
FINANCIAL SECTION
INDEPENDENT AUDITOR'S REPORT
BASIC FINANCIAL STATEMENTS



STATE OF MAINE OFFICE OF THE STATE AUDITOR

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State Auditor

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Deputy State Auditor

INDEPENDENT AUDITOR'S REPORT

Honorable Members of the Legislative Council, 131st 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, 2023, 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, 2023, 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 58 percent of revenue of the aggregate remaining fund information (Maine Public Employees Retirement System and Maine Governmental Facilities Authority); and 3 percent of the assets, and less than 1 percent of the net position and revenue of the governmental activities (Maine Governmental Facilities Authority) as of June 30, 2023. 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 reports 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.

Emphasis of Matter

As described in Note 3 to the financial statements, the State of Maine adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Implementation of GASB Statement No. 96 had no impact on the State of Maine's net position. Our opinion is not modified with respect to this matter.

Key Audit Matters

We have determined that there are no key audit matters to communicate in our report.

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 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 146 to 181, 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.

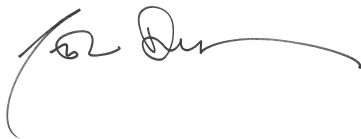
Other Information

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 13, 2023, 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.



Matthew Dunlap, CIA
State Auditor
Office of the State Auditor

Augusta, Maine
December 13, 2023



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, 2023. 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

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.

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, 2023. Please read in conjunction with the transmittal letter at the front of this report and with the State's financial statements, which follow this section.

Government-wide:

- The net position of Governmental Activities increased by \$601.0 million, while net position of Business-Type Activities increased by \$73.2 million. The State's assets and deferred outflows exceeded its liabilities and deferred inflows by \$3.261 billion at the close of fiscal year 2023. Of this amount \$1.603 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 \$3.894 billion, an increase of \$126.4 million (3.4 percent) from the previous year.

Fund level:

- At the end of the fiscal year, the State's governmental funds reported a combined ending fund balance of \$3.023 billion, an increase of \$314.0 million from the previous year. The General Fund's total fund balance was \$1.358 billion, an increase of \$383.0 million from the previous year. The General Fund fund balance increase was primarily due to the decrease in transfers to other funds of \$345.6 million, as compared to the prior year. The Other Special Revenue Fund total fund balance was \$1.349 billion, a decrease of \$154.8 million from the prior year. This was due primarily to a decrease in Transfers from Other Funds. The transfers were primarily impacted by Public Law 2023, Chapter 412, which authorized transfers from the General Fund to the Other Special Revenue fund. The funds were set aside in a reserve account until the law became effective on October 25, 2023. This item is further explained in Note 20 - Subsequent Events.
- The proprietary funds reported net position at year-end of \$1.057 billion, a decrease of \$97.8 million from the previous year. The decrease is the net result of an increase in two Enterprise Funds, the Employment Security Fund of \$48.4 million and Ferry Service Fund of \$16.7 million and a decrease of \$159.2 million in the Retiree Health Insurance Fund, an Internal Service Fund. The \$159.2 million decrease is primarily due to the funding of the Irrevocable OPEB Trusts. This item is further explained in Note 21 - Special Items.

Long-term Debt:

- The State's liability for general obligation bonds increased by \$55.8 million during the fiscal year, which represents the difference between new issuances and payments of outstanding debt. During the year, the State issued \$167.1 in new general obligation bonds and made principal payments of \$111.3 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 information regarding the State's pension plans 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 \$674.1 million to \$3.261 billion over the course of fiscal year ended June 30, 2023, as detailed in Tables A-1 and A-2. The increase in net position is due to an increase in other revenue, primarily unrestricted investment earnings, and a decrease in expenses for governmental support and education.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022*	2023	2022	2023	2022*
Current and other noncurrent assets						
Current and other assets	\$ 5,180,035	\$ 4,562,799	\$ 800,760	\$ 730,714	\$ 5,980,795	\$ 5,293,513
Long-term assets	962,725	1,755,178	4,295	8,934	967,020	1,764,112
Current and other noncurrent assets	6,142,760	6,317,977	805,055	739,648	6,947,815	7,057,625
Total capital and right to use assets, net	5,080,341	4,768,024	64,696	47,150	5,145,037	4,815,174
Total Assets	11,223,101	11,086,001	869,751	786,798	12,092,852	11,872,799
Deferred Outflows of Resources	1,550,175	1,677,865	7,300	6,588	1,557,475	1,684,453
Current liabilities	2,587,995	2,885,428	60,875	51,158	2,648,870	2,936,586
Non-current liabilities	6,281,881	5,489,161	27,567	20,541	6,309,448	5,509,702
Total Liabilities	8,869,876	8,374,589	88,442	71,699	8,958,318	8,446,288
Deferred Inflows of Resources	1,426,849	2,513,699	3,833	10,085	1,430,682	2,523,784
Net Position (Deficit)						
Net Investment in Capital Assets	3,916,854	3,724,890	64,696	47,150	3,981,550	3,772,040
Restricted	166,741	163,469	715,946	667,500	882,687	830,969
Unrestricted (deficit)	(1,607,044)	(2,012,781)	4,134	(3,048)	(1,602,910)	(2,015,829)
Total Net Position	\$ 2,476,551	\$ 1,875,578	\$ 784,776	\$ 711,602	\$ 3,261,327	\$ 2,587,180

* As restated

The State's fiscal year 2023 revenues totaled \$13.539 billion. (See Table A-2) Taxes and Operating grants and contributions accounted for most of the State's revenue by contributing 44.7 percent and 42.1 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 total cost of all programs and services totaled \$12.697 billion for the year 2023. (See Table A-2) These expenses are predominantly (66.3 percent) related to health & human services and education activities. The State's governmental support & operations activities accounted for 9.6 percent of total costs. Total net position increased by \$674.1 million, primarily due to a decrease in governmental support expenses of \$398.0 million and education expenses of \$251.6 million.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022*	2023	2022	2023	2022*
Revenues:						
Program Revenues:						
Charges for Services	\$ 609,580	\$ 643,485	\$ 836,640	\$ 820,945	\$ 1,446,220	\$ 1,464,430
Operating grants and contributions	5,689,721	5,721,551	11,507	9,132	5,701,228	5,730,683
General Revenues:						
Taxes	6,046,529	6,197,751	-	-	6,046,529	6,197,751
Other	345,008	189,130	-	-	345,008	189,130
Total Revenues	12,690,838	12,751,917	848,147	830,077	13,538,985	13,581,994
Expenses:						
Governmental Activities:						
Governmental Support	1,220,177	1,618,142	-	-	1,220,177	1,618,142
Education	2,439,809	2,691,379	-	-	2,439,809	2,691,379
Health & Human Services	5,974,642	5,680,639	-	-	5,974,642	5,680,639
Justice & Protection	691,174	565,778	-	-	691,174	565,778
Transportation Safety	767,090	732,881	-	-	767,090	732,881
Economic Development & Workforce Training	468,971	738,928	-	-	468,971	738,928
Other	431,446	338,679	-	-	431,446	338,679
Interest Expense	47,790	37,835	-	-	47,790	37,835
Business-type Activities:						
Employment Security	-	-	97,758	11,217	97,758	11,217
Lottery	-	-	342,736	319,494	342,736	319,494
Alcoholic Beverages	-	-	190,456	183,874	190,456	183,874
Other	-	-	24,789	22,466	24,789	22,466
Total Expenses	12,041,099	12,404,261	655,739	537,051	12,696,838	12,941,312
Excess (Deficiency) before Special Items and Transfers	649,739	347,656	192,408	293,026	842,147	640,682
Special Items	(168,000)	-	-	-	(168,000)	-
Transfers	119,234	122,906	(119,234)	(122,906)	-	-
Increase (Decrease) in Net Position	600,973	470,562	73,174	170,120	674,147	640,682
Net Position, beginning of year	1,875,578	1,405,016	711,602	541,482	2,587,180	1,946,498
Ending Net Position	\$ 2,476,551	\$ 1,875,578	\$ 784,776	\$ 711,602	\$ 3,261,327	\$ 2,587,180

* As Restated

Governmental Activities

Revenues for the State's Governmental Activities totaled \$12.691 billion while total expenses equaled \$12.041 billion. The increase in net position for Governmental Activities was \$601.0 million in 2023, which was primarily the result of a decrease in expenses of \$363.2 million. The decrease in expenses were primarily due to governmental support and education. Governmental Activities transferred \$168.0 million to an Irrevocable OPEB Trusts. This item is further explained in Note 21 - Special Items. In addition, the State's Business-Type Activities transfers of \$119.2 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 \$609.6 million of the cost. The federal and State governments subsidized certain programs with grants and contributions of \$5.690 billion. \$6.392 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 2023

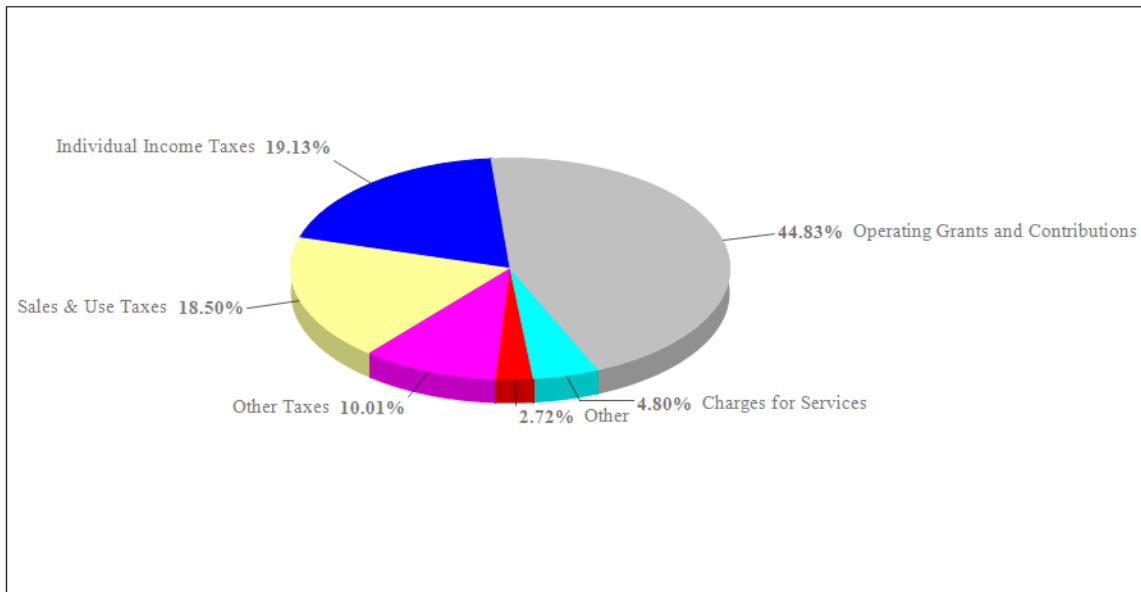
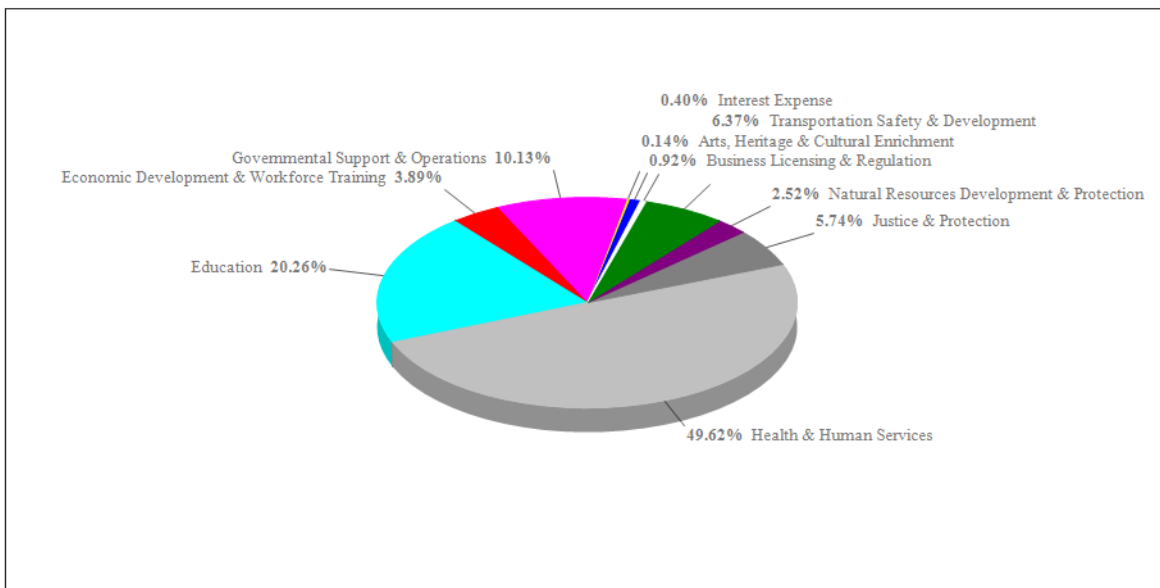


TABLE A-4: TOTAL EXPENSES FOR GOVERNMENTAL ACTIVITIES FOR FISCAL YEAR 2023



Business-Type Activities

Revenues for the State's Business-Type Activities totaled \$848.1 million while expenses totaled \$655.7 million. The increase in net position for Business-Type Activities was \$73.2 million in 2023, due to an increase in revenues over expenses of \$46.9 million in Employment Security and an increase of \$9.5 million of transfers related to capital acquisition for Ferry Services.

Table A-5 presents the revenue of State Business-Type Activities: Employment Security, Alcoholic Beverages, Lottery, Ferry Services, 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)

	<u>Total Cost</u>		<u>Net Revenue (Cost)</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Employment Security	\$ 97,758	\$ 11,217	\$ 58,365	\$ 160,823
Alcoholic Beverages	190,456	183,874	65,643	62,026
Lottery	342,736	319,494	74,059	72,368
Ferry Services	14,761	13,713	(7,436)	(7,166)
Consolidated Emergency Communications	6,396	5,705	341	1,335
Other	3,632	3,048	1,436	3,640
Total	<u>\$ 655,739</u>	<u>\$ 537,051</u>	<u>\$ 192,408</u>	<u>\$ 293,026</u>

The cost of all Business-Type Activities this year was \$655.7 million. The users of the State's programs financed most of the cost. The State's net revenue from Business-Type Activities was \$192.4 million. Employment Security net revenue increased by \$58.4, while Alcoholic Beverages and Lottery contributed \$65.6 and \$74.1 million of net revenue, respectively. The \$119.2 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)

	<u>2023</u>	<u>2022*</u>	<u>Change</u>
General	\$ 1,358,435	\$ 975,433	\$ 383,002
Highway	17,821	4,185	13,636
Federal	21,859	52,326	(30,467)
Other Special Revenue	1,349,419	1,504,225	(154,806)
Other Governmental Funds	275,075	172,420	102,655
Total	<u>\$ 3,022,609</u>	<u>\$ 2,708,589</u>	<u>\$ 314,020</u>

* As restated

As of the end of the fiscal year, the State's governmental funds reported combined ending fund balances of \$3.023 billion, an increase of \$314.0 million in comparison with the prior year. Of this total, \$51.8 million (1.7 percent) is classified as non-spendable, either due to its form or legal constraints, and \$997.3 million (33.0 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 2023, there was \$1.0 billion 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 \$383.0 million. Revenues and other financing sources of the General Fund increased by approximately \$160.5 million (2.8 percent), as compared to fiscal year end 2022. The General Fund transfers to other funds decreased by approximately \$345.6 million (24.2 percent), as compared to fiscal year end 2022, primarily related to Public Law 2023 Chapter 412. This item is further explained in Note 20 - Subsequent Events. Expenses of the General Fund increased by approximately \$297.8 million (7.1 percent), as compared to fiscal year end 2022, primarily related to education and health & human services.

Other Special Revenue fund balance decreased \$154.8 million, due to a decrease in net Transfers, compared to the prior year, of \$372.7 million, primarily related to Public Law 2023 Chapter 412 - see Note 20 - Subsequent Events, for further discussion.

Budgetary Highlights

For the 2023 fiscal year, the final legally adopted budgeted expenditures for the General Fund amounted to \$4.654 billion, an increase of about \$68 million from the original legally adopted budget of approximately \$4.586 billion. Actual expenditures on a budgetary basis amounted to approximately \$332.3 million less than those authorized in the final budget. After deducting the encumbered obligations and other commitments that will come due in fiscal year 2023, including the budgeted starting balance for fiscal year 2023, there were funds remaining of \$70.4 million to distribute in fiscal year 2023. Actual revenues exceeded final budget forecasts by \$148.8 million. Interest earnings of \$19.6 million along with legislatively and statutorily approved transfers resulted in the Budget Stabilization Fund reaching it's statutory cap of \$968.3 million as of June 30, 2023. The remaining \$3.9 million of surplus was transferred to the Highway and Bridge Capital Program for fiscal year 2023. 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 2023, the State had roughly \$5.145 billion in a broad range of capital and right to use assets, including land, infrastructure, improvements, buildings, equipment, vehicles and intangibles. During fiscal year 2023, the State acquired or constructed more than \$456.9 million of capital, right to use and subscription based information technology 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 19 to the financial statements.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Land	\$ 691,494	\$ 662,161	\$ 2,426	\$ 2,389	\$ 693,920	\$ 664,550
Construction in Progress	322,807	269,286	25,661	14,582	348,468	283,868
Infrastructure	3,105,351	3,039,388	-	-	3,105,351	3,039,388
Buildings*	821,621	794,708	5,261	4,655	826,882	799,363
Equipment	385,843	353,249	38,713	36,945	424,556	390,194
Improvements Other Than Buildings	114,619	114,619	49,514	42,757	164,133	157,376
Software	155,356	121,686	-	-	155,356	121,686
Total Capital Assets	5,597,091	5,355,097	121,575	101,328	5,718,666	5,456,425
Less: Accumulated Depreciation	877,158	818,357	56,879	54,178	934,037	872,535
Capital Assets, net	4,719,933	4,536,740	64,696	47,150	4,784,629	4,583,890
Right to Use Assets*	262,754	240,810	-	-	262,754	240,810
Less: Accumulated Amortization	19,979	9,526	-	-	19,979	9,526
Right to Use Assets, net	242,775	231,284	-	-	242,775	231,284
Subscription Based Assets	142,014	-	-	-	142,014	-
Less: Accumulated Amortization	24,381	-	-	-	24,381	-
Subscription Based Assets, net	117,633	-	-	-	117,633	-
Capital, Right to Use and Subscription Based Assets, net	\$ 5,080,341	\$ 4,768,024	\$ 64,696	\$ 47,150	\$ 5,145,037	\$ 4,815,174

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 17,850 lane miles within the State. Bridges have a deck area of 12.5 million square feet among 3,023 total bridges. The State has established a policy to maintain its highways at an average condition assessment of 60. At June 30, 2023, the actual average condition was 74.3. 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, 2023. Preservation costs for fiscal year 2023 totaled \$205.7 million compared to estimated preservation costs of \$205.0 million.

Transportation bonds, approved by referendum, are issued to fund improvements to highways and bridges. Of the amount authorized by PL 2021, Chapter 408, \$29.5 million in General Fund bonds were spent during fiscal year 2023. Of the amount authorized by PL 2019, Chapter 673, \$2.9 million in General Fund bonds were spent during fiscal year 2023.

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 \$1.875 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)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
General Obligation						
Bonds	\$ 559,370	\$ 505,820	\$ -	\$ -	\$ 559,370	\$ 505,820
Unmatured Premiums	79,270	76,968	-	-	79,270	76,968
Other Long-Term Obligations	1,232,681	1,132,197	3,627	959	1,236,308	1,133,156
Total	<u>\$ 1,871,321</u>	<u>\$ 1,714,985</u>	<u>\$ 3,627</u>	<u>\$ 959</u>	<u>\$ 1,874,948</u>	<u>\$ 1,715,944</u>

During the year, the State reduced outstanding long-term obligations by \$111.3 million for general obligation bonds and \$308.9 million for other long-term debt. Also during fiscal year 2023, the State incurred \$579.2 million of additional long-term obligations.

Credit Ratings

The State’s credit was rated during fiscal year 2023 by Moody’s Investors Service as Aa2 with a positive outlook and by Standard & Poor’s as AA with a stable outlook.

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

The Maine Consensus Economic Forecasting Commission (CEFC) convened on October 23, 2023, to review and revise its forecast through 2027. This meeting builds on the Commission's forecast update of April 1, 2023, incorporating the most recent data available for all relevant baseline data.

The CEFC noted ongoing heightened uncertainty in economic conditions in the near-term, especially regarding geo-political upheaval, but does not anticipate a recession in its forecast. The Commission expects that higher demand for labor will continue to draw enough workers into Maine in the coming years to offset retirements from the Baby Boom generation. However, the Commission recognizes that access to housing may hamper growth in the coming years. High inflation and interest rates have continued into 2023, and the CEFC noted that the Federal Reserve is expected to continue pursuing policies that will constrain inflation, but inflation risks are likely to take several years to fully ease. Inflation and interest rates, demographic changes, access to housing, and a tight labor market were among the key risks to continued economic growth that the CEFC considered as it revised its forecasts.

The Commission left its nonfarm employment forecast unchanged for all years, with the expectation that higher demand for labor will continue to draw enough workers into Maine in the coming years to offset retirements from the Baby Boom generation.

Total personal income growth in 2022 was 3.9%, revised up from the BEA's preliminary estimate of 2.6%. The Commission revised its forecast for total personal income growth in 2023 up from 5.2% to 5.9% but downward for calendar years 2024 through 2027. The Commission revised those years down to 4.5%, 4.3%, 4.4%, and 4.4% from 4.9%, 4.5%, 4.6%, and 4.7%, respectively.

Wage and salary income, the largest component of personal income, increased by 8.5% in 2022, just under the preliminary estimate of 8.6%. The Commission revised its forecast for 2023 up to 7.5% from 6.0% based on data from the Maine Department of Labor and Maine Revenue Services for the first half of 2023. The rest of the forecast remained unchanged.

The Commission revised its forecast for inflation using the Consumer Price Index (CPI) down in all years, going from 5.8% to 4.1% in 2023, 4.0% to 3.2% in 2024, 3.5% to 2.7% in 2025, 3.5 to 2.7% in 2026, and 2.7% from 3.0% in 2027. These revisions were made based on the year-to-date CPI data and to better align with the Moody's Analytics and S&P forecasts for these years.

Corporate profits increased 8.4% in 2022, up from the preliminary estimate of 6.6%. The Commission revised its forecast for 2024-2027 to better align with the S&P and Moody's Analytics forecasts for these years. These revisions include going from 5.0% to -1.0% in 2024, 5.0% to 0.5% in 2025, 5.0% to 3.0% in 2026, and 5.0% to 3.0% in 2027. The forecast for 2023 was unchanged.

Maine had a fairly strong year of population growth in 2022, gaining just over 8,000 in population. This was driven by net domestic migration, in which Maine's rate ranked 10th in the nation. It is particularly notable that all counties in Maine are experiencing population growth as a result of migration. In fact, some of Maine's most rural counties are experiencing the highest rates of net migration and population growth overall.

Total personal income decreased by 2.7% at a seasonally adjusted, annualized rate in the second quarter of 2023, following a 10.4% increase in the first quarter. The decrease in personal income was driven by a decline in transfer receipts, following the \$450 energy relief payments that were issued in the prior quarter. Wage and salary income, the largest component of personal income, has grown 2.4% and 5.2% in the first two quarters of 2023, respectively. Meanwhile, real GDP for Maine has increased for three consecutive quarters, growing to almost \$65.5 billion in the first quarter of 2023. Inflation has decelerated from the high in June of 2022, but is still above the Federal Reserve's 2% target. The CPI all-items index grew by 3.7% in September, unchanged from the 3.7% year-over-year increase in August.

The University of Michigan Consumer Sentiment Index was down 2.0% in September from the prior month and up 16.2% year over year. However, a preliminary release for October shows a 7.5% decline month-over-month. In this preliminary release, consumers reported a decline in both expectations of their personal finances and in one-year business conditions. Meanwhile, in September the National Federation of Independent Business (NFIB) Small Business Optimism Index was down 0.5% year-over-year. September was the 21st consecutive month below the 49-year average.

Single-family existing-home sales have cooled, with the number of sales falling by 18.8% year-over-year in August, although prices continued to increase (9.4%). Maine's House Price Index rose 7.6% in the second quarter of 2023 over the previous year. Maine's year-over-year growth was highest in the nation.

The key assumptions made by the CEFC are:

- There is an unequal distribution of supply and demand in the labor market. Demand for labor is high, supply is low, and unemployment rates are near historic lows in Maine and nationwide. Workers are experiencing higher wage growth, particularly for lower wage jobs. Some demographic trends, including a growing share of the population reaching retirement age will continue to constrain labor supply. However, the Commission is optimistic that Maine will continue to see higher in-migration of working-age people in the coming years that will be more than sufficient to offset retirements in the forecast period despite constraints in the housing market.
- Rising interest rates, low supply of available properties, and ongoing in-migration are continuing to impact the housing market. Home sales are down, while sale prices have continued to increase. Affordability is of particular concern as interest rates have increased, causing more potential buyers to be priced out of the market. Higher home prices have contributed to higher rental prices.
- Large, federally funded infrastructure programs, including the Bipartisan Infrastructure Law (BIL) and Maine Jobs and Recovery Plan (MJRP), will lead to significant investments in Maine, with potential impacts on local job markets. In addition to funds from the MJRP, it is estimated that there will be at least \$2.5 billion from the BIL invested in Maine's infrastructure over the next few years, with much of the implementation beginning in 2024.
- High inflation and interest rates have continued into 2023, though there have been improvements in some sectors. The Federal Reserve is expected to continue pursuing policies that will constrain inflation, but inflation risks are likely to take several years to fully ease. In addition, increasing interest rates in an environment of continuing federal budget deficits raises the risk of capital markets pushing interest rates higher still thus increasing the risks of recession in the coming year.
- Overall, employment in the health care and social assistance sector has recovered and is slightly above pre-pandemic levels. However, staffing remains a concern in some subsectors – specifically in hospitals and nursing and residential care facilities.
- 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. More workers are returning to the office or transitioning to hybrid work arrangements.
- 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.
- Geo-political tensions remain elevated and continue to pose a negative risk to 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 2023. Based on the November CEFC forecast, the RFC will consider its revenue projections through the fiscal year ending June 30, 2024 for the General Fund, Highway Fund, Fund for a Healthy Maine and Medicaid/MaineCare Dedicated Revenue Taxes.

At June 30, 2023, the State of Maine reported an ending fund balance of \$1.358 billion in the General Fund on a GAAP basis, an increase of more than \$383.0 million since the end of fiscal year 2022. The General Fund “unassigned” fund balance on a GAAP basis at June 30, 2023 was \$1.0 billion.

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

BASIC FINANCIAL STATEMENTS



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

June 30, 2023
(Expressed in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets				
Current Assets:				
Equity in Treasurer's Cash Pool	\$ 3,033,921	\$ 15,957	\$ 3,049,878	\$ 90,198
Cash and Cash Equivalents	216	809	1,025	218,750
Cash with Fiscal Agent	247,314	2,640	249,954	-
Investments	152,844	-	152,844	860,209
Restricted Assets:				
Restricted Equity in Treasurer's Cash Pool	96,519	-	96,519	-
Restricted Deposits and Investments	1,471	692,640	694,111	579,979
Inventories	19,237	5,452	24,689	2,569
Receivables, Net of Allowances for Uncollectibles:				
Taxes Receivable	612,748	-	612,748	-
Settlements Receivable	28,970	-	28,970	-
Loans, Leases & Notes Receivable	1,946	-	1,946	141,910
Other Receivables	321,372	70,466	391,838	93,950
Internal Balances	(12,796)	12,796	-	-
Due from Other Governments	602,449	-	602,449	202,151
Due from Primary Government	-	-	-	21,904
Loans Receivable from Primary Government	-	-	-	38,292
Due from Component Units	37,993	-	37,993	-
Prepaid Items	35,598	-	35,598	-
Other Current Assets	233	-	233	98,755
Total Current Assets	5,180,035	800,760	5,980,795	2,348,667
Noncurrent Assets:				
Equity in Treasurer's Cash Pool	816,230	4,295	820,525	24,267
Investments	-	-	-	608,958
Restricted Assets:				
Restricted Equity in Treasurer's Cash Pool	25,967	-	25,967	-
Restricted Deposits and Investments	-	-	-	394,513
Pension Assets	13,561	-	13,561	-
Receivables, Net of Current Portion:				
Taxes Receivable	48,130	-	48,130	-
Settlements Receivable	48,356	-	48,356	-
Loans, Leases & Notes Receivable	4,923	-	4,923	2,246,658
Other Receivables	410	-	410	6,714
Due from Other Governments	5,148	-	5,148	1,481,901
Loans Receivable from Primary Government	-	-	-	223,717
Due from Primary Government	-	-	-	948
Post-Employment Benefit Assets	-	-	-	36,365
Other Noncurrent Assets	-	-	-	11,433
Capital Assets:				
Land, Infrastructure, & Other Non-Depreciable Assets	4,119,652	28,087	4,147,739	1,059,298
Buildings, Equipment & Other Depreciable Assets	600,281	36,609	636,890	1,103,909
Right to Use Assets - Leases, Net	242,775	-	242,775	58,687
Right to Use Assets - Subscriptions, Net	117,633	-	117,633	31,479
Total Noncurrent Assets	6,043,066	68,991	6,112,057	7,288,847
Total Assets	11,223,101	869,751	12,092,852	9,637,514
Deferred Outflows of Resources	\$ 1,550,175	\$ 7,300	\$ 1,557,475	\$ 67,833

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

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Liabilities				
Current Liabilities:				
Accounts Payable	\$ 968,403	\$ 22,011	\$ 990,414	\$ 96,376
Accrued Payroll	60,757	945	61,702	4,846
Tax Refunds Payable	362,404	-	362,404	-
Due to Component Units	21,904	-	21,904	-
Due to Primary Government	-	-	-	37,993
Current Portion of Long-Term Obligations:				
Compensated Absences	10,824	139	10,963	3,576
Due to Other Governments	855,907	-	855,907	468
Amounts Held under State & Federal Loan Programs	-	-	-	53,413
Claims Payable	19,758	-	19,758	-
Bonds & Notes Payable	119,033	-	119,033	247,970
Revenue Bonds Payable	23,856	-	23,856	32,013
Lease Liabilities	7,797	-	7,797	2,936
Subscription Liabilities	19,408	-	19,408	4,676
Certificates of Participation & Other Financing Arrangements	18,214	428	18,642	-
Loans Payable to Component Unit	38,292	-	38,292	-
Accrued Interest Payable	10,565	3	10,568	32,529
Unearned Revenue	6,355	34	6,389	126,816
Other Post-Employment Benefits	902	-	902	-
Other Current Liabilities	43,616	37,315	80,931	75,868
Total Current Liabilities	2,587,995	60,875	2,648,870	719,480
Long-Term Liabilities:				
Compensated Absences	60,610	917	61,527	-
Due to Component Units	948	-	948	-
Due to Other Governments	-	-	-	4,822
Amounts Held under State & Federal Loan Program	-	-	-	57,192
Claims Payable	55,246	-	55,246	-
Bonds & Notes Payable	519,607	-	519,607	3,945,447
Revenue Bonds Payable	356,667	-	356,667	634,983
Lease Liabilities	241,242	-	241,242	56,240
Subscription Liabilities	91,151	-	91,151	22,049
Certificates of Participation & Other Financing Arrangements	65,924	2,143	68,067	-
Loans Payable to Component Unit	223,717	-	223,717	-
Unearned Revenue	12,926	-	12,926	12,835
Net Pension Liability	2,259,945	11,784	2,271,729	53,060
Other Post-Employment Benefits	2,353,080	11,123	2,364,203	40,603
Pollution Remediation & Landfill Obligations	40,818	-	40,818	-
Other Noncurrent Liabilities	-	1,600	1,600	61,537
Total Long-Term Liabilities	6,281,881	27,567	6,309,448	4,888,768
Total Liabilities	8,869,876	88,442	8,958,318	5,608,248
Deferred Inflows of Resources	1,426,849	3,833	1,430,682	202,998
Net Position				
Net Investment in Capital Assets	3,916,854	64,696	3,981,550	1,389,824
Restricted:				
Governmental Support & Operations	5,166	-	5,166	-
Justice & Protection	8,395	-	8,395	-
Employment Security	-	715,946	715,946	-
Other Purposes	-	-	-	1,746,578
Funds Held for Permanent Investments:				
Expendable	107,258	-	107,258	-
Nonexpendable	45,922	-	45,922	327,193
Unrestricted (deficit) Net Position	(1,607,044)	4,134	(1,602,910)	430,506
Total Net Position	\$ 2,476,551	\$ 784,776	\$ 3,261,327	\$ 3,894,101

Note: Restricted fund balance for Governmental Support & Operations and Justice & Protection includes only Pension Assets.

STATE OF MAINE
STATEMENT OF ACTIVITIES

Fiscal Year Ended June 30, 2023
(Expressed in Thousands)

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Governmental Support & Operations	\$ 1,220,177	\$ 94,296	\$ 19,986	\$ -
Arts, Heritage & Cultural Enrichment	17,327	1,101	7,949	-
Business Licensing & Regulation	110,792	78,535	46,923	-
Economic Development & Workforce Training	468,971	9,144	228,896	-
Education	2,439,809	34,310	494,180	-
Health & Human Services	5,974,642	23,387	4,212,487	-
Justice & Protection	691,174	91,354	217,159	-
Natural Resources Development & Protection	303,327	109,615	112,847	-
Transportation Safety & Development	767,090	167,838	349,294	-
Interest Expense	47,790	-	-	-
Total Governmental Activities	<u>12,041,099</u>	<u>609,580</u>	<u>5,689,721</u>	<u>-</u>
Business-Type Activities:				
Employment Security	97,758	144,616	11,507	-
Alcoholic Beverages	190,456	256,099	-	-
Lottery	342,736	416,795	-	-
Ferry Services	14,761	7,325	-	-
Consolidated Emergency Communications	6,396	6,737	-	-
Other	3,632	5,068	-	-
Total Business-Type Activities	<u>655,739</u>	<u>836,640</u>	<u>11,507</u>	<u>-</u>
Total Primary Government	<u>12,696,838</u>	<u>1,446,220</u>	<u>5,701,228</u>	<u>-</u>
Component Units:				
Finance Authority of Maine	104,497	20,240	83,449	-
Maine Community College System	172,425	3,615	72,357	502
Maine Health & Higher Education Facilities Authority	27,911	25,684	1,093	-
Maine Municipal Bond Bank	69,300	45,363	7,460	62,494
Maine State Housing Authority	543,954	74,645	477,542	-
Maine Turnpike Authority	110,400	160,229	-	-
University of Maine System	863,064	299,321	171,771	26,355
All Other Non-Major Component Units	188,311	45,260	126,320	14,601
Total Component Units	<u>\$ 2,079,862</u>	<u>\$ 674,357</u>	<u>\$ 939,992</u>	<u>\$ 103,952</u>

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

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

Primary Government

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Component Units</u>
\$ (1,105,895)	\$ -	\$ (1,105,895)	\$ -
(8,277)	-	(8,277)	-
14,666	-	14,666	-
(230,931)	-	(230,931)	-
(1,911,319)	-	(1,911,319)	-
(1,738,768)	-	(1,738,768)	-
(382,661)	-	(382,661)	-
(80,865)	-	(80,865)	-
(249,958)	-	(249,958)	-
(47,790)	-	(47,790)	-
<u>(5,741,798)</u>	<u>-</u>	<u>(5,741,798)</u>	<u>-</u>
-	58,365	58,365	-
-	65,643	65,643	-
-	74,059	74,059	-
-	(7,436)	(7,436)	-
-	341	341	-
-	1,436	1,436	-
<u>-</u>	<u>192,408</u>	<u>192,408</u>	<u>-</u>
<u>(5,741,798)</u>	<u>192,408</u>	<u>(5,549,390)</u>	<u>-</u>
-	-	-	(808)
-	-	-	(95,951)
-	-	-	(1,134)
-	-	-	46,017
-	-	-	8,233
-	-	-	49,829
-	-	-	(365,617)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,130)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (361,561)</u>

General Revenues:

Taxes:				
Corporate Taxes	458,438	-	458,438	-
Individual Income Taxes	2,428,123	-	2,428,123	-
Fuel Taxes	248,130	-	248,130	-
Property Taxes	87,011	-	87,011	-
Sales & Use Taxes	2,348,331	-	2,348,331	-
Other Taxes	476,496	-	476,496	-
Unrestricted Investment Earnings	97,730	-	97,730	36,326
Non-Program Specific Grants, Contributions & Appropriations				436,423
Miscellaneous Income	193,862	-	193,862	18,257
Gain (Loss) on Sale of Assets	-	-	-	(3,006)
Tobacco Settlement	53,416	-	53,416	-
Special Items	(168,000)	-	(168,000)	-
Transfers - Internal Activities	119,234	(119,234)	-	-
Total General Revenues and Transfers	<u>6,342,771</u>	<u>(119,234)</u>	<u>6,223,537</u>	<u>488,000</u>
Change in Net Position	600,973	73,174	674,147	126,439
Net Position - Beginning (as restated)	<u>1,875,578</u>	<u>711,602</u>	<u>2,587,180</u>	<u>3,767,662</u>
Net Position - Ending	<u>\$ 2,476,551</u>	<u>\$ 784,776</u>	<u>\$ 3,261,327</u>	<u>\$ 3,894,101</u>



GOVERNMENTAL FUND FINANCIAL STATEMENTS

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, 2023
(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>
Assets						
Equity in Treasurer's Cash Pool	\$ 1,664,444	\$ 31,137	\$ 721,768	\$ 1,125,348	\$ 336	\$ 3,543,033
Cash & Short-Term Investments	98	76	-	40	-	214
Cash with Fiscal Agent	12,376	-	-	220,018	-	232,394
Investments	-	-	-	-	152,844	152,844
Restricted Assets:						
Restricted Equity in Treasurer's Cash Pool	-	-	-	-	122,486	122,486
Inventories	4,492	2	8,525	-	-	13,019
Receivables, Net of Allowance for Uncollectibles:						
Taxes Receivable	621,125	23,495	-	16,258	-	660,878
Settlements Receivable	-	-	-	77,326	-	77,326
Loans Receivable	1	-	-	1,360	-	1,361
Other Receivable	94,929	5,275	162,137	48,302	-	310,643
Due from Other Funds	41,853	11,735	4,994	31,636	-	90,218
Due from Other Governments	-	-	601,521	-	-	601,521
Due from Component Units	-	-	-	37,993	-	37,993
Other Assets	1,685	18	692	190	-	2,585
Working Capital Advances Receivable	111	-	-	-	-	111
Total Assets	<u>\$ 2,441,114</u>	<u>\$ 71,738</u>	<u>\$ 1,499,637</u>	<u>\$ 1,558,471</u>	<u>\$ 275,666</u>	<u>\$ 5,846,626</u>
Liabilities						
Accounts Payable	\$ 235,255	\$ 34,948	\$ 567,081	\$ 63,566	\$ 236	\$ 901,086
Accrued Payroll	29,447	9,005	6,463	11,179	-	56,094
Tax Refunds Payable	362,404	-	-	-	-	362,404
Due to Other Governments	-	-	853,424	-	-	853,424
Due to Other Funds	103,682	5,316	23,354	29,946	12	162,310
Due to Component Units	3,821	125	15,269	2,586	340	22,141
Unearned Revenue	-	3,027	1,850	14,331	3	19,211
Other Accrued Liabilities	38,245	4	3,086	5,359	-	46,694
Total Liabilities	<u>772,854</u>	<u>52,425</u>	<u>1,470,527</u>	<u>126,967</u>	<u>591</u>	<u>2,423,364</u>
Deferred Inflows of Resources	<u>309,825</u>	<u>1,492</u>	<u>7,251</u>	<u>82,085</u>	<u>-</u>	<u>400,653</u>
Fund Balances						
Nonspendable:						
Permanent Fund Principal	-	-	-	-	45,922	45,922
Inventories & Prepaid Items	5,850	-	-	-	-	5,850
Restricted	15,402	17,821	21,859	713,095	229,153	997,330
Committed	-	-	-	473,209	-	473,209
Assigned	337,089	-	-	163,115	-	500,204
Unassigned	1,000,094	-	-	-	-	1,000,094
Total Fund Balances	<u>1,358,435</u>	<u>17,821</u>	<u>21,859</u>	<u>1,349,419</u>	<u>275,075</u>	<u>3,022,609</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 2,441,114</u>	<u>\$ 71,738</u>	<u>\$ 1,499,637</u>	<u>\$ 1,558,471</u>	<u>\$ 275,666</u>	<u>\$ 5,846,626</u>

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, 2023
(Expressed in Thousands)

Total fund balances for governmental funds	\$	3,022,609
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.		5,328,574
Accumulated Depreciation & Amortization		<u>(645,755)</u>
		4,682,819
Refunded Bond Deferred Outflows		903
Pollution Remediation Receivable		424
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		(1,019,163)
Interest Payable Related to Long-term Financing		(7,412)
Certificates of Participation and Other Financing Arrangements		(56,307)
Leases		(11,343)
Subscriptions		(75,283)
Loans Payable to Component Unit		(262,009)
Compensated Absences		(65,872)
Pension Liabilities and Deferrals		(1,798,339)
Other Post-Employment Benefit Liabilities and Deferrals		(2,514,235)
Pollution Remediation and Landfill Obligations		<u>(40,818)</u>
		(5,850,781)
Certain revenues are earned but not available and therefore are not reported in the governmental fund statements.		344,716
Other Revenue		3,579
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>272,282</u>
Net position of governmental activities	\$	<u><u>2,476,551</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, 2023
(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>
Revenues						
Taxes	\$ 5,473,723	\$ 222,624	\$ -	\$ 376,107	\$ -	\$ 6,072,454
Assessments	92,345	115,816	-	196,099	-	404,260
Federal Grants & Reimbursements	53	-	5,626,430	18,977	-	5,645,460
Charges for Services	47,802	4,928	-	153,849	-	206,579
Investment Income (Loss)	56,315	706	317	15,301	14,566	87,205
Miscellaneous Revenues	74,473	186	559	157,943	-	233,161
Total Revenues	<u>5,744,711</u>	<u>344,260</u>	<u>5,627,306</u>	<u>918,276</u>	<u>14,566</u>	<u>12,649,119</u>
Expenditures						
Current:						
Governmental Support & Operations	286,512	2,566	20,354	919,969	66	1,229,467
Economic Development & Workforce Training	58,205	-	195,552	174,297	1,992	430,046
Education	2,001,566	-	497,420	66,034	11,868	2,576,888
Health & Human Services	1,422,937	-	4,209,160	464,736	-	6,096,833
Business Licensing & Regulation	500	-	46,476	69,605	-	116,581
Natural Resources Development & Protection	105,278	23	111,993	130,275	8,098	355,667
Justice & Protection	398,834	33,555	236,684	95,815	71	764,959
Arts, Heritage & Cultural Enrichment	9,509	-	7,810	1,032	-	18,351
Transportation Safety & Development	-	330,197	303,249	194,522	5,000	832,968
Debt service:						
Principal Payments	120,732	-	16,745	38,170	-	175,647
Interest Expense	43,348	-	8,471	5,858	-	57,677
Capital Outlay	74,656	2,881	2,882	2,392	47,244	130,055
Total Expenditures	<u>4,522,077</u>	<u>369,222</u>	<u>5,656,796</u>	<u>2,162,705</u>	<u>74,339</u>	<u>12,785,139</u>
Revenue over (under) Expenditures	<u>1,222,634</u>	<u>(24,962)</u>	<u>(29,490)</u>	<u>(1,244,429)</u>	<u>(59,773)</u>	<u>(136,020)</u>
Other Financing Sources (Uses)						
Transfer from Other Funds	171,921	47,055	23,073	1,158,776	-	1,400,825
Transfer to Other Funds	(1,087,704)	(12,143)	(26,932)	(126,101)	(4,702)	(1,257,582)
Certificates of Participation & Other	1,495	805	-	4,556	-	6,856
Loan Proceeds from Component Units	-	-	-	50,000	-	50,000
Bonds Issued	-	-	-	-	151,390	151,390
Premiums on Bond Issuance	-	-	-	-	15,740	15,740
Subscriptions	74,656	2,881	2,882	2,392	-	82,811
Net Other Finance Sources (Uses)	<u>(839,632)</u>	<u>38,598</u>	<u>(977)</u>	<u>1,089,623</u>	<u>162,428</u>	<u>450,040</u>
Net Change in Fund Balances	<u>383,002</u>	<u>13,636</u>	<u>(30,467)</u>	<u>(154,806)</u>	<u>102,655</u>	<u>314,020</u>
Fund Balance at Beginning of Year (as restated)	<u>975,433</u>	<u>4,185</u>	<u>52,326</u>	<u>1,504,225</u>	<u>172,420</u>	<u>2,708,589</u>
Fund Balances at End of Year	<u>\$ 1,358,435</u>	<u>\$ 17,821</u>	<u>\$ 21,859</u>	<u>\$ 1,349,419</u>	<u>\$ 275,075</u>	<u>\$ 3,022,609</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, 2023
(Expressed in Thousands)

Net change in fund balances - total governmental funds		\$ 314,020
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	229,011	
Depreciation Expense	<u>(60,828)</u>	168,183
Refunded Bond Deferred Outflows		(334)
Pollution Remediation Receivable		140
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	(151,390)	
Premium on Bonds Issued	(15,740)	
Proceeds from Other Financing Arrangements	(2,300)	
Loan Proceeds from Component Unit	(50,000)	
Repayment of Bond Principal	120,195	
Repayment of Other Financing Debt	5,178	
Repayment of Pledged Revenue Principal	58,440	
Repayment of Lease Principal	657	
Repayment of Subscription Principal	42,092	
Accrued Interest	(2,937)	
Amortization of Bond Premiums	13,438	17,633
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	(200)	
Pension Liabilities and Deferrals	75,198	
Other Post-employment Benefit Liabilities and Deferrals	213,864	
Pollution Remediation and Landfill Obligations	<u>6,544</u>	295,406
Certain revenues are earned but not available and therefore are not reported in the governmental fund statements.		(23,131)
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>(170,944)</u>
Changes in net position of governmental activities		<u>\$ 600,973</u>

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



PROPRIETARY FUND

FINANCIAL STATEMENTS

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, 2023
(Expressed in Thousands)

	Business-Type Activities Enterprise Funds			Governmental Activities
	Major Employment Security	Non-Major Other Enterprise	Total	Internal Service Funds
Assets				
Current Assets:				
Equity in Treasurer's Cash Pool	\$ -	\$ 15,957	\$ 15,957	\$ 242,010
Cash & Short-Term Investments	55	754	809	2
Cash with Fiscal Agent	-	2,640	2,640	14,920
Restricted Assets:				
Restricted Deposits & Investments	692,629	11	692,640	1,471
Inventories	-	5,452	5,452	6,218
Receivables, Net of Allowance for Uncollectibles:				
Other Receivable	33,323	37,143	70,466	11,296
Due from Other Funds	3,680	13,174	16,854	35,865
Other Assets	-	-	-	12,996
Total Current Assets	729,687	75,131	804,818	324,778
Noncurrent Assets:				
Equity in Treasurer's Cash Pool	-	4,295	4,295	65,108
Receivables, Net of Current Portion	-	-	-	4,923
Capital Assets, Net of Accumulated Depreciation	-	64,696	64,696	150,253
Right to Use Assets - Leases, Net	-	-	-	231,717
Right to Use Assets - Subscriptions, Net	-	-	-	35,802
Total Noncurrent Assets	-	68,991	68,991	487,803
Total Assets	729,687	144,122	873,809	812,581
Deferred Outflows of Resources	\$ -	\$ 7,300	\$ 7,300	\$ 37,456
Liabilities				
Current Liabilities:				
Accounts Payable	\$ 8,422	\$ 13,589	\$ 22,011	\$ 19,822
Accrued Payroll	-	945	945	4,663
Due to Other Funds	3,835	382	4,217	23,887
Due to Component Units	-	-	-	711
Current Portion of Long-Term Obligations:				
Certificates of Participation and Other Financing Arrangements	-	428	428	5,430
Lease Liabilities	-	-	-	7,129
Subscription Liabilities	-	-	-	11,020
Claims Payable	-	-	-	19,758
Compensated Absences	-	139	139	739
Unearned Revenue	-	34	34	70
Accrued Interest Payable	-	-	-	75
Other Accrued Liabilities	1,484	35,834	37,318	-
Total Current Liabilities	13,741	51,351	65,092	93,304
Long-Term Liabilities:				
Working Capital Advances Payable	-	1,600	1,600	111
Certificates of Participation & Other Financing Arrangements	-	2,143	2,143	22,401
Lease Liabilities	-	-	-	230,567
Subscription Liabilities	-	-	-	24,256
Claims Payable	-	-	-	55,246
Compensated Absences	-	917	917	4,823
Net Pension Liability	-	11,784	11,784	62,063
Net Other Post-Employment Benefit Liability	-	11,123	11,123	59,093
Total Long-Term Liabilities	-	27,567	27,567	458,560
Total Liabilities	13,741	78,918	92,659	551,864
Deferred Inflows of Resources	\$ -	\$ 3,833	\$ 3,833	\$ 25,732
Net Position				
Net Investment in Capital Assets:	-	64,696	64,696	139,050
Restricted for:				
Unemployment Compensation	715,946	-	715,946	-
Other Purposes	-	-	-	36
Unrestricted	-	3,975	3,975	133,355
Total Net Position	\$ 715,946	\$ 68,671	784,617	\$ 272,441
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				
			159	
Net Position of Business-Type Activities			\$ 784,776	

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, 2023
(Expressed in Thousands)

	Business-Type Activities Enterprise Funds			Governmental Activities Internal Service Funds
	Major	Non-Major	Total	
	Employment Security	Other Enterprise		
Operating Revenues				
Charges for Services	\$ -	\$ 688,684	\$ 688,684	\$ 427,476
Assessments	143,625	3,073	146,698	-
Miscellaneous Revenues	991	77	1,068	107
Total Operating Revenues	<u>144,616</u>	<u>691,834</u>	<u>836,450</u>	<u>427,583</u>
Operating Expenses				
General Operations	-	554,855	554,855	392,943
Depreciation and Amortization	-	3,143	3,143	39,228
Claims/Fees Expense	97,758	-	97,758	6,948
Total Operating Expenses	<u>97,758</u>	<u>557,998</u>	<u>655,756</u>	<u>439,119</u>
Operating Income (Loss)	<u>46,858</u>	<u>133,836</u>	<u>180,694</u>	<u>(11,536)</u>
Nonoperating Revenues (Expenses)				
Investment Revenue (Expenses) - net	11,507	-	11,507	10,525
Interest Expense	-	(83)	(83)	(5,270)
Other Nonoperating Revenue (Expenses) - net	-	197	197	307
Total Nonoperating Revenues (Expenses)	<u>11,507</u>	<u>114</u>	<u>11,621</u>	<u>5,562</u>
Income (Loss) Before Capital Contributions, Transfers and Special Items	<u>58,365</u>	<u>133,950</u>	<u>192,315</u>	<u>(5,974)</u>
Capital Contributions, Transfers and Special Items				
Capital Contributions from (to) Other Funds	-	18,876	18,876	91
Transfer from Other Funds	3,084	11,682	14,766	3,032
Transfer to Other Funds	(13,003)	(139,873)	(152,876)	-
Special Items	-	-	-	(168,000)
Total Capital Contributions, Transfers and Special Items	<u>(9,919)</u>	<u>(109,315)</u>	<u>(119,234)</u>	<u>(164,877)</u>
Change in Net Position	48,446	24,635	73,081	(170,851)
Net Position - Beginning	<u>667,500</u>	<u>44,036</u>		<u>443,292</u>
Net Position - End of Year	<u>\$ 715,946</u>	<u>\$ 68,671</u>		<u>\$ 272,441</u>
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			<u>93</u>	
Changes in Business-Type Net Position			<u>\$ 73,174</u>	

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, 2023
(Expressed in Thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities Internal Service Funds
	Major Employment Security	Non-Major Other Enterprise	Totals	
Cash Flows from Operating Activities				
Receipts from Customers and Users	\$ 160,026	\$ 683,907	\$ 843,933	\$ 138,081
Other Operating Cash Receipts (Payments):				
Cash Received from Interfund Services	4,082	7,037	11,119	297,871
Payments of Benefits	(95,481)	-	(95,481)	-
Payments to Prize Winners	-	(290,797)	(290,797)	-
Payments to Suppliers	-	(239,314)	(239,314)	(288,452)
Payments to Employees	-	(17,558)	(17,558)	(82,958)
Payments for Interfund Goods and Services	-	(15,866)	(15,866)	(63,315)
Net Cash Provided (Used) by Operating Activities	<u>68,627</u>	<u>127,409</u>	<u>196,036</u>	<u>1,227</u>
Cash Flows from Noncapital Financing Activities				
Transfers from Other Funds	3,084	11,682	14,766	3,032
Transfers to Other Funds	(13,003)	(139,873)	(152,876)	-
Special Item	-	-	-	(168,000)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(9,919)</u>	<u>(128,191)</u>	<u>(138,110)</u>	<u>(164,968)</u>
Cash Flows from Capital and Related Financing Activities				
Payments for Acquisition of Capital Assets	-	(1,813)	(1,813)	(88,805)
Proceeds from Financing Arrangements	-	3,000	3,000	94,942
Principal and Interest Paid on Financing Arrangements	-	(512)	(512)	(34,880)
Proceeds from Sale of Capital Assets	-	47	47	737
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>722</u>	<u>722</u>	<u>(28,006)</u>
Cash Flows from Investing Activities				
Interest Revenue	11,507	302	11,809	10,525
Net Cash Provided (Used) by Investing Activities	<u>11,507</u>	<u>302</u>	<u>11,809</u>	<u>10,525</u>
Net Increase (Decrease) in Cash/Cash Equivalents	70,215	242	70,457	(181,222)
Cash/Cash Equivalents - Beginning of Year	622,469	23,415	645,884	506,385
Cash/Cash Equivalents - End of Year	<u>\$ 692,684</u>	<u>\$ 23,657</u>	<u>\$ 716,341</u>	<u>\$ 325,163</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ 46,858	\$ 133,836	\$ 180,694	\$ (11,536)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	-	3,143	3,143	39,228
Decrease (Increase) in Assets:				
Accounts Receivable	16,006	(1,697)	14,309	477
Interfund Balances	3,486	(12,420)	(8,934)	(1,549)
Due from Other Governments	-	-	-	(1,051)
Inventories	-	(384)	(384)	(460)
Other Assets	-	-	-	477
Deferred Outflows	-	(712)	(712)	(3,064)
Increase (Decrease) in Liabilities:				
Accounts Payable	1,667	(2,913)	(1,246)	(5,515)
Accrued Payroll Expense	-	177	177	194
Due to Other Governments	-	-	-	(1,916)
Compensated Absences	-	97	97	(22)
Deferred Inflows	-	(6,252)	(6,252)	(33,258)
Net Pension Liability	-	3,683	3,683	18,224
Other Accruals	610	9,735	10,345	(5,686)
Net OPEB Liability	-	1,116	1,116	5,032
Total Adjustments	21,769	(6,427)	15,342	11,111
Net Cash Provided (Used) by Operating Activities	<u>\$ 68,627</u>	<u>\$ 127,409</u>	<u>\$ 196,036</u>	<u>\$ (425)</u>
Non Cash Investing, Capital and Financing Activities				
Property Leased, Accrued or Acquired	-	-	-	9,716
Subscription Based Assets	-	-	-	35,802
Contributed Capital Assets	-	18,876	18,876	91
Disposal of Assets	-	-	-	(430)

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

FIDUCIARY FUND

FINANCIAL STATEMENTS

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, 2023
(Expressed in Thousands)

	Pension (and Other Employee Benefits)	Private Purpose Trusts	Custodial Funds
Assets			
Equity in Treasurer's Cash Pool	\$ -	\$ 500	\$ 113,593
Cash & Short-Term Investments	200,777	8,477	27
Receivables, Net of Allowance for Uncollectibles:			
State and Local Agency Contributions	42,113	-	-
Interest and Dividends	5,090	-	-
Due from Brokers for Securities Sold	233	-	-
Settlements Receivable	-	-	20,468
Other Receivable	-	3,457	-
Investments at Fair Value:			
Equity Securities	2,741,457	-	-
Common/Collective Trusts	16,845,290	-	-
Investments - Other	-	21,195	-
Securities Lending Collateral	6,861	-	-
Due from Other Funds	-	47,495	-
Investments Held on Behalf of Others	-	-	70,673
Capital Assets, Net of Accumulated Depreciation	12,351	-	-
Other Assets	-	3,188	1,639
Total Assets	<u>19,854,172</u>	<u>84,312</u>	<u>206,400</u>
Liabilities			
Accounts Payable	3,235	814	99,368
Due to Other Funds	-	18	-
Obligations Under Securities Lending	6,861	-	-
Other Accrued Liabilities	27,345	-	1,256
Total Liabilities	<u>37,441</u>	<u>832</u>	<u>100,624</u>
Deferred Inflows of Resources			
	<u>-</u>	<u>-</u>	<u>20,468</u>
Net Position			
Restricted for Pension	19,093,305	-	-
Restricted for Other Post-Employment Benefits	723,426	-	-
Restricted for Individuals, Organizations and Other Governments	-	83,480	85,308
Total Net Position	<u>\$ 19,816,731</u>	<u>\$ 83,480</u>	<u>\$ 85,308</u>

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, 2023
(Expressed in Thousands)

	Pension (and Other Employee Benefits)	Private Purpose Trusts	Custodial Funds
Additions:			
Contributions:			
Members	\$ 248,851	\$ -	\$ -
State & Local Agency Employers	617,470	-	-
Non-Employer Contributing Entity	235,320	-	8,131
Litigation Receipts	-	-	100,454
Other	-	-	4,345
Investment Income (Loss):			
Net Increase (Decrease) in the Fair Value of Investments	1,126,327	1,843	17
Interest & Dividends	193,977	610	1,299
Securities Lending Income & Borrower Rebates Refunded	600	-	-
Less Investment Expense:			
Investment Activity Expense	145,760	-	-
Securities Lending Expense	86	-	-
Net Investment Income (Loss)	1,175,058	2,453	1,316
Miscellaneous Revenues	-	20,084	-
Transfer from Other Pension Plans	393	-	-
Total Additions	<u>2,277,092</u>	<u>22,537</u>	<u>114,246</u>
Deductions:			
Benefits Paid to Participants, Beneficiaries or Clients	1,319,843	11,830	114,206
Refunds & Withdrawals	32,916	-	3,214
Restitution Payments	-	-	1,057
Administrative Expenses	16,515	479	-
Claims Processing Expense	1,546	-	-
Miscellaneous Disbursements	-	-	625
Transfer to Other Funds	-	8,165	-
Transfer to Other Pension Plans	1,123	-	-
Total Deductions	<u>1,371,943</u>	<u>20,474</u>	<u>119,102</u>
Net Increase (Decrease)	905,149	2,063	(4,856)
Net Position:			
Restricted			
Beginning of Year (as restated)	<u>18,911,582</u>	<u>81,417</u>	<u>90,164</u>
End of Year	<u>\$ 19,816,731</u>	<u>\$ 83,480</u>	<u>\$ 85,308</u>

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



COMPONENT UNIT

FINANCIAL STATEMENTS

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, 2023
(Expressed in Thousands)

	<u>Finance Authority of Maine</u>	<u>Maine Community College System</u>	<u>Maine Health & Higher Educational Facilities Authority</u>	<u>Maine Municipal Bond Bank</u>
Assets				
Current Assets:				
Equity in Treasurer's Cash Pool	\$ 15,656	\$ 22,471	\$ -	\$ 28,161
Cash & Short-Term Investments	2,148	28,514	7,136	246
Investments	70,713	70,947	15,737	10,246
Restricted Assets:				
Restricted Deposits & Investments	-	-	19,070	362,273
Inventories	-	-	-	-
Receivables, Net of Allowance for Uncollectibles:				
Loans, Leases & Notes Receivable	36,757	-	30,239	-
Other Receivable	3,872	15,216	157	1,595
Due from Other Governments	7,823	547	-	152,571
Due from Primary Government	-	1,374	-	-
Loans Receivable from Primary Government	-	-	-	38,292
Other Assets	1,062	4,610	1,653	62,605
Total Current Assets	138,031	143,679	73,992	655,989
Noncurrent Assets:				
Equity in Treasurer's Cash Pool	4,212	6,046	-	7,576
Restricted Assets:				
Restricted Assets	31,331	1,234	59,530	144,498
Investments	-	15,742	22,283	-
Receivables, Net of Current Portion:				
Loans, Leases & Notes Receivable	67,854	-	561,011	-
Other Receivables	-	2,291	-	-
Due from Other Governments	-	-	-	1,481,901
Due from Primary Government	-	-	-	-
Loans Receivable from Primary Government	-	-	-	223,717
Post-Employment Benefit Asset	-	15,196	-	-
Capital and Right to Use Assets, Net	900	198,504	-	1,101
Other Non-Current Assets	-	-	-	-
Total Noncurrent Assets	104,297	239,013	642,824	1,858,793
Total Assets	242,328	382,692	716,816	2,514,782
Deferred Outflows of Resources	\$ 1,038	\$ 22,904	\$ -	\$ 13,261
Liabilities				
Current Liabilities:				
Accounts Payable	\$ 6,242	\$ 5,739	\$ 44	\$ 460
Accrued Payroll	-	-	-	-
Compensated Absences	-	3,436	-	-
Due to Other Governments	-	-	-	139
Due to Primary Government	-	-	-	36,915
Amounts Held Under State & Federal Loan Programs	-	-	-	53,413
Line of Credit	1,733	-	-	-
Bonds & Notes Payable	6,065	935	30,995	142,799
Obligations for Right to Use Assets	-	1,230	-	-
Accrued Interest Payable	310	-	13,648	12,380
Unearned Revenue	1,130	12,445	14	6,169
Other Accrued Liabilities	23,041	10,196	-	(3)
Total Current Liabilities	38,521	33,981	44,701	252,272
Long-Term Liabilities:				
Due to Other Governments	3,946	-	-	636
Amounts Held Under State & Federal Loan Programs	57,192	-	-	-
Bonds & Notes Payable	83,898	13,454	624,870	1,353,342
Obligations for Right to Use Assets	-	11,425	-	-
Net Pension Liability	-	39,038	-	497
Net Other Post-Employment Benefit Liability	-	3,109	-	928
Other Noncurrent Liabilities	-	-	-	-
Total Long-Term Liabilities	145,036	67,026	624,870	1,355,403
Total Liabilities	183,557	101,007	669,571	1,607,675
Deferred Inflows of Resources	-	30,344	-	663
Net Position				
Net Investment in Capital Assets	900	172,683	-	1,101
Restricted	29,982	55,200	-	866,973
Unrestricted	28,927	46,362	47,245	51,631
Total Net Position	\$ 59,809	\$ 274,245	\$ 47,245	\$ 919,705

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

Maine State Housing Authority	Maine Turnpike Authority	University of Maine System	Non-Major Component Units	Total
\$ -	\$ -	\$ 18,985	\$ 4,925	\$ 90,198
89,148	50,694	11,419	29,445	218,750
406,976	21,508	247,420	16,662	860,209
-	113,689	-	84,947	579,979
-	1,506	-	1,063	2,569
34,652	2,230	340	37,692	141,910
10,440	7,262	49,266	6,142	93,950
17,446	-	18,617	5,147	202,151
10,586	-	9,944	-	21,904
-	-	-	-	38,292
18,560	2,086	7,286	893	98,755
587,808	198,975	363,277	186,916	2,348,667
-	-	5,108	1,325	24,267
-	71,302	26,443	60,175	394,513
109,035	-	447,928	13,970	608,958
1,536,437	35,504	22,839	23,013	2,246,658
-	912	3,481	30	6,714
-	-	-	-	1,481,901
-	-	237	711	948
-	-	-	-	223,717
-	-	21,169	-	36,365
17,176	936,034	934,985	164,673	2,253,373
145	166	7,302	3,820	11,433
1,662,793	1,043,918	1,469,492	267,717	7,288,847
2,250,601	1,242,893	1,832,769	454,633	9,637,514
\$ 3,283	\$ 8,068	\$ 17,193	\$ 2,086	\$ 67,833
\$ 24,477	\$ 15,585	\$ 32,481	\$ 11,348	\$ 96,376
-	4,846	-	-	4,846
-	-	-	140	3,576
329	-	-	-	468
-	-	-	1,078	37,993
-	-	-	-	53,413
-	-	-	-	1,733
55,716	20,140	19,931	1,669	278,250
-	-	5,997	385	7,612
6,191	-	-	-	32,529
43,812	14,235	35,932	13,079	126,816
-	12,533	28,952	1,149	75,868
130,525	67,339	123,293	28,848	719,480
-	-	-	240	4,822
-	-	-	-	57,192
1,687,201	584,462	216,808	16,395	4,580,430
-	-	65,564	1,300	78,289
1,780	8,485	-	3,260	53,060
-	36,007	-	559	40,603
128	1,153	73,091	-	74,372
1,689,109	630,107	355,463	21,754	4,888,768
1,819,634	697,446	478,756	50,602	5,608,248
19,377	61,336	53,617	37,661	202,998
2,746	422,724	634,742	154,928	1,389,824
374,971	75,046	524,365	155,282	2,081,819
37,156	(5,591)	158,482	58,246	422,458
\$ 414,873	\$ 492,179	\$ 1,317,589	\$ 368,456	\$ 3,894,101

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

Fiscal Year Ended June 30, 2023
(Expressed in Thousands)

	Finance Authority Of Maine	Maine Community College System	Maine Health & Higher Educational Facilities Authority	Maine Municipal Bond Bank
Expenses	\$ 104,497	\$ 172,425	\$ 27,911	\$ 69,300
Program Revenues				
Charges for Services	20,240	3,615	25,684	45,363
Program Investment Income	742	1,573	1,093	2,521
Operating Grants & Contributions	82,707	70,784	-	4,939
Capital Grants & Contributions	-	502	-	62,494
Net Revenue (Expense)	<u>(808)</u>	<u>(95,951)</u>	<u>(1,134)</u>	<u>46,017</u>
General Revenues				
Unrestricted Investment Earnings	4,974	5,286	275	115
Non-program Specific Grants, Contributions & Appropriations	-	98,094	-	-
Miscellaneous Revenues	-	6,321	116	2,153
Gain (Loss) on Assets Held for Sale	-	-	-	-
Total General Revenues	<u>4,974</u>	<u>109,701</u>	<u>391</u>	<u>2,268</u>
Change in Net Position	4,166	13,750	(743)	48,285
Net Position, Beginning of Year (as restated)	<u>55,643</u>	<u>260,495</u>	<u>47,988</u>	<u>871,420</u>
Net Position, End of Year	<u>\$ 59,809</u>	<u>\$ 274,245</u>	<u>\$ 47,245</u>	<u>\$ 919,705</u>

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

Maine State Housing Authority	Maine Turnpike Authority	University Of Maine System	Non-Major Component Units	Total
\$ 543,954	\$ 110,400	\$ 863,064	\$ 188,311	\$ 2,079,862
74,645	160,229	299,321	45,260	674,357
(6,199)	-	(41,549)	244	(41,575)
483,741	-	213,320	126,076	981,567
-	-	26,355	14,601	103,952
<u>8,233</u>	<u>49,829</u>	<u>(365,617)</u>	<u>(2,130)</u>	<u>(361,561)</u>
281	4,237	13,475	7,683	36,326
-	-	320,683	17,646	436,423
-	6,930	-	2,737	18,257
-	(839)	(2,167)	-	(3,006)
<u>281</u>	<u>10,328</u>	<u>331,991</u>	<u>28,066</u>	<u>488,000</u>
8,514	60,157	(33,626)	25,936	126,439
406,359	432,022	1,351,215	342,520	3,767,662
<u>\$ 414,873</u>	<u>\$ 492,179</u>	<u>\$ 1,317,589</u>	<u>\$ 368,456</u>	<u>\$ 3,894,101</u>



NOTES TO THE FINANCIAL STATEMENTS

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.

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 \$882.7 million of restricted net position, of which \$715.9 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, Teachers, and for MPERS’ retiree healthcare benefits. The investment trusts, managed by the MPERS, hold the long-term investments. The trustees of the State Healthcare Other Employee Benefits Trust Fund are the State Controller and State Treasurer. The Teacher Healthcare Other Employee Benefits Trust Fund trustee is Harpswell Capital Advisors, LLC and its successors.

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 \$129.8 million of Workers' Compensation, \$63.2 million of Bureau of Insurance, and \$46.0 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.

Right to use subscription IT assets are recognized at the subscription commencement date and represent the State of Maine's right to use the underlying IT asset for the subscription term. Right to use subscription IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives received from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right to use subscription IT assets are amortized over the shorter of the subscription term or useful live of the underlying asset using the straight-line method. The amortization period varies from 2 to 14 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 17 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, 2023 is \$318.4 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, 2023 but paid after the fiscal year end are also reported in the funds. Approximately 56 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 17 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 of Maine'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.

Subscription liabilities represent the State of Maine's obligation to make subscription payments arising from the subscription contract. Subscription liabilities are recognized at the subscription commencement date based on the present value of future subscription payments expected to be made during the subscription term. The present value of subscription payments are discounted 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 \$1.000 billion unassigned General Fund fund balance. The BSF had a balance of \$968.3 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. When the fund is at its cap, interest earnings are transferred to the Irrevocable Trust Funds for Other Post-employment Benefits. 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. When the fund is at its cap, that amount is transferred to the Highway and Bridge Capital Program, Other Special Revenue Funds Account. In accordance with the statute, the State Controller transferred \$52.4 million to the Budget Stabilization Fund, which resulted in it reaching its cap. The remaining \$3.9 million of surplus was transferred to the Highway and Bridge Capital Program for fiscal year 2023.

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 2023 actual General Fund revenue, the statutory cap at the close of fiscal year 2023 was \$968.3 million. At the close of fiscal year 2023, the balance of the Maine Budget Stabilization Fund was \$968.3 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	\$ 895,997
Increase in fund balance	<u>72,312</u>
Balance, end of year	<u><u>\$ 968,309</u></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, 2023, the Legislature increased appropriations to the General Fund by \$281.9 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, 2023 are detailed on the following pages.

Governmental Fund Balances (Expressed in Thousands)

	<u>NSIF</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
General Fund:				
Education	\$ -	\$ -	\$ -	\$ 52,742
Governmental Support & Operations	-	12,376	-	169,686
Treasury	-	-	-	10,917
Health & Human Services	-	-	-	62,411
Public Safety	-	-	-	1,164
Justice & Protection	-	-	-	30,695
Defense, Veterans & Emergency Management	-	-	-	2,913
Inland Fisheries & Wildlife	-	3,026	-	-
Agriculture & Conservation	-	-	-	1,550
All Other	5,850	-	-	5,011
Total	<u>\$ 5,850</u>	<u>\$ 15,402</u>	<u>\$ -</u>	<u>\$ 337,089</u>
Highway Fund:				
Transportation, Highway & Bridge Construction	\$ -	\$ 17,821	\$ -	\$ -
Total	<u>\$ -</u>	<u>\$ 17,821</u>	<u>\$ -</u>	<u>\$ -</u>
Federal Fund:				
Economic Development & Workforce Training	\$ -	\$ 4,199	\$ -	\$ -
Governmental Support & Operations	-	7,365	-	-
Substance Abuse & Mental Health	-	1,910	-	-
Office of Child & Family Services	-	1,927	-	-
Justice & Protection	-	1,044	-	-
Public Safety	-	4,311	-	-
Transportation - Highway & Bridge Construction	-	1,103	-	-
Total	<u>\$ -</u>	<u>\$ 21,859</u>	<u>\$ -</u>	<u>\$ -</u>
Other Special Revenue Fund:				
Business Licensing & Regulation	\$ -	\$ 3,825	\$ -	\$ -
Workers Compensation Board	-	16,657	6,586	-
Professional & Financial Regulation	-	9,991	2,131	1,237
Public Utilities Commission	-	2,947	11,711	1,060
PFR Bureau of Consumer Credit Protection	-	-	7,179	-
PFR Bureau of Financial Institutions	-	-	15,252	-
PFR Bureau of Insurance	-	41,876	-	-
PFR Licensing & Enforcement Division	-	-	16,627	-
PFR Office of Securities	-	6,288	-	-
Education	-	26,724	7,078	3,758
Higher Education	-	-	-	1,504
Education Stabilization Fund	-	-	15,000	-
Economic Development & Workforce Training	-	2,355	3,150	1,969
Tourism Marketing Promotion Fund	-	-	17,870	-
Governmental Support & Operations	-	76,554	16,630	18,957
Treasury	-	-	3,930	-
Bonds for Highway & Bridge Construction	-	148,354	-	-
State Facilities Capital Improvements	-	-	45,217	-
COVID Pandemic Relief	-	-	1,248	-
Unorganized Territory Education	-	12,829	-	-

Governmental Fund Balances
(Expressed in Thousands)

	<u>NSIF</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
Municipal Excise Tax Reimbursement Fund	-	-	7,674	-
Cannabis Use Funds	-	-	13,970	-
Clean Elections Act Funds	-	-	5,666	-
Transcap Trust Fund	-	6,122	-	-
Fund for Healthy Maine	-	-	65,462	-
Office of Family Independence	-	9,556	-	-
Substance Abuse & Mental Health	-	-	14,906	2,814
Centers for Disease Control & Prevention	-	1,709	5,610	1,292
MaineCare	-	30,499	-	79,570
Defense, Veterans & Emergency Management	-	2,678	5,932	-
Justice & Protection	-	41,716	-	28,451
Public Safety	-	8,969	-	4,386
Indigent Legal Services	-	-	12,356	-
Armory Maintenance	-	-	5,210	-
State Fire Marshall	-	6,824	-	-
Maine Recovery Fund	-	14,488	-	-
Natural Resources Development & Protection	-	469	-	-
Agriculture & Conservation	-	4,914	11,510	4,591
Environmental Protection	-	-	4,720	-
Inland Fisheries & Wildlife	-	19,268	-	-
Marine Resources	-	8,445	5,772	2,053
PFAS Mitigation	-	-	69,231	-
Hazardous Waste Fund	-	4,619	-	-
Uncontrolled Sites Fund	-	23,328	-	-
Ground and Surface Waters Cleanup Fund	-	7,605	-	-
Environmental Protection Fund	-	-	14,025	-
Land for Maine's Future Fund	-	-	36,217	-
Public Reserved Lands Management Fund	-	-	-	7,705
Transportation Safety & Development	-	6,412	-	1,211
Transportation - Highway & Bridge Construction	-	164,273	-	-
Motor Vehicles	-	-	1,783	-
Multimodal Transportation	-	-	21,634	-
All Other	-	2,801	1,922	2,557
Total	\$ -	\$ 713,095	\$ 473,209	\$ 163,115
Other Governmental Funds:	<u>NSIF</u>	<u>Restricted</u>	<u>Permanent</u>	
Capital Projects - Higher Education	-	6,854	-	
Capital Projects - Transportation	-	70,670	-	
Capital Projects - Multimodal Transportation	-	15,322	-	
Capital Projects - Environmental Protection	-	24,267	-	
Capital Projects - Treasury	-	4,227	-	
Capital Projects - Other	-	555	-	
Permanent Funds - Baxter Park	-	-	10,484	
Permanent Funds - All Others	-	-	35,438	
Special Revenue Funds - Baxter Park	-	106,903	-	
Special Revenue Funds - All Other	-	355	-	
Total	\$ -	\$ 229,153	\$ 45,922	

NOTE 3 - ACCOUNTING CHANGES AND RESTATEMENTS**ACCOUNTING CHANGES**

The following GASB Statements became effective for fiscal year ended June 30, 2023 and had no impact on the State of Maine's net position:

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this Statement is to better meet the information needs of financial statement users by improving the comparability of financial statements among governments that enter into PPPs and APAs and by enhancing the understandability, reliability, relevance, and consistency of information about PPPs and APAs.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. It has become common for governments to enter into subscription-based contracts to use vendor-provided information technology (IT). Subscription based information technology arrangements (SBITAs) provide governments with access to vendors' IT software and associated tangible capital assets for subscription payments without granting governments perpetual license or title to the IT software and associated tangible capital assets. Prior to the issuance of this Statement, there was no accounting or financial reporting guidance specifically for SBITAs.

The objective of this Statement is to better meet the information needs of financial statement users by (a) establishing uniform accounting and financial reporting requirements for SBITAs; (b) improving the comparability of financial statements among governments that have entered into SBITAs; and (c) enhancing the understandability, reliability, relevance, and consistency of information about SBITAs.

GASB Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (a) practice issues that have been identified during implementation and application of certain GASB Statements and (b) accounting and financial reporting for financial guarantees.

Certain paragraphs are effective for the year ended June 30, 2023. Those paragraphs establish or amend accounting and financial reporting requirements for specific issues related to leases, public-public and public-private partnerships (PPPs), subscription-based information technology arrangements (SBITAs), the transition from the London Interbank Offered Rate (LIBOR), the Supplemental Nutrition Assistance Program (SNAP) (formerly, food stamps), nonmonetary transactions, pledges of future revenues, the focus of government-wide financial statements, and terminology.

Other Restatements

The State of Maine identified an error in the June 30, 2022 Abandoned Property GASB 21 liability calculation. The restatement increased the net position of the General Fund by \$15,062 and decreased the balance the General Fund owed to the Abandoned Property Fund by \$15,062. The Abandoned Property Fund, a Private-Purpose Fiduciary Fund, recorded a corresponding decrease in its net position and receivable from the General Fund.

The State of Maine reduced its Other Special Revenue Fund assigned fund balance by \$2,024 to reflect current year revenue, recorded in the prior year, overstating prior year revenues.

Restatements - Component Units

The University of Maine reduced its beginning net position by \$334 thousand as a result of implementing GASB Statement No. 96. The Maine Community College also reduced its beginning net position by \$12 thousand as a result of implementing GASB Statement No. 96. The Maine Turnpike Authority adjusted its beginning net position as a result of two items. A \$436 thousand decrease was attributable to duplicated toll revenue reporting offset by an increase of \$93 thousand in concessionaire rent.

NOTE 4 - DEFICIT FUND BALANCES/NET POSITION

PROPRIETARY FUNDS

Five internal service funds showed deficits for the fiscal year ended June 30, 2023. The Workers' Compensation Fund reported a deficit of \$13.7 million, which reflects accruals for actuarially determined claims payable. The Leased Space Fund had a deficit of \$5.9 million because rates charged were insufficient to cover expenses incurred. The Postal, Printing & Supply fund reported a deficit of \$10.4 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 \$27.6 million and \$35.2 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.

Three enterprise funds showed deficits for the fiscal year ended June 30, 2023. Maine Military Authority reported a deficit of \$27 thousand. 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 \$4.6 million due to the accrual of Other Postemployment Benefits and Pension Liabilities which will be funded by future service charges. The Maine Retirement Savings Program Fund reported a deficit of \$195 thousand. The program was started with working capital which will be repaid with future service charges when the program is active.

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, 2023 are as follows:

Primary Government Deposits and Investments
(Expressed in Thousands)

	Governmental Activities	Business- Type Activities	Private Purpose Trusts	Custodial Funds	Total
Equity in Treasurer's Cash Pool	\$ 3,850,151	\$ 20,252	\$ 500	\$ 113,593	\$ 3,984,496
Cash and Cash Equivalents	216	809	8,477	27	9,529
Cash with Fiscal Agent	247,314	2,640	-	-	249,954
Investments	152,844	-	21,195	-	174,039
Restricted Equity in Treasurer's Cash Pool	122,486	-	-	-	122,486
Restricted Deposits and Investments	1,471	692,640	-	-	694,111
Investments Held on Behalf of Others	-	-	-	70,673	70,673
Total Primary Government	\$ 4,374,482	\$ 716,341	\$ 30,172	\$ 184,293	\$ 5,305,288

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, 2023:

Maturities in Years
(Expressed in Thousands)

	<u>Less than</u> <u>1</u>	<u>1-5</u>	<u>6-10</u>	<u>11-20</u>	<u>More than</u> <u>20</u>	<u>No</u> <u>Maturity</u>	<u>Fair Value</u>
<i>Governmental and Business-Type Activities, excluding Non-Major Special Revenue and Permanent Funds</i>							
US Instrumentalities	\$ 260,571	\$ 722	\$ -	\$ -	\$ -	\$ -	\$ 261,293
US Treasury Notes	1,372,923	563,400	-	-	-	-	1,936,323
Commercial Paper	136,080	-	-	-	-	-	136,080
Certificates of Deposit	254,114	287,055	-	-	-	-	541,169
Cash and Cash Equivalents	749	-	-	-	-	1,119,771	1,120,520
Unemployment Fund	-	-	-	-	-	692,640	692,640
<i>Private-Purpose Trusts, Custodial Funds, and Non-Major Special Revenue and Permanent Funds</i>							
US Instrumentalities	7,446	146	607	588	777	-	9,564
US Treasury Notes	41,335	22,154	3,497	-	1,455	2,523	70,964
Corporate Notes and Bonds	627	2,628	-	6,630	68	52,956	62,909
Other Fixed Income Securities	280	-	-	-	30	46,059	46,369
Commercial Paper	3,888	-	-	-	-	-	3,888
Certificates of Deposit	8,520	8,226	-	-	-	10,044	26,790
Money Market	-	92	-	-	-	4,986	5,078
Cash and Cash Equivalents	8,477	-	-	-	-	59,900	68,377
Equities	-	-	-	-	-	66,339	66,339
Other	-	-	-	-	-	7,031	7,031
	<u>\$ 2,095,010</u>	<u>\$ 884,423</u>	<u>\$ 4,104</u>	<u>\$ 7,218</u>	<u>\$ 2,330</u>	<u>\$ 2,062,249</u>	<u>\$ 5,055,334</u>
Other Assets							
Cash with Fiscal Agent							<u>249,954</u>
Total Primary Government							<u>\$ 5,305,288</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, 2023 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	\$ 136,080	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 136,080
<i>Private-Purpose Trusts, Custodial Funds, and Non-Major Special Revenue and Permanent Funds</i>								
Corporate Notes and Bonds	-	895	197	55	-	1,125	60,637	62,909
Commercial Paper	3,888	-	-	-	-	-	-	3,888
Money Market	-	-	-	-	-	-	5,078	5,078
Other Fixed Income Securities	-	-	-	-	-	-	7,031	7,031
Total Primary Government	<u>\$ 139,968</u>	<u>\$ 895</u>	<u>\$ 197</u>	<u>\$ 55</u>	<u>\$ -</u>	<u>\$ 1,125</u>	<u>\$ 72,746</u>	<u>\$ 214,986</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, 2023, 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 \$575 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, 2023 was \$106.9 million and was comprised of the following (expressed in thousands):

	Percival Baxter Trust
U.S. Instrumentalities	\$ 2,119
U.S. Treasury Notes	3,100
Corporate Notes and Bonds	2,363
Other Fixed Income Securities	18,952
Equities	67,087
Cash and Equivalents	1,038
Other	12,247
Total	<u>\$ 106,906</u>

The State and certain vendors contract with a fiscal intermediary, Clareon, for electronic disbursements from the State to its vendors. During fiscal year 2023 these disbursements, on average, exceeded \$246 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, 2023:

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	\$ 139,968	\$ -	\$ 139,968	\$ -
Corporate Notes and Bonds	55,320	52,956	2,364	-
U.S. Instrumentalities	270,675	-	270,503	172
U.S. Treasury Notes	1,994,751	1,994,751	-	-
Other Fixed Income Securities	45,330	32,985	30	12,315
Equities	66,339	66,339	-	-
Total	\$ 2,572,383	\$ 2,147,031	\$ 412,865	\$ 12,487

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, 2023 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, 2023 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, 2023 was \$117.8 million and \$115.2 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 2.71 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 \$114.5 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 \$10.7 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>
Governmental Funds:						
General	\$ 765,983	\$ -	\$ 174,082	\$ 1	\$ (224,011)	\$ 716,055
Highway	23,964	-	5,282	-	(476)	28,770
Federal *	-	-	266,734	-	(104,597)	162,137
Other Special Revenue **	16,435	77,326	113,429	1,458	(65,402)	143,246
Total Governmental Funds	806,382	77,326	559,527	1,459	(394,486)	1,050,208
Allowance for Uncollectibles	(145,504)	-	(248,884)	(98)		
Net Receivables	<u>\$ 660,878</u>	<u>\$ 77,326</u>	<u>\$ 310,643</u>	<u>\$ 1,361</u>		<u>\$ 1,050,208</u>
Proprietary Funds:						
Employment Security *	\$ -	\$ -	\$ 103,349	\$ -	\$ (70,026)	\$ 33,323
Nonmajor Enterprise	-	-	37,147	-	(4)	37,143
Internal Service	-	-	11,296	-	-	11,296
Total Proprietary Funds	-	-	151,792	-	(70,030)	81,762
Allowance for Uncollectibles	-	-	(70,030)	-		
Net Receivables	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,762</u>	<u>\$ -</u>		<u>\$ 81,762</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 was 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	\$ 3,872	\$ 109,272	\$ (4,661)	\$ 108,483
Maine Community College System	19,184	-	(1,677)	17,507
Maine Health and Educational Facilities Authority	157	591,250	-	591,407
Maine Municipal Bond Bank	1,595	-	-	1,595
Maine State Housing Authority	10,440	1,579,204	(8,115)	1,581,529
Maine Turnpike Authority	8,174	37,734	-	45,908
University of Maine System	73,035	24,053	(21,162)	75,926
Net Receivables	<u>\$ 116,457</u>	<u>\$ 2,341,513</u>	<u>\$ (35,615)</u>	<u>\$ 2,422,355</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, 2023 were:

Interfund Receivables (Expressed in Thousands)					
Due to Other Funds					
Due from Other Funds	General	Highway	Federal	Other Special Revenue	Other Governmental
General	\$ -	\$ -	\$ 3,484	\$ 21,797	\$ -
Highway	139	126	11,430	24	-
Federal	2	-	322	835	-
Other Special Revenue	29,390	314	768	948	12
Other Governmental	-	-	-	-	-
Employment Security	-	-	3,680	-	-
Non-Major Enterprise	12,439	618	-	117	-
Internal Service	14,217	4,258	3,670	6,225	-
Fiduciary	47,495	-	-	-	-
Total	\$ 103,682	\$ 5,316	\$ 23,354	\$ 29,946	\$ 12

Due to Other Funds					
Due from Other Funds	Employment Security	Non-Major Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total
General	\$ -	\$ 24	\$ 16,548	\$ -	\$ 41,853
Highway	-	-	16	-	11,735
Federal	3,835	-	-	-	4,994
Other Special Revenue	-	14	190	-	31,636
Other Governmental	-	-	-	-	-
Employment Security	-	-	-	-	3,680
Non-Major Enterprise	-	-	-	-	13,174
Internal Service	-	344	7,133	18	35,865
Fiduciary	-	-	-	-	47,495
Total	\$ 3,835	\$ 382	\$ 23,887	\$ 18	\$ 190,432

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 2023, the State of Maine, in accordance with the legislatively authorized budget, recorded the following non-routine, nonrecurring transfers.

The General Fund transferred \$97.6 million, \$43.0 million, \$55.0 million, \$50.0 million and \$398.0 million to the Other Special Revenue Fund, respectively, for: the Homestead Property Tax Exemption Reimbursement Fund, Emergency Housing Relief Fund, Agriculture, Conservation and Forestry Office of the Commissioner Program Fund (to address PFAS contamination), Maine State Housing Authority - Housing Authority State Fund (to supplement federal LIHEAP funding) and Winter Energy Relief Payment

Program Fund. The Liquor Operation Revenue Fund transferred \$74.8 million to the unappropriated surplus of the General Fund.

Interfund transfers for the year ended June 30, 2023 consisted of the following:

Interfund Transfers
(Expressed in Thousands)

<u>Transferred To</u>	<u>Transferred From</u>				
	General	Highway	Federal	Other Special Revenue	Other Governmental
General	\$ -	\$ -	\$ 26	\$ 91,766	\$ -
Highway	1,698	-	21,092	24,265	-
Federal	-	-	-	10,070	-
Other Special Revenue	1,076,603	6,832	2,730	-	4,702
Employment Security	-	-	3,084	-	-
Non-Major Enterprise	6,371	5,311	-	-	-
Internal Service	3,032	-	-	-	-
Total	<u>\$ 1,087,704</u>	<u>\$ 12,143</u>	<u>\$ 26,932</u>	<u>\$ 126,101</u>	<u>\$ 4,702</u>

<u>Transferred To</u>	<u>Transferred From</u>				Total
	Employment Security	Non-Major Enterprise Funds	Internal Service Funds	Fiduciary Funds	
General	\$ -	\$ 72,085	\$ -	\$ 8,044	\$ 171,921
Highway	-	-	-	-	47,055
Federal	13,003	-	-	-	23,073
Other Special Revenue	-	67,788	-	121	1,158,776
Employment Security	-	-	-	-	3,084
Non-Major Enterprise	-	-	-	-	11,682
Internal Service	-	-	-	-	3,032
Total	<u>\$ 13,003</u>	<u>\$ 139,873</u>	<u>\$ -</u>	<u>\$ 8,165</u>	<u>\$ 1,418,623</u>

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, 2023:

Primary Government - Capital Assets
(Expressed in Thousands)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets not being depreciated				
Land	\$ 662,161	\$ 29,334	\$ 1	\$ 691,494
Construction in progress	269,286	86,169	32,648	322,807
Infrastructure	<u>3,039,388</u>	<u>65,963</u>	<u>-</u>	<u>3,105,351</u>
Total capital assets not being depreciated	<u>3,970,835</u>	<u>181,466</u>	<u>32,649</u>	<u>4,119,652</u>
Capital assets being depreciated				
Buildings	794,708	26,913	-	821,621
Equipment	353,249	41,281	8,687	385,843
Improvements other than buildings	114,619	-	-	114,619
Software	<u>121,686</u>	<u>33,670</u>	<u>-</u>	<u>155,356</u>
Total capital assets being depreciated	<u>1,384,262</u>	<u>101,864</u>	<u>8,687</u>	<u>1,477,439</u>
Less accumulated depreciation for				
Buildings	368,422	18,602	17	387,007
Equipment	265,100	27,157	6,392	285,865
Improvements other than buildings	73,401	3,629	-	77,030
Software	<u>111,434</u>	<u>15,822</u>	<u>-</u>	<u>127,256</u>
Total accumulated depreciation	<u>818,357</u>	<u>65,210</u>	<u>6,409</u>	<u>877,158</u>
Total capital assets being depreciated, net	<u>565,905</u>	<u>36,654</u>	<u>2,278</u>	<u>600,281</u>
Governmental Activities Capital Assets, net	<u>4,536,740</u>	<u>218,120</u>	<u>34,927</u>	<u>4,719,933</u>
Right to use assets being amortized				
Buildings	240,810	28,943	6,999	262,754
Less accumulated amortization				
Buildings	<u>9,526</u>	<u>10,463</u>	<u>10</u>	<u>19,979</u>
Net right to use lease assets	231,284	18,480	6,989	242,775
Subscription Assets being amortized	-	142,014	-	142,014
Less accumulated amortization	<u>-</u>	<u>24,381</u>	<u>-</u>	<u>24,381</u>
Net Subscription assets	<u>-</u>	<u>117,633</u>	<u>-</u>	<u>117,633</u>
Governmental Activities Capital, Right to Use and Subscription Assets, net	<u>\$ 4,768,024</u>	<u>\$ 354,233</u>	<u>\$ 41,916</u>	<u>\$ 5,080,341</u>
Business-Type Activities:				
Capital assets not being depreciated				
Land	\$ 2,389	\$ 37	\$ -	\$ 2,426
Construction in progress	<u>14,582</u>	<u>25,661</u>	<u>14,582</u>	<u>25,661</u>
Total capital assets not being depreciated	<u>16,971</u>	<u>25,698</u>	<u>14,582</u>	<u>28,087</u>
Capital assets being depreciated				
Buildings	4,655	624	18	5,261
Equipment	36,945	2,210	442	38,713
Improvements other than buildings	<u>42,757</u>	<u>6,757</u>	<u>-</u>	<u>49,514</u>
Total capital assets being depreciated	<u>84,357</u>	<u>9,591</u>	<u>460</u>	<u>93,488</u>
Less accumulated depreciation for				
Buildings	3,441	152	-	3,593
Equipment	13,495	1,191	442	14,244
Improvements other than buildings	<u>37,242</u>	<u>1,800</u>	<u>-</u>	<u>39,042</u>
Total accumulated depreciation	<u>54,178</u>	<u>3,143</u>	<u>442</u>	<u>56,879</u>
Total capital assets being depreciated, net	<u>30,179</u>	<u>6,448</u>	<u>18</u>	<u>36,609</u>
Business-Type Activities Capital Assets, net	<u>\$ 47,150</u>	<u>\$ 32,146</u>	<u>\$ 14,600</u>	<u>\$ 64,696</u>

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:

Governmental Activities	
Depreciation and Amortization Expense	
(Expressed in Thousands)	
	Amount
Governmental Activities:	
Arts, Heritage and Cultural Enrichment	\$ 50
Business Licensing and Regulation	1,013
Economic Development and Workforce Training	2,655
Education	2,519
Governmental Support and Operations	21,745
Health and Human Services	31,317
Justice and Protection	18,636
Natural Resources Development and Protection	9,109
Transportation Safety and Development	13,010
Total Depreciation Expense - Governmental Activities	\$ 100,054

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 three OPEB Trusts. The Retiree Health Insurance Trust Fund and the Teachers Health Insurance Trust Fund accumulate assets to provide funding for the State's unfunded obligations for retiree health benefits for both groups. 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, 2023, there were 85 employers participating in these plans. The 1,693 participants individually direct the \$60.8 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, 2023 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.

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 three 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, 2022. 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 un-pooled 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, 2023 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, 2022:

Employees of single employer covered by benefit terms

	<u>Judicial</u>	<u>Legislative</u>
Inactive employees or beneficiaries		
currently receiving benefits	90	223
Terminated participants:		
Vested	2	119
Inactive employees due refunds	1	95
Active employees	<u>60</u>	<u>174</u>
Total participants	<u>153</u>	<u>611</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 3.88 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 rates¹ in effect for the fiscal years ended June 30, 2023 and June 30, 2022 are as follows:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
SETP - State Employees		
Employees ²	7.65% - 8.65%	7.65% - 8.65%
Employer ¹	22.09% - 47.23%	21.95% - 46.97%
SETP - Teachers		
Employees ²	7.65%	7.65%
Employer ¹	3.84%	3.84%
Non-employer entity ¹	14.29%	14.29%
Judicial Plan		
Employees ²	7.65%	7.65%
Employer ¹	6.95%	6.99%
Legislative Plan		
Employees ²	7.65%	7.65%
Employer ¹	0.00%	0.00%
Consolidated Participating Local Entities		
Employees ²	3.35% - 9.70%	3.85% - 9.70%
Employer ¹	5.60% - 14.70%	5.50% - 15.20%

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

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

For the year ended June 30, 2023, 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	\$ 167,099
Teacher Members (non-employer contribution)	194,218
Judicial Pension Plan	594
Legislative Pension Plan	<u>8</u>
Total Contributions Recognized as Pension Expense	<u>\$ 361,919</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, 2022, 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)

	Judicial Pension Plan			Legislative Pension Plan		
	Total Pension Liability (Asset)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)	Total Pension Liability (Asset)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2022	\$ 75,788	\$ 89,894	\$ (14,106)	\$ 10,679	\$ 16,660	\$ (5,981)
Changes for the Year:						
Service Cost	1,734	-	1,734	376	-	376
Interest	4,876	-	4,876	699	-	699
Changes in Benefit Terms	274	-	274	44	-	44
Differences Between Expected and Actual Experience	(151)	-	(151)	(200)	-	(200)
Benefit Payments, Including Refunds	(5,095)	(5,095)	-	(619)	(619)	-
Employer Contributions	-	868	(868)	-	44	(44)
Member Contributions	-	651	(651)	-	162	(162)
Transfers	-	30	(30)	-	-	-
Net Investment Income	-	(454)	454	-	(90)	90
Administrative Expense	-	(73)	73	-	(12)	12
Net Changes	1,638	(4,073)	5,711	300	(515)	815
Balances at June 30, 2023	\$ 77,426	\$ 85,821	\$ (8,395)	\$ 10,979	\$ 16,145	\$ (5,166)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability			110.8 %			147.1 %
Covered Payroll			\$ 8,502			\$ 2,802
Net Pension Liability as a Percentage of Covered Payroll			(98.7)%			(184.3)%

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, 2022, 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, 2023 and June 30, 2022 is as follows:

(Expressed in Thousands)

Pension Plan	Proportionate Share June 30, 2022	Proportionate Share June 30, 2023	Net Pension Asset June 30, 2023	Net Pension Liability June 30, 2023
SETP - State Employees ¹	95.299042 %	95.160789 %	\$ -	\$ 883,273
SETP - Teachers ²	94.381819 %	93.504374 %	-	1,388,457
Total Primary Government			\$ -	\$ 2,271,730

¹ Percentage of primary government State Employees in the SETP

² 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, 2022</u>	<u>June 30, 2023</u>	Change Increase (Decrease)
Governmental Funds	91.56 %	91.64 %	0.08 %
Internal Service Funds	7.12 %	7.03 %	(0.09)%
Enterprise Funds	1.32 %	1.33 %	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>
Total Pension Liability			
Service Cost	\$ 100,638	\$ 171,070	\$ 271,708
Interest	363,195	689,647	1,052,842
Changes in Benefit Terms	37,851	67,066	104,917
Differences Between Expected and Actual Experience	17,650	90,273	107,923
Benefit Payments, Including Refunds of Member Contributions	(343,298)	(604,648)	(947,946)
Change in Proportionate Share	-	-	-
Net Change in Total Pension Liability	176,036	413,408	589,444
Beginning Total Pension Liability	<u>5,655,912</u>	<u>10,736,441</u>	<u>16,392,353</u>
Ending Total Pension Liability	5,831,948	11,149,849	16,981,797
Plan Fiduciary Net Position			
Employer Contributions	213,243	135,446	348,689
Non-employer Contributions	-	194,655	194,655
Member Contributions	55,194	109,155	164,349
Transfers	(347)	(1)	(348)
Net Investment Income	(27,044)	(52,347)	(79,391)
Benefit Payments, Including Refunds of Member Contributions	(343,298)	(604,648)	(947,946)
Administrative Expense	(4,020)	(7,938)	(11,958)
Net Change in Plan Fiduciary Net Position	(106,272)	(225,678)	(331,950)
Beginning Plan Fiduciary Net Position	<u>5,010,031</u>	<u>9,890,615</u>	<u>14,900,646</u>
Ending Plan Fiduciary Net Position	<u>4,903,759</u>	<u>9,664,937</u>	<u>14,568,696</u>
Ending Net Pension Liability	<u>\$ 928,189</u>	<u>\$ 1,484,912</u>	<u>\$ 2,413,101</u>
Proportion			
June 30, 2023	95.160789 %	93.504374 %	100 %
June 30, 2022	<u>95.299042 %</u>	<u>94.381819 %</u>	<u>100 %</u>
Change - Increase (Decrease)	(0.138253)%	(0.877445)%	0 %

Actuarial Assumptions

Actuarial assumptions used in the June 30, 2022 and 2021 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 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. 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 7 years from July 1, 2021. 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 2019 was 6.75 percent. Contributions in 2019 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, 2022 investment rate of return used in the valuation was 6.5 percent, consistent with the 6.5 percent used for June 30, 2021. The SETP used a consistent 3.26 percent annual salaries, including inflation for both years. 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, 2023, the State recognized pension expense of \$403,626 which includes \$238,709 of teacher pensions recorded in grant expense.

PENSION COSTS
(Expressed in Thousands)

SETP - State of Maine Primary Government Pension Expense	\$ 165,629
SETP - Teachers Non-Employer Pension Expense (grant expense)	238,709
Legislative Pension Expense	(587)
Judicial Pension Expense	(125)
Total	<u>\$ 403,626</u>

At June 30, 2023, the State reported \$291,517 of deferred outflows of resources and \$145,287 of deferred inflows of resources related to its pension plans. Deferred outflows of resources of \$178,650 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, 2024. 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	\$ 13,345	\$ -	\$ 69,168	\$ -	\$ 82,513	\$ -
Changes of assumptions	98,616	-	269,606	-	368,222	-
Net difference between projected and actual earnings on pension plan investments	-	140,892	-	273,461	-	414,353
Changes in proportion and differences between State contributions and proportionate share of contributions	906	1,064	3,272	16,209	4,178	17,273
State and component unit contributions subsequent to the measurement date	178,032	-	199,571	-	377,603	-
Total	<u>\$ 290,899</u>	<u>\$ 141,956</u>	<u>\$ 541,617</u>	<u>\$ 289,670</u>	<u>\$ 832,516</u>	<u>\$ 431,626</u>
For the Year Ended						
2024	47,086		172,483		219,569	
2025	(54,614)		(96,749)		(151,363)	
2026	(88,206)		(152,337)		(240,543)	
2027	66,644		128,979		195,623	
2028	-		-		-	

	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	\$ -	\$ -	\$ -	\$ 100
Changes of assumptions	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	496	-	2,735
Changes in proportion and differences between State contributions and proportionate share of contributions	-	-	-	-
State and component unit contributions subsequent to the measurement date	17	-	601	-
Total	<u>\$ 17</u>	<u>\$ 496</u>	<u>\$ 601</u>	<u>\$ 2,835</u>
For the Year Ended				
2024	(210)		(1,190)	
2025	(210)		(1,195)	
2026	(308)		(1,686)	
2027	232		1,236	
2028	-		-	

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.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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 2022 and 2021 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)

Defined Benefit Plans Administered Through MPERS	1% Decrease (5.500%)	Current Discount Rate (6.500%)	1% Increase (7.500%)
State Employee and Teacher Plan			
State Employees	\$ 1,553,071	\$ 883,273	\$ 350,267
Teacher Members	2,718,930	1,388,457	280,701
Judicial Pension Plan	(1,553)	(8,395)	(14,364)
Legislative Pension Plan	\$ (4,387)	\$ (5,166)	\$ (6,437)

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 2022, this was one year for the Legislative Plan, and three for the Judicial Plan and three years for the State Employee and four years for the Teacher Plan. For 2021, Judicial had been two years for amortization purposes.

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, 2022 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 post retirement 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 post retirement 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 State contribution to retired teacher and first responder health premiums is 55 percent of the retiree-only premium. For teachers, 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.

For first responders, the rate is defined 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 allows an enrollee to participate in the group health insurance plan in which the enrollee's spouse participates. 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 participated in the person's employer's health insurance plan or other fully insured health insurance plan while actively working as a county or municipal law enforcement officer or a municipal firefighter. 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, 2023 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.

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. 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. Annually 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.

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 55 percent level for the current portion of the health plan costs. The First Responders Plan is currently funded on a pay-as-you-go basis with the State directly paying insurers. The Teachers Plan had been funded on a pay-as-you-go basis until June 30, 2023.

An Irrevocable Trust Fund for Other Post-Employment Benefits for the Teachers Plan was funded with an initial \$103 million deposit on June 30, 2023. The Trustee of the Teachers Plan is Harpswell Capital Advisors, LLC. 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. Annually 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 2019, Chapter 280 established 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 investment 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 91 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, 2022	\$ 1,789,794	\$ 32,680
Changes for the Year:		
Service Cost	66,336	1,639
Interest	39,764	729
Contributions - Employee	-	(837)
Contributions - Non-Employer Contributing Entity	(30,586)	(397)
Administrative Expenses	-	98
Differences Between Expected and Actual Experience	(2,390)	(287)
Changes in Assumptions - Discount Rate	(382,876)	(3,676)
Net Changes	(309,752)	(2,731)
Balances at June 30, 2023	\$ 1,480,042	\$ 29,949
Covered Payroll	\$ 1,473,733	\$ 55,806
Total OPEB Liability as a Percentage of Covered Payroll	100.4 %	53.7 %
State's Proportionate Share of the Collective Total OPEB Liability	75 %	24 %

The State's proportionate share for fiscal years ended June 30, 2023 and June 30, 2022 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)

	<u>Healthcare</u>	<u>Group Life Insurance</u>		
	<u>State Employees</u>	<u>State Employees</u>	<u>Teachers</u>	<u>State portion of Group Life Insurance</u>
Total OPEB Liability				
Service Cost	\$ 17,706	\$ 1,286	\$ 1,408	\$ 2,694
Interest	67,317	7,364	7,516	14,880
Differences Between Expected and Actual Experience	15,541	(807)	1,212	405
Change in Proportion	-	(174)	-	(174)
Benefit Payments, Including Refunds of Member Contributions - Explicit	(47,026)	(3,761)	(2,872)	(6,633)
Benefit Payments, Including Refunds of Member Contributions - Implicit	(33,132)	-	-	-
Net Change in Total OPEB Liability	20,406	3,908	7,264	11,172
Beginning Total OPEB Liability	1,057,381	109,951	108,393	218,344
Ending Total OPEB Liability	1,077,787	113,859	115,657	229,516
Plan Fiduciary Net Position				
Employer Contributions - Explicit	49,026	5,713	-	5,713
Employer Contributions - Implicit	33,132	-	-	-
Non-employer Contributions	-	-	4,593	4,593
Net Investment Income	(53,659)	(7,213)	(12,830)	(20,043)
Changes in Proportion	-	(78)	-	(78)
Benefit Payments, Including Refunds of Member Contributions	(80,158)	(3,761)	(2,872)	(6,633)
Administrative Expense	(3)	(289)	(519)	(808)
Net Change in Plan Fiduciary Net Position	(51,662)	(5,628)	(11,628)	(17,256)
Beginning Plan Fiduciary Net Position	382,842	49,514	88,751	138,265
Ending Plan Fiduciary Net Position	331,180	43,886	77,123	121,009
Ending Net OPEB Liability	<u>\$ 746,607</u>	<u>\$ 69,973</u>	<u>\$ 38,534</u>	<u>\$ 108,507</u>
Proportion				
June 30, 2023	100.000000 %	95.360195 %	100.000000 %	96.957867 %
June 30, 2022	100.000000 %	95.511816 %	100.000000 %	96.578465 %
Change - Increase (Decrease)	0.000000 %	(0.151621)%	0.000000 %	(0.379402)%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.727778 %	38.544164 %	66.682518 %	52.723557 %

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. The total OPEB liability was rolled-forward from the valuation date to the June 30, 2022 measurement date using generally accepted actuarial principles. 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, 2022 and June 30, 2021 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, 2022 and June 30, 2021 include: using a discount rate assumption of 6.50 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, 2021 and 7.63 percent at 2022. The ultimate medical trend rate of 4.19 percent reached at 2075 remained constant. 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 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, 2022. 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, 2022 and June 30, 2021 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, 2022 and June 30, 2021 include: using a discount rate of 6.50 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, 2022, there were 15 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, 2022 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. 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. The total OPEB liability was rolled-forward from the valuation date to the June 30, 2022 measurement date using generally accepted actuarial principles. 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 had funded the plan on a pay-as-you-go basis on the measurement date. The valuation assumed the State would continue this policy. One third of active participants who have currently waived coverage elect coverage at retirement. Actuarial assumptions used in the June 30, 2022 and June 30, 2021 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, 2022 and June 30, 2021 include: using a 2.75 percent inflation rate and 3.00 percent annual salary increases. Since the State's portion of the Teachers' post retirement 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 3.54 percent as of the measurement date and 2.16 percent at June 30, 2021. The initial medical trend rate had been 7.63 percent at June 30, 2022 and was 6.00 percent at June 30, 2021. The ultimate medical trend rate of 4.19 percent reached at 2075 remained constant. 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. The total OPEB liability was rolled-forward from the valuation date to the June 30, 2022 measurement date using generally accepted actuarial principles. 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' post retirement 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 3.54 percent as of the measurement date and 2.16 percent at June 30, 2021. Actuarial assumptions used in the June 30, 2022 and June 30, 2021 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, 2022 and June 30, 2021 include using a 2.75 percent inflation rate and 3.00 percent annual salary increase. The initial medical trend rate had been 7.63 percent at June 30, 2022 and was 6.00 percent at June 30, 2021. The ultimate medical trend rate of 4.19 percent reached at 2075 remained constant. 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, 2023, the State recognized OPEB expense of \$77,909. Costs related to non-State employees are charged to the General Fund.

OPEB COSTS

(Expressed in Thousands)

SETP - State of Maine Healthcare OPEB Expense	\$ 28,146
SETP - Teachers Non-Employer Healthcare OPEB Expense (grant expense)	38,786
First Responders Healthcare OPEB Expense	(79)
Group Life Insurance OPEB Expense - State Employees	6,962
Group Life Insurance OPEB Expense - Teachers (grant expense)	4,094
Total	<u>\$ 77,909</u>

For the Fiscal Year Ended June 30, 2023

Of State employee costs charged to governmental funds, 52 percent is charged to the General Fund, 19 percent to Other Special Revenue Funds, 16 percent to the Highway Fund and 13 percent to Federal funds. Contributions made after the measurement date of the net OPEB liability but before the end of June 30, 2023 will be recognized as a reduction of the net OPEB liability. At June 30, 2023, 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	\$ 14,068	\$ 52,240	\$ 35,831	\$ 343,766	\$ -	\$ 2,545
Changes of assumptions	117	46,999	289,638	438,437	2,478	4,497
Net difference between projected and actual earnings on OPEB plan investments	64,790	42,064	-	-	-	-
State and component unit contributions subsequent to the measurement date	148,265	-	141,523	-	902	-
Total	\$ 227,240	\$ 141,303	\$ 466,992	\$ 782,203	\$ 3,380	\$ 7,042
For the Year Ended						
2024	(32,493)		(67,314)		(1,708)	
2025	(24,116)		(56,806)		(925)	
2026	(24,088)		(44,596)		(411)	
2027	17,488		(53,931)		(301)	
2028	881		(74,022)		(636)	
Thereafter	-		(160,065)		(583)	

	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	\$ 700	\$ 692	\$ 1,368	\$ 78
Changes of assumptions	3,044	-	736	2,848
Net difference between projected and actual earnings on OPEB plan investments	3,326	-	5,596	-
Changes in proportion and differences between State contributions and proportionate share of contributions	304	150	-	-
State and component unit contributions subsequent to the measurement date	6,024	-	4,727	-
Total	\$ 13,398	\$ 842	\$ 12,427	\$ 2,926
For the Year Ended				
2024	1,426		702	
2025	1,405		1,216	
2026	875		221	
2027	2,525		3,453	
2028	429		(1,303)	
Thereafter	(128)		485	

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 %	3.00 %
Real Assets:		
Real Estate	5.00 %	5.20 %

For the year ended June 30, 2023, the annual money-weighted average rate of return on investments, net of investment expense was 11.0 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 3.54 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>
Net OPEB Liabilities			
State Employee Healthcare Plan	\$ 865,331	\$ 746,607	\$ 646,611
State Employee Group Life	\$ 86,224	\$ 69,973	\$ 56,702
Teacher Group Life	\$ 57,462	\$ 38,534	\$ 23,335
Total OPEB Liabilities			
Teacher Healthcare Plan	\$1,745,502	\$1,480,042	\$1,266,773
First Responders Healthcare Plan	\$ 32,561	\$ 29,949	\$ 27,595

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	\$ 620,223	\$ 746,607	\$ 899,836
Total OPEB Teacher Healthcare Plan	\$ 1,219,364	\$ 1,480,042	\$ 1,822,720
Total OPEB First Responder Healthcare Plan	\$ 26,908	\$ 29,949	\$ 33,512

For all plans, the current trend rate is 7.63 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). Three OPEB Plans met the requirements for funded OPEB trusts or their equivalents: the State Employee Healthcare Plan, the Teachers Healthcare Plan and the Group Life Insurance Plan for State Employees and Teachers.

Information not already contained in this note disclosure at June 30, 2023 follows. The Trustees of the State Retiree Healthcare Plan (SRHP) are the State Controller and State Treasurer. The Trustee of the Teacher Retiree Healthcare Plan is Harpswell Capital Advisors, LLC.

Components of the Net OPEB Liability for the plans at June 30, 2023 were as follows:

(Expressed in Thousands)

	<u>State Employee Healthcare Plan</u>	<u>Teachers Healthcare Plan</u>	<u>State and Teachers Group Life Insurance Benefit Plan</u>
Total OPEB liability	\$ 1,100,482	\$ 1,006,594	\$ 245,450
Plan fiduciary net position	432,679	103,000	139,836
State of Maine's net OPEB liability	<u>\$ 667,803</u>	<u>\$ 903,594</u>	<u>\$ 105,614</u>
Plan fiduciary net position as a percentage of the total OPEB liability	39.32 %	10.23 %	56.97 %

Actuarial assumptions for the funded OPEB plans used in the June 30, 2023 valuations were based on results from an actuarial experience study for the period of June 30, 2015 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 2023 healthcare valuation, the initial medical trend rate of 7.63 percent decreased to 7.53 percent.

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.

	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Asset Class for the State Employee and Teacher Group Life Insurance Benefit Plan		
Public Equity	70.0 %	6.0 %
Real Estate	5.0 %	5.2 %
Traditional Credit	16.0 %	3.0 %
U.S. Government Securities	9.0 %	2.3 %
Asset Class for State Employee and Teacher Healthcare Plans		
Public Equity	70.0 %	6.0 %
Real Estate	5.0 %	5.2 %
Traditional Credit	16.0 %	3.0 %
U.S. Government Securities	9.0 %	2.3 %

For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 11.0 percent for both plans funded prior to June 29, 2023. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The Teachers Healthcare Plan, funded June 30, 2023, did not earn a return on investments.

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 the 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	\$ 787,519	\$ 667,803	\$ 566,992
Teachers Healthcare Plan	1,049,194	903,594	784,475
State Employee and Teacher Group Life Insurance Benefit Plan	\$ 142,318	\$ 105,614	\$ 75,874

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 7.53 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	\$ 530,974	\$ 667,803	\$ 834,266
Teachers Healthcare Plan	\$ 750,435	\$ 903,594	\$ 1,097,786

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 2023 were:

Primary Government - Changes in General Obligation Bonds
(Expressed in Thousands)

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Due Within</u> <u>One Year</u>
General Obligation Debt:					
General Fund	\$ 505,820	\$ 151,390	\$ 97,840	\$ 559,370	\$ 105,075
Unamortized Premiums:					
General Fund	<u>76,968</u>	<u>15,740</u>	<u>13,438</u>	<u>79,270</u>	<u>13,959</u>
Total	<u>\$ 582,788</u>	<u>\$ 167,130</u>	<u>\$ 111,278</u>	<u>\$ 638,640</u>	<u>\$ 119,034</u>

Debt service requirements (principal and interest) for all outstanding general obligation bonds of the primary government, from June 30, 2023 until maturity, are summarized in the following table:

Future Debt Service on General Obligation Bonds
(Expressed in Thousands)

Fiscal Year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 105,075	\$ 26,457	\$ 131,532
2025	93,780	21,998	115,778
2026	83,515	17,712	101,227
2027	73,745	13,722	87,467
2028	63,945	10,068	74,013
2029-2033	<u>139,310</u>	<u>14,978</u>	<u>154,288</u>
Total	<u>\$ 559,370</u>	<u>\$ 104,935</u>	<u>\$ 664,305</u>
Unamortized Premiums	<u>79,270</u>		
Total Principal	<u>\$ 638,640</u>		

General fund, special revenue and other general obligation bonds issued and outstanding at June 30, 2023 are as follows:

Primary Government - General Obligation Bonds Outstanding

(Expressed in Thousands)

	<u>Amounts Issued</u>	<u>Outstanding June 30, 2023</u>	<u>Fiscal Year Maturities</u>		<u>Interest Rates</u>
			<u>First Year</u>	<u>Last Year</u>	
General Fund:					
Series 2014	\$ 112,945	\$ 11,290	2015	2024	0.20% - 5.00%
Series 2015	102,555	20,510	2016	2025	0.85% - 5.00%
Series 2016	97,705	29,310	2017	2026	1.00% - 5.00%
Series 2017	98,060	39,220	2018	2027	2.00% - 5.00%
Series 2019A	111,255	55,625	2019	2028	3.125% - 5.00%
Series 2019B	140,875	84,515	2020	2029	2.50% - 5.00%
Series 2020	114,905	89,365	2021	2030	1.25% - 5.00%
Series 2021	96,875	86,110	2022	2031	1.00% - 5.00%
Series 2022	85,470	77,505	2023	2032	3.75% - 5.00%
Series 2023	65,920	<u>65,920</u>	2024	2033	4.75% - 5.25%
		559,370			
Plus Unamortized Bond Premium		<u>79,270</u>			
Total General Fund		<u><u>\$ 638,640</u></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, 2023, there were no general obligation bonds authorized and unissued.

REVENUE BONDS OF THE MAINE GOVERNMENTAL FACILITIES AUTHORITY

The State included \$380.5 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, 2023, MGFA did not issue any new revenue bonds.

At June 30, 2023, 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 2023. Short-term obligations are used to meet temporary operating cash flow needs. At June 30, 2023 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, 2023, are summarized as follows:

Primary Government - Changes in Other Long-Term Obligations

(Expressed in Thousands)

	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2023</u>	<u>Due Within One Year</u>
Governmental Activities:					
MGFA Revenue Bonds	\$ 403,212	\$ -	\$ 22,689	\$ 380,523	23,856
COP's and Other Financing	72,147	22,300	10,334	84,113	18,214
Compensated Absences	71,255	10,968	10,789	71,434	10,824
Claims Payable	80,624	166,097	171,717	75,004	19,758
Leases	234,510	30,352	15,823	249,039	7,797
Subscriptions*	-	129,122	18,563	110,559	19,408
Loans Payable to Component Unit	270,449	50,000	58,440	262,009	38,292
Total Governmental Activities	<u>\$ 1,132,197</u>	<u>\$ 408,839</u>	<u>\$ 308,355</u>	<u>\$ 1,232,681</u>	<u>138,149</u>
Business-Type Activities:					
COP's and Other Financing	\$ -	\$ 3,000	\$ 429	\$ 2,571	428
Compensated Absences	959	223	126	1,056	139
Total Business-Type Activities	<u>\$ 959</u>	<u>\$ 3,223</u>	<u>\$ 555</u>	<u>\$ 3,627</u>	<u>567</u>

* FY2023 was the first year of implementation of GASB 96 Subscription Based Information Technology Arrangements.

Debt service requirements (principal and interest) for COP's and other financing arrangements of the primary government, from June 30, 2023 until maturity, are summarized as follows:

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

Fiscal Year	Governmental Activities				Business-Type Activities	
	Governmental Funds		Internal Service Funds		Enterprise Funds	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 12,785	\$ 2,251	\$ 29,285	\$ 15,527	\$ 429	\$ 80
2025	13,010	875	28,557	14,526	429	66
2026	10,699	813	27,054	13,485	429	52
2027	9,885	583	25,365	12,457	429	38
2028	6,853	389	25,278	11,445	429	24
2029 - 2033	10,576	525	112,523	43,145	429	10
2034 - 2038	-	-	109,320	20,607	-	-
2039 - 2043	-	-	43,470	2,151	-	-
Total	<u>\$ 63,808</u>	<u>\$ 5,436</u>	<u>\$ 400,852</u>	<u>\$ 133,343</u>	<u>\$ 2,574</u>	<u>\$ -</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.

Changes in GARVEE and TransCap revenue bonds during fiscal year 2023 were:

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

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
Loans Payable to Components Unit:					
Federal Funds	\$ 173,743	\$ 50,000	\$ 20,365	\$ 203,378	\$ 23,053
Special Revenue Fund	96,705	-	38,074	58,631	15,239
Total	<u>\$ 270,448</u>	<u>\$ 50,000</u>	<u>\$ 58,439</u>	<u>\$ 262,009</u>	<u>\$ 38,292</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.

GARVEE and TransCap Revenue bonds issued and outstanding at June 30, 2023 are as follows:

GARVEE, TransCap and Liquor Revenue Bonds Outstanding
(Expressed in Thousands)

	Amounts Issued	Outstanding June 30, 2023	Fiscal Year Maturities		Interest Rates
			First Year	Last Year	
Federal Funds:					
Series 2014A	\$ 44,810	\$ 18,165	2015	2026	2.00% - 5.00%
Series 2016A	44,105	25,235	2017	2028	2.63% - 5.00%
Series 2018A	44,310	44,310	2023	2030	4.00% - 5.00%
Series 2020A	60,925	53,130	2021	2032	5.00%
Series 2022A	47,175	47,175	2023	2035	5.00%
Total Federal Funds		<u>\$ 188,015</u>			
Special Revenue Fund:					
Series 2009A	105,000	2,005	2010	2023	2.50% - 5.00%
Series 2015A	54,680	29,180	2019	2024	4.00% - 5.00%
Series 2021A	35,070	34,810	2022	2026	5.00%
Total Special Revenue Funds		<u>\$ 65,995</u>			

Total principal and interest requirements over the life of the 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; for 2022A GARVEE bonds total principal and interest requirements are \$63.4 million, with annual requirements up to \$5.2 million. Total federal highway transportation funds received in federal fiscal year 2023 were \$316.9 million. Current year payments to MMBB for GARVEE bonds were \$24.7 million (7.8 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 \$41.5 million in fiscal year 2023.

The 2013 Liquor Operation Revenue bond were paid off during fiscal year 2023. Current year payments to MMBB for the Liquor Operation bonds were \$26.2 million. Total revenue received from revenue sources used as pledged revenue were \$66.7 million in fiscal year 2023.

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, 2023 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)

<u>Component Unit</u>	<u>Interest Rates</u>	<u>Amount</u>	<u>Maturity Dates</u>
Finance Authority of Maine	2.120% - 5.000%	\$ 89,963	2024 - 2044
Maine Community College System	3.000% - 5.000%	14,389	2024 - 2036
Maine Health and Higher Educational Facilities Authority	0.359% - 5.500%	655,865	2024 - 2052
Maine Municipal Bond Bank	0.350% - 6.120%	1,496,141	2024 - 2052
Maine State Housing Authority	0.000% - 5.400%	1,742,917	2024 - 2053
Maine Turnpike Authority	2.000% - 5.000%	604,602	2024 - 2050
University of Maine System	0.310% - 5.500%	236,739	2024 - 2062

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.

At June 30, 2023, MHHEFA had approximately \$40.8 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.

At June 30, 2023, MMBB had no outstanding in-substance defeased bonds.

For the year ended December 31, 2022, the Maine State Housing Authority (MHSA) redeemed prior to maturity \$207.4 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 \$557 thousand were attributed to recognition of the related bond premium.

The Maine Turnpike Authority has a calendar year end. In April 2022, the Maine Turnpike Authority issued \$102.3 million of Series 2022 Refunding Revenue Bonds. Bond proceeds were used to advance refund the principal amounts of the Series 2012A and Series 2012B maturing in the years 2023 through 2042, in the outstanding principal amount of \$124.9 million.

On July 20, 2022, the University of Maine System (UMS) issued \$120.3 million of 2022 Series A Revenue Bonds to pay off \$43.0 million of bond anticipation notes and to provide \$83.4 million for new projects.

On May 24, 2023, UMS issued \$37.5 million of 2023 Series A Revenue Bonds to currently refund \$38.2 million of 2013 Series A Revenue Bonds and to provide \$2.9 million for projects. The refunding reduced its total debt service payments over the following twelve years by \$3.0 million and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$2.2 million. The principal amount of debt refunded through in-substance defeasance was \$38.2 million. No amount was outstanding at June 30, 2023. Refunding bond proceeds of \$38.6 million were placed in an escrow account to pay the interest due on the refunded bonds and to retire the bonds on their respective call dates, which was June 23, 2023.

The refunding of the 2013 Series A bonds resulted in a deferred amount on refunding of (\$0.9) million which represents the difference between the reacquisition price and the carrying value of the refunded bonds. Amortization of this deferred amount on refunding will be charged to operations as additional interest expense through the year 2034. At June 30, 2023, the (\$0.9) million unamortized portion of the deferred amount on refunding was included in deferred outflows.

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

Component Units Principal Maturities
(Expressed in Thousands)

<u>Fiscal Year Ending</u>	<u>FAME</u>	<u>MMBB</u>	<u>MCCS</u>	<u>MSHA</u>	<u>MTA</u>	<u>UMS</u>	<u>MHHEFA</u>
2024	\$ 5,480	\$ 123,870	\$ 935	\$ 55,716	\$ 20,140	\$ 17,746	\$ 30,995
2025	5,650	132,790	980	61,455	20,535	15,791	32,300
2026	5,785	141,750	960	70,648	21,710	16,373	30,490
2027	5,820	133,665	1,050	72,920	25,700	14,421	30,830
2028	6,870	104,901	1,070	68,693	26,950	14,951	31,630
2029 - 2033	24,635	407,495	6,130	304,223	130,385	50,985	159,255
2034 - 2038	17,800	226,765	1,607	336,691	101,830	15,181	133,715
2039 - 2043	10,565	85,870	-	267,190	86,415	12,464	105,460
2044 - 2048	3,330	16,155	-	276,620	78,585	10,930	55,405
2049 - 2053	-	2,365	-	220,540	23,430	14,165	45,785
2054 - 2058	-	-	-	4,395	-	18,520	-
2059 - 2063	-	-	-	-	-	18,825	-
Net Unamortized Premium (or Deferred Amount)	4,028	120,515	1,657	3,826	68,922	16,387	-
Total Principal Payments	<u>\$ 89,963</u>	<u>\$ 1,496,141</u>	<u>\$ 14,389</u>	<u>\$ 1,742,917</u>	<u>\$ 604,602</u>	<u>\$ 236,739</u>	<u>\$ 655,865</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, 2023, is \$262.8million. Accumulated amortization is \$20.0 million. Lease assets net of accumulated amortization is \$242.8million.

Right to Use Leased Assets
(Expressed in Thousands)

	<u>General Fund</u>	<u>Other Special Revenue Funds</u>	<u>Internal Service Funds</u>	<u>Total Governmental Activities</u>
Buildings	\$ 12,064	\$ 574	\$ 250,116	\$ 262,754
Less: Accumulated Amortization	1,342	238	18,399	19,979
Total Right to Use Assets, net	<u>\$ 10,722</u>	<u>\$ 336</u>	<u>\$ 231,717</u>	<u>\$ 242,775</u>

A summary of lease commitments to maturity is as follows:

Future Lease Payments
(Expressed in Thousands)

Fiscal Years Ending June 30	<u>Principal</u>	<u>Interest</u>
2024	\$ 7,797	\$ 4,241
2025	7,976	4,124
2026	8,249	4,002
2027	8,301	3,877
2028	8,404	3,750
2029-2033	40,080	16,764
2034-2038	35,841	13,509
2039-2043	28,869	10,698
2044-2048	29,184	8,069
2049-2053	25,490	5,519
2054-2058	17,821	3,640
2059-2063	16,328	2,062
2064-2068	12,387	724
2069-2073	2,312	31
Total	<u>\$ 249,039</u>	<u>\$ 81,010</u>

Lease liabilities are valued using discount rates between 0.95% and 3.72% 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, 2023, leases receivable from CDS is \$5.5 million. Fiscal year 2023 lease revenue was \$497 thousand, interest revenue was \$72 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 2043. As of June 30, 2023, right of use lease assets acquired through outstanding leases consisting of building and office space totaled \$62.9 million less \$6.5 million in accumulated amortization, or \$56.4 million net.

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, 2023, MRRA reported a lease receivable, including accrued interest, of \$37.3 million. At June 30, 2023, MRRA also had a \$35.9 million deferred inflow of resources balance associated with the leases that will be recognized as revenue over the lease terms that extend until 2068.

NOTE 13 - SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS**PRIMARY GOVERNMENT - GOVERNMENTAL ACTIVITIES**

In the government-wide and proprietary fund statements, assets and liabilities resulting from right to use subscription based information technology arrangements are recorded when the system is placed into service. Any implementation costs incurred prior to the system being placed into service are recorded as prepaid assets. The principal portion of subscription payments reduces the liability; the interest portion is expensed.

Most subscriptions 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 subscription agreements include renewal options. The effect of such options is reflected in the minimum subscription payments only if it is considered reasonably assured that an option will be exercised.

The historical cost of assets acquired under subscription based technology arrangements on the government-wide financial statements at June 30, 2023, is \$142.0 million. Accumulated amortization is \$24.4 million. Subscription assets net of accumulated amortization is \$117.6 million.

	<u>General Fund</u>	<u>Highway Fund</u>	<u>Federal Funds</u>	<u>Other Special Revenue Funds</u>	<u>Internal Service Funds</u>	<u>Total Governmental Activities</u>
Right to Use Subscription Assets						
Subscriptions	\$ 75,648	\$ 2,881	\$ 9,361	\$ 7,005	\$ 47,119	\$ 142,014
Less: Accumulated Amortization	7,119	449	4,222	1,274	11,317	24,381
Total Right to Use Assets, net	<u>\$ 68,529</u>	<u>\$ 2,432</u>	<u>\$ 5,139</u>	<u>\$ 5,731</u>	<u>\$ 35,802</u>	<u>\$ 117,633</u>

A summary of subscription based information technology arrangements to maturity is as follows:

Future Minimum SBITA Payments
(Expressed in Thousands)

Fiscal Years Ending June 30	Principal	Interest
2024	\$ 19,409	\$ 2,933
2025	16,199	2,435
2026	13,190	2,023
2027	13,216	1,629
2028	5,478	1,431
2029-2033	26,277	4,597
2034-2038	16,790	608
Total	<u>\$ 110,559</u>	<u>\$ 15,656</u>

Subscription based information technology arrangement liabilities are valued using discount rates between 2.78% and 3.32% based on the SBITA contract term including optional renewal periods using State Specific Municipal Market Data.

COMPONENT UNITS

The University of Maine System (UMS) has subscription based IT arrangements (SBITA). At June 30, 2023, SBITA assets, net of amortization totaled \$15.7 million. The associated liabilities totaled \$14.7 million. The remaining balance is reported as a deferred inflow.

The Maine Community College has SBITA right-to-use assets net of amortization that totaled \$15.6 million at June 30, 2023. The associated liabilities totaled \$11.9 million. The remaining balance is reported as a deferred inflow.

NOTE 14 - 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). In some cases, individual claim settlements have exceeded policy limits in the past three fiscal years.

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

Type of Insurance:	Coverage Per Occurrence	Risk Retention Per Occurrence	Excess Insurance Per Occurrence
Property*	\$400 million	\$2 million	\$400 million
Ocean Marine Boat Liability* ¹	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 ²	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* ³	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.

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

² Excess insurance is only for out of state travel.

³ \$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, 2023 and 2022 the present value of claims payable for the State's self-insurance plan was estimated at \$11.3 million and \$10.9 million, respectively. The actuary calculated this based on the State's rate on investments.

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

	2023	2022
Liability at Beginning of Year	\$ 10,898	\$ 11,901
Current Year Claims and Changes in		
Estimates	2,914	1,073
Claims/Fees Expense	2,483	2,076
Liability at End of Year	\$ 11,329	\$ 10,898

As of June 30, 2023, fund assets of \$29.3 million exceeded fund liabilities of \$13.2 million by \$16.1 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 \$599 thousand for the fiscal year ended June 30, 2023.

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, 2023 and 2022:

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

	2023	2022
Liability at Beginning of Year	\$ 55,480	\$ 51,161
Current Year Claims and Changes in		
Estimates	4,465	12,285
Claims Payments	8,201	7,966
Liability at End of Year	\$ 51,744	\$ 55,480

Based on the actuarial calculation as of June 30, 2023, the State is liable for unfunded claims, and incurred but not reported claims, of approximately \$70.9 million. The discounted amount is \$51.7 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 35,400 covered individuals. This total includes approximately 25,900 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 \$11.9 million. Changes in the Employee Health Insurance and Retiree Health Insurance claims liability for the fiscal year ending June 30, 2023 follows:

(Expressed in Thousands)

	<u>Employee Health Fund</u>	<u>Retiree Health Fund</u>
Liability at Beginning of Year	\$ 10,685	\$ 3,561
Claims and Changes in Estimate	121,612	37,106
Claims Payments	<u>123,349</u>	<u>37,684</u>
Liability at End of Year	<u>\$ 8,948</u>	<u>\$ 2,983</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 \$47.0 million and teacher healthcare costs of \$30.6 million were reclassified from the internal service fund to the OPEB Trust Fund, a fiduciary fund. Additionally, \$33.1 million of active employee healthcare costs were reclassified from the internal service fund to the OPEB Trust Fund to reflect age-adjusted claims.

NOTE 15 - 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 table below was obtained from the Tri-State Lotto Commission financial report for fiscal year 2023, which may be obtained from the Bureau of Alcoholic Beverages and Lottery Operations, 8 State House Station, Augusta, ME 04333-0008.

Tri-State Lotto Commission
(Expressed in Thousands)

Current Assets	\$ 16,746
Noncurrent Assets	<u>12,857</u>
Total Assets	<u><u>\$ 29,603</u></u>
Current Liabilities	\$ 16,003
Long-term Liabilities	<u>9,650</u>
Total Liabilities	<u><u>\$ 25,653</u></u>
Designated Prize Reserves	\$ 4,346
Reserve for Unrealized Gains (Losses)	<u>(396)</u>
Total Net Position	<u>3,950</u>
Total Liabilities and Net Position	<u><u>\$ 29,603</u></u>
Total Revenue	\$ 92,000
Total Expenses	67,919
Gain (Loss) on Sale of Investment	(37)
Allocation to Member States	24,044
Change in Unrealized Gain (Loss) on Investments Held for Resale	<u>(473)</u>
Change in Net Position	<u><u>\$ (473)</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 allocated 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 2023. 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	\$ 313,709
Investments in US Government Securities	444,772
US Government Securities Held for Prize Annuities	39,309
Due from Party Lotteries	54,972
Other Assets	4,425
Total Assets	<u>\$ 857,187</u>
Amount Held for Future Prizes	\$ 773,236
Grand Prize Annuities Payable	40,010
Other Liabilities	9,288
	822,534
Net Position, Unrestricted	<u>34,653</u>
Total Liabilities and Net Position	<u>\$ 857,187</u>
Total Revenue	\$ 30,929
Total Expenses	6,353
Excess (Deficit) of Revenues over Expenses	24,576
Net Position, beginning	10,077
Net Position, ending	<u>\$ 34,653</u>

NOTE 16 - 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.

The Maine Technology Institute (MTI), a component unit of the State of Maine, received \$32.7 million in funding from the State of Maine, Department of Economic and Community Development. The Director of MTI is an employee of the State of Maine and two board members are Commissioners 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, \$305.1 million; Maine Community College System, \$116.6 million; Maine Municipal Bond Bank (MMBB), \$41.6 million; Finance Authority of Maine, \$70.2 million; and Maine State Housing Authority, \$207.2 million.

FAME administers several revolving loan funds on behalf of the State of Maine. FAME recorded these funds, which total \$26.7 million at June 30, 2023, 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 2023, the State expended \$937.0 thousand 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 \$26.0 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 2023, the amount billed totaled \$8.2 million.

NOTE 17 - 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	
Deferred Outflows of Resources:				
Refunding of Debt	\$ 903	\$ -	\$ 903	\$ 19,361
Pension Related	829,114	4,020	833,134	24,306
OPEB Related	720,158	3,280	723,438	24,166
Total Deferred Outflows of Resources	<u>\$ 1,550,175</u>	<u>\$ 7,300</u>	<u>\$ 1,557,475</u>	<u>\$ 67,833</u>
Deferred Inflows of Resources:				
Grant Income	\$ -	\$ -	\$ -	\$ 218
Benefit Recovery	4,768	-	4,768	-
Loan Origination Fees	-	-	-	382
Accumulated Increase in Fair Value of Hedging				
Derivatives	-	-	-	18,560
Pension Related	433,064	1,893	434,957	14,764
OPEB Related	932,376	1,940	934,316	91,259
Lease Related	5,472	-	5,472	77,815
Settlements *	51,169	-	51,169	-
Total Deferred Inflows of Resources	<u>\$ 1,426,849</u>	<u>\$ 3,833</u>	<u>\$ 1,430,682</u>	<u>\$ 202,998</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
Deferred Inflows of Resources:						
Tax Revenue or Assessments	\$ 309,825	\$ 1,492	\$ 2,483	\$ 4,759	\$ -	\$ 318,559
Settlements **	-	-	-	77,326	-	77,326
Benefit Recovery	-	-	4,768	-	-	4,768
Total Deferred Inflows of Resources	<u>\$ 309,825</u>	<u>\$ 1,492</u>	<u>\$ 7,251</u>	<u>\$ 82,085</u>	<u>\$ -</u>	<u>\$ 400,653</u>

** Please refer back to Note 6 and Note 19 for information on the Opioid settlement and the Tobacco settlement, respectively

NOTE 18 - 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, 2023, the State provided tax abatements through the following programs:

<u>Program Name</u>	<u>Pine Tree Development Zone Program</u>	<u>Employment Tax Increment Financing</u>	<u>New Markets Capital Investment Tax Credit</u>
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.
Abatement Type	Personal income, corporate income, insurance premiums, bank franchise and sales taxes.	4.5% of qualified gross wages multiplied by the applicable reimbursement rate.	Personal income, corporate income, insurance premiums, and bank franchise taxes.
Statutory Authority	36 M.R.S. §§2529 and 5219-W	36 M.R.S. §6754	36 M.R.S. §§2533 and 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. No business may be certified under the program after December 31, 2024. Businesses certified prior to 2025 may continue to receive PTDZ credit for the full benefit period of ten years. No PTDZ benefits may be paid after 2034.	Businesses apply for certification and agree to hire at least five net new employees within two years. The program will sunset at the end of 2024. No businesses may be certified under the program after December 31, 2024. Businesses certified prior to 2025 may continue to receive annual ETIF benefits for the full benefit period of ten years. No ETIF benefits may be paid after 2034.	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 4.5% of qualified gross wages, multiplied by the applicable reimbursement rate from 30 - 80 percent, 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 6/30/2023	\$4,091,340	\$9,911,810	\$3,394,030

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

Source: Maine Revenue Services

NOTE 19 - 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.

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. On July 11, 2023, Governor Mills signed into law a budget that repeals the health provider components of the service provider tax. DHHS conferred with CMS and updated it on this legislative action. On December 6, 2023, CMS notified DHHS that it was disallowing \$28.0 million for the period from July 2020 through March 2022, which resolves this dispute. The Legislature appropriated funding to the MaineCare Stabilization Fund so it has sufficient balances to make payments for this amount.

Dr. Doe v. Maine Board of Dental Practice, et al. Dr. Doe has filed a lawsuit against the Maine Board of Dental Practice and eleven 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.

Todd Hood v. DOC, et al. Todd Hood alleges that excessive confinement in isolation and in mechanical restraints, sexual contact, assault, denial of treatment and educational services, physical and psychological injuries, emotional anguish, and distress occurred while he was detained at Long Creek Youth Development Center (formerly called Maine Youth Center), between 1998 and 2005. 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 case listed below is the only one we are aware of in which taxpayers are seeking refunds that could exceed \$1 million.

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 Board ruled in favor of NextEra, and Maine Revenue Services appealed to Superior Court. 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.

The Counsel for Employee Relations represents the State in cases with unions and/or employees. The cases listed below are the only ones we are aware of in which the future loss could have a potential to exceed \$1 million.

Maine State Law Enforcement Supervisors (Fraternal Order of Police) and State of Maine; Grievance #s 2022-099-F, 2022-124-F, 2022-123-F, 2022-125-F, 2022-128-F, 2022-112-F, 2022-110-F (standby pay). This is a case made up of several grievances filed by seven groups of law enforcement supervisors represented by MSLES (including Warden Service Sergeants and Lieutenants, Forestry Service District and Regional Rangers, Marine Patrol Sergeants and Lieutenants and State Police Lieutenants) asserting that the State violated the collective bargaining agreement between the parties when it refused to pay the aforementioned employees standby pay once their subordinates became eligible for standby pay. The probability that this case will result in future losses to the State in excess of \$1 million is undetermined at this time.

Maine Service Employees Association, SEIU, Local 1989 and State of Maine Reclassification appeal of Eligibility Specialists (Case No. 67-2017). On 2/3/2017, 38 Eligibility Specialists appealed their classification, claiming that they are performing duties not represented in their current classification and requesting reclassification to a higher paying classification. The probability that this case will result in future losses to the State in excess of \$1 million is undetermined at this time.

Maine Service Employees Association, SEIU, Local 1989 and State of Maine Reclassification appeal of IF&W Resource Biologists (Case No. 361-2018). On 12/21/2018, 31 IF&W Resource Biologists appealed their classification, claiming that they are performing duties not represented in their current classification and requesting reclassification to a higher paying classification. The probability that this case will result in future losses to the State in excess of \$1 million is undetermined at this time.

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 \$114.3 million, \$2.9 million, \$1,048.6 million, \$77.5 million and \$6.1 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, 2023 is \$20.6 million. Superfund sites account for approximately \$7.0 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 \$607 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, 2023, 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 \$4.3 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 \$13.3 million (net of unrealized recoveries of \$298 thousand) related to five uncontrolled hazardous substance sites. The State expects to recover \$409 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. On June 30, 2023 the remaining unspent bond funds were \$2.2 million. In addition to the closure of the facility, the State anticipates additional post-closure maintenance and monitoring costs of approximately \$18.5 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, 2023 is \$20.5 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 \$2,568,654 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 \$2/ton 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 December 31, 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 FY23 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 FY23, DEP's total outstanding reimbursement obligation to municipalities was \$1.1 million. At the end of FY23, the outstanding match obligation was \$5.4 million. 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 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 2023 fiscal year, \$4.8 million of general obligation bond funds and \$3.2 million of Liquor Operation Revenue Funds were expended for pollution abatement projects. As of June 30, 2023, amounts encumbered for pollution abatement projects

totaled \$1.4 million, and general obligation bonds authorized for these projects, but not yet encumbered, totaled \$12.2 million. As of June 30, 2022, DEP estimates the total cost (federal, State, and local) of future projects to be \$3.1 billion according to the 2022 Clean Watershed Needs Survey.

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>
2022	105	413
2021	127	440
2020	156	494
2019	137	530
2018	91	540

The annual average cost per spill over the past five years is \$8,850. 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 55.16 percent of the annual payments. As of June 30, 2023, outstanding commitments by municipalities for school bond issues that are eligible for State subsidy totaled \$1.085 billion.

At June 30, 2023, the Department of Transportation had contractual commitments of approximately \$605.5 million for construction of various highway projects. The State's share of that amount is expected to be approximately \$112.0 million. Of these amounts, \$8.6 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 2023, Maine received an annual tobacco settlement payment of \$52.2 million.

CONTINGENT GAINS

The State of Maine is participating in the National Opioid Settlement, which negotiated conclusions to investigations and litigations by the Attorney General and certain Maine counties, cities, and towns, of the marketing and sales practices of opioid pain medications by entities in the pharmaceutical supply chain. This year the State of Maine agreed to join five additional opioid settlements with similar terms and payment schedules as the original settlements in 2022. The 2022 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, and this year's new settlements will add to the funding and will pay out over a somewhat shorter time, all for the same permissible opioid abatement activities. All the settlements also impose certain injunctive terms agreed to by the Defendants. The expected range of the settlements is \$68 million to \$72 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 \$24.6 million as of June 30, 2023. All overpayments that are outstanding for more than one year, \$19.8 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 \$56.2 million as of June 30, 2023. All overpayments that are outstanding for more than one year, \$53.7 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, 2023, the Fund included \$3.2 million of securities not yet liquidated that were not subject to transfer to the General Fund. Net collections from inception (1979) to June 30, 2023 of approximately \$299.0 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, 2023, the amount reported in the Fund for claimant liability is \$51.1 million. The General Fund shows a \$47.5 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, 2023, loans outstanding pursuant to these authorizations are \$90.0 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, 2023.

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, 2023, 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, 2023.

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)

<u>Issuer</u>	<u>Bonds Outstanding</u>	<u>Required Debt Reserve</u>	<u>Obligation Debt Limit ¹</u>	<u>Legal Citation</u>
Maine Health and Higher Educational Facilities Authority	\$ 655,865	\$ 58,000	NIL	22 MRSA § 2075
Finance Authority of Maine	57,412	-	730,500	10 MRSA §1032, 1053
	-	-	50,000	20-A MRSA §11449
	-	-	50,000	38 MRSA §2221
	85,935	1,187	225,000	20-A MRSA §11424
Maine Municipal Bond Bank	1,186,991	124,653	NIL	30-A MRSA §6006
Maine State Housing Authority	1,674,325	123,129	2,150,000	30-A MRSA §4906
Total	<u>\$ 3,660,528</u>	<u>\$ 306,969</u>		

¹ NIL indicates a "no limit" obligation.

COMPONENT UNITS

CONSTRUCTION CONTRACTS

At June 30, 2023, UMS and MCCS had outstanding commitments on uncompleted construction contracts. They totaled \$46.7 million and \$1.7 million, respectively. A non-major discretely reported component unit, Maine Maritime Academy, had commitments on construction projects at June 30, 2023 totaling \$94.1 million.

At December 31, 2022, the Maine Turnpike Authority had \$88.2 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, 2022 Maine State Housing Authority (MSHA) had outstanding commitments to originate multi-family loans of approximately \$307.8 million.

MSHA, under its single-family program, enters into purchase agreements to lenders to purchase mortgage loans. At December 31,

2022, single-family loans being processed by lenders totaled \$45.4 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, 2023, FAME had insurance outstanding for commercial loans under the Loan Insurance Program totaling approximately \$147.5 million. At June 30, 2023, FAME was insuring loans with an aggregate outstanding principle balance approximating \$950 thousand which were 90 or more days delinquent. The aggregate insured balance of these loans was approximately \$445 thousand at June 30, 2023. In addition, FAME has entered into commitments to insure loans at some future date. At June 30, 2023, these commitments under the Loan Insurance Program were approximately \$11.1 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, 2023, approximately \$20.6 million of loans were insured under this program. Such loans are unsecured.

NOTE 20 - SUBSEQUENT EVENTS

PRIMARY GOVERNMENT

On July 11, 2023, after the close of fiscal year 2023, the Governor signed into law Chapter 412 Public Law 2023. As it was not designated as an emergency, this law became effective on October 25, 2023. Included in that legislation were \$225.3 million of transfers from the fiscal year 2023 unappropriated surplus of the General Fund to the Other Special Revenue Fund. At the close of fiscal year 2023, these funds were set aside in a reserve account to effectuate the transfers upon the effective date of the legislation, October 25, 2023.

In addition, Chapter 412 Public Law 2023 also included an increase in the State's contribution to the cost of retired teacher's health insurance premiums from 55 percent to 60 percent. The impact to the current biennium is \$3.3 million per year.

On October 27, 2023, the State issued \$5.7 million of certificates of participation (COP's) for the purpose of financing the modernization and improvement of the Department of the Secretary of State's customer service system, technology infrastructure and data centers, as well as the software and hardware components. The COP's carry interest rates of 4.11 percent and maturities from 2024 to 2030.

On November 21, 2023, the State issued \$3.8 million of certificates of participation (COP's) for the purpose of financing an estimated 78 motor vehicle purchases for the Department of Public Safety. The COP's carry interest rates of 4.63 percent and maturities from 2024 to 2027.

On December 1, 2023, consent judgements were received from the court for Allergan and Teva, two of the five additional opioid settlements the State of Maine joined, confirming the awards of approximately \$11.4 million and \$20.7 million, respectively. See Note 19 - Commitments and Contingencies, subsection Contingent Gains for further discussion.

COMPONENT UNITS

Maine State Housing Authority (MSHA), has a December 31 fiscal year end. On February 22, 2023, MSHA issued at par \$115.0 million of bonds in the General Mortgage Purchase Bond Resolution. The bonds have interest rates between 2.70 percent and 4.7 percent and mature from 2034 to 2054. On May 18, 2023, MSHA issued \$57.4 million of bonds in the General Mortgage Purchase Bond Resolution. The bonds have interest rates between 2.80 percent and 4.80 percent and mature from 2025 to 2053. On August 1, 2023, MSHA issued \$45.0 million in the General Mortgage Purchase Bond Resolutions. The bonds have interest rates between 3.20 percent and 4.7 percent and mature from 2026 to 2053. On October 5, 2023, MSHA issued \$90.0 million of bonds in the General Mortgage Purchase Bond Resolution. The bonds have interest rates between 3.50 percent and 4.90 percent and mature from 2025 to 2053. Subsequent to December 31, 2022, MSHA retired \$52.1 million in Mortgage Purchase Fund bonds and \$3.0 million in Maine Energy, Housing and Economic Recovery Fund bonds.

On July 25, 2023, Maine Health and Higher Education Facilities Authority (MHHEFA) issued \$68.4 million of Series 2023 A Reserve Fund Resolution Bonds with an average interest rate of 4.62 percent, a portion of which was used to in-substance defease \$5.1 million of certain maturities within the 2013A bond series. A portion of the net proceeds of approximately \$72.7 million, including other sources of funds and after payment of underwriting fees, insurance 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 MHHEFA.

On November 2, 2023, the Maine Municipal Bond Bank issued Series 2023B general resolution tax-exempt bonds in the amount of \$87.8 million, with interest rates ranging from 4.375 percent to 5.00 percent. On November 1, 2023 general resolution tax-exempt bonds matured in the amount of \$87.8 million.

On December 5, 2023, Maine Health and Higher Education Facilities Authority (MHHEFA) issued \$122.4 million of Series 2023 B Reserve Fund Resolution Bonds with interest rates ranging from 4.75 percent to 5.25 percent and maturities from 2024 to 2053.

NOTE 21 - SPECIAL ITEMS

On June 30, 2023, the State transferred \$168 million to the Maine Public Employees Retirement System. The Irrevocable OPEB Trust for Teacher Healthcare received \$103 million of the funding. The remaining \$65 million was transferred into the State Retiree Healthcare Irrevocable OPEB trust. The purpose of accumulating assets in these investment trust funds is to provide funding of the State's unfunded liability obligations for retiree health benefits. Funds appropriated for the irrevocable trust funds may not be diverted or deappropriated by any subsequent action.



**REQUIRED
SUPPLEMENTARY
INFORMATION**

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

Fiscal Year Ended June 30, 2023
(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
Revenues								
Taxes	\$ 4,796,357	\$ 5,313,997	\$ 5,428,236	\$ 114,239	\$ 230,396	\$ 228,843	\$ 222,428	\$ (6,415)
Assessments and Other	89,419	89,981	92,840	2,859	97,252	102,157	112,903	10,746
Federal Grants	1,129	1,444	53	(1,391)	-	-	-	-
Service Charges	52,077	44,691	47,529	2,838	6,370	6,345	4,922	(1,423)
Income from Investments	8,166	29,283	53,437	24,154	221	453	706	253
Miscellaneous Revenue	63,490	66,204	72,278	6,074	4,934	6,778	192	(6,586)
Total Revenues	5,010,638	5,545,600	5,694,373	148,773	339,173	344,576	341,151	(3,425)
Expenditures								
Governmental Support & Operations	327,266	371,367	336,731	34,636	48,299	52,925	44,233	8,692
Economic Development & Workforce								
Training	59,856	62,963	57,945	5,018	-	-	-	-
Education	2,030,949	2,066,337	2,001,843	64,494	-	-	-	-
Health and Human Services	1,637,188	1,577,156	1,404,030	173,126	-	-	-	-
Business Licensing & Regulation	-	500	500	-	-	-	-	-
Natural Resources Development & Protection	107,195	114,693	103,731	10,962	32	32	27	5
Justice and Protection	413,532	448,297	407,322	40,975	33,003	33,399	31,459	1,940
Arts, Heritage & Cultural Enrichment	10,365	12,541	9,430	3,111	-	-	-	-
Transportation Safety & Development	-	-	-	-	257,266	282,894	258,891	24,003
Total Expenditures	4,586,351	4,653,854	4,321,532	332,322	338,600	369,250	334,610	34,640
Revenues Over (Under) Expenditures	424,287	891,746	1,372,841	481,095	573	(24,674)	6,541	31,215
Other Financing Sources (Uses)								
Operating Transfers Net	(270,098)	(345,223)	(914,867)	(569,644)	-	-	1,582	1,582
Proceeds from Pledged Future Revenues	-	-	-	-	-	-	-	-
Net Other Financing Sources (Uses)	(270,098)	(345,223)	(914,867)	(569,644)	-	-	1,582	1,582
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ 154,189	\$ 546,523	\$ 457,974	\$ (88,549)	\$ 573	\$ (24,674)	\$ 8,123	\$ 32,797
Fund balances, beginning of year			1,476,130				40,938	
Fund balances, end of year			<u>1,934,104</u>				<u>49,061</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
\$ -	\$ -	\$ -	\$ -	\$ 403,469	\$ 396,133	\$ 375,971	\$ (20,162)
67	67	-	(67)	209,845	223,556	196,220	(27,336)
4,955,248	5,833,764	4,771,099	(1,062,665)	19,666	19,681	19,030	(651)
5,168	5,366	30	(5,336)	255,082	256,621	280,454	23,833
-	-	18,198	18,198	1,232	1,727	5,285	3,558
268	268	8,813	8,545	247,779	268,041	176,705	(91,336)
<u>4,960,751</u>	<u>5,839,465</u>	<u>4,798,140</u>	<u>(1,041,325)</u>	<u>1,137,073</u>	<u>1,165,759</u>	<u>1,053,665</u>	<u>(112,094)</u>
65,417	78,471	19,300	59,171	863,748	1,342,578	1,079,017	263,561
285,623	514,656	197,198	317,458	110,820	198,107	173,895	24,212
313,073	1,062,013	454,444	607,569	66,803	81,946	65,861	16,085
3,640,189	4,062,478	3,534,023	528,455	617,891	742,706	601,170	141,536
54,623	137,244	45,544	91,700	80,584	88,318	69,031	19,287
142,937	255,340	214,630	40,710	240,957	282,912	127,237	155,675
82,286	361,085	210,874	150,211	79,780	103,154	61,036	42,118
9,006	14,795	7,624	7,171	2,267	2,422	1,081	1,341
371,147	501,395	343,100	158,295	198,800	508,959	213,497	295,462
<u>4,964,301</u>	<u>6,987,477</u>	<u>5,026,737</u>	<u>1,960,740</u>	<u>2,261,650</u>	<u>3,351,102</u>	<u>2,391,825</u>	<u>959,277</u>
(3,550)	(1,148,012)	(228,597)	919,415	(1,124,577)	(2,185,343)	(1,338,160)	847,183
5,432	4,134	17,234	13,100	1,024,714	1,589,218	1,052,869	(536,349)
-	-	-	-	47,100	52,100	27,390	(24,710)
<u>5,432</u>	<u>4,134</u>	<u>17,234</u>	<u>13,100</u>	<u>1,071,814</u>	<u>1,641,318</u>	<u>1,080,259</u>	<u>(561,059)</u>
<u>\$ 1,882</u>	<u>\$ (1,143,878)</u>	<u>\$ (211,363)</u>	<u>\$ 932,515</u>	<u>\$ (52,763)</u>	<u>\$ (544,025)</u>	<u>\$ (257,901)</u>	<u>\$ 286,124</u>
		<u>937,786</u>				<u>1,364,019</u>	
		<u>\$ 726,423</u>				<u>\$ 1,106,118</u>	



STATE OF MAINE
BUDGETARY COMPARISON SCHEDULE
BUDGET TO GAAP RECONCILIATION

Fiscal Year Ended June 30, 2023
(Expressed in Thousands)

	General Fund	Highway Fund	Federal Funds	Special Revenue Fund
Fund Balances - Non-GAAP Budgetary Basis	\$ 1,934,104	\$ 49,061	\$ 726,423	\$ 1,106,118
Basis Differences				
Revenue Accruals/Adjustments:				
Taxes Receivable	340,677	1,470	-	15,398
Settlement Receivables	-	-	-	77,326
Other Receivables	45,253	5,195	160,871	35,071
Inventories	4,477	-	8,525	-
Due from Component Units	-	-	-	38,008
Due from Other Governments	-	-	600,053	1,360
Due from Other Funds	65,948	15,962	4,670	282,698
Other Assets	1,192	9	636	355
Unearned Revenues	-	(3,027)	(1,850)	(4,435)
Deferred Inflows - Taxes and Assessment Revenues	<u>(309,825)</u>	<u>(1,492)</u>	<u>(7,251)</u>	<u>(82,085)</u>
Total Revenue Accruals/Adjustments	<u>147,722</u>	<u>18,117</u>	<u>765,654</u>	<u>363,696</u>
Expenditure Accruals/Adjustments:				
Accounts Payable	(230,511)	(34,911)	(566,985)	(60,771)
Due to Component Units	(3,821)	(125)	(15,146)	(2,601)
Accrued Liabilities	(27,536)	(9,005)	(9,541)	(11,577)
Taxes Payable	(362,404)	-	-	-
Intergovernmental Payables	-	-	(853,424)	-
Due to Other Funds	<u>(99,119)</u>	<u>(5,316)</u>	<u>(25,122)</u>	<u>(45,446)</u>
Total Expenditure Accruals/Adjustments	<u>(723,391)</u>	<u>(49,357)</u>	<u>(1,470,218)</u>	<u>(120,395)</u>
Fund Balances - GAAP Basis	<u>\$ 1,358,435</u>	<u>\$ 17,821</u>	<u>\$ 21,859</u>	<u>\$ 1,349,419</u>

STATE OF MAINE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY REPORTING

Fiscal Year Ended June 30, 2023

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, 2023, the legislature increased appropriations to the General Fund by \$281.9 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, 2023

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, 2023 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 Nine Fiscal Years
(Expressed in Thousands)

	2023	2022	2021
Total Pension Liability			
Service Cost	\$ 1,734	\$ 1,547	\$ 1,609
Interest	4,876	4,823	4,645
Changes in Benefit Terms	274	-	-
Differences Between Expected and Actual Experience	(151)	1,066	943
Changes of Assumptions	-	836	-
Benefit Payments, Including Refunds of Member Contributions	(5,095)	(4,681)	(4,317)
Net Change in Total Pension Liability	1,638	3,591	2,880
Beginning Total Pension Liability	75,788	72,197	69,317
Ending Total Pension Liability	77,426	75,788	72,197
Plan Fiduciary Net Position			
Employer Contributions	868	739	716
Member Contributions	651	636	617
Net Investment Income	(454)	19,280	2,165
Transfers	30	473	765
Benefit Payments, Including Refunds of Member Contributions	(5,095)	(4,681)	(4,317)
Administrative Expense	(73)	(68)	(69)
Net Change in Plan Fiduciary Net Position	(4,073)	16,379	(123)
Beginning Plan Fiduciary Net Position	89,894	73,515	73,638
Ending Plan Fiduciary Net Position	85,821	89,894	73,515
Ending Net Pension Liability (Asset)	\$ (8,395)	\$ (14,106)	\$ (1,318)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	110.8 %	118.6 %	101.8 %
Covered Payroll	\$ 8,502	\$ 8,312	\$ 8,054
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(98.7)%	(169.7)%	(16.4)%

	2020	2019	2018	2017	2016	2015
\$	1,597	\$ 1,487	\$ 1,466	\$ 1,397	\$ 1,606	\$ 1,518
	4,582	4,442	4,358	4,155	3,863	3,736
	-	-	-	2,017	28	17
	(1,087)	469	(893)	(1,746)	2,238	(292)
	-	698	-	2,490	-	426
	(4,068)	(3,805)	(3,652)	(3,502)	(3,384)	(3,219)
	1,024	3,291	1,279	4,811	4,351	2,186
	68,293	65,002	63,723	58,912	54,561	52,375
	69,317	68,293	65,002	63,723	58,912	54,561
	1,213	1,179	1,144	1,078	979	932
	620	604	585	550	550	528
	4,709	6,607	7,800	130	1,055	8,416
	(3)	-	-	6,343	-	-
	(4,068)	(3,805)	(3,652)	(3,502)	(3,384)	(3,219)
	(68)	(62)	(57)	(48)	(49)	(42)
	2,403	4,523	5,820	4,551	(849)	6,615
	71,235	66,712	60,892	56,341	57,190	50,575
	73,638	71,235	66,712	60,892	56,341	57,190
\$	(4,321)	\$ (2,942)	\$ (1,710)	\$ 2,831	\$ 2,571	\$ (2,629)
	106.2 %	104.3 %	102.6 %	95.6 %	95.6 %	104.8 %
\$	8,117	\$ 7,894	\$ 7,640	\$ 7,188	\$ 7,186	\$ 6,742
	(53.2)%	(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 Nine Fiscal Years
(Expressed in Thousands)

	2023	2022	2021
Total Pension Liability			
Service Cost	\$ 376	\$ 287	\$ 335
Interest	699	658	611
Changes in Benefit Terms	44	-	-
Differences Between Expected and Actual Experience	(200)	181	414
Changes of Assumptions	-	374	-
Benefit Payments, Including Refunds of Member Contributions	(619)	(550)	(698)
Net Change in Total Pension Liability	300	950	662
Beginning Total Pension Liability	10,679	9,729	9,067
Ending Total Pension Liability	10,979	10,679	9,729
Plan Fiduciary Net Position			
Employer Contributions	44	-	-
Member Contributions	162	215	157
Net Investment Income	(90)	3,560	391
Benefit Payments, Including Refunds of Member Contributions	(619)	(550)	(698)
Transfers	-	(3)	366
Administrative Expense	(12)	(12)	(14)
Net Change in Plan Fiduciary Net Position	(515)	3,210	202
Beginning Plan Fiduciary Net Position	16,660	13,450	13,248
Ending Plan Fiduciary Net Position	16,145	16,660	13,450
Ending Net Pension Liability (Asset)	\$ (5,166)	\$ (5,981)	\$ (3,721)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	147.1 %	156.0 %	138.2 %
Covered Payroll	\$ 2,802	\$ 2,802	\$ 2,814
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(184.3)%	(213.5)%	(132.2)%

	2020	2019	2018	2017	2016	2015
\$	297	\$ 282	\$ 265	\$ 412	\$ 451	\$ 450
	578	565	530	549	545	503
	-	-	-	-	4	4
	239	(91)	158	(246)	(508)	(93)
	-	100	-	(147)	-	86
	(607)	(460)	(469)	(446)	(439)	(318)
	507	396	484	122	53	632
	8,560	8,164	7,680	7,558	7,505	6,873
	9,067	8,560	8,164	7,680	7,558	7,505
	-	-	-	-	4	4
	221	154	202	138	193	140
	845	1,176	1,366	48	206	1,622
	(607)	-	-	-	-	-
	45	(460)	(469)	(446)	(439)	(318)
	(12)	(11)	(9)	(8)	(9)	(8)
	492	859	1,090	(268)	(45)	1,440
	12,756	11,897	10,807	11,075	11,120	9,680
	13,248	12,756	11,897	10,807	11,075	11,120
\$	(4,181)	\$ (4,196)	\$ (3,733)	\$ (3,127)	\$ (3,517)	\$ (3,615)
	146.1 %	149.0 %	145.7 %	140.7 %	146.5 %	148.2 %
\$	2,660	\$ 2,711	\$ 2,651	\$ 2,590	\$ 2,528	\$ 2,535
	(157.2)%	(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 Ten Fiscal Years
(Expressed in Thousands)

	2023	2022	2021
Judicial Pension Plan			
Actuarially Determined Contribution	\$ 602	\$ 594	\$ 739
Contributions in Relation to the Actuarially Determined Employer Contribution	<u>(602)</u>	<u>(594)</u>	<u>(739)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 8,658	\$ 8,502	\$ 8,312
Contributions as a percentage of covered payroll	6.95 %	6.99 %	8.89 %
Legislative Pension Plan			
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	\$ 2,962	\$ 2,801	\$ 2,802
Contributions as a Percentage of Covered Payroll	0.00 %	0.00 %	0.00 %

(continued)

2020	2019	2018	2017	2016	2015	2014
\$ 716	\$ 1,213	\$ 1,179	\$ 1,144	\$ 1,078	\$ 951	\$ 932
(716)	(1,213)	(1,179)	(1,144)	(1,078)	(951)	(932)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 8,054	\$ 8,117	\$ 7,894	\$ 7,640	\$ 7,188	\$ 7,186	\$ 6,742
8.89 %	14.94 %	14.94 %	14.97 %	15.00 %	13.23 %	13.82 %
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	(4)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4)</u>
\$ 2,814	\$ 2,660	\$ 2,711	\$ 2,651	\$ 2,590	\$ 2,528	\$ 2,535
0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	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, 2023 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, 2023 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.

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 Nine Fiscal Years
(Expressed in Thousands)

	<u>2023</u>	<u>2022</u>	<u>2021</u>
State Employees - Primary Government			
Proportion of the Collective Net Pension Liability	95.160789 %	95.299042 %	95.090771 %
Proportionate Share (Amount) of the Collective Net Pension Liability	\$ 883,273	\$ 615,520	\$ 1,129,955
Covered Payroll	\$ 733,368	\$ 726,579	\$ 688,817
Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	120.44 %	84.71 %	164.04 %
Plan Fiduciary Net Position As a Percentage of the Total Pension Liability	84.10 %	88.60 %	77.30 %
Maine Community College System - DCU			
Proportion of the Collective Net Pension Liability	4.205865 %	4.085948 %	4.295313 %
Proportionate Share (Amount) of the Collective Net Pension Liability	\$ 39,038	\$ 26,390	\$ 51,041
Covered Payroll	\$ 32,896	\$ 32,619	\$ 32,713
Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	118.67 %	32,713.00 %	156.03 %
Plan Fiduciary Net Position As a Percentage of the Total Pension Liability	84.10 %	88.60 %	77.30 %
Non-Major and Formerly Reported Component Units			
Proportion of the Collective Net Pension Liability	0.633346 %	0.615050 %	0.613916 %
Proportionate Share (Amount) of the Collective Net Pension Liability	\$ 5,878	\$ 3,972	\$ 7,295
Covered Payroll	\$ 5,029	\$ 4,768	\$ 4,571
Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	116.88 %	83.31 %	159.59 %
Plan Fiduciary Net Position As a Percentage of the Total Pension Liability	84.10 %	88.60 %	77.30 %
Total SETP - State of Maine Employees			
Proportion of the Collective Net Pension Liability	100.000000 %	100.000000 %	100.000000 %
Proportionate Share (Amount) of the Collective Net Pension Liability	\$ 928,189	\$ 645,881	\$ 1,188,292
Covered Payroll	\$ 771,293	\$ 763,966	\$ 726,101
Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	120.34 %	84.54 %	163.65 %
Plan Fiduciary Net Position As a Percentage of the Total Pension Liability	84.10 %	88.60 %	77.30 %

Notes to Schedule:

As of June 30, 2023, 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, 2023 can be found in the June 30, 2020 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.

2020	2019	2018	2017	2016	2015
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94.775523 %	94.652308 %	94.829879 %	94.498857 %	92.825250 %	92.853946 %
\$ 991,147	\$ 993,438	\$ 1,080,168	\$ 1,269,080	\$ 950,597	\$ 837,743
\$ 627,615	\$ 608,615	\$ 601,904	\$ 588,415	\$ 520,115	\$ 525,765
157.92 %	163.23 %	179.46 %	215.68 %	182.77 %	159.34 %
79.41 %	78.70 %	76.10 %	71.00 %	76.80 %	79.21 %

4.610452 %	4.695230 %	4.605776 %	4.969634 %	6.640831 %	6.618303 %
\$ 48,215	\$ 49,280	\$ 52,462	\$ 66,740	\$ 68,007	\$ 59,710
\$ 31,535	\$ 31,106	\$ 30,867	\$ 32,627	\$ 32,008	\$ 31,679
152.89 %	158.43 %	169.96 %	204.55 %	212.47 %	188.48 %
79.41 %	78.70 %	76.10 %	71.00 %	76.80 %	79.21 %

0.614025 %	0.652461 %	0.564345 %	0.531509 %	0.533919 %	0.527751 %
\$ 6,421	\$ 6,848	\$ 6,428	\$ 7,138	\$ 5,468	\$ 4,760
\$ 4,115	\$ 4,240	\$ 3,700	\$ 3,424	\$ 3,927	\$ 3,776
156.04 %	161.51 %	173.73 %	208.47 %	139.24 %	126.06 %
79.41 %	78.70 %	76.10 %	71.00 %	76.80 %	79.21 %

100.000000 %	100.000000 %	100.000000 %	100.000000 %	100.000000 %	100.000000 %
\$ 1,045,784	\$ 1,049,566	\$ 1,139,058	\$ 1,342,959	\$ 1,024,072	\$ 902,213
\$ 663,265	\$ 643,961	\$ 636,471	\$ 624,466	\$ 556,050	\$ 561,220
157.67 %	162.99 %	178.96 %	215.06 %	184.17 %	160.76 %
79.41 %	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 Ten Fiscal Years
(Expressed in Thousands)

	2023	2022	2021	2020
State Employees - Primary Government				
Actuarially Determined Contribution	\$ 177,882	\$ 167,081	\$ 164,103	\$ 155,628
Contributions in Relation to the Actuarially Determined Employer Contribution	<u>(177,882)</u>	<u>(167,081)</u>	<u>(164,103)</u>	<u>(155,628)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 775,283	\$ 733,367	\$ 726,579	\$ 688,817
Contributions Recognized by the Pension Plan in Relation to the Actuarially Determined Employer Contribution as a Percentage of Employer's Covered Payroll	22.94 %	22.78 %	22.59 %	22.59 %
Maine Community College System - DCU				
Actuarially Determined Contribution	\$ 8,468	\$ 7,385	\$ 7,036	\$ 7,030
Contributions in Relation to the Actuarially Determined Employer Contribution	<u>(8,468)</u>	<u>(7,385)</u>	<u>(7,036)</u>	<u>(7,030)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 39,033	\$ 32,896	\$ 32,619	\$ 32,713
Contributions Recognized by the Pension Plan in Relation to the Actuarially Determined Employer Contribution as a Percentage of Employer's Covered Payroll	21.69 %	22.45 %	21.57 %	21.49 %
Combined Non-major and Formerly Reported Component Units				
Actuarially Determined Contribution	\$ 1,204	\$ 926	\$ 1,059	\$ 1,005
Contributions in Relation to the Actuarially Determined Employer Contribution	<u>(1,204)</u>	<u>(926)</u>	<u>(1,059)</u>	<u>(1,005)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 5,415	\$ 5,030	\$ 4,768	\$ 4,571
Contributions Recognized by the Pension Plan in Relation to the Actuarially Determined Employer Contribution as a Percentage of Employer's Covered Payroll	22.23 %	18.41 %	22.21 %	21.99 %
Total SETP - State of Maine Employees				
Actuarially Determined Contribution	\$ 187,554	\$ 175,392	\$ 172,198	\$ 163,663
Contributions in Relation to the Actuarially Determined Employer Contribution	<u>(187,554)</u>	<u>(175,392)</u>	<u>(172,198)</u>	<u>(163,663)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 819,731	\$ 771,293	\$ 763,966	\$ 726,101
Contributions Recognized by the Pension Plan in Relation to the Actuarially Determined Employer Contribution as a Percentage of Employer's Covered Payroll	22.88 %	22.74 %	22.54 %	22.54 %

(continued)

2019	2018	2017	2016	2015	2014
\$ 152,439 (152,439)	\$ 148,115 (148,115)	\$ 141,295 (141,295)	\$ 136,139 (136,139)	\$ 107,807 (107,807)	\$ 117,380 (117,380)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 627,615 24.29 %	\$ 608,615 24.34 %	\$ 601,904 23.47 %	\$ 588,415 23.14 %	\$ 521,846 20.66 %	\$ 525,765 22.33 %
\$ 7,416 (7,416)	\$ 7,347 (7,347)	\$ 6,863 (6,863)	\$ 7,159 (7,159)	\$ 8,135 (8,135)	\$ 3,133 (3,133)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 31,535 23.52 %	\$ 31,106 23.62 %	\$ 30,867 22.23 %	\$ 32,627 21.94 %	\$ 30,257 26.89 %	\$ 31,679 9.89 %
\$ 987 (987)	\$ 1,021 (1,021)	\$ 840 (840)	\$ 766 (766)	\$ 635 (635)	\$ 522 (522)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 4,115 23.99 %	\$ 4,240 24.08 %	\$ 3,700 22.70 %	\$ 3,424 22.37 %	\$ 3,947 16.09 %	\$ 3,776 13.82 %
\$ 160,842 (160,842)	\$ 156,483 (156,483)	\$ 148,998 (148,998)	\$ 144,064 (144,064)	\$ 116,577 (116,577)	\$ 121,035 (121,035)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 663,265 24.25 %	\$ 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)

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, 2023 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, 2023 can be found in the June 30, 2020 actuarial valuation report.

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 Nine Fiscal Years
(Expressed in Thousands)

	2023	2022	2021
Non-employer Contributing Entity's Proportion of:			
Percentage of the Collective Net Pension Liability	93.504374 %	94.381819 %	95.704826 %
Amount of the Collective Net Pension Liability	\$ 1,484,911	\$ 845,826	\$ 1,632,252
Plan Fiduciary Net Position As a Percentage of the Total Pension Liability	86.70 %	92.10 %	83.10 %

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.

2020	2019	2018	2017	2016	2015
95.540502 %	95.298384 %	95.016790 %	95.002519 %	95.036038 %	95.069591 %
\$ 1,465,876	\$ 1,349,443	\$ 1,452,536	\$ 1,766,662	\$ 1,350,118	\$ 1,027,065
84.50 %	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 Ten Fiscal Years
(Expressed in Thousands)

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Teachers - Non-Employer Contributions			
Actuarially Determined Contribution	\$ 200,007	\$ 194,229	\$ 179,330
Contributions in Relation to the Actuarially Determined Non-Employer Contribution	<u>(200,007)</u>	<u>(194,229)</u>	<u>(179,330)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer Contributions			
Actuarially Determined Contribution	\$ 70,616	\$ 68,677	\$ 67,031
Contributions in Relation to the Actuarially Determined Employer Contribution	<u>(70,616)</u>	<u>(68,677)</u>	<u>(67,031)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total SETP - Teachers			
Actuarially Determined Contribution	\$ 270,623	\$ 262,906	\$ 246,361
Contributions in Relation to the Actuarially Determined Employer Contribution	<u>(270,623)</u>	<u>(262,906)</u>	<u>(246,361)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

2020	2019	2018	2017	2016	2015	2014
\$ 174,530 (174,530)	\$ 132,981 (132,981)	\$ 129,422 (129,422)	\$ 116,080 (116,080)	\$ 112,478 (112,478)	\$ 147,048 (147,048)	\$ 146,362 (146,362)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 61,582 (61,582)	\$ 56,761 (56,761)	\$ 54,472 (54,472)	\$ 47,659 (47,659)	\$ 45,349 (45,349)	\$ 38,404 (38,404)	\$ 36,931 (36,931)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 236,112 (236,112)	\$ 189,742 (189,742)	\$ 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)

Notes to Schedule:

Valuation date	June 30, 2019 June 30, 2023 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, 2023 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.

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 LIABILITIES
HEALTHCARE PLANS - STATE EMPLOYEES AND TEACHERS

Last Seven Fiscal Years
(Expressed in Thousands)

	2023	2022	2021	2020	2019	2018	2017
State Employee Healthcare Plan							
Total OPEB Liability							
Beginning Total Liability	\$ 1,077,787	\$ 1,236,901	\$ 1,180,487	\$ 1,226,111	\$ 1,199,512	\$ 1,161,320	\$ 1,143,542
Service Cost	18,237	17,706	18,311	17,777	17,425	16,917	12,246
Interest	68,578	79,021	78,426	81,020	79,128	76,921	75,650
Changes in Benefit Terms	-	554	-	-	-	-	-
Differences Between Expected and Actual Experience	19,145	(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	(43,982)	(47,026)	(48,155)	(71,199)	(70,524)	(58,347)	(54,118)
Benefit Payments, Including Refunds of Member Contributions - Implicit	(39,283)	(33,132)	(26,940)	(17,419)	(20,305)	(20,265)	(16,000)
Net Change in Total OPEB Liability	22,695	(159,114)	56,414	(45,624)	26,599	38,192	17,778
Ending Total OPEB Liability	1,100,482	1,077,787	1,236,901	1,180,487	1,226,111	1,199,512	1,161,320
Plan Fiduciary Net Position							
Beginning Plan Fiduciary Net Position	331,180	382,842	291,559	277,703	256,860	233,596	203,088
Employer Contributions - Explicit	43,982	49,026	50,155	71,199	72,524	60,347	58,118
Employer Contributions - Implicit	39,283	33,132	26,940	17,419	20,305	20,265	16,000
Discretionary/Prefunded	65,000	-	-	-	-	-	-
Net Investment Income	36,502	(53,659)	89,286	13,859	18,846	21,270	26,513
Benefit Payments, Including Refunds of Member Contributions	(83,265)	(80,158)	(75,095)	(88,618)	(90,829)	(78,612)	(70,118)
Administrative Expense	(3)	(3)	(3)	(3)	(3)	(6)	(5)
Net Change in Plan Fiduciary Net Position	101,499	(51,662)	91,283	13,856	20,843	23,264	30,508
Ending Plan Fiduciary Net Position	432,679	331,180	382,842	291,559	277,703	256,860	233,596
Ending Net OPEB Liability	\$ 667,803	\$ 746,607	\$ 854,059	\$ 888,928	\$ 948,408	\$ 942,652	\$ 927,724
Proportion							
Plan Fiduciary Net Position as Percentage of the Total OPEB Liability	39.3 %	30.7 %	31.0 %	24.7 %	22.6 %	21.4 %	20.1 %
Covered Payroll	\$ 785,462	\$ 737,707	\$ 736,411	\$ 687,595	\$ 626,384	\$ 612,195	\$ 574,663
Net OPEB Liability as a Percentage of Covered Payroll	\$ 85.0	\$ 101.2	\$ 116.0	\$ 129.3	\$ 151.4	\$ 154.0	\$ 161.4
Teacher Healthcare Plan							
Total OPEB Liability							
Service Cost	\$ 45,372						
Interest	53,324						
Differences Between Expected and Actual Experience	2,824						
Changes of Assumptions Discount Rate	(536,445)						
Benefit Payments, Including Refunds of Member Contributions	(38,523)						
Net Change in Total OPEB Liability	(473,448)						
Ending Total OPEB Liability	1,006,594						
Plan Fiduciary Net Position							
Non-Employer Contributions	38,523						
Discretionary/Prefunded	103,000						
Benefit Payments, Including Refunds of Member Contributions	(38,523)						
Net Change in Plan Fiduciary Net Position	103,000						
Ending Plan Fiduciary Net Position	103,000						
Ending Net OPEB Liability	\$ 903,594						
Plan Fiduciary Net Position as Percentage of the Total OPEB Liability							
Liability	10.2 %						
Covered Payroll	\$ 1,492,683						
Net OPEB Liability as a Percentage of Covered Payroll	\$ 60.5						

This information relates to the OPEB Plans at June 30, 2023 administered through trusts. This is not the employer's or non-employer contributing entity'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 Seven Fiscal Years
(Expressed in Thousands)

	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability							
Beginning Total Liability	\$ 235,060	\$ 223,516	\$ 213,309	\$ 204,432	\$ 196,263	\$ 183,723	\$ 175,647
Service Cost	2,856	2,757	2,683	2,191	2,132	2,122	2,065
Interest	15,219	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	(7,685)	(6,818)	(6,614)	(8,178)	(7,118)	(7,270)	(6,004)
Net Change in Total OPEB Liability	10,390	11,544	10,207	8,877	8,169	12,540	8,076
Ending Total OPEB Liability	245,450	235,060	223,516	213,309	204,432	196,263	183,723
Plan Fiduciary Net Position							
Beginning Plan Fiduciary Net Position	123,155	140,600	105,617	100,617	94,287	86,883	77,416
Employer and Non-Employer Contributions	11,053	10,585	9,867	9,311	7,756	7,639	6,921
Net Investment Income	14,264	(20,387)	32,552	4,886	6,418	7,805	9,886
Benefit Payments, Including Refunds of Member Contributions	(7,685)	(6,818)	(6,614)	(8,178)	(7,118)	(7,270)	(6,004)
Administrative Expense	(951)	(825)	(822)	(1,019)	(726)	(770)	(1,336)
Net Change in Plan Fiduciary Net Position	16,681	(17,445)	34,983	5,000	6,330	7,404	9,467
Ending Plan Fiduciary Net Position	139,836	123,155	140,600	105,617	100,617	94,287	86,883
Ending Net OPEB Liability	\$ 105,614	\$ 111,905	\$ 82,916	\$ 107,692	\$ 103,815	\$ 101,976	\$ 96,840
Plan Fiduciary Net Position as Percentage of the Total OPEB Liability	57.0 %	52.4 %	62.9 %	49.5 %	49.2 %	48.0 %	47.3 %
Covered Payroll	\$ 1,644,477	\$ 1,600,465	\$ 1,525,193	\$ 1,484,373	\$ 1,380,619	\$ 1,343,669	\$ 1,277,009
Net OPEB Liability as a Percentage of Covered Payroll	6.4 %	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 Seven Fiscal Years
(Expressed in Thousands)

	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability							
Beginning Total Liability	\$ 1,789,794	\$ 1,905,991	\$ 1,441,260	\$ 1,235,862	\$ 1,248,326	\$ 1,323,731	\$ 1,323,731
Service Cost	66,336	68,197	44,132	33,787	35,795	42,214	-
Interest	39,764	43,314	51,449	48,502	45,495	38,521	-
Changes in Benefit Terms	-	325,417	-	-	-	-	-
Contribution - Non-Employer Contributing Entity	(30,586)	(28,719)	(31,133)	(33,032)	(26,855)	(28,848)	-
Differences Between Expected and Actual Experience	(2,390)	(457,831)	846	59,296	(5,178)	-	-
Changes of Assumptions Discount Rate	(382,876)	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	<u>(309,752)</u>	<u>(116,197)</u>	<u>464,731</u>	<u>205,398</u>	<u>(12,464)</u>	<u>(75,405)</u>	<u>-</u>
Ending Total OPEB Liability	<u>\$ 1,480,042</u>	<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-Employee Payroll	\$ 1,473,733	\$ 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-Employee Payroll	100.4 %	126.5 %	149.3 %	114.3 %	106.9 %	107.5 %	117.6 %
State's Proportionate Share of the Collective Total OPEB	75 %	78 %	80 %	75 %	74 %	83 %	83 %

The measurement date used is the date one year prior to the current fiscal year, or June 30, 2022. The plan did not accumulate assets in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits. This plan was funded on a pay-as-you-go basis prior to June 30, 2023. The State's proportionate share for fiscal years June 30, 2017 through June 30, 2022 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 Seven Fiscal Years
(Expressed in Thousands)

	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability							
Beginning Total Liability	\$ 32,680	\$ 31,926	\$ 27,506	\$ 19,232	\$ 18,980	\$ 26,052	\$ -
Service Cost	1,639	1,553	1,142	751	776	1,836	-
Interest	729	731	989	763	698	786	-
Changes in Benefit Terms	-	165	-	8,247	-	-	-
Contribution - Employee	(837)	(693)	(696)	(592)	(617)	(618)	-
Contribution - Non-Employer Contributing Entity	(397)	(218)	(242)	(48)	(5)	(78)	-
Administrative Expenses	98	72	132	92	98	99	-
Differences Between Expected and Actual Experience	(287)	(1,641)	(210)	(863)	(191)	(2,909)	-
Changes of Assumptions Discount Rate	(3,676)	138	3,305	939	(507)	(1,325)	-
Changes of Assumptions - Others	-	647	-	(1,015)	-	(4,863)	-
Net Change in Total OPEB Liability	<u>(2,731)</u>	<u>754</u>	<u>4,420</u>	<u>8,274</u>	<u>252</u>	<u>(7,072)</u>	<u>-</u>
Ending Total OPEB Liability	<u>\$ 29,949</u>	<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-Employee Payroll	\$ 55,806	\$ 46,207	\$ 46,395	\$ 66,360	\$ 64,427	\$ 62,551	\$ 55,651
Total OPEB Liability as Percentage of Covered-Employee Payroll	53.7 %	70.7 %	68.8 %	41.4 %	29.9 %	30.3 %	46.8 %
State's Proportionate Share of the Collective Total OPEB	24 %	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, 2022 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 OPEB PLANS

Last Seven Fiscal Years
(Expressed in Thousands)

	2023	2022	2021	2020	2019	2018	2017
State Employee Healthcare							
Actuarially Determined Contribution	\$ 74,913	\$ 52,922	\$ 58,819	\$ 56,241	\$ 71,363	\$ 71,179	\$ 69,000
Contributions in Relation to the Actuarially Determined Employer Contribution	<u>(148,265)</u>	<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>\$ (73,352)</u>	<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	\$ 785,462	\$ 737,707	\$ 736,411	\$ 687,595	\$ 626,384	\$ 612,195	\$ 582,934
Contributions as a Percentage of Covered Payroll	18.88 %	11.14 %	10.47 %	12.89 %	14.82 %	13.17 %	12.67 %
State Employee and Teacher Group Life Insurance Benefit Plan							
Actuarially Determined Contribution	\$ 11,593	\$ 11,242	\$ 10,965	\$ 10,671	\$ 9,040	\$ 8,806	\$ 8,240
Contributions in Relation to the Actuarially Determined Employer Contribution	<u>(11,053)</u>	<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>\$ 540</u>	<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	\$ 1,644,477	\$ 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	0.67 %	0.66 %	0.65 %	0.63 %	0.56 %	0.57 %	0.54 %
Teacher Healthcare							
Actuarially Determined Contribution	\$ 106,617	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in Relation to the Actuarially Determined Employer Contribution	<u>(141,523)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution Deficiency (Excess)	<u>\$ (34,906)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 1,492,683	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a Percentage of Covered Payroll	9.48 %	- %	- %	- %	- %	- %	- %

Notes to Schedule:

Actuarial assumptions for State Health Insurance and Group Life Insurance 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 2022 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, 2023. 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. For June 30, 2023, the initial medical trend rate was 7.53 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 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, 2023. The ADC for 2023 and 2022 was based on the June 30, 2018 valuation rolled forward and adjusted for changes in assumptions. The participation rate for future retirees is 100 percent of those currently enrolled.

STATE OF MAINE
SCHEDULE OF STATE CONTRIBUTIONS
STATE TRUST FUND OPEB PLANS

Last Seven Fiscal Years
(Expressed in Thousands)

Teacher Health Insurance

The valuation date and establishment of a funded Irrevocable OPEB Trust was June 30, 2023. Prior to that date the State funded the plan on a pay-as-you-go basis. Costs are developed using the individual 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. One third of active participants who have currently waived coverage elect coverage at retirement. Actuarial assumptions used in the June 30, 2023 actuarial valuation 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, 2023 include: using a level percent of payroll, amortizing the unfunded liability as of June 30, 2022 over 15 years (fully recognized by June 30, 2037), a long-term expected rate of return of 6.5%, and a 5-year smoothed market asset valuation method. The initial medical trend rate had been 7.63 percent at June 30, 2022. For June 30, 2023, the initial medical trend rate was 7.53 percent. The ultimate medical trend rate of 4.19 percent will be reached at 2075. All other assumptions and methods can be found in the June 30, 2021 State of Maine Teacher Retiree Healthcare Plan valuation report dated September 2022.

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 OPEB PLANS

Last Seven Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
State Employee Healthcare Plan & State Employee and Teacher Group Life Insurance Benefit Plan							
Annual money-weighted rate of return, net of investment expense	11.00 %	14.10 %	30.60 %	6.00 %	6.60 %	9.00 %	12.88 %
	-	-	-	-	-	-	-
Teacher Healthcare Plan							
Annual money-weighted rate of return, net of investment expense	-						
	%						

Notes to Schedule:

The Teacher Healthcare Plan was funded on June 30, 2023. There was no investment return in 2023.

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 17,850 lane miles of roads and 3,023 bridges having a total deck area of 12.5 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.

Data Element	Point Rating (%)	Description
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).
<hr/> 100 <hr/>		

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.

Data Element	Point Rating (%)	Description
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.

Adequacy Rating	Total
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.

Fiscal Year	Highways	Bridges
2023	74.3	74.0
2022	76.2	74.0
2021	74.0	74.7

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).

Actual Preservation Costs					
(Expressed in millions)					
	2023	2022	2021	2020	2019
Highways	\$ 197.0	\$ 153.2	\$ 157.4	\$ 148.3	\$ 119.6
Bridges	8.7	22.8	34.9	32.0	13.2
Total	<u>\$ 205.7</u>	<u>\$ 176.0</u>	<u>\$ 192.3</u>	<u>\$ 180.3</u>	<u>\$ 132.8</u>

Estimated Preservation Costs					
(Expressed in millions)					
	2023	2022	2021	2020	2019
Highways	\$ 175.0	\$ 150.0	\$ 150.0	\$ 130.0	\$ 112.0
Bridges	30.0	35.0	35.0	15.0	13.5
Total	<u>\$ 205.0</u>	<u>\$ 185.0</u>	<u>\$ 185.0</u>	<u>\$ 145.0</u>	<u>\$ 125.5</u>

Transportation Bonds

Transportation bonds, approved by referendum, are issued to fund improvements to highways and bridges. Of the amount authorized by PL 2021, Chapter 408, \$29.5 million in General Fund bonds were spent during FY2023. Of the amount authorized by PL 2019, Chapter 673, \$2.9 million in General Fund bonds were spent during FY2023.



**COMBINING AND
INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES**

STATE OF MAINE
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES
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NON-MAJOR GOVERNMENTAL FUNDS

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, 2023
(Expressed in Thousands)

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	<u>Total Other Governmental Funds</u>
Assets				
Equity in Treasurer's Cash Pool	\$ 336	\$ -	\$ -	\$ 336
Investments	106,922	-	45,922	152,844
Restricted Assets:				
Restricted Equity in Treasurer's Cash Pool	-	122,486	-	122,486
Total Assets	<u>\$ 107,258</u>	<u>\$ 122,486</u>	<u>\$ 45,922</u>	<u>\$ 275,666</u>
Liabilities and Fund Balances				
Accounts Payable	\$ -	\$ 236	\$ -	\$ 236
Due to Other Funds	-	12	-	12
Due to Component Units	-	340	-	340
Unearned Revenue	-	3	-	3
Total Liabilities	-	591	-	591
Fund Balances				
Non-Spendable Legal or Contractual	-	-	45,922	45,922
Restricted	107,258	121,895	-	229,153
Total Fund Balances	<u>107,258</u>	<u>121,895</u>	<u>45,922</u>	<u>275,075</u>
Total Liabilities and Fund Balances	<u>\$ 107,258</u>	<u>\$ 122,486</u>	<u>\$ 45,922</u>	<u>\$ 275,666</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, 2023
(Expressed in Thousands)

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	<u>Total Other Governmental Funds</u>
Revenues				
Investment Income (Loss)	\$ 9,526	\$ -	\$ 5,040	\$ 14,566
Total Revenues	<u>9,526</u>	<u>-</u>	<u>5,040</u>	<u>14,566</u>
Expenditures				
Governmental Support & Operations	66	-	-	66
Economic Development & Workforce Training	-	1,992	-	1,992
Education	-	11,868	-	11,868
Natural Resources Development & Protection	-	8,098	-	8,098
Justice & Protection	-	71	-	71
Transportation Safety & Development	-	5,000	-	5,000
Debt Service:				
Capital Outlay	-	47,244	-	47,244
Total Expenditures	<u>66</u>	<u>74,273</u>	<u>-</u>	<u>74,339</u>
Revenue over (under) Expenditures	<u>9,460</u>	<u>(74,273)</u>	<u>5,040</u>	<u>(59,773)</u>
Other Financing Sources (Uses)				
Transfer to Other Funds	(3,718)	-	(984)	(4,702)
Bonds Issued	-	151,390	-	151,390
Premiums on Bond Issuance	-	15,740	-	15,740
Net Other Financing Sources (Uses)	<u>(3,718)</u>	<u>167,130</u>	<u>(984)</u>	<u>162,428</u>
Net Change in Fund Balances	<u>5,742</u>	<u>92,857</u>	<u>4,056</u>	<u>102,655</u>
Fund Balance at Beginning of Year	<u>101,516</u>	<u>29,038</u>	<u>41,866</u>	<u>172,420</u>
Fund Balances, End of Year	<u>\$ 107,258</u>	<u>\$ 121,895</u>	<u>\$ 45,922</u>	<u>\$ 275,075</u>



OTHER GOVERNMENTAL FUNDS

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, 2023
(Expressed in Thousands)

	<u>Baxter Park</u>	<u>Revenue on Permanent Funds</u>	<u>Total Special Revenue Funds</u>
Assets			
Equity in Treasurer's Cash Pool	\$ -	\$ 336	\$ 336
Investments	106,906	16	106,922
Total Assets	<u>\$ 106,906</u>	<u>\$ 352</u>	<u>\$ 107,258</u>
Liabilities and Fund Balances			
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Restricted	106,906	352	107,258
Total Fund Balances	<u>106,906</u>	<u>352</u>	<u>107,258</u>
Total Liabilities and Fund Balances	<u>\$ 106,906</u>	<u>\$ 352</u>	<u>\$ 107,258</u>

STATE OF MAINE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR SPECIAL REVENUE FUNDS

Fiscal Year Ended June 30, 2023
(Expressed in Thousands)

	<u>Baxter Park</u>	<u>Revenue on Permanent Funds</u>	<u>Total Special Revenue Funds</u>
Revenues			
Investment Income (Loss)	\$ 9,058	\$ 468	\$ 9,526
Total Revenues	<u>9,058</u>	<u>468</u>	<u>9,526</u>
Expenditures			
Current:			
General Government	-	66	66
Total Expenditures	<u>-</u>	<u>66</u>	<u>66</u>
Revenue over (under) Expenditures	<u>9,058</u>	<u>402</u>	<u>9,460</u>
Other Financing Sources (Uses)			
Transfer to Other Funds	<u>(3,338)</u>	<u>(380)</u>	<u>(3,718)</u>
Net Other Financing Sources (Uses)	(3,338)	(380)	(3,718)
Net Change in Fund Balances	<u>5,720</u>	<u>22</u>	<u>5,742</u>
Fund Balance at Beginning of Year	<u>101,186</u>	<u>330</u>	<u>101,516</u>
Fund Balances at End of Year	<u>\$ 106,906</u>	<u>\$ 352</u>	<u>\$ 107,258</u>

**STATE OF MAINE
COMBINING BALANCE SHEET
NON-MAJOR PERMANENT FUNDS**

June 30, 2023
(Expressed in Thousands)

	<u>Baxter Trust</u>	<u>Other Trust</u>	<u>Permanent School</u>	<u>Total Permanent Funds</u>
Assets				
Investments	\$ 10,484	\$ 30,194	\$ 5,244	\$ 45,922
Total Assets	<u>\$ 10,484</u>	<u>\$ 30,194</u>	<u>\$ 5,244</u>	<u>\$ 45,922</u>
Fund Balances				
Non-Spendable Legal or Contractual	<u>\$ 10,484</u>	<u>\$ 30,194</u>	<u>\$ 5,244</u>	<u>\$ 45,922</u>

STATE OF MAINE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR PERMANENT FUNDS

Fiscal Year Ended June 30, 2023
(Expressed in Thousands)

	<u>Baxter Trust</u>	<u>Other Trust</u>	<u>Permanent School</u>	<u>Total Permanent Funds</u>
Revenues				
Investment Income (Loss)	\$ 911	\$ 3,673	\$ 456	\$ 5,040
Total Revenues	<u>911</u>	<u>3,673</u>	<u>456</u>	<u>5,040</u>
Expenditures				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenue over (under) Expenditures	<u>911</u>	<u>3,673</u>	<u>456</u>	<u>5,040</u>
Other Financing Sources (Uses)				
Transfer to Other Funds	<u>-</u>	<u>(984)</u>	<u>-</u>	<u>(984)</u>
Net Other Financing Sources (Uses)	<u>-</u>	<u>(984)</u>	<u>-</u>	<u>(984)</u>
Revenues and Other Sources over (under) Expenditures and Other Uses	<u>911</u>	<u>2,689</u>	<u>456</u>	<u>4,056</u>
Fund Balance at Beginning of Year	<u>9,573</u>	<u>27,505</u>	<u>4,788</u>	<u>41,866</u>
Fund Balances at End of Year	<u>\$ 10,484</u>	<u>\$ 30,194</u>	<u>\$ 5,244</u>	<u>\$ 45,922</u>



BUDGETARY COMPARISON SCHEDULES

STATE OF MAINE
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND EXPENDITURES BY AGENCY

Fiscal Year Ended June 30, 2023
(Expressed in Thousands)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Department of Administrative and Financial Services			
Administrative Services	\$ 22,478	\$ 16,820	\$ 5,658
Financial Services	127,624	119,718	7,906
Human Resources	3,022	2,575	447
Financial and Personnel Services	301	237	64
Liquor and Lottery	1,709	1,508	201
Marijuana	2,748	2,425	323
Purchasing	2,178	1,727	451
Bureau of Information Services	15,093	10,468	4,625
State Employee Health Commission	773	773	-
	<u>175,926</u>	<u>156,251</u>	<u>19,675</u>
Department of Agriculture, Conservation and Forestry	<u>49,193</u>	<u>42,344</u>	<u>6,849</u>
Attorney General	<u>24,938</u>	<u>23,749</u>	<u>1,189</u>
State Auditor	<u>1,660</u>	<u>1,373</u>	<u>287</u>
Department of Corrections			
Corrections	99,998	82,181	17,817
Maine State Prison	42,341	41,936	405
Maine Correctional Center	30,582	28,472	2,110
Downeast Correctional Facility	2,193	2,161	32
Charleston Correctional Facility	19,008	18,772	236
Long Creek Youth Development Center	16,691	14,036	2,655
County Jail Operations	20,342	20,342	-
	<u>231,155</u>	<u>207,900</u>	<u>23,255</u>
Department of Economic and Community Development	<u>17,657</u>	<u>13,734</u>	<u>3,923</u>
Department of Environmental Protection	<u>12,467</u>	<u>12,386</u>	<u>81</u>
Department of Human Services			
Human Services	<u>1,574,997</u>	<u>1,402,785</u>	<u>172,212</u>
Department of Labor			
Labor	13,075	12,248	827
Labor Relations Board	453	405	48
	<u>13,528</u>	<u>12,653</u>	<u>875</u>
Department of Transportation			
Defense, Veterans and Emergency Management	<u>13,919</u>	<u>9,733</u>	<u>4,186</u>
Department of Education			
Education	1,695,698	1,632,378	63,320
Education - Unorganized Territory	15,723	14,565	1,158
	<u>1,711,421</u>	<u>1,646,943</u>	<u>64,478</u>
General Government			
Office of the Governor	13,419	9,955	3,464
Ombudsman Program	387	302	85
	<u>13,806</u>	<u>10,257</u>	<u>3,549</u>
Department of Inland Fisheries and Wildlife	<u>35,141</u>	<u>33,714</u>	<u>1,427</u>
Judicial Department	<u>97,514</u>	<u>94,552</u>	<u>2,962</u>

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Legislative Department			
Legislative	35,784	30,685	5,099
Law and Legislative Reference Library	1,962	1,368	594
Statehouse Preservation and Maintenance	800	250	550
Program Evaluation and Government Accountability	1,567	1,292	275
	<u>40,113</u>	<u>33,595</u>	<u>6,518</u>
Department of Marine Resources	<u>17,728</u>	<u>15,124</u>	<u>2,604</u>
Department of Public Safety	<u>58,718</u>	<u>53,583</u>	<u>5,135</u>
Secretary of State			
Secretary of State	6,100	5,073	1,027
Archives Services	3,642	1,469	2,173
	<u>9,742</u>	<u>6,542</u>	<u>3,200</u>
Treasurer of State	<u>127,514</u>	<u>126,858</u>	<u>656</u>
Other Agencies			
Maine Maritime Academy	18,565	18,565	-
University of Maine	257,091	257,091	-
Board of Education	194	178	16
Office of Affordable Healthcare	404	54	350
Permanent Commission Status of Racial Indigenous and Tribal	1,388	853	535
Maine Fire Protection Service Commission	1,922	-	1,922
Com. On Governmental Ethics and Election Practices	463	341	122
Finance Authority of Maine	28,540	28,320	220
Saco River Corridor Commission	47	47	-
Human Rights Commission	1,176	1,139	37
Maine Indian Tribal State Council	167	167	-
Board of Property Tax Review	310	216	94
Museum	2,997	2,203	794
Maine Municipal Bond Bank	69	69	-
Maine State Cultural Affairs Council	51	29	22
Maine Historic Preservation Commission	512	504	8
Library	6,061	3,932	2,129
Maine State Retirement System	207	207	-
Arts and Humanities Administration	1,062	905	157
Maine Efficiency Trust	500	500	-
Dirigo Health	1,567	1,002	565
Commission on Indigent Legal Services	18,306	16,016	2,290
Maine Humanities Council	163	163	-
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	126	-
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	2,900	2,900	-
Maine Potato Board	161	161	-
Pine Tree Legal	650	650	-
Maine Community College System	79,067	79,067	-
	<u>426,717</u>	<u>417,456</u>	<u>9,261</u>
Grand Total	<u>\$ 4,653,854</u>	<u>\$ 4,321,532</u>	<u>\$ 332,322</u>



**BUDGETARY COMPARISON SCHEDULE
HIGHWAY FUND EXPENDITURES BY AGENCY**

Fiscal Year Ended June 30, 2023
(Expressed in Thousands)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Actual Budget</u>
Department of Administrative and Financial Services			
Administrative Services	\$ 1,848	\$ 1,697	\$ 151
Financial Services	836	804	32
	<u>2,684</u>	<u>2,501</u>	<u>183</u>
Department of Environmental Protection	<u>32</u>	<u>27</u>	<u>5</u>
Legislative Department			
Legislative	<u>8</u>	<u>-</u>	<u>8</u>
Department of Transportation			
Transportation	<u>282,895</u>	<u>258,892</u>	<u>24,003</u>
Department of Public Safety	<u>33,399</u>	<u>31,458</u>	<u>1,941</u>
Secretary of State			
Motor Vehicles	<u>50,232</u>	<u>41,732</u>	<u>8,500</u>
Grand Total	<u>\$ 369,250</u>	<u>\$ 334,610</u>	<u>\$ 34,640</u>

STATE OF MAINE
BUDGETARY COMPARISON SCHEDULE
FEDERAL FUND EXPENDITURES BY AGENCY

Fiscal Year Ended June 30, 2023
(Expressed in Thousands)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Department of Administrative and Financial Services			
Administrative Services	\$ 10,000	\$ 7,673	\$ 2,327
Bureau of Information Services	32,096	5,393	26,703
Financial Services	16,283	1,676	14,607
Financial and Personnel Services	1,473	629	844
Purchasing	750	-	750
State Employee Health Commission	8	-	8
	<u>60,610</u>	<u>15,371</u>	<u>45,239</u>
Department of Agriculture, Conservation and Forestry	<u>103,790</u>	<u>43,409</u>	<u>60,381</u>
Attorney General	<u>4,443</u>	<u>2,839</u>	<u>1,604</u>
Department of Corrections			
Corrections	4,298	1,520	2,778
Maine State Prison	1	-	1
Maine Correctional Center	70	-	70
Charleston Correctional Facility	82	-	82
Long Creek Youth Development Center	366	300	66
	<u>4,817</u>	<u>1,820</u>	<u>2,997</u>
Department of Economic and Community Development	<u>259,323</u>	<u>77,883</u>	<u>181,440</u>
Department of Environmental Protection	<u>64,113</u>	<u>17,155</u>	<u>46,958</u>
Department of Human Services			
Human Services	<u>4,062,479</u>	<u>3,649,273</u>	<u>413,206</u>
Department of Labor	<u>144,511</u>	<u>61,011</u>	<u>83,500</u>
Department of Transportation			
Transportation	469,287	338,419	130,868
Air Transportation	4,309	2,432	1,877
Ferry Service/Ports and Marine	1,700	785	915
Rail/Van Pool	26,100	1,462	24,638
	<u>501,396</u>	<u>343,098</u>	<u>158,298</u>
Defense, Veterans and Emergency Management	<u>317,387</u>	<u>187,730</u>	<u>129,657</u>
Department of Education			
Education	989,175	444,731	544,444
Education - Unorganized Territory	1,165	450	715
	<u>990,340</u>	<u>445,181</u>	<u>545,159</u>
General Government			
Office of the Governor	11,095	2,548	8,547
Ombudsman Program	77	63	14
	<u>11,172</u>	<u>2,611</u>	<u>8,561</u>
Department of Inland Fisheries and Wildlife	<u>49,119</u>	<u>18,862</u>	<u>30,257</u>
Judicial Department	<u>2,441</u>	<u>1,570</u>	<u>871</u>
Department of Marine Resources	<u>38,316</u>	<u>19,955</u>	<u>18,361</u>

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Department of Professional and Financial Regulation			
Professional and Financial Regulation	87,174	36,848	50,326
Board of Nursing	10	-	10
Department of Public Safety	27,390	12,529	14,861
Public Utilities Commission	60	47	13
Secretary of State			
Secretary of State	4,820	1,303	3,517
Motor Vehicles	1,335	-	1,335
Archives Services	32	-	32
	6,187	1,303	4,884
Other Agencies			
Maine Maritime Academy	2,000	1,166	834
University of Maine	35,000	1,706	33,294
Maine Connectivity Authority	16,000	1,000	15,000
Permanent Commission Status of Racial Indigenous and Tribal	501	15	486
Finance Authority of Maine	4,001	1,030	2,971
Human Rights Commission	606	387	219
Museum	226	-	226
Maine Historic Preservation Commission	1,025	785	240
Library	1,939	1,676	263
Arts and Humanities Administration	1,606	744	862
Maine Efficiency Trust	50,000	8,650	41,350
Commission on Indigent Legal Services	4,000	4,000	-
Maine Public Broadcasting Corporation	10,000	4,418	5,582
Maine State Housing Authority	90,822	56,275	34,547
Maine Community College System	34,673	6,390	28,283
	252,399	88,242	164,157
Grand Total	<u>\$ 6,987,477</u>	<u>\$ 5,026,737</u>	<u>\$ 1,960,740</u>

STATE OF MAINE
BUDGETARY COMPARISON SCHEDULE
OTHER SPECIAL REVENUE FUND EXPENDITURES BY AGENCY

Fiscal Year Ended June 30, 2023
(Expressed in Thousands)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Department of Administrative and Financial Services			
Administrative Services	\$ 19,205	\$ 4,083	\$ 15,122
Bureau of Information Services	1,436	787	649
Financial Services	966,918	757,112	209,806
Human Resources	5	-	5
Financial and Personnel Services	30	8	22
Liquor and Lottery	19	4	15
Marijuana	7,854	3,676	4,178
State Employee Health Commission	75	-	75
Purchasing	4	-	4
	<u>995,546</u>	<u>765,670</u>	<u>229,876</u>
Department of Agriculture, Conservation and Forestry	<u>176,177</u>	<u>68,208</u>	<u>107,969</u>
Attorney General	<u>22,577</u>	<u>18,996</u>	<u>3,581</u>
State Auditor	<u>3,078</u>	<u>2,348</u>	<u>730</u>
Department of Corrections			
Corrections	1,420	350	1,070
Maine State Prison	120	55	65
Maine Correctional Center	368	83	285
Charleston Correctional Facility	137	67	70
Long Creek Youth Development Center	39	-	39
County Jail Operations	566	265	301
	<u>2,650</u>	<u>820</u>	<u>1,830</u>
Department of Economic and Community Development	<u>38,513</u>	<u>19,709</u>	<u>18,804</u>
Department of Environmental Protection			
Department of Environmental Protection	<u>74,747</u>	<u>38,557</u>	<u>36,190</u>
Department of Human Services			
Human Services	<u>740,272</u>	<u>599,423</u>	<u>140,849</u>
Department of Labor			
Labor	12,536	14,710	(2,174)
Labor Relations Board	140	37	103
	<u>12,676</u>	<u>14,747</u>	<u>(2,071)</u>
Department of Transportation			
Transportation	502,221	210,764	291,457
Air Transportation	2,245	774	1,471
Ferry Service/Ports & Maine	535	158	377
Rail/Van Pool	3,957	1,800	2,157
	<u>508,958</u>	<u>213,496</u>	<u>295,462</u>
Defense, Veterans and Emergency Management	<u>12,557</u>	<u>1,108</u>	<u>11,449</u>
Department of Education			
Education	51,521	36,297	15,224
Education - Unorganized Territory	8	-	8
	<u>51,529</u>	<u>36,297</u>	<u>15,232</u>
General Government			
Office of the Governor	2,397	1,217	1,180
Public Advocate	4,735	2,968	1,767
	<u>7,132</u>	<u>4,185</u>	<u>2,947</u>
Department of Inland Fisheries and Wildlife	<u>13,482</u>	<u>7,261</u>	<u>6,221</u>
Judicial Department	<u>13,142</u>	<u>7,822</u>	<u>5,320</u>
Legislative Department			
Legislative	<u>321</u>	<u>123</u>	<u>198</u>

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Department of Marine Resources	<u>12,648</u>	<u>8,345</u>	<u>4,303</u>
Department of Professional and Financial Regulation			
Professional and Financial Regulation	35,597	25,328	10,269
Board of Dental Examiners	606	525	81
Board of Nursing	1,302	1,243	59
Board of Optometry	107	87	20
Board of Osteopathic Examination and Registration	303	292	11
Board of Professional Engineers	315	291	24
Board of Registration in Medicine	1,920	1,666	254
	<u>40,150</u>	<u>29,432</u>	<u>10,718</u>
Department of Public Safety	<u>32,400</u>	<u>25,194</u>	<u>7,206</u>
Public Utilities Commission	<u>25,204</u>	<u>20,122</u>	<u>5,082</u>
Secretary of State			
Secretary of State	549	401	148
Motor Vehicles	1,474	830	644
Archives Services	34	5	29
	<u>2,057</u>	<u>1,236</u>	<u>821</u>
Treasurer of State	<u>286,697</u>	<u>264,116</u>	<u>22,581</u>
Other Agencies			
Maine Maritime	187	187	-
University of Maine	5,081	4,809	272
Worker's Compensation Board	13,854	12,596	1,258
Maine Health Data Organization	2,385	1,742	643
Permanent Commission Status of Racial Indigenous and Tribal	51	-	51
Maine Charter School	760	669	91
Maine Redevelopment Land Bank Authority	923	-	923
Baxter State Park Authority	5,763	4,770	993
Com. On Governmental Ethics and Election Practices	4,357	2,766	1,591
Finance Authority of Maine	12,785	12,785	-
Saco River Corridor Commission	96	96	-
Human Rights Commission	129	25	104
Board of Property Tax Review	3	-	3
Museum	446	136	310
Maine Municipal Bond Bank	48,072	41,542	6,530
Maine State Cultural Affairs Council	66	-	66
Maine Historic Preservation Commission	714	300	414
Library	1,088	619	469
Lobster Promotion Council	2,306	1,479	827
Arts and Humanities Administration	109	27	82
Maine Efficiency Trust	3,656	3,645	11
Commission on Indigent Legal Services	19,699	7,071	12,628
Telecommunication Relay Services Council	719	269	450
Maine Children's Trust Incorporated	48	4	44
Maine State Housing Authority	125,726	122,720	3,006
Maine Potato Board	1,586	1,057	529
ConnectME Authority	1,716	-	1,716
Maine Community College System	24,389	23,899	490
Wild Blueberry Commission of Maine	1,875	1,397	478
	<u>278,589</u>	<u>244,610</u>	<u>33,979</u>
Grand Total	<u>\$ 3,351,102</u>	<u>\$ 2,391,825</u>	<u>\$ 959,277</u>



NON-MAJOR ENTERPRISE FUNDS

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, 2023
(Expressed in Thousands)

	<u>Lottery</u>	<u>Alcoholic Beverages</u>	<u>Maine Military Authority</u>	<u>Ferry Service</u>
Assets				
Current assets:				
Equity in Treasurer's Cash Pool	\$ -	\$ 6,034	\$ -	\$ 637
Cash & Short-Term Investments	750	-	-	3
Cash with Fiscal Agent	-	2,640	-	-
Restricted Assets				
Restricted Deposits & Investments	-	-	-	-
Inventories	-	-	-	267
Receivables, Net of Allowance for Uncollectibles:				
Other Receivable	33,067	3,853	-	140
Due from Other Funds	11,163	-	-	4
Total Current assets	<u>44,980</u>	<u>12,527</u>	<u>-</u>	<u>1,051</u>
Noncurrent Assets:				
Equity in Treasurer's Cash Pool	-	1,623	-	172
Capital Assets, Net of Accumulated Depreciation	-	360	-	64,188
Total Noncurrent Assets	<u>-</u>	<u>1,983</u>	<u>-</u>	<u>64,360</u>
Total Assets	<u>44,980</u>	<u>14,510</u>	<u>-</u>	<u>65,411</u>
Deferred Outflows of Resources	<u>\$ 794</u>	<u>\$ 145</u>	<u>\$ -</u>	<u>\$ 3,210</u>
Liabilities				
Current Liabilities:				
Accounts Payable	\$ 4,134	\$ 8,932	\$ -	\$ 428
Accrued Payroll	94	24	-	354
Due to Other Funds	57	10	27	142
Current Portion of Long-Term Obligations:				
Certificates of Participation and Other Financing Arrangements	-	428	-	-
Compensated Absences	8	4	-	82
Unearned Revenue	34	-	-	-
Other Accrued Liabilities	35,831	3	-	-
Total Current Liabilities	<u>40,158</u>	<u>9,401</u>	<u>27</u>	<u>1,006</u>
Long-Term Liabilities				
Working Capital Advances Payable	-	-	-	-
Certificates of Participation & Other Financing Arrangements	-	2,143	-	-
Compensated Absences	54	23	-	538
Net Pension Liability	1,350	200	-	5,104
Net Other Post-Employment Benefit Liability	1,283	175	-	4,868
Total Long-Term Liabilities	<u>2,687</u>	<u>2,541</u>	<u>-</u>	<u>10,510</u>
Total Liabilities	<u>42,845</u>	<u>11,942</u>	<u>27</u>	<u>11,516</u>
Deferred Inflows of Resources	<u>\$ 440</u>	<u>\$ 61</u>	<u>\$ -</u>	<u>\$ 1,671</u>
Net Position				
Net Investment in Capital Assets	-	360	-	64,188
Unrestricted	2,489	2,292	(27)	(8,754)
Total Net Position	<u>\$ 2,489</u>	<u>\$ 2,652</u>	<u>\$ (27)</u>	<u>\$ 55,434</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>
\$ 615	\$ 50	\$ 1,051	\$ 6,463	\$ 1,107	\$ 15,957
1	-	-	-	-	754
-	-	-	-	-	2,640
-	-	-	11	-	11
5,185	-	-	-	-	5,452
26	-	57	-	-	37,143
20	-	1,987	-	-	13,174
<u>5,847</u>	<u>50</u>	<u>3,095</u>	<u>6,474</u>	<u>1,107</u>	<u>75,131</u>
166	14	283	1,739	298	4,295
148	-	-	-	-	64,696
<u>314</u>	<u>14</u>	<u>283</u>	<u>1,739</u>	<u>298</u>	<u>68,991</u>
<u>6,161</u>	<u>64</u>	<u>3,378</u>	<u>8,213</u>	<u>1,405</u>	<u>144,122</u>
\$ 110	\$ -	\$ 2,711	\$ 330	\$ -	\$ 7,300
\$ 67	\$ -	\$ 7	\$ 21	\$ -	\$ 13,589
14	-	416	43	-	945
15	-	109	22	-	382
-	-	-	-	-	428
2	-	38	5	-	139
-	-	-	-	-	34
-	-	-	-	-	35,834
<u>98</u>	<u>-</u>	<u>570</u>	<u>91</u>	<u>-</u>	<u>51,351</u>
-	-	-	-	1,600	1,600
-	-	-	-	-	2,143
15	-	253	34	-	917
206	-	4,363	561	-	11,784
150	-	4,088	559	-	11,123
<u>371</u>	<u>-</u>	<u>8,704</u>	<u>1,154</u>	<u>1,600</u>	<u>27,567</u>
<u>469</u>	<u>-</u>	<u>9,274</u>	<u>1,245</u>	<u>1,600</u>	<u>78,918</u>
\$ 59	\$ -	\$ 1,414	\$ 188	\$ -	\$ 3,833
148	-	-	-	-	64,696
<u>5,595</u>	<u>64</u>	<u>(4,599)</u>	<u>7,110</u>	<u>(195)</u>	<u>3,975</u>
<u>\$ 5,743</u>	<u>\$ 64</u>	<u>\$ (4,599)</u>	<u>\$ 7,110</u>	<u>\$ (195)</u>	<u>\$ 68,671</u>

STATE OF MAINE
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NON-MAJOR ENTERPRISE FUNDS

Fiscal Year Ended June 30, 2023
(Expressed in Thousands)

	<u>Lottery</u>	<u>Alcoholic Beverages</u>	<u>Maine Military Authority</u>	<u>Ferry Service</u>
Operating Revenues				
Charges for Services	\$ 416,639	\$ 256,099	\$ -	\$ 7,244
Assessments	-	-	-	-
Miscellaneous Revenues	16	-	61	-
Total Operating Revenues	<u>416,655</u>	<u>256,099</u>	<u>61</u>	<u>7,244</u>
Operating Expenses				
General Operations	342,736	190,373	-	11,733
Depreciation and Amortization	-	-	-	3,121
Total Operating Expenses	<u>342,736</u>	<u>190,373</u>	<u>-</u>	<u>14,854</u>
Operating Income (Loss)	<u>73,919</u>	<u>65,726</u>	<u>61</u>	<u>(7,610)</u>
Nonoperating Revenues (Expenses)				
Other Nonoperating Revenues (Expenses) - net	140	-	(255)	81
Interest Expense	-	(83)	-	-
Total Nonoperating Revenues (Expenses)	<u>140</u>	<u>(83)</u>	<u>(255)</u>	<u>81</u>
Income (Loss) Before Capital Contributions, Transfers and Special Items	<u>74,059</u>	<u>65,643</u>	<u>(194)</u>	<u>(7,529)</u>
Capital Contributions, Transfers and Special Items				
Capital Contributions from (to) Other Funds	-	-	-	18,876
Transfer from Other Funds	-	-	6,371	5,311
Transfer to Other Funds	(73,192)	(66,681)	-	-
Total Capital Contributions, Transfers In (Out) and Special Items	<u>(73,192)</u>	<u>(66,681)</u>	<u>6,371</u>	<u>24,187</u>
Change in Net Position	<u>867</u>	<u>(1,038)</u>	<u>6,177</u>	<u>16,658</u>
Net Position - Beginning of Year	<u>1,622</u>	<u>3,690</u>	<u>(6,204)</u>	<u>38,776</u>
Net Position - End of Year	<u>\$ 2,489</u>	<u>\$ 2,652</u>	<u>\$ (27)</u>	<u>\$ 55,434</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>
\$ 1,965	\$ -	\$ 6,737	\$ -	\$ -	\$ 688,684
-	-	-	3,073	-	3,073
-	-	-	-	-	77
<u>1,965</u>	<u>-</u>	<u>6,737</u>	<u>3,073</u>	<u>-</u>	<u>691,834</u>
1,586	-	6,403	1,792	232	554,855
22	-	-	-	-	3,143
<u>1,608</u>	<u>-</u>	<u>6,403</u>	<u>1,792</u>	<u>232</u>	<u>557,998</u>
357	-	334	1,281	(232)	133,836
<u>20</u>	<u>-</u>	<u>7</u>	<u>171</u>	<u>33</u>	<u>197</u>
-	-	-	-	-	(83)
<u>20</u>	<u>-</u>	<u>7</u>	<u>171</u>	<u>33</u>	<u>114</u>
<u>377</u>	<u>-</u>	<u>341</u>	<u>1,452</u>	<u>(199)</u>	<u>133,950</u>
-	-	-	-	-	18,876
-	-	-	-	-	11,682
-	-	-	-	-	(139,873)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(109,315)</u>
<u>377</u>	<u>-</u>	<u>341</u>	<u>1,452</u>	<u>(199)</u>	<u>24,635</u>
<u>5,366</u>	<u>64</u>	<u>(4,940)</u>	<u>5,658</u>	<u>4</u>	<u>44,036</u>
<u>\$ 5,743</u>	<u>\$ 64</u>	<u>\$ (4,599)</u>	<u>\$ 7,110</u>	<u>\$ (195)</u>	<u>\$ 68,671</u>

STATE OF MAINE
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS

Fiscal Year Ended June 30, 2023
(Expressed in Thousands)

	<u>Lottery</u>	<u>Alcoholic Beverages</u>	<u>Maine Military Authority</u>	<u>Ferry Service</u>
Cash Flows from Operating Activities				
Receipts from Customers and Users	\$ 412,765	\$ 258,324	\$ 168	\$ 6,601
Cash Received from Interfund Services	15	634	-	679
Payments to Prize Winners	(290,797)	-	-	-
Payments to Suppliers	(41,638)	(190,880)	-	(4,207)
Payments to Employees	(1,811)	(411)	(102)	(8,141)
Payments for Interfund Goods and Services	(5,482)	(268)	(6,334)	(67)
Net Cash Provided (Used) by Operating Activities	<u>73,052</u>	<u>67,399</u>	<u>(6,268)</u>	<u>(5,135)</u>
Cash Flows from Noncapital Financing Activities				
Transfers from Other Funds	-	-	6,371	5,311
Transfers to Other Funds	(73,192)	(66,681)	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(73,192)</u>	<u>(66,681)</u>	<u>6,371</u>	<u>5,311</u>
Cash Flows from Capital and Related Financing Activities				
Payments for Acquisition of Capital Assets	-	(360)	-	(1,424)
Proceeds from Financing Arrangements	-	3,000	-	-
Principal and Interest Paid on Financing Arrangements	-	(512)	-	-
Proceeds from Sale of Capital Assets	-	-	-	40
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>2,128</u>	<u>-</u>	<u>(1,384)</u>
Cash Flows from Investing Activities				
Investment Income	140	-	(103)	41
Net Cash Provided (Used) by Investing Activities	<u>140</u>	<u>-</u>	<u>(103)</u>	<u>41</u>
Net Increase (Decrease) in Cash/Cash Equivalents	-	2,846	-	(1,167)
Cash/Cash Equivalents - Beginning of Period	750	7,451	-	1,979
Cash/Cash Equivalents - End of Period	<u>\$ 750</u>	<u>\$ 10,297</u>	<u>\$ -</u>	<u>\$ 812</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ 73,919	\$ 65,726	\$ 61	\$ (7,610)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Depreciation Expense	-	-	-	3,121
Decrease (Increase) in Assets & Liabilities				
Accounts Receivable	(3,875)	2,225	-	(21)
Interfund Balances	(4,784)	634	(6,329)	53
Inventories	-	-	-	101
Deferred Outflows	(28)	(33)	-	(355)
Increase (Decrease) in Liabilities				
Accounts Payable	(1,798)	(1,143)	-	22
Accrued Payroll Expense	(3)	4	-	73
Compensated Absences	(40)	(10)	-	36
Deferred Inflows	(684)	(98)	-	(2,694)
Net Pension Liability	446	68	-	1,602
Other Accruals	9,732	3	-	-
Net OPEB Liability	167	23	-	537
Total Adjustments	(867)	1,673	(6,329)	2,475
Net Cash Provided (Used) by Operating Activities	<u>\$ 73,052</u>	<u>\$ 67,399</u>	<u>\$ (6,268)</u>	<u>\$ (5,135)</u>
Non Cash Investing, Capital and Financing Activities				
Contributed Capital Assets	-	-	-	18,876

Prison Industries	Dirigo Health	Consolidated Emergency Communications	Competitive Skills Scholarship Fund	Maine Retirement Savings Program	Total Other Enterprise Funds
\$ 1,614	\$ -	\$ 1,370	\$ 3,065	\$ -	\$ 683,907
330	-	5,371	8	-	7,037
-	-	-	-	-	(290,797)
(998)	-	(254)	(1,105)	(232)	(239,314)
(227)	-	(6,163)	(703)	-	(17,558)
(890)	-	(2,685)	(140)	-	(15,866)
<u>(171)</u>	<u>-</u>	<u>(2,361)</u>	<u>1,125</u>	<u>(232)</u>	<u>127,409</u>
-	-	-	-	-	11,682
-	-	-	-	-	(139,873)
-	-	-	-	-	(128,191)
(29)	-	-	-	-	(1,813)
-	-	-	-	-	3,000
-	-	-	-	-	(512)
-	-	7	-	-	47
<u>(29)</u>	<u>-</u>	<u>7</u>	<u>-</u>	<u>-</u>	<u>722</u>
20	-	-	171	33	302
20	-	-	171	33	302
(180)	-	(2,354)	1,296	(199)	242
962	64	3,688	6,917	1,604	23,415
<u>\$ 782</u>	<u>\$ 64</u>	<u>\$ 1,334</u>	<u>\$ 8,213</u>	<u>\$ 1,405</u>	<u>\$ 23,657</u>
<u>\$ 357</u>	<u>\$ -</u>	<u>\$ 334</u>	<u>\$ 1,281</u>	<u>\$ (232)</u>	<u>\$ 133,836</u>
22	-	-	-	-	3,143
(21)	-	(5)	-	-	(1,697)
(15)	-	(1,978)	(1)	-	(12,420)
(485)	-	-	-	-	(384)
4	-	(264)	(36)	-	(712)
20	-	(2)	(12)	-	(2,913)
6	-	93	4	-	177
10	-	85	16	-	97
(123)	-	(2,331)	(322)	-	(6,252)
48	-	1,364	155	-	3,683
-	-	-	-	-	9,735
6	-	343	40	-	1,116
<u>(528)</u>	<u>-</u>	<u>(2,695)</u>	<u>(156)</u>	<u>-</u>	<u>(6,427)</u>
<u>\$ (171)</u>	<u>\$ -</u>	<u>\$ (2,361)</u>	<u>\$ 1,125</u>	<u>\$ (232)</u>	<u>\$ 127,409</u>
-	-	-	-	-	18,876



INTERNAL SERVICE FUNDS

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, 2023
(Expressed in Thousands)

	Motor Transport Services	Postal, Printing & Supply	Information Services	Risk Management
Assets				
Current Assets:				
Equity in Treasurer's Cash Pool	\$ 5,720	\$ -	\$ -	\$ 20,860
Cash & Short-Term Investments	-	1	-	-
Cash with Fiscal Agent	87	-	-	-
Restricted Assets:				
Restricted Deposits & Investments	-	-	-	-
Inventories	5,222	965	7	-
Receivables, Net of Allowance for Uncollectibles:				
Other Receivable	10	145	860	260
Due from Other Funds	169	4,756	12,051	345
Other Assets	-	67	10,279	1,939
Total Current Assets	<u>11,208</u>	<u>5,934</u>	<u>23,197</u>	<u>23,404</u>
Noncurrent Assets:				
Equity in Treasurer's Cash Pool	1,539	-	-	5,611
Receivables, Net of Current Portion	-	-	-	-
Capital Assets, Net of Accumulated Depreciation	42,183	535	9,325	-
Right to Use Assets, Net of Accumulated Amortization	-	-	35,802	-
Total Noncurrent Assets	<u>43,722</u>	<u>535</u>	<u>45,127</u>	<u>5,611</u>
Total Assets	<u>54,930</u>	<u>6,469</u>	<u>68,324</u>	<u>29,015</u>
Deferred Outflows of Resources	<u>\$ 4,445</u>	<u>\$ 963</u>	<u>\$ 19,412</u>	<u>\$ 237</u>
Liabilities				
Current Liabilities:				
Accounts Payable	\$ 685	\$ 781	\$ 2,530	\$ 803
Accrued Payroll	424	110	2,386	29
Due to Other Funds	224	12,995	6,286	149
Due to Component Units	-	-	-	-
Current Portion of Long-Term Obligations:				
Certificates of Participation and Other Financing Arrangements	8	-	-	-
Obligations for Right to Use Assets	-	-	11,020	-
Claims Payable	-	-	-	-
Compensated Absences	104	34	354	4
Unearned Revenue	-	-	-	27
Accrued Interest Payable	-	-	-	-
Total Current Liabilities	<u>1,445</u>	<u>13,920</u>	<u>22,576</u>	<u>1,012</u>
Long-Term Liabilities:				
Working Capital Advances Payable	-	111	-	-
Certificates of Participation & Other Financing Arrangements	-	-	-	-
Obligations for Right to Use Assets	-	-	24,256	-
Claims Payable	-	-	-	11,329
Compensated Absences	685	106	2,336	27
Net Other Post-Employment Benefit Liability	7,227	1,538	31,362	336
Net Pension Liability	7,305	1,600	31,808	389
Total Long-Term Liabilities	<u>15,217</u>	<u>3,355</u>	<u>89,762</u>	<u>12,081</u>
Total Liabilities	<u>16,662</u>	<u>17,275</u>	<u>112,338</u>	<u>13,093</u>
Deferred Inflows of Resources	<u>\$ 2,428</u>	<u>\$ 526</u>	<u>\$ 10,573</u>	<u>\$ 120</u>
Net Position				
Net Investment in Capital Assets	42,262	535	11,033	-
Restricted for:				
Other Purposes	-	-	-	-
Unrestricted	(1,977)	(10,904)	(46,208)	16,039
Total Net Position	<u>\$ 40,285</u>	<u>\$ (10,369)</u>	<u>\$ (35,175)</u>	<u>\$ 16,039</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 & Network Systems</u>
\$ 31,016	\$ 529	\$ -	\$ 121	\$ 44,527	\$ 133,843	\$ 22
-	1	-	-	-	-	-
-	11,161	-	-	-	-	3,672
-	-	-	-	-	-	-
-	24	-	-	-	-	-
-	58	987	-	1,957	7,019	-
740	2,317	301	-	6,588	8,372	-
711	-	-	-	-	-	-
<u>32,467</u>	<u>14,090</u>	<u>1,288</u>	<u>121</u>	<u>53,072</u>	<u>149,234</u>	<u>3,694</u>
8,345	142	-	33	11,979	36,008	6
-	-	4,923	-	-	-	-
-	21,418	-	-	-	-	24,918
-	-	231,717	-	-	-	-
<u>8,345</u>	<u>21,560</u>	<u>236,640</u>	<u>33</u>	<u>11,979</u>	<u>36,008</u>	<u>24,924</u>
<u>40,812</u>	<u>35,650</u>	<u>237,928</u>	<u>154</u>	<u>65,051</u>	<u>185,242</u>	<u>28,618</u>
\$ 809	\$ 465	\$ 96	\$ -	\$ -	\$ 552	\$ -
\$ 421	\$ 427	\$ 134	\$ -	\$ 9,729	\$ 3,920	\$ -
116	62	16	-	-	92	-
45	382	195	6	2	3,170	-
-	-	-	-	711	-	-
-	4,073	-	-	-	-	1,349
-	-	7,129	-	-	-	-
7,827	-	-	-	2,983	8,948	-
17	-	1	-	1	12	-
-	43	-	-	-	-	-
-	75	-	-	-	-	-
<u>8,426</u>	<u>5,062</u>	<u>7,475</u>	<u>6</u>	<u>13,426</u>	<u>16,142</u>	<u>1,349</u>
-	-	-	-	-	-	-
-	15,134	-	-	-	-	7,267
-	-	230,567	-	-	-	-
43,917	-	-	-	-	-	-
115	54	9	-	6	82	-
1,129	722	157	-	-	741	-
1,326	766	175	-	-	894	-
<u>46,487</u>	<u>16,676</u>	<u>230,908</u>	<u>-</u>	<u>6</u>	<u>1,717</u>	<u>7,267</u>
<u>54,913</u>	<u>21,738</u>	<u>238,383</u>	<u>6</u>	<u>13,432</u>	<u>17,859</u>	<u>8,616</u>
\$ 411	\$ 249	\$ 5,527	\$ -	\$ -	\$ 273	\$ -
-	13,372	-	-	-	-	19,974
-	-	-	-	-	-	28
(13,703)	756	(5,886)	148	51,619	167,662	-
<u>\$ (13,703)</u>	<u>\$ 14,128</u>	<u>\$ (5,886)</u>	<u>\$ 148</u>	<u>\$ 51,619</u>	<u>\$ 167,662</u>	<u>\$ 20,002</u>

STATE OF MAINE
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS (CONTINUED)

June 30, 2023
(Expressed in Thousands)

	Financial & Personnel Services	Transportation Facilities	Governmental Facilities Authority	Industrial Drive Facility	Total Internal Service Funds
Assets					
Current Assets:					
Equity in Treasurer's Cash Pool	\$ 3,527	\$ 1,753	\$ -	\$ 92	\$ 242,010
Cash & Short-Term Investments	-	-	-	-	2
Cash with Fiscal Agent	-	-	-	-	14,920
Restricted Assets:					
Restricted Deposits & Investments	-	-	1,471	-	1,471
Inventories	-	-	-	-	6,218
Receivables, Net of Allowance for Uncollectibles:					
Other Receivable	-	-	-	-	11,296
Due from Other Funds	218	-	-	8	35,865
Other Assets	-	-	-	-	12,996
Total Current Assets	<u>3,745</u>	<u>1,753</u>	<u>1,471</u>	<u>100</u>	<u>324,778</u>
Noncurrent Assets:					
Equity in Treasurer's Cash Pool	949	471	-	25	65,108
Receivables, Net of Current Portion	-	-	-	-	4,923
Capital Assets, Net of Accumulated Depreciation	-	40,749	-	11,125	150,253
Right to Use Assets, Net of Accumulated Amortization	-	-	-	-	267,519
Total Noncurrent Assets	<u>949</u>	<u>41,220</u>	<u>-</u>	<u>11,150</u>	<u>487,803</u>
Total Assets	<u>4,694</u>	<u>42,973</u>	<u>1,471</u>	<u>11,250</u>	<u>812,581</u>
Deferred Outflows of Resources	<u>\$ 10,477</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,456</u>
Liabilities					
Current Liabilities:					
Accounts Payable	\$ 14	\$ 259	\$ 73	\$ 46	\$ 19,822
Accrued Payroll	1,428	-	-	-	4,663
Due to Other Funds	431	-	-	2	23,887
Due to Component Units	-	-	-	-	711
Current Portion of Long-Term Obligations:					
Certificates of Participation and Other Financing Arrangements	-	-	-	-	5,430
Obligations for Right to Use Assets	-	-	-	-	18,149
Claims Payable	-	-	-	-	19,758
Compensated Absences	212	-	-	-	739
Unearned Revenue	-	-	-	-	70
Accrued Interest Payable	-	-	-	-	75
Total Current Liabilities	<u>2,085</u>	<u>259</u>	<u>73</u>	<u>48</u>	<u>93,304</u>
Long-Term Liabilities:					
Working Capital Advances Payable	-	-	-	-	111
Certificates of Participation & Other Financing Arrangements	-	-	-	-	22,401
Obligations for Right to Use Assets	-	-	-	-	254,823
Claims Payable	-	-	-	-	55,246
Compensated Absences	1,403	-	-	-	4,823
Net Other Post-Employment Benefit Liability	15,881	-	-	-	59,093
Net Pension Liability	17,800	-	-	-	62,063
Total Long-Term Liabilities	<u>35,084</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>458,560</u>
Total Liabilities	<u>37,169</u>	<u>259</u>	<u>73</u>	<u>48</u>	<u>551,864</u>
Deferred Inflows of Resources	<u>\$ 5,625</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,732</u>
Net Position					
Net Investment in Capital Assets	-	40,749	-	11,125	139,050
Restricted for:					
Other Purposes	-	-	8	-	36
Unrestricted	<u>(27,623)</u>	<u>1,965</u>	<u>1,390</u>	<u>77</u>	<u>133,355</u>
Total Net Position	<u>\$ (27,623)</u>	<u>\$ 42,714</u>	<u>\$ 1,398</u>	<u>\$ 11,202</u>	<u>\$ 272,441</u>



STATE OF MAINE
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS

Fiscal Year Ended June 30, 2023
(Expressed in Thousands)

	Motor Transport Services	Postal, Printing & Supply	Information Services	Risk Management
Operating Revenues				
Charges for Services	\$ 39,086	\$ 38,818	\$ 118,102	\$ 7,742
Miscellaneous Revenues	-	-	13	-
Total Operating Revenues	<u>39,086</u>	<u>38,818</u>	<u>118,115</u>	<u>7,742</u>
Operating Expenses				
General Operations	31,180	39,008	82,290	5,351
Depreciation and Amortization	7,274	13	14,165	-
Claims/Fees Expense	-	-	-	2,483
Total Operating Expenses	<u>38,454</u>	<u>39,021</u>	<u>96,455</u>	<u>7,834</u>
Operating Income (Loss)	<u>632</u>	<u>(203)</u>	<u>21,660</u>	<u>(92)</u>
Nonoperating Revenues (Expenses)				
Investment Revenue (Expenses) - net	163	(380)	(204)	619
Interest Expense	-	-	(937)	-
Other Nonoperating Revenue (Expenses) - net	<u>202</u>	<u>-</u>	<u>60</u>	<u>-</u>
Total Nonoperating Revenues (Expenses) - net	<u>365</u>	<u>(380)</u>	<u>(1,081)</u>	<u>619</u>
Income (Loss) Before Capital Contributions, Transfers and Special Items	<u>997</u>	<u>(583)</u>	<u>20,579</u>	<u>527</u>
Capital Contributions, Transfers and Special Items				
Capital Contributions from (to) Other Funds	-	-	-	-
Transfer from Other Funds	-	-	-	-
Special Items	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Capital Contributions, Transfers In (Out) and Special Items	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>997</u>	<u>(583)</u>	<u>20,579</u>	<u>527</u>
Net Position - Beginning of Year	<u>39,288</u>	<u>(9,786)</u>	<u>(55,754)</u>	<u>15,512</u>
Net Position - End of Year	<u>\$ 40,285</u>	<u>\$ (10,369)</u>	<u>\$ (35,175)</u>	<u>\$ 16,039</u>

(Continued)

Workers' Compensation	Central Fleet Management	Leased Space	Revenue Services	Retiree Health Insurance	Employee Health Insurance	Statewide Radio & Network Systems
\$ 15,150	\$ 14,753	\$ 29,788	\$ 18	\$ 43,333	\$ 93,597	\$ -
85	-	-	-	9	-	-
<u>15,235</u>	<u>14,753</u>	<u>29,788</u>	<u>18</u>	<u>43,342</u>	<u>93,597</u>	<u>-</u>
3,631	9,596	18,703	6	42,329	131,207	6,324
-	3,896	9,673	-	-	-	2,769
4,465	-	-	-	-	-	-
<u>8,096</u>	<u>13,492</u>	<u>28,376</u>	<u>6</u>	<u>42,329</u>	<u>131,207</u>	<u>9,093</u>
<u>7,139</u>	<u>1,261</u>	<u>1,412</u>	<u>12</u>	<u>1,013</u>	<u>(37,610)</u>	<u>(9,093)</u>
835	14	75	3	5,743	3,590	-
-	(296)	(4,037)	-	-	-	-
-	45	-	-	-	-	-
<u>835</u>	<u>(237)</u>	<u>(3,962)</u>	<u>3</u>	<u>5,743</u>	<u>3,590</u>	<u>-</u>
<u>7,974</u>	<u>1,024</u>	<u>(2,550)</u>	<u>15</u>	<u>6,756</u>	<u>(34,020)</u>	<u>(9,093)</u>
-	-	-	-	-	-	-
-	-	-	-	2,000	-	1,032
-	-	-	-	(168,000)	-	-
-	-	-	-	(166,000)	-	1,032
<u>7,974</u>	<u>1,024</u>	<u>(2,550)</u>	<u>15</u>	<u>(159,244)</u>	<u>(34,020)</u>	<u>(8,061)</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>
<u>\$ (13,703)</u>	<u>\$ 14,128</u>	<u>\$ (5,886)</u>	<u>\$ 148</u>	<u>\$ 51,619</u>	<u>\$ 167,662</u>	<u>\$ 20,002</u>

STATE OF MAINE
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS (CONTINUED)

Fiscal Year Ended June 30, 2023
(Expressed in Thousands)

	Financial & Personnel Services	Transportation Facilities	Governmental Facilities Authority	Industrial Drive Facility	Total Internal Service Funds
Operating Revenues					
Charges for Services	\$ 25,077	\$ 1,538	\$ -	\$ 474	\$ 427,476
Miscellaneous Revenues	-	-	-	-	107
Total Operating Revenues	<u>25,077</u>	<u>1,538</u>	<u>-</u>	<u>474</u>	<u>427,583</u>
Operating Expenses					
General Operations	21,900	509	310	599	392,943
Depreciation and Amortization	-	1,066	-	372	39,228
Claims/Fees Expense	-	-	-	-	6,948
Total Operating Expenses	<u>21,900</u>	<u>1,575</u>	<u>310</u>	<u>971</u>	<u>439,119</u>
Operating Income (Loss)	<u>3,177</u>	<u>(37)</u>	<u>(310)</u>	<u>(497)</u>	<u>(11,536)</u>
Nonoperating Revenues (Expenses)					
Investment Revenue (Expenses) - net	-	52	7	8	10,525
Interest Expense	-	-	-	-	(5,270)
Other Nonoperating Revenue (Expenses) - net	-	-	-	-	307
Total Nonoperating Revenues (Expenses) - net	<u>-</u>	<u>52</u>	<u>7</u>	<u>8</u>	<u>5,562</u>
Income (Loss) Before Capital Contributions, Transfers and Special Items	<u>3,177</u>	<u>15</u>	<u>(303)</u>	<u>(489)</u>	<u>(5,974)</u>
Capital Contributions, Transfers and Special Items					
Capital Contributions from (to) Other Funds	-	91	-	-	91
Transfer from Other Funds	-	-	-	-	3,032
Special Items	-	-	-	-	(168,000)
Total Capital Contributions, Transfers In (Out) and Special Items	<u>-</u>	<u>91</u>	<u>-</u>	<u>-</u>	<u>(164,877)</u>
Change in Net Position	<u>3,177</u>	<u>106</u>	<u>(303)</u>	<u>(489)</u>	<u>(170,851)</u>
Net Position - Beginning of Year	<u>(30,800)</u>	<u>42,608</u>	<u>1,701</u>	<u>11,691</u>	<u>443,292</u>
Net Position - End of Year	<u>\$ (27,623)</u>	<u>\$ 42,714</u>	<u>\$ 1,398</u>	<u>\$ 11,202</u>	<u>\$ 272,441</u>



STATE OF MAINE
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

Fiscal Year Ended June 30, 2023
(Expressed in Thousands)

	Motor Transport Services	Postal, Printing & Supply	Information Services	Risk Management
Cash Flows from Operating Activities				
Receipts from Customers and Users	\$ 820	\$ 1,044	\$ 4,673	\$ 1,384
Cash Received from Interfund Services	38,250	41,961	114,714	6,333
Payments to Suppliers	(7,389)	(27,447)	(42,170)	(362)
Payments to Employees	(10,156)	(2,200)	(42,355)	(537)
Payments for Interfund Goods and Services	<u>(14,648)</u>	<u>(12,875)</u>	<u>(17,527)</u>	<u>(5,933)</u>
Net Cash Provided (Used) by Operating Activities	<u>6,877</u>	<u>483</u>	<u>17,335</u>	<u>885</u>
Cash Flows from Noncapital Financing Activities				
Transfers from Other Funds	-	-	-	-
Special Item	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities				
Payments for Acquisition of Capital Assets	(6,905)	(103)	(51,530)	-
Proceeds from Financing Arrangements	-	-	45,368	-
Principal and Interest Paid on Financing Arrangements	-	-	(11,029)	-
Proceeds from Sale of Capital Assets	<u>408</u>	<u>-</u>	<u>60</u>	<u>-</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(6,497)</u>	<u>(103)</u>	<u>(17,131)</u>	<u>-</u>
Cash Flows from Investing Activities				
Investment Revenue	<u>163</u>	<u>(380)</u>	<u>(204)</u>	<u>619</u>
Net Cash Provided (Used) by Investing Activities	<u>163</u>	<u>(380)</u>	<u>(204)</u>	<u>619</u>
Net Increase (Decrease) in Cash/Cash Equivalents	543	-	-	1,504
Cash/Cash Equivalents - Beginning of Period	<u>6,803</u>	<u>1</u>	<u>-</u>	<u>24,967</u>
Cash/Cash Equivalents - End of Period	<u>\$ 7,346</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 26,471</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ 632	\$ (203)	\$ 21,660	\$ (92)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Depreciation and Amortization Expense	7,274	13	14,165	-
Decrease (Increase) in Assets				
Accounts Receivable	15	(63)	(322)	(173)
Interfund Balances	165	687	(1,052)	391
Due from Other Governments	-	-	-	-
Inventories	(196)	(285)	-	-
Other Assets	-	(65)	923	(243)
Deferred Outflows	(398)	(83)	(1,525)	(24)
Increase (Decrease) in Liabilities				
Accounts Payable	629	705	(9,658)	798
Accrued Payroll Expense	31	(19)	20	(1)
Due to Other Governments	-	-	-	-
Compensated Absences	11	10	(89)	(4)
Deferred Inflows	(4,057)	(860)	(18,070)	(203)
Net Pension Liability	2,143	491	9,017	124
Other Accruals	-	-	-	276
Net OPEB Liability	<u>628</u>	<u>155</u>	<u>2,266</u>	<u>36</u>
Total Adjustments	6,245	686	(4,325)	977
Net Cash Provided (Used) by Operating Activities	<u>\$ 6,877</u>	<u>\$ 483</u>	<u>\$ 17,335</u>	<u>\$ 885</u>
Non Cash Investing, Capital and Financing Activities				
Property Leased, Accrued or Acquired	-	-	-	-
Subscription Based Assets	-	-	35,802	-
Contributed Capital Assets	-	-	-	-
Disposal of Asset - Gain (Loss)	(206)	-	-	-

(Continued)

Workers' Compensation	Central Fleet Management	Leased Space	Revenue Services	Retiree Health Insurance	Employee Health Insurance	Statewide Radio & Network Systems
\$ 15,052	\$ 316	\$ 1,215	\$ 1	\$ 37,363	\$ 76,123	\$ -
49	14,531	29,984	18	6,489	18,391	-
(9,698)	(4,878)	(18,537)	(2)	(39,318)	(130,554)	(6,324)
(1,889)	(1,087)	(182)	-	(93)	(1,392)	-
(750)	(3,927)	(98)	(4)	(4,462)	(1,436)	-
<u>2,764</u>	<u>4,955</u>	<u>12,382</u>	<u>13</u>	<u>(21)</u>	<u>(38,868)</u>	<u>(6,324)</u>
-	-	-	-	2,000	-	1,032
-	-	-	-	(168,000)	-	-
-	-	-	-	(166,000)	-	1,032
-	(6,047)	(21,954)	-	-	-	(154)
-	15,000	29,574	-	-	-	5,000
-	(4,394)	(18,425)	-	-	-	(1,032)
-	269	-	-	-	-	-
-	4,828	(10,805)	-	-	-	3,814
835	14	75	3	5,743	3,590	-
<u>835</u>	<u>14</u>	<u>75</u>	<u>3</u>	<u>5,743</u>	<u>3,590</u>	<u>-</u>
3,599	9,797	1,652	16	(160,278)	(35,278)	(1,478)
<u>35,762</u>	<u>2,036</u>	<u>-</u>	<u>138</u>	<u>216,784</u>	<u>205,129</u>	<u>5,178</u>
<u>\$ 39,361</u>	<u>\$ 11,833</u>	<u>\$ 1,652</u>	<u>\$ 154</u>	<u>\$ 56,506</u>	<u>\$ 169,851</u>	<u>\$ 3,700</u>
<u>\$ 7,139</u>	<u>\$ 1,261</u>	<u>\$ 1,412</u>	<u>\$ 12</u>	<u>\$ 1,013</u>	<u>\$ (37,610)</u>	<u>\$ (9,093)</u>
-	3,896	9,673	-	-	-	2,769
-	(9)	(400)	-	510	917	-
(70)	82	150	1	(701)	(1,228)	-
-	-	(1,051)	-	-	-	-
-	21	-	-	-	-	-
(138)	-	-	-	-	-	-
(99)	(33)	1	-	-	(60)	-
(219)	(167)	(38)	-	1,650	912	-
19	-	4	-	(1)	24	-
-	-	-	-	(1,916)	-	-
23	(21)	1	-	2	6	-
(692)	(432)	939	-	-	(461)	-
413	217	39	-	-	283	-
(3,736)	89	-	-	(578)	(1,737)	-
124	51	-	-	-	86	-
<u>(4,375)</u>	<u>3,694</u>	<u>9,318</u>	<u>1</u>	<u>(1,034)</u>	<u>(1,258)</u>	<u>2,769</u>
<u>\$ 2,764</u>	<u>\$ 4,955</u>	<u>\$ 10,730</u>	<u>\$ 13</u>	<u>\$ (21)</u>	<u>\$ (38,868)</u>	<u>\$ (6,324)</u>
-	-	9,716	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	(224)	-	-	-	-	-

STATE OF MAINE
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS (CONTINUED)

Fiscal Year Ended June 30, 2023
(Expressed in Thousands)

	Industrial Drive Facility	Financial & Personnel Services	Transportation Facilities	Governmental Facilities Authority	Total
Cash Flows from Operating Activities					
Receipts from Customers and Users	\$ 8	\$ 59	\$ 23	\$ -	\$ 138,081
Cash Received from Interfund Services	466	25,018	1,667	-	297,871
Payments to Suppliers	(562)	(274)	(466)	(471)	(288,452)
Payments to Employees	-	(23,067)	-	-	(82,958)
Payments for Interfund Goods and Services	(30)	(1,596)	(29)	-	(63,315)
Net Cash Provided (Used) by Operating Activities	<u>(118)</u>	<u>140</u>	<u>1,195</u>	<u>(471)</u>	<u>1,227</u>
Cash Flows from Noncapital Financing Activities					
Transfers from Other Funds	-	-	-	-	3,032
Special Item	-	-	-	-	(168,000)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(164,968)</u>
Cash Flows from Capital and Related Financing Activities					
Payments for Acquisition of Capital Assets	-	-	(2,112)	-	(88,805)
Proceeds from Financing Arrangements	-	-	-	-	94,942
Principal and Interest Paid on Financing Arrangements	-	-	-	-	(34,880)
Proceeds from Sale of Capital Assets	-	-	-	-	737
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>(2,112)</u>	<u>-</u>	<u>(28,006)</u>
Cash Flows from Investing Activities					
Investment Revenue	8	-	52	7	10,525
Net Cash Provided (Used) by Investing Activities	<u>8</u>	<u>-</u>	<u>52</u>	<u>7</u>	<u>10,525</u>
Net Increase (Decrease) in Cash/Cash Equivalents	(110)	140	(865)	(464)	(181,222)
Cash/Cash Equivalents - Beginning of Period	227	4,336	3,089	1,935	506,385
Cash/Cash Equivalents - End of Period	<u>\$ 117</u>	<u>\$ 4,476</u>	<u>\$ 2,224</u>	<u>\$ 1,471</u>	<u>\$ 325,163</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating Income (Loss)	\$ (497)	\$ 3,177	\$ (37)	\$ (310)	\$ (11,536)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Depreciation and Amortization Expense	372	-	1,066	-	39,228
Decrease (Increase) in Assets					
Accounts Receivable	-	-	2	-	477
Interfund Balances	(10)	(114)	150	-	(1,549)
Due from Other Governments	-	-	-	-	(1,051)
Inventories	-	-	-	-	(460)
Other Assets	-	-	-	-	477
Deferred Outflows	-	(843)	-	-	(3,064)
Increase (Decrease) in Liabilities					
Accounts Payable	17	3	14	(161)	(5,515)
Accrued Payroll Expense	-	117	-	-	194
Due to Other Governments	-	-	-	-	(1,916)
Compensated Absences	-	39	-	-	(22)
Deferred Inflows	-	(9,422)	-	-	(33,258)
Net Pension Liability	-	5,497	-	-	18,224
Other Accruals	-	-	-	-	(5,686)
Net OPEB Liability	-	1,686	-	-	5,032
Total Adjustments	379	(3,037)	1,232	(161)	11,111
Net Cash Provided (Used) by Operating Activities	<u>\$ (118)</u>	<u>\$ 140</u>	<u>\$ 1,195</u>	<u>\$ (471)</u>	<u>\$ (425)</u>
Non Cash Investing, Capital and Financing Activities					
Property Leased, Accrued or Acquired	-	-	-	-	9,716
Subscription Based Assets	-	-	-	-	35,802
Contributed Capital Assets	-	-	91	-	91
Disposal of Asset - Gain (Loss)	-	-	-	-	(430)

FIDUCIARY FUNDS

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, 2023
(Expressed in Thousands)

	State/Teacher Defined Benefit Pension Plan	Judicial Defined Benefit Pension Plan	Legislative Defined Benefit Pension Plan	PLD Consolidated Pension Plan	PLD Agent Pension Plan
Assets					
Cash & Short-Term Investments	\$ 29,591	\$ 329	\$ 63	\$ -	\$ 32
Receivables, Net of Allowance for Uncollectibles:					
Interest and Dividends	4,032	23	4	1,029	2
Due from Brokers for Securities Sold	185	1	-	47	-
Due from Primary Government	23,804	-	-	17,869	-
Investments at Fair Value:					
Equity Securities	2,171,149	12,592	2,403	554,084	1,229
Common/Collective Trusts	12,847,216	74,514	14,219	3,278,651	7,269
Securities Lending Collateral	5,433	32	6	1,387	3
Capital Assets, Net of Accumulated Depreciation	9,781	57	11	2,496	6
Total Assets	<u>15,091,191</u>	<u>87,548</u>	<u>16,706</u>	<u>3,855,563</u>	<u>8,541</u>
Liabilities					
Accounts Payable	\$ 2,560	\$ 15	\$ 3	\$ 653	\$ 1
Obligations Under Securities Lending	5,433	32	6	1,387	3
Other Accrued Liabilities	10,042	78	15	6,805	8
Total Liabilities	<u>18,035</u>	<u>125</u>	<u>24</u>	<u>8,845</u>	<u>12</u>
Net Position					
Restricted for Pension and Other Post-Employment Benefits	<u>15,073,156</u>	<u>87,423</u>	<u>16,682</u>	<u>3,846,718</u>	<u>8,529</u>
Total Net Position	<u>\$ 15,073,156</u>	<u>\$ 87,423</u>	<u>\$ 16,682</u>	<u>\$ 3,846,718</u>	<u>\$ 8,529</u>

<u>State 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>Teachers Healthcare OPEB</u>	<u>Total Pension (and Other Employee Benefits) Trusts</u>
\$ 65,000	\$ -	\$ 2,655	\$ -	\$ 67	\$ 40	\$ 103,000	\$ 200,777
-	-	-	-	-	-	-	5,090
-	-	-	-	-	-	-	233
-	-	375	-	58	7	-	42,113
-	-	-	-	-	-	-	2,741,457
367,710	17,963	11,725	144,348	20,876	60,799	-	16,845,290
-	-	-	-	-	-	-	6,861
-	-	-	-	-	-	-	12,351
<u>432,710</u>	<u>17,963</u>	<u>14,755</u>	<u>144,348</u>	<u>21,001</u>	<u>60,846</u>	<u>103,000</u>	<u>19,854,172</u>
\$ -	\$ -	\$ -	\$ 3	\$ -	\$ -	\$ -	\$ 3,235
-	-	-	-	-	-	-	6,861
<u>31</u>	<u>1,636</u>	<u>3,396</u>	<u>4,508</u>	<u>777</u>	<u>49</u>	<u>-</u>	<u>27,345</u>
<u>31</u>	<u>1,636</u>	<u>3,396</u>	<u>4,511</u>	<u>777</u>	<u>49</u>	<u>-</u>	<u>37,441</u>
<u>432,679</u>	<u>16,327</u>	<u>11,359</u>	<u>139,837</u>	<u>20,224</u>	<u>60,797</u>	<u>103,000</u>	<u>19,816,731</u>
<u>\$ 432,679</u>	<u>\$ 16,327</u>	<u>\$ 11,359</u>	<u>\$ 139,837</u>	<u>\$ 20,224</u>	<u>\$ 60,797</u>	<u>\$ 103,000</u>	<u>\$ 19,816,731</u>

STATE OF MAINE
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION (AND OTHER EMPLOYEE BENEFITS) TRUSTS

Fiscal Year Ended June 30, 2023
(Expressed in Thousands)

	State/Teacher Defined Benefit Pension Plan	Judicial Defined Benefit Pension Plan	Legislative Defined Benefit Pension Plan	PLD Consolidated Pension Plan	PLD Agent Pension Plan
Additions:					
Contributions:					
Members	\$ 171,938	\$ 662	\$ 227	\$ 65,716	\$ -
State & Local Agency Employers	265,119	1,350	6	92,596	95
Non-employer Contributing Entity	200,007	-	-	-	-
Transfer from Other Pension Plans	-	-	-	148	-
Investment Income (Loss):					
Net Increase (Decrease) in the Fair Value of Investments	843,230	4,871	931	214,668	499
Interest & Dividends	153,608	891	170	39,196	87
Securities Lending Income & Borrower Rebates Refunded	475	3	1	121	-
Less Investment Expense:					
Investment Activity Expense	115,339	671	127	29,285	69
Securities Lending Expense	69	-	-	17	-
Net Investment Income (Loss)	<u>881,905</u>	<u>5,094</u>	<u>975</u>	<u>224,683</u>	<u>517</u>
Total Additions	<u>1,518,969</u>	<u>7,106</u>	<u>1,208</u>	<u>383,143</u>	<u>612</u>
Deductions:					
Benefits Paid to Participants or Beneficiaries	982,389	5,434	567	202,819	763
Refunds & Withdrawals	19,255	-	89	8,325	-
Administrative Expenses	11,964	70	13	3,020	7
Transfer to Other Pension Funds	905	-	-	-	218
Claims Processing Expense	-	-	-	-	-
Total Deductions	<u>1,014,513</u>	<u>5,504</u>	<u>669</u>	<u>214,164</u>	<u>988</u>
Net Increase (Decrease)	<u>504,456</u>	<u>1,602</u>	<u>539</u>	<u>168,979</u>	<u>(376)</u>
Net Position:					
Restricted for Pension and Other Post-Employment Benefits:					
Beginning of Year	<u>14,568,700</u>	<u>85,821</u>	<u>16,143</u>	<u>3,677,739</u>	<u>8,905</u>
End of Year	<u>\$ 15,073,156</u>	<u>\$ 87,423</u>	<u>\$ 16,682</u>	<u>\$ 3,846,718</u>	<u>\$ 8,529</u>

State Healthcare OPEB	MainePERS OPEB Trust	Group Life Insurance OPEB	Group Life Insurance Retired SETP	Group Life Insurance Retired PLD	Defined Contribution Plans	Teachers Healthcare OPEB	Total Pension (and Other Employee Benefits) Trusts
\$ -	\$ -	\$ 4,858	\$ -	\$ -	\$ 5,450	\$ -	\$ 248,851
145,158	9	1,725	6,327	1,332	753	103,000	617,470
-	-	-	4,727	-	-	30,586	235,320
-	-	-	-	-	245	-	393
36,611	1,789	1,233	14,327	2,076	6,092	-	1,126,327
-	-	2	20	3	-	-	193,977
-	-	-	-	-	-	-	600
109	10	8	83	12	47	-	145,760
-	-	-	-	-	-	-	86
<u>36,502</u>	<u>1,779</u>	<u>1,227</u>	<u>14,264</u>	<u>2,067</u>	<u>6,045</u>	<u>-</u>	<u>1,175,058</u>
<u>181,660</u>	<u>1,788</u>	<u>7,810</u>	<u>25,318</u>	<u>3,399</u>	<u>12,493</u>	<u>133,586</u>	<u>2,277,092</u>
80,158	270	9,105	6,548	1,204	-	30,586	1,319,843
-	-	-	-	-	5,247	-	32,916
3	-	100	951	142	245	-	16,515
-	-	-	-	-	-	-	1,123
-	-	131	1,136	170	109	-	1,546
<u>80,161</u>	<u>270</u>	<u>9,336</u>	<u>8,635</u>	<u>1,516</u>	<u>5,601</u>	<u>30,586</u>	<u>1,371,943</u>
<u>101,499</u>	<u>1,518</u>	<u>(1,526)</u>	<u>16,683</u>	<u>1,883</u>	<u>6,892</u>	<u>103,000</u>	<u>905,149</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>-</u>	<u>18,911,582</u>
<u>\$ 432,679</u>	<u>\$ 16,327</u>	<u>\$ 11,359</u>	<u>\$ 139,837</u>	<u>\$ 20,224</u>	<u>\$ 60,797</u>	<u>\$ 103,000</u>	<u>\$ 19,816,731</u>

STATE OF MAINE
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUSTS

June 30, 2023
(Expressed in Thousands)

	<u>Abandoned Property</u>	<u>Revenue on Private Purpose Trusts</u>	<u>Lands Reserved</u>	<u>Maine Universal Service Trust</u>
Assets				
Equity in Treasurer's Cash Pool	\$ 500	\$ -	\$ -	\$ -
Cash & Short-Term Investments	-	-	-	6,272
Investments at Fair Value:				
Investments - Other	-	-	21,195	-
Other Receivable	-	-	-	2,367
Due from Other Funds	47,495	-	-	-
Other Assets	3,188	-	-	-
Total Assets	<u>51,183</u>	<u>-</u>	<u>21,195</u>	<u>8,639</u>
Liabilities				
Accounts Payable	\$ 29	\$ -	\$ -	\$ 5
Due to Other Funds	18	-	-	-
Total Liabilities	<u>47</u>	<u>-</u>	<u>-</u>	<u>5</u>
Net Position Restricted				
Held in Trust for Individuals, Organizations and Other Governments	51,136	-	21,195	8,634
Total Net Position	<u>\$ 51,136</u>	<u>\$ -</u>	<u>\$ 21,195</u>	<u>\$ 8,634</u>

Maine Telecommunications Education Access Trust	Total Private Purpose Trusts
\$ -	\$ 500
2,205	8,477
-	21,195
1,090	3,457
-	47,495
-	3,188
<u>3,295</u>	<u>84,312</u>
\$ 780	\$ 814
-	18
<u>780</u>	<u>832</u>
2,515	83,480
<u>\$ 2,515</u>	<u>\$ 83,480</u>

STATE OF MAINE
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUSTS

Fiscal Year Ended June 30, 2023
(Expressed in Thousands)

	<u>Abandoned Property</u>	<u>Revenue on Private Purpose Trusts</u>	<u>Lands Reserved</u>	<u>Maine Universal Service Trust</u>
Additions:				
Investment Income (Loss):				
Net Increase (Decrease) in the Fair Value of Investments	\$ -	\$ -	\$ 1,843	\$ -
Interest & Dividends	181	386	-	33
Miscellaneous Revenues	5,713	-	-	9,870
Total Additions	<u>5,894</u>	<u>386</u>	<u>1,843</u>	<u>9,903</u>
Deductions:				
Benefits Paid to Participants or Beneficiaries	-	265	(124)	7,760
Administrative Expenses	405	-	-	38
Transfer to Other Funds	8,044	121	-	-
Total Deductions	<u>8,449</u>	<u>386</u>	<u>(124)</u>	<u>7,798</u>
Net Increase (Decrease)	(2,555)	-	1,967	2,105
Net Position Restricted:				
Held in Trust for Individuals, Organizations and Other Governments:				
Beginning of Year, as restated	53,691	-	19,228	6,529
End of Year	<u>\$ 51,136</u>	<u>\$ -</u>	<u>\$ 21,195</u>	<u>\$ 8,634</u>

Maine Telecommunications Education Access Trust	Total Private Purpose Trusts
\$ -	\$ 1,843
10	610
<u>4,501</u>	<u>20,084</u>
<u>4,511</u>	<u>22,537</u>
3,929	11,830
36	479
-	8,165
<u>3,965</u>	<u>20,474</u>
546	2,063
<u>1,969</u>	<u>81,417</u>
<u>\$ 2,515</u>	<u>\$ 83,480</u>

STATE OF MAINE
COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS

June 30, 2023
(Expressed in Thousands)

	Bureau of Insurance & Other	Self-Insured & Other	Non-Entitlement Units	Total Custodial Funds
Assets				
Equity in Treasurer's Cash Pool	\$ 1,897	\$ 109,928	\$ 1,768	\$ 113,593
Cash & Short-Term Investments	-	27	-	27
Settlements Receivable	-	20,468	-	20,468
Investments Held on Behalf of Others	-	70,673	-	70,673
Other Assets	-	1,639	-	1,639
Total Assets	<u>1,897</u>	<u>202,735</u>	<u>1,768</u>	<u>206,400</u>
Liabilities				
Accounts Payable	\$ 1	\$ 99,367	\$ -	\$ 99,368
Other Accrued Liabilities	-	1,256	-	1,256
Total Liabilities	<u>1</u>	<u>100,623</u>	<u>-</u>	<u>100,624</u>
Deferred Inflows of Resources				
	<u>-</u>	<u>20,468</u>	<u>-</u>	<u>20,468</u>
Net Position				
Held for Individuals, Organizations and Other Governments	<u>\$ 1,896</u>	<u>\$ 81,644</u>	<u>\$ 1,768</u>	<u>\$ 85,308</u>

STATE OF MAINE
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS

Fiscal Year Ended June 30, 2023
(Expressed in Thousands)

	<u>Bureau of Insurance & Other</u>	<u>Self-Insured & Other</u>	<u>Non-Entitlement Units</u>	<u>Total Custodial Funds</u>
Additions				
Contributions:				
Other Contributing Entity	\$ 125	\$ 8,006	\$ -	\$ 8,131
Litigation Receipts	-	100,454	-	100,454
Other	919	3,426	-	4,345
Investment Income (Loss):				
Net Increase (Decrease) in the Fair Value of Investments	-	17	-	17
Interest & Dividends	22	42	1,235	1,299
Less Investment Expense:				
Net Investment Income (Loss)	<u>22</u>	<u>59</u>	<u>1,235</u>	<u>1,316</u>
Total Additions	<u>1,066</u>	<u>111,945</u>	<u>1,235</u>	<u>114,246</u>
Deductions:				
Benefits Paid to Participants, Beneficiaries or Clients	981	113,225	-	114,206
Refunds & Withdrawals	382	2,832	-	3,214
Restitution Payments	-	1,057	-	1,057
Miscellaneous Disbursements	<u>-</u>	<u>625</u>	<u>-</u>	<u>625</u>
Total Deductions:	<u>1,363</u>	<u>117,739</u>	<u>-</u>	<u>119,102</u>
Net Increase (Decrease)	(297)	(5,794)	1,235	(4,856)
Net Position:				
Held for Individuals, Organizations and Other Governments				
Beginning of Year	<u>2,193</u>	<u>87,438</u>	<u>533</u>	<u>90,164</u>
End of Year	<u>\$ 1,896</u>	<u>\$ 81,644</u>	<u>\$ 1,768</u>	<u>\$ 85,308</u>



NON-MAJOR COMPONENT UNIT FINANCIAL STATEMENTS

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, 2023
(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
Assets						
Current Assets:						
Equity in Treasurer's Cash Pool	\$ -	\$ 4	\$ -	\$ -	\$ 4,921	\$ 4,925
Cash & Short-Term Investments	-	19,542	4,148	1,321	4,434	29,445
Investments	-	16,662	-	-	-	16,662
Restricted Assets:						
Restricted Deposits & Investments	83,723	1,224	-	-	-	84,947
Inventories	-	985	78	-	-	1,063
Receivables, Net of Allowance for Uncollectibles:						
Loans, Leases & Notes Receivable	-	394	37,298	-	-	37,692
Other Receivable	781	2,988	1,172	169	1,032	6,142
Due from Other Governments	-	-	-	5,147	-	5,147
Other Assets	29	698	33	133	-	893
Total Current Assets	<u>84,533</u>	<u>42,497</u>	<u>42,729</u>	<u>6,770</u>	<u>10,387</u>	<u>186,916</u>
Noncurrent Assets:						
Equity in Treasurer's Cash Pool	-	1	-	-	1,324	1,325
Restricted Assets	-	59,227	-	948	-	60,175
Investments	-	13,970	-	-	-	13,970
Receivables, Net of Current Portion:						
Loans, Leases & Notes Receivable	21,288	1,725	-	-	-	23,013
Other Receivables	-	30	-	-	-	30
Due from Primary Government	-	-	-	711	-	711
Capital and Right to Use Assets, Net	394	33,713	116,106	14,460	-	164,673
Other Non-Current Assets	-	3,727	93	-	-	3,820
Total Non-Current Assets	<u>21,682</u>	<u>112,393</u>	<u>116,199</u>	<u>16,119</u>	<u>1,324</u>	<u>267,717</u>
Total Assets	<u>106,215</u>	<u>154,890</u>	<u>158,928</u>	<u>22,889</u>	<u>11,711</u>	<u>454,633</u>
Deferred Outflows of Resources	<u>-</u>	<u>1,546</u>	<u>-</u>	<u>540</u>	<u>-</u>	<u>2,086</u>
Liabilities						
Current Liabilities:						
Accounts Payable	2,541	4,146	1,688	2,645	328	11,348
Compensated Absences	-	-	60	80	-	140
Due to Primary Government	-	-	1,078	-	-	1,078
Bonds & Notes Payable	-	1,018	651	-	-	1,669
Obligations for Right to Use Assets	133	-	-	252	-	385
Unearned Revenue	2,733	715	229	-	9,402	13,079
Other Accrued Liabilities	273	501	375	-	-	1,149
Total Current Liabilities	<u>5,680</u>	<u>6,380</u>	<u>4,081</u>	<u>2,977</u>	<u>9,730</u>	<u>28,848</u>
Long-Term Liabilities:						
Due to Other Governments	-	240	-	-	-	240
Bonds & Notes Payable	-	10,113	6,282	-	-	16,395
Obligations for Right to Use Assets	203	-	-	1,097	-	1,300
Net Pension Liability	-	2,181	-	1,079	-	3,260
Net Other Post-Employment Benefit Liability	-	-	-	559	-	559
Total Long-Term Liabilities	<u>203</u>	<u>12,534</u>	<u>6,282</u>	<u>2,735</u>	<u>-</u>	<u>21,754</u>
Total Liabilities	<u>5,883</u>	<u>18,914</u>	<u>10,363</u>	<u>5,712</u>	<u>9,730</u>	<u>50,602</u>
Deferred Inflows of Resources	<u>-</u>	<u>1,327</u>	<u>35,870</u>	<u>464</u>	<u>-</u>	<u>37,661</u>
Net Position						
Net Investment in Capital Assets	-	32,586	109,172	13,170	-	154,928
Restricted	100,332	53,648	-	1,302	-	155,282
Unrestricted	-	49,961	3,523	2,781	1,981	58,246
Total Net Position	<u>\$ 100,332</u>	<u>\$ 136,195</u>	<u>\$ 112,695</u>	<u>\$ 17,253</u>	<u>\$ 1,981</u>	<u>\$ 368,456</u>

STATE OF MAINE
COMBINING STATEMENT OF ACTIVITIES
NON-MAJOR COMPONENT UNITS

Fiscal Year Ended June 30, 2023
(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
General Operations	\$ 86,708	\$ 41,102	\$ 13,348	\$ 36,424	\$ 10,729	\$ 188,311
Program Revenues						
Charges for Services	-	21,249	8,747	11,852	3,412	45,260
Program Investment Income	-	-	-	-	244	244
Operating Grants & Contributions	94,756	1,541	7	20,718	9,054	126,076
Capital Grants & Contributions	-	9,928	2,651	2,022	-	14,601
Net Revenue (Expense)	<u>8,048</u>	<u>(8,384)</u>	<u>(1,943)</u>	<u>(1,832)</u>	<u>1,981</u>	<u>(2,130)</u>
General Revenues						
Unrestricted Investment Earnings	-	7,530	103	50	-	7,683
Non-program Specific Grants, Contributions & Appropriations	-	17,646	-	-	-	17,646
Miscellaneous Revenues	-	2,145	140	452	-	2,737
Total General Revenues	<u>-</u>	<u>27,321</u>	<u>243</u>	<u>502</u>	<u>-</u>	<u>28,066</u>
Change in Net Position	<u>8,048</u>	<u>18,937</u>	<u>(1,700)</u>	<u>(1,330)</u>	<u>1,981</u>	<u>25,936</u>
Net Position - Beginning of Year	<u>92,284</u>	<u>117,258</u>	<u>114,395</u>	<u>18,583</u>	<u>-</u>	<u>342,520</u>
Net Position - End of Year	<u>\$ 100,332</u>	<u>\$ 136,195</u>	<u>\$ 112,695</u>	<u>\$ 17,253</u>	<u>\$ 1,981</u>	<u>\$ 368,456</u>

