construction commitments is presented in Notes 8 and 18 to the financial statements.

**TABLE A-7: CAPITAL ASSETS**  
(Expressed in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021*	2022	2021	2022	2021
Land	\$ 662,161	\$ 654,589	\$ 2,389	\$ 2,389	\$ 664,550	\$ 656,978
Construction in Progress	269,286	173,313	14,582	17,446	283,868	190,759
Infrastructure	3,039,388	2,988,290	-	-	3,039,388	2,988,290
Buildings*	794,708	799,063	4,655	4,655	799,363	803,718
Equipment	353,249	341,501	36,945	24,664	390,194	366,165
Improvements Other Than Buildings	114,619	111,754	42,757	42,757	157,376	154,511
Software	121,686	121,686	-	-	121,686	121,686
Total Capital Assets	5,355,097	5,190,196	101,328	91,911	5,456,425	5,282,107
Less: Accumulated Depreciation	818,357	776,965	54,178	52,024	872,535	828,989
Capital Assets, net	4,536,740	4,413,231	47,150	39,887	4,583,890	4,453,118
Right to Use Assets*	240,810	232,285	-	-	240,810	232,285
Less: Accumulated Amortization	9,526	-	-	-	9,526	-
Right to Use Assets, net	231,284	232,285	-	-	231,284	232,285
Capital and Right to Use Assets, net	\$ 4,768,024	\$ 4,645,516	\$ 47,150	\$ 39,887	\$ 4,815,174	\$ 4,685,403

\* As restated

## Modified Approach for Infrastructure

As allowed by GASB Statement No. 34, the State has adopted an alternative process for recording depreciation expense on selected infrastructure assets – highways and bridges. Under this alternative method, referred to as the modified approach, the State expenses certain maintenance and preservation costs and does not report depreciation expense. Utilization of this approach requires the State to: 1) maintain an asset management system that includes an up-to-date inventory of infrastructure assets; 2) perform condition assessments that use a measurement scale and document that the infrastructure assets are being preserved at or above the condition level established; and 3) estimate the annual amounts that must be expended to preserve and maintain the infrastructure at the condition level established by the State. As long as the State meets these requirements, any additions or improvements to infrastructure are capitalized and all other maintenance and preservation costs are expensed.

Highways and bridges are included in the State's infrastructure. There are 8,789 highway miles or 17,851 lane miles within the State. Bridges have a deck area of 12.4 million square feet among 3,019 total bridges. The State has established a policy to maintain its highways at an average condition assessment of 60. At June 30, 2022, the actual average condition was 76.2. Its policy for bridges is an average sufficiency rating condition assessment of 60. The actual average condition for bridges was 74.0 at June 30, 2022. Preservation costs for fiscal year 2022 totaled \$176.0 million compared to estimated preservation costs of \$185.0 million.

Transportation bonds, approved by referendum, are issued to fund improvements to highways and bridges. Of the amount authorized by PL 2019, Chapter 673, \$460 thousand in General Fund bonds were spent during fiscal year 2022.

Additional information on infrastructure assets can be found in Required Supplementary Information (RSI).

## Long-Term Debt

The State Constitution authorizes general obligation long-term borrowing, with 2/3 approval of the Legislature and ratification by a majority of the voters, and general obligation short-term notes, of which the principal may not exceed an amount greater than 10 percent of all moneys appropriated, authorized and allocated by the Legislature from undedicated revenues to the General Fund and dedicated revenues to the Highway Fund for that fiscal year, or greater than 1 percent of the total valuation of the State of Maine, whichever is the lesser.

At year-end, the State had \$1.716 billion in general obligation and other long-term debt outstanding. More detailed information about the State's long-term liabilities is presented in Note 11 to the financial statements.

**TABLE A-8: OUTSTANDING LONG-TERM DEBT**  
(Expressed in Thousands)

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2022</b>	<b>2021*</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>General Obligation</b>						
Bonds	\$ 505,820	\$ 589,665	\$ -	\$ -	\$ 505,820	\$ 589,665
Unmatured Premiums	76,968	89,397	-	-	76,968	89,397
Other Long-Term Obligations	1,132,197	1,149,574	959	979	1,133,156	1,150,553
<b>Total</b>	<b>\$ 1,714,985</b>	<b>\$ 1,828,636</b>	<b>\$ 959</b>	<b>\$ 979</b>	<b>\$ 1,715,944</b>	<b>\$ 1,829,615</b>

\*As restated

During the year, the State reduced outstanding long-term obligations by \$96.3 million for general obligation bonds and \$319.3 million for other long-term debt. Also during fiscal year 2022, the State incurred \$301.9 million of additional long-term obligations.

## Credit Ratings

The State's credit was rated during fiscal year 2022 by Moody's Investors Service as Aa2 with a stable outlook and by Standard & Poor's as AA with a stable outlook.

## FACTORS BEARING ON THE FUTURE OF STATE AND NEXT YEAR'S BUDGETS

The Maine Consensus Economic Forecasting Commission (CEFC) convened on October 28, 2022, to review and revise its forecast through 2027. This meeting builds on the Commission's forecast update of February 1, 2022, incorporating the most recent data available for all relevant baseline data.

The CEFC is optimistic about recent strong in-migration to Maine and its potential to fuel the local economy. However, the Commission notes that limiting factors such as lack of housing and childcare may hamper growth in the coming years. Additionally, the CEFC is concerned about high rates of inflation and associated interest rate hikes. High heating oil prices during the coming winter season will present challenges for Maine households. These high energy costs, combined with high overall inflation, geopolitical upheaval, and tight labor markets were among the key risks to continued economic growth that the CEFC considered as it revised its forecasts.

Total nonfarm employment is forecast to increase by 2.5% in 2022 based on year-to-date estimates from the Maine Department of Labor, 0.8% in 2023, 0.4% in 2024, and 0.2% in 2025, before leveling off to 0.0% growth in 2026 and 2027. This reflects an upward revision to the 2022 growth rate, but a downward revision for 2023. The CEFC noted that the downward revision in 2023 was incorporated due to uncertainty surrounding current labor market tightness. The revised forecast anticipates employment will nearly return to pre-pandemic levels in 2022, will surpass them in 2023 and will grow to 645,300 in 2025 before leveling off. These forecast levels of employment are higher than those expected in the Commission's February 2022 forecast.

The Commission raised its forecast for total personal income growth in 2022 from 1.7% to 3.6%, left its forecast unchanged for 2023 at 5.0%, and revised its forecast for 2024-2026 down slightly to 4.7%, 4.4%, and 4.5%, respectively, reflecting the Federal Reserve's current efforts to restrain inflation by continuing modest increases in interest rates over the next few months. These were 0.2, 0.1 and 0.1 percentage points lower than the last forecast for 2024-2026. The Commission also revised its forecast for 2027 up from 4.5% to 4.6%. This revision in the near-term accounts for data pointing to strong wage growth in 2022.

The Commission revised its estimates of growth in wages and salaries, the largest component of personal income, up from 6.5% to 11.0% in 2022 and from 5.5% to 6.0% in 2023, leaving the remaining years unchanged. Similarly, it revised growth in supplements to wages and salaries up from 6.5% to 7.0% in 2022 but left all following years unchanged. The upward revision in 2022 is due to strong wage growth and the recognition that retirement contributions are often tied to wages and salaries.

The Commission revised its forecast for growth in the Consumer Price Index (CPI) up from 5.0% to 8.3% for 2022 following persistently high inflation in recent months. The forecast was also revised up for all remaining years, from 4.0% to 5.8% for 2023; from 2.5% to 4.0% for 2024; from 2.5% to 3.5% for both 2025 and 2026; and from 2.5% to 3.0% for 2027. High energy prices, labor market tightness, and continued supply challenges have led the CEFC to expect inflation to take several years to abate.

Finally, the Commission revised its forecast for corporate profits up in 2022, from 4.0% to 10.2%, and down in 2023 and 2024, to 2.0% and 5.0% (from 4.0% and 6.0%, respectively). The forecasts for 2025-2027 were left unchanged, at 6.0% each year.

Maine had a strong year of population growth in 2021, gaining just under 10,000 in population. Net domestic migration fueled Maine's growth as the state had the seventh highest net domestic migration rate in the U.S. and first in New England.

Total personal income grew by 4.5% in the second quarter of 2022. Wage and salary income, which is the largest component of personal income, grew by 6.0%. Meanwhile, Gross Domestic Product fell for two consecutive quarters, by 0.5% and 1.2% in the first two quarters of 2022. The Consumer Price Index continues to show persistently rapid price increases, reaching a peak of 9.1% year-over-year in June and decelerating to 8.2% by September. The PCE price index increased by 6.2% in August.

Given high inflation and economic uncertainty, the Consumer Sentiment Index was down almost 17% in October, though rebounding slightly from a series low in June. The Small Business Optimism Index was down 7.1% from a year ago in September.

Single family existing-home sales have cooled, with the number of sales falling by 8.6% year-over-year in September, although prices continued to increase by a more modest 3.1%. Maine's House Price Index rose 21% in the second quarter of 2022 over a year prior, higher than both New England and the United States.



The key assumptions made by the CEFC are:

- Economic conditions are highly uncertain, with the potential for a slowdown in 2023; concerns remain that conditions are uneven across different sectors, demographic/socioeconomic groups, and amongst Maine counties.
- We have transitioned to an endemic phase of COVID-19; people's behavior has adjusted to living with the risks of the virus (the "new normal") and the economy and health system will be minimally disrupted by foreseeable future waves.
- No further federal stimulus is anticipated; many businesses that are paying back loans from past stimulus in the face of uncertain economic conditions are struggling. High inflation, high interest rates, low consumer sentiment, housing affordability/availability, and the correction in the stock market combine to create a challenging macroeconomic environment.
- The current labor supply is limited and affected by many different factors, including structural changes in the economy, the availability of consistent, in-person childcare, retirements by workers age 55 and up, and the demographic structure of Maine's population. Migration has been a source of growth for labor supply. The Commission is optimistic that there is an opportunity for Maine to see continued increased in-migration in the coming years as telework has become part of the "new normal" and people look for locations that allow for work-life balance and access to outdoor recreation, but housing and childcare/school availability are potential limiting factors.
- Rising interest rates are slowing effective demand for real estate, although variation in regional economies exists. Higher home prices have contributed to higher rental prices. Affordability is of particular concern as interest rates have spiked, causing more potential buyers to be priced out of the market.
- The healthcare system in Maine has been under tremendous stress during the pandemic and those strains are likely to continue for the near term with implications for the workforce and patients accessing care. Workforce and inflation are two key challenges for the healthcare system. Employment remains below pre-pandemic levels although traveling nurses have been providing some additional labor.
- The availability of high-speed internet and mobile phone coverage will be an important equalizer between urban and rural areas and could contribute to the diffusion of migration across the state. The creation of the Maine Connectivity Authority and infusion of federal funding will help the successful buildout of high-speed internet. It should be noted, though, that not all jobs can be done in a remote work environment.
- Inflation expectations are much higher, more persistent, and more widespread than what the Federal Reserve Bank previously expected. There is a risk of continued higher inflation into 2023, with higher energy prices posing a particular concern for consumers in Maine where heating oil and gasoline are heavily relied on. Heating oil prices have started the heating season high and are expected to remain elevated, with the potential for even larger costs to households and businesses if there is a colder than usual winter. Inflation risks are likely to take several years to fully ease.
- The strength of the U.S. dollar could pose a challenge to exporters in Maine. A high dollar also keeps energy prices high and could also affect the numbers of Canadian tourists choosing to come to Maine.
- Geopolitical tensions remain elevated and could continue to have a negative effect on the forecast.

The Revenue Forecasting Committee (RFC) will meet to review and update the current revenue forecast to comply with the statutory reporting date in December 2022. Based on the November CEFC forecast, the RFC will consider its revenue projections through the fiscal year ending June 30, 2023 for the General Fund, Highway Fund, Fund for a Healthy Maine and Medicaid/MaineCare Dedicated Revenue Taxes.

At June 30, 2022, the State of Maine reported an ending fund balance of \$960.4 million in the General Fund on a GAAP basis, an increase of more than \$174.8 million since the end of fiscal year 2021. The General Fund "unassigned" fund balance on a GAAP basis at June 30, 2022 was \$604.4 million.

There are factors that adversely affect our General Fund Balance Sheet that we should continue to strive to improve over the next several years. The primary factors that have a significant impact on the State's Financial Statements compiled and issued in accordance with Generally Accepted Accounting Principles as applicable to governments include such items as accruing tax revenues for budgetary purposes and for financial statement purposes without accruing the offsetting liabilities for budgetary purposes and the demand from appropriations whose balances carry from year to year, which results in lower amounts accruing to the Unassigned Fund Balance of the General Fund. The State has eliminated the smaller tax line accruals on a budgetary basis and has made contributions to General Fund reserves a higher priority in the budget.

These actions, along with the Governor's commitment to closing the structural gap in the budget, have resulted in significant increases in the equity and cash positions of the General Fund. Consequently, the State has seen record levels in its Treasurer's Cash Pool and Budget Stabilization Fund, and has not required external borrowing in the form of TANs or BANs for cash flow purposes.

## **CONTACTING THE STATE'S FINANCIAL MANAGEMENT**

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the finances of the State and to demonstrate the State's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact:

State of Maine  
Office of the State Controller  
14 State House Station  
Augusta, ME 04333-0014  
(207)-626-8420  
[financialreporting@maine.gov](mailto:financialreporting@maine.gov)

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# **BASIC FINANCIAL STATEMENTS**

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**STATE OF MAINE**  
**BASIC FINANCIAL STATEMENTS**  
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**STATE OF MAINE**  
**STATEMENT OF NET POSITION**

June 30, 2022  
(Expressed in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>Assets</b>				
Current Assets:				
Equity in Treasurer's Cash Pool	\$ 2,397,539	\$ 13,716	\$ 2,411,255	\$ 123,984
Cash and Cash Equivalents	217	1,218	1,435	213,138
Cash with Fiscal Agent	268,797	-	268,797	-
Investments	143,071	-	143,071	924,187
Restricted Assets:				
Restricted Equity in Treasurer's Cash Pool	49,398	-	49,398	-
Restricted Deposits and Investments	1,935	622,016	623,951	542,159
Inventories	29,686	5,068	34,754	1,323
Receivables, Net of Allowances for Uncollectibles:				
Taxes Receivable	598,459	-	598,459	-
Settlements Receivable	39,365	-	39,365	-
Loans, Leases & Notes Receivable	3,248	-	3,248	125,097
Other Receivables	345,714	84,927	430,641	74,185
Internal Balances	(3,769)	3,769	-	-
Due from Other Governments	600,947	-	600,947	206,042
Due from Primary Government	-	-	-	31,713
Loans Receivable from Primary Government	-	-	-	58,148
Due from Component Units	74,637	-	74,637	-
Other Current Assets	15,579	-	15,579	40,206
Total Current Assets	4,564,823	730,714	5,295,537	2,340,182
Noncurrent Assets:				
Equity in Treasurer's Cash Pool	1,561,411	8,934	1,570,345	80,746
Investments	-	-	-	589,070
Restricted Assets:				
Restricted Equity in Treasurer's Cash Pool	32,172	-	32,172	-
Restricted Deposits and Investments	-	-	-	371,805
Pension Assets	20,087	-	20,087	578
Receivables, Net of Current Portion:				
Taxes Receivable	80,841	-	80,841	-
Settlements Receivable	51,269	-	51,269	-
Loans, Leases & Notes Receivable	4,097	-	4,097	1,991,581
Other Receivables	269	-	269	14,937
Due from Other Governments	5,032	-	5,032	1,496,479
Loans Receivable from Primary Government	-	-	-	212,301
Due from Primary Government	-	-	-	5,361
Post-Employment Benefit Assets	-	-	-	5,500
Other Noncurrent Assets	-	-	-	11,158
Capital Assets:				
Land, Infrastructure, & Other Non-Depreciable Assets	3,970,835	16,971	3,987,806	997,618
Buildings, Equipment & Other Depreciable Assets	565,905	30,179	596,084	1,021,879
Right to Use Assets, Net of Accumulated Amortization	231,284	-	231,284	37,473
Total Noncurrent Assets	6,523,202	56,084	6,579,286	6,836,486
Total Assets	11,088,025	786,798	11,874,823	9,176,668
<b>Deferred Outflows of Resources</b>	\$ 1,677,865	\$ 6,588	\$ 1,684,453	\$ 112,067

The accompanying notes are an integral part of the financial statements.

	Primary Government				
	Governmental Activities	Business-Type Activities	Total	Component Units	
<b>Liabilities</b>					
Current Liabilities:					
Accounts Payable	\$ 1,002,707	\$ 23,257	\$ 1,025,964	\$ 94,880	
Accrued Payroll	53,626	768	54,394	4,544	
Tax Refunds Payable	331,626	-	331,626	-	
Due to Component Units	33,713	-	33,713	-	
Due to Primary Government	-	-	-	74,637	
Current Portion of Long-Term Obligations:					
Compensated Absences	10,789	126	10,915	3,540	
Due to Other Governments	1,177,095	-	1,177,095	354	
Amounts Held under State & Federal Loan Programs	-	-	-	22,878	
Claims Payable	22,506	-	22,506	-	
Bonds & Notes Payable	102,271	-	102,271	270,974	
Revenue Bonds Payable	22,689	-	22,689	29,369	
Lease Liabilities	6,872	-	6,872	2,782	
Certificates of Participation & Other Financing Arrangements	10,042	-	10,042	-	
Loans Payable to Component Unit	58,148	-	58,148	-	
Accrued Interest Payable	8,951	-	8,951	28,641	
Unearned Revenue	2,887	221	3,108	114,390	
Other Post-Employment Benefits	31,424	-	31,424	-	
Other Current Liabilities	25,144	26,786	51,930	92,676	
Total Current Liabilities	2,900,490	51,158	2,951,648	739,665	
Long-Term Liabilities:					
Compensated Absences	60,466	833	61,299	-	
Due to Component Units	5,361	-	5,361	-	
Due to Other Governments	-	-	-	4,840	
Amounts Held under State & Federal Loan Program	-	-	-	41,675	
Claims Payable	58,118	-	58,118	-	
Bonds & Notes Payable	480,517	-	480,517	3,780,017	
Revenue Bonds Payable	380,523	-	380,523	582,743	
Lease Liabilities	227,638	-	227,638	35,326	
Certificates of Participation & Other Financing Arrangements	62,104	-	62,104	-	
Loans Payable to Component Unit	212,301	-	212,301	-	
Unearned Revenue	13,387	-	13,387	-	
Net Pension Liability	1,405,725	8,101	1,413,826	26,039	
Other Post-Employment Benefits	2,535,660	10,007	2,545,667	58,545	
Pollution Remediation & Landfill Obligations	47,361	-	47,361	-	
Other Noncurrent Liabilities	-	1,600	1,600	104,706	
Total Long-Term Liabilities	5,489,161	20,541	5,509,702	4,633,891	
Total Liabilities	8,389,651	71,699	8,461,350	5,373,556	
Deferred Inflows of Resources	2,513,699	10,085	2,523,784	146,828	
<b>Net Position</b>					
Net Investment in Capital Assets	3,724,890	47,150	3,772,040	1,269,055	
Restricted:					
Governmental Support & Operations	5,981	-	5,981	-	
Justice & Protection	14,106	-	14,106	-	
Employment Security	-	667,500	667,500	-	
Other Purposes	-	-	-	1,719,169	
Funds Held for Permanent Investments:					
Expendable	101,516	-	101,516	-	
Nonexpendable	41,866	-	41,866	314,139	
Unrestricted (deficit) Net Position	(2,025,819)	(3,048)	(2,028,867)	465,988	
Total Net Position	\$ 1,862,540	\$ 711,602	\$ 2,574,142	\$ 3,768,351	

**STATE OF MAINE**  
**STATEMENT OF ACTIVITIES**

Fiscal Year Ended June 30, 2022  
(Expressed in Thousands)

		<b>Program Revenues</b>		
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Primary Government:</b>				
Governmental Activities:				
Governmental Support & Operations	\$ 1,618,142	\$ 125,609	\$ 13,727	\$ -
Arts, Heritage & Cultural Enrichment	14,250	1,089	5,629	-
Business Licensing & Regulation	67,848	95,625	10,257	-
Economic Development & Workforce Training	738,928	7,837	603,933	-
Education	2,691,379	33,687	503,301	-
Health & Human Services	5,680,639	16,938	4,106,058	-
Justice & Protection	565,778	86,823	131,587	-
Natural Resources Development & Protection	256,581	109,270	52,686	-
Transportation Safety & Development	732,881	168,631	294,373	-
Interest Expense	37,835	-	-	-
Total Governmental Activities	<u>12,404,261</u>	<u>645,509</u>	<u>5,721,551</u>	<u>-</u>
Business-Type Activities:				
Employment Security	11,217	162,908	9,132	-
Alcoholic Beverages	183,874	245,900	-	-
Lottery	319,494	391,862	-	-
Ferry Services	13,713	6,547	-	-
Consolidated Emergency Communications	5,705	7,040	-	-
Other	3,048	6,688	-	-
Total Business-Type Activities	<u>537,051</u>	<u>820,945</u>	<u>9,132</u>	<u>-</u>
Total Primary Government	<u>12,941,312</u>	<u>1,466,454</u>	<u>5,730,683</u>	<u>-</u>
<b>Component Units:</b>				
Finance Authority of Maine	47,836	25,736	28,028	-
Maine Community College System	158,503	8,754	64,097	2,265
Maine Health & Higher Education Facilities Authority	24,472	22,574	(9,851)	-
Maine Municipal Bond Bank	66,673	49,042	(18,306)	28,080
Maine State Housing Authority	412,386	73,777	364,742	-
Maine Turnpike Authority	101,320	138,772	-	-
University of Maine System	826,093	305,863	185,562	34,437
All Other Non-Major Component Units	159,348	39,314	114,086	5,720
Total Component Units	<u>\$ 1,796,631</u>	<u>\$ 663,832</u>	<u>\$ 728,358</u>	<u>\$ 70,502</u>

The accompanying notes are an integral part of the financial statements.



**Net (Expenses) Revenues and  
Changes in Net Position**

**Primary Government**

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Component Units</b>
\$ (1,478,806)	\$ -	\$ (1,478,806)	\$ -
(7,532)	-	(7,532)	-
38,034	-	38,034	-
(127,158)	-	(127,158)	-
(2,154,391)	-	(2,154,391)	-
(1,557,643)	-	(1,557,643)	-
(347,368)	-	(347,368)	-
(94,625)	-	(94,625)	-
(269,877)	-	(269,877)	-
(37,835)	-	(37,835)	-
<u>(6,037,201)</u>	<u>-</u>	<u>(6,037,201)</u>	<u>-</u>
-	160,823	160,823	-
-	62,026	62,026	-
-	72,368	72,368	-
-	(7,166)	(7,166)	-
-	1,335	1,335	-
-	3,640	3,640	-
<u>-</u>	<u>293,026</u>	<u>293,026</u>	<u>-</u>
<u>(6,037,201)</u>	<u>293,026</u>	<u>(5,744,175)</u>	<u>-</u>
-	-	-	5,928
-	-	-	(83,387)
-	-	-	(11,749)
-	-	-	(7,857)
-	-	-	26,133
-	-	-	37,452
-	-	-	(300,231)
-	-	-	(228)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (333,939)</u>

**General Revenues:**

Taxes:				
Corporate Taxes	434,675	-	434,675	-
Individual Income Taxes	2,703,462	-	2,703,462	-
Fuel Taxes	244,313	-	244,313	-
Property Taxes	97,805	-	97,805	-
Sales & Use Taxes	2,222,622	-	2,222,622	-
Other Taxes	494,874	-	494,874	-
Unrestricted Investment Earnings	(2,547)	-	(2,547)	(32,600)
Non-Program Specific Grants, Contributions & Appropriations	-	-	-	486,602
Miscellaneous Income	126,074	-	126,074	9,662
Gain (Loss) on Sale of Assets	-	-	-	(1,672)
Tobacco Settlement	50,541	-	50,541	-
Transfers - Internal Activities	122,906	(122,906)	-	-
Total General Revenues and Transfers	<u>6,494,725</u>	<u>(122,906)</u>	<u>6,371,819</u>	<u>461,992</u>
Change in Net Position	457,524	170,120	627,644	128,053
Net Position - Beginning (as restated)	<u>1,405,016</u>	<u>541,482</u>	<u>1,946,498</u>	<u>3,640,298</u>
Net Position - Ending	<u>\$ 1,862,540</u>	<u>\$ 711,602</u>	<u>\$ 2,574,142</u>	<u>\$ 3,768,351</u>



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# GOVERNMENTAL FUND FINANCIAL STATEMENTS

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## MAJOR FUNDS

General Fund – This is the State's primary operating fund. Its purpose is to account for all financial resources obtained and used for general government operations, which are not required to be accounted for in another fund.

Highway Fund – This fund is used primarily to account for motor fuel tax revenues, motor vehicle license and registration fees, and special State appropriations that are legally restricted to the construction and maintenance of State highways and bridges.

Federal Fund – This fund is used to account for grants, block grants and other financial assistance received from the federal government, that are legally restricted to expenditures for purposes specified in the grant awards or agreements.

Other Special Revenue Fund – This fund is used to account for revenue sources that are legally restricted to expenditures for specified purposes, including some major capital projects that are not accounted for in the Highway and Federal Funds.

## NON-MAJOR FUNDS

Other Governmental Funds are used to account for revenue sources that are legally restricted to expenditures for specified purposes, including some major capital projects and funds held in trust for public purposes.

**STATE OF MAINE**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**

June 30, 2022  
(Expressed in Thousands)

	General	Highway	Federal	Other Special Revenue	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Equity in Treasurer's Cash Pool	\$ 1,184,570	\$ 23,137	\$ 937,170	\$ 1,316,429	\$ 311	\$ 3,461,617
Cash & Short-Term Investments	98	76	-	41	-	215
Cash with Fiscal Agent	25,361	803	-	235,518	-	261,682
Investments	-	-	-	-	143,071	143,071
Restricted Assets:						
Restricted Equity in Treasurer's Cash Pool	-	-	-	-	81,570	81,570
Inventories	4,379	2	19,547	-	-	23,928
Receivables, Net of Allowance for Uncollectibles:						
Taxes Receivable	641,696	21,983	-	15,621	-	679,300
Settlements Receivable	-	-	-	90,634	-	90,634
Loans Receivable	1	-	-	2,887	-	2,888
Other Receivable	85,566	2,798	203,529	42,626	-	334,519
Due from Other Funds	42,581	8,834	4,100	80,394	-	135,909
Due from Other Governments	-	-	600,040	-	-	600,040
Due from Component Units	-	-	-	74,637	-	74,637
Other Assets	1,301	4	712	89	-	2,106
Working Capital Advances Receivable	111	-	-	-	-	111
<b>Total Assets</b>	<b>\$ 1,985,664</b>	<b>\$ 57,637</b>	<b>\$ 1,765,098</b>	<b>\$ 1,858,876</b>	<b>\$ 224,952</b>	<b>\$ 5,892,227</b>
<b>Liabilities</b>						
Accounts Payable	\$ 199,956	\$ 37,268	\$ 470,605	\$ 204,498	\$ 30	\$ 912,357
Accrued Payroll	25,420	7,971	5,780	9,986	-	49,157
Tax Refunds Payable	331,614	12	-	-	-	331,626
Due to Other Governments	-	-	1,130,487	-	-	1,130,487
Due to Other Funds	109,182	4,533	32,232	21,495	47,605	215,047
Due to Component Units	2,509	197	21,795	7,052	4,894	36,447
Unearned Revenue	-	3,105	2,705	10,279	3	16,092
Other Accrued Liabilities	19,479	4	2,560	5,653	-	27,696
<b>Total Liabilities</b>	<b>688,160</b>	<b>53,090</b>	<b>1,666,164</b>	<b>258,963</b>	<b>52,532</b>	<b>2,718,909</b>
<b>Deferred Inflows of Resources</b>	<b>337,133</b>	<b>362</b>	<b>46,608</b>	<b>93,664</b>	<b>-</b>	<b>477,767</b>
<b>Fund Balances</b>						
Nonspendable:						
Permanent Fund Principal	-	-	-	-	41,866	41,866
Inventories & Prepaid Items	5,365	-	20,258	-	-	25,623
Restricted	29,456	4,185	32,068	797,808	130,554	994,071
Committed	14,666	-	-	566,006	-	580,672
Assigned	306,474	-	-	142,435	-	448,909
Unassigned	604,410	-	-	-	-	604,410
<b>Total Fund Balances</b>	<b>960,371</b>	<b>4,185</b>	<b>52,326</b>	<b>1,506,249</b>	<b>172,420</b>	<b>2,695,551</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$ 1,985,664</b>	<b>\$ 57,637</b>	<b>\$ 1,765,098</b>	<b>\$ 1,858,876</b>	<b>\$ 224,952</b>	<b>\$ 5,892,227</b>

The accompanying notes are an integral part of the financial statements.

**STATE OF MAINE**  
**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**

June 30, 2022  
(Expressed in Thousands)

Total fund balances for governmental funds	\$ 2,695,551
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	4,986,738
Accumulated Depreciation & Amortization	<u>(587,248)</u>
	4,399,490
Refunded Bond Deferred Outflows	1,237
Pollution Remediation Receivable	283
Long-term liabilities are not due and payable in the current period. Therefore, long-term liabilities are not reported in the governmental fund statements. However, these amounts are included in the Statement of Net Position. This net effect of these balances on the statement:	
Bonds Payable	(986,000)
Interest Payable Related to Long-term Financing	(6,370)
Certificates of Participation and Other Financing Arrangements	(59,185)
Leases	(12,000)
Loans Payable to Component Unit	(270,449)
Compensated Absences	(65,670)
Pension Liabilities and Deferrals	(1,873,537)
Other Post-Employment Benefit Liabilities and Deferrals	(2,728,099)
Pollution Remediation and Landfill Obligations	<u>(47,361)</u>
	(6,048,671)
Certain revenues are earned but not available and therefore are not reported in the governmental fund statements.	412,108
Other Revenue	(40,683)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.	
	<u>443,225</u>
Net position of governmental activities	<u><u>\$ 1,862,540</u></u>

The accompanying notes are an integral part of the financial statements.

**STATE OF MAINE**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**

Fiscal Year Ended June 30, 2022  
(Expressed in Thousands)

	<u>General</u>	<u>Highway</u>	<u>Federal</u>	<u>Other Special Revenue</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>						
Taxes	\$ 5,467,668	\$ 223,433	\$ -	\$ 377,339	\$ -	\$ 6,068,440
Assessments	94,175	109,153	-	213,042	-	416,370
Federal Grants & Reimbursements	94	-	5,739,784	16,717	-	5,756,595
Charges for Services	60,520	4,751	-	148,187	-	213,458
Investment Income (Loss)	12,008	190	588	(944)	(16,550)	(4,708)
Miscellaneous Revenues	31,056	825	704	145,110	-	177,695
Total Revenues	<u>5,665,521</u>	<u>338,352</u>	<u>5,741,076</u>	<u>899,451</u>	<u>(16,550)</u>	<u>12,627,850</u>
<b>Expenditures</b>						
Current:						
Governmental Support & Operations	371,052	2,134	13,246	1,210,559	64	1,597,055
Economic Development & Workforce Training	46,056	-	642,855	80,652	9,500	779,063
Education	1,892,691	-	500,927	37,030	19,729	2,450,377
Health & Human Services	1,276,680	-	4,096,048	376,052	-	5,748,780
Business Licensing & Regulation	-	-	10,195	63,544	-	73,739
Natural Resources Development & Protection	93,520	35	51,793	127,587	7,169	280,104
Justice & Protection	378,204	31,881	137,223	126,975	-	674,283
Arts, Heritage & Cultural Enrichment	8,728	-	5,536	1,096	-	15,360
Transportation Safety & Development	-	388,160	268,835	142,995	-	799,990
Debt service:						
Principal Payments	103,372	-	16,030	39,793	-	159,195
Interest Expense	41,881	-	7,659	7,198	-	56,738
Capital Outlay	12,064	-	-	574	16,813	29,451
Total Expenditures	<u>4,224,248</u>	<u>422,210</u>	<u>5,750,347</u>	<u>2,214,055</u>	<u>53,275</u>	<u>12,664,135</u>
Revenue over (under) Expenditures	<u>1,441,273</u>	<u>(83,858)</u>	<u>(9,271)</u>	<u>(1,314,604)</u>	<u>(69,825)</u>	<u>(36,285)</u>
<b>Other Financing Sources (Uses)</b>						
Transfer from Other Funds	131,214	37,317	18,007	1,502,647	-	1,689,185
Transfer to Other Funds	(1,433,271)	(6,752)	(18,342)	(97,262)	(3,875)	(1,559,502)
Certificates of Participation & Other	23,495	805	-	323	-	24,623
Bonds Issued	-	-	-	44,815	-	44,815
Leases	12,064	-	-	574	-	12,638
Net Other Finance Sources (Uses)	<u>(1,266,498)</u>	<u>31,370</u>	<u>(335)</u>	<u>1,451,097</u>	<u>(3,875)</u>	<u>211,759</u>
Net Change in Fund Balances	<u>174,775</u>	<u>(52,488)</u>	<u>(9,606)</u>	<u>136,493</u>	<u>(73,700)</u>	<u>175,474</u>
Fund Balance at Beginning of Year	<u>785,596</u>	<u>56,673</u>	<u>61,932</u>	<u>1,369,756</u>	<u>246,120</u>	<u>2,520,077</u>
Fund Balances at End of Year	<u>\$ 960,371</u>	<u>\$ 4,185</u>	<u>\$ 52,326</u>	<u>\$ 1,506,249</u>	<u>\$ 172,420</u>	<u>\$ 2,695,551</u>

The accompanying notes are an integral part of the financial statements.

**STATE OF MAINE**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

Fiscal Year Ended June 30, 2022  
(Expressed in Thousands)

Net change in fund balances - total governmental funds	\$ 175,474
Amounts reported for governmental activities in the Statement of Net Activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
Capital Outlay	167,648
Depreciation Expense	(39,653)
The net effect of various transactions involving capital assets (i.e. sales, trade-ins and contributions) is to increase net position.	<u>(2,375)</u>
	125,620
Refunded Bond Deferred Outflows	(388)
Pollution Remediation Receivable	(177)
The issuance of long-term debt provides current financial resources to governmental funds which increases long-term debt in the Statement of Net Position. Repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but repayment reduces long-term debt in the Statement of Net Position. This is the amount that proceeds exceed repayments:	
Bond Proceeds	(44,815)
Proceeds from Other Financing Arrangements	(24,300)
Repayment of Bond Principal	102,845
Repayment of Other Financing Debt	5,147
Repayment of Pledged Revenue Principal	66,544
Repayment of Lease Principal	638
Accrued Interest	(77)
Amortization of Bond Premiums	12,429
	118,411
Certain expenditures are reported in the funds. However, they either increase or decrease long-term liabilities reported as expenditures on the Statement of Net Position and have been eliminated from the Statement of Position as follows:	
Compensated Absences	(2,611)
Pension Liabilities and Deferrals	222,561
Other Post-employment Benefit Liabilities and Deferrals	(331,336)
Pollution Remediation and Landfill Obligations	<u>(4,955)</u>
	(116,341)
Certain revenues are earned but not available and therefore are not reported in the governmental fund statements.	132,939
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is included in governmental activities in the Statement of Activities.	
	<u>21,986</u>
Changes in net position of governmental activities	<u><u>\$ 457,524</u></u>

The accompanying notes are an integral part of the financial statements.





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# PROPRIETARY FUND FINANCIAL STATEMENTS

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## MAJOR FUNDS

Employment Security Fund - This fund accounts for unemployment insurance contributions from employers and the payment of unemployment benefits to eligible claimants.

## NON-MAJOR FUNDS

Non-Major Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business, where the State intends to finance or recover the costs of providing goods or services to the General Public on a continuing basis primarily through user charges. The State also uses these funds where periodic determination of net income is appropriate for accountability purposes.

**STATE OF MAINE**  
**STATEMENT OF FUND NET POSITION**  
**PROPRIETARY FUNDS**

June 30, 2022  
(Expressed in Thousands)

	Business-Type Activities Enterprise Funds			Governmental Activities
	Major Employment Security	Non-Major Other Enterprise	Total	Internal Service Funds
<b>Assets</b>				
Current Assets:				
Equity in Treasurer's Cash Pool	\$ -	\$ 13,716	\$ 13,716	\$ 301,184
Cash & Short-Term Investments	464	754	1,218	2
Cash with Fiscal Agent	-	-	-	7,115
Restricted Assets:				
Restricted Deposits & Investments	622,005	11	622,016	1,935
Inventories	-	5,068	5,068	5,758
Receivables, Net of Allowance for Uncollectibles:				
Other Receivable	49,329	35,598	84,927	11,548
Due from Other Funds	7,166	7,236	14,402	37,646
Other Assets	-	-	-	13,473
Total Current Assets	678,964	62,383	741,347	378,661
Noncurrent Assets:				
Equity in Treasurer's Cash Pool	-	8,934	8,934	196,149
Receivables, Net of Current Portion	-	-	-	4,097
Capital Assets, Net of Accumulated Depreciation	-	47,150	47,150	149,098
Right to Use Assets, Net of Accumulated Amortization	-	-	-	219,436
Total Noncurrent Assets	-	56,084	56,084	568,780
Total Assets	678,964	118,467	797,431	947,441
<b>Deferred Outflows of Resources</b>	\$ -	\$ 6,588	\$ 6,588	\$ 34,391
<b>Liabilities</b>				
Current Liabilities:				
Accounts Payable	\$ 6,755	\$ 16,502	\$ 23,257	\$ 25,337
Accrued Payroll	-	768	768	4,469
Due to Other Funds	3,835	6,864	10,699	27,217
Due to Component Units	-	-	-	2,627
Current Portion of Long-Term Obligations:				
Certificates of Participation and Other Financing Arrangements	-	-	-	4,864
Lease Liabilities	-	-	-	6,215
Claims Payable	-	-	-	22,506
Compensated Absences	-	126	126	736
Unearned Revenue	-	221	221	182
Accrued Interest Payable	-	-	-	29
Other Accrued Liabilities	874	25,912	26,786	-
Total Current Liabilities	11,464	50,393	61,857	94,182
Long-Term Liabilities:				
Working Capital Advances Payable	-	1,600	1,600	111
Certificates of Participation & Other Financing Arrangements	-	-	-	8,097
Lease Liabilities	-	-	-	216,295
Claims Payable	-	-	-	58,118
Compensated Absences	-	833	833	4,848
Net Pension Liability	-	8,101	8,101	43,839
Net Other Post-Employment Benefit Liability	-	10,007	10,007	54,061
Total Long-Term Liabilities	-	20,541	20,541	385,369
Total Liabilities	11,464	70,934	82,398	479,551
<b>Deferred Inflows of Resources</b>	\$ -	\$ 10,085	\$ 10,085	\$ 58,989
<b>Net Position</b>				
Net Investment in Capital Assets:	-	47,150	47,150	143,252
Restricted for:				
Unemployment Compensation	667,500	-	667,500	-
Other Purposes	-	-	-	234
Unrestricted	-	(3,114)	(3,114)	299,806
Total Net Position	\$ 667,500	\$ 44,036	711,536	\$ 443,292
Amounts reported for business-type activities in the government-wide Statement of Activities are different due to elimination of the State's internal business-type activities			66	
Net Position of Business-Type Activities			\$ 711,602	

The accompanying notes are an integral part of the financial statements.

**STATE OF MAINE**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**

Fiscal Year Ended June 30, 2022  
(Expressed in Thousands)

	Business-Type Activities Enterprise Funds			Governmental Activities Internal Service Funds
	Major Employment Security	Non-Major Other Enterprise	Total	
Operating Revenues				
Charges for Services	\$ -	\$ 653,259	\$ 653,259	\$ 496,066
Assessments	162,351	4,664	167,015	-
Miscellaneous Revenues	557	4	561	1,925
Total Operating Revenues	162,908	657,927	820,835	497,991
Operating Expenses				
General Operations	-	523,730	523,730	437,491
Depreciation and Amortization	-	2,154	2,154	24,977
Claims/Fees Expense	11,217	-	11,217	14,361
Other Operating Expenses	-	-	-	390
Total Operating Expenses	11,217	525,884	537,101	477,219
Operating Income (Loss)	151,691	132,043	283,734	20,772
Nonoperating Revenues (Expenses)				
Investment Revenue (Expenses) - net	8,600	-	8,600	2,161
Interest Expense	-	-	-	(3,925)
Operating Subsidy and Grants	532	-	532	-
Other Nonoperating Revenue (Expenses) - net	-	110	110	221
Total Nonoperating Revenues (Expenses)	9,132	110	9,242	(1,543)
Income (Loss) Before Capital Contributions, Transfers and Special Items	160,823	132,153	292,976	19,229
Capital Contributions, Transfers and Special Items				
Capital Contributions from (to) Other Funds	-	9,384	9,384	82
Transfer from Other Funds	5,334	6,148	11,482	2,725
Transfer to Other Funds	(9,591)	(134,181)	(143,772)	-
Total Capital Contributions, Transfers and Special Items	(4,257)	(118,649)	(122,906)	2,807
Change in Net Position	156,566	13,504	170,070	22,036
Net Position - Beginning (as restated)	510,934	30,532		421,256
Net Position - End of Year	\$ 667,500	\$ 44,036		\$ 443,292
Amounts reported for business-type activities in the government-wide Statement of Activities are different due to elimination of the State's internal business-type activities				50
Changes in Business-Type Net Position			\$ 170,120	

The accompanying notes are an integral part of the financial statements.

**STATE OF MAINE**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**

Fiscal Year Ended June 30, 2022  
(Expressed in Thousands)

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental Activities Internal Service Funds</b>
	<b>Major Employment Security</b>	<b>Non-Major Other Enterprise</b>	<b>Totals</b>	
<b>Cash Flows from Operating Activities</b>				
Receipts from Customers and Users	\$ 165,005	\$ 652,568	\$ 817,573	\$ 35,356
Other Operating Cash Receipts (Payments):				
Cash Received from Interfund Services	675	6,314	6,989	479,355
Payments of Benefits	(11,217)	-	(11,217)	-
Payments to Prize Winners	-	(269,818)	(269,818)	-
Payments to Suppliers	(2,704)	(236,335)	(239,039)	(316,155)
Payments to Employees	-	(16,985)	(16,985)	(82,866)
Payments for Interfund Goods and Services	(758)	(15,833)	(16,591)	(77,725)
Net Cash Provided (Used) by Operating Activities	151,001	119,911	270,912	37,965
<b>Cash Flows from Noncapital Financing Activities</b>				
Transfers from Other Funds	5,334	6,148	11,482	2,725
Transfers to Other Funds	(9,591)	(134,181)	(143,772)	-
Operating Subsidy and Grants	532	-	532	-
Working Capital Advance	-	1,600	1,600	-
Net Cash Provided (Used) by Noncapital Financing Activities	(3,725)	(126,433)	(130,158)	2,725
<b>Cash Flows from Capital and Related Financing Activities</b>				
Payments for Acquisition of Capital Assets	-	(34)	(34)	(22,276)
Proceeds from Financing Arrangements	-	-	-	5,000
Principal and Interest Paid on Financing Arrangements	-	-	-	(6,538)
Proceeds from Sale of Capital Assets	-	1	1	712
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(33)	(33)	(23,102)
<b>Cash Flows from Investing Activities</b>				
Interest Revenue	8,600	110	8,710	2,161
Net Cash Provided (Used) by Investing Activities	8,600	110	8,710	2,161
Net Increase (Decrease) in Cash/Cash Equivalents	155,876	(6,445)	149,431	19,749
Cash/Cash Equivalents - Beginning of Year	466,593	29,860	496,453	486,636
Cash/Cash Equivalents - End of Year	\$ 622,469	\$ 23,415	\$ 645,884	\$ 506,385
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Operating Income (Loss)	\$ 151,691	\$ 132,043	\$ 283,734	\$ 20,772
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	-	2,154	2,154	24,977
Decrease (Increase) in Assets:				
Accounts Receivable	752	186	938	(1,364)
Interfund Balances	(758)	(12,284)	(13,042)	6,600
Due from Other Governments	2,020	-	2,020	(4,457)
Inventories	-	(728)	(728)	(567)
Other Assets	-	600	600	(7,070)
Deferred Outflows	-	(2,043)	(2,043)	(10,000)
Increase (Decrease) in Liabilities:				
Accounts Payable	(2,389)	98	(2,291)	9,069
Accrued Payroll Expense	-	11	11	456
Due to Other Governments	-	-	-	(52)
Compensated Absences	-	(20)	(20)	320
Deferred Inflows	-	9,566	9,566	56,157
Net Pension Liability	-	(6,887)	(6,887)	(38,496)
Other Accruals	(315)	427	112	(516)
Net OPEB Liability	-	(3,212)	(3,212)	(17,864)
Total Adjustments	(690)	(12,132)	(12,822)	17,193
Net Cash Provided (Used) by Operating Activities	\$ 151,001	\$ 119,911	\$ 270,912	\$ 37,965
<b>Non Cash Investing, Capital and Financing Activities</b>				
Property Leased, Accrued or Acquired	-	-	-	8,314
Contributed Capital Assets	-	9,384	9,384	82
Disposal of Assets	-	-	-	(491)

The accompanying notes are an integral part of the financial statements.

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# FIDUCIARY FUND

## FINANCIAL STATEMENTS

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Pension (and Other Employee Benefits) Trusts – accounts for funds held by the Maine Public Employees Retirement System (the System), a component unit included with Fiduciary Funds per GASB Statement No. 34. The System provides pension, death, and disability benefits to its members, including State employees, some public school employees, and employees of approximately 300 local municipalities and other public entities in Maine.

Private-Purpose Trusts and Custodial Funds are used to account for private-purpose assets held by the State in a fiduciary capacity, acting as either a trustee or an agent for individuals, organizations or other governments.

**STATE OF MAINE**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**

June 30, 2022  
(Expressed in Thousands)

	<b>Pension (and Other Employee Benefits)</b>	<b>Private Purpose Trusts</b>	<b>Custodial Funds</b>
<b>Assets</b>			
Equity in Treasurer's Cash Pool	\$ -	\$ 500	\$ 24,988
Cash & Short-Term Investments	108,716	6,019	27
Receivables, Net of Allowance for Uncollectibles:			
State and Local Agency Contributions	39,797	-	-
Interest and Dividends	4,640	-	-
Due from Brokers for Securities Sold	34	-	-
Settlements Receivable	-	-	26,263
Other Receivable	-	2,929	-
Investments at Fair Value:			
Equity Securities	2,502,488	-	-
Common/Collective Trusts	16,312,195	-	-
Investments - Other	-	19,228	-
Securities Lending Collateral	10,281	-	-
Due from Other Funds	-	65,013	-
Investments Held on Behalf of Others	-	-	66,405
Capital Assets, Net of Accumulated Depreciation	13,213	-	-
Other Assets	-	3,520	1,648
<b>Total Assets</b>	<b>18,991,364</b>	<b>97,209</b>	<b>119,331</b>
<b>Liabilities</b>			
Accounts Payable	5,492	723	24
Due to Other Funds	-	7	-
Obligations Under Securities Lending	10,281	-	-
Other Accrued Liabilities	64,009	-	2,880
<b>Total Liabilities</b>	<b>79,782</b>	<b>730</b>	<b>2,904</b>
<b>Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>26,263</b>
<b>Net Position</b>			
Restricted for Pension	18,411,213	-	-
Restricted for Other Post-Employment Benefits	500,369	-	-
Restricted for Individuals, Organizations and Other Governments	-	96,479	90,164
<b>Total Net Position</b>	<b>\$ 18,911,582</b>	<b>\$ 96,479</b>	<b>\$ 90,164</b>

The accompanying notes are an integral part of the financial statements.

**STATE OF MAINE**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**

Fiscal Year Ended June 30, 2022  
(Expressed in Thousands)

	<b>Pension (and Other Employee Benefits)</b>	<b>Private Purpose Trusts</b>	<b>Custodial Funds</b>
<b>Additions:</b>			
Contributions:			
Federal Grants	\$ -	\$ -	\$ 59,612
Members	239,876	-	-
State & Local Agency Employers	515,591	-	-
Non-Employer Contributing Entity	199,247	-	5,909
Litigation Receipts	-	-	909
Other	-	-	6,798
Investment Income (Loss):			
Net Increase (Decrease) in the Fair Value of Investments	(222,597)	(4,090)	(29)
Interest & Dividends	163,428	452	509
Securities Lending Income & Borrower Rebates Refunded	325	-	-
Less Investment Expense:			
Investment Activity Expense	131,398	-	-
Securities Lending Expense	(46)	-	-
Net Investment Income (Loss)	(190,196)	(3,638)	480
Miscellaneous Revenues	-	31,688	-
Transfer from Other Pension Plans	341	-	-
Total Additions	<u>764,859</u>	<u>28,050</u>	<u>73,708</u>
<b>Deductions:</b>			
Benefits Paid to Participants, Beneficiaries or Clients	1,216,433	12,264	126,216
Refunds & Withdrawals	28,505	-	348
Restitution Payments	-	-	1,305
Administrative Expenses	16,350	415	-
Claims Processing Expense	1,193	-	-
Transfer to Other Funds	-	118	-
Transfer to Other Pension Plans	341	-	-
Total Deductions	<u>1,262,822</u>	<u>12,797</u>	<u>127,869</u>
Net Increase (Decrease)	(497,963)	15,253	(54,161)
<b>Net Position:</b>			
Restricted			
Beginning of Year	<u>19,409,545</u>	<u>81,226</u>	<u>144,325</u>
End of Year	<u>\$ 18,911,582</u>	<u>\$ 96,479</u>	<u>\$ 90,164</u>

The accompanying notes are an integral part of the financial statements.





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# COMPONENT UNIT

## FINANCIAL STATEMENTS

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*Finance Authority of Maine (FAME)* – The Authority provides commercial financing and loan guarantees to Maine businesses and educational financing to Maine students and their parents; administers several revolving loan programs on behalf of the State; and administers the Maine College Savings Program Fund.

*Maine Community College System* – is Maine’s comprehensive two-year college system and offers certificate, diploma and associate degree programs. The financial statements of the system include the activity of seven colleges, the central administrative office and the Center for Career Development.

*Maine Health & Higher Educational Facilities Authority* – MHHEFA assists Maine health care institutions and institutions of higher education in undertaking projects involving the acquisition, construction, improvement, reconstruction and equipping of health care and educational facilities and the refinancing of existing indebtedness. The Authority, pursuant to the Student Loan Corporations Act of 1983, may finance student loan programs of institutions of higher education.

*Maine Municipal Bond Bank* – is authorized to issue bonds providing funds to counties, cities, towns, school districts, or other quasi-municipal corporations within the State.

*Maine State Housing Authority* – is authorized to issue bonds for the purchase of notes and mortgages on single- and multi-family residential units to provide housing for persons and families of low income in the State. The Authority also administers various housing and energy related state and federal programs and collects and disburses federal rent subsidies for low income housing.

*The Maine Turnpike Authority* – is authorized and empowered to construct, maintain and operate a turnpike at such a location as shall be approved by the State Highway Commission and to issue turnpike revenue bonds of the Authority, payable solely from revenues of the Authority.

*University of Maine System* – The State University consists of seven universities, eight centers, and a central administrative office.

**STATE OF MAINE**  
**STATEMENT OF NET POSITION**  
**COMPONENT UNITS**

June 30, 2022  
(Expressed in Thousands)

	<u>Finance Authority of Maine</u>	<u>Maine Community College System</u>	<u>Maine Health &amp; Higher Educational Facilities Authority</u>	<u>Maine Municipal Bond Bank</u>
<b>Assets</b>				
Current Assets:				
Equity in Treasurer's Cash Pool	\$ 21,577	\$ 16,106	\$ 3,724	\$ 44,212
Cash & Short-Term Investments	1,575	18,752	933	17
Investments	62,531	65,177	15,783	10,784
Restricted Assets:				
Restricted Deposits & Investments	-	-	18,845	345,013
Inventories	-	-	-	-
Receivables, Net of Allowance for Uncollectibles:				
Loans, Leases & Notes Receivable	28,322	-	27,148	-
Other Receivable	2,851	8,762	285	919
Due from Other Governments	-	7,527	-	155,771
Due from Primary Government	-	1,731	-	-
Loans Receivable from Primary Government	-	-	-	58,148
Other Assets	797	2,302	525	27,417
Total Current Assets	<u>117,653</u>	<u>120,357</u>	<u>67,243</u>	<u>642,281</u>
Noncurrent Assets:				
Equity in Treasurer's Cash Pool	14,052	10,489	2,426	28,794
Restricted Assets:				
Restricted Assets	10,738	1,196	52,313	185,433
Investments	-	14,950	24,796	-
Receivables, Net of Current Portion:				
Loans, Leases & Notes Receivable	57,078	-	512,631	-
Other Receivables	-	9,742	-	-
Due from Other Governments	-	-	-	1,496,479
Due from Primary Government	-	-	-	-
Loans Receivable from Primary Government	-	-	-	212,301
Post-Employment Benefit Asset	-	5,500	-	-
Capital and Right to Use Assets, Net	1,106	182,745	-	1,115
Other Non-Current Assets	-	-	-	-
Total Noncurrent Assets	<u>82,974</u>	<u>224,622</u>	<u>592,166</u>	<u>1,924,122</u>
Total Assets	<u>200,627</u>	<u>344,979</u>	<u>659,409</u>	<u>2,566,403</u>
<b>Deferred Outflows of Resources</b>	<u>\$ 1,224</u>	<u>\$ 26,672</u>	<u>\$ -</u>	<u>\$ 18,314</u>
<b>Liabilities</b>				
Current Liabilities:				
Accounts Payable	\$ 5,448	\$ 4,865	\$ 110	\$ 487
Accrued Payroll	-	-	-	-
Compensated Absences	-	3,398	-	-
Due to Other Governments	-	-	-	-
Due to Primary Government	-	-	-	73,559
Amounts Held Under State & Federal Loan Programs	-	-	-	22,878
Bonds & Notes Payable	6,394	895	28,775	165,466
Lease Liabilities	-	131	-	-
Accrued Interest Payable	251	-	10,984	12,588
Unearned Revenue	1,040	3,083	32	6,652
Other Accrued Liabilities	19,693	8,645	-	(3)
Total Current Liabilities	<u>32,826</u>	<u>21,017</u>	<u>39,901</u>	<u>281,627</u>
Long-Term Liabilities:				
Due to Other Governments	3,982	-	-	510
Amounts Held Under State & Federal Loan Programs	41,675	-	-	-
Bonds & Notes Payable	67,725	14,516	571,520	1,428,813
Lease Liabilities	-	759	-	-
Net Pension Liability	-	26,390	-	-
Net Other Post-Employment Benefit Liability	-	2,591	-	973
Other Noncurrent Liabilities	-	-	-	-
Total Long-Term Liabilities:	<u>113,382</u>	<u>44,256</u>	<u>571,520</u>	<u>1,430,296</u>
Total Liabilities	<u>146,208</u>	<u>65,273</u>	<u>611,421</u>	<u>1,711,923</u>
<b>Deferred Inflows of Resources</b>	<u>-</u>	<u>45,871</u>	<u>-</u>	<u>1,374</u>
<b>Net Position</b>				
Net Investment in Capital Assets	1,106	167,637	-	1,115
Restricted	29,279	57,757	-	813,232
Unrestricted	25,258	35,113	47,988	57,073
Total Net Position	<u>\$ 55,643</u>	<u>\$ 260,507</u>	<u>\$ 47,988</u>	<u>\$ 871,420</u>

The accompanying notes are an integral part of the financial statements.

<b>Maine State Housing Authority</b>	<b>Maine Turnpike Authority</b>	<b>University of Maine System</b>	<b>Non-Major Component Units</b>	<b>Total</b>
\$ -	\$ -	\$ 35,938	\$ 2,427	\$ 123,984
65,418	89,858	11,569	25,016	213,138
442,792	31,508	280,233	15,379	924,187
-	90,895	-	87,406	542,159
-	955	-	368	1,323
35,714	-	372	33,541	125,097
10,040	7,157	41,528	2,643	74,185
18,602	-	20,640	3,502	206,042
24,774	-	5,055	153	31,713
-	-	-	-	58,148
-	1,876	6,782	507	40,206
<u>597,340</u>	<u>222,249</u>	<u>402,117</u>	<u>170,942</u>	<u>2,340,182</u>
-	-	23,405	1,580	80,746
217	61,131	3,659	57,696	372,383
49,576	-	485,043	14,705	589,070
1,374,804	-	26,172	20,896	1,991,581
-	2,403	2,735	57	14,937
-	-	-	-	1,496,479
-	-	4,734	627	5,361
-	-	-	-	212,301
-	-	-	-	5,500
17,632	893,273	797,942	163,157	2,056,970
70	187	8,035	2,866	11,158
<u>1,442,299</u>	<u>956,994</u>	<u>1,351,725</u>	<u>261,584</u>	<u>6,836,486</u>
<u>2,039,639</u>	<u>1,179,243</u>	<u>1,753,842</u>	<u>432,526</u>	<u>9,176,668</u>
\$ <u>13,901</u>	\$ <u>17,657</u>	\$ <u>31,707</u>	\$ <u>2,592</u>	\$ <u>112,067</u>
\$ 11,618	\$ 20,841	\$ 37,910	\$ 13,601	\$ 94,880
-	4,544	-	-	4,544
-	-	-	142	3,540
354	-	-	-	354
-	-	-	1,078	74,637
-	-	-	-	22,878
23,400	18,435	55,755	1,223	300,343
-	-	2,311	340	2,782
4,818	-	-	-	28,641
45,458	13,433	28,751	15,941	114,390
-	13,316	49,847	1,178	92,676
<u>85,648</u>	<u>70,569</u>	<u>174,574</u>	<u>33,503</u>	<u>739,665</u>
-	-	-	348	4,840
-	-	-	-	41,675
1,548,245	617,647	96,138	18,156	4,362,760
-	-	33,008	1,559	35,326
-	(1,103)	-	752	26,039
-	54,354	-	627	58,545
10,113	1,050	93,543	-	104,706
<u>1,558,358</u>	<u>671,948</u>	<u>222,689</u>	<u>21,442</u>	<u>4,633,891</u>
<u>1,644,006</u>	<u>742,517</u>	<u>397,263</u>	<u>54,945</u>	<u>5,373,556</u>
<u>3,175</u>	<u>22,018</u>	<u>36,737</u>	<u>37,653</u>	<u>146,828</u>
2,756	353,758	589,103	153,580	1,269,055
368,248	38,313	583,123	143,356	2,033,308
35,355	40,294	179,323	45,584	465,988
<u>\$ 406,359</u>	<u>\$ 432,365</u>	<u>\$ 1,351,549</u>	<u>\$ 342,520</u>	<u>\$ 3,768,351</u>

**STATE OF MAINE**  
**STATEMENT OF ACTIVITIES**  
**COMPONENT UNITS**

Fiscal Year Ended June 30, 2022  
(Expressed in Thousands)

	<b>Finance Authority Of Maine</b>	<b>Maine Community College System</b>	<b>Maine Health &amp; Higher Educational Facilities Authority</b>	<b>Maine Municipal Bond Bank</b>
<b>Expenses</b>	\$ 47,836	\$ 158,503	\$ 24,472	\$ 66,673
<b>Program Revenues</b>				
Charges for Services	25,736	8,754	22,574	49,042
Program Investment Income	(864)	(1,995)	(9,851)	(16,221)
Operating Grants & Contributions	28,892	66,092	-	(2,085)
Capital Grants & Contributions	-	2,265	-	28,080
Net Revenue (Expense)	<u>5,928</u>	<u>(83,387)</u>	<u>(11,749)</u>	<u>(7,857)</u>
<b>General Revenues</b>				
Unrestricted Investment Earnings	(6,526)	(7,874)	(522)	(234)
Non-program Specific Grants, Contributions & Appropriations	-	106,832	-	-
Miscellaneous Revenues	-	1,502	112	1,967
Gain (Loss) on Assets Held for Sale	-	-	-	-
Total General Revenues	<u>(6,526)</u>	<u>100,460</u>	<u>(410)</u>	<u>1,733</u>
Change in Net Position	(598)	17,073	(12,159)	(6,124)
Net Position, Beginning of Year (as restated)	<u>56,241</u>	<u>243,434</u>	<u>60,147</u>	<u>877,544</u>
Net Position, End of Year	<u><u>\$ 55,643</u></u>	<u><u>\$ 260,507</u></u>	<u><u>\$ 47,988</u></u>	<u><u>\$ 871,420</u></u>

The accompanying notes are an integral part of the financial statements.

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<b>Maine State Housing Authority</b>	<b>Maine Turnpike Authority</b>	<b>University Of Maine System</b>	<b>Non-Major Component Units</b>	<b>Total</b>
\$ 412,386	\$ 101,320	\$ 826,093	\$ 159,348	\$ 1,796,631
73,777	138,772	305,863	39,314	663,832
161	-	(8,724)	9	(37,485)
364,581	-	194,286	114,077	765,843
-	-	34,437	5,720	70,502
<u>26,133</u>	<u>37,452</u>	<u>(300,231)</u>	<u>(228)</u>	<u>(333,939)</u>
12	89	(13,664)	(3,881)	(32,600)
-	-	361,638	18,132	486,602
-	2,916	-	3,165	9,662
<u>-</u>	<u>(1,045)</u>	<u>(558)</u>	<u>(69)</u>	<u>(1,672)</u>
<u>12</u>	<u>1,960</u>	<u>347,416</u>	<u>17,347</u>	<u>461,992</u>
26,145	39,412	47,185	17,119	128,053
<u>380,214</u>	<u>392,953</u>	<u>1,304,364</u>	<u>325,401</u>	<u>3,640,298</u>
<u>\$ 406,359</u>	<u>\$ 432,365</u>	<u>\$ 1,351,549</u>	<u>\$ 342,520</u>	<u>\$ 3,768,351</u>



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# NOTES TO THE FINANCIAL STATEMENTS

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**STATE OF MAINE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements of the State of Maine (the State) have been prepared under guidelines established by generally accepted accounting principles (GAAP) as mandated by the Governmental Accounting Standards Board (GASB).

Preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements.

**A. REPORTING ENTITY**

For financial reporting purposes, the State of Maine's reporting entity includes the "primary government" and its "component units." The primary government includes all funds, organizations, agencies, boards, commissions and authorities. Component units are legally separate organizations for which the State is financially accountable. Component units can also be legally separate, tax exempt entities that raise and hold economic resources for the direct benefit of a governmental unit.

Financial accountability is defined in GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*. The State is financially accountable for those entities for which it appoints a voting majority of the governing board and either is able to impose its will on that entity or the entity may provide specific financial benefits to, or impose specific financial burdens on, the primary government. Entities for which the State does not appoint a voting majority of the governing board may be included if the organization is fiscally dependent on the primary government and there exists a financial benefit or burden relationship with the State. Entities that do not meet the specific criteria for inclusion may still be included if the nature and significance of its relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Under GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units, an Amendment of GASB Statement No. 14*, individually significant legally separate, tax-exempt entities should be reported as component units if their resources are for the direct benefit of the State and the State can access those resources. Although the State has not identified any organizations that would qualify as direct component units of the State by meeting all of the criteria of GASB Statement No. 39, a few of the component units described later in this note have significant foundations that meet the criteria of GASB Statement No. 39.

**Blended Component Units**

Blended component units are entities that are legally separate from the State, but provide services entirely, or almost entirely to the State or otherwise exclusively, or almost exclusively, benefits the primary government even though they do not provide services directly to it. The State reports one blended component unit.

The Maine Governmental Facilities Authority (MGFA) is a legally separate organization that has its board appointed by the primary government and provides services entirely, or almost entirely, to the State. Its purpose includes assisting in the financing, acquisition, construction, improvement, reconstruction, and equipping of additions to structures designed for use as a court facility, State office or State activity space. In their separately issued financial statements, MGFA records a lease receivable from the State and a liability for bonds issued. However, in accordance with GASB, capital leases that exist between the State and MGFA are not recorded as leases in this report. The assets associated with these leases are reported in the government-wide statements along with the related debt. The corresponding debt service activity is recorded in the Governmental Funds. MGFA financial activity associated with servicing the debt is reported in an internal service fund. Therefore, the State reports MGFA's balances and transactions as though they were part of the primary government, using the blending method.

**Discrete Component Units**

Discrete component units are entities that are legally separate from the State but are either accountable to the State or related so closely to the State that exclusion would cause the State's financial statements to be misleading or incomplete. Component units that are not material to the State's financial statements have been excluded. The column labeled "Component Units" emphasizes these organizations' separateness from the State's primary government.

The State is able to impose its will upon these discretely presented component units whose boards of directors or boards of trustees are appointed by the Governor:

*The Maine Community College System* is Maine's comprehensive two-year college system and offers certificate, diploma and associate degree programs. The combined financial statements of the System include the activity of seven colleges, the central administrative office and the Center for Career Development (including the Maine Career Advantage and Maine Quality Centers programs), and its component unit, Maine Community College Educational Foundations.

*The Maine Turnpike Authority* (MTA) constructs, maintains and operates a turnpike at such a location approved by the State Highway Commission. It issues turnpike revenue bonds payable solely from revenues of the Authority. The Authority's fiscal year ends December 31.

The *University of Maine System* is the State University governed by a single Board of Trustees. The combined financial statements of the System include the activity of seven universities, eight centers, the central administrative office, and its component units, which include several foundations and alumni associations that raise funds on the System's behalf. The foundation changed its year end to December 31, 2021. As a result, only 6 months of revenues and expenses are captured in the totals for the audited University of Maine System's Annual Comprehensive Financial Report (ACFR). The 6 months of revenues, including additions to endowments, totaled \$32.5 million and expenses were \$11.4 million. In the fiscal year end June 30, 2021 ACFR the foundation reported \$105.2 million in revenues, including additions to endowments and \$20.2 million for expenses.

There is a financial burden/benefit relationship between these entities and the State:

The *Finance Authority of Maine* provides commercial financing and loan guarantees to Maine businesses and educational financing to Maine students and their parents. The Authority also provides financial and other services for the NextGen College Investing Plan, Department of Agriculture for the Agricultural Marketing Loan Fund and the Potato Marketing Improvement Fund, the Northern Maine Transmission Corporation, Dairy Improvement Loan Fund Board, Compliance Assistance Loan Program Board, Maine Rural Development Authority Board and the Small Enterprise Growth Fund Board. The Governor appoints the fifteen voting members of the Authority.

*Maine Health & Higher Educational Facilities Authority (MHHEFA)* – MHHEFA assists Maine health care institutions and institutions of higher education in undertaking projects involving the acquisition, construction, improvement, reconstruction and equipping of their facilities and the refinancing of existing indebtedness. The Authority, pursuant to the Student Loan Corporations Act of 1983, may also finance student loan programs of institutions of higher education. MHHEFA's board consists of twelve members, four of whom serve *ex officio* and must be the Superintendent of Financial Institutions, the Commissioner of Health and Human Services, the Commissioner of Education, and the Treasurer of State. The remaining eight members must be residents of the State appointed by the Governor.

The *Maine Municipal Bond Bank* issues bonds on behalf of counties, cities, towns, school administrative districts, community school districts, or other quasi-municipal corporations or eligible borrowers as designated by the Legislature (the "governmental units") within the State. The Bond Bank is also authorized by the Legislature to issue bonds on behalf of the State of Maine to finance qualified transportation projects and payments to healthcare providers, to be repaid by taxes, fees and grant and liquor revenues. The Governor appoints three residents of the State to the five-member Board of Commissioners. The remaining two members include the Treasurer of State and Superintendent of Financial Institutions who serve as commissioners, *ex officio*.

*Maine State Housing Authority* issues bonds to purchase notes and mortgages on residential units, both single and multi-family, for the purpose of providing housing for persons and families of low income in the State. The Authority also acts as an agent for the State in administering federal weatherization, energy conservation, fuel assistance and homeless grant programs and collecting and disbursing federal rent subsidies for low income housing. The Governor appoints five of the Authority's seven commissioners. The remaining two commissioners are the Treasurer of State and the Director of the Maine State Housing Authority, both of whom serve *ex officio*. The Authority's fiscal year ends on December 31.

The State's financial statements also include a fiduciary component unit:

*Maine Public Employees Retirement System* administers a public employee retirement system. It provides pension, death, and disability benefits to its members, which include employees of the State, some public school employees, employees of approximately 300 local municipalities and other public entities in Maine. The State has a financial benefit/burden relationship with the retirement system since the legislature has substantive approval over their budget.

Complete financial statements of the major component units can be obtained directly from their respective administrative offices by writing to:

Finance Authority of Maine 5 Community Dr. PO Box 949 Augusta, ME 04432	Maine Health and Higher Education Facilities Authority PO Box 2268 Augusta, ME 04338	Maine Public Employees Retirement System PO Box 349 Augusta, ME 04332-0349	Maine Turnpike Authority 2360 Congress Street Portland, ME 04102
Maine Community College System 323 State Street Augusta, ME 04330	Maine Municipal Bond Bank PO Box 2268 Augusta, ME 04338	Maine State Housing Authority 26 Edison Drive Augusta, ME 04330-6046	University of Maine System 65 Texas Ave Bangor, ME 04401

**Related Organizations**

Officials of the State's primary government appoint a voting majority of the governing board of the Maine Veteran's Home. The primary government has no material accountability for this organization beyond making board appointments.

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS****Government-Wide Financial Statements**

The Statement of Net Position and Statement of Activities report information on all non-fiduciary activities of the primary government and its component units. Primary government activities are distinguished between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The *Statement of Net Position* presents the reporting entity's non-fiduciary assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Net position is reported in three components:

**Net investment in capital assets** component consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

**Restricted component of net position** consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported. Constraints placed on restricted components of net position are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net position reports \$831.0 million of restricted net position, of which \$667.5 million is restricted by enabling legislation.

**Unrestricted component of net position** consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not meet the definition of the two preceding categories. The unrestricted component of net position often is designated, to indicate that management does not consider it to be available for general operations and often have constraints on resources that are imposed by management, but can be removed or modified.

The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not meeting the definition of program revenues are instead reported as general revenues.

**Fund Financial Statements**

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements, with non-major funds being combined into a single column.

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION****Measurement Focus and Basis of Accounting**

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the governmental funds when they become susceptible to accrual, generally when they become both measurable and available. "Available" means earned and collected or expected to be collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the State generally considers revenues available if they are collected within 60 days of the end of the fiscal year.

Significant revenues susceptible to accrual include: income taxes, sales and use taxes, and other taxes; federal grants; federal reimbursements; and other reimbursements for use of materials and services. Revenues from other sources are recognized when received because they are generally not measurable until received in cash. Property taxes are recognized as revenue in the year for

which they are levied, provided the “available” criterion is met.

The State Tax Assessor levies taxes on properties located in the unorganized territory of Maine by August 1 of each year, and on telecommunications personal properties statewide by March 30 of each year. Unorganized territory property taxes are due on October 1 and telecommunications personal property taxes are due on August 15. Formal collection procedures begin on November 1, and unpaid property taxes become a lien no later than March 15 of the fiscal year for which they are levied.

Expenditures are generally recorded when a liability is incurred. However, expenditures related to claims and judgments, debt service and compensated absences are recorded only when payment is due and payable.

### Financial Statement Presentation

The State reports the following major governmental funds:

The *General Fund* is the State’s primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

The *Highway Fund* accounts for the regulation, construction and maintenance of State highways and bridges and is funded by motor fuel taxes, motor vehicle license and registration fees, special State appropriations, and other charges.

The *Federal Fund* accounts for grants and other financial assistance received from the federal government, including federal block grants, that are legally restricted to expenditures for purposes specified in the grant awards or agreements.

The *Other Special Revenue Fund* accounts for specific revenue sources that are legally required to be expended for specified purposes, and the related current liabilities, including some major capital projects that are not accounted for in the Highway and Federal Funds. Examples of the most significant types of revenue sources include: Fund for a Healthy Maine (tobacco settlement revenue), State municipal revenue sharing, hospital and service provider taxes, and oil transfer fees.

The State reports the following major enterprise fund:

The *Maine Employment Security Fund* receives contributions from employers and provides unemployment compensation benefits to eligible unemployed workers.

Additionally, the State reports the following fund types:

### Governmental Fund Types:

*Special Revenue Funds* include operating fund activities financed by specific revenue sources that are legally restricted for specified purposes. An example is funds for acquisition of public reserved lands.

*Capital Projects Funds* account for the acquisition or construction of major capital assets and other programs financed by bond proceeds.

*Permanent Trust Funds* report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that benefit the government or its citizenry. Examples include the Baxter State Park Fund and Permanent School Fund.

### Proprietary Fund Types:

*Enterprise Funds* report the activities for which fees are charged to external users for goods or services, such as the unemployment compensation program, lottery operations and transportation services.

*Internal Service Funds* provide goods or services primarily to other agencies or funds of the State, rather than to the general public. These goods and services include printing and mailing services, supplies warehousing, information technology, fleet management, risk management, health-related benefits, and financing for acquisition and construction of governmental facilities. In the government-wide financial statements, internal service funds are included with governmental activities.

### Fiduciary Fund Types:

*Pension (and Other Employee Benefits) Trust Funds* report resources that are required to be held in trust for members and beneficiaries of the State’s pension, death and disability benefit plans. These resources are managed by the Maine Public Employees Retirement System (MPERS). The fund also reports resources that are required to be held in trust for members and beneficiaries of the State and for MPERS’ retiree healthcare benefits. The investment trusts, managed by the Maine Public Employees Retirement System, hold the long-term investments. The trustees of the Healthcare Other Employee Benefits Trust Fund are the State Controller and State Treasurer.

*Private Purpose Trust Funds* report resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments. Examples include Abandoned Property and Lands Reserved Trust Funds.

*Custodial Funds* report assets and liabilities for deposits and investments entrusted to the State as an agent for others. Examples include amounts held for entities self-insured for worker's compensation and unemployment claims, inmate and student guardianship accounts and non-entitlement units.

#### **D. FISCAL YEAR-ENDS**

All funds and discretely presented major component units are reported using fiscal years which end on June 30, except for the Maine State Housing Authority and Maine Turnpike Authority, which utilize December 31 year-ends.

#### **E. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE**

##### **Equity in Treasurer's Cash Pool**

The State pools cash and cash equivalents for a variety of State agencies and public sector entities. The pooled balances are reported at fair value. Interest earned on pooled cash is allocated to the various funds, generally based on their average equity balances. The Treasurer's Cash Pool has the general characteristics of a demand deposit account and is comprised primarily of prime commercial paper, repurchase agreements, U.S. Treasury Bills, U.S. Treasury Notes, and other U.S. Agency Obligations, certificates of deposit, and corporate bonds.

For component units that participate in the cash pool, equity is shown at fair value.

##### **Cash and Cash Equivalents**

Cash equivalents consist of short-term investments that mature within three months. On the Statement of Cash Flows, the amount reported as "Cash and Cash Equivalents" is equal to the total of the amounts reported on the Statement of Net Position as "Equity in Treasurer's Cash Pool," "Cash and Cash Equivalents," "Cash with Fiscal Agent," "Restricted Equity in Treasurer's Cash Pool," and "Restricted Deposits and Investments."

##### **Cash with Fiscal Agent**

Cash with Fiscal Agent in Governmental Funds represents cash that will be used for debt service on bonds and unspent proceeds of bonds and Certificates of Participation.

Cash with Fiscal Agent in Proprietary Funds represents proceeds of Certificates of Participation and other financing arrangements that have not been spent.

Other investments of the State are carried at fair value. Donated investments are stated at fair value at the date of donation.

##### **Investments Held on Behalf of Others**

These assets include amounts held by the State in a fiduciary capacity, acting as either a trustee or an agent for individuals, organizations or other funds. Generally, these investments are reported at fair value or at amortized cost which approximates fair value. The State also holds \$127.1 million of Workers' Compensation, \$64.0 million of Bureau of Insurance, and \$47.0 million of Maine Department of Labor surety bonds and letters of credit that are not reflected on the financial statements.

##### **Restricted Deposits and Investments**

Restricted deposits and investments include: unemployment tax receipts deposited with the United States Treasury that are drawn down to pay unemployment benefits; cash and investments of the Maine Governmental Facilities Authority, a blended component unit that has been independently audited; unspent bond proceeds, and funds invested in Certificates of Deposit and other investments at various financial institutions within the State. The financial institutions lend these deposits and investments to local commercial and agricultural enterprises to foster economic growth in Maine.

##### **Inventories**

The costs of materials and supplies of the Governmental Funds are reported as expenditures when purchased. Undistributed vaccines and food commodities are reported as inventory and unearned revenue in the Federal Fund. Revenues and corresponding expenditures are recognized when vaccines and food commodities are issued. Inventories of materials and supplies in the Proprietary Funds are determined by physical counts and by perpetual inventory systems. Proprietary Fund inventories are stated at cost or average cost.

##### **Receivables**

Receivables consist primarily of amounts due to the State from taxpayers and service providers. Also included in receivables are amounts due but not yet remitted to the State from lottery sales by agents. Loans receivable for the primary government represent low interest financing arrangements to construct and modernize agricultural storage facilities and local commercial enterprises, as well as Department of Transportation loans to local governments. Receivables in the component units' column arise in the normal course of business. Receivables are stated net of estimated allowances for uncollectible amounts that are determined based upon past collection experience and aging of the accounts.

Lease receivables are recorded as the present value of the future lease payments expected to be received from the lessee during the lease term, reduced by any provision for estimated uncollectible amounts. Lease receivables are subsequently reduced over the life of the lease as cash is received in the applicable reporting period. The present value of future lease payments to be received are discounted based on the same rate used to calculate the State's lease obligations.

### **Interfund Transactions and Balances**

Numerous transactions are made between funds to finance operations, provide services, and acquire or construct assets. To the extent that transactions between funds were not completed as of June 30, interfund receivables and payables have been recorded in the fund financial statements. Interfund receivables and payables have been eliminated from the Statement of Net Position.

Long-term loans made by one fund to another are classified as "Working Capital Advances Receivable" and "Working Capital Advances Payable." In the fund financial statements, advances receivable are offset by nonspendable fund balance designations indicating that the long-term loans do not constitute expendable financial resources.

### **Due from/to Primary Government/Component Units**

Numerous transactions are made between the primary government and component units to finance operations, provide services, acquire or construct assets, or repay bonds. To the extent that transactions between funds were not completed as of June 30, "Due from Primary Government" and "Due to Component Unit" receivables and payables have been recorded. Two component units have December 31 year ends, therefore the "due to" and "due from" amounts may differ.

### **Due from/to Other Governments**

Due from/to Other Governments represents amounts receivable from or payable to municipalities or the federal government. Due from Other Governments represents primarily federal grants receivable for Medicaid claims, other health and human services programs, and federal grants receivable for transportation-related expenditures. Due from Other Governments in the component units column represents amounts receivable for grants, bond repayment and retirement benefits. Due to Other Governments primarily consist of amounts owed to municipalities for Municipal Revenue Sharing and the federal government for Medicaid cost recoveries from providers.

### **Capital Assets**

Capital assets, which include land, buildings, equipment and infrastructure assets (e.g., roads, bridges, ramps and similar items), are reported in the government-wide statements and applicable fund financial statements. Capital assets that are used for governmental activities are only reported in the government-wide statements. The State capitalizes governmental fund buildings valued at \$1 million or more and proprietary fund buildings valued at \$100 thousand or more. Governmental fund equipment is capitalized at \$10 thousand or more and proprietary fund equipment is capitalized at \$5 thousand or more. Governmental and proprietary fund software is capitalized at \$1 million or more. All land, regardless of value, is capitalized. Capital assets are recorded at cost or, if donated, at acquisition value at date of acquisition. In some instances, capital assets historical cost were not available. The costs of these assets at the date of acquisitions have been estimated.

In the government-wide statements, most capital assets are depreciated on a straight-line basis over the assets' estimated useful lives, which are 10-40 years for software, buildings and improvements, and 2-25 years for equipment. The State uses the modified approach for reporting its significant infrastructure assets. As long as the State maintains and preserves its infrastructure assets at pre-determined condition levels, maintenance costs are expensed and depreciation is not reported. This approach is discussed further in the Required Supplementary Information.

Right to use leased assets are recognized at the commencement date of the contract and represent the State of Maine's right to use an underlying asset for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments to the lessor before the commencement of the contract term, less any incentives received from the lessor at or before the commencement of the contract term, plus any initial direct cost necessary to place the asset into service. Right to use assets are amortized over the shorter of the contract term or useful life of the underlying asset using the straight-line method. The amortization period varies from 2 to 40 years.

Capital assets of component units are capitalized upon purchase and depreciated over their estimated useful lives. The estimated useful lives of fixed assets are 5-60 years for non-road structures and improvements and 3-15 years for equipment, furniture, fixtures and vehicles. Component units reflect infrastructure in improvements other than buildings and record depreciation expense on them. The Maine Turnpike Authority (MTA) uses the modified approach for reporting its significant infrastructure assets. As long as MTA maintains and preserves its infrastructure assets at pre-determined condition levels, maintenance costs are expensed and depreciation is not reported.

### **Deferred Outflows of Resources**

Deferred outflows of resources are defined as a consumption of net assets by the government applicable to a future period; they increase net position, similar to assets. Note 16 provides further detail on the components of deferred outflows of resources.

**Accounts Payable**

Accounts payable represent the gross amount of expenditures or expenses incurred as a result of normal operations, but for which no actual payment has yet been issued to vendors/providers. Incurred but not paid (IBNP) Medicaid claims settlements are actuarially estimated. The IBNP estimate recorded at June 30, 2022 is \$249.9 million.

**Tax Refunds Payable**

The amount of collected or accrued tax revenues that will be refunded is estimated and accrued as a General Fund liability.

**Claims Payable**

Claims payable represent workers' compensation, retiree health, employee health, and other claims payable, including actual claims submitted and actuarially determined claims incurred but not reported. The actuarially determined claims liability is discounted and presented at net present value.

**Compensated Employee Absences**

In the government-wide statements and proprietary fund financial statements, compensated absences are recorded as a long-term liability as required by GASB. In the governmental fund financial statements, vested or accumulated leave is reported as an expenditure and fund liability when incurred upon retirement, termination or death. Sick and vacation payments to terminated employees as of June 30, 2022 but paid after the fiscal year end are also reported in the funds. Approximately 53 percent of the governmental fund compensated absences are liquidated by the general fund. In the discretely presented component units, employees' accumulated compensated absences are recorded as an expense and liability as the benefits accrue.

**Net Pension Liability**

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Maine Public Employees Retirement System (MPERS) and additions/deductions from MPERS' fiduciary net position have been determined on the same basis as they are reported by MPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The primary government's proportionate share of pension amounts was further allocated to proprietary funds based on the salaries paid by each proprietary fund. Pension investments are reported at fair value. Note 9 provides further detail on the net pension liability.

**OPEB Liability**

The total OPEB liability is the portion of the actuarial present value of projected benefit payments attributed to past periods of employee service. It is the liability of employers and nonemployer contributing entities to employees for benefits provided through an OPEB plan that is not administered through a trust. The net OPEB liability is the liability of employers and nonemployer contributing entities to employees for benefits provided through a defined benefit OPEB plan that is administered through a trust.

**Deferred Inflows of Resources**

Deferred inflows of resources are defined as an acquisition of net assets by the government applicable to a future period; they decrease net position, similar to liabilities. Note 16 provides further detail on the components of deferred inflows.

**Loans Payable to Component Units**

In the Statement of Net Position, the amount of bond proceeds received by a component unit for unmatured GARVEE, TransCap and Liquor Revenue bond proceeds is called "Loans Payable to Component Unit." The offsetting receivables are classified as "Loans Receivable from Primary Government."

**Long-Term Obligations**

In the government-wide statements and proprietary fund financial statements, long-term debt and other long-term obligations are recorded as liabilities.

In the fund financial statements, governmental fund types recognize the face amount of debt issued as other financing sources.

Lease liabilities represent the State's contractual requirement to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of the lease payments are discounted at rates based on state specific municipal market data.

**Net Position/Fund Balances**

The difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources is "Net Position" on the government-wide, proprietary and fiduciary fund statements and "Fund Balances" on governmental fund statements.

**Fund Balance Restrictions**

Fund balances for governmental funds have been classified in accordance with GASB Statement No. 54.

The State reported the following fund balance restrictions:

*Nonspendable Fund Balance* - indicates items that cannot be spent. This includes activity that is not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless those proceeds are restricted, committed or assigned) and activity that is legally or contractually required to remain intact, such as a principal balance in a permanent fund.

*Restricted Fund Balances* – include balances that are legally restricted for specific purposes due to constraints that are either externally imposed by creditors, grantors, contributors, or imposed by law through a constitutional provision or enabling legislation.

*Committed Fund Balances* – indicates assets that can be used only for specific purposes pursuant to constraints imposed by a formal action of the Maine Legislature through Legislation passed into law.

*Assigned Fund Balances* – include amounts constrained by the State's intent to be used for a specific purpose, but are neither restricted nor committed. The State has two types of intent authorized by statute. Management decisions are made in accordance with statutory powers and duties, including encumbrances. Legislative assignments include formal actions passed into law that lapse with the passage of time and do not require additional legislation. For governmental funds, other than the General Fund, this is the residual amount within the fund that is not restricted or committed.

*Unassigned Fund Balance* – is the residual amount of the General Fund not included in the four categories described above. Also, any deficit fund balances within the other governmental fund types are reported as unassigned.

**F. REVENUES AND EXPENDITURES/EXPENSES**

In the government-wide Statement of Activities, revenues and expenses are segregated by activity (governmental or business-type), then further by function (e.g., governmental support & operations, education, health & human services, etc.). Additionally, revenues are classified between program and general revenues. Program revenues include: charges to customers or applicants for goods, services, or privileges provided; operating grants and contributions; and capital grants and contributions. Internally dedicated resources are reported as general revenues, rather than as program revenue. General revenues include all taxes. Certain indirect costs are included in the program expenses reported for individual functions. The effects of interfund activity are eliminated in the government-wide Statement of Activities.

The State's policy is that restricted amounts are spent first when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available. Within unrestricted fund balance, the State's policy is that committed amounts are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

In the governmental fund financial statements, expenditures are reported by function. Capital outlay expenditures for real property or infrastructure (e.g. highways) are included with expenditures by function.

Revenues and expenses of proprietary funds are classified as operating or nonoperating and are subclassified by object (e.g. general operations and depreciation). Operating revenues and expenses generally result from providing services and producing and delivering goods. All other revenues and expenses are reported as nonoperating, capital contributions, transfers or special items

**NOTE 2 - BUDGETING AND BUDGETARY CONTROL, AND LEGAL COMPLIANCE****Appropriation Limits**

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 Maine Revised Statutes Annotated (MRSA) § 1665, subsection 1, plus the average forecasted inflation rate. "Average forecasted inflation rate" means the average forecasted change in the Consumer Price Index underlying the revenue projections developed by the Revenue Forecasting Committee.

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.

### **Budget Stabilization Fund**

The Maine Budget Stabilization Fund ("BSF"), a fund designation established under Title 5 MRSA C. 142, is included in the \$604.4 million unassigned General Fund fund balance. The BSF had a balance of \$896.0 million. Amounts in the stabilization fund may be expended only to offset a General Fund revenue shortfall. The Governor may also allocate funds for payment of death benefits for law enforcement officers, firefighters and emergency medical services personnel.

Balances in the fund do not lapse, but carry forward each year. Money in the fund may be invested with any earnings credited to the fund except when the fund is at its statutory cap. The State Controller is required to transfer to the fund 80 percent of the amount available from the unappropriated surplus after all required deductions of appropriations, budgeted financial commitments and adjustments at the close of each fiscal year when the fund is not at its statutory cap. In accordance with the statute, the State Controller made the required \$401.9 million transfer for fiscal year 2022.

The statutory cap for the fund is 18 percent of the total General Fund revenue received in the immediately preceding fiscal year. At the close of the fiscal year, the cap is based on the revenue received in the fiscal year being closed. Based on fiscal year 2022 actual General Fund revenue, the statutory cap at the close of fiscal year 2022 and during fiscal year 2022 was \$970.5 million. At the close of fiscal year 2022, the balance of the Maine Budget Stabilization Fund was \$896.0 million. No reductions to the Maine Budget Stabilization Fund balance are required when it exceeds the balance of the statutory cap as a result of a decline of General Fund revenue.

### **Budget Stabilization Fund Activity**

(Expressed in Thousands)

Balance, beginning of year	\$ 491,915
Increase in fund balance	404,082
Balance, end of year	<u>\$ 895,997</u>

### **Budget and Budgetary Expenditures**

The gross unified budget bills and budget document encompass resources from the General Fund, Highway Fund, Federal Expenditures Fund, Federal Block Grant Fund, Other Special Revenue Fund, internal service funds and enterprise funds. Separate gross unified budget bills must be submitted for the General Fund and the Highway Fund. All funds except trust and custodial funds, bond funds and costs of goods sold expenditures in internal service funds and enterprise funds are subject to legislative allocation. The biennial budget sets forth proposed expenditures for the administration, operation and maintenance of the departments and agencies of the State Government; all interest and debt redemption charges during each fiscal year and all expenditures for capital projects to be undertaken and executed during each fiscal year. Within this structure, budgetary control by agency is maintained at the program and line category level. The State Budget Officer and the Governor must approve budget revisions during the year, reflecting program changes or intradepartmental administrative transfers.

Except in specific instances, only the Legislature may transfer appropriations between departments. Changes in appropriation, allocation, or funding for new programs are presented to the Legislature as supplemental budgets or separate pieces of legislation. For the year ended June 30, 2022, the Legislature decreased appropriations to the General Fund by \$94.9 million.

Actual expenditures did not exceed legislatively authorized appropriations at the Department level; therefore, the State complied with all related budget laws at the legal level.

### **Governmental Fund Balances - Restricted, Committed and Assigned**

The State's fund balances represent: (1) restricted purposes, which include balances legally restricted for specific purposes due to constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; (2) committed purposes, which include balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislature; (3) assigned purposes, which includes balances that are constrained by government's intent to be used for specific purposes, but are neither restricted nor committed. A summary of the nature and purpose of these fund balance types at June 30, 2022 are detailed on the following pages.

**Governmental Fund Balances**  
(Expressed in Thousands)

	<u>NSIF</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
<b>General Fund:</b>				
Education	\$ -	\$ -	\$ -	\$ 65,384
Governmental Support & Operations	-	23,871	-	112,338
Treasury	-	-	-	22,418
Health & Human Services	-	-	14,666	77,648
Public Safety	-	1,490	-	862
Justice & Protection	-	-	-	24,155
Defense, Veterans & Emergency Management	-	-	-	1,673
Inland Fisheries & Wildlife	-	4,095	-	-
Agriculture & Conservation	-	-	-	1,891
All Other	5,365	-	-	105
Total	<u>\$ 5,365</u>	<u>\$ 29,456</u>	<u>\$ 14,666</u>	<u>\$ 306,474</u>
<b>Highway Fund:</b>				
Transportation, Highway & Bridge Construction	\$ -	\$ 4,185	\$ -	\$ -
Total	<u>\$ -</u>	<u>\$ 4,185</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Federal Fund:</b>				
Economic Development & Workforce Training	\$ -	\$ 3,802	\$ -	\$ -
Help America Vote Act (HAVA) Election Security	-	7,098	-	-
Health & Human Services	-	2,794	-	-
Centers for Disease Control	-	1,474	-	-
Office of Family Independence	-	1,599	-	-
Substance Abuse & Mental Health	-	1,278	-	-
Office of Child & Family Services	-	1,788	-	-
All Other	20,258	12,235	-	-
Total	<u>\$ 20,258</u>	<u>\$ 32,068</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Other Special Revenue Fund:</b>				
Business Licensing & Regulation	\$ -	\$ 4,916	\$ 3,640	\$ -
Workers Compensation Board	-	15,832	5,732	-
Professional & Financial Regulation	-	9,532	1,125	-
Public Utilities Commission	-	3,648	11,046	1,269
PFR Bureau of Consumer Credit Protection	-	-	6,911	-
PFR Bureau of Financial Institutions	-	-	13,231	-
PFR Bureau of Insurance	-	41,191	-	-
PFR Licensing & Enforcement Division	-	-	15,847	-
PFR Office of Securities	-	5,339	-	-
Education	-	-	3,797	4,920
Higher Education	-	-	-	1,338
Higher Education	-	-	10,000	-
Education Stabilization Fund	-	-	15,000	-
Free Community College	-	-	20,000	-
Economic Development & Workforce Training	-	24,491	4,813	2,280
Tourism Marketing Promotion Fund	-	-	13,633	-
Hospital System Loan Fund	-	-	12,000	-
Unemployment Administrative Fund	-	-	-	5,853
Governmental Support & Operations	-	96,692	19,851	19,022
Treasury	-	-	4,280	-
Bonds for Highway & Bridge Construction	-	147,669	-	-
State Facilities Capital Improvements	-	-	47,163	-
COVID Pandemic Relief	-	-	69,587	-
Transportation Highway and Bridge Reserve Fund	-	-	35,000	-
Medical Marijuana Use Fund	-	-	10,150	-
Unorganized Territory Education	-	12,888	-	-
Municipal Excise Tax Reimbursement Fund	-	-	7,262	-
Transcap Trust Fund	-	6,036	-	-
Health & Human Services	-	1,571	1,439	-
Fund for Healthy Maine	-	-	57,674	-
Office of Family Independence	-	7,876	10,358	-
Office of the Commissioner	-	-	-	886
Substance Abuse & Mental Health	-	-	14,509	4,598
Centers for Disease Control & Prevention	-	1,988	6,697	2,659
MaineCare	-	27,980	-	68,688
Defense, Veterans & Emergency Management	-	2,316	5,864	-
Justice & Protection	-	72,729	3,520	7,954
Public Safety	-	8,531	-	2,613

**Governmental Fund Balances**  
(Expressed in Thousands)

	<b>NSIF</b>	<b>Restricted</b>	<b>Committed</b>	<b>Assigned</b>
Indigent Legal Services	-	-	7,183	-
Armory Maintenance	-	-	5,445	-
State Fire Marshall	-	5,374	-	-
Agriculture & Conservation	-	4,733	10,198	7,826
Environmental Protection	-	-	3,992	1,522
Inland Fisheries & Wildlife	-	17,594	-	-
Marine Resources	-	6,992	5,613	2,478
PFAS Mitigation	-	-	16,780	-
Public Lands	-	-	39,172	5,099
Hazardous Waste Fund	-	5,720	-	-
Uncontrolled Sites Fund	-	26,117	-	-
Ground and Surface Waters Cleanup Fund	-	4,936	-	-
Environmental Protection Fund	-	-	10,274	-
Transportation Safety & Development	-	7,921	1,881	3,385
Transportation - Highway & Bridge Construction	-	225,122	19,264	-
Motor Vehicles	-	-	1,711	-
Multimodal Transportation	-	-	14,364	-
All Other	-	2,074	-	45
<b>Total</b>	<b>\$ -</b>	<b>\$ 797,808</b>	<b>\$ 566,006</b>	<b>\$ 142,435</b>
<b>Other Governmental Funds:</b>	<b>NSIF</b>	<b>Restricted</b>	<b>Permanent</b>	
Capital Projects	\$ -	\$ 29,038	\$ -	
Permanent Funds - Baxter Park	-	-	9,573	
Permanent Funds - All Others	-	-	32,293	
Special Revenue Funds - Baxter Park	-	101,186	-	
Special Revenue Funds - All Other	-	330	-	
<b>Total</b>	<b>\$ -</b>	<b>\$ 130,554</b>	<b>\$ 41,866</b>	

### NOTE 3 - ACCOUNTING CHANGES AND RESTATEMENTS

#### ACCOUNTING CHANGES

GASB Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases; enhancing the comparability of financial statements between governments; and also enhancing the relevance, reliability (representational faithfulness), and consistency of information about the leasing activities of governments. As a result of implementing GASB Statement No. 87, the State's internal service fund and governmental activities net position increased by \$5.2 million.

The following GASB Statements, or paragraphs of GASB Statements, became effective for fiscal year ended June 30, 2022 and had no impact on the State of Maine's net position:

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for certain interest costs.

GASB Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

GASB Statement No. 93, *Replacement of Interbank Offered Rates* addresses the accounting and financial reporting effects that result from the replacement of IBORs with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. GASB Statement No. 99, *Omnibus 2022* paragraphs 8 through 10 address other derivative instruments that are neither investment derivative instruments nor hedging derivative agreements. The State does not have derivative instruments, other derivative instruments or contracts with references to LIBOR or other IBORs.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. Paragraphs 6 onward became effective for fiscal year ended June 30, 2022. This Statement establishes accounting and financial reporting requirements for purposes of determining whether a primary government is financially accountable for a potential component unit. Except for certain pension, OPEB, or other employee benefit plans, the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performed the duties that a

governing board typically would perform. This statement also requires that the financial burden criterion in paragraph 7 of GASB Statement No. 84 be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of GASB Statement No. 67, or paragraph 3 of GASB Statement No. 74.

GASB Statement No. 99, *Omnibus 2022*. Implementation of certain requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 were effective upon issuance.

#### **Restatements - Component Units**

The University of Maine reduced its beginning net position by \$1.177 million as a result of implementing GASB Statement No. 87. The Maine Community College also reduced its beginning net position by \$11 thousand as a result of implementing GASB Statement No. 87. The reduction was offset by \$746 thousand increase from having understated contributions receivable. A non-major component unit, Midcoast Regional Redevelopment Authority decreased its beginning net position by \$927 thousand to recognize an additional payable to a tenant.

### **NOTE 4 - DEFICIT FUND BALANCES/NET POSITION**

#### **PROPRIETARY FUNDS**

Five internal service funds showed deficits for the fiscal year ended June 30, 2022. The Workers' Compensation Fund reported a deficit of \$21.7 million, which reflects accruals for actuarially determined claims payable. The Leased Space Fund had a deficit of \$3.3 million because rates charged were insufficient to cover expenses incurred. The Postal, Printing & Supply fund reported a deficit of \$9.8 million because expenses are recognized when incurred; however, related revenue is not earned until jobs are satisfactorily completed. All of the deficits mentioned above are expected to be funded by future service charges. The remaining two internal service funds, Financial and Personnel Services and Information Services, reported deficits of \$30.8 million and \$55.8 million, respectively. These deficits are primarily the result of the implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, and GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pension, which required the recognition of the entire net pension and postemployment benefits other than pension liability.

Two enterprise funds showed deficits for the fiscal year ended June 30, 2022. Maine Military Authority reported a deficit of \$6.2 million. Maine Military Authority significantly reduced its operation and workforce in Fiscal Year 2019. As a result, the fund incurred a loss on the disposal of its assets. The Consolidated Emergency Communications Fund reported a deficit of \$4.9 million. The deficit is primarily the result of the implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions and GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pension, which required the recognition of the entire net pension and postemployment benefits other than pension liability.

### **NOTE 5 - DEPOSITS AND INVESTMENTS**

Title 5 MRSA § 135 governs the deposit and investment policies of the State of Maine Office of the State Treasurer. The Treasurer may deposit State funds, including trust funds of the State, in any of the banking institutions (including trust companies, State or federal savings and loan associations, and mutual savings banks) organized under the laws of this State and any national bank or federal savings and loan association located in the State.

The State follows the practice of pooling cash and cash equivalents for a variety of State agencies and public sector entities. The Treasurer may invest funds that exceed current obligations, with the concurrence of the State Controller or the Commissioner of Administrative and Financial Services and the consent of the Governor.

Approved investments include bonds, notes, certificates of indebtedness, other obligations of the United States that mature not more than 36 months from the date of investment; repurchase agreements secured by obligations of the United States that mature within the succeeding 12 months; prime commercial paper with maturities not exceeding 270 days from the date of purchase; tax-exempt obligations that mature not more than 36 months from the date of investment and have a long-term rating of no less than "AA" or the equivalent; corporate bonds rated "AAA" that mature within 36 months from the date of investment; banker's acceptances with an original maturity not exceeding 180 days and rated in the highest short-term category by at least one nationally recognized securities rating organization (NRSRO); and "no-load" shares of an investment company registered under the Federal Investment Company Act of 1940, which are rated "AAAm" or "AAAm-G" by Standard & Poor's, or the equivalent by another NRSRO. Although authorized to do so, the Treasurer does not participate in the securities loan market.

Investment policies of the permanent trusts are governed by Title 5 MRSA § 138. The Treasurer, with the approval of the Commissioner of Administrative and Financial Services, the Superintendent of Financial Institutions and the Attorney General, shall invest the funds in securities that are legal investments in accordance with Title 9-B MRSA. The investments need not be segregated

to the separate trusts, but the identity of each trust must be maintained. The Treasurer may enter into custodial care and servicing contracts or agreements negotiated in accordance with the laws of this State for the handling of funds held in trust.

No amounts exceeding 25 percent of the capital, surplus, and undivided profits of any trust company or national bank or 25 percent of the reserve fund and undivided profits of a mutual savings bank or State or federal savings and loan association, shall be on deposit in any one institution at any one time. This restriction does not apply to deposits subject to immediate withdrawal to meet the payment of any bonded debt or interest or to pay current bills or expenses of the State. Also exempt are deposits secured by the pledge of certain securities as collateral or fully covered by insurance.

With assistance from the Finance Authority of Maine, the Treasurer participates in a restricted deposit program to encourage banks to provide loans at two percent below market rate. The Treasurer may invest up to \$8 million in lending institutions at a two percent lower-than-market rate provided the lenders pass the rate reduction on to the borrowers. This program earmarks \$4 million for loans to agricultural enterprises and the other \$4 million are designated for commercial entities.

The Primary Government's Deposits and Investments, excluding component units that are fiduciary in nature, at June 30, 2022 are as follows:

**Primary Government Deposits and Investments**  
(Expressed in Thousands)

	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Private Purpose Trusts</b>	<b>Custodial Funds</b>	<b>Total</b>
Equity in Treasurer's Cash Pool	\$ 3,958,950	\$ 22,650	\$ 500	\$ 24,988	\$ 4,007,088
Cash and Cash Equivalents	217	1,218	6,019	27	7,481
Cash with Fiscal Agent	268,797	-	-	-	268,797
Investments	143,071	-	19,228	-	162,299
Restricted Equity in Treasurer's Cash Pool	81,570	-	-	-	81,570
Restricted Deposits and Investments	1,935	622,016	-	-	623,951
Investments Held on Behalf of Others	-	-	-	66,405	66,405
Total Primary Government	<u>\$ 4,454,540</u>	<u>\$ 645,884</u>	<u>\$ 25,747</u>	<u>\$ 91,420</u>	<u>\$ 5,217,591</u>

**Interest Rate Risk** – Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. In general, the State holds securities to maturity. All debt securities are reported at full-term.

The following table provides the segmented time distribution of the Primary Government's investments at June 30, 2022:

**Maturities in Years**  
(Expressed in Thousands)

	<b>Less than 1</b>	<b>1-5</b>	<b>6-10</b>	<b>11-20</b>	<b>More than 20</b>	<b>No Maturity</b>	<b>Fair Value</b>
<i>Governmental and Business-Type Activities, excluding Non-Major Special Revenue and Permanent Funds</i>							
US Instrumentalities	\$ 68,973	\$ 256,846	\$ -	\$ -	\$ -	\$ -	\$ 325,819
US Treasury Notes	958,083	1,394,805	-	-	-	-	2,352,888
Commercial Paper	239,910	-	-	-	-	-	239,910
Certificates of Deposit	117,641	-	-	-	-	-	117,641
Cash and Cash Equivalents	592	-	-	-	-	1,029,690	1,030,282
Unemployment Fund	-	-	-	-	-	622,016	622,016
<i>Private-Purpose Trusts, Custodial Funds, and Non-Major Special Revenue and Permanent Funds</i>							
US Instrumentalities	433	1,603	396	378	1,339	-	4,149
US Treasury Notes	8,282	12,980	6,001	-	1,354	1,654	30,271
Corporate Notes and Bonds	632	2,605	601	7,078	181	45,809	56,906
Other Fixed Income Securities	241	-	-	-	-	47,213	47,454
Commercial Paper	1,505	-	-	-	-	-	1,505
Certificates of Deposit	803	22	-	-	-	11,212	12,037
Money Market	-	-	-	-	-	4,889	4,889
Cash and Cash Equivalents	6,023	-	-	-	-	29,876	35,899
Equities	-	-	-	-	-	61,062	61,062
Other	-	-	-	-	-	6,066	6,066
	<u>\$ 1,403,118</u>	<u>\$ 1,668,861</u>	<u>\$ 6,998</u>	<u>\$ 7,456</u>	<u>\$ 2,874</u>	<u>\$ 1,859,487</u>	<u>\$ 4,948,794</u>
Other Assets							
Cash with Fiscal Agent							268,797
Total Primary Government							<u>\$ 5,217,591</u>

**Credit Risk** – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. This credit risk is measured by the credit quality ratings of investments as described by nationally recognized statistical rating organizations. The State's investment policy limits its investments to those with high credit quality made by or with the advice and upon the due diligence of the State's independent investment advisor. The State limits credit risk in its trusts by ensuring that the fixed income credit quality at the time of purchase is a minimum bond rating of "A" by either Standard & Poor's or Moody's rating service. Fixed income holdings thereafter shall maintain a minimum bond rating of "BBB".

The Primary Government's total investments by credit quality rating as of June 30, 2022 are presented below:

**Standard and Poor's Credit Rating**  
(Expressed in Thousands)

	<u>A1</u>	<u>A</u>	<u>AA</u>	<u>AAA</u>	<u>BB</u>	<u>BBB</u>	<u>Not Rated</u>	<u>Total</u>
<i>Governmental and Business-Type Activities, excluding Non-Major Special Revenue and Permanent Funds</i>								
Commercial Paper	\$ 239,910	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 239,910
<i>Private-Purpose Trusts, Custodial Funds, and Non-Major Special Revenue and Permanent Funds</i>								
Corporate Notes and Bonds	-	1,091	247	73	-	1,608	53,887	56,906
Commercial Paper	1,505	-	-	-	-	-	-	1,505
Money Market	-	-	-	-	-	-	4,889	4,889
Other Fixed Income Securities	-	-	-	-	-	-	6,066	6,066
Total Primary Government	<u>\$ 241,415</u>	<u>\$ 1,091</u>	<u>\$ 247</u>	<u>\$ 73</u>	<u>\$ -</u>	<u>\$ 1,608</u>	<u>\$ 64,842</u>	<u>\$ 309,276</u>

**Concentration of Credit Risk** – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The State limits concentration of credit risk in its trusts by requiring that no single stock represent more than seven percent of the total portfolio. There is no concentration of credit risk policy for the Treasurer's Cash Pool. At June 30, 2022, there were no investments that exceeded five percent of the Treasurer's Cash Pool.

**Custodial Credit Risk** - For investments, custodial credit risk is the risk that, in the event of a failure of the counterparty to a transaction, the State will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The State limits its custodial credit risk for the Treasurer's Cash Pool by maintaining a file of the most recent credit rating analysis reports performed for each approved financial institution. The State also requires that all securities be perfected in the name of the State and held in third party safekeeping by a state approved custodian. Of the cash pool's \$125 million invested in non-negotiable certificates of deposit, certain CD's exceeded the FDIC insured amounts for the institutions at which they were held. However, certificates of deposits, money market accounts and regular cash deposits are all collateralized at a minimum of 100 percent with pledged securities or a Federal Home Loan Bank letter of credit.

The State does not have a policy regarding custodial credit risk for its trusts. The Percival P. Baxter Trust is held by a counterparty, but not in the State's name.

The fair value of the trust's investments as of June 30, 2022 was \$101.2 million and was comprised of the following (expressed in thousands):

	<u>Percival Baxter Trust</u>
U.S. Instrumentalities	\$ 2,113
U.S. Treasury Notes	2,767
Corporate Notes and Bonds	3,043
Other Fixed Income Securities	17,615
Equities	62,272
Cash and Equivalents	829
Other	12,547
Total	<u>\$ 101,186</u>

The State and certain vendors contract with a fiscal intermediary, Clareon, for electronic disbursements from the State to its vendors. During fiscal year 2022 these disbursements, on average, exceeded \$253 million per month. The funds in transit are not collateralized and are not held by the State Treasurer. Until the vendor receives payment, the State retains some liability.

**Fair Value Measurements** - The State of Maine categorizes its fair value measurements within the fair value hierarchy established by the generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of an asset. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

**Level 1** - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the State of Maine has the ability to access.

**Level 2** - Inputs to the valuation method include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

**Level 3** - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Assets and liabilities measured at fair value are based on one or more of the three valuation techniques. The three valuation techniques are as follows:

- **Market Approach** - Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;
- **Cost Approach** - Amount that would be required to replace the service capacity of an asset (i.e., replacement cost);
- **Income Approach** - Techniques to convert future amount to a single present amount based on market exceptions (including present value techniques).

Following is a description of the valuation methodologies used for assets at fair value.

**Investments classified as level 1:** Investments classified as level 1 are primarily exchange traded equity securities and other fixed income securities valued at market prices using interactive exchange data. Investments are evaluated by obtaining feeds from a number of live data sources including active market makers and inter-dealer brokers. Sources are reviewed on the basis of their historical accuracy for individual issues and maturity ranges. Treasury notes and bonds are evaluated by gathering information from market sources and integrate relative credit information, observed market movements, and sector news into the evaluated pricing applications and models.

**Investments classified as level 2:** Investments classified as level 2 including fixed income corporate bond, fixed income government bonds and treasury notes are priced using a published mid-price. Investments are evaluated as follows: a. A bullet (non-call) spread scale is created for each issuer for maturities going out to forty years. These spreads represent credit risk and are obtained from the new issue market, secondary trading, and dealer quotes. Each issuer-spread line has the capability to link parent/subsidiary and related companies to capture relevant movements. b. An Option Adjusted Spread (OAS) model is incorporated to adjust spreads of issues that have early redemption features. c. Final spreads are added to both a 15: and 16: (ET) U.S. Treasury curve. A special cash discounting yield/price routine calculates prices from final yields to accommodate odd coupon payment dates typical of medium-term notes. d. Evaluators maintain quality by surveying the dealer community, obtaining benchmark quotes, incorporating relevant trade data, and updating spreads daily. Note: Floating-rate medium-term notes are evaluated using the Floating-Rate Note Evaluation Model which generates evaluations for floating-rate notes by calculating current and future coupons, then discounting each cash flow by an appropriate discount margin.

**Investments classified as level 3:** Investments classified as level 3 include private equities securities that exist in illiquid markets. These securities are broker priced.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the State of Maine believes its valuation methods are appropriate and consistent with other

market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table set forth by level, within the fair value hierarchy, the State of Maine's assets carried at fair value on a recurring basis as of June 30, 2022:

**Fair Value Measurement**  
(Expressed in Thousands)

	Total	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Commercial Paper	\$ 246,246	\$ -	\$ 246,246	\$ -
Corporate Notes and Bonds	48,852	45,809	3,043	-
U.S. Instrumentalities	328,348	-	328,348	-
U.S. Treasury Notes	2,391,059	2,390,783	-	276
Other Fixed Income Securities	47,453	34,001	829	12,623
Equities	59,627	59,627	-	-
Total	<u>\$ 3,121,585</u>	<u>\$ 2,530,220</u>	<u>\$ 578,466</u>	<u>\$ 12,899</u>

**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM**

The Maine Public Employees Retirement System (the System) makes investments in a combination of equities, fixed income securities, infrastructure, private equity, real estate, mutual funds, commingled mutual and index funds, derivative instruments, and other investment securities established by the Trustee's investment policy.

*Derivative Instruments* – Derivative instruments are financial contracts whose value depends on the value of one or more underlying assets, reference rates or financial indices. They include futures, forwards, options, and swap contracts. The System's investments in derivative securities only have nominal exposure to custodial credit risk. Credit risk is managed, in the case of exchange-traded derivatives, by the execution of trades through a clearinghouse and, in the case of over-the-counter transactions, by managers' due diligence assessment and approval of counterparties. Market risk is managed by imposing strict limits as to the types, amounts and degree of risk that investment managers may undertake. These limits are approved by the Board of Trustees and are monitored by the Chief Investment Officer.

The system did not have any derivative investments as of June 30, 2022 or during the year then ended.

Foreign currency forward contracts are used to hedge against the currency risk in the System's foreign equity and fixed income security portfolios. The System's fixed income managers invest in Collateralized Mortgage Obligations (CMOs) and Asset-Backed Securities to improve the yield or adjust the duration of the fixed income portfolio.

*Securities Lending* - The System has also entered into agreements for securities lending transactions, which are collateralized in an amount generally valued at 102 percent (105 percent for international securities) of the fair value of the securities loaned plus accrued interest. All securities and loans can be terminated on demand by either the lender or the borrower.

Cash collateral is invested in a short-term investment pool. Cash collateral may also be invested separately in "term loans." At June 30, 2022 all of the collateral for securities lending is subject to custodial credit risk. The System believes that there is no credit risk as defined in GASB Statement No. 28 and GASB Statement No. 40. The collateral held and the market value of securities on loan for the System as of June 30, 2022 was \$146.7 million and \$168.2 million, respectively.

*Concentration of Credit Risk* – Concentration of credit risk is the risk of loss that may be attributed to the magnitude of investment in a single issue. The System's investment policy places no limit on the amount the System may invest in any one issuer. No investment exceeded 5 percent of the fiduciary net position for the defined benefit and OPEB plans.



**COMPONENT UNITS**

Generally, component unit investment policies authorize investments in obligations of U.S. Treasury and Agency Securities, repurchase agreements, corporate bonds, certificates of deposit and money market funds. Some component units may invest in stocks, bonds, fixed income securities, mutual funds, commingled mutual funds and index funds, guaranteed investment contracts, real estate and other investment securities.

Certain component units also invest in the Treasurer's Cash Pool and comprise approximately 4.77 percent of pool assets. The component units reported their participation as either Cash and Cash Equivalents or Investments on their financial statements. The State reclassified \$204.7 million of the component units' participation to "Equity in Treasurer's Cash Pool" on the State's financial statements. In addition to the amounts reported, the State Treasurer's Cash Pool includes \$14.7 million, consisting of Finance Authority of Maine component unit fiduciary funds that, because of GASB Statement No. 34 reporting criteria, are not shown in the accompanying financial statements as invested in the Treasurer's Cash Pool.

**NOTE 6 - RECEIVABLES**

Receivable balances are segregated by type, and presented in the fund financial statements net of allowance for uncollectibles. The following tables disaggregate amounts considered to be uncollectible by fund and type of receivable as of the close of the fiscal year:

**Primary Government - Receivables**  
(Expressed in Thousands)

	<u>Taxes</u>	<u>Settlements</u>	<u>Accounts</u>	<u>Loans</u>	<u>Allowance for Uncollectibles</u>	<u>Net Receivables</u>
<b>Governmental Funds:</b>						
General	\$ 973,361	\$ -	\$ 162,743	\$ 1	\$ (408,842)	\$ 727,263
Highway	22,001	-	2,818	-	(38)	24,781
Federal *	-	-	266,778	-	(63,249)	203,529
Other Special Revenue **	15,789	90,634	102,333	3,190	(60,178)	151,768
Total Governmental Funds	1,011,151	90,634	534,672	3,191	(532,307)	1,107,341
Allowance for Uncollectibles	(331,851)	-	(200,153)	(303)		
Net Receivables	<u>\$ 679,300</u>	<u>\$ 90,634</u>	<u>\$ 334,519</u>	<u>\$ 2,888</u>		<u>\$ 1,107,341</u>
<b>Proprietary Funds:</b>						
Employment Security *	\$ -	\$ -	\$ 112,494	\$ -	\$ (63,165)	\$ 49,329
Nonmajor Enterprise	-	-	35,654	-	(56)	35,598
Internal Service	-	-	11,548	-	-	11,548
Total Proprietary Funds	-	-	159,696	-	(63,221)	96,475
Allowance for Uncollectibles	-	-	(63,221)	-		
Net Receivables	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96,475</u>	<u>\$ -</u>		<u>\$ 96,475</u>

\* Accounts receivable related to the Unemployment Insurance program increased significantly in the Federal Fund and the Employment Security Major Enterprise Fund in fiscal year 2022 and 2021. This is due primarily to a significant increase in fraudulent claims activity and benefit overpayments associated with Federal Pandemic Unemployment Compensation, Pandemic Unemployment Assistance, and other emergency benefits provided in response to the Coronavirus Pandemic.

\*\* Maine is participating in the National Opioid Settlement (Settlement), which negotiated conclusions to investigations and litigation by the Attorney General and by certain Maine counties, cities, and towns of the marketing and sales practices of opioid pain medications by entities in the pharmaceutical supply chain. The Settlement will produce a stream of annual payments over 18 years for permissible opioid abatement activities described in the court order which gives effect to the Settlement. The Settlement also imposes certain injunctive terms agreed to by the Defendants. In addition to the Opioid settlement, Maine is participating in a Tobacco settlement. Please see Note 18 for additional information about the Tobacco settlement.

**Component Units - Receivables**  
(Expressed in Thousands)

	<u>Accounts</u>	<u>Loans and Leases</u>	<u>Allowance for Uncollectibles</u>	<u>Net Receivables</u>
Finance Authority of Maine	\$ 2,851	\$ 89,643	\$ (4,243)	\$ 88,251
Maine Community College System	19,645	-	(1,141)	18,504
Maine Health and Educational Facilities Authority	285	539,779	-	540,064
Maine Municipal Bond Bank	919	-	-	919
Maine State Housing Authority	10,040	1,419,271	(8,753)	1,420,558
Maine Turnpike Authority	9,560	-	-	9,560
University of Maine System	63,906	27,558	(20,657)	70,807
Net Receivables	<u>\$ 107,206</u>	<u>\$ 2,076,251</u>	<u>\$ (34,794)</u>	<u>\$ 2,148,663</u>

**NOTE 7 - INTERFUND TRANSACTIONS**

Interfund receivables and payables represent amounts owed to one State fund by another, for goods sold or services received, or for borrowings to eliminate negative balances in the Treasurer's Cash Pool.

Balances due within one year are recorded as Due to/Due from Other Funds. The balances of current interfund receivables and payables as of June 30, 2022 were:

<b>Interfund Receivables</b> (Expressed in Thousands)					
<b>Due to Other Funds</b>					
<b>Due from Other Funds</b>	<b>General</b>	<b>Highway</b>	<b>Federal</b>	<b>Other Special Revenue</b>	<b>Other Governmental</b>
General	\$ -	\$ -	\$ 6,910	\$ 14,634	\$ -
Highway	37	41	8,743	8	-
Federal	2	-	262	1	-
Other Special Revenue	29,345	307	749	883	47,605
Other Governmental	-	-	-	-	-
Employment Security	-	-	7,166	-	-
Non-Major Enterprise	2,338	2	-	630	-
Internal Service	12,447	4,183	8,402	5,339	-
Fiduciary	65,013	-	-	-	-
<b>Total</b>	<b>\$ 109,182</b>	<b>\$ 4,533</b>	<b>\$ 32,232</b>	<b>\$ 21,495</b>	<b>\$ 47,605</b>

<b>Due to Other Funds</b>					
<b>Due from Other Funds</b>	<b>Employment Security</b>	<b>Non-Major Enterprise Funds</b>	<b>Internal Service Funds</b>	<b>Fiduciary Funds</b>	<b>Total</b>
General	\$ -	\$ 860	\$ 20,177	\$ -	\$ 42,581
Highway	-	-	5	-	8,834
Federal	3,835	-	-	-	4,100
Other Special Revenue	-	1,308	197	-	80,394
Other Governmental	-	-	-	-	-
Employment Security	-	-	-	-	7,166
Non-Major Enterprise	-	4,266	-	-	7,236
Internal Service	-	430	6,838	7	37,646
Fiduciary	-	-	-	-	65,013
<b>Total</b>	<b>\$ 3,835</b>	<b>\$ 6,864</b>	<b>\$ 27,217</b>	<b>\$ 7</b>	<b>\$ 252,970</b>

Not included in the table above are interfund loans/advances, which are not expected to be repaid within one year. Postal, Printing & Supply (an internal service fund) owes \$111 thousand to the General Fund for operating capital.

Transfers are made in accordance with statutory authority. Significant transfers are used to 1) move revenues from the fund that statute requires to collect them to the fund that statute requires to expend them, 2) move receipts restricted for debt service from the funds collecting the receipts to the funds required to pay debt service as principal and interest payments come due, 3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, 4) move profits from the Lottery Fund, 5) transfer accumulated surpluses from other funds to the General Fund when authorized by statute and 6) move profits from the Alcoholic Beverages Fund.

During fiscal year 2022, the State of Maine, in accordance with the legislatively authorized budget, recorded the following non-routine, nonrecurring transfers.

The General Fund transferred \$729.3 million, \$97.1 million, \$50.0 million, \$35.0 million and \$20.0 million to the Other Special Revenue Fund, respectively, for: the COVID Pandemic Relief Payment Program Fund, Homestead Property Tax Exemption Reimbursement Fund, Highway and Bridge Capital Fund, Highway and Bridge Reserve Fund and the Maine Community College System Free Community College - 2 Enrollment Years Program Fund. The Liquor Operation Revenue Fund transferred \$30.0 million

to the unappropriated surplus of the General Fund.

Interfund transfers for the year ended June 30, 2022 consisted of the following:

<b>Interfund Transfers</b> (Expressed in Thousands)					
<b>Transferred To</b>	<b>Transferred From</b>				
	<b>General</b>	<b>Highway</b>	<b>Federal</b>	<b>Other Special Revenue</b>	<b>Other Governmental</b>
General	\$ -	\$ -	\$ 79	\$ 59,784	\$ -
Highway	1,543	-	12,860	22,914	-
Federal	-	-	-	8,416	-
Other Special Revenue	1,429,003	6,752	69	-	3,875
Employment Security	-	-	5,334	-	-
Non-Major Enterprise	-	-	-	6,148	-
Internal Service	2,725	-	-	-	-
<b>Total</b>	<b>\$ 1,433,271</b>	<b>\$ 6,752</b>	<b>\$ 18,342</b>	<b>\$ 97,262</b>	<b>\$ 3,875</b>

<b>Transferred To</b>	<b>Transferred From</b>				
	<b>Employment Security</b>	<b>Non-Major Enterprise Funds</b>	<b>Internal Service Funds</b>	<b>Fiduciary Funds</b>	<b>Total</b>
General	\$ -	\$ 71,351	\$ -	\$ -	\$ 131,214
Highway	-	-	-	-	37,317
Federal	9,591	-	-	-	18,007
Other Special Revenue	-	62,830	-	118	1,502,647
Employment Security	-	-	-	-	5,334
Non-Major Enterprise	-	-	-	-	6,148
Internal Service	-	-	-	-	2,725
<b>Total</b>	<b>\$ 9,591</b>	<b>\$ 134,181</b>	<b>\$ -</b>	<b>\$ 118</b>	<b>\$ 1,703,392</b>

In fiscal year 2022, Public Law 2021, Chapter 483, Part D authorized the State of Maine to expend \$80 million of American Rescue Plan Act (ARPA) State & Local Fiscal Recovery Funds (SLFRF) for the purpose of replenishing the Employment Security Fund for COVID-19 related benefit payments. To properly reflect this expenditure in fiscal year 2022, the State of Maine recorded expenditures of \$80 million in the Federal Fund, a major Governmental fund, with a corresponding reduction in expenditures in the Employment Security Fund, a major Enterprise Fund.

**NOTE 8 - CAPITAL ASSETS**

The following schedule details changes in capital assets for the governmental activities and business-type activities of the primary government for the fiscal year ended June 30, 2022:

**Primary Government - Capital Assets**

(Expressed in Thousands)

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
<b>Governmental Activities:</b>				
<b>Capital assets not being depreciated</b>				
Land	\$ 654,589	\$ 9,979	\$ 2,407	\$ 662,161
Construction in progress	173,313	96,468	495	269,286
Infrastructure	2,988,290	51,098	-	3,039,388
Total capital assets not being depreciated	3,816,192	157,545	2,902	3,970,835
<b>Capital assets being depreciated</b>				
Buildings	799,063	408	4,763	794,708
Equipment	341,501	27,732	15,984	353,249
Improvements other than buildings	111,754	2,962	97	114,619
Software	121,686	-	-	121,686
Total capital assets being depreciated	1,374,004	31,102	20,844	1,384,262
<b>Less accumulated depreciation for</b>				
Buildings	355,514	12,908	-	368,422
Equipment	252,472	26,242	13,614	265,100
Improvements other than buildings	68,994	4,504	97	73,401
Software	99,985	11,449	-	111,434
Total accumulated depreciation	776,965	55,103	13,711	818,357
Total capital assets being depreciated, net	597,039	(24,001)	7,133	565,905
Governmental Activities Capital Assets, net	4,413,231	133,544	10,035	4,536,740
<b>Right to use assets being amortized</b>				
Buildings (as restated)	232,285	8,525	-	240,810
<b>Less accumulated amortization</b>				
Buildings (as restated)	-	9,526	-	9,526
Net right to use lease assets	232,285	(1,001)	-	231,284
Governmental Activities Capital and Right to Use Assets, net	\$ 4,645,516	\$ 132,543	\$ 10,035	\$ 4,768,024
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
<b>Business-Type Activities:</b>				
<b>Capital assets not being depreciated</b>				
Land	\$ 2,389	\$ -	\$ -	\$ 2,389
Construction in progress	17,446	7,832	10,696	14,582
Total capital assets not being depreciated	19,835	7,832	10,696	16,971
<b>Capital assets being depreciated</b>				
Buildings	4,655	-	-	4,655
Equipment	24,664	12,281	-	36,945
Improvements other than buildings	42,757	-	-	42,757
Total capital assets being depreciated	72,076	12,281	-	84,357
<b>Less accumulated depreciation for</b>				
Buildings	3,314	127	-	3,441
Equipment	12,801	694	-	13,495
Improvements other than buildings	35,909	1,333	-	37,242
Total accumulated depreciation	52,024	2,154	-	54,178
Total capital assets being depreciated, net	20,052	10,127	-	30,179
Business-Type Activities Capital Assets, net	\$ 39,887	\$ 17,959	\$ 10,696	\$ 47,150

During the fiscal year, depreciation and amortization expense was charged to the following functions in the governmental activities column of the Statement of Activities for the primary government:

<b>Governmental Activities</b>	
<b>Depreciation and Amortization Expense</b>	
(Expressed in Thousands)	
	<u>Amount</u>
<b>Governmental Activities:</b>	
Arts, Heritage and Cultural Enrichment	\$ 11
Business Licensing and Regulation	711
Economic Development and Workforce Training	2,243
Education	234
Governmental Support and Operations	11,832
Health and Human Services	16,272
Justice and Protection	11,715
Natural Resources Development and Protection	5,852
Transportation Safety and Development	<u>15,759</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 64,629</u>

## NOTE 9 - MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

### OVERVIEW OF THE SYSTEM

The Maine Public Employees Retirement System, formerly named the Maine State Retirement System (the System) is a component unit of the State of Maine. Title 5 MRSA C. 421, 423, and 425 authorized the establishment and administration of the defined benefit plans. The System administers two cost sharing multiple-employer defined benefit plans, two single employer defined benefit plans and one closed agent multiple-employer defined benefit plan. All of these plans provide pension, disability, and death benefits to their members.

The State Employees and Teachers Plan (SETP) is a multiple-employer cost sharing plan with a special funding situation. The plan covers employees of the State and public school employees (defined by Maine law as teachers). The State of Maine is also a nonemployer contributing entity in that the State pays the unfunded actuarial liability on behalf of non-grant funded teachers. School districts contribute the normal cost, calculated actuarially, for their teacher members and directly pay the unfunded actuarial liability on behalf of grant funded teachers. The Participating Local Districts Plan (Consolidated PLD) covers employees of more than 300 local municipalities and other public entities (Participating Local Districts, or PLDs) in Maine, each of which contracts for participation in the System under provisions of the relevant statutes.

The System also provides single employer defined benefit plans to cover State legislators and State Judicial employees and administers a closed agent, multiple-employer defined benefit plan (Agent PLD) which covers those employers for whom the System administered single employer plans at the time the PLD Consolidated Plan was implemented who opted not to join the Consolidated Plan.

In addition to administering pension plans, the System invests funds accumulated for two OPEB Trusts. The Retiree Health Insurance Trust Fund accumulates assets to provide funding for the State's unfunded obligations for retiree health benefits. Trustees of the System were named Trustees of the Investment Trust Fund. The System also invests funds for the MainePERS OPEB Trust. The trust accumulates assets to provide funding for retiree health benefits and life insurance in retirement for qualified individuals who retire from the System. The Trustees of the System were named Trustees of the MainePERS OPEB Trust.

The System administers 3 defined contribution plans for employees of PLD's that elect to participate. At June 30, 2022, there were 80 employers participating in these plans. The 1,579 participants individually direct the \$53.9 million covered by the plans.

The System issues a publicly available annual comprehensive financial report that includes financial statements and required supplementary information (RSI) for the plan. The June 30, 2022 report may be obtained from the Maine Public Employees Retirement System, PO Box 349 Augusta, ME 04332-0349 or on-line at [www.mainebers.org](http://www.mainebers.org).

Total pension funds managed by the System are constitutionally restricted and held in trust for the payment of pension and related benefits to its members. OPEB funds are statutorily restricted for the payment of retiree healthcare. The System's Board of Trustees, in its fiduciary capacity, establishes the System's investment policies and their overall implementation. With respect to the SETP, the

actuary prepares valuations for the State's portion of the SETP, including the segregation of teachers from employees.

The System also provides group life insurance under a plan administered by a third party insurance company and invests long-term assets for two Retiree Health Insurance Post-Employment Benefits Investment Trust Funds. Note 10 provides for further disclosure.

#### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The System's financial statements are prepared on the accrual basis of accounting. Pension contributions are recognized as additions in the period when they become due pursuant to formal commitments or statutory or contractual requirements. Investment income is recognized when earned. Contributions to defined contribution plans are recognized in the period they are contributed. Pension benefits and contributions and premium refunds are recognized as deductions when due and payable in accordance with Statutes. Benefits payable incurred but not reported are reflected as other liabilities. Distributions from defined contribution plans are recognized in the period the disbursement is made.

#### **PENSIONS**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit retirement plans and additions to or deductions from each plans' fiduciary net position have been determined on the same basis as they are reported by the System. The measurement period used is June 30, 2021. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### **EMPLOYER ALLOCATIONS FOR COST-SHARING DEFINED BENEFIT RETIREMENT PROGRAMS**

Schedules of Employer Allocations for the SETP are displayed separately for the two groups within the Plan, state employees being one group and teachers the second. This is to reflect the unique funding arrangement that currently exists within the Plan for teachers. Total employer contributions for the state employees group, adjusted for employer-specific liability contributions, were used as the basis for allocation. For the teacher group, total employer and non-employer contributions were the basis for the allocation, adjusted to remove the normal cost contributions paid by local school districts on behalf of their employees. This leaves contributions toward the unfunded liability of the Plan as the basis of allocation. This method of allocation properly distributes the collective net pension liability between the State of Maine as the non-employer contributing entity and those districts contributing towards the unfunded liability of the plan using grant funding.

The Schedules of Employer Allocations for the PLD Consolidated Plan reflect current year employer contributions, adjusted to remove contributions related to employer specific liabilities to the Plans. For the PLD Plan, certain employers have individual unpooled pension assets resulting from the closure of individual single employer plans upon joining the PLD Consolidated Plan. For these employers, current year contributions are adjusted to reflect the gross contributions due for service prior to applying an offset from these assets, if applicable. An offset occurs when an employer with un-pooled pension assets held by the System chooses to use a portion of these assets to cover the cost of current contributions due.

#### **MEMBERSHIP**

State employees and teachers are covered under the Maine Public Employees Retirement System's State Employee and Teacher Retirement Program (SETP). State employees and public school teachers are required by law to become members of SETP when hired. Membership is optional for elected, appointed officials and substitute teachers. SETP also covers eligible employees of two discretely presented State component units: Maine Community College System and the Northern New England Passenger Rail Authority. At June 30, 2022 there were 239 employers, including the State of Maine, participating in the plan.

PLD employees become members of the Consolidated PLD plan when they are hired if their employer participates as a PLD in MainePERS at that time and if they meet the membership eligibility requirements in effect when they are hired. For some PLD employees, membership is optional. These employees include those employed by their PLD before the PLD joined MainePERS, those whose employers provide Social Security under a federal law, elected and appointed officials, and chief administrative officers. The Consolidated PLD plan includes employees of three component units of the State that have defined benefit plans: Maine Municipal Bond Bank, Maine Maritime Academy, and the Maine Public Employees Retirement System.

The System also administers two single employer retirement programs for specific State employees. The Legislative Retirement Program was established to provide a retirement program for those serving in the Maine Legislature. Except as provided otherwise by statute, membership in the Maine Legislative Retirement Program is mandatory for legislators entering service on or after December 3, 1986. The Judicial Retirement Program was established to provide a retirement program for Maine's judges. Membership in the Judicial Retirement Program is a condition of employment for all judges serving on or after December 1, 1984.

Membership in each single employer defined benefit plan consisted of the following at the measurement date of June 30, 2021:

**Employees of single employer covered by benefit terms**

	<u>Judicial</u>	<u>Legislative</u>
Inactive employees or beneficiaries		
currently receiving benefits	84	222
Terminated participants:		
Vested	3	124
Inactive employees due refunds	1	101
Active employees	60	178
Total participants	<u>148</u>	<u>625</u>

**STATE EMPLOYEES AND TEACHERS PENSION PLAN BENEFITS**

The System's retirement programs provide retirement benefits based on members' average final compensation and creditable service. Vesting occurs upon the earning of five years of service credit or the earning of one year of service credit immediately preceding retirement at or after normal retirement age. Normal retirement age for State employees and teachers is age 60, 62 or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and survivor benefits, which are established by statute for State employee and teacher members, and by contract with other participating employers under applicable statutory provisions.

**PARTICIPATING LOCAL DISTRICTS PLAN BENEFITS**

In the event that a member of the Consolidated PLD Plan withdraws from the System, its individual employee-members remain contributing members. The PLD remains liable for contributions sufficient to fund benefits for its already retired former employee-members; for its terminated vested members; and for those active employees, whether or not vested, who remain contributing System members.

**CONTRIBUTION INFORMATION**

Contributions from members, employers and non-employer contributors and earnings from investments fund the retirement benefits. Disability and death benefits are funded by employer normal cost contributions and investment earnings. Member and employer normal cost contributions are each a percentage of applicable member compensation. Member contribution rates are defined by law or Board rule and depend on the terms of the plan under which a member is covered. Employers' contribution rates are determined by actuarial valuations.

The Maine Constitution, Maine statutes and the System's funding policy provide for periodic employer contributions in addition to the normal cost contributions for the SETP. These are actuarially determined amounts that, based on certain actuarial assumptions are sufficient to fully fund, on an actuarial basis, the SETP by the year 2028 (Unfunded Actuarial Accrued Liability (UAAL) payments). Level percentage of payroll employer contribution rates are determined using the entry age normal actuarial funding method. The System also uses the level percentage of payroll method to amortize the unfunded liability of the State Employee and Teacher Retirement Program. For participating employers in the PLD Agent Plan, the level percentage of payroll method is also used.

The UAAL rate as applied to State employee members' compensation is first established through the annual valuation process as an amount that will meet the required unfunded actuarial accrued liability payment amount; it is then adjusted in the State's budget process to take into account differences in salary growth projections of the State Budget Office. This adjusted rate, expressed as a percentage of payroll, is the actual rate paid by the State as payment of the required UAAL payment amount for State employees. For teachers, the actuarially determined UAAL amount is paid in 12 equal monthly installments. PLD employer contribution rates are actuarially determined rates.

On occasion, the State may agree to pay employee pension contributions as a part of the compensation and benefits that are negotiated with employees. The employer-paid contributions are treated as part of their pension compensation. In accordance with statute, the actuary accumulates them in the Retirement Allowance Fund. Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to terminated members' accounts is set by the System's Board of Trustees and is currently 1.52 percent.



**CONTRIBUTION RATES - DEFINED BENEFIT PENSION PLANS**

The Maine Constitution, Maine Statutes and the System's funding policy provide for periodic employer contributions at actuarially determined rates that, based upon certain assumptions, are expressed as percentages of annual covered payroll and are sufficient to accumulate adequate assets to pay benefits when due. On July 20, 2017 Chapter 1, Constitutional Resolution was passed by the legislature and ratified by the voters in November. Any unfunded liability resulting from experience losses must be retired over a period not exceeding 20 years. Prior to the change a 10 year amortization period was used.

Significant actuarial assumptions used to compute the contribution requirements are the same as those used to compute the standardized measure of the net pension liability.

Contribution rates<sup>1</sup> in effect for the fiscal years ended June 30, 2022 and June 30, 2021 are as follows:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
<b>SETP - State Employees</b>		
Employees <sup>2</sup>	7.65% - 8.65%	7.65% - 8.65%
Employer <sup>1</sup>	21.95% - 46.97%	20.93% - 32.68%
<b>SETP - Teachers</b>		
Employees <sup>2</sup>	7.65%	7.65%
Employer <sup>1</sup>	3.84%	4.16%
Non-employer entity <sup>1</sup>	14.29%	14.33%
<b>Judicial Plan</b>		
Employees <sup>2</sup>	7.65%	7.65%
Employer <sup>1</sup>	6.99%	8.89%
<b>Legislative Plan</b>		
Employees <sup>2</sup>	7.65%	7.65%
Employer <sup>1</sup>	0.00%	0.00%
<b>Consolidated Participating Local Entities</b>		
Employees <sup>2</sup>	3.85% - 9.70%	3.85% - 9.50%
Employer <sup>1</sup>	5.50% - 15.20%	5.20% - 16.00%

<sup>1</sup> Employer and non-employer contribution rates include normal cost and the UAAL required payment, expressed as a percentage of payroll.

<sup>2</sup> Employer and employee contribution rates vary depending on specific terms of plan benefits for certain classes of employees.

For the year ended June 30, 2022, the contributions recognized as part of pension expense (grant expense for Teacher Members) for each plan were as follows:

(Expressed in Thousands)

State Employee and Teacher Plan	
State Employees in primary government	\$ 164,184
Teacher Members (non-employer contribution)	178,880
Judicial Pension Plan	739
Legislative Pension Plan	-
Total Contributions Recognized as Pension Expense	<u>\$ 343,803</u>

**NET PENSION LIABILITY - SINGLE EMPLOYER**

The State is the sole employer for two defined benefit pension plans. The State's net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The changes in net pension liabilities for these plans are as follows:

(Expressed in Thousands)

	<b>Judicial Pension Plan</b>			<b>Legislative Pension Plan</b>		
	<b>Increase (Decrease)</b>			<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (Asset)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (Asset) (a) - (b)</b>	<b>Total Pension Liability (Asset)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (Asset) (a) - (b)</b>
Balances at June 30, 2021	\$ 72,197	\$ 73,515	\$ (1,318)	\$ 9,729	\$ 13,450	\$ (3,721)
<b>Changes for the Year:</b>						
Service Cost	1,547	-	1,547	287	-	287
Interest	4,823	-	4,823	658	-	658
Differences Between Expected and Actual Experience	1,066	-	1,066	181	-	181
Changes in Assumptions	836	-	836	374	-	374
Benefit Payments, Including Refunds	(4,681)	(4,681)	-	(550)	(550)	-
Employer Contributions	-	739	(739)	-	-	-
Member Contributions	-	636	(636)	-	215	(215)
Transfers	-	473	(473)	-	(3)	3
Net Investment Income	-	19,280	(19,280)	-	3,560	(3,560)
Administrative Expense	-	(68)	68	-	(12)	12
Net Changes	3,591	16,379	(12,788)	950	3,210	(2,260)
Balances at June 30, 2022	\$ 75,788	\$ 89,894	\$ (14,106)	\$ 10,679	\$ 16,660	\$ (5,981)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability			118.6 %			156.0 %
Covered Payroll			\$ 8,312			\$ 2,802
Net Pension Liability as a Percentage of Covered Payroll			(169.7)%			(213.4)%

**COLLECTIVE NET PENSION LIABILITIES, PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS - COST SHARING PLANS**

The State's net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The State's net pension liability is measured as the proportionate share of the net pension liability. The State's proportion of the net pension liability was based on a projection of the State's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers and non-employer contributors, actuarially determined. The State's proportionate share of the collective net pension liability for each plan at June 30, 2022 and June 30, 2021 is as follows:

(Expressed in Thousands)

<b>Pension Plan</b>	<b>Proportionate Share June 30, 2021</b>	<b>Proportionate Share June 30, 2022</b>	<b>Net Pension Asset June 30, 2022</b>	<b>Net Pension Liability June 30, 2022</b>
SETP - State Employees <sup>1</sup>	95.090771 %	95.299042 %	\$ -	\$ 615,520
SETP - Teachers <sup>2</sup>	95.704826 %	94.381819 %	-	798,306
Total Primary Government			\$ -	\$ 1,413,826

<sup>1</sup> Percentage of primary government State Employees in the SETP<sup>2</sup> Percentage of non-employer contributors to the SETP - Teachers

The State's SETP – State Employee Plan is allocated to governmental and proprietary funds based on employer contributions as shown

below. Of the portion charged to governmental funds, 52 percent is posted to the General Fund, 20 percent to Other Special Revenue Funds, 15 percent to Highway Funds and 13 percent to Federal Funds.

Proportion	<u>June 30, 2021</u>	<u>June 30, 2022</u>	<u>Change Increase (Decrease)</u>
Governmental Funds	91.39 %	91.56 %	0.17 %
Internal Service Funds	7.29 %	7.12 %	(0.17)%
Enterprise Funds	1.33 %	1.32 %	(0.01)%

Detailed information about the pension plan's fiduciary net position is available in the separately issued Maine Public Employees Retirement System financial report.

For the cost-sharing defined benefit pension plans it shows:

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY**  
(Expressed in Thousands)

	<u>SETP State Employees</u>	<u>SETP Teachers</u>	<u>Total SETP Pension</u>
<b>Total Pension Liability</b>			
Service Cost	\$ 87,985	\$ 150,791	\$ 238,776
Interest	348,044	641,517	989,561
Differences Between Expected and Actual Experience	6,770	18,806	25,576
Change in Assumptions	310,889	865,005	1,175,894
Benefit Payments, Including Refunds of Member Contributions	(326,649)	(576,265)	(902,914)
Change in Proportionate Share	-	-	-
Net Change in Total Pension Liability	427,039	1,099,854	1,526,893
Beginning Total Pension Liability	<u>5,228,873</u>	<u>9,636,587</u>	<u>14,865,460</u>
Ending Total Pension Liability	5,655,912	10,736,441	16,392,353
 <b>Plan Fiduciary Net Position</b>			
Employer Contributions	172,198	67,024	239,222
Non-employer Contributions	-	179,330	179,330
Member Contributions	55,038	104,474	159,512
Transfers	(391)	23	(368)
Net Investment Income	1,072,973	2,119,064	3,192,037
Benefit Payments, Including Refunds of Member Contributions	(326,649)	(576,265)	(902,914)
Administrative Expense	<u>(3,720)</u>	<u>(7,370)</u>	<u>(11,090)</u>
Net Change in Plan Fiduciary Net Position	969,449	1,886,280	2,855,729
Beginning Plan Fiduciary Net Position	<u>4,040,582</u>	<u>8,004,335</u>	<u>12,044,917</u>
Ending Plan Fiduciary Net Position	<u>5,010,031</u>	<u>9,890,615</u>	<u>14,900,646</u>
Ending Net Pension Liability	<u>\$ 645,881</u>	<u>\$ 845,826</u>	<u>\$ 1,491,707</u>
 <b>Proportion</b>			
June 30, 2022	95.299042 %	94.381819 %	100 %
June 30, 2021	<u>95.090771 %</u>	<u>95.704826 %</u>	<u>100 %</u>
Change - Increase (Decrease)	0.208271 %	(1.323007)%	0 %

**Actuarial Assumptions**

Actuarial assumptions used in the June 30, 2021 and 2020 valuations were based on results of an actuarial experience study for the period July 1, 2015 through June 30, 2020. Actuarially determined contribution rates are calculated based on a 2018 actuarial valuation developed as a roll-forward of the 2017 actuarial valuation, adjusted for expected experience and any assumption or methodology changes during fiscal year end 2018 using assets as of June 30, 2018. The individual entry age normal method is used to determine liabilities. A 3-year smoothed market approach is used for the asset valuation method. Each plan's unfunded actuarial liability is being amortized as a level percentage of payroll. For the SETP, the amortization method used a level percentage of payroll over closed periods. The original UAL is amortized over a remaining 8 years from July 1, 2020. Subsequent layers of UAL are amortized over individual 20 year periods. The amortization period used by both the Judicial and Legislative Plans is an open 10-year amortization. The investment rate of return used for contributions in 2018 was 6.75 percent. Contributions in 2018 used an investment rate of return, inflation rate and annual salary increases, including inflation were 6.75 percent, 2.75 percent and 2.75 percent plus merit component based on employee's years of service, respectively. All plans used a 2.20 percent cost-of-living. Normal retirement age for State employees and teachers is age 60, 62 or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. The Judicial and Legislative Plans assume that 100 percent retirement occurs at age 60 for members with at least 10 years of creditable service on July 1, 1993. For members with less than 5 years of creditable service on July 1, 2001, 50 percent are assumed to retire each year after reaching age 65.

The June 30, 2021 investment rate of return used in the valuation was 6.5 percent, down from 6.75 percent used for June 30, 2020. The SETP increased annual salaries, including inflation to 3.26 percent from 2.75 percent. Judicial and Legislative annual salary increases remained constant at 2.75 percent.

The Maine State Constitution Article IX, Section 18-A was amended in fiscal year 2018 by CR 2017, c. 1. Any unfunded liability resulting from experience losses must be retired over a period not exceeding 20 years. Prior to the change a 10-year amortization period was used.

**ANNUAL PENSION COST AND NET PENSION LIABILITY**

For the year ended June 30, 2022, the State recognized pension expense of \$129,366 which includes \$60,700 of teacher pensions recorded in grant expense.

**PENSION COSTS**  
(Expressed in Thousands)

SETP - State of Maine Primary Government Pension Expense	\$ 70,341
SETP - Teachers Non-Employer Pension Expense (grant expense)	60,700
Legislative Pension Expense	(208)
Judicial Pension Expense	(1,467)
Total	<u>\$ 129,366</u>

At June 30, 2022, the State reported \$389,898 of deferred outflows of resources and \$569,637 of deferred inflows of resources related to its pension plans. Deferred outflows of resources of \$167,701 relate to the State contributions that were made subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense over the next four years. Information by pension plan is as follows:

(Expressed in Thousands)

	SETP State of Maine		SETP Teachers		Total State of Maine SETP	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience demographic and economic	\$ 20,832	\$ -	\$ 11,833	\$ 16,320	\$ 32,665	\$ 16,320
Changes of assumptions	197,515	-	544,271	-	741,786	-
Net difference between projected and actual earnings on pension plan investments	-	556,987	-	1,087,757	-	1,644,744
Changes in proportion and differences between State contributions and proportionate share of contributions	2,899	219	831	13,644	3,730	13,863
State and component unit contributions subsequent to the measurement date	167,099	-	194,218	-	361,317	-
Total	<u>\$ 388,345</u>	<u>\$ 557,206</u>	<u>\$ 751,153</u>	<u>\$ 1,117,721</u>	<u>\$ 1,139,498</u>	<u>\$ 1,674,927</u>
<b>For the Year Ended</b>						
2023	(29,571)		(35,235)		(64,806)	
2024	(24,733)		24,735		2	
2025	(126,582)		(247,089)		(373,671)	
2026	(155,079)		(303,197)		(458,276)	
2027	-		-		-	

	Legislative		Judicial	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience demographic and economic	\$ -	\$ -	\$ 533	\$ -
Changes of assumptions	-	-	418	-
Net difference between projected and actual earnings on pension plan investments	-	1,941	-	10,490
Changes in proportion and differences between State contributions and proportionate share of contributions	-	-	-	-
State and component unit contributions subsequent to the measurement date	8	-	594	-
Total	<u>\$ 8</u>	<u>\$ 1,941</u>	<u>\$ 1,545</u>	<u>\$ 10,490</u>
<b>For the Year Ended</b>				
2023	(518)		(1,860)	
2024	(442)		(2,376)	
2025	(442)		(2,381)	
2026	(539)		(2,922)	
2027	-		-	

The long-term expected rate of return on pension plan assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation are summarized in the following table.

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Public Equities	30.0 %	6.0 %
U.S. Government	7.5 %	2.3 %
Private Equity	15.0 %	7.6 %
Real Assets:		
Real Estate	10.0 %	5.2 %
Infrastructure	10.0 %	5.3 %
Natural Resources	5.0 %	5.0 %
Traditional Credit	7.5 %	3.0 %
Alternative Credit	5.0 %	7.2 %
Diversifiers	10.0 %	5.9 %

The discount rate used to measure the collective total pension liability was 6.500 percent for the 2021 and 2020 actuarial valuations for the State Employee and Teacher Plan. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at actuarially determined, contractually required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

#### NET PENSION LIABILITY SENSITIVITY

The following table shows how the collective net pension liability would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate used for all plans is 6.500 percent.

(Expressed in Thousands)

<b>Defined Benefit Plans Administered Through MPERS</b>	<b>1% Decrease (5.500%)</b>	<b>Current Discount Rate (6.500%)</b>	<b>1% Increase (7.500%)</b>
State Employee and Teacher Plan			
State Employees (100%)	\$ 1,316,394	\$ 645,881	\$ 82,823
Teacher Members (100%)	2,221,236	845,826	(299,342)
Judicial Pension Plan	(7,338)	(14,106)	(20,015)
Legislative Pension Plan	\$ (4,880)	\$ (5,981)	\$ (6,930)

**RECOGNITION OF CHANGES - EXCEPTIONS**

Changes in net pension liability are recognized in pension expense with the following exceptions:

*Differences Between Expected and Actual Experience* - The difference between actual and expected experience with regard to economic or demographic factors were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. For 2021, this was one year for the Legislative Plan, two years for the Judicial Plan and three years for the State Employee and Teacher Plan. Prior to 2017, this was two years for the Legislative Plan.

*Differences Between Projected and Actual Investment Earnings* - Differences between projected and actual investment earnings were recognized in pension expense using a straight-line amortization method over a closed 5 year period.

*Changes in Assumptions* - Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used for the June 30, 2020 valuation were based on the results of an actuarial experience study for the period of July 1, 2015 through June 30, 2020.

*Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions* - Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability.

**COMPONENT UNIT PARTICIPANTS**

The Maine Municipal Bond Bank, Maine Maritime Academy, Maine State Housing Authority, Maine Turnpike Authority and the Maine Public Employees Retirement System have defined benefit pension plans. All are participating local entity participants in plans administered by the Maine Public Employees Retirement System.

**NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS****POST RETIREMENT HEALTHCARE PLANS AND BENEFITS****State Employees**

The State has a single-employer defined benefit healthcare OPEB plan that is administered through a trust. The State of Maine funds postretirement health care benefits for most retired State employees and legislators, as authorized by Title 5 MRSA § 285. For fiscal years ending after June 30, 2015 statute limited the total premium increase for active and retired State employee health insurance to no more than any percentage increase in the Consumer Price Index, as defined in Title 5 MRSA §17001, subsection 9 plus 3 percent. Pursuant to Title 5 MRSA § 285 most retired employees of the Maine Turnpike Authority, Maine Community College System, Maine Maritime Academy, Maine Public Employees Retirement System, and Maine Educational Center for the Deaf and Hard of Hearing are eligible to participate in the health plan but are not funded by the State.

The State pays 100 percent of postretirement health insurance premiums for state employee retirees who were first employed on or before July 1, 1991. A pro rata portion, ranging from zero percent for retirees with less than five years participation to 100 percent for retirees with ten or more years of participation, is paid for eligible individuals first employed after July 1, 1991. Per Title 5 MRSA § 285 paragraphs 2 and 3, coverage depends upon terms and conditions contained in collective bargaining agreements with the State Health Commission. Retirees who are not eligible for Medicare retain coverage in the same group health plan as active employees. Retirees must pay for Medicare Part B coverage to be eligible to participate in the State-funded Companion Plan. Coverage for retirees ineligible for Medicare includes basic hospitalization; supplemental major medical and prescription drugs; and costs for treatment of mental health, alcoholism, and substance abuse.

Part-time employees are eligible for prorated benefits. Retirees who worked 50 percent or more of full-time hours receive 100 percent of the benefit. Surviving spouses and dependents may continue in the plan and pay 100 percent of the premium. Retirees ineligible for a State contribution are allowed to participate and pay the retiree premium.

**Teachers and First Responders**

The State also committed to pay a statutorily determined portion of the retiree healthcare premiums for retired Teachers and retired First Responders as authorized by Title 20-A MRSA § 13451 and Title 5 MRSA § 286-M, respectively. First Responders are defined in statute as retired county or municipal law enforcement officers and municipal firefighters who participate in an employer-sponsored retirement plan. Specifically excluded (Title 5 MRSA § 285 1-B) from the definition of Teachers are members of the Maine Municipal Association, Maine Teachers Association and employees of counties and municipalities and their instrumentalities, except as provided in subsection 11-A. Each group is a collection of single employer defined benefit plans. State contributions are based on rates negotiated by each school district and municipality and reflect their individual healthcare experience rating. The plans are currently funded on a pay-as-you-go basis with the State directly paying insurers.

Effective July 1, 2021, the State contribution to retired teacher health premiums was increased to 55 percent of the retiree-only premium. The rate is based on a single rate for single and employee plus children coverage, or 50 percent of the two party rate for two party and family coverage. Eligibility mirrors that of State Employees.

County and municipal law enforcement officers and municipal firefighters began coverage in fiscal year 2008 with the State contributing 45 percent of the retiree-only premium of their respective plans. Public Law 2019, Chapter 446 §2 changed a number of plan provisions. Effective July 1, 2021 the applicable premium subsidy is 55 percent. The State's premium subsidy is outlined in Title 5 MRSA §286-M ¶6, as referenced in Title 5 MRSA §285 ¶11-A, as being the cost of the retiree's share of the individual premium for the standard plan identified and offered under the group health insurance plan in which the retiree enrolls. The plan change also enables an enrollee to participate in the group health insurance plan in which the enrollee's spouse participates. Active employees may elect to enroll in the plan on different dates based on date of hire. A special open enrollment period existed for all active employees from October 1, 2019 through December 31, 2021. The State subsidy ends after the retiree is eligible for Medicare. First Responders are eligible if they retire after age 50 with 25 or more years of service and receive a retirement benefit from either the MPERS or a defined contribution plan. If retirees have fewer than 25 years of service, the normal retirement benefit must be at least 50 percent of final average compensation. Retirees must have, while actively working as a county or municipal law enforcement officer or a municipal firefighter, participated in the person's employer's health insurance plan or other fully-insured health insurance plan. Retirees can elect to participate in the plan at their retirement date. If participation is waived at that time, the retiree is ineligible to participate at a later date.

**POST RETIREMENT GROUP LIFE INSURANCE PLAN**

The Maine Public Employees Retirement System (the System) is a component unit of the State of Maine. For financial reporting purposes, the System administers two multiple-employer cost-sharing, defined benefit Group Life Insurance Plans (GLIP) administered by a third party insurance company in accordance with Title 5 MRSA C. 423 and 425. Members include employees of the State, public school employees (defined by Maine law as teachers), members of the Judiciary and the Legislature, which are eligible for membership in the System. The State of Maine is also a non-employer contributing entity in that the State pays contributions for retired public school teachers in the plan. Group life insurance benefits are also provided to employees of approximately 140 local municipalities and other public entities (Participating Local Districts, or PLDs) in Maine that elect to participate under provisions of the relevant statutes.

The Plan provides Basic group life insurance benefits during retirement to employees who participated in the group life insurance plan prior to retirement for a minimum of 10 years. The 10 year participation requirement does not apply to recipients of disability retirement benefits. The level of coverage in retirement is initially set to an amount equal to the retiree's average final compensation. The initial amount of Basic group life insurance benefit is then subsequently reduced at the rate of 15 percent per year to the greater of 40 percent of the initial amount or \$2,500.

Group life insurance funds managed by the System are constitutionally restricted and held in trust for the payment of benefits to participants or their beneficiaries. The System's Board of Trustees, in its fiduciary capacity, establishes the System's investment policies and their overall implementation. The System maintains separate reserves and accounts for each participating entity and performs a single actuarial valuation that provides separate data for each participating plan.

The System issues a publicly available annual comprehensive financial report that includes financial statements and required supplementary information (RSI) for the plan. The June 30, 2022 report may be obtained from the Maine Public Employees Retirement System, PO Box 349, Augusta, ME 04332-0349 or on-line at [www.maineopers.org](http://www.maineopers.org).



**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The State and the System's fiduciary financial statements are prepared on the accrual basis of accounting. Premiums are recognized when due and benefits are paid when incurred using the accrual basis of accounting. Premium refunds reduce premium revenue and claims recoveries reduce claims expense. Investment income is recognized when earned. In addition, an estimate is made for group life insurance death benefits incurred before year end but not reported to the System until after year end. Group life insurance death benefits incurred but not reported are reflected as other liabilities.

**CONTRIBUTIONS AND RESERVES**

The State Employees Health Insurance Committee establishes contributions to the plan by member employers and employees annually. Both active and retired members pay the same premium rate. Claims liabilities of the plan are periodically computed using statistical techniques to establish premium rates. Administrative costs of the plan are allocated to plan participants.

**INVESTMENTS**

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair value. Fair value of shares in managed investment pools is based on unit values reported by the funds. The fair value of other investments, including real estate holdings and mortgage participation agreements, are based on third-party appraisals and valuations provided by the sponsor of the agreement. Investment purchases and sales are recorded as of their trade date. Proceeds related to securities sold not yet purchased are carried as a liability and adjusted to the fair value of the securities.

**PLAN MEMBERSHIP**

Membership in the OPEB plans is as follows:

	Healthcare			Group Life	
	State Employees	Teachers	First Responders	State Employees*	Teachers
Actives	12,113	27,346	652	11,698	15,029
Retirees	8,767	10,513	128	8,741	7,534
Inactives Vested	173	559	-	-	-
Total	21,053	38,418	780	20,439	22,563

\* Group life membership totals include component unit and other members.

**STATE EMPLOYEE HEALTHCARE FUNDING POLICY**

The Trustees of the State Employee Healthcare Plan are the State Controller and State Treasurer. Title 5 MRSA § 286-B authorized an Irrevocable Trust Fund for Other Post-Employment Benefits to meet the State's unfunded liability obligations for retiree health benefits for eligible participants who are the beneficiaries of the irrevocable trust fund. Annually, beginning with the fiscal year starting July 1, 2007, the Legislature shall appropriate funds to meet the State's obligations under any group health plan, policy or contract purchased by the State Employee Health Commission. Unfunded liabilities may not be created except those resulting from experience losses. Unfunded liability resulting from experience losses must be retired over a period not to exceed 10 years. The unfunded liability for retiree health benefits for eligible participants must be retired in 30 years or less from July 1, 2007.

Public Law 2007, Chapter 240, amended Title 5 Chapter 421 by establishing the Irrevocable Trust for Other Post-employment Benefits. MPERS holds and invests long-term funds in the irrevocable trust fund. Its fiduciary responsibilities include setting investment policy in order to fund the plan in accordance with a projected disbursement schedule that does not begin before the year 2027.

**TEACHERS PLAN AND FIRST RESPONDERS PLAN HEALTHCARE FUNDING POLICY**

A special funding situation exists for these plans. The State is statutorily responsible for contributions to the Teachers Plan and the First Responders Plan that cover the retirees of other governmental entities. The State is the sole contributing entity for Teachers and for the First Responders, therefore, making the contribution on behalf of the employing jurisdictions at a 45 percent level for the current portion of the health plan costs. Plan members are not included in the Trust.

Public Law 2011, Chapter 380 Pt. Y § 2 established separate Irrevocable Trust Funds for Other Post-Employment Benefits to meet the State's unfunded liability obligations for retiree health benefits for eligible participants who are the beneficiaries of the irrevocable trust funds. Annually, beginning with the fiscal year starting July 1, 2011, the Legislature shall appropriate funds to meet the State's obligations to retire the unfunded liability for eligible first responders in 30 years or less from July 1, 2007. Public Law 2013, Chapter 368 Pt. H §2 amended the starting date for funding teachers. As amended annually beginning with the fiscal year starting July 1, 2015, the Legislature shall appropriate funds to meet the State's obligations to retire the unfunded liability at June 30, 2006 for eligible teachers in 30 years or less from July 1, 2007.

Public Law 2019, Chapter 280 establishes a separate trust for the purpose of accumulating resources to assist in retiring the unfunded liability of the first responders plan. Beginning June 30, 2020, all monies not necessary to fund the normal costs and administrative costs of the program must be transferred from the Firefighters and Law Enforcement Officers Health Insurance Program Fund to the trust at the end of each fiscal year.

#### GROUP LIFE INSURANCE FUNDING POLICY

Premium rates are those determined by the System's Board of Trustees to be actuarially sufficient to pay anticipated claims and cover administrative costs. For State employee, legislative and judicial classes, the premiums for retiree life insurance coverage are factored into the premiums paid for Basic coverage while participants are active members. The State remits premiums at a single rate that supports basic coverage for active and retired State employees. This rate is 82 cents per month for every \$1,000 of coverage. Premiums for retiree life insurance coverage for retired teachers are paid by the State based on a rate of 33 cents per \$1,000 of coverage per month during the post-employment retirement period.

#### CHANGES IN THE TOTAL OPEB LIABILITY

The changes in total OPEB liabilities are as follows:

(Expressed in Thousands)

	Healthcare Increase (Decrease)	
	Teachers	First Responders
Balances at June 30, 2021	\$ 1,905,991	\$ 31,926
<b>Changes for the Year:</b>		
Service Cost	68,197	1,553
Interest	43,314	731
Contributions - Employee	-	(693)
Contributions - Non-Employer Contributing Entity	(28,719)	(218)
Administrative Expenses	-	72
Changes in Benefit Terms	325,417	165
Differences Between Expected and Actual Experience	(457,831)	(1,641)
Changes in Assumptions - Discount Rate	12,837	138
Changes in Assumptions - Others	(79,412)	647
Net Changes	(116,197)	754
Balances at June 30, 2022	\$ 1,789,794	\$ 32,680
Covered Payroll	\$ 1,414,447	\$ 46,207
Total OPEB Liability as a Percentage of Covered Payroll	126.5 %	70.7 %
State's Proportionate Share of the Collective Total OPEB Liability	78 %	24 %

The State's proportionate share for fiscal years ended June 30, 2022 and June 30, 2021 was estimated using the same share of implicit subsidy for each school district's or municipality's OPEB Plan.

**CHANGES IN NET OPEB LIABILITY**

Changes in net OPEB liabilities are as follows:

**SCHEDULE OF CHANGES IN NET OPEB LIABILITY**

(Expressed in Thousands)

	Healthcare	Group Life Insurance		
	State Employees	State Employees	Teachers	State portion of Group Life Insurance
<b>Total OPEB Liability</b>				
Service Cost	\$ 18,311	\$ 1,254	\$ 1,370	\$ 2,624
Interest	78,426	6,816	6,710	13,526
Changes in Benefit Terms	554	-	-	-
Differences Between Expected and Actual Experience	(67,383)	3,678	(3,560)	118
Changes in Assumptions Discount Rate	26,375	-	-	-
Changes in Assumptions Other	(104,294)	-	-	-
Change in Proportion	-	388	-	388
Benefit Payments, Including Refunds of Member Contributions - Explicit	(48,155)	(3,415)	(3,038)	(6,453)
Benefit Payments, Including Refunds of Member Contributions - Implicit	(26,940)	-	-	-
Net Change in Total OPEB Liability	(123,106)	8,721	1,482	10,203
Beginning Total OPEB Liability	1,180,487	101,230	106,911	208,141
Ending Total OPEB Liability	1,057,381	109,951	108,393	218,344
<b>Plan Fiduciary Net Position</b>				
Employer Contributions - Explicit	50,155	5,028	-	(5,028)
Employer Contributions - Implicit	26,940	-	-	-
Non-employer Contributions	-	-	4,601	(4,601)
Transfers	-	-	20,680	20,680
Net Investment Income	89,286	11,336	-	(11,336)
Changes in Proportion	-	140	-	(140)
Benefit Payments, Including Refunds of Member Contributions	(75,095)	(3,415)	(3,038)	6,453
Administrative Expense	(3)	(285)	(522)	807
Net Change in Plan Fiduciary Net Position	91,283	12,804	21,721	34,525
Beginning Plan Fiduciary Net Position	291,559	36,710	67,030	(103,740)
Ending Plan Fiduciary Net Position	382,842	49,514	88,751	138,265
Ending Net OPEB Liability	\$ 674,539	\$ 60,437	\$ 19,642	\$ 80,079

**Proportion**

June 30, 2022	100.000000 %	95.511816 %	100.000000 %	96.578465 %
June 30, 2021	100.000000 %	95.146949 %	100.000000 %	96.944063 %
Change - Increase (Decrease)	0.000000 %	0.364867 %	0.000000 %	(0.365598) %
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	36.206628 %	45.032787 %	81.878904 %	63.324387 %

The group life insurance plan includes discretely presented component units and other entities. Plan numbers in the table above report the primary government's totals.

## ACTUARIAL METHODS AND ASSUMPTIONS

The projection of benefits is based on the terms of the substantive plan at the time of each valuation and include types of benefits in force at the valuation date and the pattern of sharing of costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

### State Health Insurance

The valuation date is June 30, 2021 and will provide the basis for the State's financial reporting for the fiscal years ending June 30, 2022 and June 30, 2023. Costs are developed using the entry age normal cost method based on a level percentage of payroll. The participation rate for future retirees is 95 percent of active participants currently enrolled. Actuarial assumptions used in the June 30, 2021 and June 30, 2020 actuarial valuations were based on the results of an actuarial experience study conducted for the period of July 1, 2015 to June 30, 2020. No method changes occurred since the prior valuation. Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2021 and June 30, 2020 include: updating the discount rate assumption to 6.50 percent from 6.75 percent, a 2.75 percent inflation rate; and, annual salary increases, including inflation of 2.75 percent plus merit component based on employee's years of service. The June 30, 2007 unfunded actuarial accrued liability is amortized as a level percentage of payroll over 30 years on a closed basis. The unfunded liability will be fully recognized by June 30, 2037. Assumption changes, plan changes and experience gains are amortized over a period to June 30, 2037. Experience losses are amortized over a 10 year fixed period. The initial medical trend rate had been 6.00 percent at June 30, 2020 and 2021. The ultimate medical trend rate of 4.29 percent reached at 2075 was decreased to 4.19 percent at June 30, 2021. The State actively manages premium increases within the statutory cap, so healthcare cost increases are limited to no more than inflation plus 3 percent in any year. For active members and non-disabled retirees, the rates are based on the 2010 Public Plan General Headcount-Weighted Employee and Healthy Retiree Mortality Tables and MP-2020 Mortality Improvement Scale with different adjustments made to base employee and healthy retiree mortality rates.

The long-term expected rate of return on Other Post-Employment Benefit Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of long-term real rates of return for each major asset class were benchmarked against returns by asset class as forecast by Horizon Actuarial Services, LLC.

Beginning with the prior fiscal year, June 30, 2021, management adopted a change in methodology recommended by the actuary. The new methodology better estimates actual self-insured plan premiums covered by the State on behalf of participants (explicit subsidy). Total claims allocated to retirees represents the total benefit payment amount and the implied subsidy payments represent the difference. The methodology will be used on a consistent basis going forward.

### Group Life Insurance

The valuation date is June 30, 2021. Costs are developed using the individual entry age normal cost method based on a level percentage of payroll. The participation rate for future retirees is 100 percent of those currently enrolled. Actuarial assumptions used in the June 30, 2021 and June 30, 2020 actuarial valuations were based on the results of an actuarial experience study conducted for the period of July 1, 2015 to June 30, 2020. Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2021 and June 30, 2020 include: updating the discount rate assumption to 6.50 percent from 6.75 percent, a 2.75 percent inflation rate; and, annual salary increases, including inflation of 2.75 percent plus merit component based on employee's years of service. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll over a 30-year period on a closed basis. As of June 30, 2021, there were 16 years remaining in the amortization schedule for state employees and teachers. For active members and non-disabled retirees, the rates are based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC\_2020 model.

The long-term expected rate of return on Other Post-Employment Benefit Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of long-term real rates of return for each major asset class included in the target asset allocation as of June 30, 2021 are summarized in the table in the plan section below.

The discount rate used to measure the total OPEB liability for the State Employee and Teacher Plan was 6.50 percent at the measurement date and 6.75 percent at June 30, 2020. The projection of cash flows used to determine the discount rate assumed that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments

to determine the total OPEB liability.

### Teachers Health Insurance

The valuation date is June 30, 2021. Costs are developed using the entry age normal cost method based on a level percentage of payroll. 93.33 percent of all Teachers are assumed to be eligible to receive a State contribution at retirement. 75 percent of active participants currently with coverage continue coverage at retirement. The State is currently funding the plan on a pay-as-you-go basis. One third of active participants who have currently waived coverage elect coverage at retirement. Actuarial assumptions used in the June 30, 2021 and June 30, 2020 actuarial valuations were based on the results of an actuarial experience study conducted for the period of July 1, 2015 to June 30, 2020. Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2021 and June 30, 2020 include: using a 2.75 percent inflation rate and 3.00 percent annual salary increases. Since the State's portion of the Teachers' postretirement medical plans are not being funded by assets in a separate trust, GASB No. 75 requires that the discount rate be based on the index rate as of the measurement date of a 20-year tax-exempt general obligation municipal bond index with an average rating of AA/Aa or higher. The State of Maine elected to determine the discount rate using the Bond Buyer 20-Bond General Obligation Index. The discount rate was 2.16 percent as of the measurement date and 2.21 percent at June 30, 2020. The initial medical trend rate had been 6.00 percent at June 30, 2021 and June 30, 2020. The ultimate medical trend rate of 4.29 percent reached at 2075 was decreased to 4.19 percent at June 30, 2021. For active members and non-disabled retirees, the rates are based on the 2010 Public Plan General Headcount-Weighted Employee and Healthy Retiree Mortality Tables and MP-2020 Mortality Improvement Scale with different adjustments made to base employee and healthy retiree mortality rates.

### First Responders Health Insurance

The valuation date is June 30, 2021. Costs are developed using the individual entry age normal cost method based on a level percentage of payroll. 90 percent of all active members who currently have coverage are assumed to elect coverage at retirement. No employee who has waived coverage will be assumed to be eligible for coverage at retirement. The State is currently funding the plan on a pay-as-you-go basis. The valuation assumes the State will continue this policy. Since the State's portion of the First Responders' postretirement medical plans are not being funded by assets in a separate trust, GASB No. 75 requires that the discount rate be based on the index rate as of the measurement date of a 20-year tax-exempt general obligation municipal bond index with an average rating of AA/Aa or higher. The State of Maine elected to determine the discount rate using the Bond Buyer 20-Bond General Obligation Index. The discount rate was 2.16 percent as of the measurement date and 2.21 percent at June 30, 2020. Actuarial assumptions used in the June 30, 2021 and June 30, 2020 actuarial valuations were based on the results of an actuarial experience study conducted for the period of July 1, 2015 to June 30, 2020. Other significant actuarial assumptions employed by the actuary for June 30, 2021 and June 30, 2020 include using a 2.75 percent inflation rate and 3.00 percent annual salary increase. The initial medical trend rate had been 6.00 percent at June 30, 2021 and June 30, 2020. The ultimate medical trend rate of 4.29 percent reached at 2075 was decreased to 4.19 percent at June 30, 2021. For active members and non-disabled retirees, the rates are based on the 2010 Public Plan General Headcount-Weighted Employee and Healthy Retiree Mortality Tables and MP-2020 Mortality Improvement Scale with different adjustments made to base employee and healthy retiree mortality rates.

### OPEB EXPENSE AND DEFERRALS

For the year ended June 30, 2022, the State recognized OPEB expense of \$447,678. Costs related to non-State employees are charged to the General Fund.

#### OPEB COSTS (Expressed in Thousands)

SETP - State of Maine Healthcare OPEB Expense	\$ 26,023
SETP - Teachers Non-Employer Healthcare OPEB Expense (grant expense)	415,809
First Responders Healthcare OPEB Expense	686
Group Life Insurance OPEB Expense - State Employees	4,913
Group Life Insurance OPEB Expense - Teachers (grant expense)	247
Total	<u>\$ 447,678</u>

Of State employee costs charged to governmental funds, 51 percent is charged to the General Fund, 20 percent to Other Special Revenue Funds, 16 percent to the Highway Fund and 13 percent to Federal funds. At June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**Healthcare**  
(Expressed in Thousands)

	State		Teachers		First Responders	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience demographic and economic	\$ 3,886	\$ 75,609	\$ 49,800	\$ 401,286	\$ -	\$ 3,096
Changes of assumptions	217	62,459	354,151	141,447	3,052	2,265
Net difference between projected and actual earnings on OPEB plan investments	2,932	57,375	-	-	-	-
State and component unit contributions subsequent to the measurement date	80,158	-	30,586	-	838	-
Total	<u>\$ 87,193</u>	<u>\$ 195,443</u>	<u>\$ 434,537</u>	<u>\$ 542,733</u>	<u>\$ 3,890</u>	<u>\$ 5,361</u>

**For the Year Ended**

2023	(50,636)	(21,119)	(1,142)
2024	(51,134)	(21,119)	(1,142)
2025	(42,757)	(10,611)	(359)
2026	(42,729)	1,599	155
2027	(1,152)	(7,736)	265
Thereafter	-	(79,796)	(86)

**Group Life Insurance**  
(Expressed in Thousands)

	State		Teachers	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience demographic and economic	\$ 995	\$ -	\$ 347	\$ 91
Changes of assumptions	3,784	-	921	3,204
Net difference between projected and actual earnings on OPEB plan investments	-	6,846	-	12,588
Changes in proportion and differences between State contributions and proportionate share of contributions	394	81	-	-
State and component unit contributions subsequent to the measurement date	5,514	-	4,593	-
Total	<u>\$ 10,687</u>	<u>\$ 6,927</u>	<u>\$ 5,861</u>	<u>\$ 15,883</u>

**For the Year Ended**

2023	(678)	(3,392)
2024	(540)	(3,146)
2025	(563)	(2,631)
2026	(1,093)	(3,627)
2027	560	(395)
Thereafter	560	(1,424)

The long-term expected rate of return on OPEB plan assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for

each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation are summarized in the following table.

Asset Class:	State Healthcare and Group Life Insurance	
	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Government Securities	9.00 %	2.30 %
Public Equity	70.00 %	6.00 %
Traditional Credit	16.00 %	3.20 %
Real Assets:		
Real Estate	5.00 %	5.20 %

For the year ended June 30, 2022, the annual money-weighted average rate of return on investments, net of investment expense was 14.1 percent for both plans. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The discount rate used to measure the collective total OPEB liability for the actuarial valuations varied by plan and is disclosed below. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at the actuarially determined, contractually required rates. Based on the assumption, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**SENSITIVITY ANALYSIS**

The following tables show how the collective OPEB liabilities would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The discount rate used for the funded healthcare plan is 6.50 percent. The discount rate used for unfunded healthcare plans is 2.16 percent. The discount rate used for funded group life insurance plans is 6.50 percent.

Discount Rate  
(Expressed in Thousands)

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
<b>Net OPEB Liabilities</b>			
State Employee Healthcare Plan	\$ 792,263	\$ 674,539	\$ 575,391
State Employee Group Life	\$ 75,949	\$ 60,437	\$ 47,775
Teacher Group Life	\$ 37,390	\$ 19,642	\$ 5,396
<b>Total OPEB Liabilities</b>			
Teacher Healthcare Plan	\$2,141,917	\$1,789,794	\$1,509,069
First Responders Healthcare Plan	\$ 35,588	\$ 32,680	\$ 30,045

Healthcare Cost Trend Rate  
(Expressed in Thousands)

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net OPEB State Employee Healthcare Plan	\$ 558,479	\$ 674,539	\$ 814,846
Total OPEB Teacher Healthcare Plan	\$ 1,457,153	\$ 1,789,794	\$ 2,233,597
Total OPEB First Responder Healthcare Plan	\$ 29,446	\$ 32,680	\$ 36,465

For all plans, the current trend rate is 6.00 percent grading down to 4.19 percent.



**Plan Information**

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, principal objective is to improve the usefulness of OPEB information in the external financial statements of State and local governments. GASB established different reporting requirements for OPEB plans based on whether or not plan assets accumulated for benefits are placed in trusts (or equivalent arrangements). Two OPEB Plans met the requirements for funded OPEB trusts or their equivalents: the State Employee Healthcare Plan and the Group Life Insurance Plan for State Employees and Teachers. The other plans are funded on a pay-as-you-go basis.

Information not already contained in this note disclosure at June 30, 2022 follows. The Trustees of the State Retiree Healthcare Plan (SRHP) are the State Controller and State Treasurer.

Components of the Net OPEB Liability for the plans at June 30, 2022 were as follows:

(Expressed in Thousands)

	<b>State Employee Healthcare Plan</b>	<b>State and Teachers Group Life Insurance Benefit Plan</b>
Total OPEB liability	\$ 1,077,787	\$ 235,060
Plan fiduciary net position	331,180	123,155
State of Maine's net OPEB liability	<u>\$ 746,607</u>	<u>\$ 111,905</u>
Plan fiduciary net position as a percentage of the total OPEB liability	30.73 %	52.39 %

Actuarial assumptions for both funded OPEB plans used in the June 30, 2022 valuations were based on results from an actuarial experience study for the period of June 30, 2016 to June 30, 2020. The individual entry age normal method is used to determine liabilities. Asset amounts are taken as reported to the actuaries by the System without audit or change. Specific health and group life insurance OPEB plans' actuarial assumptions are included in the plan specific section of this note. For the 2022 healthcare valuation, the initial medical trend rate of 6.00 percent remained constant.

The long-term expected rate of return on OPEB plan assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plans' target asset allocation are summarized in the following table.

	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
<b>Asset Class for the State Employee and Teacher Group Life Insurance Benefit Plan</b>		
Public Equity	70.0 %	6.0 %
Real Estate	5.0 %	5.2 %
Traditional Credit	16.0 %	3.2 %
U.S. Government Securities	9.0 %	2.3 %
<b>Asset Class for State Employee Healthcare Plan</b>		
Public Equity	70.0 %	6.0 %
Real Estate	5.0 %	5.2 %
Traditional Credit	16.0 %	3.2 %
U.S. Government Securities	9.0 %	2.3 %

For the year ended June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense, was 14.1 percent for both plans. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for

the changing amounts actually invested.

The discount rate used to measure the collective total OPEB liability for the actuarial valuations varied by plan and is disclosed below. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at actuarially determined, contractually required rates. Based on these assumptions, the OPEB plans' fiduciary net position were projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The following table shows how the collective net OPEB liabilities would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate used for both plans is 6.50 percent.

(Expressed in Thousands)

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
State Employee Healthcare Plan	\$ 865,331	\$ 746,607	\$ 646,611
State Employee and Teacher Group Life Insurance Benefit Plan	\$ 147,880	\$ 111,905	\$ 82,796

*Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates.* The following table shows how the collective net OPEB liabilities would change if the healthcare rate used was one percentage point lower or one percentage point higher than the current rate of 7.63 percent grading down to 4.19 percent.

(Expressed in Thousands)

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
State Employee Healthcare Plan	\$ 620,223	\$ 746,607	\$ 899,836

## NOTE 11 - LONG-TERM OBLIGATIONS

### PRIMARY GOVERNMENT

The State records its liability for general obligation bonds in the Governmental Activities column on the Statement of Net Position. Other long-term obligations recognized by the State include: revenue bonds issued by the Maine Governmental Facilities Authority, a blended component unit; obligations under Certificates of Participation and other financing arrangements; loans payable to component unit for repayment of bonds issued by the Maine Municipal Bond Bank on behalf of the Maine Department of Transportation and the Liquor Operations Revenue Fund and compensated employee absences.

### GENERAL OBLIGATIONS BONDS

Programs for which the State issues general obligation bonds include: adaptive equipment loan programs; environmental cleanup and protection; highway and transportation related projects; agricultural and small business job creation; and acquisition, construction, and renovation of major capital facilities including State parks and historic sites. General obligation bonds are secured by the full faith and credit of the State. Debt service requirements are provided by legislative appropriation from the State's general tax revenues and are repaid in annual installments beginning not more than one year after issuance.

Changes in general obligation bonds of the primary government during fiscal year 2022 were:

**Primary Government - Changes in General Obligation Bonds**

(Expressed in Thousands)

	<b>Balance July 1, 2021</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance June 30, 2022</b>	<b>Due Within One Year</b>
General Obligation Debt:					
General Fund	\$ 589,665	\$ -	\$ 83,845	\$ 505,820	\$ 89,875
Unamortized Premiums:					
General Fund	89,397	-	12,429	76,968	12,396
Total	<u>\$ 679,062</u>	<u>\$ -</u>	<u>\$ 96,274</u>	<u>\$ 582,788</u>	<u>\$ 102,271</u>

Debt service requirements (principal and interest) for all outstanding general obligation bonds of the primary government, from June 30, 2022 until maturity, are summarized in the following table:

**Future Debt Service on General Obligation Bonds**

(Expressed in Thousands)

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ 89,875	\$ 23,483	\$ 113,358
2024	89,870	19,597	109,467
2025	78,575	15,626	94,201
2026	68,315	12,080	80,395
2027	58,545	8,849	67,394
2028-2032	120,640	11,667	132,307
Total	<u>\$ 505,820</u>	<u>\$ 91,302</u>	<u>\$ 597,122</u>
Unamortized Premiums	76,968		
Total Principal	<u>\$ 582,788</u>		

General fund, special revenue and other general obligation bonds issued and outstanding at June 30, 2022 are as follows:

**Primary Government - General Obligation Bonds Outstanding**

(Expressed in Thousands)

	<b>Amounts Issued</b>	<b>Outstanding June 30, 2022</b>	<b>Fiscal Year Maturities</b>		<b>Interest Rates</b>
			<b>First Year</b>	<b>Last Year</b>	
General Fund:					
Series 2014	\$ 112,945	\$ 22,585	2015	2024	0.20% - 5.00%
Series 2015	102,555	30,765	2016	2025	0.85% - 5.00%
Series 2016	97,705	39,080	2017	2026	1.00% - 5.00%
Series 2017	98,060	49,025	2018	2027	2.00% - 5.00%
Series 2019A	111,255	66,750	2019	2028	3.125% - 5.00%
Series 2019B	140,875	98,605	2020	2029	2.50% - 5.00%
Series 2020	114,905	102,135	2021	2030	1.25% - 5.00%
Series 2021	96,875	96,875	2022	2031	1.00% - 5.00%
		505,820			
Plus Unamortized Bond Premium		76,968			
Total General Fund		<u>\$ 582,788</u>			

**AUTHORIZED UNISSUED BONDS**

Any bonds not issued within five years of the date of ratification may not be issued after that date. Within two years after expiration of the five-year period, the Legislature may extend, by a majority vote, the five-year period for an additional five years or may deauthorize the bonds. If the Legislature fails to take action within those two years, the bond issue shall be considered to be deauthorized and no further bonds may be issued. At June 30, 2022, general obligation bonds authorized and unissued totaled \$167.1 million.

**REVENUE BONDS OF THE MAINE GOVERNMENTAL FACILITIES AUTHORITY**

The State included \$403.2 million in other financing arrangements to reflect revenue bonds issued by the Maine Governmental Facilities Authority (MGFA), a blended component unit. Payment of the bonds is subject to, and dependent upon, biennial appropriations being made by the State Legislature. Debt issued by MGFA is not debt of the State or any political subdivision within the State. The State is not obligated for such debt, nor is the full faith and credit of the State pledged for such debt. MGFA may not issue securities in excess of \$754.0 million outstanding, at any one time, except for the issuance of certain revenue refunding securities.

During the fiscal year ended June 30, 2022, MGFA issued \$44.8 million in 2022A bonds with interest rates between 3.00 percent and 5.00 percent.

At June 30, 2022, there was \$13.2 million of MGFA in-substance defeased bonds outstanding.

**CERTIFICATES OF PARTICIPATION AND OTHER FINANCING ARRANGEMENTS**

The State uses financing companies, Certificates of Participation (COP's), and lease/purchase agreements to finance construction of certain State buildings, to purchase or generate software, and to purchase equipment and vehicles, including school buses. COP's are issued through a trustee, and the State is responsible for payments to the trustee that approximate the interest and principal payments made to the certificate holders. The State and school districts maintain custody and use of the assets; however, the trustee holds a lien as security until such time as the certificates are fully paid.

Neither COP's nor the other financing arrangements constitute a legal debt, liability, or contractual obligation in excess of amounts appropriated. The State's obligation to make minimum payments or any other obligation under agreements is subject to, and dependent upon, appropriations being made by the Legislature. The Legislature has no obligation to appropriate the money for future minimum payments or other obligations under any agreement.

**SHORT-TERM OBLIGATIONS**

The State of Maine did not issue or retire Bond Anticipation Notes during fiscal year 2022. Short-term obligations are used to meet temporary operating cash flow needs. At June 30, 2022 there were no outstanding Tax Anticipation Notes or Bond Anticipation Notes.

**OTHER LONG-TERM OBLIGATIONS**

In general, expenditures and fund liabilities are not recorded in governmental funds for long-term obligations until amounts owed are "due and payable." Fund liabilities are recorded in the proprietary funds when obligations are incurred. In the Statement of Net Position, the State has recorded long-term obligations for its compensated employee absences, net pension liability, other post-employment benefit obligations, pollution remediation landfill closure and post-closure care costs.

Changes in other long-term obligations for governmental and business-type activities for the fiscal year ended June 30, 2022, are summarized as follows:

**Primary Government - Changes in Other Long-Term Obligations**

(Expressed in Thousands)

	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2022</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
MGFA Revenue Bonds	\$ 377,785	\$ 44,815	\$ 19,388	\$ 403,212	\$ 22,689
COP's and Other Financing	53,524	29,300	10,677	72,147	10,042
Compensated Absences	68,325	13,277	10,347	71,255	10,789
Claims Payable	80,662	205,833	205,871	80,624	22,506
Leases (as restated)	232,285	8,524	6,299	234,510	6,872
Loans Payable to Component Unit	336,993	-	66,544	270,449	58,148
Total Governmental Activities	<u>\$ 1,149,574</u>	<u>\$ 301,749</u>	<u>\$ 319,126</u>	<u>\$ 1,132,197</u>	<u>\$ 131,046</u>
<b>Business-Type Activities:</b>					
Compensated Absences	<u>\$ 979</u>	<u>\$ 129</u>	<u>\$ 149</u>	<u>\$ 959</u>	<u>\$ 126</u>

Debt service requirements (principal and interest) for COP's and other financing arrangements of the primary government, from June 30, 2022 until maturity, are summarized as follows:

**Future Debt Service on MGFA Revenue Bonds, COPS and Other Financing Arrangements**  
(Expressed in Thousands)

Fiscal Year	Governmental Funds			Internal Service Funds		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 5,179	\$ 331	\$ 5,510	\$ 27,553	\$ 16,422	\$ 43,975
2024	12,018	1,916	13,934	27,305	15,209	42,514
2025	10,993	718	11,711	26,634	14,230	40,864
2026	8,682	545	9,227	25,107	13,250	38,357
2027	8,635	394	9,029	23,395	12,282	35,677
2028 - 2032	13,679	638	14,317	112,274	47,590	159,864
2033 - 2037	-	-	-	107,760	25,221	132,981
2038 - 2042	-	-	-	66,145	4,365	70,510
Total	<u>\$ 59,186</u>	<u>\$ 4,542</u>	<u>\$ 63,728</u>	<u>\$ 416,173</u>	<u>\$ 148,569</u>	<u>\$ 564,742</u>

**LOANS PAYABLE TO COMPONENT UNIT**

The State of Maine has pledged various revenue streams as security for Grant Anticipation Bonds (GARVEE) and Transportation Infrastructure Revenue Bonds (TransCap) issued by the Maine Municipal Bond Bank (MMBB) on behalf of the Maine Department of Transportation to provide financing for qualified transportation projects.

In addition, the State of Maine has also pledged the profit from the Alcoholic Beverages Enterprise Fund as security for \$220.6 million (\$193.8 million net of the debt service reserve) of Liquor Operations Revenue Bonds issued by MMBB. The bonds are special, limited obligations of the MMBB.

Changes in GARVEE, TransCap and Liquor Operations revenue bonds during fiscal year 2022 were:

**Primary Government - Changes in GARVEE, TransCap and Liquor Revenue Bonds Payable**  
(Expressed in Thousands)

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Due Within One Year
<b>Loans Payable to Components Unit:</b>					
Federal Funds	\$ 193,440	\$ -	\$ 19,697	\$ 173,743	\$ 20,073
Special Revenue Fund	143,553	-	46,848	96,705	38,074
Total	<u>\$ 336,993</u>	<u>\$ -</u>	<u>\$ 66,545</u>	<u>\$ 270,448</u>	<u>\$ 58,147</u>

Payment of principal and interest on the GARVEE bonds shall be subject to appropriation each year by the Legislature in an amount sufficient to cover the principal and interest requirements of MMBB's debt for these bonds. The State's receipt of these funds is subject to continuing federal appropriations. MMBB insured payments of principal and interest with a financial guaranty insurance policy. The bonds do not constitute a legal debt or obligation of the State.

Principal and interest on TransCap bonds are payable solely from pledged revenues, pledged rights, and pledged TransCap funds and accounts. Pledged revenues include certain motor vehicle registration and other fees, a portion of excise tax on gasoline and other special fuel, and certain amounts required to be transferred from the Highway Fund. All pledged revenues are required to be transferred to the TransCap Fund. The bonds do not constitute a legal debt or liability of the State.

Payment of principal and interest on the Liquor Operations Revenue bonds shall be made solely from the profit of the Alcoholic Beverages Enterprise Fund. The bonds do not constitute a legal debt or obligation of the State.

GARVEE, TransCap and Liquor Operations Revenue bonds issued and outstanding at June 30, 2022 are as follows:

### GARVEE, TransCap and Liquor Revenue Bonds Outstanding

(Expressed in Thousands)

	Amounts Issued	Outstanding June 30, 2022	Fiscal Year Maturities		
			First Year	Last Year	Interest Rates
Federal Funds:					
Series 2010B	\$ 24,085	\$ 5,120	2018	2022	4.52% - 5.32%
Series 2014A	44,810	22,180	2015	2026	2.00% - 5.00%
Series 2016A	44,105	28,850	2017	2028	2.63% - 5.00%
Series 2018A	44,310	44,310	2023	2030	4.00% - 5.00%
Series 2020A	60,925	57,125	2021	2032	5.00%
Total Federal Funds		<u>\$ 157,585</u>			
Special Revenue Fund:					
Series 2009A	105,000	2,335	2010	2023	2.50% - 5.00%
Series 2015A	54,680	43,090	2019	2024	4.00% - 5.00%
Series 2021A	35,070	35,070	2022	2026	5.00%
Total Special Revenue Funds		<u>\$ 80,495</u>			

Total principal and interest requirements over the life of the 2010 GARVEE bonds are \$35.8 million, with annual requirements of up to \$5.6 million; for 2014 GARVEE bonds total principal and interest requirements are \$59.0 million, with annual requirements of up to \$5.0 million; for 2016 GARVEE bonds total principal and interest requirements are \$58.0 million, with annual requirements up to \$4.9 million; for 2018A GARVEE bonds total principal and interest requirements are \$63.3 million, with annual requirements up to \$6.7 million; for 2020A GARVEE bonds total principal and interest requirements are \$81.9 million, with annual requirements up to \$6.8 million. Total federal highway transportation funds received in federal fiscal year 2022 were \$286.1 million. Current year payments to MMBB for GARVEE bonds were \$24.0 million (8.7 percent of federal highway transportation funds received).

Total principal and interest requirements over the life of the 2009A TransCap Revenue bond are \$139.3 million, with annual requirements up to \$10.1 million; for the 2015A TransCap Revenue bonds total principal and interest requirements are \$74.4 million, with annual requirements up to \$16.6 million; for the 2021A TransCap Revenue bonds total principal and interest requirements are \$43.1 million, with annual requirements up to \$18.1 million. Total revenue received for revenue sources used as pledged revenues were \$42.4 million in fiscal year 2022.

Total principal and interest requirements over the life of the 2013 Liquor Operation Revenue bond are \$273.7 million, with annual requirements up to \$26.8 million. Current year payments to MMBB for the Liquor Operation bonds were \$26.8 million. Total revenue received from revenue sources used as pledged revenue were \$62.1 million in fiscal year 2022.

#### MGFA REVENUE BONDS, COP'S AND OTHER FINANCING ARRANGEMENTS

MGFA revenue bonds will be liquidated by the MGFA Internal Service Fund, from revenues received through lease agreements with various governmental funds. The liability for loans payable to the component unit will be liquidated from the Federal Fund and Highway Fund. The vast majority of COP's and other financing arrangements will be liquidated by the internal service fund in which the leases are recorded; the General and Highway Funds will pay relatively small amounts.

#### CLAIMS PAYABLE

Claims payable that represent Medicaid claims will be paid from the General Fund and Federal Fund. Claims payable that represent workers' compensation and retiree/employee health will be liquidated by the applicable governmental and internal service funds that account for the salaries and wages of the related employees. Other claims and judgments attributable to governmental activities will be liquidated by the General Fund and related special revenue funds.

#### COMPENSATED ABSENCES

In the government-wide statements and proprietary fund financial statements, compensated absences are reported as long-term liabilities as required by GASB. In the governmental fund financial statements, vested or accumulated leave is reported as an expenditure and fund liability when incurred upon retirement, termination or death. Sick and vacation payments made to terminated employees as of June 30, 2022 but paid after the fiscal year end is also reported in the funds.

**COMPONENT UNITS**

Bonds payable of the discretely presented component units are legal obligations of the component units and are not general obligations of the State. The following table summarizes bonds outstanding for selected material balances of discretely presented component units, as reported in their separately issued financial statements, utilizing their respective fiscal year-ends:

**Component Unit Bonds Outstanding**  
(Expressed in Thousands)

<b>Component Unit</b>	<b>Interest Rates</b>	<b>Amount</b>	<b>Maturity Dates</b>
Finance Authority of Maine	2.120% - 5.050%	\$ 74,119	2022 - 2041
Maine Community College System	3.000% - 5.000%	15,411	2022 - 2036
Maine Health and Higher Educational Facilities Authority	0.359% - 5.500%	600,295	2022 - 2053
Maine Municipal Bond Bank	0.350% - 6.120%	1,594,279	2022 - 2049
Maine State Housing Authority	0.000% - 5.000%	1,571,645	2022 - 2053
Maine Turnpike Authority	2.000% - 5.000%	636,082	2022 - 2050
University of Maine System	0.310% - 5.000%	151,893	2022 - 2037

In periods of declining interest rates, Maine Health and Higher Educational Facilities Authority (MHHEFA) has refunded certain bond obligations. The proceeds of any advance refunding bonds are primarily used to purchase U.S. Treasury obligations, the principal and interest on which will be sufficient to pay the principal and interest, when due, of the defeased bonds.

On June 2, 2022 Maine Health and Higher Educational Facilities Authority (MHHEFA) issued \$48.3 million in 2022A Reserve Resolution bonds with an average interest rate of 5.0 percent, a portion of which was used to in-substance defease \$1.1 million of 2012A Reserve Resolution bond series. A portion of the net proceeds of approximately \$52.1 million, including other sources of funds and after payment of underwriting fees and other issuance costs, were used to purchase U.S. Government securities which will provide for all future debt service payments on defeased bonds. The economic benefits associated with the refunding inure to the respective institutions and not the Authority.

At June 30, 2022, MHHEFA had approximately \$68.0 million of defeased bonds remaining outstanding with respect to all advance-refunding issues within the Reserve Fund Resolution.

In periods of declining interest rates, MMBB has refunded certain of its bond obligations, reducing aggregate debt service. Where allowed, the bank retires outstanding bonds prior to their contractual maturity. In other cases, the proceeds of the refunding bonds were principally used to purchase U.S. Government Treasury obligations that will provide for future payment on the debt. The U.S. Treasury obligations are deposited with the trustees of the in-substance defeased bonds.

On July 21, 2021, MMBB issued \$35.1 million in Transportation Infrastructure Revenue Refunding Series 2021 A bonds with an average interest rate of 5% to in-substance defease \$43.7 million of various outstanding maturities of the 2011 A bonds. The net proceeds of approximately \$44.6 million including \$7.1 million of premium and \$2.9 million released from debt service reserve funds, and after \$0.4 million payment of underwriting fees and other issuance costs, were used to purchase U.S. Government securities which were utilized to fund all required debt service on the defeased bonds through their call date on September 1, 2021. Although the in-substance defeasance resulted in the recognition of a deferred accounting loss of approximately \$6.6 million in the year ended June 30, 2022, MMBB in effect reduced the Transportation Infrastructure Fund Group's aggregate debt service by approximately \$9.3 million over the next five years and obtained an economic gain (difference between the present values of the old and new debt service payments) of approximately \$6.2 million after consideration of debt service reserve funds on hand utilized in the refunding. The gain and economic benefit of this transaction inure to the State of Maine and not MMBB.

At June 30, 2022, the remaining balances of the 2001D, 2002F and 2005D General Tax-Exempt Fund Group in-substance defeased bonds total approximately \$0.5 million.

For the year ended December 31, 2021, the Maine State Housing Authority (MSHA) redeemed prior to maturity \$227.2 million of its Mortgage Purchase Fund Group bonds from recoveries of principal, reserve funds, mortgage prepayments, surplus revenues and the proceeds of refunded bonds. Mortgage Purchase Fund gains of \$798 thousand were attributed to recognition of the related bond premium.

For the year ended December 31, 2021, MSHA redeemed prior to maturity \$22.6 million of its Maine Energy, Housing, & Economic Recovery bonds from bond proceeds and debt service funds. Gains of \$90 thousand were attributed to the recognition of related bond premium.



The following table summarizes debt service requirements for outstanding bonds of the discretely presented component units:

### Component Units Principal Maturities

(Expressed in Thousands)

Fiscal Year Ending	FAME	MMBB	MCCS	MSHA	MTA	UMS	MHHEFA
2023	\$ 5,795	\$ 145,405	\$ 895	\$ 23,400	\$ 18,435	\$ 54,677	\$ 28,775
2024	6,355	146,200	935	53,416	19,360	11,900	30,245
2025	6,610	127,370	980	62,050	23,790	10,014	31,000
2026	6,840	136,120	960	55,958	25,030	10,291	29,125
2027	6,905	127,800	1,050	50,525	29,080	8,032	29,395
2028 - 2032	21,250	419,736	5,860	298,121	150,275	39,661	152,550
2033 - 2037	11,190	216,345	2,947	337,476	102,365	13,706	127,845
2038 - 2042	4,955	121,540	-	239,510	88,255	-	93,925
2043 - 2047	-	17,215	-	257,445	79,475	-	49,590
2048 - 2052	-	3,110	-	169,900	40,610	-	24,900
2053 - 2057	-	-	-	18,615	-	-	2,945
Net Unamortized Premium (or Deferred Amount)	4,219	133,438	1,784	5,229	59,407	3,612	-
Total Principal Payments	<u>\$ 74,119</u>	<u>\$ 1,594,279</u>	<u>\$ 15,411</u>	<u>\$ 1,571,645</u>	<u>\$ 636,082</u>	<u>\$ 151,893</u>	<u>\$ 600,295</u>

## NOTE 12 - RIGHT TO USE LEASED ASSETS

### PRIMARY GOVERNMENT - GOVERNMENTAL ACTIVITIES

In the government-wide and proprietary fund statements, assets and liabilities resulting from right to use leased assets are recorded at lease inception. The principal portion of lease payments reduces the liability; the interest portion is expensed.

Most leases have cancellation clauses in the event that funding is not available. For reporting purposes, such cancellation clauses are not considered because the likelihood that they will be exercised is considered remote. Some lease agreements include renewal or purchase options. The effect of such options is reflected in the minimum lease payments only if it is considered reasonably assured that an option will be exercised.

Leases that exist between the State and the Maine Governmental Facilities Authority (MGFA), a blended component unit, are not recorded as leases in this report. In their separately issued financial statements, MGFA records a lease receivable from the State. Although payables and receivables technically exist between these parties, when combined for government-wide reporting, they are eliminated. A long-term liability exists on the government-wide statements for the bonds issued by MGFA to construct the assets associated with the leases. Future payments to MGFA are, therefore, not included in the schedule of lease commitments below. Note 11 provides information on the amount of MGFA bonds outstanding and a schedule of debt service requirements.

The Bureau of General Services (BGS) negotiates leases for most all state agencies. The accounting for BGS leases is recorded in an internal service fund.

The historical cost of assets acquired under leases, all of which are buildings, on the government-wide financial statements at June 30, 2022, is \$240.8 million. Accumulated amortization is \$9.5 million. Lease assets net of accumulated amortization is \$231.3 million.

### Right to Use Leased Assets

(Expressed in Thousands)

	General Fund	Other Special Revenue Funds	Internal Service Funds	Total Governmental Activities
Buildings	\$ 12,064	\$ 574	\$ 228,172	\$ 240,810
Less: Accumulated Amortization	671	119	8,736	9,526
Total Right to Use Assets, net	<u>\$ 11,393</u>	<u>\$ 455</u>	<u>\$ 219,436</u>	<u>\$ 231,284</u>

A summary of lease commitments to maturity is as follows:

**Future Lease Payments**  
(Expressed in Thousands)

<b>Fiscal Years Ending June 30</b>	<b>Principal</b>	<b>Interest</b>
2023	\$ 6,872	\$ 3,984
2024	6,871	3,883
2025	7,020	3,780
2026	7,267	3,673
2027	7,324	3,562
2028-2032	35,829	16,080
2033-2037	32,244	13,216
2038-2042	25,903	10,687
2043-2047	26,812	8,343
2048-2052	25,604	5,930
2053-2057	18,041	3,962
2058-2062	16,811	2,363
2063-2067	13,449	958
2068-2072	4,461	94
<b>Total</b>	<b>\$ 234,508</b>	<b>\$ 80,515</b>

Lease liabilities are valued using discount rates between 0.67% and 1.81% based on the lease term, using State Specific Municipal Market Data.

The State of Maine, Bureau of General Services, negotiates leases on behalf of Child Development Services. At June 30, 2022, leases receivable from is \$4.5 million. Fiscal year 2022 lease revenue was \$301 thousand, interest revenue was \$48 thousand.

**COMPONENT UNITS**

The University of Maine System leases building space for various terms under long-term non-cancelable lease agreements. The original lease terms expire at various dates through 2036 and provide for renewal options (ranging from 1-15 years) which extend them to 2041. As of June 30, 2022, right of use lease assets acquired through outstanding leases consisting of building and office space totaled \$39.1 million less \$4.1 million in accumulated amortization.

A non-major discretely presented component unit, Midcoast Regional Redevelopment Authority (MRRA), regularly operates and leases property and buildings within its jurisdiction to third parties. As of June 30, 2022, MRRA reported a lease receivable, including accrued interest, of \$33.0 million. At June 30, 2022, MRRA also had a \$32.3 million deferred inflow of resources balance associated with the leases that will be recognized as revenue over the lease terms that extend until 2067.

**NOTE 13 - SELF - INSURANCE**

**A. RISK MANAGEMENT**

The State maintains several types of insurance plans and accounts for them in two funds that are combined for financial statement purposes as the Risk Management Fund. The Risk Management Division provides insurance advice and services to State governmental agencies. The State-Administered Fund offers similar services to quasi-governmental entities. Statute requires the Self-Insurance Fund to be replenished by appropriation if the fund balance drops below \$1 million. The State-Administered Fund balance has no similar provision; however, statutes prevent it from being used for any purpose other than providing insurance services.

Insurance plans offered include property, vehicle, boat and aircraft, tort, civil rights, employee bonds, police professionals, and a variety of other insurance products. These plans have limits of liability of as much as \$2 million per occurrence.

In some cases, the State purchases excess insurance to limit the State's liability for insured events. For example, coverage for property damage is \$400 million per occurrence. The State retains \$2 million of this risk per occurrence. A private insurance carrier covers the remaining risk (excess insurance). Settled claims have not exceeded insurance coverage in any of the past three fiscal years.

Coverage, risk retention, and excess insurance amounts for major types of insurance are listed below:

<b>Type of Insurance:</b>	<b>Coverage Per Occurrence</b>	<b>Risk Retention Per Occurrence</b>	<b>Excess Insurance Per Occurrence</b>
Property*	\$400 million	\$2 million	\$400 million
Ocean Marine Boat Liability* <sup>1</sup>	10 million	10 thousand	10 million
Boiler and Machinery*	150 million	2 million	150 million
General Liability Including Employment Practices	400 thousand	400 thousand	none
Police Professionals	400 thousand	400 thousand	none
Vehicular Liability <sup>2</sup>	400 thousand	400 thousand	600 thousand
Bonding	500 thousand	500 thousand	none
Foster Parents	300 thousand	300 thousand	none
Inland Marine (various policies)	500 thousand	500 thousand	none
Aircraft Liability* <sup>3</sup>	3 million	none	3 million
Data Breach	400 thousand	10 thousand	none

\*These lines of insurance have commercial excess insurance covering losses above the risk retention amount up to the per occurrence amount listed. All other insurance programs are wholly self-insured.

<sup>1</sup> 10 million is the maximum limit for per occurrence coverage. Some agencies have chosen \$400 thousand.

<sup>2</sup> Excess insurance is only for out of state travel.

<sup>3</sup> \$3 million is the maximum limit for per occurrence coverage. Some agencies have chosen \$500 thousand.

The plan funds the cost of providing claims servicing and claims payment by charging a premium to each agency based on a review of past losses and estimated losses for the current period.

All risk-financing liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Claims liabilities represent the estimated cost of claims as of March 31, 2022. This cost of claims includes case reserves, the development of known claims, and the direct administrative expenses for settling specific claims.

Claims liabilities are determined on an actuarial basis. Biennial re-evaluation occurs to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount.

At March 31, 2022 and 2021 the present value of claims payable for the State's self-insurance plan was estimated at \$10.9 million and \$11.9 million, respectively. The actuary calculated this based on the State's rate on investments.

**Risk Management Fund**  
**Changes in Claims Payable**  
(Expressed in Thousands)

	<b>2022</b>	<b>2021</b>
Liability at Beginning of Year	\$ 11,901	\$ 11,702
Current Year Claims and Changes in Estimates	1,073	2,922
Claims/Fees Expense	2,076	2,723
Liability at End of Year	<u>\$ 10,898</u>	<u>\$ 11,901</u>

As of June 30, 2022, fund assets of \$27.7 million exceeded fund liabilities of \$12.2 million by \$15.5 million. The portion of this amount that may be reserved for catastrophic losses has not been determined.

**B. UNEMPLOYMENT INSURANCE**

The State is self-insured for unemployment compensation. As a direct reimbursement employer, the State recognizes all costs for unemployment compensation as claims are paid. These costs totaled \$878 thousand for the fiscal year ended June 30, 2022.

**C. WORKERS' COMPENSATION**

Workers' Compensation is accounted for in an Internal Service Fund. Interfund premiums are treated as quasi-external transactions. Each State agency is charged a premium based on the number of employees to be covered plus an added amount to reduce the unfunded liability. The Legislature, Legislative Council, and Law Library employees are self-insured for workers' compensation purposes. The State assumes the full risk of all claims filed for workers' compensation.

Claims liabilities are actuarially determined based on estimates of the ultimate cost of claims, including future claim adjustment expenses that have been incurred but not reported and claims reported but not settled. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

The balance of claims liabilities as of June 30, 2022 and 2021:

**Workers' Compensation Fund**  
**Changes in Claims Payable**  
 (Expressed in Thousands)

	<u>2022</u>	<u>2021</u>
Liability at Beginning of Year	\$ 51,161	\$ 47,431
Current Year Claims and Changes in		
Estimates	12,285	13,509
Claims Payments	<u>7,966</u>	<u>9,779</u>
Liability at End of Year	<u>\$ 55,480</u>	<u>\$ 51,161</u>

Based on the actuarial calculation as of June 30, 2022, the State is liable for unfunded claims, and incurred but not reported claims, of approximately \$75.0 million. The discounted amount is \$55.5 million and was calculated based on a 3.0 percent interest rate on investments.

**D. EMPLOYEE HEALTH INSURANCE**

The employee health and retiree health insurance programs are accounted for in two Internal Service Funds. The State became self-insured for employee and retiree health care coverage on July 1, 2003. A stop loss agreement provides catastrophic coverage for individual claims exceeding \$750 thousand.

The State retained third-party administration (TPA) and pharmacy benefit management (PBM) services for claims administration, utilization review, case management services, and pharmacy fulfillment. Premium equivalents are developed with the technical assistance of the plan's consulting actuary and paid by subscribers and associated State departments.

There are two primary health plans available. A Preferred Provider Organization (PPO) plan is available to all active employees, early retirees, and grandfathered retirees not eligible for Medicare Part A as of July 1, 2019. A Medicare Advantage plan is available to age sixty-five or older retirees. Total enrollment averaged approximately 35,200 covered individuals. This total includes approximately 25,700 active employees, retirees and their dependents in the PPO plan and 9,500 Medicare Advantage retirees and dependents.

The State maintains PPO plan funding through the accumulation of premiums from employee contract holders and from the departments with whom they are employed. Claims and administrative expense are paid through these accumulated premiums based on invoices remitted from the TPA.

Expenses and liabilities for incurred but not reported claims, based on an actuarial analysis of claim lag pattern, have been recorded as liabilities in the amount of \$14.2 million. Changes in the Employee Health Insurance and Retiree Health Insurance claims liability for the fiscal year ending June 30, 2022 follows:

(Expressed in Thousands)

	<b>Employee Health Fund</b>	<b>Retiree Health Fund</b>
Liability at Beginning of Year	\$ 13,200	\$ 4,400
Claims and Changes in Estimate	128,608	63,867
Claims Payments	131,123	64,706
Liability at End of Year	<u>\$ 10,685</u>	<u>\$ 3,561</u>

The table above reflects actual activity of the employee health and retiree health insurance programs. In accordance with GASB Statement No. 75, certain costs reported above were reclassified for financial statement purposes. Retiree healthcare costs of \$48.2 million were reclassified from the internal service fund to the OPEB Trust Fund, a fiduciary fund. Additionally, \$26.9 million of active employee healthcare costs were reclassified from the internal service fund to the OPEB Trust Fund to reflect age-adjusted claims.

#### NOTE 14 - JOINT VENTURES

Joint ventures are independently constituted entities generally created by two or more governments for a specific purpose. The State of Maine participates in two separate joint venture arrangements: the Tri-State Lotto Commission (Commission) and the Multi-State Lottery Association (MUSL).

##### TRI-STATE LOTTO COMMISSION

The Commission was established in 1985 pursuant to passage into law of the Tri-State Lotto Compact by the States of Maine, New Hampshire, and Vermont. The Commission is authorized and empowered to promulgate rules and regulations regarding the conduct of lottery games, including ticket prices, prizes, and the licensing of agents under Title 8 MRSA C. 16.

The Commission is composed of one member from each of the participating states. Each member State's commission appoints one of its members to serve on the Commission and each member holds office at the pleasure of his or her appointing authority. The Commission annually elects a chairman from among its members. The Commission designated that 50 percent of its sales revenue be reserved for prize awards and agent bonuses.

A prize award liability is established when the winning ticket number is selected. If no winning ticket is selected, the available jackpot is carried over to the following drawing. The Tri-State Lotto Compact requires that prizes not claimed within one year from the date of the drawing be forfeited. All expired unclaimed prizes are credited to future prize pools. The Commission funds its jackpots through U.S. Government Treasury Strips.

A proportional share of revenues and expenses are allocated to each State based on ticket sales made by each State. Exceptions are the facility's management fee, which is based on a contracted percentage of operating revenue that varies from State to State, per diem charges, advertising, and certain printing, travel, and miscellaneous costs, which are allocated based on actual charges generated by each state.

The Tri-State Lotto Commission financial report for fiscal year 2022, which may be obtained from the Bureau of Alcoholic Beverages and Lottery Operations, 8 State House Station, Augusta, ME 04333-0008, includes the following selected financial information:

**Tri-State Lotto Commission**  
(Expressed in Thousands)

Current Assets	\$ 13,739
Noncurrent Assets	<u>14,497</u>
Total Assets	<u><u>\$ 28,236</u></u>
Current Liabilities	\$ 12,956
Long-term Liabilities	<u>10,857</u>
Total Liabilities	<u><u>\$ 23,813</u></u>
Designated Prize Reserves	\$ 4,346
Reserve for Unrealized Gains	<u>77</u>
Total Net Position	<u>4,423</u>
Total Liabilities and Net Position	<u><u>\$ 28,236</u></u>
Total Revenue	\$ 87,450
Total Expenses	64,175
Gain (Loss) on Sale of Investment	283
Allocation to Member States	23,558
Change in Unrealized Gain (Loss) on Investments Held for Resale	<u>(2,004)</u>
Change in Net Position	<u><u>\$ (2,004)</u></u>

**Multi-State Lottery Association**

The Maine State Lottery became a member of the Multi-State Lottery Association (MUSL) in July 2004. The MUSL currently has 38 member State lotteries, including the District of Columbia and the United States Virgin Islands. The MUSL is managed by a board of directors, which is comprised of the lottery directors or their designee from each of the party States, and authorized to initiate, promulgate, administer and carry out one or more lottery product offerings that will enhance the participating parties' lottery revenue.

Participating lotteries sell Powerball tickets, collect all revenues, and remit prize funds to the MUSL, net of lower tier prize awards. The operating costs of the board are divided equally among all of the participating lotteries. Jackpot prizes payable in installments are satisfied through investments purchased by the MUSL. The MUSL purchases US government obligations which are held in irrevocable trusts established by the MUSL for the benefit of participating State lotteries. Each week the MUSL allocates 50 percent of sales to the prize pool. If no winning ticket is selected, the available jackpot is carried over to the following jackpot drawing.

The table below was obtained from the Multi-State Lottery Association's draft financial report for fiscal year 2022. The final report, once received, will be available from the Bureau of Alcoholic Beverages and Lottery Operations, 8 State House Station, Augusta, ME 04333-0008.

### Multi State Lottery Association (Unaudited)

(Expressed in Thousands)

Cash and Cash Equivalents	\$ 581,724
Investments in US Government Securities	92,974
US Government Securities Held for Prize Annuities	44,569
Due from Party Lotteries	45,148
Other Assets	2,178
Total Assets	<u>\$ 766,593</u>
Amount Held for Future Prizes	\$ 704,994
Grand Prize Annuities Payable	44,616
Other Liabilities	6,906
	<u>756,516</u>
Net Position, Unrestricted	<u>10,077</u>
Total Liabilities and Net Position	<u>\$ 766,593</u>
Total Revenue	\$ 3,442
Total Expenses	<u>5,578</u>
Excess (Deficit) of Revenues over Expenses	<u>(2,136)</u>
Increase (Decrease) in Net Assets	(2,136)
Net Position, beginning	<u>12,213</u>
Net Position, ending	<u>\$ 10,077</u>

## NOTE 15 - RELATED PARTY TRANSACTIONS

### PRIMARY GOVERNMENT

The State of Maine entered into a memorandum of understanding with the Wells National Estuarine Research Reserve Management Authority, a jointly governed organization, through the Bureau of Parks and Lands. These agreements outline each entity's responsibilities in relation to the operation of the Reserve and the management of the property included within the boundaries of the Reserve. The agreement continues in effect from year to year until termination by either the Bureau or the Authority pursuant to Articles 8 and 9.

Spurwink, a non-profit organization, received \$58 million in funding from Health and Human Services programs and \$2.6 million in funding from the Department of Education during fiscal year 2022. A member of the Maine Senate served on the board of directors during the fiscal year. This position receives no compensation.

Children's Center of Maine received \$2.8 million in funding from State of Maine, Department of Health and Human Services during fiscal year 2022. The spouse of an employee of the Department of Economic and Community Development served as the Director during the fiscal year. The Director's position is a full-time paid position.

The Maine Children's Trust received \$10.3 million in funding from various Health and Human Services programs during fiscal year 2022. The spouse of an employee of the Department of Economic and Community Development served on the Board of Directors during the fiscal year. The board member received no compensation.

Sweetser, a non-profit organization, received \$47.5 million in funding from Health and Human Services programs and \$1.3 million in funding from the Department of Education during fiscal year 2022. The spouse of an employee of the Department of Professional and Financial Regulation is a corporator for Sweetser.

Community Concepts received \$3.4 million in funding from the State of Maine, Department of Health and Human Services during fiscal year 2022. A member of the Legislature, an employee of Community Concepts Finance Corporation, oversees the organization's loan pools with funds lent by the Finance Authority of Maine (FAME) and housing counseling programs administered by the Maine State Housing Authority (MSHA) and the Bureau of Consumer Credit Protection. FAME and MSHA are component units of the State of Maine.

Waldo Community Action Partners received \$10.9 million in funding from the State of Maine during fiscal year 2022. A member of the Senate served as an uncompensated member on the Board of Directors of Waldo Community Action Partners.

Amistad, Inc., received \$1.1 million in payments from the State of Maine, Department of Health and Human Services during fiscal year 2022. A member of the Senate served as an uncompensated member on the Board of Directors of Amistad, Inc.

All Med Staffing of New England received \$996 thousand in payments from the State of Maine, Department of Health and Human Services during fiscal year 2022. A member of the Senate maintained a 50% ownership interest in the company.

The Maine Technology Institute (MTI) received \$12 million in funding from the Department of Economic and Community Development during fiscal year 2022. The Director of MTI is an employee of the State of Maine. One board member is a Commissioner of the State of Maine. One board member is a Deputy Commissioner of the State of Maine. The Board members receive no compensation.

#### **COMPONENT UNITS**

The State provided appropriations and grant monies to the following discretely presented component units: University of Maine System, \$284.8 million; Maine Community College System, \$86.8 million; Maine Municipal Bond Bank (MMBB), \$41.7 million; Finance Authority of Maine, \$31.0 million; and Maine State Housing Authority, \$322.3 million.

FAME administers several revolving loan funds on behalf of the State of Maine. FAME recorded these funds, which total \$26.9 million at June 30, 2022, as a liability in Amounts Held Under State Revolving Loan Programs in their fiduciary financial statements. The state reports the asset as a receivable in the Special Revenue Fund. During fiscal year 2022, the State expended \$1.0 million to FAME for State revolving loan funds.

Title 20-A MRSA Chapter 419-A established the Maine State Grant Program as a fund under the jurisdiction of the Finance Authority of Maine. All grant revenues under this fund must be distributed by FAME to students who meet the eligibility requirements for a grant under this chapter. FAME paid approximately \$26.3 million in grants to the University of Maine System (UMS) on behalf of eligible students. The UMS reflected these as grant revenues from the State.

The Maine Turnpike Authority (MTA) pays the State for services rendered by the Maine State Police (MSP). MSP has a separate troop responsible for patrolling the Maine Turnpike. MTA pays all costs associated with that troop. For fiscal year 2022, the amount billed totaled \$8.9 million.



**NOTE 16 - DEFERRED OUTFLOWS AND DEFERRED INFLOWS**

The following table provides additional detail regarding deferred outflows of resources and deferred inflows of resources reported on the government-wide Statement of Net Position:

(Expressed in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Totals	
<b>Deferred Outflows of Resources:</b>				
Accumulated Decrease in Fair Value of Hedging				
Derivatives	\$ -	\$ -	\$ -	\$ 10,113
Refunding of Debt	1,237	-	1,237	32,106
Pension Related	1,135,794	5,257	1,141,051	29,934
OPEB Related	540,834	1,331	542,165	39,914
Total Deferred Outflows of Resources	<u>\$ 1,677,865</u>	<u>\$ 6,588</u>	<u>\$ 1,684,453</u>	<u>\$ 112,067</u>
<b>Deferred Inflows of Resources:</b>				
Grant Income	\$ -	\$ -	\$ -	\$ 4,666
Loan Origination Fees	-	-	-	407
Pension Related	1,680,027	7,331	1,687,358	52,917
OPEB Related	763,592	2,754	766,346	52,488
Lease Related	4,421	-	4,421	36,350
Settlements *	65,659	-	65,659	-
Total Deferred Inflows of Resources	<u>\$ 2,513,699</u>	<u>\$ 10,085</u>	<u>\$ 2,523,784</u>	<u>\$ 146,828</u>

\* Please refer back to Note 6 for information on the Opioid settlement.

The following table provides additional detail regarding deferred inflows of resources reported on the Governmental Funds Balance Sheet:

**Governmental Funds**  
(Expressed in Thousands)

	General	Highway	Federal	Other Special Revenue	Other Governmental Funds	Total Governmental Funds
<b>Deferred Inflows of Resources:</b>						
Tax Revenue or Assessments	\$ 337,133	\$ 362	\$ 46,608	\$ 3,030	\$ -	\$ 387,133
Settlements **	-	-	-	90,634	-	90,634
Total Deferred Inflows of Resources	<u>\$ 337,133</u>	<u>\$ 362</u>	<u>\$ 46,608</u>	<u>\$ 93,664</u>	<u>\$ -</u>	<u>\$ 477,767</u>

\*\* Please refer back to Note 6 and Note 18 for information on the Opioid settlement and the Tobacco settlement, respectively

**NOTE 17 - TAX ABATEMENTS**

For financial reporting purposes, a tax abatement is defined as an agreement between the government and an individual or entity through which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to the economic development or otherwise benefits the government or its citizens.

As of June 30, 2022, the State provided tax abatements through the following programs:

<b>Program Name</b>	<b>Pine Tree Development Zone Tax Credit</b>	<b>Employment Tax Increment Financing</b>	<b>New Markets Capital Investment Tax Credit</b>
Program Purpose	The program encourages capital investment and job creation in designated industries and geographic areas within the state.	The program is designed to create and prevent loss of employment in designated industries and geographic areas within the state.	The program is designed to encourage investment in qualified businesses located in economically distressed areas within the state.
Tax Types Abated	Personal income, corporate income, insurance premiums, bank franchise and sales taxes.	State income tax withholding from employee salary.	Personal income, corporate income, insurance premiums, and bank franchise taxes.
Statutory Authority	36 M.R.S. §5219-W	36 M.R.S. §6754	36 M.R.S. §5219-HH
Eligibility Criteria	Businesses apply to be certified as a qualified business, agree to conduct a qualified business activity, and hire at least one net new employee within two years.	Businesses apply for certification and agree to hire at least five net new employees within two years.	A person must make a qualified equity investment that has been certified by the Finance Authority of Maine, and execute a memorandum of agreement with the state.
Abatement Method	Allowance of credit against taxes attributable to qualified business activity, up to the amount of tax liability (nonrefundable credit).	Qualified business applies for annual reimbursement payment independent of any other tax reporting requirements.	Allowance of credit against taxes. Taxpayer receives full amount of annual credit regardless of tax liability (refundable credit).
Abatement Computation	Credit equals 100 percent of the tax liability attributable to the qualified activity of a certified business for a period of five years. Businesses located in certain areas receive a 50 percent credit for an additional five years.	Reimbursement equals 30 - 80 percent of qualified state-withheld taxes, depending on the unemployment rate in the area where the employee works, for a period of ten years.	The credit amount equals a total of 39 percent of the qualified investment, spread over a period of seven years in varying amounts each year.
Recapture Provisions	None.	Any overpayment must be applied to reduce future reimbursement payments. Overpayments must be repaid if the business no longer qualifies for future payments.	The abatement amount may be recaptured upon 1) recapture of any amount of the related federal NMTC credits; 2) early repayment of any portion of the principle amount that forms the qualified equity investment, or 3) failure to reinvest less than 85% of the qualified equity investment into a qualified business.
Estimated Revenue Reduction for FYE 6/30/2022	\$5,601,779	\$9,685,148	\$4,439,785

Note: An estimate of PTDZ sales tax exemptions claimed at the point of purchase cannot be determined.

Source: Maine Revenue Services

**NOTE 18 - COMMITMENTS AND CONTINGENCIES****PRIMARY GOVERNMENT****LITIGATION**

The State of Maine, its units, and its employees are parties to numerous legal proceedings, many of which are the result of normal governmental operations. In the opinion of the Attorney General and other legal counsel representing the State, in all of the cases listed, the State or its agencies or employees have valid defenses. Certain cases have the potential for liability in excess of \$1 million. Even if liability is found, the State should not expect to pay out the full amounts being sought against it in all of the cases. In any given case, however, the State could incur a large judgment.

*Bryan C. v. Lambrew, et al.* Plaintiffs are six foster children in the Department of Health & Human Services (DHHS) custody and their guardians ad litem. They make various allegations regarding the administration of psychotropic drugs to these six foster children and a putative class of all other foster children in DHHS's custody, including overmedication, a lack of informed consent, inadequate record-keeping and an inadequate secondary review process. Plaintiffs are seeking declaratory and injunctive relief. Plaintiffs are not seeking monetary damages but, if they prevail, they could be awarded attorneys' fees in excess of \$1 million. The probability that this case will result in future losses to the State in excess of \$1 million is undetermined at this time.

*Carson, et al. v. Makin.* Three families filed a lawsuit against the Commissioner of the Maine Department of Education alleging that a state program that pays tuition for certain children who attend private schools violates the First Amendment and the Equal Protection Clause because sectarian schools are excluded from the program. The case was argued at the United States Supreme Court on December 8, 2021. On June 21, 2022, the Supreme Court issued a decision holding that the exclusion of sectarian schools violates the First Amendment's Free Exercise Clause. Although no monetary damages are sought, the plaintiffs, as prevailing parties, may be entitled to attorneys' fees. Because of the duration of this litigation, such fees could be significant. The probability that this case will result in future losses to the State in excess of \$1 million is undetermined at this time.

*Deferral of Federal Financial Participation.* On December 28, 2020, the Centers for Medicare and Medicaid Services (CMS) issued a deferral notice to Maine DHHS for approximately \$4.2 million in federal financial participation (FFP) for Medicaid expenditures for the third quarter of 2020 (7/1-9/30/2020). CMS issued six additional deferrals, totaling approximately \$24.3 million, for FFP for Medicaid expenditures during the fourth quarter of 2020, all four quarters of 2021, and the first quarter of 2022 (10/1/2020-3/31/2022). The basis for the deferral is CMS's contention that a service provider tax imposed on, among others, Private Non-Medical Institutions (36 M.R.S. §2552) is an impermissible source of non-federal share. In September 2022, CMS advised DHHS that rather than issuing deferrals for subsequent quarters, it will begin issuing disallowances. To date, CMS has not issued such disallowances. DHHS intends to appeal the deferrals, and the probability that the case will result in future losses to the State in excess of \$1 million is undetermined at this time.

*Deferral of Federal Financial Participation.* On September 26, 2022, the Centers for Medicare and Medicaid Services (CMS) issued a deferral notice to Maine DHHS for approximately \$2.4M in federal financial participation (FFP) for Medicaid expenditures for the second quarter of 2022 (4/1 – 6/30/2022). CMS alleges that DHHS violated the Medicaid requirements for adjustments to claims that were greater than two years old, and DHHS did not meet any exceptions set forth in 45 CFR 95.19. This deferral involves disproportionate share (DSH) payments to state psychiatric hospitals. DHHS is preparing to respond to this deferral. We anticipate that CMS will issue additional deferrals on the same basis for future quarters. The extended deadline for response is Jan. 24, 2023. The probability that this case will result in future losses to the State in excess of \$1 million is undetermined at this time.

*Dr. Doe v. Maine Board of Dental Practice, et al.* Dr. Doe has filed a lawsuit against the Maine Board of Dental Practice and 11 individuals in connection with the Board's emergency suspension of his license to practice medicine and subsequent disciplinary proceedings. Dr. Doe alleges that agents and employees of the Board violated his due process rights. The probability that this case will result in future losses to the State in excess of \$1 million is undetermined at this time.

*Mascal v. DOC, et al:* Alexander Mascal alleges that while he was housed at Long Creek Youth Development Center and Mountain View Youth Development Center from 2012 to 2016, he was subject to excessive use of isolation, excessive use of force and restraint, sexual assault, and other violations of his statutory and constitutional rights. The probability that this case will result in future losses to the State in excess of \$1 million is undetermined at this time.

*Westcott v. DOC, et al.* Michael Westcott alleges that while he was housed at Long Creek Youth Development Center (then called Maine Youth Center), between 1995 and 2001, he was sexually assaulted by multiple unnamed staff members during unclothed body searches and that he was subject to unconstitutional restraint, force, isolation and other abuses. The probability that this case will result in future losses to the State in excess of \$1 million is undetermined at this time.

The Office of the Attorney General is representing Maine Revenue Services (MRS) in a number of cases in which taxpayers are challenging the assessment of taxes. In most of these cases, the taxpayers are not seeking refunds of taxes previously paid, but are

instead challenging taxes that were assessed but which the taxpayers have not paid. In some cases, the assessment at issue exceeds \$1 million. The cases listed below are the only ones we are aware of in which taxpayers are seeking refunds that could exceed \$1 million.

*Express Scripts, Inc. v. State Tax Assessor.* Taxpayers are challenging the method by which they are required to apportion certain sales to Maine under the Maine Corporate Income Tax. If the taxpayers prevail, they may be entitled to a refund of approximately \$1 million from the State. The probability that this case will result in future losses to the State in excess of \$1 million is undetermined at this time.

*NextEra Energy Maine, LLC v. Maine Revenue Services.* NextEra has appealed to the Maine Board of Tax Appeals two MRS decisions denying corporate tax refunds totaling \$4.6 million for tax years 2013, 2014 and 2015. NextEra claims that a Florida affiliate was not part of its unitary business and that the affiliate's income should not have been included in NextEra's apportionable Maine income. The probability that this case will result in future losses to the State in excess of \$1 million is undetermined at this time.

*The Hershey Company et al. v. State Tax Assessor.* Hershey has filed a Petition for Review against the State Tax Assessor challenging the denial of a refund of all corporate taxes paid between 2014 and 2017, which totaled in excess of \$2.8 million. Hershey claims that under federal law, its limited activities in Maine, during the years at issue, protect it from state corporate income taxes. The probability that this case will result in future losses to the State in excess of \$1 million is undetermined at this time.

There are various lawsuits in which plaintiffs seek damages in excess of \$1 million against the State or against State officials, and there are various notices of claim which also specify damages in excess of \$1 million where no lawsuit has been filed. In none of these instances, in the view of the Attorney General, is there any reasonable possibility that the State's liability could reach or exceed \$1 million. Therefore, these suits have not been individually identified.

There are also, now pending, numerous workers' compensation claims against various State agencies. Since most claims involve the possibility for significant long-term damages, and since the test for demonstrating a causal relationship between the employment and the illness or injury is not as rigorous as in ordinary civil cases, these cases involve the possibility of significant liability for the State. Since possible damages include future medical costs and wage replacements for the employee (and in some cases spouse), it is difficult to estimate the total potential liability to the State.

All other legal proceedings are not, in the opinion of management after consultation with the Attorney General, likely to have a material adverse effect on the financial position of the State.

#### **ENCUMBRANCES**

Encumbrances are reported in the restricted, committed, and assigned fund balances of the governmental funds. General fund, highway fund, federal fund, other special revenue fund and other governmental funds encumbrance balances are \$96.8 million, \$4.3 million, \$985.0 million, \$64.8 million and \$10.5 million, respectively.

#### **FEDERAL GRANTS**

The State receives significant financial assistance from the federal government. The receipt of grants is generally dependent upon compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Grants are subject to the Federal Single Audit Act. Disallowances by federal officials as a result of these audits may become liabilities of the State. The amount of expenditures that may be disallowed by the grantor agencies cannot be determined at this time.

#### **POLLUTION REMEDIATION**

The Department of Environmental Protection (DEP) and Department of Transportation (DOT) have pollution remediation obligations as defined by Governmental Accounting Standards Board (GASB) Statement No. 49. The State's total amount of pollution remediation obligation as of June 30, 2022 is \$20.6 million. Superfund sites account for approximately \$7.1 million. Superfund is the federal government program to clean up hazardous waste sites.

The following are Superfund sites for which the State has recorded a liability for pollution remediation activities:

*Eastland Woolen Mill* – The State recorded a liability for pollution remediation activities of approximately \$611 thousand. Currently the State shares the costs with Environmental Protection Agency (EPA) in a cost-sharing ratio of 10 percent State, 90 percent EPA. Beginning in September of 2018, the State assumed 100 percent of the operation and maintenance and long-term monitoring costs.

*Eastern Surplus* – The State recorded a liability for pollution remediation activities of approximately \$2.0 million. Beginning in August of 2012, the State assumed 100 percent of the operation, maintenance and monitoring costs. As of June 30, 2022, the State has received \$2.1 million in recoveries from the Department of Defense. The State expects to recover additional costs of \$14 thousand.

*Callahan Mine* – The State recorded a liability for pollution remediation activities of approximately \$4.5 million. Currently the State shares the costs with EPA in a cost-sharing ratio of 10 percent State, 90 percent EPA. The State will assume 100 percent of the cost for the operation and maintenance of the site.

The State recorded a liability for pollution remediation activities of approximately \$13.2 million (net of unrealized recoveries of \$298

thousand) related to five uncontrolled hazardous substance sites. The State expects to recover \$268 thousand in costs. The Uncontrolled Hazardous Substance Sites Program was created in response to the threats and potential threats to human health and the environment posed primarily by abandoned hazardous waste sites. The Uncontrolled Hazardous Substance Sites program is the State's equivalent to the Federal Superfund Program.

The State has the knowledge and expertise to estimate the remediation obligation based on prior experience in identifying and funding similar remediation activities. The standard requires the liability to be measured using the expected cash flow technique. The remediation obligation estimates are subject to change over time. Cost may vary due to price fluctuations, changes in technology, changes in potential responsible parties, results of environmental studies, changes to statutes or regulations and other factors that could result in revisions to these estimates. Prospective recoveries from responsible parties may reduce the State's obligation.

#### **MUNICIPAL SOLID WASTE LANDFILLS**

*Dolby Landfills* – On September 16, 2011 the State entered into an agreement with Katahdin Paper Company (KPC) to acquire the Dolby Landfill, a solid waste disposal facility, located in the Town of East Millinocket. The State, as a holder of the permits, is responsible for closure and post closure monitoring and maintenance activities and costs.

The Dolby Landfill no longer accepts solid waste. In Calendar Year 2016, the first phase of a multi-year plan to cap approximately 100 acres at the facility was completed. The State originally allocated \$6 million of bond funds to pay for the first phase of capping. In fiscal year 2022, the State issued an additional \$7 million in bonds to complete the capping of the landfill. In addition to the closure of the facility, the State anticipates additional post-closure maintenance and monitoring costs of approximately \$20 million over the next 30 years based on current annual expense. However, the State anticipates a significant reduction in post closure costs due to the reduction in the amount of the leachate from the site that must be treated after the capping is complete. The State has entered into a cost sharing agreement with the Town of E. Millinocket to treat the leachate at the town's wastewater treatment facility. The State will likely renegotiate the cost sharing agreement once the amount leachate, subsequent to the completion of the capping can be determined or estimated. The State's total obligation related to the Dolby Landfill as of June 30, 2022 is \$27.1 million.

Title 38 M.R.S.A., §1310-F establishes within the Department of Environmental Protection (DEP) a cost-sharing program for the closure and remediation of municipal solid waste landfills that pose a potential hazard and that meet other qualifying criteria. The law provides for reimbursement of 75% of a municipality's closure expenses. If initial closure of a landfill fails to protect public health and the environment, DEP is obligated to reimburse up to 90% of a municipality's subsequent remediation expenses. However, these obligations are subject to the availability of funds approved for that purpose. In 2012, DEP through bonds had paid all of the outstanding match requirements for closure, but had \$2.6 million in outstanding match obligation for remediation. Additionally, several Municipalities needed to close their failing landfills early, but could not afford to do so without the state match for closure, which had expired. To address this, in 2013 the legislature enacted a fee on disposal of certain Construction and Demolition Debris (CDD), and in 2015 extended the eligibility date for reimbursement of closure costs from 2015 to 2025. There is no eligibility end date for reimbursement of remediation costs. Therefore, DEP continues to incur new match cost obligations as additional qualifying landfills close before the 2025 date, and as others undertake necessary remediation actions. As the CDD fee does not generate enough funding to pay the Department's cost share obligations in their entirety, the Department provides partial payments to municipalities on a quarterly basis.

In FY22 the DEP received \$1.2 million from the CDD fee. As required, the entirety of this fee was used to reimburse municipalities for eligible expenses. At the beginning of FY22, DEP's total outstanding reimbursement obligation to municipalities was \$2.2 million. At the end of FY22, the outstanding match obligation was \$1.1 million. Although the overall outstanding debt during the year decreased, additional debt was incurred due to qualifying closure and remediation expenses which were submitted by municipalities over the course of the year. DEP incurred the oldest outstanding match obligations in 2008.

#### **SAND AND SALT STORAGE PROGRAM**

The State estimates the potential aggregate cost to comply with the environmental requirements associated with the Sand and Salt Storage program to be \$800,000 thousand. The state no longer provides funding for municipal facilities.

#### **POLLUTION ABATEMENT PROGRAM**

Title 38 MRSA §411, §411-A, and §412 establish within DEP cost-sharing programs for pollution abatement projects. Subject to funding by the Legislature and the approval of the Commissioner, the State may contribute to the planning of municipal pollution abatement facilities; the design, engineering, and construction of private, commercial, and municipal pollution abatement facilities; and make payments to the Maine Municipal Bond Bank to supply the State's share of the revolving loan fund established by Title 30A §6006-A. During the 2022 fiscal year, \$5.17 million of general obligation bond funds and \$3.17 million of Liquor Operation Revenue Funds were expended for pollution abatement projects. As of June 30, 2022, amounts encumbered for pollution abatement projects totaled \$7.47 million, and general obligation bonds authorized for these projects, but not yet encumbered, totaled \$10.92 million. As of June 30, 2022, DEP estimates the total cost (federal, State, and local) of future projects to be \$1 billion.

#### **GROUND WATER OIL CLEAN-UP FUND**

The Maine Ground and Surface Waters Clean-up and Response Fund is established in Title 38 MRSA § 551. Fund activities include, but are not limited to, providing insurance to public and private entities for cleanup of oil spills. The program is funded by a per barrel

assessment on petroleum products imported into the State. Coverage is up to \$750 thousand per occurrence for aboveground storage tanks and \$1 million per occurrence for underground storage tanks. Third party injury coverage may not exceed \$200 thousand per claimant.

**Number of Priority Sites  
Requiring Long-term Remediation  
Calendar Year Ended December 31**

	<u>Completed</u>	<u>Remaining</u>
2021	127	440
2020	156	494
2019	137	530
2018	91	540
2017	117	519

The annual average cost per spill over the past five years is \$9,150. The cost per spill can vary significantly based on the location and type of fuel discharged.

#### **CONSTRUCTION COMMITMENTS**

A portion of the payment that is made to municipalities for General Purpose Aid to Local Schools is allocated for debt service. Although the outstanding indebtedness for school construction projects is debt of the municipalities, the State subsidizes 55.07 percent of the annual payments. As of June 30, 2022, outstanding commitments by municipalities for school bond issues that are eligible for State subsidy totaled \$1.039 billion.

At June 30, 2022, the Department of Transportation had contractual commitments of approximately \$475.0 million for construction of various highway projects. The State's share of that amount is expected to be approximately \$117.7 million. Of these amounts, \$10.0 million has already been accrued. Federal and State funds plus bond proceeds are expected to fund these future expenditures.

#### **TOBACCO SETTLEMENTS**

On November 23, 1998, Maine along with 45 other states and six civil jurisdictions, collectively known under the Master Settlement Agreement (MSA) as the "Settling States", entered into the MSA with certain Participating Tobacco Manufacturers (PMs). The MSA is a settlement of lawsuits brought by many States against the four largest tobacco companies alleging multiple counts of misconduct and claiming punitive and compensatory damages, including a claim for all the States' Medicaid costs caused by or related to tobacco use. The MSA includes provisions to annually compensate the State for smoking-related Medicaid costs and to impose marketing and advertising restrictions on PMs to protect public health. In this settlement, the PMs agreed, among other things, to make annual payments to the states and jurisdictions based on their allocable share of the market. In return, the states agreed to relinquish claims to further damages resulting from, among other things, Medicaid costs. Annual payments fluctuate subject to various adjustments and are partially contingent on the passage and enforcement of a State statute imposing economic conditions related to the State's public health claims on the Nonparticipating Manufacturers (NPMs) in the form of an annual escrow payment due from each NPM with in-state sales. The NPM Adjustment is set forth in the Master Settlement Agreement (MSA). If the PMs claim an NPM Adjustment for a given year and prove that they lost market share to the NPMs and it is determined that the MSA was a significant factor contributing to that lost market share then an NPM Adjustment 'shall apply' unless a Settling State passed a qualifying statute and 'diligently enforced' that statute. In effect this means that the Allocated Payment to a Settling State that diligently enforced will not be reduced, but a Settling State that did not diligently enforce its qualifying statute will be subject to a reduction in its payment due to the NPM Adjustment. NPM Adjustment Due to the provisions of the MSA, if a State that is found not to have diligently enforced its qualifying statute may lose up to its entire annual payment amount due to the NPM Adjustment for a given year.

The NPM Adjustment may be claimed each year and has been claimed for each completed calendar year since 2003. Frequently PMs claim entitlement to the NPM Adjustment and either withhold the amount from their annual payments, or place the amount in what is known as a 'disputed payment account'. Each year beginning in 2003 Maine's annual payments have been lower than calculated because many of the PMs have claimed entitlement to the NPM Adjustment and either withheld money or routed it to the disputed payments account. For the year 2003, the Adjustment claimed by the PMs, and calculated as set forth in the MSA, was approximately 18 percent of the total amount paid by the PM's and distributed among the Settling States. However, the total amount related to the NPM Adjustment to which the PMs are entitled is dependent on the number of non-diligent states.

In addition, in the MSA, the PMs agreed to pay \$8.6 billion in Strategic Contribution Payments (SCP) to certain states and jurisdictions as compensation for their contribution to the overall settlement. Maine's share of this total amount was approximately \$114 million. Maine received this amount in ten annual SCP payments which began in 2008 and ended in 2017.

In April 2022, Maine received an annual tobacco settlement payment of \$49.9 million.

#### **CONTINGENT LIABILITIES**

Overpayments made by the Office for Family Independence (OFI) client services are recorded as accounts receivable in the State financial statements. The total overpayments for Temporary Assistance for Needy Families (TANF) and Supplemental Nutrition Assistance Program (SNAP), applicable to federal funds, are \$25.6 million as of June 30, 2022. All overpayments that are outstanding for more than one year, \$21.1 million, are fully reserved.

Federal regulations in the former Aid to Families with Dependent Children (AFDC) require States to continue collection efforts until the full amount is recovered. The AFDC Program was repealed and replaced with the TANF Program effective October 1, 1996. The federal portion of any AFDC overpayments (made prior to October 1, 1996) that are recovered, must be returned to the federal government. For AFDC and TANF overpayment recoveries, made from October 1, 1996 and forward, States are not required to repay any portion to the federal government. Instead, the full amount of the recovered overpayments is to be retained by the State and used for TANF program costs during the grant year in which they are recovered, or later.

The liability for TANF and SNAP overpayments that may be recovered and remitted to the federal government or retained for program costs cannot be determined at this time.

Overpayments made by the Department of Labor are recorded as accounts receivable in the State financial statements. The total overpayments for Unemployment Benefits applicable to federal funds, are \$56.4 million as of June 30, 2022. All overpayments that are outstanding for more than one year, \$9.8 million, are fully reserved. The liability for Unemployment Benefit overpayments that may be recovered and remitted to the Unemployment Insurance Trust Fund cannot be determined at this time..

#### **ESCHEAT PROPERTY**

The State Abandoned Property Statute requires the deposit of certain defined and unclaimed assets into a state-managed Abandoned Property Fund (Private Purpose Trust Fund). The State Statute provides that whenever the cash balance of the fund exceeds \$.5 million at fiscal year-end, the excess must be remitted to the General Fund where it is reported as operating transfers from other funds. At June 30, 2022, the Fund included \$3.3 million of securities not yet liquidated that were not subject to transfer to the General Fund. Net collections from inception (1979) to June 30, 2022 of approximately \$291.3 million represent a contingent liability to the State since claims for refund may be filed by the owners of such property.

A liability representing the probable amount of escheat property that will be reclaimed and paid to claimants and other third parties is reported in the Fund. To the extent that the assets in the Fund are less than the claimant liability, a receivable (due from other funds) is reported in that Fund and an equal liability (due to other funds) is reported in the General Fund. At June 30, 2022, the amount reported in the Fund for claimant liability is \$68.8 million. The General Fund shows a \$65.0 million payable to the Escheat Fund.

#### **CONSTITUTIONAL OBLIGATIONS**

The State of Maine's constitutional obligations represent nonexchange financial guarantees, as defined by GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The State acts as the guarantor for these ongoing insurance and loan programs operated by 2 discrete component units. The Finance Authority of Maine's mission covers commercial financing and loan insurance to Maine businesses and assistance to Maine students and their parents to finance costs of attendance at institutions of higher education. Maine State Housing Authority's mission encompasses loans to Maine veterans and members of Indian tribes or reservations. Details of the nonexchange financial guarantees are provided below.

Article 9, § 14-A, C, and D of the Maine State Constitution provides that the State may insure the payment of mortgage loans for industrial, manufacturing, fishing, agricultural and recreational enterprises; mortgage loans for the acquisition, construction, repair and remodeling of houses owned or to be owned by members of two tribes on several Indian reservations; and mortgage loans to resident Maine veterans of the Armed Forces of the United States, including loans to a business organization owned in whole or in part by resident Maine veterans. The aggregate of these obligations, at any one time, may not exceed \$90 million, \$1 million, and \$4 million, respectively. At June 30, 2022, loans outstanding pursuant to these authorizations are \$87.0 million, \$0 and less than \$0.1 million, respectively. The State has not paid, nor does it expect to pay, any amounts as a result of these authorizations as of June 30, 2022.

Article 8, § 2, of the Maine State Constitution provides that the State may secure funds, through the issuance of bonds authorized by the Governor, for loans to Maine students attending institutions of higher education. The amount of bonds issued and outstanding shall not at any one time exceed \$4 million in the aggregate. At June 30, 2022, no bonds were outstanding. The State has not paid, nor does it expect to pay, any amount as a result of this authorization as of June 30, 2022.

#### **MORAL OBLIGATIONS**

The State of Maine, through statute, enables certain Authorities to establish capital reserve funds. These funds may be used to secure a variety of financial undertakings including the issuance of bonds. The minimum amount of the capital reserve fund may be determined

by statute or set by the Authority. The statutes may also limit the amount of debt that may be secured by the capital reserve funds, and allow the Authority to issue debt that is not secured by these funds.

On or before December first of each year, the Authorities are required to certify to the Governor the amount, if any, necessary to restore any capital reserve fund to its required minimum. If there is a shortfall, the Governor is required to pay first from the "Contingent Account" the amounts necessary for restoration. The Governor shall certify any remaining unpaid amounts to the Legislature, which is then required to appropriate and pay the remaining amounts to the Authority during the then-current State fiscal year.

These moral obligations are not considered to be "full faith and credit" obligations of the State, and voter approval of the underlying bonds is not required. No capital reserve fund restorations have been made in the current or previous years.

The following summarizes information regarding outstanding moral obligations:

**Moral Obligation Bonds**  
(Expressed in Thousands)

<b>Issuer</b>	<b>Bonds Outstanding</b>	<b>Required Debt Reserve</b>	<b>Obligation Debt Limit <sup>1</sup></b>	<b>Legal Citation</b>
Maine Health and Higher Educational Facilities Authority	\$ 600,295	\$ 53,000	NIL	22 MRSA § 2075
Finance Authority of Maine	39,535	-	730,500	10 MRSA §1032, 1053
	-	-	50,000	20-A MRSA §11449
	-	-	50,000	38 MRSA §2221
	69,900	1,042	225,000	20-A MRSA §11424
Maine Municipal Bond Bank	1,246,183	123,369	NIL	30-A MRSA §6006
Maine State Housing Authority	1,497,590	82,014	2,150,000	30-A MRSA §4906
<b>Total</b>	<b>\$ 3,453,503</b>	<b>\$ 259,425</b>		

<sup>1</sup> NIL indicates a "no limit" obligation.

## COMPONENT UNITS

### CONSTRUCTION CONTRACTS

At June 30, 2022, UMS and MCCA had outstanding commitments on uncompleted construction contracts. They totaled \$69.2 million and \$3.3 million, respectively. A non-major discretely reported component unit, Maine Maritime Academy, had commitments on construction projects at June 30, 2022 totaling \$66.8 million.

At December 31, 2021, the Maine Turnpike Authority had \$77.7 million remaining in commitments on outstanding construction projects for improvements and maintenance.

### MORTGAGE COMMITMENTS

Mortgage commitments are agreements to lend provided there is no violation of any term or condition of the agreement. Generally, once exercised, the loans made under the terms of such commitments are secured by a lien on the related property and other collateral as deemed necessary. At December 31, 2021 Maine State Housing Authority (MSHA) had outstanding commitments to originate multi-family loans of approximately \$241.3 million.

MSHA, under its single-family program, enters into purchase agreements to lenders to purchase mortgage loans. At December 31, 2021, single-family loans being processed by lenders totaled \$33.5 million.

### INSURED LOAN COMMITMENTS

The Finance Authority of Maine (FAME) insures loans made by financial institutions to qualifying businesses under various insurance programs. FAME is contingently liable for the insured portion of payments due on these loans. At June 30, 2022, FAME had insurance outstanding for commercial loans under the Loan Insurance Program totaling approximately \$126.5 million. At June 30, 2022, FAME was insuring loans with an aggregate outstanding principle balance approximating \$752 thousand which were 90 or more days delinquent. The aggregate insured balance of these loans was approximately \$443 thousand at June 30, 2022. In addition, FAME has entered into commitments to insure loans at some future date. At June 30, 2022, these commitments under the Loan Insurance Program were approximately \$14.3 million. FAME provides loan insurance on direct educational loans and consolidation loans made by participating financial institutions in the Maine Private Education Loan Network. At June 30, 2022, approximately \$20.4 million of loans were insured under this program. Such loans are unsecured.



**NOTE 19 - SUBSEQUENT EVENTS****PRIMARY GOVERNMENT**

On July 14, 2022, the State issued \$85.5 million in General Obligation Bonds, of which \$66.9 million was tax exempt and \$18.6 million was taxable. The bonds bear interest rates from 3.75 percent to 5.00 percent and maturities from 2023 to 2032.

On August 15, 2022, the State issued \$3.0 million of certificates of participation (COP's) for the purpose of financing the modernization of the Division of Liquor Licensing and Enforcement's liquor licensing, enforcement and excise tax collection system. The COP's carry interest rates of 3.26 percent and maturities from 2023 to 2029.

On August 26, 2022, the State issued \$7.5 million of certificates of participation (COP's) for the purpose of financing an estimated 275 motor vehicle purchases for the Department of Administrative Services, Central Fleet Management division. The COP's carry interest rates of 2.92 percent and maturities from 2023 to 2029.

On November 10, 2022, the Maine Municipal Bond Bank (MMBB) issued \$47.2 million of Series 2022A Grant Anticipation Bonds on behalf of the Maine Department of Transportation. The bonds bear an interest rate of 5.00 percent and have maturities from 2024 to 2035.

**COMPONENT UNITS**

Maine State Housing Authority (MSHA), has a December 31 fiscal year end. During calendar year 2022, MSHA issued at par \$393.3 million of bonds in the General Mortgage Purchase Bond Resolution. MSHA redeemed, at par, \$216.6 million of bonds in the General Mortgage Purchase Bond Resolution during calendar year 2022. MSHA redeemed \$3.4 million of bonds, in the Maine Energy, Housing & Economic Recovery Bond Resolution.

On July 20, 2022 the University of Maine System (UMS) issued \$120.3 million of Series A Revenue Bonds at a premium of \$12.0 million. The purpose was to currently refund a \$43.0 million bond anticipation note, and to provide \$86.4 million for new projects, \$2.2 million for capitalized interest and \$598 thousand for issuance costs. The bonds mature from 2023 to 2062 with annual principal payments from \$1.2 million to \$6.1 million and coupon interest rates from 5.0 percent to 5.5 percent.

On August 15, 2022, UMS, as a lessor, entered into an agreement with a lessee and a tenant called a public private partnership agreement. The \$28.0 million project includes renovations of two halls and the construction of a parking lot and new building adjacent to a hall for the creation of boutique hotels. The University is leasing the grounds and buildings for 99 years with an annual base rent of \$38 thousand per year.

On November 3, 2022, the Maine Municipal Bond Bank (MMBB) issued \$8.7 million of Series 2022 B General Resolution Bonds with interest rates ranging from 4.25% to 5.00% with principal payments beginning 2024, and maturing 2053.

On November 15, 2022, Maine Health and Higher Education Facilities Authority (MHHEFA) issued \$85.6 million of Series 2022 C Reserve Fund Resolution Bonds with an interest rate of 5.29% with principal payments beginning 2024, and maturing 2043.

Maine Turnpike Authority (MTA) has a December 31 fiscal year end, In December 2021, the MTA signed a forward delivery agreement to refund \$124.9 million of the Series 2012 outstanding bonds in April 2022. MTA will issue \$102.3 million of new bonds that defease \$124.9 million of outstanding bonds for a net present value savings of \$25.4 million.



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# **REQUIRED SUPPLEMENTARY INFORMATION**

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**STATE OF MAINE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
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**STATE OF MAINE**  
**BUDGETARY COMPARISON SCHEDULE**  
**MAJOR GOVERNMENTAL FUNDS**

Fiscal Year Ended June 30, 2022  
(Expressed in Thousands)

	General Fund				Highway Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>								
Taxes	\$ 4,201,202	\$ 4,857,877	\$ 5,401,715	\$ 543,838	\$ 224,611	\$ 224,703	\$ 222,785	\$ (1,918)
Assessments and Other	90,554	87,251	90,445	3,194	96,272	98,088	108,449	10,361
Federal Grants	2,208	1,129	94	(1,035)	-	-	-	-
Service Charges	52,314	56,368	60,181	3,813	6,305	6,624	4,729	(1,895)
Income from Investments	2,938	6,979	11,508	4,529	87	169	190	21
Miscellaneous Revenue	62,563	70,226	33,630	(36,596)	3,434	6,607	818	(5,789)
Total Revenues	4,411,779	5,079,830	5,597,573	517,743	330,709	336,191	336,971	780
<b>Expenditures</b>								
Governmental Support & Operations	513,534	446,382	412,130	34,252	47,939	50,282	42,587	7,695
Economic Development & Workforce								
Training	47,339	47,520	45,724	1,796	-	-	-	-
Education	1,847,104	1,928,178	1,890,617	37,561	-	-	-	-
Health and Human Services	1,449,089	1,426,393	1,254,933	171,460	-	-	-	-
Business Licensing & Regulation	-	-	-	-	-	-	-	-
Natural Resources Development &								
Protection	90,753	97,314	91,980	5,334	31	31	31	-
Justice and Protection	400,147	419,705	388,969	30,736	32,155	32,044	31,005	1,039
Arts, Heritage & Cultural Enrichment	9,187	9,544	8,759	785	-	-	-	-
Transportation Safety & Development	-	-	-	-	258,601	311,368	296,757	14,611
Total Expenditures	4,357,153	4,375,036	4,093,112	281,924	338,726	393,725	370,380	23,345
Revenues Over (Under)								
Expenditures	54,626	704,794	1,504,461	799,667	(8,017)	(57,534)	(33,409)	24,125
<b>Other Financing Sources (Uses)</b>								
Operating Transfers Net	(180,482)	(270,903)	(1,280,942)	(1,010,039)	-	-	1,339	1,339
Proceeds from Pledged Future								
Revenues	-	-	-	-	-	-	-	-
Net Other Financing Sources								
(Uses)	(180,482)	(270,903)	(1,280,942)	(1,010,039)	-	-	1,339	1,339
Excess of Revenues and Other								
Sources Over (Under)								
Expenditures and Other Uses	\$ (125,856)	\$ 433,891	\$ 223,519	\$ (210,372)	\$ (8,017)	\$ (57,534)	\$ (32,070)	\$ 25,464
Fund balances, beginning of year			1,252,611				73,008	
Fund balances, end of year			<u>\$ 1,476,130</u>				<u>\$ 40,938</u>	

Federal Funds				Other Special Revenue Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
\$ -	\$ -	\$ -	\$ -	\$ 382,110	\$ 386,208	\$ 377,321	\$ (8,887)
67	67	-	(67)	191,005	216,705	212,366	(4,339)
4,215,365	5,042,467	5,238,312	195,845	19,365	19,764	17,278	(2,486)
5,136	5,250	-	(5,250)	241,715	256,600	219,797	(36,803)
-	-	3,955	3,955	2,134	1,030	1,163	133
217	217	2,637	2,420	206,816	204,689	181,645	(23,044)
<u>4,220,785</u>	<u>5,048,001</u>	<u>5,244,904</u>	<u>196,903</u>	<u>1,043,145</u>	<u>1,084,996</u>	<u>1,009,570</u>	<u>(75,426)</u>
257,157	301,642	131,987	169,655	240,936	1,398,676	1,077,606	321,070
158,765	989,703	656,412	333,291	76,390	97,077	78,229	18,848
589,265	1,183,230	473,328	709,902	39,902	48,068	37,018	11,050
3,073,332	3,908,825	3,487,212	421,613	676,690	621,802	526,272	95,530
123	85,711	9,404	76,307	78,878	80,309	63,082	17,227
58,312	149,310	44,903	104,407	146,465	230,915	126,626	104,289
118,237	216,376	133,658	82,718	64,068	83,687	55,963	27,724
4,814	12,261	5,355	6,906	2,048	2,077	1,042	1,035
<u>386,150</u>	<u>423,217</u>	<u>309,715</u>	<u>113,502</u>	<u>96,110</u>	<u>292,652</u>	<u>160,327</u>	<u>132,325</u>
<u>4,646,155</u>	<u>7,270,275</u>	<u>5,251,974</u>	<u>2,018,301</u>	<u>1,421,487</u>	<u>2,855,263</u>	<u>2,126,165</u>	<u>729,098</u>
<u>(425,370)</u>	<u>(2,222,274)</u>	<u>(7,070)</u>	<u>2,215,204</u>	<u>(378,342)</u>	<u>(1,770,267)</u>	<u>(1,116,595)</u>	<u>653,672</u>
(98,180)	4,741	12,526	7,785	275,553	1,014,724	1,387,719	372,995
-	-	-	-	44,100	55,600	32,542	(23,058)
<u>(98,180)</u>	<u>4,741</u>	<u>12,526</u>	<u>7,785</u>	<u>319,653</u>	<u>1,070,324</u>	<u>1,420,261</u>	<u>349,937</u>
<u>\$ (523,550)</u>	<u>\$ (2,217,533)</u>	\$ 5,456	<u>\$ 2,222,989</u>	<u>\$ (58,689)</u>	<u>\$ (699,943)</u>	\$ 303,666	<u>\$ 1,003,609</u>
		<u>932,330</u>				<u>1,060,353</u>	
		<u>\$ 937,786</u>				<u>\$ 1,364,019</u>	





**STATE OF MAINE**  
**BUDGETARY COMPARISON SCHEDULE**  
**BUDGET TO GAAP RECONCILIATION**

Fiscal Year Ended June 30, 2022  
(Expressed in Thousands)

	<b>General Fund</b>	<b>Highway Fund</b>	<b>Federal Funds</b>	<b>Special Revenue Fund</b>
Fund Balances - Non-GAAP Budgetary Basis	\$ 1,476,130	\$ 40,938	\$ 937,786	\$ 1,364,019
<b>Basis Differences</b>				
Revenue Accruals/Adjustments:				
Taxes Receivable	361,056	38	-	15,130
Other Receivables	42,897	2,759	202,483	58,982
Inventories	4,364	-	19,547	-
Due from Component Units	-	-	-	75,074
Due from Other Governments	-	-	598,572	-
Due from Other Funds	74,345	13,936	5,847	306,930
Other Assets	763	1	658	93
Unearned Revenues	-	(3,105)	(2,705)	(408)
Deferred Inflows - Taxes and Assessment Revenues	(337,133)	(362)	(46,608)	(27,597)
Total Revenue Accruals/Adjustments	<u>146,292</u>	<u>13,267</u>	<u>777,794</u>	<u>428,204</u>
Expenditure Accruals/Adjustments:				
Accounts Payable	(195,265)	(37,307)	(470,475)	(203,616)
Due to Component Units	(2,509)	(197)	(21,728)	(7,336)
Accrued Liabilities	(23,481)	(7,971)	(8,332)	(10,227)
Taxes Payable	(331,614)	(12)	-	-
Intergovernmental Payables	-	-	(1,130,487)	-
Due to Other Funds	(109,182)	(4,533)	(32,232)	(64,795)
Total Expenditure Accruals/Adjustments	<u>(662,051)</u>	<u>(50,020)</u>	<u>(1,663,254)</u>	<u>(285,974)</u>
Fund Balances - GAAP Basis	<u>\$ 960,371</u>	<u>\$ 4,185</u>	<u>\$ 52,326</u>	<u>\$ 1,506,249</u>

**STATE OF MAINE**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY REPORTING**

Fiscal Year Ended June 30, 2022

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**Statutory/Budgetary Presentation**

In accordance with statute, the Governor presents a biennial budget for the General Fund and special revenue funds to the Legislature for enactment or revision. Effective November 27, 1995, a State Constitutional Amendment provided the Governor a “line item” veto of dollar amounts, allowing a 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. Another Constitutional Amendment requires the State to fund at least 90 percent of the annual cost of future mandates imposed on local governments; any exception requires a two-thirds vote of the elected members of the House and Senate.

Once passed and signed, the budget becomes the financial plan 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. The State Budget Officer is required to use the revenue projections of the Revenue Forecasting Committee in preparing the General Fund and Highway Fund budgets.

Exceptional circumstances do not apply to new programs or program expansions that go beyond existing program criteria and operation.

Detailed budgetary control is maintained at the program and line category level at which appropriations and allocations are approved by the Legislature, principally through a quarterly allotment system. The State Budget Officer and the Governor must approve budget revisions during the year, reflecting program changes or intradepartmental administrative transfers. Except in specific instances, only the Legislature may transfer appropriations between departments. Increases in appropriation, allocation, or funding for new programs are presented to the Legislature as a supplemental budget or separate pieces of legislation. For the year ended June 30, 2022, the legislature decreased appropriations to the General Fund by \$94.9 million.

Governmental funds use encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to reserve a portion of the applicable appropriation or allocation. Unencumbered appropriations in the General Fund and Highway Fund lapse at June 30 unless, by law, they are carried forward to a subsequent year. 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).

The State’s budget is prepared primarily on a cash basis. Sales, income, corporate and fuel taxes include a modified accrual basis adjustment to recognize revenues that are expected to be collected within 60 days of the end of the fiscal year. The Budgetary Comparison Schedule is presented as Required Supplementary Information (RSI) in this report. Actual amounts in this schedule are presented on a budgetary basis. Because this basis differs from accounting principles generally accepted in the United States of America (GAAP), a reconciliation between the budgetary and GAAP basis is presented in the RSI.

The various funds and programs within funds utilize a number of different budgetary control processes. Annual legislative appropriations and revenue estimates are provided for most “operating” funds.

The original executive budget and original legislative appropriations provide general purpose (unrestricted) revenue estimates in order to demonstrate compliance with constitutional provisions. Revenues restricted by law or outside grantors to a specific program are estimated at a level of detail consistent with controlling related expenditure accounts.

For programs financed from restricted revenues, spending authorization is generally contingent upon recognition of the related revenue. Reductions of spending authority occur if revenues fall short of estimates. If revenues exceed the estimate, supplemental appropriations are required before the additional resources can be spent.

The budgetary comparison schedule presented for the General Fund, the Highway Fund, the Federal Fund, and the Other Special Revenue Fund presents the original and final appropriated budgets for fiscal year 2022 - 2023, as well as the actual resource inflows, outflows and fund balances stated on the budgetary basis.

The original budget and related estimated revenues represent the spending authority enacted into law by the appropriation bills as of June 29 2021, and includes encumbrances carried forward from the prior year.

**STATE OF MAINE**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY REPORTING**

Fiscal Year Ended June 30, 2022

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Generally accepted accounting principles (GAAP) require that the final legal budget be reflected in the “final budget” column. Therefore, updated revenue estimates available for appropriations as of June 30, 2022 rather than the amounts shown in the original budget, are reported.

The final appropriations budget represents original and supplemental appropriations, carry-forwards, approved transfers, and executive order reductions. Expenditures, transfers out, other financing uses, and encumbrances are combined and classified by policy area rather than being reported by character and function as shown in the GAAP statements. This policy area classification is used to better reflect organizational responsibility and to be more consistent with the budget process.

**Compliance at the Legal Level of Budgetary Control**

The Budgetary Comparison Schedules by Agency depict budgeted to actual expenditures at the Department level, which is the legal level of budgetary control for all governmental funds. The schedules provide further detail at the agency level within departments for transparency.

**STATE OF MAINE**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSET)**  
**JUDICIAL PENSION PLAN**

Last Eight Fiscal Years  
(Expressed in Thousands)

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Total Pension Liability</b>			
Service Cost	\$ 1,547	\$ 1,609	\$ 1,597
Interest	4,823	4,645	4,582
Changes in Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	1,066	943	(1,087)
Changes of Assumptions	836	-	-
Benefit Payments, Including Refunds of Member Contributions	<u>(4,681)</u>	<u>(4,317)</u>	<u>(4,068)</u>
Net Change in Total Pension Liability	3,591	2,880	1,024
Beginning Total Pension Liability	<u>72,197</u>	<u>69,317</u>	<u>68,293</u>
Ending Total Pension Liability	<u>75,788</u>	<u>72,197</u>	<u>69,317</u>
<b>Plan Fiduciary Net Position</b>			
Employer Contributions	739	716	1,213
Member Contributions	636	617	620
Net Investment Income	19,280	2,165	4,709
Transfers	473	765	(3)
Benefit Payments, Including Refunds of Member Contributions	(4,681)	(4,317)	(4,068)
Administrative Expense	<u>(68)</u>	<u>(69)</u>	<u>(68)</u>
Net Change in Plan Fiduciary Net Position	16,379	(123)	2,403
Beginning Plan Fiduciary Net Position	<u>73,515</u>	<u>73,638</u>	<u>71,235</u>
Ending Plan Fiduciary Net Position	<u>89,894</u>	<u>73,515</u>	<u>73,638</u>
Ending Net Pension Liability (Asset)	<u>\$ (14,106)</u>	<u>\$ (1,318)</u>	<u>\$ (4,321)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	118.6 %	101.8 %	106.2 %
Covered Payroll	\$ 8,312	\$ 8,054	\$ 8,117
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(169.7)%	(16.4)%	(53.2)%

	2019	2018	2017	2016	2015
\$	1,487	\$ 1,466	\$ 1,397	\$ 1,606	\$ 1,518
	4,442	4,358	4,155	3,863	3,736
	-	-	2,017	28	17
	469	(893)	(1,746)	2,238	(292)
	698	-	2,490	-	426
	(3,805)	(3,652)	(3,502)	(3,384)	(3,219)
	3,291	1,279	4,811	4,351	-
	65,002	63,723	58,912	54,561	52,375
	68,293	65,002	63,723	58,912	54,561
	1,179	1,144	1,078	979	932
	604	585	550	550	528
	6,607	7,800	130	1,055	8,416
	-	-	6,343	-	-
	(3,805)	(3,652)	(3,502)	(3,384)	(3,219)
	(62)	(57)	(48)	(49)	(42)
	4,523	5,820	4,551	(849)	6,615
	66,712	60,892	56,341	57,190	50,575
	71,235	66,712	60,892	56,341	57,190
\$	(2,942)	\$ (1,710)	\$ 2,831	\$ 2,571	\$ (2,629)
	104.3 %	102.6 %	95.6 %	95.6 %	104.8 %
\$	7,894	\$ 7,640	\$ 7,188	\$ 7,186	\$ 6,742
	(37.3)%	(22.4)%	39.4 %	35.8 %	(39.0)%

**STATE OF MAINE**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSET)**  
**LEGISLATIVE PLAN**

Last Eight Fiscal Years  
(Expressed in Thousands)

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Total Pension Liability</b>			
Service Cost	\$ 287	\$ 335	\$ 297
Interest	658	611	578
Changes in Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	181	414	239
Changes of Assumptions	374	-	-
Benefit Payments, Including Refunds of Member Contributions	<u>(550)</u>	<u>(698)</u>	<u>(607)</u>
Net Change in Total Pension Liability	950	662	507
Beginning Total Pension Liability	<u>9,729</u>	<u>9,067</u>	<u>8,560</u>
Ending Total Pension Liability	<u>10,679</u>	<u>9,729</u>	<u>9,067</u>
<b>Plan Fiduciary Net Position</b>			
Employer Contributions	-	-	-
Member Contributions	215	157	221
Net Investment Income	3,560	391	845
Transfers	(550)	(698)	(607)
Benefit Payments, Including Refunds of Member Contributions	(3)	366	45
Administrative Expense	<u>(12)</u>	<u>(14)</u>	<u>(12)</u>
Net Change in Plan Fiduciary Net Position	3,210	202	492
Beginning Plan Fiduciary Net Position	<u>13,450</u>	<u>13,248</u>	<u>12,756</u>
Ending Plan Fiduciary Net Position	<u>16,660</u>	<u>13,450</u>	<u>13,248</u>
Ending Net Pension Liability (Asset)	<u>\$ (5,981)</u>	<u>\$ (3,721)</u>	<u>\$ (4,181)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	156.0 %	138.2 %	146.1 %
Covered Payroll	\$ 2,802	\$ 2,814	\$ 2,660
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(213.5)%	(132.2)%	(157.2)%

2019	2018	2017	2016	2015
\$ 282	\$ 265	\$ 412	\$ 451	\$ 450
565	530	549	545	503
-	-	-	4	4
(91)	158	(246)	(508)	(93)
100	-	(147)	-	86
(460)	(469)	(446)	(439)	(318)
396	484	122	53	632
8,164	7,680	7,558	7,505	6,873
8,560	8,164	7,680	7,558	7,505
-	-	-	4	4
154	202	138	193	140
1,176	1,366	48	206	1,622
-	-	-	-	-
(460)	(469)	(446)	(439)	(318)
(11)	(9)	(8)	(9)	(8)
859	1,090	(268)	(45)	1,440
11,897	10,807	11,075	11,120	9,680
12,756	11,897	10,807	11,075	11,120
\$ (4,196)	\$ (3,733)	\$ (3,127)	\$ (3,517)	\$ (3,615)
149.0 %	145.7 %	140.7 %	146.5 %	148.2 %
\$ 2,711	\$ 2,651	\$ 2,590	\$ 2,528	\$ 2,535
(154.8)%	(140.8)%	(120.7)%	(139.1)%	(142.6)%

**STATE OF MAINE**  
**SCHEDULE OF STATE CONTRIBUTIONS**  
**SINGLE EMPLOYER DEFINED BENEFIT PENSION PLANS - EMPLOYER CONTRIBUTIONS**

Last Nine Fiscal Years  
(Expressed in Thousands)

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Judicial Pension Plan</b>			
Actuarially Determined Contribution	\$ 594	\$ 739	\$ 716
Contributions in Relation to the Actuarially Determined Employer Contribution	<u>(594)</u>	<u>(739)</u>	<u>(716)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Covered Payroll	 \$ 8,502	 \$ 8,312	 \$ 8,054
Contributions as a percentage of covered payroll	6.99 %	8.89 %	8.89 %
 <b>Legislative Pension Plan</b>			
Actuarially Determined Contribution	\$ -	\$ -	\$ -
Contributions in Relation to the Actuarially Determined Employer Contribution	<u>-</u>	<u>-</u>	<u>-</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Covered Payroll	 \$ 2,801	 \$ 2,802	 \$ 2,814
Contributions as a Percentage of Covered Payroll	0.00 %	0.00 %	0.00 %



(continued)

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 1,213 (1,213)	\$ 1,179 (1,179)	\$ 1,144 (1,144)	\$ 1,078 (1,078)	\$ 951 (951)	\$ 932 (932)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 8,117 14.94 %	\$ 7,894 14.94 %	\$ 7,640 14.97 %	\$ 7,188 15.00 %	\$ 7,186 13.23 %	\$ 6,742 13.82 %
\$ - -	\$ - -	\$ - -	\$ - -	\$ - -	\$ - (4)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4)</u>
\$ 2,660 0.00 %	\$ 2,711 0.00 %	\$ 2,651 0.00 %	\$ 2,590 0.00 %	\$ 2,528 0.00 %	\$ 2,535 0.16 %

**STATE OF MAINE**  
**SCHEDULE OF STATE CONTRIBUTIONS**  
**SINGLE EMPLOYER DEFINED BENEFIT PENSION PLANS - EMPLOYER CONTRIBUTIONS (CONTINUED)**

A complete description of the methods and assumptions used to determine contribution rates for the year ending June 30, 2022 can be found in the June 30, 2020 actuarial valuation report.

Notes to Schedule

**Key Methods and Assumptions Used to Determine  
Contribution Rates**

Valuation date	June 30, 2019
	June 30, 2022 actuarially determined contribution rates are calculated based on 2020 liabilities developed as a roll-forward of the 2019 actuarial valuation, adjusted for expected experience and any assumption or methodology changes during fiscal year end 2020 using assets as of June 30, 2020.
Actuarial cost method	Entry age normal
Asset valuation method	3-Year smoothed market
Amortization method	Level percent of payroll, open 10-year amortization
Discount rate	6.75%
Amortization growth rate	2.75%
Price inflation	2.75%
Salary increases	2.75%
Retirement age	Normal retirement age for State employees and teachers is age 60, 62 or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute.
Most recent review of plan experience	2020
Mortality	104 percent and 120 percent of the RP-2014 Total Dataset Healthy Annuitant Mortality Table, respectively, for males and females.

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**Former and future actuarial assumptions:****Discount rate and other information**

Change in assumptions 2021: Demographic assumptions were changed based on recommendations from the July 1, 2015 to June 30, 2020 experience study as well as the actuarial audit completed of the June 30, 2020 actuarial valuation, first effective with the development of the NPL as of June 30, 2021. The annual rate of investment interest was also reduced from 6.75 percent to 6.50 percent effective as of this same date.

**Discount rate**

Change in assumptions 2018: The annual rate of investment return was reduced from 6.875 percent used at funding to 6.75 percent. The impact of this change is included in the TPL reconciliation as a change in assumptions.

**Other information**

Change in assumptions 2016: the amounts reported as changes of assumptions were due to assumptions that were updated based on the experience study covering the period from June 30, 2012 through June 30, 2015.

Benefit changes. By law, the COLA is based on the Consumer Price Index for Urban Consumers (CPI-U) as of June 30th applied to the statutory COLA base. If the percentage is negative, then no adjustment is made in that year. In subsequent years the adjustment that would have been made will be adjusted downward to the extent necessary to recoup the full actuarial value of not having made the previous year's negative adjustment. This process of adjustment may occur over a multi-year period if needed to recoup the full actuarial value of the negative CPI-U. Cost-of-living adjustments are effective September 1. Retirees are eligible to receive a cost-of-living adjustment after being retired for at least 12 months, except that retirees with less than 10 years of service on July 1, 1993 who retire prior to normal retirement age are not eligible to receive a cost-of-living adjustment until 12 months after reaching normal retirement age. The maximum annual limit is 3% of up to the first \$20,000 of annual benefit, indexed. This is a permanent increase in retiree's benefit. The \$20,000 COLA base is indexed each year going forward by the same percentage as the COLA that is paid.

Per GASB Statement No. 68, governments should present information for those years for which information is available. If information is not available, the government may implement them prospectively.

**STATE OF MAINE**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**STATE EMPLOYEES AND TEACHERS PLAN - STATE EMPLOYEES ONLY**

Last Eight Fiscal Years  
(Expressed in Thousands)

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>State Employees - Primary Government</b>			
Proportion of the Collective Net Pension Liability	95.299042 %	95.090771 %	94.775523 %
Proportionate Share (Amount) of the Collective Net Pension Liability	\$ 615,520	\$ 1,129,955	\$ 991,147
Covered Payroll	\$ 726,579	\$ 688,817	\$ 627,615
Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	84.71 %	164.04 %	157.92 %
Plan Fiduciary Net Position As a Percentage of the Total Pension Liability	88.60 %	77.30 %	79.41 %
<b>Maine Community College System - DCU</b>			
Proportion of the Collective Net Pension Liability	4.085948 %	4.295313 %	4.610452 %
Proportionate Share (Amount) of the Collective Net Pension Liability	\$ 26,390	\$ 51,041	\$ 48,215
Covered Payroll	\$ 32,619	\$ 32,713	\$ 31,535
Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	80.90 %	156.03 %	152.89 %
Plan Fiduciary Net Position As a Percentage of the Total Pension Liability	88.60 %	77.30 %	79.41 %
<b>Non-Major and Formerly Reported Component Units</b>			
Proportion of the Collective Net Pension Liability	0.615050 %	0.613916 %	0.614025 %
Proportionate Share (Amount) of the Collective Net Pension Liability	\$ 3,972	\$ 7,295	\$ 6,421
Covered Payroll	\$ 4,768	\$ 4,571	\$ 4,115
Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	83.31 %	159.59 %	156.04 %
Plan Fiduciary Net Position As a Percentage of the Total Pension Liability	88.60 %	77.30 %	79.41 %
<b>Total SETP - State of Maine Employees</b>			
Proportion of the Collective Net Pension Liability	100.000000 %	100.000000 %	100.000000 %
Proportionate Share (Amount) of the Collective Net Pension Liability	\$ 645,881	\$ 1,188,292	\$ 1,045,784
Covered Payroll	\$ 763,966	\$ 726,101	\$ 663,265
Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	84.54 %	163.65 %	157.67 %
Plan Fiduciary Net Position As a Percentage of the Total Pension Liability	88.60 %	77.30 %	79.41 %

**Notes to Schedule:**

As of June 30, 2022, the SETP includes the State, 1 major component unit, 1 non-major component unit and 1 formerly reported component unit in its definition of state employees. Totals for the non-major and formerly reported component unit have been combined.

A complete description of the methods and assumptions used to determine contribution rates for the year ending June 30, 2022 can be found in the June 30, 2019 actuarial valuation report.

Per GASB Statement No. 68, governments should present information for those years for which information is available. If information is not available, the government may implement them prospectively.

2019	2018	2017	2016	2015
94.652308 %	94.829879 %	94.498857 %	92.825250 %	92.853946 %
\$ 993,438	\$ 1,080,168	\$ 1,269,080	\$ 950,597	\$ 837,743
\$ 608,615	\$ 601,904	\$ 588,415	\$ 520,115	\$ 525,765
163.23 %	179.46 %	215.68 %	182.77 %	159.34 %
78.70 %	76.10 %	71.00 %	76.80 %	79.21 %
4.695230 %	4.605776 %	4.969634 %	6.640831 %	6.618303 %
\$ 49,280	\$ 52,462	\$ 66,740	\$ 68,007	\$ 59,710
\$ 31,106	\$ 30,867	\$ 32,627	\$ 32,008	\$ 31,679
158.43 %	169.96 %	204.55 %	212.47 %	188.48 %
78.70 %	76.10 %	71.00 %	76.80 %	79.21 %
0.652461 %	0.564345 %	0.531509 %	0.533919 %	0.527751 %
\$ 6,848	\$ 6,428	\$ 7,138	\$ 5,468	\$ 4,760
\$ 4,240	\$ 3,700	\$ 3,424	\$ 3,927	\$ 3,776
161.51 %	173.73 %	208.47 %	139.24 %	126.06 %
78.70 %	76.10 %	71.00 %	76.80 %	79.21 %
100.000000 %	100.000000 %	100.000000 %	100.000000 %	100.000000 %
\$ 1,049,566	\$ 1,139,058	\$ 1,342,959	\$ 1,024,072	\$ 902,213
\$ 643,961	\$ 636,471	\$ 624,466	\$ 556,050	\$ 561,220
162.99 %	178.96 %	215.06 %	184.17 %	160.76 %
78.70 %	76.10 %	71.00 %	76.80 %	79.21 %

**STATE OF MAINE**  
**SCHEDULE OF STATE CONTRIBUTIONS**  
**COST-SHARING MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLANS - EMPLOYER CONTRIBUTIONS**  
**STATE EMPLOYEES AND TEACHERS PLAN - STATE EMPLOYEES ONLY**

Last Nine Fiscal Years  
(Expressed in Thousands)

	2022	2021	2020	2019
<b>State Employees - Primary Government</b>				
Actuarially Determined Contribution	\$ 167,081	\$ 164,103	\$ 155,628	\$ 152,439
Contributions in Relation to the Actuarially Determined Employer Contribution	(167,081)	(164,103)	(155,628)	(152,439)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 733,367	\$ 726,579	\$ 688,817	\$ 627,615
Contributions Recognized by the Pension Plan in Relation to the Actuarially Determined Employer Contribution as a Percentage of Employer's Covered Payroll	22.78 %	22.59 %	22.59 %	24.29 %
<b>Maine Community College System - DCU</b>				
Actuarially Determined Contribution	\$ 7,385	\$ 7,036	\$ 7,030	\$ 7,416
Contributions in Relation to the Actuarially Determined Employer Contribution	(7,385)	(7,036)	(7,030)	(7,416)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 32,896	\$ 32,619	\$ 32,713	\$ 31,535
Contributions Recognized by the Pension Plan in Relation to the Actuarially Determined Employer Contribution as a Percentage of Employer's Covered Payroll	22.45 %	21.57 %	21.49 %	23.52 %
<b>Combined Non-major and Formerly Reported Component Units</b>				
Actuarially Determined Contribution	\$ 926	\$ 1,059	\$ 1,005	\$ 987
Contributions in Relation to the Actuarially Determined Employer Contribution	(926)	(1,059)	(1,005)	(987)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 5,030	\$ 4,768	\$ 4,571	\$ 4,115
Contributions Recognized by the Pension Plan in Relation to the Actuarially Determined Employer Contribution as a Percentage of Employer's Covered Payroll	18.41 %	22.21 %	21.99 %	23.99 %
<b>Total SETP - State of Maine Employees</b>				
Actuarially Determined Contribution	\$ 175,392	\$ 172,198	\$ 163,663	\$ 160,842
Contributions in Relation to the Actuarially Determined Employer Contribution	(175,392)	(172,198)	(163,663)	(160,842)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 771,293	\$ 763,966	\$ 726,101	\$ 663,265
Contributions Recognized by the Pension Plan in Relation to the Actuarially Determined Employer Contribution as a Percentage of Employer's Covered Payroll	22.74 %	22.54 %	22.54 %	24.25 %

(continued)

2018	2017	2016	2015	2014
\$ 148,115 (148,115)	\$ 141,295 (141,295)	\$ 136,139 (136,139)	\$ 107,807 (107,807)	\$ 117,380 (117,380)
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 608,615 24.34 %	\$ 601,904 23.47 %	\$ 588,415 23.14 %	\$ 521,846 20.66 %	\$ 525,765 22.33 %
\$ 7,347 (7,347)	\$ 6,863 (6,863)	\$ 7,159 (7,159)	\$ 8,135 (8,135)	\$ 3,133 (3,133)
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 31,106 23.62 %	\$ 30,867 22.23 %	\$ 32,627 21.94 %	\$ 30,257 26.89 %	\$ 31,679 9.89 %
\$ 1,021 (1,021)	\$ 840 (840)	\$ 766 (766)	\$ 635 (635)	\$ 522 (522)
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 4,240 24.08 %	\$ 3,700 22.70 %	\$ 3,424 22.37 %	\$ 3,947 16.09 %	\$ 3,776 13.82 %
\$ 156,483 (156,483)	\$ 148,998 (148,998)	\$ 144,064 (144,064)	\$ 116,577 (116,577)	\$ 121,035 (121,035)
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 643,961 24.30 %	\$ 636,471 23.41 %	\$ 624,466 23.07 %	\$ 556,050 20.97 %	\$ 561,220 21.57 %

**STATE OF MAINE**  
**SCHEDULE OF STATE CONTRIBUTIONS**  
**COST-SHARING MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLANS - EMPLOYER CONTRIBUTIONS**  
**STATE EMPLOYEES AND TEACHERS PLAN - STATE EMPLOYEES ONLY (CONTINUED)**

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Notes to Schedule:

The SETP includes the State, 1 major component unit, 1 non-major component unit and 1 formerly reported component unit in its definition of state employees. Totals for the non-major and formerly reported component unit have been combined.

Valuation date	June 30, 2019
	June 30, 2022 actuarially determined contribution rates are calculated based on 2020 liabilities developed as a roll-forward of the 2019 valuation liability, adjusted for expected experience and any assumption or methodology changes during fiscal year end 2020 using actual assets at June 30, 2020.
Actuarial cost method	Entry age normal
Asset valuation method	3-Year smoothed market
Amortization method	Level Percentage of payroll, closed periods. Cumulative UAL amortized over a remaining 7 years from July 1, 2021. Subsequent layers of UAL are amortized over individual 20-year periods.
Discount rate	6.75%
Amortization growth rate	2.75%
Price inflation	2.75%
Salary increases	2.75% plus merit component based on employee's years of service.
Retirement age	Normal retirement age for State employees and teachers is age 60, 62 or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute.
Mortality	104 percent and 120 percent of the RP-2014 Total Dataset Healthy Annuitant Mortality Table, respectively, for males and females.

A complete description of the methods and assumptions used to determine contribution rates for the year ending June 30, 2022 can be found in the June 30, 2020 actuarial valuation report.



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**Former and future actuarial assumptions:**

Discount rate and other assumptions

Change in assumptions 2021: Demographic assumptions were changed based on recommendations from the July 1, 2015 to June 30, 2020 experience study as well as the actuarial audit completed of the June 30, 2020 actuarial valuation, first effective with the development of the NPL as of June 30, 2021. The annual rate of investment interest was also reduced from 6.75 percent to 6.50 percent effective as of this same date.

Discount rate

Change in assumptions 2018: The annual rate of investment return was reduced from 6.875 percent used at funding to 6.75 percent. The impact of this change is included in the TPL reconciliation as a change in assumptions.

Other information

Change in assumptions 2016: the amounts reported as changes of assumptions were due to assumptions that were updated based on the experience study covering the period from June 30, 2012 through June 30, 2015.

Benefit changes. By law, the COLA is based on the Consumer Price Index for Urban Consumers (CPI-U) as of June 30th applied to the statutory COLA base. If the percentage is negative, then no adjustment is made in that year. In subsequent years the adjustment that would have been made will be adjusted downward to the extent necessary to recoup the full actuarial value of not having made the previous year's negative adjustment. This process of adjustment may occur over a multi-year period if needed to recoup the full actuarial value of the negative CPI-U. Cost-of-living adjustments are effective September 1. Retirees are eligible to receive a cost-of-living adjustment after being retired for at least 12 months, except that retirees with less than 10 years of service on July 1, 1993 who retire prior to normal retirement age are not eligible to receive a cost-of-living adjustment until 12 months after reaching normal retirement age. The maximum annual limit is 3% of up to the first \$20,000 of annual benefit, indexed. This is a permanent increase in retiree's benefit. The \$20,000 COLA base is indexed each year going forward by the same percentage as the COLA that is paid.

Per GASB Statement No. 68, governments should present information for those years for which information is available. If information is not available, the government may implement them prospectively.

**STATE OF MAINE**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**STATE EMPLOYEES AND TEACHERS PLAN - TEACHERS**

Last Eight Fiscal Years  
(Expressed in Thousands)

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Non-employer Contributing Entity's Proportion of:</b>			
Percentage of the Collective Net Pension Liability	94.381819 %	95.704826 %	95.540502 %
Amount of the Collective Net Pension Liability	\$ 845,826	\$ 1,632,252	\$ 1,465,876
Plan Fiduciary Net Position As a Percentage of the Total Pension Liability	92.10 %	83.10 %	84.50 %

Notes to Schedule:

Per GASB Statement No. 68, governments should present information for those years for which information is available. If information is not available, the government may implement them prospectively.

2019	2018	2017	2016	2015
95.298384 %	95.016790 %	95.002519 %	95.036038 %	95.069591 %
\$ 1,349,443	\$ 1,452,536	\$ 1,766,662	\$ 1,350,118	\$ 1,027,065
85.20 %	83.30 %	79.00 %	83.60 %	86.46 %

**STATE OF MAINE**  
**SCHEDULE OF STATE CONTRIBUTIONS**  
**COST-SHARING MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLANS - EMPLOYER CONTRIBUTIONS**  
**STATE EMPLOYEES AND TEACHERS PLAN - TEACHERS**

Last Nine Fiscal Years  
(Expressed in Thousands)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Teachers - Non-Employer Contributions</b>				
Actuarially Determined Contribution	\$ 194,229	\$ 179,330	\$ 174,530	\$ 132,981
Contributions in Relation to the Actuarially Determined Non-Employer Contribution	<u>(194,229)</u>	<u>(179,330)</u>	<u>(174,530)</u>	<u>(132,981)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Employer Contributions</b>				
Actuarially Determined Contribution	\$ 68,677	\$ 67,031	\$ 61,582	\$ 56,761
Contributions in Relation to the Actuarially Determined Employer Contribution	<u>(68,677)</u>	<u>(67,031)</u>	<u>(61,582)</u>	<u>(56,761)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total SETP - Teachers</b>				
Actuarially Determined Contribution	\$ 262,906	\$ 246,361	\$ 236,112	\$ 189,742
Contributions in Relation to the Actuarially Determined Employer Contribution	<u>(262,906)</u>	<u>(246,361)</u>	<u>(236,112)</u>	<u>(189,742)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

2018	2017	2016	2015	2014
\$ 129,422 (129,422)	\$ 116,080 (116,080)	\$ 112,478 (112,478)	\$ 147,048 (147,048)	\$ 146,362 (146,362)
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 54,472 (54,472)	\$ 47,659 (47,659)	\$ 45,349 (45,349)	\$ 38,404 (38,404)	\$ 36,931 (36,931)
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 183,894 (183,894)	\$ 163,739 (163,739)	\$ 157,827 (157,827)	\$ 185,452 (185,452)	\$ 183,293 (183,293)
\$ -	\$ -	\$ -	\$ -	\$ -

**STATE OF MAINE**  
**SCHEDULE OF STATE CONTRIBUTIONS**  
**COST-SHARING MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLANS - EMPLOYER CONTRIBUTIONS**  
**STATE EMPLOYEES AND TEACHERS PLAN - TEACHERS (CONTINUED)**

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Notes to Schedule:

Valuation date	June 30, 2019  June 30, 2022 actuarially determined contribution rates are calculated based on 2020 liabilities developed as a roll-forward of the 2019 valuation liability, adjusted for expected experience and any assumption or methodology changes during fiscal year end 2020 using actual assets at June 30, 2020.
Actuarial cost method	Entry age normal
Asset valuation method	3-Year smoothed market
Amortization method	Level Percentage of payroll, closed period amortization of the UAL prior to 2012 amortized over a remaining 7 years from July 1, 2021. Subsequent layers of UAL are amortized over individual 20 year periods.
Discount rate	6.75%
Amortization growth rate	2.75%
Price inflation	2.75%
Salary increases	2.75% plus merit component based on employee's years of service.
Retirement age	Normal retirement age for State employees and teachers is age 60, 62 or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute.
Mortality	99 percent of the RP-2014 Total Dataset Healthy Annuitant Mortality Table for males and females.
A complete description of the methods and assumptions used to determine contribution rates for the year ending June 30, 2022 can be found in the June 30, 2020 actuarial valuation report.	
Discount rate and other information	Change in assumptions 2021: Demographic assumptions were changed based on recommendations from the July 1, 2015 to June 30, 2020 experience study as well as the actuarial audit completed of the June 30, 2020 actuarial valuation, first effective with the development of the NPL as of June 30, 2021. The annual rate of investment interest was also reduced from 6.75 percent to 6.50 percent effective as of this same date.
Discount rate	Change in assumptions 2018: The annual rate of investment return was reduced from 6.875 percent used at funding to 6.75 percent. The impact of this change is included in the TPL reconciliation as a change in assumptions.
Other information	Change in assumptions 2016: the amounts reported as changes of assumptions were due to assumptions that were updated based on the experience study covering the period from June 30, 2012 through June 30, 2015.

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Benefit changes. By law, the COLA is based on the Consumer Price Index for Urban Consumers (CPI-U) as of June 30th applied to the statutory COLA base. If the percentage is negative, then no adjustment is made in that year. In subsequent years the adjustment that would have been made will be adjusted downward to the extent necessary to recoup the full actuarial value of not having made the previous year's negative adjustment. This process of adjustment may occur over a multi-year period if needed to recoup the full actuarial value of the negative CPI-U. Cost-of-living adjustments are effective September 1. Retirees are eligible to receive a cost-of-living adjustment after being retired for at least 12 months, except that retirees with less than 10 years of service on July 1, 1993 who retire prior to normal retirement age are not eligible to receive a cost-of-living adjustment until 12 months after reaching normal retirement age. The maximum annual limit is 3% of up to the first \$20,000 of annual benefit, indexed. This is a permanent increase in retiree's benefit. The \$20,000 COLA base is indexed each year going forward by the same percentage as the COLA that is paid.

Per GASB Statement No. 68, governments should present information for those years for which information is available. If information is not available, the government may implement them prospectively.

**STATE OF MAINE**  
**SCHEDULE OF CHANGES IN**  
**THE NET OPEB LIABILITY**  
**HEALTHCARE PLAN - STATE EMPLOYEES**

Last Six Fiscal Years  
(Expressed in Thousands)

	2022	2021	2020	2019	2018	2017
<b>Total OPEB Liability</b>						
Beginning Total Liability	\$ 1,236,901	\$ 1,180,487	\$ 1,226,111	\$ 1,199,512	\$ 1,161,320	\$ 1,143,542
Service Cost	17,706	18,311	17,777	17,425	16,917	12,246
Interest	79,021	78,426	81,020	79,128	76,921	75,650
Changes in Benefit Terms	554	-	-	-	-	-
Differences Between Expected and Actual Experience	(59,931)	6,689	(56,455)	20,875	17,725	-
Changes of Assumptions Discount Rate	-	28,083	-	-	-	-
Changes of Assumptions Others	(116,306)	-	652	-	5,241	-
Benefit Payments, Including Refunds of Member Contributions - Explicit	(47,026)	(48,155)	(71,199)	(70,524)	(58,347)	(54,118)
Benefit Payments, Including Refunds of Member Contributions - Implicit	(33,132)	(26,940)	(17,419)	(20,305)	(20,265)	(16,000)
Net Change in Total OPEB Liability	(159,114)	56,414	(45,624)	26,599	38,192	17,778
Ending Total OPEB Liability	1,077,787	1,236,901	1,180,487	1,226,111	1,199,512	1,161,320
<b>Plan Fiduciary Net Position</b>						
Beginning Plan Fiduciary Net Position	382,842	291,559	277,703	256,860	233,596	203,088
Employer Contributions - Explicit	49,026	50,155	71,199	72,524	60,347	58,118
Employer Contributions - Implicit	33,132	26,940	17,419	20,305	20,265	16,000
Net Investment Income	(53,659)	89,286	13,859	18,846	21,270	26,513
Benefit Payments, Including Refunds of Member Contributions	(80,158)	(75,095)	(88,618)	(90,829)	(78,612)	(70,118)
Administrative Expense	(3)	(3)	(3)	(3)	(6)	(5)
Net Change in Plan Fiduciary Net Position	(51,662)	91,283	13,856	20,843	23,264	30,508
Ending Plan Fiduciary Net Position	331,180	382,842	291,559	277,703	256,860	233,596
Ending Net OPEB Liability	\$ 746,607	\$ 854,059	\$ 888,928	\$ 948,408	\$ 942,652	\$ 927,724
Plan Fiduciary Net Position as Percentage of the Total OPEB Liability	30.7 %	31.0 %	24.7 %	22.6 %	21.4 %	20.1 %
Covered Payroll	\$ 737,707	\$ 736,411	\$ 687,595	\$ 626,384	\$ 612,195	\$ 574,663
Net OPEB Liability as a Percentage of Covered Payroll	\$ 101.2	\$ 116.0	\$ 129.3	\$ 151.4	\$ 154.0	\$ 161.4

This information relates to the OPEB Plan, not the employer's plan.

Per GASB Statement No. 75, governments should present information for those years for which information is available. If information is not available, the government may implement them prospectively.



**STATE OF MAINE**  
**SCHEDULE OF CHANGES IN**  
**THE NET OPEB LIABILITY**  
**GROUP LIFE INSURANCE PLAN - STATE EMPLOYEES AND TEACHERS**

Last Six Fiscal Years  
(Expressed in Thousands)

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>Total OPEB Liability</b>						
Beginning Total Liability	\$ 223,516	\$ 213,309	\$ 204,432	\$ 196,263	\$ 183,723	\$ 175,647
Service Cost	2,757	2,683	2,191	2,132	2,122	2,065
Interest	15,240	13,847	14,275	13,155	12,531	12,015
Differences Between Expected and Actual Experience	365	-	589	-	1,957	-
Changes of Assumptions Discount Rate	-	291	-	-	3,200	-
Benefit Payments, Including Refunds of Member Contributions - Explicit	(6,818)	(6,614)	(8,178)	(7,118)	(7,270)	(6,004)
Net Change in Total OPEB Liability	11,544	10,207	8,877	8,169	12,540	8,076
Ending Total OPEB Liability	235,060	223,516	213,309	204,432	196,263	183,723
<b>Plan Fiduciary Net Position</b>						
Beginning Plan Fiduciary Net Position	140,600	105,617	100,617	94,287	86,883	77,416
Employer and Non-Employer Contributions	10,585	9,867	9,311	7,756	7,639	6,921
Net Investment Income	(20,387)	32,552	4,886	6,418	7,805	9,886
Benefit Payments, Including Refunds of Member Contributions	(6,818)	(6,614)	(8,178)	(7,118)	(7,270)	(6,004)
Administrative Expense	(825)	(822)	(1,019)	(726)	(770)	(1,336)
Net Change in Plan Fiduciary Net Position	(17,445)	34,983	5,000	6,330	7,404	9,467
Ending Plan Fiduciary Net Position	123,155	140,600	105,617	100,617	94,287	86,883
Ending Net OPEB Liability	\$ 111,905	\$ 82,916	\$ 107,692	\$ 103,815	\$ 101,976	\$ 96,840
Plan Fiduciary Net Position as Percentage of the Total OPEB Liability	52.4 %	62.9 %	49.5 %	49.2 %	48.0 %	47.3 %
Covered Payroll	\$ 1,600,465	\$ 1,525,193	\$ 1,484,373	\$ 1,380,619	\$ 1,343,669	\$ 1,277,009
Change - Increase (Decrease)	7.0 %	5.4 %	7.3 %	7.5 %	7.6 %	7.6 %

Per GASB Statement No. 75, governments should present information for those years for which information is available. If information is not available, the government may implement them prospectively.

**STATE OF MAINE**  
**SCHEDULE OF CHANGES IN**  
**TOTAL OPEB LIABILITY**  
**HEALTHCARE PLAN - TEACHERS**

Last Six Fiscal Years  
(Expressed in Thousands)

	2022	2021	2020	2019	2018	2017
<b>Total OPEB Liability</b>						
Beginning Total Liability	\$ 1,905,991	\$ 1,441,260	\$ 1,235,862	\$ 1,248,326	\$ 1,323,731	\$ 1,323,731
Service Cost	68,197	44,132	33,787	35,795	42,214	-
Interest	43,314	51,449	48,502	45,495	38,521	-
Changes in Benefit Terms	325,417	-	-	-	-	-
Contribution - Non-Employer Contributing Entity	(28,719)	(31,133)	(33,032)	(26,855)	(28,848)	-
Differences Between Expected and Actual Experience	(457,831)	846	59,296	(5,178)	-	-
Changes of Assumptions Discount Rate	12,837	399,437	90,624	(61,721)	(170,420)	-
Changes of Assumptions - Others	(79,412)	-	6,221	-	-	-
Differences Between Expected and Actual Investment Earnings	-	-	-	-	43,128	-
Net Change in Total OPEB Liability	(116,197)	464,731	205,398	(12,464)	(75,405)	-
Ending Total OPEB Liability	<u>\$ 1,789,794</u>	<u>\$ 1,905,991</u>	<u>\$ 1,441,260</u>	<u>\$ 1,235,862</u>	<u>\$ 1,248,326</u>	<u>\$ 1,323,731</u>
Covered Payroll	\$ 1,414,447	\$ 1,276,975	\$ 1,260,742	\$ 1,156,592	\$ 1,149,126	\$ 1,125,444
Total OPEB Liability as Percentage of Covered Payroll	126.5 %	149.3 %	114.3 %	106.9 %	107.5 %	117.6 %
State's Proportionate Share of the Collective Total OPEB	78 %	80 %	75 %	74 %	83 %	83 %

This plan is funded on a pay-as-you go basis. The State's proportionate share for fiscal years June 30, 2017 through June 30, 2021 was estimated assuming the same share of implicit subsidy for each school district's OPEB Plan.

Per GASB Statement No. 75, governments should present information for those years for which information is available. If information is not available, the government may implement them prospectively.

**STATE OF MAINE**  
**SCHEDULE OF CHANGES IN**  
**TOTAL OPEB LIABILITY**  
**HEALTHCARE PLAN - FIRST RESPONDERS**

Last Six Fiscal Years  
(Expressed in Thousands)

	2022	2021	2020	2019	2018	2017
<b>Total OPEB Liability</b>						
Beginning Total Liability	\$ 31,926	\$ 27,506	\$ 19,232	\$ 18,980	\$ 26,052	\$ -
Service Cost	1,553	1,142	751	776	1,836	-
Interest	731	989	763	698	786	-
Changes in Benefit Terms	165	-	8,247	-	-	-
Contribution - Employee	(693)	(696)	(592)	(617)	(618)	-
Contribution - Non-Employer Contributing Entity	(218)	(242)	(48)	(5)	(78)	-
Administrative Expenses	72	132	92	98	99	-
Differences Between Expected and Actual Experience	(1,641)	(210)	(863)	(191)	(2,909)	-
Changes of Assumptions Discount Rate	138	3,305	939	(507)	(1,325)	-
Changes of Assumptions - Others	647	-	(1,015)	-	(4,863)	-
Net Change in Total OPEB Liability	754	4,420	8,274	252	(7,072)	-
Ending Total OPEB Liability	<u>\$ 32,680</u>	<u>\$ 31,926</u>	<u>\$ 27,506</u>	<u>\$ 19,232</u>	<u>\$ 18,980</u>	<u>\$ 26,052</u>
Covered Payroll	\$ 46,207	\$ 46,395	\$ 66,360	\$ 64,427	\$ 62,551	\$ 55,651
Total OPEB Liability as Percentage of Covered Payroll	70.7 %	68.8 %	41.4 %	29.9 %	30.3 %	46.8 %
State's Proportionate Share of the Collective Total OPEB	24 %	24 %	23 %	13 %	23 %	23 %

The plan does not accumulate assets in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits. This plan is funded on a pay-as-you go basis. The State's proportionate share for fiscal years June 30, 2017 through June 30, 2021 was estimated assuming the same share of implicit subsidy for each municipality's OPEB Plan.

Per GASB Statement No. 75, governments should present information for those years for which information is available. If information is not available, the government may implement them prospectively.

**STATE OF MAINE**  
**SCHEDULE OF STATE CONTRIBUTIONS**  
**STATE FUNDED HEALTHCARE AND GROUP LIFE INSURANCE OPEB PLANS**

Last Six Fiscal Years  
(Expressed in Thousands)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>State Employee Healthcare</b>						
Actuarially Determined Contribution	\$ 52,922	\$ 58,819	\$ 56,241	\$ 71,363	\$ 71,179	\$ 69,000
Contributions in Relation to the Actuarially Determined Employer Contribution	<u>(82,158)</u>	<u>(77,095)</u>	<u>(88,618)</u>	<u>(92,829)</u>	<u>(80,612)</u>	<u>(74,000)</u>
Contribution Deficiency (Excess)	<u>\$ (29,236)</u>	<u>\$ (18,276)</u>	<u>\$ (32,377)</u>	<u>\$ (21,466)</u>	<u>\$ (9,433)</u>	<u>\$ (5,000)</u>
 Covered Payroll	 \$ 737,707	 \$ 736,411	 \$ 687,595	 \$ 626,384	 \$ 612,195	 \$ 582,934
Contributions as a Percentage of Covered Payroll	11.14 %	10.47 %	12.89 %	14.82 %	13.17 %	12.69 %
 <b>State Employee and Teacher Group Life Insurance Benefit Plan</b>						
Actuarially Determined Contribution	\$ 11,242	\$ 10,965	\$ 10,671	\$ 9,040	\$ 8,806	\$ 8,240
Contributions in Relation to the Actuarially Determined Employer Contribution	<u>(10,585)</u>	<u>(9,867)</u>	<u>(9,310)</u>	<u>(7,756)</u>	<u>(7,638)</u>	<u>(6,921)</u>
Contribution Deficiency (Excess)	<u>\$ 657</u>	<u>\$ 1,098</u>	<u>\$ 1,361</u>	<u>\$ 1,284</u>	<u>\$ 1,168</u>	<u>\$ 1,319</u>
 Covered Payroll	 \$ 1,600,465	 \$ 1,525,193	 \$ 1,484,373	 \$ 1,380,619	 \$ 1,343,669	 \$ 1,277,009
Contributions as a Percentage of Covered Payroll	0.66 %	0.65 %	0.63 %	0.56 %	0.57 %	0.54 %

Notes to Schedule:

Actuarial assumptions for both plans:

Costs are developed using the individual entry age normal cost method based on a level percentage of payroll. Price inflation is estimated at 2.75 percent and salary increases mirror that rate plus a merit component. Their investment advisor changes interest rates simultaneously. The investment rate of interest declined from 6.75 from 2018 to 2021 to 6.50 percent in the year ended June 30, 2022. Prior to 2021, valuations were based on the July 1, 2012 to June 30, 2015 experience study and the RP2014 Total Dataset Healthy Annuitant Mortality table. 2021 and demographic assumptions changed based on recommendations from the July 1, 2015 to June 30, 2020 experience study as well as the actuarial audit completed of the June 30, 2020 actuarial valuation. Mortality rates were revised using the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC\_2020 model. The unfunded actuarial liability is being amortized as a level percentage of payroll over a 30-year period on a closed basis. The unfunded liability will be fully recognized by June 30, 2037.

State Health Insurance

The valuation date is June 30, 2022. The participation rate for future retirees is 95 percent of active participants currently enrolled. Experience losses (gains) are amortized over a 10-year fixed period. Assumption changes and plan changes are amortized over a period to June 30, 2037. The medical trend rate had been 6.80 at June 30, 2016. Every year thereafter through June 30, 2020, the medical trend rate dropped by .20. At June 30, 2021, the medical trend rate was 5.90. For June 30, 2022, the initial medical trend rate increased to 7.63 percent. The ultimate medical trend rate of 4.29 percent in prior years decreased to 4.19 percent at 2075. The State actively manages premium increases within the statutory cap, so healthcare cost increases are limited to no more than inflation plus 3 percent in any year. Beginning with this fiscal year, June 30, 2021, management adopted a change in methodology recommended by the actuary. The new methodology better estimates actual self-insured plan premiums covered by the State on behalf of participants (explicit subsidy). Total claims allocated to retirees represents the total benefit payment amount and the implied subsidy payments represent the difference.

Group Life Insurance

The valuation date is June 30, 2022. The ADC is calculated in advance of the completion of the prior biennial valuation and thus rolled forward from prior results. In this case, the ADC for 2022 is based on the June 30, 2018 valuation rolled forward and adjusted for changes in assumptions. The ADC for 2021 was based on the June 30, 2016 valuation rolled forward and adjusted for changes in assumptions. The participation rate for future retirees is 100 percent of those currently enrolled.

Per GASB Statement No. 74, governments should present information for those years for which information is available. If information is not available, the government may implement them prospectively.

**STATE OF MAINE**  
**SCHEDULE OF INVESTMENT RETURNS**  
**STATE FUNDED HEALTHCARE AND GROUP LIFE INSURANCE OPEB PLANS**

Last Six Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	14.10 %	30.60 %	6.00 %	6.60 %	9.00 %	12.88 %

Notes to Schedule:

Per GASB Statement No. 74, governments should present information for those years for which information is available. If information is not available, the government may implement them prospectively.

**STATE OF MAINE**  
**INFORMATION ABOUT INFRASTRUCTURE ASSETS REPORTING USING THE MODIFIED APPROACH**

As allowed by GASB Statement No. 34, the State has adopted an alternative process for recording depreciation expense on selected infrastructure assets. Under this process, the State does not record depreciation expense nor are amounts capitalized in connection with improvements to those assets, unless the improvements expand the capacity or efficiency of an asset. Assets accounted for under the modified approach include 8,789 highway miles or 17,851 lane miles of roads and 3,019 bridges having a total deck area of 12.4 million square feet that the State is responsible to maintain.

In order to utilize the modified approach, the State is required to:

- Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure.
- Perform condition assessments of eligible assets and summarize the results using a measurement scale.
- Estimate each year the annual amount to maintain and preserve the assets at the condition level established and disclosed by the State.
- Document that the assets are being preserved at, or above, the established condition level.

Roads and bridges maintained by the Department of Transportation are accounted for using the modified approach.

## **HIGHWAYS**

### **Measurement Scale for Highways**

The Maine Department of Transportation (MDOT) uses six indicators to determine the condition of highway adequacy. The six indicators and their relative point weighting are listed in the table below.

<b>Data Element</b>	<b>Point Rating (%)</b>	<b>Description</b>
Pavement Condition Rating (PCR)	45	PCR is defined as the composite condition of the pavement on a roadway only, and is compiled from the severity and extent of pavement distresses such as cracking, rutting and patching. It is the key indicator used to determine the optimum time to treat a particular section of road. Points decrease as PCR decreases
Safety	20	Statewide crash rates are used to allocate points. Locations with high rates get fewer points.
Backlog (Built vs. Unbuilt roadway)	15	A "Built" road is one that has been constructed to a modern standard, usually post 1950. This includes adequate drainage, base, and pavement to carry the traffic load, and adequate sight distance and width to meet current safety standards. "Unbuilt" (backlog) is defined as a roadway section that has not been built to modern standards. Yes or No (15 or 0).
Annual Average Daily Traffic divided by the hourly highway capacity (AADT/C)	10	This ratio measures how intensely a highway is utilized. As a highway facility's AADT/C ratio increases, the average speed of vehicles on that facility tends to decrease. This decrease in average speed is evidence of reduced mobility. As congestion increases, points decrease (0-10).
Posted Speed	5	Lower speeds equal fewer points
Paved Shoulder	5	In general, roadways with paved shoulders perform at a higher level and last longer than those without shoulders or with only gravel shoulders. Yes or No (5 or 0).
<b>100</b>		

**STATE OF MAINE**  
**INFORMATION ABOUT INFRASTRUCTURE ASSETS REPORTING USING THE MODIFIED APPROACH**

**BRIDGES**

MDOT uses four separate factors to obtain a numerical value used to indicate the ability of bridges to remain in service at the current level of usage. The numeric value is a percentage ranging from 0 percent to represent an entirely insufficient or deficient bridge, and 100 percent to represent an entirely sufficient bridge. The four indicators and their relative point weighting are listed in the table below. The composite numeric value is based on the sufficiency rating formula in the Recording and Coding Guide for Structure Inventory and Appraisal of the Nation's Bridges.

<b>Data Element</b>	<b>Point Rating (%)</b>	<b>Description</b>
Structural Adequacy and Safety	55	This category considers inventory rating, superstructure, substructure and culverts.
Serviceability and Functional Obsolescence	30	Serviceability and functional obsolescence that addresses the number of lanes, average daily traffic, roadway width, bridge width, deck condition, under clearances, waterway adequacy, alignment, and defense highway designation.
Essentiality for Public Use	15	This considers detour length, average daily traffic, and defense highway designation.
Special Reduction	(13)	The sufficiency rating also includes consideration of special reductions for detour length, safety features, and type of structure.

**Assessed Conditions**

The following table shows adequacy ratings for maintenance levels from Excellent to Poor.

<b>Adequacy Rating</b>	<b>Total</b>
Excellent	80 - 100
Good	70 - 80
Fair	60 - 70
Poor	0 - 60

MDOT intends to maintain highways and bridges at an adequacy rating of 60 or higher. The following table shows adequacy ratings achieved by MDOT.

<b>Fiscal Year</b>	<b>Highways</b>	<b>Bridges</b>
2022	76.2	74.0
2021	74.0	74.7
2020	74.0	75.0

**STATE OF MAINE**  
**INFORMATION ABOUT INFRASTRUCTURE ASSETS REPORTING USING THE MODIFIED APPROACH**

**Comparison of Estimated-to-Actual Preservation Costs**

The following table presents the State's preservation costs for the past five fiscal years. It also shows the estimate of spending necessary to preserve and maintain the roads and bridges at, or above, a sufficiency rating of 60 for both highways and bridges (in millions).

<b>Actual Preservation Costs</b>					
<b>(Expressed in millions)</b>					
	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Highways	\$ 153.2	\$ 157.4	\$ 148.3	\$ 119.6	\$ 124.8
Bridges	22.8	34.9	32.0	13.2	16.4
Total	<u>\$ 176.0</u>	<u>\$ 192.3</u>	<u>\$ 180.3</u>	<u>\$ 132.8</u>	<u>\$ 141.2</u>

<b>Estimated Preservation Costs</b>					
<b>(Expressed in millions)</b>					
	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Highways	\$ 150.0	\$ 150.0	\$ 130.0	\$ 112.0	\$ 133.0
Bridges	35.0	35.0	15.0	13.5	21.0
Total	<u>\$ 185.0</u>	<u>\$ 185.0</u>	<u>\$ 145.0</u>	<u>\$ 125.5</u>	<u>\$ 154.0</u>

**Transportation Bonds**

Transportation bonds, approved by referendum, are issued to fund improvements to highways and bridges. Of the amount authorized by PL 2019, Chapter 673, \$460 thousand in General Fund bonds were spent during FY2022.



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# **COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES**

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**STATE OF MAINE**  
**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**  
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# NON-MAJOR GOVERNMENTAL FUNDS

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Special Revenue Funds - include operating fund activities financed by specific revenue sources that are legally restricted for specified purposes.

Capital Projects Funds - account for the acquisition or construction of major capital assets and other programs financed by bond proceeds.

Permanent Trust Funds - report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that benefit the government or its citizenry.

**STATE OF MAINE**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE**

June 30, 2022  
(Expressed in Thousands)

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	<u>Total Other Governmental Funds</u>
<b>Assets</b>				
Equity in Treasurer's Cash Pool	\$ 311	\$ -	\$ -	\$ 311
Investments	101,205	-	41,866	143,071
Restricted Assets:				
Restricted Equity in Treasurer's Cash Pool	<u>-</u>	<u>81,570</u>	<u>-</u>	<u>81,570</u>
Total Assets	<u><u>\$ 101,516</u></u>	<u><u>\$ 81,570</u></u>	<u><u>\$ 41,866</u></u>	<u><u>\$ 224,952</u></u>
<b>Liabilities and Fund Balances</b>				
Accounts Payable	\$ -	\$ 30	\$ -	\$ 30
Due to Other Funds	-	47,605	-	47,605
Due to Component Units	-	4,894	-	4,894
Unearned Revenue	<u>-</u>	<u>3</u>	<u>-</u>	<u>3</u>
Total Liabilities	-	52,532	-	52,532
<b>Fund Balances</b>				
Non-Spendable Legal or Contractual	-	-	41,866	41,866
Restricted	<u>101,516</u>	<u>29,038</u>	<u>-</u>	<u>130,554</u>
Total Fund Balances	<u>101,516</u>	<u>29,038</u>	<u>41,866</u>	<u>172,420</u>
Total Liabilities and Fund Balances	<u><u>\$ 101,516</u></u>	<u><u>\$ 81,570</u></u>	<u><u>\$ 41,866</u></u>	<u><u>\$ 224,952</u></u>

**STATE OF MAINE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE**

Fiscal Year Ended June 30, 2022  
(Expressed in Thousands)

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	<u>Total Other Governmental Funds</u>
<b>Revenues</b>				
Investment Income (Loss)	\$ (9,246)	\$ -	\$ (7,304)	\$ (16,550)
Total Revenues	<u>(9,246)</u>	<u>-</u>	<u>(7,304)</u>	<u>(16,550)</u>
<b>Expenditures</b>				
Governmental Support & Operations	65	(1)	-	64
Economic Development & Workforce Training	-	9,500	-	9,500
Education	-	19,729	-	19,729
Natural Resources Development & Protection	-	7,169	-	7,169
Debt Service:				
Capital Outlay	<u>-</u>	<u>16,813</u>	<u>-</u>	<u>16,813</u>
Total Expenditures	<u>65</u>	<u>53,210</u>	<u>-</u>	<u>53,275</u>
Revenue over (under) Expenditures	<u>(9,311)</u>	<u>(53,210)</u>	<u>(7,304)</u>	<u>(69,825)</u>
<b>Other Financing Sources (Uses)</b>				
Transfer to Other Funds	(2,709)	-	(1,166)	(3,875)
Net Change in Fund Balances	<u>(12,020)</u>	<u>(53,210)</u>	<u>(8,470)</u>	<u>(73,700)</u>
Fund Balance at Beginning of Year	<u>113,536</u>	<u>82,248</u>	<u>50,336</u>	<u>246,120</u>
Fund Balances, End of Year	<u><u>\$ 101,516</u></u>	<u><u>\$ 29,038</u></u>	<u><u>\$ 41,866</u></u>	<u><u>\$ 172,420</u></u>



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# OTHER GOVERNMENTAL FUNDS

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## SPECIAL REVENUE FUNDS

Baxter Park Fund – This fund accounts for a gift to the State of Maine by former Governor Baxter, which allows for the principal and interest to be used to purchase public reserved lands. Interest income may also be used for operations of the Baxter State Park.

Revenue on Permanent Funds – This fund accounts for expendable earnings on permanent fund balances.

## PERMANENT FUNDS

Baxter Park Trust Fund – This fund accounts for a gift to the State of Maine by former Governor Baxter, calling for principal to be maintained intact and income to be used for park operations.

Other Trust Funds – These funds are comprised of numerous small Permanent Funds, the income from which may be used for specified purposes.

Permanent School Fund – Established in 1828, the fund generates income used to support schools through the Department of Education.

**STATE OF MAINE**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR SPECIAL REVENUE FUNDS**

June 30, 2022  
(Expressed in Thousands)

	<u><b>Baxter Park</b></u>	<u><b>Revenue on Permanent Funds</b></u>	<u><b>Total Special Revenue Funds</b></u>
<b>Assets</b>			
Equity in Treasurer's Cash Pool	\$ -	\$ 311	\$ 311
Investments	<u>101,186</u>	<u>19</u>	<u>101,205</u>
Total Assets	<u><u>\$ 101,186</u></u>	<u><u>\$ 330</u></u>	<u><u>\$ 101,516</u></u>
<b>Liabilities and Fund Balances</b>			
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Restricted	<u>101,186</u>	<u>330</u>	<u>101,516</u>
Total Fund Balances	<u>101,186</u>	<u>330</u>	<u>101,516</u>
Total Liabilities and Fund Balances	<u><u>\$ 101,186</u></u>	<u><u>\$ 330</u></u>	<u><u>\$ 101,516</u></u>



**STATE OF MAINE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NON-MAJOR SPECIAL REVENUE FUNDS**

Fiscal Year Ended June 30, 2022  
(Expressed in Thousands)

	<u><b>Baxter Park</b></u>	<u><b>Revenue on Permanent Funds</b></u>	<u><b>Total Special Revenue Funds</b></u>
<b>Revenues</b>			
Investment Income (Loss)	\$ (9,703)	\$ 457	\$ (9,246)
Total Revenues	<u>(9,703)</u>	<u>457</u>	<u>(9,246)</u>
<b>Expenditures</b>			
Current:			
General Government	-	65	65
Total Expenditures	<u>-</u>	<u>65</u>	<u>65</u>
Revenue over (under) Expenditures	<u>(9,703)</u>	<u>392</u>	<u>(9,311)</u>
<b>Other Financing Sources (Uses)</b>			
Transfer to Other Funds	<u>(2,450)</u>	<u>(259)</u>	<u>(2,709)</u>
Net Other Financing Sources (Uses)	(2,450)	(259)	(2,709)
Net Change in Fund Balances	<u>(12,153)</u>	<u>133</u>	<u>(12,020)</u>
Fund Balance at Beginning of Year	<u>113,339</u>	<u>197</u>	<u>113,536</u>
Fund Balances at End of Year	<u><u>\$ 101,186</u></u>	<u><u>\$ 330</u></u>	<u><u>\$ 101,516</u></u>

**STATE OF MAINE**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR PERMANENT FUNDS**

June 30, 2022  
(Expressed in Thousands)

	<u>Baxter Trust</u>	<u>Other Trust</u>	<u>Permanent School</u>	<u>Total Permanent Funds</u>
<b>Assets</b>				
Investments	\$ 9,573	\$ 27,505	\$ 4,788	\$ 41,866
Total Assets	<u>\$ 9,573</u>	<u>\$ 27,505</u>	<u>\$ 4,788</u>	<u>\$ 41,866</u>
<b>Fund Balances</b>				
Non-Spendable Legal or Contractual	<u>\$ 9,573</u>	<u>\$ 27,505</u>	<u>\$ 4,788</u>	<u>\$ 41,866</u>

**STATE OF MAINE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NON-MAJOR PERMANENT FUNDS**

Fiscal Year Ended June 30, 2022  
(Expressed in Thousands)

	<u>Baxter Trust</u>	<u>Other Trust</u>	<u>Permanent School</u>	<u>Total Permanent Funds</u>
<b>Revenues</b>				
Investment Income (Loss)	\$ (2,080)	\$ (4,183)	\$ (1,041)	\$ (7,304)
Total Revenues	<u>(2,080)</u>	<u>(4,183)</u>	<u>(1,041)</u>	<u>(7,304)</u>
<b>Expenditures</b>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenue over (under) Expenditures	<u>(2,080)</u>	<u>(4,183)</u>	<u>(1,041)</u>	<u>(7,304)</u>
<b>Other Financing Sources (Uses)</b>				
Transfer to Other Funds	<u>-</u>	<u>(1,166)</u>	<u>-</u>	<u>(1,166)</u>
Net Other Financing Sources (Uses)	<u>-</u>	<u>(1,166)</u>	<u>-</u>	<u>(1,166)</u>
Revenues and Other Sources over (under) Expenditures and Other Uses	<u>(2,080)</u>	<u>(5,349)</u>	<u>(1,041)</u>	<u>(8,470)</u>
Fund Balance at Beginning of Year	<u>11,653</u>	<u>32,854</u>	<u>5,829</u>	<u>50,336</u>
Fund Balances at End of Year	<u>\$ 9,573</u>	<u>\$ 27,505</u>	<u>\$ 4,788</u>	<u>\$ 41,866</u>



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# BUDGETARY COMPARISON SCHEDULES

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**STATE OF MAINE**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND EXPENDITURES BY AGENCY**

Fiscal Year Ended June 30, 2022  
(Expressed in Thousands)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Department of Administrative and Financial Services</b>			
Administrative Services	\$ 21,305	\$ 18,278	\$ 3,027
Financial Services	230,635	216,405	14,230
Human Resources	2,883	2,374	509
Financial and Personnel Services	160	157	3
Liquor and Lottery	1,555	1,525	30
Marijuana	2,441	2,402	39
Purchasing	2,011	1,420	591
Bureau of Information Services	12,283	8,636	3,647
State Employee Health Commission	773	773	-
	<u>274,046</u>	<u>251,970</u>	<u>22,076</u>
<b>Department of Agriculture, Conservation and Forestry</b>	<u>39,573</u>	<u>36,043</u>	<u>3,530</u>
<b>Attorney General</b>	<u>23,827</u>	<u>23,019</u>	<u>808</u>
<b>State Auditor</b>	<u>1,616</u>	<u>1,470</u>	<u>146</u>
<b>Department of Corrections</b>			
Corrections	85,939	74,734	11,205
Maine State Prison	40,710	39,825	885
Maine Correctional Center	30,050	27,140	2,910
Dowse Correctional Facility	2,058	1,419	639
Charleston Correctional Facility	18,628	18,103	525
Long Creek Youth Development Center	16,497	13,852	2,645
County Jail Operations	22,103	22,103	-
	<u>215,985</u>	<u>197,176</u>	<u>18,809</u>
<b>Department of Economic and Community Development</b>	<u>13,823</u>	<u>13,094</u>	<u>729</u>
<b>Department of Environmental Protection</b>	<u>11,341</u>	<u>11,261</u>	<u>80</u>
<b>Department of Human Services</b>			
Human Services	<u>1,424,649</u>	<u>1,253,898</u>	<u>170,751</u>
<b>Department of Labor</b>			
Labor	12,124	11,207	917
Labor Relations Board	443	392	51
	<u>12,567</u>	<u>11,599</u>	<u>968</u>
<b>Department of Transportation</b>			
<b>Defense, Veterans and Emergency Management</b>	<u>11,572</u>	<u>8,937</u>	<u>2,635</u>
<b>Department of Education</b>			
Education	1,598,537	1,562,565	35,972
Education - Unorganized Territory	13,347	11,796	1,551
	<u>1,611,884</u>	<u>1,574,361</u>	<u>37,523</u>
<b>General Government</b>			
Office of the Governor	10,328	7,142	3,186
Ombudsman Program	223	177	46
	<u>10,551</u>	<u>7,319</u>	<u>3,232</u>
<b>Department of Inland Fisheries and Wildlife</b>	<u>32,332</u>	<u>31,555</u>	<u>777</u>
<b>Judicial Department</b>	<u>93,626</u>	<u>89,800</u>	<u>3,826</u>

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Legislative Department</b>			
Legislative	31,381	27,774	3,607
Law and Legislative Reference Library	1,942	1,726	216
Statehouse Preservation and Maintenance	800	107	693
Program Evaluation and Government Accountability	1,522	1,256	266
	<u>35,645</u>	<u>30,863</u>	<u>4,782</u>
<b>Department of Marine Resources</b>	<u>13,905</u>	<u>12,958</u>	<u>947</u>
<b>Department of Public Safety</b>	<u>55,804</u>	<u>51,808</u>	<u>3,996</u>
<b>Secretary of State</b>			
Secretary of State	5,096	4,807	289
Archives Services	1,916	1,462	454
	<u>7,012</u>	<u>6,269</u>	<u>743</u>
<b>Treasurer of State</b>	<u>115,542</u>	<u>112,713</u>	<u>2,829</u>
<b>Other Agencies</b>			
Maine Maritime Academy	9,839	9,839	-
University of Maine	232,290	232,290	-
Board of Education	182	144	38
Office of Affordable Healthcare	291	-	291
Permanent Commission Status of Racial Indigenous and Tribal	846	414	432
Maine Fire Protection Service Commission	502	1	501
Com. On Governmental Ethics and Election Practices	178	171	7
Finance Authority of Maine	18,294	18,194	100
Saco River Corridor Commission	47	47	-
Human Rights Commission	1,172	1,161	11
Maine Indian Tribal State Council	167	167	-
Board of Property Tax Review	87	83	4
Museum	2,273	1,996	277
Maine Municipal Bond Bank	69	69	-
Maine State Cultural Affairs Council	50	21	29
Maine Historic Preservation Commission	508	400	108
Library	3,946	3,724	222
Maine State Retirement System	624	624	-
Arts and Humanities Administration	1,020	869	151
Dirigo Health	1,259	908	351
Commission on Indigent Legal Services	16,567	16,416	151
Maine Humanities Council	53	53	-
Centers for Innovation	118	118	-
NE International Water Pollution Control Commission	53	53	-
Downeast Institute Appl Marine	13	13	-
St. Croix International Waterway	50	50	-
Disability Rights Center	126	63	63
Maine Historical Society	45	45	-
Maine Hospice Counsel	64	64	-
Maine Development Foundation	58	58	-
Maine Public Broadcasting Corporation	1,650	1,650	-
Maine State Housing Authority	2,500	2,500	-
Maine Potato Board	161	161	-
Pine Tree Legal	650	650	-
Maine Community College System	73,983	73,983	-
	<u>369,735</u>	<u>366,999</u>	<u>2,736</u>
<b>Grand Total</b>	<u>\$ 4,375,035</u>	<u>\$ 4,093,112</u>	<u>\$ 281,923</u>





**BUDGETARY COMPARISON SCHEDULE  
HIGHWAY FUND EXPENDITURES BY AGENCY**

Fiscal Year Ended June 30, 2022  
(Expressed in Thousands)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Actual Budget</u>
<b>Department of Administrative and Financial Services</b>			
Administrative Services	\$ 1,783	\$ 1,543	\$ 240
Financial Services	782	762	20
	<u>2,565</u>	<u>2,305</u>	<u>260</u>
<b>Department of Environmental Protection</b>	<u>32</u>	<u>31</u>	<u>1</u>
<b>Legislative Department</b>			
Legislative	<u>13</u>	<u>-</u>	<u>13</u>
<b>Department of Transportation</b>			
Transportation	<u>311,367</u>	<u>296,757</u>	<u>14,610</u>
<b>Department of Public Safety</b>	<u>32,044</u>	<u>31,004</u>	<u>1,040</u>
<b>Secretary of State</b>			
Motor Vehicles	<u>47,704</u>	<u>40,283</u>	<u>7,421</u>
<b>Grand Total</b>	<u>\$ 393,725</u>	<u>\$ 370,380</u>	<u>\$ 23,345</u>

**STATE OF MAINE**  
**BUDGETARY COMPARISON SCHEDULE**  
**FEDERAL FUND EXPENDITURES BY AGENCY**

Fiscal Year Ended June 30, 2022  
(Expressed in Thousands)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Department of Administrative and Financial Services</b>			
Administrative Services	\$ 8,672	\$ 3,644	\$ 5,028
Bureau of Information Services	18,172	2,094	16,078
Financial Services	259,357	122,649	136,708
Financial and Personnel Services	963	507	456
Purchasing	1,399	613	786
State Employee Health Commission	8	-	8
	<u>288,571</u>	<u>129,507</u>	<u>159,064</u>
<b>Department of Agriculture, Conservation and Forestry</b>	<u>50,522</u>	<u>12,587</u>	<u>37,935</u>
<b>Attorney General</b>	<u>4,314</u>	<u>2,498</u>	<u>1,816</u>
<b>Department of Corrections</b>			
Corrections	4,069	1,390	2,679
Maine State Prison	2,057	2,057	-
Maine Correctional Center	1,519	1,408	111
Downeast Correctional Facility	29	29	-
Charleston Correctional Facility	1,129	959	170
Long Creek Youth Development Center	897	769	128
	<u>9,700</u>	<u>6,612</u>	<u>3,088</u>
<b>Department of Economic and Community Development</b>	<u>216,885</u>	<u>76,965</u>	<u>139,920</u>
<b>Department of Environmental Protection</b>	<u>37,619</u>	<u>9,807</u>	<u>27,812</u>
<b>Department of Human Services</b>			
Human Services	<u>3,908,825</u>	<u>3,487,212</u>	<u>421,613</u>
<b>Department of Labor</b>	<u>407,668</u>	<u>317,830</u>	<u>89,838</u>
<b>Department of Transportation</b>			
Transportation	409,973	306,047	103,926
Air Transportation	1,945	64	1,881
Ferry Service/Ports and Marine	1,200	-	1,200
Rail/Van Pool	10,100	3,604	6,496
	<u>423,218</u>	<u>309,715</u>	<u>113,503</u>
<b>Defense, Veterans and Emergency Management</b>	<u>173,374</u>	<u>112,025</u>	<u>61,349</u>
<b>Department of Education</b>			
Education	1,142,249	464,410	677,839
Education - Unorganized Territory	598	206	392
	<u>1,142,847</u>	<u>464,616</u>	<u>678,231</u>
<b>General Government</b>			
Office of the Governor	7,470	1,836	5,634
Ombudsman Program	64	44	20
	<u>7,534</u>	<u>1,880</u>	<u>5,654</u>
<b>Department of Inland Fisheries and Wildlife</b>	<u>28,978</u>	<u>12,915</u>	<u>16,063</u>
<b>Judicial Department</b>	<u>2,175</u>	<u>1,116</u>	<u>1,059</u>
<b>Department of Marine Resources</b>	<u>32,190</u>	<u>9,595</u>	<u>22,595</u>

	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance with Final Budget</u></b>
<b>Department of Professional and Financial Regulation</b>			
Professional and Financial Regulation	70,641	9,355	61,286
Board of Nursing	10	-	10
<b>Department of Public Safety</b>	22,218	11,082	11,136
<b>Public Utilities Commission</b>	60	49	11
<b>Secretary of State</b>			
Secretary of State	4,520	596	3,924
Motor Vehicles	485	-	485
Archives Services	32	4	28
	5,037	600	4,437
<b>Other Agencies</b>			
Maine Maritime Academy	2,038	38	2,000
University of Maine	23,345	8,345	15,000
Maine Connectivity Authority	10,000	5,000	5,000
Permanent Commission Status of Racial Indigenous and Tribal	501	-	501
Finance Authority of Maine	3,001	-	3,001
Human Rights Commission	594	326	268
Museum	131	-	131
Maine Historic Preservation Commission	1,146	815	331
Library	3,768	3,126	642
Arts and Humanities Administration	2,216	1,414	802
Maine Efficiency Trust	15,000	-	15,000
Commission on Indigent Legal Services	4,000	-	4,000
Maine Public Broadcasting Corporation	5,000	-	5,000
Maine State Housing Authority	351,510	255,978	95,532
ConnectME Authority	639	639	-
Maine Community College System	15,000	327	14,673
	437,889	276,008	161,881
<b>Grand Total</b>	<b><u>\$ 7,270,275</u></b>	<b><u>\$ 5,251,974</u></b>	<b><u>\$ 2,018,301</u></b>

**STATE OF MAINE**  
**BUDGETARY COMPARISON SCHEDULE**  
**OTHER SPECIAL REVENUE FUND EXPENDITURES BY AGENCY**

Fiscal Year Ended June 30, 2022  
(Expressed in Thousands)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Department of Administrative and Financial Services</b>			
Administrative Services	\$ 18,319	\$ 4,228	\$ 14,091
Bureau of Information Services	2,254	836	1,418
Financial Services	1,013,889	788,074	225,815
Human Resources	5	-	5
Financial and Personnel Services	30	2	28
Liquor and Lottery	19	14	5
Marijuana	4,317	2,384	1,933
State Employee Health Commission	75	-	75
Purchasing	4	-	4
	<u>1,038,912</u>	<u>795,538</u>	<u>243,374</u>
<b>Department of Agriculture, Conservation and Forestry</b>	<u>126,112</u>	<u>66,279</u>	<u>59,833</u>
<b>Attorney General</b>	<u>21,284</u>	<u>18,760</u>	<u>2,524</u>
<b>State Auditor</b>	<u>2,931</u>	<u>2,385</u>	<u>546</u>
<b>Department of Corrections</b>			
Corrections	2,030	509	1,521
Maine State Prison	120	50	70
Maine Correctional Center	359	43	316
Charleston Correctional Facility	137	22	115
Long Creek Youth Development Center	39	-	39
County Jail Operations	566	140	426
	<u>3,251</u>	<u>764</u>	<u>2,487</u>
<b>Department of Economic and Community Development</b>	<u>26,568</u>	<u>15,053</u>	<u>11,515</u>
<b>Department of Environmental Protection</b>			
Department of Environmental Protection	<u>72,932</u>	<u>41,078</u>	<u>31,854</u>
<b>Department of Human Services</b>			
Human Services	<u>618,152</u>	<u>524,020</u>	<u>94,132</u>
<b>Department of Labor</b>			
Labor	9,890	11,569	(1,679)
Labor Relations Board	140	33	107
	<u>10,030</u>	<u>11,602</u>	<u>(1,572)</u>
<b>Department of Transportation</b>			
Transportation	287,089	157,249	129,840
Air Transportation	1,713	928	785
Ferry Service/Ports & Maine	461	136	325
Rail/Van Pool	3,388	2,015	1,373
	<u>292,651</u>	<u>160,328</u>	<u>132,323</u>
<b>Defense, Veterans and Emergency Management</b>	<u>3,832</u>	<u>922</u>	<u>2,910</u>
<b>Department of Education</b>			
Education	37,969	27,257	10,712
Education - Unorganized Territory	8	-	8
	<u>37,977</u>	<u>27,257</u>	<u>10,720</u>
<b>General Government</b>			
Office of the Governor	2,710	960	1,750
Public Advocate	4,121	2,256	1,865
	<u>6,831</u>	<u>3,216</u>	<u>3,615</u>
<b>Department of Inland Fisheries and Wildlife</b>	<u>12,865</u>	<u>6,029</u>	<u>6,836</u>

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Judicial Department</b>	<u>13,800</u>	<u>7,163</u>	<u>6,637</u>
<b>Legislative Department</b>			
Legislative	<u>275</u>	<u>40</u>	<u>235</u>
<b>Department of Marine Resources</b>	<u>13,259</u>	<u>8,361</u>	<u>4,898</u>
<b>Department of Professional and Financial Regulation</b>			
Professional and Financial Regulation	33,121	24,860	8,261
Board of Dental Examiners	587	489	98
Board of Nursing	1,377	1,245	132
Board of Optometry	97	95	2
Board of Osteopathic Examination and Registration	274	239	35
Board of Professional Engineers	323	279	44
Board of Registration in Medicine	<u>1,844</u>	<u>1,599</u>	<u>245</u>
	<u>37,623</u>	<u>28,806</u>	<u>8,817</u>
<b>Department of Public Safety</b>	<u>30,961</u>	<u>24,389</u>	<u>6,572</u>
<b>Public Utilities Commission</b>	<u>24,073</u>	<u>19,362</u>	<u>4,711</u>
<b>Secretary of State</b>			
Secretary of State	484	411	73
Motor Vehicles	1,483	946	537
Archives Services	<u>34</u>	<u>1</u>	<u>33</u>
	<u>2,001</u>	<u>1,358</u>	<u>643</u>
<b>Treasurer of State</b>	<u>255,160</u>	<u>232,513</u>	<u>22,647</u>
<b>Other Agencies</b>			
Maine Maritime	176	111	65
University of Maine	4,522	4,363	159
Worker's Compensation Board	13,610	12,225	1,385
Maine Health Data Organization	3,601	2,249	1,352
Permanent Commission Status of Racial Indigenous and Tribal	51	-	51
Maine Charter School	867	762	105
Baxter State Park Authority	5,656	4,789	867
Com. On Governmental Ethics and Election Practices	3,645	3,174	471
Finance Authority of Maine	10,859	10,831	28
Saco River Corridor Commission	90	90	-
Human Rights Commission	108	23	85
Board of Property Tax Review	3	-	3
Museum	405	101	304
Maine Municipal Bond Bank	92,992	41,634	51,358
Maine State Cultural Affairs Council	66	-	66
Maine Historic Preservation Commission	693	401	292
Library	812	491	321
Lobster Promotion Council	2,686	1,945	741
Arts and Humanities Administration	102	49	53
Maine Efficiency Trust	156	145	11
Commission on Indigent Legal Services	10,451	3,942	6,509
Telecommunication Relay Services Council	726	290	436
Maine Children's Trust Incorporated	48	4	44
Maine State Housing Authority	41,756	36,323	5,433
Maine Potato Board	1,586	770	816
ConnectME Authority	1,716	-	1,716
Maine Community College System	4,525	4,525	-
Wild Blueberry Commission of Maine	<u>1,875</u>	<u>1,705</u>	<u>170</u>
	<u>203,783</u>	<u>130,942</u>	<u>72,841</u>
<b>Grand Total</b>	<u>\$ 2,855,263</u>	<u>\$ 2,126,165</u>	<u>\$ 729,098</u>



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# NON-MAJOR ENTERPRISE FUNDS

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Lottery Fund – This fund was established to account for all operations of the Maine State Lottery. This includes the Tri-State Lotto Commission and the Multi-State Lottery Association. The Tri-State Lotto Commission was established in 1985 and is a joint venture between the States of Maine, New Hampshire, and Vermont. The Commission is authorized and empowered to promulgate rules and regulations regarding the conduct of lottery games, including the prices of tickets, the number and size of prizes for winning tickets, and the licensing of agents. The Multi-State Lottery Association was established in July 2004 and is authorized to initiate, promulgate, administer and carry out one or more lottery product offerings.

Alcoholic Beverages Fund - This fund was established to license and regulate the sale of alcoholic beverages. During fiscal year 2014, the State entered into a ten-year contract with a vendor to manage and operate wholesale liquor distribution as the State's agent.

Maine Military Authority Fund – This fund was created for the purpose of operating the Maine Readiness Sustainment Maintenance Center. The Center maintains, rebuilds, repairs, stores and manufactures equipment for the United States Departments of Defense, Army, Air Force, Navy and Treasury.

State Ferry Service Fund – This fund accounts for the operation of ferry services between the mainland and various islands for the purpose of transporting vehicles, freight, and passengers to and from those islands.

Prison Industries Fund – This fund accounts for a self-supporting program of job training through the employment of inmates in manufacturing and selling products.

Dirigo Health Agency – This fund was created to arrange for the provision of comprehensive, affordable health care coverage to eligible small employers, including the self-employed, their employees and dependents, and individuals on a voluntary basis.

Consolidated Emergency Communications Fund – This fund accounts for payments made by municipal, county, and state governmental entities towards the implementation and on-going costs of the Statewide Communication System.

Competitive Skills Scholarship Fund – This fund provides scholarships to eligible Maine residents to access post-secondary education including certificate programs and two- and four-year degrees.

Maine Retirement Savings Program Fund – The fund accounts for administrative costs and expenses of the Maine Retirement Savings Program which is to promote individual retirement savings through a Public-Private partnership.

**STATE OF MAINE**  
**COMBINING STATEMENT OF NET POSITION**  
**NON-MAJOR ENTERPRISE FUNDS**

June 30, 2022  
(Expressed in Thousands)

	<u>Lottery</u>	<u>Alcoholic Beverages</u>	<u>Maine Military Authority</u>	<u>Ferry Service</u>
<b>Assets</b>				
Current assets:				
Equity in Treasurer's Cash Pool	\$ -	\$ 4,512	\$ -	\$ 1,197
Cash & Short-Term Investments	750	-	-	3
Restricted Assets				
Restricted Deposits & Investments	-	-	-	-
Inventories	-	-	-	368
Receivables, Net of Allowance for Uncollectibles:				
Other Receivable	29,192	6,078	152	119
Due from Other Funds	6,600	630	-	-
Total Current assets	<u>36,542</u>	<u>11,220</u>	<u>152</u>	<u>1,687</u>
Noncurrent Assets:				
Equity in Treasurer's Cash Pool	-	2,939	-	779
Capital Assets, Net of Accumulated Depreciation	-	-	-	47,009
Total Noncurrent Assets	<u>-</u>	<u>2,939</u>	<u>-</u>	<u>47,788</u>
Total Assets	<u>36,542</u>	<u>14,159</u>	<u>152</u>	<u>49,475</u>
<b>Deferred Outflows of Resources</b>	<u>\$ 766</u>	<u>\$ 112</u>	<u>\$ -</u>	<u>\$ 2,855</u>
<b>Liabilities</b>				
Current Liabilities:				
Accounts Payable	\$ 5,932	\$ 10,075	\$ -	\$ 406
Accrued Payroll	97	20	-	281
Due to Other Funds	278	6	6,356	85
Current Portion of Long-Term Obligations:				
Compensated Absences	13	5	-	77
Unearned Revenue	221	-	-	-
Other Accrued Liabilities	25,912	-	-	-
Total Current Liabilities	<u>32,453</u>	<u>10,106</u>	<u>6,356</u>	<u>849</u>
Long-Term Liabilities				
Working Capital Advances Payable	-	-	-	-
Compensated Absences	89	32	-	507
Net Pension Liability	904	132	-	3,502
Net Other Post-Employment Benefit Liability	1,116	152	-	4,331
Total Long-Term Liabilities	<u>2,109</u>	<u>316</u>	<u>-</u>	<u>8,340</u>
Total Liabilities	<u>34,562</u>	<u>10,422</u>	<u>6,356</u>	<u>9,189</u>
<b>Deferred Inflows of Resources</b>	<u>\$ 1,124</u>	<u>\$ 159</u>	<u>\$ -</u>	<u>\$ 4,365</u>
<b>Net Position</b>				
Net Investment in Capital Assets	-	-	-	47,009
Unrestricted	1,622	3,690	(6,204)	(8,233)
Total Net Position	<u>\$ 1,622</u>	<u>\$ 3,690</u>	<u>\$ (6,204)</u>	<u>\$ 38,776</u>



<u>Prison Industries</u>	<u>Dirigo Health</u>	<u>Consolidated Emergency Communications</u>	<u>Competitive Skills Scholarship Fund</u>	<u>Maine Retirement Savings Program</u>	<u>Total Other Enterprise Funds</u>
\$ 582 1	\$ 39 -	\$ 2,233 -	\$ 4,182 -	\$ 971 -	\$ 13,716 754
- 4,700	- -	- -	11 -	- -	11 5,068
5 6	- -	52 -	- -	- -	35,598 7,236
<u>5,294</u>	<u>39</u>	<u>2,285</u>	<u>4,193</u>	<u>971</u>	<u>62,383</u>
379 141	25 -	1,455 -	2,724 -	633 -	8,934 47,150
<u>520</u>	<u>25</u>	<u>1,455</u>	<u>2,724</u>	<u>633</u>	<u>56,084</u>
<u>5,814</u>	<u>64</u>	<u>3,740</u>	<u>6,917</u>	<u>1,604</u>	<u>118,467</u>
<u>\$ 114</u>	<u>\$ -</u>	<u>\$ 2,447</u>	<u>\$ 294</u>	<u>\$ -</u>	<u>\$ 6,588</u>
\$ 47 8 16	\$ - - -	\$ 9 323 100	\$ 33 39 23	\$ - - -	\$ 16,502 768 6,864
1 - -	- - -	27 - -	3 - -	- - -	126 221 25,912
<u>72</u>	<u>-</u>	<u>459</u>	<u>98</u>	<u>-</u>	<u>50,393</u>
- 6 158 144	- - - -	- 179 2,999 3,745	- 20 406 519	1,600 - - -	1,600 833 8,101 10,007
<u>308</u>	<u>-</u>	<u>6,923</u>	<u>945</u>	<u>1,600</u>	<u>20,541</u>
<u>380</u>	<u>-</u>	<u>7,382</u>	<u>1,043</u>	<u>1,600</u>	<u>70,934</u>
<u>\$ 182</u>	<u>\$ -</u>	<u>\$ 3,745</u>	<u>\$ 510</u>	<u>\$ -</u>	<u>\$ 10,085</u>
141 5,225	- 64	- (4,940)	- 5,658	- 4	47,150 (3,114)
<u>\$ 5,366</u>	<u>\$ 64</u>	<u>\$ (4,940)</u>	<u>\$ 5,658</u>	<u>\$ 4</u>	<u>\$ 44,036</u>

**STATE OF MAINE**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**NON-MAJOR ENTERPRISE FUNDS**

Fiscal Year Ended June 30, 2022  
(Expressed in Thousands)

	<u>Lottery</u>	<u>Alcoholic Beverages</u>	<u>Maine Military Authority</u>	<u>Ferry Service</u>
<b>Operating Revenues</b>				
Charges for Services	\$ 391,772	\$ 245,900	\$ -	\$ 6,533
Assessments	-	-	-	-
Miscellaneous Revenues	4	-	-	-
Total Operating Revenues	<u>391,776</u>	<u>245,900</u>	<u>-</u>	<u>6,533</u>
<b>Operating Expenses</b>				
General Operations	319,494	183,874	144	11,633
Depreciation and Amortization	-	-	-	2,130
Total Operating Expenses	<u>319,494</u>	<u>183,874</u>	<u>144</u>	<u>13,763</u>
Operating Income (Loss)	<u>72,282</u>	<u>62,026</u>	<u>(144)</u>	<u>(7,230)</u>
<b>Nonoperating Revenues (Expenses)</b>				
Other Nonoperating Revenues (Expenses) - net	86	-	(25)	14
Total Nonoperating Revenues (Expenses)	<u>86</u>	<u>-</u>	<u>(25)</u>	<u>14</u>
Income (Loss) Before Capital Contributions, Transfers and Special Items	<u>72,368</u>	<u>62,026</u>	<u>(169)</u>	<u>(7,216)</u>
<b>Capital Contributions, Transfers and Special Items</b>				
Capital Contributions from (to) Other Funds	-	-	-	9,361
Transfer from Other Funds	-	-	-	6,148
Transfer to Other Funds	<u>(72,093)</u>	<u>(62,088)</u>	<u>-</u>	<u>-</u>
Total Capital Contributions, Transfers In (Out) and Special Items	<u>(72,093)</u>	<u>(62,088)</u>	<u>-</u>	<u>15,509</u>
Change in Net Position	<u>275</u>	<u>(62)</u>	<u>(169)</u>	<u>8,293</u>
Net Position - Beginning of Year	<u>1,347</u>	<u>3,752</u>	<u>(6,035)</u>	<u>30,483</u>
Net Position - End of Year	<u>\$ 1,622</u>	<u>\$ 3,690</u>	<u>\$ (6,204)</u>	<u>\$ 38,776</u>

<u>Prison Industries</u>	<u>Dirigo Health</u>	<u>Consolidated Emergency Communications</u>	<u>Competitive Skills Scholarship Fund</u>	<u>Maine Retirement Savings Program</u>	<u>Total Other Enterprise Funds</u>
\$ 2,014	\$ -	\$ 7,040	\$ -	\$ -	\$ 653,259
-	-	-	4,664	-	4,664
-	-	-	-	-	4
<u>2,014</u>	<u>-</u>	<u>7,040</u>	<u>4,664</u>	<u>-</u>	<u>657,927</u>
1,405	-	5,705	1,475	-	523,730
24	-	-	-	-	2,154
<u>1,429</u>	<u>-</u>	<u>5,705</u>	<u>1,475</u>	<u>-</u>	<u>525,884</u>
<u>585</u>	<u>-</u>	<u>1,335</u>	<u>3,189</u>	<u>-</u>	<u>132,043</u>
5	-	-	26	4	110
<u>5</u>	<u>-</u>	<u>-</u>	<u>26</u>	<u>4</u>	<u>110</u>
590	-	1,335	3,215	4	132,153
23	-	-	-	-	9,384
-	-	-	-	-	6,148
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(134,181)</u>
23	-	-	-	-	(118,649)
<u>613</u>	<u>-</u>	<u>1,335</u>	<u>3,215</u>	<u>4</u>	<u>13,504</u>
<u>4,753</u>	<u>64</u>	<u>(6,275)</u>	<u>2,443</u>	<u>-</u>	<u>30,532</u>
<u>\$ 5,366</u>	<u>\$ 64</u>	<u>\$ (4,940)</u>	<u>\$ 5,658</u>	<u>\$ 4</u>	<u>\$ 44,036</u>

**STATE OF MAINE**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NON-MAJOR ENTERPRISE FUNDS**

Fiscal Year Ended June 30, 2022  
(Expressed in Thousands)

	<b>Lottery</b>	<b>Alcoholic Beverages</b>	<b>Maine Military Authority</b>	<b>Ferry Service</b>
<b>Cash Flows from Operating Activities</b>				
Receipts from Customers and Users	\$ 393,038	\$ 245,435	\$ 40	\$ 6,519
Cash Received from Interfund Services	-	-	129	22
Payments to Prize Winners	(269,818)	-	-	-
Payments to Suppliers	(46,657)	(183,313)	(33)	(4,119)
Payments to Employees	(2,188)	(354)	(104)	(7,663)
Payments for Interfund Goods and Services	(5,170)	(8,514)	(7)	(620)
Net Cash Provided (Used) by Operating Activities	69,205	53,254	25	(5,861)
<b>Cash Flows from Noncapital Financing Activities</b>				
Transfers from Other Funds	-	-	-	6,148
Transfers to Other Funds	(72,093)	(62,088)	-	-
Working Capital Advance	-	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	(72,093)	(62,088)	-	6,148
<b>Cash Flows from Capital and Related Financing Activities</b>				
Payments for Acquisition of Capital Assets	-	-	-	(34)
Proceeds from Sale of Capital Assets	-	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	-	-	-	(34)
<b>Cash Flows from Investing Activities</b>				
Investment Income	86	-	(25)	14
Net Cash Provided (Used) by Investing Activities	86	-	(25)	14
Net Increase (Decrease) in Cash/Cash Equivalents	(2,802)	(8,834)	-	267
Cash/Cash Equivalents - Beginning of Period	3,552	16,285	-	1,712
Cash/Cash Equivalents - End of Period	\$ 750	\$ 7,451	\$ -	\$ 1,979
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Operating Income (Loss)	\$ 72,282	\$ 62,026	\$ (144)	\$ (7,230)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Depreciation Expense	-	-	-	2,130
Decrease (Increase) in Assets & Liabilities				
Accounts Receivable	1,262	(1,065)	40	-
Interfund Balances	(4,289)	(8,142)	129	(8)
Inventories	-	-	-	(155)
Other Assets	-	600	-	-
Deferred Outflows	(262)	(38)	-	(865)
Increase (Decrease) in Liabilities				
Accounts Payable	11	(149)	-	249
Accrued Payroll Expense	(110)	4	-	50
Compensated Absences	(35)	24	-	28
Deferred Inflows	1,067	152	-	4,142
Net Pension Liability	(788)	(113)	-	(2,898)
Other Accruals	427	-	-	-
Net OPEB Liability	(360)	(45)	-	(1,304)
Total Adjustments	(3,077)	(8,772)	169	1,369
Net Cash Provided (Used) by Operating Activities	\$ 69,205	\$ 53,254	\$ 25	\$ (5,861)
<b>Non Cash Investing, Capital and Financing Activities</b>				
Contributed Capital Assets	-	-	-	9,361

<b>Prison Industries</b>	<b>Dirigo Health</b>	<b>Consolidated Emergency Communications</b>	<b>Competitive Skills Scholarship Fund</b>	<b>Maine Retirement Savings Program</b>	<b>Total Other Enterprise Funds</b>
\$ 1,580	\$ -	\$ 1,297	\$ 4,659	\$ -	\$ 652,568
444	-	5,707	12	-	6,314
-	-	-	-	-	(269,818)
(1,110)	-	(271)	(832)	-	(236,335)
(211)	-	(5,853)	(612)	-	(16,985)
(753)	-	(626)	(143)	-	(15,833)
(50)	-	254	3,084	-	119,911
-	-	-	-	-	6,148
-	-	-	-	-	(134,181)
-	-	-	-	1,600	1,600
-	-	-	-	1,600	(126,433)
-	-	-	-	-	(34)
1	-	-	-	-	1
1	-	-	-	-	(33)
5	-	-	26	4	110
5	-	-	26	4	110
(44)	-	254	3,110	1,604	(6,445)
1,006	64	3,434	3,807	-	29,860
\$ 962	\$ 64	\$ 3,688	\$ 6,917	\$ 1,604	\$ 23,415
\$ 585	\$ -	\$ 1,335	\$ 3,189	\$ -	\$ 132,043
24	-	-	-	-	2,154
-	-	(51)	-	-	186
4	-	15	7	-	(12,284)
(573)	-	-	-	-	(728)
-	-	-	-	-	600
(32)	-	(746)	(100)	-	(2,043)
(15)	-	8	(6)	-	98
-	-	56	11	-	11
(5)	-	(32)	-	-	(20)
174	-	3,547	484	-	9,566
(156)	-	(2,591)	(341)	-	(6,887)
-	-	-	-	-	427
(56)	-	(1,287)	(160)	-	(3,212)
(635)	-	(1,081)	(105)	-	(12,132)
\$ (50)	\$ -	\$ 254	\$ 3,084	\$ -	\$ 119,911
23	-	-	-	-	9,384



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# INTERNAL SERVICE FUNDS

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Motor Transport Service Fund – This fund accounts for all the equipment and vehicle operations of the Department of Transportation.

Postal, Printing and Supply Fund – This fund accounts for the purchase of general office supplies, materials and photocopiers required by any State department or agency, the purchase of and contract for all postal and mailing services, duplicating needs, and the acquisition and disposition of State and federal surplus property. This fund is also used to administer the State's Procurement Card Program.

Information Services Fund – This fund accounts for the costs of providing information services in data processing and telecommunications and for coordinating data processing services including computer operations, programming and applications systems development, technical support and networking services.

Risk Management Fund – This fund accounts for resources generated and used to provide insurance advice and services for all forms of insurance except health and workers' compensation. This includes insurance for automobile, fire, liability and any other type of coverage that may be necessary to protect the State against financial loss.

Workers' Compensation Fund – This fund accounts for resources generated and used to provide workers compensation advice and insurance services.

Central Fleet Management Fund – This fund accounts for the cost of administering a uniform program for the operation and maintenance of all State vehicles except those of the Department of Transportation and Public Safety.

Leased Space Fund – This fund accounts for State facilities leasing activities and maintains records of State agency property, leasing needs and all available space owned, leased and potentially available for lease.

Revenue Services Fund – This fund accounts for the resources generated and used to provide up-to-date information to facilitate compliance with Maine tax law and to help reduce common mistakes in filing tax forms.

Retiree Health Insurance Fund – This fund accounts for post retirement health care premiums and benefits for most retired state employees and Legislators, for a portion of the premiums for teachers, and for a portion of the premiums for county and municipal law enforcement officers and firefighters (First Responders).

Employee Health Insurance Fund – This fund accounts for health care premiums and benefits for most state employees.

Statewide Radio & Network Systems Fund – This fund accounts for resources generated and used to acquire, expand, upgrade and replace a statewide radio and network system for use by State agencies.

Financial & Personnel Services Fund – This fund accounts for centralized services provided by the Department of Administrative and Financial Services. Services provided include personnel administration, employee relations, budget management, general administration, and accounting.

Transportation Facilities Fund – This fund accounts for the purchase, operation, maintenance, improvement, repair, construction, and management of buildings owned by the Department of Transportation.

Governmental Facilities Authority Fund – This fund includes the operations of the Maine Governmental Facilities Authority, a blended component unit. The Authority was created to assist in the financing, equipping, improvement, reconstruction, acquisition, and construction of additions to structures designed for use as a court facility, State office or State activity space.

Industrial Drive Facility Fund – This fund accounts for the managing and operation of the facility at 66 Industrial Drive in Augusta. The facility consolidates agencies performing similar work in an effort to promote resource sharing.

**STATE OF MAINE**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**

June 30, 2022  
(Expressed in Thousands)

	<b>Motor Transport Services</b>	<b>Postal, Printing &amp; Supply</b>	<b>Information Services</b>	<b>Risk Management</b>
<b>Assets</b>				
Current Assets:				
Equity in Treasurer's Cash Pool	\$ 4,067	\$ -	\$ -	\$ 15,120
Cash & Short-Term Investments	-	1	-	-
Cash with Fiscal Agent	87	-	-	-
Restricted Assets:				
Restricted Deposits & Investments	-	-	-	-
Inventories	5,026	680	7	-
Receivables, Net of Allowance for Uncollectibles:				
Other Receivable	25	82	538	87
Due from Other Funds	289	9,356	10,328	729
Other Assets	-	2	11,202	1,696
Total Current Assets	<u>9,494</u>	<u>10,121</u>	<u>22,075</u>	<u>17,632</u>
Noncurrent Assets:				
Equity in Treasurer's Cash Pool	2,649	-	-	9,847
Receivables, Net of Current Portion	-	-	-	-
Capital Assets, Net of Accumulated Depreciation	42,758	445	7,762	-
Right to Use Assets, Net of Accumulated Amortization	-	-	-	-
Total Noncurrent Assets	<u>45,407</u>	<u>445</u>	<u>7,762</u>	<u>9,847</u>
Total Assets	<u>54,901</u>	<u>10,566</u>	<u>29,837</u>	<u>27,479</u>
<b>Deferred Outflows of Resources</b>	<u>\$ 4,047</u>	<u>\$ 880</u>	<u>\$ 17,887</u>	<u>\$ 213</u>
<b>Liabilities</b>				
Current Liabilities:				
Accounts Payable	\$ 56	\$ 76	\$ 12,188	\$ 5
Accrued Payroll	393	129	2,366	30
Due to Other Funds	179	16,908	5,615	142
Due to Component Units	-	-	-	-
Current Portion of Long-Term Obligations:				
Certificates of Participation and Other Financing Arrangements	8	-	-	-
Lease Liabilities	-	-	-	-
Claims Payable	-	-	-	-
Compensated Absences	102	18	366	5
Unearned Revenue	-	-	-	182
Accrued Interest Payable	-	-	-	-
Total Current Liabilities	<u>738</u>	<u>17,131</u>	<u>20,535</u>	<u>364</u>
Long-Term Liabilities:				
Working Capital Advances Payable	-	111	-	-
Certificates of Participation & Other Financing Arrangements	-	-	-	-
Lease Liabilities	-	-	-	-
Claims Payable	-	-	-	10,898
Compensated Absences	676	112	2,413	30
Net Other Post-Employment Benefit Liability	6,599	1,383	29,096	300
Net Pension Liability	5,162	1,109	22,791	265
Total Long-Term Liabilities	<u>12,437</u>	<u>2,715</u>	<u>54,300</u>	<u>11,493</u>
Total Liabilities	<u>13,175</u>	<u>19,846</u>	<u>74,835</u>	<u>11,857</u>
<b>Deferred Inflows of Resources</b>	<u>\$ 6,485</u>	<u>\$ 1,386</u>	<u>\$ 28,643</u>	<u>\$ 323</u>
<b>Net Position</b>				
Net Investment in Capital Assets	42,837	445	7,762	-
Restricted for:				
Other Purposes	-	-	-	-
Unrestricted	<u>(3,549)</u>	<u>(10,231)</u>	<u>(63,516)</u>	<u>15,512</u>
Total Net Position	<u>\$ 39,288</u>	<u>\$ (9,786)</u>	<u>\$ (55,754)</u>	<u>\$ 15,512</u>



(Continued)

<u>Workers' Compensation</u>	<u>Central Fleet Management</u>	<u>Leased Space</u>	<u>Revenue Services</u>	<u>Retiree Health Insurance</u>	<u>Employee Health Insurance</u>	<u>Statewide Radio &amp; Network Systems</u>
\$ 21,657	\$ 4	\$ -	\$ 84	\$ 131,284	\$ 124,226	\$ 108
-	1	-	-	-	-	-
-	2,028	-	-	-	-	5,000
-	-	-	-	-	-	-
-	45	-	-	-	-	-
-	49	362	-	2,467	7,936	-
666	2,340	292	-	6,130	7,247	-
573	-	-	-	-	-	-
<u>22,896</u>	<u>4,467</u>	<u>654</u>	<u>84</u>	<u>139,881</u>	<u>139,409</u>	<u>5,108</u>
14,105	3	-	54	85,500	80,903	70
-	-	4,097	-	-	-	-
-	19,491	-	-	-	-	27,533
-	-	219,436	-	-	-	-
<u>14,105</u>	<u>19,494</u>	<u>223,533</u>	<u>54</u>	<u>85,500</u>	<u>80,903</u>	<u>27,603</u>
<u>37,001</u>	<u>23,961</u>	<u>224,187</u>	<u>138</u>	<u>225,381</u>	<u>220,312</u>	<u>32,711</u>
<u>\$ 710</u>	<u>\$ 432</u>	<u>\$ 97</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 491</u>	<u>\$ -</u>
\$ 640	\$ 594	\$ 172	\$ -	\$ 8,079	\$ 3,008	\$ -
97	62	12	-	1	68	-
41	323	36	5	245	3,273	-
-	-	-	-	2,627	-	-
-	4,169	-	-	-	-	687
-	-	6,215	-	-	-	-
8,260	-	-	-	3,561	10,685	-
14	10	1	-	1	12	-
-	-	-	-	-	-	-
-	29	-	-	-	-	-
<u>9,052</u>	<u>5,187</u>	<u>6,436</u>	<u>5</u>	<u>14,514</u>	<u>17,046</u>	<u>687</u>
-	-	-	-	-	-	-
-	4,136	-	-	-	-	3,961
-	-	216,295	-	-	-	-
47,220	-	-	-	-	-	-
95	65	8	-	4	76	-
1,005	671	157	-	-	655	-
913	549	136	-	-	611	-
<u>49,233</u>	<u>5,421</u>	<u>216,596</u>	<u>-</u>	<u>4</u>	<u>1,342</u>	<u>3,961</u>
<u>58,285</u>	<u>10,608</u>	<u>223,032</u>	<u>5</u>	<u>14,518</u>	<u>18,388</u>	<u>4,648</u>
<u>\$ 1,103</u>	<u>\$ 681</u>	<u>\$ 4,588</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 733</u>	<u>\$ -</u>
-	13,214	-	-	-	-	27,885
-	-	-	-	-	-	178
<u>(21,677)</u>	<u>(110)</u>	<u>(3,336)</u>	<u>133</u>	<u>210,863</u>	<u>201,682</u>	<u>-</u>
<u>\$ (21,677)</u>	<u>\$ 13,104</u>	<u>\$ (3,336)</u>	<u>\$ 133</u>	<u>\$ 210,863</u>	<u>\$ 201,682</u>	<u>\$ 28,063</u>

**STATE OF MAINE**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS (CONTINUED)**

June 30, 2022  
(Expressed in Thousands)

	Financial & Personnel Services	Transportation Facilities	Governmental Facilities Authority	Industrial Drive Facility	Total Internal Service Funds
<b>Assets</b>					
Current Assets:					
Equity in Treasurer's Cash Pool	\$ 2,626	\$ 1,871	\$ -	\$ 137	\$ 301,184
Cash & Short-Term Investments	-	-	-	-	2
Cash with Fiscal Agent	-	-	-	-	7,115
Restricted Assets:					
Restricted Deposits & Investments	-	-	1,935	-	1,935
Inventories	-	-	-	-	5,758
Receivables, Net of Allowance for Uncollectibles:					
Other Receivable	-	2	-	-	11,548
Due from Other Funds	119	150	-	-	37,646
Other Assets	-	-	-	-	13,473
Total Current Assets	2,745	2,023	1,935	137	378,661
Noncurrent Assets:					
Equity in Treasurer's Cash Pool	1,710	1,218	-	90	196,149
Receivables, Net of Current Portion	-	-	-	-	4,097
Capital Assets, Net of Accumulated Depreciation	-	39,612	-	11,497	149,098
Right to Use Assets, Net of Accumulated Amortization	-	-	-	-	219,436
Total Noncurrent Assets	1,710	40,830	-	11,587	568,780
Total Assets	4,455	42,853	1,935	11,724	947,441
<b>Deferred Outflows of Resources</b>	\$ 9,634	\$ -	\$ -	\$ -	\$ 34,391
<b>Liabilities</b>					
Current Liabilities:					
Accounts Payable	\$ 11	\$ 245	\$ 234	\$ 29	\$ 25,337
Accrued Payroll	1,311	-	-	-	4,469
Due to Other Funds	446	-	-	4	27,217
Due to Component Units	-	-	-	-	2,627
Current Portion of Long-Term Obligations:					
Certificates of Participation and Other Financing Arrangements	-	-	-	-	4,864
Lease Liabilities	-	-	-	-	6,215
Claims Payable	-	-	-	-	22,506
Compensated Absences	207	-	-	-	736
Unearned Revenue	-	-	-	-	182
Accrued Interest Payable	-	-	-	-	29
Total Current Liabilities	1,975	245	234	33	94,182
Long-Term Liabilities:					
Working Capital Advances Payable	-	-	-	-	111
Certificates of Participation & Other Financing Arrangements	-	-	-	-	8,097
Lease Liabilities	-	-	-	-	216,295
Claims Payable	-	-	-	-	58,118
Compensated Absences	1,369	-	-	-	4,848
Net Other Post-Employment Benefit Liability	14,195	-	-	-	54,061
Net Pension Liability	12,303	-	-	-	43,839
Total Long-Term Liabilities	27,867	-	-	-	385,369
Total Liabilities	29,842	245	234	33	479,551
<b>Deferred Inflows of Resources</b>	\$ 15,047	\$ -	\$ -	\$ -	\$ 58,989
<b>Net Position</b>					
Net Investment in Capital Assets	-	39,612	-	11,497	143,252
Restricted for:					
Other Purposes	-	-	56	-	234
Unrestricted	(30,800)	2,996	1,645	194	299,806
Total Net Position	\$ (30,800)	\$ 42,608	\$ 1,701	\$ 11,691	\$ 443,292



**STATE OF MAINE**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**INTERNAL SERVICE FUNDS**

Fiscal Year Ended June 30, 2022  
(Expressed in Thousands)

	<b>Motor Transport Services</b>	<b>Postal, Printing &amp; Supply</b>	<b>Information Services</b>	<b>Risk Management</b>
<b>Operating Revenues</b>				
Charges for Services	\$ 35,971	\$ 33,032	\$ 120,317	\$ 7,419
Miscellaneous Revenues	163	-	-	23
Total Operating Revenues	<u>36,134</u>	<u>33,032</u>	<u>120,317</u>	<u>7,442</u>
<b>Operating Expenses</b>				
General Operations	27,820	36,962	114,829	3,805
Depreciation and Amortization	7,182	14	2,626	-
Claims/Fees Expense	-	-	-	2,076
Other Operating Expenses	-	-	-	-
Total Operating Expenses	<u>35,002</u>	<u>36,976</u>	<u>117,455</u>	<u>5,881</u>
Operating Income (Loss)	<u>1,132</u>	<u>(3,944)</u>	<u>2,862</u>	<u>1,561</u>
<b>Nonoperating Revenues (Expenses)</b>				
Investment Revenue (Expenses) - net	43	(156)	(60)	139
Interest Expense	-	-	-	-
Other Nonoperating Revenue (Expenses) - net	<u>(6)</u>	<u>-</u>	<u>181</u>	<u>-</u>
Total Nonoperating Revenues (Expenses) - net	<u>37</u>	<u>(156)</u>	<u>121</u>	<u>139</u>
Income (Loss) Before Capital Contributions, Transfers and Special Items	<u>1,169</u>	<u>(4,100)</u>	<u>2,983</u>	<u>1,700</u>
<b>Capital Contributions, Transfers and Special Items</b>				
Capital Contributions from (to) Other Funds	33	-	-	-
Transfer from Other Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Capital Contributions, Transfers In (Out) and Special Items	<u>33</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>1,202</u>	<u>(4,100)</u>	<u>2,983</u>	<u>1,700</u>
Net Position - Beginning of Year (as restated)	<u>38,086</u>	<u>(5,686)</u>	<u>(58,737)</u>	<u>13,812</u>
Net Position - End of Year	<u>\$ 39,288</u>	<u>\$ (9,786)</u>	<u>\$ (55,754)</u>	<u>\$ 15,512</u>

(Continued)

<b>Workers' Compensation</b>	<b>Central Fleet Management</b>	<b>Leased Space</b>	<b>Revenue Services</b>	<b>Retiree Health Insurance</b>	<b>Employee Health Insurance</b>	<b>Statewide Radio &amp; Network Systems</b>
\$ 15,080	\$ 13,242	\$ 28,824	\$ 44	\$ 73,711	\$ 140,063	\$ 1
104	-	4	-	1,631	-	-
15,184	13,242	28,828	44	75,342	140,063	1
3,250	8,519	19,026	4	64,151	136,475	-
-	3,700	8,736	-	-	-	1,375
12,285	-	-	-	-	-	-
-	-	-	-	-	-	-
15,535	12,219	27,762	4	64,151	136,475	1,375
(351)	1,023	1,066	40	11,191	3,588	(1,374)
175	5	45	1	948	1,024	-
-	(118)	(3,807)	-	-	-	-
-	49	-	-	-	-	-
175	(64)	(3,762)	1	948	1,024	-
(176)	959	(2,696)	41	12,139	4,612	(1,374)
-	-	-	-	-	-	-
-	-	-	-	2,000	-	725
-	-	-	-	2,000	-	725
(176)	959	(2,696)	41	14,139	4,612	(649)
(21,501)	12,145	(640)	92	196,724	197,070	28,712
\$ (21,677)	\$ 13,104	\$ (3,336)	\$ 133	\$ 210,863	\$ 201,682	\$ 28,063

**STATE OF MAINE**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**INTERNAL SERVICE FUNDS (CONTINUED)**

Fiscal Year Ended June 30, 2022  
(Expressed in Thousands)

	<b>Financial &amp; Personnel Services</b>	<b>Transportation Facilities</b>	<b>Governmental Facilities Authority</b>	<b>Industrial Drive Facility</b>	<b>Total Internal Service Funds</b>
<b>Operating Revenues</b>					
Charges for Services	\$ 25,265	\$ 2,088	\$ 529	\$ 480	\$ 496,066
Miscellaneous Revenues	-	-	-	-	1,925
Total Operating Revenues	25,265	2,088	529	480	497,991
<b>Operating Expenses</b>					
General Operations	21,590	256	362	442	437,491
Depreciation and Amortization	-	972	-	372	24,977
Claims/Fees Expense	-	-	-	-	14,361
Other Operating Expenses	-	-	390	-	390
Total Operating Expenses	21,590	1,228	752	814	477,219
Operating Income (Loss)	3,675	860	(223)	(334)	20,772
<b>Nonoperating Revenues (Expenses)</b>					
Investment Revenue (Expenses) - net	-	14	(19)	2	2,161
Interest Expense	-	-	-	-	(3,925)
Other Nonoperating Revenue (Expenses) - net	-	(3)	-	-	221
Total Nonoperating Revenues (Expenses) - net	-	11	(19)	2	(1,543)
Income (Loss) Before Capital Contributions, Transfers and Special Items	3,675	871	(242)	(332)	19,229
<b>Capital Contributions, Transfers and Special Items</b>					
Capital Contributions from (to) Other Funds	-	49	-	-	82
Transfer from Other Funds	-	-	-	-	2,725
Total Capital Contributions, Transfers In (Out) and Special Items	-	49	-	-	2,807
Change in Net Position	3,675	920	(242)	(332)	22,036
Net Position - Beginning of Year (as restated)	(34,475)	41,688	1,943	12,023	421,256
Net Position - End of Year	<u>\$ (30,800)</u>	<u>\$ 42,608</u>	<u>\$ 1,701</u>	<u>\$ 11,691</u>	<u>\$ 443,292</u>



**STATE OF MAINE**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**

Fiscal Year Ended June 30, 2022  
(Expressed in Thousands)

	<b>Motor Transport Services</b>	<b>Postal, Printing &amp; Supply</b>	<b>Information Services</b>	<b>Risk Management</b>
<b>Cash Flows from Operating Activities</b>				
Receipts from Customers and Users	\$ 475	\$ 4,612	\$ 4,405	\$ 284
Cash Received from Interfund Services	35,150	47,850	116,573	6,685
Payments to Suppliers	(7,172)	(28,260)	(46,750)	(183)
Payments to Employees	(10,250)	(2,264)	(42,623)	(511)
Payments for Interfund Goods and Services	(11,931)	(21,761)	(29,582)	(6,494)
Net Cash Provided (Used) by Operating Activities	<u>6,272</u>	<u>177</u>	<u>2,023</u>	<u>(219)</u>
<b>Cash Flows from Noncapital Financing Activities</b>				
Transfers from Other Funds	-	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Payments for Acquisition of Capital Assets	(6,521)	(21)	(2,917)	-
Proceeds from Financing Arrangements	-	-	-	-
Principal and Interest Paid on Financing Arrangements	-	-	-	-
Proceeds from Sale of Capital Assets	128	-	181	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(6,393)</u>	<u>(21)</u>	<u>(2,736)</u>	<u>-</u>
<b>Cash Flows from Investing Activities</b>				
Investment Revenue	43	(156)	(60)	139
Net Cash Provided (Used) by Investing Activities	<u>43</u>	<u>(156)</u>	<u>(60)</u>	<u>139</u>
Net Increase (Decrease) in Cash/Cash Equivalents	(78)	-	(773)	(80)
Cash/Cash Equivalents - Beginning of Period	6,881	1	773	25,047
Cash/Cash Equivalents - End of Period	<u>\$ 6,803</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 24,967</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Operating Income (Loss)	\$ 1,132	\$ (3,944)	\$ 2,862	\$ 1,561
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Depreciation and Amortization Expense	7,182	14	2,626	-
Decrease (Increase) in Assets				
Accounts Receivable	74	(53)	(342)	(38)
Interfund Balances	(193)	4,655	4,288	(173)
Due from Other Governments	-	-	-	-
Inventories	(371)	(177)	(2)	-
Other Assets	-	74	(6,903)	(315)
Deferred Outflows	(1,156)	(251)	(5,031)	(68)
Increase (Decrease) in Liabilities				
Accounts Payable	(416)	(136)	7,986	(2)
Accrued Payroll Expense	72	21	168	9
Due to Other Governments	-	-	-	(44)
Compensated Absences	340	11	(52)	6
Deferred Inflows	6,144	1,315	27,101	308
Net Pension Liability	(4,454)	(917)	(20,590)	(213)
Other Accruals	-	-	-	(1,163)
Net OPEB Liability	(2,082)	(435)	(10,088)	(87)
Total Adjustments	5,140	4,121	(839)	(1,780)
Net Cash Provided (Used) by Operating Activities	<u>\$ 6,272</u>	<u>\$ 177</u>	<u>\$ 2,023</u>	<u>\$ (219)</u>
<b>Non Cash Investing, Capital and Financing Activities</b>				
Property Leased, Accrued or Acquired	-	-	-	-
Contributed Capital Assets	33	-	-	-
Disposal of Asset - Gain (Loss)	(134)	-	-	-



(Continued)

Workers' Compensation	Central Fleet Management	Leased Space	Revenue Services	Retiree Health Insurance	Employee Health Insurance	Statewide Radio & Network Systems
\$ 74	\$ 175	\$ 768	\$ -	\$ 9,218	\$ 14,724	\$ 1
15,035	12,078	28,279	44	65,569	124,092	-
(9,048)	(4,263)	(18,699)	(4)	(63,478)	(136,734)	-
(1,626)	(1,077)	(188)	-	(77)	(1,212)	-
(760)	(3,026)	(789)	(4)	(1,807)	(199)	-
3,675	3,887	9,371	36	9,425	671	1
-	-	-	-	2,000	-	725
-	-	-	-	2,000	-	725
-	(3,614)	(8,527)	-	-	-	(321)
-	-	-	-	-	-	5,000
-	(4,924)	(889)	-	-	-	(725)
-	374	-	-	-	-	-
-	(8,164)	(9,416)	-	-	-	3,954
175	5	45	1	948	1,024	-
175	5	45	1	948	1,024	-
3,850	(4,272)	-	37	12,373	1,695	4,680
31,912	6,308	-	101	204,411	203,434	498
\$ 35,762	\$ 2,036	\$ -	\$ 138	\$ 216,784	\$ 205,129	\$ 5,178
\$ (351)	\$ 1,023	\$ 1,066	\$ 40	\$ 11,191	\$ 3,588	\$ (1,374)
-	3,700	8,736	-	-	-	1,375
-	(21)	156	-	(425)	(713)	-
(67)	(808)	(574)	(4)	(158)	(609)	-
-	-	(4,457)	-	-	-	-
-	(17)	-	-	-	-	-
(14)	-	-	-	22	66	-
(242)	(133)	(25)	-	-	(156)	-
118	274	124	-	(364)	1,052	-
17	4	2	-	1	7	-
-	-	-	-	(8)	-	-
(12)	(2)	(14)	-	5	5	-
1,051	645	4,579	-	-	699	-
(812)	(494)	(147)	-	-	(537)	-
4,319	(38)	-	-	(839)	(2,515)	-
(332)	(246)	(75)	-	-	(216)	-
4,026	2,864	8,305	(4)	(1,766)	(2,917)	1,375
\$ 3,675	\$ 3,887	\$ 9,371	\$ 36	\$ 9,425	\$ 671	\$ 1
-	-	8,314	-	-	-	-
-	-	-	-	-	-	-
-	(325)	-	-	-	-	-

**STATE OF MAINE**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS (CONTINUED)**

Fiscal Year Ended June 30, 2022  
(Expressed in Thousands)

	Industrial Drive Facility	Financial & Personnel Services	Transportation Facilities	Governmental Facilities Authority	Total
<b>Cash Flows from Operating Activities</b>					
Receipts from Customers and Users	\$ 1	\$ 74	\$ 16	\$ 529	\$ 35,356
Cash Received from Interfund Services	479	25,569	1,952	-	479,355
Payments to Suppliers	(409)	(322)	(23)	(810)	(316,155)
Payments to Employees	-	(23,038)	-	-	(82,866)
Payments for Interfund Goods and Services	(39)	(1,305)	(28)	-	(77,725)
Net Cash Provided (Used) by Operating Activities	32	978	1,917	(281)	37,965
<b>Cash Flows from Noncapital Financing Activities</b>					
Transfers from Other Funds	-	-	-	-	2,725
Net Cash Provided (Used) by Noncapital Financing Activities	-	-	-	-	2,725
<b>Cash Flows from Capital and Related Financing Activities</b>					
Payments for Acquisition of Capital Assets	-	-	(355)	-	(22,276)
Proceeds from Financing Arrangements	-	-	-	-	5,000
Principal and Interest Paid on Financing Arrangements	-	-	-	-	(6,538)
Proceeds from Sale of Capital Assets	-	-	29	-	712
Net Cash Provided (Used) by Capital and Related Financing Activities	-	-	(326)	-	(23,102)
<b>Cash Flows from Investing Activities</b>					
Investment Revenue	2	-	14	(19)	2,161
Net Cash Provided (Used) by Investing Activities	2	-	14	(19)	2,161
Net Increase (Decrease) in Cash/Cash Equivalents	34	978	1,605	(300)	19,749
Cash/Cash Equivalents - Beginning of Period	193	3,358	1,484	2,235	486,636
Cash/Cash Equivalents - End of Period	<u>\$ 227</u>	<u>\$ 4,336</u>	<u>\$ 3,089</u>	<u>\$ 1,935</u>	<u>\$ 506,385</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>					
Operating Income (Loss)	<u>\$ (334)</u>	<u>\$ 3,675</u>	<u>\$ 860</u>	<u>\$ (223)</u>	<u>\$ 20,772</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Depreciation and Amortization Expense	372	-	972	-	24,977
Decrease (Increase) in Assets					
Accounts Receivable	-	-	(2)	-	(1,364)
Interfund Balances	(2)	383	(138)	-	6,600
Due from Other Governments	-	-	-	-	(4,457)
Inventories	-	-	-	-	(567)
Other Assets	-	-	-	-	(7,070)
Deferred Outflows	-	(2,938)	-	-	(10,000)
Increase (Decrease) in Liabilities					
Accounts Payable	(4)	(10)	225	222	9,069
Accrued Payroll Expense	-	155	-	-	456
Due to Other Governments	-	-	-	-	(52)
Compensated Absences	-	33	-	-	320
Deferred Inflows	-	14,315	-	-	56,157
Net Pension Liability	-	(10,332)	-	-	(38,496)
Other Accruals	-	-	-	(280)	(516)
Net OPEB Liability	-	(4,303)	-	-	(17,864)
Total Adjustments	366	(2,697)	1,057	(58)	17,193
Net Cash Provided (Used) by Operating Activities	<u>\$ 32</u>	<u>\$ 978</u>	<u>\$ 1,917</u>	<u>\$ (281)</u>	<u>\$ 37,965</u>
<b>Non Cash Investing, Capital and Financing Activities</b>					
Property Leased, Accrued or Acquired	-	-	-	-	8,314
Contributed Capital Assets	-	-	49	-	82
Disposal of Asset - Gain (Loss)	-	-	(32)	-	(491)

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# FIDUCIARY FUNDS

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## **Pension (and Other Employee Benefits) Trusts**

This fund accounts for all of the trust activity occurring in the employees defined benefit pension plan, healthcare and group life insurance other postemployment benefits trusts and defined contribution plans.

## **Private Purpose Trust Funds**

Abandoned Property Fund – This fund accounts for unclaimed property receipts. All holders of property presumed abandoned must report these properties to the Treasurer annually. The Treasurer will honor claims indefinitely.

Revenue on Private Purpose Trusts Fund – This fund accounts for expendable earnings on private purpose trust fund balances.

Lands Reserved Trust Funds – These funds were established to account for revenue derived from the sale of timber from public lands and from appreciation on investments. The income is to be used for school purposes by townships when they become organized towns or plantations.

Maine Universal Service Trust Fund – This fund provides universal land-line service to the poor and to otherwise underserved rural areas.

Maine Telecommunications Education Access Trust Fund – This fund provides schools and qualified libraries with resources to provide computer-based and network services.

## **Custodial Funds**

Bureau of Insurance and Other Custodial Funds – Almost half of these funds represent deposits held for entities that are self-insured for worker's compensation and/or unemployment claims. About one quarter of the funds represent assets held for DHHS clients. Most of the remaining monies include Attorney General's Office anti-trust escrow accounts and balances held for multi-state cost sharing lawsuits.

Self-Insured and Other Custodial Funds – This fund holds worker's compensation deposits for entities that have ceased to exist. Natural resources also holds deposits for municipalities and other entities.

Non-Entitlement Units – This fund accounts for American Rescue Plan (ARP) awards from the federal government that pass through the State of Maine to municipalities that qualify as non-entitlement units.

**STATE OF MAINE**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**PENSION (AND OTHER EMPLOYEE BENEFITS) TRUSTS**

June 30, 2022  
(Expressed in Thousands)

	<b>State/Teacher Defined Benefit Pension Plan</b>	<b>Judicial Defined Benefit Pension Plan</b>	<b>Legislative Defined Benefit Pension Plan</b>	<b>PLD Consolidated Pension Plan</b>	<b>PLD Agent Pension Plan</b>
<b>Assets</b>					
Cash & Short-Term Investments	\$ 88,699	\$ 668	\$ 126	\$ 16,052	\$ 69
Receivables, Net of Allowance for Uncollectibles:					
Interest and Dividends	3,682	22	4	930	2
Due from Brokers for Securities Sold	27	-	-	7	-
Due from Primary Government	24,779	-	-	12,594	-
Investments at Fair Value:					
Equity Securities	1,986,021	11,699	2,201	501,353	1,214
Common/Collective Trusts	12,502,253	73,648	13,852	3,156,082	7,643
Securities Lending Collateral	8,159	48	9	2,060	5
Capital Assets, Net of Accumulated Depreciation	10,486	62	12	2,647	6
Total Assets	<u>14,624,106</u>	<u>86,147</u>	<u>16,204</u>	<u>3,691,725</u>	<u>8,939</u>
<b>Liabilities</b>					
Accounts Payable	\$ 4,351	\$ 25	\$ 5	\$ 1,099	\$ 3
Obligations Under Securities Lending	8,159	48	9	2,060	5
Other Accrued Liabilities	42,896	253	47	10,827	26
Total Liabilities	<u>55,406</u>	<u>326</u>	<u>61</u>	<u>13,986</u>	<u>34</u>
<b>Net Position</b>					
Restricted for Pension and Other Post-Employment Benefits	<u>14,568,700</u>	<u>85,821</u>	<u>16,143</u>	<u>3,677,739</u>	<u>8,905</u>
Total Net Position	<u>\$ 14,568,700</u>	<u>\$ 85,821</u>	<u>\$ 16,143</u>	<u>\$ 3,677,739</u>	<u>\$ 8,905</u>

<b>Healthcare OPEB</b>	<b>MainePERS OPEB Trust</b>	<b>Group Life Insurance OPEB</b>	<b>Group Life Insurance Retired SETP</b>	<b>Group Life Insurance Retired PLD</b>	<b>Defined Contribution Plans</b>	<b>Total Pension (and Other Employee Benefits) Trusts</b>
\$ -	\$ -	\$ 3,079	\$ -	\$ -	\$ 23	\$ 108,716
-	-	-	-	-	-	4,640
-	-	-	-	-	-	34
2,000	-	338	-	85	1	39,797
-	-	-	-	-	-	2,502,488
329,211	16,184	13,307	127,176	18,940	53,899	16,312,195
-	-	-	-	-	-	10,281
-	-	-	-	-	-	13,213
<u>331,211</u>	<u>16,184</u>	<u>16,724</u>	<u>127,176</u>	<u>19,025</u>	<u>53,923</u>	<u>18,991,364</u>
\$ -	\$ -	\$ 1	\$ 7	\$ 1	\$ -	\$ 5,492
-	-	-	-	-	-	10,281
<u>31</u>	<u>1,375</u>	<u>3,838</u>	<u>4,015</u>	<u>683</u>	<u>18</u>	<u>64,009</u>
<u>31</u>	<u>1,375</u>	<u>3,839</u>	<u>4,022</u>	<u>684</u>	<u>18</u>	<u>79,782</u>
<u>331,180</u>	<u>14,809</u>	<u>12,885</u>	<u>123,154</u>	<u>18,341</u>	<u>53,905</u>	<u>18,911,582</u>
<u>\$ 331,180</u>	<u>\$ 14,809</u>	<u>\$ 12,885</u>	<u>\$ 123,154</u>	<u>\$ 18,341</u>	<u>\$ 53,905</u>	<u>\$ 18,911,582</u>

**STATE OF MAINE**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**PENSION (AND OTHER EMPLOYEE BENEFITS) TRUSTS**

Fiscal Year Ended June 30, 2022  
(Expressed in Thousands)

	<b>State/Teacher Defined Benefit Pension Plan</b>	<b>Judicial Defined Benefit Pension Plan</b>	<b>Legislative Defined Benefit Pension Plan</b>	<b>PLD Consolidated Pension Plan</b>	<b>PLD Agent Pension Plan</b>
Additions:					
Contributions:					
Members	\$ 164,349	\$ 650	\$ 162	\$ 65,104	\$ -
State & Local Agency Employers	348,891	868	43	78,887	98
Non-employer Contributing Entity	194,654	-	-	-	-
Transfer from Other Pension Plans	-	30	-	89	-
Investment Income (Loss):					
Net Increase (Decrease) in the Fair Value of Investments	(105,384)	(599)	(117)	(26,417)	(54)
Interest & Dividends	129,706	764	144	32,733	79
Securities Lending Income & Borrower Rebates Refunded	258	2	-	65	-
Less Investment Expense:					
Investment Activity Expense	104,006	621	116	26,299	66
Securities Lending Expense	(37)	-	-	(9)	-
Net Investment Income (Loss)	(79,389)	(454)	(89)	(19,909)	(41)
Total Additions	628,505	1,094	116	124,171	57
Deductions:					
Benefits Paid to Participants or Beneficiaries	930,772	5,095	543	187,840	772
Refunds & Withdrawals	17,380	-	76	6,734	122
Administrative Expenses	11,962	72	13	3,011	8
Transfer to Other Pension Funds	341	-	-	-	-
Claims Processing Expense	-	-	-	-	-
Total Deductions	960,455	5,167	632	197,585	902
Net Increase (Decrease)	(331,950)	(4,073)	(516)	(73,414)	(845)
Net Position:					
Restricted for Pension and Other Post-Employment Benefits:					
Beginning of Year	14,900,650	89,894	16,659	3,751,153	9,750
End of Year	\$ 14,568,700	\$ 85,821	\$ 16,143	\$ 3,677,739	\$ 8,905

<u>Healthcare OPEB</u>	<u>MainePERS OPEB Trust</u>	<u>Group Life Insurance OPEB</u>	<u>Group Life Insurance Retired SETP</u>	<u>Group Life Insurance Retired PLD</u>	<u>Defined Contribution Plans</u>	<u>Total Pension (and Other Employee Benefits) Trusts</u>
\$ -	\$ -	\$ 4,419	\$ -	\$ -	\$ 5,192	\$ 239,876
77,095	9	1,634	5,992	1,278	796	515,591
-	-	-	4,593	-	-	199,247
-	-	-	-	-	222	341
(53,540)	(2,630)	(2,337)	(20,305)	(3,019)	(8,195)	(222,597)
-	-	-	2	-	-	163,428
-	-	-	-	-	-	325
119	11	10	84	13	53	131,398
-	-	-	-	-	-	(46)
<u>(53,659)</u>	<u>(2,641)</u>	<u>(2,347)</u>	<u>(20,387)</u>	<u>(3,032)</u>	<u>(8,248)</u>	<u>(190,196)</u>
<u>23,436</u>	<u>(2,632)</u>	<u>3,706</u>	<u>(9,802)</u>	<u>(1,754)</u>	<u>(2,038)</u>	<u>764,859</u>
75,095	312	9,137	6,016	851	-	1,216,433
-	-	-	-	-	4,193	28,505
3	-	109	825	124	223	16,350
-	-	-	-	-	-	341
-	-	133	803	137	120	1,193
<u>75,098</u>	<u>312</u>	<u>9,379</u>	<u>7,644</u>	<u>1,112</u>	<u>4,536</u>	<u>1,262,822</u>
<u>(51,662)</u>	<u>(2,944)</u>	<u>(5,673)</u>	<u>(17,446)</u>	<u>(2,866)</u>	<u>(6,574)</u>	<u>(497,963)</u>
<u>382,842</u>	<u>17,753</u>	<u>18,558</u>	<u>140,600</u>	<u>21,207</u>	<u>60,479</u>	<u>19,409,545</u>
<u>\$ 331,180</u>	<u>\$ 14,809</u>	<u>\$ 12,885</u>	<u>\$ 123,154</u>	<u>\$ 18,341</u>	<u>\$ 53,905</u>	<u>\$ 18,911,582</u>

**STATE OF MAINE**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**PRIVATE PURPOSE TRUSTS**

June 30, 2022  
(Expressed in Thousands)

	<u>Abandoned Property</u>	<u>Revenue on Private Purpose Trusts</u>	<u>Lands Reserved</u>	<u>Maine Universal Service Trust</u>
<b>Assets</b>				
Equity in Treasurer's Cash Pool	\$ 500	\$ -	\$ -	\$ -
Cash & Short-Term Investments	-	-	-	4,557
Investments at Fair Value:				
Investments - Other	-	-	19,228	-
Other Receivable	-	-	-	1,977
Due from Other Funds	65,013	-	-	-
Other Assets	<u>3,270</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>68,783</u>	<u>-</u>	<u>19,228</u>	<u>6,534</u>
<b>Liabilities</b>				
Accounts Payable	\$ 23	\$ -	\$ -	\$ 5
Due to Other Funds	<u>7</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>30</u>	<u>-</u>	<u>-</u>	<u>5</u>
<b>Net Position Restricted</b>				
Held in Trust for Individuals, Organizations and Other Governments	<u>68,753</u>	<u>-</u>	<u>19,228</u>	<u>6,529</u>
Total Net Position	<u><u>\$ 68,753</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 19,228</u></u>	<u><u>\$ 6,529</u></u>



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<b>Maine Telecommunications Education Access Trust</b>	<b>Total Private Purpose Trusts</b>
\$ -	\$ 500
1,462	6,019
-	19,228
952	2,929
-	65,013
250	3,520
<u>2,664</u>	<u>97,209</u>
\$ 695	\$ 723
-	7
<u>695</u>	<u>730</u>
<u>1,969</u>	<u>96,479</u>
<u>\$ 1,969</u>	<u>\$ 96,479</u>

**STATE OF MAINE**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**PRIVATE PURPOSE TRUSTS**

Fiscal Year Ended June 30, 2022  
(Expressed in Thousands)

	<u>Abandoned Property</u>	<u>Revenue on Private Purpose Trusts</u>	<u>Lands Reserved</u>	<u>Maine Universal Service Trust</u>
<b>Additions:</b>				
Investment Income (Loss):				
Net Increase (Decrease) in the Fair Value of Investments	\$ -	\$ -	\$ (4,090)	\$ -
Interest & Dividends	61	378	-	10
Miscellaneous Revenues	18,895	-	-	8,618
Total Additions	18,956	378	(4,090)	8,628
<b>Deductions:</b>				
Benefits Paid to Participants or Beneficiaries	-	260	-	8,024
Administrative Expenses	341	-	-	38
Transfer to Other Funds	-	118	-	-
Total Deductions	341	378	-	8,062
Net Increase (Decrease)	18,615	-	(4,090)	566
Net Position Restricted:				
Held in Trust for Individuals, Organizations and Other				
Governments:				
Beginning of Year	50,138	-	23,318	5,963
End of Year	\$ 68,753	\$ -	\$ 19,228	\$ 6,529

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<b>Maine</b> <b>Telecommunications</b> <b>Education Access</b> <b>Trust</b>	<b>Total Private</b> <b>Purpose</b> <b>Trusts</b>
\$ -	\$ (4,090)
3	452
<u>4,175</u>	<u>31,688</u>
<u>4,178</u>	<u>28,050</u>
3,980	12,264
36	415
-	118
<u>4,016</u>	<u>12,797</u>
162	15,253
1,807	81,226
<u>\$ 1,969</u>	<u>\$ 96,479</u>

**STATE OF MAINE**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**CUSTODIAL FUNDS**

June 30, 2022  
(Expressed in Thousands)

	<b>Bureau of Insurance &amp; Other</b>	<b>Self-Insured &amp; Other</b>	<b>Non-Entitlement Units</b>	<b>Total Custodial Funds</b>
<b>Assets</b>				
Equity in Treasurer's Cash Pool	\$ 2,193	\$ 22,262	\$ 533	\$ 24,988
Cash & Short-Term Investments	-	27	-	27
Settlements Receivable	-	26,263	-	26,263
Investments Held on Behalf of Others	-	66,405	-	66,405
Other Assets	-	1,648	-	1,648
Total Assets	<u>2,193</u>	<u>116,605</u>	<u>533</u>	<u>119,331</u>
<b>Liabilities</b>				
Accounts Payable	\$ -	\$ 24	\$ -	\$ 24
Other Accrued Liabilities	-	2,880	-	2,880
Total Liabilities	<u>-</u>	<u>2,904</u>	<u>-</u>	<u>2,904</u>
<b>Deferred Inflows of Resources</b>	<u>-</u>	<u>26,263</u>	<u>-</u>	<u>26,263</u>
<b>Net Position</b>				
Held for Individuals, Organizations and Other Governments	<u>\$ 2,193</u>	<u>\$ 87,438</u>	<u>\$ 533</u>	<u>\$ 90,164</u>

**STATE OF MAINE**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**CUSTODIAL FUNDS**

Fiscal Year Ended June 30, 2022  
(Expressed in Thousands)

	<b>Bureau of Insurance &amp; Other</b>	<b>Self-Insured &amp; Other</b>	<b>Non-Entitlement Units</b>	<b>Total Custodial Funds</b>
<b>Additions</b>				
Contributions:				
Federal grants	\$ -	\$ -	\$ 59,612	\$ 59,612
Other Contributing Entity	472	5,437	-	5,909
Litigation Receipts	-	909	-	909
Other	914	5,884	-	6,798
Investment Income (Loss):				
Net Increase (Decrease) in the Fair Value of Investments	-	(29)	-	(29)
Interest & Dividends	6	12	491	509
Less Investment Expense:				
Net Investment Income (Loss)	<u>6</u>	<u>(17)</u>	<u>491</u>	<u>480</u>
Total Additions	<u>1,392</u>	<u>12,213</u>	<u>60,103</u>	<u>73,708</u>
<b>Deductions:</b>				
Benefits Paid to Participants, Beneficiaries or Clients	846	6,146	119,224	126,216
Refunds & Withdrawals	23	325	-	348
Restitution Payments	<u>-</u>	<u>1,305</u>	<u>-</u>	<u>1,305</u>
Total Deductions:	<u>869</u>	<u>7,776</u>	<u>119,224</u>	<u>127,869</u>
Net Increase (Decrease)	523	4,437	(59,121)	(54,161)
<b>Net Position:</b>				
Held for Individuals, Organizations and Other Governments				
Beginning of Year	<u>1,670</u>	<u>83,001</u>	<u>59,654</u>	<u>144,325</u>
End of Year	<u>\$ 2,193</u>	<u>\$ 87,438</u>	<u>\$ 533</u>	<u>\$ 90,164</u>



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# NON-MAJOR COMPONENT UNIT FINANCIAL STATEMENTS

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Efficiency Maine Trust – was established for the purpose of administering programs for energy efficiency and alternative energy resources to help individuals and businesses in Maine meet their energy needs at the lowest cost.

Maine Connectivity Authority – was established for the purpose of achieving the universal access of affordable high-speed broadband in Maine.

Maine Maritime Academy – is a college specializing in ocean and marine programs at the undergraduate and graduate levels. The operation of the Academy is subject to review by the federal government.

Midcoast Regional Redevelopment Authority – is responsible for acquiring and managing Naval Air Station Brunswick properties in both Brunswick and Topsham and implementing the Reuse Master Plans for each.

Northern New England Passenger Rail Authority – initiates, establishes and maintains regularly scheduled passenger rail service between points within Maine to points within and outside of Maine.

**STATE OF MAINE**  
**COMBINING STATEMENT OF NET POSITION**  
**NON-MAJOR COMPONENT UNITS**

June 30, 2022  
(Expressed in Thousands)

	Efficiency Maine Trust	Maine Maritime Academy	Midcoast Regional Redevelopment Authority	Northern New England Passenger Rail Authority	Maine Connectivity Authority	Total Non-Major Component Units
<b>Assets</b>						
Current Assets:						
Equity in Treasurer's Cash Pool	\$ -	\$ -	\$ -	\$ -	\$ 2,427	\$ 2,427
Cash & Short-Term Investments	-	14,577	4,882	3,873	1,684	25,016
Investments	-	15,379	-	-	-	15,379
Restricted Assets:						
Restricted Deposits & Investments	86,572	834	-	-	-	87,406
Inventories	-	368	-	-	-	368
Receivables, Net of Allowance for Uncollectibles:						
Loans, Leases & Notes Receivable	-	455	33,086	-	-	33,541
Other Receivable	967	879	773	24	-	2,643
Due from Other Governments	-	-	-	3,502	-	3,502
Due from Primary Government	-	-	153	-	-	153
Other Assets	96	270	30	111	-	507
Total Current Assets	87,635	32,762	38,924	7,510	4,111	170,942
Noncurrent Assets:						
Equity in Treasurer's Cash Pool	-	-	-	-	1,580	1,580
Restricted Assets	-	56,726	22	948	-	57,696
Investments	-	14,705	-	-	-	14,705
Receivables, Net of Current Portion:						
Loans, Leases & Notes Receivable	19,106	1,790	-	-	-	20,896
Other Receivables	-	57	-	-	-	57
Due from Primary Government	-	-	-	627	-	627
Capital and Right to Use Assets, Net	309	28,779	118,968	15,101	-	163,157
Other Non-Current Assets	-	2,772	94	-	-	2,866
Total Non-Current Assets	19,415	104,829	119,084	16,676	1,580	261,584
Total Assets	107,050	137,591	158,008	24,186	5,691	432,526
Deferred Outflows of Resources	-	1,849	-	743	-	2,592
<b>Liabilities</b>						
Current Liabilities:						
Accounts Payable	4,841	4,128	2,122	2,413	97	13,601
Compensated Absences	-	-	69	73	-	142
Due to Primary Government	-	-	1,078	-	-	1,078
Bonds & Notes Payable	-	594	629	-	-	1,223
Lease Liabilities	98	-	-	242	-	340
Unearned Revenue	9,366	951	114	-	5,510	15,941
Other Accrued Liabilities	244	505	345	-	84	1,178
Total Current Liabilities	14,549	6,178	4,357	2,728	5,691	33,503
Long-Term Liabilities:						
Due to Other Governments	-	348	-	-	-	348
Bonds & Notes Payable	-	11,223	6,933	-	-	18,156
Lease Liabilities	217	-	-	1,342	-	1,559
Net Pension Liability	-	-	-	752	-	752
Net Other Post-Employment Benefit Liability	-	-	-	627	-	627
Total Long-Term Liabilities	217	11,571	6,933	2,721	-	21,442
Total Liabilities	14,766	17,749	11,290	5,449	5,691	54,945
Deferred Inflows of Resources	-	4,433	32,323	897	-	37,653
<b>Net Position</b>						
Net Investment in Capital Assets	-	28,654	111,405	13,521	-	153,580
Restricted	92,284	49,770	-	1,302	-	143,356
Unrestricted	-	38,834	2,990	3,760	-	45,584
Total Net Position	\$ 92,284	\$ 117,258	\$ 114,395	\$ 18,583	\$ -	\$ 342,520



**STATE OF MAINE**  
**COMBINING STATEMENT OF ACTIVITIES**  
**NON-MAJOR COMPONENT UNITS**

Fiscal Year Ended June 30, 2022  
(Expressed in Thousands)

	<b>Efficiency Maine Trust</b>	<b>Maine Maritime Academy</b>	<b>Midcoast Regional Redevelopment Authority</b>	<b>Northern New England Passenger Rail Authority</b>	<b>Maine Connectivity Authority</b>	<b>Total Non-Major Component Units</b>
<b>General Operations</b>	\$ 71,902	\$ 43,824	\$ 13,874	\$ 29,249	\$ 499	\$ 159,348
<b>Program Revenues</b>						
Charges for Services	-	21,860	8,283	9,171	-	39,314
Program Investment Income	-	-	-	-	9	9
Operating Grants & Contributions	92,967	1,534	50	19,036	490	114,077
Capital Grants & Contributions	-	767	2,548	2,405	-	5,720
Net Revenue (Expense)	<u>21,065</u>	<u>(19,663)</u>	<u>(2,993)</u>	<u>1,363</u>	<u>-</u>	<u>(228)</u>
<b>General Revenues</b>						
Unrestricted Investment Earnings	-	(3,896)	12	3	-	(3,881)
Non-program Specific Grants, Contributions & Appropriations	-	18,132	-	-	-	18,132
Miscellaneous Revenues	-	2,119	201	845	-	3,165
Gain (Loss) on Assets Held for Sale	-	-	(69)	-	-	(69)
Total General Revenues	<u>-</u>	<u>16,355</u>	<u>144</u>	<u>848</u>	<u>-</u>	<u>17,347</u>
Change in Net Position	<u>21,065</u>	<u>(3,308)</u>	<u>(2,849)</u>	<u>2,211</u>	<u>-</u>	<u>17,119</u>
Net Position - Beginning of Year (as restated)	<u>71,219</u>	<u>120,566</u>	<u>117,244</u>	<u>16,372</u>	<u>-</u>	<u>325,401</u>
Net Position - End of Year	<u>\$ 92,284</u>	<u>\$ 117,258</u>	<u>\$ 114,395</u>	<u>\$ 18,583</u>	<u>\$ -</u>	<u>\$ 342,520</u>

