New Issue – Book-Entry-Only

This Official Statement provides information about the Bonds. Some of the information appears on this cover page for ready reference. A prospective investor should read the entire Official Statement to make an informed investment decision.

$65,920,000
STATE OF MAINE
GENERAL OBLIGATION BONDS
Consisting of
$27,135,000 2023 Series A
(Federally Taxable)
And
$38,785,000 2023 Series B

Dated: Date of Delivery **Due: as shown on the inside cover**

Bond Ratings	See "RATINGS" herein.
Interest Payment Dates	June 1 and December 1, commencing December 1, 2023.
Redemption	The Bonds are not subject to redemption prior to maturity.
Source of Payment	The Bonds will be general obligations of the State of Maine ("the State") and the full faith and credit of the State are pledged to the punctual payment of principal of and interest on the Bonds, with the State Treasurer being obligated under the Maine Constitution to set aside available General Fund revenues to the extent needed to make said payments if legislative appropriations are insufficient, as more fully described herein. See "DESCRIPTION OF THE BONDS" herein.
Tax Matters	In the opinion of Locke Lord LLP, Bond Counsel to the State, interest on the Series A Bonds is included in the gross income of the owners of the Series A Bonds for federal income tax purposes. Interest on the Series B Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Series B Bonds will not be included in computing the alternative minimum taxable income for individuals. For tax years beginning after December 31, 2022, however, interest on the Series B Bonds will be included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Under existing law, interest on the Bonds is excluded from gross income for State income tax purposes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "TAX MATTERS" herein.
Purpose	The Bonds are being issued to finance certain capital expenditures of the State. See "DESCRIPTION OF THE BONDS" herein.
Initial Denominations	Multiples of $5,000.
Closing	June 22, 2023.
Global Book-Entry System	The Bonds, when issued, will be registered in the name of Cede & Co., as the nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository (the "Securities Depository") of the Bonds. Purchasers of the Bonds will not receive certificates representing their interests in the Bonds purchased.
Bond Counsel	Locke Lord LLP. See "TAX MATTERS" herein.
Municipal Advisor	Hilltop Securities Inc. See "MUNICIPAL ADVISOR" herein.
Issuer Contact	Henry E.M. Beck, Esq., Treasurer of State. See "MISCELLANEOUS" herein.

J.P. Morgan

Goldman Sachs & Co. LLC **Raymond James**

Official Statement dated June 8, 2023

MATURITIES, AMOUNTS, INTEREST RATES AND YIELDS

$65,920,000
State of Maine
General Obligation Bonds

$27,135,000
General Obligation Bonds, 2023 Series A
(Federally Taxable)

Maturity (June 1)	Principal Amount	Interest Rate	Yield	CUSIP† No.
2024	$6,595,000	5.250%	5.153%	56052AH82
2025	6,595,000	5.000	4.773	56052AH90
2026	6,590,000	5.000	4.570	56052AJ23
2027	6,590,000	4.750	4.510	56052AJ31
2028	765,000	4.750	4.640	56052AJ49

$38,785,000
General Obligation Bonds, 2023 Series B

Maturity (June 1)	Principal Amount	Interest Rate	Yield	CUSIP† No.
2028	$5,830,000	5.000%	2.760%	56052AJ56
2029	6,595,000	5.000	2.800	56052AJ64
2030	6,590,000	5.000	2.740	56052AJ72
2031	6,590,000	5.000	2.770	56052AJ80
2032	6,590,000	5.000	2.750	56052AJ98
2033	6,590,000	5.000	2.800	56052AK21

No dealer, broker, salesperson or other person has been authorized by the State or the underwriters listed on the cover page hereof (the “Underwriters”) to give any information or to make any representation, other than those contained in this Official Statement. If given or made, such other information or representation must not be relied upon as having been authorized by the State or the Underwriters. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinions herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstance create any implication that there has been no change in the affairs of the State since the date hereof.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

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Governor

Janet T. Mills
State House Station 1
Augusta, Maine

Treasurer of State

Henry E.M. Beck, Esq.
State House Station 39
Augusta, Maine

Commissioner of Administrative and Financial Services

Kirsten Figueroa
State House Station 78
Augusta, Maine

Department of the Attorney General of the State of Maine

Aaron Frey, Attorney General of the State of Maine
Halliday Moncure, Assistant Attorney General
State Offices
Augusta, Maine

Bond Counsel

Locke Lord LLP
Boston, Massachusetts

Municipal Advisor

Hilltop Securities Inc.
Lincoln, Rhode Island

Counsel to J.P. Morgan Securities LLC, as representative of the Underwriters

Preti, Flaherty, Beliveau & Pachios, LLP
Augusta, Maine

$65,920,000
STATE OF MAINE
GENERAL OBLIGATION BONDS
Consisting of
$27,135,000 2023 Series A
(Federally Taxable)
and
$38,785,000 2023 Series B

INTRODUCTION

This Official Statement, including the cover page hereof and the Appendices hereto, sets forth certain information in connection with the issuance by the State of Maine (the "State" or "Maine") of its $27,135,000 General Obligation Bonds, 2023 Series A (Federally Taxable) (the "Series A Bonds") and its $38,785,000 General Obligation Bonds, 2023 Series B (the "Series B Bonds" and, together with the Series A Bonds, the "Bonds"). The Bonds are authorized by, and are being issued pursuant to, Article IX, Section 14, of the Constitution of the State and certain laws of the State which were ratified by voters of the State voting in elections thereon. See Appendix D hereto. The Bonds will be general obligations of the State.

DESCRIPTION OF THE BONDS

The Bonds will bear interest from the date of their delivery payable semiannually on June 1 and December 1 of each year, commencing December 1, 2023, until payment of the principal of the Bonds. Interest on the Bonds will be paid on the interest payment dates, and principal of the Bonds will be paid at maturity, to The Depository Trust Company, New York, New York ("DTC") or its nominee as registered owner of the Bonds. So long as DTC or its nominee is the registered owner of the Bonds, disbursement of such payments to DTC is the responsibility of the State, disbursement of such payments to the Direct Participants (as defined under the heading "The Depository Trust Company" below) is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners (as defined under the heading "The Depository Trust Company" below) is the responsibility of the Direct Participants or Indirect Participants (as defined under the heading "The Depository Trust Company" below) as more fully described herein. See "The Depository Trust Company" below. The Bonds will bear interest at the rates and will mature on the dates and in the amounts set forth on the inside cover page hereof. Interest on the Bonds will be computed on the basis of a 30-day month and a 360-day year.

The Bonds are not subject to redemption prior to maturity.

The Bonds are general obligations of the State and the full faith and credit of the State are pledged to the punctual payment of principal of and interest on the Bonds. Article V, Part Third, Section 5 of the Constitution of the State provides that **if sufficient funds are not appropriated to pay the principal of and interest on all bonded debt (including the Bonds), when due, then the Treasurer of State is obligated to set apart from the first General Fund revenues thereafter received an amount sufficient to make payment of principal of and interest on the Bonds as such principal and interest become due.**

The Bonds are being issued to finance certain capital expenditures of the State. See Appendix D hereto.

SOURCES AND USES

The following table sets forth estimated sources and uses of funds for the Series A and Series B Bonds.

	Series A Bonds	*Series B Bonds*
SOURCES OF FUNDS		
Par Amount of Bonds	$27,135,000.00	$38,785,000.00
Original Issue Premium	169,749.55	5,783,360.15
TOTAL SOURCES OF FUNDS	$27,304,749.55	$44,568,360.15
USES OF FUNDS		
Deposit to Construction Fund	$27,155,000.00	$44,315,000.00
Cost of Issuance	82,550.23	123,148.31
Underwriter's Discount	67,199.32	130,211.84
TOTAL USES OF FUNDS	$27,304,749.55	$44,568,360.15

INFORMATION CONCERNING THE STATE

Certain information regarding the State is included in Appendix A hereto. The State's audited financial statements for the fiscal year ended June 30, 2022 and certain other selected financial information pertaining to the State are included in Appendix B hereto. Certain information with respect to revenues of the State is included in Appendix C hereto. Certain information regarding authorized and outstanding debt of the State is included in Appendix D hereto. Certain information derived from actuarial valuation reports for the retirement programs administered by the Maine Public Employees Retirement System is included in Appendix E hereto. Selected economic information pertaining to the State is included in Appendix F hereto.

LITIGATION

There is no controversy or litigation of any nature now pending or, to the knowledge of the Department of the Attorney General, threatened, seeking to restrain or enjoin the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds, or any law or other authorization with respect to the issuance or sale of the Bonds, or the payment of the Bonds, or the existence or powers of the State, or the title to their respective offices of the present officers of the State who are responsible for the issuance, sale, execution or delivery of the Bonds. See "Litigation" in Appendix A hereto.

TAX MATTERS

Series B Bonds – Tax Exempt Bonds

In the opinion of Locke Lord LLP, Bond Counsel to the State ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Series B Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of

1986, as amended (the "Code"). Bond Counsel is of the further opinion that interest on the Series B Bonds will not be included in computing the alternative minimum taxable income of Bondholders who are individuals. For tax years beginning after December 31, 2022, however, interest on the Series B Bonds will be included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition of, or the accrual or receipt of interest on, the Series B Bonds.

The Code imposes various requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series B Bonds. Failure to comply with these requirements may result in interest on the Series B Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series B Bonds. The State has covenanted to comply with such requirements to ensure that interest on the Series B Bonds will not be included in federal gross income. The opinion of Bond Counsel assumes compliance with these requirements.

Bond Counsel is also of the opinion that, under existing law, interest on the Series B Bonds is excluded from gross income for Maine income tax purposes. Bond Counsel expresses no opinion regarding any other Maine tax consequences arising with respect to the Series B Bonds. Bond Counsel also has not opined as to the taxability of the Series B Bonds or the income therefrom under the laws of any state other than Maine. A complete copy of the proposed form of opinion of Bond Counsel with respect to the Series B Bonds is set forth in Appendix G hereto.

To the extent the issue price of any maturity of the Series B Bonds is less than the amount to be paid at maturity of such Series B Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series B Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Series B Bonds which is excluded from gross income for federal income tax purposes and is excluded from gross income for Maine income tax purposes. For this purpose, the issue price of a particular maturity of the Series B Bonds is the reasonably expected initial offering price to the public or the first price at which a substantial amount of such maturity of the Series B Bonds is sold to the public, as applicable. The original issue discount with respect to any maturity of the Series B Bonds accrues daily over the term to maturity of such Series B Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Series B Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series B Bonds. Beneficial owners of the Series B Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series B Bonds with original issue discount, including the treatment of purchasers who do not purchase such Series B Bonds in the original offering to the public at the reasonably expected initial offering price to the public, or, if applicable, the first price at which a substantial amount of such Series B Bonds is sold to the public.

Series B Bonds purchased, whether at original issuance or otherwise, for an amount greater than the stated principal amount to be paid at maturity of such Series B Bonds, or, in some cases, at the earlier redemption date of such Series B Bonds ("Premium Series B Bonds"), will be treated as having amortizable bond premium for federal income tax purposes and for Maine income tax purposes. No deduction is allowable for the amortizable bond premium in the case of obligations, such as the Premium Series B Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, a beneficial owner's basis in a Premium Series B Bond will be reduced by the amount of amortizable bond premium properly allocable to such beneficial owner. Holders of Premium Series B Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Prospective beneficial owners should be aware that certain requirements and procedures contained or referred to in the relevant documents may be changed and certain actions (including, without limitation, defeasance of the Series B Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Series B Bonds may adversely affect the value of, or the tax status of interest on, the Series B Bonds.

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the Maine legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Series B Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Series B Bonds will not have an adverse effect on the tax status of interest on the Series B Bonds or the market value or marketability of the Series B Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Series B Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

The Series B Bonds are not subject to special mandatory redemption, and the interest rates on the Series B Bonds are not subject to adjustment, in the event of any such change in the tax treatment of interest on the Series B Bonds. Prospective beneficial owners are urged to consult their own tax advisors with respect to any such legislation, interpretation or development.

Although Bond Counsel is of the opinion that interest on the Series B Bonds is excluded from gross income for federal income tax purposes and Maine income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Series B Bonds may otherwise affect a beneficial owner's federal or state tax liability. Among other possible consequences of ownership or disposition of, or the accrual or receipt of interest on, the Series B Bonds, the Code requires recipients of certain social security and certain railroad retirement benefits to take into account receipts or accruals of interest on the Series B Bonds in determining the portion of such benefits that are included in gross income. The nature and extent of these other tax consequences will depend upon the particular tax status of the beneficial owner or the beneficial owner's other items of income, deduction or exclusion. Bond Counsel expresses no opinion regarding any such other tax consequences, and beneficial owners should consult with their own tax advisors with respect to such consequences.

Series A Bonds – Federally Taxable Bonds

In the opinion of Bond Counsel, based upon an analysis of existing law, interest on the Series A Bonds is includable in gross income for federal income tax purposes under the Code. Bond Counsel expresses no opinion regarding any other federal tax law consequences related to the ownership or disposition of, or accrual or receipt of interest on, the Series A Bonds.

Bond Counsel is also of the opinion that, under existing law, interest on the Series A Bonds is excluded from gross income for Maine income tax purposes. Bond Counsel expresses no opinion regarding any other Maine tax consequences arising with respect to the Series A Bonds. Bond Counsel also has not opined as to the taxability of the Series A Bonds or the income therefrom under the laws of any state other than Maine. A complete copy of the proposed form of opinion of Bond Counsel with respect to the Series A Bonds is set forth in Appendix G hereto.

The following discussion summarizes certain U.S. federal income tax considerations relating to the acquisition, ownership, and disposition of the Series A Bonds and it may not contain all of the information that may be important to a particular investor. It is based on provisions of the Code, Treasury Regulations promulgated thereunder, and administrative and judicial interpretations thereof, all in effect or proposed on the date hereof and all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the Internal Revenue Service ("IRS") with respect to any of the U.S. federal income tax consequences discussed below. Accordingly, no assurance can be given that the IRS will agree with the views expressed in this summary, or that a court will not sustain any challenge by the IRS in the event of litigation.

The following relates only to Series A Bonds that are acquired in the initial offering for an amount of cash equal to the initial offering price (i.e., the price at which a substantial amount of such Series A Bonds is first sold to the public) and that are held as "capital assets" within the meaning of Section 1221 of the Code (i.e., generally, property held for investment).

This discussion does not address all U.S. federal income tax consequences applicable to any given investor, nor does it address the U.S. federal income tax considerations applicable to investors who may be subject to special tax treatment (regardless of whether or not such persons constitute U.S. Holders (defined below)), such as banks and other financial institutions, retirement plans, employee stock ownership plans, certain U.S. expatriates, banks, real estate investment trusts, regulated investment companies, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships or other pass-through entities for U.S. federal income tax purposes (or investors in such entities), S corporations, estates and trusts, investors who hold their Series A Bonds as part of a hedge, straddle, or an integrated or conversion transaction, investors whose "functional currency" is not the U.S. dollar, or persons subject to the alternative minimum tax. In addition, this discussion does not include any description of the tax laws of any state, local, or non-U.S. jurisdiction that may be applicable to a particular investor and does not consider any aspects of U.S. federal tax law other than income taxation.

As used herein, "U.S. Holder" means a beneficial owner of a Series A Bond that is, for U.S. federal income tax purposes: (i) an individual citizen or resident, as defined in Section 7701(b) of the Code, of the United States, (ii) a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source, or (iv) a trust if (A) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust or (B) the trust validly elected to be treated as a domestic trust). As used herein, "Non-U.S. Holder" generally means a beneficial owner of a Series A Bond (other than a partnership) who is not a U.S. Holder.

The U.S. federal income tax treatment of an entity classified as a partnership for U.S. federal income tax purposes that holds the Series A Bonds generally will depend on such partner's particular circumstances and on the activities of the partnership. Partners in such partnerships should consult their own tax advisors regarding the consequences of acquiring, owning and disposing of the Series A Bonds (including their status as U.S. Holders or Non-U.S. Holders).

U.S. Holders

Interest. Stated interest on the Series A Bonds generally will be taxable to a U.S. Holder as ordinary interest income at the time such amounts are accrued or received, in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes.

"Original issue discount" will arise for U.S. federal income tax purposes in respect of any Series A Bonds if its stated redemption price at maturity exceeds its issue price by more than a de minimis amount (as determined for U.S. federal income tax purposes). For any Series A Bonds issued with original issue discount, the amount of original issue discount is equal to the excess of the stated redemption price at maturity of that Series A Bond over its issue price. The stated redemption price at maturity of a Series A Bond is the sum of all scheduled amounts payable on such Series A Bond other than qualified stated interest. U.S. Holders generally will be required to include any original issue discount in income for U.S. federal income tax purposes as it accrues, in accordance with a constant yield method based on a compounding of interest (which may be before the receipt of cash payments attributable to such income). Under this method, U.S. Holders of Series A Bonds issued with original issue discount generally will be required to include in income increasingly greater amounts of original issue discount in successive accrual periods.

"Premium" generally will arise for U.S. federal income tax purposes in respect of any Series A Bond to the extent its issue price exceeds its stated principal amount. A U.S. Holder of a Series A Bond issued at a premium may make an election, applicable to all debt securities purchased at a premium by such U.S. Holder, to amortize such premium, using a constant yield method over the term of such Series A Bond.

Market Discount. A holder who acquires a Series A Bond in a secondary market transaction may be subject to U.S. federal income tax rules providing that accrued market discount will be subject to taxation as ordinary income on the sale or other disposition of a "market discount bond." Dispositions subject to this rule include a redemption or retirement of a Series A Bond. The market discount rules may also limit a holder's deduction for interest expense for debt that is incurred or continued to purchase or carry a Series A Bond. A market discount bond is defined generally as a debt obligation purchased subsequent to issuance, at a price that is less than the principal amount of the obligation, subject to a de minimis rule. The Code allows a taxpayer to compute the accrual of market discount by using a ratable accrual method or a constant interest rate method. Also, a taxpayer may elect to include the accrued discount in gross income each year while holding the bond, as an alternative to including the total accrued discount in gross income at the time of a disposition, in which case the tax basis of the bond will be increased by the amount of discount included in gross income and the interest expense deduction limitation described above will not apply.

Disposition of the Series A Bonds. Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, retirement (including pursuant to an offer by the State), reissuance or other disposition of a Series A Bond will be a taxable event for U.S. federal income tax purposes.

In such event, a U.S. Holder generally will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid interest on the Series A Bond which will be taxed in the manner described above under "Interest") and (ii) the U.S. Holder's adjusted tax basis in the Series A Bond at the time of disposition. A U.S. Holder's adjusted basis in a Series A Bond will generally equal the purchase price paid by the U.S. Holder for the Series A Bond, increased by the amount of any original issue discount previously included in income by such U.S. Holder with respect to such Series A Bond and decreased by any payments previously made on such Series A Bond, other than payments of qualified stated interest, or decreased by any amortized premium. Any such gain or loss generally will be capital gain or loss and will be long term capital gain or loss if such Series A Bond is held by the U.S. Holder for more than one year. Long-term capital gain of non-corporate U.S. Holders is generally subject to tax at preferential rates. The deductibility of capital losses is subject to limitations.

A material modification of the terms of any Series A Bond may result in a deemed reissuance thereof, in which event a beneficial owner of the modified Series A Bonds generally will recognize taxable gain or loss equal to the difference between the amount realized from the sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and the beneficial owner's adjusted tax basis in the Series A Bond.

Net Investment Income Tax. Section 1411 of the Code generally imposes a 3.8% Medicare contribution tax on the net investment income of certain individuals, trusts, and estates to the extent their income exceeds certain threshold amounts. For these purposes, "net investment income" may include, among other things, interest and gains from the sale or other disposition of the Series A Bonds. Prospective investors are advised to consult their tax advisors regarding the possible implications of this additional tax on their investment in the Series A Bonds.

Information Reporting and Backup Withholding. In general, a U.S. Holder will be subject to backup withholding with respect to interest on the Series A Bonds, and the proceeds of a sale or other disposition of the Series A Bonds (including a redemption or retirement), at the applicable tax rate of 28%, unless such holder (a) is an entity that is exempt from backup withholding (including corporations) and, when required, demonstrates this fact, or (b) provides the payor with its taxpayer identification number ("TIN"), certifies that the TIN provided to the payor is correct and that the holder has not been notified by the IRS that such holder is subject to backup withholding due to underreporting of interest or dividends, and otherwise complies with applicable requirements of the backup withholding rules. In addition, such payments to U.S. Holders that are not exempt entities will generally be subject to information reporting requirements. A U.S. Holder who does not provide the payor with its correct TIN may be subject to penalties imposed by the IRS. Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against such holder's U.S. federal income tax liability and may entitle such holder to a refund, provided that certain required information is timely furnished to the IRS.

Non-U.S. Holders

The following discussion applies only to Non-U.S. Holders. This discussion does not address all aspects of U.S. federal income taxation that may be relevant to Non-U.S. Holders in light of their particular circumstances. For example, special rules may apply to a Non-U.S. Holder that is a "controlled foreign corporation" or a "passive foreign investment company," and, accordingly, Non-U.S. Holders should consult their own tax advisors to determine the effect of U.S. federal, state, local and non U.S. tax laws, as well as tax treaties, with regard to an investment in the Series A Bonds.

Interest. Subject to the discussions below under the headings "FATCA Withholding" and "Information Reporting and Backup Withholding," a Non-U.S. Holder will not be subject to U.S. federal income or withholding taxes in respect of interest paid or accrued on a Series A Bond (including original interest discount income) if the interest qualifies for the "portfolio interest exemption." This generally will be the case if each of the following applicable requirements are satisfied:

- the interest is not effectively connected with a U.S. trade or business;

- the Non-U.S. Holder is not, and is not treated as, a bank receiving interest on an extension of credit pursuant to a loan agreement entered into in the ordinary course of its trade or business, as described in Section 881(c)(3)(A) of the Code;

- certain certification requirements are met. Under current law, the certification requirement will be satisfied in any of the following circumstances;

- If a Non-U.S. Holder provides to the payor a statement on an applicable IRS Form W-8 (or suitable successor form), together with all appropriate attachments, signed under penalties of perjury, identifying the Non-U.S. Holder by name and address and stating, among other things, that the Non-U.S. Holder is not a United States person;

- If a Series A Bond is held through a securities clearing organization, bank, or another financial institution that holds customers' securities in the ordinary course of its trade or business, (i) the Non-U.S. Holder provides such a form to such organization or institution, and (ii) such organization or institution, under penalty of perjury, certifies to the payor that it has received such statement from the beneficial owner or another intermediary and furnishes the payor with a copy thereof; and

- If a financial institution or other intermediary that holds the Series A Bond on behalf of the Non-U.S. Holder has entered into a withholding agreement with the IRS and submits an IRS Form W-8IMY (or suitable successor form) and certain other required documentation to the payor.

If the requirements of the portfolio interest exemption described above are not satisfied, a 30% withholding tax will apply to the gross amount of interest on the Series A Bonds that is paid to a Non-U.S. Holder, unless either: (a) an applicable income tax treaty reduces or eliminates such tax, and the Non-U.S. Holder claims the benefit of that treaty by providing a properly completed and duly executed IRS Form W-8BEN or Form W-8BEN-E, as applicable (or suitable successor or substitute form), establishing qualification for benefits under the treaty, or (b) the interest is effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States and the Non-U.S. Holder provides an appropriate statement to that effect on a properly completed and duly executed IRS Form W-8ECI (or suitable successor form).

If a Non-U.S. Holder is engaged in a trade or business in the United States and its investment in a Series A Bond is effectively connected with the conduct of that trade or business, the Non-U.S. Holder generally will be required to pay U.S. federal income tax on that interest on a net income basis in the same manner as a U.S. Holder and the 30% withholding tax described above will not apply provided the duly executed IRS Form W-8ECI is provided to the Issuing and Paying Agent. If a Non-U.S. Holder is eligible for the benefits of an income tax treaty between the U.S. and its country of residence, and the Non-U.S. Holder claims the benefit of the treaty by properly submitting an IRS Form W-8BEN or Form W-8BEN-E, as applicable, any interest income that is effectively connected with a U.S. trade or business will be subject to U.S. federal income tax in the manner specified by the treaty and generally will only be subject to such tax if such income is attributable to a permanent establishment (or a fixed base in the case of an individual) maintained by the Non-U.S. Holder in the United States. In addition, a Non-U.S. Holder that is treated as a foreign corporation for U.S. federal income tax purposes may be subject to a branch profits tax equal to 30% (or such lower rate provided by an applicable income tax treaty) of its earnings and profits for the taxable year, subject to adjustments, that are effectively connected with its conduct of a trade or business in the United States.

Disposition of the Series A Bonds. Subject to the discussions below under the headings "FATCA Withholding" and "Information Reporting and Backup Withholding," any gain realized by a Non-U.S. Holder upon the sale, exchange, redemption, retirement, reissuance or other disposition of a Series A Bond generally will not be subject to U.S. federal income tax, unless (i) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business within the United States (and, in the case of certain income tax treaties, is attributable to a permanent establishment or "fixed base" within the United States); or (ii) in the case of any gain realized by an individual Non-U.S. Holder, such holder is present in the United States for 183 days or more in the taxable year of such sale, exchange, redemption, retirement, reissuance or other disposition and certain other conditions are met. If the first exception applies, the Non-U.S. Holder will generally be subject to U.S. federal income tax on the net gain derived from the sale, exchange, redemption, retirement at maturity, or other taxable disposition of the Series A Bonds in the same manner as a U.S. Holder unless an applicable income tax treaty provides otherwise. If the second exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax at a rate of 30% (except as otherwise provided by an applicable income tax treaty) on the amount by which its U.S.-source capital gains exceed its U.S.-source capital losses. In addition, corporate Non-U.S. Holders may be subject to a 30% (or lower applicable treaty rate) branch profits tax on any such effectively connected earnings and profits attributable to such gain.

U.S. Federal Estate Tax. A Series A Bond that is held by an individual who at the time of death is not a citizen or resident of the United States will not be subject to U.S. federal estate tax as a result of such individual's death, provided that at the time of such individual's death, payments of interest with respect to such Series A Bond would not have been effectively connected with the conduct by such individual of a trade or business within the United States.

FATCA Withholding. The Foreign Account Tax Compliance Act ("FATCA") together with administrative guidance and certain intergovernmental agreements entered into thereunder generally imposes a 30% U.S. withholding tax on certain U.S. source payments, including interest, and, after December 31, 2018, on gross proceeds from a disposition of property of a type which can produce U.S. source interest ("withholdable payments"), paid to (i) a "foreign financial institution" (as specifically defined in the Code) which does not provide sufficient documentation, typically on IRS Form W-8BEN-E, evidencing either (x) an exemption from FATCA, or (y) its compliance (or deemed compliance) with FATCA (which may alternatively be in the form of compliance with an intergovernmental agreement with the United States) in a manner which avoids withholding, or (ii) a "non-financial foreign entity" (as specifically defined in the Code)" which does not provide sufficient documentation, typically on IRS Form W-8BEN-E, evidencing either (x) an exemption from FATCA, or (y) adequate information regarding certain substantial United States beneficial owners of such entity (if any). The 30% withholding tax under FATCA applies regardless of whether the foreign financial institution or non-financial foreign entity receives payments as a beneficial owner or intermediary and whether the applicable payment otherwise is exempt from U.S. withholding (e.g., as "portfolio interest" or as capital gain upon the sale, exchange, redemption or other disposition of a Series A Bond). Interest paid with respect to the Series A Bonds and, after December 31, 2018, gross proceeds from the sale or disposition of the Series A Bonds, may be subject to the 30% withholding tax if the holder fails to comply with FATCA. Non-U.S. Holders are urged to consult their own tax advisors with respect to these information reporting rules and due diligence requirements and the potential application of FATCA to them.

Information Reporting and Backup Withholding. In general, the amount of any interest paid on the Series A Bonds in each calendar year, and the amount of U.S. federal income tax withheld, if any, with respect to these payments will be reported to the IRS and each Non-U.S. Holder. Copies of the information returns reporting such interest payments and any withholding may also be made available to the tax authorities in the country in which the Non-U.S. Holder resides under an applicable income tax treaty or other information exchange agreement.

Non-U.S. Holders who have provided certification as to their non-U.S. status or who have otherwise established an exemption will generally not be subject to backup withholding tax on payments of interest if the payor does not have actual knowledge or reason to know that such certification is unreliable or that the conditions of the exemption are in fact not satisfied.

Payments of the proceeds from the disposition of a Series A Bond (including a redemption or retirement) to or through a foreign office of a broker generally will not be subject to information reporting or backup withholding. However, information reporting, but generally not backup withholding, may apply to those payments if the broker is one of the following: (a) a United States person, (b) a "controlled foreign corporation" for U.S. federal income tax purposes, (c) a foreign person, 50% or more of whose gross income from all sources for the three-year period ending with the close of its taxable year preceding the payment was effectively connected with a U.S. trade or business, or (d) a foreign partnership with specified connections to the United States, unless the Non-U.S. Holder certifies as to its non-U.S. status or otherwise establishes an exemption.

Payment of the proceeds from a disposition of a Series A Bond (including a redemption or retirement) to or through the United States office of a broker will be subject to information reporting and backup withholding unless the Non-U.S. Holder certifies as to its non-U.S. status or otherwise establishes an exemption from information reporting and backup withholding.

Backup withholding is not an additional tax, and amounts withheld as backup withholding are allowed as a refund or credit against a holder's federal income tax liability, provided that the required information as to withholding is furnished to the IRS.

The foregoing summary is included herein for general information only and does not discuss all aspects of U.S. federal income taxation that may be relevant to a particular Beneficial Owner of Series A Bonds in light of the Beneficial Owner's particular circumstances and income tax situation. Prospective investors are urged to consult their own

tax advisors as to any tax consequences to them from the purchase, ownership and disposition of Series A Bonds, including the application and effect of state, local, foreign and other tax laws.

DOCUMENTS ACCOMPANYING DELIVERY OF THE BONDS

Absence of Litigation

Upon delivery of the Bonds, the State will furnish an opinion of the Department of the Attorney General, dated the date of delivery of the Bonds, to the effect that there is no litigation of any nature pending or threatened to restrain or enjoin the issuance or delivery of the Bonds or in any way contesting or affecting the validity of the Bonds or any of the proceedings taken with respect to the issuance and sale thereof or the levy or collection of any taxes to pay principal of or interest on the Bonds. In addition, such opinion will state that, based on consultations with certain officers of the State, there is no litigation of any nature now pending or threatened by or against the State wherein an adverse judgment or ruling could have a material adverse effect on the financial condition of the State or adversely affect the power of the State to levy, collect or enforce the collection of taxes or other revenues for the payment of its Bonds which has not been disclosed in this Official Statement.

Treasurer's Certificate

Upon delivery of the Bonds, the State will furnish a certificate of the Treasurer of State, dated the date of delivery of the Bonds, to the effect that to the best of his knowledge this Official Statement does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements made herein, in light of the circumstances under which they were made, not misleading.

Legal Opinions

The opinions of Locke Lord LLP with respect to the validity and tax status of the Bonds will be delivered at the time of delivery of the Bonds in substantially the forms set forth in Appendix G to this Official Statement.

Except as to matters expressly set forth in its opinions delivered in connection with the issuance of the Bonds, the scope of engagement of Bond Counsel does not extend to passing upon or assuming responsibility for the accuracy or adequacy of any statement made in this Official Statement, and they make no representation that they have independently verified the same other than matters expressly set forth as its opinions.

Secondary Market Disclosure

In connection with the issuance of the Bonds, the State will undertake in the Bonds to provide annual financial information and notices of certain events pursuant to Rule 15c2-12 (the "Rule"), promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c-2-12). Such undertakings of the State are summarized in Appendix H hereto.

The following information describes the instances in the previous five (5) years in which the State failed to comply, in all material respects, with the terms of certain of its previous undertakings entered into pursuant to the Rule.

The State has provided continuing disclosure undertakings with respect to its general obligation bonds issued from time to time and with respect to certain bonds issued from time to time by the Maine Governmental Facilities Authority ("MGFA") and agreed therein to provide audited financial statements and annual financial information and operating data within one year after the June 30 end of each of its fiscal years. In order to fulfill such continuing disclosure undertakings, it has been the State's practice to post its official statements with respect to such bonds on the Municipal Securities Rulemaking Board's Electronic Municipal Markets Access website ("EMMA") and to associate such official statements with CUSIP numbers to which such continuing disclosure undertakings apply. The State has determined that while its annual financial information and audited financial statements were filed with EMMA in a timely manner each year, the State's filing of its annual financial information for the year ended June 30, 2020 ("FY2020") was posted on EMMA on June 2, 2021, but did not include certain appendices that should have been included. A corrective filing has been made.

The Maine Municipal Bond Bank (the "Bank") has issued its Grant Anticipation Bonds (the "GARVEE Bonds") and its Transportation Infrastructure Revenue Bonds (the "TransCap Bonds") each on behalf of the Maine Department of Transportation ("MaineDOT"), and, in connection with such bonds, entered into substantially similar continuing disclosure agreements with the trustee for such bonds and the State, acting by and through the Treasurer of State and the Commissioner of MaineDOT. The State determined that annual financial information and operating data for the GARVEE Bonds for fiscal year 2019 was timely filed, except for one series of GARVEE Bonds. A corrective filing was made in November, 2020 at the time the annual report for fiscal year 2020 was filed.

With respect to the TransCap Bonds, the State has determined that certain annual filings for the TransCap Bonds were not linked to all of the CUSIP numbers of the outstanding TransCap Bonds and has made corrective filings.

The State did not file separate failure to file notices because, except for the disclosures above related to the TransCap Bonds, the filings when made contained a cover sheet accompanying the financial information stating that the required information was being filed late or was otherwise a corrective filing.

In connection with the preparation of this Official Statement, the State is reviewing certain other annual filings made with respect to certain TransCap Bonds, GARVEE Bonds and the State's general obligation bonds that did not associate all relevant CUSIP numbers with the applicable filings, which were otherwise timely. If corrective filings are needed, the State will undertake to make them. The State is reviewing its procedures to ensure appropriate CUSIP associations in the future.

THE DEPOSITORY TRUST COMPANY

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered

Series A Bond certificate will be issued in the aggregate principal amount of each maturity thereof and will be deposited with DTC. One fully-registered Series B Bond certificate will be issued in the aggregate principal amount of each maturity and related interest rate thereof and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the State and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an omnibus proxy to the State as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the omnibus proxy).

Payments of principal of and interest on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the State on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, or the State, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the State, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the State. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The State may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information concerning DTC and DTC's book-entry system has been obtained from sources that the State believes to be reliable, but the State takes no responsibility for the accuracy thereof.

THE STATE WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS, OR THE BENEFICIAL OWNERS OF

THE BONDS. NO ASSURANCES CAN BE PROVIDED THAT IN THE EVENT OF BANKRUPTCY OR INSOLVENCY OF DTC OR A DIRECT PARTICIPANT OR INDIRECT PARTICIPANT THROUGH WHICH A BENEFICIAL OWNER HOLDS INTERESTS IN THE BONDS, PAYMENT WILL BE MADE BY DTC, THE DIRECT PARTICIPANT OR THE INDIRECT PARTICIPANT ON A TIMELY BASIS.

SO LONG AS CEDE & CO., AS NOMINEE OF DTC, IS THE HOLDER OF ALL OF THE BONDS, REFERENCES HEREIN TO THE OWNERS OR HOLDERS OF THE BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS. THEREFORE, ANY STATEMENTS IN THE OFFICIAL STATEMENT SUMMARIZING THE TERMS OF PAYMENT OF THE BONDS, ANY REQUIREMENTS OF NOTICE TO HOLDERS OF THE BONDS AND ANY RIGHTS OF CONSENT OF THE HOLDERS OF THE BONDS SHALL APPLY TO CEDE & CO., AS HOLDER OF THE BONDS, AND NO REPRESENTATIONS ARE MADE IN RESPECT OF THE FOREGOING TO THE BENEFICIAL OWNERS OF THE BONDS.

RATINGS

Moody's Investors Service, Inc. and S&P Global Ratings, have assigned their municipal bond ratings of **"Aa2"** with a "positive" outlook and **"AA"** with a "stable" outlook, respectively, to the Bonds. The State has furnished such rating agencies with certain information and materials concerning the Bonds and the State, some of which is not included in this Official Statement. Generally, each such rating agency bases its ratings on such information and materials and also on such investigations, studies and assumptions as each may undertake or establish independently.

The ratings are not a recommendation to buy, sell or hold the Bonds and each such rating should be evaluated independently and should not be relied on in making any investment decision. Such ratings reflect only the respective views of each rating agency, and an explanation of the significance of such ratings may be obtained from the rating agency furnishing the same. There is no assurance that a rating will continue for any given period of time or that a rating will not be revised or withdrawn entirely by any or all of such rating agencies if, in its or their judgment, circumstances so warrant. Any downward revision or withdrawal of a rating could have an adverse effect on the market prices of the Bonds.

UNDERWRITING

J.P. Morgan Securities LLC, ("J.P. Morgan"), as representative of the Underwriters identified on the outside front cover page hereof (collectively, the "Underwriters") has agreed to purchase the Bonds at a price of $71,675,698.54, which purchase price reflects an Underwriters' discount, from the public offering price of the Bonds, in the amount of $197,411.16. The purchase contract relating to the Bonds provides that the Underwriters will purchase all of the Bonds, if any Bonds are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the purchase contract, subject to the approval of certain legal matters by Preti, Flaherty, Beliveau & Pachios, LLP, counsel to J.P. Morgan, in its capacity as representative of the Underwriters. The initial public offering prices of the Bonds stated on the inside cover page hereof may be changed, from time to time, by the Underwriters. The Underwriters may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into unit investment trusts, certain of which may be sponsored or managed by one or more of the Underwriters) and others at a price lower than the public offering price of the Bonds stated on the inside cover page hereof.

J.P. Morgan has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase the Bonds from J.P. Morgan at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the Underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the State and to persons and entities with relationships with the State, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the State (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the State. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

MUNICIPAL ADVISOR

Hilltop Securities Inc., Lincoln, Rhode Island, is acting as Municipal Advisor (the "Municipal Advisor") to the State in connection with the issuance of the Bonds. The Municipal Advisor has not independently verified any of the information contained in this Official Statement and makes no guarantee as to its completeness or accuracy. In addition, the Municipal Advisor has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies or rating agencies. The Municipal Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds, and receipt by the State of payment therefor. The State may engage the Municipal Advisor to perform other services, including without limitation, providing certain investment services with regard to the investment of Bond proceeds. The participation of the Municipal Advisor should not be seen as a recommendation to buy or sell the Bonds and investors should seek the advice of their accountants, lawyers and registered representatives for advice as appropriate.

MISCELLANEOUS

Any provisions of the constitution of the State, of all laws and of other documents set forth or referred to in this Official Statement are only summarized, and such summaries do not purport to be complete statements of any of such provisions. Only the actual text of such provisions can be relied upon for completeness and accuracy.

This Official Statement, including all appendices hereto, contains certain forward-looking statements that are subject to a variety of risks and uncertainties that could cause actual results to differ from the projected results, including without limitation general economic and business conditions, conditions in the financial markets, the financial condition of the State and various State agencies and authorities, receipt of federal grants, litigation, arbitration, force majeure events and various other factors that are beyond the control of the State and its various agencies and authorities. Because of the inability to predict all factors that may affect future decisions, actions, events or financial circumstances, what actually happens may be different from what is set forth in such forward-looking statements. Forward-looking statements are indicated by use of such words as "may," "should," "intends," "expects," "believes," "anticipates," "estimates" and others.

All estimates and assumptions in this Official Statement have been made on the best information available and are believed to be reliable, but no representations whatsoever are made that such estimates and assumptions are correct. So far as any statements in this Official Statement involve any matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact. The various tables may not add due to rounding of figures.

Neither the Office of the State Auditor, nor any other independent accountants, have compiled, examined or performed any procedures with respect to any financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information.

The information, estimates and assumptions and expressions of opinion in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale made pursuant to this Official Statement shall, under any circumstances, create any implication that there has been no change in the affairs of the State or its agencies, authorities or political subdivisions since the date of this Official Statement, except as expressly stated.

References to website addresses in this Official Statement, including all appendices hereto are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, the Rule.

Questions regarding this Official Statement or requests for additional information concerning the State should be directed to Henry E.M. Beck, Esq., Treasurer of State, 39 State House Station, Augusta, Maine 04333, telephone: 207-624-7477; facsimile: 207-287-2367.

STATE OF MAINE

By: /s/ Henry Beck
Treasurer of State

Dated: June 8, 2023

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STATE OF MAINE INFORMATION STATEMENT

APPENDIX A

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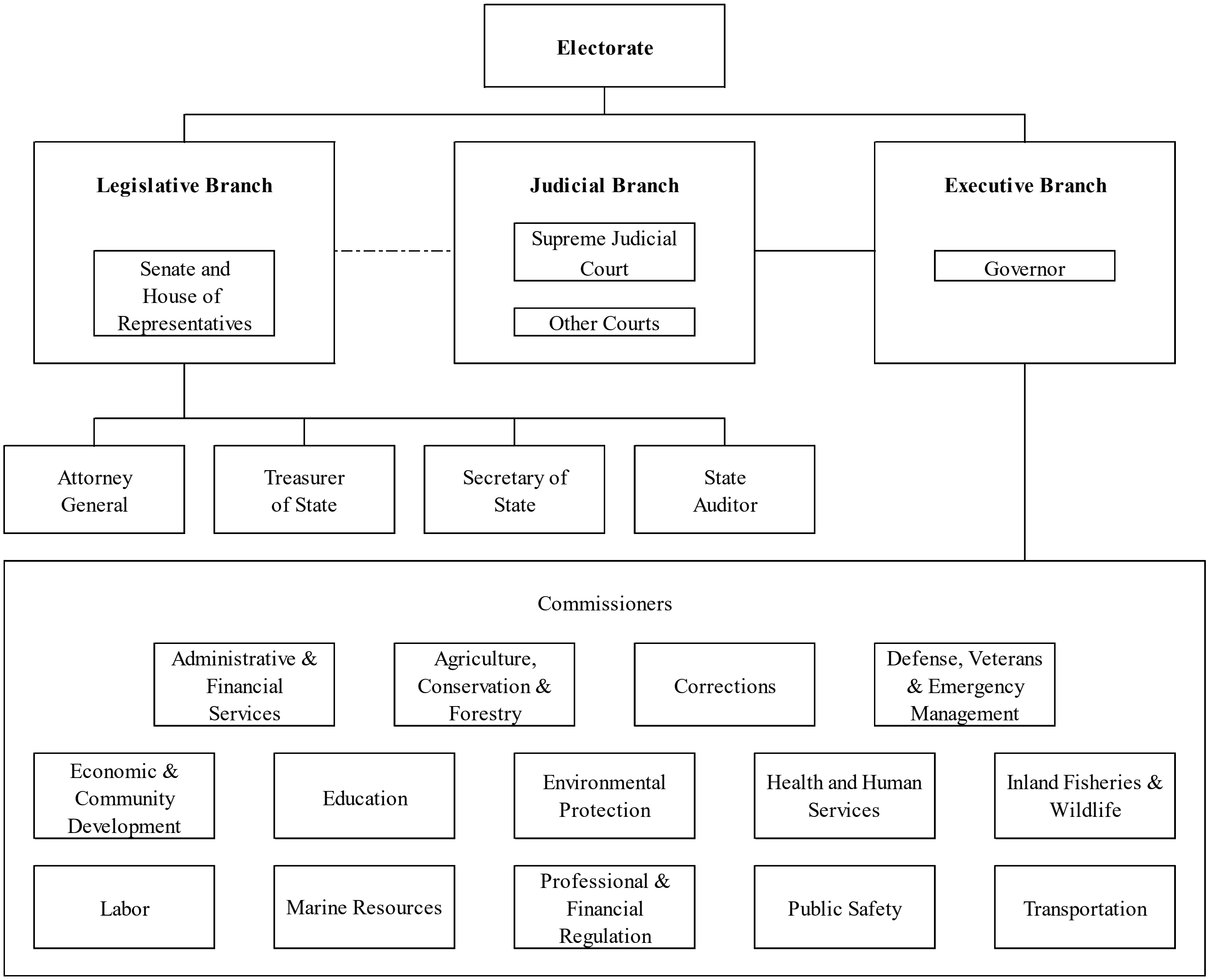
GOVERNMENTAL ORGANIZATION

The State of Maine (the "State" or "Maine") became the twenty-third state of the United States in 1820. The government of the State is divided into three distinct branches, the legislative, executive and judicial, as outlined in the chart below.



Executive Branch

The Offices of Governor, Secretary of State, Treasurer of State and Attorney General are created by the Maine Constitution. The Governor is elected quadrennially at a general election and is limited to two consecutive four-year terms of office. The first term of the present Governor, Janet T. Mills, began in January 2019. The Secretary of State, Treasurer of State and Attorney General are each elected biennially by a joint ballot of the state Senators and Representatives in convention. A person may not serve more than four consecutive terms as either Secretary of State, Treasurer of State or Attorney General.

Governor. The executive power of the State, including the power to recommend measures to the Legislature, and the power to appoint, with the advice and consent of the Senate, certain officers of State government, is vested in the Governor. The Governor is responsible for the enforcement of the laws of the State.

Governor's Cabinet. The Governor's cabinet, which assists the Governor in administration and policymaking, includes the commissioners who head the 14 executive departments and who serve at the pleasure of the Governor.

Secretary of State. The Secretary of State, a constitutional officer, serves as executive head of the Department of the Secretary of State, and is authorized to keep the office at the seat of government, have the custody of the State seal and preserve all records in such office at the expense of the State; to keep and preserve the records of all the official acts and proceedings of the Governor, Senate and House of Representatives, and, when required, lay the same before either branch of the Legislature, and perform such other duties as are enjoined by the Maine Constitution or required by law. The Secretary of State attends to the Governor, Senate and House of Representatives as they shall respectively require; appoints and renews all notaries public commissions; prepares commissions for appointees, and certificates of election to office for presentation to the Governor under the seal of the State; distributes printed information and instructions, ballots and blanks for all election returns required by law to clerks of the several towns; files articles of incorporation; files notices of certain security interests and performs other receiving, filing and recording functions for which fees may be collected; files rules adopted pursuant to the Administrative Procedure Act; annually registers motor vehicles and issues licenses for operators thereof; issues certificates of title, licenses new and used car dealers; maintains official State records considered to be permanently valuable; administers the State's address confidentiality program and the Office of the Small Business Advocate; and supervises the Department's subdivisions as required by statute and recommends to the Legislature such changes as may be required to modernize and improve the functions and services rendered by the Department.

Treasurer of State. The Treasurer of State, a constitutional officer, is authorized to receive and keep records of all items of income accruing to the State; to deposit such items in banks, reconcile said balances and temporarily invest idle funds; to sell bonds and notes of the State as approved by law and keep records pertaining to such debt; to maintain monthly exhibits concerning these moneys; to enter into contracts or agreements with banks for custodial care and servicing of negotiable securities belonging to the State; and to establish accounts with such banks for servicing State agencies. The Treasurer of State also administers the Unclaimed Property Program. The Treasurer of State is an ex officio member of the boards of a number of authorities and bodies established by the State, including the Maine Municipal Bond Bank, the Maine Public Employees Retirement System ("MainePERS" or "System"), the Maine Health and Higher Educational Facilities Authority, the Maine Governmental Facilities Authority, the Maine State Housing Authority, the Finance Authority of Maine, the Maine Public Utility Financing Bank, the Adaptive Equipment Loan Board, the Board of Emergency Municipal Finance, the Indian Housing Mortgage Insurance Committee, and the Dirigo Health Agency Board of Trustees.

The Treasurer of State is responsible daily for the investment of those funds not required to meet current expenditures. Daily deposits are placed in local depositories statewide, wired daily to a central working account and invested fully. All check disbursements are made by the Treasurer of State on warrants issued by the State Controller. Funds are disbursed on bank accounts established under competitive bidding. Funds are transferred from receipt accounts to disbursement accounts by wire as needed to meet balance requirements.

The Treasurer of State maintains a record of all receipts, disbursements and transfer activity and balances to the State Controller monthly. The Treasurer of State maintains the records of the investments of the State through the State investment pool. The investment pool comprises the entire cash availability of the State (all funds) as well as component units that elect to participate. Monthly transfers of earnings are made by the Treasurer of State to participating funds. The Treasurer of State compiles a listing of State investments held monthly.

When there is money in the State Treasury that is not needed to meet current obligations, the Treasurer of State may invest, with the concurrence of the State Controller or the Commissioner of Administrative and Financial Services and with the consent of the Governor, those amounts in bonds, notes, certificates of indebtedness or other obligations of the United States and its agencies and instrumentalities that mature not more than 36 months from the date of investment, or in repurchase agreements that mature within the succeeding 12 months that are secured by obligations of the United States and its agencies and instrumentalities, prime commercial paper, tax-exempt obligations and corporate bonds rated "AAA" that mature not more than 36 months from the date of investment, or banker's acceptances or so-called "no-load" shares of any investment company registered under applicable Federal law that complies with certain Federal guidelines and maintains a constant share price.

Attorney General. The Attorney General's primary responsibility is to protect public rights and preserve order through serving as the State's chief law officer and legal representative of the State. In this capacity, the Attorney General ensures enforcement of Maine laws through instituting, conducting, and maintaining such actions and proceedings as the public interest may require. No State agency may appear and advocate positions before a court without the approval of the Attorney General.

The Department of the Attorney General is authorized to (a) appear for the State, or any State agency or official, in all civil actions and proceedings in which the State is a party or interested, or in which the official acts of such officers are questioned in State or Federal courts or Federal agencies; (b) control and direct the investigation and prosecution of homicides and other major crimes, including frauds against the State; (c) render all legal services required by State officers, boards and commissions in matters relating to their official duties; (d) issue written opinions upon questions of law submitted by the Governor, the head of any State department or agency, or by either branch of the Legislature or any member of the Legislature on legislative matters; (e) enforce due application of funds given or appropriated to public trusts and charities within the State and prevent breaches of trust in the administration thereof; (f) consult with and advise the District Attorneys in matters relating to their duties, and, in the discretion of the Attorney General, act in place of or with them in instituting and conducting prosecutions for crime; and (g) administer and enforce the State unfair trade practices and antitrust laws.

Beyond the general purposes discussed above, the Attorney General has a wide range of duties which the office is specifically directed to perform. Those duties include a review and approval as to form and legality of all regulations of State agencies subject to the Administrative Procedure Act. Among other specific statutory functions, the Attorney General must also review and approve write-offs of debts owed to the State, enforce standards of conduct of the legal profession and participate in making investment decisions regarding the State trust funds.

Office of the State Auditor

The Office of the State Auditor is headed by the State Auditor, who is elected by the Legislature by a joint ballot of the Senators and Representatives in convention to hold office for a term of four years. A person may not serve more than two consecutive terms as State Auditor. The Office of the State Auditor is authorized to audit all accounts and other financial records of State government, including the Judiciary and the Executive Department of the Governor, except the Governor's expense account, and to report annually on this audit, and at such other times as the Legislature may require; to review and study departmental budgets and capital programs for better and efficient management of State government; to serve as a staff agency to the Legislature or to the Governor in making investigations of any phase of the State's finances; and to perform audits of all accounts and financial records of any organization, institution or other entity receiving or requesting an appropriation or grant from the State; to issue reports on such audits and investigations; and to conduct financial and compliance audits of financial transactions and accounts kept by or for State agencies subject to federal single audit requirements.

The Legislature

The legislative power of the State is vested in a Senate and a House of Representatives (collectively, the "Legislature"), each of which has a negative on the other. The Senate consists of 35 members and the House of Representatives consists of 151 members, all of whom are elected for two-year terms from single-member districts. A person may not serve more than four consecutive terms as either a senator or a representative.

The Legislature is organized into 18 Joint Standing Committees, each comprised of 3 Senators and 10 Representatives, except where noted below. Current Joint Standing Committees are: Agriculture, Conservation and Forestry; Appropriations and Financial Affairs; Labor and Housing; Criminal Justice and Public Safety; Education and Cultural Affairs; Health and Human Services; Inland Fisheries and Wildlife; Health Coverage, Insurance and Financial Services; Judiciary; Veterans and Legal Affairs; Marine Resources; Environment and Natural Resources; State and Local Government; Taxation; Transportation; Energy, Utilities and Technology; and Government Oversight (comprised of 6 Senators and 6 Representatives). In 2018, a new permanent joint standing committee was established to focus on economic development and workforce needs, the Committee On Innovation (comprised of 3 Senators and 11 Representatives), Development, Economic Advancement and Business. From time to time, the Legislature has established joint select committees on such matters as property tax reform, health care reform, research and development, corrections, tribal affairs, rules and marijuana legalization implementation.

The Legislature of the State convenes in even-numbered years on the first Wednesday of December following the general election in what is designated the first regular session of the Legislature and also convenes on the first Wednesday after the first Tuesday of January in the subsequent even-numbered year in what is designated the second regular session of the Legislature. The business of the second regular session of the Legislature is limited to budgetary matters, legislation in the Governor's call, legislation of an emergency nature admitted by the Legislature, legislation referred to committees for study and report by the Legislature in the first regular session and legislation presented to the Legislature by written petition of the voters pursuant to the Maine Constitution. The Legislature may convene at such other times in special session on the call of the President of the Senate and the Speaker of the House, with the consent of the majority of the members of the Legislature of each political party, all members of the Legislature having first been polled. The Governor may, on extraordinary occasions, also convene special sessions of the Legislature.

The Maine Constitution requires the Legislature to enact appropriate statutory limits on the length of the first and second regular sessions. Under the statute currently in effect, the first regular session of the Legislature adjourns no later than the third Wednesday in June and the second regular session of the Legislature adjourns no later than the third Wednesday in April. The Legislature, in the case of emergency, may by a vote of two-thirds of the members of each of the Senate and House of Representatives present and voting, extend the date for adjournment by no more than five legislative days, and, in the case of further emergency, further extend the date for adjournment by five additional legislative days. The times for adjournment for the first and second regular sessions may also be extended for one additional legislative day for the purpose of considering any veto by the Governor of any bill or resolution passed by the Legislature.

The Legislature, with certain exceptions, is authorized to make and establish all reasonable laws and regulations for the defense and benefit of the people of the State, not repugnant to the Maine

Constitution, nor to that of the United States. Legislation enacted by the Legislature may be vetoed by the Governor. The Governor's veto may be overridden by the subsequent vote of at least two-thirds of each of the House of Representatives and the Senate. The Governor also has "line-item" veto power to decrease appropriations or allocations and to increase deappropriations or deallocations within one day after the Governor receives legislation for approval. The Governor's "line-item" veto may be overridden by the subsequent vote of at least a majority of each of the House of Representatives and the Senate. Legislation does not become effective until 90 days after the recess of the session of the Legislature in which it was passed, unless in case of emergency the Legislature shall, by a vote of two-thirds of all the members elected to each of the House of Representatives and the Senate, otherwise direct.

The Maine Constitution provides that, upon written petition by voters equal to not less than 10% of the total vote cast in the last gubernatorial election preceding such petition and filed on or before the ninetieth day after recess of the Legislature requesting that legislation passed by the Legislature but not then in effect be submitted to referendum for ratification by a majority of those voting thereon. Such legislation does not take effect, if at all, until thirty days after the Governor has announced that such legislation has been ratified by the voters. Any such ratification vote would take place at the next statewide or general election, not less than 60 days after the Governor has proclaimed that sufficient signatures have been submitted.

The Maine Constitution provides that, by written petition, voters equal to not less than 10% of the total vote cast in the last gubernatorial election preceding such petition and filed before a regular session of the Legislature may propose legislation to the Legislature for its consideration. The legislation, unless adopted by the Legislature without change, must be submitted to referendum in the next November after the Legislature recesses.

Pursuant to the Maine Constitution, legislative enactments, including bills, orders or resolutions, may originate in either the Senate or the House of Representatives, and may be altered, amended, or rejected in the other. All bills for raising a revenue, however, shall originate in the House of Representatives, but the Senate may propose amendments as in other cases, provided that the Senate shall not, under color of amendment, introduce any new matter which does not relate to raising a revenue.

The Judiciary

The judicial power of the State is vested in the Supreme Judicial Court and such other courts as the Legislature may establish. The Legislature has established the Superior Court and the District Court. The courts are administered by the Administrative Office of the Courts under the direction of the State Court Administrator, who is appointed by and serves at the pleasure of the Chief Justice. In addition, the Maine Constitution provides for probate courts in each of the 16 counties of the State.

The Supreme Judicial Court is the highest court in Maine, and as the Law Court is the court of final appeal. It consists of the Chief Justice and six Associate Justices, each of whom is appointed by the Governor with the consent of the Legislature for a seven-year term.

The Superior Court and the District Court are both trial courts of limited, complementary jurisdiction. The Superior Court offers jury trials and the District Court does not. The Superior Court consists of a Chief Justice and 16 justices, who are appointed by the Governor with the consent of the Legislature for a seven-year term. The Superior Court holds sessions in each of the 16 counties.

The District Court consists of a Chief Judge, a Deputy Chief Judge and 34 judges, each of whom is appointed by the Governor with the consent of the Legislature for a seven-year term. There are 13 districts and several divisions of the court.

Independent Authorities and Agencies

The State has established several independent authorities and agencies, the budgets of which are not included in the annual budget of the State. Certain of these authorities and agencies receive appropriations from the State from time-to-time. Certain of these authorities and agencies are authorized by the statutes creating such authorities and agencies to issue bonds and to undertake financial obligations, payment of which are secured in part by special reserve funds ("Capital Reserves") to which the State may appropriate funds in order to maintain the Capital Reserves at amounts determined by such statutes or by such authorities and agencies (a "Capital Reserve Provision"). While the bonds and obligations of such authorities and agencies and the Capital Reserve Provisions do not constitute legally enforceable obligations of the State or create any debt on behalf of the State, the Maine Constitution does not prohibit future Legislatures from appropriating sums requested by any such authority or agency in compliance with its Capital Reserve Provision. Certain of these authorities and agencies have been authorized by statute to insure or guarantee repayment of certain loans and bonds. See "Fiscal Management - Constitutional Debt Limit" and "Certain Public Instrumentalities" herein.

County and Municipal Government

The State is divided into 16 county governments responsible for various functions, including the operation of county jails and registries of probate and deeds. Each county government assesses the costs of its operations upon the cities, towns and unorganized territories located within the county.

The State is further divided into 22 cities, 433 towns, 34 plantations, and 4 Indian nations or territories, which exercise the functions of municipal government, including the provision of elementary and secondary education. There are also a number of unorganized townships and coastal and inland islands and three Indian Reservations. Cities are governed by several variations of the mayor and council form of government. In most towns, executive power has been placed in a board of three, five, or seven selectmen, elected to terms of from one to three years and legislative power has been retained by the voters themselves, who assemble in periodic open town meetings. There are various regional districts for school, water supply, solid waste, wastewater disposal and other purposes.

Municipal revenues consist of property taxes, local aid (including State subsidies for education and revenue sharing), local receipts (including motor vehicle and watercraft excise taxes, fines, license and permit fees, charges for local services and investment income) and other sources.

COVID-19 IMPACT

COVID-19 Outbreak. The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, was declared a pandemic by the World Health Organization and led to a declaration of a national state of emergency in the United States in March 2020. Since then, as in jurisdictions nationwide, the State of Maine made emergency declarations and issued public health orders to ensure the health of its citizens while balancing other needs.

The following information provides an overview of impacts to Maine as a result of the COVID-19 pandemic ("COVID-19"), as well as an outline of certain known impacts on the State's economy and its financial condition to date.

Overview of the State response to COVID-19. From the early days of the pandemic, the Administration of Governor Mills (the "Administration") took a proactive approach to protecting its citizens, economy, and the social supports necessary for continued economic activity – and has balanced those efforts with a strong public health response. As a result, the State maintained a relatively low positivity rate and hospitalization rate through May 2023.

The Governor ended the state of emergency on June 30, 2021. The Biden Administration ended the federally-declared national emergency and public health emergency on May 11, 2023.

Impact on State Economy. Like in all states across the nation, the economic impact of COVID-19 was significant. On a seasonally adjusted basis, Maine lost 95,600 jobs in March and April 2020, with the largest job losses in the leisure and hospitality sector. The unemployment rate rose to 9.4% in May 2020, as compared to 3.2% in February 2020. Since then, the economy has largely recovered, with employment in April 2023 at 646,000 on a seasonally adjusted basis, near the record high of 646,900 reached in December 2022. The unemployment rate in April 2023 is at a record low of 2.4%. The labor force participation rate of 58.1% in April 2023 remains below the 62.2% rate seen in February 2020.

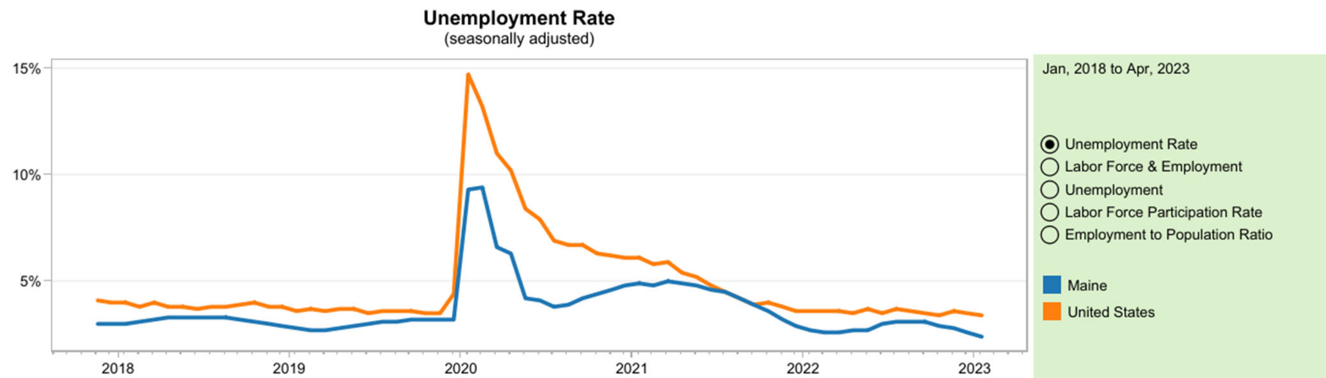


Chart source: Maine Department of Labor, Center for Workforce Research and Information (https://www.maine.gov/labor/cwri/laus.html)

Currently, Maine's April 2023 monthly unemployment rate of 2.4% is below the U.S. rate of 3.4% and is tied for the second lowest in New England (along with Vermont and behind New Hampshire). Real GDP for Maine grew 1.8% for calendar year 2022, coming in at 23rd in the U.S., while growth for the fourth quarter of 2022 was 2.3% (seasonally adjusted at annual rates), ranking 25th in the U.S.

Total personal income for Maine grew 2.6% in calendar year 2022, led by a 7.4% increase in net earnings and a 5.0% increase in dividends, interest, and rent, partially offset by a 9.2% decline in transfer receipts. Growth in the wages and salaries component of personal income was 8.6%.

The Federal government's six rounds of COVID-19 relief allocated more than $17.9 billion to Maine, of which approximately $6.7 billion was awarded as grants, some of which passed through State government, while other funding was provided directly to other entities such as healthcare providers and institutions of higher education. Approximately $11.2 billion was awarded directly to others in the form of Paycheck Protection Program grants and Economic Injury Disaster loans to small businesses, unemployment benefits, emergency food assistance and stimulus checks to Maine families. This Federal support has stimulated Maine's economy and positively impacted State revenue projections that were initially downgraded at the onset of the pandemic (see below).

The initial Federal relief included $1.25 billion in Coronavirus Relief Fund ("CRF") moneys, which were committed by this Administration to: improve access to Medicaid; safely reopen Maine's public education system; enhance childcare resources; offer additional direct grants to the state's small businesses, healthcare organizations and agriculture enterprises; purchase personal protective equipment for Maine's healthcare network; support health and safety within congregate living settings; empower municipalities to deploy public health and prevention programs; provide rent relief to Maine renters; social supports for those required to quarantine or isolate; purchase and deploy vital laboratory testing infrastructure; and ensure the viability of Maine's unemployment insurance trust fund, which remains solvent with a balance of $626.8 million as April 21, 2023. This equates to approximately 18 months of benefits and meets the USDOL's recommended minimum of 18 months. In April 2023, USDOL's State Unemployment Insurance Trust Fund Solvency Report ranked Maine as the 5th most solvent state unemployment trust fund.

The American Rescue Plan Act of 2021 ("ARP") provided additional funding to Maine. Of the $4.6 billion investment expected in Maine, approximately $3.1 billion was earmarked by the Federal government. This would be for recovery efforts like bolstering public health including COVID-19 testing and vaccinations, stimulus payments to Maine families, business supports, and broadband infrastructure.

The remaining approximately $1.5 billion was dedicated by the Federal government as "State and Local Fiscal Recovery Funds." The "State" portion is approximately $1 billion in discretionary funds, to be used by the Governor and Legislature to respond to the pandemic and support economic recovery – referred to as the Maine Jobs & Recovery Plan (the "MJRP"). Approximately $500 million is "Local" Federal funds to Maine's towns, cities, and counties, some of which funnels through the State and some of which goes direct. See also "Expected Federal Support" below.

Impact on State Finances. Like in all other states in the nation, the financial and budgetary impacts from the public health crisis created by COVID-19 have been significant. The financial impact to State revenues was not as severe as originally forecast. See also "Fiscal Management – Revenue Forecasting" and "Revenues of the State" below.

Expected Federal Support. The State has received and expects to continue to receive financial support from the Federal government through a variety of mechanisms and legislative actions. In particular, the FMAP percentage for Medicaid reimbursements has been increased resulting in estimated positive budgetary impact of $80-90 million in fiscal year 2020 and an estimated $40-45 million for each quarter thereafter for as long as the Federal national emergency declaration remains in effect. Historically, the State would be entitled to reimbursement for 75% of eligible costs of responding to COVID-19 from the Federal Emergency Management Agency ("FEMA"); however changes from the Biden Administration have enabled between 90-100% of eligible costs to be recovered. The State received $1.25 billion of CRF money under the Coronavirus Aid, Relief, and Economic Security Act ("CARES") Act for costs incurred in connection with responding to COVID-19 between March 1, 2020, and December 30, 2020 (extended to December 30, 2021 as part of the Consolidated Appropriations Act, 2021). The CARES Act also provided additional funding statewide under various programs of up to $1.8 billion. Some portion of these direct payments to programs could reduce the overall COVID-19 expenses funded through State General Fund revenues. The foregoing programs are subject to various conditions and restrictions contained in the applicable legislative acts or in interpretive guidance provided by various Federal agencies and the estimated funding amounts provided herein are subject to adjustment. Additionally, the Governor and/or Legislature may need to take certain actions to request and receive Federal funding. However, the State expects that it will qualify and satisfy various conditions such that Federal moneys are available to provide budgetary relief in the current and next fiscal year. The Consolidated Appropriations Act, 2021 provided additional funding for various efforts in Maine including funding for education, higher education, healthcare providers, unemployment extensions, citizen stimulus checks, and business Paycheck Protection Program loans. This act did not contain additional direct financial assistance to the State.

On March 11, 2021, the ARP, a $1.9 trillion COVID-19 relief package, was signed into law. The ARP includes $350 billion in additional aid for state and local governments, including the State, along with additional funding for other areas like education, rental assistance and others. Estimates for the amount of ARP funding impacting Maine is nearly $4.6 billion. The ARP includes over $1.5 billion in State and Local Fiscal Recovery Funds, $200 million in Emergency Rental Assistance, $129 million for capital projects and $411 million targeted to K-12 Education. Economic impact (stimulus) payments from the ARP are projected at $1.7 billion. The ARP also includes $10 billion for Coronavirus Capital Projects Fund, which will provide for payments to states, territories and tribal governments for critical capital projects that would directly enable work, education and health monitoring, including remote operations, in response to the pandemic. The ARP contains a broad definition of allowable uses, including lost revenue (but limited to revenue loss due to the pandemic relative to the fiscal year prior to the start of the pandemic), negative economic impact of the pandemic, and necessary investments in water, sewer or broadband infrastructure. Notably, the ARP funds may not be used to offset tax cuts or delay a tax, nor can these funds be deposited into a pension fund. The ARP requires all allocated funds to be obligated by December 31, 2024 and expended by December 31, 2026.

Unlike the CRF, which was meant to be immediate, stopgap relief to plug acute holes and build a pandemic response, the ARP funds are meant to support a long term recovery strategy. The ARP offers an unprecedented opportunity to support continued recovery from the COVID-19 pandemic, to improve the lives and livelihoods of Maine people, to make investments in solving Maine's long-term challenges, to develop strategies for new opportunities, and to strengthen our state for years to come.

In June and July of 2021, the Legislature enacted and the Governor signed into law, PL2021, chapter 78 and chapter 483, which allocates $997 million of the State's discretionary ARP funding. This effort, known as the MJRP, includes 114 projects across 23 State entities.

The MJRP draws heavily on recommendations from the Governor's Economic Recovery Committee and the State's 10-Year Economic Development Strategy, transforming them into real action to improve the lives of Maine people and strengthen the economy. Governor Mills has specifically honed in on strategic investments to relieve the significant toll of the COVID-19 pandemic on Maine's people, communities, and economy, while addressing known, systemic challenges that have constrained the State's ability to grow and thrive, broadly divided into three categories: immediate economic recovery from the pandemic; long-term economic growth for Maine; and infrastructure revitalization.

As of March 31, 2023, of the more than 142 business cases (across 114 initiatives), 140 have been fully approved through a two-part process that confirms federal eligibility, reporting parameters, and metric structure. This represents a total of approximately $978 million in Federal funds deployed or ready to be deployed into Maine's economy. Through the same timeframe, more than $685 million of the $978 million has been expended or obligated.

Through the MJRP funding the State has provided recovery support for Maine's small businesses, including over $49 million in recovery grants to just over 400 small businesses supporting Maine's heritage industries; this amount includes $20 million in grants to 240 forestry businesses (83 percent of these forestry businesses have ten employees or fewer, and 80 percent are located in Aroostook, Penobscot, Somerset, Oxford, or Piscataquis counties), $10 million to Maine seafood dealers, and $19 million to Maine farm and food processing businesses. Additional small business recovery support included $5 million in economic recovery grants to 402 small businesses across all 16 counties, $7 million in energy rate relief to businesses, and over $45 million in health insurance premium support to 5,700 small businesses and 27,900 employees covering 44,500 lives.

The State has prioritized workforce development to combat the toll of the COVID-19 pandemic. To date the State has invested over $85 million in workforce development programs that offer apprenticeship, career and education advancement, and job training opportunities. Workforce investments are focusing on sectors hardest hit by the pandemic and vital to Maine's long-term growth such as health care, construction, education, technology, energy, and manufacturing. To date the MJRP funding has enabled Maine's community colleges to enroll 1,000+ students into free and low-cost training programs and State agencies have engaged more than 25 community-based outreach workers to help populations overcome barriers to enter the workforce.

Additionally, the MJRP funding is supporting early childhood education in order to increase the amount of childcare slots across Maine, enabling parents to work or take classes while their children receive quality child care. Ten million dollars was invested to expand public pre-kindergarten ("Pre-K") where the first round of awards resulted in funding for 286 Pre-K student slots and converted 123 existing Pre-K slots from part day/part week to full day/full. Additionally, the State is investing an $15 million to help childcare business launch or expand.

Through the MJRP funding the State has awarded more than $54 million for 111 drinking water, sewer, septic system, and climate adaptation infrastructure grants across 75 communities. The State is investing $58 million in energy efficiency programs including $25 million for low-income residential dwelling weatherization, $25 million for financial incentives to support energy efficiency upgrades in Maine's travel, tourism, and hospitality sector, local government, public schools, congregate housing, and Maine manufacturing businesses, and $8 million to support the continued expansion of Maine's public electric vehicle charging network.

Conclusion. The full financial impact of COVID-19 on the State, its economy, and its financial position continues to evolve as circumstances and events change. It is not possible at present to project with any reasonable degree of certainty the longer-term impact on State revenues, expenditures, reserves, budget, or financial position, nor is it possible to predict the short-term and long-term impact of COVID-19 on the Maine economy and its individual sectors. No assurance can be given regarding future events or impacts because many actions and events are unpredictable, unknowable at this time, and outside the control of the State.

CLIMATE RESILIENCY

As a coastal state, Maine is directly exposed to the effects of rising sea levels, coastal flooding and increasingly extreme weather conditions, all of which have adversely affected and will continue to adversely affect the property of the State, its businesses and residents. Other, longer term impacts of climate change may include statewide changes in flooding patterns, groundwater levels and temperature changes, which may affect both public and private property, people and businesses. Weather sensitive businesses and industries, such as fishing, agriculture, forestry and tourism, in particular, may be adversely affected. The diverse impacts of climate change will likely require significant expenditures by all levels of government to adapt to and mitigate their effects. The impacts of climate changes are already being felt across Maine and the trends – from increased river flooding to sea level rise - are predicted to accelerate in the coming years in the State. These anticipated changes require additional modeling analysis and planning for both municipalities' and for the State's critical infrastructure in order to fully understand the costs of priority adaption projects and other resilience efforts that will best protect Maine's people, economy, and infrastructure.

Governor Mills has made combatting the causes of climate change and planning for greater climate resiliency among her top priorities. The Administration established the Maine Climate Council (the

"Climate Council"), which in December, 2020 released a four-year climate action plan, "Maine Won't Wait". The plan sets strategies to meet the State's legally required greenhouse gas emission reduction targets and to ensure that Maine's communities, infrastructure, and economy are resilient to the current and future impacts of climate change. The State is now beginning to plan for delivery of an updated climate action plan by December 1, 2024. The State reports yearly on annual progress toward State climate goals and reports on emission reductions biennially through a report of the Maine Department of Environmental Protections report.

Informed by the climate action plan, a clean energy economy plan, and the State's economic plan, Governor Mills has prioritized investments in clean energy innovation and related workforce development, including significant new renewable energy requirements in Maine's electric grid, increased energy storage, grid resiliency planning, incentives to increase the electrification of heating and transportation, and the promotion of offshore wind energy. Governor Mills set a goal to double the number of clean energy jobs in Maine by 2030 (to 30,000 jobs from 15,000). The State has a requirement in law to achieve 80% renewable energy by 2030, and Governor Mills recently announced her intention to introduce legislation to achieve 100% clean energy by 2040.

Climate hazard risk mitigation planning and adaptation work is a high priority for the State. In 2019, Governor Mills signed an executive order directing State agencies to account for climate change projections when siting and designing new State facilities and other construction projects, and to consider continuity of operations and resilient building systems for critical State facilities. The Maine Department of Transportation is undertaking a vulnerability assessment to rank key transportation assets' risk to sea level rise, allowing the State to prioritize the most critical resilience improvements.

The State expects to begin a vulnerability assessment of the remaining State-owned assets to flooding and other climate hazards in calendar year 2023 and to develop climate-ready design guidance for State infrastructure by 2025. A FEMA grant application to support these efforts is pending. The Maine Department of Environmental Protection has promulgated rules to ensure that site permits in Maine incorporate and comply with official sea-level rise projections based on the Climate Council's science sub-committee recommendation of 1.5 feet of projected rise by 2050 and 3.9 feet by 2100. The Department of Environmental Protection is continuing to undertake a review of other land use regulations and permitting to provide for consistent application of the sea level rise projections.

In 2021, the State launched the Community Resilience Partnership, a program to support Maine's municipal and tribal governments with technical assistance for resiliency planning and emissions reductions, with grants available to support implementation. In the first year and a half of operations, more than 130 towns have engaged with the program, with numerous communities undertaking vulnerability studies and infrastructure planning projects. In her most recent budget, Governor Mills has proposed $3 million of annual funding to support technical assistance and grants for Maine's communities through this program. There are multiple federal funding opportunities available through the Bipartisan Infrastructure Law (BIL), the Inflation Reduction Act (IRA), and CHIPS and Science Act. The federal government is still rolling out many of the new programs, especially those passed in IRA and CHIPS. Maine is also half-way through its administration of state ARPA dollars. Utilizing ARPA funds, termed the Maine Jobs & Recovery Plan, the state allocated $50 million to transportation investments, $20 million to the State Infrastructure Adaptation Fund, and $8 million to expand the state's EV charging infrastructure.

Through the BIL, signed November 15, 2021, Maine is projected to receive $2.5 billion in formula funds over the next five years, with additional funding available through competitive opportunities. The bulk of these funds (close to 80%) are slotted for transportation infrastructure projects – including repairing bridges, paving roads, replacing culverts, improving freight rail, increasing public transit and vehicle electrification projects. Federal infrastructure funds, as well as Maine DOT rules, have increased standards to ensure greater resilience to storm events, sea level rise, high-heat days, and other weather-related impacts.

The IRA offers tax rebates for specific energy efficiency measures and establishes the Greenhouse Gas Reduction Fund that will mobilize $27 billion nationwide to leverage private investment in clean energy, energy efficiency and emission reduction projects. Communities participating in the state's Community Resilience Partnership, a program that provides grants and direct support to municipal and tribal governments and unorganized territories to reduce carbon emissions, transition to clean energy, and become more resilient to climate change effects, are well positioned to apply for available federal funds through these new grant opportunities. For example, the Town of Vinalhaven is applying for funding from the Northern Border Regional Commission for a waterfront infrastructure resilience project and using Community Resilience Partnership funds as part of the required 20% match.

In addition, the State is implementing a variety of climate focused recommendations as part of its general economic recovery initiatives including investments in critical infrastructure and supports for businesses and families, utilizing state funds, federal ARP dollars, and new federal infrastructure investment opportunities. These funds will make significant investments in resilient infrastructure and climate mitigation actions, including state assets, transportation systems, municipal wastewater and drinking projects, broadband, energy efficiency, and other state and local adaptation needs.

Governor Mills has also sought to ensure that Maine maximizes new federal funding opportunities coming from the BIL, the IRA, and the CHIPS and Science Act. The Administration has engaged across State government, with communities, higher education, and in partnership with other states to compete successfully for a variety of climate funding opportunities, from climate-resilient transportation infrastructure to clean school buses to regional watershed restoration projects. Between November 2021 and May 2023, $1.2 billion dollars of BIL funds have been allocated to projects in Maine. Of those funds, approximately $27.9 million has been allocated for resilience projects. Additional applications for formula funding and discretionary grants are being submitted as Notice of Funding Opportunities open. For more information about BIL funds and a map of awarded projects in Maine, please visit www.maine.gov/bil. The Administration has engaged across State government, with communities, higher education, and in partnership with other states to compete successfully for a variety of climate funding opportunities, from climate-resilient transportation infrastructure to clean school buses to regional watershed restoration projects.

CYBERSECURITY

The State faces continuing exposure to cyber risks with respect to its information technology infrastructure and the personal identifiable information and other sensitive and confidential information that the State both receives and generates from individuals, businesses and other governmental entities. These threats come in a number of forms but most commonly present themselves as denial of service attacks, phishing and spear phishing attempts, ransomware attacks and malware. The recent advent of generally available artificial intelligence software and applications may increase the risks of successful fraudulent activity. While the State continues to enhance its information technology infrastructure and security systems to address these issues, no assurances can be given that the State's efforts to mitigate cyber threats will be successful or that such attacks will not materially impact the State or create potential liability to others for the release of private information.

The State is reviewing activity involving a vulnerability in a third-party software system. While this incident has not impacted the State's business operations, the State is working to determine and manage any potential impact to the State, including its information technology systems or data.

The State is continuing to take steps to improve the protection against and reduce the risk of the continued cyber threats, which have grown in sophistication and complexity since the onset of the COVID-19 pandemic. The State has responded by leveraging both federal and State resources to modernize its information technology infrastructure against such attacks. The State has prioritized strategic investments that have accelerated its efforts to detect, defend and respond against a broad array of cyber risks that threaten the security of the State's most sensitive information data and assets.

During the pandemic, the State's Office of Information Technology used approximately $4 million in CARES Act funds to strengthen cybersecurity protections for the State's remote workforce by implementing additional security to the State's telework environment. Additionally, these funds supported the State's pandemic response through secure operations of the statewide network.

The State continued to prioritize its efforts to modernize its cybersecurity defenses and IT infrastructure through the MJRP. The MJRP used federal ARP funds to target modernization of its information security program to build a stronger, more cyber secure State. In fiscal years 2022 and 2023, the MJRP investments accelerated the State's efforts to detect, defend and respond to cyber threats in two key areas: funding to support and maintain the State's Cybersecurity Program (approximately $8 million); and funding for Business Continuity Planning for information technology (approximately $6 million). These funds were part of the MJRP's planned investments in targeted upgrades to ensure safe State information technology operations and continuity of information technology operations throughout an emergency or disruption, an essential component of a resilient information technology infrastructure.

The State further invested in enhancing cybersecurity across State government in the 2022-2023 Supplemental Budget (Public Laws 21, chapter 635) ("2021 Chapter 635"), which included over $1 million in funding to support 8 new information technology positions for statewide cybersecurity efforts and network operations. These positions are essential to supporting enterprise security, statewide information security and information technology modernization efforts. The funds support the State's efforts to safeguard its most valuable information assets, strengthen its incident response capabilities, and adopt comprehensive information security measures for protecting the enterprise.

The supplemental budget also provided the State with the match necessary to access unprecedented federal cybersecurity funds through the State and Local Cybersecurity Grant Program of the Federal Infrastructure Investment and Jobs Act ("IIJA"). The $975,000 match was provided for the first two years of the four-year allocation of $13 million of dedicated federal IIJA cybersecurity funds. The State's Chief Information and Chief Information Security Officer are coordinating a statewide cybersecurity initiative with municipalities to help the State build a strong and resilient cyber future, with 80 percent of the spend benefiting local governments, including a minimum of 25 percent benefiting rural areas.

In addition to leveraging funding streams for strengthening the State's cybersecurity posture, the Administration has established the Maine Cybersecurity Advisory Council (Executive Order No. 25 fiscal year 20/21). The Council is directed to serve as a collaborative team to strengthen the security and resiliency of the State's information technology infrastructure against a broad range of cybersecurity risks and enable an effective cybersecurity communication chain to the Governor's Office.

FISCAL MANAGEMENT

Department of Administrative and Financial Services

The Department of Administrative and Financial Services ("DAFS"), under the supervision and control of the Commissioner of DAFS, is the principal fiscal department of State government. The Commissioner of DAFS has certain duties and authorities, including serving as Governor Mills' principal fiscal aide, coordinating financial planning and programming activities of the State government for review and action by Governor Mills, preparing and reporting to Governor Mills and the Legislature such financial data or statistics as may be required or requested by them, planning with respect to the fiscal needs of State government and ensuring that all publications stating the salary of a State employee also state the value of the employee's fringe benefits. DAFS includes the Bureau of the Budget, headed by the State Budget Officer, the Office of the State Controller, headed by the State Controller, and the Bureau of Maine Revenue Services ("MRS"), headed by the State Tax Assessor and the Associate Commissioner for Tax Policy.

Constitutional Debt Limit

Article IX, Section 14, of the Maine Constitution provides that the Legislature shall not at any time create any debt or debts, liability or liabilities, on behalf of the State, which shall singly, or in the aggregate, with previous debts and liabilities incurred, exceed $2,000,000, (i) except to suppress insurrection, to repel invasion, or for purposes of war; (ii) except for temporary loans to be paid out of money raised by taxation during the fiscal year in which they are made; and (iii) excepting also that whenever two-thirds of both the Senate and the House of Representatives shall deem it necessary, by proper enactment ratified by a majority of the electors voting thereon at a general or special election, the Legislature may authorize the issuance of bonds on behalf of the State at such times and in such amounts and for such purposes as may be approved by such action. Appendix D, "Selected Information Regarding Authorized and Outstanding Debt of the State - Authorized Expenditures," herein sets forth information regarding bonds currently authorized pursuant to certain enactments which have been ratified by a majority of the voters at various elections. Temporary loans to be paid out of moneys raised by taxation during any fiscal year shall not exceed in the aggregate during the fiscal year in question an amount greater than 10% of all the 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, exclusive of proceeds or expenditures from the sale of bonds, or greater than 1% of the total valuation of the State, whichever is the lesser.

The Maine Constitution also allows the Legislature to authorize the issuance of bonds (i) in the amount of up to $4,000,000 to guarantee student loans; (ii) to insure payments on up to $4,000,000 of mortgage loans for war veterans; and (iii) to insure payments on up to $90,000,000 of mortgage loans for industrial, manufacturing, fishing, agricultural and recreational enterprises. The Finance Authority of Maine ("FAME") is authorized to guarantee student loans and to insure payments on certain mortgage loans. See "Certain Public Instrumentalities – Finance Authority of Maine." The Maine Constitution also allows the Legislature to authorize the issuance of bonds to insure payments on up to $1,000,000 of mortgage loans for Indian housing. The Maine State Housing Authority is authorized to insure payments on mortgage loans for Indian housing. See "Certain Public Instrumentalities – Maine State Housing Authority" herein. Although the Maine Constitution also allows the Legislature to authorize the issuance of bonds to insure the payment of revenue bonds of the Maine School Building Authority on school projects not exceeding $6,000,000, the statutory authorization for insurance of Maine School Building Authority revenue bonds has been repealed. No bonds are outstanding pursuant to any of the authorizations described in this paragraph.

Overview of the Budget Process

The budget of the State government must present a complete financial plan for each fiscal year of the ensuing period of two fiscal years, commencing July 1 in odd-numbered years. The budget must set forth all proposed expenditures for the administration, operation and maintenance of the departments and agencies of 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 of such two-year period. In addition, the budget must set forth the anticipated revenues of the State government and any other means of financing expenditures proposed for each fiscal year of such two-year period.

The State budget consists of a budget message by the Governor (or the Governor-elect) that outlines the financial policy of the State government for the ensuing period of four fiscal years, describing in connection therewith the important features of the financial plan. The Governor's budget overview must also lay out a vision for the State's long-range financial plan and describe how the proposed budget complements that longer vision, which includes the current biennium and the two succeeding biennia.

The budget document includes a general budget summary setting forth the aggregate figures of the budget showing the balance between total proposed expenditures and total anticipated revenues, together with other means of financing the budget for each fiscal year of the ensuing two fiscal years, contrasted with the corresponding figures for the last completed fiscal year and the fiscal year in progress. For information regarding the revenue projection process, see "Fiscal Management – Revenue Forecasting" below. The budget document specifically describes the estimated loss in revenue during the last completed fiscal year and the fiscal year in progress and the anticipated loss in revenue for each fiscal year of such two-year period caused by tax expenditures provided by law. The general budget summary must be supported by explanatory schedules or statements, classifying the expenditures contained therein by organization units, objects and funds, and the income by organization units, sources and funds. The budget document also includes statements of the bonded indebtedness of the State government showing the debt redemption requirements, the debt authorized and unissued, and the condition of the sinking funds.

Pursuant to Public Laws 2005, chapter 2 ("2005 Chapter 2"), the total General Fund appropriation for each of the two fiscal years in the biennial budget may not exceed the General Fund appropriation limit established by law, except as otherwise provided by law. See "Fiscal Management – General Fund Appropriation Limit." 2005 Chapter 2 became effective for fiscal biennia of the State beginning July 1, 2005, was amended pursuant to Public Laws 2005, chapters 621, 636, 683 and Public Laws 2015, chapter 267 ("2015 Chapter 267") and is further subject to modification or repeal at any time by the Legislature.

On or before September 1 of even-numbered years, all departments and other agencies of the State government and corporations and associations receiving or desiring to receive State funds must prepare and submit to the State Budget Officer estimates of their expenditure and appropriation requirements for each fiscal year of the ensuing two-year fiscal period contrasted with the corresponding figures of the last completed fiscal year and the estimated figures for the fiscal year in progress. The growth in the State's General Fund appropriations pursuant to 2005 Chapter 2, as amended by Public Laws 2005, chapters 621, 636, 638 and 2015 Chapter 267, is limited by law to the average personal income growth for the prior ten calendar years, ending with the most recent calendar year for which data is available, in the State as estimated by the Department of Commerce, Bureau of Economic Analysis. State General Purpose Aid for Local Schools ("GPA") program for kindergarten to grade 12 education is excluded from the General Fund appropriation limit until such time as the State's share of education funding reaches 55% of total state and local education funding. See "Fiscal Management – General Fund Appropriation Limit" and "State Budgets" below.

The Governor (or the Governor-elect), with the assistance of the State Budget Officer, reviews the budget estimates and may alter, revise, increase or decrease the items of the estimates as may be deemed necessary in view of the needs of the various departments and agencies and the total anticipated income of the State government during the ensuing two-year fiscal period. The State Budget Officer, at the direction of the Governor (or the Governor-elect), then prepares a State budget document in the form required by law. The Governor must transmit the budget to the Legislature not later than the Friday following the first Monday in January of odd-numbered years. A Governor-elect in the first term of office must transmit the State budget to the Legislature not later than the Friday following the first Monday in February in odd-numbered years.

Not later than June 1 of each year, the head of each department and agency of State government must submit to the State Bureau of the Budget a work program for the ensuing fiscal year. Such work program must include all appropriations, revenues, transfers and other funds made available to that department or agency for its operation and maintenance and for the acquisition of property, and must show the requested allotments of said sums by quarters for the entire fiscal year, classified to show allotments requested for specific amounts for personal services, capital expenditures and amounts for all other departmental expenses. The Governor, with the assistance of the State Budget Officer, reviews the requested allotments with respect to the work program of each department or agency and may revise, alter or change its allotments before approving the same. The aggregate of such allotments may not exceed the total sums made available to each department or agency for the fiscal year in question. The State Budget Officer transmits a copy of the allotments as approved by the Governor to the head of the department or agency concerned and also a copy to the State Controller. The State Controller authorizes all expenditures to be made from the sums available on the basis of such allotments and not otherwise. Thereafter, the head of any department or agency of the State government may request, and the Governor may approve, revisions of the allotments for the remaining quarters of a fiscal year.

Whenever it appears to the Commissioner of DAFS that the anticipated revenue and other available funds of the State will not be sufficient to meet the expenditures authorized by the Legislature, the Commissioner so reports in writing to the Governor and to certain officers of the Legislature. After receiving the report, the Governor may temporarily curtail allotments equitably so that expenditures will not exceed the anticipated income and other available funds. The Governor, upon the curtailment of any allotment, notifies certain officers of the Legislature of the specific allotments curtailed, the extent of curtailment of each allotment and the effect of each curtailment on the objects and purposes of the program so affected.

No State department or agency may make expenditures of any Federal funds or expenditures in anticipation of receipt of Federal funds for any new or expanded programs, unless such Federal funds are approved by the Legislature. The Governor may authorize the expenditure of such Federal funds for a period not to exceed twelve calendar months and shall notify the Office of Fiscal and Program Review of the Legislature of such action.

Revenue Forecasting

Statutory Responsibilities. The Consensus Economic Forecasting Commission (the "Commission" or "CEFC") is responsible for providing the Governor, the Legislature and the Revenue Forecasting Committee (the "RFC") with analyses, findings and recommendations representing State economic assumptions relevant to revenue forecasting. The CEFC consists of five members appointed as follows: two members are appointed by the Governor; one member recommended by the Speaker of the House for appointment by the Governor; one member recommended by the President of the Senate for appointment by the Governor; and one member appointed by the other members of the Commission. Each

CEFC member must have professional credentials and demonstrated expertise in economic forecasting. A member may not be a Legislator or an employee of the Executive, Legislative or Judicial branches. The CEFC meets at least three times a year.

The CEFC develops macroeconomic secular trend forecasts for the current fiscal biennium and the next two fiscal biennia. No later than February 1 of each even-numbered year, the CEFC submits to the Governor, the RFC and certain members of the Legislature analyses, findings and recommendations for economic assumptions related to revenue forecasting for the current biennium and the next two fiscal biennia. No later than April 1 and November 1 of each odd-numbered year and no later than November 1 of each even-numbered year, the CEFC submits to the Governor, the RFC and certain members of the Legislature the Commission's findings and recommendations for adjustments to the economic assumptions provided on February 1 of each even-numbered year.

The RFC is responsible for providing the Governor, the Legislature and the State Budget Officer with analyses, findings and recommendations relating to the projection of revenues for the General Fund and the Highway Fund based on economic assumptions recommended by the CEFC. The RFC includes the State Budget Officer, the Associate Commissioner for Tax Policy, the State Economist, an economist on the faculty of the University of Maine System selected by the chancellor, the Director of the Office of Fiscal and Program Review of the Legislature and another member of the Legislature's nonpartisan staff familiar with revenue estimating issues appointed by the Legislative Council. The RFC meets at least three times a year.

The RFC develops current fiscal biennium and two ensuing fiscal biennia revenue projections using the economic assumptions recommended by the CEFC. No later than March 1 of each even-numbered year, the RFC submits to the Governor, certain members of the Legislature and the State Budget Officer analyses, findings and recommendations for General Fund and Highway Fund revenue projections for the next two fiscal biennia. No later than May 1 and December 1 of each odd-numbered year and no later than March 1 and December 1 of each even-numbered year, the RFC submits to the Governor, certain members of the Legislature and the State Budget Officer analyses, findings and recommendations for adjustments to General Fund and Highway Fund revenue for the current and ensuing fiscal biennia.

The State Budget Officer uses the revenue projections of the RFC in setting revenue estimates for inclusion in the State budget and in preparing General Fund and Highway Fund revenue and expenditure forecasts for the budget.

A "stress-test" requirement was enacted in Public Laws 2017, chapter 284 ("2017 Chapter 284") requiring the CEFC to provide the State Economist, the State Budget Officer and the Associate Commissioner for Tax Policy with at least two alternative economic recession scenarios of varying levels of severity. The alternative scenarios are required to be included in the CEFC's report due February 1st of each even-numbered year, and also must include assumptions for calendar years that encompass the current and next two biennia. By October 1st of each even-numbered year the CEFC and RFC will jointly issue a report to the Governor, the Legislative Council and the joint standing committee of the Legislature having jurisdiction over appropriations and financial affairs that utilizes the alternative economic scenarios recommended by the CEFC. The report includes analyses and findings that detail the stress impact such economic recession scenarios would have on the current General Fund revenue projections of sales and income tax revenues. In addition, the report must include an analysis of the sufficiency of the current level of the Maine Budget Stabilization Fund (the "Budget Stabilization Fund") and an estimate of the reserves in the Budget Stabilization Fund necessary to offset the declines in revenue as a result of potential economic recession scenarios.

The CEFC designated in their February 2022 report two alternative scenarios provided by Moody's Analytics in January 2022 as the hypothetical recession scenarios for the stress-test due October 1, 2022. The CEFC selected the scenarios based on the numbers and growth rates that seemed reasonable as generic "moderate" and "severe" recessions, with the "moderate" scenario intended to reflect pressures from higher rates of inflation. Both scenarios will be adjusted to reflect the CEFC's February 2022 baseline forecast and will show hypothetical downturns beginning in the first quarter of calendar year 2023.

The 2020 Stress-Test Report was issued as the national and State economies struggled to respond to the COVID-19 recession. The 2022 Stress-Test Report was issued after historic fiscal and monetary stimulus implemented by Congress and the Federal Reserve in the months immediately after the start of the pandemic led to unprecedented revenue growth in fiscal year 2021 and fiscal year 2022 and a Budget Stabilization Fund at 16.6 percent of fiscal year 2022 revenue. However, a reversal in Federal Reserve policy to address inflation rates not seen in 40 years, the Russian invasion of Ukraine, and continuing supply-chain constraints from the global pandemic created increased uncertainty about the direction of the US and global economies. As a result, the 2022 report was timely in providing policymakers with the estimated impact of a moderate and severe recession on sales and individual income tax revenues, and the sufficiency and needs of the Budget Stabilization Fund in each of the recession scenarios.

Unique circumstances led the CEFC and the RFC to report alternative approaches to analyzing the sufficiency of the Budget Stabilization Fund in meeting the State's spending limitation during the two recession scenarios. The State's conformity to the 2017 federal tax reform act (The Tax Cuts and Jobs Act (the "TCJA")) meant that certain individual income tax provisions expire beginning at the start of the 2026 tax year. Since this exercise extends the budget window out to the fiscal years 2026-2027 biennium this is the first time the estimated revenue increase from the scheduled expiration of these conformity items necessitated inclusion in the baseline revenue forecast. The estimated revenue increase was significant enough that the CEFC and RFC presented the sufficiency of the Budget Stabilization Fund assuming these provisions expire according to current law (the "Current Law" analysis) and assuming the federal government extends these policies beyond tax year 2025, thereby retaining current policy (the "Current Policy" analysis). The "Current Policy" analysis avoids a significant increase in individual income tax receipts in the fiscal years 2026-2027 biennium.

The CEFC and the RFC estimated that a hypothetical moderate recession beginning in the first quarter of calendar year 2023, assuming either "Current Law" or "Current Policy" for the individual income tax, would reduce General Fund revenues relative to the March baseline revenue forecast by 1.2 percent in fiscal year 2023 and 6.4 percent in fiscal year 2024. The revenue decline would peak at 7.2 percent in fiscal year 2025 before narrowing to just under 3 percent by fiscal year 2027. The moderate recession scenario assumes a relatively weak and slow recovery, resulting in General Fund revenues still below the baseline revenue forecast in fiscal year 2027. The current Budget Stabilization Fund level of $896.0 million and other available resources would be enough to maintain current fiscal year 2023 appropriations of $4.6 billion and provide sufficient resources to maintain the spending limitation throughout the fiscal years 2024-2027 period under the "Current Law" analysis. In the "Current Policy" analysis, the Budget Stabilization Fund is large enough to offset the revenue shortfalls in fiscal years 2023-2025 but falls short of the spending limitation by a relatively small amount of $21 million in fiscal year 2026 and by a larger $200 million in fiscal year 2027. The current Budget Stabilization Fund is equal to 16.6% of fiscal year 2022 General Fund revenue. If the Budget Stabilization Fund was at its maximum level of 18% of the previous year's General Fund revenue ($970.5 million) there would be sufficient funds to fully offset the "Current Policy" revenue shortfall through fiscal year 2026.

The two forecasting committees estimated that the hypothetical severe recession beginning in the first quarter of calendar year 2023, assuming either "Current Law" or "Current Policy" for the individual income tax, would reduce General Fund revenues relative to the March baseline revenue forecast by 3.9 percent in fiscal year 2023, 15.2 percent in fiscal year 2024, peaking at 19.2 percent in fiscal year 2025, and then declining by 17.0 and 14.0 percent in fiscal year 2026 and fiscal year 2027, respectively. The current Budget Stabilization Fund level of $896.0 million and other available resources would be exhausted by the start of fiscal year 2025 but provide approximately 15 months for the Governor and Legislature to address the revenue shortfalls caused by the severe recession. The committees estimated the Budget Stabilization Fund would require a prohibitive level of funding to fully offset the reduction in revenue during the budget window studied. A Budget Stabilization Fund equal to the current maximum of 18% of fiscal year 2022 General Fund revenue would allow for additional funding in fiscal year 2025 but would still fall far short of the fiscal year 2025 spending limitation appropriation amount.

The RFC makes all determinations necessary to calculate the General Fund appropriation limit established by law. See "Fiscal Management – General Fund Appropriation Limit" herein.

Calendar Year 2022 and 2023 Reports.

Prior to the onset of the COVID-19 crisis, the most recent forecasts of the CEFC and RFC were issued as of February 1, 2020 and March 1, 2020, respectively. In light of the COVID-19 crisis, off-cycle forecasts were issued by the CEFC and RFC on July 1, 2020 and August 1, 2020. The CEFC and RFC have issued revised forecasts since then according to the statutory schedule, with the most recent CEFC forecast issued April 1, 2023, and the most recent RFC forecast issued May 1, 2023. The most recent forecasts of the CEFC and RFC may be found on the web pages for the CEFC and the RFC on the State of Maine website https://www.maine.gov.

The table below shows the key economic variables from the CEFC reports used in the revenue forecast.

Calendar Years	2022	2023	2024	2025	2026	2027
Wage & Salary Employment (Annual Percentage Change)						
CEFC Forecast 11/2022	2.5	0.8	0.4	0.2	0.0	0.0
CEFC Forecast 04/2023	*2.4*	1.2	0.8	0.4	0.2	0.1
Personal Income (Annual Percentage Change)						
CEFC Forecast 11/2022	3.6	5.0	4.7	4.4	4.5	4.6
CEFC Forecast 04/2023	*2.6*	5.2	4.9	4.5	4.6	4.7
Wage and Salary Income (Annual Percentage Change)						
CEFC Forecast 11/2022	11.0	6.0	5.0	4.0	4.3	4.3
CEFC Forecast 04/2023	*8.6*	6.0	5.0	4.0	4.3	4.3
CPI (Annual Percentage Change)						
CEFC Forecast 11/2022	8.3	5.8	4.0	3.5	3.5	3.0
CEFC Forecast 04/2023	*8.0*	5.8	4.0	3.5	3.5	3.0

The economic variables in the CEFC forecast play a prominent role in the revenue forecast. Maine Revenue Services' Office of Tax Policy tax models use the CEFC economic variables to help project revenue from the major taxes. Data related to non-tax revenue lines are provided by a number of different state agencies and reviewed by staff in the Office of Fiscal and Program Review and the Bureau of the Budget to come up with consensus recommendations.

The following table highlights the changes to the General Fund revenue forecast accepted by the RFC on May 1, 2023.

General Fund Summary

	FY23	FY24	FY25	FY26	FY27
Current Forecast	$5,041,253,968	$5,179,999,232	$5,317,894,450	$5,557,257,689	$6,037,175,196
Annual % Growth	-6.5%	2.8%	2.7%	4.5%	8.6%
Net Increase (Decrease)	$223,156,604	$26,215,113	$45,026,357	$34,673,450	($10,564,429)
Revised Forecast	$5,264,410,572	$5,206,214,345	$5,362,920,807	$5,591,931,139	$6,026,610,766
Annual % Growth	-2.4%	-1.1%	3.0%	4.3%	7.8%

The CEFC most recently updated its forecast as of April 1, 2023. Nonfarm employment increased by 2.4% in 2022, just below the CEFC's November 2022 forecast of 2.5%. The CEFC revised its April 2023 employment forecast up in all years from 2023-2027. The CEFC's assumption is that demographic changes will be offset by continued increases in employment of older workers and increased migration to the State. The April 2023 forecast anticipates that employment will continue to grow through 2027 to 656,100 with slower increases as 2027 approaches. Total personal income growth in 2022 was 2.6%, down from the 3.6% forecast by the CEFC in November 2022. The CEFC revised its forecast for total personal income growth up modestly in April 2023 for each year of the forecast, reflecting upward revisions in dividends, interest, and rent and personal current transfer receipts. The CEFC made no changes to its November 2022 forecast for the Consumer Price Index, assuming that inflation risks are likely to take several years to fully ease.

In its May 2023 update, the RFC revised General Fund revenue estimates upward by $223.2 million for fiscal year 2023 and by $71.2 million (0.7%) for the 2024-2025 biennium. The forecasted rate of year-over-year change in General Fund revenue for fiscal year 2023 is now -2.4%, followed by -1.1% for fiscal year 2024 and then growth of 3.0% for fiscal year 2025. The May 2023 forecast also updates projections for the 2026-2027 biennium, with overall fiscal year 2026 General Fund revenue projected to grow at a 4.3% rate and fiscal year 2027 at a 7.8% rate. These growth rates are greater than those projected for the 2024-2025 biennium largely because of the impact of expiring federal tax changes that under current law tax conformity would significantly increase individual income tax revenues starting in tax year 2026. L.D. 7 currently under consideration in the Legislature would maintain the Maine standard deduction and dependent exemption tax credit at current levels, thereby reducing individual income tax revenue from the May 2023 forecast levels by -$47.2 million in fiscal year 2026 and -$299.0 in fiscal year 2027 if enacted.

Changes to fiscal year 2023 General Fund individual income tax revenue (+$137.5 million) are primarily the result of tax year 2022 net liability growth being slightly stronger than previously forecasted (approximately $73.0 million) and a positive variance in one-time withholding receipts in tax year 2023 (approximately $52.0 million). Adjustments for tax year 2021 net liability growth, fiduciary payments, and other tax year 2023 receipts account for the remaining net increase to the fiscal year 2023 individual income tax forecast. fiscal years 2024-27 changes are relatively minor, mainly because the April 2023 CEFC forecast made no changes to wage and salary growth for calendar years 2023-27, and only minor changes to other key economic variables used in the individual income tax revenue forecasting model. Better than projected capital gains realizations in tax year 2022 account for $68 million of the tax year 2022 net tax liability increase and the slightly better performance of final payments in April. The State did experience a significant decline in April final payments of approximately 35 percent, but the December 2022 forecast assumed a decline of 40 percent. The RFC is now forecasting a 33 percent decline in tax year 2022 capital gains realizations compared to a 50 percent decline assumed in the December 2022 forecast. Capital gains growth is forecasted to grow slower than personal income during the forecast period, resulting in the capital gains to personal income ratio falling back to its long-run average of 3.1% by tax year 2027.

The annual adjustments of approximately $30.0 million to the General Fund sales and use tax forecast reflect a positive variance of $19.5 million through April and the new economic forecast from the CEFC. Beginning in calendar year 2023, the April 2023 economic forecast for personal income adjusted by the saving rate (i.e., personal consumption) results in slightly stronger consumer spending. While the forecast still assumes a continued shift back to the consumption of tax-excluded services, the shift is not as much as forecasted in the November 2022 economic forecast and the higher level of real consumer spending allows for stronger durable and nondurable goods sales, particularly automobile purchases. Despite these more optimistic assumptions, sales and use tax revenue growth is only forecasted to be 1.5% to 2% a year over the forecast window.

Corporate income tax receipts continue to perform well above budget. Through April 2023, corporate income tax revenue is $67.0 million over budget. Unlike individual income tax, corporate income tax payments in April exceeded the historic levels experienced a year ago. Actual tax return data for corporate income tax filers is lagged by over 2 years, resulting in little information to explain the recent increases in corporate receipts. The corporate income tax forecast accounts for the surplus through April, and then assumes that corporate receipts will decline significantly on a yearly basis during the remaining two months of fiscal year 2023. Going forward corporate income tax revenue is forecast to decline in fiscal year 2024 by 10 percent, then start growing again, but slightly below levels forecasted in December. There is significant downside risk in the corporate forecast, and the RFC has tried to be as conservative as possible in this part of the General Fund forecast, but with little understanding to date of why corporate revenue growth has been so strong in recent years it is difficult to forecast corporate tax revenues over the forecast period.

General Fund Appropriation Limit

Pursuant to 2005 Chapter 2, as amended by Public Laws 2005, chapters 621, 636, 683 and 2015 Chapter 267, the rate of growth of General Fund appropriations in a fiscal year is limited to the average personal income growth (the “Growth Limit Factor”).

“Average personal income growth” means the average for the prior ten calendar years, ending with the most recent calendar year for which data is available, of the percent change in personal income in the State as estimated by the BEA.

As of December 1 of each even-numbered year, a General Fund appropriation limit is established for the ensuing two fiscal years. For the first fiscal year, the General Fund appropriation limit is equal to the “biennial base year appropriation” multiplied by one plus the Growth Limit Factor. For the second fiscal year, the General Fund appropriation limit is the General Fund appropriation limit of the first year multiplied by one plus the Growth Limit Factor. As amended in 2015 Chapter 267, “biennial base year appropriation” means the General Fund appropriation enacted for fiscal year 2016-17 as of December 1, 2016 and for subsequent fiscal years, the amount of the General Fund appropriation limit for the current fiscal year as of December 1 of even-numbered years.

The General Fund appropriation limit applies to all General Fund appropriations, except certain education costs. 2005 Chapter 2 provides that the additional cost for certain essential educational programs and services (“Essential Programs and Services”) for kindergarten to grade 12 education (“K-12 Education”) that exceeds the fiscal year 2004-05 appropriation for GPA is excluded from the General

Fund appropriation limit until the State share of that cost reaches 55% of the total State and local cost (the "EPS Costs").

The table below shows the Growth Limit Factor and Appropriation Limit from fiscal year 2018 to present.

Fiscal Year	Growth Limit Factor	Appropriation Limit (approximate)
2018	2.84%	$3.8 billion
2019	2.84%	$4.0 billion
2020	2.77%	$4.1 billion
2021	2.77%	$4.2 billion
2022	3.30%	$4.5 billion
2023	3.30%	$4.6 billion
2024	4.31%	$4.8 billion
2025	4.31%	$5.0 billion

Current law provides that the State will pay 55% of the total State and local cost of K-12 Education beginning in fiscal year 2022, not including teacher retirement and retired teachers' health and life insurance, and that the General Fund appropriation limit will include the State share of the cost of K-12 Education beginning with fiscal year 2022. Public Laws 2021, chapter 398 ("2021 Chapter 398") authorized the funding to achieve this goal for the first time in the State's history. See "Certain Expenditures and Obligations – Education Funding" herein. The 2024-2025 biennial budget proposal, L.D. 258, proposes rebasing the appropriation limit to address the achievement of the State's funding of 55% of the total cost of K-12 Education, increases in General Fund revenues, and the addition of new state programs, such as Medicaid expansion, that were not part of the previous base.

The General Fund appropriation limit may be exceeded for certain extraordinary circumstances which must be outside the control of the Legislature, including (a) catastrophic events, such as natural disaster, terrorism, fire, war and riot, (b) unfunded or underfunded State or Federal mandates, (c) citizens' initiatives or other referendum, (d) court orders or decrees or (e) loss of Federal funding. Extraordinary circumstances do not include changes in economic conditions, revenue shortfalls, increases in salaries or benefits, new programs or program expansions that go beyond existing program criteria and operation. The General Fund appropriation limit may be temporarily increased for such other purposes only by a vote of both Houses of the Legislature in a separate measure that identifies the intent of the Legislature to exceed the General Fund appropriation limit. 2005 Chapter 2 is also subject to modification or repeal at any time by the Legislature.

Budget Stabilization Fund, Other Reserves

"Baseline General Fund revenue" and other available budgeted General Fund resources that exceed the General Fund appropriation limit plus the EPS Costs must be transferred to the Budget Stabilization Fund. Prior to July 1, 2021, if the Budget Stabilization Fund was at its limit of 18% of General Fund revenue of the immediately preceding fiscal year, then amounts that would otherwise have been transferred to the Budget Stabilization Fund were required to be transferred to the Property Tax Relief Fund for Maine Residents. 2021 Chapter 398 amended the statute and beginning with fiscal year 2022 amounts that would previously have gone to the Property Tax Relief Fund will instead go to a Highway and Bridge Capital program, Other Special Revenue Funds account. "Baseline General Fund revenue" means the recommended General Fund revenue forecast reported by the RFC in its December 1 report in even-numbered years, increased by the estimated amount of net General Fund revenue decrease, if any, for all enacted changes reducing the state and local tax burden included in that forecast. In fiscal year 2023, the Legislature suspended the transfer to the Budget Stabilization Fund in order to fund the Public Laws of Maine 2023, chapter 1, An Act to Establish the Winter Energy Relief Payment Program to Aid Residents with High Heating Costs and to Finalize the COVID Pandemic Relief Payment Program which provided eligible Maine residents with a $450 relief payment to help with high energy costs.

State law sets out how excess General Fund at year end is to be distributed among priority reserves with a portion of the remainder after those priority transfers going to the Budget Stabilization Fund. The State's two primary reserves are the Budget Stabilization Fund and the Reserve for Operating Capital. The Reserve for Operating Capital is one of the priority transfers and receives $2.5 million. The Budget Stabilization Fund currently receives 80% of what is remaining after priority transfers.

The table below shows the balances in each reserve at fiscal year end from fiscal year 2014 to present.

Fiscal Year	Budget Stabilization Fund	Reserve for Operating Capital
2014	$68.2 million	$4.9 million
2015	$111.1 million	$7.4 million
2016	$112.4 million	$9.9 million
2017	$196.2 million	$12.4 million
2018	$272.9 million*	$14.9 million
2019	$297.2 million*	$11.4 million
2020	$258.7 million	$13.9 million
2021	$491.9 million	$5.4 million
2022	$896.0 million	$11.1 million

*2018 Balance includes $65 million designated for the Reserve for Riverview Psychiatric Center

*2019 Balance includes $60.3 million designated for the Reserve for Riverview Psychiatric Center

Legislation enacted from time to time changes the priority order of distributions for excess funds at year-end on a one-time or permanent basis which in turn impacts how much is remaining to transfer to the Budget Stabilization Fund. Additionally, enacted budget bills may include direct transfers of General Fund unappropriated surplus to the Budget Stabilization Fund. Legislative actions relevant to priority year-end transfers and transfers to the Budget Stabilization Fund since 2017 are summarized below.

In fiscal year 2018, a net $76.6 million was transferred into the Budget Stabilization Fund, resulting in an ending balance of $272.9 million. The State Controller transferred $2.0 million from the Budget Stabilization Fund to the General Fund unappropriated surplus in accordance with 2017, Chapter 284 Part CCCCCCC-2. Part EEEEEEE of this same law established a $65 million Reserve for Riverview Psychiatric Center from the funds within the Budget Stabilization Fund. The purpose of the Reserve for Riverview Psychiatric Center was to provide General Fund resources of up to $65 million based on the Centers for Medicaid and Medicare Services disallowance of disproportionate share hospital payments. See "State Budgets", "Certain Expenditures and Obligations - Health and Human Services Funding" herein for further information.

Public Laws 2019, chapter 343 ("2019 Chapter 343") transferred $19.8 million into the Budget Stabilization Fund and set aside an additional $14.5 million into the Riverview Psychiatric Reserve (being held within the Budget Stabilization Fund) bringing the total amount set aside in the Reserve to $79.5 million. During fiscal year 2019, $19.2 million was transferred to the Department of Health and Human Services ("DHHS") from the Reserve for Riverview Psychiatric Center. During fiscal year 2020, the remaining $60.3 million in the Reserve for Riverview Psychiatric Center was transferred to the DHHS. The State has now paid all outstanding debts to the Centers for Medicaid and Medicare Services related to the disallowance of disproportionate share hospital payments. See "State Budgets" and "Certain Expenditures and Obligations – Health and Human Services Funding" herein for further information.

Public Laws 2019, chapter 616 ("2019 Chapter 616"), authorized an additional transfer of $17.4 million to the Budget Stabilization Fund during fiscal year 2020.

At the close of fiscal year 2020, after the priority transfers for the replenishment of the State Contingent Account at the maximum of $350,000 and the transfer to the Reserve for General Fund Operating Capital of $2.5 million, there was no remaining amount available for distribution to the Budget Stabilization Fund and the Tax Relief Fund for Maine Residents, respectively. The final reserve balances in the General Fund on June 30, 2020 were $258.7 million in the Budget Stabilization Fund and $13.9 million in the Reserve for General Fund Operating Capital and $375 thousand in the Property Tax Relief Fund for Maine Residents.

Public Laws 2019, chapter 448 ("2019 Chapter 448") amended the Tax Relief Fund for Maine Residents to create the Property Tax Relief Fund for Maine Residents. The fund must be used to provide relief payments to property tax payers when the amount available in the fund is sufficient to make a relief payment of at least $100 to each property tax payer receiving a homestead exemption in the State during the most recent property tax year, to pay for the Treasurer of State's costs in administering relief payments and to make State payments to municipalities for costs related to relief payments pursuant to a mandate under the Maine Constitution, Article IX, Section 21. In fiscal year 2020, the Treasurer of State distributed $32.5 million from the Tax Relief Fund for Maine residents in accordance with applicable law.

Public Laws 2019, chapter 618 authorized the transfer of up to $11 million from the balance available in the Reserve for General Fund Operating Capital to a COVID-19 response fund established by the State Controller to address funding needs related to COVID-19 through January 15, 2021. The Governor authorized transfer of the $11 million to the DHHS in fiscal year 2021 for COVID-19 testing and related costs thus reducing the balance in the Reserve for Operating Capital.

Public Laws 2021, chapter 1 ("2021 Chapter 1") authorized a transfer of $8 million to the Budget Stabilization Fund during fiscal year 2021, which brought the balance in this fund to $267.9 million. 2021 Chapter 398, included measures to direct General Funds to MaineDOT's highway and bridge projects. The measures are a recognition of the persistent and growing gap between projected Highway Fund revenues and the funds needed for Maine's transportation infrastructure. Consistent with the Governor's recommendations, the bill enacted by the Legislature authorized a one-time transfer of $50 million from fiscal year 2021 General Fund unappropriated surplus to MaineDOT for use in fiscal year 2022. Additionally, the law amended the required statutory year-end distributions of any General Fund revenue that exceeds budget in any fiscal year. Beginning with fiscal year 2021, 20% of the excess General Fund remaining after certain other priority transfers is transferred to MaineDOT for highway and bridge projects. MaineDOT received about $56 million from the "cascade" at the end of fiscal year 2021. Additionally, the law provides that if the Budget Stabilization Fund is at its statutory limit, then the funds that would normally flow to it are transferred to MaineDOT instead. 2021 chapter 635 included similar transfers of General Fund to MaineDOT for highway and bridge projects in fiscal year 2022. MaineDOT received a one-time transfer of $50 million from General Fund unappropriated surplus and, assuming actual revenues exceed projected, $35 million will be transferred to MaineDOT from the "cascade" as a priority transfer before the 20% of any remaining fiscal year 2022 balance is calculated.

2021 Chapter 1 also authorized the transfer of up to $2.9 million from the balance available in the Reserve for General Fund Operating Capital to a COVID-19 response fund established by the State Controller to address funding needs related to COVID-19 through June 30, 2021 and 2021 Chapter 398 extended that authorization through June 30, 2022. Any remaining balance in the COVID-19 response fund on July 1, 2023 must be transferred by the State Controller to the General Fund Reserve for Operating Capital. 2021 Chapter 635 increased the amount to $8,500,000 and extended the authorization through June 30, 2023. All amounts received as reimbursement for expenses originally paid by the COVID-19 response fund, up to $8,500,000, from any funding source, must also be returned to the Reserve for General Fund Operating Capital.

Actual revenues over the course of fiscal year 2021 consistently exceeded revenue projections. By the end of fiscal year 2021, actual General Fund revenues of $4,520,591,145 had surpassed even the May 2021 revenue forecast and revenues that exceeded budget were distributed in accordance with applicable law. Distributions included required transfers of nearly $56 million to the MaineDOT Highway and Bridge Capital account, $50 million to a newly created Highway and Bridge Reserve account, $2.5 million to the Reserve for Operating Capital and $223.6 million to the Budget Stabilization Fund. At the end of the fiscal year, there was a budgeted General Fund unappropriated surplus balance of about $155.2 million and the balance in the Budget Stabilization Fund was $491.9 million. The total Budget Stabilization Fund balance represents 10.9% of the State's 2021 fiscal year General Fund revenue.

2021 Chapter 635 also included other required transfers of surplus revenues: $15 million for the funding and establishment of an Education Stabilization Fund to help the State maintain its commitment – achieved for the first time ever under Governor Mills – to fund public schools at 55 percent in the future. And, $3.3 million as the state portion of expenses related to events declared by the President of the United States as emergency or major disaster. Fiscal Year 2022 actual revenues exceeded the March 2022 Revenue Forecast. After the transfers included in 2021 Chapter 635, the year-end cascade transferred $401.9 million to the Budget Stabilization Fund. The total Budget Stabilization Fund balance represents 16.6% of the State's 2022 fiscal year General Fund revenue.

Citizen Initiative Petitions

Recent citizen initiatives included one seeking to Reject the New England Clean Energy Connect ("NECEC") Transmission Project. Although the Secretary of the State certified the signatures for this initiative, pending litigation ensued and the Maine Supreme Court ruled that this matter was not a proper subject for a citizen initiative. However, on March 11, 2021 the Secretary of State notified the Legislature that the citizen initiative petition for "An Act To Require Legislative Approval of Certain Transmission Lines, Require Legislative Approval of Certain Transmission Lines and Facilities and Other Projects on Public Reserved Lands and Prohibit the Construction of Certain Transmission Lines in the Upper Kennebec Region" was valid. This initiative was approved by voters at the November 2, 2021 Referendum Election and became law. Subsequent litigation brought by NECEC challenging the constitutionality of the law resulted in the initiative being effectively declared unconstitutional as applied to the NECEC project.

The Secretary of State has certified four initiatives that will appear on the November 7, 2023 ballot. The first is "An Act Regarding Automotive Right to Repair" that seeks to require manufacturers of certain motor vehicles to standardize the vehicle on-board diagnostic systems and make those systems accessible to owners and independent repair facilities.

The second question seeks to enact "An Act To Require Voter Approval of Certain Borrowing by Government-controlled Entities and Utilities and To Provide Voters More Information Regarding that Borrowing." If passed, this law would prohibit a quasi-independent state entity, reporting entity, municipal electric district, consumer-owned transmission and distribution utility, cooperative or rural electrification cooperative from borrowing money, incurring debt, whether general obligation debt or revenue obligation debt, or issuing bonds, notes or other evidences of indebtedness that would cause its total debt outstanding at any time to exceed $1 billion unless the action that would cause the total debt outstanding to exceed $1 billion is approved by the voters at a general election.

The third question seeks to enact "An Act To Prohibit Campaign Spending by Foreign Governments and Promote an Anticorruption Amendment to the United States Constitution" which, if enacted, would prohibit a foreign government-influenced entity from making, directly or indirectly, a contribution, expenditure, independent expenditure, electioneering communication or any other donation or disbursement of funds to influence the nomination or election of a candidate or the initiation or approval of a referendum. It also requires television and radio stations and their providers to establish due diligence policies to prevent the distribution of communications for which foreign government-influenced entities have made prohibited expenditure and directs an Internet platform to remove any such communication from its platform upon discovery. The law calls upon Maine's Congressional delegation to support an anticorruption amendment to the United States Constitution and requires the Maine Commission on Governmental Ethics and Election Practices to issue a report identifying anticorruption amendment proposals and the sponsors.

The final citizen initiative is "An Act To Create the Pine Tree Power Company, a Nonprofit, Customer-owned Utility." If enacted this law would establish the Pine Tree Power Company, as a privately-operated, nonprofit, consumer-owned utility controlled by a board the majority of the members of which are elected. The company's purposes are to provide for its customer-owners in this State reliable, affordable electric transmission and distribution services and to help the State meet its climate, energy and connectivity goals in the most rapid and affordable manner possible. The Pine Tree Power Company would not be permitted to use general obligation bonds or tax dollars of the State.

The list of circulating petitions may be viewed at https://www.maine.gov/sos/cec/elec/citizens/index.html.

The Accounting System

The DAFS, through the Office of the State Controller, is authorized to maintain an official system of general accounts (unless otherwise provided by law) embracing all the financial transactions of the State; to examine and approve all contracts, orders and other documents to ascertain that moneys have been duly appropriated and allotted to meet such obligations and will be available when such obligations will become due and payable; to audit and approve bills, invoices, accounts, payrolls and all other evidence of claims, demands or charges against the State government (State government is defined to include the Judiciary and the Executive Department of the Governor); to implement internal control standards applicable to State agencies and departments; and to exercise certain other rights, powers and duties as more fully prescribed by law.

The principal Funds established by the State for budgetary accounting purposes are the Governmental Funds (which include the General Fund, the Special Revenue Funds and the Capital

Projects Funds), the Proprietary Funds (which include the Enterprise Funds and the Internal Service Funds) and the Fiduciary Funds (which include the Trust and Custodial Funds). The Funds are used as follows:

The **Governmental Funds** account for the general governmental activities of the State. The **General Fund** is used to account for all governmental transactions that are not accounted for in another fund. Sales tax, individual and corporate income taxes and other business taxes provide most of the funds available for appropriation by the Legislature for general governmental operations, such as education, human services, corrections, the judiciary and the Legislature. The General Fund is the State's major operating fund.

The **Special Revenue Funds** account for specific revenue sources, other than expendable trusts or major capital projects that are legally restricted to expenditures for specified purposes. The Special Revenue Funds include the following:

The **Highway Fund** is used to account for revenues derived from registration of motor vehicles, operators' licenses, gasoline tax and other dedicated revenues, except for Federal matching funds and bond proceeds used for capital projects. The Legislature allocates this Fund for the operation of various Department of Transportation programs, including construction and maintenance of highways and bridges, for a portion of the State Police administration and for other State programs.

The **Other Special Revenue Funds** are used to account for various special purpose funds which have been established on a self-supporting basis. Revenues are generated by taxes, licenses, fees and Federal matching funds and grants.

Capital Projects Funds account for financial resources used to acquire or construct major capital assets other than those financed by proprietary funds. These resources are derived primarily from proceeds of general obligation bonds. The State also includes in this Fund the proceeds from bond issues for uses other than major capital facilities.

The **Proprietary Funds** account for the State's ongoing activities that are similar to those found in the private sector. The **Enterprise Funds** account for transactions related to resources received and used to finance self-supporting activities of the State. The costs of providing goods and services to the general public on a continuing basis, including depreciation, are financed or recovered primarily through user charges.

The **Internal Service Funds** account for the financing and sale of goods or services between agencies of the State or other governmental units on a user charge basis.

The **Fiduciary Funds** account for assets held by the State acting as either a trustee or an agent for individuals, private organizations and other governmental units or other Funds. The **Expendable Trust Funds** account for assets held in a trustee capacity where principal and income may be expended for the funds' designated operations. The **Nonexpendable Trust Funds** account for assets held in a trustee capacity where only income may be expended for the funds' designated operations. **Custodial Funds** account for assets which the State, as custodian, holds for others.

In addition, the State has established the **General Long-Term Obligations Account Group** to establish control and accountability for long-term obligations of the State, including those related to general obligation bonds, capital leases, certificates of participation and compensated absences, not accounted for in Proprietary Funds or Nonexpendable Trust Funds. The State has also established the **General Fixed Assets Account Group** to establish control and accountability for all capital assets of the

State not accounted for in Proprietary Funds. The State records its general long-term obligations and capital assets in the government-wide statement of net assets.

The accounting system is designed to assure that expenditures do not exceed amounts authorized by legislative appropriation and to conform, to the extent possible, to standards of the Governmental Accounting Standards Board ("GASB") and its predecessor, the National Council on Governmental Accounting. Financial transactions are recorded in the General Fund, the Highway Fund and certain other funds as described above and in Appendix B hereof.

Accounting Reports and Practices

The State Controller prepares an Annual Comprehensive Financial Report in accordance with standards established by GASB. This report is the official financial report of the State government.

The State Controller's annual financial report for the fiscal year ended June 30, 2022 is set forth in two separate publications. The first publication consists of the Basic Financial Statements of the State of Maine for the year ended June 30, 2022, which are set forth in Section I of Appendix B. Certain information which is included in the second publication and certain information which has been derived from provisions of the State Controller's annual financial reports for certain prior fiscal years comparable to the second publication is included in Section II of Appendix B. The information set forth in Section II of Appendix B is based on budgetary and legal requirements.

The Basic Financial Statements of the State of Maine for the year ended June 30, 2022, which are set forth in Section I of Appendix B, have been prepared by the State Controller and have been audited by the Office of the State Auditor in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing standards,* issued by the Comptroller General of the United States. The Office of the State Auditor has issued an unmodified opinion on the Basic Financial Statements.

Because of the variety of activities and programs run by the State, the State Controller has established several specialized accounting conventions, which are consistently applied within the fund accounting system. For more information on the basis of accounting used by the State, see Appendix B, Section I, "Notes to the Financial Statements, June 30, 2022."

Annual financial reports prepared by the State Controller for the fiscal year ending June 30, 2022 and for prior fiscal years are available upon request directed to Gregory Olson, Deputy State Treasurer, 39 State House Station, Augusta, Maine 04333, telephone: 207-624-7468; facsimile: 207-287-2367. The Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022 and for prior fiscal years are also available at https://www.maine.gov/osc/financial-reporting/annual-comprehensive-financial-report.

The State Auditor is required by law to audit the Basic Financial Statements included within the Annual Comprehensive-Financial Report prepared by the State Controller for each fiscal year. The State Auditor's Independent Audit Opinion dated December 14, 2022 with respect to the fiscal year ending June 30, 2022 is set forth in Appendix B hereto. Single audit reports prepared by the Office of the State Auditor for the fiscal year ending June 30, 2022 and for certain prior fiscal years are available upon request directed to the Deputy State Treasurer and are also available at https://www.maine.gov/audit/osa-reports/annual-single-audit.html.

STATE BUDGETS

Laws authorizing General Fund and Highway Fund expenditures for fiscal years 2018 through 2025 have been enacted and provide for such expenditures in the amounts set forth in the table below. Amounts listed for fiscal years 2024-2025 include laws enacted during the First Regular Session of the 131st Maine Legislature. The enacted General Fund budget (Public Laws 2023, chapter 17) represents a 'current services' budget. A supplemental budget bill including new initiatives is pending in the Legislature. As of May 24, 2023, the Legislature has not enacted a Highway Fund budget for fiscal years 2024-2025, as the bill is still in committee.

Fiscal Year Ending June 30	General Fund Expenditures Authorized	Highway Fund Expenditures Authorized
2018	$3,514,673,944	$337,446,481
2019	$3,708,113,987	$338,863,722
2020	$3,933,881,622	$346,282,263
2021	$3,894,517,647	$318,294,234
2022	$4,073,526,967	$348,983,256
2023	$4,446,741,117	$351,014,933
2024	$4,880,234,252	
2025	$5,005,643,425	

For information regarding fiscal years 2018 through 2023 expenditures, see "Certain Expenditures and Obligations – General Fund Expenditures" below.

2018-2019 Biennium. On January 6, 2017, the Governor released the final budget recommendation for the term of Governor LePage for the 2018-2019 biennium. The recommended appropriations for the 2018-2019 biennium were 1.63% or $109,457,559 in excess of the total appropriations for the 2016-2017 biennium. On May 25, 2017, the then Governor of Maine submitted revisions (the "Change Package") to the 2018-2019 biennial budget recommendation to the Committee on Appropriations and Financial Affairs.

2017 Chapter 284 was passed and signed into law by the Governor on July 4, 2017, four days into the start of the new 2018 State fiscal year, with total General Fund appropriations of $7,103,305,775 for the 2018-2019 biennium, an increase of $368,535,757 or 5.5%, as compared to the prior biennium. 2017 Chapter 284 included compromise tax policy changes of the repeal of the income tax surcharge of 3% imposed on that portion of Maine taxable income in excess of $200,000 and the repeal of the Fund to Advance Public Kindergarten to Grade Twelve Education that was passed by referendum in November of 2016. In addition, the percentage increase of State reimbursement to municipalities for property taxes lost as a result of the Maine Resident Homestead Property tax exemption, from 50% to 62.5%, was delayed one year from its previously scheduled increase for property tax years beginning April 1, 2017 to become effective for property tax years beginning April 1, 2018. The budget included the administration's proposal that updated the process of forecasting the State's revenues by placing into statute the requirement that at least two additional economic forecasts that assume potential economic recession scenarios for the current fiscal biennium and the next two biennia be issued to the State Budget Officer, the State Economist and the Associate Commissioner for Tax Policy by the CEFC. Additional joint reporting is also required from the CEFC and the RFC detailing the impact on General Fund revenue projections of sales and income taxes and an estimate of reserves needed to offset revenue declines reported in the required alternative scenarios.

Additional resources for the 2018-2019 biennium over and above ongoing revenues projected at $7,060,004,883 for the biennium, included the utilization of one-time balances of approximately $40 million that were transferred to the General Fund and one-time authorization to carry certain balances to delay providing additional appropriations until the 2020-2021 biennium. These one-time resources consisted of settlement funds in the Department of the Attorney General and a number of program fund balances with the largest in the Department of Professional and Financial Regulation of $16.2 million in fiscal year 2018.

On September 12, 2018, L.D. 1655, An Act to Update References to the United States Internal Revenue Code of 1986 Contained in the Maine Revised Statutes, became law without the Governor's signature (Public Laws 2017, chapter 474). This law primarily provided conformity with the TCJA and other changes passed by the federal government through March 23, 2018. This law also included other changes to individual and corporate tax laws. The enacted amendment to the bill would result in an estimated loss of General Fund revenue of $22 million in fiscal year 2019 and $47 million in the 2020-2021 biennium.

On December 1, 2018, the RFC issued a regularly scheduled update to its forecast. The December report reflected an adjustment upward of General Fund revenues of $99.2 million in fiscal year 2019. The December report also reflected an adjustment upward of General Fund revenues for the 2020-2021 biennium of $263.2 million after adjustment for statutory changes. The 2020-2021 biennium adjustment composed of $117.5 million for fiscal year 2020 and $145.7 million for fiscal year 2021. Most of the positive re-projection was from sales and use and individual income taxes.

2020-2021 Biennium. On February 8, 2019, Governor Mills released the 2020-2021 Biennial Budget ("L.D. 1001") recommendation, which called for total General Fund expenditures in fiscal years 2020 and 2021 of $3.96 billion and $4.08 billion, respectively. Governor Mills' proposal sought to address challenges, seize opportunities, and implement the voters will without increasing taxes or utilizing the Budget Stabilization Fund. The budget proposal included a significant focus on health and education.

On May 1, 2019, the RFC issued a regularly scheduled update to its forecast. The May report reflected an adjustment upward of General Fund revenues of $66.7 million in fiscal year 2019. The May report also reflected an adjustment upward of General Fund revenues for the 2020-2021 biennium of $20.7 million. The 2020-2021 biennium adjustment was composed of $13.2 million for fiscal year 2020 and $7.5 million for fiscal year 2021.

On May 13, 2019, Governor Mills submitted changes to the proposed biennial budget. The change package included technical corrections to items in L.D. 1001, prioritized investments needed to reduce unsustainable caseloads in the State's child welfare system, funded repairs to the State's school infrastructure, paid off the debt to the Centers for Medicare and Medicaid Services ("CMS"), and built the State's budget resiliency by adding to the Budget Stabilization Fund.

2019 Chapter 343 was passed and signed into law by the Governor on June 17, 2019 with total General Fund appropriations of $7,987,100,705 for the 2020-2021 biennium, an increase of $883,794,930 or 12.4% as compared to the prior biennium. 2019 Chapter 343 expanded health care, improved Maine's education system, provided property tax relief and invested in the Budget Stabilization Fund. The law allocated $125 million for Medicaid expansion which is expected to be matched with nearly $700 million in federal funds. 2019 Chapter 343 raised the State share of education funding to nearly 51%, which included $115 million in new State support for education; allocated $18 million to the School Revolving Loan Fund, which provides critical funding to repair school infrastructure; and paved the way for a

$40,000 minimum teacher salary, initially reimbursing towns at 100% to offset the cost on local budgets. The law also provided additional resources to the University of Maine System, the Community College System, and the Maine Maritime Academy, to help keep tuition fees down, and provided $3 million in scholarship funds through the Maine State Grant Program. 2019 Chapter 343 provided $75 million in property tax relief for hardworking Mainers, seniors, families and small businesses and increased revenue sharing to local municipalities from 2.5% to 3% in 2020 and to almost 4% in 2021. Other provisions of the law added 62 new Child and Family Services staff to address unmanageable caseloads and better protect Maine children from abuse and neglect; supported efforts to combat the opioid crisis by funding prevention efforts and eliminating red tape that prevents people from getting help; allocated $4 million to fund Department of Economic Development initiatives including broadband and rural development grants; funded a comprehensive planning group to establish policy initiatives and benchmarks to meet 30-year goals for climate emissions reductions; and supported a 10-year plan to triple in-state renewable energy generation. Appropriations for the Indigent Legal Services programs continued to be set aside in an Other Special Revenue account reserve in fiscal year 2020 but the set aside was discontinued for fiscal year 2021 when Indigent Legal Services appropriations will remain as General Fund appropriations. Finally, 2019 Chapter 343 transferred $19.8 million to the Budget Stabilization Fund and set aside an additional $14.5 million to the Reserve for Riverview Psychiatric Center.

Several laws were passed in the First Regular Session of the 129th Legislature that increased General Fund revenues for the 2020-2021 biennium. An Act Regarding the Collection of the Sales and Use Tax by Marketplace Facilitators (Public Laws 2019, chapter 441) created a process that ensures marketplace facilitators collect and remit sales tax on sales of property and services facilitated on its marketplace and is expected to result in General Fund revenue increase of $12,410,000 in fiscal year 2020 and $16,620,000 in fiscal year 2021. An Act To Amend the Laws Governing the Maine Capital Investment Credit To Ensure Fairness for Maine Businesses and To Reduce Taxes on Lower-income Working Families (Public Laws 2019, chapter 527) made changes to the Maine Capital Investment Credit, increasing the earned income tax credit rate and expanding eligibility for the earned income tax credit. It is expected to result in a General Fund revenue increase of $2,052,000 in fiscal year 2020 and $4,051,750 in fiscal year 2021. Both bills also include General Fund appropriation for additional administrative costs. An Act To Prevent and Reduce Tobacco Use with Adequate Funding and by Equalizing the Taxes on Tobacco Products and To Improve Public Health (Public Laws 2019, chapter 530) also enacted during the First Regular Session included increases in both General Fund revenues and appropriations for various purposes. Part A of the bill increased the tobacco products tax from 20% to 43% of the wholesale sales price and provided an exemption to tobacco products tax for electronic smoking devices and liquids used with medical marijuana. The resulting General Fund revenue increase is expected to be $5,339,958 in fiscal year 2020 and $9,669,640 in fiscal year 2021. Part A also included General Fund appropriations to the DHHS of $2,550,000 in fiscal year 2020 and $4,850,000 in fiscal year 2021 for evidence-based tobacco use prevention and cessation services and for tobacco use cessation medications and counseling provided to MaineCare members. Part B of the law included General Fund appropriations to the DHHS of $1,662,060 in fiscal year 2020 and $3,329,640 in fiscal year 2021 to increase the reimbursement rate for ambulance services under the MaineCare program. Part C included additional General Fund appropriations to the DHHS of $1,374,645 in fiscal year 2020 and $2,787,005 in fiscal year 2021 for the Department of Health and Human Services to amend certain rules relevant to MaineCare Benefits. Finally, Part D of the bill transferred $946,925 from the Hospital Tax, Other Special Revenue Funds account in the DHHS to the unappropriated surplus of the General Fund in each year of the biennium.

2019 Chapter 448 amended the Tax Relief Fund for Maine Residents to create the Property Tax Relief Fund for Maine Residents. The fund must be used to provide relief payments to property tax payers when the amount available in the fund is sufficient to make a relief payment of at least $100 to each property tax payer receiving a homestead exemption in the State during the most recent property tax year, to pay for the Treasurer of State's costs in administering relief payments and to make State payments to municipalities for costs related to relief payments pursuant to a mandate under the Maine Constitution, Article IX, Section 21. In accordance with the law, the Treasurer of State has determined that the balance in the fund, $32.9 million at June 30, 2019, is sufficient to make these payments.

On December 1, 2019, the RFC issued a regularly scheduled update to the forecast. The December report reflected an adjustment upward of General Fund revenues for the 2020-2021 biennium of a total of $74.6 million, composed of an upward adjustment of $52.6 million in fiscal year 2020, and an upward adjustment of $22 million in fiscal year 2021. The December report also reflected an adjustment upward of General Fund revenues for the 2022-2023 biennium of $39.2 million, composed of an adjustment upward of $24.9 million in fiscal year 2022 and an adjustment upward of $14.3 million in fiscal year 2023.

On March 1, 2020, the RFC issued a regularly scheduled update to the forecast. The March report revised General Fund revenue estimates upward by $40.0 million for fiscal year 2020 and by $34.1 million for fiscal year 2021. The forecast for the 2022-2023 biennium was revised upward by $31.6 million for fiscal year 2022 and by $33.3 million for fiscal year 2023. The primary reason for the increase during this period was from individual income and sales and use taxes. The strong underlying Maine economy was producing equally strong revenue growth through the first seven months of fiscal year 2020. See "Fiscal Management – Revenue Forecasting" above for an explanation of the revenue adjustments. Finally, see "Certain Expenditures and Obligations - Revenues of the State" for additional information below.

Governor Mills released her 2020-2021 Supplemental Budget on February 3, 2020. The supplemental budget proposal increased spending over the biennium by approximately $126 million focusing on education, infrastructure, health and welfare, economic development and workforce training while also adding over $20 million to the Budget Stabilization Fund. Her proposal included funding a number of infrastructure requests including some originally proposed as part of a bond package earlier in the 129th Legislative Session. This included funding for $4 million for armories, $4.5 million for uncontrolled sites, $4.5 million for water treatment facilities, and $1 million for the repair of dams that had not been discussed earlier in the session. The Governor also included $10 million in General Fund appropriations for the Department of Transportation - $8 million for roads and bridge repairs and $2 million for multi-modal transportation facilities. The proposal also included $37 million for GPA, additional funding for higher education, one-time increases for adult education and career and technical education. The DHHS requests included funding for additional child welfare staffing, foster care payments, the Section 29 waitlist, and rate increases for some Medicaid services with the intent to raise the wages of direct care staff.

Following the March 1, 2020 revenue forecast, the administration began work on a change package to the supplemental budget which would obligate or save the additional resources. Simultaneously the public health crisis around COVID-19 and the resulting economic impacts began to materialize nationally and in Maine. Plans regarding the Governor's change package shifted. The recommendation included a smaller supplemental budget, addressing pressing fiscal year 2020 infrastructure demands, the increased funding for GPA, and some investment in human services programs to include funding for COVID-19. The Governor's recommendation was to leave resources unappropriated in order to offset any potential revenue loss in fiscal year 2020.

2019 Chapter 616 was passed by the Legislature March 17th and signed by the Governor on March 18, 2020. The supplemental budget included funding in 2020 for the payroll system project, $1.0 million dollars for repairs and maintenance to State buildings, and $1.7 million for information system security enhancements. Funding for the hepatitis C treatments at the Department of Corrections was included, as was funding to support Mountain View Correctional Facility based on the change in their capacity. A central point to the Governor's supplemental budget was $37 million to increase fiscal year 2021 funding for the Department of Education. This was included and enabled the State to increase its contribution toward the total cost of education by 1 percentage point. Additional funding was also provided to the Department for Adult Education and contractual obligations with the Child Development Services. Funding for increased access to the Section 29 Medicaid waiver was included as well as funding to increase rates for several policy sections with the intention that the increases go toward direct care worker compensation. The supplemental budget also authorized 20 new positions within the Office of Child and Family Services. It also included $10 million in General Fund resources for the Department of Transportation. The projected fiscal year 2020 unappropriated fund balance after the actions of the Second Regular Session of the 129th Legislature was approximately $193 million.

In response to the COVID-19 public health emergency, An Act To Address Funding Needs Related to COVID-19, Public Laws 2019, chapter 618, was enacted on March 18, 2020. This legislation authorized the transfer of up to $11,000,000 from the balance available in the Reserve for General Fund Operating Capital to a COVID-19 response fund established by the State Controller to address funding needs related to the novel coronavirus known as COVID-19, through January 15, 2021.

Given the ongoing impacts of the pandemic, the RFC issued a special "off-cycle" revenue forecast on August 1, 2020. The RFC re-projected revenues downward for fiscal year 2021 by $527.8 million and downward for the 2022-2023 biennium by $883.2 million. The projection reflected the economic impacts of the COVID-19 pandemic as best possible at that time. The most severe impacts were expected in fiscal year 2021 with continuing impacts through the 2022-2023 biennium. This projected decrease in revenues was primarily attributable to the impact of the COVID-19 pandemic on Individual Income Tax and Sales and Use Tax lines.

In September 2020, the Governor ordered curtailment of allotments (expenditures) to the General Fund by approximately $221.8 million in response to the RFC's special "off-cycle" August 2020 revenue forecast. Of the nearly $222 million in fiscal year 2021 curtailments, approximately $97 million was a replacement of state spending with one-time federal funding from the CARES Act and CRF moneys; and approximately $125 million came from adopting departmental cost savings and efficiencies and enhanced federal funding.

On December 1, 2020, the RFC issued a regularly scheduled update to the forecast. The December report reflected an adjustment upward of General Fund revenues for the 2020-21 biennium with a fiscal year 2021 increase of $272.8 million, as compared to the August, 2020 forecast of a decrease of $527.8 million resulting in $3,542.5 million. The December report also reflected an adjustment upward of General Fund revenues for the 2022-2023 biennium of $487.4 million, composed of an adjustment upward of $232 million in fiscal year 2022 and an adjustment upward of $255.4 million in fiscal year 2023.

Subsequent to the December 2020 revenue projection, the Bureau of the Budget updated its four year revenue and expenditure forecast through the fiscal year ending June 30, 2023. As required by State law, the four year revenue and expenditure forecast assumes the continuation of current laws and includes reasonable and predictable estimates of growth in revenues and expenditures based on national and local trends and program operations. At the time of the forecast, the projected shortfall using the December 2020 forecasted revenues was $661.7 million for the 2022-2023 biennium. An alternate forecast using March 2020 forecasted revenues illustrated the impact of the pandemic on the projected budget gap. The projected General Fund budget shortfall for the 2022–2023 biennium using March 2020 forecasted revenues was about $160.5 million and was more indicative of the true structural gap between revenues and expenditures. However, the State was not yet able to predict the actual impact of the COVID-19 crisis on State revenues.

The projected gap assumed increases in GPA of $292.5 million in the 2022-2023 biennium to meet the statutory requirement for a 55% state share of education costs. Also in accordance with current law, the gap assumed the return to 5% for state-municipal revenue sharing beginning in fiscal year 2022, from 3% set in fiscal year 2020 and 3.75% in fiscal year 2021.

2022-2023 Biennium. On January 8, 2021, the Governor released her recommended supplemental budget for fiscal year 2021 and budget for the 2022-2023 biennium. Intending to bring fiscal year 2021 in balance and provide sound footing for 2022-2023, the supplemental budget included items from the Governor's September 2020 curtailment order, additional savings associated with increases in federal Medicaid funding, and provided support for critical public health efforts, technology and infrastructure needs. Additionally, the supplemental budget proposed adding $41 million to the Maine Budget Stabilization Fund and $25.5 million to the MaineCare Stabilization Fund.

The biennial budget recommendation called for General Fund expenditures of $4.189 billion in fiscal year 2022, an increase of $36.2 million or less than 1%, as compared to budgeted expenditures for fiscal year 2021, and $4.206 billion in fiscal year 2023, an increase of $17.2 million or less than half of 1%, as compared to the fiscal year 2022 proposal. The budget recommendation utilized the revenue numbers from the December 2020 revenue forecast. At the Governor's direction, the biennial budget balanced increases in departmental spending with reductions elsewhere, while avoiding layoffs and ensuring vital services. The budget continued to reflect the Governor's priorities with increases to funding for K-12 Education, increasing the State contribution to 51.83%, additional investments the Maine Center for Disease Control and Prevention ("MECDC"), funding for legislatively enacted rebasing and rate increases in the Medicaid program, and maintaining level support for municipal revenue sharing at 3.75%. The recommended budget did not enact new programs or increase broad-based taxes. Additional resources for the budget were identified through review of unobligated balances throughout State government.

2021 Chapter 1, the fiscal year 2021 supplemental budget, was enacted by the Legislature on March 12, 2021 and signed by the Governor on March 17, 2021. The law enacted nearly all of the proposed curtailments put in place to address the then projected revenue shortfall. Additionally, it included tax conformity items, including the treatment of Paycheck Protection Program loans provided by the federal government. 2021 Chapter 1 authorized the transfer of $8 million to the Maine Budget Stabilization Fund in fiscal year 2021, bringing the balance to $267.9 million.

On March 30, 2021, the Legislature passed a 'back to basics' biennial budget for fiscal years 2022 and 2023 by simple majority vote and then adjourned. The Legislature reconvened in a First Special Session on April 28, 2021 and continued to consider the remaining items in the Governor's Recommended Biennial Budget for the General Fund and Other Funds, as well as other pending bills.

The "Back to Basics" budget was enacted as Public Laws 2021, chapter 29 ("2021 Chapter 29"). It was signed by the Governor on March 31, 2021 and effective June 30, 2021. 2021 Chapter 29 provided funding for baseline budgets, maintained level support for municipal revenue sharing at 3.75%, increased funding for K-12 Education, increasing the State contribution to 51.83%, and required amounts for teacher retirement costs. The "back to basics" budget also provided funding to continue required rate increases within the DHHS, recognized savings from enhanced federal participation in the Medicaid program, and identified funding for domestic violence and sexual assault prevention and victim services. Additionally, it enacted savings initiatives proposed by departments during the 2021 curtailment process.

On May 1, 2021, the RFC issued a regularly scheduled update to its forecast. The May report reflected an adjustment upward of General Fund revenues of $479.4 million in fiscal year 2021. The May report also reflected an adjustment upward of General Fund revenues for the 2022-2023 biennium of $460.5 million. The 2022-2023 biennium adjustment was composed of $241.3 million for fiscal year 2022 and $219.2 million for fiscal year 2023. Following enactment of the fiscal year 2021 supplemental budget and the release of the May 1, 2021 revenue forecast of the RFC, the unappropriated balance for the General Fund at the end of fiscal year 2021 was estimated to be approximately $506 million.

A Governor's Change Package for the 2022-2023 biennial budget was submitted to the Legislature on May 14, 2021. The change package built on and adjusted the biennial budget items that remained following the passage of 2021 Chapter 29 based on the most up-to-date revenue information from the May 2021 revenue forecast. The change package included transfers to be made during fiscal year 2021 that, if enacted into law, would have left an unappropriated balance of approximately $208.7 million at the end of fiscal year 2021.

The change package made a historic investment in Maine public schools to meet the State's obligation to pay 55% of the cost of K-12 Education for the first time in Maine's history by proposing an additional appropriation of $187 million over the upcoming biennium. The proposal included a number of revisions and rate increases within the MaineCare program, including the addition of a full dental benefit for adults, investment in the State's public health system, and a set aside of $90 million in the MaineCare Stabilization Fund to support the proposed rate increases in the future. The Governor's change package also proposed funding a number of infrastructure needs including $87 million for capital constructions and repair costs for State owned buildings, $50 million to the School Revolving Renovation Fund, and $17.8 million for investments into the State's forest fire air fleet, National Guard Facilities, dams, and culverts. The change package also included a focus on the climate with $7.6 million target toward climate related projects, $7.3 million for offshore wind work and research, and set aside $40 million to address the agricultural and environmental impact of perfluoroalkyl and polyfluoroalkyl substances ("PFAS"). The proposal restored the municipal revenue sharing program to 5% in 2023 from the current 3.75% resulting in an additional $80 million going to municipalities. There were one-time tax year 2021 changes to the State's earned income tax credit and property tax fairness credit as well as an ongoing change to the property tax fairness credit which will expand eligibility providing tax relief to Maine taxpayers. Finally, the proposal added $52 million to the Budget Stabilization Fund bringing the Fund to its highest level ever. The proposal, which was balanced and did not raise taxes, left an unappropriated balance of approximately $23.8 million at the end of the 2022-2023 biennium.

Consistent with the Governor's recommendations, the "Part II" budget for the General Fund and Other Funds enacted late in the legislative session as 2021 Chapter 398, effective July 1, 2021, utilized the additional revenue from the May 2021 revenue forecast for approximately $351 million in transfers of fiscal year 2021 General Fund unappropriated revenue. The transfers went to Other Special Revenue accounts in agencies for a variety of one-time purposes intended to address critical needs and other priorities for the Administration and the law included associated allocations for agencies to utilize that funding in fiscal years 2022 and 2023. Purposes included COVID-relief payments for Maine workers ($149.8 million) and investments in: capital construction and repairs for state owned buildings ($50 million); school renovations; the State's forest fire air fleet ($6.7 million), National Guard Facilities ($6.8 million), dams, and culverts ($2 million); Medicare Stabilization Fund ($40 million); Land for Maine's Future; and addressing the agricultural and environmental impact of PFAS ($30 million). Additional authorized one-time transfers of General Fund unappropriated surplus to Other Special Revenue accounts in fiscal years 2022 and 2023 provided funding for student financial aid through the FAME and medical payments to providers. A one-time transfer also shifted nearly $200 million in baseline funding for homestead exemptions from a General Fund appropriation to Other Special Revenue Fund allocations for fiscal years 2022 and 2023. Funding for indigent legal services, approximately $9.3 million in each fiscal year, was also shifted from a General Fund appropriation to an Other Special Revenue allocation on an ongoing basis. Additionally, the bill authorized a transfer of the $50 million in the Highway and Bridge Reserve account to MaineDOT's Highway and Bridge Capital program.

2021 Chapter 398 also authorized a number of one-time tax relief measures to support Maine people and the economy through the COVID-19 pandemic, as well as an ongoing change to the property tax fairness credit which expands eligibility to increase tax relief to Mainers. Additionally, the law includes increased funding for K-12 and higher education, state-municipal revenue sharing, healthcare system supports and expanded dental care coverage for low-income Mainers.

The projected General Fund unappropriated balance for the end of the 2022-2023 biennium, after all actions of the 130th Legislature's First Regular and Special Sessions was approximately $40.8 million.

On December 1, 2021, the RFC issued a regularly scheduled update to the forecast. The December report adjusted General Fund revenues upward for the 2022-2023 biennium by a total of $822.2 million, composed of an upward adjustment of $443.2 million in fiscal year 2022, and an adjustment upward of $379.1 million in fiscal year 2023. The December report also reflected an adjustment upward of General Fund revenues for the 2024-2025 biennium of $821.6 million. Following this forecast, the projected General Fund unappropriated balance for the 2022-2023 biennium is approximately $863 million.

On March 1, 2022, the RFC issued a regularly scheduled update to the forecast. The March report adjusted General Fund revenues upward for the 2022-2023 biennium by a total of $411.7 million, composed of an upward adjustment of $234.9 million in fiscal year 2022, and an adjustment upward of $176.8 million in fiscal year 2023. The March report also reflected an adjustment upward of General Fund revenues for the 2024-2025 biennium of $360.8 million. Following this forecast, the projected General Fund unappropriated balance for the 2022-2023 biennium was approximately $423.5 million.

The Governor's recommended supplemental budget for fiscal years 2022 and 2023, which was released in February 2022, was revised with a change package released on March 18, 2022. The Governor's revised supplemental budget proposal constrained net new appropriations to just $172 million and utilized additional General Fund revenue from the March 2022 revenue forecast for one-time transfers to Other Special Revenue accounts in agencies to address a variety of critical needs. The transfers, which totaled approximately $919 million in fiscal year 2022 and $77 million in fiscal year 2023, included contributions to several reserve funds - $10 million to the Budget Stabilization Fund, $30 million to the Medicaid Stabilization Fund and $30 million to a new Education Stabilization Fund. Additionally, the Governor's proposal included several tax relief measures with fiscal year 2023 General Fund impact totaling approximately $86 million, two of which were continuation of measures enacted in 2021 Chapter 398.

The fiscal year 2022-2023 General Fund Supplemental Budget was enacted as 2021 Chapter 635 in April 2022. 2021 Chapter 635 is largely consistent with the Governor's recommendations and includes net General Fund appropriations of about $172 million, one-time transfers of $892.5 million in fiscal year 2022 and $40.8 million in fiscal year 2023 and tax relief measures reducing fiscal year 2023 General Fund revenue by approximately $126.3 million.

General Fund appropriations in 2021 Chapter 635 are a mix of one-time and ongoing impacts. One-time appropriations include support for higher education, career and technical education materials and supplies, child welfare, hospitals, nursing homes, long-term care facilities, and emergency housing assistance. Ongoing appropriations support child care workers and early childhood educators, universal free meals in public schools, behavioral health, in-home and community services, and increased wages for direct support workers and professionals under the MaineCare program.

Tax relief measures in 2021 Chapter 635 to increase the value of the Earned Income Tax Credit and the maximum benefit under the Property Tax Fairness Credit were continuations of measures enacted in 2021 Chapter 398. An additional provision from the Governor's proposal, estimated to reduce fiscal year 2023 revenue by $56 million, overhauled the Education Opportunity Tax Credit to transform it into a powerful, nation-leading tool to retire student debt for graduates and help employers to draw people from all walks of life to work and live in the State of Maine. Lastly, 2021 Chapter 635 includes a provision to increase the amount of retirement pension exempt from state income tax beginning with tax year 2022 and this is estimated to reduce General Fund revenue by $36.8 million in fiscal year 2023.

Of the $930.5 million in one-time fiscal year 2022 transfers included in 2021 Chapter 635, $729.3 million is for one-time $850 checks directly to an estimated 858,000 Maine people to assist with the increased cost of living. Other General Fund transfers in fiscal years 2022 and 2023 are directed to: highway and bridge projects, efforts to address PFAS contamination, cost of living payments for retired teachers and State employees, electric vehicle incentives, a two years of free community college pilot, and an affordable housing voucher program.

Finally, 2021 Chapter 635 also includes language establishing transfers to MaineDOT and a new Education Stabilization Fund as priorities for fiscal year 2022 General Fund revenues that exceed projections and are distributed through the "cascade". The transfer to MaineDOT's Highway and Bridge Reserve is $35 million and the transfer to the Education Stabilization Fund is $15 million. The Education Stabilization Fund is intended to help the State maintain its commitment – achieved for the first time ever under Governor Mills – to fund public schools at 55 percent in the future.

On November 29, 2022, the RFC issued a regularly scheduled update to its latest forecast. The report reflected an adjustment upward of General Fund revenues for the 2022-23 biennium with a fiscal year 2023 increase of $282.8 million, as compared to the March 2022 forecast. The December report also reflected an adjustment upward of General Fund revenues for the 2024-2025 biennium of $488.6 million, composed of an adjustment upward of $266.2 million in fiscal year 2024 and an adjustment upward of $222.4 million in fiscal year 2025.

Following the release of the revenue forecast, the Governor worked with Legislative leadership to develop what became Public Laws 2023, chapter 1, An Act to Establish the Winter Energy Relief Payment Program to Aid Residents with High Heating Costs and to Finalize the COVID Pandemic Relief Payment Program. The Legislature enacted and the Governor signed the law on January 4th, 2023. Using funds available from the recent revenue forecast and continuation of savings from the enhanced federal medical assistance percentage on Medicaid claims, the law transferred $398 million to Maine Revenue Services to administer an Energy Relief program providing $450 relief checks to most Maine people. In addition to providing $450 relief checks, the measure also supplemented home heating assistance for low-income consumers, provided emergency fuel assistance to prevent people and families from running out of heating fuel, and funded short-term emergency housing to address homelessness during the winter months, in addition to other measures.

2024-2025 Biennium. On January 11, 2023 the Governor released her recommended supplemental budget for fiscal year 2023 and proposed budget for the 2024-2025 biennium. The proposal continues her free community college initiative for another two years, expanding pre-K schooling, building more housing, and strengthening Maine's health care system, including investing in behavioral health services, services for older Mainers and people with disabilities, and child welfare. The proposal also invests in infrastructure to unlock new sources of Federal funding to fix Maine's multimodal transportation system. The supplemental budget dedicates General Funds newly-available from the continued Federal COVID-19 public health emergency to one-time supplemental payments for hospitals and long-term care facilities, as well as other initiatives.

The biennial budget recommendation, L.D. 258, called for rebasing the General Fund appropriation limit and proposed General Fund expenditures of $5.068 billion in fiscal year 2024 and $5.215 billion in fiscal year 2025. The budget recommendation utilized the revenue numbers from the December 2022 revenue forecast. The 2024-2025 biennial budget recommendation proposes rebasing the appropriation limit to address the achievement of the State's funding of 55% of the total cost of K-12 Education, increases in General Fund revenues, and the addition of new state programs, such as Medicaid expansion, that were not part of the previous base. The budget continued to reflect the Governor's priorities with an increase of $102 million for K-12 Education, maintaining the State contribution at 55%, funding for legislatively enacted rebasing and rate increases in the Medicaid program, and maintaining level support for municipal revenue sharing at 5%. This increased the recommended budget for K-12 education to $2.77 billion for the biennium. The recommended budget did not enact new programs or increase broad-based taxes.

Public Laws 2023, chapter 3 ("2023 Chapter 3"), the fiscal year 2023 supplemental budget, was enacted by the Legislature on February 16, 2023 and signed by the Governor on February 21, 2023. The law adjusted Medicaid accounts to reflect $42 million in savings from the enhanced federal medical assistance percentage through the 4th quarter of fiscal year 2023, provided $12 million in General Funds for one-time payments to hospitals and long-term care facilities, increased funding for the State's General Assistance program, authorized an increase to the rate of pay for rostered attorneys for the Maine Commissioner on Indigent Legal Services, provided $6.6 million in funds for a one-time payment equivalent to a one percent cost-of-living-adjustment for Maine State Retirees, and continued work on the Cultural Building.

On March 30, 2023, the Legislature passed a 'current services' biennial budget for fiscal years 2024 and 2025 by simple majority vote and then adjourned. The "current services" budget was enacted as Public Laws 2023, chapter 17 ("2023 Chapter 17"). It was signed by the Governor on March 31, 2023 and will be effective June 29, 2023. 2023 Chapter 17 provided funding for baseline budgets, maintained level support for municipal revenue sharing at 5%, increased funding for K-12 Education, provided over $100 million to maintain the State's contribution to K-12 Education at 55%, and funded required amounts for teacher retirement costs. The "current services" budget also provided over $128 million in funding to continue required rate increases within the DHHS, recognized savings from enhanced federal participation in the Medicaid program, and funded numerous laws passed during the 130th Legislature such as $46 million for the Property Tax Stabilization program for certain elderly residents and $58 million for the State-funded school breakfast and lunch program.

The Legislature reconvened in a First Special Session on April 5, 2023 and continued to consider the remaining items in the Governor's Recommended Biennial Budget for the General Fund and Other Funds, as well as other pending bills. The remaining items, comprising what will be the "Part II" budget, includes additional items for across State government. Notably there are items related to Education including over $10 million for pre-school through child development services, nearly $1.5 million to support cost of Education in the unorganized territory, almost $55 million for the University System, Community College System, and Maine Maritime Academy. Additionally, the Governor's proposal includes the transfer of $15 million to the Community College System to support the free community college program for another two cohorts of high school graduates. Within the DHHS, additional initiatives of almost $20 million for rate increases related to Medicaid services, including funds for hospital rates and nursing facility rebasing, funding for the General Assistance program and nearly $12 million to reflect the number of children in the foster care system. The Governor's proposal includes a number of initiatives focused on strengthening care for older Mainers, including continued support for home-delivered meals and programs that reduce abuse, neglect and exploitation.

Following the May Revenue Forecast, the Governor released a change package amending the remaining items in biennial budget items in L.D. 258. In total, L.D. 258 and the change package propose $432 million in appropriations and $455 million in transfers. The proposal would result in an overall General Fund biennial budget of $10.318 billion, a limited increase from the Governor's original proposal of $10.282 billion. It also leaves $12 million available for the Legislature's consideration. In the change package, the Governor proposes using surplus and projected revenues to tackle Maine's housing shortage with additional investments of $50 million to the Maine State Housing Authority; to $2 million fund food services and $12 million for emergency shelters to address homelessness; and $31 million to strengthen Maine's system of emergency medical services, among other initiatives. The Governor also proposes investments to strengthen Maine's economy, including funding proven workforce development strategies and the recently unveiled Dirigo Business Incentive Program, and doubling the Credit for Child Care Expenses to make child care more affordable for Maine parents. The change package also proposes additional funding for infrastructure repair, like $50 million for school renovations, $22 million drinking and wastewater improvements, and $10 million culvert replacement, allowing the State to draw down more matching Federal funds for projects across the state.

CERTAIN EXPENDITURES AND OBLIGATIONS

General Fund Expenditures

The following table sets forth, by certain major categories, General Fund expenditures set forth in 2017 Chapter 284, the budget for fiscal years 2018 and 2019, miscellaneous laws through the Second Special Session of the 128th Maine Legislature, and the supplemental budget for fiscal year 2019 passed in the First Regular Session of the 129th Legislature, Public Laws 2019, chapter 4.

	2018	**2019**
Governmental Support and Operations	$299,946,180	$335,644,707
Economic Development & Workforce Training	46,456,072	43,591,773
Education	1,540,899,346	1,639,195,260
Arts, Heritage & Cultural Enrichment	8,033,733	9,225,056
Natural Resources Development & Protection	77,826,452	81,197,362
Health & Human Services	1,181,235,088	1,248,885,662
Justice & Protection	360,277,073	350,374,167
Total	$3,514,673,944	$3,708,113,987

The following table sets forth, by certain major categories, General Fund expenditures set forth in 2019 Chapters 343 and 616 and 2021 Chapter 1, the budgets for fiscal years 2020 and 2021, and miscellaneous laws through the First Regular Session of the 130th Maine Legislature, which ended on March 30, 2021.

	2020	**2021**
Governmental Support and Operations	$346,340,601	$379,884,469
Economic Development & Workforce Training	44,734,671	44,257,865
Education	1,744,483,077	1,818,781,006
Arts, Heritage & Cultural Enrichment	8,981,085	8,574,982
Natural Resources Development & Protection	86,063,675	68,477,595
Health & Human Services	1,327,485,138	1,267,070,594
Justice & Protection	365,793,375	307,471,136
Total	$3,933,881,622	$3,894,517,647

The following table sets forth, by certain major categories, General Fund expenditures set forth in 2021 Chapters 29, 398, 635 and 2023 Chapter 3 the budgets for fiscal years 2022 and 2023, and miscellaneous laws through the First Regular Session of the 131st Legislature, which ended on March 30, 2023.

	2022	**2023**
Governmental Support and Operations	$316,837,109	$335,606,993
Economic Development & Workforce Training	46,757,856	61,730,989
Education	1,935,184,697	2,050,508,036
Arts, Heritage & Cultural Enrichment	9,387,566	12,137,497
Natural Resources Development & Protection	95,517,162	109,863,492
Health & Human Services	1,267,031,131	1,457,916,066
Justice & Protection	402,811,446	418,479,042
Business Licensing and Regulation	0	500,000
Total	$4,073,526,967	$4,446,741,117

The following table sets forth, by certain major categories, General Fund expenditures set forth in 2023 Chapter 17 the budgets for fiscal years 2024 and 2025, and miscellaneous laws through the First Regular Session of the 131st Legislature, which ended on March 30, 2023.

	2024	**2025**
Governmental Support and Operations	$451,084,815	$476,350,506
Economic Development & Workforce Training	61,172,092	61,101,508
Education	2130,839,375	2,157,173,310
Arts, Heritage & Cultural Enrichment	9,984,423	10,145,955
Natural Resources Development & Protection	113,902,743	116,561,074
Health & Human Services	1,663,054,330	1727,525,093
Justice & Protection	450,196,474	456,785,979
Business Licensing and Regulation	0	0
Total	$4,880,234,252	$5,005,643,425

Total General Fund spending over the 2024-2025 biennium is budgeted to be approximately $9.885 billion and for fiscal years 2022 and 2023 is 9.7% and 12.6%, respectively, over budgeted fiscal year 2023 spending. These percentages are distorted by the continuation of enhanced federal funding for the Medicaid program through the COVID-19 public health emergency. Fiscal year 2024 anticipates a ramp down through December 2023 of the enhanced federal match while fiscal year 2022 reflects the enhanced 6.2 percentage point increase and fiscal year 2023 reflects three quarters at 6.2 percentage points and one quarter at 5 percentage points. Of the $9.885 billion, 43.6% is attributable to education, 34.3% to health and human services, and 22.2% to other purposes of State government. For additional information regarding General Fund actual and budgeted expenditures during fiscal years 2018 through 2025, and for information regarding Highway Fund actual and budgeted expenditures during fiscal years 2018 through 2025, see Appendices B and C hereto. See also “Certain Public Instrumentalities” herein.

Education Funding

At the initiative of certain citizens of the State, pursuant to the Maine Constitution, the voters of the State voted to enact legislation known as the School Finance Act of 2003 (the “Initiated School Finance Act”) at a statewide election held June 8, 2004. The Initiated School Finance Act required that the Legislature each year provide at least 55% of the cost of the total allocation for K-12 Education from

General Fund revenue sources, and 100% of the State and local cost of providing all special education services mandated under federal or State law. The Initiated School Finance Act was amended by 2005 Chapter 2 to provide that, beginning in fiscal year 2009, the Legislature each year will provide, as a target, (a) 55% of the statewide adjusted total cost of the components of Essential Programs and Services, and (b) 100% of a school administrative unit's special education costs calculated pursuant to applicable State law.

2017 Chapter 284 established the State's cost of K-12 Education fiscal year 2018 contribution at $1,212,439,272, an increase of $52,992,268 or 4.5%, as compared to the fiscal year 2017 contribution. The State's contribution towards the total cost of education including the unfunded actuarial liability ("UAL") component of teacher retirement, retired teachers' health insurance and retired teachers' life insurance was 52.02% in fiscal year 2018. 2017 Chapter 284 met the requirement initially established by Public Laws 2013, chapter 368 ("2013 Chapter 368") that the State must begin increasing the State share percentage of the funding for the cost of Essential Programs and Services by at least one percentage point per year over the percentage of the previous year until the State share percentage of the total cost of funding K-12 Education reaches 55%. An additional one-time transfer of $5 million in each year from the General Fund to the Fund for Efficient Delivery of Educational Services continued to support the goals towards local and regional initiatives to improve educational opportunity and student achievement. Finally, the 2018-2019 biennial budget required the Commissioner of Education to review models for State support for direct instruction and equitable teacher compensation, review other components of the school funding formula and review system administration allocations, reporting findings and recommendations to the Legislature's Joint Standing Committee on Education and Cultural Affairs beginning in January of 2019.

The State's cost of K-12 Education fiscal year 2019 contribution was appropriated at $1,296,846,278 in 2017 Chapter 284, an increase of $84,465,354 or 7.0%, as compared to the fiscal year 2018 contribution. The State's contribution towards the total cost of education including the UAL component of teacher retirement, retired teachers' health insurance and retired teachers' life insurance was 53.02% in fiscal year 2019. L.D. 1869, An Act To Establish the Total Cost of Education and the State and Local Contributions to Education for Fiscal Year 2018-19 and To Provide That Employees of School Management and Leadership Centers Are Eligible To Participate in the MainePERS System, sets forth the details of the total cost of funding K-12 Education for fiscal year 2019, as required by Title 20-A Maine Revised Statutes ("M.R.S."), section 15689-E. This bill also provided that employees of school management and leadership centers established under Title 20-A M.R.S., chapter 123 are eligible to participate in the MainePERS. This bill was carried over to any special session of the 128th Legislature pursuant to Joint Order SP 748. Until detailed appropriations were enacted in fiscal year 2019, the Department of Education was basing school subsidies on estimates issued earlier in the fiscal year. A number of enacted changes in 2017 Chapter 284 resulted in a notable increase in funding to education and resulted in targeting more funds towards classroom expenditures. The repeal of the Operating Transition percentage in Title 20-A M.R.S., section 15671 increased the transition percentage from 97% to 100% providing over $42 million in increased funding for education. In addition, modification of the provisions funding for special education added over $30 million. An additional $10 million was directed to new and expanding preschool programs. Finally, the change in the Student to Teacher ratio for new early childhood programs from 17:1 to 15:1 requires a funding increase of over $8 million. On July 8, 2018, L.D. 1869 was passed into law without the Governor's signature (Public Laws 2018, chapter 446) as an emergency law which established the state and local contributions for education for fiscal year 2019. The fiscal impact of the bill was provided through General Fund appropriations and other special revenue fund allocations enacted in the original 2018-2019 biennial budget, 2017 Chapter 284. The bill did not provide employees of school management and leadership centers eligibility to participate in the MainePERS. Another measure, Public Laws 2017, chapter 460 ("2017 Chapter 460"), provided one-time funding for a budgetary shortfall of $3.7 million in fiscal year 2019 for Child Development Services. A task force was created to study the short-term and long-term costs and benefits of the Department of Education's proposed plan to restructure the Child Development Services system. This task force was never convened.

One of the focus areas in Governor Mills' biennial budget proposal for the 2020-2021 biennium was K-12 Education. L.D. 1001 proposed that the State's cost of K-12 Education fiscal year 2020 contribution be at $1,384,741,768, an increase of $87,835,852 or 6.8%, as compared to the fiscal year 2019 contribution. The State's contribution towards the total cost of education including the UAL component of teacher retirement, retired teachers' health insurance and retired teachers' life insurance, in the Governor's proposed budget, would have been 55% in fiscal year 2020. In addition to funds towards the State share of the total cost of education, L.D. 1001 included $10 million to increase the minimum starting salary for teachers to $40,000 per year. Additional funding was proposed for the Department's four year transition plan for the development of statewide public preschool program. Ongoing funding for the Child Development Services program amounting to over $7.5 million in each year was also included in the Governor's recommended biennial budget. L.D. 1001 as ultimately enacted by the Legislature in 2019 Chapter 343 raised the State share of education funding to nearly 51%, not including the UAL component of teacher retirement, retired teachers' health insurance and retired teachers' life insurance. This included $115 million in new State support for education; allocated $18 million to the School Revolving Loan Fund, which provides critical funding to repair school infrastructure; and paved the way for a $40,000 minimum teacher salary, initially reimbursing towns at 100% to offset the cost on local budgets. The law also provided: nearly a 3.3% increase for higher education and training programs - University of Maine System, the Community College System, and the Maine Maritime Academy - to help keep tuition fees down; $3 million in scholarship funds through the Maine State Grant Program; $900,000 for adult education; $3 million for adult degree completion; and $2 million for early college.

2019 Chapter 616 provided approximately $37 million in additional resources for the fiscal year 2021 appropriation to GPA. This increased the State's share of the total cost of education by 1 percentage point to 51.78% in fiscal year 2021. Additionally, the law provided $2 million for equipment replacements at career and technical education centers throughout the State. The Adult Education program also received a one-time increase to their fiscal year 2021 appropriation in the amount of $1.2 million to be focused on workforce development.

The curtailment of fiscal year 2021 General Fund allotments ordered by the Governor in September 2020 had little to no impact on programs administered by the Department of Education. Curtailments for the Department totaled $845,204 and were primarily comprised of administrative and operational efficiencies in reduced travel, training and contract expenses. Total curtailments of approximately $3 million ordered for the three higher education institutions were to be achieved by managing administrative and operational costs for the remainder of fiscal year 2021. Appropriation adjustments for these curtailments were included in 2021 Chapter 1. An additional $2 million was appropriated to the GPA account to account for the increase in high school students participating in early college classes. This resulted in a change to the percentage of State funding for education increasing it from 51.78% to 51.83% in 2021.

The 2022-2023 biennial budget, 2021 Chapter 29, increased funding for GPA by over $45 million over the biennium, enabling the State to maintain its contribution at 51.83% for fiscal year 2022. The Governor's proposed "Part II" budget for the fiscal year 2022-2023 biennium was released on May 14, 2021, and it proposed an additional appropriation of $187 million to K-12 Education over the 2022-2023 biennium to meet the State's obligation to pay 55% of the cost of K-12 Education for the first time in Maine's history beginning in fiscal year 2022. The Governor's proposal was enacted in 2021 Chapter 398 making a historic investment in Maine public schools and keeping a promise from the Governor to meet the State's obligation to pay 55 percent of the cost of K-12 Education. 2021 Chapter 398 also provides a 3 percent baseline increase to the University of Maine System, the Maine Community College System, and Maine Maritime Academy, which will help hold down tuition increases. Additionally, it includes a commitment for the State to pay debt services costs for equipment at Career and Technical Education Centers as an investment in workforce training.

The Governor's recommended supplemental budget for the 2022-2023 biennium maintained funding for K-12 Education at 55% and directed $30 million in one-time General Fund appropriation to a new Education Stabilization Fund to help maintain that funding commitment into the future. The proposal also provided nearly $27 million in ongoing General Fund dollars, to be combined with the $10 million previously set aside by the Governor and Legislature, to fully fund universal free meals in public schools.

The Governor's proposal also included several one-time initiatives to tackle Maine's workforce shortage and improve opportunities for Maine students. Twenty million in one-time General Fund dollars was dedicated to providing up to two years of free community college for all students from the high school graduating classes of 2020, 2021, 2022 and 2023 who enroll in a Maine community college full-time. Additionally, the Governor recommended nearly $8 million in one-time General Fund dollars to help the University of Maine System keep tuition flat for in-state students and provides ongoing funds for University System to invest in updating and renovating its campus buildings. Another $3.2 million in one-time General Fund dollars was provided to offset cost increases of career and technical education materials and supplies. The proposal also included provisions to overhaul the Education Opportunity Credit to provide an annual $2,500, up to $25,000 lifetime maximum, refundable tax credit benefit for student loan debt relief.

Lastly, the Governor's recommended supplemental budget provided more than $12 million in ongoing General Fund dollars to increase pay for child care workers and early childhood educators to strengthen Maine's child care system. This was in addition to the significant investments the Maine Jobs & Recovery Plan makes in expanding child care and Pre-K education.

The Legislature enacted all of these proposals in 2021 Chapter 635 though the funding to capitalize the Education Stabilization Fund was set at $15 million in one-time funds available as part of the fiscal year 2022 year end cascade and the funding for career and technical education was reduced to $1.6 million.

Although schools re-opened in the fall of 2020, remote learning has continued to be critical to the hybrid learning models being utilized as schools continue to respond to the impacts of the COVID-19 pandemic. Federal funding associated with COVID-19 continues to be used to support schools in a variety of ways, including but not limited to personal protective equipment, facility reconfigurations, air system upgrades, additional transportation and teacher costs, COVID-19 testing for students and staff, and supporting teacher training and knowledge in remote learning techniques.

The 2024-2025 biennial budget, 2023 Chapter 17, increased funding for GPA by over $101 million over the biennium, enabling the State to maintain its contribution at 55% for the biennium. The budget also provided over $58 million in General Fund dollars, to fully fund universal free meals in public schools enacted by the previous Legislature. The University of Maine System budget included the continuation of a one-time initiative from 2023 providing $7.9 million in ongoing funding to offset tuition increases.

The "Part II" budget, still under consideration in the First Special Session of the 131st Legislature, includes additional items for Education. Remaining items include over $10 million for pre-school through child development services, nearly $1.5 million to support cost of Education in the unorganized territory, almost $55 million for the University System, Community College System, and Maine Maritime

Academy. Additionally, the Governor's proposal includes the transfer of $15 million to the Community College System to support the free community college program for another two cohorts of high school graduates.

Health and Human Services Funding

After education, health and human services and programs comprise the second most significant area of expenditure, at approximately $3.39 billion or 34.3% of General Fund appropriations for the 2024-2025 biennium. Furthermore, General Fund expenditures for the State's Medicaid program, MaineCare, are the largest, comprising $2.37 billion or 70.1%, of all health and human services spending for the 2024-2025 biennium.

In the Governor's recommended 2018-2019 biennial budget, the DHHS was able to support more than $30 million in new funding requirements driven by federal mandates, including increased Medicare Part B and Part D costs as well as an increased Medicaid rate for Federally Qualified Health Centers. Additionally, through a variety of strategic and operational initiatives the DHHS continued to employ, the DHHS forecasted the ability to continue to offset increasing costs in areas such as long term care and pharmacy costs in the 2018-2019 biennium. The DHHS continued to focus on Maine's neediest and most vulnerable, putting forward spending priorities to eliminate the wait list for Section 29 (MaineCare Benefits Manual, support services for adults with intellectual disabilities or pervasive developmental disorders) of $12.2 million. Ongoing welfare reform efforts included a reduction in the time limits for the State's Temporary Assistance for Needy Families ("TANF") program from 60 months to 36 months, the alignment of services for legal noncitizens to the federal standards, the elimination of the General Assistance program producing savings of $12.1 million and the removal of Good Cause Exemptions, with the provision remaining for Domestic Violence, all of which were initiatives directed towards the overarching goal of promoting independence and self-sufficiency to help put Mainers back to work.

The May 2017 Governor's Change Package to the 2018-2019 biennial budget recommended an adjustment to continue the State's contract for the Tobacco Help Line and associated pharmacy contract benefit at a cost of $2.26 million per fiscal years 2018 and 2019, in the Fund for a Healthy Maine. Additionally, the Governor's Change Package included updates of estimates of savings for State-funded Cash Benefits, State-funded TANF Benefit and State-funded Supplemental Nutrition Assistance Program benefits to non-citizens who do not meet federal eligibility requirements, to a total savings of $2.26 million in fiscal year 2018 and $2.96 million in fiscal year 2019. Finally, the Governor's Change Package withdrew the original recommendation to repeal the Maine Rx Plus Program, which lowers the price of prescription drugs for Maine citizens with incomes up to 350% of the Federal Poverty Level.

During the 128th First Regular Session in 2017 other spending bills had been set aside and placed on the Special Appropriations Table, including several requesting General Fund appropriations for the DHHS. The bills sought funding for various services, including dental services for adults with intellectual disabilities or autistic disorder, opiate addiction treatment access, recalculation of rates for services for persons with disabilities, increases for certain chiropractic reimbursement rates and brain injury services under MaineCare, and funding for the waiting list for home and community based benefits for members with intellectual disabilities or autistic disorder.

2017 Chapter 284 also included additional one-time appropriations of $14.2 million in fiscal year 2018 to address wage costs increasing reimbursement rates for certain services for home-based and community-based care for individuals with intellectual disabilities or autism spectrum disorder. The Legislature adopted the Governor's proposals with respect to rebasing the hospital tax year from 2012 to 2014 and additional funding of $2.5 million in fiscal years 2018 and 2019 for supplemental hospital pool payments. Finally, a compromise welfare reform package was agreed upon that adopted into the law the requirements for the DHHS to place photographs on electronic benefit cards, restrict the number of replacement cards issued, provide for verification of the integrity of reported information by applicants for public assistance, provide restrictions for those convicted of certain crimes that are not in compliance with the terms of sentencing or parole and restrict those that receive $5,000 of lottery winnings in one calendar month from receiving certain benefits until financial eligibility is re-established. The welfare reforms also allow the consideration of the job outlook for individuals pursuing any degree or certification under the TANF. The changes remove the "good cause" provisions from participation in the Additional Support for People in Retraining and Employment program, lack of transportation, if the individual has regular access through the DHHS. New reporting requirements to the Legislature are established as well for the DHHS on welfare fraud, provider contracts, grant funding, out of state travel costs, spending in the MaineCare, TANF, statewide food supplement and municipal general assistance programs. Finally, beginning in fiscal year 2018, the DHHS was directed to provide increased benefits to provide heating assistance in the amount of $3 million annually, a 20% increase in the monthly TANF maximum benefit, based on payments made on January 1, 2017, and establish a new program, Working Cars for Working Families, directing the DHHS to allocate $6 million per year through fiscal year 2022 for the program from TANF block grant funds.

In November of 2017, Maine voters approved L.D. 1039, An Act To Enhance Access to Affordable Health Care, expanding Maine's Medicaid program, MaineCare, to provide healthcare coverage for qualified adults under age 65 with incomes at or below 138% of the Federal Poverty Level. The new law required the DHHS to submit a State plan amendment within 90 days of the effective date of the measure and implement the expansion within 180 days of the effective date of the measure. The new law did not formally include any additional appropriations or allocations to support the implementation. The fiscal note that accompanied the bill estimated net annual appropriations required of $54.5 million after a projected $27 million in estimated General Fund savings in other State programs. The Joint Standing Committee on Appropriations and Financial Affairs met in early December 2017 for a briefing by the Legislature's Fiscal Office staff on the projected fiscal impact of the implementation of the new law. In May of 2018, L.D. 837, An Act to Provide Supplemental Appropriations and Allocations for the Operations of State Government, established 103 positions in the office for family independence in the DHHS to handle increased workload due to the expansion of eligibility for MaineCare. Additionally, the bill included one-time funding for technology updates and testing for the DHHS's Maine Integrated Health Management Solution website. At the end of April 2018, Maine Equal Justice Partners, Consumers for Affordable Health Care and a number of individuals filed a petition in Maine Superior Court seeking to compel the DHHS to submit the required State plan amendment and commence rule-making to ensure individuals are enrolled for services available under the approved Law. On June 4, 2018 the Maine Superior Court issued an order directing the Commissioner of the Maine DHHS to submit a State plan amendment to the United States DHHS, Centers for Medicare and Medicaid Services by June 11, 2018. The State appealed the decision to the Law Court and requested a stay of the order. On June 11, the Law Court remanded the matter to the Superior Court to determine the immediate enforceability of the court's order pending appeal or for any stay or injunction pending appeal. The Superior Court affirmed its earlier decision and the State again asked the Law Court to issue a stay. A stay was issued on June 20, 2018. The Law Court heard arguments on July 18, 2018. On August 23, 2018 the Law Court indicated that then-Governor LePage's administration must follow an earlier court order to submit a Medicaid expansion plan to the federal government.

On June 20, 2018, L.D. 837 as amended, was passed to be engrossed and sent to then Governor LePage. The amended version also included the establishment of a MaineCare Expansion Fund for the 2018-2019 biennium only to be used to fund expansion in addition to the other DHHS funds available. A transfer from the General Fund unappropriated surplus of $31,159,210 was directed to be made within ten days of the effective date of the Act to the MaineCare Expansion fund. The funds were to be used exclusively for the expansion of Medicaid as enacted by the Initiated Bill 2017, chapter 1, An Act To Enhance Access to Affordable Health Care. Any money remaining in the MaineCare Expansion Fund would lapse to the General Fund unappropriated surplus on June 30, 2019. In addition, the bill provided for a second transfer of funding to the MaineCare program from the Fund for a Healthy Maine by the Governor, upon the request of the Commissioner of Health and Human Services in consultation with the State Budget Officer. On July 2, 2018, then Governor LePage vetoed the bill and the veto was sustained by the Legislature.

On January 3, 2019, Governor Mills signed an executive order directing the DHHS to implement Medicaid expansion that was approved by voters in November of 2017 to provide life-saving, affordable health care coverage for more than 70,000 Mainers. The DHHS immediately began enrolling eligible members. The projected expense for fiscal year 2019 was expected to be absorbed within the DHHS's existing resources for the biennium. Governor Mills' biennial budget proposal, L.D. 1001, included approximately $140 million for fiscal years 2020 and 2021 to support the State's share of projected Medicaid expansion costs. On April 3, 2019, Maine received formal notification that the State Plan Amendment implementing Medicaid expansion was approved by the federal government, retroactive to July 2, 2018. While remaining committed to provide access to care for the State's most vulnerable residents, the State employs aggressive care management techniques, continues to standardize provider reimbursement rates and has developed more capacity in the area of third party recovery.

Additional funding was also included in L.D. 1001 to continue the rate increases and to fund portions of the wait lists referenced in Public Laws 2017, chapter 459 ("2017 Chapter 459") and 2017 Chapter 460, and to increase reimbursement for medication assisted treatment as a way to address the opioid epidemic. L.D. 1001 also provided $10 million over the biennium to focus on evidence based smoking cessation and intervention efforts.

Public Laws 2017, chapter 409 , transitioned the administration and enforcement of the Maine Medical Use of Marijuana Act from the DHHS to the DAFS. The bill included net deallocations to DHHS of $1,056,295 beginning in fiscal year 2019 for the transfer from the Medical Use of Marijuana Fund within the DHHS to the Medical Use of Marijuana Fund within the DAFS. $140,751 was appropriated to the Maternal and Child Health Block Grant Match program in DHHS to restore 1.2 Public Service Coordinator II positions and $29,636 was allocated to the MECDC to restore 0.5 Office Assistant II positions that are moving with the Medical Use of Marijuana Fund as it moves to DAFS.

On July 9, 2018, 2017, Chapter 459 extended rate increases provided in 2017 Chapter 284, Part MMMMMMM to MaineCare member adults with intellectual disabilities or autism to fiscal year 2019 and ongoing. This provided General Fund appropriations beginning in fiscal year 2019 of $22.8 million, for certain services for home-based and community-based care, including shared living and family-centered support. The law also directed the DHHS to conduct a substantive rate review of these rates as they apply to adults with intellectual disabilities or autism, including public comment every two years. In addition, 2017 Chapter 459 provided General Fund appropriations of $3.7 million beginning in fiscal year 2019 increasing reimbursement rates provided under consumer directed services, home and community based services for the elderly and adults with disabilities, private duty nursing and in-home and community based services for the elderly and other adults.

2017 Chapter 460 included General Fund appropriations of $5.2 million beginning in fiscal year 2019 to add up to 50 additional members each month beginning in October 2018 up to a total of 300 members for the waiting lists related to MaineCare member adults with intellectual disabilities or autistic disorder. This law also provided General Fund appropriations of $11.1 million for rate increases in nursing and other related residential facilities. The law created a commission to study long-term care workforce issues with a report due in November of 2018 including findings and recommendations for training, recruitment and retention of direct care workers. In addition, this law provided General Fund appropriations of $2.8 million for the establishment and increase of existing reimbursement rates for children's habilitative services, $6.1 million to ensure a net increase in funding of 2% over rates in 2009 specifically related to wages and benefits for employees of those providers such as targeted case services, allowances for community support services, developmental and behavioral clinic services and other related services. This also funded a 15% rate increase for, among other matters, evidence-based treatment through a hub-and-spoke model for opioid use disorder of $6.7 million, with a report which was completed in February, 2019 on the progress and implementation, and a one-time 20% increase in outpatient psychosocial treatments for children that included a directive to conduct a rate study which was completed in January 2019.

Governor Mills' recommended biennial budget for 2020-2021 (L.D. 1001) included nearly $140 million of State resources over the biennium for the Medicaid expansion. The proposed budget dedicated $29 million to a Medicaid Reserve Account for unforeseen Medicaid related costs. The Governor's budget also addressed public health needs. Utilizing tobacco settlement funds, $5.5 million in one-time funding was proposed to address the State's ongoing opioid epidemic and $10 million was directed toward evidence based efforts to stem the increase in tobacco and nicotine use among the State's teens and young adults. L.D. 1001 as enacted by the Legislature in 2019 Chapter 343 provided: $125 million for Medicaid expansion, which was expected to be matched with nearly $700 million in federal funds; $5 million to support domestic violence and sexual assault services; an additional $10 million from the Fund for a Healthy Maine for smoking prevention and cessation; and an additional $14.5 million to the Reserve for Riverview Psychiatric Center. The law also added 62 new Child and Family Services staff to better protect Maine's children from abuse and neglect, providing relief with unmanageable caseloads; and supported efforts to combat the opioid crisis, including $5.5 million from the Fund for a Healthy Maine to support prevention efforts and increase the weekly rate for medication-assisted treatment and elimination of the 24-month limit for medication-assisted treatment.

During the First Regular Session of the 129th Legislature, Public Laws 2019, chapter 530 (An Act To Prevent and Reduce Tobacco Use with Adequate Funding and by Equalizing the Taxes on Tobacco Products and To Improve Public Health), was enacted. The law included increased General Fund appropriations to the DHHS for several purposes. Part A provided $2,550,000 in fiscal year 2020 and $4,850,000 in fiscal year 2021 for evidence-based tobacco use prevention and cessation services and for tobacco use cessation medications and counseling provided to MaineCare members. Part B of the law provided $1,662,060 in fiscal year 2020 and $3,329,640 in fiscal year 2021 to increase the reimbursement rate for ambulance services under the MaineCare program. Finally, Part C of the law provided $1,374,645 in fiscal year 2020 and $2,787,005 in fiscal year 2021 related to the amendment of certain rules relevant to MaineCare Benefits.

On January 12, 2020, Public Laws 2019, chapter 533 (An Act To Clarify and Amend MaineCare Reimbursement Provisions for Nursing and Residential Care Facilities), was enacted providing one-time rate increases for the 2020-2021 biennium to residential care facilities and nursing facilities supplemental wages allowances. This increased General Fund spending on these programs by approximately $1 million over the biennium. 2019 Chapter 616, the Governor's 2020-2021 supplemental budget, included additional funding for the MaineCare Section 29 Waiver allowing the DHHS to provide services to those on the waitlist through January 2020. The budget provided support to the Health and Environmental Testing Lab, and increased rates for Assisted Living Facilities, Consumer Directed Care and Nursing Services. In recognition of the strain on the Office of Child and Family Services, 20 new staff were authorized. In light of the public health crisis, the legislation also included $648, 211 in one-time funding to the MECDC to respond to COVID-19. Additionally, personal services funding was provided address recruitment and retention issues within the Public Health Nurse group also within the MECDC.

In September 2020, to address the impacts of COVID-19 on General Fund revenues, the Governor curtailed General Fund allotments to health and human services by approximately $105 million in areas that had minimal or no programmatic impact. Approximately $74.3 million of the total curtailment aligned allotment with projected actual expenses given the availability of additional federal funding through enhanced Federal Medicaid Assistance Program ("FMAP") and Children's Health Insurance Program rate of an additional 6.2% provided due to the pandemic. Another $10.3 million of the curtailed allotments were related to existing position vacancies in the Department of Health and Human Service. Administrative and operational efficiencies made up the remainder of the curtailment. These curtailments were included as appropriation adjustments in 2021 Chapter 1, in addition to a reduction related to the continuation of the enhanced FMAP rate through the 3rd quarter of fiscal year 2021. Additionally, the supplemental budget provided one-time funding for retainer payments to providers of rehabilitation and personal care services – primarily community support and other day services.

The "Back to Basics" biennial budget enacted by the Legislature for fiscal years 2022 and 2023 (2021 Chapter 29) included funding for nursing facility cost of living adjustments and rate increases for a number of Medicaid services already initiated or committed including private non-medical institutions (MaineCare Benefits Manual Section 97 Appendix C and D, Rural Health Centers, Federally Qualified Health Centers, Adult Family Care Homes, and Sections 21 and 29). Numerous savings initiatives identified in 2021 were continued for the 2022-2023 biennium.

On May 14, 2021, the Governor proposed a Change Package to the items remaining from her recommended 2022-2023 biennial budget after the passage of 2021 Chapter 29. The Legislature considered these items as a "Part II" biennial budget for 2022 – 2023 that was subsequently enacted as 2021 Chapter 398. The "Part II" budget included further reductions related to the continuation of the enhanced FMAP rate provided due to the pandemic. It also provided funding for numerous healthcare initiatives that include, but are not limited to: one-time support for hospitals, nursing facilities and private non-medical institutions in responding to the pandemic; rate increases for a broad spectrum of Medicaid providers and services; investments in the State's public health capacity; provision of a full adult dental benefit for low-income Mainers; wage increases for direct care workers; and healthcare benefits for children who would be eligible for federal benefits but for their immigration status.

Among the rate increases funded in 2021 Chapter 398 are increased reimbursement rates for residential substance use disorder treatment, one of several efforts focused on combatting the opioid epidemic in Maine. The new rates took effect November 1, 2021. The 2022-2023 biennial budget also includes more than $110 million in investments to support prevention, early intervention, harm reduction, all levels of treatment, crisis care, and recovery assistance as part of the DHHS' work to transform the system of services for people with behavioral health challenges.

Governor Mills also proposed, and the Legislature enacted, the Made for Maine Health Coverage Act, Public Laws 2019 chapter 653, that authorized the DHHS to run a State-based Health Insurance Marketplace as part of a larger plan to improve private health insurance for Maine people and small businesses. The State-Based Marketplace is central to the Administration's work to improve access to affordable health care. Open enrollment in the CoverME.gov Marketplace began on November 1, 2021 giving Maine people better access to affordable health insurance options.

The Governor's recommended supplemental budget for the 2022 – 2023 biennium included $19.7 million in ongoing General Fund appropriations, which would leverage $17.1 million in Federal funding, to bolster Maine's behavioral health system. Additionally, the Governor proposed $30 million in ongoing General Fund support to fully implement updated rates for direct support worker wages, add and accelerate new cost-of-living adjustments for rates, and raise rates to be sufficient to pay direct support professionals at 125 percent of minimum wage.

The recommended supplemental budget also proposed several initiatives to support hospitals and long-term care facilities. The Governor proposed $25 million in one-time funding to Maine hospitals, $6.8 million of which was from the General Fund, as well as $25 million in one-time funding to long-term care facilities, $7.5 million of which was from the General Fund, to help these Maine health care organizations deal with one-time pandemic related costs. Other proposed initiatives included: $7.6 million for nursing and residential care facilities, of which $1.9 million was one-time General Fund dollars, to assist with labor costs through June 30, 2022; $5 million in one-time General Fund dollars to support private non-medical institutions to provide care for residents who are older or have disabilities; and $6.1 million in ongoing General Fund money for in-home and community services to help keep older Maine residents in their homes rather than in residential care facilities or hospitals.

Lastly, the Governor's supplemental budget proposal for fiscal years 2022 and 2023 included nearly $8 million to improve Maine's child welfare system and $22 million in one-time General Fund dollars to create an Emergency Housing Relief Fund at MaineHousing to address homelessness. The $8 million for child welfare, of which $6.2 million was one-time General Fund dollars, provided funding for additional child protective staff and implementation of timely recommendations from child welfare experts and Maine lawmakers. The $22 million for emergency housing assistance provided funding for rental assistance or appropriate housing for those who are staying in hotels or to create additional permanent supportive housing for people with disabilities, mental health challenges, or substance use disorder.

The Legislature enacted all of these proposals in 2021 Chapter 635, increasing the ongoing General Fund support for updated rates for direct support worker wages to $35 million and the total support for child welfare system improvements to $10 million, $6.2 million of which was one-time General Fund dollars. Additionally, the enacted supplemental budget provides $3.2 million in General Fund dollars, which will leverage more than $9 million in Federal funding, to expand the Children's Health Insurance Program, otherwise known as CHIP, to provide comprehensive coverage to an additional 40,000 Maine kids.

2023 Chapter 3, the fiscal year 2023 supplemental budget, was enacted by the Legislature on February 16, 2023 and signed by the Governor on February 21, 2023. The law adjusted Medicaid accounts to reflect savings from the enhanced federal medical assistance percentage through the 4th quarter of fiscal year 2023, provided funds for a one-time payment of $25 million to hospitals to support hosptials' recovery from the COVID-19 pandemic and a one-time $25 million payments long-term care facilities. Additional items included increased funding for the State's General Assistance program. Funding for the Medicaid program remains sufficient, even with the General Fund reductions based on the enhanced federal medical assistance percentage. The Department has not sought additional funding to support the increased caseload maintained throughout the pandemic. The baseline budget has been sufficient.

The 2024-2025 biennial budget, 2023 Chapter 17, provided over $128 million in funding to continue required rate increases within the DHHS, recognized savings from enhanced federal participation in the Medicaid program in fiscal year 2024 and provided over $27 million for a projected reduction to the normal FMAP rate in fiscal year 2025. Additionally, the budget included a $20 million reduction in each year for the Medicaid program. The Department anticipates some savings as the pandemic related maintenance of effort ends and enrollment declines. The budget provided nearly $8 million for continue salary supplements to individuals who provide childcare or are early childhood educators.

Within the DHHS, the "Part II" budget includes additional initiatives of almost $20 million for rate increases related to Medicaid services, including funds for hospital rates and nursing facility rebasing, funding for the General Assistance program and nearly $12 million to reflect the number of children in the foster care system. The Governor's proposal includes a number of initiatives focused on strengthening care for older Mainers, including continue support for home-delivered meals and programs that reduce abuse, neglect and exploitation.

Debts of the State

As of April 30, 2023, there were outstanding general obligation bonds of the State in the principal amount of $591,290,000, all of which are to be paid from the General Fund. As of April 30, 2023, the State has no outstanding bond anticipation notes. Debt service requirements to maturity for the outstanding general obligation bonds are set forth in Appendix D herein.

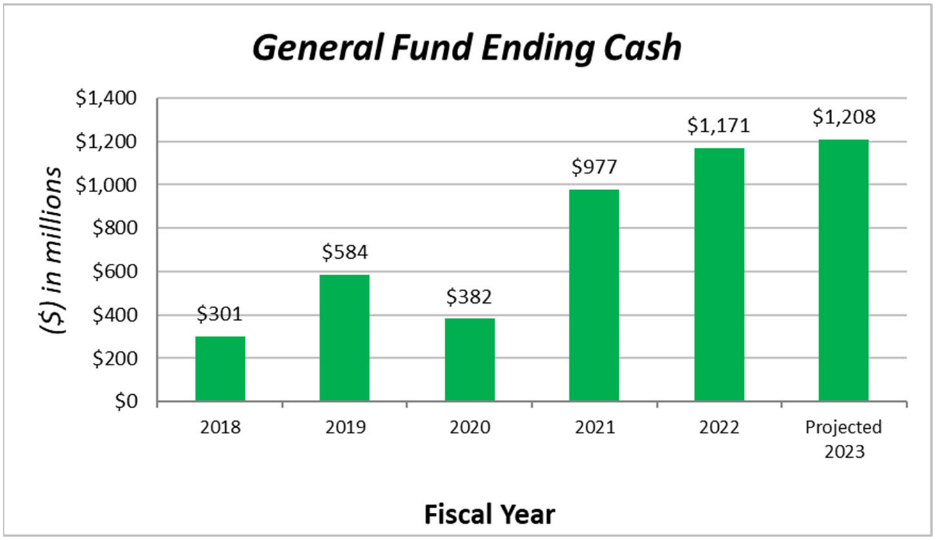
As of April 30, 2023, there are no outstanding tax anticipation notes of the State. As of April 30, 2023, the State's General Fund has not had to borrow from other funds within the State investment pool during fiscal year 2023 for cash flow purposes.

The State does use interfund borrowing to fund capital projects in anticipation of the annual general obligation bond issue. As of April 30, 2023, the State has used $47.87 million of cash from the State investment pool, for which it plans to be reimbursed from the proceeds of bonds to be issued by the State. The State plans to continue using internal cash borrowing to fund capital projects in subsequent fiscal years. There was no external cash flow borrowing in fiscal year 2022 or fiscal year 2023. If external borrowing were required, bond anticipation notes could be used. The timing and amount of any such borrowings will depend upon the actual cash flow needs of the State.

As shown below, the State currently maintains a significant cash balance in its General Fund and believes it has sufficient liquidity in the Treasurer's Cash Pool to meet all of its current obligations and cash flow needs without the need for any external borrowings. However, the State cannot predict when the federal government will resolve the need for an increase in the federal debt ceiling or what specific steps the federal government may take if a prompt resolution is not achieved. Any extended reduction in federal reimbursements for various state programs may adversely affect the State's cash balances and require internal borrowings within the Treasurer's Cash Pool, for cash flow purposes, to continue such programs. The State has made no decisions as to how it will respond, if necessary, to an extended loss of some or all federal funding.

As of April 30, 2023, there is indebtedness authorized by the voters of the State for certain purposes, but unissued as either bonds or notes, in the aggregate principal amount of $71,470,000. As of April 30, 2023, the aggregate principal amount of bonds of the State authorized by the Maine Constitution and implementing legislation for certain purposes, but unissued, is $99,000,000. See "Fiscal Management – Constitutional Debt Limit" and "Certain Public Instrumentalities – Finance Authority of Maine" and "– Maine State Housing Authority" herein.

The State's General Fund ending cash position as of June 30 for the fiscal years 2018-2022 is shown below.



For additional information concerning long-term debts of the State, see Appendix D hereto.

Lease Financing Agreements

From time to time, the State enters into lease agreements for the purpose of acquiring or financing capital equipment and buildings. A lease agreement is secured solely by the equipment or building which is the subject of such agreement and is not a pledge of the full faith and credit of the State. Lease payment obligations are subject to appropriation by the Legislature. In certain instances, the State has issued certificates of participation in the lease payments to be made pursuant to certain lease agreements. As of February 28, 2023, the aggregate principal amount of such lease obligations outstanding was $84,366,499. For additional information regarding such lease agreements, see Appendix D hereto. For information regarding rental payments to be made by the State, subject to appropriation, to the Maine Governmental Facilities Authority, see "Certain Public Instrumentalities - Maine Governmental Facilities Authority."

Defined Benefit Retirement Programs

Overview

MainePERS administers three defined benefit pension plans (the "Programs") on behalf of the State with approximately the following membership as of June 30, 2022: the State Employee and Teacher Retirement Program, with 40,121 active, 38,807 inactive non-vested, 8,843 terminated vested and 38,408 retired members and surviving beneficiaries; the Judicial Retirement Program, with 60 active, 1 inactive non-vested, 2 terminated vested and 90 retired members and surviving beneficiaries; and the Legislative Retirement Program, with 174 active, 95 inactive non-vested, 119 terminated vested and 223 retired members and surviving beneficiaries (collectively the "State Plans"). In addition, MainePERS administers the Participating Local District Consolidated Plan on behalf of 316 participating state and local public entities ("PLDs"). MainePERS also administers a group life insurance plan which provides or makes available life insurance benefits for active and retired MainePERS members and employees of certain PLDs. As of June 30, 2022, MainePERS's group life insurance plan, for actuarial purposes, was comprised of approximately 32,021 active members and 20,031 retirees, which includes 5,248 PLD active members and 3,015 PLD retirees and surviving beneficiaries. A full actuarial valuation of the group life insurance program is done on a biennial basis, the most recent as of June 30, 2022. The State has no retirement or group life insurance obligations to the PLDs or to their covered employees. The trust fund balances associated with each plan administered by MainePERS are segregated. The funds are commingled only for investment purposes. The administrative operating expenses of MainePERS are charged against each trust fund balance as directed by statute and in accordance with generally accepted accounting standards. The budgeted administrative operating expenses of MainePERS for fiscal year 2024 are $19,170,306, as compared to $17,755,530 for fiscal year 2023 and $17,119,995 for fiscal year 2022.

MainePERS's retirement programs provide defined retirement benefits based on members' three-year average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten-year requirement was reduced by legislative action to five years for State employees and teachers; separate legislation enacted the same reduced requirement for judges, legislators, and employees of PLDs). Vesting also occurs upon the earning of one year of service credit immediately preceding retirement at or after normal retirement age. Normal retirement age for "regular service retirement plan" State employees and teachers, judges and legislative members is age 60, 62 or 65[1]. The normal retirement age is determined based upon the amount of service to which a member is credited as of a specific date. For "regular service retirement plan" PLD members, normal retirement age is 60 or 65, depending upon when plan membership commenced. 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. MainePERS also provides disability and death benefits which are established by statute for State employees and teacher members and by contract with other participating employers under applicable statutory provisions.

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 members' accounts has been set by MainePERS's Board of Trustees at the 10-year US Treasury Bond yield at the end of the prior calendar year, currently 3.88%. Employer contributions for terminated members are not refunded and remain assets of the applicable plan.

Other Available Information

The following documents related to MainePERS and the Programs are incorporated herein by reference:

- MainePERS Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022 available at https://www.mainepers.org/reports/
- Actuarial Valuation Report for each of the retirement programs administered by MainePERS as of June 30, 2022 available at https://www.mainepers.org/reports/valuations/
- Final Report of the State Employee and Teacher Retirement Program experience study, dated June 8, 2021 available at https://www.mainepers.org/wp-content/uploads/2022/01/MainePERS-Experience-Study-Report-2020_2021-FINAL.pdf.
- Final Report of the 2020 Group Life Insurance Program Premium Study, dated July 16, 2020 available at https://www.mainepers.org/wp-content/uploads/pdfs/bond-disclosure/MELIFE0W_2020-Premium-Study-Report-FINAL.pdf.

[1] Because of the nature of their jobs, certain employees, typically those in law enforcement positions, are members of a "special service retirement plan," rather than the "regular service retirement plan" which covers most employees. Special plans typically differ from regular plans in the areas of retirement eligibility requirements, benefit determination, and contribution rates. Special plans are typically more expensive than regular plans.

- "Pension Designs Based on Participation in Social Security" dated February 10, 2022 available at https://www.mainepers.org/wp-content/uploads/2022/02/Resolves-2021-Chapters-66-and-72-Report.docx-FINAL-corr-date.pdf.

For additional information about MainePERS contained in this Information Statement, see also Note 9 and Required Supplementary Information in the State's financial statements on pages B-70 – B-80 and B-124 – B-142 herein and "Appendix E – Maine Public Employees Retirement System State Employees and Public School Teachers Actuarial Balance Sheet, June 30, 2022".

Funding Policy and Status

The costs of the State Plans, including those of the State Employee and Teacher Retirement Program, generally consist of two elements:

Normal Costs - the present value of future pension benefits earned by employees in the current year. Normal costs are based on each year's projected annual collective employee earnings. Based on the rate-setting process as described below in the Unfunded Actuarial Accrued Liability ("UAAL") section of this document, the State's share of normal cost for the 2022-2023 biennium was projected to be $63,866,709. The State's share of the normal cost for the 2024-2025 biennium is projected to be $85,041,696. Most State employees and teachers are required by statute to contribute 7.65% of their earnings. As previously noted, some State employees may pay a higher rate as a result of participation in a so-called "special plan", which typically permit a member to retire younger or with fewer years of service. Other State employees may pay a lesser rate as a result of a collective bargaining agreement or other arrangement with the State.

Unfunded Actuarial Accrued Liability ("UAAL") - the amount by which the actuarial liability for current and former employees is greater than pension assets. The actuarial liability is the present value of prospective pensions owed to members when they retire based on service as of the calculation date.

State Employee and Teacher Retirement Program annual and/or biennial costs are defined as those normal and UAAL costs required by State law and the Maine Constitution to fund the plan. The State's employer normal cost contributions, along with current member contributions, support benefits currently being earned by active members. The State's UAAL contribution is a payment on the amortized debt that represents the liability for benefits in excess of the amount supported by assets of the System. The Maine Constitution requires that the June 30, 1996 UAAL be fully funded in not more than 31 years from July 1, 1997. In addition, the Maine Constitution requires that unfunded liabilities resulting from experience losses must be retired over an established maximum number of years. The original period of not to exceed 10 years was changed to not to exceed 20 years by a Constitutional Amendment passed in November 2017.

Maine is one of 14 states that do not participate in Social Security for State employees, judges, legislators or teachers while they are active members of the State Plans. Neither the State nor covered plan members contribute any amounts to Social Security. This means that covered members do not earn Social Security credits.

The State appropriates funding for pension costs associated with the State Plans, covering all State employees and teachers, legislators and judges. Retirement, disability and death benefits provided by the System are funded by employee contributions as set by statute and by employer contributions determined on an actuarial basis. An actuarial valuation is prepared annually and the valuation completed in the even year for each of the State's three defined benefit plans is used to determine the State's employer contribution requirements for the ensuing biennium. For example, the valuation as of June 30, 2020 was used to set contributions for the 2022-2023 biennium, and a roll forward projection of the valuation as of June 30, 2022 was used to establish the contributions to be made in the 2024-2025 biennium. A roll forward projection of the valuation as of June 30, 2024 will be used to establish the contributions to be made in the 2026-2027 biennium.

For State employees and teachers, the State's actuarially determined contribution (the "ADC"), previously referred to as the annual required contribution for years prior to 2014, is comprised of the normal cost contribution plus the payment required to amortize the State Employee and Teacher Retirement Program's UAAL. As of June 30, 2022, the actuarial value of assets of the State Employee and Teacher Retirement Program (which does not include members of the judicial and legislative programs) was $14,248,105,921 and the actuarial accrued liability was $16,981,792,082 resulting in a UAAL of $2,733,686,161 and a funded ratio of 83.9%. The State is obligated under an amendment to the Maine Constitution adopted in 1995 to amortize the UAAL of the State Employee and Teacher Retirement Program as of June 30, 1996 by no later than the end of fiscal year 2028. As of June 30, 2022, 6 years remained in the current, constitutionally mandated amortization period for the unfunded liability of the State Employee and Teacher Retirement Program. The Maine Constitution also prohibits the creation of new unfunded liabilities other than those arising from experience losses. Any such liabilities are required to be amortized within 20 years. The constitutional requirement does not apply to the Legislative Retirement Program or the Judicial Retirement Program. MainePERS monitors all relevant proposed bills to ensure continued compliance with the constitutional requirement. MainePERS estimates that approximately $2.54 billion of the UAL as of June 30, 2022 is allocable to the remaining balance of the June 30, 1996 and will be amortized by June 30, 2028 with the remaining $192 million to be amortized by June 30, 2042.

The judicial retirement plan had an actuarial surplus of $6,506,970 at June 30, 2022. The legislative retirement plan had an actuarial surplus of $4,810,433 at June 30, 2022.

The ADC determined for the 2022-2023 biennial budget was based upon an estimate of the assets and liabilities as of June 30, 2020. The estimated assets included the June 30, 2020 assets (at market value), with a projection of total cash flows for the year. The liabilities included the June 30, 2019 liabilities, rolled forward based on projected actuarial assumptions for fiscal year 2020. This process allows the System to provide employer contribution rates to the State as early as possible in the biennial budget process. This same methodology was used to determine the ADC for the 2024-2025 biennial budget. The amount paid by the State in fiscal years 2020, 2021 and 2022 was $331,164,000, $351,528,000, and $475,159,000, respectively. The amounts projected to be paid by the State, using the rate-setting process as described above, in fiscal years 2023, 2024 and 2025 are $371,022,000, $396,541,000 and $407,234,000, respectively.

The State has generally funded its ADC for State employees, teachers, judges and legislators as shown in the table below. Differences between the ADC and the actual contribution may be the result of the differences between projected and actual salary amounts for any given year. Differences may also be the result of additional contributions paid by the State, as previously required by statute, from General Fund surplus money available at the close of a given fiscal year. In 2013, the statute was amended by the 126th Legislature such that General Fund surplus money is no longer allocated to MainePERS.

Valuation Date 6/30/YY	Actuarially Determined Contribution	Actual Contribution	Percent Contributed
2022	$475,159,000	$475,159,000	100.0%
2021	351,528,000	351,528,000	100.0
2020	331,164,000	331,164,000	100.0
2019	293,580,000	293,580,000	100.0
2018	279,730,000	279,730,000	100.0
2017	273,630,000	273,630,000	100.0
2016	257,620,000	257,620,000	100.0
2015	264,812,000	264,812,000	100.0
2014	264,275,000	264,275,000	100.0
2013	264,381,000	264,381,000	100.0
2012	252,830,000	252,830,000	100.0
2011	328,075,000	333,944,000	101.8
2010	317,992,000	329,207,000	103.5
2009	320,112,000	320,112,000	100.0
2008	305,361,000	305,361,000	100.0
2007	303,076,000	303,075,774	100.0
2006	286,439,000	303,438,610	106.0
2005	261,698,000	274,697,901	105.0
2004	251,483,000	273,482,848	108.8
2003	252,709,000	263,209,148	104.2
2002	242,486,000	242,486,089	100.0

As of June 30, 2022, the State reported a net pension liability ("NPL") of $1,417,797,000 for the State Employee and Teacher Plan. The State reported a net pension asset ("NPA") of $14,106,000 for the Judicial Plan and $5,981,000 for the Legislative Plan. The NPL or NPA is calculated as the difference between the total pension liability ("TPL") and the market value of assets held by the plan. The NPL was calculated using a discount rate of 6.5%. If the discount rate used was one percentage point lower, the collective net pension liability of the State Plans, measured as of June 30, 2021 for fiscal year 2022, would have been $3.4 billion. If the NPL was calculated using a discount rate one percentage point higher, there would have been an NPA of $203.1 million. GASB Statement No. 68 replaced Statement No. 27 and now requires the NPL to be reported rather than the Net Pension Obligation ("NPO") required by Statement No. 27. The NPO was the cumulative difference between the annual pension cost and the employer's contributions to the plan, adjusted for interest and the effect of the actuarial amortization of past under- or over-contributions.

The following table sets forth a projection of the contributions expected to be made by the State to pay both the normal cost and to amortize the UAAL of the State Employee and Teacher Retirement Program for the period from fiscal year 2023 through fiscal year 2028. The dollar amounts (expressed as millions) are shown both as future year dollars and current year dollars (discounted at a 2.75% rate). The amounts shown in the table below include the results of the most recently completed actuarial valuation used in the determination of employer contribution requirements, which was as of June 30, 2022.

Projected Contributions

Fiscal Year	Normal Cost future dollars*	Normal Cost current dollars*	UAL Cost future dollars*	UAL Cost current dollars*	Total Cost future dollars*	Total Cost current dollars*
2023	105	105	348	348	453	453
2024	107	105	370	360	477	465
2025	110	104	380	360	490	464
2026	113	104	382	352	485	456
2027	116	104	392	352	508	456
2028	118	103	396	346	514	449

*All costs in millions.

The amounts in the preceding table are based on projections derived from the 2022 actuarial assumptions and other information then known to the State and the System. The actual amounts required to be contributed by the State in the future will likely differ from these amounts and, depending upon actual circumstances, such differences may be substantial. The actual contributions to be made by the State for any future fiscal year, including the amount required to amortize the then UAAL, will be based upon actual investment results and other factors as they occur in the future and the applicable actuarial valuation used to certify the contribution rates for such year and will reflect all actuarial assumptions and circumstances then in effect. The State cannot predict with certainty what the actual dollar amount of required contributions to the System will be for fiscal years beyond fiscal year 2025.

At its meeting on July 9, 2020, the MainePERS Board of Trustees voted to adopt 10-year asset smoothing for the rates established by the 2020 valuation for fiscal years 2022 and 2023. This decision recognizes the unique economic challenges to employers and members caused by the COVID-19 pandemic and will help to maintain contribution rates at a level close to those currently being paid. Future contribution rates are expected to be determined based on the previous and long-standing 3-year smoothing methodology. Using 10-year smoothing results in pension costs for fiscal years 2022 and 2023 that are approximately $18 million less than the costs if calculated under the 3-year smoothing methodology.

At its meeting on July 14, 2022, the MainePERS Board of Trustees voted to shorten the recognition period of deferred gains that otherwise would be recognized on a twenty-year schedule. Specifically, the amortization period for the gain base related to fiscal year 2014, which would otherwise be amortized to fiscal year 2034, was accelerated by six years, and will now be amortized until fiscal year 2028. This approach reduces the required costs to the State through fiscal year 2028 and provides continued rate stability. The 1996 unfunded actuarial liability will be fully amortized by the end of fiscal year 2028, and pension costs for the State are expected to decrease significantly at that time. Maintaining rate stability provides a more stable progression of the costs to the State before the expected drop in fiscal year 2029. Recognizing these gains on a shortened scheduled results in pension costs for fiscal years 2024 and 2025 that are approximately $49 million less than the costs if the gains had remained on the twenty-year schedule.

Pursuant to 2013 Chapter 368, beginning in fiscal year 2013-14, the employer normal cost for teacher members must be paid by local school administrative units. Those costs were previously paid by the State. The amount paid by the local school administrative units was $53,800,200, $56,360,600 and $54,766,000 in fiscal years, 2020, 2021 and 2022, respectively. Based on the 2020 projections used to establish pension costs for fiscal years 2022 and 2023, the employer normal cost is projected to be $55,389,974 in fiscal year 2023. Based on the 2022 projections used to establish pension costs for fiscal years 2024 and 2025, the employer normal cost is projected to be $54,331,805 and $55,825,930, respectively. The amount of employer normal cost paid will be based on actual payroll. The State continues to pay the employer unfunded liability costs for teacher members.

Actuarial Assumption Changes. State law provides that at least once in each six-year period, the System's actuary is to make an investigation into account program demographics and changes in program demographics, employment patterns and projections, relevant economic measures and expectations and other factors that the Board or actuary considers significant. The actuary must also make recommendations for certain modifications of the actuarial assumptions, as needed. The System conducted an experience study in 2021, which has resulted in the adoption of different assumptions, as described below. The final report of the most recent experience study, is available at https://www.mainepers.org/wp-content/uploads/2022/01/MainePERS-Experience-Study-Report-2020_2021-FINAL.pdf.

In July 2021, the MainePERS Board of Trustees approved a reduction in the discount rate assumption from 6.75% to 6.50%. The impact of the reduction in the discount rate was estimated to increase the UAAL by approximately $456 million. Changes in other actuarial assumptions, with the most significant change resulting in improved mortality, were estimated to increase the UAAL by approximately an additional $720 million. When extremely favorable market returns, as discussed below, are considered, the net increase in the UAAL is estimated to be $316 million. These changes will first be reflected in the required contributions established for fiscal years 2024 and 2025.

Actuarial Valuation. By State law, the System's assets and liabilities are calculated annually by the System's actuaries. Each even year's valuation serves as the basis for the State's ADC in the biennium that begins two years from the date of the valuation. This report is delivered to the State in late October and contains an actuarial valuation of the plans administered by the System as of the end of the most recent fiscal year and sets out the ADC for the upcoming biennium. The report also includes, for each plan, a description of the actuarial assumptions and methods used, a brief summary of the principal plan provisions and a summary of member data. The actuarial reports for the fiscal year ended June 30, 2022 (the most recently completed actuarial reports) are incorporated by reference herein and are available at https://www.mainepers.org/reports/valuations.

The actuarial valuation calculates the actuarial accrued liability for each of the defined benefit plans, which represents the present value of benefits the System will pay to its retired members and active members upon retirement, based on certain demographic and economic assumptions. Some examples of these assumptions include an expected rate of return on assets, age of retirement of active members, future salary increases for current employees and assumed mortality rates for retirees and beneficiaries. If the actual experience of a plan differs from these assumptions, the UAAL of the plan may increase or decrease to the extent of any such variance. This could have a resulting impact on the ADC, which may increase or decrease the amount of the State's contribution to the plans.

The actuarial valuation also compares the actuarial accrued liability with the actuarial value of assets and any excess of that liability over the assets forms the UAAL of the system. The actuarial valuation will express the percentage that a plan is funded through a "funded ratio," which represents the actuarial value of assets of the plan divided by the actuarial accrued liability of such plan. The actuarial valuation will also state an ADC, which is a recommended amount that the State and other sponsoring employers contribute to the applicable plan. The ADC consists of two components: (1) normal cost, which represents the portion of the present value of retirement benefits that are allocable to active members' current year service, and (2) an amortized portion of the UAAL.

With respect to the expected rate of return of assets, the actual rate of return on investments depends on the performance of its investment portfolio. The value of the securities and other investments in the investment portfolio changes from one fiscal year to the next, which, in turn, causes increases or decreases in the funded ratio of each plan and in the UAAL. For fiscal year 2022, the assumed rate of return was 6.50%. For fiscal year 2022, the actuarial rate of return of the assets was 7.70% as compared to a market rate of return of -0.62%. Information about the System's Investment Program is available at www.mainepers.org/Investments/. For fiscal year 2023, as of May 17, 2023, the estimated market rate of return on investments was 2.65%. This estimate is preliminary and subject to change once final results are known through June 30, 2023.

The 2022 Actuarial Valuation includes an analysis of the impact of both higher and lower actual market rates of return, as compared to the current assumed rate of return of 6.50%. If the Programs were to earn 7.50% annual returns, the State's contribution rate would decline from the projected rate in the 2021 Valuation of 21.72% and the UAAL on a market value of assets basis would be paid in full by 2025 rather than the 2026 date projected based on 6.50% returns. The 1996 UAAL would still be paid off by 2028 under the 6.50% scenario, but continued recognition of investment gains would accelerate the point the plan reaches 100% funded status, projected to be 2026 if all assumptions are exactly met between now and then. If, however, the Programs were to earn 5.50% annual returns, the point at which the UAAL on a market value of assets basis would be paid in full is deferred indefinitely. The NPL (in $ thousands) for the State Employee and Teacher Pension Plan (SETP) at the current discount rate of 6.50% is $1,491,707. If the rate were 1% higher, the NPL (in $ thousands) would be ($216,518). If the rate were 1% lower, the NPL (in $ thousands) would be $4,539,860.

Again, as noted above, the actual future circumstances will likely vary from those assumed in the 2022 valuation and thereby result in potentially significantly different required contribution amounts.

The following table sets out the actual rate of investment return as compared to the actuarial assumed rate of return (taking into account the 3-year smoothing method described below) for the calendar years 2022 through 1991, inclusive. It should be noted that this amount only represents a portion of the year to date return as certain investments have not yet been reported. In addition, the next actuarial valuation that will be used to determine required contributions will be based on the actual rate of investment return as of June 30, 2024.

Calendar Year	Actual Rate of Investment Return	Actuarial Assumed Rate of Return*
2022	-4.00%	6.50%
2021	19.50	6.50
2020	10.60	6.75
2019	13.16	6.75
2018	1.90	6.75
2017	15.80	6.875
2016	7.50	6.875
2015	0.10	7.125
2014	5.40	7.125
2013	14.80	7.25
2012	12.86	7.25
2011	0.22	7.25
2010	12.20	7.75
2009	21.50	7.75
2008	-27.60	7.75
2007	9.10	7.75
2006	11.30	7.75

2005	7.70	8.00
2004	13.10	8.00
2003	25.60	8.00
2002	-10.30	8.00
2001	-5.00	8.00
2000	-3.80	8.00
1999	15.30	8.00
1998	15.30	8.00
1997	18.50	8.00
1996	13.50	8.00
1995	25.70	8.00
1994	-0.10	8.00
1993	13.90	8.00
1992	7.20	8.00
1991	23.90	8.50

*Changes effective July 1 of stated year

In addition to the above-described assumptions, the actuarial valuations of the plans use the entry age normal ("EAN") method to calculate the actuarial value of assets and actuarial accrued liability. The System believes that the EAN method is a more accurate indicator of actuarial funding progress and it is now, in fact, the predominant method used by public retirement systems throughout the United States.

An additional actuarial method used in arriving at the actuarial valuation is so-called "smoothing," whereby the difference between the market value of assets and the actuarial value of assets is smoothed over a period of three years to offset the effects of volatility of market values in any single year. The following chart presents, for each program, the actuarial accrued liability, the actuarial value of assets, the UAL, the funded ratio of the plan based on the actuarial value of assets, the market value of assets, the funded ratio of the plan based on the market value of assets and the ratio of the actuarial value of assets over the market value of assets.

State & Teachers

Valuation date 6/30/YY	Actuarial Accrued Liability	Actuarial Assets	Unfunded Actuarial Liability	Funded Ratio (AVA)	Market Assets	Funded Ratio (MVA)	Actuarial Assets Over Market
2022	$16,981,792,082	$14,248,105,921	$2,733,686,161	83.90%	$14,568,691,334	85.80%	97.80%
2021	16,392,351,328	13,460,870,272	2,931,481,056	82.10	14,900,644,020	90.90	90.30
2020	14,865,460,130	12,249,961,306	2,615,498,824	82.40	12,044,916,279	81.00	101.70
2019	14,547,222,913	11,894,672,150	2,652,550,763	81.80	12,035,563,047	82.70	98.80
2018	14,031,187,845	11,419,986,652	2,611,201,193	81.40	11,632,179,683	82.90	98.20
2017	13,484,886,512	10,904,082,221	2,580,804,291	80.90	10,893,291,864	80.80	100.10
2016	13,069,954,948	10,512,524,178	2,557,430,770	80.40	9,960,335,390	76.20	105.60
2015	12,616,287,054	10,375,552,498	2,240,734,556	82.20	10,242,097,022	81.20	101.30
2014	12,320,158,783	10,017,512,006	2,302,646,777	81.31	10,337,615,927	83.90	96.90
2013	11,830,649,882	9,177,749,627	2,652,900,255	77.58	9,091,347,964	76.85	101.00
2012	11,553,306,281	8,880,730,120	2,672,576,161	76.87	8,453,862,754	73.20	105.10
2011	11,281,665,186	8,736,885,121	2,544,780,065	77.44	8,677,947,874	76.90	100.70
2010	12,617,144,005	8,313,459,810	4,303,684,195	65.90	7,239,332,094	57.40	114.80
2009	12,321,219,332	8,325,951,236	3,995,268,096	67.60	6,620,849,642	53.70	125.80
2008	11,668,032,511	8,631,557,629	3,036,474,882	74.00	8,311,970,624	71.20	103.80
2007	11,157,770,138	8,245,520,019	2,912,250,119	73.90	8,668,381,195	77.70	95.10

2006	10,547,299,194	7,504,219,546	3,043,079,648	71.10	7,503,201,781	71.10	100.00
2005	9,999,250,038	6,964,597,457	3,034,652,581	69.70	6,997,802,832	70.00	99.50
2004	9,442,389,399	6,452,570,244	2,989,819,155	68.30	6,280,951,942	66.50	102.70
2003	9,442,389,399	6,452,570,244	2,989,819,155	68.30	6,280,951,942	66.50	102.70

Judicial

Valuation date 6/30/YY	Actuarial Accrued Liability	Actuarial Assets	Unfunded Actuarial Liability	Funded Ratio (AVA)	Market Assets	Funded Ratio (MVA)	Actuarial Assets Over Market
2022	$77,425,685	$83,932,655	$-6,506,970	108.40%	$85,821,158	110.80%	97.80%
2021	75,787,564	81,207,552	-5,419,988	107.2	89,893,506	118.60	90.30
2020	72,197,110	74,766,188	-2,569,078	103.60	73,514,720	101.80	101.70
2019	69,316,540	72,775,425	-3,458,885	105.00	73,637,441	106.20	98.80
2018	68,291,924	69,934,400	-1,642,476	102.40	71,233,840	104.30	98.20
2017	65,000,144	66,776,230	-1,176,086	102.70	66,710,150	108.70	100.10
2016	63,721,271	64,265,782	-544,511	100.90	60,890,109	102.20	105.60
2015	58,911,617	57,074,951	1,836,666	96.90	56,340,825	95.60	101.30
2014	54,560,642	55,419,017	-858,375	101.57	57,189,900	104.80	96.90
2013	52,374,785	51,055,251	1,319,534	97.50	50,574,604	96.60	101.00
2012	46,340,678	49,735,004	-3,394,326	107.32	47,344,407	102.20	105.10
2011	47,868,297	49,324,784	-1,456,487	103.00	48,992,049	102.40	100.70
2010	53,149,699	47,677,635	5,472,064	89.70	41,517,520	78.10	114.80
2009	50,543,320	48,478,344	2,064,976	95.90	38,550,289	76.30	125.80
2008	47,634,452	50,418,942	-2,784,490	105.80	48,552,160	101.90	103.80
2007	46,842,351	48,225,053	-1,382,702	103.00	50,698,214	108.20	95.10
2006	43,102,409	44,350,649	-1,248,240	102.90	44,344,633	102.90	100.00
2005	41,804,673	41,842,216	-37,543	100.10	42,041,709	100.60	99.50
2004	36,388,731	39,210,995	-2,822,264	107.80	38,168,105	104.90	102.70
2003	41,931,130	41,842,216	88,914	99.80	42,041,709	100.30	99.50

Legislative

Valuation date 6/30/YY	Actuarial Accrued Liability	Actuarial Assets	Unfunded Actuarial Liability	Funded Ratio (AVA)	Market Assets	Funded Ratio (MVA)	Actuarial Assets Over Market
2022	$10,977,282	$15,787,715	$-4,810,433	143.80%	$16,142,942	147.10%	97.80%
2021	10,678,471	15,049,435	-4,370,964	140.90	16,659,121	156.00	90.30
2020	9,728,689	13,679,070	-3,950,381	140.60	13,450,104	138.30	101.70
2019	9,066,764	13,092,938	-4,026,174	144.00	13,248,022	146.10	98.80
2018	8,559,950	12,523,131	-3,963,181	146.30	12,755,821	149.00	98.20
2017	8,163,310	11,908,009	-3,744,699	145.90	11,896,225	145.70	110.10
2016	7,679,458	11,405,769	-3,726,311	148.50	10,806,661	140.70	105.60
2015	7,558,293	11,219,880	-3,661,587	148.40	11,075,564	146.50	101.30
2014	7,505,193	10,775,701	-3,270,508	143.31	11,120,032	148.20	96.90
2013	6,872,614	9,771,955	-2,899,341	142.20	9,679,959	140.90	101.00
2012	6,243,939	9,322,419	-3,078,780	149.31	8,874,321	142.10	105.10
2011	5,725,193	9,040,180	-3,314,987	157.90	8,979,197	156.80	100.70
2010	6,073,364	8,634,635	-2,561,271	142.20	7,519,010	123.80	114.80
2009	5,499,809	8,717,885	-3,218,076	158.50	6,932,518	126.10	125.80
2008	5,605,005	9,099,133	-3,494,128	162.30	8,762,234	156.30	103.80
2007	5,095,638	8,721,571	-3,625,933	171.20	9,168,846	179.90	95.10
2006	7,944,468	7,944,468	0	100.00	7,943,390	100.00	100.00
2005	7,406,475	7,406,475	0	100.00	7,441,788	100.50	99.50
2004	6,827,478	6,827,478	0	100.00	6,645,888	97.30	102.70
2003	7,406,475	7,406,475	0	100.00	7,441,788	100.50	99.50

ALL STATE PLANS							
Valuation date 6/30/YY	Actuarial Accrued Liability	Actuarial Assets	Unfunded Actuarial Liability	Funded Ratio (AVA)	Market Assets	Funded Ratio (MVA)	Actuarial Assets Over Market
2022	$17,070,195,049	$14,347,826,291	$2,722,368,758	84.10%	$14,670,655,434	86.00%	97.80%
2021	16,478,817,363	13,557,127,259	2,921,690,104	82.30	15,007,196,647	91.10	90.30
2020	14,947,385,929	12,338,406,564	2,608,979,365	82.55	12,131,881,103	81.20	101.70
2019	14,625,606,217	11,980,540,513	2,645,065,704	81.90	12,122,448,510	82.90	98.80
2018	14,108,039,719	11,502,444,183	2,605,595,536	81.50	11,716,169,344	83.05	98.20
2017	13,558,049,966	10,982,766,460	2,575,883,506	81.01	10,971,898,239	80.93	100.10
2016	13,141,445,677	10,588,195,729	2,553,159,948	80.60	10,032,032,160	76.30	105.60
2015	12,682,756,964	10,443,847,329	2,238,909,635	82.35	10,309,513,411	81.30	101.30
2014	12,382,224,618	10,083,706,724	2,298,517,894	81.40	10,405,925,859	84.00	96.90
2013	11,889,897,281	9,238,576,833	2,651,320,448	77.70	9,151,602,527	77.00	101.00
2012	11,605,890,598	8,939,787,543	2,666,103,055	77.00	8,510,081,482	73.30	105.10
2011	11,335,258,676	8,795,250,085	2,540,008,591	77.60	8,735,919,120	77.10	100.70
2010	12,676,367,069	8,369,772,080	4,306,594,989	66.00	7,288,368,624	57.50	114.80
2009	12,377,262,461	8,383,147,465	3,994,114,996	67.70	6,666,332,449	53.90	125.80
2008	11,721,271,967	8,691,075,704	3,030,196,263	74.10	8,369,285,018	71.40	103.80
2007	11,209,708,127	8,302,466,643	2,907,241,484	74.10	8,728,248,255	77.90	95.10
2006	10,598,346,071	7,556,514,663	3,041,831,408	71.30	7,555,489,804	71.30	100.00
2005	10,048,461,186	7,013,846,148	3,034,615,038	69.80	7,047,286,328	70.10	99.50
2004	9,485,605,608	6,498,608,717	2,986,996,891	68.50	6,325,765,935	66.70	102.70
2003	9,491,727,004	6,501,818,935	2,989,908,069	68.50	6,330,435,439	66.70	102.70
2002	8,511,834,626	5,920,475,637	2,591,358,989	69.60	5,129,650,969	60.30	115.40

For further information regarding the actuarial method and significant assumptions used to determine the ADC, see the Actuarial Valuation Report for each of the retirement programs administered by MainePERS which are available at https://www.mainepers.org/reports/valuations, and also “Actuarial Assumption Changes” above.

Neither the State nor MainePERS is able to predict the impact the current COVID-19 crisis may have on the funded status of the retirement plans or the resulting annual contributions required by the State.

Recent and Proposed Legislative Changes. The Legislature has in the past adopted laws that have had the effect of both increasing and decreasing future retirement benefits payable under one or more of the State Plans. Any increases in retirement benefits have the effect of increasing the actuarial accrued liability of the plan, which also has the effect of increasing the ADC with respect to the State Plans. Any decreases in benefits have the effect of limiting the future growth of the actuarial accrued liability of the plan, which also has the effect of limiting the growth of the ADC for the State for the plan in future years.

The 129th Legislature enacted Public Laws 2020, chapter 540 (“2020 Chapter 540”), An Act to Clarify the State’s Commitments Concerning Certain Public Service Retirement Benefits. This legislation includes retiree cost-of-living adjustments (“COLA”) in the contractual commitment statutory language, essentially guaranteeing the payment of future COLAs as currently accounted for in the existing actuarial assumptions. 2020 Chapter 540 limits the State’s ability, and the Legislature’s authority, to make future changes to the COLA provisions that would decrease, eliminate or freeze COLAs. Any negative future impact would be from factors such as market losses and be reflected in future actuarial valuations for the State’s defined benefit pension plans and the State’s resulting actuarially determined contribution for the plans.

The 130th Legislature enacted two Resolves, Resolves 2021, chapter 66 (L.D. 1105) ("Resolve 66"), Resolve, Directing the MainePERS to Convene a Working Group to Investigate Public Pension Options, and Resolves 2021, chapter 72 (L.D. 620) ("Resolve 72"), Resolve, to Develop a Plan for Teachers to Collect Social Security. Providing a different pension plan could impact the costs of the existing plan as well as create new costs for a new plan. Costs associated with these bills, if enacted, would be determined as new plan design options are developed. Additional legislation would be required to enact and fund a new plan or to provide Social Security coverage under the existing plan. The Resolves required MainePERS to report to the Legislature no later than December 1, 2021. A request was submitted to the Legislature for an extension of this deadline, in order to complete the work. A combined report, addressing both Resolve 66 and Resolve 72 was submitted on February 10, 2022, and a copy is available at https://www.mainepers.org/wp-content/uploads/2022/02/Resolves-2021-Chapters-66-and-72-Report.docx-FINAL-corr-date.pdf.

The 130th Legislature also enacted Public Laws 2021, chapters 231 (L.D. 99) ("2021 Chapter 231") and 234 (L.D. 319), which require divestment from, and prohibit the System from investing in, fossil fuel companies and for-profit prisons, respectively, to the extent such actions are "in accordance with sound investment criteria and consistent with fiduciary obligations." Because these laws permit MainePERS to continue to make investment decisions "in accordance with sound investment criteria and consistent with fiduciary obligations," they are not expected to have a material effect on the financial condition of the System. 2021 Chapter 231 required MainePERS to submit an annual report to the Legislature regarding the progress of divestment under the new laws. MainePERS submitted a report on January 17, 2023, and a copy is available at https://www.mainepers.org/reports/reports-and-presentations/.

The 130th Legislature enacted Public Laws 2021, chapter 635, Part NN, which authorized the payment of an additional 1% cost-of-living adjustment (COLA) to eligible retirees from the State-sponsored plans, and also increased the "COLA base," the amount subject to COLA, for September 2022 to $24,186.25. This COLA base amount reflects the full 5.4%, June 30, 2021, CPI-U, the index on which COLA is based. Because the Maine Constitution prohibits the creation of new unfunded actuarial liabilities for new benefits, the State of Maine submitted payment to MainePERS for the cost of this benefit enhancement.

The 131st Legislature is considering two bills, L.D. 70 and L.D. 1096, both of which would amend the COLA provisions applicable to retirees from the State-sponsored plans. L.D. 70 would increase the "COLA base," and L.D. 1096 would increase the COLA cap, which is the maximum percentage by which benefits may be adjusted. Both of these bills have significant costs that would require immediate funding under the provisions of the Maine Constitution. L.D. 70 is currently on the Special Appropriations Table for funding consideration, and L.D. 1096 has not yet been reported out of the legislative committee of jurisdiction. The Legislature is also considering L.D. 258, which is the proposed State budget. Part HHHHH of the bill proposes the payment of an additional 3% one-time COLA to eligible retirees from the State-sponsored plans. If enacted, the cost of this additional payment would require full funding when enacted.

Group Life Insurance Program. MainePERS also administers a group life insurance program which is available to eligible participants. As of June 30, 2021, the State reported a total net other post-employment benefit liability of $104.7 million. The ADC for fiscal year 2021 was $11.0 million and the annual contribution paid was $9.9 million, representing 90% of the ADC. As the result of a group life insurance premium study in 2012, the actuary recommended an increase in premiums to be more consistent with actual and projected program costs. The Board of Trustees adopted increased rates, which were implemented beginning in fiscal year 2014. Differences between the ADC and the actual premium may also be the result of the differences between projected and actual coverage amounts for the year. A group life insurance premium study was completed in 2016 and recommended changes to premium levels commenced with the 2018-2019 biennial budget. An updated study was completed in 2020 and recommended premium levels commenced with the 2022-2023 biennial budget. A copy of the premium study can be found at https://www.mainepers.org/wp-content/uploads/pdfs/bond-disclosure/MELIFE0W_2020-Premium-Study-Report-FINAL.pdf.

Post-Employment Health Care Benefits

The State has a statutory, single-employer defined benefit healthcare Other Post-Employment Benefits ("OPEB") plan that is administered through a trust. The State funds post-retirement health care benefits for most retired State employees and legislators, as authorized by Title 5 M.R.S., section 285. The State pays 100% 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 0% for retirees with less than five years participation to 100% for retirees with ten or more years of participation, is paid for eligible individuals first employed after July 1, 1991. 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 who are not eligible for Medicare includes basic hospitalization; supplemental major medical and prescription drugs; and costs for treatment of mental health, alcoholism, and substance abuse.

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 M.R.S., section 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. The plans are currently funded on a pay-as-you-go basis with the State directly paying insurers.

Title 5 M.R.S., section 286-B authorizes an Irrevocable Trust Fund for OPEB to meet the State's unfunded liability obligations for retiree health benefits for eligible participants in the State Employee Plan who are the beneficiaries of the irrevocable trust fund. Annually, beginning with the fiscal year starting July 1, 2007, the Legislature shall appropriate funds to meet the State's obligations under any group health plan, policy or contract purchased by the State Employee Health Commission. Unfunded liabilities may not be created except those resulting from experience losses. Unfunded liability resulting from experience losses must be retired over a period not to exceed 10 years. The unfunded liability for retiree health benefits for eligible participants must be retired in 30 years or less from July 1, 2007. Public Laws 2007, chapter 240, amended Title 5 M.R.S., Chapter 421 by establishing the Irrevocable Trust for OPEB. MainePERS 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.

A special funding situation exists for the Teachers and First Responder 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. Effective July 1, 2021, the State contribution on behalf of teachers and employing jurisdictions increased to 55 percent for the current portion of the health plan costs. The State previously contributed 45 percent of the retiree-only premium. The State was able to absorb this increase in the baseline appropriations which include some funding toward the unfunded actuarial liability. Plan members are not included in the Trust. Public Laws 2011, chapter 380 Part Y, section 2 established separate Irrevocable Trust Funds for OPEB to meet the State's unfunded liability obligations for retiree health benefits for eligible participants in the Teachers Plan and the First Responders Plan who are the beneficiaries of the irrevocable trust funds. Annually, beginning with the fiscal year starting July 1, 2011 for eligible first responders and July 1, 2015 (as amended by 2013 Chapter 368 Part H, section 2) for eligible teachers, the Legislature shall appropriate funds to meet the State's obligations to retire the unfunded liability for eligible first responders in 30 years or less from July 1, 2007.

As of June 30, 2022 there were 8,767 retired eligible State employees, 10,513 retired teachers, and 128 retired eligible first responders. The value of the assets of the Retiree Health Insurance Post-Employment Benefits Investment Trust has grown from a balance of $133.9 million as of June 30, 2012 to $331.2 million as of June 30, 2022. The balance as of April 30, 2023 was $356.9 million.

The OPEB expense paid by the State for state and teacher retirees in fiscal year 2022 was $112.8 million. The amounts budgeted by the State in fiscal years 2022 and 2023 are $117.5 million and $119.6 million, respectively.

The net OPEB liability for the State Employee Plan as of June 30, 2022 was $746.6 million. The total OPEB liability for the Teachers Plan and First Responders Plan as of June 30, 2022 was $1.790 billion and $32.7 million, respectively.

GASB Statement No. 74 established different reporting requirements for OPEB plans based on whether or not plan assets accumulated for benefits are placed in trusts (or equivalent arrangements). The State Employee Plan met the requirements for funded OPEB trusts or their equivalents. The State is currently funding this plan on a pay-as-you-go basis plus a percentage of actuarially determined contributions. The State's portion of the Teachers and First Responders Plans are not being funded by assets in a separate trust under GASB Statement No. 75. The State is currently funding these plans on a pay-as-you-go basis.

The State implemented GASB Statement No. 75 effective in fiscal year 2018. For information regarding OPEB liabilities of the State Employees Healthcare, State Employees Group Life, Teachers Group Life, Teachers Healthcare and First Responders Healthcare at June 30, 2020, determined by an actuarial valuation and based on actuarial assumptions as of that date, refer to Appendix B under "Notes to the Financial Statements, Note 10" and "Required Supplementary Information, Other Post-Employment Benefit Plans", herein.

Employee Relations

As of May 2023, the State had approximately 11,316 Executive Branch employees.

The State Employees Labor Relations Act allows State employees in the Executive Branch to engage in collective bargaining. There are now eight bargaining units within the Executive Branch. The Maine Employees Association ("MSEA-SEIU") is the bargaining agent for four bargaining units (Administrative Services; Operations, Maintenance and Support Services; Professional and Technical Services; and Supervisory Services) which represent the majority of State employees. The American Federation of State, County, and Municipal Employees ("AFSCME") represent the employees in State institutions; the Maine State Troopers Association ("MSTA") represents the State Police; the Maine State Law Enforcement Association ("MSLEA") represents many in law enforcement activities outside of State Police; and the newly formed Fraternal Order of Police's ("FOP") Maine State Law Enforcement Supervisors bargaining unit representing law enforcement supervisors who oversee positions covered by MSLEA and MSTA.

The Commissioner of DAFS, acting through the Office of Employee Relations within the Bureau of Human Resources, is the Governor's designee for collective bargaining and is responsible for the negotiations and all other employee relations functions. In September and October 2021, respectively, AFSCME and MSEA-SEIU ratified successor contracts effective through June 30, 2023, which include a $2000 lump sum; a minimum wage increase to $15.00; and a 2% salary increase in December 2021; and a 4% increase in July 2022. In December 2021, MSTA ratified their successor contract through June 2023, which includes a $2000 lump sum and 2% increase in March 2022; a 4% increase in July 2022; and changes to availability and standby pay. In January 2022, MSLEA ratified their successor contract effective through June 2023, which includes a $2000 lump sum; a 2% increase in March 2022; and a 4% increase in July 2022. In February 2022, FOP ratified their successor contract effective through June 2023, which includes a $2000 lump sum; a 2% increase in March 2022; and a 4% increase in July 2022. All of these ratified contracts also include an additional two weeks of paid parental leave—for a total of four weeks—along with more flexibility in the use of the four weeks. The economic items consistent with the terms of the agreements for these five bargaining agents are authorized in Public Laws 2021, chapter 486 and funded through a transfer of balances from personal services salary savings lapsing at the end of each fiscal year to the General Fund salary plan program.

The Governor is also authorized to grant Executive Branch employees who are excluded from bargaining similar and equitable treatment consistent with the terms of the agreements. Under this authority, the Governor granted both confidential employees and employees whose salary are subject to the Governor's adjustment or approval the same 2% general salary increase and $2000 lump sum payment effective December 2021; the 4% increase effective July 2022; and the two additional weeks of paid parental leave.

Collective bargaining has also been extended to employees of the Judicial Department, the University of Maine System, the Maine Community College System, Maine Maritime Academy, and to employees of counties, municipalities and special districts including public school teachers. The Judicial Department reached an agreement with the Law Enforcement unit that included a 2% cost of living adjustment on April 15, 2022 and a 2.5% cost of living adjustment on January 1, 2023. In addition, the agreement included the equivalent of an extra 4% step increase in November 2021, a salary scale adjustment of an add a step/drop a step in March 2022, and a lump payment of $650 in October 2021. The Judicial Department reached an agreement with the Administrative, Supervisory and Professional units that included a 2% cost of living adjustment on September 1, 2021 and a 1.5% cost of living adjustment on July 1, 2022. In addition, the agreement includes a salary scale adjustment of approximately 4% by dropping the bottom step of the pay scale and adding a new top step in December 2021, and a lump payment of $650 in August 2021. These economic items are authorized in Public Laws 2021, chapter 443 and funded through a transfer of balances from personal services salary savings lapsing at the end of each fiscal year to the General Fund salary plan program. Judicial Branch employees who are excluded from collective bargaining are also granted similar and equitable treatment consistent with the terms of the agreements.

Interfund Transactions

Due to Other Funds are amounts owed by one State fund to another for goods sold or services rendered. Due from Other Funds are amounts to be received from one State fund by another for goods sold or services rendered. The following is a summary of amounts due from other funds and due to other funds as of June 30, 2022:

Interfund Transfers
June 30, 2022
(Expressed in Thousands)

Transferred To	Transferred From: General	Highway	Federal	Other Special Revenue	Other Governmental
General	$ -	$ -	$ 79	$ 59,784	$ -
Highway	1,543	-	12,860	22,914	-
Federal	-	-	-	8,416	-
Other Special Revenue	1,429,003	6,752	69	-	3,875
Other Governmental Funds	-	-	-	-	-
Employment Security		-	5,334	-	-
Non-Major Enterprise	-	-	-	6,148	-
Internal Service	2,725	-	-	-	-
Fiduciary	-	-	-	-	-
Total	$ 1,433,271	$ 6,752	$ 18,342	$ 97,262	$ 3,875

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

REVENUES OF THE STATE

General

In order to fund its programs and services, the State collects a variety of taxes and receives revenues from other non-tax sources, including the federal government and various fees, fines, reimbursements, interest earnings and transfers from non-budgetary sources. For additional information concerning revenues of the State, see "Fiscal Management - Revenue Forecasting" herein and Appendices B and C.

The following tables for fiscal years 2019-2023 reflect applicable baseline forecasts, each as updated with laws enacted through the First Regular Session of the 131st Maine Legislature and as updated by the May 2023 RFC meeting. See "State Budgets" herein.

CATEGORY	Fiscal year 2019 baseline budget December 2014 RFC	Fiscal year 2019 budget as Revised by the May 2019 RFC	Fiscal year 2019 Actual
Sales and Use Tax	$1,294,195,576	$1,502,180,767	$1,503,771,784
Service Provider Tax	54,450,424	59,222,124	59,012,956
Individual Income Tax	1,701,311,000	1,705,158,151	1,701,005,768
Corporate Income Tax	230,826,711	244,750,000	252,866,884
Cigarette and Tobacco Tax	129,400,000	133,588,615	125,977,694
Insurance Companies Tax	82,765,000	74,450,000	77,277,183
Estate Tax	37,094,841	13,640,409	15,851,350
Fines, Forfeits and Penalties	22,966,512	18,678,774	15,485,118
Income from Investments	597,719	11,027,054	12,474,570
Transfer from Lottery Commission	57,123,279	59,000,000	62,675,109
Transfer for Tax Relief Programs	(75,888,623)	(70,568,623)	(68,087,807)
Transfer to Municipal Revenue Sharing	(167,417,561)	(73,699,854)	(74,095,532)
Other Taxes and Fees	128,473,167	145,046,332	150,110,769
Other Revenues	28,103,853	11,594,367	14,185,246
Total Undedicated Revenues	**$3,524,001,898**	**$3,834,068,116**	**$3,834,006,376**

CATEGORY	Fiscal year 2020 baseline budget December 2016 RFC	Fiscal year 2020 through the 129th 2nd Regular Session	Fiscal year 2020 Actual
Sales and Use Tax	$1,475,000,000	$1,617,738,944	$,1555,713,076
Service Provider Tax	60,000,000	57,024,000	58,012,511
Individual Income Tax	1,686,800,000	1,810,313,500	1,835,972,805
Corporate Income Tax	178,750,000	217,280,000	216,131,489
Cigarette and Tobacco Tax	131,800,000	141,621,642	137,331,317
Insurance Companies Tax	74,700,000	75,950,000	82,145,116
Estate Tax	12,850,000	20,450,000	21,079,344
Fines, Forfeits and Penalties	22,242,017	12,319,191	9,986,146
Income from Investments	2,421,028	12,304,505	12,121,418
Transfer from Lottery Commission	54,900,000	57,000,000	64,589,742
Transfer for Tax Relief Programs	(69,500,000)	(76,815,000)	(74,637,969)
Transfer to Municipal Revenue Sharing	(165,459,224)	(111,897,672)	(113,613,360)
Other Taxes and Fees	130,034,000	138,146,069	139,144,510
Other Revenues	18,059,135	26,855,866	25,367,559
Total Undedicated Revenues	**$3,612,596,956**	**3,998,291,045**	**3,969,343,702**

CATEGORY	Fiscal year 2021 baseline budget December 2016 RFC	Fiscal year 2021 as Revised by the March 2020 RFC	Fiscal year 2021 As Revised by the December 2020 RFC	Fiscal year 2021 As Revised by the May 2021 RFC	Fiscal year 2021 Actual
Sales and Use Tax	$1,529,000,000	$1,695,071,678	$1,593,571,678	$1,770,861,678	$1,804,226,077
Service Provider Tax	60,350,000	56,454,000	56,562,000	52,562,000	51,350,442
Individual Income Tax	1,764,300,000	1,851,681,250	1,695,661,250	1,806,896,250	2,069,715,593
Corporate Income Tax	186,600,000	211,990,000	202,855,000	246,035,000	284,316,774
Cigarette and Tobacco Tax	129,500,000	149,277,906	144,401,400	142,690,000	147,228,383
Insurance Companies Tax	80,200,000	81,900,000	84,400,000	84,350,000	84,462,691
Estate Tax	13,300,000	11,800,000	18,050,000	40,050,000	40,399,594
Fines, Forfeits and Penalties	22,243,017	12,425,166	9,387,746	10,154,186	8,720,806
Income from Investments	2,421,028	7,688,587	5,383,431	6,296,062	6,748,690
Transfer from Lottery Commission	54,900,000	57,000,000	60,000,000	65,000,000	70,647,717
Transfer for Tax Relief Programs	(73,000,000)	(77,667,000)	(75,667,000)	(74,462,300)	(75,987,519)
Transfer to Municipal Revenue Sharing	(180,431,859)	(144,497,422)	(137,573,408)	(148,226,685)	(156,047,730)
Other Taxes and Fees	130,124,253	139,962,981	144,027,645	147,077,207	157,423,377
Other Revenues	17,302,215	20,633,306	14,217,173	21,659,434	27,386,250
Total Undedicated Revenues	**$3,736,808,654**	**4,073,720,452**	**3,815,276,915**	**4,170,942,832**	**4,520,591,145**

CATEGORY	Fiscal year 2022 baseline budget December 2020 RFC	Fiscal year 2022 through the March 2022 RFC	Fiscal Year 2022 Actual
Sales and Use Tax	$1,712,642,422	2,042,852,322	2,078,875,746
Service Provider Tax	55,997,000	51,000,000	51,328,641
Individual Income Tax	1,753,820,000	2,174,750,000	2,580,679,731
Corporate Income Tax	220,408,737	330,033,737	415,817,438
Cigarette and Tobacco Tax	148,971,771	150,220,000	148,517,422
Insurance Companies Tax	88,250,000	88,250,000	101,673,456
Estate Tax	14,750,000	40,000,000	34,183,165
Fines, Forfeits and Penalties	12,430,166	8,264,201	4,905,201
Income from Investments	3,326,083	6,979,207	9,023,821
Transfer from Lottery Commission	60,000,000	65,000,000	71,351,415
Transfer for Tax Relief Programs	(77,250,000)	-77,380,000	(78,022,118)
Transfer to Municipal Revenue Sharing	(190,421,383)	-212,935,551	(232,362,929)
Other Taxes and Fees	144,145,560	154,166,433	160,123,030
Other Revenues	25,697,361	35,981,141	45,519,551
Total Undedicated Revenues	**$3,972,767,717**	**4,857,182,490**	**5,391,613,569**

CATEGORY	Fiscal year 2023 baseline budget December 2020 RFC	Fiscal year 2023 through the March 2022 RFC	Fiscal Year 2023 through the December 2022 RFC	Fiscal Year 2023 through the May 2023 RFC
Sales and Use Tax	$1,791,923,237	2,114,521,337	2,135,130,279	2,166,719,346
Service Provider Tax	55,437,000	50,000,000	50,051,352	52,062,521
Individual Income Tax	1,833,704,375	2,184,940,230	2293,227,867	2,430,727,867
Corporate Income Tax	228,388,199	335,848,199	335,688,199	395,188,199
Cigarette and Tobacco Tax	151,559,736	151,740,000	153,052,319	151,977,356
Insurance Companies Tax	88,700,000	88,800,000	103,700,000	110,810,000
Estate Tax	16,750,000	24,150,000	37,400,000	31,400,000
Fines, Forfeits and Penalties	12,434,166	11,913,139	10,530,792	8,915,186
Income from Investments	949,998	8,166,254	25,352,599	29,283,164
Transfer from Lottery Commission	60,000,000	60,000,000	62,500,000	66,500,000
Transfer for Tax Relief Programs	(80,800,000)	(81,040,000)	(80,610,000)	(81,350,000)
Transfer to Municipal Revenue Sharing	(198,700,281)	(239,879,655)	(249,471,176)	(261,001,188)
Other Taxes and Fees	146,953,264	152,987,122	153,495,564	152,449,516
Other Revenues	16,305,947	19,153,661	11,206,174	10,728,605
Total Undedicated Revenues	**$4,123,605,641**	**4,881,300,287**	**5,041,253,968**	**5,264,410,572**

CATEGORY	Fiscal year 2024 baseline budget December 2022 RFC	Fiscal year 2024 through the May 2023 RFC	Fiscal year 2025 baseline budget December 2022 RFC	Fiscal year 2025 through the May 2023 RFC
Sales and Use Tax	$2,160,892,267	2,190,029,172	2,188,336,353	2,237,119,839
Service Provider Tax	48,850,285	49,212,224	47,340,363	47,741,630
Individual Income Tax	2,391,856,714	2,395,356,714	2,483,903,451	2,483,903,451
Corporate Income Tax	371,903,000	355,903,000	404,565,000	390,065,000
Cigarette and Tobacco Tax	156,044,800	156,599,546	158,258,415	159,005,090
Insurance Companies Tax	106,800,000	114,490,000	112,550,000	118,470,000
Estate Tax	23,700,000	25,400,000	23,150,000	24,850,000
Fines, Forfeits and Penalties	12,288,139	12,288,139	11,938,139	11,938,139
Income from Investments	24,624,692	27,009,049	22,495,911	24,719,930
Transfer from Lottery Commission	62,500,000	65,000,000	62,500,000	65,000,000
Transfer for Tax Relief Programs	(83,690,000)	(84,490,000)	(87,160,000)	(88,160,000)
Transfer to Municipal Revenue Sharing	(252,049,584)	(252,899,526)	(259,532,885)	(261,267,122)
Other Taxes and Fees	149,898,271	146,874,664	149,971,564	146,666,400
Other Revenues	6,380,647	5,441,363	(421,862)	2,368,451
Total Undedicated Revenues	**$5,179,999,232**	**$5,206,214,345**	**5,317,891,450**	**$5,362,420,807**

CATEGORY	Fiscal year 2026 December 2022 RFC	Fiscal year 2026 through the May 2023 RFC	Fiscal year 2027 December 2022 RFC	Fiscal year 2027 through the May 2023 RFC
Sales and Use Tax	$2,240,391,616	2,,013,178274	2,292,040,877	2,320,687,896
Service Provider Tax	45,776,321	46,294,102	44,238,419	44,877,461
Individual Income Tax	2,645,000,000	2,654,000,000	3,075,000,000	3,044,500,000
Corporate Income Tax	443,500,000	429,500,000	470,000,000	451,000,000
Cigarette and Tobacco Tax	159,917,501	160,921,972	161,210,874	162,559,190
Insurance Companies Tax	119,400,000	125,530,000	124,300,000	130,650,000
Estate Tax	23,500,000	25,000,000	23,750,000	25,150,000
Fines, Forfeits and Penalties	11,938,139	11,938,139	11,938,139	11,938,139
Income from Investments	17,990,479	17,544,417	14,132,763	13,858,397
Transfer from Lottery Commission	62,500,000	65,000,000	62,500,000	65,000,000
Transfer for Tax Relief Programs	(90,010,000)	(91,510,000)	(93,620,000)	(95,020,000)
Transfer to Municipal Revenue Sharing	(271,448,539)	(272.905.506)	(295,442,891)	(294,432,194)
Other Taxes and Fees	149,420,502	147,208,603	150,050,463	148,108,679
Other Revenues	(618,331)	(1,003,766)	(2,923,448)	(2,666,802)
Total Undedicated Revenues	**$5,557,257,689**	**$5,591,531,139**	**$6,037,175,196**	**$6,026,210,766**

Certain State Taxes

Individual Income Tax. The State assesses individual income taxes at progressive rates from 5.8% to 7.15% (for tax years beginning on or after January 1, 2016), based on classifications or brackets of taxable income, depending upon filing status and after specified deductions and exemptions. Taxable income of resident individuals is derived from federal adjusted gross income. The dollar amounts of the tax rate tables are indexed for inflation. In tax year 2023 a $4,700 personal exemption is allowed for the taxpayer and spouse if married filing jointly. A $300 nonrefundable credit is allowed for every qualified child and dependent eligible for the federal child tax credit. For resident taxpayers not itemizing deductions, the standard deduction is $13,850 in tax year 2023 (indexed for inflation) for single filers, $27,700 for joint filers and $20,800 for head of household filers. Nonresident Maine taxpayers are taxed in a similar fashion, but they are allowed a credit for their non-Maine sourced income.

Sales and Use Taxes. A sales tax is imposed on the value of all tangible personal property and taxable services sold at retail in the State. The rate of tax is 8% on the value of liquor sold in licensed establishments, 9% on the value of rental of living quarters in any hotel, rooming house, tourist or trailer camp, 10% on the value of rental for a period of less than one year of an automobile, 8% on the value of prepared food, and 5.5% on the value of all other tangible personal property and taxable services. A use tax is imposed at the rates provided for sales taxes, on the storage, use or other consumption in the State of tangible personal property or a service, the sale of which would be subject to sales tax.

No sales or use tax is imposed on sales, storage or use of certain tangible personal property. Some of the major exemptions are grocery staples (which do not include liquor, or prepared food); prescription medicines; certain products used in agricultural and aqua cultural production; certain motor fuels; coal, oil, wood and all other fuels, except electricity, when bought for cooking and heating in residential units;

the first 750 kilowatt hours of residential electricity per month; fuel oil or coal, the by-products from the burning of which become an ingredient or component part of tangible personal property for later sale; packaging materials; certain periodicals; sales to incorporated hospitals, licensed and incorporated non-profit nursing homes, licensed and incorporated non-profit boarding care facilities, medical research facilities, schools, regularly organized churches and similar institutions; water pollution and air pollution control facilities certified by the State Commissioner of Environmental Protection; and 95% of the sale price of all fuel and electricity purchased for use at a manufacturing facility.

Corporate Income Tax. An income tax is imposed upon the Maine net income of taxable corporations at progressive rates from 3.5% on Maine net income not over $350,000 to 8.93% on Maine net income in excess of $3,500,000. The tax computed using Maine net income is then apportioned to Maine. Maine net income is derived from taxable income of the taxpayer under the laws of the United States, adjusted by certain modifications, including additions for certain tax deductions, certain net operating losses and certain depreciation deductions, and subtractions for income exempt by law from taxation by the State, certain apportionable dividend income and certain net operating losses.

Certain Motor Fuel Taxes. An excise tax is imposed at the rate of $0.300 per gallon on internal combustion engine fuel (gasoline) sold or used within the State. An excise tax is imposed on all suppliers of special fuel sold and on all users of special fuel used in the State at the rate of $0.312 per gallon of distillate. Low-energy fuel such as liquefied natural gas, propane, methane and butane is taxed at a rate based on the energy content of each fuel as compared to gasoline. Special fuels include all combustible gases and liquids used in an internal combustion engine, except fuel subject to the gasoline tax. Indexing of motor fuel excise tax rates was repealed effective July 1, 2013.

Estate Tax. 2015 Chapter 267 reformed the estate tax with respect to decedents dying after December 31, 2015. A progressive rate structure applies: 8% on estate value of more than $5,800,000 but less than or equal to $8,800,000; 10% on estate value of more than $8,800,000 but less than or equal to $11,800,000; 12% on estate value of more than $11,800,000.

Pursuant to the Maine Constitution , all revenues derived from fees, excises and license taxes relating to registration, operation and use of vehicles on public highways, and to fuels used for propulsion of such vehicles shall be expended solely for the cost of administration, State enforcement of traffic laws, statutory refunds and adjustments, and the cost of construction, reconstruction, maintenance and repair of public highways and bridges and for the payment of interest and principal on bonds issued for, and the payment of obligations incurred in, the construction and reconstruction of highways and bridges. Such funds may not be diverted for any other purpose.

Tobacco Master Settlement Agreement

The State entered into the tobacco master settlement agreement (the "Settlement Agreement") on November 23, 1998 with certain tobacco manufacturers to settle a suit the State brought against those tobacco manufacturers. The State is one of 46 states and 5 U.S. territories (the "Settling States") that executed the Settlement Agreement with the manufacturers. The lawsuit included a variety of claims, including claims to recover smoking related Medicaid costs. Pursuant to the Settlement Agreement, the manufacturers who have joined the Settlement Agreement ("Participating Manufacturers") have agreed to make certain annual payments that are allocated among all the Settling States.

Certain initial and annual payments by the Participating Manufacturers that were allocated to the State pursuant to the Settlement Agreement commenced December 1999. The initial payments ended in 2003 and the annual payments are expected to continue in perpetuity.

The State expects to expend the annual payments received from the Participating Manufacturers for smoking prevention, cessation and control activities, prenatal and young children's care, child care for children up to 15 years of age, health care for children and adults, prescription drugs for adults who are elderly or disabled, dental and oral health care to low-income persons who lack adequate dental coverage, substance abuse prevention and treatment and comprehensive school health programs, pursuant to Title 22 M.R.S., section 1511(6).

In addition, certain payments (the "Strategic Contribution Payments") to be made by the Participating Manufacturers and allocated among certain Settling States in recognition of strategic contributions made by specific Settling States, including Maine, to the negotiation of the Settlement Agreement were established pursuant to the Settlement Agreement. The Strategic Contribution Payments began in 2008 and were made annually until 2017.

Since 2000, annual payments received by the State pursuant to the Settlement Agreement have generally ranged from approximately $45,000,000 to approximately $67,000,000. The State received $52,234,053 in fiscal year 2023 pursuant to the Settlement Agreement. As discussed below, this amount was higher than normal as a result of the State entering into an agreement in February 2018 resolving certain disputes between the State and the Participating Manufacturers that had arisen under the Settlement Agreement.

Pursuant to the Settlement Agreement, Participating Manufacturers may dispute annual payment amounts. Participating Manufacturers have disputed certain amounts of each year's payment since 2003. The predominant dispute, though not the only dispute, is that certain Participating Manufacturers have claimed that they are entitled to a downward adjustment in the amount they owe because of loss of market share to non-Participating Manufacturers (the "NPM Adjustment"). A state's payment for a given year is not subject to the NPM Adjustment if the State demonstrates that, during that year, it diligently enforced its "qualifying statute," in keeping with the terms of the Settlement Agreement. Following a multi-year proceeding, a three-judge arbitration panel ruled on September 11, 2013 that Maine had diligently enforced its qualifying statute throughout 2003 and therefore was not subject to the NPM Adjustment for that year's payment.

On February 16, 2018, Maine and several other states entered into an agreement with the Participating Manufacturers to resolve disputes regarding the applicability of the NPM Adjustment for all years from 2004 through 2017. This settlement resulted in the State receiving amounts beyond its usual payments in fiscal years 2018 and 2019.

State Investment Pool

As described above under the heading "Governmental Organization – Executive Branch – Treasurer of State," when there is money in the State Treasury that is not needed to meet current obligations, the Treasurer of State may, with the concurrence of the State Controller or the Commissioner of DAFS and with the consent of the Governor, invest those amounts in certain instruments authorized by State law. The Treasurer of State maintains the records of the investments of the State through the State investment pool. The average daily balance of the State investment pool was $4,020,161,108 in fiscal year 2022. The balance of the State investment pool as of April 30, 2023 was approximately $4.25 billion, including $752.8 million in ARP funds.

Collateralized bank accounts, repurchase agreements and certificates of deposit collateralized by U.S. Treasuries and Agencies and direct holdings in U.S. Treasuries make up the cash pool portfolio. On April 30, 2023, the weighted average final maturity of the pool was 232 days.

CERTAIN PUBLIC INSTRUMENTALITIES

Maine Governmental Facilities Authority

The Maine Governmental Facilities Authority ("MGFA") is authorized to assist in financing the acquisition, construction, improvement, reconstruction or equipping of, or construction of an addition or additions to, structures designed for use as court facilities or State offices and the acquisition, construction, improvement, reconstruction or repair of equipment or other personal property, all of which are rented to agencies of the State. MGFA was created in 1987 and was known as the Maine Court Facilities Authority until 1997 when its name was changed and its purposes were broadened. No securities may be issued without the prior approval of the Legislature. Neither the full faith and credit nor the taxing power of the State or of any political subdivision of the State is pledged to the payment of the principal of, redemption premium, if any, or interest on MGFA's bonds. MGFA has no taxing power. As of June 30, 2022, the audited aggregate principal amount of MGFA's bonds outstanding was $401.98 million. The State has agreed, subject to appropriation, to make rental payments to be applied to payment of MGFA's bonds. Debt service on MGFA's bonds for the State fiscal year ending June 30, 2022 is $22.69 million.

Finance Authority of Maine

The Finance Authority of Maine ("FAME") was created in 1983 to undertake various economic development finance programs and to assume the responsibilities of several smaller State authorities. FAME is currently authorized to insure repayment of commercial loans and to require the State to fund its insurance obligations, from proceeds of bonds of the State or from other sources, provided that insurance obligations and bonds of the State issued to fund insurance obligations shall not exceed in the aggregate at any one time outstanding the principal amount of $90,000,000 plus an additional $4,000,000 with respect to loans for eligible veterans. As of June 30, 2022, amounts outstanding pursuant to these authorizations were $86,953,243 and $38,178 respectively. See "Fiscal Management - Constitutional Debt Limit" herein. Since the creation of FAME in 1983, the Treasurer of State has not been asked to issue bonds of the State to pay off defaulted loans insured by FAME pursuant to these authorizations.

In 1990, FAME was authorized to provide certain student financial assistance services, including continuation of a student loan insurance program meeting certain federal requirements in order to secure loans to students attending institutions of higher education under the Federal Family Education Loan Program ("FFELP"). Pursuant to this authorization, FAME entered into agreements with the United States Secretary of Education relating to federal programs of low-interest insured loans to students in institutions of higher education. However, as of December 1, 2019, FAME transferred its FFELP obligations to a new guarantor for the State of Maine, the Education Credit Management Corporation and FAME no longer has any obligations under the FFELP program. The Maine Constitution allows the Legislature to authorize the issuance of bonds in the amount of up to $4,000,000 to secure funds for loans to Maine students attending institutions of higher education. See "Fiscal Management - Constitutional Debt Limit" herein. Since 1977, the Treasurer of State has not been asked to issue bonds of the State to pay off defaulted loans insured pursuant to the bond issuance authorization set forth in the Maine Constitution.

FAME may also issue bonds and other obligations which shall not be a debt or liability of any municipality, the State or any political subdivision thereof. The statutes governing FAME include Capital Reserve Provisions. As of June 30, 2022, the aggregate principal amount outstanding of FAME's obligations undertaken pursuant to its Capital Reserve Provisions was $0 for waste motor oil disposal site remediation projects, $0 for major business expansion projects, and $38,337,000 for other commercial projects.

The Maine Educational Loan Authority ("MELA") was established in 1988 to carry out programs making financial and other assistance available to students and their parents to finance costs of attendance at institutions of higher education. In October 2015, FAME merged with MELA. FAME assumed all obligations and assets of MELA. Educational loans are made with the proceeds of tax exempt bonds. Bonds issued under this program do not constitute or create any debt or debts, liability or liabilities, on behalf of the State or of any political subdivision of the State, or a loan of the credit of the State or a pledge of the faith and credit of the State or of any political subdivision. As of June 30, 2022, the aggregate principal amount of MELA's bonds outstanding, which were issued pursuant to its Capital Reserve Provisions, was $69,900,000.

The State has not been asked to restore either FAME's or MELA's Capital Reserve since the inception of their Capital Reserve Provisions. See "Governmental Organization - Independent Authorities and Agencies" herein.

Maine State Housing Authority

The Maine State Housing Authority ("MSHA") was created in 1969 to undertake various programs related to housing. The bonds and other obligations of MSHA shall not be a debt of any municipality, the State or any political subdivision thereof and neither the State nor any municipality nor any political subdivision thereof shall be liable thereon. As of December 31, 2022, MSHA had an amount of $1,674,325,000 of housing bonds outstanding which require a capital reserve. The statutes governing MSHA include Capital Reserve Provisions. The State has not been asked to restore MSHA's Capital Reserves since the inception of its Capital Reserve Provisions. See "Governmental Organization - Independent Authorities and Agencies" herein. MSHA also had an amount of $50,505,000 of Maine Energy, Housing and Economic Recovery Bonds for a grand total of $1,724,830,000 outstanding.

MSHA is also authorized to insure repayment of mortgage loans on Indian housing and to require the State to fund these insurance obligations, from proceeds of bonds of the State or from other sources, provided that insurance obligations shall not exceed in the aggregate at any one time outstanding the principal amount of $1,000,000. As of December 31, 2022, MSHA's Indian housing mortgage insurance obligations were approximately $0. See "Fiscal Management – Constitutional Debt Limit" herein.

Maine Municipal Bond Bank

The Maine Municipal Bond Bank ("MMBB") was created in 1972 to lend money to counties, cities, towns, school administrative districts, community school districts, and quasi-municipal corporations to finance certain capital expenditures (the "Original Program"). Bonds and notes issued by the MMBB shall not be in any way a debt or liability of the State and shall not create any debt or debts, liability or liabilities, on behalf of the State or be or constitute a pledge of the full faith and credit of the State. As of June 30, 2022, the aggregate principal amount of the MMBB's bonds outstanding was $1,460,841,380 of which (a) $2,415,000 is attributable to loans to certain municipalities to assist in financing certain wastewater and drinking water treatment facilities pursuant to a revolving loan fund program, (b) $157,585,000 is attributable to certain grant anticipation bonds payable solely from annual federal highway grants to the State, (c) $80,495,000 is attributable to certain transportation revenue bonds payable solely from certain State revenues, (d) $32,846,380 is for Qualified School Construction Bonds, (e) $50,395,000 is attributable to certain liquor revenue bonds payable solely from certain State revenues and (f) substantially all of the balance is attributable to the Original Program. The statutes governing the MMBB include Capital Reserve Provisions. The State has not been asked to restore the MMBB's Capital Reserves since the inception of its Capital Reserve Provisions. See "Governmental Organization – Independent Authorities and Agencies" herein.

Maine Health and Higher Educational Facilities Authority

The Maine Health and Higher Educational Facilities Authority ("MHHEFA") was created in 1971 to provide the means to expand, enlarge and establish health care, hospital, nursing home and other related facilities and to assist institutions of higher education in the State to provide facilities and structures. Bonds and notes issued by MHHEFA do not constitute or create any debt or debts, liability or liabilities, on behalf of the State or any political subdivision thereof other than MHHEFA or a loan of credit of the State or a pledge of the faith and credit of the State or of any political subdivision other than MHHEFA. As of June 30, 2022, the aggregate principal amount of MHHEFA's bonds outstanding secured by the Capital Reserve was $600,295,000. The statutes governing MHHEFA include a Capital Reserve Provision. The State has not been asked to restore MHHEFA's Capital Reserve since the inception of its Capital Reserve Provision. See "Governmental Organization - Independent Authorities and Agencies" herein.

Loring Development Authority

Loring Development Authority ("LDA") was established in 1993 to acquire and manage the former Loring Air Force Base in northern Maine. LDA may issue bonds that pledge the full faith and credit of the State, provided that such bonds are authorized by the Legislature and ratified by the electors in accordance with the Maine Constitution , Article IX, Section 14. Otherwise, bonds of LDA are payable solely from the income, proceeds, revenues and funds of LDA ("Revenue Bonds") and do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. The statutes governing LDA include a Capital Reserve Provision. See "Governmental Organization - Independent Authorities and Agencies" herein. As of June 30, 2021, the aggregate principal amount of outstanding LDA Revenue Bonds was $193,256. These Revenue Bonds are not a debt of the State and the State is not liable for debt service owed on these Revenue Bonds.

University of Maine System

The University of Maine System (the "University System") includes the University of Maine, established in 1865, and all other public institutions of higher education in Maine, except the Maine Maritime Academy and the seven colleges of the Maine Community College System. Money borrowed by the University System and evidences of indebtedness issued by the University System do not constitute any debt or liability of the State or of any municipality or political subdivision of the State, but shall be payable solely from the revenues of the University System or any project for which they are issued. As of June 30, 2022, the aggregate principal amount of the University System's bonds outstanding was $105,227,000.

Maine Turnpike Authority

The Maine Turnpike Authority ("MTA") was created in 1941 and has constructed and operates and maintains a turnpike approximately 109 miles long between Kittery and Augusta. Bonds issued by MTA shall not be deemed to be a debt of the State, but such bonds shall be payable exclusively from tolls. The bonds shall not directly or indirectly or contingently obligate the State to levy or pledge any form of taxation whatever therefor or to make any appropriation for the payment thereof. As of December 31, 2022, the aggregate principal amount of MTA's bonds outstanding was $535,680,000.

Maine Public Utility Financing Bank

The Maine Public Utility Financing Bank ("MPUFB") was created in 1981 to lend money to public utilities in the State. Bonds and notes issued by MPUFB do not constitute a debt or liability of the State or of any municipality therein or any political subdivision thereof, or a pledge of the faith and credit of the State or of any such municipality or political subdivision. As of June 30, 2022, there were no outstanding bonds of MPUFB.

Maine Port Authority

The Maine Port Authority ("MPA") was established in 1945 and is authorized to acquire, construct and operate any kind of port terminal facility within the State and to acquire and construct any railroad facility within the State. Bonds of MPA do not constitute a debt of the State, or of any agency or political subdivision thereof, but are payable solely from the revenues of MPA, and neither the faith nor credit nor taxing power of the State, or any political subdivision thereof, is pledged to the payment of MPA's bonds. As of June 30, 2022, there were no outstanding bonds of MPA.

LITIGATION

The State is a party to numerous lawsuits. Such lawsuits include actions to recover monetary damages from the State, disputes over individual or corporate income taxes, disputes over sales or use taxes, and actions to alter the regulations or administrative practices of the State in such manner as to cause additional costs to the State. The State is not aware of any pending or threatened litigation or claim against the State, the outcome of which will have a material adverse effect on the financial condition of the State. The matters set forth under the heading "Primary Government – Litigation" in Note 17 Commitments and Contingencies to the Financial Statements attached as Appendix B hereto should be noted.

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

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

Deferral of Federal Financial Participation. On December 28, 2020, the Centers for Medicare and Medicaid Services ("CMS") issued a deferral notice to Maine DHHS for approximately $4.2 million in federal financial participation ("FFP") for Medicaid expenditures for the third quarter of federal fiscal year 2020. CMS has issued subsequent deferrals through March 2022. In total, the deferrals amount to $28.5 million in federal Medicaid payments. The basis for the deferrals is CMS's contention that a service provider tax ("SPT") imposed on, among others, Private Non-Medical Institutions (Title 36 M.R.S. section

2552) is an impermissible source of non-federal share. In September 2022, CMS advised DHHS that rather than issuing deferrals for subsequent quarters, it will begin issuing disallowances. To date, CMS has not issued such disallowances. On May 10, 2023, Governor Mills proposed a budget change package to the Legislature, which included a proposed repeal of the Service Provider Tax on health care providers. The change package would use nearly $20 million in ongoing general funds from the updated May 2023 revenue forecast to replace the lost revenue that supports MaineCare services. Additionally, the change package would add a one-time $6.5 million to the Medicaid Stabilization Fund in the event that CMS issues a disallowance for past use of the tax, bringing the total balance in that fund to $29 million. The probability that this matter will result in future losses to the State in excess of $1 million is undetermined at this time.

Deferral of Federal Financial Participation. On September 26, 2022, the CMS issued a deferral notice to Maine DHHS for approximately $2.4 million in FFP for Medicaid expenditures for the second quarter of 2022. CMS alleges that DHHS violated the Medicaid requirements for adjustments to claims that were greater than two years old, and DHHS did not meet any exceptions set forth in 45 CFR § 95.19. This deferral involves disproportionate share payments to state psychiatric hospitals. DHHS responded to this deferral. DHHS anticipates that CMS will issue additional deferrals on the same basis for future quarters. The probability that this matter will result in future losses to the State in excess of $1 million is undetermined at this time.

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

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

The Office of the Attorney General is representing Maine Revenue Services 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 of these cases, the assessment at issue exceeds $1 million. The cases listed below are the only ones of which we are aware in which taxpayers are seeking refunds that could exceed $1 million:

Express Scripts, Inc. v. State Tax Assessor. Express Scripts, Inc., and its affiliates ("Express Scripts") are challenging the method by which they are required to apportion certain sales to Maine under the Maine corporate income tax. If Express Scripts prevails, they may be entitled to a refund of approximately $1 million from the State. The probability that this case will result in future losses to the State in excess of $1 million is undetermined at this time.

NextEra Energy Maine, LLC v. Maine Revenue Services. NextEra Energy Maine, LLC ("NextEra"), appealed Maine Revenue Services' denial of its requests for refunds of Maine corporate income tax totaling roughly $4.6 million for 2013, 2014, and 2015. NextEra claims that one of its out-of-state affiliates should not have been included as part of its unitary business and that, during the years at issue, Maine's statutory apportionment methodology was unconstitutionally distortive. 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 other lawsuits in which plaintiffs seek damages in excess of $1 million against the State, State agencies, or State officials, and there are various notices of claim that also specify damages in excess of $1 million against the State, State agencies, or State officials where no lawsuit has been filed. In none of these instances, in our view, is there any reasonable possibility that the State's liability could reach or exceed $1 million.

In addition to the foregoing, there are other lawsuits pending against the State, State agencies, and State officials involving damages or other potential costs. Since the amounts sought are less than $1 million in each of these lawsuits, they have not been individually identified here.

There are also 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 a spouse), it is difficult to estimate the total potential liability to the State from these claims, and they have not been identified here

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APPENDIX B

State of Maine

Annual Comprehensive Financial Report

For the Fiscal Year Ended

June 30, 2022

Prepared by

Office of the State Controller

ANNUAL COMPREHENSIVE FINANCIAL REPORT

STATE OF MAINE

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

JANET T. MILLS
Governor

KIRSTEN LC FIGUEROA
Commissioner
Department of Administrative & Financial Services

DOUGLAS E. COTNOIR, CPA, CIA
State Controller

Prepared by the Office of the State Controller

If you wish to be deleted from our mailing list, or your address has changed, please contact the
Office of the State Controller at (207) 626-8420 or write to:

State of Maine
Office of the State Controller
Financial Reporting and Analysis Division
14 State House Station
Augusta, ME 04333-0014

or e-mail us at:
financialreporting@maine.gov

Information relating to the State of Maine is available at the following web site:

http://www.maine.gov

This publication printed under Appropriation #010 18F 0056

STATE OF MAINE
ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2022

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INTRODUCTORY SECTION

STATE OF MAINE
DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES
OFFICE OF THE STATE CONTROLLER
14 STATE HOUSE STATION AUGUSTA, MAINE 04333-0014

SERVING THE PUBLIC AND DELIVERING ESSENTIAL SERVICES TO STATE GOVERNMENT

KIRSTEN LC FIGUEROA
COMMISSIONER

DOUGLAS E. COTNOIR, CPA, CIA
STATE CONTROLLER

December 14, 2022

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

We are pleased to present the State of Maine's Fiscal Year 2022 Annual Comprehensive Financial Report (ACFR) prepared in accordance with Generally Accepted Accounting Principles (GAAP). The annual ACFR, required by Title 5 MRSA § 1547, is compiled and published by the Office of the State Controller (OSC). The report is the primary means of reporting the State's financial activities. The objective of this report is to provide a clear picture of our government as a single, unified entity, as well as providing traditional fund based financial statements.

INTRODUCTION TO THE REPORT

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

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

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

OFFICE LOCATED ON 4TH FLOOR, BURTON M CROSS BUILDING
PHONE: (207) 626-8420 www.Maine.gov/osc FAX: (207) 626-8422

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

Internal Control Structure

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

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

As a recipient of federal financial assistance for federal programs, the State is also responsible for ensuring that an adequate internal control structure is in place to ensure and document compliance with applicable laws and regulations related to these federal programs. The internal control structure is subject to periodic evaluation by management and by the Office of the State Auditor as part of the annual Single Audit.

Independent Auditors

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

Also, pursuant to § 243 the State Auditor has undertaken a Single Audit of the State as a whole, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, as required by federal law. The standards governing Single Audit engagements require the auditor to report not only on the fair presentation of the financial statements, but also on the government's internal controls and compliance with legal requirements involving the administration of federal awards. This statewide federal Single Audit Report, including the auditor's opinion in accordance with generally accepted government auditing standards, is published separately.

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

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

PROFILE OF THE GOVERNMENT

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

Reporting Entity

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

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

Budgetary Control

The Governor presents a biennial budget for the General Fund and the Special Revenue Funds to the Legislature for enactment or revision. The State Constitution provides the Governor a "line item" veto, which allows an Executive dollar substitution for those amounts disapproved, as long as an appropriation or allocation is not increased (or a deappropriation or deallocation decreased) either in the specified line or in any other line in the legislative document.

Once passed and signed, the budget becomes the financial plan for the State for the next biennium. It includes proposed expenditures for all departments and agencies, interest and debt redemption charges, and expenditures for capital projects to be undertaken and executed during each fiscal year. The budget also includes anticipated revenues and any other means of financing expenditures. In accordance with statute, the State Budget Officer must use the projections of the Revenue Forecasting Committee to prepare the General Fund and Highway Fund budgets.

The total General Fund appropriation for each fiscal year of the biennium in the Governor's budget submission to the Legislature may not exceed the General Fund appropriation of the previous fiscal year multiplied by one plus the average real personal income growth rate, as defined in Title 5 MRSA § 1665, subsection 1. This appropriation limitation may be exceeded only by the amount of the additional costs or the lost federal revenue from the following exceptional circumstances: unfunded or under-funded new federal mandates; losses in federal revenues or other revenue sources; citizens' initiatives or referenda that require increased State spending; court orders or decrees that require additional State resources to comply with the orders or decrees; and sudden or significant increases in demand for existing State services that are not the result of legislative changes that increased eligibility or increased benefits. The Governor may designate exceptional circumstances that are not explicitly defined, but meet the intent of this statute. "Exceptional circumstances" means an unforeseen condition or conditions over which the Governor and the Legislature have little or no control. Exceptional circumstances do not apply to new programs or program expansions that go beyond existing program criteria and operation.

The State maintains budgetary control at the account and line category levels. The head of each department and agency of State government must submit a work program to the Bureau of the Budget for the ensuing fiscal year. The work program is classified to show allotments requested for specific amounts for personal services, capital expenditures, and all other departmental expenses. These are the levels at which appropriations and allocations are approved by the Legislature, principally through a quarterly allotment system. The State Controller authorizes all expenditures to be made from the amounts available on the basis of these allotments and not otherwise.

Budget revisions during the year, reflecting program changes or intradepartmental administrative transfers, require the approval of the State Budget Officer and the Governor. Except in specific instances, only the Legislature may transfer appropriations between departments. Agency requests for increases in appropriations, allocations, or funding for new programs are presented to the Legislature as a supplemental budget.

The State uses encumbrance accounting as an extension of formal budgetary control. This requires that purchase orders, contracts, and other commitments be recorded to reserve a portion of an appropriation or allocation for expenditure. Appropriated and allocated balances are available for subsequent expenditure to the extent that there are approved encumbrances at the end of a fiscal year. Unencumbered appropriations in the General Fund and in the Highway Fund are carried forward to a subsequent year only when authorized by law, otherwise the balances lapse at year-end. For financial statement purposes, unless amounts would create deficits, fund balance is classified based on existing resources, if any, which will liquidate the encumbrances outstanding at June 30 (shown as restrictions, commitments or assignments of fund balance).

Maine Budget Stabilization Fund

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

Balances in the fund do not lapse; but carry forward each year. The money in the fund may be invested with any earnings credited to the fund except when the fund is at its statutory cap. In addition to interest earnings, the fund is capitalized at the close of each fiscal year. In fiscal year 2022 a net $404.1 million was transferred into the fund, resulting in an ending balance of $896 million.

MAJOR INITIATIVES AND FUTURE PROJECTS

Fiscal Stability

Maine maintained strong fiscal footing throughout fiscal year 2022. Monthly General Fund revenues consistently exceeded projections. Expenditures ran under budget in part due to pandemic-induced supply chain issues and workforce shortages. The Governor and Legislature made wise, bipartisan decisions to continue managing State government in a fiscally sound manner, including investing federal COVID-19 funds strategically and appropriately. Surplus revenues were directed toward bolstering the State's savings, providing relief to those most impacted by the pandemic, and addressing other critical issues facing the State.

The unprecedented federal fiscal and monetary policies and Maine's fiscally prudent efforts significantly impacted Maine's economy, raising the volume and mix of economic activity, which in turn increased revenues to unexpected levels. Under Governor Mills' leadership, Maine's GDP growth over the past four years is 6th best in the nation and the unemployment rate has dropped to 3.3 percent – tied with the New England average and just below the U.S. average. Currently, Maine's economy, as measured by GDP, has surpassed pre-pandemic levels, our impressive bond ratings have been upheld by Moody's and S+P, State government is in the black, and the State's Budget Stabilization Fund is at its highest level ever.

The December 2021 and March 2022 revenue forecasts both revised General Fund estimates upward for fiscal years 2022 and 2023 by substantial margins with all the major revenue lines showing increases. In the December 2021 forecast, projected revenues were increased by $443.2 million for fiscal year 2022 and $822.2 million for the 2022-2023 biennium overall. The March 2022 forecast revised General Fund revenue estimates upward by another $234.9 million for fiscal year 2022 and $411.7 million for the biennium overall.

The fiscal year 2022-2023 General Fund supplemental budget enacted in April 2022, Public Law 2021 Chapter 635, included net appropriations of about $172 million for the biennium with a reduction of about $90.6 million in fiscal year 2022. The reduction primarily resulted from a one-time de-appropriation to capture freed up General Fund dollars from the enhanced Federal Medical Assistance Percentage (FMAP) rate states have been receiving during the COVID-19 public health emergency. The enacted appropriations were a mix of one-time and ongoing impacts. One-time appropriations included support for higher education, career and technical education materials and supplies, child welfare, hospitals, nursing homes, long-term care facilities, and emergency housing assistance. Ongoing appropriations supported childcare workers and early childhood educators, universal free meals in public schools, behavioral health, in-home and community services, and increased wages for direct support workers and professionals under the MaineCare program.

The supplemental budget also included one-time transfers of $892.5 million in fiscal year 2022 and $40.8 million in fiscal year 2023 from General Fund unappropriated revenue to Other Special Revenue accounts in agencies for a variety of one-time purposes intended to address critical needs and other priorities for the Administration. These purposes included $729.3 million for one-time $850 checks sent directly to an estimated 858,000 Maine people to assist with pandemic related costs, including inflation. Other General Fund transfers in fiscal years 2022 and 2023 were directed to: highway and bridge projects, efforts to address PFAS contamination, cost of living payments for retired teachers and State employees, electric vehicle incentives, a two years of free community college pilot, and an affordable housing voucher program.

Finally, Public Law 2021 Chapter 635 contained several tax relief measures, primarily impacting fiscal year 2023 revenue. These included: increasing the value of the Earned Income Tax Credit and the maximum benefit under the Property Tax Fairness Credit, which were continuations of measures enacted in Public Law 2021 Chapter 398;

an overhaul to the Education Opportunity Tax Credit to transform it into a powerful, nation-leading tool to retire student debt for graduates and help employers to draw people from all walks of life to work and live in the State of Maine; and a provision to increase the amount of retirement pension exempt from state income tax up to $35,000. Language establishing transfers to MaineDOT and a new Education Stabilization Fund as priorities for fiscal year 2022 General Fund resources distributed through the “cascade” was also enacted.

Actual General Fund revenues over the course of fiscal year 2022 consistently exceeded projections and at year end revenues that exceeded budget were distributed in accordance with statute. Distributions via the “cascade” included transfers of $35 million to the Highway and Bridge Reserve account, $15 million to the newly created Education Stabilization Fund, $2.5 million to the Reserve for Operating Capital, just over $100 million to MaineDOT for Highway and Bridge Capital and nearly $402 million to the Budget Stabilization Fund. At the end of the fiscal year, there was a General Fund unappropriated balance of about $33.6 million and the balance in the Budget Stabilization Fund was nearly $896 million. The budgeted General Fund unappropriated balance for the end of the 2022-2023 biennium is currently projected at $34.5 million.

Both the December 2021 and March 2022 revenue forecasts also increased Highway Fund revenues by modest margins for a total upward revision of $5.4 million for fiscal year 2022 and $8.1 million for the 2022-2023 biennium overall. The Highway Fund changes in both forecasts were largely the result of projected increases in motor vehicle registrations and fees and other Highway Fund revenue lines with motor fuel tax lines unchanged. The enacted 2022-2023 Highway Fund supplemental budget included net allocations of about $721,000 in fiscal year 2022 and about $6.2 million for the biennium overall. Actual Highway Fund revenues for fiscal year 2022 exceeded budgeted projections and the Highway Fund had a projected unallocated balance of approximately $21 million at the end of fiscal year 2022 with a projected balance of about $1.4 million at the end of the biennium.

American Rescue Plan Act

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act), signed into law on March 27, 2020, provided $1.25 billion in Coronavirus Relief Funds (CRF) to the State of Maine. Subsequently, the President signed the American Rescue Plan Act of 2021 (ARPA) on March 11, 2021, which provided $997.5 million in Coronavirus State Fiscal Recovery Funds (SFRF) to the State of Maine.

In June and July of 2021, the Legislature enacted, and the Governor signed into law, Public Law 2021 Chapter 78 and Chapter 483, which allocates $997 million of the State’s discretionary ARPA funding. This effort, known as the Maine Jobs and Recovery Plan (MJRP), includes 114 projects across 23 State entities.

The MJRP draws heavily on recommendations from the Governor’s Economic Recovery Committee and the State’s 10-Year Economic Development Strategy, transforming them into real action to improve the lives of Maine people and strengthen the economy. Governor Mills has specifically honed in on strategic investments to relieve the significant toll of the COVID-19 pandemic on Maine’s people, communities, and economy, while addressing known, systemic challenges that have constrained the State’s ability to grow and thrive, broadly divided into three categories: immediate economic recovery from the pandemic; long-term economic growth for Maine; and infrastructure revitalization. The Governor’s Jobs Plan was approved by the Legislature on July 19, 2021 and went into effect on Oct. 18, 2021. This made Maine one of the first four states in the nation and the first in New England to commit 100% of its State Fiscal Recovery Funds from the American Rescue Plan Act.

The MJRP included three initiatives to support the economic recovery of Maine’s heritage industries – forestry, fishing and farming – from impacts due to the COVID_19 pandemic. Over $40 million in economic recovery funds was awarded to 391 business in these heritage sectors across all 16 counties in Maine. Through the MJRP funding, in just over one year, the State has provided health insurance premium support to 5,700 small businesses and 27,900 employees covering 44,500 lives, funded 286 PreK student slots and converted 123 existing PreK slots from part day/part week to full day/full week through first round of PreK infrastructure grants, and enabled Maine's community colleges to enroll 1,000+ students into free and low-cost training programs, with 206 courses planned or underway. The Jobs Plan is providing grant funds to help communities address critical infrastructure with more than $54 million funding 111 drinking water, sewer, septic system, and infrastructure climate adaptation grants awarded across 75 communities.

In the year since the Jobs Plan took effect, the Mills Administration has delivered direct economic relief to nearly 1,000 Maine small businesses, supported more than 100 infrastructure projects around the state to create jobs and revitalize communities, and invested in workforce programs estimated to offer apprenticeship, career and education advancement, and job training opportunities to 22,000 Maine people.

As of November 8, 2022, of the more than 142 business cases (across 114 initiatives), 135 have been fully approved through a two-part process that confirms federal eligibility, reporting parameters, and metric structure. This represents a total of approximately $974 million in Federal funds deployed or ready to be deployed into Maine's economy. At the end of October 2022, more than half of all funds (~55%) have now been obligated or spent.

Maine was highlighted by the non-partisan Center on Budget and Policy Priorities as a national leader in deploying American Rescue Plan recovery funds towards talent, jobs, and innovation. The report ranked Maine in the top three states for share of funds allocated towards workforce development, higher education, and business assistance. The White House has also cited three of Maine's initiatives in describing American Rescue Plan workforce best practices and the US Department of Treasury, the federal agency charged with overseeing the American Rescue Plan Act, recognized Maine as the lead example of a state investing in job training with federal recovery funds.

Liquidity and Reserves

The State's cash position has continued to show significant improvement during FY 2021 and into FY 2022, even without consideration of the federal CARES Act and ARPA funding. Again, internal borrowing for cash flow purposes was not needed at any time in the 2022 fiscal year.

During FY 2022, $401.9 million was transferred into the Budget Stabilization Fund (BSF) from General Fund Unappropriated Surplus and an additional $2.5 million of interest earnings was deposited into the fund. The final balance in the BSF on June 30, 2022 was $896.0 million. The total BSF balance represents 16.6% of the State's 2022 fiscal year General Fund revenue.

Stress-Testing State Revenues

The 2022 Stress-Test Report was issued after historic fiscal and monetary stimulus implemented by Congress and the Federal Reserve in the months immediately after the start of the pandemic have led to unprecedented revenue growth in FY 2021 and FY 2022 and a BSF at 16.6% of FY 2022 revenue. The report provides policymakers with the estimated impact of a moderate and severe recession on sales and individual income tax revenues, and the sufficiency and needs of the BSF in each of the recession scenarios.

The two forecasting groups concluded that the current BSF of $896 million is sufficient to fully offset the revenue shortfalls estimated as the result of a moderate recession assuming certain individual income tax conformity provisions to the 2017 federal TCJA expire as provided under current law. If those federal provisions are extended beyond 2027 and the state conforms to those extensions, the BSF is sufficient to meet the FY 2023 – FY 2025 spending limits and comes within $21 million of meeting the FY 2026 spending limit. A BSF at its current maximum of 18% of FY 2022 revenue ($970.5 million) would provide enough resource to meet the state's spending limit through FY 2026 but continue to leave a revenue shortfall of $150 million in FY 2027.

While the BSF at its current level or at its statutory cap would not be sufficient to fully offset a revenue shortfall because of a severe recession, it would provide enough resource to maintain spending at the spending limit in FY 2023 and FY 2024, providing approximately 15 months for the Governor and Legislature to bring the budget into balance.

Education

Increased General Fund appropriations to General Purpose Aid for Local Education enacted in the 2022-2023 biennial budget, Public Law 2021 Chapter 29 and Chapter 398, enabled the State to make a historic investment in Maine public schools and keep a promise from the Governor. Beginning in FY 2022, for the first time in the State's history, the State met its statutory obligation to pay 55 percent of the cost of K-12 education. Public Law 2021 Chapter 398 also provided a 3 percent baseline increase to the University of Maine System, the Maine Community College System, and Maine Maritime Academy.

Public Law 2021 Chapter 635, the 2022-2023 General Fund supplemental budget, maintained funding for K-12 education at 55% and directed $15 million of year-end unappropriated surplus to a new Education Stabilization Fund to help maintain that funding commitment into the future. Additionally, it included ongoing appropriations to fully fund universal free meals for students in public schools and support increased pay for childcare workers and early childhood educators to strengthen Maine's childcare system. This was in addition to the significant investments the Maine Jobs & Recovery Plan makes in expanding childcare and Pre-K education.

The supplemental budget also included several one-time initiatives to tackle Maine's workforce shortage and improve opportunities for Maine students. Twenty million in one-time General Fund dollars was dedicated to providing up to two years of free community college for all students from the high school graduating classes of 2020, 2021, 2022 and 2023 who enroll in a Maine community college full-time. Additionally, nearly $8 million in one-time General Fund dollars was directed to the University of Maine System to help keep tuition flat for in-state students and an additional $7.5 million provides ongoing debt service for the University System to invest in updating and renovating its campus buildings. The supplemental budget also provided one-time General Fund dollars to offset cost increases of career and technical education materials and supplies and included provisions to overhaul the Education Opportunity Credit to provide an annual $2,500, up to $25,000 lifetime maximum, refundable tax credit benefit for student loan debt relief.

Although schools reopened in the fall of 2020, remote learning continued to be critical to the hybrid learning models being utilized as schools continue to respond to the impacts of the COVID-19 pandemic during fiscal year 2022. Federal funding associated with Covid-19 continued to be used to support schools in a variety of ways, including but not limited to personal protective equipment (PPE), facility reconfigurations, air system upgrades, additional transportation and teacher costs, COVID-19 testing for students and staff, and supporting teacher training and knowledge in remote learning techniques.

Healthcare

The biennial and supplemental budgets for fiscal years 2022 and 2023 (Public Law 2021 Chapter 29, Chapter 398 and Chapter 635) provided funding for numerous healthcare initiatives that include but are not limited to: one-time support for hospitals, nursing facilities and private non-medical institutions in responding to the pandemic; rate increases and related cost-of-living adjustments for a broad spectrum of Medicaid providers and services; investments in the State's public health capacity; provision of a full adult dental benefit for low-income Mainers;

wage increases for direct care workers; additional support for in-home and community services for older adults, healthcare benefits for children who would be eligible for federal benefits but for their immigration status, and expansion of the Children's Health Insurance Program to provide comprehensive coverage to an additional 40,000 Maine kids. Substantial one-time reductions related to the pandemic-related enhanced FMAP rate were also included.

Additional funded efforts included DHHS' continued work to improve the child welfare system and transform the system of services for people with behavioral health challenges. Nearly $130 million in behavioral health system investments were made as part of the biennial and supplemental budgets to support prevention, early intervention, harm reduction, all levels of treatment, crisis care, and recovery assistance. The supplemental budget also provided $22 million in one-time General Fund dollars to create an Emergency Housing Relief Fund at MaineHousing to help address homelessness with emergency housing assistance.

In addition to expanding access to MaineCare for more than 90,000 Maine people, Governor Mills' Made for Maine Health Coverage Act authorized the Department of Health and Human Services to run a State-based Health Insurance Marketplace as part of a larger plan to improve private health insurance for Maine people and small businesses. The State-Based Marketplace is central to the Administration's work to improve access to affordable health care. Open enrollment in the CoverME.gov Marketplace began on November 1, 2021 giving Maine people better access to affordable health insurance options.

Combatting the opioid epidemic in Maine has remained another of the Governor's top health-related priorities and efforts to address this continuing crisis are also supported by both federal and State funds. Recent efforts include increasing reimbursement rates for residential substance use disorder treatment and extending a key employment program for Maine people affected by the opioid crisis. The new reimbursement rates were funded through the 2022 – 2023 "Part II" biennial budget and were approved by the U.S. Centers for Medicare and Medicaid Services. The new rates took effect Nov. 1, 2021. Additionally, the Maine Department of Labor extended its Connecting with Opportunities Initiative, a program for Maine people affected by the opioid epidemic to receive education, skills training, and job search assistance through the end of 2022. The Initiative also prepares Maine people for careers in fields that directly treat substance use disorders, such as counseling, addiction treatment, and mental health care. Finally, the Administration's OPTIONS program has placed liaisons around the State to connect people who have overdosed to recovery services and treatment, promote drug prevention and harm reduction strategies, and distribute naloxone, the lifesaving overdose medication. One of the Governor's highest priorities continues to be mitigating the public health impacts of the COVID-19 pandemic to ensure the safety of Mainers. Substantial federal funds have supplemented State funds committed to prevention and response efforts, as well as financial supports for healthcare providers intended to address impacts from the pandemic. Compared to other states, Maine has one of the strongest and most effective nationwide responses to the pandemic and has had a nation-leading vaccination rate.

Transportation

MaineDOT traditionally receives its funding from the State Highway Fund, the TransCap Trust Fund, federal funds, proceeds from authorized bond sales, and other sources. MaineDOT released a $3.17 billion work plan for all MaineDOT work activities for calendar years 2022 through 2024. The work plan consists of $2.2 billion in capital work over three years with $1.8 billion for highway and bridge projects and $424 million for multi-modal projects.

The State continues to experience a persistent and growing gap between projected Highway Fund revenues and the funds needed for Maine's transportation infrastructure. Allocations to MaineDOT in recent budgets reflect this challenge. About $8 million in reductions of Highway Fund FY 2022 and FY 2023 allocations to MaineDOT programs were contained in the enacted biennial budget, Public Law 2021 Chapter 224. These were primarily associated with adjusting for actual employee benefit costs and managing position vacancies and administrative costs within available resources. The 2022-2023 supplemental budget, Public Law 2021 Chapter 537, increased Highway Fund allocations to MaineDOT by about $3.2 million for the biennium, nearly all of which was allocated for FY 2023. MaineDOT has also directed additional federal COVID funding available for FY 2022 and FY 2023 to its Highway and Bridge Capital and Highway Light Capital programs.

Notably, the General Fund 2022-2023 biennial and supplemental budgets included measures to direct General Funds to MaineDOT's highway and bridge projects. Consistent with the Governor's recommendations, the bills enacted by the Legislature authorized a one-time transfer of $50 million from FY 2021 General Fund unappropriated surplus to MaineDOT for use in FY 2022 and $85 million from FY 2022 surplus to use in FY 2023. Additionally, Public Law 2021 Chapter 398 amended statute regarding the required year-end distributions of any General Fund revenue that exceeds budget. Beginning with FY 2021, 20% of the excess General Fund remaining after certain other priority transfers is transferred to MaineDOT for highway and bridge projects. MaineDOT received about $56 million from the "cascade" at the end of FY 2021 and about $100 million at the end of FY 2022. Additionally, the law provides that if the Budget Stabilization Fund is at its statutory limit, then the funds that would normally flow to it are transferred to MaineDOT instead.

Property Tax Relief

Public Law 2021 Chapter 398 raised municipal revenue sharing to 4.5% in FY 2022 and then fully restored revenue sharing to its statutorily required 5% level in FY 2023. Revenue sharing has increased every year since the Governor took office, improving from 2 percent to 3 percent in Fiscal Year 2020, to 3.75 percent in Fiscal Year 2021, to 4.5 percent in Fiscal Year 2022, and now to the full 5 percent in Fiscal Year 2023. The Department of Administrative and Financial Services estimates revenue sharing at 5 percent to be $233,372,787 for Fiscal Year 2023. For comparison, revenue sharing at 2 percent would have delivered only $93,349,115 to municipalities, a difference of more than $140 million. Chapter 398 also maintained the reimbursement to municipalities for the Homestead Property Tax Exemption at 70% in FY 2022 and increases the reimbursement by 3% each year thereafter until it reaches 100%.

The biennial budget and the 2022-2023 supplemental budget also included provisions that increased the amount of the Property Tax Fairness Credit and expanded eligibility for the credit. For tax years beginning on or after January 1, 2022, resident individuals whose benefit base exceeds 4% of their income can receive a credit up to $1,000 if under 65 years of age, or $1,500 if 65 years of age or older.

The increases in revenue sharing rates, Homestead reimbursement and Property Tax Fairness credit, along with increasing the funding level for the total cost of K-12 education to 55%, are intended to help mitigate property tax increases at the local level.

Looking to the Future

Forward looking planning and policy for Maine's future remain among the Governor's top priorities. The Governor's recommended budgets consistently allocate funding for Maine's long-term planning and coordination efforts across state government. Additionally, the Governor's Maine Jobs & Recovery Plan, approved by the Legislature and supported by the Governor's Office of Policy Innovation and the Future and the Department of Administration and Financial Services, invests nearly $1 billion in federal American Rescue Plan funds to achieve three goals: immediate economic recovery from the pandemic; long-term economic growth for Maine; and infrastructure revitalization. As previously described, these investments are already working to address known, systemic challenges that have constrained Maine's ability to thrive, with priority focus on expanding Maine's workforce. After more than one year of implementation, Maine is among the leading states in the country in successfully deploying these funds to benefit economic recovery, workforce challenges, and infrastructure projects.

The Governor's Office of Policy Innovation and the Future (GOPIF), in partnership with the Governor's Energy Office, plays a critical role in efforts to identify Maine's long-term challenges, develop goals and strategies, and then helps coordinate the ongoing work between State agencies to achieve them. Areas of focus include climate change and energy issues, children's policy, housing, and economic issues like federal funds management and workforce development. Notable activities on these fronts include, but are not limited to:

- Maine Won't Wait, a four-year Climate Action Plan: On December 1, 2020, the Maine Climate Council released a four-year Climate Action Plan entitled Maine Won't Wait. The plans strategies are already underway and supporting Maine's legal requirement to decrease greenhouse gas emissions by 45% by 2030 and 80% by 2050 and achieve carbon neutrality by 2045. The climate plan was recognized in 2022 by the American Planning Association as the among the best state planning efforts in the country. Since its release, significant and sustained investments, capitalized by state funds and new federal programs, are already underway to implement strategies of the state's Climate Action Plan. Targeted programs and efforts have been made to reduce emissions and improve efficiency in buildings including the most successful heat pump deployment program in the country; efforts to reduce emissions in transportation sector through EV charging infrastructure and vehicle incentives and new public transportation programs; and through continued clean energy development and deployment which is proceeding at a record pace. In addition, a new state program, the Community Resilience Partnership, has been launched to support regional, municipal and tribal efforts to reduce emissions, understand community vulnerabilities, and plan for adaptation to climate impacts. Already more than 100 Maine communities are engaged in the program and doing the essential work to plan for and act in response to climate changes.

- Governor's Bipartisan Infrastructure Law Coordinating Committee: Governor Mills signed an executive order on April 25, 2022, to mobilize a cross-agency effort to coordinate federal Bipartisan Infrastructure Law funds and opportunities among state agencies, municipalities, tribal governments and other entities. Staff from the Governor's Office and the Governor's Office of Policy Innovation and the Future coordinate this work as State agencies pursue opportunities through an Infrastructure Implementation Committee and a Resilience Working Group. While many of the 375 programs outlined in the BIL legislation are continuing to take their final form at the federal level, it is estimated that Maine will receive close to $2.5 billion in formula funding alone and will have opportunities to compete for extensive additional grants. The Mills Administration is committed to ensuring Maine people and communities receive the greatest possible benefit from the initiatives included in the Bipartisan Infrastructure Law. Members of the Committee include leadership and staff from the Departments of Transportation, Environmental Protection, Economic and Community Development, Health and Human Services, Administration and Financial Services as well as the Maine Connectivity Authority and the Governor's Energy Office. The Resilience Working Group also includes State natural resource agencies and Maine Emergency Management Agency. GOPIF has engaged additional support to ensure communities and state agencies are aware of upcoming competitive funds and staff are providing targeted grant-writing support for high priority projects.

- Aging Cabinet: Governor Mills created the Cabinet on Aging in 2022 by executive order. The new Governor's Cabinet comes at a time when Maine's median age makes it the oldest state in the nation, with tens of thousands of people expected to retire in the coming years, removing them from the state's workforce and increasing demand for aging-related services. The Cabinet on Aging will help Maine prepare for and address these demographic changes by advancing policies that will support Maine people in aging safely, affordably, and in ways and settings that best serve their needs. The Cabinet is bringing together State government agencies to coordinate and advance work on issues such as affordable housing and long-term services and supports; community engagement and planning; financial security and protection against fraud; access to information, broadband, and services; and engagement and employment in Maine's growing economy.

- Maine Offshore Wind Initiative - Harnessing the wind resources off the coast of Maine is seen as key for achieving the State's goal of using 100 percent renewable energy by 2050. In 2019, Governor Mills created the Maine Offshore Wind Initiative, a multi-faceted approach to pursue a thoughtful, responsible path for offshore wind. Elements of the initiative include a comprehensive economic plan for an offshore wind industry in Maine, the Maine Offshore Wind Roadmap; the research array for floating offshore wind; a study of port infrastructure to support offshore wind focusing on Searsport; regional collaboration through the Gulf of Maine Task Force; and forging offshore wind research and development partnerships. Recently, the Mills Administration applied to the federal government to lease a 15.2-square-mile area in the Gulf of Maine for the nation's first research site in federal waters for floating offshore wind. On this site, which is nearly 30 miles offshore, the State hopes to deploy a small-scale research array of 12 or fewer wind turbines on innovative floating hulls designed at the University of Maine. This project will advance UMaine's patented technology and will foster leading research into how floating offshore wind interacts with Maine's marine environment, fishing industry, shipping and navigation routes, and more.

- Housing Policy: With a new senior level policy leader, GOPIF is supporting the urgent need to increase the supply of housing across the state for multiple household income levels through policy, coordination, and through new funding programs, including Maine Jobs & Recovery Funds. With key partnerships with Maine Housing, a new DECD Housing Opportunity Program, other state government municipal planning efforts, and with state lawmakers, unprecedented state and federal funds are being allocated to address short and long-term housing needs and additional resources and policies will continue to be pursued.

- Children's Cabinet: The Children's Cabinet's strategic plans lay out two overarching goals that all Maine children enter kindergarten prepared to succeed and all Maine youth enter adulthood healthy, connected to the workforce and/or education. Despite the impacts of the pandemic, the Mills Administration, led by the Children's Cabinet have continued to make significant progress toward those goals including targeting State government resources on several efforts. Governor Mills sees quality early childcare and education as critical to the healthy development of young children and to the long-term growth of Maine's economy and supports investments in Maine's childcare infrastructure to increase the availability and quality of childcare, especially in underserved communities in rural Maine. With significant new funding from the Maine Jobs & Recovery Plan, state funds, and other ARPA response funds, significant additional resources have been allocated to stabilize the childcare system staff and providers, to support the expansion of childcare infrastructure and Pre-K programs, and additional funds have been invested in career exploration programs for Maine youth.

OTHER INFORMATION

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement of Excellence in Financial Reporting to the State of Maine for its annual comprehensive financial report for the fiscal year ended June 30, 2021. This is the fifteenth consecutive year that Maine has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

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

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

Sincerely,

Douglas E. Cotnoir, CPA, CIA
State Controller

Shirley A. Browne, CIA
Deputy State Controller

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

STATE OF MAINE

OFFICIALS OF STATE GOVERNMENT

AS OF JUNE 30, 2022

EXECUTIVE

Janet T. Mills, *Governor*

LEGISLATIVE

Troy D. Jackson, *President of the Senate*

Ryan M. Fecteau, *Speaker of the House*

Constitutional/Statutory Officers

Aaron Frey, *Attorney General*

Matthew Dunlap, *State Auditor*

Shenna Bellows, *Secretary of State*

Henry Beck, *State Treasurer*

JUDICIAL

Valerie Stanfill, *Chief Justice of the State Supreme Court*

STATE OF MAINE
ORGANIZATION CHART
AS OF JUNE 30, 2022

MAINE VOTERS

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

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

The Governor appoints all Judicial Officers

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

CONSTITUTIONAL OFFICERS
Secretary of State
State Treasurer
State Attorney General

STATUTORY OFFICER
State Auditor

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

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

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

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of Maine

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morrill

Executive Director/CEO


DIRIGO
MAINE

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT
BASIC FINANCIAL STATEMENTS

STATE OF MAINE
OFFICE OF THE STATE AUDITOR
66 STATE HOUSE STATION
AUGUSTA, ME 04333-0066

TEL: (207) 624-6250

Matthew Dunlap, CIA
State Auditor

B. Melissa Perkins, CPA
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, 2022, and the related notes to the financial statements. We did not audit the financial statements of the blended component unit, fiduciary component unit, or the aggregate discretely presented component units. These financial statements collectively comprise the State of Maine's basic financial statements as listed in the table of contents.

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the State of Maine and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Key Audit Matters

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

- Implementation of Governmental Accounting Standards Board (GASB) Statement No. 87 *Leases*: This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities; including reclassification of leases that previously were reported as operating leases and recognized based on the payment provisions of the contract. We audited the State's reclassification and revaluation of leased assets and the reporting thereof. The State's policies relative to leased assets are discussed in Notes 1 and 12 to the financial statements.

- American Rescue Plan Act (ARPA) Coronavirus State and Local Fiscal Recovery Funds (SLFRF) $80 million contribution to the Employment Security Trust Fund (ESTF): In fiscal year 2022, Public Law 2021, Chapter 483, Part D authorized the transfer of $80 million to the ESTF for the purpose of replenishing the ESTF for COVID-19 related benefit payments. The transfer was treated as an offset to current year claims expenses totaling $91.2 million, reducing claims expenses to $11.2 million in the ESTF financial statements. We audited the transfer and its effect on the State's financial statements. The State has discussed this transfer in Note 7 to the financial statements.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State of Maine's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the State of Maine's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Maine's basic financial statements. The accompanying combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit and the reports of the other auditors, the combining and individual non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

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

Matthew Dunlap, CIA
State Auditor
Office of the State Auditor

Augusta, Maine
December 14, 2022


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MANAGEMENT'S DISCUSSION AND ANALYSIS

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

FINANCIAL HIGHLIGHTS

Coronavirus Disease (COVID-19) Pandemic:

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

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

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

Government-wide:

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

Fund level:

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

Long-term Debt:

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Statements

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

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

Both government-wide statements report three activities:

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

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

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

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

- Capital assets used in governmental activities are not reported on governmental fund statements but are included on government-wide statements.

- Certain tax revenues that are earned, but not available, are reported as revenues in the Governmental Activities, but are reported as deferred inflows on the governmental fund statements.

- Other long-term assets that are not available to pay for current period expenditures are recorded as deferred outflows in governmental fund statements, but not deferred on the government-wide statements.

- Internal service funds are reported as Governmental Activities in the government-wide statements, but reported as proprietary funds in the fund financial statements.

- Governmental fund long-term liabilities, such as certificates of participation, net pension liabilities, compensated absences, bonds and notes payable, and others appear as liabilities only in the government-wide statements.

- Capital outlay spending results in capital assets on the government-wide statements, but is recorded as expenditures on the governmental fund statements.

- Proceeds from bonds, notes and other long-term financing arrangements result in liabilities on the government-wide statements, but are recorded as other financing sources on the governmental fund statements.

- Net position balances are allocated as follows:

    - *Net Investment in Capital Assets* are capital assets, net of accumulated depreciation, and reduced by outstanding balances for bonds, notes, and other debt attributed to the acquisition, construction or improvement of those assets.

    - *Restricted Net Position* are those with constraints placed on the use by external sources (creditors, grantors, contributors, or laws or regulations of governments) or imposed by law through constitutional provisions or enabling legislation.

    - *Unrestricted Net Position* is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not meet any of the above restrictions.

Fund Financial Statements

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

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

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

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

Notes to the Financial Statements

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

Required Supplementary Information

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

Other Supplementary Information

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

FINANANCIAL ANALYSIS OF THE STATE AS A WHOLE

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

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

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

* As restated

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

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

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

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

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

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

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

* As Restated

Governmental Activities

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

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

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

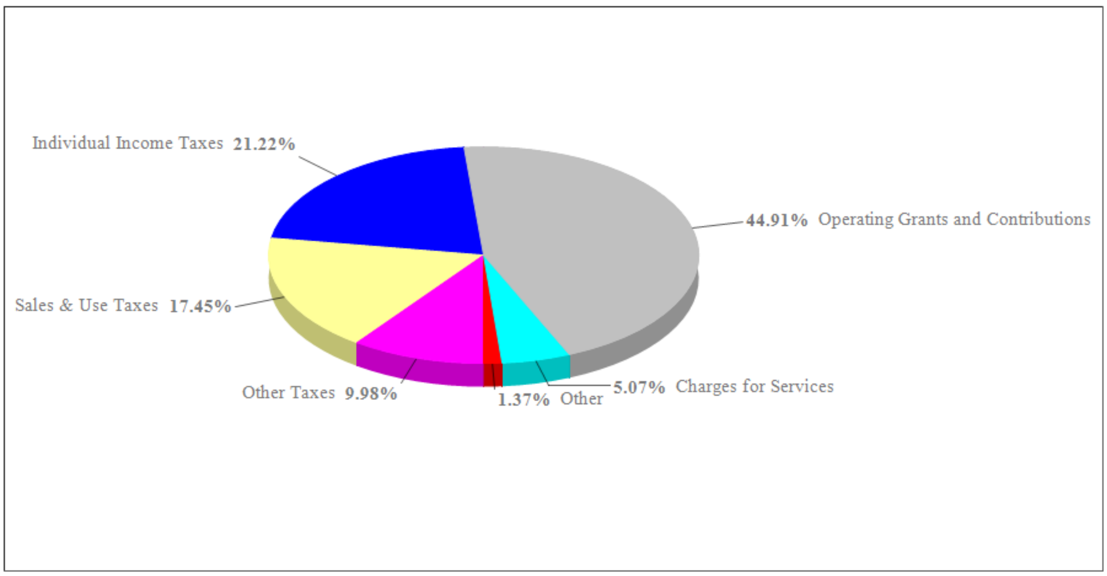
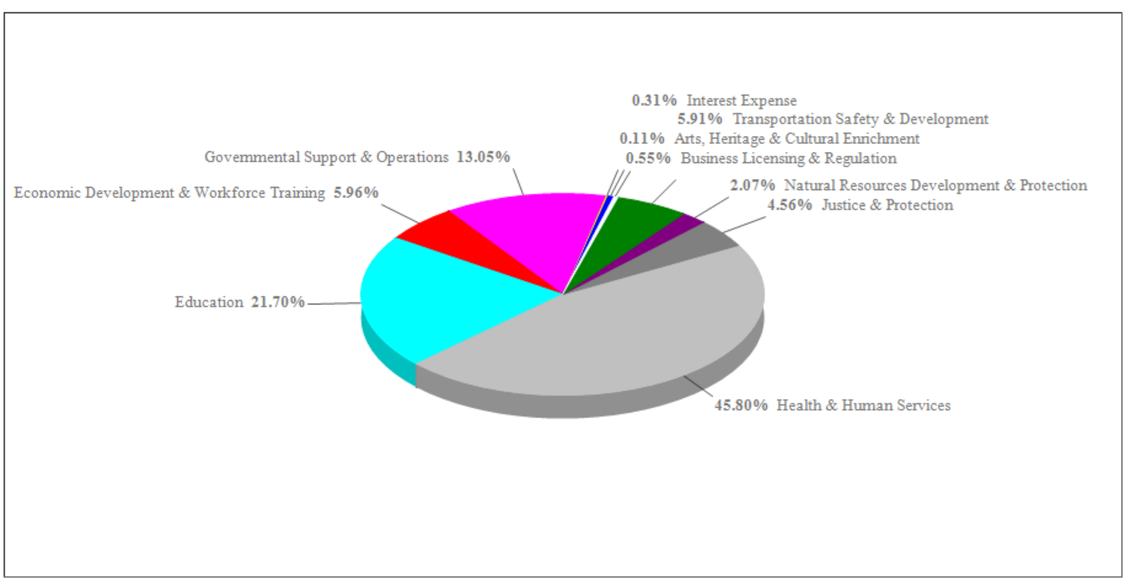


TABLE A-4: TOTAL EXPENSES FOR GOVERNMENTAL ACTIVITIES FOR FISCAL YEAR 2022



Business-Type Activities

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

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

TABLE A-5: NET REVENUE (COST) OF BUSINESS-TYPE ACTIVITIES
(Expressed in Thousands)

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

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

FINANCIAL ANALYSIS OF THE STATE'S FUNDS

TABLE A-6: GOVERNMENTAL FUND BALANCES
(Expressed in Thousands)

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

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

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

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

Budgetary Highlights

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

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

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

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

* As restated

Modified Approach for Infrastructure

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

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

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

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

Long-Term Debt

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

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

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

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

*As restated

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

Credit Ratings

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

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

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

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

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

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

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

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

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

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

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

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

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

The key assumptions made by the CEFC are:

- Economic conditions are highly uncertain, with the potential for a slowdown in 2023; concerns remain that conditions are uneven across different sectors, demographic/socioeconomic groups, and amongst Maine counties.

- We have transitioned to an endemic phase of COVID-19; people's behavior has adjusted to living with the risks of the virus (the "new normal") and the economy and health system will be minimally disrupted by foreseeable future waves.

- No further federal stimulus is anticipated; many businesses that are paying back loans from past stimulus in the face of uncertain economic conditions are struggling. High inflation, high interest rates, low consumer sentiment, housing affordability/availability, and the correction in the stock market combine to create a challenging macroeconomic environment.

- The current labor supply is limited and affected by many different factors, including structural changes in the economy, the availability of consistent, in-person childcare, retirements by workers age 55 and up, and the demographic structure of Maine's population. Migration has been a source of growth for labor supply. The Commission is optimistic that there is an opportunity for Maine to see continued increased in-migration in the coming years as telework has become part of the "new normal" and people look for locations that allow for work-life balance and access to outdoor recreation, but housing and childcare/school availability are potential limiting factors.

- Rising interest rates are slowing effective demand for real estate, although variation in regional economies exists. Higher home prices have contributed to higher rental prices. Affordability is of particular concern as interest rates have spiked, causing more potential buyers to be priced out of the market.

- The healthcare system in Maine has been under tremendous stress during the pandemic and those strains are likely to continue for the near term with implications for the workforce and patients accessing care. Workforce and inflation are two key challenges for the healthcare system. Employment remains below pre-pandemic levels although traveling nurses have been providing some additional labor.

- The availability of high-speed internet and mobile phone coverage will be an important equalizer between urban and rural areas and could contribute to the diffusion of migration across the state. The creation of the Maine Connectivity Authority and infusion of federal funding will help the successful buildout of high-speed internet. It should be noted, though, that not all jobs can be done in a remote work environment.

- Inflation expectations are much higher, more persistent, and more widespread than what the Federal Reserve Bank previously expected. There is a risk of continued higher inflation into 2023, with higher energy prices posing a particular concern for consumers in Maine where heating oil and gasoline are heavily relied on. Heating oil prices have started the heating season high and are expected to remain elevated, with the potential for even larger costs to households and businesses if there is a colder than usual winter. Inflation risks are likely to take several years to fully ease.

- The strength of the U.S. dollar could pose a challenge to exporters in Maine. A high dollar also keeps energy prices high and could also affect the numbers of Canadian tourists choosing to come to Maine.

- Geopolitical tensions remain elevated and could continue to have a negative effect on the forecast.

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

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

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

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

CONTACTING THE STATE'S FINANCIAL MANAGEMENT

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

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

BASIC FINANCIAL STATEMENTS


DIRIGO
MAINE

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

June 30, 2022
(Expressed in Thousands)

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

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

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

STATE OF MAINE
STATEMENT OF ACTIVITIES

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

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

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

	Net (Expenses) Revenues and Changes in Net Position			
	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
	$ (1,478,806)	$ -	$ (1,478,806)	$ -
	(7,532)	-	(7,532)	-
	38,034	-	38,034	-
	(127,158)	-	(127,158)	-
	(2,154,391)	-	(2,154,391)	-
	(1,557,643)	-	(1,557,643)	-
	(347,368)	-	(347,368)	-
	(94,625)	-	(94,625)	-
	(269,877)	-	(269,877)	-
	(37,835)	-	(37,835)	-
	(6,037,201)	-	(6,037,201)	-
	-	160,823	160,823	-
	-	62,026	62,026	-
	-	72,368	72,368	-
	-	(7,166)	(7,166)	-
	-	1,335	1,335	-
	-	3,640	3,640	-
	-	293,026	293,026	-
	(6,037,201)	293,026	(5,744,175)	-
	-	-	-	5,928
	-	-	-	(83,387)
	-	-	-	(11,749)
	-	-	-	(7,857)
	-	-	-	26,133
	-	-	-	37,452
	-	-	-	(300,231)
	-	-	-	(228)
	$ -	$ -	$ -	$ (333,939)
General Revenues:				
Taxes:				
Corporate Taxes	434,675	-	434,675	-
Individual Income Taxes	2,703,462	-	2,703,462	-
Fuel Taxes	244,313	-	244,313	-
Property Taxes	97,805	-	97,805	-
Sales & Use Taxes	2,222,622	-	2,222,622	-
Other Taxes	494,874	-	494,874	-
Unrestricted Investment Earnings	(2,547)	-	(2,547)	(32,600)
Non-Program Specific Grants, Contributions & Appropriations	-	-	-	486,602
Miscellaneous Income	126,074	-	126,074	9,662
Gain (Loss) on Sale of Assets	-	-	-	(1,672)
Tobacco Settlement	50,541	-	50,541	-
Transfers - Internal Activities	122,906	(122,906)	-	-
Total General Revenues and Transfers	6,494,725	(122,906)	6,371,819	461,992
Change in Net Position	457,524	170,120	627,644	128,053
Net Position - Beginning (as restated)	1,405,016	541,482	1,946,498	3,640,298
Net Position - Ending	$ 1,862,540	$ 711,602	$ 2,574,142	$ 3,768,351


DIRIGO
MAINE

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, 2022
(Expressed in Thousands)

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

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

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

June 30, 2022
(Expressed in Thousands)

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

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

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

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

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

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

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

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

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

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


DIRIGO
MAINE

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, 2022
(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	$ -	$ 13,716	$ 13,716	$ 301,184
Cash & Short-Term Investments	464	754	1,218	2
Cash with Fiscal Agent	-	-	-	7,115
Restricted Assets:				
Restricted Deposits & Investments	622,005	11	622,016	1,935
Inventories	-	5,068	5,068	5,758
Receivables, Net of Allowance for Uncollectibles:				
Other Receivable	49,329	35,598	84,927	11,548
Due from Other Funds	7,166	7,236	14,402	37,646
Other Assets	-	-	-	13,473
Total Current Assets	678,964	62,383	741,347	378,661
Noncurrent Assets:				
Equity in Treasurer's Cash Pool	-	8,934	8,934	196,149
Receivables, Net of Current Portion	-	-	-	4,097
Capital Assets, Net of Accumulated Depreciation	-	47,150	47,150	149,098
Right to Use Assets, Net of Accumulated Amortization	-	-	-	219,436
Total Noncurrent Assets	-	56,084	56,084	568,780
Total Assets	678,964	118,467	797,431	947,441
Deferred Outflows of Resources	$ -	$ 6,588	$ 6,588	$ 34,391
Liabilities				
Current Liabilities:				
Accounts Payable	$ 6,755	$ 16,502	$ 23,257	$ 25,337
Accrued Payroll	-	768	768	4,469
Due to Other Funds	3,835	6,864	10,699	27,217
Due to Component Units	-	-	-	2,627
Current Portion of Long-Term Obligations:				
Certificates of Participation and Other Financing Arrangements	-	-	-	4,864
Lease Liabilities	-	-	-	6,215
Claims Payable	-	-	-	22,506
Compensated Absences	-	126	126	736
Unearned Revenue	-	221	221	182
Accrued Interest Payable	-	-	-	29
Other Accrued Liabilities	874	25,912	26,786	-
Total Current Liabilities	11,464	50,393	61,857	94,182
Long-Term Liabilities:				
Working Capital Advances Payable	-	1,600	1,600	111
Certificates of Participation & Other Financing Arrangements	-	-	-	8,097
Lease Liabilities	-	-	-	216,295
Claims Payable	-	-	-	58,118
Compensated Absences	-	833	833	4,848
Net Pension Liability	-	8,101	8,101	43,839
Net Other Post-Employment Benefit Liability	-	10,007	10,007	54,061
Total Long-Term Liabilities	-	20,541	20,541	385,369
Total Liabilities	11,464	70,934	82,398	479,551
Deferred Inflows of Resources	$ -	$ 10,085	$ 10,085	$ 58,989
Net Position				
Net Investment in Capital Assets:	-	47,150	47,150	143,252
Restricted for:				
Unemployment Compensation	667,500	-	667,500	-
Other Purposes	-	-	-	234
Unrestricted	-	(3,114)	(3,114)	299,806
Total Net Position	$ 667,500	$ 44,036	711,536	$ 443,292
Amounts reported for business-type activities in the government-wide Statement of Activities are different due to elimination of the State's internal business-type activities			66	
Net Position of Business-Type Activities			$ 711,602	

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

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

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

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

STATE OF MAINE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

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

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

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

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, 2022
(Expressed in Thousands)

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

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

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

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

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

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


DIRIGO
MAINE

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, 2022
(Expressed in Thousands)

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

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

STATE OF MAINE
STATEMENT OF ACTIVITIES
COMPONENT UNITS

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

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

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


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NOTES TO THE FINANCIAL STATEMENTS

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. REPORTING ENTITY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Finance Authority of Maine
5 Community Dr.
PO Box 949
Augusta, ME 04432

Maine Health and Higher
Education Facilities Authority
PO Box 2268
Augusta, ME 04338

Maine Public Employees
Retirement System
PO Box 349
Augusta, ME 04332-0349

Maine Turnpike Authority
2360 Congress Street
Portland, ME 04102

Maine Community
College System
323 State Street
Augusta, ME 04330

Maine Municipal Bond
Bank
PO Box 2268
Augusta, ME 04338

Maine State Housing
Authority
26 Edison Drive
Augusta, ME 04330-6046

University of Maine
System
65 Texas Ave
Bangor, ME 04401

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

> **Net investment in capital assets** component consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
>
> **Restricted component of net position** consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported. Constraints placed on restricted components of net position are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net position reports $831.0 million of restricted net position, of which $667.5 million is restricted by enabling legislation.
>
> **Unrestricted component of net position** consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not meet the definition of the two preceding categories. The unrestricted component of net position often is designated, to indicate that management does not consider it to be available for general operations and often have constraints on resources that are imposed by management, but can be removed or modified.

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

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

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

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

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

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

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

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

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

Financial Statement Presentation
The State reports the following major governmental funds:

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

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

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

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

The State reports the following major enterprise fund:

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

Additionally, the State reports the following fund types:

Governmental Fund Types:

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

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

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

Proprietary Fund Types:

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

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

Fiduciary Fund Types:

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

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

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

D. FISCAL YEAR-ENDS

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

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

Equity in Treasurer's Cash Pool

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

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

Cash and Cash Equivalents

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

Cash with Fiscal Agent

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

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

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

Investments Held on Behalf of Others

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

Restricted Deposits and Investments

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

Inventories

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

Receivables

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

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

Interfund Transactions and Balances

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

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

Due from/to Primary Government/Component Units

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

Due from/to Other Governments

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

Capital Assets

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

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

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

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

Deferred Outflows of Resources

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The State reported the following fund balance restrictions:

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

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

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

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

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

F. REVENUES AND EXPENDITURES/EXPENSES

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

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

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

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

NOTE 2 - BUDGETING AND BUDGETARY CONTROL, AND LEGAL COMPLIANCE

Appropriation Limits
The total General Fund appropriation for each fiscal year of the biennium in the Governor's budget submission to the Legislature may not exceed the General Fund appropriation of the previous fiscal year multiplied by one plus the average real personal income growth rate, as defined in Title 5 Maine Revised Statutes Annotated (MRSA) § 1665, subsection 1, plus the average forecasted inflation rate. "Average forecasted inflation rate" means the average forecasted change in the Consumer Price Index underlying the revenue projections developed by the Revenue Forecasting Committee.

This appropriation limitation may be exceeded only by the amount of the additional costs or the lost federal revenue from the following exceptional circumstances: unfunded or under-funded new federal mandates; losses in federal revenues or other revenue sources; citizens' initiatives or referenda that require increased State spending; court orders or decrees that require additional State resources to comply with the orders or decrees; and sudden or significant increases in demand for existing State services that are not the result of legislative changes that increased eligibility or increased benefits.

The Governor may designate exceptional circumstances that are not explicitly defined, but meet the intent of, this statute. "Exceptional circumstances" means an unforeseen condition or conditions over which the Governor and the Legislature have little or no control. Exceptional circumstances do not apply to new programs or program expansions that go beyond existing program criteria and operation.

Budget Stabilization Fund

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

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

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

Budget Stabilization Fund Activity
(Expressed in Thousands)

Balance, beginning of year	$ 491,915
Increase in fund balance	404,082
Balance, end of year	$ 895,997

Budget and Budgetary Expenditures

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

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

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

Governmental Fund Balances - Restricted, Committed and Assigned

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

Governmental Fund Balances
(Expressed in Thousands)

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

Governmental Fund Balances
(Expressed in Thousands)

	NSIF	Restricted	Committed	Assigned
Indigent Legal Services	-	-	7,183	-
Armory Maintenance	-	-	5,445	-
State Fire Marshall	-	5,374	-	-
Agriculture & Conservation	-	4,733	10,198	7,826
Environmental Protection	-	-	3,992	1,522
Inland Fisheries & Wildlife	-	17,594	-	-
Marine Resources	-	6,992	5,613	2,478
PFAS Mitigation	-	-	16,780	-
Public Lands	-	-	39,172	5,099
Hazardous Waste Fund	-	5,720	-	-
Uncontrolled Sites Fund	-	26,117	-	-
Ground and Surface Waters Cleanup Fund	-	4,936	-	-
Environmental Protection Fund	-	-	10,274	-
Transportation Safety & Development	-	7,921	1,881	3,385
Transportation - Highway & Bridge Construction	-	225,122	19,264	-
Motor Vehicles	-	-	1,711	-
Multimodal Transportation	-	-	14,364	-
All Other	-	2,074	-	45
Total	$ -	$ 797,808	$ 566,006	$ 142,435

Other Governmental Funds:	NSIF	Restricted	Permanent
Capital Projects	$ -	$ 29,038	$ -
Permanent Funds - Baxter Park	-	-	9,573
Permanent Funds - All Others	-	-	32,293
Special Revenue Funds - Baxter Park	-	101,186	-
Special Revenue Funds - All Other	-	330	-
Total	$ -	$ 130,554	$ 41,866

NOTE 3 - ACCOUNTING CHANGES AND RESTATEMENTS

ACCOUNTING CHANGES

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

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

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

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

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

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. Paragraphs 6 onward became effective for fiscal year ended June 30, 2022. This Statement establishes accounting and financial reporting requirements for purposes of determining whether a primary government is financially accountable for a potential component unit. Except for certain pension, OPEB, or other employee benefit plans, the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performed the duties that a governing board typically would perform. This statement also requires that the financial burden criterion in paragraph 7 of GASB Statement No. 84 be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of GASB Statement No. 67, or paragraph 3 of GASB Statement No. 74.

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

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

NOTE 4 - DEFICIT FUND BALANCES/NET POSITION

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

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

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

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

Investment policies of the permanent trusts are governed by Title 5 MRSA § 138. The Treasurer, with the approval of the Commissioner of Administrative and Financial Services, the Superintendent of Financial Institutions and the Attorney General, shall invest the funds in securities that are legal investments in accordance with Title 9-B MRSA. The investments need not be segregated to the separate trusts, but the identity of each trust must be maintained. The Treasurer may enter into custodial care and servicing contracts or agreements negotiated in accordance with the laws of this State for the handling of funds held in trust.

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

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

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

Primary Government Deposits and Investments
(Expressed in Thousands)

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

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

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

Maturities in Years
(Expressed in Thousands)

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

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

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

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

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

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

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

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

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

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

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

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

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

Level 2 - Inputs to the valuation method include:

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

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

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

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

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

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

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

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

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

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the State of Maine believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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

Fair Value Measurement
(Expressed in Thousands)

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

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

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

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

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

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

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

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

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

COMPONENT UNITS

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

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

NOTE 6 - RECEIVABLES

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

Primary Government - Receivables
(Expressed in Thousands)

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

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

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

Component Units - Receivables
(Expressed in Thousands)

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

NOTE 7 - INTERFUND TRANSACTIONS

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

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

Interfund Receivables
(Expressed in Thousands)

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

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

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

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

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

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

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

Interfund Transfers
(Expressed in Thousands)

Transferred To	Transferred From: General	Highway	Federal	Other Special Revenue	Other Governmental
General	$ -	$ -	$ 79	$ 59,784	$ -
Highway	1,543	-	12,860	22,914	-
Federal	-	-	-	8,416	-
Other Special Revenue	1,429,003	6,752	69	-	3,875
Employment Security	-	-	5,334	-	-
Non-Major Enterprise	-	-	-	6,148	-
Internal Service	2,725	-	-	-	-
Total	$ 1,433,271	$ 6,752	$ 18,342	$ 97,262	$ 3,875

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

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

NOTE 8 - CAPITAL ASSETS

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

Primary Government - Capital Assets
(Expressed in Thousands)

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital assets not being depreciated				
Land	$ 654,589	$ 9,979	$ 2,407	$ 662,161
Construction in progress	173,313	96,468	495	269,286
Infrastructure	2,988,290	51,098	-	3,039,388
Total capital assets not being depreciated	3,816,192	157,545	2,902	3,970,835
Capital assets being depreciated				
Buildings	799,063	408	4,763	794,708
Equipment	341,501	27,732	15,984	353,249
Improvements other than buildings	111,754	2,962	97	114,619
Software	121,686	-	-	121,686
Total capital assets being depreciated	1,374,004	31,102	20,844	1,384,262
Less accumulated depreciation for				
Buildings	355,514	12,908	-	368,422
Equipment	252,472	26,242	13,614	265,100
Improvements other than buildings	68,994	4,504	97	73,401
Software	99,985	11,449	-	111,434
Total accumulated depreciation	776,965	55,103	13,711	818,357
Total capital assets being depreciated, net	597,039	(24,001)	7,133	565,905
Governmental Activities Capital Assets, net	4,413,231	133,544	10,035	4,536,740
Right to use assets being amortized				
Buildings (as restated)	232,285	8,525	-	240,810
Less accumulated amortization				
Buildings (as restated)	-	9,526	-	9,526
Net right to use lease assets	232,285	(1,001)	-	231,284
Governmental Activities Capital and Right to Use Assets, net	$ 4,645,516	$ 132,543	$ 10,035	$ 4,768,024

	Beginning Balance	Additions	Deletions	Ending Balance
Business-Type Activities:				
Capital assets not being depreciated				
Land	$ 2,389	$ -	$ -	$ 2,389
Construction in progress	17,446	7,832	10,696	14,582
Total capital assets not being depreciated	19,835	7,832	10,696	16,971
Capital assets being depreciated				
Buildings	4,655	-	-	4,655
Equipment	24,664	12,281	-	36,945
Improvements other than buildings	42,757	-	-	42,757
Total capital assets being depreciated	72,076	12,281	-	84,357
Less accumulated depreciation for				
Buildings	3,314	127	-	3,441
Equipment	12,801	694	-	13,495
Improvements other than buildings	35,909	1,333	-	37,242
Total accumulated depreciation	52,024	2,154	-	54,178
Total capital assets being depreciated, net	20,052	10,127	-	30,179
Business-Type Activities Capital Assets, net	$ 39,887	$ 17,959	$ 10,696	$ 47,150

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

Governmental Activities
Depreciation and Amortization Expense
(Expressed in Thousands)

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

NOTE 9 - MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

OVERVIEW OF THE SYSTEM

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

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

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

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

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

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

PENSIONS

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

EMPLOYER ALLOCATIONS FOR COST-SHARING DEFINED BENEFIT RETIREMENT PROGRAMS

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

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

MEMBERSHIP

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

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

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

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

Employees of single employer covered by benefit terms

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

STATE EMPLOYEES AND TEACHERS PENSION PLAN BENEFITS

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

PARTICIPATING LOCAL DISTRICTS PLAN BENEFITS

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

CONTRIBUTION INFORMATION

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

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

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

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

CONTRIBUTION RATES - DEFINED BENEFIT PENSION PLANS

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

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

Contribution rates[1] in effect for the fiscal years ended June 30, 2022 and June 30, 2021 are as follows:

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

[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, 2022, the contributions recognized as part of pension expense (grant expense for Teacher Members) for each plan were as follows:

(Expressed in Thousands)

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

NET PENSION LIABILITY - SINGLE EMPLOYER

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

(Expressed in Thousands)

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

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

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

(Expressed in Thousands)

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

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

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

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

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

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

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

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

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

ANNUAL PENSION COST AND NET PENSION LIABILITY
For the year ended June 30, 2022, the State recognized pension expense of $129,366 which includes $60,700 of teacher pensions recorded in grant expense.

PENSION COSTS
(Expressed in Thousands)

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

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

(Expressed in Thousands)

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

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

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

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

NET PENSION LIABILITY SENSITIVITY

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

(Expressed in Thousands)

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 (100%)	$ 1,316,394	$ 645,881	$ 82,823
Teacher Members (100%)	2,221,236	845,826	(299,342)
Judicial Pension Plan	(7,338)	(14,106)	(20,015)
Legislative Pension Plan	$ (4,880)	$ (5,981)	$ (6,930)

RECOGNITION OF CHANGES - EXCEPTIONS

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

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

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

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

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

COMPONENT UNIT PARTICIPANTS

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

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS

POST RETIREMENT HEALTHCARE PLANS AND BENEFITS

State Employees

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

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

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

Teachers and First Responders

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

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

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

POST RETIREMENT GROUP LIFE INSURANCE PLAN

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

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

CONTRIBUTIONS AND RESERVES

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

INVESTMENTS

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

PLAN MEMBERSHIP

Membership in the OPEB plans is as follows:

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

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

STATE EMPLOYEE HEALTHCARE FUNDING POLICY

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

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

TEACHERS PLAN AND FIRST RESPONDERS PLAN HEALTHCARE FUNDING POLICY

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

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

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

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

CHANGES IN THE TOTAL OPEB LIABILITY
The changes in total OPEB liabilities are as follows:

(Expressed in Thousands)

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

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

CHANGES IN NET OPEB LIABILITY
Changes in net OPEB liabilities are as follows:

SCHEDULE OF CHANGES IN NET OPEB LIABILITY
(Expressed in Thousands)

	Healthcare	Group Life Insurance		
	State Employees	State Employees	Teachers	State portion of Group Life Insurance
Total OPEB Liability				
Service Cost	$ 18,311	$ 1,254	$ 1,370	$ 2,624
Interest	78,426	6,816	6,710	13,526
Changes in Benefit Terms	554	-	-	-
Differences Between Expected and Actual Experience	(67,383)	3,678	(3,560)	118
Changes in Assumptions Discount Rate	26,375	-	-	-
Changes in Assumptions Other	(104,294)	-	-	-
Change in Proportion	-	388	-	388
Benefit Payments, Including Refunds of Member Contributions - Explicit	(48,155)	(3,415)	(3,038)	(6,453)
Benefit Payments, Including Refunds of Member Contributions - Implicit	(26,940)	-	-	-
Net Change in Total OPEB Liability	(123,106)	8,721	1,482	10,203
Beginning Total OPEB Liability	1,180,487	101,230	106,911	208,141
Ending Total OPEB Liability	1,057,381	109,951	108,393	218,344
Plan Fiduciary Net Position				
Employer Contributions - Explicit	50,155	5,028	-	(5,028)
Employer Contributions - Implicit	26,940	-	-	-
Non-employer Contributions	-	-	4,601	(4,601)
Transfers	-	-	20,680	20,680
Net Investment Income	89,286	11,336	-	(11,336)
Changes in Proportion	-	140	-	(140)
Benefit Payments, Including Refunds of Member Contributions	(75,095)	(3,415)	(3,038)	6,453
Administrative Expense	(3)	(285)	(522)	807
Net Change in Plan Fiduciary Net Position	91,283	12,804	21,721	34,525
Beginning Plan Fiduciary Net Position	291,559	36,710	67,030	(103,740)
Ending Plan Fiduciary Net Position	382,842	49,514	88,751	138,265
Ending Net OPEB Liability	$ 674,539	$ 60,437	$ 19,642	$ 80,079
Proportion				
June 30, 2022	100.000000 %	95.511816 %	100.000000 %	96.578465 %
June 30, 2021	100.000000 %	95.146949 %	100.000000 %	96.944063 %
Change - Increase (Decrease)	0.000000 %	0.364867 %	0.000000 %	(0.365598)%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	36.206628 %	45.032787 %	81.878904 %	63.324387 %

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

ACTUARIAL METHODS AND ASSUMPTIONS

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

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

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

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

Group Life Insurance
The valuation date is June 30, 2021. Costs are developed using the individual entry age normal cost method based on a level percentage of payroll. The participation rate for future retirees is 100 percent of those currently enrolled. Actuarial assumptions used in the June 30, 2021 and June 30, 2020 actuarial valuations were based on the results of an actuarial experience study conducted for the period of July 1, 2015 to June 30, 2020. Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2021 and June 30, 2020 include: updating the discount rate assumption to 6.50 percent from 6.75 percent, a 2.75 percent inflation rate; and, annual salary increases, including inflation of 2.75 percent plus merit component based on employee's years of service. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll over a 30-year period on a closed basis. As of June 30, 2021, there were 16 years remaining in the amortization schedule for state employees and teachers. For active members and non-disabled retirees, the rates are based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model.

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

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

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

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

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

OPEB COSTS
(Expressed in Thousands)

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

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

Healthcare
(Expressed in Thousands)

	State		Teachers		First Responders	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Differences between expected and actual experience demographic and economic	$ 3,886	$ 75,609	$ 49,800	$ 401,286	$ -	$ 3,096
Changes of assumptions	217	62,459	354,151	141,447	3,052	2,265
Net difference between projected and actual earnings on OPEB plan investments	2,932	57,375	-	-	-	-
State and component unit contributions subsequent to the measurement date	80,158	-	30,586	-	838	-
Total	$ 87,193	$ 195,443	$ 434,537	$ 542,733	$ 3,890	$ 5,361
For the Year Ended						
2023	(50,636)		(21,119)		(1,142)	
2024	(51,134)		(21,119)		(1,142)	
2025	(42,757)		(10,611)		(359)	
2026	(42,729)		1,599		155	
2027	(1,152)		(7,736)		265	
Thereafter	-		(79,796)		(86)	

Group Life Insurance
(Expressed in Thousands)

	State		Teachers	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Differences between expected and actual experience demographic and economic	$ 995	$ -	$ 347	$ 91
Changes of assumptions	3,784	-	921	3,204
Net difference between projected and actual earnings on OPEB plan investments	-	6,846	-	12,588
Changes in proportion and differences between State contributions and proportionate share of contributions	394	81	-	-
State and component unit contributions subsequent to the measurement date	5,514	-	4,593	-
Total	$ 10,687	$ 6,927	$ 5,861	$ 15,883
For the Year Ended				
2023	(678)		(3,392)	
2024	(540)		(3,146)	
2025	(563)		(2,631)	
2026	(1,093)		(3,627)	
2027	560		(395)	
Thereafter	560		(1,424)	

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

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

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

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

SENSITIVITY ANALYSIS

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

Discount Rate
(Expressed in Thousands)

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

Healthcare Cost Trend Rate
(Expressed in Thousands)

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

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

Plan Information

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

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

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

(Expressed in Thousands)

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

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

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

	Target Allocation	Long-Term Expected Real Rate of Return
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 %	3.2 %
U.S. Government Securities	9.0 %	2.3 %
Asset Class for State Employee Healthcare Plan		
Public Equity	70.0 %	6.0 %
Real Estate	5.0 %	5.2 %
Traditional Credit	16.0 %	3.2 %
U.S. Government Securities	9.0 %	2.3 %

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

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

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

(Expressed in Thousands)

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

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

(Expressed in Thousands)

	1% Decrease	Current Discount Rate	1% Increase
State Employee Healthcare Plan	$ 620,223	$ 746,607	$ 899,836

NOTE 11 - LONG-TERM OBLIGATIONS

PRIMARY GOVERNMENT

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

GENERAL OBLIGATIONS BONDS

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

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

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

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

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

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

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

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

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

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

AUTHORIZED UNISSUED BONDS

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

REVENUE BONDS OF THE MAINE GOVERNMENTAL FACILITIES AUTHORITY

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

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

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

CERTIFICATES OF PARTICIPATION AND OTHER FINANCING ARRANGEMENTS

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

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

SHORT-TERM OBLIGATIONS

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

OTHER LONG-TERM OBLIGATIONS

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

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

Primary Government - Changes in Other Long-Term Obligations
(Expressed in Thousands)

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

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

Future Debt Service on MGFA Revenue Bonds, COPS and Other Financing Arrangements

(Expressed in Thousands)

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

LOANS PAYABLE TO COMPONENT UNIT

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

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

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

Primary Government - Changes in GARVEE, TransCap and Liquor Revenue Bonds Payable

(Expressed in Thousands)

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

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

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

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

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

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

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

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

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

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

MGFA Revenue Bonds, COP's and Other Financing Arrangements

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

Claims Payable

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

Compensated Absences

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

COMPONENT UNITS

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

Component Unit Bonds Outstanding
(Expressed in Thousands)

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

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

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

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

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

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

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

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

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

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

Component Units Principal Maturities
(Expressed in Thousands)

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

NOTE 12 - RIGHT TO USE LEASED ASSETS

PRIMARY GOVERNMENT - GOVERNMENTAL ACTIVITIES

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

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

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

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

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

Right to Use Leased Assets
(Expressed in Thousands)

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

A summary of lease commitments to maturity is as follows:

Future Lease Payments
(Expressed in Thousands)

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

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

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

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

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

NOTE 13 - SELF - INSURANCE

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

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

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

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

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

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

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

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

B. UNEMPLOYMENT INSURANCE

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

C. WORKERS' COMPENSATION

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

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

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

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

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

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

D. EMPLOYEE HEALTH INSURANCE

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

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

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

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

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

(Expressed in Thousands)

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

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

NOTE 14 - JOINT VENTURES

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

TRI-STATE LOTTO COMMISSION

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

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

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

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

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

Tri-State Lotto Commission
(Expressed in Thousands)

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

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

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

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

Multi State Lottery Association (Unaudited)
(Expressed in Thousands)

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

NOTE 15 - RELATED PARTY TRANSACTIONS

PRIMARY GOVERNMENT

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

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

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

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

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

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

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

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

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

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

COMPONENT UNITS

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

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

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

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

NOTE 16 - DEFERRED OUTFLOWS AND DEFERRED INFLOWS

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

(Expressed in Thousands)

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

* 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	$ 337,133	$ 362	$ 46,608	$ 3,030	$ -	$ 387,133
Settlements **	-	-	-	90,634	-	90,634
Total Deferred Inflows of Resources	$ 337,133	$ 362	$ 46,608	$ 93,664	$ -	$ 477,767

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

NOTE 17 - TAX ABATEMENTS

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

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

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

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

Source: Maine Revenue Services

NOTE 18 - COMMITMENTS AND CONTINGENCIES

PRIMARY GOVERNMENT

LITIGATION

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

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

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

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

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

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

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

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

The Office of the Attorney General is representing Maine Revenue Services (MRS) in a number of cases in which taxpayers are challenging the assessment of taxes. In most of these cases, the taxpayers are not seeking refunds of taxes previously paid, but are instead challenging taxes that were assessed but which the taxpayers have not paid. In some cases, the assessment at issue exceeds $1 million. The cases listed below are the only ones we are aware of in which taxpayers are seeking refunds that could exceed $1 million.

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

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

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

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

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

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

ENCUMBRANCES

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

FEDERAL GRANTS

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

POLLUTION REMEDIATION

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

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

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

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

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

The State recorded a liability for pollution remediation activities of approximately $13.2 million (net of unrealized recoveries of $298 thousand) related to five uncontrolled hazardous substance sites. The State expects to recover $268 thousand in costs. The Uncontrolled Hazardous Substance Sites Program was created in response to the threats and potential threats to human health and the environment posed primarily by abandoned hazardous waste sites. The Uncontrolled Hazardous Substance Sites program is the State's equivalent to the Federal Superfund Program.

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

MUNICIPAL SOLID WASTE LANDFILLS

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

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

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

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

SAND AND SALT STORAGE PROGRAM

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

POLLUTION ABATEMENT PROGRAM

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

GROUND WATER OIL CLEAN-UP FUND

The Maine Ground and Surface Waters Clean-up and Response Fund is established in Title 38 MRSA § 551. Fund activities include, but are not limited to, providing insurance to public and private entities for cleanup of oil spills. The program is funded by a per barrel assessment on petroleum products imported into the State. Coverage is up to $750 thousand per occurrence for aboveground storage tanks and $1 million per occurrence for underground storage tanks. Third party injury coverage may not exceed $200 thousand per claimant.

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

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

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

CONSTRUCTION COMMITMENTS

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

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

TOBACCO SETTLEMENTS

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

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

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

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

CONTINGENT LIABILITIES

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

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

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

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

ESCHEAT PROPERTY

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

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

CONSTITUTIONAL OBLIGATIONS

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

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

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

MORAL OBLIGATIONS

The State of Maine, through statute, enables certain Authorities to establish capital reserve funds. These funds may be used to secure a variety of financial undertakings including the issuance of bonds. The minimum amount of the capital reserve fund may be determined by statute or set by the Authority. The statutes may also limit the amount of debt that may be secured by the capital reserve funds, and allow the Authority to issue debt that is not secured by these funds.

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

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

The following summarizes information regarding outstanding moral obligations:

Moral Obligation Bonds
(Expressed in Thousands)

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

[1] NIL indicates a "no limit" obligation.

COMPONENT UNITS

CONSTRUCTION CONTRACTS

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

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

MORTGAGE COMMITMENTS

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

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

INSURED LOAN COMMITMENTS

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

NOTE 19 - SUBSEQUENT EVENTS

PRIMARY GOVERNMENT

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

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

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

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

COMPONENT UNITS

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

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

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

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

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

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


DIRIGO
MAINE

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, 2022
(Expressed in Thousands)

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

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


DIRIGO
MAINE

STATE OF MAINE
BUDGETARY COMPARISON SCHEDULE
BUDGET TO GAAP RECONCILIATION

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

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

Statutory/Budgetary Presentation
In accordance with statute, the Governor presents a biennial budget for the General Fund and special revenue funds to the Legislature for enactment or revision. Effective November 27, 1995, a State Constitutional Amendment provided the Governor a "line item" veto of dollar amounts, allowing a dollar substitution for those amounts disapproved, as long as an appropriation or allocation is not increased (or a deappropriation or deallocation decreased) either in the specified line or in any other line in the legislative document. Another Constitutional Amendment requires the State to fund at least 90 percent of the annual cost of future mandates imposed on local governments; any exception requires a two-thirds vote of the elected members of the House and Senate.

Once passed and signed, the budget becomes the financial plan for the next biennium. It includes proposed expenditures for all departments and agencies, interest and debt redemption charges, and expenditures for capital projects to be undertaken and executed during each fiscal year. The budget also includes anticipated revenues and any other means of financing expenditures. The State Budget Officer is required to use the revenue projections of the Revenue Forecasting Committee in preparing the General Fund and Highway Fund budgets.

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

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

Governmental funds use encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to reserve a portion of the applicable appropriation or allocation. Unencumbered appropriations in the General Fund and Highway Fund lapse at June 30 unless, by law, they are carried forward to a subsequent year. For financial statement purposes, unless amounts would create deficits, fund balance is classified based on existing resources, if any, which will liquidate the encumbrances outstanding at June 30 (shown as restrictions, commitments or assignments of fund balance).

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

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

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

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

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

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

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

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

Compliance at the Legal Level of Budgetary Control

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

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

Last Eight Fiscal Years
(Expressed in Thousands)

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

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

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

Last Eight Fiscal Years
(Expressed in Thousands)

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

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

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

Last Nine Fiscal Years
(Expressed in Thousands)

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

(continued)

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

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

Notes to Schedule

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

Former and future actuarial assumptions:

Discount rate and other information	Change in assumptions 2021: Demographic assumptions were changed based on recommendations from the July 1, 2015 to June 30, 2020 experience study as well as the actuarial audit completed of the June 30, 2020 actuarial valuation, first effective with the development of the NPL as of June 30, 2021. The annual rate of investment interest was also reduced from 6.75 percent to 6.50 percent effective as of this same date.
Discount rate	Change in assumptions 2018: The annual rate of investment return was reduced from 6.875 percent used at funding to 6.75 percent. The impact of this change is included in the TPL reconciliation as a change in assumptions.
Other information	Change in assumptions 2016: the amounts reported as changes of assumptions were due to assumptions that were updated based on the experience study covering the period from June 30, 2012 through June 30, 2015.

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

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

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

Last Eight Fiscal Years
(Expressed in Thousands)

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

Notes to Schedule:

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

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

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

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

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

Last Nine Fiscal Years
(Expressed in Thousands)

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

(continued)

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

Notes to Schedule:

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

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

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

Former and future actuarial assumptions:

Discount rate and other assumptions	Change in assumptions 2021: Demographic assumptions were changed based on recommendations from the July 1, 2015 to June 30, 2020 experience study as well as the actuarial audit completed of the June 30, 2020 actuarial valuation, first effective with the development of the NPL as of June 30, 2021. The annual rate of investment interest was also reduced from 6.75 percent to 6.50 percent effective as of this same date.
Discount rate	Change in assumptions 2018: The annual rate of investment return was reduced from 6.875 percent used at funding to 6.75 percent. The impact of this change is included in the TPL reconciliation as a change in assumptions.
Other information	Change in assumptions 2016: the amounts reported as changes of assumptions were due to assumptions that were updated based on the experience study covering the period from June 30, 2012 through June 30, 2015.

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

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

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

Last Eight Fiscal Years
(Expressed in Thousands)

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

Notes to Schedule:

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

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

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

Last Nine Fiscal Years
(Expressed in Thousands)

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

(continued)

2018		2017		2016		2015		2014
$ 129,422	$	116,080	$	112,478	$	147,048	$	146,362
(129,422)		(116,080)		(112,478)		(147,048)		(146,362)
$ -	$	-	$	-	$	-	$	-
$ 54,472	$	47,659	$	45,349	$	38,404	$	36,931
(54,472)		(47,659)		(45,349)		(38,404)		(36,931)
$ -	$	-	$	-	$	-	$	-
$ 183,894	$	163,739	$	157,827	$	185,452	$	183,293
(183,894)		(163,739)		(157,827)		(185,452)		(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, 2022 actuarially determined contribution rates are calculated based on 2020 liabilities developed as a roll-forward of the 2019 valuation liability, adjusted for expected experience and any assumption or methodology changes during fiscal year end 2020 using actual assets at June 30, 2020.
Actuarial cost method	Entry age normal
Asset valuation method	3-Year smoothed market
Amortization method	Level Percentage of payroll, closed period amortization of the UAL prior to 2012 amortized over a remaining 7 years from July 1, 2021. Subsequent layers of UAL are amortized over individual 20 year periods.
Discount rate	6.75%
Amortization growth rate	2.75%
Price inflation	2.75%
Salary increases	2.75% plus merit component based on employee's years of service.
Retirement age	Normal retirement age for State employees and teachers is age 60, 62 or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute.
Mortality	99 percent of the RP-2014 Total Dataset Healthy Annuitant Mortality Table for males and females.

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

Discount rate and other information	Change in assumptions 2021: Demographic assumptions were changed based on recommendations from the July 1, 2015 to June 30, 2020 experience study as well as the actuarial audit completed of the June 30, 2020 actuarial valuation, first effective with the development of the NPL as of June 30, 2021. The annual rate of investment interest was also reduced from 6.75 percent to 6.50 percent effective as of this same date.
Discount rate	Change in assumptions 2018: The annual rate of investment return was reduced from 6.875 percent used at funding to 6.75 percent. The impact of this change is included in the TPL reconciliation as a change in assumptions.
Other information	Change in assumptions 2016: the amounts reported as changes of assumptions were due to assumptions that were updated based on the experience study covering the period from June 30, 2012 through June 30, 2015.

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

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

STATE OF MAINE

SCHEDULE OF CHANGES IN
THE NET OPEB LIABILITY
HEALTHCARE PLAN - STATE EMPLOYEES

Last Six Fiscal Years
(Expressed in Thousands)

	2022	2021	2020	2019	2018	2017
Total OPEB Liability						
Beginning Total Liability	$ 1,236,901	$ 1,180,487	$ 1,226,111	$ 1,199,512	$ 1,161,320	$ 1,143,542
Service Cost	17,706	18,311	17,777	17,425	16,917	12,246
Interest	79,021	78,426	81,020	79,128	76,921	75,650
Changes in Benefit Terms	554	-	-	-	-	-
Differences Between Expected and Actual Experience	(59,931)	6,689	(56,455)	20,875	17,725	-
Changes of Assumptions Discount Rate	-	28,083	-	-	-	-
Changes of Assumptions Others	(116,306)	-	652	-	5,241	-
Benefit Payments, Including Refunds of Member Contributions - Explicit	(47,026)	(48,155)	(71,199)	(70,524)	(58,347)	(54,118)
Benefit Payments, Including Refunds of Member Contributions - Implicit	(33,132)	(26,940)	(17,419)	(20,305)	(20,265)	(16,000)
Net Change in Total OPEB Liability	(159,114)	56,414	(45,624)	26,599	38,192	17,778
Ending Total OPEB Liability	1,077,787	1,236,901	1,180,487	1,226,111	1,199,512	1,161,320
Plan Fiduciary Net Position						
Beginning Plan Fiduciary Net Position	382,842	291,559	277,703	256,860	233,596	203,088
Employer Contributions - Explicit	49,026	50,155	71,199	72,524	60,347	58,118
Employer Contributions - Implicit	33,132	26,940	17,419	20,305	20,265	16,000
Net Investment Income	(53,659)	89,286	13,859	18,846	21,270	26,513
Benefit Payments, Including Refunds of Member Contributions	(80,158)	(75,095)	(88,618)	(90,829)	(78,612)	(70,118)
Administrative Expense	(3)	(3)	(3)	(3)	(6)	(5)
Net Change in Plan Fiduciary Net Position	(51,662)	91,283	13,856	20,843	23,264	30,508
Ending Plan Fiduciary Net Position	331,180	382,842	291,559	277,703	256,860	233,596
Ending Net OPEB Liability	$ 746,607	$ 854,059	$ 888,928	$ 948,408	$ 942,652	$ 927,724
Plan Fiduciary Net Position as Percentage of the Total OPEB Liability	30.7 %	31.0 %	24.7 %	22.6 %	21.4 %	20.1 %
Covered Payroll	$ 737,707	$ 736,411	$ 687,595	$ 626,384	$ 612,195	$ 574,663
Net OPEB Liability as a Percentage of Covered Payroll	$ 101.2	$ 116.0	$ 129.3	$ 151.4	$ 154.0	$ 161.4

This information relates to the OPEB Plan, not the employer's plan.

Per GASB Statement No. 75, governments should present information for those years for which information is available. If information is not available, the government may implement them prospectively.

STATE OF MAINE
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY GROUP LIFE INSURANCE PLAN - STATE EMPLOYEES AND TEACHERS

Last Six Fiscal Years
(Expressed in Thousands)

	2022	2021	2020	2019	2018	2017
Total OPEB Liability						
Beginning Total Liability	$ 223,516	$ 213,309	$ 204,432	$ 196,263	$ 183,723	$ 175,647
Service Cost	2,757	2,683	2,191	2,132	2,122	2,065
Interest	15,240	13,847	14,275	13,155	12,531	12,015
Differences Between Expected and Actual Experience	365	-	589	-	1,957	-
Changes of Assumptions Discount Rate	-	291	-	-	3,200	-
Benefit Payments, Including Refunds of Member Contributions - Explicit	(6,818)	(6,614)	(8,178)	(7,118)	(7,270)	(6,004)
Net Change in Total OPEB Liability	11,544	10,207	8,877	8,169	12,540	8,076
Ending Total OPEB Liability	235,060	223,516	213,309	204,432	196,263	183,723
Plan Fiduciary Net Position						
Beginning Plan Fiduciary Net Position	140,600	105,617	100,617	94,287	86,883	77,416
Employer and Non-Employer Contributions	10,585	9,867	9,311	7,756	7,639	6,921
Net Investment Income	(20,387)	32,552	4,886	6,418	7,805	9,886
Benefit Payments, Including Refunds of Member Contributions	(6,818)	(6,614)	(8,178)	(7,118)	(7,270)	(6,004)
Administrative Expense	(825)	(822)	(1,019)	(726)	(770)	(1,336)
Net Change in Plan Fiduciary Net Position	(17,445)	34,983	5,000	6,330	7,404	9,467
Ending Plan Fiduciary Net Position	123,155	140,600	105,617	100,617	94,287	86,883
Ending Net OPEB Liability	$ 111,905	$ 82,916	$ 107,692	$ 103,815	$ 101,976	$ 96,840
Plan Fiduciary Net Position as Percentage of the Total OPEB Liability	52.4 %	62.9 %	49.5 %	49.2 %	48.0 %	47.3 %
Covered Payroll	$ 1,600,465	$ 1,525,193	$ 1,484,373	$ 1,380,619	$ 1,343,669	$ 1,277,009
Change - Increase (Decrease)	7.0 %	5.4 %	7.3 %	7.5 %	7.6 %	7.6 %

Per GASB Statement No. 75, governments should present information for those years for which information is available. If information is not available, the government may implement them prospectively.

STATE OF MAINE
SCHEDULE OF CHANGES IN
TOTAL OPEB LIABILITY
HEALTHCARE PLAN - TEACHERS

Last Six Fiscal Years
(Expressed in Thousands)

	2022	2021	2020	2019	2018	2017
Total OPEB Liability						
Beginning Total Liability	$ 1,905,991	$ 1,441,260	$ 1,235,862	$ 1,248,326	$ 1,323,731	$ 1,323,731
Service Cost	68,197	44,132	33,787	35,795	42,214	-
Interest	43,314	51,449	48,502	45,495	38,521	-
Changes in Benefit Terms	325,417	-	-	-	-	-
Contribution - Non-Employer Contributing Entity	(28,719)	(31,133)	(33,032)	(26,855)	(28,848)	-
Differences Between Expected and Actual Experience	(457,831)	846	59,296	(5,178)	-	-
Changes of Assumptions Discount Rate	12,837	399,437	90,624	(61,721)	(170,420)	-
Changes of Assumptions - Others	(79,412)	-	6,221	-	-	-
Differences Between Expected and Actual Investment Earnings	-	-	-	-	43,128	-
Net Change in Total OPEB Liability	(116,197)	464,731	205,398	(12,464)	(75,405)	-
Ending Total OPEB Liability	$ 1,789,794	$ 1,905,991	$ 1,441,260	$ 1,235,862	$ 1,248,326	$ 1,323,731
Covered Payroll	$ 1,414,447	$ 1,276,975	$ 1,260,742	$ 1,156,592	$ 1,149,126	$ 1,125,444
Total OPEB Liability as Percentage of Covered Payroll	126.5 %	149.3 %	114.3 %	106.9 %	107.5 %	117.6 %
State's Proportionate Share of the Collective Total OPEB	78 %	80 %	75 %	74 %	83 %	83 %

This plan is funded on a pay-as-you go basis. The State's proportionate share for fiscal years June 30, 2017 through June 30, 2021 was estimated assuming the same share of implicit subsidy for each school district's OPEB Plan.

Per GASB Statement No. 75, governments should present information for those years for which information is available. If information is not available, the government may implement them prospectively.

STATE OF MAINE
SCHEDULE OF CHANGES IN
TOTAL OPEB LIABILITY
HEALTHCARE PLAN - FIRST RESPONDERS

Last Six Fiscal Years
(Expressed in Thousands)

	2022	2021	2020	2019	2018	2017
Total OPEB Liability						
Beginning Total Liability	$ 31,926	$ 27,506	$ 19,232	$ 18,980	$ 26,052	$ -
Service Cost	1,553	1,142	751	776	1,836	-
Interest	731	989	763	698	786	-
Changes in Benefit Terms	165	-	8,247	-	-	-
Contribution - Employee	(693)	(696)	(592)	(617)	(618)	-
Contribution - Non-Employer Contributing Entity	(218)	(242)	(48)	(5)	(78)	-
Administrative Expenses	72	132	92	98	99	-
Differences Between Expected and Actual Experience	(1,641)	(210)	(863)	(191)	(2,909)	-
Changes of Assumptions Discount Rate	138	3,305	939	(507)	(1,325)	-
Changes of Assumptions - Others	647	-	(1,015)	-	(4,863)	-
Net Change in Total OPEB Liability	754	4,420	8,274	252	(7,072)	-
Ending Total OPEB Liability	$ 32,680	$ 31,926	$ 27,506	$ 19,232	$ 18,980	$ 26,052
Covered Payroll	$ 46,207	$ 46,395	$ 66,360	$ 64,427	$ 62,551	$ 55,651
Total OPEB Liability as Percentage of Covered Payroll	70.7 %	68.8 %	41.4 %	29.9 %	30.3 %	46.8 %
State's Proportionate Share of the Collective Total OPEB	24 %	24 %	23 %	13 %	23 %	23 %

The plan does not accumulate assets in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits. This plan is funded on a pay-as-you go basis. The State's proportionate share for fiscal years June 30, 2017 through June 30, 2021 was estimated assuming the same share of implicit subsidy for each municipality's OPEB Plan.

Per GASB Statement No. 75, governments should present information for those years for which information is available. If information is not available, the government may implement them prospectively.

STATE OF MAINE
SCHEDULE OF STATE CONTRIBUTIONS
STATE FUNDED HEALTHCARE AND GROUP LIFE INSURANCE OPEB PLANS

Last Six Fiscal Years
(Expressed in Thousands)

	2022	2021	2020	2019	2018	2017
State Employee Healthcare						
Actuarially Determined Contribution	$ 52,922	$ 58,819	$ 56,241	$ 71,363	$ 71,179	$ 69,000
Contributions in Relation to the Actuarially Determined Employer Contribution	(82,158)	(77,095)	(88,618)	(92,829)	(80,612)	(74,000)
Contribution Deficiency (Excess)	$ (29,236)	$ (18,276)	$ (32,377)	$ (21,466)	$ (9,433)	$ (5,000)
Covered Payroll	$ 737,707	$ 736,411	$ 687,595	$ 626,384	$ 612,195	$ 582,934
Contributions as a Percentage of Covered Payroll	11.14 %	10.47 %	12.89 %	14.82 %	13.17 %	12.69 %
State Employee and Teacher Group Life Insurance Benefit Plan						
Actuarially Determined Contribution	$ 11,242	$ 10,965	$ 10,671	$ 9,040	$ 8,806	$ 8,240
Contributions in Relation to the Actuarially Determined Employer Contribution	(10,585)	(9,867)	(9,310)	(7,756)	(7,638)	(6,921)
Contribution Deficiency (Excess)	$ 657	$ 1,098	$ 1,361	$ 1,284	$ 1,168	$ 1,319
Covered Payroll	$ 1,600,465	$ 1,525,193	$ 1,484,373	$ 1,380,619	$ 1,343,669	$ 1,277,009
Contributions as a Percentage of Covered Payroll	0.66 %	0.65 %	0.63 %	0.56 %	0.57 %	0.54 %

Notes to Schedule:

Actuarial assumptions for both plans:

Costs are developed using the individual entry age normal cost method based on a level percentage of payroll. Price inflation is estimated at 2.75 percent and salary increases mirror that rate plus a merit component. Their investment advisor changes interest rates simultaneously. The investment rate of interest declined from 6.75 from 2018 to 2021 to 6.50 percent in the year ended June 30, 2022. Prior to 2021, valuations were based on the July 1, 2012 to June 30, 2015 experience study and the RP2014 Total Dataset Healthy Annuitant Mortality table. 2021 and demographic assumptions changed based on recommendations from the July 1, 2015 to June 30, 2020 experience study as well as the actuarial audit completed of the June 30, 2020 actuarial valuation. Mortality rates were revised using the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model. The unfunded actuarial liability is being amortized as a level percentage of payroll over a 30-year period on a closed basis. The unfunded liability will be fully recognized by June 30, 2037.

State Health Insurance

The valuation date is June 30, 2022. The participation rate for future retirees is 95 percent of active participants currently enrolled. Experience losses (gains) are amortized over a 10-year fixed period. Assumption changes and plan changes are amortized over a period to June 30, 2037. The medical trend rate had been 6.80 at June 30, 2016. Every year thereafter through June 30, 2020, the medical trend rate dropped by .20. At June 30, 2021, the medical trend rate was 5.90. For June 30, 2022, the initial medical trend rate increased to 7.63 percent. The ultimate medical trend rate of 4.29 percent in prior years decreased to 4.19 percent at 2075. The State actively manages premium increases within the statutory cap, so healthcare cost increases are limited to no more than inflation plus 3 percent in any year. Beginning with this fiscal year, June 30, 2021, management adopted a change in methodology recommended by the actuary. The new methodology better estimates actual self-insured plan premiums covered by the State on behalf of participants (explicit subsidy). Total claims allocated to retirees represents the total benefit payment amount and the implied subsidy payments represent the difference.

Group Life Insurance

The valuation date is June 30, 2022. The ADC is calculated in advance of the completion of the prior biennial valuation and thus rolled forward from prior results. In this case, the ADC for 2022 is based on the June 30, 2018 valuation rolled forward and adjusted for changes in assumptions. The ADC for 2021 was based on the June 30, 2016 valuation rolled forward and adjusted for changes in assumptions. The participation rate for future retirees is 100 percent of those currently enrolled.

Per GASB Statement No. 74, governments should present information for those years for which information is available. If information is not available, the government may implement them prospectively.

STATE OF MAINE
SCHEDULE OF INVESTMENT RETURNS
STATE FUNDED HEALTHCARE AND GROUP LIFE INSURANCE OPEB PLANS

Last Six Fiscal Years

	2022	2021	2020	2019	2018	2017
Annual money-weighted rate of return, net of investment expense	14.10 %	30.60 %	6.00 %	6.60 %	9.00 %	12.88 %

Notes to Schedule:

Per GASB Statement No. 74, governments should present information for those years for which information is available. If information is not available, the government may implement them prospectively.

As allowed by GASB Statement No. 34, the State has adopted an alternative process for recording depreciation expense on selected infrastructure assets. Under this process, the State does not record depreciation expense nor are amounts capitalized in connection with improvements to those assets, unless the improvements expand the capacity or efficiency of an asset. Assets accounted for under the modified approach include 8,789 highway miles or 17,851 lane miles of roads and 3,019 bridges having a total deck area of 12.4 million square feet that the State is responsible to maintain.

In order to utilize the modified approach, the State is required to:

- Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure.
- Perform condition assessments of eligible assets and summarize the results using a measurement scale.
- Estimate each year the annual amount to maintain and preserve the assets at the condition level established and disclosed by the State.
- Document that the assets are being preserved at, or above, the established condition level.

Roads and bridges maintained by the Department of Transportation are accounted for using the modified approach.

HIGHWAYS

Measurement Scale for Highways

The Maine Department of Transportation (MDOT) uses six indicators to determine the condition of highway adequacy. The six indicators and their relative point weighting are listed in the table below.

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).
	100	

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
2022	76.2	74.0
2021	74.0	74.7
2020	74.0	75.0

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)

	2022	2021	2020	2019	2018
Highways	$ 153.2	$ 157.4	$ 148.3	$ 119.6	$ 124.8
Bridges	22.8	34.9	32.0	13.2	16.4
Total	$ 176.0	$ 192.3	$ 180.3	$ 132.8	$ 141.2

Estimated Preservation Costs
(Expressed in millions)

	2022	2021	2020	2019	2018
Highways	$ 150.0	$ 150.0	$ 130.0	$ 112.0	$ 133.0
Bridges	35.0	35.0	15.0	13.5	21.0
Total	$ 185.0	$ 185.0	$ 145.0	$ 125.5	$ 154.0

Transportation Bonds

Transportation bonds, approved by referendum, are issued to fund improvements to highways and bridges. Of the amount authorized by PL 2019, Chapter 673, $460 thousand in General Fund bonds were spent during FY2022.

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, 2022
(Expressed in Thousands)

	Special Revenue	Capital Projects	Permanent	Total Other Governmental Funds
Assets				
Equity in Treasurer's Cash Pool	$ 311	$ -	$ -	$ 311
Investments	101,205	-	41,866	143,071
Restricted Assets:				
Restricted Equity in Treasurer's Cash Pool	-	81,570	-	81,570
Total Assets	$ 101,516	$ 81,570	$ 41,866	$ 224,952
Liabilities and Fund Balances				
Accounts Payable	$ -	$ 30	$ -	$ 30
Due to Other Funds	-	47,605	-	47,605
Due to Component Units	-	4,894	-	4,894
Unearned Revenue	-	3	-	3
Total Liabilities	-	52,532	-	52,532
Fund Balances				
Non-Spendable Legal or Contractual	-	-	41,866	41,866
Restricted	101,516	29,038	-	130,554
Total Fund Balances	101,516	29,038	41,866	172,420
Total Liabilities and Fund Balances	$ 101,516	$ 81,570	$ 41,866	$ 224,952

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

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

	Special Revenue	Capital Projects	Permanent	Total Other Governmental Funds
Revenues				
Investment Income (Loss)	$ (9,246)	$ -	$ (7,304)	$ (16,550)
Total Revenues	(9,246)	-	(7,304)	(16,550)
Expenditures				
Governmental Support & Operations	65	(1)	-	64
Economic Development & Workforce Training	-	9,500	-	9,500
Education	-	19,729	-	19,729
Natural Resources Development & Protection	-	7,169	-	7,169
Debt Service:				
Capital Outlay	-	16,813	-	16,813
Total Expenditures	65	53,210	-	53,275
Revenue over (under) Expenditures	(9,311)	(53,210)	(7,304)	(69,825)
Other Financing Sources (Uses)				
Transfer to Other Funds	(2,709)	-	(1,166)	(3,875)
Net Change in Fund Balances	(12,020)	(53,210)	(8,470)	(73,700)
Fund Balance at Beginning of Year	113,536	82,248	50,336	246,120
Fund Balances, End of Year	$ 101,516	$ 29,038	$ 41,866	$ 172,420


DIRIGO
MAINE

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, 2022
(Expressed in Thousands)

	Baxter Park	Revenue on Permanent Funds	Total Special Revenue Funds
Assets			
Equity in Treasurer's Cash Pool	$ -	$ 311	$ 311
Investments	101,186	19	101,205
Total Assets	$ 101,186	$ 330	$ 101,516
Liabilities and Fund Balances			
Total Liabilities	-	-	-
Fund Balances:			
Restricted	101,186	330	101,516
Total Fund Balances	101,186	330	101,516
Total Liabilities and Fund Balances	$ 101,186	$ 330	$ 101,516

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

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

	Baxter Park	Revenue on Permanent Funds	Total Special Revenue Funds
Revenues			
Investment Income (Loss)	$ (9,703)	$ 457	$ (9,246)
Total Revenues	(9,703)	457	(9,246)
Expenditures			
Current:			
General Government	-	65	65
Total Expenditures	-	65	65
Revenue over (under) Expenditures	(9,703)	392	(9,311)
Other Financing Sources (Uses)			
Transfer to Other Funds	(2,450)	(259)	(2,709)
Net Other Financing Sources (Uses)	(2,450)	(259)	(2,709)
Net Change in Fund Balances	(12,153)	133	(12,020)
Fund Balance at Beginning of Year	113,339	197	113,536
Fund Balances at End of Year	$ 101,186	$ 330	$ 101,516

STATE OF MAINE
COMBINING BALANCE SHEET
NON-MAJOR PERMANENT FUNDS

June 30, 2022
(Expressed in Thousands)

	Baxter Trust	Other Trust	Permanent School	Total Permanent Funds
Assets				
Investments	$ 9,573	$ 27,505	$ 4,788	$ 41,866
Total Assets	$ 9,573	$ 27,505	$ 4,788	$ 41,866
Fund Balances				
Non-Spendable Legal or Contractual	$ 9,573	$ 27,505	$ 4,788	$ 41,866

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

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

	Baxter Trust	Other Trust	Permanent School	Total Permanent Funds
Revenues				
Investment Income (Loss)	$ (2,080)	$ (4,183)	$ (1,041)	$ (7,304)
Total Revenues	(2,080)	(4,183)	(1,041)	(7,304)
Expenditures				
Total Expenditures	-	-	-	-
Revenue over (under) Expenditures	(2,080)	(4,183)	(1,041)	(7,304)
Other Financing Sources (Uses)				
Transfer to Other Funds	-	(1,166)	-	(1,166)
Net Other Financing Sources (Uses)	-	(1,166)	-	(1,166)
Revenues and Other Sources over (under) Expenditures and Other Uses	(2,080)	(5,349)	(1,041)	(8,470)
Fund Balance at Beginning of Year	11,653	32,854	5,829	50,336
Fund Balances at End of Year	$ 9,573	$ 27,505	$ 4,788	$ 41,866


DIRIGO
MAINE

BUDGETARY COMPARISON SCHEDULES

STATE OF MAINE
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND EXPENDITURES BY AGENCY

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

	Final Budget	Actual	Variance with Final Budget
Department of Administrative and Financial Services			
Administrative Services	$ 21,305	$ 18,278	$ 3,027
Financial Services	230,635	216,405	14,230
Human Resources	2,883	2,374	509
Financial and Personnel Services	160	157	3
Liquor and Lottery	1,555	1,525	30
Marijuana	2,441	2,402	39
Purchasing	2,011	1,420	591
Bureau of Information Services	12,283	8,636	3,647
State Employee Health Commission	773	773	-
	274,046	251,970	22,076
Department of Agriculture, Conservation and Forestry	39,573	36,043	3,530
Attorney General	23,827	23,019	808
State Auditor	1,616	1,470	146
Department of Corrections			
Corrections	85,939	74,734	11,205
Maine State Prison	40,710	39,825	885
Maine Correctional Center	30,050	27,140	2,910
Downeast Correctional Facility	2,058	1,419	639
Charleston Correctional Facility	18,628	18,103	525
Long Creek Youth Development Center	16,497	13,852	2,645
County Jail Operations	22,103	22,103	-
	215,985	197,176	18,809
Department of Economic and Community Development	13,823	13,094	729
Department of Environmental Protection	11,341	11,261	80
Department of Human Services			
Human Services	1,424,649	1,253,898	170,751
Department of Labor			
Labor	12,124	11,207	917
Labor Relations Board	443	392	51
	12,567	11,599	968
Department of Transportation			
Defense, Veterans and Emergency Management	11,572	8,937	2,635
Department of Education			
Education	1,598,537	1,562,565	35,972
Education - Unorganized Territory	13,347	11,796	1,551
	1,611,884	1,574,361	37,523
General Government			
Office of the Governor	10,328	7,142	3,186
Ombudsman Program	223	177	46
	10,551	7,319	3,232
Department of Inland Fisheries and Wildlife	32,332	31,555	777
Judicial Department	93,626	89,800	3,826

	Final Budget	Actual	Variance with Final Budget
Legislative Department			
Legislative	31,381	27,774	3,607
Law and Legislative Reference Library	1,942	1,726	216
Statehouse Preservation and Maintenance	800	107	693
Program Evaluation and Government Accountability	1,522	1,256	266
	35,645	30,863	4,782
Department of Marine Resources	13,905	12,958	947
Department of Public Safety	55,804	51,808	3,996
Secretary of State			
Secretary of State	5,096	4,807	289
Archives Services	1,916	1,462	454
	7,012	6,269	743
Treasurer of State	115,542	112,713	2,829
Other Agencies			
Maine Maritime Academy	9,839	9,839	-
University of Maine	232,290	232,290	-
Board of Education	182	144	38
Office of Affordable Healthcare	291	-	291
Permanent Commission Status of Racial Indigenous and Tribal	846	414	432
Maine Fire Protection Service Commission	502	1	501
Com. On Governmental Ethics and Election Practices	178	171	7
Finance Authority of Maine	18,294	18,194	100
Saco River Corridor Commission	47	47	-
Human Rights Commission	1,172	1,161	11
Maine Indian Tribal State Council	167	167	-
Board of Property Tax Review	87	83	4
Museum	2,273	1,996	277
Maine Municipal Bond Bank	69	69	-
Maine State Cultural Affairs Council	50	21	29
Maine Historic Preservation Commission	508	400	108
Library	3,946	3,724	222
Maine State Retirement System	624	624	-
Arts and Humanities Administration	1,020	869	151
Dirigo Health	1,259	908	351
Commission on Indigent Legal Services	16,567	16,416	151
Maine Humanities Council	53	53	-
Centers for Innovation	118	118	-
NE International Water Pollution Control Commission	53	53	-
Downeast Institute Appl Marine	13	13	-
St. Croix International Waterway	50	50	-
Disability Rights Center	126	63	63
Maine Historical Society	45	45	-
Maine Hospice Counsel	64	64	-
Maine Development Foundation	58	58	-
Maine Public Broadcasting Corporation	1,650	1,650	-
Maine State Housing Authority	2,500	2,500	-
Maine Potato Board	161	161	-
Pine Tree Legal	650	650	-
Maine Community College System	73,983	73,983	-
	369,735	366,999	2,736
Grand Total	$ 4,375,035	$ 4,093,112	$ 281,923


DIRIGO
MAINE

BUDGETARY COMPARISON SCHEDULE
HIGHWAY FUND EXPENDITURES BY AGENCY

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

	Final Budget	Actual	Variance with Actual Budget
Department of Administrative and Financial Services			
Administrative Services	$ 1,783	$ 1,543	$ 240
Financial Services	782	762	20
	2,565	2,305	260
Department of Environmental Protection	32	31	1
Legislative Department			
Legislative	13	-	13
Department of Transportation			
Transportation	311,367	296,757	14,610
Department of Public Safety	32,044	31,004	1,040
Secretary of State			
Motor Vehicles	47,704	40,283	7,421
Grand Total	$ 393,725	$ 370,380	$ 23,345

STATE OF MAINE
BUDGETARY COMPARISON SCHEDULE
FEDERAL FUND EXPENDITURES BY AGENCY

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

	Final Budget	Actual	Variance with Final Budget
Department of Administrative and Financial Services			
Administrative Services	$ 8,672	$ 3,644	$ 5,028
Bureau of Information Services	18,172	2,094	16,078
Financial Services	259,357	122,649	136,708
Financial and Personnel Services	963	507	456
Purchasing	1,399	613	786
State Employee Health Commission	8	-	8
	288,571	129,507	159,064
Department of Agriculture, Conservation and Forestry	50,522	12,587	37,935
Attorney General	4,314	2,498	1,816
Department of Corrections			
Corrections	4,069	1,390	2,679
Maine State Prison	2,057	2,057	-
Maine Correctional Center	1,519	1,408	111
Downeast Correctional Facility	29	29	-
Charleston Correctional Facility	1,129	959	170
Long Creek Youth Development Center	897	769	128
	9,700	6,612	3,088
Department of Economic and Community Development	216,885	76,965	139,920
Department of Environmental Protection	37,619	9,807	27,812
Department of Human Services			
Human Services	3,908,825	3,487,212	421,613
Department of Labor	407,668	317,830	89,838
Department of Transportation			
Transportation	409,973	306,047	103,926
Air Transportation	1,945	64	1,881
Ferry Service/Ports and Marine	1,200	-	1,200
Rail/Van Pool	10,100	3,604	6,496
	423,218	309,715	113,503
Defense, Veterans and Emergency Management	173,374	112,025	61,349
Department of Education			
Education	1,142,249	464,410	677,839
Education - Unorganized Territory	598	206	392
	1,142,847	464,616	678,231
General Government			
Office of the Governor	7,470	1,836	5,634
Ombudsman Program	64	44	20
	7,534	1,880	5,654
Department of Inland Fisheries and Wildlife	28,978	12,915	16,063
Judicial Department	2,175	1,116	1,059
Department of Marine Resources	32,190	9,595	22,595

	Final Budget	Actual	Variance with Final Budget
Department of Professional and Financial Regulation			
Professional and Financial Regulation	70,641	9,355	61,286
Board of Nursing	10	-	10
Department of Public Safety	22,218	11,082	11,136
Public Utilities Commission	60	49	11
Secretary of State			
Secretary of State	4,520	596	3,924
Motor Vehicles	485	-	485
Archives Services	32	4	28
	5,037	600	4,437
Other Agencies			
Maine Maritime Academy	2,038	38	2,000
University of Maine	23,345	8,345	15,000
Maine Connectivity Authority	10,000	5,000	5,000
Permanent Commission Status of Racial Indigenous and Tribal	501	-	501
Finance Authority of Maine	3,001	-	3,001
Human Rights Commission	594	326	268
Museum	131	-	131
Maine Historic Preservation Commission	1,146	815	331
Library	3,768	3,126	642
Arts and Humanities Administration	2,216	1,414	802
Maine Efficiency Trust	15,000	-	15,000
Commission on Indigent Legal Services	4,000	-	4,000
Maine Public Broadcasting Corporation	5,000	-	5,000
Maine State Housing Authority	351,510	255,978	95,532
ConnectME Authority	639	639	-
Maine Community College System	15,000	327	14,673
	437,889	276,008	161,881
Grand Total	$ 7,270,275	$ 5,251,974	$ 2,018,301

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

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

	Final Budget	Actual	Variance with Final Budget
Department of Administrative and Financial Services			
Administrative Services	$ 18,319	$ 4,228	$ 14,091
Bureau of Information Services	2,254	836	1,418
Financial Services	1,013,889	788,074	225,815
Human Resources	5	-	5
Financial and Personnel Services	30	2	28
Liquor and Lottery	19	14	5
Marijuana	4,317	2,384	1,933
State Employee Health Commission	75	-	75
Purchasing	4	-	4
	1,038,912	795,538	243,374
Department of Agriculture, Conservation and Forestry	126,112	66,279	59,833
Attorney General	21,284	18,760	2,524
State Auditor	2,931	2,385	546
Department of Corrections			
Corrections	2,030	509	1,521
Maine State Prison	120	50	70
Maine Correctional Center	359	43	316
Charleston Correctional Facility	137	22	115
Long Creek Youth Development Center	39	-	39
County Jail Operations	566	140	426
	3,251	764	2,487
Department of Economic and Community Development	26,568	15,053	11,515
Department of Environmental Protection			
Department of Environmental Protection	72,932	41,078	31,854
Department of Human Services			
Human Services	618,152	524,020	94,132
Department of Labor			
Labor	9,890	11,569	(1,679)
Labor Relations Board	140	33	107
	10,030	11,602	(1,572)
Department of Transportation			
Transportation	287,089	157,249	129,840
Air Transportation	1,713	928	785
Ferry Service/Ports & Maine	461	136	325
Rail/Van Pool	3,388	2,015	1,373
	292,651	160,328	132,323
Defense, Veterans and Emergency Management	3,832	922	2,910
Department of Education			
Education	37,969	27,257	10,712
Education - Unorganized Territory	8	-	8
	37,977	27,257	10,720
General Government			
Office of the Governor	2,710	960	1,750
Public Advocate	4,121	2,256	1,865
	6,831	3,216	3,615
Department of Inland Fisheries and Wildlife	12,865	6,029	6,836

	Final Budget	Actual	Variance with Final Budget
Judicial Department	13,800	7,163	6,637
Legislative Department			
Legislative	275	40	235
Department of Marine Resources	13,259	8,361	4,898
Department of Professional and Financial Regulation			
Professional and Financial Regulation	33,121	24,860	8,261
Board of Dental Examiners	587	489	98
Board of Nursing	1,377	1,245	132
Board of Optometry	97	95	2
Board of Osteopathic Examination and Registration	274	239	35
Board of Professional Engineers	323	279	44
Board of Registration in Medicine	1,844	1,599	245
	37,623	28,806	8,817
Department of Public Safety	30,961	24,389	6,572
Public Utilities Commission	24,073	19,362	4,711
Secretary of State			
Secretary of State	484	411	73
Motor Vehicles	1,483	946	537
Archives Services	34	1	33
	2,001	1,358	643
Treasurer of State	255,160	232,513	22,647
Other Agencies			
Maine Maritime	176	111	65
University of Maine	4,522	4,363	159
Worker's Compensation Board	13,610	12,225	1,385
Maine Health Data Organization	3,601	2,249	1,352
Permanent Commission Status of Racial Indigenous and Tribal	51	-	51
Maine Charter School	867	762	105
Baxter State Park Authority	5,656	4,789	867
Com. On Governmental Ethics and Election Practices	3,645	3,174	471
Finance Authority of Maine	10,859	10,831	28
Saco River Corridor Commission	90	90	-
Human Rights Commission	108	23	85
Board of Property Tax Review	3	-	3
Museum	405	101	304
Maine Municipal Bond Bank	92,992	41,634	51,358
Maine State Cultural Affairs Council	66	-	66
Maine Historic Preservation Commission	693	401	292
Library	812	491	321
Lobster Promotion Council	2,686	1,945	741
Arts and Humanities Administration	102	49	53
Maine Efficiency Trust	156	145	11
Commission on Indigent Legal Services	10,451	3,942	6,509
Telecommunication Relay Services Council	726	290	436
Maine Children's Trust Incorporated	48	4	44
Maine State Housing Authority	41,756	36,323	5,433
Maine Potato Board	1,586	770	816
ConnectME Authority	1,716	-	1,716
Maine Community College System	4,525	4,525	-
Wild Blueberry Commission of Maine	1,875	1,705	170
	203,783	130,942	72,841
Grand Total	$ 2,855,263	$ 2,126,165	$ 729,098


DIRIGO
MAINE

NON-MAJOR ENTERPRISE FUNDS

<u>*Lottery Fund*</u> – 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.

<u>*Alcoholic Beverages Fund*</u> - 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.

<u>*Maine Military Authority Fund*</u> – 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.

<u>*State Ferry Service Fund*</u> – 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.

<u>*Prison Industries Fund*</u> – This fund accounts for a self-supporting program of job training through the employment of inmates in manufacturing and selling products.

<u>*Dirigo Health Agency*</u> – 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.

<u>*Consolidated Emergency Communications Fund*</u> – 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.

<u>*Competitive Skills Scholarship Fund*</u> – This fund provides scholarships to eligible Maine residents to access post-secondary education including certificate programs and two- and four-year degrees.

<u>*Maine Retirement Savings Program Fund*</u> – The fund accounts for administrative costs and expenses of the Maine Retirement Savings Program which is to promote individual retirement savings through a Public-Private partnership.

STATE OF MAINE
COMBINING STATEMENT OF NET POSITION
NON-MAJOR ENTERPRISE FUNDS

June 30, 2022
(Expressed in Thousands)

	Lottery	Alcoholic Beverages	Maine Military Authority	Ferry Service
Assets				
Current assets:				
Equity in Treasurer's Cash Pool	$ -	$ 4,512	$ -	$ 1,197
Cash & Short-Term Investments	750	-	-	3
Restricted Assets				
Restricted Deposits & Investments	-	-	-	-
Inventories	-	-	-	368
Receivables, Net of Allowance for Uncollectibles:				
Other Receivable	29,192	6,078	152	119
Due from Other Funds	6,600	630	-	-
Total Current assets	36,542	11,220	152	1,687
Noncurrent Assets:				
Equity in Treasurer's Cash Pool	-	2,939	-	779
Capital Assets, Net of Accumulated Depreciation	-	-	-	47,009
Total Noncurrent Assets	-	2,939	-	47,788
Total Assets	36,542	14,159	152	49,475
Deferred Outflows of Resources	$ 766	$ 112	$ -	$ 2,855
Liabilities				
Current Liabilities:				
Accounts Payable	$ 5,932	$ 10,075	$ -	$ 406
Accrued Payroll	97	20	-	281
Due to Other Funds	278	6	6,356	85
Current Portion of Long-Term Obligations:				
Compensated Absences	13	5	-	77
Unearned Revenue	221	-	-	-
Other Accrued Liabilities	25,912	-	-	-
Total Current Liabilities	32,453	10,106	6,356	849
Long-Term Liabilities				
Working Capital Advances Payable	-	-	-	-
Compensated Absences	89	32	-	507
Net Pension Liability	904	132	-	3,502
Net Other Post-Employment Benefit Liability	1,116	152	-	4,331
Total Long-Term Liabilities	2,109	316	-	8,340
Total Liabilities	34,562	10,422	6,356	9,189
Deferred Inflows of Resources	$ 1,124	$ 159	$ -	$ 4,365
Net Position				
Net Investment in Capital Assets	-	-	-	47,009
Unrestricted	1,622	3,690	(6,204)	(8,233)
Total Net Position	$ 1,622	$ 3,690	$ (6,204)	$ 38,776

Prison Industries	Dirigo Health	Consolidated Emergency Communications	Competitive Skills Scholarship Fund	Maine Retirement Savings Program	Total Other Enterprise Funds
$ 582	$ 39	$ 2,233	$ 4,182	$ 971	$ 13,716
1	-	-	-	-	754
-	-	-	11	-	11
4,700	-	-	-	-	5,068
5	-	52	-	-	35,598
6	-	-	-	-	7,236
5,294	39	2,285	4,193	971	62,383
379	25	1,455	2,724	633	8,934
141	-	-	-	-	47,150
520	25	1,455	2,724	633	56,084
5,814	64	3,740	6,917	1,604	118,467
$ 114	$ -	$ 2,447	$ 294	$ -	$ 6,588
$ 47	$ -	$ 9	$ 33	$ -	$ 16,502
8	-	323	39	-	768
16	-	100	23	-	6,864
1	-	27	3	-	126
-	-	-	-	-	221
-	-	-	-	-	25,912
72	-	459	98	-	50,393
-	-	-	-	1,600	1,600
6	-	179	20	-	833
158	-	2,999	406	-	8,101
144	-	3,745	519	-	10,007
308	-	6,923	945	1,600	20,541
380	-	7,382	1,043	1,600	70,934
$ 182	$ -	$ 3,745	$ 510	$ -	$ 10,085
141	-	-	-	-	47,150
5,225	64	(4,940)	5,658	4	(3,114)
$ 5,366	$ 64	$ (4,940)	$ 5,658	$ 4	$ 44,036

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

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

	Lottery	Alcoholic Beverages	Maine Military Authority	Ferry Service
Operating Revenues				
Charges for Services	$ 391,772	$ 245,900	$ -	$ 6,533
Assessments	-	-	-	-
Miscellaneous Revenues	4	-	-	-
Total Operating Revenues	391,776	245,900	-	6,533
Operating Expenses				
General Operations	319,494	183,874	144	11,633
Depreciation and Amortization	-	-	-	2,130
Total Operating Expenses	319,494	183,874	144	13,763
Operating Income (Loss)	72,282	62,026	(144)	(7,230)
Nonoperating Revenues (Expenses)				
Other Nonoperating Revenues (Expenses) - net	86	-	(25)	14
Total Nonoperating Revenues (Expenses)	86	-	(25)	14
Income (Loss) Before Capital Contributions, Transfers and Special Items	72,368	62,026	(169)	(7,216)
Capital Contributions, Transfers and Special Items				
Capital Contributions from (to) Other Funds	-	-	-	9,361
Transfer from Other Funds	-	-	-	6,148
Transfer to Other Funds	(72,093)	(62,088)	-	-
Total Capital Contributions, Transfers In (Out) and Special Items	(72,093)	(62,088)	-	15,509
Change in Net Position	275	(62)	(169)	8,293
Net Position - Beginning of Year	1,347	3,752	(6,035)	30,483
Net Position - End of Year	$ 1,622	$ 3,690	$ (6,204)	$ 38,776

Prison Industries	Dirigo Health	Consolidated Emergency Communications	Competitive Skills Scholarship Fund	Maine Retirement Savings Program	Total Other Enterprise Funds
$ 2,014	$ -	$ 7,040	$ -	$ -	$ 653,259
-	-	-	4,664	-	4,664
-	-	-	-	-	4
2,014	-	7,040	4,664	-	657,927
1,405	-	5,705	1,475	-	523,730
24	-	-	-	-	2,154
1,429	-	5,705	1,475	-	525,884
585	-	1,335	3,189	-	132,043
5	-	-	26	4	110
5	-	-	26	4	110
590	-	1,335	3,215	4	132,153
23	-	-	-	-	9,384
-	-	-	-	-	6,148
-	-	-	-	-	(134,181)
23	-	-	-	-	(118,649)
613	-	1,335	3,215	4	13,504
4,753	64	(6,275)	2,443	-	30,532
$ 5,366	$ 64	$ (4,940)	$ 5,658	$ 4	$ 44,036

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

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

	Lottery	Alcoholic Beverages	Maine Military Authority	Ferry Service
Cash Flows from Operating Activities				
Receipts from Customers and Users	$ 393,038	$ 245,435	$ 40	$ 6,519
Cash Received from Interfund Services	-	-	129	22
Payments to Prize Winners	(269,818)	-	-	-
Payments to Suppliers	(46,657)	(183,313)	(33)	(4,119)
Payments to Employees	(2,188)	(354)	(104)	(7,663)
Payments for Interfund Goods and Services	(5,170)	(8,514)	(7)	(620)
Net Cash Provided (Used) by Operating Activities	69,205	53,254	25	(5,861)
Cash Flows from Noncapital Financing Activities				
Transfers from Other Funds	-	-	-	6,148
Transfers to Other Funds	(72,093)	(62,088)	-	-
Working Capital Advance	-	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	(72,093)	(62,088)	-	6,148
Cash Flows from Capital and Related Financing Activities				
Payments for Acquisition of Capital Assets	-	-	-	(34)
Proceeds from Sale of Capital Assets	-	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	-	-	-	(34)
Cash Flows from Investing Activities				
Investment Income	86	-	(25)	14
Net Cash Provided (Used) by Investing Activities	86	-	(25)	14
Net Increase (Decrease) in Cash/Cash Equivalents	(2,802)	(8,834)	-	267
Cash/Cash Equivalents - Beginning of Period	3,552	16,285	-	1,712
Cash/Cash Equivalents - End of Period	$ 750	$ 7,451	$ -	$ 1,979
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	$ 72,282	$ 62,026	$ (144)	$ (7,230)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Depreciation Expense	-	-	-	2,130
Decrease (Increase) in Assets & Liabilities				
Accounts Receivable	1,262	(1,065)	40	-
Interfund Balances	(4,289)	(8,142)	129	(8)
Inventories	-	-	-	(155)
Other Assets	-	600	-	-
Deferred Outflows	(262)	(38)	-	(865)
Increase (Decrease) in Liabilities				
Accounts Payable	11	(149)	-	249
Accrued Payroll Expense	(110)	4	-	50
Compensated Absences	(35)	24	-	28
Deferred Inflows	1,067	152	-	4,142
Net Pension Liability	(788)	(113)	-	(2,898)
Other Accruals	427	-	-	-
Net OPEB Liability	(360)	(45)	-	(1,304)
Total Adjustments	(3,077)	(8,772)	169	1,369
Net Cash Provided (Used) by Operating Activities	$ 69,205	$ 53,254	$ 25	$ (5,861)
Non Cash Investing, Capital and Financing Activities				
Contributed Capital Assets	-	-	-	9,361

Prison Industries	Dirigo Health	Consolidated Emergency Communications	Competitive Skills Scholarship Fund	Maine Retirement Savings Program	Total Other Enterprise Funds
$ 1,580	$ -	$ 1,297	$ 4,659	$ -	$ 652,568
444	-	5,707	12	-	6,314
-	-	-	-	-	(269,818)
(1,110)	-	(271)	(832)	-	(236,335)
(211)	-	(5,853)	(612)	-	(16,985)
(753)	-	(626)	(143)	-	(15,833)
(50)	-	254	3,084	-	119,911
-	-	-	-	-	6,148
-	-	-	-	-	(134,181)
-	-	-	-	1,600	1,600
-	-	-	-	1,600	(126,433)
-	-	-	-	-	(34)
1	-	-	-	-	1
1	-	-	-	-	(33)
5	-	-	26	4	110
5	-	-	26	4	110
(44)	-	254	3,110	1,604	(6,445)
1,006	64	3,434	3,807	-	29,860
$ 962	$ 64	$ 3,688	$ 6,917	$ 1,604	$ 23,415
$ 585	$ -	$ 1,335	$ 3,189	$ -	$ 132,043
24	-	-	-	-	2,154
-	-	(51)	-	-	186
4	-	15	7	-	(12,284)
(573)	-	-	-	-	(728)
-	-	-	-	-	600
(32)	-	(746)	(100)	-	(2,043)
(15)	-	8	(6)	-	98
-	-	56	11	-	11
(5)	-	(32)	-	-	(20)
174	-	3,547	484	-	9,566
(156)	-	(2,591)	(341)	-	(6,887)
-	-	-	-	-	427
(56)	-	(1,287)	(160)	-	(3,212)
(635)	-	(1,081)	(105)	-	(12,132)
$ (50)	$ -	$ 254	$ 3,084	$ -	$ 119,911
23	-	-	-	-	9,384


DIRIGO
MAINE

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, 2022
(Expressed in Thousands)

	Motor Transport Services	Postal, Printing & Supply	Information Services	Risk Management
Assets				
Current Assets:				
Equity in Treasurer's Cash Pool	$ 4,067	$ -	$ -	$ 15,120
Cash & Short-Term Investments	-	1	-	-
Cash with Fiscal Agent	87	-	-	-
Restricted Assets:				
Restricted Deposits & Investments	-	-	-	-
Inventories	5,026	680	7	-
Receivables, Net of Allowance for Uncollectibles:				
Other Receivable	25	82	538	87
Due from Other Funds	289	9,356	10,328	729
Other Assets	-	2	11,202	1,696
Total Current Assets	9,494	10,121	22,075	17,632
Noncurrent Assets:				
Equity in Treasurer's Cash Pool	2,649	-	-	9,847
Receivables, Net of Current Portion	-	-	-	-
Capital Assets, Net of Accumulated Depreciation	42,758	445	7,762	-
Right to Use Assets, Net of Accumulated Amortization	-	-	-	-
Total Noncurrent Assets	45,407	445	7,762	9,847
Total Assets	54,901	10,566	29,837	27,479
Deferred Outflows of Resources	$ 4,047	$ 880	$ 17,887	$ 213
Liabilities				
Current Liabilities:				
Accounts Payable	$ 56	$ 76	$ 12,188	$ 5
Accrued Payroll	393	129	2,366	30
Due to Other Funds	179	16,908	5,615	142
Due to Component Units	-	-	-	-
Current Portion of Long-Term Obligations:				
Certificates of Participation and Other Financing Arrangements	8	-	-	-
Lease Liabilities	-	-	-	-
Claims Payable	-	-	-	-
Compensated Absences	102	18	366	5
Unearned Revenue	-	-	-	182
Accrued Interest Payable	-	-	-	-
Total Current Liabilities	738	17,131	20,535	364
Long-Term Liabilities:				
Working Capital Advances Payable	-	111	-	-
Certificates of Participation & Other Financing Arrangements	-	-	-	-
Lease Liabilities	-	-	-	-
Claims Payable	-	-	-	10,898
Compensated Absences	676	112	2,413	30
Net Other Post-Employment Benefit Liability	6,599	1,383	29,096	300
Net Pension Liability	5,162	1,109	22,791	265
Total Long-Term Liabilities	12,437	2,715	54,300	11,493
Total Liabilities	13,175	19,846	74,835	11,857
Deferred Inflows of Resources	$ 6,485	$ 1,386	$ 28,643	$ 323
Net Position				
Net Investment in Capital Assets	42,837	445	7,762	-
Restricted for:				
Other Purposes	-	-	-	-
Unrestricted	(3,549)	(10,231)	(63,516)	15,512
Total Net Position	$ 39,288	$ (9,786)	$ (55,754)	$ 15,512

(Continued)

Workers' Compensation	Central Fleet Management	Leased Space	Revenue Services	Retiree Health Insurance	Employee Health Insurance	Statewide Radio & Network Systems
$ 21,657	$ 4	$ -	$ 84	$ 131,284	$ 124,226	$ 108
-	1	-	-	-	-	-
-	2,028	-	-	-	-	5,000
-	-	-	-	-	-	-
-	45	-	-	-	-	-
-	49	362	-	2,467	7,936	-
666	2,340	292	-	6,130	7,247	-
573	-	-	-	-	-	-
22,896	4,467	654	84	139,881	139,409	5,108
14,105	3	-	54	85,500	80,903	70
-	-	4,097	-	-	-	-
-	19,491	-	-	-	-	27,533
-	-	219,436	-	-	-	-
14,105	19,494	223,533	54	85,500	80,903	27,603
37,001	23,961	224,187	138	225,381	220,312	32,711
$ 710	$ 432	$ 97	$ -	$ -	$ 491	$ -
$ 640	$ 594	$ 172	$ -	$ 8,079	$ 3,008	$ -
97	62	12	-	1	68	-
41	323	36	5	245	3,273	-
-	-	-	-	2,627	-	-
-	4,169	-	-	-	-	687
-	-	6,215	-	-	-	-
8,260	-	-	-	3,561	10,685	-
14	10	1	-	1	12	-
-	-	-	-	-	-	-
-	29	-	-	-	-	-
9,052	5,187	6,436	5	14,514	17,046	687
-	-	-	-	-	-	-
-	4,136	-	-	-	-	3,961
-	-	216,295	-	-	-	-
47,220	-	-	-	-	-	-
95	65	8	-	4	76	-
1,005	671	157	-	-	655	-
913	549	136	-	-	611	-
49,233	5,421	216,596	-	4	1,342	3,961
58,285	10,608	223,032	5	14,518	18,388	4,648
$ 1,103	$ 681	$ 4,588	$ -	$ -	$ 733	$ -
-	13,214	-	-	-	-	27,885
-	-	-	-	-	-	178
(21,677)	(110)	(3,336)	133	210,863	201,682	-
$ (21,677)	$ 13,104	$ (3,336)	$ 133	$ 210,863	$ 201,682	$ 28,063

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

June 30, 2022
(Expressed in Thousands)

	Financial & Personnel Services	Transportation Facilities	Governmental Facilities Authority	Industrial Drive Facility	Total Internal Service Funds
Assets					
Current Assets:					
Equity in Treasurer's Cash Pool	$ 2,626	$ 1,871	$ -	$ 137	$ 301,184
Cash & Short-Term Investments	-	-	-	-	2
Cash with Fiscal Agent	-	-	-	-	7,115
Restricted Assets:					
Restricted Deposits & Investments	-	-	1,935	-	1,935
Inventories	-	-	-	-	5,758
Receivables, Net of Allowance for Uncollectibles:					
Other Receivable	-	2	-	-	11,548
Due from Other Funds	119	150	-	-	37,646
Other Assets	-	-	-	-	13,473
Total Current Assets	2,745	2,023	1,935	137	378,661
Noncurrent Assets:					
Equity in Treasurer's Cash Pool	1,710	1,218	-	90	196,149
Receivables, Net of Current Portion	-	-	-	-	4,097
Capital Assets, Net of Accumulated Depreciation	-	39,612	-	11,497	149,098
Right to Use Assets, Net of Accumulated Amortization	-	-	-	-	219,436
Total Noncurrent Assets	1,710	40,830	-	11,587	568,780
Total Assets	4,455	42,853	1,935	11,724	947,441
Deferred Outflows of Resources	$ 9,634	$ -	$ -	$ -	$ 34,391
Liabilities					
Current Liabilities:					
Accounts Payable	$ 11	$ 245	$ 234	$ 29	$ 25,337
Accrued Payroll	1,311	-	-	-	4,469
Due to Other Funds	446	-	-	4	27,217
Due to Component Units	-	-	-	-	2,627
Current Portion of Long-Term Obligations:					
Certificates of Participation and Other Financing Arrangements	-	-	-	-	4,864
Lease Liabilities	-	-	-	-	6,215
Claims Payable	-	-	-	-	22,506
Compensated Absences	207	-	-	-	736
Unearned Revenue	-	-	-	-	182
Accrued Interest Payable	-	-	-	-	29
Total Current Liabilities	1,975	245	234	33	94,182
Long-Term Liabilities:					
Working Capital Advances Payable	-	-	-	-	111
Certificates of Participation & Other Financing Arrangements	-	-	-	-	8,097
Lease Liabilities	-	-	-	-	216,295
Claims Payable	-	-	-	-	58,118
Compensated Absences	1,369	-	-	-	4,848
Net Other Post-Employment Benefit Liability	14,195	-	-	-	54,061
Net Pension Liability	12,303	-	-	-	43,839
Total Long-Term Liabilities	27,867	-	-	-	385,369
Total Liabilities	29,842	245	234	33	479,551
Deferred Inflows of Resources	$ 15,047	$ -	$ -	$ -	$ 58,989
Net Position					
Net Investment in Capital Assets	-	39,612	-	11,497	143,252
Restricted for:					
Other Purposes	-	-	56	-	234
Unrestricted	(30,800)	2,996	1,645	194	299,806
Total Net Position	$ (30,800)	$ 42,608	$ 1,701	$ 11,691	$ 443,292


DIRIGO
MAINE

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

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

	Motor Transport Services	Postal, Printing & Supply	Information Services	Risk Management
Operating Revenues				
Charges for Services	$ 35,971	$ 33,032	$ 120,317	$ 7,419
Miscellaneous Revenues	163	-	-	23
Total Operating Revenues	36,134	33,032	120,317	7,442
Operating Expenses				
General Operations	27,820	36,962	114,829	3,805
Depreciation and Amortization	7,182	14	2,626	-
Claims/Fees Expense	-	-	-	2,076
Other Operating Expenses	-	-	-	-
Total Operating Expenses	35,002	36,976	117,455	5,881
Operating Income (Loss)	1,132	(3,944)	2,862	1,561
Nonoperating Revenues (Expenses)				
Investment Revenue (Expenses) - net	43	(156)	(60)	139
Interest Expense	-	-	-	-
Other Nonoperating Revenue (Expenses) - net	(6)	-	181	-
Total Nonoperating Revenues (Expenses) - net	37	(156)	121	139
Income (Loss) Before Capital Contributions, Transfers and Special Items	1,169	(4,100)	2,983	1,700
Capital Contributions, Transfers and Special Items				
Capital Contributions from (to) Other Funds	33	-	-	-
Transfer from Other Funds	-	-	-	-
Total Capital Contributions, Transfers In (Out) and Special Items	33	-	-	-
Change in Net Position	1,202	(4,100)	2,983	1,700
Net Position - Beginning of Year (as restated)	38,086	(5,686)	(58,737)	13,812
Net Position - End of Year	$ 39,288	$ (9,786)	$ (55,754)	$ 15,512

(Continued)

Workers' Compensation	Central Fleet Management	Leased Space	Revenue Services	Retiree Health Insurance	Employee Health Insurance	Statewide Radio & Network Systems
$ 15,080	$ 13,242	$ 28,824	$ 44	$ 73,711	$ 140,063	$ 1
104	-	4	-	1,631	-	-
15,184	13,242	28,828	44	75,342	140,063	1
3,250	8,519	19,026	4	64,151	136,475	-
-	3,700	8,736	-	-	-	1,375
12,285	-	-	-	-	-	-
-	-	-	-	-	-	-
15,535	12,219	27,762	4	64,151	136,475	1,375
(351)	1,023	1,066	40	11,191	3,588	(1,374)
175	5	45	1	948	1,024	-
-	(118)	(3,807)	-	-	-	-
-	49	-	-	-	-	-
175	(64)	(3,762)	1	948	1,024	-
(176)	959	(2,696)	41	12,139	4,612	(1,374)
-	-	-	-	-	-	-
-	-	-	-	2,000	-	725
-	-	-	-	2,000	-	725
(176)	959	(2,696)	41	14,139	4,612	(649)
(21,501)	12,145	(640)	92	196,724	197,070	28,712
$ (21,677)	$ 13,104	$ (3,336)	$ 133	$ 210,863	$ 201,682	$ 28,063

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

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

	Financial & Personnel Services	Transportation Facilities	Governmental Facilities Authority	Industrial Drive Facility	Total Internal Service Funds
Operating Revenues					
Charges for Services	$ 25,265	$ 2,088	$ 529	$ 480	$ 496,066
Miscellaneous Revenues	-	-	-	-	1,925
Total Operating Revenues	25,265	2,088	529	480	497,991
Operating Expenses					
General Operations	21,590	256	362	442	437,491
Depreciation and Amortization	-	972	-	372	24,977
Claims/Fees Expense	-	-	-	-	14,361
Other Operating Expenses	-	-	390	-	390
Total Operating Expenses	21,590	1,228	752	814	477,219
Operating Income (Loss)	3,675	860	(223)	(334)	20,772
Nonoperating Revenues (Expenses)					
Investment Revenue (Expenses) - net	-	14	(19)	2	2,161
Interest Expense	-	-	-	-	(3,925)
Other Nonoperating Revenue (Expenses) - net	-	(3)	-	-	221
Total Nonoperating Revenues (Expenses) - net	-	11	(19)	2	(1,543)
Income (Loss) Before Capital Contributions, Transfers and Special Items	3,675	871	(242)	(332)	19,229
Capital Contributions, Transfers and Special Items					
Capital Contributions from (to) Other Funds	-	49	-	-	82
Transfer from Other Funds	-	-	-	-	2,725
Total Capital Contributions, Transfers In (Out) and Special Items	-	49	-	-	2,807
Change in Net Position	3,675	920	(242)	(332)	22,036
Net Position - Beginning of Year (as restated)	(34,475)	41,688	1,943	12,023	421,256
Net Position - End of Year	$ (30,800)	$ 42,608	$ 1,701	$ 11,691	$ 443,292


DIRIGO
MAINE

STATE OF MAINE
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

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

	Motor Transport Services	Postal, Printing & Supply	Information Services	Risk Management
Cash Flows from Operating Activities				
Receipts from Customers and Users	$ 475	$ 4,612	$ 4,405	$ 284
Cash Received from Interfund Services	35,150	47,850	116,573	6,685
Payments to Suppliers	(7,172)	(28,260)	(46,750)	(183)
Payments to Employees	(10,250)	(2,264)	(42,623)	(511)
Payments for Interfund Goods and Services	(11,931)	(21,761)	(29,582)	(6,494)
Net Cash Provided (Used) by Operating Activities	6,272	177	2,023	(219)
Cash Flows from Noncapital Financing Activities				
Transfers from Other Funds	-	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	-	-	-	-
Cash Flows from Capital and Related Financing Activities				
Payments for Acquisition of Capital Assets	(6,521)	(21)	(2,917)	-
Proceeds from Financing Arrangements	-	-	-	-
Principal and Interest Paid on Financing Arrangements	-	-	-	-
Proceeds from Sale of Capital Assets	128	-	181	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(6,393)	(21)	(2,736)	-
Cash Flows from Investing Activities				
Investment Revenue	43	(156)	(60)	139
Net Cash Provided (Used) by Investing Activities	43	(156)	(60)	139
Net Increase (Decrease) in Cash/Cash Equivalents	(78)	-	(773)	(80)
Cash/Cash Equivalents - Beginning of Period	6,881	1	773	25,047
Cash/Cash Equivalents - End of Period	$ 6,803	$ 1	$ -	$ 24,967
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	$ 1,132	$ (3,944)	$ 2,862	$ 1,561
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Depreciation and Amortization Expense	7,182	14	2,626	-
Decrease (Increase) in Assets				
Accounts Receivable	74	(53)	(342)	(38)
Interfund Balances	(193)	4,655	4,288	(173)
Due from Other Governments	-	-	-	-
Inventories	(371)	(177)	(2)	-
Other Assets	-	74	(6,903)	(315)
Deferred Outflows	(1,156)	(251)	(5,031)	(68)
Increase (Decrease) in Liabilities				
Accounts Payable	(416)	(136)	7,986	(2)
Accrued Payroll Expense	72	21	168	9
Due to Other Governments	-	-	-	(44)
Compensated Absences	340	11	(52)	6
Deferred Inflows	6,144	1,315	27,101	308
Net Pension Liability	(4,454)	(917)	(20,590)	(213)
Other Accruals	-	-	-	(1,163)
Net OPEB Liability	(2,082)	(435)	(10,088)	(87)
Total Adjustments	5,140	4,121	(839)	(1,780)
Net Cash Provided (Used) by Operating Activities	$ 6,272	$ 177	$ 2,023	$ (219)
Non Cash Investing, Capital and Financing Activities				
Property Leased, Accrued or Acquired	-	-	-	-
Contributed Capital Assets	33	-	-	-
Disposal of Asset - Gain (Loss)	(134)	-	-	-

(Continued)

Workers' Compensation	Central Fleet Management	Leased Space	Revenue Services	Retiree Health Insurance	Employee Health Insurance	Statewide Radio & Network Systems
$ 74	$ 175	$ 768	$ -	$ 9,218	$ 14,724	$ 1
15,035	12,078	28,279	44	65,569	124,092	-
(9,048)	(4,263)	(18,699)	(4)	(63,478)	(136,734)	-
(1,626)	(1,077)	(188)	-	(77)	(1,212)	-
(760)	(3,026)	(789)	(4)	(1,807)	(199)	-
3,675	3,887	9,371	36	9,425	671	1
-	-	-	-	2,000	-	725
-	-	-	-	2,000	-	725
-	(3,614)	(8,527)	-	-	-	(321)
-	-	-	-	-	-	5,000
-	(4,924)	(889)	-	-	-	(725)
-	374	-	-	-	-	-
-	(8,164)	(9,416)	-	-	-	3,954
175	5	45	1	948	1,024	-
175	5	45	1	948	1,024	-
3,850	(4,272)	-	37	12,373	1,695	4,680
31,912	6,308	-	101	204,411	203,434	498
$ 35,762	$ 2,036	$ -	$ 138	$ 216,784	$ 205,129	$ 5,178
$ (351)	$ 1,023	$ 1,066	$ 40	$ 11,191	$ 3,588	$ (1,374)
-	3,700	8,736	-	-	-	1,375
-	(21)	156	-	(425)	(713)	-
(67)	(808)	(574)	(4)	(158)	(609)	-
-	-	(4,457)	-	-	-	-
-	(17)	-	-	-	-	-
(14)	-	-	-	22	66	-
(242)	(133)	(25)	-	-	(156)	-
118	274	124	-	(364)	1,052	-
17	4	2	-	1	7	-
-	-	-	-	(8)	-	-
(12)	(2)	(14)	-	5	5	-
1,051	645	4,579	-	-	699	-
(812)	(494)	(147)	-	-	(537)	-
4,319	(38)	-	-	(839)	(2,515)	-
(332)	(246)	(75)	-	-	(216)	-
4,026	2,864	8,305	(4)	(1,766)	(2,917)	1,375
$ 3,675	$ 3,887	$ 9,371	$ 36	$ 9,425	$ 671	$ 1
-	-	8,314	-	-	-	-
-	-	-	-	-	-	-
-	(325)	-	-	-	-	-

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

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

	Industrial Drive Facility	Financial & Personnel Services	Transportation Facilities	Governmental Facilities Authority	Total
Cash Flows from Operating Activities					
Receipts from Customers and Users	$ 1	$ 74	$ 16	$ 529	$ 35,356
Cash Received from Interfund Services	479	25,569	1,952	-	479,355
Payments to Suppliers	(409)	(322)	(23)	(810)	(316,155)
Payments to Employees	-	(23,038)	-	-	(82,866)
Payments for Interfund Goods and Services	(39)	(1,305)	(28)	-	(77,725)
Net Cash Provided (Used) by Operating Activities	32	978	1,917	(281)	37,965
Cash Flows from Noncapital Financing Activities					
Transfers from Other Funds	-	-	-	-	2,725
Net Cash Provided (Used) by Noncapital Financing Activities	-	-	-	-	2,725
Cash Flows from Capital and Related Financing Activities					
Payments for Acquisition of Capital Assets	-	-	(355)	-	(22,276)
Proceeds from Financing Arrangements	-	-	-	-	5,000
Principal and Interest Paid on Financing Arrangements	-	-	-	-	(6,538)
Proceeds from Sale of Capital Assets	-	-	29	-	712
Net Cash Provided (Used) by Capital and Related Financing Activities	-	-	(326)	-	(23,102)
Cash Flows from Investing Activities					
Investment Revenue	2	-	14	(19)	2,161
Net Cash Provided (Used) by Investing Activities	2	-	14	(19)	2,161
Net Increase (Decrease) in Cash/Cash Equivalents	34	978	1,605	(300)	19,749
Cash/Cash Equivalents - Beginning of Period	193	3,358	1,484	2,235	486,636
Cash/Cash Equivalents - End of Period	$ 227	$ 4,336	$ 3,089	$ 1,935	$ 506,385
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating Income (Loss)	$ (334)	$ 3,675	$ 860	$ (223)	$ 20,772
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Depreciation and Amortization Expense	372	-	972	-	24,977
Decrease (Increase) in Assets					
Accounts Receivable	-	-	(2)	-	(1,364)
Interfund Balances	(2)	383	(138)	-	6,600
Due from Other Governments	-	-	-	-	(4,457)
Inventories	-	-	-	-	(567)
Other Assets	-	-	-	-	(7,070)
Deferred Outflows	-	(2,938)	-	-	(10,000)
Increase (Decrease) in Liabilities					
Accounts Payable	(4)	(10)	225	222	9,069
Accrued Payroll Expense	-	155	-	-	456
Due to Other Governments	-	-	-	-	(52)
Compensated Absences	-	33	-	-	320
Deferred Inflows	-	14,315	-	-	56,157
Net Pension Liability	-	(10,332)	-	-	(38,496)
Other Accruals	-	-	-	(280)	(516)
Net OPEB Liability	-	(4,303)	-	-	(17,864)
Total Adjustments	366	(2,697)	1,057	(58)	17,193
Net Cash Provided (Used) by Operating Activities	$ 32	$ 978	$ 1,917	$ (281)	$ 37,965
Non Cash Investing, Capital and Financing Activities					
Property Leased, Accrued or Acquired	-	-	-	-	8,314
Contributed Capital Assets	-	-	49	-	82
Disposal of Asset - Gain (Loss)	-	-	(32)	-	(491)

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, 2022
(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	$ 88,699	$ 668	$ 126	$ 16,052	$ 69
Receivables, Net of Allowance for Uncollectibles:					
Interest and Dividends	3,682	22	4	930	2
Due from Brokers for Securities Sold	27	-	-	7	-
Due from Primary Government	24,779	-	-	12,594	-
Investments at Fair Value:					
Equity Securities	1,986,021	11,699	2,201	501,353	1,214
Common/Collective Trusts	12,502,253	73,648	13,852	3,156,082	7,643
Securities Lending Collateral	8,159	48	9	2,060	5
Capital Assets, Net of Accumulated Depreciation	10,486	62	12	2,647	6
Total Assets	14,624,106	86,147	16,204	3,691,725	8,939
Liabilities					
Accounts Payable	$ 4,351	$ 25	$ 5	$ 1,099	$ 3
Obligations Under Securities Lending	8,159	48	9	2,060	5
Other Accrued Liabilities	42,896	253	47	10,827	26
Total Liabilities	55,406	326	61	13,986	34
Net Position					
Restricted for Pension and Other Post-Employment Benefits	14,568,700	85,821	16,143	3,677,739	8,905
Total Net Position	$ 14,568,700	$ 85,821	$ 16,143	$ 3,677,739	$ 8,905

Healthcare OPEB	MainePERS OPEB Trust	Group Life Insurance OPEB	Group Life Insurance Retired SETP	Group Life Insurance Retired PLD	Defined Contribution Plans	Total Pension (and Other Employee Benefits) Trusts
$ -	$ -	$ 3,079	$ -	$ -	$ 23	$ 108,716
-	-	-	-	-	-	4,640
-	-	-	-	-	-	34
2,000	-	338	-	85	1	39,797
-	-	-	-	-	-	2,502,488
329,211	16,184	13,307	127,176	18,940	53,899	16,312,195
-	-	-	-	-	-	10,281
-	-	-	-	-	-	13,213
331,211	16,184	16,724	127,176	19,025	53,923	18,991,364
$ -	$ -	$ 1	$ 7	$ 1	$ -	$ 5,492
-	-	-	-	-	-	10,281
31	1,375	3,838	4,015	683	18	64,009
31	1,375	3,839	4,022	684	18	79,782
331,180	14,809	12,885	123,154	18,341	53,905	18,911,582
$ 331,180	$ 14,809	$ 12,885	$ 123,154	$ 18,341	$ 53,905	$ 18,911,582

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

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

	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	$ 164,349	$ 650	$ 162	$ 65,104	$ -
State & Local Agency Employers	348,891	868	43	78,887	98
Non-employer Contributing Entity	194,654	-	-	-	-
Transfer from Other Pension Plans	-	30	-	89	-
Investment Income (Loss):					
Net Increase (Decrease) in the Fair Value of Investments	(105,384)	(599)	(117)	(26,417)	(54)
Interest & Dividends	129,706	764	144	32,733	79
Securities Lending Income & Borrower Rebates Refunded	258	2	-	65	-
Less Investment Expense:					
Investment Activity Expense	104,006	621	116	26,299	66
Securities Lending Expense	(37)	-	-	(9)	-
Net Investment Income (Loss)	(79,389)	(454)	(89)	(19,909)	(41)
Total Additions	628,505	1,094	116	124,171	57
Deductions:					
Benefits Paid to Participants or Beneficiaries	930,772	5,095	543	187,840	772
Refunds & Withdrawals	17,380	-	76	6,734	122
Administrative Expenses	11,962	72	13	3,011	8
Transfer to Other Pension Funds	341	-	-	-	-
Claims Processing Expense	-	-	-	-	-
Total Deductions	960,455	5,167	632	197,585	902
Net Increase (Decrease)	(331,950)	(4,073)	(516)	(73,414)	(845)
Net Position:					
Restricted for Pension and Other Post-Employment Benefits:					
Beginning of Year	14,900,650	89,894	16,659	3,751,153	9,750
End of Year	$ 14,568,700	$ 85,821	$ 16,143	$ 3,677,739	$ 8,905

Healthcare OPEB	MainePERS OPEB Trust	Group Life Insurance OPEB	Group Life Insurance Retired SETP	Group Life Insurance Retired PLD	Defined Contribution Plans	Total Pension (and Other Employee Benefits) Trusts
$ -	$ -	$ 4,419	$ -	$ -	$ 5,192	$ 239,876
77,095	9	1,634	5,992	1,278	796	515,591
-	-	-	4,593	-	-	199,247
-	-	-	-	-	222	341
(53,540)	(2,630)	(2,337)	(20,305)	(3,019)	(8,195)	(222,597)
-	-	-	2	-	-	163,428
-	-	-	-	-	-	325
119	11	10	84	13	53	131,398
-	-	-	-	-	-	(46)
(53,659)	(2,641)	(2,347)	(20,387)	(3,032)	(8,248)	(190,196)
23,436	(2,632)	3,706	(9,802)	(1,754)	(2,038)	764,859
75,095	312	9,137	6,016	851	-	1,216,433
-	-	-	-	-	4,193	28,505
3	-	109	825	124	223	16,350
-	-	-	-	-	-	341
-	-	133	803	137	120	1,193
75,098	312	9,379	7,644	1,112	4,536	1,262,822
(51,662)	(2,944)	(5,673)	(17,446)	(2,866)	(6,574)	(497,963)
382,842	17,753	18,558	140,600	21,207	60,479	19,409,545
$ 331,180	$ 14,809	$ 12,885	$ 123,154	$ 18,341	$ 53,905	$ 18,911,582

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

June 30, 2022
(Expressed in Thousands)

	Abandoned Property	Revenue on Private Purpose Trusts	Lands Reserved	Maine Universal Service Trust
Assets				
Equity in Treasurer's Cash Pool	$ 500	$ -	$ -	$ -
Cash & Short-Term Investments	-	-	-	4,557
Investments at Fair Value:				
Investments - Other	-	-	19,228	-
Other Receivable	-	-	-	1,977
Due from Other Funds	65,013	-	-	-
Other Assets	3,270	-	-	-
Total Assets	68,783	-	19,228	6,534
Liabilities				
Accounts Payable	$ 23	$ -	$ -	$ 5
Due to Other Funds	7	-	-	-
Total Liabilities	30	-	-	5
Net Position Restricted				
Held in Trust for Individuals, Organizations and Other Governments	68,753	-	19,228	6,529
Total Net Position	$ 68,753	$ -	$ 19,228	$ 6,529

Maine Telecommunications Education Access Trust	Total Private Purpose Trusts
$ -	$ 500
1,462	6,019
-	19,228
952	2,929
-	65,013
250	3,520
2,664	97,209
$ 695	$ 723
-	7
695	730
1,969	96,479
$ 1,969	$ 96,479

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

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

	Abandoned Property	Revenue on Private Purpose Trusts	Lands Reserved	Maine Universal Service Trust
Additions:				
Investment Income (Loss):				
Net Increase (Decrease) in the Fair Value of Investments	$ -	$ -	$ (4,090)	$ -
Interest & Dividends	61	378	-	10
Miscellaneous Revenues	18,895	-	-	8,618
Total Additions	18,956	378	(4,090)	8,628
Deductions:				
Benefits Paid to Participants or Beneficiaries	-	260	-	8,024
Administrative Expenses	341	-	-	38
Transfer to Other Funds	-	118	-	-
Total Deductions	341	378	-	8,062
Net Increase (Decrease)	18,615	-	(4,090)	566
Net Position Restricted:				
Held in Trust for Individuals, Organizations and Other Governments:				
Beginning of Year	50,138	-	23,318	5,963
End of Year	$ 68,753	$ -	$ 19,228	$ 6,529

Maine Telecommunications Education Access Trust	Total Private Purpose Trusts
$ -	$ (4,090)
3	452
4,175	31,688
4,178	28,050
3,980	12,264
36	415
-	118
4,016	12,797
162	15,253
1,807	81,226
$ 1,969	$ 96,479

STATE OF MAINE
COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS

June 30, 2022
(Expressed in Thousands)

	Bureau of Insurance & Other	Self-Insured & Other	Non-Entitlement Units	Total Custodial Funds
Assets				
Equity in Treasurer's Cash Pool	$ 2,193	$ 22,262	$ 533	$ 24,988
Cash & Short-Term Investments	-	27	-	27
Settlements Receivable	-	26,263	-	26,263
Investments Held on Behalf of Others	-	66,405	-	66,405
Other Assets	-	1,648	-	1,648
Total Assets	2,193	116,605	533	119,331
Liabilities				
Accounts Payable	$ -	$ 24	$ -	$ 24
Other Accrued Liabilities	-	2,880	-	2,880
Total Liabilities	-	2,904	-	2,904
Deferred Inflows of Resources	-	26,263	-	26,263
Net Position				
Held for Individuals, Organizations and Other Governments	$ 2,193	$ 87,438	$ 533	$ 90,164

STATE OF MAINE
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
CUSTODIAL FUNDS

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

	Bureau of Insurance & Other	Self-Insured & Other	Non-Entitlement Units	Total Custodial Funds
Additions				
Contributions:				
Federal grants	$ -	$ -	$ 59,612	$ 59,612
Other Contributing Entity	472	5,437	-	5,909
Litigation Receipts	-	909	-	909
Other	914	5,884	-	6,798
Investment Income (Loss):				
Net Increase (Decrease) in the Fair Value of Investments	-	(29)	-	(29)
Interest & Dividends	6	12	491	509
Less Investment Expense:				
Net Investment Income (Loss)	6	(17)	491	480
Total Additions	1,392	12,213	60,103	73,708
Deductions:				
Benefits Paid to Participants, Beneficiaries or Clients	846	6,146	119,224	126,216
Refunds & Withdrawals	23	325	-	348
Restitution Payments	-	1,305	-	1,305
Total Deductions:	869	7,776	119,224	127,869
Net Increase (Decrease)	523	4,437	(59,121)	(54,161)
Net Position:				
Held for Individuals, Organizations and Other Governments				
Beginning of Year	1,670	83,001	59,654	144,325
End of Year	$ 2,193	$ 87,438	$ 533	$ 90,164


DIRIGO
MAINE

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, 2022
(Expressed in Thousands)

	Efficiency Maine Trust	Maine Maritime Academy	Midcoast Regional Redevelopment Authority	Northern New England Passenger Rail Authority	Maine Connectivity Authority	Total Non-Major Component Units
Assets						
Current Assets:						
Equity in Treasurer's Cash Pool	$ -	$ -	$ -	$ -	$ 2,427	$ 2,427
Cash & Short-Term Investments	-	14,577	4,882	3,873	1,684	25,016
Investments	-	15,379	-	-	-	15,379
Restricted Assets:						
Restricted Deposits & Investments	86,572	834	-	-	-	87,406
Inventories	-	368	-	-	-	368
Receivables, Net of Allowance for Uncollectibles:						
Loans, Leases & Notes Receivable	-	455	33,086	-	-	33,541
Other Receivable	967	879	773	24	-	2,643
Due from Other Governments	-	-	-	3,502	-	3,502
Due from Primary Government	-	-	153	-	-	153
Other Assets	96	270	30	111	-	507
Total Current Assets	87,635	32,762	38,924	7,510	4,111	170,942
Noncurrent Assets:						
Equity in Treasurer's Cash Pool	-	-	-	-	1,580	1,580
Restricted Assets	-	56,726	22	948	-	57,696
Investments	-	14,705	-	-	-	14,705
Receivables, Net of Current Portion:						
Loans, Leases & Notes Receivable	19,106	1,790	-	-	-	20,896
Other Receivables	-	57	-	-	-	57
Due from Primary Government	-	-	-	627	-	627
Capital and Right to Use Assets, Net	309	28,779	118,968	15,101	-	163,157
Other Non-Current Assets	-	2,772	94	-	-	2,866
Total Non-Current Assets	19,415	104,829	119,084	16,676	1,580	261,584
Total Assets	107,050	137,591	158,008	24,186	5,691	432,526
Deferred Outflows of Resources	-	1,849	-	743	-	2,592
Liabilities						
Current Liabilities:						
Accounts Payable	4,841	4,128	2,122	2,413	97	13,601
Compensated Absences	-	-	69	73	-	142
Due to Primary Government	-	-	1,078	-	-	1,078
Bonds & Notes Payable	-	594	629	-	-	1,223
Lease Liabilities	98	-	-	242	-	340
Unearned Revenue	9,366	951	114	-	5,510	15,941
Other Accrued Liabilities	244	505	345	-	84	1,178
Total Current Liabilities	14,549	6,178	4,357	2,728	5,691	33,503
Long-Term Liabilities:						
Due to Other Governments	-	348	-	-	-	348
Bonds & Notes Payable	-	11,223	6,933	-	-	18,156
Lease Liabilities	217	-	-	1,342	-	1,559
Net Pension Liability	-	-	-	752	-	752
Net Other Post-Employment Benefit Liability	-	-	-	627	-	627
Total Long-Term Liabilities	217	11,571	6,933	2,721	-	21,442
Total Liabilities	14,766	17,749	11,290	5,449	5,691	54,945
Deferred Inflows of Resources	-	4,433	32,323	897	-	37,653
Net Position						
Net Investment in Capital Assets	-	28,654	111,405	13,521	-	153,580
Restricted	92,284	49,770	-	1,302	-	143,356
Unrestricted	-	38,834	2,990	3,760	-	45,584
Total Net Position	$ 92,284	$ 117,258	$ 114,395	$ 18,583	$ -	$ 342,520

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

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

	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	$ 71,902	$ 43,824	$ 13,874	$ 29,249	$ 499	$ 159,348
Program Revenues						
Charges for Services	-	21,860	8,283	9,171	-	39,314
Program Investment Income	-	-	-	-	9	9
Operating Grants & Contributions	92,967	1,534	50	19,036	490	114,077
Capital Grants & Contributions	-	767	2,548	2,405	-	5,720
Net Revenue (Expense)	21,065	(19,663)	(2,993)	1,363	-	(228)
General Revenues						
Unrestricted Investment Earnings	-	(3,896)	12	3	-	(3,881)
Non-program Specific Grants, Contributions & Appropriations	-	18,132	-	-	-	18,132
Miscellaneous Revenues	-	2,119	201	845	-	3,165
Gain (Loss) on Assets Held for Sale	-	-	(69)	-	-	(69)
Total General Revenues	-	16,355	144	848	-	17,347
Change in Net Position	21,065	(3,308)	(2,849)	2,211	-	17,119
Net Position - Beginning of Year (as restated)	71,219	120,566	117,244	16,372	-	325,401
Net Position - End of Year	$ 92,284	$ 117,258	$ 114,395	$ 18,583	$ -	$ 342,520


DIRIGO
MAINE

STATISTICAL SECTION


DIRIGO
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STATE OF MAINE
STATISTICAL SECTION
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STATE OF MAINE
NET POSITION BY ACTIVITIES

Last Ten Fiscal Years
(Expressed in Thousands)

	2022	2021	2020	2019
Primary Government				
Governmental Activities				
Net Investment in Capital Assets	$ 3,724,890	$ 3,587,505	$ 3,651,931	$ 3,559,387
Restricted	163,469	171,245	182,644	176,632
Unrestricted	(2,025,819)	(2,358,934)	(3,388,679)	(3,155,124)
Total Governmental Activities Net Position	$ 1,862,540	$ 1,399,816	$ 445,896	$ 580,895
Business-Type Activities				
Net Investment in Capital Assets	$ 47,150	$ 39,887	$ 37,205	$ 32,690
Restricted	667,500	510,934	605,378	513,319
Unrestricted	(3,048)	(9,339)	(14,583)	(15,719)
Total Business-Type Activities Net Position	$ 711,602	$ 541,482	$ 628,000	$ 530,290
Total Primary Government				
Net Investment in Capital Assets	$ 3,772,040	$ 3,627,392	$ 3,689,136	$ 3,592,077
Restricted	830,969	682,179	788,022	689,951
Unrestricted	(2,028,867)	(2,368,273)	(3,403,262)	(3,170,843)
Total Primary Government Activities Net Position	$ 2,574,142	$ 1,941,298	$ 1,073,896	$ 1,111,185

The methodology of calculating infrastructure capital assets changed in 2014.

SOURCE: State of Maine Annual Comprehensive Financial Reporting System. Accrual basis of accounting.

SCHEDULE 1

2018	2017	2016	2015	2014	2013
$ 3,580,547	$ 3,501,237	$ 3,435,465	$ 3,362,340	$ 3,326,722	$ 3,262,047
134,705	125,429	132,972	215,520	168,085	403,837
(3,491,939)	(3,748,147)	(1,906,492)	(2,232,749)	(2,616,106)	(464,311)
$ 223,313	$ (121,481)	$ 1,661,945	$ 1,345,111	$ 878,701	$ 3,201,573
$ 33,521	$ 35,402	$ 38,658	$ 42,658	$ 44,462	$ 55,340
471,256	429,124	398,342	366,766	331,799	321,112
(32,080)	(32,750)	(23,819)	(35,942)	(25,148)	2,860
$ 472,697	$ 431,776	$ 413,181	$ 373,482	$ 351,113	$ 379,312
$ 3,614,068	$ 3,536,639	$ 3,474,123	$ 3,404,998	$ 3,371,184	$ 3,317,387
605,961	554,553	531,314	582,286	499,884	724,949
(3,524,019)	(3,780,897)	(1,930,311)	(2,268,691)	(2,641,254)	(461,451)
$ 696,010	$ 310,295	$ 2,075,126	$ 1,718,593	$ 1,229,814	$ 3,580,885

STATE OF MAINE
CHANGES IN NET POSITION BY ACTIVITIES

Last Ten Fiscal Years
(Expressed in Thousands)

	2022	2021	2020	2019
Expenses				
Governmental Activities				
Governmental Support & Operations	$ 1,618,142	$ 606,474	$ 552,526	$ 475,715
Arts, Heritage & Cultural Enrichment	14,250	14,135	13,264	12,447
Business Licensing & Regulation	67,848	60,150	62,441	60,616
Economic Development & Workforce Training	738,928	1,705,292	1,386,867	168,963
Education	2,691,379	2,518,099	2,115,388	1,845,272
Health & Human Services	5,680,639	4,911,056	4,450,704	4,054,201
Justice & Protection	565,778	538,019	504,571	484,735
Natural Resources Development & Protection	256,581	261,461	254,468	232,368
Transportation, Safety & Development	732,881	696,683	739,290	613,171
Interest Expense	37,835	57,852	56,707	51,140
Total Governmental Activities	12,404,261	11,369,221	10,136,226	7,998,628
Business-Type Activities				
Employment Security	11,217	251,681	92,125	82,683
Alcoholic Beverages	183,874	175,750	158,350	144,600
Lottery	319,494	328,250	254,683	242,619
Ferry Services	13,713	12,501	13,841	13,632
Military Equipment Maintenance [2]	-	120	802	1,104
Consolidated Emergency Communications	5,705	6,120	5,473	5,950
Other	3,048	4,602	1,379	1,426
Total Business-Type Activities	537,051	779,024	526,653	492,014
Total Primary Government Expenses	$ 12,941,312	$ 12,148,245	$ 10,662,879	$ 8,490,642
Program Revenues				
Governmental Activities				
Charges for Services				
Governmental Support & Operations	$ 125,609	$ 135,662	$ 118,150	$ 114,597
Arts, Heritage & Cultural Enrichment	1,089	887	1,030	1,131
Business Licensing & Regulation	95,625	73,427	81,683	70,383
Economic Development & Workforce Training	7,837	1,643	7,731	8,625
Education	33,687	20,730	27,589	34,859
Health & Human Services	16,938	14,203	10,465	9,058
Justice & Protection	86,823	74,735	80,155	87,266
Natural Resources Development & Protection	109,270	109,899	100,990	98,042
Transportation, Safety & Development	168,631	166,574	154,202	147,671
Operating Grants and Contributions	5,721,551	6,124,694	4,853,773	3,074,939
Total Governmental Activities Program Revenues	6,367,060	6,722,454	5,435,768	3,646,571
Business-Type Activities				
Charges for Services				
Employment Security	162,908	137,068	148,287	117,507
Alcoholic Beverages	245,900	237,421	218,440	202,930
Lottery	391,862	397,998	322,355	304,322
Transportation	-	-	-	-
Ferry Services	6,547	5,842	4,926	5,230
Military Equipment Maintenance [2]	-	15	676	2,730
Consolidated Emergency Communications	7,040	7,109	6,743	6,677
Other	6,688	5,706	1,815	1,975
Operating Grants and Contributions	9,132	19,379	42,756	10,921
Total Business-Type Activities Program Revenues	$ 830,077	$ 810,538	$ 745,998	$ 652,292
Net (Expense)/Revenue				
Governmental Activities	(6,037,201)	(4,646,767)	(4,700,458)	(4,352,057)
Business-Type Activities	293,026	31,514	219,345	160,278
Total Primary Government Net (Expense)/Revenue	$ (5,744,175)	$ (4,615,253)	$ (4,481,113)	$ (4,191,779)

SCHEDULE 2

2018	2017	2016	2015	2014	2013
$ 432,870	$ 354,421	$ 477,351	$ 357,029	$ 377,269	$ 428,001
11,821	12,813	10,815	11,457	11,401	10,538
67,030	66,006	51,207	67,348	73,016	63,406
185,166	180,006	169,201	169,192	175,338	240,485
1,774,309	1,804,804	1,614,477	1,543,947	1,676,908	1,581,556
3,804,516	3,774,348	3,587,573	3,595,418	3,669,552	3,657,573
433,728	493,427	412,088	412,718	410,641	401,656
218,375	236,928	207,610	205,334	208,970	201,979
627,901	664,921	590,437	553,321	524,024	384,852
51,788	38,992	44,822	50,639	47,271	46,541
7,607,504	7,626,666	7,165,581	6,966,403	7,174,390	7,016,587
83,159	96,075	110,912	129,697	159,058	169,334
137,426	131,192	120,373	111,265	19	-
230,678	214,670	217,556	200,457	180,087	176,094
12,950	12,271	12,782	12,338	11,849	12,030
10,895	3,858	11,610	9,342	11,466	36,971
6,952	6,489	5,530	5,818	5,810	5,414
1,593	1,821	1,660	3,015	28,593	57,998
483,653	466,376	480,423	471,932	396,882	457,841
$ 8,091,157	$ 8,093,042	$ 7,646,004	$ 7,438,335	$ 7,571,272	$ 7,474,428
$ 93,862	$ 90,906	$ 91,136	$ 99,959	$ 96,712	$ 89,374
876	845	890	955	1,315	869
81,866	73,430	74,634	69,790	74,799	69,196
6,286	8,658	10,934	7,863	7,410	7,910
36,221	37,278	38,691	37,016	37,467	26,098
13,673	14,687	17,553	15,988	11,953	18,801
86,995	86,744	87,183	80,028	82,347	83,173
99,351	93,304	92,054	95,922	88,035	93,531
145,090	178,018	159,659	131,936	128,635	119,087
3,002,173	2,966,809	2,875,849	2,817,929	2,831,956	3,047,714
3,566,393	3,550,679	3,448,583	3,357,386	3,360,629	3,555,753
116,053	118,207	137,593	157,623	163,352	188,833
189,263	177,184	166,752	157,369	12,539	12,533
293,759	274,902	278,454	254,883	232,420	229,565
-	-	-	-	-	-
5,056	4,599	4,138	4,831	4,912	4,584
11,228	5,088	6,139	5,315	10,102	35,814
6,278	6,406	5,857	5,405	5,773	5,787
2,047	2,233	2,785	2,119	28,049	66,810
9,510	8,714	7,948	7,383	7,036	7,032
$ 633,194	$ 597,333	$ 609,666	$ 594,928	$ 464,183	$ 550,958
(4,041,111)	(4,075,987)	(3,716,998)	(3,609,017)	(3,813,761)	(3,460,834)
149,541	130,957	129,243	122,996	67,301	93,117
$ (3,891,570)	$ (3,945,030)	$ (3,587,755)	$ (3,486,021)	$ (3,746,460)	$ (3,367,717)

STATE OF MAINE
CHANGES IN NET POSITION BY ACTIVITIES

Last Ten Fiscal Years
(Expressed in Thousands)

	2022	2021	2020	2019
General Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes				
Corporate 1	$ 434,675	$ 324,990	$ 189,252	$ 262,459
Individual Income	2,703,462	2,236,349	1,607,510	1,712,301
Fuel	244,313	235,125	239,976	253,924
Property	97,805	88,696	74,531	69,902
Sales & Use	2,222,622	1,974,930	1,708,059	1,654,643
Other 1	494,874	439,577	413,070	398,129
Unrestricted Investment Earnings	(2,547)	55,139	40,005	46,306
Miscellaneous Income	126,074	95,847	138,463	88,991
Loss on Assets Held for Sale	-	-	-	-
Tobacco Settlement	50,541	50,574	32,958	88,261
Special Items	-	-	-	-
Transfers - Internal Activities	122,906	120,002	121,635	112,833
Total Governmental Activities	6,494,725	5,621,229	4,565,459	4,687,749
Business-Type Activities				
Gain (Loss) on Sale of Assets	-	-	-	(5,613)
Miscellaneous Income	-	-	-	-
Special Items	-	-	-	15,761
Transfers - Internal Activities	(122,906)	(120,002)	(121,635)	(112,833)
Total Business-Type Activities	(122,906)	(120,002)	(121,635)	(102,685)
Total Primary Government	6,371,819	5,501,227	4,443,824	4,585,064
Change in Net Position				
Governmental Activities	457,524	974,462	(134,999)	335,692
Business-Type Activities	170,120	(88,488)	97,710	57,593
Total Primary Government	$ 627,644	$ 885,974	$ (37,289)	$ 393,285

[1] Realignment of corporate and other taxes occurred in 2014

[2] Beginning in fiscal year 2022, Military Equipment Maintenance is included in Other.

SOURCE: State of Maine Annual Comprehensive Financial Reporting System. Accrual basis of accounting.

	2018	2017	2016	2015	2014	2013
	$ 187,519	$ 184,599	$ 108,395	$ 196,586	$ 194,770	$ 294,333
	1,628,709	1,579,511	1,534,620	1,553,043	1,399,238	1,508,024
	249,927	253,176	245,299	247,900	237,439	235,112
	66,226	62,979	58,450	54,276	51,684	49,444
	1,573,544	1,493,728	1,437,916	1,351,498	1,257,376	1,140,645
	377,966	370,998	382,191	390,185	383,026	313,154
	26,621	22,003	7,335	7,826	19,950	10,288
	99,208	69,515	85,948	96,578	118,043	100,329
	-	-	-	-	(53)	-
	67,565	52,267	52,083	48,059	57,749	50,723
	-	-	-	28,849	48,861	92,401
	108,620	93,845	100,879	100,627	193,192	54,916
	4,385,905	4,182,621	4,013,116	4,075,427	3,961,275	3,849,369
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	895	11,335	-	(48,861)	(108,288)
	(108,620)	(93,845)	(100,879)	(100,627)	(193,192)	(54,916)
	(108,620)	(92,950)	(89,544)	(100,627)	(242,053)	(163,204)
	4,277,285	4,089,671	3,923,572	3,974,800	3,719,222	3,686,165
	344,794	106,634	296,118	466,410	147,514	388,535
	40,921	38,007	39,699	22,369	(174,752)	(70,087)
	$ 385,715	$ 144,641	$ 335,817	$ 488,779	$ (27,238)	$ 318,448

STATE OF MAINE
FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(Expressed in Thousands)

	2022	2021	2020	2019
General Fund				
Nonspendable:				
Permanent Fund Principal	$ -	$ -	$ -	$ -
Inventories and Prepaid Items	5,365	4,584	3,628	4,086
Restricted	29,456	16,893	7,420	4,113
Committed	14,666	10,165	19,759	234
Assigned	306,474	415,605	193,035	121,907
Unassigned	604,410	338,349	-	237,147
Total General Fund	$ 960,371	$ 785,596	$ 223,842	$ 367,487
All Other Governmental Funds:				
Nonspendable:				
Permanent Fund Principal	$ 41,866	$ 50,336	$ 59,331	$ 55,886
Inventories and Prepaid Items	20,258	30,265	4,637	3,757
Restricted	964,615	974,149	955,330	793,007
Committed	566,006	548,129	149,634	140,399
Assigned	142,435	131,602	107,451	95,683
Unassigned (Deficit)	-	-	-	-
Total All Other Governmental Funds:	$ 1,735,180	$ 1,734,481	$ 1,276,383	$ 1,088,732
Total Governmental Fund Balances	$ 2,695,551	$ 2,520,077	$ 1,500,225	$ 1,456,219

SOURCE: State of Maine Annual Comprehensive Financial Reporting System.

Modified accrual basis of accounting

SCHEDULE 3

2018	2017	2016	2015	2014	2013
$ -	$ -	$ -	$ -	$ -	$ -
3,172	3,059	2,665	4,154	3,807	3,341
16,449	14,133	12,865	2,425	2,064	3,534
23,978	10,064	64,959	-	-	-
118,986	87,085	-	-	-	-
169,674	59,083	(35,155)	(80,378)	(221,307)	(151,250)
$ 332,259	$ 173,424	$ 45,334	$ (73,799)	$ (215,436)	$ (144,375)
$ 30,466	$ 27,765	$ 24,402	$ 23,162	$ 21,895	$ 17,794
610	622	698	932	1,340	1,556
613,348	640,464	621,981	627,003	548,591	502,108
101,969	76,629	65,957	51,951	48,381	-
49,985	47,111	61,144	10,737	15,987	-
(52,298)	-	-	-	-	(132,447)
$ 744,080	$ 792,591	$ 774,182	$ 713,785	$ 636,194	$ 389,011
$ 1,076,339	$ 966,015	$ 819,516	$ 639,986	$ 420,758	$ 244,636

STATE OF MAINE
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(Expressed in Thousands)

	2022	2021	2020	2019
Revenues:				
Taxes	$ 6,068,440	$ 5,328,416	$ 4,242,756	$ 4,337,016
Assessments and Other Revenue	416,370	378,542	358,441	371,332
Federal Grants and Reimbursements	5,756,595	6,135,069	4,852,831	3,074,927
Service Charges	213,458	203,012	205,950	171,263
Investment Income (Loss)	(4,708)	52,544	33,663	40,172
Miscellaneous Revenue	177,695	129,921	175,178	160,865
Total Revenues	12,627,850	12,227,504	9,868,819	8,155,575
Expenditures				
Current:				
Governmental Support & Operations	1,597,055	588,081	515,836	435,238
Economic Development & Workforce Training	779,063	1,720,013	1,389,793	172,631
Education	2,450,377	2,380,930	2,016,233	1,881,689
Health and Human Services	5,748,780	4,956,694	4,499,861	4,111,228
Business Licensing & Regulation	73,739	61,564	64,384	64,200
Natural Resources Development & Protection	280,104	261,070	261,613	243,148
Justice and Protection	674,283	615,005	538,368	513,167
Arts, Heritage & Cultural Enrichment	15,360	14,232	13,474	12,428
Transportation Safety & Development	799,990	614,452	671,811	558,843
Debt Service:				
Principal Payments	159,195	155,795	161,065	157,395
Interest Payments	56,738	58,580	51,760	48,108
Capital Outlays	29,451	127,027	98,555	108,027
Total Expenditures	12,664,135	11,553,443	10,282,753	8,306,102
Revenue Over (Under) Expenditures	(36,285)	674,061	(413,934)	(150,527)
Other Financing Sources (Uses)				
Transfer from Other Funds	1,689,185	992,137	484,156	414,267
Transfer to Other Funds	(1,559,502)	(855,648)	(346,990)	(297,461)
COPS and Other	24,623	24,123	8,479	4,631
Proceeds from Component Unit Loan Payable	-	75,000	-	50,000
Bonds Issued	44,815	109,660	285,900	302,640
Refunding Bonds Issued	-	37,355	-	-
Premium on Bonds Issued	-	20,625	26,395	34,440
Bonds Defeased	-	-	-	-
Payments to Refunded Bond Escrow Agent	-	(36,919)	-	-
Leases	12,638	-	-	-
Net Other Financing Sources (Uses)	211,759	366,333	457,940	508,517
Special Items:				
Transfer of STAR Fund	-	-	-	-
Return of Excess Equity from Retiree Health Insurance Fund	-	-	-	-
Other	-	-	-	-
Net Special Items	-	-	-	-
Net Change in Fund Balances	$ 175,474	$ 1,040,394	$ 44,006	$ 357,990
Debt Service as a Percentage of Non-Capital Expenditures	1.73 %	1.88 %	2.09 %	2.50 %

SOURCE: State of Maine Annual Comprehensive Financial Reporting System. Modified accrual basis of accounting.

SCHEDULE 4

2018	2017	2016	2015	2014	2013
$ 4,063,124	$ 3,936,667	$ 3,813,782	$ 3,756,622	$ 3,530,357	$ 3,558,881
379,354	364,131	363,183	353,148	350,758	351,510
3,002,697	2,966,679	2,876,044	2,816,224	2,830,083	3,048,069
173,493	211,292	196,785	173,050	164,461	141,358
23,689	20,356	6,458	7,205	17,767	9,921
155,845	124,553	133,200	142,375	154,219	130,615
7,798,202	7,623,678	7,389,452	7,248,624	7,047,645	7,240,354
390,122	381,537	340,047	332,237	332,180	402,006
188,026	177,669	175,527	169,949	173,868	241,126
1,781,977	1,785,928	1,688,041	1,668,409	1,701,248	1,590,595
3,857,080	3,779,950	3,647,770	3,638,366	3,681,004	3,676,832
69,462	62,709	56,775	70,277	72,020	62,883
231,254	227,362	233,834	209,293	195,526	208,453
477,416	472,369	451,792	444,889	417,896	392,352
12,063	12,048	11,747	11,891	11,154	10,298
605,339	615,838	602,723	540,218	536,995	584,201
152,310	144,040	143,165	144,230	125,325	143,229
45,696	43,912	42,165	42,617	34,820	38,791
68,468	93,341	58,185	66,903	35,227	7,753
7,879,213	7,796,703	7,451,771	7,339,279	7,317,263	7,358,519
(81,011)	(173,025)	(62,319)	(90,655)	(269,618)	(118,165)
401,501	325,299	321,363	442,207	426,724	472,313
(292,284)	(237,327)	(225,927)	(340,283)	(379,767)	(399,791)
23,583	48,895	13,259	11,216	77,821	6,371
-	50,002	-	50,000	183,482	-
58,535	116,040	118,895	105,455	123,000	30,290
-	24,950	41,115	-	-	-
-	20,490	16,663	11,288	14,175	2,210
-	-	-	-	(4,500)	-
-	(28,825)	(43,519)	-	-	-
-	-	-	-	-	-
191,335	319,524	241,849	279,883	440,935	111,393
-	-	-	-	-	7,016
-	-	-	-	-	-
-	-	-	30,000	59	-
-	-	-	30,000	59	7,016
$ 110,324	$ 146,499	$ 179,530	$ 219,228	$ 171,376	$ 244
2.55 %	2.44 %	2.51 %	2.58 %	2.21 %	2.56 %

STATE OF MAINE
CHANGES IN FUND BALANCES
GENERAL FUND

Last Ten Fiscal Years
(Expressed in Thousands)

	2022	2021	2020	2019
Revenues:				
Taxes	$ 5,467,668	$ 4,765,942	$ 3,683,195	$ 3,794,729
Assessments and Other Revenue	94,175	94,909	89,132	99,859
Federal Grants and Reimbursements	94	103	1,903	1,626
Service Charges	60,520	57,120	52,069	45,517
Investment Income (Loss)	12,008	9,556	18,986	20,051
Miscellaneous Revenue	31,056	12,493	2,357	4,216
Total Revenues	5,665,521	4,940,123	3,847,642	3,965,998
Expenditures				
Current:				
Governmental Support & Operations	371,052	337,750	322,063	300,840
Economic Development & Workforce Training	46,056	44,638	44,460	42,688
Education	1,892,691	1,780,320	1,732,975	1,610,210
Health and Human Services	1,276,680	1,181,934	1,191,315	1,310,680
Business Licensing & Regulation	-	-	-	-
Natural Resources Development & Protection	93,520	68,515	85,122	85,649
Justice and Protection	378,204	274,665	341,748	335,478
Arts, Heritage & Cultural Enrichment	8,728	9,255	9,317	8,223
Transportation Safety & Development	-	2,000	8,000	-
Debt Service:				
Principal Payments	103,372	99,235	101,200	94,515
Interest Payments	41,881	42,230	34,948	29,726
Capital Outlays	12,064	-	-	-
Total Expenditures	4,224,248	3,840,542	3,871,148	3,818,009
Revenue Over (Under) Expenditures	1,441,273	1,099,581	(23,506)	147,989
Other Financing Sources (Uses)				
Transfer from Other Funds	131,214	158,611	117,332	87,816
Transfer to Other Funds	(1,433,271)	(719,903)	(243,336)	(199,860)
Leases	12,064	-	-	-
Other	23,495	23,465	5,865	1,365
Total Other Financing Sources (Uses)	(1,266,498)	(537,827)	(120,139)	(110,679)
Net Change in Fund Balance	$ 174,775	$ 561,754	$ (143,645)	$ 37,310
Debt Service as a Percentage of Non-Capital Expenditures	3.58 %	3.84 %	3.60 %	3.34 %

SOURCE: State of Maine Annual Comprehensive Financial Reporting System. Modified accrual basis of accounting.

SCHEDULE 5

2018	2017	2016	2015	2014	2013
$ 3,529,960	$ 3,411,497	$ 3,305,720	$ 3,237,598	$ 3,027,088	$ 3,077,321
102,271	106,085	105,216	104,795	97,622	106,086
1,638	1,771	1,952	2,064	1,988	1,726
44,055	45,229	38,984	46,466	50,580	46,281
10,048	5,424	2,439	1,170	716	356
1,484	12,547	14,360	11,736	23,706	10,467
3,689,456	3,582,553	3,468,671	3,403,829	3,201,700	3,242,237
278,502	260,661	230,692	218,279	219,125	265,160
41,861	42,379	39,885	31,501	32,635	31,922
1,518,098	1,503,763	1,422,871	1,401,594	1,404,149	1,332,688
1,142,645	1,126,330	1,107,675	1,119,182	1,159,000	907,141
73	-	-	-	3,797	992
79,245	75,445	73,225	68,870	66,684	64,184
338,241	336,267	320,810	302,133	283,477	258,969
7,921	7,852	7,623	7,358	7,459	6,932
-	-	-	-	-	-
86,075	78,940	80,405	84,875	85,735	103,840
26,074	22,547	20,309	19,167	18,163	20,657
-	-	-	-	-	-
3,518,735	3,454,184	3,303,495	3,252,959	3,280,224	2,992,485
170,721	128,369	165,176	150,870	(78,524)	249,752
113,151	117,307	91,809	171,771	169,095	181,932
(147,142)	(148,822)	(146,996)	(183,793)	(206,907)	(230,298)
-	-	-	-	-	-
22,105	31,236	9,144	2,789	45,275	4,174
(11,886)	(279)	(46,043)	(9,233)	7,463	(44,192)
$ 158,835	$ 128,090	$ 119,133	$ 141,637	$ (71,061)	$ 205,560
3.28 %	3.03 %	3.13 %	3.29 %	3.23 %	4.54 %

STATE OF MAINE
INDIVIDUAL INCOME TAX
AND TAX RATES ON TAXABLE INCOME

Last Ten Calendar Years
(Expressed in Thousands)

	2021	2020	2019	2018
Individual Income Tax Liability	$ 2,207,302	$ 1,812,419	$ 1,588,608	$ 1,528,511
Personal Income*	80,254,400	74,805,900	68,863,000	65,015,100
Average Effective Tax Rate	2.8 %	2.4 %	2.3 %	2.4 %
Income Bracket	$0 - $22,449	$0 - $22,199	$0 - $21,849	$0 - $21,449
Tax Rate	5.8%	5.8%	5.8%	5.8%
Income Bracket	$22,450 - $79,749	$22,200 - $52,599	$21,850 - $51,699	$21,450 - $50,749
Tax Rate	6.75%	6.75%	6.75%	6.75%
Income Bracket				
Tax Rate				
Income Bracket	$79,750 +	$52,600 +	$51,700 +	$50,750 +
Tax Rate	7.15%	7.15%	7.15%	7.15%

Individual income tax brackets are indexed for inflation beginning in tax year 2003.
Inflation adjustments were suspended for tax years 2014 and 2015.

Personal income totals were restated back to 2017.

[1] Amounts shown are for single and married filing separate returns.
For joint filers, approx. double the income amounts, for head of household filers multiply the brackets by approx 1.5.

SOURCE: Maine Revenue Services.

2017	2016	2015	2014	2013	2012
$ 1,459,744	$ 1,371,026	$ 1,492,954	$ 1,393,286	$ 1,311,617	$ 1,433,654
62,372,100	58,655,433	56,893,803	54,860,182	52,724,616	52,877,607
2.3 %	2.3 %	2.6 %	2.5 %	2.5 %	2.7 %
$0 - $21,099	$0 - $21,049	$0 - $5,199	$0 - $5,199	$0 - $5,199	$0 - $5,099
5.8%	5.8%	0.0%	0.0%	0.0%	2.0%
$21,100 - $49,999	$21,050 - $37,499	$5,200 - $20,899	$5,200 - $20,899	$5,200 - $20,899	$5,100 - $10,149
6.75%	6.75%	6.5%	6.5%	6.5%	4.5%
					$10,150 - $20,349
					7.0%
$50,000 +	$37,500 +	$20,900+	$20,900+	$20,900+	$20,350+
7.15%	7.15%	7.95%	7.95%	7.95%	8.5%


DIRIGO
MAINE

STATE OF MAINE

SCHEDULE 7

INDIVIDUAL INCOME TAX FILERS AND TAX LIABILITY BY MAINE ADJUSTED GROSS INCOME

(Tax Liability Expressed in Millions)

Income Level	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
		2021 Tax Year		
$0 and below	67,149	8.1 %	$ (24.81)	(1.1)%
$1 - $10,000	90,913	11.0 %	(28.13)	(1.3)%
$10,001 - $20,000	90,141	10.9 %	(28.58)	(1.3)%
$20,001 - $30,000	86,877	10.5 %	3.32	0.2 %
$30,001 - $50,000	158,660	19.3 %	120.54	5.5 %
$50,001 - $75,000	113,877	13.8 %	214.56	9.7 %
$75,001 - $100,000	67,247	8.1 %	203.28	9.2 %
$100,001 - $200,000	101,524	12.3 %	574.73	26.0 %
$200,001 and higher	49,356	6.0 %	1,172.38	53.1 %
Total	825,744	100.0 %	$ 2,207.29	100.0 %

(Tax Liability Expressed in Millions)

Income Level	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
		2012 Tax Year		
$0 and below	9,386	1.5 %	$ (0.07)	- %
$1 - $10,000	94,119	14.6 %	0.50	- %
$10,001 - $20,000	103,539	16.1 %	10.26	0.7 %
$20,001 - $30,000	92,764	14.4 %	38.65	2.7 %
$30,001 - $50,000	124,690	19.4 %	140.63	9.8 %
$50,001 - $75,000	90,771	14.1 %	213.64	14.9 %
$75,001 - $100,000	52,005	8.1 %	203.71	14.2 %
$100,001 - $200,000	55,618	8.6 %	377.24	26.3 %
$200,001 and higher	20,508	3.2 %	449.09	31.3 %
Total	643,400	100.0 %	$ 1,433.65	100.0 %

SOURCE: Maine Revenue Services.

STATE OF MAINE
TAXABLE SALES AND SALES TAX RATES

Last Ten Calendar Years
(Expressed in Thousands)

	2021	2020	2019	2018
Business Operating	$ 3,412,611	$ 2,882,965	$ 2,738,262	$ 2,552,155
Building Supply	4,123,703	3,501,829	2,920,206	2,860,548
Food Store	2,756,160	2,624,614	2,472,245	2,409,798
General Merchandise	4,409,228	3,604,291	3,754,314	3,573,657
Other Retail	6,117,520	4,985,847	3,593,601	2,980,164
Auto/Transportation	6,899,224	5,798,609	5,490,572	5,176,989
Restaurant/Lodging	4,768,030	3,082,390	4,298,812	3,989,954
Total	$ 32,486,476	$ 26,480,545	$ 25,268,012	$ 23,543,265
Sales and Use Tax Rates:				
General Sales & Use	5.5 %	5.5 %	5.5 %	5.5 %
Lodging	9.0 %	9.0 %	9.0 %	9.0 %
Prepared Food	8.0 %	8.0 %	8.0 %	8.0 %
Short-term Auto Rental	10.0 %	10.0 %	10.0 %	10.0 %

Effective October 1, 2013: (1) general sales and use tax increased to 5.5% (2) 7% rate on meals and lodging increased to 8%.

Tax rates. The current general sales tax rate of 5.5% remains in place, as does the current 8% rate on lodging, meals and liquor and the 10% rate on short-term automobile rentals. The tax rate on lodging increases from 8% to 9% on January 1, 2016. 36 M.R.S.A. §§ 1811; LD 1019, PL 2015, c. 267, Pt. OOOO, § 5.

SOURCE: Maine Revenue Services.

SCHEDULE 8

2017	2016	2015	2014	2013	2012
$ 2,342,886	$ 2,278,205	$ 2,274,758	$ 2,205,300	$ 2,144,569	$ 2,071,027
2,682,564	2,527,689	2,389,625	2,275,309	2,184,879	2,062,162
2,321,863	2,244,009	1,791,703	1,724,835	1,654,251	1,624,714
3,657,373	3,428,111	3,210,403	3,153,868	3,107,412	3,086,232
2,573,748	2,503,954	2,308,153	2,216,658	2,169,047	2,105,616
4,912,964	4,728,135	4,552,275	4,211,761	3,947,689	3,665,555
3,793,014	3,617,473	3,367,607	3,185,843	3,040,446	2,927,667
$ 22,284,412	$ 21,327,576	$ 19,894,524	$ 18,973,574	$ 18,248,293	$ 17,542,973
5.5 %	5.5 %	5.5 %	5.0 %	5.0 %	5.0 %
9.0 %	9.0 %	8.0 %	7.0 %	7.0 %	7.0 %
8.0 %	8.0 %	8.0 %	7.0 %	7.0 %	7.0 %
10.0 %	10.0 %	10.0 %	10.0 %	10.0 %	10.0 %


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MAINE

STATE OF MAINE

SCHEDULE 9

CALCULATION OF LEGAL DEBT MARGIN

Last Ten Fiscal Years
(Expressed in Thousands)

Pursuant to Article IX, Section 14 of the Maine Constitution, the Legislature shall not create any debt or debts on behalf of the State, which shall exceed $2,000,000 in the aggregate, except to suppress insurrection, to repel invasion, or for purposes of war, and except for temporary loans to be paid out of money raised by taxation during the fiscal year in which they are made. Whenever 2/3 of both Houses shall deem it necessary, by proper enactment ratified by a majority of the electors voting thereon at a general or special election, the Legislature may authorize the issuance of bonds on behalf of the State as approved by such action. Temporary loans to be paid out of moneys raised by taxation during any fiscal year shall not exceed in the aggregate during the fiscal year in question an amount greater than 10 percent of all the 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, exclusive of proceeds or expenditures from the sale of bonds, or greater than 1 percent of the total valuation of the State of Maine, whichever is the lesser.

There were no temporary loans outstanding at June 30, for the years presented below, which were subject to the Constitutional limitations.*

All other general long-term bonds outstanding at June 30, for the years presented below, were issued pursuant to properly ratified legislation.

Calculations of temporary loans made during the year, yet paid back prior to year end are:

(Expressed in Thousands)

Fiscal Year	Temporary Loans Outstanding During the Year*	Total Governmental Funds Revenue	% of Total Governmental Funds Revenue	10% of Total Governmental Funds Revenue Limit Amount	Total Valuation	% of Total Valuation	1% of Total Valuation Limit Amount
2022	$ 47,595	$ 12,306,418	0.39 %	$ 1,230,642	$ 206,784,950	0.02 %	$ 2,067,850
2021	$ 98,200	$ 11,715,852	0.84 %	$ 1,171,585	$ 195,137,500	0.05 %	$ 1,951,375
2020	$ 82,025	$ 10,720,170	0.77 %	$ 1,072,017	$ 185,896,400	0.04 %	$ 1,858,964
2019	$ 82,500	$ 8,130,497	1.01 %	$ 813,050	$ 176,176,000	0.05 %	$ 1,761,760
2018	$ 54,500	$ 7,709,591	0.71 %	$ 770,959	$ 169,799,900	0.03 %	$ 1,697,999
2017	$ 36,600	$ 7,497,108	0.49 %	$ 749,711	$ 165,485,750	0.02 %	$ 1,654,858
2016	$ 37,185	$ 7,287,606	0.51 %	$ 728,761	$ 162,950,100	0.02 %	$ 1,629,501
2015	$ 38,150	$ 7,103,637	0.54 %	$ 710,364	$ 159,770,050	0.02 %	$ 1,597,701
2014	$ 65,000	$ 7,315,155	0.89 %	$ 731,516	$ 158,661,600	0.04 %	$ 1,586,616
2013	$ -	$ 6,959,426	0.00 %	$ 695,943	$ 160,011,900	0.00 %	$ 1,600,119

STATE OF MAINE
RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years
(Expressed in Thousands, Except Per Capita)

	2022	2021	2020	2019
Governmental Activities Debt				
General Obligation Bonds	$ 582,788	$ 679,062	$ 651,798	$ 603,778
MGFA Revenue Bonds	403,212	377,785	383,935	236,699
COPS and Other Financing Arrangements	72,147	53,524	37,849	51,269
Leases[5]	234,510	49,487	53,722	58,577
Loans Payable to Component Unit[1]	270,449	336,993	320,193	375,163
Total Governmental Activities Debt	1,563,106	1,496,851	1,447,497	1,325,486
Total Business-Type Activities Debt	-	-	-	-
Total Primary Government Debt	$ 1,563,106	$ 1,496,851	$ 1,447,497	$ 1,325,486
Debt Ratios				
Ratio of Total Debt to Personal Income[2]	2.0 %	2.0 %	2.0 %	2.0 %
Per Capita[3]	$ 1,134	$ 1,107	$ 1,075	$ 989
Net General Obligation Bonded Debt				
Gross Bonded Debt	$ 986,000	$ 1,056,847	$ 1,035,733	$ 840,477
Less: Debt Service Funds	-	-	-	-
Net Bonded Debt	$ 986,000	$ 1,056,847	$ 1,035,733	$ 840,477
Ratio of Net Bonded Debt to Estimated Property Value[4]	0.5 %	0.5 %	0.6 %	0.5 %
Per Capita[3]	$ 715	$ 782	$ 769	$ 627

[1] Federal and other revenue streams associated with qualified transportation projects are pledged as security for GARVEE and TransCap bonds. These pledged future revenues offset the unspent proceeds of the bond received by a component unit. Profit from the Alcoholic Beverages Enterprise Fund are pledged as security for the Liquor bonds. See Schedule 11.

[2] Personal income data can be found in Schedule 12.

[3] Population data can be found on Schedule 12.

[4] Estimated property value can be found on Schedule 9.

[5] As restated. GASB 87 was implemented in FY2022, which required a restatement of the lease liability.

2018	2017	2016	2015	2014	2013
$ 407,746	$ 496,132	$ 464,444	$ 430,947	$ 399,190	$ 369,725
209,155	171,870	172,373	170,870	187,175	199,910
72,368	74,537	69,565	88,696	106,810	47,938
56,518	34,276	36,679	40,533	35,215	34,741
378,264	428,713	425,199	477,188	472,976	304,045
1,124,051	1,205,528	1,168,260	1,208,234	1,201,366	956,359
-	-	-	-	-	-
$ 1,124,051	$ 1,205,528	$ 1,168,260	$ 1,208,234	$ 1,201,366	$ 956,359
1.8 %	2.0 %	2.0 %	2.2 %	2.2 %	1.8 %
$ 839	$ 904	$ 879	$ 908	$ 904	$ 720
$ 616,901	$ 668,002	$ 636,817	$ 601,817	$ 586,365	$ 569,635
-	-	-	-	-	-
$ 616,901	$ 668,002	$ 636,817	$ 601,817	$ 586,365	$ 569,635
0.4 %	0.4 %	0.4 %	0.4 %	0.4 %	0.4 %
$ 461	$ 501	$ 479	$ 452	$ 441	$ 429

STATE OF MAINE
PLEDGED FUTURE REVENUE COVERAGE

Last Ten Fiscal Years
(Expressed in Thousands)

	2022	2021	2020	2019
Grant Anticipation Revenue Vehicle (GARVEE) Bonds[1]				
Federal Aid Revenues	$ 286,120	$ 275,433	$ 231,878	$ 208,546
Annual Debt Service	$ 23,957	$ 23,292	$ 22,394	$ 20,850
Debt Service Coverage	8.37 %	8.46 %	9.66 %	10.00 %

The State has committed to appropriate each year a portion of the State's future federal transportation funds, in amounts sufficient to cover the principal and interest requirements of Maine Municipal Bond Bank's debt for these bonds. The State's receipt of these funds is subject to continuing federal appropriations.

	2022	2021	2020	2019
Transportation Infrastructure Revenue (TRANSCAP) Bonds[2]				
Pledged Revenue Stream	$ 41,312	$ 41,260	$ 39,628	$ 41,490
Annual Debt Service	$ 19,943	$ 20,017	$ 20,018	$ 20,076
Debt Service Coverage	48.27 %	48.51 %	50.51 %	48.39 %

SOURCE: Department of Transportation.

The State has committed the profit of the Alcoholic Beverages Enterprise Fund as pledged revenue until such time as the bond liability is paid in full, pursuant to 28-A MRSA § 90. In FY 2014 only interest payments were due.

	2022	2021	2020	2019
Liquor Revenue Bonds[3]				
Pledged Revenue Stream	$ 62,088 [1]	$ 60,719	$ 62,303	$ 56,067
Annual Debt Service	$ 26,841	$ 26,840	$ 26,842	$ 26,839
Debt Service Coverage	43.23 %	44.20 %	43.08 %	47.87 %

[1] Based on Federal Fiscal Year End

[2] Based on State Fiscal Year End

[3] The profit from the Alcoholic Beverages Enterprise Fund began being deposited 7/1/15.

SCHEDULE 11

2018	2017	2016	2015	2014	2013
$ 201,593	$ 217,501	$ 216,915	$ 195,830	$ 210,870	$ 223,076
$ 19,611	$ 15,942	$ 20,143	$ 16,416	$ 15,951	$ 15,921
9.73 %	7.33 %	9.29 %	8.38 %	7.56 %	7.14 %
$ 40,843	$ 40,388	$ 39,634	$ 38,866	$ 38,340	$ 40,154
$ 20,074	$ 20,072	$ 19,789	$ 20,273	$ 20,268	$ 20,268
49.15 %	49.70 %	49.93 %	52.16 %	52.86 %	50.48 %
$ 51,675	$ 47,307	$ 44,400	$ 44,094	$ -	
$ 26,790	$ 26,801	$ 26,812	$ 26,823	$ 5,306	
51.84 %	56.65 %	60.39 %	60.83 %	- %	

STATE OF MAINE
DEMOGRAPHIC INFORMATION

Last Ten Fiscal Years

	2022	2021	2020	2019
Maine				
Population (in thousands)[1]	1,383	1,371	1,362	1,357
Total Personal Income (in millions)[1]	81,095	78,628	78,991	68,527
Per Capita Personal Income[2]	58,640	57,366	57,987	50,516
Unemployment Rate[3]	3.0 %	4.8 %	6.7 %	3.2 %
United States				
Population (in thousands)[1]	332,693	331,776	331,448	330,009
Total Personal Income (in millions)[1]	21,622,650	20,907,855	20,459,376	18,493,580
Per Capita Personal Income[2]	64,993	63,018	61,727	56,040
Unemployment Rate[3]	3.6 %	5.9 %	11.1 %	3.7 %

[1] New statistics for 2017 through 2022. Source is SA1 Personal Income Summary: Personal Income, Population, Per Capita Personal Income

[2] Calculation total personal income/population

[3] Local Area Unemployment Statistics Information and Analysis, Bureau of Labor Statistics, U.S. Department of Labor.

SCHEDULE 12

2018	2017	2016	2015	2014	2013
1,350	1,344	1,329	1,331	1,330	1,328
64,673	61,946	57,990	54,926	55,958	54,359
47,916	46,085	43,638	41,273	42,074	40,933
2.9 %	3.5 %	3.7 %	4.7 %	5.5 %	6.8 %
328,289	326,330	322,704	320,064	318,857	316,129
17,538,302	16,740,049	15,725,128	14,991,944	14,708,582	14,151,427
53,423	51,298	48,729	46,840	46,129	44,765
4.0 %	4.4 %	4.9 %	5.3 %	6.1 %	7.6 %


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STATE OF MAINE

SCHEDULE 13

PRINCIPAL EMPLOYERS - TOP 10
NOT SEASONALLY ADJUSTED

Current Year and Ten Years Ago

	2022					2013		
Employer	Range of Employees			Rank	Percentage of Total Employment	Average Number of Employees	Rank	Percentage of Total Employment
MaineHealth	20,001	-	20,500	**1**	3.3 %	-	**-**	- %
Maine State Government	13,501	-	14,000	**2**	2.2 %	14,250	**1**	2.4 %
Hannaford Bros Co	8,501	-	9,000	**3**	1.4 %	7,750	**2**	1.3 %
Department of Defense	8,501	-	9,000	**6**	1.4 %	6,750	**4**	1.1 %
Wal Mart/Sam's Club	7,501	-	8,000	**5**	1.3 %	7,250	**3**	1.2 %
Bath Iron Works	6,001	-	6,500	**6**	1.0 %	4,750	**6**	0.8 %
MaineGeneral Health	4,001	-	4,500	**7**	0.7 %	-	**-**	- %
Northern Light Eastern Maine Medical Center	3,501	-	4,000	**8**	0.6 %	3,750	**8**	0.6 %
US Post Office	3,001	-	3,500	**9**	0.5 %	3,250	**9**	0.6 %
LL Bean, Inc	3,001	-	3,500	**10**	0.5 %	4,250	**7**	0.7 %
Maine Medical Center	-	-	-	**-**	- %	6,750	**5**	1.1 %
University of Maine at Orono	-	-	-	**-**	- %	3,250	**10**	0.6 %
Total	77,510		82,500		12.9 %	62,000		10.4 %

Source: Maine Department of Labor, Center for Workforce Research and Information

Note: Percentage of total state employment is based on the midpoints in the ranges given.

STATE OF MAINE
SCHEDULE OF STATE GOVERNMENT FULL TIME EQUIVALENT EMPLOYEES BY POLICY AREA

Last Ten Fiscal Years

	2022	2021	2020	2019
Arts, Heritage & Cultural Enrichment	88.2	88.7	88.7	89.7
Business Licensing & Regulation	409.8	395.3	395.3	392.8
Economic Development & Workforce Training	546.0	548.0	548.0	544.5
Education	219.3	216.9	216.9	198.5
Governmental Support & Operations	2,095.2	2,093.7	2,092.7	2,094.1
Health and Human Services	3,423.4	3,333.9	3,333.9	3,225.9
Justice and Protection	2,994.6	2,997.4	2,982.4	2,952.9
Natural Resources Development & Protection	1,461.9	1,407.5	1,407.5	1,403.9
Transportation Safety & Development	2,001.0	2,004.6	2,004.6	2,046.3
Total Full Time Equivalents	13,239.4	13,086.0	13,070.0	12,948.6

SOURCE: Maine Bureau of Budget

The information in this schedule is based on budgeted numbers. Actual numbers may differ.

SCHEDULE 14

2018	2017	2016	2015	2014	2013
89.7	91.6	91.6	89.1	89.6	89.6
395.0	394.5	394.5	389.0	389.0	395.0
563.5	585.0	584.0	581.5	557.5	558.5
196.5	191.3	191.3	193.5	192.5	190.6
2,084.1	2,102.9	2,099.9	2,100.1	2,106.1	2,128.4
3,202.9	3,440.9	3,440.9	3,494.2	3,475.4	3,468.4
2,998.9	2,999.8	2,999.8	2,962.8	2,959.3	2,960.3
1,406.7	1,421.8	1,421.3	1,447.8	1,448.8	1,461.0
2,046.3	2,047.3	2,047.3	2,046.9	2,045.8	2,072.4
12,983.6	13,275.1	13,270.6	13,304.9	13,264.0	13,324.2

STATE OF MAINE
OPERATING INDICATORS AND CAPITAL INFORMATION

Last Ten Fiscal Years

Operating Indicators by Function:	2022	2021	2020	2019
Education				
Students enrolled in the free/reduced lunch program[4]	59,383	64,925	78,523	81,838
Economic Development & Workforce Training				
Unemployed persons	27,292	35,244	30,253	23,216
Governmental Support & Operations				
Return on investments	0.68 %	1.19 %	1.78 %	2.15 %
Lottery tickets sales, in millions	385	391	314	299
Health and Human Services				
Percentage of population enrolled in MaineCare[1]	28 %	25 %	22 %	20 %
Number of TANF cases[2]	3,806	3,937	3,918	3,995
Justice and Protection				
Average number of adult inmates	1,623	1,682	2,043	2,332
Average number of juvenile inmates	30	28	33	52
Number of guard troops	3,037	2,950	2,946	2,981
Number of cases tried in the court system	127,687	130,461	143,015	177,768
Natural Resources and Development				
Number of park passes purchased[3]	20,422	14,361	14,656	14,621
Number of visitors to State parks	3,145,285	3,067,112	2,968,710	2,997,931
Number of hunting and fishing licenses sold[3]	614,051	569,785	563,781	559,411
Transportation Safety & Development				
Number of construction projects	282	251	289	411

[1] Based on the average enrollees over the fiscal year.

[2] Based on the average number of cases over the fiscal year.

[3] As of December.

[4] As of October of the school year.

SOURCE: All statistical information was provided by State agencies.

SCHEDULE 15

2018	2017	2016	2015	2014	2013
82,900	85,080	86,746	85,794	86,500	85,731
21,407	24,648	26,220	32,809	39,300	48,500
1.31 %	0.85 %	0.52 %	0.33 %	0.28 %	0.29 %
294	266	272	253	230	228
20 %	20 %	21 %	22 %	24 %	26 %
4,308	4,630	5,401	5,401	7,617	9,342
2,586	2,310	2,189	2,091	2,089	2,016
75	88	95	157	144	155
3,072	3,088	3,145	3,285	3,236	3,169
198,199	192,527	204,330	216,460	229,365	237,596
14,853	19,722	16,881	16,734	14,039	12,498
2,698,907	2,876,190	2,626,416	2,539,754	2,553,638	2,519,849
558,820	564,863	557,123	545,359	529,615	516,442
351	323	197	121	227	218

STATE OF MAINE
CAPITAL ASSETS BY FUNCTION

Last Ten Fiscal Years

Capital Assets by Function:	2022	2021	2020	2019
Governmental Support & Operations				
Vehicles controlled by Central Fleet Management	2,198	2,152	2,174	2,089
Health and Human Services				
Number of regional offices	16	16	16	16
Justice and Protection				
Number of correctional facilities	6	6	6	5
Number of armories and AFR's	16	17	15	15
Number of State police barracks	8	8	8	8
Number of vehicles in Public Safety	615	584	579	579
Natural Resources and Development				
Total acreage of State parks	86,509	86,102	86,102	86,102
Number of State park buildings	585	585	585	585
Transportation Safety & Development				
Number of DOT vehicles and equipment	1,388	1,380	1,329	1,307
Number of regional DOT active buildings	546	546	546	548

SOURCE: All statistical information was provided by State agencies.

SCHEDULE 16

2018	2017	2016	2015	2014	2013
2,229	2,208	2,158	2,096	2,114	2,116
16	16	16	16	16	16
5	7	8	8	8	8
15	14	18	21	21	21
8	8	8	8	8	8
524	614	541	575	487	420
85,680	85,680	85,680	85,680	98,831	98,832
585	585	562	563	569	567
1,448	1,233	1,229	1,226	1,219	1,188
553	570	555	575	568	564


DIRIGO
MAINE

STATE OF MAINE
GENERAL OBLIGATION BONDS

APPENDIX C

Certain Revenues of the State (Unaudited)

Page

Undedicated Revenues, General Fund, Fiscal Years Ended June 30, 2019 and June 30, 2020 .... C-2

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Highway Fund Revenues, Fiscal Years Ended June 30, 2019 and June 30, 2020 .... C-5

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Preliminary Highway Fund Revenues, Ten Months Ended April 30, 2023 Fiscal Year Ending June 30, 2022 .... C-7

STATE OF MAINE
UNDEDICATED REVENUES
GENERAL FUND
FISCAL YEARS ENDED JUNE 30, 2019 AND JUNE 30, 2020

	2019				2020			
	Actual	Budget	Variance Over/ (Under)	Percent Over/ (Under)	Actual	Budget	Variance Over/ (Under)	Percent Over/ (Under)
Sales and Use Tax	1,503,771,784	1,502,117,767	$ 1,654,017	0.1%	$1,555,713,076	$1,617,545,344	$ (61,832,268)	(3.8%)
Service Provider Tax	59,012,956	59,222,124	(209,168)	(0.4%)	58,012,511	57,024,000	988,511	1.7%
Individual Income Tax	1,701,005,768	1,705,158,151	(4,152,383)	(0.2%)	1,835,972,805	1,810,313,500	25,659,305	1.4%
Corporate Income Tax	252,866,884	244,750,000	8,116,884	3.3%	216,131,489	217,280,000	(1,148,512)	(0.5%)
Cigarette and Tobacco Tax	125,977,694	133,588,615	(7,610,921)	(5.7%)	137,331,317	141,621,642	(4,290,325)	(3.0%)
Insurance Companies Tax	77,277,183	74,450,000	2,827,183	3.8%	82,145,116	75,950,000	6,195,116	8.2%
Inheritance & Estate Tax	15,851,350	13,640,409	2,210,941	16.2%	21,079,344	20,450,000	629,344	3.1%
Fines, Forfeits and Penalties	15,485,118	18,678,774	(3,193,656)	(17.1%)	9,986,146	12,319,191	(2,333,045)	(18.9%)
Income from Investments	12,474,570	11,027,054	1,447,516	13.1%	12,121,418	12,304,505	(183,087)	(1.5%)
Transfer from Lottery Commission	62,675,109	59,000,000	3,675,109	6.2%	64,589,742	57,000,000	7,589,742	13.3%
Transfer for Tax Relief Programs	(68,087,807)	(70,568,623)	2,480,816	3.5%	(74,637,969)	(76,815,000)	2,177,031	2.8%
Transfer to Municipal Revenue Sharing	(74,095,532)	(73,698,594)	(396,938)	(0.5%)	(113,613,360)	(111,887,992)	(1,725,368)	(1.5%)
Other Taxes and Fees	150,110,769	145,046,332	5,064,437	3.5%	139,144,510	138,146,069	998,441	0.7%
Other Revenues	14,185,246	11,594,367	2,590,879	22.3%	25,367,559	26,855,866	(1,488,307)	(5.5%)
Total Undedicated Revenue	**$3,848,511,092**	**$3,834,006,376**	**$ 14,504,716**	**0.4%**	**$3,969,343,702**	**$3,998,107,125**	**$ (28,763,423)**	**(0.7%)**

STATE OF MAINE
UNDEDICATED REVENUES
GENERAL FUND
FISCAL YEARS ENDED JUNE 30, 2021 AND JUNE 30, 2022

	2021				2022			
	Actual	Budget	Variance Over/ (Under)	Percent Over/ (Under)	Actual	Budget	Variance Over/ (Under)	Percent Over/ (Under)
Sales and Use Tax	1,804,226,077	1,768,751,007	$ 35,475,070	2.0%	2,078,875,746	2,040,737,567	$ 38,138,179	1.9%
Service Provider Tax	51,350,442	52,562,000	(1,211,558)	(2.3%)	51,328,641	51,000,000	328,641	0.6%
Individual Income Tax	2,069,715,243	1,806,896,248	262,818,995	14.5%	2,580,656,661	2,174,749,999	405,906,662	18.7%
Corporate Income Tax	284,316,774	246,035,003	38,281,771	15.6%	415,817,438	330,033,737	85,783,701	26.0%
Cigarette and Tobacco Tax	146,750,671	142,690,000	4,060,671	2.8%	146,424,162	150,220,000	(3,795,838)	(2.5%)
Insurance Companies Tax	84,462,691	84,350,000	112,691	0.1%	101,673,456	88,250,000	13,423,456	15.2%
Inheritance & Estate Tax	40,399,594	40,050,000	349,594	0.9%	34,183,165	40,000,000	(5,816,835)	(14.5%)
Fines, Forfeits and Penalties	8,720,806	10,154,186	(1,433,380)	(14.1%)	4,905,201	8,265,701	(3,360,500)	(40.7%)
Income from Investments	6,748,690	6,296,062	452,628	7.2%	9,023,821	6,979,207	2,044,614	29.3%
Transfer from Lottery Commission	70,647,717	65,000,000	5,647,717	8.7%	71,351,415	65,000,000	6,351,415	9.8%
Transfer for Tax Relief Programs	(75,987,519)	(74,462,300)	(1,525,219)	(2.0%)	(78,022,118)	(77,380,000)	(642,118)	(0.8%)
Transfer to Municipal Revenue Sharing	(156,047,730)	(148,219,686)	(7,828,044)	(5.3%)	(232,362,930)	(212,935,550)	(19,427,380)	(9.1%)
Other Taxes and Fees	157,423,727	147,075,128	10,348,599	7.0%	160,147,600	154,164,934	5,982,666	3.9%
Other Revenues	27,863,962	23,765,184	4,098,778	17.2%	47,611,311	38,096,895	9,514,416	25.0%
Total Undedicated Revenue	**$4,520,591,145**	**$4,170,942,832**	**$ 349,648,313**	**8.4%**	**$5,391,613,569**	**$4,857,182,490**	**$ 534,431,079**	**11.0%**

STATE OF MAINE
UNDEDICATED REVENUES
GENERAL FUND
TEN MONTHS ENDED APRIL 30 2023
FISCAL YEAR ENDING JUNE 30, 2023

PRELIMINARY AND TENTATIVE	Month				Year to Date				Total Budgeted
	Actual	Budget	Variance Over/ (Under)	Percent Over/ (Under)	Actual	Budget	Variance Over/ (Under)	Percent Over/ (Under)	Fiscal Year Ending 6/30/2023
Sales and Use Tax	164,295,672	160,675,797	$ 3,619,875	2.3%	1,822,234,971	1,802,895,592	$ 19,339,379	1.1%	2,135,122,179
Service Provider Tax	4,443,383	4,093,658	349,725	8.5%	43,357,859	41,762,556	1,595,303	3.8%	50,051,352
Individual Income Tax	365,838,552	369,991,446	(4,152,894)	(1.1%)	2,033,379,339	1,899,135,753	134,243,586	7.1%	2,293,227,867
Corporate Income Tax	118,350,824	81,113,103	37,237,721	45.9%	363,700,378	296,342,922	67,357,456	22.7%	335,688,199
Cigarette and Tobacco Tax	8,161,174	11,639,063	(3,477,889)	(29.9%)	121,012,986	125,210,652	(4,197,666)	(3.4%)	153,052,320
Insurance Companies Tax	19,843,983	20,024,940	(180,957)	(0.9%)	62,051,735	55,722,737	6,328,998	11.4%	103,700,000
Inheritance & Estate Tax	926,847	2,350,000	(1,423,153)	(60.6%)	26,000,686	32,837,083	(6,836,397)	(20.8%)	37,400,000
Fines, Forfeits & Penalties	303,649	815,988	(512,339)	(62.8%)	7,573,663	9,406,192	(1,832,529)	(19.5%)	10,532,292
Income from Investments	2,746,150	2,688,546	57,604	2.1%	22,537,218	19,239,468	3,297,750	17.1%	25,352,599
Transfer from Lottery Commission	5,635,410	6,009,616	(374,206)	(6.2%)	60,385,750	52,884,622	7,501,128	14.2%	62,500,000
Transfers for Tax Relief Programs	(646,513)	(4,355,261)	3,708,748	85.2%	(79,743,161)	(80,006,092)	262,931	0.3%	(80,610,000)
Transfer to Municipal Revenue Sharing	(15,272,571)	(10,073,888)	(5,198,683)	(51.6%)	(208,332,558)	(199,028,975)	(9,303,583)	(4.7%)	(249,471,176)
Other Taxes and Fees	10,575,261	12,038,059	(1,462,798)	(12.2%)	123,485,076	126,769,459	(3,284,383)	(2.6%)	153,494,063
Other Revenues	4,740,508	4,186,017	554,491	13.2%	(3,495,949)	(3,168,250)	(327,699)	(10.3%)	11,214,274
Total Undedicated Revenue	**$ 689,942,328**	**$ 661,197,084**	**$ 28,745,244**	**4.3%**	**$4,394,147,991**	**$4,180,003,719**	**$ 214,144,272**	**5.1%**	**$5,041,253,969**

STATE OF MAINE
HIGHWAY FUND
REVENUES
FISCAL YEARS ENDED JUNE 30, 2019 AND JUNE 30, 2020

	2019				2020			
	Actual	Budget	Variance Over/ (Under)	Percent Over/ (Under)	Actual	Budget	Variance Over/ (Under)	Percent Over/ (Under)
Fuel Taxes	231,586,428	232,748,962	$ (1,162,534)	(0.5%)	$ 218,970,635	$ 235,076,450	$ (16,105,815)	(6.9%)
Motor Vehicle Registration & Fees	96,930,631	93,712,689	3,217,942	3.4%	90,648,098	92,541,913	(1,893,815)	(2.0%)
Inspection Fees	3,324,510	3,202,500	122,010	3.8%	3,120,970	3,202,500	(81,531)	(2.5%)
Miscellaneous Taxes and Fees	1,508,539	1,280,229	228,310	17.8%	1,280,909	1,368,729	(87,820)	(6.4%)
Fines, Forfeits & Penalties	610,373	739,039	(128,666)	(17.4%)	899,735	606,412	293,323	48.4%
Earnings on Investments	893,027	653,735	239,292	36.6%	257,790	313,070	(55,280)	(17.7%)
All Other Revenues	11,640,306	11,130,832	509,474	4.6%	11,998,433	12,222,250	(223,817)	(1.8%)
Total	**$ 346,493,814**	**$ 343,467,986**	**$ 3,025,828**	**0.9%**	**$ 327,176,570**	**$ 345,331,324**	**$ (18,154,754)**	**(5.3%)**

STATE OF MAINE
HIGHWAY FUND
REVENUES
FISCAL YEARS ENDED JUNE 30, 2021 AND JUNE 30, 2022

	2021				2022			
	Actual	Budget	Variance Over/ (Under)	Percent Over/ (Under)	Actual	Budget	Variance Over/ (Under)	Percent Over/ (Under)
Fuel Taxes	209,670,726	211,284,768	$ (1,614,042)	(0.8%)	222,781,779	224,703,184	$ (1,921,405)	(0.9%)
Motor Vehicle Registration & Fees	105,319,873	96,250,021	9,069,852	9.4%	102,460,134	93,048,868	9,411,266	10.1%
Inspection Fees	3,098,522	2,753,228	345,294	12.5%	2,920,344	3,015,291	(94,947)	(3.1%)
Miscellaneous Taxes & Fees	1,629,051	1,367,454	261,597	19.1%	1,693,892	1,417,454	276,438	19.5%
Fines, Forfeits & Penalties	1,248,923	426,101	822,822	193.1%	1,381,965	606,412	775,553	127.9%
Earnings on Investments	305,414	261,450	43,964	16.8%	189,723	168,619	21,104	12.5%
All Other Revenues	12,730,378	12,100,331	630,047	5.2%	13,427,986	13,231,846	196,140	1.5%
Total	**$ 334,002,888**	**$ 324,443,353**	**$ 9,559,535**	**2.9%**	**$ 344,855,823**	**$ 336,191,674**	**$ 8,664,149**	**2.6%**

STATE OF MAINE
HIGHWAY FUND
REVENUES
TEN MONTHS ENDED APRIL 30, 2023
FISCAL YEAR ENDING JUNE 30, 2023

PRELIMINARY AND TENTATIVE	Month				Year to Date				Total Budgeted
	Actual	Budget	Variance Over/ (Under)	Percent Over/ (Under)	Actual	Budget	Variance Over/ (Under)	Percent Over/ (Under)	Fiscal Year Ending 6/30/2023
Fuel Taxes	16,400,983	16,470,046	$ (69,063)	(0.4%)	185,306,023	183,728,747	$ 1,577,276	0.9%	227,331,984
Motor Vehicle Registration & Fees	9,429,992	9,821,887	(391,895)	(4.0%)	87,259,507	82,169,101	5,090,406	6.2%	93,998,537
Motor Vehicle Inspection Fees	381,978	148,612	233,366	157.0%	2,391,326	2,636,030	(244,705)	(9.3%)	3,202,500
Miscellaneous Taxes & Fees	135,441	123,808	11,633	9.4%	1,303,728	1,061,740	241,988	22.8%	1,267,454
Fines, Forfeits & Penalties	94,927	50,534	44,393	87.8%	998,642	505,340	493,302	97.6%	606,412
Earnings on Investments	53,975	38,513	15,462	40.1%	377,413	264,629	112,784	42.6%	341,649
All Other	654,706	717,843	(63,137)	(8.8%)	12,257,074	12,020,633	236,441	2.0%	13,025,283
Total	**$ 27,152,001**	**$ 27,371,243**	**$ (219,242)**	**(0.8%)**	**$ 289,893,712**	**$ 282,386,220**	**$ 7,507,492**	**2.7%**	**$ 339,773,819**

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STATE OF MAINE
GENERAL OBLIGATION BONDS

APPENDIX D

Selected Information Regarding Authorized
And Outstanding Debt of the State

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Bonds Outstanding at June 30 Compared to Total Governmental Funds Revenue	D-6

AUTHORIZED EXPENDITURES

The purpose for which authorized expenditures may be made, the expending department or agency, the authorizing acts and the balances of authorized expenditures were as of the date hereof as follows:

	Agency	Law	Description	Amount Auth/Uniss
1	DOT	2021 PL Ch 408	Highway & Bridge	20,000,000
2	DOT	2021 PL Ch 408	Ports, harbors, marine transport, aviation, freight, and passenger rail, transit, pedestrian and bicycle trails.	15,000,000
3	DOT	2019 PL Ch 532	Ports, harbors, marine transport, aviation, freight, and passenger rail, transit, pedestrian and bicycle trails.	5,000,000
4	DOT	2019 PL Ch 673	Ports, harbors, marine transport, aviation, freight, and passenger rail, transit, pedestrian and bicycle trails.	15,000,000
5	CMEA	2019 PL Ch 673	High Speed Internet Infrastructure for unserved and underserved areas	3,600,000
6	UMS	2017 PL Ch 465A	Modernize facilities and infrastructure at UMS to strengthen Maine's economy and future workforce-Taxable	7,155,000
7	UMS	2017 PL Ch 465A	Modernize facilities and infrastructure at UMS to strengthen Maine's economy and future workforce-TaxEx	5,715,000
			TOTAL	**$ 71,470,000**

GENERAL FUND BONDS
DEBT SERVICE REQUIREMENTS TO MATURITY
June 30, 2022

FISCAL YEAR	PRINCIPAL	INTEREST	TOTAL
2023	89,875,000.00	23,483,050.00	113,358,050.00
2024	89,870,000.00	19,597,275.00	109,467,275.00
2025	78,575,000.00	15,625,625.00	94,200,625.00
2026	68,315,000.00	12,080,125.00	80,395,125.00
2027	58,545,000.00	8,849,425.00	67,394,425.00
2028	48,740,000.00	5,939,500.00	54,679,500.00
2029	37,615,000.00	3,527,250.00	41,142,250.00
2030	23,525,000.00	1,662,500.00	25,187,500.00
2031	10,760,000.00	538,000.00	11,298,000.00
			0.00
Total	**$ 505,820,000.00**	**$ 91,302,750.00**	**$ 597,122,750.00**

INFORMATION REGARDING LEASE FINANCING AGREEMENTS

As of February 28, 2023
Unaudited

Issuance	Agency	Date of Agreement	Original Principal Amount	Principal Amount Outstanding 2/28/2023
CFM 20	Administrative & Financial Services	March, 2020	5,500,000	2,750,000
CFM 21	Administrative & Financial Services	January, 2021	5,500,000	4,132,830
CFM 23	Administrative & Financial Services	August 2022	7,500,000	7,500,000
DAFS 22A	Administrative & Financial Services	January, 2022	5,000,000	4,305,871
DAFS 22B	Administrative & Financial Services	February, 2022	8,000,000	8,000,000
Liquor 23	Administrative & Financial Services	August 2022	3,000,000	2,785,714
MRS 21	Administrative & Financial Services	November, 2020	22,490,000	22,490,000
MRS 22	Administrative & Financial Services	June 2022	14,000,000	14,000,000
OIT 18	Administrative & Financial Services	November, 2017	21,000,000	5,031,004
OIT 19	Administrative & Financial Services	September, 2019	2,600,000	1,524,157
OIT 20	Administrative & Financial Services	April, 2020	1,900,000	1,244,960
OIT 23	Administrative & Financial Services	January 2023	5,000,000	5,000,000
PS 21 GF & HF	Public Safety	January, 2021	$1,500,000.00	1,001,962
PS 22 GF & HF	Public Safety	February, 2022	$2,300,000.00	2,300,000
PS 23 GF & HF	Public Safety	January 2023	$2,300,000.00	2,300,000
Totals			**$ 107,590,000**	**$ 84,366,499**

Debt Ratios

The following table sets forth the certain ratios relating to the State's general obligation debt as of June 30, 2022.

	Amount of Debt (P&I)	Per Capita (1)	Debt to Estimated Full Valuation (2)	Debt to Personal Income (3)
General Fund	$ 597,122,750	$ 431.03	0.26%	0.72%
Highways & Bridges	-	0.00	0.000%	0.000%
Total	**$597,122,750**	**$ 431.03**	**0.26%**	**0.72%**

(1) Based on population estimate of 1,385,340 for 2022 by the U.S. Department of Commerce, Bureau of the Census.

(2) Based on assessed property valuation at full value by the Maine Revenue Services as of January 2023 of $233,899,750,000.

(3) Based on State of Maine total personal income reported by the U.S. Department of Commerce for 2022 of $82,376,982,000.

Debt Ratio Statistics

June 30, 2022

Debt to Full Value

2020	0.37%
2021	0.36%
2022	0.26%

Debt to Personal Income

2020	1.02%
2021	0.97%
2022	0.72%

Per Capita Debt

2020	$514.22
2021	$519.43
2022	$431.03

DEBT SERVICE PAID OVER THE PAST FISCAL YEARS ENDING JUNE 30

FY	GF Principal	GF Interest	HF Principal	HF Interest	Total Principal	Total Interest
2003	63,880,000	12,941,300	21,215,000	4,003,828	85,095,000	16,945,128
2004	56,240,000	12,567,264	16,015,000	3,022,015	72,255,000	15,589,279
2005	53,440,000	12,525,813	13,280,000	2,477,535	66,720,000	15,003,348
2006	57,915,000	15,253,937	13,950,000	2,007,306	71,865,000	17,261,243
2007	69,280,000	17,364,513	10,415,000	1,387,084	79,695,000	18,751,597
2008	66,230,000	16,057,428	10,750,000	2,050,995	76,980,000	18,108,423
2009	65,685,000	15,179,120	13,505,000	3,848,227	79,190,000	19,027,347
2010	74,905,000	15,451,420	11,820,000	4,803,042	86,725,000	20,254,462
2011	72,905,000	13,609,228	15,100,000	5,312,205	88,005,000	18,921,433
2012	81,055,000	14,015,648	16,385,000	5,698,368	97,440,000	19,714,016
2013	85,595,000	12,924,559	16,735,000	5,151,841	102,330,000	18,076,400
2014	67,445,000	10,159,578	16,035,000	4,544,279	83,480,000	14,703,857
2015	65,670,000	11,674,238	15,275,000	3,914,654	80,945,000	15,588,891
2016	60,595,000	13,970,158	15,300,000	3,265,079	75,895,000	17,235,237
2017	59,415,000	15,620,081	21,015,000	2,600,579	80,430,000	18,220,659
2018	65,840,000	18,133,570	18,285,000	1,691,210	84,125,000	19,824,780
2019	72,345,000	20,507,969	12,500,000	905,540	84,845,000	21,413,509
2020	77,995,000	23,941,818	7,610,000	389,668	85,605,000	24,331,486
2021	77,700,000	26,221,997	2,210,000	110,500	79,910,000	26,332,497
2022	83,845,000	26,683,908	-	-	83,845,000	26,683,908

BONDS OUTSTANDING AT JUNE 30 COMPARED TO TOTAL GOVERNMENTAL FUNDS REVENUE

Year Ended	General Fund	Highway Fund	Self-Liquidating	Total	Total Governmental Funds Revenue	Percent of State Revenues
1991	$ 277,710,000	$ 102,870,000	$ 14,840,000	$ 395,420,000	$ 2,533,777,000	15.6%
1992	308,890,000	107,395,000	13,395,000	429,680,000	2,995,325,000	14.3%
1993	405,823,000	136,320,000	2,562,000	544,705,000	3,178,491,000	17.1%
1994	383,618,000	143,355,000	2,312,000	529,285,000	3,311,809,213	16.0%
1995	377,055,000	136,950,000	2,055,000	516,060,000	3,381,332,000	15.3%
1996	369,457,945	144,440,000	1,792,055	515,690,000	3,598,717,000	14.3%
1997	339,620,600	129,060,000	1,529,400	470,210,000	3,756,557,734	12.5%
1998	337,575,000	139,180,000	1,290,000	478,045,000	4,168,141,000	11.5%
1999	334,725,000	133,700,000	1,115,000	469,540,000	4,257,340,458	11.0%
2000	341,205,000	111,230,000	940,000	453,375,000	4,604,954,195	9.8%
2001	297,405,000	108,635,000	765,000	406,805,000	4,608,742,000	8.8%
2002	260,790,000	85,335,000	600,000	346,725,000	4,808,788,859	7.2%
2003	293,990,000	64,120,000	445,000	358,555,000	5,114,542,674	7.0%
2004	355,025,000	61,105,000	290,000	416,420,000	5,902,866,220	7.1%
2005	439,110,000	47,825,000	160,000	487,095,000	6,114,225,943	8.0%
2006	433,585,000	33,875,000	90,000	467,550,000	6,336,819,316	7.4%
2007	398,280,000	50,460,000	20,000	448,760,000	6,230,265,000	7.2%
2008	378,575,000	97,260,000	-	475,835,000	6,406,301,524	7.4%
2009	408,925,000	121,065,000	-	529,990,000	6,827,986,832	7.8%
2010	365,775,000	134,325,000	-	500,100,000	7,083,733,435	7.1%
2011	378,880,000	141,350,000	-	520,230,000	7,190,530,232	7.2%
2012	347,090,000	124,965,000	-	472,055,000	6,947,865,367	6.8%
2013	261,495,000	108,230,000	-	369,725,000	6,959,425,993	5.3%
2014	306,995,000	92,195,000	-	399,190,000	7,315,154,917	5.5%
2015	343,880,000	76,920,000	-	420,800,000	7,103,637,361	5.9%
2016	380,990,000	61,620,000	-	442,610,000	7,287,605,663	6.1%
2017	419,635,000	40,605,000	-	460,240,000	7,497,107,875	6.1%
2018	353,795,000	22,320,000	-	376,115,000	7,709,591,127	4.9%
2019	533,580,000	9,820,000	-	543,400,000	8,130,496,776	6.7%
2020	570,490,000	2,210,000	-	572,700,000	10,720,169,583	5.3%
2021	589,665,000	-	-	589,665,000	11,715,851,560	5.0%
2022	505,820,000	-	-	505,820,000	12,306,418,056	4.1%

APPENDIX E

The information contained in this Appendix E is derived from information contained in the actuarial valuation reports for the year ended June 30, 2022 for the State Employee and Teacher Retirement Program, the Legislative Retirement Program, the Judicial Retirement Program, and the Group Life Insurance Program. These actuarial valuation reports are available at www.mainepers.org/bonds.htm.

Maine Public Employees Retirement System
State Employee and Teacher Plan
Actuarial Balance Sheet, June 30, 2022

ASSETS (Present Value of Expected Income)	**State Employees (SE)**	**Teachers**	**SE and Teachers**
(1) Invested Assets			
(a) Members Contribution Fund	$ 918,729,893	$ 1,740,860,377	$ 2,659,590,270
(b) Retirement Allowance Fund	3,877,119,795	7,711,395,856	11,588,515,651
(c) Total Invested Assets (a + b)*	$ 4,795,849,688	$ 9,452,256,233	$ 14,248,105,921
(2) Future Contributions			
(a) Member Contributions	$ 492,731,225	$ 1,025,178,524	$ 1,517,909,749
(b) Actuarial Costs	1,305,626,644	2,206,040,129	3,511,666,773
(c) Total Contribution Income (a + b)	$1,798,357,869	$ 3,231,218,653	$ 5,029,576,522
(3) Present Value of Total Income (1 + 2)	$ 6,594,207,557	$ 12,683,474,886	$ 19,277,682,443
LIABILITIES (Present Value of Expected Benefit Payments)			
(1) Active Employees			
(a) Current Accrued Benefits	$ 1,487,800,276	$ 2,984,049,418	$ 4,471,849,694
(b) Future Benefit Accruals	1,224,133,654	2,670,747,345	3,894,880,999
(c) Total Active Benefits (a + b)	$2,711,933,930	$ 5,654,796,763	$ 8,366,730,693
(2) Inactive Employees			
(a) Total Inactive Benefits	$ 6,594,207,557	$ 7,028,678,123	$ 10,910,951,750
(3) Present Value of Total Benefits (1 + 2)	$ 6,594,207,557	$ 12,683,474,886	$ 19,277,682,443

*Actuarial Value

Maine Public Employees Retirement System
Judicial Plan
Actuarial Balance Sheet, June 30, 2022

ASSETS
(Present Value of Expected Income)

(1) Invested Assets	
(a) Members Contribution Fund	$ 12,044,397
(b) Retirement Allowance Fund	71,888,258
(c) Total Invested Assets (a + b)*	$ 83,932,655
(2) Future Contributions	
(a) Member Contributions	$ 3,828,998
(b) Actuarial Costs	(960,425)
(c) Total Contribution Income (a + b)	$ 2,868,573
(3) Present Value of Total Income (1 + 2)	$ 86,801,228

Liabilities
(Present Value of Expected Benefit Payments)

(1) Active Employees	
(a) Current Accrued Benefits	$ 23,067,335
(b) Future Benefit Accruals	12,923,149
(c) Total Active Benefits (a + b)	$ 35,990,484
(2) Inactive Employees	
(a) Total Inactive Benefits	$ 50,810,744
(3) Present Value of Total Benefits (1 + 2)	$ 86,801,228

*Actuarial Value

Maine Public Employees Retirement System
Legislative Plan
Actuarial Balance Sheet, June 30, 2022

ASSETS	
(Present Value of Expected Income)	
(1) Invested Assets	
(a) Members Contribution Fund	$ 3,140,712
(b) Retirement Allowance Fund	12,647,003
(c) Total Invested Assets (a + b)*	$ 15,787,715
(2) Future Contributions	
(a) Member Contributions	$ 578,635
(b) Actuarial Costs	(4,557,983)
(c) Total Contribution Income (a + b)	$ (3,979,348)
(3) Present Value of Total Income (1+ 2)	$ 11,808,367
Liabilities	
(Present Value of Expected Benefit Payments)	
(1) Active Employees	
(a) Current Accrued Benefits	$ 2,867,819
(b) Future Benefit Accruals	1,017,174
(c) Total Active Benefits (a + b)	$ 3,884,993
(2) Inactive Employees	
(a) Total Inactive Benefits	$ 7,923,374
(3) Present Value of Total Benefits (1 + 2)	$ 11,808,367

* Actuarial Value

Maine Public Employees Retirement System
State Employee and Teacher Plan
Actuarial Balance Sheet for Group Life Insurance, June 30, 2022

ASSETS (Present Value of Expected Income)	**State Employees (SE)**	**Teachers**	**SE and Teachers**
(1) Invested Assets			
(a) Members Contribution Fund	$ 0	$ 0	$ 0
(b) Retirement Allowance Fund	45,187,546	77,123,482	122,311,028
(c) Total Invested Assets (a + b)*	$ 45,187,546	$ 77,123,482	$ 122,311,028
(2) Future Contributions			
(a) Member Contributions	$ 0	$ 0	$ 0
(b) Actuarial Costs	81,971,627	50,665,509	132,637,136
(c) Total Contribution Income (a + b)	$ 81,971,627	$ 50,665,509	$ 132,637,136
(3) Present Value of Total Income (1 + 2)	$127,159,173	$ 127,788,991	$ 254,948,164
LIABILITIES (Present Value of Expected Benefit Payments)			
(1) Active Employees			
(a) Current Accrued Benefits	$ 24,438,728	$ 23,189,626	$ 47,628,354
(b) Future Benefit Accruals	20,227,240	21,575,501	41,802,741
(c) Total Active Benefits (a + b)	$ 44,665,968	$ 44,765,127	$ 89,431,095
(2) Inactive Employees			
(a) Total Inactive Benefits	$ 82,493,205	$ 83,023,864	$ 165,517,069
(3) Present Value of Total Benefits (1 + 2)	$ 127,159,173	$ 127,788,991	$ 254,948,164

* Plan Fiduciary Net Position

Maine Public Employees Retirement System
Judicial Plan
Actuarial Balance Sheet for Group Life Insurance, June 30, 2022

ASSETS
(Present Value of Expected Income)

(1) Invested Assets	
(a) Members Contribution Fund	$ 0
(b) Retirement Allowance Fund	826,924
(c) Total Invested Assets (a + b)*	$ 826,924
(2) Future Contributions	
(a) Member Contributions	$ 0
(b) Actuarial Costs	1,500,067
(c) Total Contribution Income (a + b)	$ 1,500,067
(3) Present Value of Total Income (1 + 2)	$ 2,326,991

Liabilities
(Present Value of Expected Benefit Payments)

(1) Active Employees	
(a) Current Accrued Benefits	$ 657,573
(b) Future Benefit Accruals	264,407
(c) Total Active Benefits (a + b)	$ 921,980
(2) Inactive Employees	
(a) Total Inactive Benefits	$ 1,405,011
(3) Present Value of Total Benefits (1 + 2)	$ 2,326,991

* Plan Fiduciary Net Position

Maine Public Employees Retirement System
Legislative Plan
Actuarial Balance Sheet for Group Life Insurance, June 30, 2022

ASSETS		
(Present Value of Expected Income)		
(1) Invested Assets		
(a) Members Contribution Fund	$	0
(b) Retirement Allowance Fund		16,816
(c) Total Invested Assets (a + b)*	$	16,816
(2) Future Contributions		
(a) Member Contributions	$	0
(b) Actuarial Costs		30,504
(c) Total Contribution Income (a + b)	$	30,504
(3) Present Value of Total Income (1 + 2)	$	47,320
Liabilities		
(Present Value of Expected Benefit Payments)		
(1) Active Employees		
(a) Current Accrued Benefits	$	0
(b) Future Benefit Accruals		0
(c) Total Active Benefits (a+b)	$	0
(2) Inactive Employees		
(a) Total Inactive Benefits	$	47,320
(3) Present Value of Total Benefits (1+2)	$	47,320

* Plan Fiduciary Net Position

STATE OF MAINE
GENERAL OBLIGATION BONDS

APPENDIX F

Selected Economic Information
with Respect to the State

Maine Population

Year	Population	Rank U.S.	Percent Change	Per Square Mile
2001	1,285,692	40	0.7%	41.7
2002	1,295,960	40	0.8%	42.0
2003	1,306,513	40	0.8%	42.4
2004	1,313,688	40	0.5%	42.6
2005	1,318,787	40	0.4%	42.8
2006	1,323,619	40	0.4%	42.9
2007	1,327,040	40	0.3%	43.0
2008	1,330,509	40	0.3%	43.1
2009	1,329,590	41	-0.1%	43.1
2010	1,327,651	41	-0.1%	43.0
2011	1,328,473	41	0.0%	43.1
2012	1,328,094	41	0.0%	43.0
2013	1,328,543	41	0.0%	43.1
2014	1,331,217	42	0.2%	43.1
2015	1,329,098	42	-0.2%	43.1
2016	1,332,348	42	0.2%	43.2
2017	1,335,743	42	0.3%	43.3
2018	1,340,123	42	0.3%	43.4
2019	1,345,770	42	0.4%	43.6
2020*	1,363,557	42	1.3%	44.2
2021	1,377,238	42	1.0%	44.7
2022	1,385,340	42	0.6%	44.9

Source: U.S. Census Bureau

**Note: Population estimates for 2010-2019 were created prior to the release of intercensal estimates. This may affect the annual percent change from 2019-2020*

Personal Income and Earnings by Industry in Maine, 2018-2022

	2018	2019	2020	2021	2022
Personal Income (thousands of dollars)	$65,015,131	$68,862,973	$74,805,899	$80,254,426	$82,376,982
Earnings by place of work	42,262,117	44,144,152	45,954,494	49,770,658	53,558,550
Farm earnings	166,374	228,237	204,157	155,399	227,727
Nonfarm earnings	42,095,743	43,915,915	45,750,337	49,615,259	53,330,823
Forestry, fishing, and related activities	591,342	548,830	633,337	572,339	581,540
Mining, quarrying, and oil and gas extraction	21,914	21,066	24,724	25,807	27,422
Utilities	213,003	216,402	250,303	248,578	278,607
Construction	3,025,446	3,183,652	3,276,357	3,586,357	3,864,945
Manufacturing	3,890,572	4,095,141	4,339,440	4,650,881	5,017,355
Wholesale Trade	1,652,202	1,698,143	1,796,526	1,943,316	2,059,386
Retail Trade	3,210,231	3,351,304	3,583,581	3,916,171	4,208,272
Transportation and warehousing	1,109,931	1,145,794	1,174,331	1,258,924	1,342,012
Information	563,397	574,761	549,410	648,557	828,487
Finance and insurance	2,450,310	2,523,990	2,682,429	2,874,545	3,015,628
Real estate and rental and leasing	658,102	795,806	1,046,421	1,120,561	1,144,247
Professional, scientific, and technical services	3,106,822	3,306,325	3,530,746	3,868,149	4,283,306
Management of companies and enterprises	1,130,137	1,287,619	1,342,224	1,777,666	1,836,902
Administrative and support and waste management & remediation services	1,660,182	1,674,654	1,784,800	1,870,341	2,320,995
Educational services	859,204	939,609	941,908	989,605	1,069,286
Health care and social assistance	6,795,008	7,140,374	7,648,228	7,984,280	8,368,940
Arts, entertainment, and recreation	485,850	500,238	449,872	544,992	633,589
Accommodation and food services	1,972,329	2,060,228	1,525,449	2,165,447	2,345,708
Other services (except government & government enterprises)	1,546,396	1,580,495	1,582,950	1,642,552	1,797,294
Government and government enterprises	7,153,365	7,271,484	7,587,301	7,926,191	8,306,902

Bureau of Economic Analysis, last updated April 28, 2023.

Per Capita Personal Income
Maine, New England, and U.S.

	Per Capita Income			Maine as a percent of		Annual Percent Increase		
	U.S.	N.E	Maine	U.S.	N.E.	U.S.	N.E	Maine
2001	$31,617	$38,866	$28,824	91.2%	74.2%			
2002	31,839	38,787	29,572	92.9%	76.2%	0.7%	-0.2%	2.6%
2003	32,717	39,500	30,805	94.2%	78.0%	2.8%	1.8%	4.2%
2004	34,280	41,530	32,211	94.0%	77.6%	4.8%	5.1%	4.6%
2005	35,868	43,321	32,925	91.8%	76.0%	4.6%	4.3%	2.2%
2006	38,120	46,440	34,451	90.4%	74.2%	6.3%	7.2%	4.6%
2007	39,883	48,962	35,686	89.5%	72.9%	4.6%	5.4%	3.6%
2008	41,026	50,954	37,163	90.6%	72.9%	2.9%	4.1%	4.1%
2009	39,356	50,011	37,157	94.4%	74.3%	-4.1%	-1.9%	0.0%
2010	40,683	51,978	38,106	93.7%	73.3%	3.4%	3.9%	2.6%
2011	42,747	53,729	39,690	92.8%	73.9%	5.1%	3.4%	4.2%
2012	44,548	55,229	40,411	90.7%	73.2%	4.2%	2.8%	1.8%
2013	44,798	54,831	40,329	90.0%	73.6%	0.6%	-0.7%	-0.2%
2014	46,887	57,084	41,797	89.1%	73.2%	4.7%	4.1%	3.6%
2015	48,725	59,633	43,672	89.6%	73.2%	3.9%	4.5%	4.5%
2016	49,613	61,156	44,740	90.2%	73.2%	1.8%	2.6%	2.4%
2017	51,550	63,092	46,378	90.0%	73.5%	3.9%	3.2%	3.7%
2018	53,786	65,760	48,141	89.5%	73.2%	4.3%	4.2%	3.8%
2019	56,250	68,959	50,728	90.2%	73.6%	4.6%	4.9%	5.4%
2020	59,763	73,369	54,861	91.8%	74.8%	6.2%	6.4%	8.1%
2021	64,117	77,837	58,272	90.9%	74.9%	7.3%	6.1%	6.2%
2022	65,423	79,326	59,463	90.9%	75.0%	2.0%	1.9%	2.0%

Bureau of Economic Analysis, last updated April 28, 2023

State Valuation of Taxable Real and Personal Property

January 1992	$68,471,100,000
January 1993	67,751,400,000
January 1994	66,565,660,000
January 1995	66,425,500,000
January 1996	67,102,925,900
January 1997	68,286,600,000
January 1998	69,691,900,000
January 1999	71,779,350,000
January 2000	74,260,000,000
January 2001	78,389,400,000
January 2002	84,874,550,000
January 2003	94,034,050,000
January 2004	104,219,950,000
January 2005	118,038,020,000
January 2006	133,628,600,000
January 2007	148,946,200,000
January 2008	162,732,200,000
January 2009	168,071,150,000
January 2010	170,336,350,000
January 2011	166,990,700,000
January 2012	163,424,200,000
January 2013	160,011,900,000
January 2014	158,661,600,000
January 2015	159,770,050,000
January 2016	162,950,100,000
January 2017	165,485,750,000
January 2018	169,799,900,000
January 2019	176,176,000,000
January 2020	185,896,400,000
January 2021	195,137,500,000
January 2022	206,784,950,000
January 2023	233,899,750,000

Source: Maine Revenue Services – Property Tax Division.
The State valuation of taxable property is equal to 100% of value.
The State valuation filed in January of each year is based on the value of property as of April 1, 21 months prior to the filing date.

Selected Labor Market Information for Maine

Annual Avg. Not Seasonally Adjusted

	2018	2019	2020	2021	2022
Nonfarm Wage and Salary Employment	630,600	637,100	598,400	623,500	638,700
Manufacturing Employment	52,100	53,200	50,500	53,900	54,500
Nonmanufacturing Employment	578,500	583,900	547,900	569,600	584,200
Average Weekly Hours of Manufacturing Production	39.8	40.0	39.4	40.0	40.3
Average Hourly Earnings of Manufacturing Production	$24.50	$24.98	$24.85	$25.33	$26.92
Unemployment Rate	3.2%	2.9%	5.1%	4.6%	3.0%
Number Unemployed	22,272	20,335	33,940	31,827	19,910

Source: Maine Department of Labor, Center for Workforce Research & Information.

Civilian Labor Force
Employed and Unemployed by Labor Market Area, Not Seasonally Adjusted
March 2023

Maine Labor Force Estimates for Labor Market Areas

	Civilian Labor Force			Employment			Unemployment			Unemployment Rate		
LABOR MARKET AREA	Mar-23	Feb-23	Mar-22	Mar-23	Feb-23	Mar-22	Mar-23	Feb-23	Mar-22	Mar-23	Feb-23	Mar-22
Acton	4,466	4,465	4,530	4,339	4,343	4,369	127	122	161	2.8%	2.7%	3.6%
Augusta	40,080	40,079	40,391	39,112	39,059	39,109	968	1,020	1,282	2.4	2.5	3.2
Bangor	69,264	69,434	69,457	67,452	67,541	67,146	1,812	1,893	2,311	2.6	2.7	3.3
Belfast	13,487	13,661	13,626	13,010	13,131	13,101	477	530	525	3.5	3.9	3.9
Boothbay	2,799	2,845	2,975	2,640	2,657	2,805	159	188	170	5.7	6.6	5.7
Bridgton-Paris	13,822	13,919	13,941	13,378	13,429	13,419	444	490	522	3.2	3.5	3.7
Brunswick	33,073	33,018	33,496	32,285	32,238	32,547	788	780	949	2.4	2.4	2.8
Calais	4,869	4,849	5,001	4,670	4,623	4,739	199	226	262	4.1	4.7	5.2
Conway	3,561	3,641	3,617	3,460	3,539	3,491	101	102	126	2.8	2.8	3.5
Dover-Durham	11,676	11,722	11,464	11,374	11,400	11,137	302	322	327	2.6	2.7	2.9
Dover-Foxcroft	8,687	8,749	9,054	8,314	8,375	8,667	373	374	387	4.3	4.3	4.3
Ellsworth	26,280	26,589	26,686	25,124	25,223	25,296	1,156	1,366	1,390	4.4	5.1	5.2
Farmington	16,997	17,222	17,492	16,424	16,631	16,796	573	591	696	3.4	3.4	4.0
Houlton	6,906	6,932	7,246	6,621	6,637	6,912	285	295	334	4.1	4.3	4.6
Lewiston-Auburn	53,233	53,153	53,706	51,669	51,494	51,860	1,564	1,659	1,846	2.9	3.1	3.4
Lincoln	2,793	2,800	2,895	2,643	2,640	2,717	150	160	178	5.4	5.7	6.1
Machias	7,078	7,162	7,476	6,742	6,727	7,086	336	435	390	4.7	6.1	5.2
Madawaska	2,373	2,385	2,517	2,286	2,292	2,405	87	93	112	3.7	3.9	4.4
Millinocket	3,147	3,166	3,222	2,974	2,972	3,021	173	194	201	5.5	6.1	6.2
Pittsfield	6,413	6,551	6,584	6,002	6,195	6,253	411	356	331	6.4	5.4	5.0
Portland-South Portland	203,586	202,797	203,143	198,829	198,040	197,162	4,757	4,757	5,981	2.3	2.3	2.9
Portsmouth	17,264	17,330	16,808	16,879	16,909	16,352	385	421	456	2.2	2.4	2.7
Presque Isle	18,942	18,976	19,794	18,162	18,126	18,860	780	850	934	4.1	4.5	4.7
Rockland-Camden	19,587	19,846	20,134	18,962	19,107	19,347	625	739	787	3.2	3.7	3.9
Rumford	8,466	8,531	8,377	8,168	8,227	8,009	298	304	368	3.5	3.6	4.4
Sanford	11,610	11,623	11,651	11,238	11,165	11,139	372	458	512	3.2	3.9	4.4
Skowhegan	13,035	13,114	13,416	12,438	12,458	12,738	597	656	678	4.6	5.0	5.1
Waldoboro	8,526	8,607	8,786	8,272	8,335	8,485	254	272	301	3.0	3.2	3.4
Waterville	21,957	21,864	22,643	21,330	21,231	21,865	627	633	778	2.9	2.9	3.4
Wells	8,493	8,604	8,514	8,195	8,224	8,138	298	380	376	3.5	4.4	4.4
MAINE	667,628	668,793	673,881	648,018	647,983	650,013	19,610	20,810	23,868	2.9	3.1	3.5
UNITED STATES (000)	166,783	166,178	164,274	160,741	159,713	158,106	6,043	6,465	6,168	3.6	3.9	3.8

STATE OF MAINE
GENERAL OBLIGATION BONDS

APPENDIX G

PROPOSED FORMS OF APPROVING OPINIONS OF BOND COUNSEL

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Locke Lord LLP

111 Huntington Avenue
9th Floor
Boston, MA 02199-7613
Telephone: 617-239-0100
Fax: 617-227-4420
www.lockelord.com

[Date of Delivery]

The Honorable Henry E.M. Beck, Esq.
Treasurer of State
The State of Maine
39 State House Station
Augusta, Maine 04333

$27,135,000
State of Maine
General Obligation Bonds, 2023 Series A
(Federally Taxable)
Dated Date of Delivery

We have acted as bond counsel to the State of Maine (the "State") in connection with the issuance by the State of the above-referenced bonds (the "Bonds"). In such capacity, we have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion we have relied upon representations and covenants of the State contained in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on our examination, we are of the opinion, under existing law, as follows:

1. The Bonds are valid and binding general obligations of the State and the full faith and credit of the State are pledged for the payment of the principal of and interest on the Bonds.

2. Interest on the Bonds is included in the gross income of the owners of the Bonds for federal income tax purposes. We express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

3. Interest on the Bonds is excluded from gross income for State of Maine income tax purposes. We express no opinion regarding any other State of Maine tax consequences arising with respect to the Bonds or any tax consequences arising with respect to the Bonds under the laws of any state other than the State of Maine.

This opinion is expressed as of the date hereof, and we neither assume nor undertake any obligation to update, revise, supplement or restate this opinion to reflect any action taken or omitted, or any facts or circumstances or changes in law or in the interpretation thereof, that may hereafter arise or occur, or for any other reason.

The rights of the holders of the Bonds and the enforceability of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

LOCKE LORD LLP

Locke Lord LLP

111 Huntington Avenue
9th Floor
Boston, MA 02199-7613
Telephone: 617-239-0100
Fax: 617-227-4420
www.lockelord.com

[Date of Delivery]

The Honorable Henry E.M. Beck, Esq.
Treasurer of State
The State of Maine
39 State House Station
Augusta, Maine 04333

$38,785,000
State of Maine
General Obligation Bonds, 2023 Series B
Dated Date of Delivery

We have acted as bond counsel to the State of Maine (the "State") in connection with the issuance by the State of the above-referenced bonds (the "Bonds"). In such capacity, we have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion we have relied upon representations and covenants of the State contained in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on our examination, we are of the opinion, under existing law, as follows:

1. The Bonds are valid and binding general obligations of the State and the full faith and credit of the State are pledged for the payment of the principal of and interest on the Bonds.

2. Interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes. In addition, interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. For tax years beginning after December 31, 2022, however, interest on the Bonds will be included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Internal Revenue Code of 1986, as amended (the "Code"). In rendering the opinions set forth in this paragraph, we have assumed compliance by the State with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, excluded from gross income for federal income tax purposes. The State has covenanted to comply with all such requirements. Failure by the

State to comply with certain of such requirements may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds.

3. Interest on the Bonds is excluded from gross income for State of Maine income tax purposes. We express no opinion regarding any other State of Maine tax consequences arising with respect to the Bonds or any tax consequences arising with respect to the Bonds under the laws of any state other than the State of Maine.

This opinion is expressed as of the date hereof, and we neither assume nor undertake any obligation to update, revise, supplement or restate this opinion to reflect any action taken or omitted, or any facts or circumstances or changes in law or in the interpretation thereof, that may hereafter arise or occur, or for any other reason.

The rights of the holders of the Bonds and the enforceability of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

LOCKE LORD LLP

STATE OF MAINE
GENERAL OBLIGATION BONDS

APPENDIX H

Secondary Market Disclosure

Pursuant to the Rule 15c2-12 (the "Rule"), promulgated by the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), the Underwriters shall not purchase or sell the Bonds unless the Underwriters have reasonably determined that the State, as issuer of the Bonds, has undertaken in a written agreement or contract for the benefit of the holders of the Bonds to provide certain information to the Municipal Securities Rulemaking Board (the "MSRB") in an electronic format accompanied by identifying information as prescribed by the MSRB, in the manner described below. In order to assist the Underwriters in complying with the Rule, the State has covenanted in the Bonds for the benefit of the Beneficial Owners that:

A. Within one year after the end of each fiscal year of the State, the State will provide to the MSRB "annual financial information" (as such term is used in the Rule), for such fiscal year, of the type set forth in Appendices A through F of this Official Statement;

B. If not submitted as part of the annual financial information described in paragraph A above, then when and if available, the State will provide to the MSRB audited financial statements for the State prepared in accordance with generally accepted accounting principles in effect from time to time;

C. The State will provide in a timely manner, not in excess of ten (10) business days after the occurrence of the event, to the MSRB notice of any of the following events with respect to the Bonds:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults, if material;

(iii) unscheduled draws on the debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on the credit enhancements reflecting financial difficulties;

(v) substitution of credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(vii) modifications to rights of security holders, if material;

(viii) Bond calls, if material, and tender offers;

(ix) defeasances;

(x) release, substitution or sale of property securing repayment of the Bonds, if material;

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership or similar event of the State*;

(xiii) the consummation of a merger, consolidation, or acquisition involving the State or the sale of all or substantially all of the assets of the State, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) incurrence of a financial obligation**of the State, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the State, any of which affect security holders, if material; and

(xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the State, any of which reflect financial difficulties.

D. The State will provide, in a timely manner, to the MSRB, notice of any failure of the State to comply with paragraph A or paragraph B above.

The State expects to provide the information described in paragraph A above by providing an official statement or a preliminary official statement for its bonds, notes or other obligations that includes such information for the preceding fiscal year or, if no such official statement is

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* As noted in the Rule, this event is considered to occur when any of the following occur: (i) the appointment of a receiver, fiscal agent or similar officer for the State in a proceeding under the U.S. Bankruptcy Code or in any proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the State, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or (ii) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the State.

** As noted in the Rule, the term "financial obligation" means (i) a debt obligation, (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation or (iii) a guarantee of an obligation or an instrument described in (i) or (ii). The term does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

available within one year after the end of such preceding fiscal year, by providing its controller's annual financial report within such one year.

The State may from time to time choose to provide notice of the occurrence of certain other events in addition to those listed above if, in the judgment of the State, such other events are material with respect to the Bonds, but the State does not undertake to provide any such notice of the occurrence of any material event except those events listed above.

The covenants described in this Appendix H (the "Covenants") are for the benefit of the Beneficial Owners and shall be enforceable by any Beneficial Owner. No Beneficial Owner may institute any suit, action or proceeding at law or in equity ("Proceeding") for the enforcement of the Covenants, unless such Beneficial Owner shall have filed with the Treasurer of State and the Attorney General a written request to cure such breach, and the State shall have refused or failed to comply within a reasonable time. Any assertion of beneficial ownership must be included in such written request and must be supported by independent evidence or documents. All Proceedings shall be instituted only in a State court located in the City of Augusta, Maine for the equal benefit of all Beneficial Owners of the outstanding Bonds. If a court of competent jurisdiction finds that the State has breached any of the Covenants, then the sole remedy for any such breach shall be an order of specific performance of the Covenants and there shall be no right of acceleration of the Bonds. Moreover, Proceedings filed by Beneficial Owners against the State may be subject to the defense of sovereign immunity which may substantially limit the scope and nature of any legal action against the State or of any order of specific performance that may be granted against the State.

The Covenants may only be amended if:

(i) the amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the State, or type of business conducted; the Covenants, as amended, would have complied with the Rule as of the date of issuance of the Bonds, after taking into account any amendments or changes in circumstances; and the amendment does not materially impair the interest of Beneficial Owners, as determined by parties unaffiliated with the State; or

(ii) all or any part of the Rule, as interpreted by the staff of the SEC at the date of the adoption of such Rule, ceases to be in effect for any reason, and the State elects that the Covenants shall be deemed amended accordingly.

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STATE OF MAINE • General Obligation Bonds, 2023 Series A (Federally Taxable) and 2023 Series B

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