

# MAINE



*Comprehensive Annual Financial Report  
For The Fiscal Year Ended June 30, 2015*

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**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

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**STATE OF MAINE**



**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**PAUL R. LEPAGE**  
*Governor*

**RICHARD W. ROSEN**  
*Commissioner*  
*Department of Administrative & Financial Services*

**DOUGLAS E. COTNOIR, CPA, CIA**  
*State Controller*

*Prepared by the Office of the State Controller*

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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](mailto:financialreporting@maine.gov)**

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

**<http://www.maine.gov>**

**STATE OF MAINE**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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# **INTRODUCTORY SECTION**

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

RICHARD W. ROSEN  
COMMISSIONER



DOUGLAS E. COTNOIR, CPA, CIA  
STATE CONTROLLER

December 31, 2015

**To the Honorable Paul R. LePage, 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 2015 Comprehensive Annual Financial Report (CAFR) prepared in accordance with Generally Accepted Accounting Principles (GAAP). The annual CAFR, required by Title 5 MRSA § 1547, is compiled and published by the Office of the State Controller (OSC). The report is the primary means of reporting the State's financial activities. The objective of this report is to provide a clear picture of our government as a single, unified entity, as well as providing traditional fund based financial statements.

## **INTRODUCTION TO THE REPORT**

### **Responsibility**

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

### **Adherence to Generally Accepted Accounting Principles**

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

### **Format of Report**

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

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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 unqualified opinion on the Basic Financial Statements for this fiscal year.

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

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

### **Management's Discussion and Analysis (MD&A)**

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

## PROFILE OF THE GOVERNMENT

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

### **Reporting Entity**

The Governor and Legislature govern all funds and accounts for every executive agency, board, commission, public trust, authority and component unit. The State of Maine financial reporting entity reflected in the CAFR, which is more fully described in Note 1 to the Basic Financial Statements, includes these funds, agencies, organizations, boards, commissions, Authorities and major component units in accordance with GASB Statement No. 14 as amended by GASB Statement No. 39 and GASB Statement No. 61. There are 7 major component units, 12 non-major component units, one blended component units, and one fiduciary component unit included in the CAFR. The major component units are discretely presented in the financial statements, and the blended component unit is included as separate funds in the fund financial statements. The fiduciary component unit is presented in the fiduciary fund and similar component unit financial statements, along with the other fiduciary activities of the State. The fiduciary activities are not included in the government-wide financial statements because the resources of these funds are not available to support the State's own programs.

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

### **Budgetary Control**

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

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

The total General Fund appropriation for each fiscal year of the biennium in the Governor's budget submission to the Legislature may not exceed the General Fund appropriation of the previous fiscal year multiplied by one plus the average real personal income growth rate, as defined in Title 5 MRSA § 1665, subsection 1, 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.

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 2015, a net \$42.8 million was transferred into the fund, resulting in an ending balance of \$111.1 million.

## **MAJOR INITIATIVES AND FUTURE PROJECTS**

### **Fiscal Stability**

As Maine continues to improve the structural balance of the State's budget, Governor Paul R. LePage is committed to tackling the State's long-term fundamental challenges to improve Maine's future. During the Governor's first term, the Administration took steps toward significant financial relief. Reforms in the State's retirement system reduced the unfunded public pension liability from \$4.1 billion to \$2.4 billion, a decrease of 41 percent. In fiscal year 2014, the State paid the balance of its welfare debt to Maine's hospitals of \$490.2. That, coupled with revising the State's contracting process for liquor sales and operations, resulted in a net revenue increase of \$25 million in each fiscal year of the new ten year liquor contract. The Governor has focused on a careful approach to bonding and on increasing the Maine Budget Stabilization Fund, beginning in fiscal year 2015 by increasing the cap from 12% to 18%, resulting in an ending balance of more than \$111 million at the end of fiscal year 2015. These actions have improved Maine's standing with credit rating agencies such as Moody's Investor Services and Standard & Poors.

### **Tax Reform**

Governor LePage's second term continues to work towards a tax reform and relief plan, building upon landmark tax reduction legislation in his first term, setting forth a goal to align Maine's tax system with the 21st century economy by making it more competitive, simpler, stable and fair. Achieving these objectives will contribute to long-term growth by incentivizing businesses to locate and expand in Maine, individuals to work and raise their families here, and retirees to make Maine their State of residence. The enacted 2016-2017 biennial budget included a compromise version of the tax reform package presented by the Governor in January 2015. The compromise version reduces the State's top marginal individual income tax rate from the current law 7.95% to 7.15% effective January 1, 2016.

### **Welfare Reform**

Governor LePage has moved Maine from decades of financial crisis in the State's Medicaid program to financial stability. In an effort to save the State's Medicaid program and protect the safety net, the Administration has implemented eligibility changes, the Holt-Winters forecast algorithm, targeted care management for MaineCare's high utilizers and initiatives addressing payment reform. With the State's Medicaid budget under control, Maine ended fiscal year 2015 without a Medicaid shortfall. The Department of Health and Human Services redirected General Fund dollars to other key priorities such as funding the wait lists for services for the elderly and disabled, continued support for Maine's nursing homes, expanding access to primary care and required mental health services. Finally, the Department continues critical improvements to transform Riverview Psychiatric Recovery Center into a center of excellence for the treatment of Maine's most psychiatrically challenged citizens.

### **Education**

Governor LePage has led multiple education reforms in Maine, including the approval of public charter schools. Maine now has seven active public charter schools and two more that will open in the 2016-2017 school year. Each public charter school has developed in a very structured process and, as directed by statute, must be unique and different in its offerings to Maine students. Additionally, Maine will award its first proficiency-based diplomas in the next few years. The goal is to ensure that high school students will be college or career ready upon graduation. An Educator Effectiveness initiative is in its pilot year, developed to assess educators with an eye towards ensuring students have effective teachers, teachers who can move the student along the continuum every year. In fiscal year 2015, the State contributed more than \$1.1 billion to the cost of K-12 education, comprised of a General Fund appropriation and a portion of funding received from Casino revenues. The State contributed 50.44% of the total cost of education including teacher retirement, retired teachers' health insurance and retired teacher's life insurance.

Additionally, the Administration introduced and supported multiple initiatives investing in post-secondary education. The 2016-2017 enacted biennial budget includes \$10 million to allow the Finance Authority of Maine to increase the average award within the Maine State Grant program and to tier awards as funds permit to encourage college persistence and completion.

Finally, the Governor travels throughout the State, sharing the benefits of the virtually unknown and underutilized, Educational Opportunity Tax Credit, a component of the Job Creation through Educational Opportunity program. That program, which began in 2008, serves to encourage young people to come to school in Maine and stay here to have a career and raise a family.

### **Transportation**

The Maine Department of Transportation (MaineDOT) receives its funding from the State Highway Fund, State funds from the TransCap Trust Fund, federal funds, proceeds from authorized bond sales, and other sources. In 2015, MaineDOT turned \$300 million into infrastructure – new roads, bridges, and freight projects. Early in the year, MaineDOT partnered with the State of New Hampshire to begin construction on their biggest bridge project to date – the Sara Mildred Long Bridge, connecting Maine and New Hampshire. MaineDOT has also entered into a new phase of public/private partnerships, being awarded a federal TIGER grant of \$20 million for the Maine Regional Railways Project. Private and State monies will match the \$17.5 million federal money to rehabilitate and improve more than 384 miles of track throughout the State. Similarly, in partnership with the Maine Port Authority, MaineDOT is working with the largest cold storage operator in the world to develop a freezer warehouse at the International Marine Terminal in Portland. This project will benefit Maine companies across the State by providing local access to both export opportunities and climate controlled storage.

### **Transparency and Accountability**

Governor LePage believes that State government should be accountable and transparent in its operations. During his first two years as governor, he introduced and signed legislation to improve the financial disclosure requirements of legislators and senior executive branch employees. Governor LePage also established Saturday office hours to meet Mainers one on one to discuss their concerns and issues. Additionally, the Governor's Office created an interactive website to encourage citizens to share their proposals to save money in State government.

As part of the Governor's continuing promise to provide an accountable and more transparent State government, his administration launched the Maine Open Checkbook, a website designed to provide citizens easy to follow information regarding State government spending. The idea behind Maine Open Checkbook is simple: every Maine citizen has a right to know how their hard earned tax dollars are spent.

## **OTHER INFORMATION**

### **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement of Excellence in Financial Reporting to the State of Maine for its comprehensive annual financial report for the fiscal year ended June 30, 2014. This is the eighth time that Maine has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

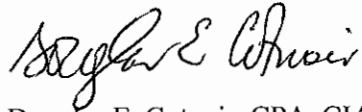
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we will be submitting it to the GFOA to determine its eligibility for another certificate.

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

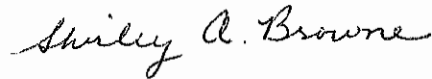
State government continues to have many accomplishments of which it can be proud. Consistent with the vision of Governor LePage to improve and enhance the fiscal administration of governmental operations, the Office of the State Controller continues to improve and refine its skills to meet the challenges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

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

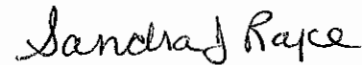
Sincerely,



Douglas E. Cotnoir, CPA, CIA  
State Controller



Shirley A. Browne, CIA  
Deputy State Controller



Sandra Royce, CPA  
Director, Financial Reporting & Analysis







# STATE OF MAINE

## OFFICIALS OF STATE GOVERNMENT

AS OF JUNE 30, 2015

### EXECUTIVE

**Paul R. LePage**, *Governor*

### LEGISLATIVE

**Michael D. Thibodeau**, *President of the Senate*

**Mark W. Eves**, *Speaker of the House*

#### Constitutional/Statutory Officers

**Janet T. Mills**, *Attorney General*

**Pola Buckley**, *State Auditor*

**Matthew Dunlap**, *Secretary of State*

**Terry Hayes**, *State Treasurer*

### JUDICIAL

**Leigh Ingalls Saufley**, *Chief Justice of the State Supreme Court*



# STATE OF MAINE ORGANIZATION CHART AS OF JUNE 30, 2015

## MAINE VOTERS

### LEGISLATIVE BRANCH

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

### EXECUTIVE BRANCH

Governor  
Office of the Governor  
Governor's Board on Executive Clemency  
Governor's Select Committee on Judicial Appointments  
Office of Public Advocate  
Land for Maine's Future Board  
Maine Land and Water Resources Council

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 Lottery Commission  
Workers' Compensation Board

### MAJOR COMPONENT UNITS

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



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**State of Maine**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

Executive Director/CEO



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**FINANCIAL SECTION**  
**INDEPENDENT AUDITOR'S REPORT**  
**BASIC FINANCIAL STATEMENTS**

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**STATE OF MAINE**  
**OFFICE OF THE STATE AUDITOR**  
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AUGUSTA, MAINE 04333-0066

**POLA A. BUCKLEY, CPA, CISA**  
STATE AUDITOR

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**MARY GINGROW-SHAW, CPA**  
DEPUTY STATE AUDITOR

**INDEPENDENT AUDITOR'S REPORT**

To the Honorable Michael D. Thibodeau, President of the Senate, and  
The Honorable Mark W. Eves, Speaker of the House of Representatives

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the State of Maine, as of and for the year ended June 30, 2015, and the related notes to the financial statements. We did not audit the financial statements of the aggregate discretely presented component units. These financial statements collectively comprise the State's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the following component units: Child Development Services, Connect ME Authority, Efficiency Maine Trust, Finance Authority of Maine, Loring Development Authority, Maine Community College System, Maine Educational Center for the Deaf and Hard of Hearing, Maine Educational Loan Authority, Maine Governmental Facilities Authority, Maine Health and Higher Educational Facilities Authority, Maine Maritime Academy, Maine Municipal Bond Bank, Maine Port Authority, Maine Public Employees Retirement System, Maine State Housing Authority, Maine Technology Institute, Maine Turnpike Authority, Midcoast Regional Redevelopment Authority, Northern New England Passenger Rail Authority, Small Enterprise Growth Fund, and the University of Maine System. These financial statements represent 100 percent of the assets, revenue and net position of the aggregate discretely presented component units, 94 percent of assets and 97 percent of fund balance/net position of the aggregate remaining fund information (Maine Public Employees Retirement System) and 4% of the liabilities of the governmental activities (Maine Governmental Facilities Authority). These statements 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 entities, is based solely on the report of the other auditors. 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. Those standards require that we plan and perform

the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Maine Educational Loan Authority, the Maine Port Authority, the Maine Technology Institute and the Small Enterprise Growth Fund were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, based on our audit and the reports of 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, 2015, 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.

## **Emphasis of a Matter**

### *Change in Accounting Principle*

The State of Maine's basic financial statements for the year ended June 30, 2015, adopted the provisions of the Governmental Accounting Standards Board's (GASB) Statement No. 68, *Accounting and Financial Reporting for Pension - an Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*. The State of Maine implemented the requirements of GASB Statements No. 68 and 71 in accordance with their required effective date. See Notes 3 and 9 in the accompanying financial statements for the impact of the standards' implementation. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5-16, and Budgetary Comparison Information, State Retirement Plans, Other Post-employment Benefit Plans, and Information about Infrastructure Assets Reported Using the Modified Approach on pages 114-135, be presented to supplement the basic financial statements. Such information, 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.

#### *Other Information*

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

The combining and individual non-major fund financial statements on pages 138-191 are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 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, the procedures performed as described above, and the report 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.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, our report 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 will be issued under separate cover. The purpose of that report is to describe the scope of our testing on internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.



Pola A. Buckley, CPA, CISA  
State Auditor  
Office of the State Auditor



Mary Gingrow-Shaw, CPA  
Deputy State Auditor  
Office of the State Auditor

December 31, 2015

## 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, 2015. 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

#### Government-wide:

- The State's net position increased by 39.7 percent from the previous fiscal year. Net position of Governmental Activities increased by \$466.4 million, while net position of Business-Type Activities increased by \$22.4 million. The State's assets and deferred outflows exceeded its liabilities and deferred inflows by \$1.7 billion at the close of fiscal year 2015. Component units reported net position of \$2.9 billion, an increase of \$58.7 million (2.1 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 \$640.0 million, an increase of \$219.2 million from the previous year. The General Fund's total fund balance was a negative \$73.8 million, an improvement of \$141.6 million from the previous year. The Highway Fund total fund balance was \$40.0 million, an improvement of \$2.3 million from the prior year.
- The proprietary funds reported net position at year end of \$548.2 million, an increase of \$70.3 million from the previous year, as restated. This increase is primarily the result of an increase in the Alcoholic Beverages Fund balance of \$183.4 million due to the restatement of the Liquor Operations Revenue Bond and an offset due to recording a pension liability of approximately \$107 million.

#### Long-term Debt:

- The State's liability for general obligation bonds increased by \$31.7 million during the fiscal year, which represents the difference between new issuances and payments of outstanding debt. During the year, the State issued \$113.8 million in bonds and made principal payments of \$82.1 million.

Additional information regarding the government-wide, fund level, and long-term debt activities can be found beginning on page 9.

### 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 18 other component units (7 major and 12 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 agency funds. Fiduciary funds are reported using the accrual basis of accounting. The State

excludes these activities from the government-wide financial statements because these assets are restricted in purpose and do not represent discretionary assets of the State to finance its operations.

### **Notes to the Financial Statements**

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

### **Required Supplementary Information**

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

### **Other Supplementary Information**

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

## FINANCIAL ANALYSIS OF THE STATE AS A WHOLE

The State's net position increased by 39.7 percent to \$1.7 billion at June 30, 2015, as detailed in Tables A-1 and A-2. The increase is primarily due to the restatement of 2014 for net pension liability.

**Table A- 1: Condensed Statement of Net Position**  
(Expressed in Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014 *	2015	2014 *	2015	2014
Current and other noncurrent assets	\$ 1,965,233	\$ 1,674,658	\$ 403,707	\$ 372,222	\$ 2,368,940	\$ 2,046,880
Capital assets	4,083,965	4,003,858	42,658	44,462	4,126,623	4,048,320
<b>Total Assets</b>	<b>6,049,198</b>	<b>5,678,516</b>	<b>446,365</b>	<b>416,684</b>	<b>6,495,563</b>	<b>6,095,200</b>
<b>Deferred Outflows of Resources</b>	<b>369,143</b>	<b>251,323</b>	<b>3,258</b>	<b>4,295</b>	<b>372,401</b>	<b>255,618</b>
Current liabilities	1,043,654	1,032,173	29,862	23,577	1,073,516	1,055,750
Long-term liabilities	3,339,673	4,018,965	40,431	46,289	3,380,104	4,065,254
<b>Total Liabilities</b>	<b>4,383,327</b>	<b>5,051,138</b>	<b>70,293</b>	<b>69,866</b>	<b>4,453,620</b>	<b>5,121,004</b>
<b>Deferred Inflows of Resources</b>	<b>689,903</b>	-	<b>5,848</b>	-	<b>695,751</b>	-
<b>Net position (deficit):</b>						
Net investment in capital assets	3,362,340	3,326,722	42,658	44,462	3,404,998	3,371,184
Restricted	215,520	168,085	366,766	331,799	582,286	499,884
Unrestricted (deficit)	(2,232,749)	(2,616,106)	(35,942)	(25,148)	(2,268,691)	(2,641,254)
<b>Total Net Position</b>	<b>\$ 1,345,111</b>	<b>\$ 878,701</b>	<b>\$ 373,482</b>	<b>\$ 351,113</b>	<b>\$ 1,718,593</b>	<b>\$ 1,229,814</b>

\* As restated

## Changes in Net Position

The State's fiscal year 2015 revenues totaled \$7.9 billion. (See Table A-2) Taxes and operating grants and contributions accounted for most of the State's revenue by contributing 48.0 percent and 35.8 percent, respectively, of every dollar raised. The remainder came from charges for services and other miscellaneous sources.

The total cost of all programs and services totaled \$7.4 billion for the year 2015. (See Table A-2) These expenses are predominantly (69.1 percent) related to health & human services and education activities. The State's governmental support & operations activities accounted for 4.8 percent of total costs. Total net position increased by \$488.8 million, primarily due to an increase in tax revenue and charges for service.

**Table A-2 - Changes in Net Position**  
(Expressed in Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014*	2015	2014*	2015	2014
<b>Revenues</b>						
Program Revenues:						
Charges for Services	\$ 539,457	\$ 528,673	\$ 587,545	\$ 457,147	\$ 1,127,002	\$ 985,820
Operating Grants/Contributions	2,817,929	2,831,956	7,383	7,036	2,825,312	2,838,992
Capital Grants/Contributions	-	-	-	-	-	-
General Revenues:						
Taxes	3,793,488	3,523,533	-	-	3,793,488	3,523,533
Other	152,463	195,689	-	-	152,463	195,689
<b>Total Revenues</b>	<b>7,303,337</b>	<b>7,079,851</b>	<b>594,928</b>	<b>464,183</b>	<b>7,898,265</b>	<b>7,544,034</b>
<b>Expenses</b>						
Governmental Activities:						
Governmental Support	357,029	377,269			357,029	377,269
Education	1,543,947	1,676,908			1,543,947	1,676,908
Health & Human Services	3,595,418	3,669,552			3,595,418	3,669,552
Justice & Protection	412,718	410,641			412,718	410,641
Transportation Safety	553,321	524,024			553,321	524,024
Other	453,331	468,725			453,331	468,725
Interest	50,639	47,271			50,639	47,271
Business-Type Activities:						
Employment Security			129,697	159,058	129,697	159,058
Lottery			200,457	180,087	200,457	180,087
Military Equip. Maint.			9,342	11,466	9,342	11,466
Dirigo Health			1,137	26,863	1,137	26,863
Other			131,299	19,408	131,299	19,408
<b>Total Expenses</b>	<b>6,966,403</b>	<b>7,174,390</b>	<b>471,932</b>	<b>396,882</b>	<b>7,438,335</b>	<b>7,571,272</b>
<b>Excess (Deficiency) before Special Items and Transfers</b>	<b>336,934</b>	<b>(94,539)</b>	<b>122,996</b>	<b>67,301</b>	<b>459,930</b>	<b>(27,238)</b>
Special Items	28,849	9,710 *	-	(9,710)	28,849	-
Transfers	100,627	48,861	(100,627)	(48,861)	-	-
Increase (Decrease) in Net Position	466,410	(35,968)	22,369	8,730	488,779	(27,238)
Net Position, beginning of year (As Restated)	878,701	914,669	351,113	342,383	1,229,814	1,257,052
Ending Net Position	<u>\$ 1,345,111</u>	<u>\$ 878,701</u>	<u>\$ 373,482</u>	<u>\$ 351,113</u>	<u>\$ 1,718,593</u>	<u>\$ 1,229,814</u>

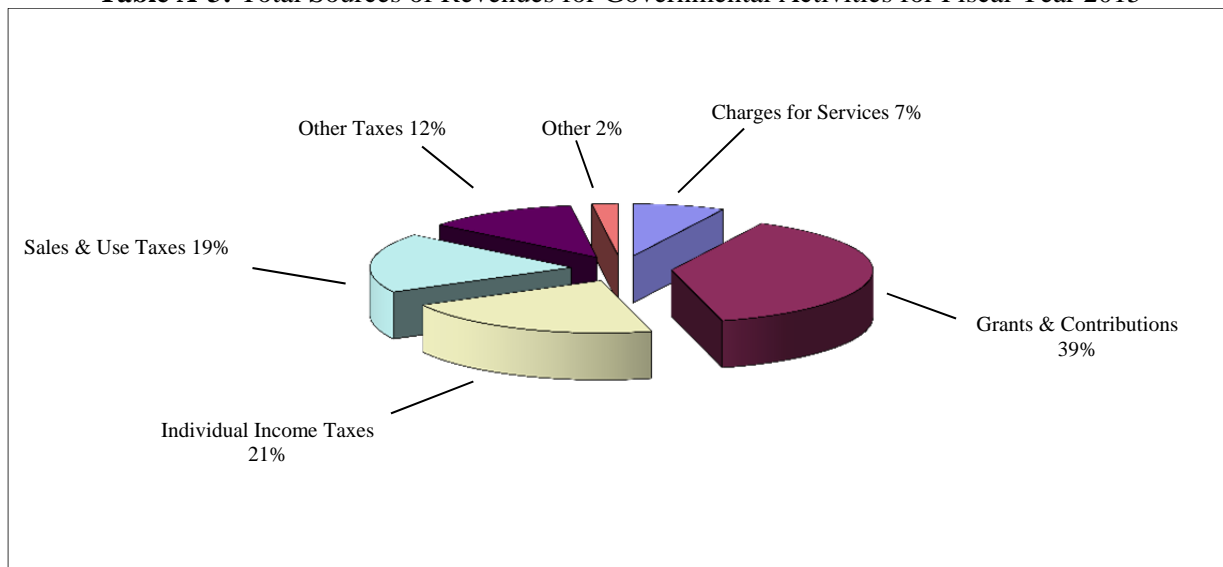
\*As Restated

## Governmental Activities

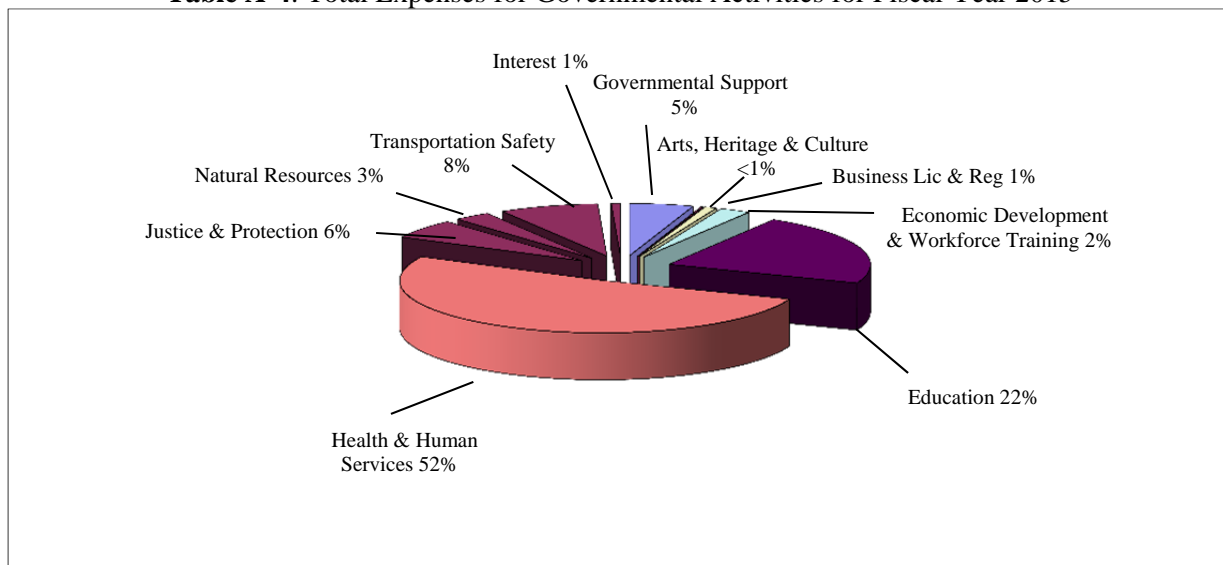
Revenues for the State's Governmental Activities totaled \$7.3 billion while total expenses equaled \$7.0 billion. The increase in net position for Governmental Activities was \$466.4 million in 2015, much of which was the result of an increase in individual income tax and sales and use tax revenue of \$247.9 million, a decrease in expenses of approximately \$208.0 million and an increase in Transfers of \$51.8 million. Net expenses supported by tax revenue decreased by approximately \$208.0 million, primarily in the Health and Human Services and Education areas. Additionally, the State's Business-Type Activities transferred \$100.6 million (net) to the Governmental Activities, which included statutorily required profit transfers, capital contributions, and the pledged profit of the Alcoholic Beverages Fund to finance the payment of the Liquor Operations Revenue Bonds. These transfers are discussed further on page 12.

The users of the State's programs financed \$539.5 million of the cost. The federal and State governments subsidized certain programs with grants and contributions of \$2.8 billion. \$3.9 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 2015**



**Table A-4: Total Expenses for Governmental Activities for Fiscal Year 2015**





## Business-Type Activities

Revenues for the State's Business-Type Activities totaled \$594.9 million while expenses totaled \$471.9 million. The increase in net position for Business-Type Activities was \$22.4 million in 2015, due primarily to an increase in lottery revenue.

Table A-5 presents the cost of State Business-Type Activities: employment security, alcoholic beverages, lottery, military equipment maintenance, Dirigo Health 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). The net cost shows the financial burden placed on the State's taxpayers by each of these functions.

**Table A-5: Net Cost of Business-Type Activities**  
(Expressed in Thousands)

Category	Total Cost		Net (Cost) Revenue	
	2015	2014	2015	2014
Employment Security	\$ 129,697	\$ 159,058	\$ 35,309	\$ 11,330
Alcoholic Beverages	111,265	19	46,104	12,520
Lottery	200,457	180,087	54,426	52,333
Military Equip. Maint.	9,342	11,466	(4,027)	(1,364)
Dirigo Health	1,137	26,863	(1,133)	(1,061)
Other	20,034	19,389	(7,683)	(6,457)
Total	<u>\$ 471,932</u>	<u>\$ 396,882</u>	<u>\$ 122,996</u>	<u>\$ 67,301</u>

The cost of all Business-Type Activities this year was \$471.9 million. The users of the State's programs financed most of the cost. The State's net revenue from Business-Type Activities was \$123.0 million, with Alcoholic Beverages and Lottery making up \$46.1 and \$54.4 million of the total. The State's Business-Type Activities transferred \$100.6 million (net) to the Governmental Activities, which included statutorily required profit transfers and the pledged profit of the Alcoholic Beverages Fund to finance the payment of the Liquor Operations Revenue Bonds. Additionally, the Governmental Activities contributed \$1.7 million to purchase capital assets that are recorded in the Business-Type activities.

## FINANCIAL ANALYSIS OF THE STATE'S FUNDS

**Table A-6: Governmental Fund Balances**  
(Expressed in Thousands)

Fund	2015	2014	Change
General	\$ (73,799)	\$ (215,436)	\$ 141,637
Highway	40,049	37,790	2,259
Federal	23,254	9,291	13,963
Other Special Revenue	488,803	421,028	* 67,775
Other Governmental	161,679	168,085	* (6,406)
Total	<u>\$ 639,986</u>	<u>\$ 420,758</u>	<u>\$ 219,228</u>

\* As Restated

As of the end of the current fiscal year, the State's governmental funds reported combined ending fund balances of \$640.0 million, an increase of \$219.2 million in comparison with the prior year. Of this total amount, \$28.2 million (4.4 percent) is classified as non-spendable, either due to its form or legal constraints, and \$629.4 million (98.4 percent) is restricted for specific programs by external constraints, constitutional provisions, or contractual obligations. Unspent bond proceeds, revenue restricted for transportation, natural resources or other programs are included in restricted fund balance. At the end of the current fiscal year, the unassigned fund balance of the General Fund was a deficit of \$80.4 million, an improvement of \$140.9 million.

General Fund revenues and other sources surpassed General Fund expenditures and other uses resulting in an increase in the fund balance by \$141.6 million. Revenues and other sources of the General Fund increased by approximately \$162.3 million (4.8 percent) which is mainly attributed to an increase in individual income tax and sales and use tax revenue of \$241.0 million and a decrease in other sources of \$39.8 million. General Fund expenditures and other financing uses decreased by \$50.4 million (1.4 percent). This is due, primarily, to a decrease in expense for health and human services of \$39.8 million.

The fund balance of the Highway Fund increased \$2.3 million from fiscal year 2014, due mainly to the increase in the Highway Fund's tax revenue receipts of \$10.2 million.

### **Budgetary Highlights**

For the 2015 fiscal year, the final legally adopted budgeted expenditures for the General Fund amounted to \$3.3 billion, an increase of about \$62.1 million from the original legally adopted budget of approximately \$3.2 billion. Actual expenditures on a budgetary basis amounted to approximately \$96.7 million less than those authorized in the final budget. After deducting the encumbered obligations and other commitments that will come due in fiscal year 2015, including the budgeted starting balance for Fiscal Year 2015, there were funds remaining of \$33.5 million to distribute in Fiscal Year 2015. Actual revenues exceeded final budget forecasts by \$38.5 million. In addition, the year-end cascade transferred \$23.9 million to the Budget Stabilization Fund. Interest earnings along with the legislatively and statutorily approved transfers increased the balance in the Fund to \$111.1 million as of June 30, 2015. This item is further explained in Note 2 of Notes to the Financial Statements.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

By the end of fiscal year 2015, the State had roughly \$4.1 billion in a broad range of capital assets, including land, infrastructure, improvements, buildings, equipment, vehicles and intangibles. During fiscal year 2015, the State acquired or constructed more than \$164.0 million of capital 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 15 to the financial statements.

**Table A-7 - Capital Assets**  
(Expressed in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Land	\$ 591,764	\$ 575,382	\$ 2,387	\$ 2,255	\$ 594,151	\$ 577,637
Buildings	692,889	666,425	4,655	4,395	697,544	670,820
Equipment	272,774	266,906 *	32,572	32,268	305,346	299,174
Improvements	80,725	71,780 *	41,124	41,124	121,849	112,904
Software	74,621	74,621 *	-	-	74,621	74,621
Infrastructure	2,788,032	2,761,257	-	-	2,788,032	2,761,257
Construction in Progress	130,856	109,989	2,838	1,869	133,694	111,858
Total Capital Assets	4,631,661	4,526,360	83,576	81,911	4,715,237	4,608,271
Accumulated Depreciation	547,696	522,501 *	40,918	37,449	588,614	559,950
Capital Assets, net	\$ 4,083,965	\$ 4,003,859	\$ 42,658	\$ 44,462	\$ 4,126,623	\$ 4,048,321

\* 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 8,828 highway miles or 17,953 lane miles within the State. Bridges have a deck area of 11.7 million square feet among 2,957 total bridges. The State has established a policy to maintain its highways at an average condition assessment of 60. At June 30, 2015, the actual average condition was 75.5. Its policy for bridges is an average sufficiency rating condition assessment of 60. The actual average condition for bridges was 78 at June 30, 2015. Preservation costs for fiscal year 2015 totaled \$115.7 million compared to estimated preservation costs of \$75.8 million.

Transportation bonds, approved by referendum, are issued to fund improvements to highways and bridges. Of the amount authorized by Chapter 697, PL 2011, \$15 million in General fund bonds were spent during FY2015. Of the amount authorized by Chapter 429, PL 2013, \$50 million in General fund bonds were spent during FY2015.

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 \$1.7 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	
	2015	2014	2015	2014	2015	2014
General Obligation						
Bonds	\$ 420,800	\$ 399,190	\$ -	\$ -	\$ 420,800	\$ 399,190
Unmatured Premiums	10,147	-	-	-	10,147	-
Other Long-Term						
Obligations	<u>1,286,841</u>	<u>1,283,216*</u>	<u>5,685</u>	<u>5,522</u>	<u>1,292,526</u>	<u>1,288,738</u>
Total	<u>\$ 1,717,788</u>	<u>\$ 1,682,406</u>	<u>\$ 5,685</u>	<u>\$ 5,522</u>	<u>\$ 1,723,473</u>	<u>\$ 1,687,928</u>

\* As restated

During the year, the State reduced outstanding long-term obligations by \$82.1 million for outstanding general obligation bonds and \$383.8 million for other long-term debt. Also during fiscal year 2015, the State incurred \$501.4 million of additional long-term obligations.

## Credit Ratings

The State's credit was rated during fiscal year 2015 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 and U.S. economies showed continued signs of gradual improvement since the Consensus Economic Forecasting Commission (CEFC) met in March 2015. Maine's real GDP increased from 2013-2014, the second year in a row of GDP growth. Personal income in Maine grew 2.7 percent from 2014 to 2015, while wage and salary income, which is the largest component of total personal income, grew 1.8 percent over the same period. The Consumer Price Index was unchanged in September 2015 from a year ago, driven by declines in energy prices.

The price of crude oil decreased 50.4 percent from the third quarter of 2014 to the third quarter of 2015 to around \$51 per barrel. As a result of the continued declines in crude oil prices, heating oil prices declined throughout most of last year's heating season and have started this year's heating season considerably lower than the past five years while gasoline prices are also much lower. The number of new automobile titles issued by the Maine Bureau of Motor Vehicles increased 5.9 percent in fiscal year 2015 compared to fiscal year 2014, while the number of used auto titles increased 2 percent. Existing single-family home sales in Maine were up 6.7 percent in August 2015 compared to August 2014 and housing permits for the

October 2014-September 2015 year were 0.7 percent higher than the previous 12-month period. The median home price in the Portland-South Portland-Biddeford Metropolitan Statistical Area (which encompasses all of York, Cumberland, and Sagadahoc counties) increased 5.5 percent year-over-year in the second quarter of 2015. Mortgage delinquency rates in Maine have been declining but at a slower pace than nationally. The foreclosure rate in Maine was 0.52 percent in the second quarter of 2015 and has been above the national rate for eleven of the past twelve quarters.

Overall, the primary source of concern for the Commission continues to be Maine's demographic situation, with an aging population and little to no population growth. Both the low oil prices and revisions to 2014 income data played a role in the revisions made to this forecast.

The forecast for wage and salary employment was left unchanged, although starting from a slightly higher 2014 base level. The employment level is forecasted to reach nearly the 2007 pre-recession peak in 2019. The Consumer Price Index (CPI) was adjusted only for 2015 and 2016; both years were revised downward as a result of the continued low oil prices. Total personal income was revised upward in 2015 and slightly downward in the rest of the forecast years. The forecast for wage and salary income was changed only for 2016, which was revised downward.

General Fund revenue estimates were revised downward by \$2.2 million for fiscal year 2016 and upward by \$4.9 million for fiscal year 2017, for a net upward adjustment of \$2.6 million for the 2016-2017 biennium. For the 2018-2019 biennium, General Fund revenue estimates were revised upward by a total of \$59.9 million, including an increase of \$24.5 million for FY18 and \$35.4 for FY19.

At June 30, 2015, the deficit in the State of Maine's Unassigned Fund Balance Account in the General Fund has decreased to \$80.4 million (from a deficit unassigned balance of \$215.4 for fiscal year 2014). This decrease is primarily due to an increase in tax revenue as described on page 13.

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 increase in the demand for appropriations whose balances carry from year to year which results in a lack of funds accruing to the Unassigned Fund Balance of the General Fund. This combined with the lack of significant reserves weakens the General Fund equity position.

These items together cause the State of Maine's General Fund to be subjected to limited liquidity each year and an inability to adequately manage its Balance Sheet within existing resources.

## **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

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# **BASIC FINANCIAL STATEMENTS**

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**STATE OF MAINE**  
**STATEMENT OF NET POSITION**

June 30, 2015  
(Expressed in Thousands)

	<u>Primary Government</u>			<u>Component Units</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	
<b>Assets</b>				
Current Assets:				
Equity in Treasurer's Cash Pool	\$ 473,487	\$ 12,622	\$ 486,109	\$ 50,210
Cash and Cash Equivalents	266	2,163	2,429	117,786
Cash with Fiscal Agent	74,091	-	74,091	-
Investments	97,413	-	97,413	599,797
Restricted Assets:				
Restricted Equity in Treasurer's Cash Pool	57,552	-	57,552	-
Restricted Deposits and Investments	3,499	331,912	335,411	414,859
Inventories	6,343	3,759	10,102	3,143
Receivables, Net of Allowance for Uncollectibles:				
Taxes Receivable	407,312	-	407,312	-
Loans Receivable	4,320	-	4,320	87,615
Notes Receivable	-	-	-	13,421
Other Receivables	244,059	64,499	308,558	62,817
Internal Balances	15,864	(15,864)	-	-
Due from Other Governments	252,605	-	252,605	159,351
Due from Primary Government	-	-	-	22,293
Loans receivable from primary government	-	-	-	49,369
Due from Component Units	53,590	-	53,590	-
Other Current Assets	5,382	316	5,698	57,553
Total Current Assets	<u>1,695,783</u>	<u>399,407</u>	<u>2,095,190</u>	<u>1,638,214</u>
Noncurrent Assets:				
Equity in Treasurer's Cash Pool	161,325	4,300	165,625	17,106
Restricted Assets:				
Restricted Equity in Treasurer's Cash Pool	19,608	-	19,608	-
Restricted Deposits and Investments	-	-	-	326,380
Pension Assets	6,244	-	6,244	-
Investments	-	-	-	504,664
Receivables, Net of Current Portion:				
Taxes Receivable	76,270	-	76,270	-
Loans Receivable	-	-	-	1,960,787
Notes Receivable	-	-	-	67,729
Other Receivables	1,371	-	1,371	5,946
Due from Other Governments	3,976	-	3,976	1,279,453
Loans receivable from primary government	-	-	-	427,819
Due From Primary Government	-	-	-	6,203
Post-Employment Benefit Asset	656	-	656	12,613
Other Noncurrent Assets	-	-	-	17,012
Capital Assets:				
Land, Infrastructure and Other Non-Depreciable Assets	3,510,652	5,225	3,515,877	585,937
Buildings, Equipment and Other Depreciable Assets, Net	573,313	37,433	610,746	1,046,604
Total Noncurrent Assets	<u>4,353,415</u>	<u>46,958</u>	<u>4,400,373</u>	<u>6,258,253</u>
Total Assets	<u>6,049,198</u>	<u>446,365</u>	<u>6,495,563</u>	<u>7,896,467</u>
<b>Deferred Outflows of Resources</b>	<u>\$ 369,143</u>	<u>\$ 3,258</u>	<u>\$ 372,401</u>	<u>\$ 83,165</u>

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

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>Liabilities</b>				
Current Liabilities:				
Accounts Payable	\$ 454,305	\$ 9,742	\$ 464,047	\$ 71,305
Accrued Payroll	52,609	1,070	53,679	3,968
Tax Refunds Payable	206,893	-	206,893	-
Due to Component Units	22,293	-	22,293	-
Due to Primary Government	-	-	-	53,590
Current Portion of Long-Term Obligations:				
Compensated Absences	5,909	126	6,035	2,997
Due to Other Governments	74,952	-	74,952	3,124
Amounts Held under State & Federal Loan Programs	-	-	-	33,205
Claims Payable	30,444	-	30,444	-
Bonds and Notes Payable	77,036	-	77,036	223,611
Revenue Bonds Payable	19,270	-	19,270	41,972
Obligations under Capital Leases	5,631	-	5,631	974
Certificates of Participation and Other Financing Arrangements	35,816	-	35,816	-
Loans Payable to Component Unit	49,369	-	49,369	-
Accrued Interest Payable	4,878	-	4,878	36,446
Unearned Revenue	683	159	842	63,681
Other Current Liabilities	3,566	18,765	22,331	87,238
Total Current Liabilities	<u>1,043,654</u>	<u>29,862</u>	<u>1,073,516</u>	<u>622,111</u>
Long-Term Liabilities:				
Compensated Absences	38,107	928	39,035	-
Due to Component Units	6,203	-	6,203	-
Due to Other Governments	-	-	-	3,828
Amounts Held under State & Federal Loan Programs	-	-	-	39,279
Claims Payable	43,522	-	43,522	-
Bonds and Notes Payable	353,911	-	353,911	3,407,909
Revenue Bonds Payable	151,600	-	151,600	805,853
Obligations under Capital Leases	34,902	-	34,902	7,038
Certificates of Participation and Other Financing Arrangements	52,880	-	52,880	-
Loans Payable to Component Unit	427,819	-	427,819	-
Unearned Revenue	9,221	-	9,221	-
Net Pension Liability	1,829,936	34,872	1,864,808	67,399
Other Post-Employment Benefit Obligation	361,057	4,631	365,688	2,378
Pollution Remediation and Landfill Obligations	30,515	-	30,515	-
Other Noncurrent Liabilities	-	-	-	139,363
Total Long-Term Liabilities	<u>3,339,673</u>	<u>40,431</u>	<u>3,380,104</u>	<u>4,473,047</u>
Total Liabilities	<u>4,383,327</u>	<u>70,293</u>	<u>4,453,620</u>	<u>5,095,158</u>
<b>Deferred Inflows of Resources</b>	<b>\$ 689,903</b>	<b>\$ 5,848</b>	<b>\$ 695,751</b>	<b>\$ 26,357</b>
<b>Net Position</b>				
Net Investment in Capital Assets	3,362,340	42,658	3,404,998	1,040,027
Restricted:				
Transportation Purposes	33,693	-	33,693	-
Business Licensing & Regulation	32,721	-	32,721	-
Justice and Protection	5,573	-	5,573	-
Natural Resources	3,955	-	3,955	-
Government Support & Operations	21,120	-	21,120	-
Employment Security	-	366,766	366,766	-
Other Purposes	20,965	-	20,965	1,211,018
Funds Held as Permanent Investments:				
Expendable	74,331	-	74,331	-
Nonexpendable	23,162	-	23,162	235,979
Unrestricted	<u>(2,232,749)</u>	<u>(35,942)</u>	<u>(2,268,691)</u>	<u>371,093</u>
Total Net Position	<u>\$ 1,345,111</u>	<u>\$ 373,482</u>	<u>\$ 1,718,593</u>	<u>\$ 2,858,117</u>



# STATE OF MAINE STATEMENT OF ACTIVITIES

Fiscal Year Ended June 30, 2015  
(Expressed in Thousands)

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
Governmental Support & Operations	\$ 357,029	\$ 99,959	\$ 2,618	\$ -
Arts, Heritage & Cultural Enrichment	11,457	955	2,955	-
Business Licensing & Regulation	67,348	69,790	59	-
Economic Development & Workforce Training	169,192	7,863	84,034	-
Education	1,543,947	37,016	202,264	-
Health & Human Services	3,595,418	15,988	2,208,511	-
Justice & Protection	412,718	80,028	45,103	-
Natural Resources Development & Protection	205,334	95,922	46,822	-
Transportation Safety & Development	553,321	131,936	225,563	-
Interest Expense	50,639	-	-	-
Total Governmental Activities	6,966,403	539,457	2,817,929	-
Business-Type Activities:				
Employment Security	129,697	157,623	7,383	-
Alcoholic Beverages	111,265	157,369	-	-
Lottery	200,457	254,883	-	-
Ferry Services	12,338	4,831	-	-
Military Equipment Maintenance	9,342	5,315	-	-
Dirigo Health	1,137	4	-	-
Other	7,696	7,520	-	-
Total Business-Type Activities	471,932	587,545	7,383	-
Total Primary Government	\$ 7,438,335	\$ 1,127,002	\$ 2,825,312	\$ -
<b>Component Units:</b>				
Finance Authority of Maine	34,507	18,369	20,200	-
Maine Community College System	140,271	17,821	62,375	10,482
Maine Health & Higher Educational Facilities Authority	39,950	36,783	3,801	-
Maine Municipal Bond Bank	71,158	60,109	6,241	23,638
Maine State Housing Authority	220,341	68,817	163,416	-
Maine Turnpike Authority	101,350	123,607	-	-
University of Maine System	685,347	290,295	167,853	4,555
All Other Non-Major Component Units	203,764	50,393	113,868	12,832
Total Component Units	\$ 1,496,688	\$ 666,194	\$ 537,754	\$ 51,507
General Revenues:				
Taxes:				
Corporate				
Individual Income				
Fuel				
Property				
Sales & Use				
Other				
Unrestricted Investment Earnings				
Non-Program Specific Grants, Contributions & Appropriations				
Miscellaneous Income				
Gain (Loss) on Sale of Assets				
Tobacco Settlement				
Special Items				
Transfers - Internal Activities				
Total General Revenues and Transfers				
Change in Net Position				
Net Position - Beginning (As Restated)				
Net Position - Ending				

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

<b>Net (Expenses) Revenues and Changes in Net Position</b>			
<b>Primary Government</b>			
<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>	<b>Component Units</b>
\$ (254,452)	\$ -	\$ (254,452)	\$ -
(7,547)	-	(7,547)	-
2,501	-	2,501	-
(77,295)	-	(77,295)	-
(1,304,667)	-	(1,304,667)	-
(1,370,919)	-	(1,370,919)	-
(287,587)	-	(287,587)	-
(62,590)	-	(62,590)	-
(195,822)	-	(195,822)	-
(50,639)	-	(50,639)	-
<u>(3,609,017)</u>	<u>-</u>	<u>(3,609,017)</u>	<u>-</u>
-	35,309	35,309	-
-	46,104	46,104	-
-	54,426	54,426	-
-	(7,507)	(7,507)	-
-	(4,027)	(4,027)	-
-	(1,133)	(1,133)	-
-	(176)	(176)	-
-	122,996	122,996	-
<u>\$ (3,609,017)</u>	<u>\$ 122,996</u>	<u>\$ (3,486,021)</u>	<u>\$ -</u>
-	-	-	4,062
-	-	-	(49,593)
-	-	-	634
-	-	-	18,830
-	-	-	11,892
-	-	-	22,257
-	-	-	(222,644)
-	-	-	(26,671)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (241,233)</u>
196,586	-	196,586	-
1,553,043	-	1,553,043	-
247,900	-	247,900	-
54,276	-	54,276	-
1,351,498	-	1,351,498	-
390,185	-	390,185	-
7,826	-	7,826	422
-	-	-	288,625
96,578	-	96,578	10,121
-	-	-	742
48,059	-	48,059	-
28,849	-	28,849	-
100,627	(100,627)	-	-
<u>4,075,427</u>	<u>(100,627)</u>	<u>3,974,800</u>	<u>299,910</u>
466,410	22,369	488,779	58,677
878,701	351,113	1,229,814	2,799,440
<u>\$ 1,345,111</u>	<u>\$ 373,482</u>	<u>\$ 1,718,593</u>	<u>\$ 2,858,117</u>



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# GOVERNMENTAL FUND FINANCIAL STATEMENTS

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## MAJOR FUNDS

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

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

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

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

## NON-MAJOR FUNDS

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

Other governmental funds are presented, by fund type, beginning on page 138.

**STATE OF MAINE  
BALANCE SHEET  
GOVERNMENTAL FUNDS**

June 30, 2015  
(Expressed in Thousands)

	General	Highway	Federal	Other Special Revenue	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Equity in Treasurer's Cash Pool	\$ 53,135	\$ 47,428	\$ 29,502	\$ 328,711	\$ 80	\$ 458,856
Cash and Short-Term Investments	106	117	-	41	-	264
Cash with Fiscal Agent	496	262	-	66,364	-	67,122
Investments	-	-	-	-	97,413	97,413
Restricted Assets:						
Restricted Equity in Treasurer's Cash Pool	-	-	-	-	77,160	77,160
Inventories	2,353	-	355	-	-	2,708
Receivables, Net of Allowance for Uncollectibles:						
Taxes Receivable	449,630	22,520	-	11,432	-	483,582
Loans Receivable	1	-	-	4,319	-	4,320
Other Receivable	89,152	2,465	66,225	79,845	-	237,687
Due from Other Funds	20,433	12,877	124	18,016	-	51,450
Due from Other Governments	-	-	251,999	-	-	251,999
Due from Component Units	-	-	-	53,483	107	53,590
Other Assets	2,129	-	368	234	-	2,731
Working Capital Advances Receivable	111	-	-	-	-	111
<b>Total Assets</b>	<b>617,546</b>	<b>85,669</b>	<b>348,573</b>	<b>562,445</b>	<b>174,760</b>	<b>1,788,993</b>
<b>Deferred Outflows of Resources</b>						
	-	-	-	-	-	-
<b>Total Assets and Deferred Outflows</b>	<b>\$ 617,546</b>	<b>\$ 85,669</b>	<b>\$ 348,573</b>	<b>\$ 562,445</b>	<b>\$ 174,760</b>	<b>\$ 1,788,993</b>
<b>Liabilities</b>						
Accounts Payable	\$ 151,570	\$ 25,902	\$ 217,070	\$ 22,228	\$ 1,424	\$ 418,194
Accrued Payroll	22,844	8,289	6,258	10,640	-	48,031
Tax Refunds Payable	206,886	7	-	-	-	206,893
Due to Other Governments	3,792	-	71,063	-	-	74,855
Due to Other Funds	52,746	4,735	19,851	6,956	1,324	85,612
Due to Component Units	1,497	1,192	8,904	2,196	10,330	24,119
Unearned Revenue	-	4,825	355	3,978	3	9,161
Other Accrued Liabilities	1,851	-	1,721	1,686	-	5,258
<b>Total Liabilities</b>	<b>441,186</b>	<b>44,950</b>	<b>325,222</b>	<b>47,684</b>	<b>13,081</b>	<b>872,123</b>
<b>Deferred Inflows of Resources</b>	<b>250,159</b>	<b>670</b>	<b>97</b>	<b>25,958</b>	<b>-</b>	<b>276,884</b>
<b>Fund Balances</b>						
Nonspendable:						
Permanent Fund Principal	-	-	-	-	23,162	23,162
Inventories and Prepaid Items	4,154	-	726	206	-	5,086
Restricted	2,425	40,049	22,528	425,909	138,517	629,428
Committed	-	-	-	51,951	-	51,951
Assigned	-	-	-	10,737	-	10,737
Unassigned	(80,378)	-	-	-	-	(80,378)
<b>Total Fund Balances</b>	<b>(73,799)</b>	<b>40,049</b>	<b>23,254</b>	<b>488,803</b>	<b>161,679</b>	<b>639,986</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$ 617,546</b>	<b>\$ 85,669</b>	<b>\$ 348,573</b>	<b>\$ 562,445</b>	<b>\$ 174,760</b>	<b>\$ 1,788,993</b>

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

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

June 30, 2015  
Expressed in Thousands

Total fund balances for governmental funds		\$ 639,986
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.	4,229,956	
Less: Accumulated depreciation	348,238	
		3,881,718
Pension assets		6,244
Pension related deferred outflows		356,968
Other post-employment benefit assets are not financial resources		656
Pollution remediation receivable		1,486
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 is the net effect of these balances on the statement:		
Bonds payable	(601,817)	
Interest payable related to long-term financing	(3,075)	
Certificates of participation and other financing arrangements	(50,895)	
Capital leases	(3,176)	
Loans payable to component unit	(477,188)	
Compensated absences	(40,286)	
Net pension liability	(1,758,472)	
Pension related deferred inflows	(671,411)	
Other post-employment benefit obligation	(361,057)	
Pollution remediation and landfill obligations	(30,515)	
		(3,997,892)
Certain revenues are earned but not available and therefore are not reported in the governmental fund statements.		281,254
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.		174,691
Net position of governmental activities		\$ 1,345,111

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, 2015  
(Expressed in Thousands)

	General	Highway	Federal	Other Special Revenue	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Taxes	\$ 3,237,598	\$ 224,269	\$ -	\$ 294,755	\$ -	\$ 3,756,622
Assessments and Other Revenue	104,795	90,733	-	157,620	-	353,148
Federal Grants and Reimbursements	2,064	-	2,805,259	8,901	-	2,816,224
Service Charges	46,466	4,364	379	121,841	-	173,050
Investment Income	1,170	159	7	1,431	4,438	7,205
Miscellaneous Revenue	11,736	617	2	130,020	-	142,375
<b>Total Revenues</b>	<b>3,403,829</b>	<b>320,142</b>	<b>2,805,647</b>	<b>714,568</b>	<b>4,438</b>	<b>7,248,624</b>
<b>Expenditures</b>						
Current:						
Governmental Support & Operations	218,279	3,294	3,288	107,169	207	332,237
Economic Development & Workforce Training	31,501	-	85,334	38,777	14,337	169,949
Education	1,401,594	-	201,779	44,678	20,358	1,668,409
Health and Human Services	1,119,182	-	2,196,179	321,305	1,700	3,638,366
Business Licensing & Regulation	-	-	19	70,258	-	70,277
Natural Resources Development & Protection	68,870	34	45,923	94,058	408	209,293
Justice and Protection	302,133	25,660	47,867	67,243	1,986	444,889
Arts, Heritage & Cultural Enrichment	7,358	-	2,971	1,546	16	11,891
Transportation Safety & Development	-	284,332	178,064	61,627	16,195	540,218
Debt Service:						
Principal Payments	84,875	15,275	12,930	31,150	-	144,230
Interest Payments	19,167	3,643	3,992	15,815	-	42,617
Capital Outlay	-	-	-	-	66,903	66,903
<b>Total Expenditures</b>	<b>3,252,959</b>	<b>332,238</b>	<b>2,778,346</b>	<b>853,626</b>	<b>122,110</b>	<b>7,339,279</b>
Revenue over (under) Expenditures	150,870	(12,096)	27,301	(139,058)	(117,672)	(90,655)
Other Financing Sources (Uses):						
Transfer from Other Funds	171,771	23,870	13,858	231,335	1,373	442,207
Transfer to Other Funds	(183,793)	(10,250)	(27,196)	(115,094)	(3,950)	(340,283)
COP's and Other	2,789	735	-	7,692	-	11,216
Loan Proceeds from Component Units	-	-	-	50,000	-	50,000
Bonds Issued	-	-	-	2,900	102,555	105,455
Premiums on Bond Issuance	-	-	-	-	11,288	11,288
Net Other Finance Sources (Uses)	(9,233)	14,355	(13,338)	176,833	111,266	279,883
Special Item	-	-	-	30,000	-	30,000
<b>Net Change in Fund Balances</b>	<b>141,637</b>	<b>2,259</b>	<b>13,963</b>	<b>67,775</b>	<b>(6,406)</b>	<b>219,228</b>
Fund Balances at Beginning of Year (As Restated)	(215,436)	37,790	9,291	421,028	168,085	420,758
<b>Fund Balances at End of Year</b>	<b>\$ (73,799)</b>	<b>\$ 40,049</b>	<b>\$ 23,254</b>	<b>\$ 488,803</b>	<b>\$ 161,679</b>	<b>\$ 639,986</b>

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**

June 30, 2015  
(Expressed in Thousands)

Net change in fund balances - total governmental funds	\$	219,228
Amounts reported for governmental activities in the Statement of 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.		
In the current period the amounts are:		
Capital outlay	88,727	
Depreciation expense	(32,295)	56,432
The net effect of various transactions involving capital assets (i.e. sales, trade-ins and contributions) is to increase net position.		(313)
Pension assets		3,437
Pension related deferred outflows		115,190
Post-employment benefit asset funding, net		(654)
Pollution Remediation Receivable		(1,428)
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	(105,455)	
Premium on bonds	(11,288)	
Proceeds from other financing arrangements	(11,207)	
Loan proceeds from component unit	(50,005)	
Repayment of bond principal	100,150	
Repayment of other financing debt	24,343	
Repayment of pledged revenue principal	45,793	
Repayment of capitalized lease principal	529	
Accrued interest	360	
Amortization of bond premiums	1,141	(5,639)
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	(835)	
Net pension liability	693,698	
Pension related deferred inflows	(671,411)	
Other post-employment benefit obligation	(20,859)	
Pollution remediation and landfill obligations	(2,830)	(2,237)
Certain revenues are earned but not available and therefore are not reported in the governmental fund statements.		35,665
Special Item - reduction in capital assets, sale of highway to Maine Turnpike Authority		(1,151)
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.		47,880
Changes in net position of governmental activities	\$	466,410

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





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# PROPRIETARY FUND FINANCIAL STATEMENTS

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## MAJOR FUND

Unemployment Compensation 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.

Non-major enterprise funds are presented beginning on page 155.

Combining fund statements for the internal service funds, whose combined totals are presented on these statements, begin on page 163.

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

June 30, 2015  
(Expressed in Thousands)

	Business-Type Activities			Governmental Activities Internal Service Funds
	Enterprise Funds		Total	
	Major Employment Security	Non-Major Other Enterprise		
<b>Assets</b>				
Current Assets:				
Equity in Treasurer's Cash Pool	\$ -	\$ 12,622	\$ 12,622	\$ 131,240
Cash and Short-Term Investments	1,407	756	2,163	2
Cash with Fiscal Agent	-	-	-	6,969
Restricted Assets:				
Restricted Deposits and Investments	331,912	-	331,912	3,499
Inventories	-	3,759	3,759	3,635
Receivables, Net of Allowance for Uncollectibles:				
Other Receivable	35,718	28,781	64,499	2,514
Due from Other Funds	106	43	149	33,503
Other Current Assets	-	316	316	2,651
Total Current Assets	<u>369,143</u>	<u>46,277</u>	<u>415,420</u>	<u>184,013</u>
Noncurrent Assets:				
Equity in Treasurer's Cash Pool	-	4,300	4,300	44,716
Capital Assets - Net of Depreciation	-	42,658	42,658	202,247
Total Noncurrent Assets	<u>-</u>	<u>46,958</u>	<u>46,958</u>	<u>246,963</u>
Total Assets	<u>369,143</u>	<u>93,235</u>	<u>462,378</u>	<u>430,976</u>
<b>Deferred Outflows of Resources</b>	<u>\$ -</u>	<u>\$ 3,258</u>	<u>\$ 3,258</u>	<u>\$ 12,175</u>
<b>Liabilities</b>				
Current Liabilities:				
Accounts Payable	\$ 2,377	\$ 7,365	\$ 9,742	\$ 7,846
Accrued Payroll	-	1,070	1,070	4,578
Due to Other Funds	-	16,341	16,341	7,556
Due to Component Units	-	-	-	4,377
Current Portion of Long-Term Obligations:				
Certificates of Participation and Other Financing Arrangements	-	-	-	11,809
Obligations Under Capital Leases	-	-	-	5,102
Claims Payable	-	-	-	30,444
Compensated Absences	-	126	126	449
Unearned Revenue	-	159	159	328
Accrued Interest Payable	-	-	-	86
Other Accrued Liabilities	-	18,765	18,765	25
Total Current Liabilities	<u>2,377</u>	<u>43,826</u>	<u>46,203</u>	<u>72,600</u>
Long-Term Liabilities:				
Working Capital Advances Payable	-	-	-	111
Unearned Revenue	-	-	-	415
Certificates of Participation and Other Financing Arrangements	-	-	-	25,992
Obligations Under Capital Leases	-	-	-	32,255
Claims Payable	-	-	-	43,522
Compensated Absences	-	928	928	3,281
Net Pension Liability	-	34,872	34,872	71,464
Other Post-Employment Benefit Obligation	-	4,631	4,631	-
Total Long-Term Liabilities	<u>-</u>	<u>40,431</u>	<u>40,431</u>	<u>177,040</u>
Total Liabilities	<u>2,377</u>	<u>84,257</u>	<u>86,634</u>	<u>249,640</u>
<b>Deferred Inflows of Resources</b>	<u>\$ -</u>	<u>\$ 5,848</u>	<u>\$ 5,848</u>	<u>\$ 18,492</u>
<b>Net Position</b>				
Net Investment in Capital Assets	-	42,658	42,658	135,615
Restricted for:				
Unemployment Compensation	366,766	-	366,766	-
Other Purposes	-	-	-	672
Unrestricted	<u>-</u>	<u>(36,270)</u>	<u>(36,270)</u>	<u>38,732</u>
Total Net Position	<u>\$ 366,766</u>	<u>\$ 6,388</u>	<u>\$ 373,154</u>	<u>\$ 175,019</u>

Amounts reported for business-type activities in the government-wide Statement of Activities are different due to elimination of the State's internal business-types activities

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Net Position of Business-Type Activities

\$ 373,482

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

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

Fiscal Year Ended June 30, 2015  
(Expressed in Thousands)

	Business-Type Activities Enterprise Funds			Governmental Activities Internal Service Funds
	Major	Non-Major	Total	
	Employment Security	Other Enterprise		
<b>Operating Revenues</b>				
Charges for Services	\$ -	\$ 429,902	\$ 429,902	\$ 432,498
Assessments	157,540	-	157,540	-
Miscellaneous Revenues	83	-	83	4,099
<b>Total Operating Revenues</b>	<b>157,623</b>	<b>429,902</b>	<b>587,525</b>	<b>436,597</b>
<b>Operating Expenses</b>				
General Operations	-	338,998	338,998	351,489
Depreciation	-	3,481	3,481	16,755
Claims/Fees Expense	129,697	-	129,697	14,226
Other Operating Expenses	-	-	-	49
<b>Total Operating Expenses</b>	<b>129,697</b>	<b>342,479</b>	<b>472,176</b>	<b>382,519</b>
<b>Operating Income (Loss)</b>	<b>27,926</b>	<b>87,423</b>	<b>115,349</b>	<b>54,078</b>
<b>Nonoperating Revenues (Expenses)</b>				
Investment Revenue (Expense) - net	7,383	-	7,383	621
Interest Expense	-	-	-	(11,218)
Other Nonoperating Revenues (Expenses) - net	-	20	20	(1,511)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>7,383</b>	<b>20</b>	<b>7,403</b>	<b>(12,108)</b>
<b>Income (Loss) Before Capital Contributions, Transfers and Special Items</b>	<b>35,309</b>	<b>87,443</b>	<b>122,752</b>	<b>41,970</b>
<b>Capital Contributions and Transfers</b>				
Capital Contributions from (to) Other Funds	-	1,666	1,666	370
Transfers from Other Funds	115	4,916	5,031	7,465
Transfers to Other Funds	(457)	(106,867)	(107,324)	(1,681)
<b>Total Capital Contributions and Transfers In (Out)</b>	<b>(342)</b>	<b>(100,285)</b>	<b>(100,627)</b>	<b>6,154</b>
<b>Change in Net Position</b>	<b>34,967</b>	<b>(12,842)</b>	<b>22,125</b>	<b>48,124</b>
<b>Net Position - Beginning of Year (Restated)</b>	<b>331,799</b>	<b>19,230</b>	<b>351,029</b>	<b>126,895</b>
<b>Net Position - End of Year</b>	<b>\$ 366,766</b>	<b>\$ 6,388</b>		<b>\$ 175,019</b>
Amounts reported for business-type activities in the government-wide Statement of Activities are different due to elimination of the State's internal business-types activities			244	
Changes in Business-Type Net Assets			<u>\$ 22,369</u>	

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

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

June 30, 2015  
(Expressed in Thousands)

	Business-Type Activities			Governmental Activities Internal Service Funds
	Enterprise Funds			
	Major Employment Security	Non-Major Other Enterprise	Totals	
<b>Cash Flows from Operating Activities</b>				
Receipts from Customers and Users	\$ 156,155	\$ 428,449	\$ 584,604	\$ 430,957
Payments of Benefits	(130,250)	-	(130,250)	-
Payments to Prize Winners	-	(166,665)	(166,665)	-
Payments to Suppliers	-	(145,787)	(145,787)	(308,708)
Payments to Employees	-	(17,827)	(17,827)	(70,647)
Net Cash Provided (Used) by Operating Activities	<u>25,905</u>	<u>98,170</u>	<u>124,075</u>	<u>51,602</u>
<b>Cash Flows from Noncapital Financing Activities</b>				
Transfers from Other Funds	115	4,916	5,031	7,465
Transfers to Other Funds	(457)	(101,693)	(102,150)	(1,681)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(342)</u>	<u>(96,777)</u>	<u>(97,119)</u>	<u>5,784</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Payments for Acquisition of Capital Assets	-	(13)	(13)	(33,166)
Proceeds from Financing Arrangements	-	-	-	11,500
Principal and Interest Paid on Financing Arrangements	-	-	-	(31,811)
Proceeds from Sale of Capital Assets	-	1	1	197
Net Cash Provided (Used) by Capital Financing Activities	<u>-</u>	<u>(12)</u>	<u>(12)</u>	<u>(53,280)</u>
<b>Cash Flows from Investing Activities</b>				
Interest Revenue	7,383	21	7,404	621
Net Cash Provided (Used) by Investing Activities	<u>7,383</u>	<u>21</u>	<u>7,404</u>	<u>621</u>
Net Increase (Decrease) in Cash/Cash Equivalents	32,946	1,402	34,348	4,727
Cash/Cash Equivalents - Beginning of Year	300,373	16,276	316,649	181,699
Cash/Cash Equivalents - End of Year	<u>\$ 333,319</u>	<u>\$ 17,678</u>	<u>\$ 350,997</u>	<u>\$ 186,426</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Operating Income (Loss)	\$ 27,926	\$ 87,423	\$ 115,349	\$ 54,078
<b>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities</b>				
Depreciation Expense	-	3,481	3,481	16,755
Decrease (Increase) in Assets				
Accounts Receivable	(1,384)	(1,453)	(2,837)	4,578
Interfund Balances	(84)	1,869	1,785	(8,000)
Inventories	-	(893)	(893)	(1,323)
Other Assets	-	-	-	(14)
Deferred Outflows	-	1,037	1,037	(2,671)
Increase (Decrease) in Liabilities				
Accounts Payable	435	5,994	6,429	(15,966)
Accrued Payroll Expenses	-	61	61	384
Change in Compensated Absences	-	(4)	(4)	114
Deferred Inflows	-	5,848	5,848	18,492
Net Pension Liability	-	(6,023)	(6,023)	(19,050)
Other Accruals	(988)	830	(158)	4,225
Total Adjustments	<u>(2,021)</u>	<u>10,747</u>	<u>8,726</u>	<u>(2,476)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 25,905</u>	<u>\$ 98,170</u>	<u>\$ 124,075</u>	<u>\$ 51,602</u>
<b>Non Cash Investing, Capital and Financing Activities</b>				
Property Leased, Accrued or Acquired	-	-	-	10,066
Contributed Capital Assets	-	1,666	1,666	370

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

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# FIDUCIARY FUND FINANCIAL STATEMENTS

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Pension (and Other Employee Benefit) 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 296 local municipalities and other public entities in Maine.

Private-Purpose Trusts and Agency 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 funds.

A listing of fiduciary funds and combining fund statements for private-purpose trusts and agency funds begins on page 175.

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

June 30, 2015  
(Expressed in Thousands)

	Pension (and Other Employee Benefit) Trusts	Private Purpose Trusts	Agency Funds
<b>Assets</b>			
Equity in Treasurer's Cash Pool	\$ -	\$ 535	\$ 18,169
Cash and Short-Term Investments	73,030	-	27
Receivables, Net of Allowance for Uncollectibles:			
Interest and Dividends	5,449	-	-
Due from Brokers for Securities Sold	773	-	-
Other	30,294	-	-
Investments at Fair Value:			
Equity Securities	3,092,985	-	-
Common/Collective Trusts	9,937,851	-	-
Other	-	16,782	-
Restricted Deposits and Investments	-	-	167
Securities Lending Collateral	148,125	-	-
Due from Other Funds	-	28,265	-
Investments Held on Behalf of Others	-	-	56,139
Capital Assets - Net of Depreciation	9,133	-	-
Other Assets	-	5,853	5,491
Total Assets	<u>13,297,640</u>	<u>51,435</u>	<u>79,993</u>
<b>Liabilities</b>			
Accounts Payable	47,298	98	1,128
Due to Other Funds	-	9	3,849
Due to Brokers for Securities Purchased	620	-	-
Agency Liabilities	-	-	74,972
Obligations Under Securities Lending	148,125	-	-
Other Accrued Liabilities	26,063	-	44
Total Liabilities	<u>222,106</u>	<u>107</u>	<u>79,993</u>
<b>Net Position</b>			
Held in Trust for Pension, Disability, Death, Group Life Insurance Benefits and Other Purposes	<u>13,075,534</u>	<u>51,328</u>	<u>-</u>
Total Net Position	<u>\$ 13,075,534</u>	<u>\$ 51,328</u>	<u>\$ -</u>

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

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

Fiscal Year Ended June 30, 2015  
(Expressed in Thousands)

	<b>Pension (and Other Employee Benefit) Trusts</b>	<b>Private Purpose Trusts</b>
Additions:		
Contributions:		
Members	\$ 169,551	\$ -
State and Local Agencies	290,509	-
Other Contributing Entity	147,283	-
Investment Income (Loss):		
Net Increase (Decrease) in the Fair Value of Investments	168,510	475
Interest and Dividends	133,172	137
Securities Lending Income	600	-
Less Investment Expense:		
Investment Activity Expense	54,915	-
Securities Lending Expense	(1,561)	-
Net Investment Income (Loss)	248,928	612
Miscellaneous Revenues	-	10,992
Transfers In	-	589
<b>Total Additions</b>	<b>856,271</b>	<b>12,193</b>
Deductions:		
Benefits Paid to Participants or Beneficiaries	913,568	89
Refunds and Withdrawals	70,200	-
Administrative Expenses	12,198	190
Claims Processing Expense	819	-
Transfers Out	-	6,004
<b>Total Deductions</b>	<b>996,785</b>	<b>6,283</b>
<b>Net Increase (Decrease)</b>	<b>(140,514)</b>	<b>5,910</b>
Net Position:		
Held in Trust for Pension, Disability, Death, Group Life Insurance Benefits and Other Purposes:		
Beginning of Year	13,216,048	45,418
End of Year	<u>\$ 13,075,534</u>	<u>\$ 51,328</u>

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





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# COMPONENT UNIT

# FINANCIAL STATEMENTS

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

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

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

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

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

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

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

Non-Major Component Units combining fund statements begin on page 187.

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

June 30, 2015  
(Expressed in Thousands)

	Finance Authority of Maine	Maine Community College System	Maine Health and Higher Educational Facilities Authority	Maine Municipal Bond Bank
<b>Assets</b>				
Current Assets:				
Equity in Treasurer's Cash Pool	\$ 29,650	\$ 6,428	\$ 3,790	\$ -
Cash and Cash Equivalents	5,100	18,642	3,417	567
Investments	46,209	44,847	37,116	22,030
Restricted Assets:				
Restricted Deposits and Investments	-	-	28,020	230,890
Inventories	-	1,321	-	-
Receivables, Net of Allowance for Uncollectibles:				
Loans Receivable	-	-	40,525	-
Notes Receivable	-	-	-	-
Other Receivables	244	8,342	254	1,246
Due from Other Governments	83	-	-	133,380
Due from Primary Government	-	1,550	-	-
Loans Receivable from Primary Government	-	-	-	49,369
Other Current Assets	1,039	1,904	778	45,161
Total Current Assets	<u>82,325</u>	<u>83,034</u>	<u>113,900</u>	<u>482,643</u>
Noncurrent Assets:				
Equity in Treasurer's Cash Pool	10,102	2,190	1,291	-
Restricted Assets:				
Restricted Deposits and Investments	-	1,645	94,439	168,532
Investments	-	14,037	-	-
Receivables, Net of Current Portion:				
Loans Receivable	-	-	715,927	-
Notes Receivable	23,404	-	-	-
Other Receivables	-	-	-	-
Due from Other Governments	-	-	-	1,279,453
Due from Primary Government	-	-	-	-
Loans Receivable from Primary Government	-	-	-	427,819
Post-Employment Benefit Asset	-	12,613	-	-
Capital Assets - Net of Depreciation	1,460	175,525	-	483
Other Noncurrent Assets	-	-	-	-
Total Noncurrent Assets	<u>34,966</u>	<u>206,010</u>	<u>811,657</u>	<u>1,876,287</u>
Total Assets	<u>117,291</u>	<u>289,044</u>	<u>925,557</u>	<u>2,358,930</u>
<b>Deferred Outflows of Resources</b>	<u>\$ -</u>	<u>\$ 14,053</u>	<u>\$ -</u>	<u>\$ 31,169</u>
<b>Liabilities</b>				
Current Liabilities:				
Accounts Payable	\$ 3,938	\$ 7,343	\$ 64	\$ 292
Accrued Payroll	-	-	-	-
Compensated Absences	-	2,259	-	-
Due to Other Governments	-	-	257	475
Due to Primary Government	-	-	-	52,577
Amounts Held Under State & Federal Loan Programs	-	-	-	33,205
Bonds and Notes Payable	808	735	41,935	150,801
Obligations Under Capital Leases	-	36	-	-
Accrued Interest Payable	-	-	18,678	12,381
Unearned Revenue	1,164	2,285	1,918	3,929
Other Current Liabilities	31,364	9,339	-	-
Total Current Liabilities	<u>37,274</u>	<u>21,997</u>	<u>62,852</u>	<u>253,660</u>
Long-Term Liabilities:				
Due to Other Governments	-	-	306	461
Amounts Held Under State & Federal Loan Programs	39,279	-	-	-
Bonds and Notes Payable	535	22,151	805,710	1,466,610
Obligations Under Capital Leases	-	2,237	-	-
Net Pension Liability	-	59,711	-	672
Other Post-Employment Benefits Obligation	-	-	-	-
Other Noncurrent Liabilities	-	-	-	-
Total Long-Term Liabilities	<u>39,814</u>	<u>84,099</u>	<u>806,016</u>	<u>1,467,743</u>
Total Liabilities	<u>77,088</u>	<u>106,096</u>	<u>868,868</u>	<u>1,721,403</u>
<b>Deferred Inflows of Resources</b>	<u>\$ -</u>	<u>\$ 16,122</u>	<u>\$ -</u>	<u>\$ 325</u>
<b>Net Position</b>				
Net Investment in Capital Assets	1,460	152,011	-	483
Restricted	17,641	37,274	-	596,165
Unrestricted	21,102	(8,406)	56,689	71,723
Total Net Position	<u>\$ 40,203</u>	<u>\$ 180,879</u>	<u>\$ 56,689</u>	<u>\$ 668,371</u>

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

Maine State Housing Authority	Maine Turnpike Authority	University of Maine System	Non-Major Component Units	Total
\$ -	\$ -	\$ 8,114	\$ 2,228	\$ 50,210
1,057	17,681	6,349	64,973	117,786
218,214	-	222,699	8,682	599,797
-	125,027	-	30,922	414,859
-	825	-	997	3,143
30,230	-	-	16,860	87,615
10	-	63	13,348	13,421
15,895	4,372	26,881	5,583	62,817
5,733	-	11,241	8,914	159,351
944	-	6,563	13,236	22,293
-	-	-	-	49,369
-	1,037	5,953	1,681	57,553
272,083	148,942	287,863	167,424	1,638,214
-	-	2,764	759	17,106
-	33,452	12,744	15,568	326,380
113,815	-	353,413	23,399	504,664
1,147,826	-	-	97,034	1,960,787
83	-	41,451	2,791	67,729
1,086	70	3,207	1,583	5,946
-	-	-	-	1,279,453
-	-	6,203	-	6,203
-	-	-	-	427,819
-	-	-	-	12,613
922	514,025	702,936	237,190	1,632,541
5,776	10,095	-	1,141	17,012
1,269,508	557,642	1,122,718	379,465	6,258,253
1,541,591	706,584	1,410,581	546,889	7,896,467
\$ 20,616	\$ 7,373	\$ 7,728	\$ 2,226	\$ 83,165
\$ 12,300	\$ 7,330	\$ 18,185	\$ 21,853	\$ 71,305
-	2,503	-	1,465	3,968
-	-	-	738	2,997
314	-	-	2,078	3,124
-	-	-	1,013	53,590
-	-	-	-	33,205
35,015	17,755	10,576	7,958	265,583
-	-	908	30	974
4,865	-	-	522	36,446
279	8,235	11,069	34,802	63,681
-	10,483	33,508	2,544	87,238
52,773	46,306	74,246	73,003	622,111
-	-	-	3,061	3,828
-	-	-	-	39,279
1,186,593	440,642	160,569	130,952	4,213,762
-	-	4,735	66	7,038
-	-	-	7,016	67,399
-	-	-	2,378	2,378
14,435	18,133	106,609	186	139,363
1,201,028	458,775	271,913	143,659	4,473,047
1,253,801	505,081	346,159	216,662	5,095,158
\$ 3,476	\$ -	\$ 1,609	\$ 4,825	\$ 26,357
922	124,930	540,593	219,628	1,040,027
277,700	72,904	366,252	79,061	1,446,997
26,308	11,042	163,696	28,939	371,093
\$ 304,930	\$ 208,876	\$1,070,541	\$ 327,628	\$ 2,858,117

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

Fiscal Year Ended June 30, 2015  
(Expressed in Thousands)

	<b>Finance Authority of Maine</b>	<b>Maine Community College System</b>	<b>Maine Health and Higher Educational Facilities Authority</b>	<b>Maine Municipal Bond Bank</b>
<b>Expenses</b>	\$ 34,507	\$ 140,271	\$ 39,950	\$ 71,158
<b>Program Revenues</b>				
Charges for Services	18,369	17,821	36,783	60,109
Program Investment Income	149	99	-	5,923
Operating Grants and Contributions	20,051	62,276	3,801	318
Capital Grants and Contributions	-	10,482	-	23,638
Net Revenue (Expense)	<u>4,062</u>	<u>(49,593)</u>	<u>634</u>	<u>18,830</u>
<b>General Revenues</b>				
Unrestricted Investment Earnings	335	(425)	76	113
Non-program Specific Grants, Contributions and Appropriations	-	57,831	-	-
Miscellaneous Income	-	1,445	124	1,776
Gain (Loss) on Assets Held for Sale	-	-	-	-
Total General Revenues	<u>335</u>	<u>58,851</u>	<u>200</u>	<u>1,889</u>
Change in Net Position	4,397	9,258	834	20,719
Net Position, Beginning of the Year (as restated)	<u>35,806</u>	<u>171,621</u>	<u>55,855</u>	<u>647,652</u>
Net Position, End of Year	<u>\$ 40,203</u>	<u>\$ 180,879</u>	<u>\$ 56,689</u>	<u>\$ 668,371</u>

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

<b>Maine State Housing Authority</b>	<b>Maine Turnpike Authority</b>	<b>University of Maine System</b>	<b>Non-Major Component Units</b>	<b>Total</b>
\$ 220,341	\$ 101,350	\$ 685,347	\$ 203,764	\$1,496,688
68,817	123,607	290,295	50,393	666,194
16,102	-	1,822	61	24,156
147,314	-	166,031	113,807	513,598
-	-	4,555	12,832	51,507
<u>11,892</u>	<u>22,257</u>	<u>(222,644)</u>	<u>(26,671)</u>	<u>(241,233)</u>
10	252	(499)	560	422
-	-	211,749	19,045	288,625
-	5,402	-	1,374	10,121
-	(32)	(841)	1,615	742
<u>10</u>	<u>5,622</u>	<u>210,409</u>	<u>22,594</u>	<u>299,910</u>
11,902	27,879	(12,235)	(4,077)	58,677
<u>293,028</u>	<u>180,997</u>	<u>1,082,776</u>	<u>331,705</u>	<u>2,799,440</u>
<u>\$ 304,930</u>	<u>\$ 208,876</u>	<u>\$1,070,541</u>	<u>\$ 327,628</u>	<u>\$2,858,117</u>



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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 that 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 and to issue turnpike revenue bonds payable solely from revenues of the Authority. The Authority's fiscal year ends December 31.

*The University of Maine System* is the State University governed by a single Board of Trustees. The combined financial statements of the System include the activity of seven universities, eight centers, the central administrative office, and its component units, which include several foundations and alumni associations that raise funds on the System's behalf.

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

*The Finance Authority of Maine* provides commercial financing and loan guarantees to Maine businesses and educational financing to Maine students and their parents. The Authority also provides financial and other services for the NextGen College Investing Plan, Potato Marketing Improvement Fund Board, the Nutrient Management Fund Board, the Northern Maine Transmission Corporation, the Adaptive Equipment Loan Program Fund Board, the Fund Insurance Review Board, the Agricultural Marketing Loan Fund Board, and the Occupational Safety Program 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 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 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 Governor appoints four of the Board's eight voting trustees. A fifth trustee is either the Treasurer of State or the Deputy Treasurer of State.

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 04332	Maine Health and Higher Ed. Facilities Authority PO Box 2268 Augusta, ME 04338	Maine Public Employees Retirement System 46 State House Station Augusta, ME 04333	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 89 State House Station 353 Water Street Augusta, ME 04330	University of Maine System 16 Central Street 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 \$582.3 million of restricted net position, of which \$42.8 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. An example is the Baxter State Park 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.

**Fiduciary Fund Types:**

*Pension (and Other Employee Benefit) 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 Benefit 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, Public Reserved Lands and the Permanent School funds.

*Agency Funds* report assets and liabilities for deposits and investments entrusted to the State as an agent for others. Examples include amounts held for payroll withholdings, inmate and student guardianship accounts.

#### **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 Educational Loan Authority, 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, highly liquid investments that are both readily convertible to known amounts of cash and are near maturity. 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 \$106 million of Workers' Compensation, \$53.7 million of Bureau of Insurance, and \$33 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 food stamps are used (EBT cards), and 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.

Inventories included in the component unit column are stated at the lower of cost or market (using the first-in, first-out method).

**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.

**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. Three 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 \$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 estimated fair market 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.

Capital assets of component units are capitalized upon purchase and depreciated over their estimated useful lives. Interest incurred during construction is capitalized. 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 15 provides further detail on the components of deferred outflows or 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, 2015 is \$205 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, 2015 but paid after the fiscal year end is also reported in the funds. 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 were 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.

**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 15 provides further detail on the components of deferred inflows.

**Loans Payable to Component Unit**

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.

**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 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 that are constrained by the State's intent to be used for a specific purpose, but are neither restricted nor committed. Legislative assignments include formal actions passed into law that lapse. Maine statute also set forth powers and duties of management. Assignments also include decisions made by management, including encumbrances. 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 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, a fund designation established under Title 5 MRSA C. 142, is included in the negative \$80.4 million unassigned General Fund fund balance. 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. As the fourth priority before any other transfer, the State Controller is required to transfer 80 percent of the unappropriated surplus of the General Fund when the fund is not at its statutory cap. In accordance with the statute, the State Controller made the required transfer for fiscal year 2015. The State Controller transferred \$14.4 million from the General Fund reserve account in accordance with Public Law 2013, Chapter 595, Section X-2. Per Public Law 2013, Chapter 368, Section Z-1, \$4.0 million was transferred to the Budget Stabilization Fund from the General Fund unappropriated surplus.

The statutory cap for the fund is 12 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 2015 actual General Fund revenue, the statutory cap at the close of fiscal year 2015 and during fiscal year 2015 was \$399.5 million. At the close of fiscal year 2015, the balance of the Maine Budget Stabilization Fund was \$111.1 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	\$	68,271
Increase in fund balance		42,812
Balance, end of year	\$	111,083

**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 agency 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 a supplemental budgets or separate pieces of legislation. For the year ended June 30, 2015, the Legislature increased appropriations to the General Fund by \$45 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 or committed. A summary of the nature and purpose of these fund balance types at June 30, 2015 are detailed on the following page.

**Governmental Fund Balances**

(Expressed in Thousands)

	<u>NSIF</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
<b>General Fund:</b>				
Public Safety	\$ -	\$ 496	\$ -	\$ -
All Other	4,154	1,929	-	-
Total	<u>\$ 4,154</u>	<u>\$ 2,425</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Highway Fund:</b>				
Light Highway & Bridge Capital	\$ -	\$ 23,944	\$ -	\$ -
All Other	-	16,105	-	-
Total	<u>\$ -</u>	<u>\$ 40,049</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Federal Fund:</b>				
HHS Office of Family Independence	\$ -	\$ 6,319	\$ -	\$ -
HHS Office of Child and Family Services	-	2,229	-	-
HHS Substance & Mental Health	-	2,203	-	-
Other General Support and Operations	-	1,483	-	-
Other Justice and Protection	-	1,331	-	-
Marine Resources	-	1,258	-	-
Highway and Bridge Construction	-	7,705	-	-
All Other	726	-	-	-
Total	<u>\$ 726</u>	<u>\$ 22,528</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Other Special Revenue Fund:</b>				
Agriculture & Conservation	\$ -	\$ 21,618	\$ 5,397	\$ 1,393
Bonds for Highway & Bridge Construction	-	118,903	-	-
Liquor Operation Revenue Fund Bonds	-	7,440	-	-
Environmental Protection	-	20,888	-	-
Fund for a Healthy Maine	-	-	8,448	-
GSO Other	-	71,346	7,849	-
HHS Centers for Disease Control	-	-	7,418	-
HHS MaineCare (Medicaid Program)	-	-	3,441	-
HHS Office of Family Independence	-	-	-	5,876
HHS Other	-	13,485	-	3,468
Highway & Bridge Construction	-	32,433	-	-
Light Highway & Bridge Capital	-	12,000	-	-
Other Justice and Protection	-	-	3,470	-
Multimodal Transportation	-	-	11,353	-
Natural Resources Other	-	17,731	-	-
Professional & Financial Regulation	-	52,562	-	-
Public Safety	-	13,074	-	-
Workers Compensation Board	-	15,525	-	-
All Other	206	28,904	4,575	-
Total	<u>\$ 206</u>	<u>\$ 425,909</u>	<u>\$ 51,951</u>	<u>\$ 10,737</u>
<b>Other Governmental Funds:</b>				
	<u>NSIF</u>	<u>Restricted</u>	<u>Permanent</u>	
Permanent Funds - Baxter Park	\$ -	\$ -	\$ 6,927	
Permanent Funds - All Others	-	-	16,235	
Capital Projects - Highway & Bridge Construction	-	25,145	-	
Capital Projects - Multimodal Transportation	-	8,548	-	
Capital Projects - Higher Education	-	11,083	-	
Capital Projects - Public Safety	-	5,573	-	
Capital Projects - Agriculture & Conservation	-	2,228	-	
Capital Projects - Community & Economic Development	-	9,882	-	
Capital Projects - Environmental Protection	-	1,727	-	
Special Revenue Funds - Baxter Park	-	74,238	-	
Special Revenue Funds - All Other	-	93	-	
Total	<u>\$ -</u>	<u>\$ 138,517</u>	<u>\$ 23,162</u>	

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

During fiscal year ended June 30, 2015, the State implemented the following accounting standards:

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27*. This Statement establishes standards for measuring and recognizing liabilities, assets, deferred outflows of resources and deferred inflows of resources, and expense/expenditures for pensions provided to employees of the primary government and its component units. It requires the State to record the State's proportionate share of the net pension liability in the government-wide financial statements and in the proprietary funds and component unit financial statements.

GASB Statement No. 68 was implemented simultaneously with the provisions of GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date; an amendment of GASB Statement No. 68*. This standard allowed governments to record all beginning deferred inflows and deferred outflows associated with the pension. If all beginning balances could not be identified practically, governments should only report deferred outflows for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability but before the start of the government's fiscal year. The State of Maine implemented the Standard by recognizing only the employer contributions made between the measurement date and before the start of the government's fiscal year.

As a result of implementing these new standards, numerous changes were made to beginning balances as shown in the table below. Also see Note 9 for further information on pension reporting.

	(Expressed in millions)			Business-Type
	Governmental Activities			Activities
	Governmental Funds	Internal Service	Total	Enterprise Funds
Net Pension Asset - Governmental Funds	\$ 2.8	\$ -	\$ 2.8	\$ -
Deferred Outflows - Employer Contributions	241.8	9.5	251.3	4.3
Net Pension Liability	(2,450.2)	(90.5)	(2,540.7)	(40.9)
Net Position	<u>\$ (2,205.6)</u>	<u>\$ (81.0)</u>	<u>\$ (2,286.6)</u>	<u>\$ (36.6)</u>

**Restatements – Primary Government**

Child Development Services (CDS) was previously reported as a blended component unit. After further investigation, the State determined that it did not meet the requirements to be blended. As a result, CDS is now reported as a non-major discrete component unit. Beginning net position for Governmental Activities in the Statement of Net Position decreased \$248 thousand and the governmental fund level fund balance decreased \$9 thousand.

In 2014 the State of Maine pledged the profits of the Alcoholic Beverage Enterprise fund to secure \$220.6 million of bonds issued by the Maine Municipal Bond Bank. As a result the State recorded a Due to Other Special Revenue (OSR) fund from the Alcoholic Beverages fund for \$183.5 million (the OSR fund also recorded a Deferred Inflow of Resources of \$183.5 million). After further review, the State has determined the Due to/Due from should not have been recorded. Additionally another \$4.8 million was determined to have been applicable to the 2014 transaction for the OSR fund. As a result, the beginning Net Position for the Alcoholic Beverages fund and Business Type Activities decrease by \$183.5 million and the beginning Net Position for the OSR fund and the Government Activities increased by \$4.8 million and \$183.5 million, respectively.

**Restatements - Component Units**

GASB Statements No. 68 and No. 71 were implemented for all component units with June 30 year-ends. Implementation for component units with December 31 year ends occurs in State fiscal year 2016. The cumulative effect of implementing GASB Statements No. 68 and No. 71 reduced beginning net position of discretely presented component units for a total of \$78.9 million. The net position reductions result primarily from the change in accounting of deferred bond issuance costs and certain deferred loan costs and fees that are no longer reported as assets. The net position of the Maine Community College System, Maine Municipal Bond Bank, and the University of Maine decreased by: \$61.8 million, \$.5 million and \$7.6 million. Three non-major discretely presented component units reduced their beginning net position as a result of implementing GASB Statements No. 68 and No. 71. Maine Educational Center for the Deaf and Hard of Hearing reduced its beginning net position \$4.6 million, Maine Maritime Academy reduced its net position by \$3.7 million, and Northern New England Passenger Rail Authority reduced its beginning net position \$.7 million.

As a result of the primary government restatement noted above, Child Development Services is reported as a discrete non-major component unit. The beginning net position of discrete component units increased by \$248 thousand.

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

Five internal service funds showed deficits for the fiscal year ended June 30, 2015. The Workers' Compensation Fund reported a deficit of \$26.4 million, which reflects accruals for actuarially determined claims payable. The Leased Space Fund had a deficit of \$4.2 million because rates charged were insufficient to cover expenses incurred. The Postal, Printing & Supply fund reported a deficit of \$4.7 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 \$18.9 million and \$14.6 million, respectively. The deficit for those funds is the result of the restatement of beginning net position due to the implementation of GASB Statement No. 68.

Four enterprise funds showed deficits for the fiscal year ended June 30, 2015. Lottery, Maine Military Authority, Dirigo Health and Consolidated Emergency Communication Fund reported deficits of \$1.8 million, \$23.5 million, \$337 thousand and \$4.3 million, respectively. The deficit for those funds is the result of the restatement of beginning net position due to the implementation of GASB Statement No. 68.

The General Fund shows a deficit fund balance of \$73.8 million at June 30, 2015. This deficit is primarily due to the full recognition of the State's share of Medicaid liabilities at fiscal year end. The federal portion of these liabilities is also fully accrued, with an offsetting receivable from the federal government as allowed under Governmental Accounting Standards Board (GASB) Statement No. 33. Per GASB Statement No. 33, revenue associated with government mandated non-exchange transactions should be recognized when applicable eligibility requirements have been met and the resources are available. Medicaid is an entitlement program. Therefore, the funds are available when the payments for these liabilities are processed.



**NOTE 5 - DEPOSITS AND INVESTMENTS**

Title 5 MRSA § 135 governs the deposit and investment policies of the State of Maine Office of the 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; 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, 2015:

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

	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Private Purpose Trusts</b>	<b>Agency Funds</b>	<b>Total</b>
Equity in Treasurer's Cash Pool	\$ 634,812	\$ 16,922	\$ 535	\$18,169	\$ 670,438
Cash and Cash Equivalents	266	2,163	-	27	2,456
Cash with Fiscal Agent	74,091	-	-	-	74,091
Investments	97,413	-	16,782	-	114,195
Restricted Equity in Treasurer's Cash Pool	77,160	-	-	-	77,160
Restricted Deposits and Investments	3,499	331,912	-	167	335,578
Investments Held on Behalf of Others	-	-	-	56,139	56,139
Other Assets	-	-	-	-	-
<b>Total Primary Government</b>	<b>\$ 887,241</b>	<b>\$ 350,997</b>	<b>\$ 17,317</b>	<b>\$74,502</b>	<b>\$1,330,057</b>

*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, 2015:

	Maturities in Years (Expressed in Thousands)					No Maturity	Fair Value
	Less than 1	1 - 5	6 - 10	11 - 20	More than 20		
<i>Governmental and Business-Type Activities, excluding Non-Major Special Revenue and Permanent Funds</i>							
US Instrumentalities	\$ 13,141	\$ 77,090	\$ -	\$ -	\$ -	\$ -	\$ 90,231
US Treasury Notes	-	109,435	-	-	-	-	109,435
Repurchase Agreements	-	-	-	-	-	-	-
Corporate Notes and Bonds	-	-	-	-	-	-	-
Commercial Paper	65,504	-	-	-	-	-	65,504
Certificates of Deposit	3,278	1,872	-	-	-	-	5,150
Money Market	-	-	-	-	-	-	-
Cash and Cash Equivalents	1,494	-	-	-	-	463,006	464,500
Unemployment Fund	-	-	-	-	-	331,912	331,912
Deposits with US Treasury	-	-	-	-	-	-	-
<i>Private-Purpose Trusts, Agency Funds, and Non-Major Special Revenue and Permanent Funds</i>							
US Instrumentalities	337	2,026	362	3	756	0	3,486
US Treasury Notes	1,462	13,424	3,239	3,518	85	151	21,878
Repurchase Agreements	-	-	-	-	-	-	-
Corporate Notes and Bonds	60	938	692	8,255	397	40,440	50,782
Other Fixed Income							
Securities	12,948	12	8,199	35	-	17,426	38,620
Commercial Paper	1,681	-	-	-	-	-	1,681
Certificates of Deposit	8,049	154	-	-	-	3,028	11,231
Money Market	-	-	-	-	-	2,552	2,552
Cash and Cash Equivalents	-	-	-	-	-	24,319	24,319
Equities	-	-	-	-	-	31,142	31,142
Other	-	-	-	-	-	3,540	3,540
	<u>\$107,955</u>	<u>\$204,952</u>	<u>\$12,492</u>	<u>\$11,811</u>	<u>\$ 1,238</u>	<u>\$ 917,517</u>	<u>\$1,255,966</u>
Other Assets							
Cash with Fiscal Agent							74,091
Total Primary Government							<u><u>\$1,330,057</u></u>

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

The Primary Government's total investments by credit quality rating as of June 30, 2015 are presented below:

	Standard & Poor's Credit Rating (Expressed in Thousands)							Total
	A1	A	AA	AAA	BB	BBB	Not Rated	
<i>Governmental and Business-Type Activities, excluding Non-Major Special Revenue and Permanent Funds</i>								
US Instrumentalities	\$ -	\$ -	\$ 88,226	\$ -	\$ -	\$ -	\$ 2,005	\$ 90,231
US Treasury Notes	-	-	109,435	-	-	-	-	109,435
Corporate Notes and Bonds	-	-	-	-	-	-	-	-
Commercial Paper	65,504	-	-	-	-	-	-	65,504
Money Market	-	-	-	-	-	-	-	-
<i>Private-Purpose Trusts, Agency Funds, and Non-Major Special Revenue and Permanent Funds</i>								
US Instrumentalities	-	-	2,264	-	-	-	1,222	3,486
US Treasury Notes	-	-	3,674	-	-	-	18,205	21,878
Corporate Notes and Bonds	-	862	384	23	-	583	48,930	50,782
Commercial Paper	1,681	-	-	-	-	-	-	1,681
Money Market	-	-	-	-	-	-	2,552	2,552
Other Fixed Income Securities	-	-	-	-	-	-	3,540	3,540
<b>Total Primary Government</b>	<b>\$ 67,185</b>	<b>\$ 862</b>	<b>\$ 203,984</b>	<b>\$ 23</b>	<b>\$ -</b>	<b>\$ 583</b>	<b>\$ 76,453</b>	<b>\$ 349,090</b>

*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, 2015, 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 \$5.9 million invested in non-negotiable certificates of deposit, none exceeded the FDIC insured amounts for the institutions at which they were held. The State does not have a policy regarding custodial credit risk for its trusts. The Percival P. Baxter Trust is held by the counterparty's trust department, but not in the State's name.

The fair value of the trust's investments as of June 30, 2015 was \$74.1 million and was comprised of the following (expressed in thousands):

U.S. Instrumentalities	\$ 1,122
US Treasury Notes	866
Corporate Notes and Bonds	1,932
Other Fixed Income Securities	12,995
Equities	54,606
Cash and Equivalents	714
Other	1,943
Total	<u>\$ 74,178</u>

The State and certain vendors contract with a fiscal intermediary, Clareon, for electronic disbursements from the State to its vendors. During fiscal year 2015 these disbursements, on average, exceeded \$155 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.

#### **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 financial instruments, and other investment securities established by the Trustee's investment policy.

*Derivative Securities* – Derivative financial 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.

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. At June 30, 2015, the System held no material positions in CMOs or Asset-Backed Securities. The System also invests in swaps. Interest rate swaps are used to adjust interest rate and yield curve exposures and substitute for physical securities.

*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 market value of the securities loaned. All securities and loans can be terminated on demand by either the lender or the borrower.

Cash open collateral is invested in a short-term investment pool, the Core Limited Collateral Section. Cash collateral may also be invested separately in "term loans." At June 30, 2015 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, 2015 was \$301.5 million and \$294.4 million, respectively.

The following table details the System’s derivative investments at June 30, 2015:

(Expressed in Thousands)

	2015	Fair Value at June 30, 2015		June 30, 2015
	Changes in Fair Value	Classification	Amount	Notional Amount
Futures:				
Equity Index Futures Contracts	\$ (95)	Investments	\$ -	\$ -

**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 10 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 \$67.3 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 \$11 million, consisting of Finance Authority of Maine component unit fiduciary funds that, because of GASB Statement No. 34 reporting criteria, are not shown in the accompanying financial statements as invested in the Treasurer’s Cash Pool.

**NOTE 6 - RECEIVABLES**

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

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

	<u>Taxes</u>	<u>Accounts</u>	<u>Loans</u>	<u>Allowance for Uncollectibles</u>	<u>Net Receivables</u>
<b>Governmental Funds:</b>					
General	\$ 594,302	\$ 160,925	\$ 1	\$ (216,445)	\$ 538,783
Highway	22,693	2,498	-	(206)	24,985
Federal	-	101,571	-	(35,346)	66,225
Other Special Revenue	11,931	94,904	4,370	(15,609)	95,596
Other Governmental Funds	-	-	-	-	-
Total Governmental Funds	628,926	359,898	4,371	(267,606)	725,589
Allowance for Uncollectibles	(145,344)	(122,211)	(51)		
Net Receivables	<u>\$ 483,582</u>	<u>\$ 237,687</u>	<u>\$ 4,320</u>		<u>\$ 725,589</u>
<b>Proprietary Funds:</b>					
Employment Security	\$ -	\$ 60,573	\$ -	\$ (24,855)	\$ 35,718
Nonmajor Enterprise	-	29,454	-	(673)	28,781
Internal Service	-	2,514	-	-	2,514
Total Proprietary Funds	-	92,541	-	(25,528)	67,013
Allowance for Uncollectibles	-	(25,528)	-		
Net Receivables	<u>\$ -</u>	<u>\$ 67,013</u>	<u>\$ -</u>		<u>\$ 67,013</u>

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

	<u>Accounts</u>	<u>Loans</u>	<u>Notes</u>	<u>Allowance For Uncollectibles</u>	<u>Net Receivables</u>
Finance Authority of Maine	\$ 244	\$ -	\$ 28,901	\$ (5,497)	\$ 23,648
Maine Community College System	9,403	-	-	(1,061)	8,342
Maine Health and Educational Facilities Authority	370	756,452	-	(116)	756,706
Maine Municipal Bond Bank	1,246	-	-	-	1,246
Maine State Housing Authority	16,981	1,189,476	120	(11,447)	1,195,130
Maine Turnpike Authority	4,442	-	-	-	4,442
University of Maine System	35,375	-	42,939	(6,712)	71,602

**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, 2015 were:

**Interfund Receivables**  
(Expressed in Thousands)

Due from Other Funds	Due to Other Funds				
	General	Highway	Federal	Other Special Revenue	Other Governmental
General	\$ -	\$ -	\$ 1,467	\$ -	\$ -
Highway	10	2	12,859	1	-
Federal	36	1	82	5	-
Other Special Revenue	9,777	181	401	425	1,324
Other Governmental	-	-	-	-	-
Employment Security	-	-	106	-	-
Non-Major Enterprise	17	22	2	1	-
Internal Service	14,641	4,529	4,934	6,524	-
Fiduciary	28,265	-	-	-	-
Total	\$ 52,746	\$ 4,735	\$ 19,851	\$ 6,956	\$ 1,324
Due from Other Funds	Employment Security	Non-Major Enterprise	Internal Service	Fiduciary	Total
General	\$ -	\$ 10,054	\$ 5,075	\$ 3,837	\$ 20,433
Highway	-	-	5	-	12,877
Federal	-	-	-	-	124
Other Special Revenue	-	5,811	97	-	18,016
Other Governmental	-	-	-	-	-
Employment Security	-	-	-	-	106
Non-Major Enterprise	-	1	-	-	43
Internal Service	-	475	2,379	21	33,503
Fiduciary	-	-	-	-	28,265
Total	\$ -	\$ 16,341	\$ 7,556	\$ 3,858	\$ 113,367

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 to 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 2015, the State of Maine, in accordance with the legislatively authorized budget, recorded the following non-routine, nonrecurring transfers.

The Other Special Revenue Fund and the Dirigo Health Non-Major Enterprise Fund transferred \$6.8 and \$8.1 million, respectively, to the unappropriated surplus of the General Fund.

Interfund transfers for the year ended June 30, 2015, consisted of the following:

**Interfund Transfers**  
(Expressed in Thousands)

Transferred To	Transferred From				
	General	Highway	Federal	Other Special Revenue	Other Governmental
General	\$ -	\$ -	\$ 7,475	\$ 96,555	\$ -
Highway	2,010	-	16,815	5,045	-
Federal	78	-	-	13,494	-
Other Special Revenue	175,671	5,334	2,791	-	1,988
Other Governmental Funds	-	-	-	-	1,373
Employment Security	-	-	115	-	-
Non-Major Enterprise	-	4,916	-	-	-
Internal Service	6,034	-	-	-	-
Fiduciary	-	-	-	-	589
Total	\$ 183,793	\$ 10,250	\$ 27,196	\$ 115,094	\$ 3,950

Transferred To	Transferred From				
	Employment Security	Non-Major Enterprise	Internal Service	Fiduciary	Total
General	\$ -	\$ 62,134	\$ 250	\$ 5,357	\$ 171,771
Highway	-	-	-	-	23,870
Federal	286	-	-	-	13,858
Other Special Revenue	171	44,733	-	647	231,335
Other Governmental Funds	-	-	-	-	1,373
Employment Security	-	-	-	-	115
Non-Major Enterprise	-	-	-	-	4,916
Internal Service	-	-	1,431	-	7,465
Fiduciary	-	-	-	-	589
Total	\$ 457	\$ 106,867	\$ 1,681	\$ 6,004	\$ 455,292

**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, 2015:

<b>Primary Government – Capital Assets</b>				
(Expressed in Thousands)				
	<b>Beginning Balance</b>	<b>Increases and Other Additions</b>	<b>Decreases and Deletions</b>	<b>Ending Balance</b>
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 575,382	\$ 17,028	\$ 646	\$ 591,764
Construction in progress	109,989	46,928	26,061	130,856
Infrastructure	2,761,257	27,926	1,151	2,788,032
Total capital assets not being depreciated	3,446,628	91,882	27,858	3,510,652
Capital assets being depreciated:				
Buildings	666,425	37,186	10,722	692,889
Equipment	266,906 *	23,839	17,971	272,774
Improvements other than buildings	71,780 *	8,945	-	80,725
Software	74,621 *	-	-	74,621
Total capital assets being depreciated	1,079,732	69,970	28,693	1,121,009
Less accumulated depreciation for:				
Buildings	277,778 *	19,263	6,999	290,042
Equipment	179,686 *	18,872	16,945	181,613
Improvements other than buildings	43,835 *	2,502	-	46,337
Software	21,202 *	8,502	-	29,704
Total accumulated depreciation	522,501	49,139	23,944	547,696
Total capital assets being depreciated, net	557,231	20,831	4,749	573,313
Governmental Activities Capital Assets, net	\$ 4,003,859	\$ 112,713	\$ 32,607	\$ 4,083,965
	<b>Beginning Balance</b>	<b>Net Additions</b>	<b>Net Deletions</b>	<b>Ending Balance</b>
<b>Business-Type Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 2,255	\$ 132	\$ -	\$ 2,387
Construction in progress	1,869	1,413	444	2,838
Total capital assets not being depreciated	4,124	1,545	444	5,225
Capital assets being depreciated:				
Buildings	4,395	260	-	4,655
Equipment	32,268	318	14	32,572
Improvements other than buildings	41,124	-	-	41,124
Total capital assets being depreciated	77,787	578	14	78,351
Less accumulated depreciation for:				
Buildings	2,308	193	-	2,501
Equipment	9,986	1,561	12	11,535
Improvements other than buildings	25,155	1,727	-	26,882
Total accumulated depreciation	37,449	3,481	12	40,918
Total capital assets being depreciated, net	40,338	(2,903)	2	37,433
Business-Type Activities Capital Assets, net	\$ 44,462	\$ (1,358)	\$ 446	\$ 42,658

\* As restated

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

**Governmental Activities – Depreciation Expense**

(Expressed in Thousands)

	<u>Amount</u>
<b>Governmental Activities:</b>	
Arts, Heritage and Cultural Enrichment	\$ 24
Business Licensing and Regulation	389
Economic Development and Workforce Training	1,646
Education	344
Governmental Support and Operations	8,399
Health and Human Services	8,603
Justice and Protection	14,129
Natural Resources Development and Protection	3,345
Transportation Safety and Development	12,171
Total Depreciation Expense – Governmental Activities	<u>\$ 49,050</u>

**NOTE 9 - MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM**

**OVERVIEW OF THE SYSTEM**

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

The State Employees and Teachers Plan (SETP) is a multiple-employer cost sharing plan with a special funding situation. The plan covers employees of the State and public school employees (defined by Maine law as teachers). The State of Maine is also a nonemployer contributing entity in that the State pays the unfunded actuarial liability on behalf of non-grant funded teachers. School districts contribute the normal cost, calculated actuarially, for their teacher members and directly pay the unfunded actuarial liability on behalf of grant funded teachers. The Participating Local Districts Plan (Consolidated PLD) covers employees of approximately 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 administrating 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 three defined contribution plans for employees of PLD's that elect to participate. At June 30, 2015, there were 67 employers participating in these plans. The 987 participants individually direct the \$27.2 million covered by the plans.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for the plan. The June 30, 2015 report may be obtained from the Maine Public Employees Retirement System, 46 State House Station, Augusta, ME 04333 or on-line at [www.maineopers.org](http://www.maineopers.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, 2014. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

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

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

**MEMBERSHIP**

State employees and teachers are covered under the Maine Public Employees Retirement System's State Employee and Teacher Retirement Program (SETP). State employees and public school teachers are required by law to become members of SETP when hired. Membership is optional for elected, appointed officials and substitute teachers. SETP also covers eligible employees of three non-major discretely presented State component units: Maine Community College System, Maine Educational Center for the Deaf and Hard of Hearing, and the Northern New England Passenger Rail Authority. At June 30, 2014 there were 229 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, 2014:

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

	<b>Judicial</b>	<b>Legislative</b>
Inactive employees or beneficiaries currently receiving benefits	67	153
Terminated participants:		
Vested	2	122
Inactive employees due refunds	1	94
Active employees	60	181
Total participants	130	550

**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 treats these payments as employer contributions and 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 five 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.

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

Contribution rates<sup>1</sup> in effect for the fiscal years ended June 30, 2015 and June 30, 2014 are as follows:

	<u>June 30, 2015</u>	<u>Measurement Date June 30, 2014</u>
SETP - State Employees		
Employees <sup>2</sup>	7.65 - 8.65%	7.65 - 8.65%
Employer <sup>1</sup>	18.43 - 41.05%	18.14 <sup>3</sup> - 40.43%
SETP - Teachers		
Employees <sup>2</sup>	7.65%	7.65%
Employer <sup>1</sup>	2.65%	2.65%
Non-employer entity <sup>1</sup>	13.03%	13.03%
Judicial Plan		
Employees <sup>2</sup>	7.65%	7.65%
Employer <sup>1</sup>	13.24%	13.25%
Legislative Plan		
Employees <sup>2</sup>	7.65%	7.65%
Employer <sup>1</sup>	0.00%	0.00%
Consolidated Participating Local Entities		
Employees <sup>2</sup>	3.5 - 8.5%	3.0 - 8.0%
Employer <sup>1</sup>	4.0 - 13.4%	3.4 - 12.8%

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

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

<sup>3</sup> Restated.

For the year ended June 30, 2015, 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 Pension Plan:	
State & Component Unit Members	
State Employees	\$ 112,386
3 Discrete Non-major Component Units	<u>8,649</u>
Subtotal State & Component Unit Members	121,035
Teacher Members (Non-employer contribution)	\$ 174,256

**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, 2014, and the total pension liability used to calculate the net pension liability was determined by an August 2015 actuarial valuation as of that date. The changes in net pension liabilities for these plans are as follows:

(Expressed in Thousands)

	<b>Judicial Pension Plan</b>			<b>Legislative Pension Plan</b>		
	Increase (Decrease)			Increase (Decrease)		
	Total Pension Liability (Asset)	Plan Fiduciary Net Position	Net Pension Liability (Asset)	Total Pension Liability (Asset)	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)	(a)	(b)	(a) - (b)
Balances at June 30, 2014	\$ 52,375	\$ 50,575	\$ 1,800	\$ 6,873	\$ 9,680	\$ (2,807)
Changes for the year:						
Schedule of Changes in Net Pension Liability	1,518		1,518	450		450
Interest	3,736		3,736	503		503
Changes in Benefit Terms	17		17	4		4
Differences Between Expected and Actual Experience	(292)		(292)	(93)		(93)
Changes in Benefit Terms	426		426	86		86
Differences between Actual & Expected Economic & Demographic Experience			-			-
Changes of Assumptions	(3,219)	(3,219)	-	(318)	(318)	-
Employer Contributions		932	(932)		4	(4)
Plan Fiduciary Net Position		528	(528)		140	(140)
Net Investment Income		8,416	(8,416)		1,622	(1,622)
Administrative Expense		(42)	42		(8)	8
Net Changes	2,186	6,615	(4,429)	632	1,440	(808)
Balances at June 30, 2015	\$ 54,561	\$ 57,190	\$ (2,629)	\$ 7,505	\$ 11,120	\$ (3,615)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability			104.82%			148.16%
Covered Employee Payroll			\$ 6,742			\$ 2,535
Net Pension Liability as a Percentage of Covered Employee Payroll			-39.00%			-142.61%

**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, 2014, and the total pension liability used to calculate the net pension liability was determined by an August 2015 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 implementation and as of June 30, 2015 is as follows:

(Expressed in Thousands)

<b>Pension Plan</b>		Proportionate Share	Proportionate Share	Net Pension Asset	Net Pension Liability
		June 30, 2014	June 30, 2015	June 30, 2015	June 30, 2015
SETP - State Employees	<sup>1</sup>	93.288524%	92.853946%	\$ -	\$ 837,743
SETP - Teachers	<sup>2</sup>	94.946756%	95.069591%	-	1,027,065
Total Primary Government				\$ -	\$ 1,864,808
SETP - 3 Non-major Discrete Component Units	<sup>1</sup>	6.711476%	7.146054%	\$ -	\$ 64,470

1 Percentage of State Employees in the SETP

2 Percentage of employer and non-employer contributors to the SETP - Teachers



The State's SETP – State Employee Plan is allocated to governmental and proprietary funds based on salaries as follows:

Proportion	June 30, 2014	June 30, 2015	Change Increase (Decrease)
Governmental Funds	87.71%	89.31%	1.60%
Internal Service Funds	8.44%	8.12%	-0.32%
Enterprise Funds	3.85%	2.57%	-1.28%

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:

(Expressed in Thousands)

Schedule of Changes in Net Pension Liability	<b>Combined Totals for 3</b>			
	<b>SETP State of Maine</b>	<b>Non-major Discrete Component Units</b>	<b>Total State of Maine Employees SETP</b>	<b>SETP Teachers</b>
Total Pension Liability				
Service Cost	\$ 65,696	\$ 5,056	\$ 70,752	\$ 115,606
Interest	276,058	21,245	297,303	542,515
Changes in Benefit Terms	2,681	206	2,887	4,057
Differences Between Expected and Actual Experience	(13,098)	(1,008)	(14,106)	(8,103)
Changes of Assumptions	52,043	4,005	56,048	111,602
Differences Between Projected and Actual Investment Earnings	-	-	-	-
Benefit Payments, Including Refunds of Member Contributions	(253,707)	(19,525)	(273,232)	(415,820)
Net Change in Total Pension Liability	129,672	9,980	139,652	349,857
Beginning Total Pension Liability	3,918,304	281,895	4,200,199	7,630,451
Ending Total Pension Liability	4,047,976	291,875	4,339,851	7,980,308
Plan Fiduciary Net Position				
Employer Contributions	112,386	8,649	121,035	36,931
Non-employer Contributions	-	-	-	146,362
Member Contributions	32,026	2,465	34,491	86,542
Net Investment Income	470,874	36,239	507,113	1,010,313
Benefit Payments, Including Refunds of Member Contributions	(253,708)	(19,525)	(273,233)	(415,820)
Administrative Expense	(2,335)	(180)	(2,515)	(4,951)
Net Change in Plan Fiduciary Net Position	359,244	27,647	386,891	859,377
Beginning Plan Fiduciary Net Position	2,845,997	204,750	3,050,747	6,040,601
Ending Plan Fiduciary Net Position	3,205,240	232,398	3,437,638	6,899,978
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	(4,993)	4,993	-	-
Ending Net Pension Liability	\$ 837,743	\$ 64,470	\$ 902,213	\$ 1,080,330
Proportion				
June 30, 2014	93.288524%	6.711476%	100%	94.946756%
June 30, 2015	92.853946%	7.146054%	100%	95.069591%
Change - Increase (Decrease)	-0.434578%	0.434578%	0%	0.122835%

Actuarial assumptions used by the System’s plans are as follows:

**All Plans**

Valuation dates June 30, 2014

Actuarially determined contribution rates are calculated based on a 2012 actuarial valuation developed as a roll-forward of the 2011 actuarial valuation, adjusted for expected experience and any assumption or methodology changes during fiscal year end 2012 using actual assets as of June 30, 2012.

Actuarial cost method Entry age normal

Asset valuation method 3 - Year smoothed market

Cost-of-Living 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. The MainePERS Board of Trustees set the 2014 COLA at 2.1% (the CPI-U at June 30, 2014) at their August meeting. 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.

Investment rate of return used for contributions in 2012 7.25%

Salary increases 3.5% plus merit component based on employee's years of service

Mortality Sex distinct RP-2000 Combined Mortality projected to 2015 using Scale AA. For teachers, the same table uses a 2-year set back.

Most recent review of plan experience: 2011

<b>Plan specific</b>	<b>SETP</b>	<b>PLD</b>	<b>Judicial</b>	<b>Legislative</b>
Amortization method	Level percent of payroll, closed 16-year amortization of the 2012 UAL	Corridor method, amortize liability outside of 90% corridor over an open 15 year period with level percent of payroll. Moving towards full actuarial funding.	Level percent of payroll, open 10-year amortization of the 2012 UAL	Level percent of payroll, open 10-year amortization of the 2012 UAL
Cost of living increases in benefits	2.55%	3.12%	2.55%	2.55%
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.	Normal retirement age for PLD members is age 60 or 65.	100% retirement assumed to occur 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% are assumed to retire each year after reaching age 65.	100% retirement assumed to occur 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% are assumed to retire each year after reaching age 65.

**Changes since the last valuation**

Revised 2014 Investment rate of return 7.125% N/A 7.125% 7.125%

Cost-of-Living - SETP, Judicial and Legislative Plans 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. The MainePERS Board of Trustees set the 2014 COLA at 2.1% (the CPI-U at June 30, 2014) at their August meeting. 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.

**ANNUAL PENSION COST AND NET PENSION LIABILITY**

For the year ended June 30, 2015, the State recognized pension expense of \$126,287 which includes \$55,126 of teacher pensions recorded in grant expense. At June 30, 2015, the State reported \$372,401 of deferred outflows of resources and \$695,751 of deferred inflows of resources related to its pension plans. Deferred outflows of resources of \$265,138 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, 2016. 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 4 years. Information by pension plan is as follows:

(Expressed in Thousands)

	SEIP State of Maine		Combined Totals for 3 Non-Major Discrete Component Units		Total State of Maine Employees SEIP		SEIP Teachers		Legislative		Judicial	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	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	\$ -	\$ 8,731	\$ -	\$ 673	\$ -	\$ 9,404	\$ -	\$ 5,135	\$ -	\$ 46	\$ -	\$ 146
Changes of assumptions	34,693	-	2,672	-	37,365	-	70,733	-	43	-	213	-
Net difference between projected and actual earnings on pension plan investments	-	215,661	-	16,598	-	232,259	-	439,519	-	742	-	3,851
Changes in proportion and differences between State contributions and proportionate share of contributions	281	3,330	3,207	158	3,488	3,488	1,302	18,590	-	-	-	-
State and component unit contributions subsequent to the measurement date	117,137	-	-	-	117,137	-	147,048	-	-	-	951	-
<b>Total</b>	<b>\$152,111</b>	<b>\$ 227,722</b>	<b>\$ 5,879</b>	<b>\$17,429</b>	<b>\$157,990</b>	<b>\$245,151</b>	<b>\$219,083</b>	<b>\$463,244</b>	<b>\$ 43</b>	<b>\$ 788</b>	<b>\$ 1,164</b>	<b>\$3,997</b>
For the Year Ended												
2016	42,530		1,554		44,084		85,725		189		896	
2017	42,530		1,554		44,084		85,725		185		963	
2018	53,844		4,221		58,065		109,880		185		963	
2019	53,844		4,221		58,065		109,879		186		962	
2020	-		-		-		-		-		-	

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
U.S. Equities	20%	2.5%
Non-U.S. Equities	20%	5.5%
Private Equity	10%	7.6%
Real Assets:		
Real Estate	10%	3.7%
Infrastructure	10%	4.0%
Hard Assets	5%	4.8%
Fixed Income	25%	0.0%

The discount rate used to measure the collective total pension liability was 7.125 percent for the 2014 actuarial valuation and 7.25 percent for 2013 actuarial valuation for the State Employee and Teacher Plan, and 7.25

percent for the PLD 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.

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 rates are 7.125 percent for the State Employee and Teacher, Judicial, and Legislative Plans and 7.25 percent for the PLD Consolidated Plan.

(Expressed in Thousands)

<b>Defined Benefit Plans Administered through MPERS</b>	<b>1% Decrease (6.125%)</b>	<b>Current Discount Rate (7.125%)</b>	<b>1% Increase (8.125%)</b>
State Employee and Teacher Pension Plan:			
State & Component Unit Members			
State Employees	1,294,383	837,740	451,186
Maine Community College System	92,259	59,711	32,159
Maine Educational Center for the Deaf and Hard of Hearing	6,349	4,109	2,213
Northern New England Passenger Rail Authority	1,008	653	351
Subtotal State & Component Unit Members	<u>1,393,999</u>	<u>902,213</u>	<u>485,909</u>
Teacher Members	<u>2,069,278</u>	<u>1,080,330</u>	<u>252,806</u>
Total State Employee and Teacher Pension Plan	<u><u>3,463,277</u></u>	<u><u>1,982,543</u></u>	<u><u>738,715</u></u>
Judicial Pension Plan	2,168	(2,629)	(6,810)
Legislative Pension Plan	(2,812)	(3,615)	(4,289)
	<b>1% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
Consolidated Participating Local Districts Plan	480,064	153,881	(118,767)

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 2014, this was two years for the Legislative and Judicial Plans, three years for the State Employee and Teacher Plan and four years for the PLD Consolidated 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 only change in the Legislative, Judicial Plans and State Employee and Teacher Plans changed the discount rate from 7.25 percent to 7.125 percent. The PLD Plan had no changes in assumptions.

*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, 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 BENEFITS

#### POST-RETIREMENT HEALTHCARE PLANS

The State sponsors and contributes to two defined benefit healthcare plans: a sole employer plan for its employees, and county and municipal law enforcement officers and firefighters (First Responders). Each plan provides medical benefits to eligible retired employees and beneficiaries. Statute prescribes what portion of health insurance costs are funded by the State.

The State of Maine funds postretirement health care benefits for most retired State employees and legislators, as authorized by Title 5 MRSA § 285, and for a portion of the premiums for teachers, as authorized by Title 20-A MRSA § 13451. 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. Specifically excluded (Title 5 MRSA § 285 1-B) 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. Title 5 MRSA § 286-M included retired county or municipal law enforcement officers and municipal firefighters, as defined in subsection 286-M, who participate in an employer-sponsored retirement plan and, prior to July 1, 2007 were enrolled in a self-insured health benefits plan offered by the employing county or municipality.

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.

Effective January 1, 2006, the State contribution to retired teacher health premiums was increased to 45 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.

For State employees and teachers, other options exist. 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.

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. The State's premium subsidy is based on the Title 5 MRSA § 285 paragraph 11-A C 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 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 also participate in their employer's health insurance plan or other fully insured health plan for at least five years. 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.

The State also administers a fourth defined benefit healthcare plan, (Ancillary Group Plan), which covers two non-major discretely presented component units. Under the Ancillary Group Plan, the State acts as the plan administrator only.

Beginning in the fiscal year ending June 30, 2008, each participating employer was required by GASB Statement 45, *Accounting and Financial Reporting by Employer for Postemployment Benefits Other Than Pensions*, to disclose additional information with regard to funding policy, the employer's annual OPEB cost and contributions made, the funded status and funding progress of the employer's individual plan, and actuarial methods and assumptions used.

#### PLAN MEMBERSHIP

Membership in the four healthcare plans is as follows:

	<u>State Employees</u>	<u>Teachers</u>	<u>First Responders</u>	<u>Ancillary Groups</u>
Actives	12,416	27,733	902	77
Retirees	<u>11,056</u>	<u>9,933</u>	<u>87</u>	<u>38</u>
Total	<u><u>23,472</u></u>	<u><u>37,666</u></u>	<u><u>989</u></u>	<u><u>115</u></u>
Number of employers	1	229	63	2
Contributing entities	1	1	1	2

#### STATE EMPLOYEES PLAN FUNDING POLICY

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 FUNDING

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 the primary contributing entity 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 and 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.

No implied subsidy is calculated for either plan. The State does not pay for any of the costs of active employees. The State limited its contribution to 45 percent of the retiree-only premium.

#### ANCILLARY GROUP PLAN

The following plan, administered by the State, is financially independent and is not included in the State Retiree Health Internal Service Fund. This multiple-employer agent postemployment benefit plan covers 38 retirees of two non-major component units: Maine Educational Center for the Deaf and Hard of Hearing and the Northern New England Passenger Rail Authority. All active employees participate in the State Employee Group Health Insurance Plan. All eligible retired employees who elect coverage are included in this plan. The State Employee Health Commission establishes premiums annually.

#### ANNUAL OPEB COST

Contribution requirements are set forth in statute. The annual other post-employment benefit (OPEB) cost (expense) for each plan is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The State's annual OPEB cost for the current year and the related information for each plan are as follows:

	(Expressed in Thousands)		
	<u>State Employees</u>	<u>Teachers</u>	<u>First Responders</u>
Annual required contribution	\$ 84,000	\$ 46,000	\$ 1,976
Interest on net OPEB obligation	8,000	8,000	226
Adjustment to annual required contribution	<u>(17,000)</u>	<u>(16,000)</u>	<u>(420)</u>
Annual OPEB cost	75,000	38,000	1,782
Contributions made	<u>67,000</u>	<u>26,000</u>	<u>756</u>
Increase (decrease) in net healthcare obligation	8,000	12,000	1,026
Net healthcare obligation beginning of year	<u>140,000</u>	<u>199,000</u>	<u>5,662</u>
Net healthcare obligation end of year	<u>\$ 148,000</u>	<u>\$ 211,000</u>	<u>\$ 6,688</u>

The annual OPEB cost for the current year, the percentage of annual OPEB cost contributed to the plan, and the net OPEB (asset) obligation for each plan are as follows:

**Analysis of Funding Progress**

(Expressed in Thousands)

<u>Plan</u>	<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
State Employees	6/30/2015	75,000	89.33%	148,000
	6/30/2014	92,000	68.73%	140,000
	6/30/2013	87,000	78.16%	111,228
Teachers	6/30/2015	38,000	68.42%	211,000
	6/30/2014	38,000	65.67%	199,000
	6/30/2013	37,000	67.57%	185,956
First Responders	6/30/2015	1,782	42.42%	6,688
	6/30/2014	1,611	36.81%	5,662
	6/30/2013	1,563	36.92%	4,644

**FUNDED STATUS AND FUNDING PROGRESS**

The funded status of the plans as of June 30, 2014 was as follows:

<u>Plan</u>	<u>Actuarial Valuation Date</u>	<u>(a) Actuarial Value of Assets</u>	<u>(b) Actuarial Accrued Liability</u>	<u>(b-a) Unfunded AAL (UAAL)</u>	<u>(a/b) Funded Ratio</u>	<u>(c) Annual Covered Payroll</u>	<u>(b-a)/c UAAL (as a percentage of covered payroll)</u>
State Employees (in millions)	June 30, 2014	167	1,224	1,057	13.64%	543	194.66%
	June 30, 2013	150	1,166	1,016	12.86%	518	196.14%
	June 30, 2012	136	1,316	1,180	10.33%	502	235.06%
Teachers (in millions)	June 30, 2014	0	684	684	0.00%	1,106	61.84%
	June 30, 2013	0	685	685	0.00%	1,194	57.37%
	June 30, 2012	0	665	665	0.00%	1,156	57.53%
First Responders (in thousands)	June 30, 2014	0	24,055	24,055	0.00%	54,967	43.76%
	June 30, 2013	0	22,369	22,369	0.00%	53,366	41.92%
	June 30, 2012	0	23,442	23,442	0.00%	43,510	53.88%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and that actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.



**ACTUARIAL METHODS AND ASSUMPTIONS**

Projection of benefits are 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:

	<u>State Employees</u>	<u>Teachers</u>	<u>First Responders</u>
Valuation date	June 30, 2014	June 30, 2014	June 30, 2014
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal
Amortization method	Level percent closed	Level percent closed	Level percent closed
Remaining amortization period - UAAL	22	22	23
Plan changes	30-year fixed	30-year fixed	rolling 15-year period
Actuarial (gains) /losses	10-year fixed	15-year fixed	rolling 15-year period
Asset valuation method	investment gains and losses spread over a 5 - year period no less than 80% nor more than 120% of market value	n/a	n/a
Actuarial assumptions:			
Investment rate of return	4.00% 7.25% ultimate	4.00% 7.25% ultimate	4.00%
Projected salary increases	3.25%	3.25%	3.5% - 9.5%
Inflation rate	3.00%	3.00%	3.00%
Healthcare inflation rate	initial - actual premiums ultimate 5.00% <sup>1</sup>	initial - actual premiums ultimate 5.00% <sup>2</sup>	7.25% at 2015 ultimate 5.00% at 2024
Former actuarial assumptions:			
Healthcare inflation rate			8.5% in 2011 ultimate 5.00% at 2019

<sup>1</sup> Total premium increases for FY14 and FY15 are limited to no more than 1.5 percentage points per year. The total premium increase for fiscal years ending after 6/30/15 is limited to CPI plus 3%.

<sup>2</sup> The State's total cost for retired teachers' health insurance premiums for FY14 and FY15 is budgeted at the FY11 funding level adjusted for projected membership growth. The increase in the State's total cost for fiscal years ending after June 30, 2015 is limited to CPI plus 3%.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The State'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.

**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.

#### **POST RETIREMENT GROUP LIFE INSURANCE BENEFIT 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 an agent, multiple-employer, defined benefit Group Life Insurance Plan (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. Group life insurance benefits are also provided to employees of approximately 400 local municipalities and other public entities (Participating Local Districts, or PLDs) in Maine that elect to participate under provisions of the relevant statutes. The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for the plan. The June 30, 2015 report may be obtained from the Maine Public Employees Retirement System, 46 State House Station, Augusta, ME 04333.

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 entity.

#### **BASIS OF ACCOUNTING**

The System's financial statements are prepared on the accrual basis of accounting. Premiums paid, by or on behalf of those covered, are set and collected by the System. The insurance company makes benefit payments. The System remits payments to the insurance company for premiums collected plus additional payments representing administrative fees.

Group life insurance premiums are recognized as additions in the period when they become due. Investment income is recognized when earned. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Group life insurance benefits and premium refunds are recognized as deductions when due and payable in accordance with Statutes. 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.

#### **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.

#### **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 63 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.

#### ANNUAL OPEB COST

Contribution requirements are set forth in statute. The annual other post-employment benefit (OPEB) cost (expense) for each plan is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The State's annual OPEB cost for the current year and the related information for each plan are as follows:

(Expressed in Thousands)

	State	
	Employees	Teachers
Annual required contribution	\$ 4,935	\$ 3,660
Interest on net OPEB obligation	\$ (95)	\$ -
Adjustment to annual required contribution	\$ 91	\$ -
Annual OPEB cost	\$ 4,931	\$ 3,660
Contributions made	\$ 4,277	\$ 3,660
Increase (decrease) in net healthcare obligation	\$ 654	\$ -
Net (asset) obligation beginning of year	\$ (1,310)	\$ -
Net (asset) obligation end of year	\$ (656)	\$ -

The State's OPEB cost, percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation are as follows:

#### Analysis of Funding Progress

(Expressed in Thousands)

<u>Plan</u>	<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB (Asset)</u>
State Employees	6/30/2015	4,931	86.73%	(656)
	6/30/2014	4,760	88.21%	(1,310)
	6/30/2013	4,562	102.43%	(1,871)
Teachers	6/30/2015	3,660	100.00%	-
	6/30/2014	3,440	100.00%	-
	6/30/2013	3,099	100.00%	-

**FUNDED STATUS AND FUNDING PROGRESS**

The funded status of the plan as of June 30, 2015 was as follows:

(Expressed in Thousands)

<b>Plan</b>		<b>(a)</b>	<b>(b)</b>	<b>(b-a)</b>	<b>(a/b)</b>	<b>(c)</b>	<b>(b-a)/c</b>
	<b>Actuarial Valuation June 30,</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL) –</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Annual Covered Payroll</b>	<b>UAAL (as a percentage of covered payroll)</b>
State Employees	2015	47,600	115,500	67,900	41.21%	556,900	12.19%
	2014	31,800	87,300	55,500	36.43%	556,900	9.97%
	2013	27,000	83,800	56,800	32.22%	572,800	9.92%

(Expressed in Thousands)

		<b>(a)</b>	<b>(b)</b>	<b>(b-a)</b>	<b>(a/b)</b>	<b>(c)</b>	<b>(b-a)/c</b>
	<b>Actuarial Valuation June 30,</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL) –</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Annual Covered Payroll</b>	<b>UAAL (as a percentage of covered payroll)</b>
Teachers	2015	48,000	79,000	31,000	60.76%	666,200	4.65%
	2014	45,100	75,600	30,500	59.66%	666,200	4.58%
	2013	36,000	74,200	38,200	48.52%	652,800	5.85%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and that actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**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:

Valuation date	June 30, 2015
Actuarial cost method	Entry age normal
Amortization method	Level percent open
Asset valuation method	market
Actuarial assumptions:	
Investment rate of return	7.125%
Projected salary increases - State employee	3.5% - 10.50%
Projected salary increases - Teachers	3.5% - 13.50%
Inflation rate	3.50%
Cost of living increases in life benefits	N/A
Participation percent for future retirees	100.00%
Form of benefit payment	lump sum

Former actuarial assumptions:

Investment rate of return	7.25% for PLD plans
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**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 Healthcare Liability Retirement Fund; compensated employee absences; and the State's net pension liability; other post-employment benefits; and obligations for pollution remediation and landfill closure and post-closure care costs.

**GENERAL OBLIGATION 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 2015 were:

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

	<b>Balance July 1, 2014</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance June 30, 2015</b>	<b>Due Within One Year</b>
General Obligation Debt:					
General Fund	\$ 306,995	\$ 102,555	\$ 65,670	\$ 343,880	\$ 60,595
Special Revenue Fund	92,195	-	15,275	76,920	15,300
Unamortized Premiums:					
General Fund	-	11,288	1,141	10,147	1,141
<b>Total</b>	<b>\$ 399,190</b>	<b>\$ 113,843</b>	<b>\$ 82,086</b>	<b>\$ 430,947</b>	<b>\$ 77,036</b>

Debt service requirements (principal and interest) for all outstanding general obligation bonds of the primary government, from June 30, 2015 until maturity, are summarized in the following table:

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

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2016	\$ 75,895	\$ 17,235	\$ 93,130
2017	70,655	15,013	85,668
2018	64,545	12,311	76,856
2019	54,140	9,553	63,693
2020	40,810	7,084	47,894
2021-2025	114,755	12,644	127,399
<b>Total</b>	<b>\$ 420,800</b>	<b>\$ 73,840</b>	<b>\$ 494,640</b>
Unamortized Premiums	10,147		
<b>Total Principal</b>	<b>\$ 430,947</b>		

General fund, special revenue and other general obligation bonds issued and outstanding at June 30, 2015 are as follows:

**Primary Government – General Obligation Bonds Outstanding**  
(Expressed in Thousands)

	<u>Amounts Issued</u>	<u>Outstanding June 20, 2015</u>	<u>Fiscal Year Maturities</u>		<u>Interest Rates</u>
			<u>First Year</u>	<u>Last Year</u>	
General Fund:					
Series 2005	137,525	-	2006	2015	2.00% - 5.27%
Series 2006	52,390	5,235	2007	2016	4.00% - 5.51%
Series 2007	33,975	6,790	2008	2017	4.00% - 5.50%
Series 2008	46,525	13,950	2009	2018	3.00% - 5.13%
Series 2009	96,035	34,815	2011	2019	2.50% - 5.00%
Series 2010	31,755	5,980	2011	2020	1.41% - 4.00%
Series 2011	86,010	39,750	2012	2021	1.625% - 5.00%
Series 2012	49,265	33,155	2013	2022	1.00% - 5.00%
Series 2014	112,945	101,650	2015	2024	0.20% - 5.00%
Series 2015	102,555	102,555	2016	2025	0.85% - 5.00%
		343,880			
Plus Unamortized Bond Premium		10,147			
Total General Fund		\$ 354,027			
Special Revenue Fund:					
Series 2007	27,000	5,400	2008	2017	4.00% - 5.50%
Series 2008	57,550	17,265	2009	2018	3.00% - 5.13%
Series 2009	37,310	18,515	2011	2019	2.50% - 5.00%
Series 2010	25,080	22,475	2011	2020	1.41% - 4.00%
Series 2011	22,125	13,265	2012	2021	1.625% - 5.00%
Total Special Revenue		\$ 76,920			

**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, 2015, general obligation bonds authorized and unissued totaled \$55.9 million.

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

The State included \$170.9 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 \$347.8 million outstanding, at any one time, except for the issuance of certain revenue refunding securities.

During the fiscal year ended June 30, 2015, MGFA issued Series 2014B Bonds, which totaled \$2.9 million at an interest rate of 2.10 percent. At June 30, 2015, there were no 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 issued and retired \$38.1 million of Bond Anticipation Notes during fiscal year 2015. Short-term obligations are used to meet temporary operating cash flow needs. At June 30, 2015 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, 2015, are summarized as follows:

**Primary Government - Changes in Other Long-Term Obligations**  
(Expressed in Thousands)

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Due Within One Year
<b>Governmental Activities:</b>					
MGFA Revenue Bonds	\$ 187,175	\$ 2,900	\$ 19,205	\$ 170,870	\$ 19,270
COP's and Other Financing	106,810	18,707	36,821	88,696	35,816
Compensated Absences	43,512	6,740	6,236	44,016	5,909
Claims Payable	69,749	180,242	176,025	73,966	30,444
Capital Leases	35,111 *	10,335	4,913	40,533	5,631
Loans Payable to Component Unit	472,976	50,005	45,793	477,188	49,369
Other Post-Employment Benefit Obligation	340,198	113,208	92,349	361,057	-
Pollution Remediation and Landfill	27,685	3,706	876	30,515	-
<b>Total Governmental Activities</b>	<b>\$ 1,283,216</b>	<b>\$ 385,843</b>	<b>\$ 382,218</b>	<b>\$ 1,286,841</b>	<b>\$ 146,439</b>
<b>Business-Type Activities:</b>					
Compensated Absences	\$ 1,058	\$ 124	\$ 128	\$ 1,054	\$ 126
Other Post-Employment Benefit Obligation	4,464	1,574	1,407	4,631	-
<b>Total Business-Type Activities</b>	<b>\$ 5,522</b>	<b>\$ 1,698</b>	<b>\$ 1,535</b>	<b>\$ 5,685</b>	<b>\$ 126</b>

\* As restated

Debt service requirements (principal and interest) for COP's and other financing arrangements of the primary government, from June 30, 2015 until maturity, are summarized as follows:

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

Fiscal Year	Governmental Funds			Internal Service Funds		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 24,008	\$ 93	\$ 24,101	\$ 31,078	\$ 7,290	\$ 38,368
2017	23,187	51	23,238	29,176	6,308	35,484
2018	3,696	13	3,709	24,624	5,392	30,016
2019	5	-	5	22,809	4,545	27,354
2020	-	-	-	19,018	3,742	22,760
2021 - 2025	-	-	-	39,685	12,776	52,461
2026 - 2030	-	-	-	29,450	5,782	35,232
2031 - 2034	-	-	-	12,830	893	13,723
<b>Total</b>	<b>\$ 50,896</b>	<b>\$ 157</b>	<b>\$ 51,053</b>	<b>\$ 208,670</b>	<b>\$ 46,729</b>	<b>\$ 255,399</b>



**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 2015 were:

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

	<b>Balance</b>			<b>Balance</b>	<b>Due Within</b>
	<b>July 1, 2014</b>	<b>Additions</b>	<b>Reductions</b>	<b>June 30, 2015</b>	<b>One Year</b>
Loans Payable to Components Unit:					
Federal Funds	\$ 83,247	\$ 50,005	\$ 13,596	\$ 119,656	\$ 16,603
Special Revenue Fund	389,729	-	32,197	357,532	32,766
Total	<u>\$ 472,976</u>	<u>\$ 50,005</u>	<u>\$ 45,793</u>	<u>\$ 477,188</u>	<u>\$ 49,369</u>

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

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

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

GARVEE, TransCap and Liquor Operations Revenue bonds issued and outstanding at June 30, 2015 are as follows:

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

	Amounts Issued	Outstanding June 30, 2015	Fiscal Year Maturities		Interest Rates
			First Year	Last Year	
Federal Funds:					
Series 2004	\$ 48,395	\$ 5,325	2005	2015	2.50% - 5.00%
Series 2008	50,000	27,645	2009	2020	3.25% - 4.00%
Series 2010A	25,915	12,375	2011	2017	2.00% - 5.00%
Series 2010B	24,085	24,085	2018	2022	4.52% - 5.32%
Series 2014A	5,195	44,810	2015	2026	2.00% - 5.00%
Total Federal Funds		<u>\$ 114,240</u>			
Special Revenue Fund:					
Series 2008	\$ 50,000	\$ 34,240	2009	2023	3.00% - 5.50%
Series 2009A	105,000	74,240	2010	2023	2.50% - 5.00%
Series 2009B	30,000	25,755	2010	2024	2.00% - 5.00%
Series 2011A	55,000	52,135	2012	2026	2.00% - 5.00%
Series 2013	220,660	201,000	2015	2024	1.07% - 4.35%
Total Special Revenue Funds		<u>\$ 387,370</u>			

Total principal and interest requirements over the life of the 2004 GARVEE bonds are \$60.2 million, with annual requirements of up to \$5.5 million; for the 2008 GARVEE bonds total principal and interest requirements are \$63.1 million, with annual requirements of up to \$5.2 million; for 2010 GARVEE bonds total principal and interest requirements are \$66.3 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. Federal transportation funds received by the State for the federal fiscal year preceding the issuance of the 2004 GARVEE bonds totaled \$175 million. Total federal highway transportation funds received in federal fiscal year 2015 were \$196 million. Current year payments to MMBB for GARVEE bonds were \$16.4 million (8.4 percent of federal highway transportation funds received).

Total principal and interest requirements over the life of the 2008 TransCap Revenue bonds are \$71.9 million, with annual requirements up to \$4.8 million. Total principal and interest requirements over the life of the 2009A TransCap Revenue bond are \$144.3 million, with annual requirements up to \$10.2 million; for the 2009B TransCap Revenue bonds total principal and interest requirements are \$46.2 million, with annual requirements up to \$15.9 million. Total principal and interest requirements over the life of the 2011A TransCap Revenue bond are \$84.2 million, with annual requirements up to \$20.3 million. Total revenue received for revenue sources used as pledged revenues were \$38.4 million in fiscal year 2015.

Total principal and interest requirements over the life of the 2013 Liquor Operation Revenue bond are \$273.8 million, with annual requirements up to \$26.8 million. Current year payments to MMBB for the Liquor Operation bonds were \$23.3 million (which is net of \$2.9 million of capitalized interest). Total revenue received for revenue sources used as pledged revenue were \$38.9 million in fiscal year 2015.

**OBLIGATIONS UNDER CAPITAL LEASES**

The State leases various assets under non-cancelable leasing arrangements. Leases that constitute rental agreements are classified as operating leases; the resulting expenditures are recognized as incurred over the lease term. Leases that are comparable to purchases are classified as capital leases.

In the government-wide and proprietary fund statements, assets and liabilities resulting from capital leases 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. Because the accounting treatment for installment purchase agreements is similar, such agreements are reported with capital leases.

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.

At June 30, 2015 capital assets include capitalized buildings of \$78.3 million in Governmental Activities, net of related accumulated depreciation of \$41.2 million.

#### OBLIGATIONS UNDER OPERATING LEASES

The State is obligated under certain leases, accounted for as operating leases, in the proprietary funds. Operating leases do not give rise to property rights or lease obligations, and therefore assets and liabilities related to the lease agreements are not recorded in the State's financial statements. Rental expense incurred under operating leases totaled \$2.7 million during the year.

A summary of the operating and non-cancelable capital lease commitments to maturity follows:

#### Future Minimum Lease Payments Capital and Operating Leases (Expressed in Thousands)

Fiscal Year	<u>Capital Leases</u>	<u>Operating Leases</u>
2016	\$ 5,631	\$ 2,499
2017	5,273	1,940
2018	5,188	1,681
2019	4,313	1,504
2020	3,820	1,305
2021 - 2025	10,744	2,724
2026 - 2030	5,156	792
2031 - 2035	2,891	547
2036 - 2040	1,636	561
2041 - 2045	1,532	643
2046- 2050	-	725
2051 - 2055	-	299
Total Minimum Payments	<u>46,184</u>	<u>\$ 15,220</u>
Less: Amount Representing Interest	<u>5,651</u>	
Present Value of Future Minimum Payments	<u>\$ 40,533</u>	

**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, 2015 but paid after the fiscal year end is also reported in the funds.

**COMPONENT UNITS**

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

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

<u>Component Unit</u>	<u>Interest Rates</u>	<u>Amount</u>	<u>Maturity Dates</u>
Finance Authority of Maine	1.00%	1,343	2015 - 2025
Maine Community College System	2.5 - 5.0%	22,886	2015 - 2037
Maine Health and Higher Educational Facilities Authority	1.25 - 6.0%	847,645	2015 - 2041
Maine Municipal Bond Bank	.5 - 6.12%	1,617,411	2015 - 2044
Maine State Housing Authority	0.11 - 5.55%	1,221,608	2015 - 2044
Maine Turnpike Authority	2.0 - 6.0%	458,397	2015 - 2042
University of Maine System	0.2 - 5.0%	171,145	2015 - 2037

In periods of declining interest rates, MHHEFA has refunded its bond obligations, reducing aggregate debt service. The proceeds of the refunding bonds were principally used to purchase U.S. Government securities that will provide for future payment on the debt. On July 14, 2014, MHHEFA issued \$43.2 million in series 2014A reserve resolution bonds with an average interest rate of 4.4 percent, all of which was used to defease \$47.6 million of outstanding reserve fund maturities within the 1997B, 1998C, 2003A, 2003D and 2004A bond series. The net proceeds of approximately \$48.0 million, including other sources of funds and after payment of underwriting fees, insurance and other issuance costs, were used to purchase U.S. Government securities which will provide for all future debt service payments on defeased bonds. The economic benefits associated with the refunding inure to the respective institutions. At June 30, 2015 there were approximately \$137.1 million of in-substance defeased bonds remaining outstanding with respect to all advance-refunding issues within the reserve fund resolution.

On April 8, 2015, UMS issued \$48.5 million of Series A Revenue Bonds to currently refund \$14.0 million in 2005 and 2004 Series A Revenue Bonds, to advance refund \$24.2 million of 2007 Series A Revenue Bonds, and to provide \$12.7 million for new projects. UMS completed the refunding to reduce its total debt service payments over the following 22 years by \$4.5 million and to obtain economic gain (difference between the present values of the old and new debt service payments) of \$3.4 million. The principal amount of debt refunded through in-substance defeasance was \$38.2 million. The amount still outstanding at June 30, 2015 was \$24.2 million. Refunding proceeds of \$40.2 million were placed in an escrow account to pay the interest due on the refunded bonds and to retire the bonds on their respective call dates which range from fiscal year 2015 through fiscal year 2017. The escrow is invested to yield enough earnings to pay required future payments, which are \$26.4 million as of June 30, 2015. The refunding resulted in a deferred amount of refunding of \$1.8 million which represents the difference between the reacquisition price and the carrying value of the refunded bonds. Amortization of the deferred amount on refunding is \$1.7 million at June 30, 2015. This amount is included in deferred outflows.

On October 23, 2014, MMBB issued \$92.3 million in General Tax-Exempt Series 2014C bonds with an average interest rate of 4.93 percent to in-substance defease \$95.0 million of various outstanding maturities of the 2004A, 2005C, 2007B, 2007C, 2007D, 2007E and 2008C bonds with an average interest rate of 5.11 percent. The net proceeds of approximately \$109.7 million, including a bond premium of approximately \$18.0 million and after payment of approximately \$0.6 million in underwriting fees, insurance and other costs, were used to purchase U.S. Government securities which will provide for all future debt service payments on the refunded bonds. Although the in-substance defeasance resulted in the recognition of a deferred accounting loss of approximately \$11.1 million in the year ended June 30, 2015, the MMBB in effect reduced its aggregate debt service payments by approximately \$8.0 million over the next twenty-four years and obtained an economic gain (difference between the present values of the old and new debt service payments) of approximately \$6.9 million. As a result of the in-substance defeasance, MMBB will reduce future debt service requirements of borrowers by approximately \$7.0 million over a period of fifteen years.

On May 28, 2015, MMBB issued \$27.1 million in General Tax-Exempt Series 2015B bonds with an average interest rate of 4.31 percent to in-substance defease \$27.6 million of various outstanding maturities of the 2006A, 2006C, 2007B, 2007E and 2008B bonds with an average interest rate of 4.67 percent. The net proceeds of approximately \$30.8 million, including a bond premium of approximately \$4.0 million and after payment of approximately \$0.2 million in underwriting fees, insurance and other costs, were used to purchase U.S. Government securities which will provide for all future debt service payments on the refunded bonds. Although the in-substance defeasance resulted in the recognition of a deferred accounting loss of approximately \$2.6 million in the year ended June 30, 2015, the MMBB in effect reduced its aggregate debt service payments by approximately \$2.0 million over the next twenty-four years and obtained an economic gain (difference between the present values of the old and new debt service payments) of approximately \$1.5 million. As a result of the in-substance defeasance, MMBB will reduce future debt service requirements of borrowers by approximately \$1.5 million over a period of twenty-four years.

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 securities that will provide for future payment on the debt. The U.S. Treasury obligations are deposited with the trustees of the in-substance defeased bonds. At June 30, 2015 the remaining balances of the General Tax-Exempt Fund Group in-substance defeased bonds total approximately \$174.3 million.

For the period ended December 31, 2014, MSHA redeemed prior to maturity \$259.9 million of its Mortgage Purchase Fund Group bonds from recoveries of principal, surplus revenues and the proceeds of refunding bonds. Mortgage Purchase Fund losses of \$0.3 million were attributed to recognition of the bond discount and debt issuance expenses associated with the redeemed bonds.

For the year ended December 31, 2014, MTA issued \$39.7 million of Series 2014 Revenue Refunding Bonds. The proceeds from the bonds were used to advance refund \$43.8 million of principal amounts of the Series 2004 and Series 2007 bonds outstanding which mature between 2015 and 2024. The advance refunding took

advantage of a general reduction in interest rates to achieve an overall reduction in future debt service costs. The reacquisition price exceeded the carrying amount of the old debt by \$0.4 million. This amount is reported as a deferred outflow of resources and amortized over the life of the old debt. The transaction resulted in a reduction in future debt service payments of \$4.6 million and an economic gain of \$4.2 million.

For the year ended December 31, 2014, MTA issued \$27.6 million of Series 2014 Special Obligation Refunding Bonds to purchase a \$30 million section of Interstate 95 from the State of Maine. See Note 14 for further information on this transaction.

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

<b>Component Units Principal Maturities</b>							
(Expressed in Thousands)							
Fiscal Year Ending	FAME	MMBB	MCCS	MSHA	MTA	UMS	MHHEFA
2016	\$ 808	\$ 119,767	\$ 735	\$ 35,015	\$ 17,755	\$ 8,424	\$ 41,935
2017	58	136,469	763	40,455	18,850	8,634	41,970
2018	59	133,560	797	52,000	19,985	9,642	41,970
2019	60	132,990	826	46,905	20,800	9,184	42,445
2020	60	124,490	783	50,805	15,115	9,950	43,160
2021 - 2025	298	546,215	4,529	247,100	90,530	43,094	209,785
2026 - 2030	-	271,741	5,680	271,745	116,015	41,172	193,875
2031 - 2035	-	65,300	6,720	248,240	77,830	26,500	143,030
2036 - 2040	-	9,100	1,467	197,050	39,690	875	86,000
2041 - 2045	-	3,050	-	32,345	12,250	-	3,475
2046 - 2050	-	-	-	-	-	-	-
Net Unamortized Premium or (Deferred Amount)	-	74,729	586	(52)	29,577	13,670	-
Total Principal Payments	<u>\$ 1,343</u>	<u>\$1,617,411</u>	<u>\$ 22,886</u>	<u>\$1,221,608</u>	<u>\$ 458,397</u>	<u>\$ 171,145</u>	<u>\$ 847,645</u>

## NOTE 12 - 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 * <sup>1</sup>	10 million	10 thousand	10 million
Boiler and Machinery *	150 million	2 million	150 million
General Liability Including			
Employment Practices	400 thousand	400 thousand	none
Police Professionals	400 thousand	400 thousand	none
Vehicular Liability <sup>2</sup>	400 thousand	400 thousand	600 thousand
Bonding	500 thousand	500 thousand	none
Foster Parents	300 thousand	300 thousand	none
Inland Marine (various policies)	500 thousand	500 thousand	none
Aircraft Liability * <sup>3</sup>	3 million	none	3 million

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

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

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

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

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

All risk-financing liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Claims liabilities represent the estimated cost of claims as of March 31, 2015. 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, 2015 and 2014, the present value of the claims payable for the State's self-insurance plan was estimated at \$4.2 million and \$4.3 million, respectively. The actuary calculated this based on the State's rate on investments.

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

	<b>2015</b>	<b>2014</b>
Liability at Beginning of Year	\$ 4,294	\$ 4,032
Current Year Claims and Changes in Estimates	2,007	1,706
Claims Payments	2,073	1,444
Liability at End of Year	\$ 4,228	\$ 4,294

As of June 30, 2015, fund assets of \$25.8 million exceeded fund liabilities of \$5 million by \$20.8 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 \$1 million for the fiscal year ended June 30, 2015.

**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, 2015:

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

	<b>2015</b>	<b>2014</b>
Liability at Beginning of Year	\$ 44,749	\$ 43,847
Current Year Claims and Changes in Estimates	12,091	9,311
Claims Payments	9,795	8,409
Liability at End of Year	\$ 47,045	\$ 44,749



Based on the actuarial calculation as of June 30, 2015, the State is liable for unfunded claims, and incurred but not reported claims, of approximately \$56.8 million. The discounted amount is \$47 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 with Aetna provides catastrophic coverage for individual claims exceeding \$500 thousand.

The State retained third-party administration (TPA) services for claims administration, utilization review, and case management services. Premium equivalents are paid to the TPA based upon rates established with the technical assistance of the plan's consulting actuary.

There are two primary health plans available. A Point-of-Service plan is available to all active employees and retirees not eligible for Medicare. A Medicare Advantage plan is available to Medicare eligible retirees. Total enrollment averaged approximately 37,200 covered individuals. This total includes 29,300 active employees and dependents and 7,900 Medicare retirees and dependents.

Claims expenses are recorded when premiums are paid to the claims servicing contractor. At the end of the period, the total of these premium payments are compared with the actual claims paid and claims expense is adjusted for any overage or shortage with an offsetting receivable or liability recorded. For the period ending June 30, 2015 the State recorded a receivable of \$592 thousand for an overpayment of health care premiums.

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 \$22.7 million. Changes in the Employee Health Insurance and Retiree Health Insurance claims liability for the fiscal year ending June 30, 2015 follows:

(Expressed in Thousands)

	<u>Employee Health Fund</u>	<u>Retiree Health Fund</u>
Liability at Beginning of Year	\$ 15,530	\$ 5,176
Current Year Claims and Changes in Estimates	133,408	32,736
Claims Payments	131,918	32,239
Liability at End of Year	<u>\$ 17,020</u>	<u>\$ 5,673</u>

The table above reflects actual activity of the employee health and retiree health insurance programs. In accordance with GASB Statement No. 45, certain costs reported above were reclassified for financial statement purposes. Retiree healthcare costs of \$48.9 million were reclassified from the internal service fund to the OPEB Trust Fund, a fiduciary fund. Additionally, \$14.0 million of active employee healthcare costs was reclassified from the internal service fund to the OPEB Trust Fund to reflect age-adjusted claims.

#### NOTE 13 – 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 annuity contracts purchased from insurance companies and 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 2015, 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	\$ 12,570
Noncurrent Assets	30,338
Total Assets	<u>\$ 42,908</u>
Current Liabilities	\$ 10,352
Long-term Liabilities	24,171
Total Liabilities	<u>34,523</u>
Designated Prize Reserves	4,346
Reserve for Unrealized Gains	4,039
Total Net Position	<u>8,385</u>
Total Liabilities and Net Position	<u>\$ 42,908</u>
Total Revenue	\$ 55,963
Total Expenses	37,425
Allocation to Member States	18,538
Change in Unrealized Gain on Investments Held for Resale	(984)
Change in Net Position	<u>\$ (984)</u>

**Multi-State Lottery Association**

The Maine State Lottery became a member of the Multi-State Lottery Association (MUSL) in July 2004. The MUSL currently has 37 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 Multi-State Lottery Association's financial report for fiscal year 2015 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 information:

**Multi-State Lottery Association**

(Expressed in Thousands)

Cash and Cash Equivalents	\$ 233,240
Investments in US Government Securities	53,648
US Government Securities Held for Prize Annuities	86,770
Due from Party Lotteries	18,247
Patent, net of accumulated amortization	8,364
Other Assets	813
Total Assets	<u>\$ 401,082</u>
Amount Held for Future Prizes	\$ 297,607
Grand Prize Annuities Payable	91,579
Other Liabilities	3,436
	<u>392,622</u>
Net Position, Unrestricted	8,460
Total Liabilities and Net Position	<u>\$ 401,082</u>
Total Revenue	\$ 3,514
Total Expenses	5,257
Excess of revenue over expenses	(1,743)
Net Position, beginning	10,203
Net Position, ending	<u>\$ 8,460</u>

**NOTE 14 - RELATED PARTY TRANSACTIONS****PRIMARY GOVERNMENT**

The State of Maine entered into memoranda 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 Authority's responsibilities are generally to manage the Reserve consistent with the Wells National Estuarine Research Reserve Management Plan dated 2013 to 2018.

**COMPONENT UNITS**

The State provided appropriations and grant monies to the following discretely presented component units: University of Maine System, \$223.5 million; Maine Community College System, \$72.0 million; Maine Municipal Bond Bank, \$39.0 million; Finance Authority of Maine, \$19.0 million; and Maine State Housing Authority, \$12.1 million.

FAME administers several revolving loan funds on behalf of the State of Maine. FAME recorded these funds, which total \$29.8 million at June 30, 2015, 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 2015, the State expended \$2.8 million to FAME for State revolving loan funds. During fiscal year 2015, the State expended \$12.0 million in bond proceeds in a voter approved referendum passed in November 2014. Of that, \$4.0 million recapitalized commercial loan insurance reserves and \$8.0 million provided to the Regional Economic Development Loan Program. The State also transferred \$1 million from its Loan Insurance Reserves to FAME.

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. During fiscal year 2007, the NextGen College Savings grant funds and the Maine State Grant funds were pooled into the new State of Maine Grant. FAME paid approximately \$6.9 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 2015, the amount billed totaled \$6.4 million. The State also received \$30.0 million for the sale of 1.9 miles of Interstate 95, including 7 bridges and 12 highway ramps.

**NOTE 15 – DEFERRED OUTFLOWS AND DEFERRED INFLOWS**

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

	(Expressed in Thousands)			
	Primary Government			Component Units
	Government al Activities	Type Activities	Totals	
<b>Deferred Outflows of Resources:</b>				
Accumulated Decrease in Fair Value of Hedging Derivatives	\$ -	\$ -	\$ -	\$ 14,435
Refunding of Debt	-	-	-	50,732
Pension Related	369,143	3,258	372,401	17,998
Total Deferred Outflows of Resources	<u>\$ 369,143</u>	<u>\$ 3,258</u>	<u>\$ 372,401</u>	<u>\$ 83,165</u>
<b>Deferred Inflows of Resources:</b>				
Grant Income	\$ -	\$ -	\$ -	\$ 5,671
Loan Origination Fees	-	-	-	59
Pension Related	689,903	5,848	695,751	20,627
Total Deferred Inflows of Resources	<u>\$ 689,903</u>	<u>\$ 5,848</u>	<u>\$ 695,751</u>	<u>\$ 26,357</u>

**NOTE 16 - 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.

*Adle v. State of Maine, Department of Public Safety, Department of Inland Fisheries and Wildlife and unnamed state officials and employees.* This lawsuit relates to a standoff involving State Police troopers during which Shad Gerken (who had the knife) was shot and killed. A state investigation into the incident found that the officers involved reasonably believed that unlawful deadly force was imminently threatened against them and other officers. The probability that this case will result in future losses to the State in excess of \$1 million is undetermined at this time.

*City of Portland v. Maine Department of Health and Human Services. (Me. Superior Court).* This lawsuit brought by the City of Portland relates to Portland's claim for reimbursement of the expenses of running Portland's homeless shelters. The probability that this case will result in future losses to the State in excess of \$1 million is undetermined at this time.

*Edson v. Maine Department of Health and Human Services, Maine Department of Corrections and a number of state officials and employees. (Me. Superior Ct.).* This lawsuit relates to an incident which occurred on December 2, 2013 in which she alleges that she was assaulted and pepper-sprayed with claimed damages in excess of one million dollars. The potential defendants are the Department of Health and Human Services, the Department of Corrections and a number of state officials and employees. The probability that this case will result in future losses to the State in excess of \$1 million is undetermined at this time.

*Eves v. Lepage.* (D. Me.). The Speaker of the House has filed a lawsuit in federal court alleging First Amendment retaliation based upon the claim that the Governor threatened to withhold funds from a private school unless the school terminated its employment agreement with the Speaker. The lawsuit was recently amended to include a state law claim of intentional interference with contract. Outside counsel has been authorized to represent the Governor. The probability that this case will result in future losses to the State in excess of \$1 million is undetermined at this time.

*Filler v. Hancock County et al.* Plaintiff alleges that he was wrongfully arrested, prosecuted and convicted of gross sexual assault. He has filed a multi-count civil rights and tort complaint against multiple defendants, including an assistant district attorney and two prior district attorneys. The claimed damages are in excess of \$1 million dollars. The probability that this case will result in future losses to the State in excess of \$1 million is undetermined at this time.

*In the Matter of Maine Health & Environmental Testing Laboratory; Docket No. RCRA-01-2015-0024* (USDHHS Region I). The complaint was brought recently by the United States Environmental Protection Agency ("EPA") regarding the Resource Conservation and Recovery Act ("RCRA"). This case is about hazardous waste handling at Maine Department of Health and Environmental Testing Laboratory ("HETL") lab. EPA accompanied this complaint with a Compliance Order. The amount currently requested as a fine is \$202,571. Under RCRA, penalties that can accumulate by the day for repeated violations (up to \$25,000 per day) or for violations of the compliance order (up to \$32,000 per day). The likelihood that HETL will have liability in excess of 1 million dollars in fines and penalties is low.

*John F Murphy Homes v. State of Maine* (Me. Superior Court). The claim is in the amount of \$7+ million for payments allegedly due for educational services over the last dozen years. We have filed a motion for summary judgment. The probability that this case will result in future losses to the State in excess of \$1 million is undetermined at this time.

In various lawsuits, Plaintiffs seek damages in excess of \$1 million against the State or against State officials, and various notices of claim also specify damages in excess of \$1 million where no lawsuit has been filed. In none of these lawsuits, 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.

Numerous workers' compensation claims are now pending 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 balances are \$40.2 million, \$4.0 million, \$159.3 million, \$24.5 million and \$0.3 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, 2015 is \$23 million. Superfund sites account for approximately \$8.8 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 \$1 million. 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 will assume 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 \$1.1 million. Beginning in August of 2012, the State assumed 100 percent of the operation and maintenance and monitoring costs. As of June 30, 2015 the State has received \$2 million in recoveries from the Department of Defense. The State expects to recover additional costs of \$115 thousand.

*Callahan Mine* – The State recorded a liability for pollution remediation activities of approximately \$6.7 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 \$14.3 million (net of unrealized recoveries of \$827 thousand) related to five uncontrolled hazardous substance sites. The State expects to recover \$1.4 million in costs. The Uncontrolled Hazardous Substance Sites Program was created in response to the threats and potential threats to human health and the environment posed primarily by abandoned hazardous waste sites. The Uncontrolled Hazardous Substance Sites program is the State's equivalent to the Federal Superfund Program.

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

**MUNICIPAL SOLID WASTE LANDFILLS**

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

The State will recognize a portion of the estimated total current cost of closure and postclosure care as an expense and a liability on the Statement of Activities and Statement of Net Position, respectively, in each period that the landfill accepts solid waste. The \$7.4 million reported as landfill closure and postclosure care liability at June 30, 2015, represents the cumulative amount reported to date based on the use of 94 percent of the estimated capacity of the landfill. The State will recognize the remaining estimated cost of closure and postclosure care of \$465 thousand as the remaining estimated capacity is filled. Based on estimated annual disposal volumes of 500 cubic yard to 1,000 cubic yards per year, the estimated remaining landfill life would be 400 to 800 years. Actual costs may be higher due to inflation, changes in technology or changes in applicable laws or regulations.

*Cost-Sharing Program* – 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 percent of a municipality's closure expenses. If the initial closure fails to protect public health and the environment, DEP is obligated to reimburse up to 90 percent 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. Therefore, the legislature reopened the program to match closure costs and enacted a fee on disposal of certain Construction and Demolition Debris (CDD) effective in 2013, to pay for the ongoing program. In FY2015 the DEP received \$891 thousand from the CDD fee, which was close to the \$906 thousand received in FY 2014. All of this money was used to reimburse municipalities for eligible expenses.

In addition to the backlog of reimbursements that DEP owes to municipalities, DEP continues to incur match obligations as additional qualifying landfills close and others undertake necessary remediation. The Legislature has extended the eligibility date for reimbursement of closure costs from 2015 to 2025; and there is no eligibility end date for reimbursement of remediation costs. At the beginning of FY15, DEP's total outstanding reimbursement obligation to municipalities was \$7.8 million. At the end of FY15 the outstanding match obligation was \$9.5 million. The growth in outstanding debt during the year, despite the ongoing reimbursements, stemmed primarily from additional landfill closures. 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 \$5.9 million. This consists of approximately \$2.1 million for State-owned facilities and approximately \$3.8 million for the State's share, under a cost sharing arrangement, 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 30-A §6006-A. During the 2015 fiscal year, \$552 thousand of general obligation bond funds and \$3.5 million of Liquor Operation Revenue Funds were expended for pollution abatement projects. As of June 30, 2015 amounts encumbered for pollution abatement projects totaled \$343 thousand, and general obligation bonds authorized for these projects, but not yet encumbered, totaled \$2.74 million. As of June 30, 2015, DEP estimates the total cost (federal, State, and local) of future projects to be \$1 billion.

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

The Ground Water Oil Clean-up Fund is established in Title 38 MRSA § 569-A. 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 \$1 million per occurrence for both aboveground and underground storage tanks. Third party injury coverage may not exceed \$200 thousand per claimant.

A report to the legislature dated February 15, 2007, submitted by the Maine Department of Environmental Protection (DEP), identified 359 long-term remediation sites as of January 2007 that are covered by the insurance program. As of August 28, 2007 there were 377 sites on the long-term remediation priority list. Since it is not possible for the DEP to estimate the cost of remediation, the State has not accrued a liability in the financial statements.



**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 47.6 percent of the annual payments. As of June 30, 2015, outstanding commitments by municipalities for school bond issues that are eligible for State subsidy totaled \$843.4 million.

At June 30, 2015, the Department of Transportation had contractual commitments of approximately \$306.4 million for construction of various highway projects. The State's share of that amount is expected to be approximately \$59.63 million. Of these amounts, \$5.1 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 (PM's). 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 State's 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 PM's to protect public health. In this settlement, the PM's 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 (NPM's) 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 PM's claim an NPM Adjustment for a given year and prove that they lost market share to the NPM's 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, 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 PM's 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 PM's, 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 PM's 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 is approximately \$114 million. Maine will receive this amount through ten annual SCP payments starting in 2008. In April 2015, Maine received a total of \$49.5 million including both the annual payment amount and the strategic contribution amount.

**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 \$500 thousand 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, 2015, the Fund included \$5.9 million of securities not yet liquidated that were not subject to transfer to the General Fund. Net collections from inception (1979) to June 30, 2015 of approximately \$211.5 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, 2015, the amount reported in the Fund for claimant liability is \$34.6 million. The General Fund shows a \$28.2 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, 2015, loans outstanding pursuant to these authorizations are \$86.5 million, less than \$1 million, and less than \$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, 2015.

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, 2015, 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, 2015.

#### **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 Authority is 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:

<b>Moral Obligation Bonds</b> (Expressed in Thousands)				
<b>Issuer</b>	<b>Bonds Outstanding</b>	<b>Required Debt Reserve</b>	<b>Obligation Debt Limit</b>	<b>Legal Citation</b>
Maine Health and Higher Educational Facilities Authority	\$ 847,645	\$ 78,511	no limit	22 MRSA § 2075
Finance Authority of Maine	42,437	-	\$ 642,000	10 MRSA §1032, 1053
	-	-	50,000	20-A MRSA §11449
	-	-	50,000	38 MRSA §2221
Loring Development Authority *	-	-	100,000	5 MRSA §13080-N
Maine Municipal Bond Bank	1,209,225	148,244	no limit	30-A MRSA §6006
Maine Educational Loan Authority *	122,845	12,913	225,000	20-A MRSA §11424
Maine State Housing Authority	1,180,345	96,313	2,150,000	30-A MRSA §4906
<b>Total</b>	<b>\$ 3,402,497</b>	<b>\$ 335,981</b>		

\* Reported in combining non-major component unit financial statements.

## COMPONENT UNITS

### CONSTRUCTION CONTRACTS

At June 30, 2015, UMS had outstanding commitments on uncompleted construction contracts that totaled \$26.5 million.

At June 30, 2015, MCCS had \$9.9 million remaining in construction and renovation contracts.

At December 31, 2014, the Maine Turnpike Authority had \$19.1 million remaining in 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, 2014 Maine State Housing Authority (MSHA) had outstanding commitments to originate multi-family loans of approximately \$31.4 million.

MSHA, under its single-family program, enters into purchase agreements to lenders to purchase mortgage loans. At December 31, 2014, single-family loans being processed by lenders totaled \$17.6 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, 2015, FAME had insurance outstanding for commercial loans under the Loan Insurance Program totaling approximately \$111.4 million. At June 30, 2015, FAME was insuring loans with an aggregate outstanding principle balance approximating \$4.3 million which were 90 or more days delinquent. The aggregate insured balance of these loans was approximately \$2.0 million at June 30, 2015. In addition, FAME has entered into commitments to insure loans at some future date. At June 30, 2015, these commitments under the Loan Insurance Program were approximately \$11.9 million.

**NOTE 17 - SUBSEQUENT EVENTS****PRIMARY GOVERNMENT**

On July 16, 2015, the Maine Governmental Facilities Authority issued \$41.1 million of Series 2015A Lease Revenue Refunding Bonds. The bonds bear interest rates from 3.0 percent to 5.0 percent and maturities from 2015 to 2023, all of which will be used to refund \$42.5 million of outstanding maturities within the 2004A, 2004C and 2005A bond series. The bonds do not constitute a legal debt or obligation of the State.

On October 22, 2015, the Maine Municipal Bond Bank issued \$54.7 million of Series 2015A Transportation Infrastructure Revenue Refunding Bonds on behalf of the Maine Department of Transportation. The bonds bear interest rates from 4.0 percent to 5.0 percent and maturities from 2019 to 2024, all of which will be used to refund \$56.8 million of outstanding maturities within the 2008A, 2009A and 2009B bond series. The bonds do not constitute a legal debt or obligation of the State.

On November 19, 2015, the Maine Governmental Facilities Authority issued \$21.2 million of Series 2015B Lease Revenue Bonds to fund various State projects. The bonds bear interest rates from 2.0 percent to 5.0 percent and maturities from 2016 to 2025. The bonds do not constitute a legal debt or obligation of the State.

**COMPONENT UNITS**

Through March 31, 2015, Maine State Housing Authority (MSHA) redeemed at par \$66.8 million of bonds in the General Mortgage Purchase Bond Resolution. Through March 31, 2015, MSHA issued, at par \$141.0 million of bonds in the General Mortgage Purchase Bond Resolution.

On July 14, 2015, Maine Health and Higher Educational Facilities Authority (MHHEFA) issued \$27.4 million in series 2015A reserve resolution bonds with an average interest rate of 4.5 percent, all of which was used to defease \$31.2 million of outstanding reserve fund maturities within the 2004B and 2006A bond series. The net proceeds of approximately \$31.3 million, including other sources of funds and after payment of underwriting fees, insurance and other issuance costs, were used to purchase U.S. Government securities which will provide for all future debt service payments on defeased bonds. The economic benefits associated with the refunding inure to the respective institutions.

On July 8, 2015, MHHEFA issued \$27.8 million in series 2015 general resolution tax-exempt bonds with an average interest rate of 3.85 percent. A portion of the bonds was used to defease \$29.2 million of outstanding reserve fund resolution maturities within the 2006B bond series. The net proceeds of approximately \$30.6 million, including other sources of funds and after payment of underwriting fees, insurance and other issuance costs, were used to purchase U.S. Government securities which will provide for all future debt service payments on defeased bonds. The economic benefits associated with the refunding inure to the respective institution.

In 2015, the Maine Turnpike Authority (MTA) has plans to refinance approximately \$151.8 million of its existing revenue bonds with \$144.9 million of new revenue bonds with the same payment dates. This will reduce the outstanding bonds for MTA by approximately \$7.0 million. These new bonds will be issued at significantly lower interest rates. The net present value of the interest rate reduction is approximately \$24.6 million. MTA chose to take the interest savings over the life of the bonds, which will reduce interest payments by \$33.3 million. The reduction in debt service payments will increase the coverage ratios of MTA and will reduce the amount of the security deposit that MTA is required to maintain in its Debt Service Reserve Fund.

In June 2015, the State of Maine Legislature passed, and the Governor approved, S.P. 544-L.D. 1443, *An Act to Merge the Maine Educational Loan Authority with the Finance Authority of Maine* (the Act). The Act provides that the Finance Authority of Maine (FAME) will become the successor to the Maine Educational Loan Authority (MELA). The effective date of the merger is October 15, 2015. By law, FAME will succeed to MELA under all existing contracts and other agreements, and will thus gain the rights and benefits of, and

assume the obligations of MELA under all such agreements. The merger will not otherwise affect the parties' rights and obligations under existing contractual agreements. Pursuant to GASB 69, *Government Combinations and Disposals of Government Operations*, MELA's statement of net position and its revenues, expenses and changes in net position, will be reflected in the Authority's June 30, 2016 financial statements.

**NOTE 18 – SPECIAL ITEMS**

In 2015, the State Department of Transportation (Maine DOT) entered into an agreement to sell approximately 1.9 miles of Interstate 95 in Kittery, Maine to the Maine Turnpike Authority (Authority). The segment extends from the current southern end of the Turnpike to the abutment of the bridge over the Piscataqua River at the New Hampshire border. The Kittery section of the Interstate was maintained by the Authority under a contract with the MaineDOT which reimbursed the Authority for the costs associated with the upkeep of that section of the Interstate. The sale price for the transferred property was \$30 million. This sale is recorded as a Special Item in the Statement of Activities and the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances for \$28.8 million and \$30 million respectively.

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**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

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Required Supplementary Information - Budgetary Reporting

**STATE OF MAINE  
BUDGETARY COMPARISON SCHEDULE  
MAJOR GOVERNMENTAL FUNDS**

Fiscal Year Ended June 30, 2015  
(Expressed in Thousands)

	General Fund				Highway Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>								
Taxes	\$ 3,100,494	\$ 3,149,231	\$ 3,182,856	\$ 33,625	\$ 210,688	217,413	\$ 220,199	\$ 2,786
Assessments and Other	96,546	99,898	104,053	4,155	88,743	89,326	93,187	3,861
Federal Grants	1,645	1,895	2,064	169	-	-	-	-
Service Charges	36,842	46,121	44,456	(1,665)	6,279	6,247	6,374	127
Income from Investments	94	520	857	337	113	155	159	4
Miscellaneous Revenue	4,817	6,272	7,964	1,692	2,754	3,480	3,987	507
<b>Total Revenues</b>	<u>3,240,438</u>	<u>3,303,937</u>	<u>3,342,250</u>	<u>38,313</u>	<u>308,577</u>	<u>316,621</u>	<u>323,906</u>	<u>7,285</u>
<b>Expenditures</b>								
Governmental Support and Operations	268,196	272,098	258,872	13,226	37,396	39,970	35,395	4,575
Economic Development & Workforce Training	32,815	32,959	32,646	313	-	-	-	-
Education	1,414,949	1,420,695	1,398,321	22,374	-	-	-	-
Health and Human Services	1,119,585	1,156,250	1,115,609	40,641	-	-	-	-
Business Licensing & Regulation	10	10	10	-	-	-	-	-
Natural Resources Development & Protection	70,268	70,802	68,765	2,037	33	33	33	-
Justice and Protection	310,807	325,775	307,640	18,135	26,275	26,379	24,311	2,068
Arts, Heritage & Cultural Enrichment	7,301	7,446	7,300	146	-	-	-	-
Transportation Safety & Development	-	-	-	-	242,693	290,859	262,357	28,502
<b>Total Expenditures</b>	<u>3,223,931</u>	<u>3,286,035</u>	<u>3,189,163</u>	<u>96,872</u>	<u>306,397</u>	<u>357,241</u>	<u>322,096</u>	<u>35,145</u>
<b>Revenues Over (Under) Expenditures</b>	<u>16,507</u>	<u>17,902</u>	<u>153,087</u>	<u>135,185</u>	<u>2,180</u>	<u>(40,620)</u>	<u>1,810</u>	<u>42,430</u>
<b>Other Financing Sources (Uses)</b>								
Operating Transfers Net	(5,435)	(17,578)	14,071	31,649	-	-	13,156	13,156
Other Budgeted Resources	-	-	(98,500)	(98,500)	-	-	-	-
One Day Borrowing from Treasurer's Cash Pool	-	-	-	-	-	-	-	-
Proceeds from Pledged Future Revenues	-	-	-	-	-	-	-	-
<b>Net Other Financing Sources (Uses)</b>	<u>(5,435)</u>	<u>(17,578)</u>	<u>(84,429)</u>	<u>(66,851)</u>	<u>-</u>	<u>-</u>	<u>13,156</u>	<u>13,156</u>
<b>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	<u>\$ 11,072</u>	<u>\$ 324</u>	<u>\$ 68,658</u>	<u>\$ 68,334</u>	<u>\$ 2,180</u>	<u>\$ (40,620)</u>	<u>\$ 14,966</u>	<u>\$ 55,586</u>
Fund Balances at Beginning of Year			246,199				48,233	
Fund Balances at End of Year			<u>\$ 314,857</u>				<u>\$ 63,199</u>	

Federal Funds				Other Special Revenue Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
\$ -	\$ -	\$ -	\$ -	\$ 295,733	\$ 298,432	\$ 294,904	\$ (3,528)
4	4	-	(4)	171,722	169,708	158,243	(11,465)
2,960,403	3,200,825	2,493,382	(707,443)	11,568	13,717	8,901	(4,816)
435	435	379	(56)	245,058	265,288	251,571	(13,717)
-	-	7	7	1,188	1,191	382	(809)
11,516	11,424	4,047	(7,377)	271,380	300,194	233,778	(66,416)
<u>2,972,358</u>	<u>3,212,688</u>	<u>2,497,815</u>	<u>(714,873)</u>	<u>996,649</u>	<u>1,048,530</u>	<u>947,779</u>	<u>(100,751)</u>
5,856	6,649	2,247	4,402	135,916	144,896	138,997	5,899
118,488	132,423	84,996	47,427	43,465	52,122	37,217	14,905
282,412	285,842	192,085	93,757	37,441	46,240	36,743	9,497
2,247,252	2,370,833	1,887,589	483,244	464,926	497,263	448,570	48,693
114	152	21	131	79,343	82,024	69,478	12,546
56,842	68,001	41,985	26,016	125,014	142,554	90,448	52,106
130,752	169,802	47,419	122,383	44,515	50,454	41,445	9,009
3,292	4,300	2,928	1,372	1,861	2,383	1,543	840
227,875	254,455	209,205	45,250	174,603	182,964	53,741	129,223
<u>3,072,883</u>	<u>3,292,457</u>	<u>2,468,475</u>	<u>823,982</u>	<u>1,107,084</u>	<u>1,200,900</u>	<u>918,182</u>	<u>282,718</u>
<u>(100,525)</u>	<u>(79,769)</u>	<u>29,340</u>	<u>109,109</u>	<u>(110,435)</u>	<u>(152,370)</u>	<u>29,597</u>	<u>181,967</u>
-	-	(16,814)	(16,814)	(13,754)	(9,989)	(14,128)	(4,139)
-	-	-	-	-	-	98,500	98,500
				125,581	125,581	26,637	(98,944)
-	-	(16,814)	(16,814)	111,827	115,592	111,009	(4,583)
<u>\$ (100,525)</u>	<u>\$ (79,769)</u>	<u>\$ 12,526</u>	<u>\$ 92,295</u>	<u>\$ 1,392</u>	<u>\$ (36,778)</u>	<u>\$ 140,606</u>	<u>\$ 177,384</u>
		16,707				189,713	
		<u>\$ 29,233</u>				<u>\$ 330,319</u>	





# Required Supplementary Information - Budgetary Reporting

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

Fiscal Year Ended June 30, 2015  
(Expressed in Thousands)

	<u>General Fund</u>	<u>Highway Fund</u>	<u>Federal Funds</u>	<u>Special Revenue Fund</u>
Fund Balances - Non-GAAP Budgetary Basis	\$ 314,857	\$ 63,199	\$ 29,233	\$ 330,319
<b>Basis Differences</b>				
Revenue Accruals/Adjustments:				
Taxes Receivable	254,888	1,270	-	9,832
Intergovernmental Receivables	-	-	251,785	-
Other Receivables	27,967	2,389	65,294	61,501
Inventories	2,344	-	355	-
Due from Component Units	-	-	-	53,777
Due from Other Funds	13,365	17,103	-	81,386
Other Assets	1,789	1	318	206
Unearned Revenues	-	(4,825)	(355)	21,536
Deferred Inflows - Taxes and Assessment Revenues	(250,159)	(670)	(97)	(25,958)
Total Revenue Accruals/Adjustments	50,194	15,268	317,300	202,280
Expenditure Accruals/Adjustments:				
Accounts Payable	(150,708)	(23,750)	(216,761)	(21,357)
Due to Component Units	(747)	(1,165)	(7,629)	(2,406)
Accrued Liabilities	(22,845)	(8,289)	(7,975)	(10,640)
Taxes Payable	(206,886)	(7)	-	-
Intergovernmental Payables	(3,792)	-	(71,063)	-
Due to Other Funds	(53,872)	(5,207)	(19,851)	(9,393)
Total Expenditure Accruals/Adjustments	(438,850)	(38,418)	(323,279)	(43,796)
Fund Balances - GAAP Basis	\$ (73,799)	\$ 40,049	\$ 23,254	\$ 488,803

## **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY REPORTING**

### **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, 2015, the legislature increased appropriations to the General Fund by \$45 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 2014-2015, 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 26, 2013, 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, 2015 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.

## Required Supplementary Information - State Retirement Plans

### STATE OF MAINE SCHEDULE OF NET PENSION LIABILITY (ASSET) SINGLE EMPLOYER PENSION PLANS

June 30, 2015  
(Expressed in Thousands)

	Judicial Pension Plan	Legislative Pension Plan
Total Pension Liability (Asset) Balances at June 30, 2014	\$ 52,375	\$ 6,873
Changes for the Year:		
Schedule of Changes in Net Pension Liability	1,518	450
Interest	3,736	503
Changes in Benefit Terms	17	4
Differences Between Expected and Actual Experience	(292)	(93)
Changes in Benefit Terms	426	86
Changes of Assumptions	(3,219)	(318)
Changes for the Year	2,186	632
Total Pension Liability (Asset) Balances at June 30, 2015	\$ 54,561	\$ 7,505
Plan Fiduciary Net Position at June 30, 2014	\$ 50,575	\$ 9,680
Changes for the Year:		
Changes of Assumptions	(3,219)	(318)
Employer Contributions	932	4
Plan Fiduciary Net Position	528	140
Net Investment Income	8,416	1,622
Administrative Expense	(42)	(8)
Changes for the Year	6,615	1,440
Plan Fiduciary Net Position at June 30, 2015	\$ 57,190	\$ 11,120
Net Pension Liability (Asset) June 30, 2015	\$ (2,629)	\$ (3,615)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	104.82%	148.16%
Covered-employee Payroll	\$ 6,742	\$ 2,535
Net Pension Liability (Asset) as a Percentage of Covered-employee Payroll	-39.00%	-142.61%

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.



## Required Supplementary Information - State Retirement Plans

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

Last Ten Fiscal Years  
(Expressed in Thousands)

	2015	2014	2013	2012
<b>Judicial Pension Plan</b>				
Actuarially Determined Contribution	\$ 951	\$ 932	\$ -	\$ -
Contributions in Relation to the Contractually Required, Actuarially Determined Employer Contribution	(951)	(932)	-	-
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	13.24%	13.83%		
<b>Legislative Pension Plan</b>				
Actuarially Determined Contribution	\$ -	\$ -	\$ -	\$ -
Contributions in Relation to the Contractually Required, Actuarially Determined Employer Contribution	-	(4)	-	-
Contribution Deficiency (Excess)	\$ -	\$ (4)	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	0.00%	0.15%		

**Notes to Schedule:**

Valuation date June 30, 2012

June 30, 2015 actuarially determined contribution rates are calculated based on a 2012 actuarial valuation developed as a roll-forward of the 2011 actuarial valuation, adjusted for expected experience and any assumption or methodology changes during fiscal year end 2012 using actual assets as of June 30, 2012.

Actuarial cost method	Entry age normal
Asset valuation method	3 - Year smoothed market
Amortization method	Level percent of payroll, open 10-year amortization of the 2012 UAL
Investment rate of return	7.25%
Amortization growth rate	3.50%
Price inflation	3.50%
Salary increases	3.5% plus merit component based on employee's years of service
Retirement age	100% retirement assumed to occur 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% are assumed to retire each year after reaching age 65.
Mortality	Sex distinct RP-2000 Combined Mortality projected to 2015 using Scale AA 2011

A complete description of the methods and assumptions used to determine contribution rates for the year ending June 30, 2015 can be found in the June 30, 2012 actuarial valuation report.

Revised actuarial assumption:

Investment rate of return 7.125%

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. The MainePERS Board of Trustees set the 2014 COLA at 2.1% (the CPI-U at June 30, 2014) at their August meeting. 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.

2011	2010	2009	2008	2007	2006
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



<b>Required Supplementary Information - State Retirement Plans</b>
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**STATE OF MAINE**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**STATE EMPLOYEES AND TEACHERS PLAN - STATE EMPLOYEES ONLY**

Last Ten Fiscal Years  
(Expressed in Thousands)

	2015	2014	2013	2012
<b>State Employees</b>				
Proportion of the Collective Net Pension Liability	92.853946%	N/A	N/A	N/A
Proportionate Share (Amount) of the Collective Net Pension Liability	\$ 837,743	\$ -	\$ -	\$ -
Covered-employee Payroll	\$ 525,765	N/A	N/A	N/A
Proportionate Share of the Net Pension Liability As a Percentage of Its Covered-Employee Payroll	159.34%	N/A	N/A	N/A
Plan Fiduciary Net Position As a Percentage of the Total Pension Liability	79.21%	N/A	N/A	N/A
<b>Maine Community College System</b>				
Proportion of the Collective Net Pension Liability	6.618303%	N/A	N/A	N/A
Proportionate Share (Amount) of the Collective Net Pension Liability	\$ 59,710	\$ -	\$ -	\$ -
Covered-employee Payroll	\$ 31,679	N/A	N/A	N/A
Proportionate Share of the Net Pension Liability As a Percentage of Its Covered-Employee Payroll	188.48%	N/A	N/A	N/A
Plan Fiduciary Net Position As a Percentage of the Total Pension Liability	79.21%	N/A	N/A	N/A
<b>Maine Educational Center for the Deaf and Hard of Hearing</b>				
Proportion of the Collective Net Pension Liability	0.455434%	N/A	N/A	N/A
Proportionate Share (Amount) of the Collective Net Pension Liability	\$ 4,108	\$ -	\$ -	\$ -
Covered-employee Payroll	\$ 3,359	N/A	N/A	N/A
Proportionate Share of the Net Pension Liability As a Percentage of Its Covered-Employee Payroll	122.30%	N/A	N/A	N/A
Plan Fiduciary Net Position As a Percentage of the Total Pension Liability	79.21%	N/A	N/A	N/A
<b>Northern New England Passenger Rail Authority</b>				
Proportion of the Collective Net Pension Liability	0.072317%	N/A	N/A	N/A
Proportionate Share (Amount) of the Collective Net Pension Liability	\$ 652	\$ -	\$ -	\$ -
Covered-employee Payroll	\$ 417	N/A	N/A	N/A
Proportionate Share of the Net Pension Liability As a Percentage of Its Covered-Employee Payroll	156.35%	N/A	N/A	N/A
Plan Fiduciary Net Position As a Percentage of the Total Pension Liability	79.21%	N/A	N/A	N/A
<b>Total SETP - State of Maine Employees</b>				
Proportion of the Collective Net Pension Liability	100.000000%	N/A	N/A	N/A
Proportionate Share (Amount) of the Collective Net Pension Liability	\$ 902,213	\$ -	\$ -	\$ -
Covered-employee Payroll	\$ 561,220	N/A	N/A	N/A
Proportionate Share of the Net Pension Liability As a Percentage of Its Covered-Employee Payroll	160.76%	N/A	N/A	N/A
Plan Fiduciary Net Position As a Percentage of the Total Pension Liability	79.21%	N/A	N/A	N/A

Notes to Schedule:

The SETP includes the State and 3 of its non-major discretely presented component units in its definition of state employees.

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.

2011	2010	2009	2008	2007	2006
N/A	N/A	N/A	N/A	N/A	N/A
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A

<b>Required Supplementary Information - State Retirement Plans</b>
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**STATE OF MAINE**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**STATE EMPLOYEES AND TEACHERS PLAN - TEACHERS**

Last Ten Fiscal Years  
(Expressed in Thousands)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Non-employer Contributing Entity's Proportion of:				
Percentage of the Collective Net Pension Liability	95.069591%	N/A	N/A	N/A
Amount of the Collective Net Pension Liability	\$ 1,027,065	\$ -	\$ -	\$ -
 Plan's Fiduciary Net Position As a Percentage of the Total Pension Liability	 86.46%			

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.

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<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
N/A	N/A	N/A	N/A	N/A	N/A
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

<b>Required Supplementary Information - State Retirement Plans</b>
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**STATE OF MAINE**  
**SCHEDULE OF STATE CONTRIBUTIONS**  
**COST-SHARING MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLANS - EMPLOYER CONTRIBUTIONS**  
**STATE EMPLOYEES AND TEACHERS PLAN - STATE EMPLOYEES ONLY**

Last Ten Fiscal Years  
(Expressed in Thousands)

	2015	2014	2013	2012
<b>State Employees</b>				
Actuarially Determined Contribution	\$ 107,807	\$ 117,380	\$ -	\$ -
Contributions in Relation to the Contractually Required, Actuarially Determined Employer Contribution	(107,807)	(117,380)	-	-
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	\$ 521,846	\$ 525,765		
Contributions Recognized by the Pension Plan in Relation to the Contractually Required, Actuarially Determined Employer Contribution as a Percentage of Employer's Covered-Employee Payroll	20.66%	22.33%		
<b>Maine Community College System</b>				
Actuarially Determined Contribution	\$ 8,135	\$ 3,133	\$ -	\$ -
Contributions in Relation to the Contractually Required, Actuarially Determined Employer Contribution	(8,135)	(3,133)	-	-
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	\$ 30,257	\$ 31,679		
Contributions Recognized by the Pension Plan in Relation to the Contractually Required, Actuarially Determined Employer Contribution as a Percentage of Employer's Covered-Employee Payroll	26.89%	9.89%		
<b>Maine Educational Center for the Deaf and Hard of Hearing</b>				
Actuarially Determined Contribution	\$ 554	\$ 451	\$ -	\$ -
Contributions in Relation to the Contractually Required, Actuarially Determined Employer Contribution	(554)	(451)	-	-
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	\$ 3,517	\$ 3,359		
Contributions Recognized by the Pension Plan in Relation to the Contractually Required, Actuarially Determined Employer Contribution as a Percentage of Employer's Covered-Employee Payroll	15.75%	13.43%		
<b>Northern New England Passenger Rail Authority</b>				
Actuarially Determined Contribution	\$ 81	\$ 71	\$ -	\$ -
Contributions in Relation to the Contractually Required, Actuarially Determined Employer Contribution	(81)	(71)	-	-
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	\$ 430	\$ 417		
Contributions Recognized by the Pension Plan in Relation to the Contractually Required, Actuarially Determined Employer Contribution as a Percentage of Employer's Covered-Employee Payroll	18.84%	17.03%		
<b>Total SETP - State of Maine Employees</b>				
Actuarially Determined Contribution	\$ 116,577	\$ 121,035	\$ -	\$ -
Contributions in Relation to the Contractually Required, Actuarially Determined Employer Contribution	(116,577)	(121,035)	-	-
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	\$ 556,050	\$ 561,220	\$ -	\$ -
Contributions Recognized by the Pension Plan in Relation to the Contractually Required, Actuarially Determined Employer Contribution as a Percentage of Employer's Covered-Employee Payroll	20.97%	21.57%		

2011	2010	2009	2008	2007	2006
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

## Required Supplementary Information - State Retirement Plans

**Notes to Schedule:**

The SETP includes the State and 3 of its non-major discretely presented component units in its definition of state employees.

Valuation date June 30, 2012

June 30, 2015 actuarially determined contribution rates are calculated based on a 2012 actuarial valuation developed as a roll-forward of the 2011 actuarial valuation, adjusted for expected experience and any assumption or methodology changes during fiscal year end 2012 using actual assets as of June 30, 2012.

Actuarial cost method	Entry age normal
Asset valuation method	3 - Year smoothed market
Amortization method	Level percent of payroll, closed 16-year amortization of the 2012 UAL
Investment rate of return	7.25%
Amortization growth rate	3.50%
Price inflation	3.50%
Salary increases	3.5% plus merit component based on employee's years of service
Retirement age	100% retirement assumed to occur 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% are assumed to retire each year after reaching age 65.
Mortality	Sex distinct RP-2000 Combined Mortality projected to 2015 using Scale AA
Most recent review of plan experience:	2011

A complete description of the methods and assumptions used to determine contribution rates for the year ending June 30, 2015 can be found in the June 30, 2012 actuarial valuation report.

Revised actuarial assumption:

Investment rate of return 7.125%

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. The MainePERS Board of Trustees set the 2014 COLA at 2.1% (the CPI-U at June 30, 2014) at their August meeting. 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.

## Required Supplementary Information – Other Post-employment Benefit Plans

### Schedules of Funding Progress

<b>Healthcare Plans</b>		(a)	(b)	(b-a)	(a/b)	(c)	(b-a)/c
Plan	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL (as a percentage of covered payroll)
State Employees (in millions)	June 30, 2014	167	1,224	1,057	13.64%	543	194.66%
	June 30, 2013	150	1,166	1,016	12.86%	518	196.14%
	June 30, 2012	136	1,316	1,180	10.33%	502	235.06%
Teachers (in millions)	June 30, 2014	0	684	684	0.00%	1,106	61.84%
	June 30, 2013	0	685	685	0.00%	1,194	57.37%
	June 30, 2012	0	665	665	0.00%	1,156	57.53%
First Responders (in thousands)	June 30, 2014	0	24,055	24,055	0.00%	54,967	43.76%
	June 30, 2013	0	22,369	22,369	0.00%	53,366	41.92%
	June 30, 2012	0	23,442	23,442	0.00%	43,510	53.88%

### Group Life Insurance Plans

		(Expressed in Thousands)					
		(a)	(b)	(b-a)	(a/b)	(c)	(b-a)/c
Plan	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL (as a percentage of covered payroll)
State Employees	June 30, 2015	47,600	115,500	67,900	41.21%	563,500	12.05%
	June 30, 2014	31,800	87,300	55,500	36.43%	563,500	9.85%
	June 30, 2013	27,000	83,800	56,800	32.22%	572,800	9.92%
Teachers	June 30, 2015	48,000	79,000	31,000	60.76%	666,200	4.65%
	June 30, 2014	45,100	75,600	30,500	59.66%	666,200	4.58%
	June 30, 2013	36,000	74,200	38,200	48.52%	652,800	5.85%



**Required Supplementary Information – Other Post-employment Benefit Plans (continued)**

**Schedule of Employer Contributions**

(Expressed in Thousands)

Fiscal Year Ended June 30,	State Employees		Teachers		First Responders	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
Healthcare - 2015	\$84,000	79.76%	\$46,000	56.52%	\$1,976	38.26%
Healthcare - 2014	99,000	63.87%	45,000	55.46%	1,769	33.52%
Healthcare - 2013	94,000	72.34%	44,000	56.82%	1,689	34.16%
Healthcare - 2012	126,000	57.94%	55,000	40.00%	1,350	32.15%
Group Life - 2015	4,935	86.67%	3,660	100.00%	N/A	N/A
Group Life - 2014	4,768	88.07%	3,440	100.00%	N/A	N/A
Group Life - 2013	4,591	101.79%	3,099	100.00%	N/A	N/A
Group Life - 2012	3,250	144.13%	2,959	100.00%	N/A	N/A

<p><b>Required Supplementary Information – Information about Infrastructure Assets Reported Using the Modified Approach</b></p>
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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 these assets, unless the improvements expand the capacity or efficiency of an asset. Assets accounted for under the modified approach include 8,827 highway miles or 17,953 lane miles of roads and 2,957 bridges having a total deck area of 11.7 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% to represent an entirely insufficient or deficient bridge, and 100% to represent an entirely sufficient bridge. The four indicators and their relative point weighting are listed in the table below. The composite numeric value is based on the sufficiency rating formula in the Recording and Coding Guide for Structure Inventory and Appraisal of the Nation’s Bridges.

<b>Data Element</b>	<b>Point Rating (%)</b>	<b>Description</b>
Structural Adequacy and Safety	55	This category considers inventory rating, superstructure, substructure and culverts.
Serviceability and Functional Obsolescence	30	Serviceability and functional obsolescence that addresses the number of lanes, average daily traffic, roadway width, bridge width, deck condition, under clearances, waterway adequacy, alignment, and defense highway designation.
Essentiality for Public Use	15	This considers detour length, average daily traffic, and defense highway designation.
Special Reductions	(13)	The sufficiency rating also includes consideration of special reductions for detour length, safety features, and type of structure.

**Assessed Conditions**

The following table shows adequacy ratings for maintenance levels from Excellent to Poor.

<b>Adequacy Rating</b>	<b>Total</b>
Excellent	80-100
Good	70-80
Fair	60-70
Poor	0-60

MDOT intends to maintain highways and bridges at an adequacy rating of 60 or higher. The following table shows adequacy ratings achieved by MDOT.

<b>Fiscal Year</b>	<b>Highways</b>	<b>Bridges</b>
2015	75.5	78.0
2014	75.5	78.0
2013	76.0	78.0

### 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)				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Highways	\$ 110.2	\$ 163.0 <sup>1</sup>	\$ 90.5	\$ 91.5	\$101.4
Bridges	5.5	71.0 <sup>1</sup>	14.7	13.2	9.3
Total	<u>\$ 115.7</u>	<u>\$ 234.0</u>	<u>\$ 105.2</u>	<u>\$ 104.7</u>	<u>\$110.7</u>

	Estimated Preservation Costs (Expressed in millions)				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Highways	\$ 71.9	\$ 24.7	\$ 84.1	\$ 155.0	\$ 86.1
Bridges	3.9	3.1	13.7	30.0	7.9
Total	<u>\$ 75.8</u>	<u>\$ 27.8</u>	<u>\$ 97.8</u>	<u>\$ 185.0</u>	<u>\$ 94.0</u>

<sup>1</sup> As restated

In 2014 it was determined that preservation costs were understated due to an incorrect process for determining the associated cost. The actual costs have been restated. The 2014 Estimated Preservation Costs are understated due to the incorrect process.

### Transportation Bonds

Transportation bonds, approved by referendum, are issued to fund improvements to highways and bridges. Of the amount authorized by Chapter 697, PL 2011, \$15 million in General fund bonds were spent during FY2015. Of the amount authorized by Chapter 429, PL 2013, \$50 million in General fund bonds were spent during FY2015.



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

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**STATE OF MAINE**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE**

June 30, 2015  
(Expressed in Thousands)

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent Funds</u>	<u>Total Other Governmental Funds</u>
<b>Assets</b>				
Equity in Treasurer's Cash Pool	\$ 80	\$ -	\$ -	\$ 80
Investments	74,251	-	23,162	97,413
Restricted Assets:				
Restricted Equity in Treasurer's Cash Pool	-	77,160	-	77,160
Due from Component Units	-	107	-	107
<b>Total Assets</b>	<u>\$ 74,331</u>	<u>\$ 77,267</u>	<u>\$ 23,162</u>	<u>\$ 174,760</u>
<b>Liabilities and Fund Balances</b>				
Accounts Payable	\$ -	\$ 1,424	\$ -	\$ 1,424
Due to Other Funds	-	1,324	-	1,324
Due to Component Units	-	10,330	-	10,330
Unearned Revenue	-	3	-	3
<b>Total Liabilities</b>	<u>-</u>	<u>13,081</u>	<u>-</u>	<u>13,081</u>
<b>Fund Balances:</b>				
Non-spendable Legal or Contractual	-	-	23,162	23,162
Restricted	74,331	64,186	-	138,517
<b>Total Fund Balances</b>	<u>74,331</u>	<u>64,186</u>	<u>23,162</u>	<u>161,679</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 74,331</u>	<u>\$ 77,267</u>	<u>\$ 23,162</u>	<u>\$ 174,760</u>

**STATE OF MAINE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE**

Fiscal Year Ended June 30, 2015  
(Expressed in Thousands)

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent Funds</u>	<u>Total Other Governmental Funds</u>
Revenues:				
Investment Income (Loss)	\$ 2,693	\$ -	\$ 1,745	\$ 4,438
Total Revenues	<u>2,693</u>	<u>-</u>	<u>1,745</u>	<u>4,438</u>
Expenditures:				
Governmental Support & Operations	207	-	-	207
Economic Development & Workforce Training	-	14,337	-	14,337
Education	-	20,358	-	20,358
Health and Human Services	-	1,700	-	1,700
Natural Resources Development & Protection	-	408	-	408
Justice and Protection	-	1,986	-	1,986
Arts, Heritage, and Cultural Enrichment	-	16	-	16
Transportation, Safety & Development	-	16,195	-	16,195
Debt Service:				
Capital Outlay	-	66,903	-	66,903
Total Expenditures	<u>207</u>	<u>121,903</u>	<u>-</u>	<u>122,110</u>
Revenue over (under) Expenditures	<u>2,486</u>	<u>(121,903)</u>	<u>1,745</u>	<u>(117,672)</u>
Other Financing Sources (Uses):				
Transfers from Other Funds	1,373	-	-	1,373
Transfers to Other Funds	(3,472)	-	(478)	(3,950)
Bonds Issued	-	113,843	-	113,843
Net Other Finance Sources (Uses)	<u>(2,099)</u>	<u>113,843</u>	<u>(478)</u>	<u>111,266</u>
Net Change in Fund Balances	<u>387</u>	<u>(8,060)</u>	<u>1,267</u>	<u>(6,406)</u>
Fund Balances at Beginning of Year (As Restated)	<u>73,944</u>	<u>72,246</u>	<u>21,895</u>	<u>168,085</u>
Fund Balances at End of Year	<u>\$ 74,331</u>	<u>\$ 64,186</u>	<u>\$ 23,162</u>	<u>\$ 161,679</u>





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# OTHER GOVERNMENTAL FUNDS

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## Special Revenue Funds

Baxter Park Fund – This fund accounts for a gift to the State of Maine by former Governor Baxter, which allows for the principal and interest to be used to purchase public reserved lands. Interest income may also be used for operations of the Baxter State Park.

Revenue on Permanent Funds Fund – 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.

**STATE OF MAINE  
COMBINING BALANCE SHEET  
NON-MAJOR SPECIAL REVENUE FUNDS**

June 30, 2015  
(Expressed in Thousands)

	<u>Baxter Park</u>	<u>Revenue on Permanent Funds</u>	<u>Total Special Revenue Funds</u>
<b>Assets</b>			
Equity in Treasurer's Cash Pool	\$ -	\$ 80	\$ 80
Investments	<u>74,238</u>	<u>13</u>	<u>74,251</u>
Total Assets	<u>\$ 74,238</u>	<u>\$ 93</u>	<u>\$ 74,331</u>
<b>Liabilities and Fund Balances</b>			
Liabilities:	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Restricted	<u>74,238</u>	<u>93</u>	<u>74,331</u>
Total Fund Balances	<u>74,238</u>	<u>93</u>	<u>74,331</u>
Total Liabilities and Fund Balances	<u>\$ 74,238</u>	<u>\$ 93</u>	<u>\$ 74,331</u>

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

Fiscal Year Ended June 30, 2015  
(Expressed in Thousands)

	<u>Baxter Park</u>	<u>Revenue on Permanent Funds</u>	<u>Total Special Revenue Funds</u>
<b>Revenues:</b>			
Investment Income (Loss)	\$ 2,428	\$ 265	\$ 2,693
Total Revenues	<u>2,428</u>	<u>265</u>	<u>2,693</u>
<b>Expenditures</b>			
Current:			
General Government	-	207	207
Debt Service:			
Total Expenditures	<u>-</u>	<u>207</u>	<u>207</u>
Revenue over (under) Expenditures	<u>2,428</u>	<u>58</u>	<u>2,486</u>
Other Financing Sources (Uses):			
Transfer from Other Funds	-	1,373	1,373
Transfer to Other Funds	<u>(1,962)</u>	<u>(1,510)</u>	<u>(3,472)</u>
Net Other Finance Sources (Uses)	<u>(1,962)</u>	<u>(137)</u>	<u>(2,099)</u>
Net Change in Fund Balances	<u>466</u>	<u>(79)</u>	<u>387</u>
Fund Balances at Beginning of Year	<u>73,772</u>	<u>172</u>	<u>73,944</u>
Fund Balances at End of Year	<u>\$ 74,238</u>	<u>\$ 93</u>	<u>\$ 74,331</u>

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

June 30, 2015  
(Expressed in Thousands)

	<u>Baxter Trust</u>	<u>Other Trusts</u>	<u>Total Permanent Funds</u>
<b>Assets</b>			
Investments	\$ 6,927	\$ 16,235	\$ 23,162
Total Assets	<u>\$ 6,927</u>	<u>\$ 16,235</u>	<u>\$ 23,162</u>
<b>Fund Balances</b>			
Non-spendable Legal or Contractual	<u>\$ 6,927</u>	<u>\$ 16,235</u>	<u>\$ 23,162</u>

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

Fiscal Year Ended June 30, 2015  
(Expressed in Thousands)

	<u>Baxter Trust</u>	<u>Other Trusts</u>	<u>Total Permanent Funds</u>
Revenues:			
Investment Income (Loss)	\$ 113	\$ 1,632	\$ 1,745
Total Revenues	<u>113</u>	<u>1,632</u>	<u>1,745</u>
Expenditures			
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) Expenditures	<u>113</u>	<u>1,632</u>	<u>1,745</u>
Transfers to Other Funds	<u>-</u>	<u>(478)</u>	<u>(478)</u>
Net Other Finance Sources (Uses)	<u>-</u>	<u>(478)</u>	<u>(478)</u>
Revenues and Other Sources over (under) Expenditures and Other Uses	<u>113</u>	<u>1,154</u>	<u>1,267</u>
Fund Balances at Beginning of Year	<u>6,814</u>	<u>15,081</u>	<u>21,895</u>
Fund Balances at End of Year	<u>\$ 6,927</u>	<u>\$ 16,235</u>	<u>\$ 23,162</u>

**STATE OF MAINE**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND EXPENDITURES BY AGENCY**

Fiscal Year Ended June 30, 2015  
(Expressed in Thousands)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Department of Administrative and Financial Services</b>			
Administrative Services	\$ 14,991	\$ 13,696	\$ 1,295
Financial Services	118,374	115,008	3,366
Human Resources	2,078	1,982	96
Financial and Personnel Services	96	96	-
Liquor and Lottery	938	915	23
Purchasing	724	616	108
Bureau of Information Services	12,816	10,956	1,860
State Employee Health Commission	792	567	225
	<u>150,809</u>	<u>143,836</u>	<u>6,973</u>
<b>Department of Agriculture, Conservation and Forestry</b>			
	<u>29,958</u>	<u>28,828</u>	<u>1,130</u>
<b>Attorney General</b>			
	<u>16,154</u>	<u>15,824</u>	<u>330</u>
<b>Department of Audit</b>			
	<u>1,289</u>	<u>1,202</u>	<u>87</u>
<b>Department of Corrections</b>			
Corrections	74,318	64,669	9,649
Maine State Prison	32,739	30,235	2,504
Maine Correctional Center	22,010	21,428	582
Downeast Correctional Facility	4,717	4,655	62
Charleston Correctional Facility	17,091	16,785	306
Long Creek Youth Development Center	14,176	13,536	640
	<u>165,051</u>	<u>151,308</u>	<u>13,743</u>
<b>Department of Economic and Community Development</b>			
	<u>11,877</u>	<u>11,768</u>	<u>109</u>
<b>Department of Environmental Protection</b>			
	<u>7,116</u>	<u>6,982</u>	<u>134</u>
<b>Department of Human Services</b>			
Human Services	829,940	807,041	22,899
Behavioral and Developmental Services	278,750	264,901	13,849
Riverview Psychiatric Center	19,106	17,021	2,085
Dorothea Dix Psychiatric Center	10,632	9,854	778
Office of Substance Abuse	17,204	16,366	838
	<u>1,155,632</u>	<u>1,115,183</u>	<u>40,449</u>
<b>Department of Labor</b>			
Labor	9,227	9,060	167
Labor Relations Board	464	427	37
	<u>9,691</u>	<u>9,487</u>	<u>204</u>
<b>Defense, Veterans and Emergency Management</b>			
	<u>7,326</u>	<u>6,742</u>	<u>584</u>
<b>Department of Education</b>			
Education	1,147,282	1,125,971	21,311
Education - Unorganized Territory	12,204	11,174	1,030
	<u>1,159,486</u>	<u>1,137,145</u>	<u>22,341</u>
<b>General Government</b>			
Office of the Governor	4,076	3,682	394
Ombudsman Program	123	81	42
	<u>4,199</u>	<u>3,763</u>	<u>436</u>

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Department of Inland Fisheries and Wildlife</b>	\$ 24,267	\$ 23,964	\$ 303
<b>Judicial Department</b>	65,316	63,885	1,431
<b>Legislative Department</b>			
Legislative	26,278	22,662	3,616
Law and Legislative Reference Library	1,508	1,351	157
Statehouse Preservation and Maintenance	2,155	1,522	633
Program Evaluation and Government Accountability	1,070	877	193
	<u>31,011</u>	<u>26,412</u>	<u>4,599</u>
<b>Department of Marine Resources</b>	9,372	8,902	470
<b>Department of Public Safety</b>	39,794	38,104	1,690
<b>Public Utilities Commission</b>	10	10	-
<b>Secretary of State</b>			
Secretary of State	2,720	2,424	296
Archives Services	1,721	1,272	449
	<u>4,441</u>	<u>3,696</u>	<u>745</u>
<b>Treasurer of State</b>	79,423	79,065	358
<b>Other Agencies</b>			
Museum	1,471	1,468	3
Maine State Cultural Affairs Council	61	36	25
Maine Historic Preservation Commission	301	301	-
Library	3,146	3,035	111
Maine Humanities Council	53	53	-
Finance Authority of Maine	10,692	10,692	-
Centers for Innovation	117	117	-
Com. On Governmental Ethics and Election Practices	139	119	20
Maine Indian Tribal State Council	112	112	-
Board of Property Tax Review	87	80	7
Maine Municipal Bond Bank	69	69	-
Maine State Retirement System	517	517	-
Human Rights Commission	506	506	-
Saco River Corridor Commission	47	47	-
NE International Water Pollution Control Commission	8	8	-
Downeast Institute Appl Marine	13	13	-
St. Croix International Waterway	22	22	-
Maine Public Broadcasting Corporation	1,500	1,500	-
Maine State Housing Authority	365	365	-
Maine Potato Board	159	159	-
Board of Education	157	148	9
Maine Historical Society	45	45	-
Foundation for Blood Research	52	52	-
Pine Tree Legal	355	355	-
Maine Community College System	56,952	56,952	-
Maine Maritime Academy	8,483	8,483	-
University of Maine	195,451	195,451	-
Arts and Humanities Administration	869	863	6
Disability Rights Center	126	126	-
Maine Hospice Counsel	64	64	-
Maine Development Foundation	58	58	-
Dirigo Health	377	183	194
State Board of Corrections	14,947	14,642	305
Commission on Indigent Legal Services	16,326	16,274	52
State Charter School Commission	166	142	24
	<u>313,813</u>	<u>313,057</u>	<u>756</u>
<b>Grand Total</b>	\$ 3,286,035	\$ 3,189,163	\$ 96,872





**STATE OF MAINE**  
**BUDGETARY COMPARISON SCHEDULE**  
**HIGHWAY FUND EXPENDITURES BY AGENCY**

Fiscal Year Ended June 30, 2015  
(Expressed in Thousands)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b><i>Department of Administrative and Financial Services</i></b>			
Administrative Services	\$ 2,083	\$ 2,011	\$ 72
Financial Services	696	646	50
	<u>2,779</u>	<u>2,657</u>	<u>122</u>
<b><i>Department of Environmental Protection</i></b>			
	<u>33</u>	<u>33</u>	<u>-</u>
<b><i>Legislative Department</i></b>			
Legislative	8	-	8
	<u>8</u>	<u>-</u>	<u>8</u>
<b><i>Department of Transportation</i></b>			
Transportation	290,255	261,753	28,502
Rail/Van Pool	604	604	-
	<u>290,859</u>	<u>262,357</u>	<u>28,502</u>
<b><i>Department of Public Safety</i></b>			
	<u>26,379</u>	<u>24,311</u>	<u>2,068</u>
<b><i>Secretary of State</i></b>			
Motor Vehicles	<u>37,183</u>	<u>32,738</u>	<u>4,445</u>
<b><i>Grand Total</i></b>	<b>\$ <u>357,241</u></b>	<b>\$ <u>322,096</u></b>	<b>\$ <u>35,145</u></b>

**STATE OF MAINE**  
**BUDGETARY COMPARISON SCHEDULE**  
**FEDERAL FUND EXPENDITURES BY AGENCY**

Fiscal Year Ended June 30, 2015  
(Expressed in Thousands)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Department of Administrative and Financial Services</b>			
Bureau of Information Services	\$ 41	\$ -	\$ 41
Financial Services	5	-	5
Financial and Personnel Services	649	421	228
State Employee Health Commission	8	-	8
	<u>703</u>	<u>421</u>	<u>282</u>
<b>Department of Agriculture, Conservation and Forestry</b>	<u>20,165</u>	<u>12,354</u>	<u>7,811</u>
<b>Attorney General</b>	<u>1,770</u>	<u>1,157</u>	<u>613</u>
<b>Department of Corrections</b>			
Corrections	5,554	1,853	3,701
Maine State Prison	20	-	20
Maine Correctional Center	157	26	131
Downeast Correctional Facility	48	-	48
Charleston Correctional Facility	372	192	180
Long Creek Youth Development Center	397	316	81
	<u>6,548</u>	<u>2,387</u>	<u>4,161</u>
<b>Department of Economic and Community Development</b>	<u>29,371</u>	<u>15,793</u>	<u>13,578</u>
<b>Department of Environmental Protection</b>	<u>21,954</u>	<u>11,728</u>	<u>10,226</u>
<b>Department of Human Services</b>			
Human Services	2,340,811	1,865,931	474,880
Behavioral and Developmental Services	16,789	10,586	6,203
Office of Substance Abuse	11,197	9,400	1,797
	<u>2,368,797</u>	<u>1,885,917</u>	<u>482,880</u>
<b>Department of Labor</b>	<u>103,053</u>	<u>69,203</u>	<u>33,850</u>
<b>Department of Transportation</b>			
Transportation	251,820	208,341	43,479
Air Transportation	1,886	537	1,349
Ferry Service/Ports and Marine	650	327	323
Rail/Van Pool	100	-	100
	<u>254,456</u>	<u>209,205</u>	<u>45,251</u>
<b>Defense, Veterans and Emergency Management</b>	<u>144,185</u>	<u>31,568</u>	<u>112,617</u>
<b>Department of Education</b>			
Education	285,483	191,796	93,687
Education - Unorganized Territory	357	291	66
	<u>285,840</u>	<u>192,087</u>	<u>93,753</u>
<b>General Government</b>			
Office of the Governor	2,838	327	2,511
Ombudsman Program	60	40	20
	<u>2,898</u>	<u>367</u>	<u>2,531</u>
<b>Department of Inland Fisheries and Wildlife</b>	<u>18,049</u>	<u>12,267</u>	<u>5,782</u>
<b>Judicial Department</b>	<u>3,273</u>	<u>3,041</u>	<u>232</u>
<b>Department of Marine Resources</b>	<u>7,833</u>	<u>5,634</u>	<u>2,199</u>
<b>Department of Professional and Financial Regulation</b>			
Professional and Financial Regulation	54	14	40
Board of Nursing	10	-	10
	<u>64</u>	<u>14</u>	<u>50</u>
<b>Department of Public Safety</b>	<u>13,561</u>	<u>8,830</u>	<u>4,731</u>

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Public Utilities Commission</b>	\$ 88	\$ 7	\$ 81
<b>Secretary of State</b>			
Secretary of State	1,323	886	437
Motor Vehicles	1,326	262	1,064
Archives Services	103	36	67
	<u>2,752</u>	<u>1,184</u>	<u>1,568</u>
<b>Treasurer of State</b>	<u>296</u>	<u>276</u>	<u>20</u>
<b>Other Agencies</b>			
Arts and Humanities Administration	1,014	779	235
Human Rights Commission	464	435	29
Library	1,904	1,401	503
Maine Health Data Organization	1,786	1,670	116
Maine Historic Preservation Commission	1,238	733	505
Museum	144	15	129
Dirigo Health	250	2	248
	<u>6,800</u>	<u>5,035</u>	<u>1,765</u>
<b>Grand Total</b>	<u>\$ 3,292,457</u>	<u>\$ 2,468,475</u>	<u>\$ 823,982</u>

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

Fiscal Year Ended June 30, 2015  
(Expressed in Thousands)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Department of Administrative and Financial Services</b>			
Administrative Services	\$ 8,375	\$ 4,597	\$ 3,778
Bureau of Information Services	750	519	231
Financial Services	29,613	27,398	2,215
Human Resources	256	-	256
Financial and Personnel Services	30	4	26
Liquor and Lottery	19	-	19
State Employee Health Commission	75	-	75
Purchasing	4	-	4
	<u>39,122</u>	<u>32,518</u>	<u>6,604</u>
<b>Department of Agriculture, Conservation and Forestry</b>			
	<u>71,141</u>	<u>41,981</u>	<u>29,160</u>
<b>Attorney General</b>			
	<u>15,057</u>	<u>13,168</u>	<u>1,889</u>
<b>Department of Audit</b>			
	<u>2,051</u>	<u>1,848</u>	<u>203</u>
<b>Department of Corrections</b>			
Corrections	1,044	1	1,043
Maine State Prison	154	52	102
Maine Correctional Center	165	109	56
Doweast Correctional Facility	34	16	18
Charleston Correctional Facility	136	75	61
Long Creek Youth Development Center	39	5	34
	<u>1,572</u>	<u>258</u>	<u>1,314</u>
<b>Department of Economic and Community Development</b>			
	<u>17,304</u>	<u>12,914</u>	<u>4,390</u>
<b>Department of Environmental Protection</b>			
Environmental Protection	<u>50,627</u>	<u>33,633</u>	<u>16,994</u>
<b>Department of Human Services</b>			
Human Services	425,692	384,251	41,441
Behavioral and Developmental Services	27,501	26,891	610
Riverview Psychiatric Center	22,489	19,621	2,868
Dorothea Dix Psychiatric Center	14,792	12,262	2,530
Office of Substance Abuse	4,444	3,667	777
	<u>494,918</u>	<u>446,692</u>	<u>48,226</u>
<b>Department of Labor</b>			
Labor	9,034	5,462	3,572
Labor Relations Board	121	86	35
	<u>9,155</u>	<u>5,548</u>	<u>3,607</u>
<b>Department of Transportation</b>			
Transportation	178,491	50,124	128,367
Air Transportation	1,146	964	182
Ferry Service/Ports & Marine	186	136	50
Rail/Van Pool	3,140	2,513	627
	<u>182,963</u>	<u>53,737</u>	<u>129,226</u>
<b>Defense, Veterans and Emergency Management</b>			
	<u>2,284</u>	<u>1,015</u>	<u>1,269</u>
<b>Department of Education</b>			
Education	38,050	29,443	8,607
Education - Unorganized Territory	8	-	8
	<u>38,058</u>	<u>29,443</u>	<u>8,615</u>
<b>General Government</b>			
Office of the Governor	431	252	179
Public Advocate	1,996	1,658	338
	<u>2,427</u>	<u>1,910</u>	<u>517</u>
<b>Department of Inland Fisheries and Wildlife</b>			
	<u>7,573</u>	<u>4,432</u>	<u>3,141</u>

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Judicial Department</b>	\$ 4,783	\$ 3,586	\$ 1,197
<b>Legislative Department</b>			
Legislative	11	6	5
<b>Department of Marine Resources</b>	9,076	6,742	2,334
<b>Department of Professional and Financial Regulation</b>			
Professional and Financial Regulation	28,959	23,010	5,949
Board of Dental Examiners	528	423	105
Board of Nursing	1,064	965	99
Board of Optometry	70	68	2
Board of Osteopathic Examination and Registration	208	206	2
Board of Professional Engineers	325	236	89
Board of Registration in Medicine	1,697	1,428	269
	<u>32,851</u>	<u>26,336</u>	<u>6,515</u>
<b>Department of Public Safety</b>	22,610	19,886	2,724
<b>Public Utilities Commission</b>	21,492	16,534	4,958
<b>Secretary of State</b>			
Secretary of State	491	190	301
Motor Vehicles	1,273	1,175	98
Archives Services	18	9	9
	<u>1,782</u>	<u>1,374</u>	<u>408</u>
<b>Treasurer of State</b>	63,619	63,601	18
<b>Other Agencies</b>			
Arts and Humanities Administration	102	39	63
Baxter State Park Authority	4,021	3,620	401
Board of Property Tax Review	3	-	3
Board of Water System Operators	76	-	76
Com. On Governmental Ethics and Election Practices	2,221	972	1,249
Commission on Indigent Legal Services	770	753	17
Finance Authority of Maine	5,348	3,110	2,238
Harness Racing Promotion Board	189	66	123
Human Rights Commission	25	9	16
Library	1,182	954	228
Lobster Promotion Council	1,936	1,327	609
Maine Charter School	157	28	129
Maine Community College System	3,402	3,211	191
Maine Health Data Organization	2,297	1,849	448
Maine Historic Preservation Commission	609	266	343
Maine Maritime	136	109	27
Maine Potato Board	1,586	769	817
Maine State Cultural Affairs Council	65	-	65
Maine State Housing Authority	11,707	11,699	8
Maine Children's Trust Incorporated	48	30	18
Museum	424	285	139
Saco River Corridor Commission	40	40	-
University of Maine	4,487	3,952	535
Worker's Compensation Board	10,863	10,377	486
Wild Blueberry Commission of Maine	1,784	1,784	-
Maine Municipal Bond Bank	38,769	38,427	342
Maine Efficiency Trust	14,824	14,573	251
State Board of Correction	3,353	2,771	582
	<u>110,424</u>	<u>101,020</u>	<u>9,404</u>
<b>Grand Total</b>	\$ 1,200,900	\$ 918,182	\$ 282,718



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# NON-MAJOR ENTERPRISE FUNDS

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Lottery Fund – This fund was established to account for all operations of the Maine State Lottery. This includes the Tri-State Lotto Commission and the Multi-State Lottery Association. The Tri-State Lotto Commission was established in 1985 and is a joint venture between the States of Maine, New Hampshire, and Vermont. The Commission is authorized and empowered to promulgate rules and regulations regarding the conduct of lottery games, including the prices of tickets, the number and size of prizes for winning tickets, and the licensing of agents. The Multi-State Lottery Association was established in July 2004 and is authorized to initiate, promulgate, administer and carry out one or more lottery product offerings.

Alcoholic Beverages Fund - This fund was established to license and regulate the sale of alcoholic beverages. During fiscal year 2014, the State entered into a ten-year contract with a vendor to manage and operate wholesale liquor distribution as the State's agent.

Maine Military Authority Fund – This fund was created for the purpose of operating the Maine Readiness Sustainment Maintenance Center. The Center maintains, rebuilds, repairs, stores and manufactures equipment for the United States

Departments of Defense, Army, Air Force, Navy and Treasury.

State Ferry Service Fund – This fund accounts for the operation of ferry services between the mainland and various islands for the purpose of transporting vehicles, freight, and passengers to and from those islands.

Prison Industries Fund – This fund accounts for a self-supporting program of job training through the employment of inmates in manufacturing and selling products.

Dirigo Health Agency – This fund was created to arrange for the provision of comprehensive, affordable health care coverage to eligible small employers, including the self-employed, their employees and dependents, and individuals on a voluntary basis.

Consolidated Emergency Communications Fund – This fund accounts for payments made by municipal, county, and state governmental entities towards the implementation of the Statewide Communication System.



**STATE OF MAINE**  
**COMBINING STATEMENT OF NET POSITION**  
**NON-MAJOR ENTERPRISE FUNDS**

June 30, 2015  
(Expressed in Thousands)

	Lottery	Alcoholic Beverages	Maine Military Authority	Ferry Service
<b>Assets</b>				
Current Assets:				
Equity in Treasurer's Cash Pool	\$ -	\$ 8,780	\$ -	\$ 1,107
Cash and Short-Term Investments	750	-	-	3
Inventories	-	-	1,903	331
Receivables, Net of Allowance for Uncollectibles:				
Other Receivable	26,560	1,895	139	106
Due from Other Funds	-	-	2	3
Other Current Assets	290	-	26	-
Total Current Assets	<u>27,600</u>	<u>10,675</u>	<u>2,070</u>	<u>1,550</u>
Noncurrent Assets:				
Equity in Treasurer's Cash Pool	-	2,991	-	377
Capital Assets - Net of Depreciation	-	-	4,544	38,083
Total Noncurrent Assets	<u>-</u>	<u>2,991</u>	<u>4,544</u>	<u>38,460</u>
Total Assets	<u>27,600</u>	<u>13,666</u>	<u>6,614</u>	<u>40,010</u>
<b>Deferred Outflows of Resources</b>	<u>\$ 251</u>	<u>\$ 30</u>	<u>\$ 1,028</u>	<u>\$ 973</u>
<b>Liabilities</b>				
Current Liabilities:				
Accounts Payable	\$ 886	\$ 5,904	\$ 231	\$ 273
Accrued Payroll	99	16	323	274
Due to Other Funds	7,402	5,781	2,874	99
Current Portion of Long-Term Obligations:				
Compensated Absences	13	-	45	43
Unearned Revenue	159	-	-	-
Other Accrued Liabilities	18,760	-	-	-
Total Current Liabilities	<u>27,319</u>	<u>11,701</u>	<u>3,473</u>	<u>689</u>
Long-Term Liabilities:				
Compensated Absences	96	3	329	319
Other Post-Employment Benefit Obligation	270	2	2,466	889
Net Pension Liability	1,543	-	22,486	5,001
Total Long-Term Liabilities	<u>1,909</u>	<u>5</u>	<u>25,281</u>	<u>6,209</u>
Total Liabilities	<u>29,228</u>	<u>11,706</u>	<u>28,754</u>	<u>6,898</u>
<b>Deferred Inflows of Resources</b>	<u>\$ 439</u>	<u>\$ -</u>	<u>\$ 2,421</u>	<u>\$ 1,440</u>
<b>Net Position</b>				
Net Investment in Capital Assets	-	-	4,544	38,083
Unrestricted	(1,816)	1,990	(28,077)	(5,438)
Total Net Position	<u>\$ (1,816)</u>	<u>\$ 1,990</u>	<u>\$ (23,533)</u>	<u>\$ 32,645</u>

	Prison Industries	Dirigo Health	Consolidated Emergency Communications Fund	Total
				Other Enterprise Funds
	\$ 259	\$ 778	\$ 1,698	\$ 12,622
	3	-	-	756
	1,525	-	-	3,759
	80	-	1	28,781
	29	-	9	43
	-	-	-	316
	<u>1,896</u>	<u>778</u>	<u>1,708</u>	<u>46,277</u>
	89	265	578	4,300
	13	-	18	42,658
	<u>102</u>	<u>265</u>	<u>596</u>	<u>46,958</u>
	<u>1,998</u>	<u>1,043</u>	<u>2,304</u>	<u>93,235</u>
	\$ 40	\$ 50	\$ 886	\$ 3,258
	\$ 61	\$ -	\$ 10	\$ 7,365
	14	-	344	1,070
	15	39	131	16,341
	2	-	23	126
	-	-	-	159
	5	-	-	18,765
	<u>97</u>	<u>39</u>	<u>508</u>	<u>43,826</u>
	11	-	170	928
	25	138	841	4,631
	119	1,115	4,608	34,872
	<u>155</u>	<u>1,253</u>	<u>5,619</u>	<u>40,431</u>
	<u>252</u>	<u>1,292</u>	<u>6,127</u>	<u>84,257</u>
	\$ 60	\$ 138	\$ 1,350	\$ 5,848
	13	-	18	42,658
	<u>1,713</u>	<u>(337)</u>	<u>(4,305)</u>	<u>(36,270)</u>
	<u>\$ 1,726</u>	<u>\$ (337)</u>	<u>\$ (4,287)</u>	<u>\$ 6,388</u>

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

Fiscal Year Ended June 30, 2015  
(Expressed in Thousands)

	<u>Lottery</u>	<u>Alcoholic Beverages</u>	<u>Maine Military Authority</u>	<u>Ferry Service</u>
<b>Operating Revenues</b>				
Charges for Services	\$ 254,865	\$ 157,369	\$ 5,323	\$ 4,823
Total Operating Revenues	<u>254,865</u>	<u>157,369</u>	<u>5,323</u>	<u>4,823</u>
<b>Operating Expenses</b>				
General Operations	200,457	111,265	8,819	9,630
Depreciation	-	-	523	2,952
Total Operating Expenses	<u>200,457</u>	<u>111,265</u>	<u>9,342</u>	<u>12,582</u>
Operating Income (Loss)	<u>54,408</u>	<u>46,104</u>	<u>(4,019)</u>	<u>(7,759)</u>
<b>Nonoperating Revenues (Expenses)</b>				
Other Nonoperating Revenues (Expenses) - net	18	-	(8)	8
Total Nonoperating Revenues (Expenses)	<u>18</u>	<u>-</u>	<u>(8)</u>	<u>8</u>
Income (Loss) Before Capital Contributions and Transfers	<u>54,426</u>	<u>46,104</u>	<u>(4,027)</u>	<u>(7,751)</u>
<b>Capital Contributions and Transfers</b>				
Capital Contributions from Other Funds	-	-	-	1,666
Transfers from Other Funds	-	-	-	4,916
Transfers to Other Funds	(54,650)	(44,094)	-	-
Total Capital Contributions and Transfers In (Out)	<u>(54,650)</u>	<u>(44,094)</u>	<u>-</u>	<u>6,582</u>
Change in Net Position	(224)	2,010	(4,027)	(1,169)
Net Position - Beginning of Year (As Restated)	<u>(1,592)</u>	<u>(20)</u>	<u>(19,506)</u>	<u>33,814</u>
Net Position - End of Year	<u>\$ (1,816)</u>	<u>\$ 1,990</u>	<u>\$ (23,533)</u>	<u>\$ 32,645</u>

<u>Prison</u>	<u>Dirigo Health</u>	<u>Consolidated Emergency Communications Fund</u>	<u>Total Other Enterprise Funds</u>
\$ 2,113	\$ 4	\$ 5,405	\$ 429,902
<u>2,113</u>	<u>4</u>	<u>5,405</u>	<u>429,902</u>
1,878	1,137	5,812	338,998
-	-	6	3,481
<u>1,878</u>	<u>1,137</u>	<u>5,818</u>	<u>342,479</u>
<u>235</u>	<u>(1,133)</u>	<u>(413)</u>	<u>87,423</u>
2	-	-	20
<u>2</u>	<u>-</u>	<u>-</u>	<u>20</u>
<u>237</u>	<u>(1,133)</u>	<u>(413)</u>	<u>87,443</u>
-	-	-	1,666
-	-	-	4,916
-	(8,123)	-	(106,867)
<u>-</u>	<u>(8,123)</u>	<u>-</u>	<u>(100,285)</u>
237	(9,256)	(413)	(12,842)
<u>1,489</u>	<u>8,919</u>	<u>(3,874)</u>	<u>19,230</u>
<u>\$ 1,726</u>	<u>\$ (337)</u>	<u>\$ (4,287)</u>	<u>\$ 6,388</u>

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

June 30, 2015  
(Expressed in Thousands)

	<u>Lottery</u>	<u>Alcoholic Beverages</u>	<u>Maine Military Authority</u>
<b>Cash Flows from Operating Activities</b>			
Receipts from Customers and Users	\$ 253,824	\$ 155,474	\$ 6,831
Other Operating Cash Receipts (Payments)			
Payments to Prize Winners	(166,665)	-	-
Payments to Suppliers	(31,147)	(105,069)	(1,871)
Payments to Employees	(1,380)	(213)	(4,954)
Net Cash Provided (Used) by Operating Activities	<u>54,632</u>	<u>50,192</u>	<u>6</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Transfers from Other Funds	-	-	-
Transfers to Other Funds	(54,650)	(38,920)	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(54,650)</u>	<u>(38,920)</u>	<u>-</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Payments for Acquisition of Capital Assets	-	-	-
Proceeds from Sale of Capital Assets	-	-	1
Net Cash Provided (Used) by Capital Financing Activities	<u>-</u>	<u>-</u>	<u>1</u>
<b>Cash Flows from Investing Activities</b>			
Interest Revenue	18	-	(7)
Net Cash Provided (Used) by Investing Activities	<u>18</u>	<u>-</u>	<u>(7)</u>
Net Increase (Decrease) in Cash/Cash Equivalents	-	11,272	-
Cash/Cash Equivalents - Beginning of Year	750	499	-
Cash/Cash Equivalents - End of Year	<u>\$ 750</u>	<u>\$ 11,771</u>	<u>\$ -</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>			
Operating Income (Loss)	\$ 54,408	\$ 46,104	\$ (4,019)
<b>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities</b>			
Depreciation Expense	-	-	523
Decrease (Increase) in Assets & Liabilities:			
Accounts Receivable	(1,041)	(1,895)	1,508
Interfund Balances	165	607	881
Inventories	-	-	(628)
Deferred Outflows	(41)	(30)	1,595
Increase (Decrease) in Liabilities			
Accounts Payable	(54)	5,898	171
Accrued Payroll Expenses	13	3	(3)
Change in Compensated Absences	21	3	2
Deferred Inflows	439	-	2,421
Net Pension Liability	(453)	-	(2,491)
Other Accruals	1,175	(498)	46
Total Adjustments	<u>224</u>	<u>4,088</u>	<u>4,025</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 54,632</u>	<u>\$ 50,192</u>	<u>\$ 6</u>
<b>Non Cash Investing, Capital and Financing Activities</b>			
Contributed Capital Assets	-	-	-

				<b>Totals</b>
<b>Ferry Service</b>	<b>Prison Industries</b>	<b>Dirigo Health</b>	<b>Consolidated Emergency Communications</b>	<b>Other Enterprise Funds</b>
\$ 4,827	\$ 2,083	\$ 5	\$ 5,405	\$ 428,449
-	-	-	-	(166,665)
(4,179)	(1,990)	(913)	(618)	(145,787)
<u>(5,691)</u>	<u>(237)</u>	<u>(221)</u>	<u>(5,131)</u>	<u>(17,827)</u>
(5,043)	(144)	(1,129)	(344)	98,170
4,916	-	-	-	4,916
-	-	(8,123)	-	(101,693)
<u>4,916</u>	<u>-</u>	<u>(8,123)</u>	<u>-</u>	<u>(96,777)</u>
-	(13)	-	-	(13)
-	-	-	-	1
-	(13)	-	-	(12)
<u>8</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>21</u>
8	2	-	-	21
(119)	(155)	(9,252)	(344)	1,402
<u>1,606</u>	<u>506</u>	<u>10,295</u>	<u>2,620</u>	<u>16,276</u>
<u>\$ 1,487</u>	<u>\$ 351</u>	<u>\$ 1,043</u>	<u>\$ 2,276</u>	<u>\$ 17,678</u>
<u>\$ (7,759)</u>	<u>\$ 235</u>	<u>\$ (1,133)</u>	<u>\$ (413)</u>	<u>\$ 87,423</u>
2,952	-	-	6	3,481
4	(30)	1	-	(1,453)
8	(86)	11	283	1,869
(19)	(246)	-	-	(893)
<u>(292)</u>	<u>(21)</u>	<u>82</u>	<u>(256)</u>	<u>1,037</u>
10	(1)	(35)	5	5,994
45	2	(28)	29	61
(2)	2	(25)	(5)	(4)
1,440	60	138	1,350	5,848
(1,484)	(63)	(142)	(1,390)	(6,023)
<u>54</u>	<u>4</u>	<u>2</u>	<u>47</u>	<u>830</u>
<u>2,716</u>	<u>(379)</u>	<u>4</u>	<u>69</u>	<u>10,747</u>
<u>\$ (5,043)</u>	<u>\$ (144)</u>	<u>\$ (1,129)</u>	<u>\$ (344)</u>	<u>\$ 98,170</u>
1,666	-	-	-	1,666



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# INTERNAL SERVICE FUNDS

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Motor Transport Service Fund – This fund accounts for all the equipment and vehicle operations of the Department of Transportation.

Postal, Printing and Supply Fund – This fund accounts for the purchase of general office supplies, materials and photocopiers required by any State department or agency, the purchase of and contract for all postal and mailing services, duplicating needs, and the acquisition and disposition of State and federal surplus property. This fund is also used to administer the State's Procurement Card Program.

Information Services Fund – This fund accounts for the costs of providing information services in data processing and telecommunications and for coordinating data processing services including computer operations, programming and applications systems development, technical support and networking services.

Risk Management Fund – This fund accounts for resources generated and used to provide insurance advice and services for all forms of insurance except health and workers' compensation. This includes insurance for automobile, fire, liability and any other type of coverage that may be necessary to protect the State against financial loss.

Workers' Compensation Fund – This fund accounts for resources generated and used to provide workers' compensation advice and insurance services.

Central Fleet Management Fund – This fund accounts for the cost of administering a uniform program for the operation and maintenance of all State vehicles except those of the Department of Transportation and Public Safety.

Leased Space Fund – This fund accounts for State facilities leasing activities and maintains records of State agency property, leasing needs and all available space owned, leased and potentially available for lease.

Revenue Services Fund – This fund accounts for the resources generated and used to provide up-to-date information to facilitate compliance with Maine tax law and to help reduce common mistakes in filing tax forms.

Retiree Health Insurance Fund – This fund accounts for post retirement health care premiums and benefits for most retired state employees and Legislators, for a portion of the premiums for teachers, and for a portion of the premiums for county and municipal law enforcement officers and firefighters (First Responders).

Employee Health Insurance Fund – This fund accounts for health care premiums and benefits for most state employees.

Statewide Radio & Network System 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.



**STATE OF MAINE**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**

June 30, 2015  
(Expressed in Thousands)

	Motor Transport Service	Postal Printing & Supply	Information Services	Risk Management
<b>Assets</b>				
Current Assets:				
Equity in Treasurer's Cash Pool	\$ 3,232	\$ -	\$ 9,992	\$ 18,424
Cash and Short-Term Investments	-	1	-	-
Cash with Fiscal Agent	101	-	-	-
Restricted Assets:				
Restricted Deposits and Investments	-	-	-	-
Inventories	3,509	72	18	-
Receivables, Net of Allowance for Uncollectibles:				
Other Receivable	21	49	64	42
Due from Other Funds	177	2,146	15,247	477
Other Current Assets	-	125	1,542	484
Total Current Assets	<u>7,040</u>	<u>2,393</u>	<u>26,863</u>	<u>19,427</u>
Noncurrent Assets:				
Equity in Treasurer's Cash Pool	1,101	-	3,405	6,277
Receivables, Net of Allowance for Uncollectibles:				
Capital Assets - Net of Depreciation	57,795	6	5,730	-
Total Noncurrent Assets	<u>58,896</u>	<u>6</u>	<u>9,135</u>	<u>6,277</u>
Total Assets	<u>65,936</u>	<u>2,399</u>	<u>35,998</u>	<u>25,704</u>
<b>Deferred Outflows of Resources</b>	<u>\$ 1,596</u>	<u>\$ 326</u>	<u>\$ 6,651</u>	<u>\$ 67</u>
<b>Liabilities</b>				
Current Liabilities:				
Accounts Payable	\$ 279	\$ 32	\$ 1,904	\$ 7
Accrued Payroll	457	124	2,606	20
Due to Other Funds	207	4,461	1,428	77
Due to Component Units	-	-	-	62
Current Portion of Long-Term Obligations:				
Certificates of Participation and Other Financing Arrangements	8	-	519	-
Obligations Under Capital Leases	-	-	-	-
Claims Payable	-	-	-	-
Compensated Absences	47	9	271	3
Unearned Revenue	-	-	-	195
Other Accrued Liabilities	-	25	15	-
Total Current Liabilities	<u>998</u>	<u>4,651</u>	<u>6,743</u>	<u>364</u>
Long-Term Liabilities:				
Working Capital Advances Payable	-	111	-	-
Unearned Revenue	-	-	-	-
Certificates of Participation and Other Financing Arrangements	-	-	524	-
Obligations Under Capital Leases	-	-	-	-
Claims Payable	-	-	-	4,228
Compensated Absences	343	65	1,983	20
Net Pension Liability	10,311	2,025	38,003	347
Total Long-Term Liabilities	<u>10,654</u>	<u>2,201</u>	<u>40,510</u>	<u>4,595</u>
Total Liabilities	<u>11,652</u>	<u>6,852</u>	<u>47,253</u>	<u>4,959</u>
<b>Deferred Inflows of Resources</b>	<u>\$ 2,627</u>	<u>\$ 533</u>	<u>\$ 10,016</u>	<u>\$ 107</u>
<b>Net Position</b>				
Net Investment in Capital Assets	57,888	6	6,244	-
Restricted for:				
Other Purposes	-	-	-	-
Unrestricted	(4,635)	(4,666)	(20,864)	20,705
Total Net Position	<u>\$ 53,253</u>	<u>\$ (4,660)</u>	<u>\$ (14,620)</u>	<u>\$ 20,705</u>

<u>Workers' Compensation</u>	<u>Central Fleet Management</u>	<u>Leased Space</u>	<u>Revenue Services</u>	<u>Retiree Health Insurance</u>	<u>Employee Health Insurance</u>	<u>Statewide Radio &amp; Network Systems</u>
\$ 16,170	\$ -	\$ -	\$ 14	\$ 58,601	\$ 22,096	\$ 519
-	1	-	-	-	-	-
-	4,265	-	-	-	-	2,603
-	-	-	-	-	-	-
-	36	-	-	-	-	-
-	34	-	-	200	2,096	-
821	1,811	527	-	4,215	7,620	-
488	-	-	-	4	7	1
<u>17,479</u>	<u>6,147</u>	<u>527</u>	<u>14</u>	<u>63,020</u>	<u>31,819</u>	<u>3,123</u>
5,509	-	-	5	19,966	7,529	177
-	15,701	33,347	-	-	-	56,919
<u>5,509</u>	<u>15,701</u>	<u>33,347</u>	<u>5</u>	<u>19,966</u>	<u>7,529</u>	<u>57,096</u>
<u>22,988</u>	<u>21,848</u>	<u>33,874</u>	<u>19</u>	<u>82,986</u>	<u>39,348</u>	<u>60,219</u>
\$ 242	\$ 164	\$ 43	\$ -	\$ -	\$ 154	\$ -
\$ 1,176	\$ 7	\$ 201	\$ -	\$ 4,053	\$ 124	\$ -
86	63	19	-	-	61	-
63	607	219	16	-	26	-
-	-	-	-	4,315	-	-
-	4,996	-	-	-	-	6,286
-	-	5,102	-	-	-	-
7,751	-	-	-	5,673	17,020	-
4	7	3	-	-	4	-
-	-	-	-	-	-	-
-	35	-	-	-	-	-
<u>9,080</u>	<u>5,715</u>	<u>5,544</u>	<u>16</u>	<u>14,041</u>	<u>17,235</u>	<u>6,286</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	7,007	-	-	-	-	18,461
-	-	32,255	-	-	-	-
39,294	-	-	-	-	-	-
28	48	21	-	-	32	-
921	846	230	-	-	811	-
<u>40,243</u>	<u>7,901</u>	<u>32,506</u>	<u>-</u>	<u>-</u>	<u>843</u>	<u>18,461</u>
<u>49,323</u>	<u>13,616</u>	<u>38,050</u>	<u>16</u>	<u>14,041</u>	<u>18,078</u>	<u>24,747</u>
\$ 302	\$ 260	\$ 80	\$ -	\$ -	\$ 212	\$ -
-	7,963	(4,010)	-	-	-	34,775
-	-	-	-	-	-	697
(26,395)	173	(203)	3	68,945	21,212	-
<u>\$ (26,395)</u>	<u>\$ 8,136</u>	<u>\$ (4,213)</u>	<u>\$ 3</u>	<u>\$ 68,945</u>	<u>\$ 21,212</u>	<u>\$ 35,472</u>

(continued)

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

June 30, 2015  
(Expressed in Thousands)

	Financial & Personnel Services	Transportation Facilities Fund	Governmental Facilities Authority	Total Internal Service Funds
<b>Assets</b>				
Current Assets:				
Equity in Treasurer's Cash Pool	\$ 1,850	\$ 342	\$ -	\$ 131,240
Cash and Short-Term Investments	-	-	-	2
Cash with Fiscal Agent	-	-	-	6,969
Restricted Assets:				
Restricted Deposits and Investments	-	-	3,499	3,499
Inventories	-	-	-	3,635
Receivables, Net of Allowance for Uncollectibles:				
Other Receivable	-	1	7	2,514
Due from Other Funds	462	-	-	33,503
Other Current Assets	-	-	-	2,651
Total Current Assets	<u>2,312</u>	<u>343</u>	<u>3,506</u>	<u>184,013</u>
Noncurrent Assets:				
Equity in Treasurer's Cash Pool	630	117	-	44,716
Receivables, Net of Allowance for Uncollectibles:				
Capital Assets - Net of Depreciation	10	32,739	-	202,247
Total Noncurrent Assets	<u>640</u>	<u>32,856</u>	<u>-</u>	<u>246,963</u>
Total Assets	<u>2,952</u>	<u>33,199</u>	<u>3,506</u>	<u>430,976</u>
<b>Deferred Outflows of Resources</b>	<u>\$ 2,932</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,175</u>
<b>Liabilities</b>				
Current Liabilities:				
Accounts Payable	\$ 25	\$ 31	\$ 7	\$ 7,846
Accrued Payroll	1,142	-	-	4,578
Due to Other Funds	451	1	-	7,556
Due to Component Units	-	-	-	4,377
Current Portion of Long-Term Obligations:				
Certificates of Participation and Other Financing Arrangements	-	-	-	11,809
Obligations Under Capital Leases	-	-	-	5,102
Claims Payable	-	-	-	30,444
Compensated Absences	101	-	-	449
Unearned Revenue	-	-	133	328
Other Accrued Liabilities	-	-	36	111
Total Current Liabilities	<u>1,719</u>	<u>32</u>	<u>176</u>	<u>72,600</u>
Long-Term Liabilities:				
Working Capital Advances Payable	-	-	-	111
Unearned Revenue	-	-	415	415
Certificates of Participation and Other Financing Arrangements	-	-	-	25,992
Obligations Under Capital Leases	-	-	-	32,255
Claims Payable	-	-	-	43,522
Compensated Absences	741	-	-	3,281
Net Pension Liability	17,970	-	-	71,464
Total Long-Term Liabilities	<u>18,711</u>	<u>-</u>	<u>415</u>	<u>177,040</u>
Total Liabilities	<u>20,430</u>	<u>32</u>	<u>591</u>	<u>249,640</u>
<b>Deferred Inflows of Resources</b>	<u>\$ 4,355</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,492</u>
<b>Net Position</b>				
Net Investment in Capital Assets	10	32,739	-	135,615
Restricted for:				
Other Purposes	-	-	(25)	672
Unrestricted	(18,911)	428	2,940	38,732
Total Net Position	<u>\$ (18,901)</u>	<u>\$ 33,167</u>	<u>\$ 2,915</u>	<u>\$ 175,019</u>



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

Fiscal Year Ended June 30, 2015  
(Expressed in Thousands)

	<u>Motor Transport Service</u>	<u>Postal Printing &amp; Supply</u>	<u>Information Services</u>	<u>Risk Management</u>
<b>Operating Revenues</b>				
Charges for Services	\$ 34,303	\$ 30,732	\$ 88,550	\$ 4,922
Miscellaneous Revenues	-	-	19	-
Total Operating Revenues	<u>34,303</u>	<u>30,732</u>	<u>88,569</u>	<u>4,922</u>
<b>Operating Expenses</b>				
General Operations	24,991	30,301	85,052	3,290
Depreciation	7,396	3	797	-
Claims/Fees Expense	-	-	-	2,135
Other Operating Expenses	-	-	-	-
Total Operating Expenses	<u>32,387</u>	<u>30,304</u>	<u>85,849</u>	<u>5,425</u>
Operating Income (Loss)	<u>1,916</u>	<u>428</u>	<u>2,720</u>	<u>(503)</u>
<b>Nonoperating Revenues (Expenses)</b>				
Investment Revenue (Expense) - net	17	(15)	42	99
Interest Expense	(3)	-	(26)	-
Other Nonoperating Revenues (Expenses) - net	(1,707)	-	(1)	-
Total Nonoperating Revenues (Expenses)	<u>(1,693)</u>	<u>(15)</u>	<u>15</u>	<u>99</u>
Income (Loss) Before Capital Contributions and Transfers	<u>223</u>	<u>413</u>	<u>2,735</u>	<u>(404)</u>
<b>Capital Contributions and Transfers</b>				
Capital Contributions from Other Funds	-	-	-	-
Transfers from (to) Other Funds	(1,431)	-	-	-
Total Capital Contributions and Transfers In (Out)	<u>(1,431)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	(1,208)	413	2,735	(404)
Net Position - Beginning of Year (As Restated)	<u>54,461</u>	<u>(5,073)</u>	<u>(17,355)</u>	<u>21,109</u>
Net Position - End of Year	<u>\$ 53,253</u>	<u>\$ (4,660)</u>	<u>\$ (14,620)</u>	<u>\$ 20,705</u>

<b>Workers' Compensation</b>	<b>Central Fleet Management</b>	<b>Leased Space</b>	<b>Revenue Services</b>	<b>Retiree Health Insurance</b>	<b>Employee Health Insurance</b>	<b>Statewide Radio &amp; Network Systems</b>
\$ 14,309	\$ 13,105	\$ 23,946	\$ 262	\$ 56,020	\$ 146,178	\$ 170
18	-	-	-	1,071	2,942	-
<u>14,327</u>	<u>13,105</u>	<u>23,946</u>	<u>262</u>	<u>57,091</u>	<u>149,120</u>	<u>170</u>
6,813	7,585	8,876	162	29,388	136,184	2
-	3,779	4,110	-	-	-	-
12,091	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>18,904</u>	<u>11,364</u>	<u>12,986</u>	<u>162</u>	<u>29,388</u>	<u>136,184</u>	<u>2</u>
(4,577)	1,741	10,960	100	27,703	12,936	168
88	1	6	1	215	145	-
-	(139)	(11,050)	-	-	-	-
-	12	-	-	-	-	-
<u>88</u>	<u>(126)</u>	<u>(11,044)</u>	<u>1</u>	<u>215</u>	<u>145</u>	<u>-</u>
(4,489)	1,615	(84)	101	27,918	13,081	168
-	-	-	-	-	-	-
-	-	-	(250)	-	-	6,034
-	-	-	(250)	-	-	6,034
(4,489)	1,615	(84)	(149)	27,918	13,081	6,202
(21,906)	6,521	(4,129)	152	41,027	8,131	29,270
<u>\$ (26,395)</u>	<u>\$ 8,136</u>	<u>\$ (4,213)</u>	<u>\$ 3</u>	<u>\$ 68,945</u>	<u>\$ 21,212</u>	<u>\$ 35,472</u>

(continued)

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

Fiscal Year Ended June 30, 2015  
(Expressed in Thousands)

	<b>Financial &amp; Personnel Services</b>	<b>Transportation Facilities Fund</b>	<b>Governmental Facilities Authority</b>	<b>Total Internal Service Funds</b>
<b>Operating Revenues</b>				
Charges for Services	\$ 18,375	\$ 1,227	\$ 399	\$ 432,498
Miscellaneous Revenues	-	49	-	4,099
Total Operating Revenues	<u>18,375</u>	<u>1,276</u>	<u>399</u>	<u>436,597</u>
<b>Operating Expenses</b>				
General Operations	17,965	687	193	351,489
Depreciation	2	668	-	16,755
Claims/Fees Expense	-	-	-	14,226
Other Operating Expenses	-	-	49	49
Total Operating Expenses	<u>17,967</u>	<u>1,355</u>	<u>242</u>	<u>382,519</u>
Operating Income (Loss)	<u>408</u>	<u>(79)</u>	<u>157</u>	<u>54,078</u>
<b>Nonoperating Revenues (Expenses)</b>				
Investment Revenue (Expense) - net	-	6	16	621
Interest Expense	-	-	-	(11,218)
Other Nonoperating Revenues (Expenses) - net	-	185	-	(1,511)
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>191</u>	<u>16</u>	<u>(12,108)</u>
Income (Loss) Before Capital Contributions and Transfers	<u>408</u>	<u>112</u>	<u>173</u>	<u>41,970</u>
<b>Capital Contributions and Transfers</b>				
Capital Contributions from Other Funds	-	370	-	370
Transfers from (to) Other Funds	-	1,431	-	5,784
Total Capital Contributions and Transfers In (Out)	<u>-</u>	<u>1,801</u>	<u>-</u>	<u>6,154</u>
Change in Net Position	408	1,913	173	48,124
Net Position - Beginning of Year (As Restated)	<u>(19,309)</u>	<u>31,254</u>	<u>2,742</u>	<u>126,895</u>
Net Position - End of Year	<u>\$ (18,901)</u>	<u>\$ 33,167</u>	<u>\$ 2,915</u>	<u>\$ 175,019</u>





**STATE OF MAINE**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**

June 30, 2015  
(Expressed in Thousands)

	<u>Motor Transport Service</u>	<u>Postal Printing &amp; Supply</u>	<u>Information Services</u>	<u>Risk Management</u>
<b>Cash Flows from Operating Activities</b>				
Receipts from Customers and Users	\$ 32,972	\$ 30,499	\$ 82,677	\$ 4,507
Other Operating Cash Receipts (Payments)				
Payments to Suppliers	(16,305)	(28,622)	(46,903)	(5,096)
Payments to Employees	(9,107)	(1,861)	(38,736)	(381)
	<u>7,560</u>	<u>16</u>	<u>(2,962)</u>	<u>(970)</u>
Net Cash Provided (Used) by Operating Activities				
<b>Cash Flows from Noncapital Financing Activities</b>				
Transfers from Other Funds	-	-	-	-
Transfers to Other Funds	(1,431)	-	-	-
	<u>(1,431)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Cash Provided (Used) by Noncapital Financing Activities				
<b>Cash Flows from Capital and Related Financing Activities</b>				
Payments for Acquisition of Capital Assets	(10,692)	(1)	(785)	-
Proceeds From Financing Arrangements	-	-	-	-
Principal and Interest Paid on Financing Arrangements	(385)	-	(1,049)	-
Proceeds from Sale of Capital Assets	-	-	-	-
	<u>(11,077)</u>	<u>(1)</u>	<u>(1,834)</u>	<u>-</u>
Net Cash Provided (Used) by Capital Financing Activities				
<b>Cash Flows from Investing Activities</b>				
Interest Revenue	17	(15)	42	99
	<u>17</u>	<u>(15)</u>	<u>42</u>	<u>99</u>
Net Cash Provided (Used) by Investing Activities				
Net Increase (Decrease) in Cash/Cash Equivalents	(4,931)	-	(4,754)	(871)
Cash/Cash Equivalents - Beginning of Year	9,365	1	18,151	25,572
Cash/Cash Equivalents - End of Year	<u>\$ 4,434</u>	<u>\$ 1</u>	<u>\$ 13,397</u>	<u>\$ 24,701</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Operating Income (Loss)	\$ 1,916	\$ 428	\$ 2,720	\$ (503)
<b>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities</b>				
Depreciation Expense	7,396	3	797	-
Decrease (Increase) in Assets				
Accounts Receivable	(5)	33	(25)	(40)
Interfund Balances	(131)	158	(5,410)	(224)
Inventories	(1,387)	72	3	-
Other Assets	-	(29)	157	(113)
Deferred Outflows	(229)	(56)	(1,577)	(19)
Increase (Decrease) in Liabilities				
Accounts Payable	16	(615)	427	(33)
Accrued Payroll Expenses	63	12	201	(3)
Change in Compensated Absences	6	1	57	(1)
Deferred Inflows	2,627	533	10,016	107
Net Pension Liability	(2,708)	(549)	(10,318)	(110)
Other Accruals	(4)	25	(10)	(31)
	<u>5,644</u>	<u>(412)</u>	<u>(5,682)</u>	<u>(467)</u>
Total Adjustments				
Net Cash Provided (Used) by Operating Activities	<u>\$ 7,560</u>	<u>\$ 16</u>	<u>\$ (2,962)</u>	<u>\$ (970)</u>
<b>Non Cash Investing, Capital and Financing Activities</b>				
Property Leased, Accrued or Acquired	-	-	-	-
Contributed Capital Assets	-	-	-	-

<u>Workers'</u> <u>Compensation</u>	<u>Central Fleet</u> <u>Management</u>	<u>Leased</u> <u>Space</u>	<u>Revenue</u> <u>Services</u>	<u>Retiree</u> <u>Health</u> <u>Insurance</u>	<u>Employee</u> <u>Health</u> <u>Insurance</u>	<u>Statewide Radio</u> <u>&amp; Network</u> <u>System</u>
\$ 14,242	\$ 13,074	\$ 23,506	\$ 262	\$ 57,010	\$ 152,314	\$ 170
(15,177)	(7,530)	(8,324)	(152)	(28,563)	(149,147)	(2)
(1,453)	(942)	(235)	-	-	(898)	-
(2,388)	4,602	14,947	110	28,447	2,269	168
-	-	-	-	-	-	6,034
-	-	-	(250)	-	-	-
-	-	-	(250)	-	-	6,034
-	(3,294)	-	-	-	-	(8,418)
-	-	-	-	-	-	11,500
-	(379)	(15,165)	-	-	-	(14,833)
-	12	-	-	-	-	-
-	(3,661)	(15,165)	-	-	-	(11,751)
88	1	6	1	215	145	-
88	1	6	1	215	145	-
(2,300)	942	(212)	(139)	28,662	2,414	(5,549)
23,979	3,324	212	158	49,905	27,211	8,848
<u>\$ 21,679</u>	<u>\$ 4,266</u>	<u>\$ -</u>	<u>\$ 19</u>	<u>\$ 78,567</u>	<u>\$ 29,625</u>	<u>\$ 3,299</u>
<u>\$ (4,577)</u>	<u>\$ 1,741</u>	<u>\$ 10,960</u>	<u>\$ 100</u>	<u>\$ 27,703</u>	<u>\$ 12,936</u>	<u>\$ 168</u>
-	3,779	4,110	-	-	-	-
-	3	-	-	1,547	3,066	-
(40)	(433)	(230)	10	(1,628)	134	-
-	(11)	-	-	-	-	-
(29)	-	-	-	-	-	-
(113)	(47)	(10)	-	-	(46)	-
71	(421)	118	-	36	(15,313)	-
4	5	1	-	-	8	-
9	(5)	-	-	-	1	-
302	260	80	-	-	212	-
(311)	(268)	(82)	-	-	(219)	-
2,296	(1)	-	-	789	1,490	-
2,189	2,861	3,987	10	744	(10,667)	-
<u>\$ (2,388)</u>	<u>\$ 4,602</u>	<u>\$ 14,947</u>	<u>\$ 110</u>	<u>\$ 28,447</u>	<u>\$ 2,269</u>	<u>\$ 168</u>

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(continued)

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

June 30, 2015  
(Expressed in Thousands)

	<b>Financial &amp; Personnel Services</b>	<b>Transportation Facilities Fund</b>	<b>Governmental Facilities Authority</b>	<b>Totals Internal Service Funds</b>
<b>Cash Flows from Operating Activities</b>				
Receipts from Customers and Users	\$ 18,021	\$ 1,304	\$ 399	\$ 430,957
Other Operating Cash Receipts (Payments)				
Payments to Suppliers	(1,368)	(941)	(578)	(308,708)
Payments to Employees	(17,034)	-	-	(70,647)
	<u>(381)</u>	<u>363</u>	<u>(179)</u>	<u>51,602</u>
Net Cash Provided (Used) by Operating Activities				
<b>Cash Flows from Noncapital Financing Activities</b>				
Transfers from Other Funds	-	1,431	-	7,465
Transfers to Other Funds	-	-	-	(1,681)
	<u>-</u>	<u>1,431</u>	<u>-</u>	<u>5,784</u>
Net Cash Provided (Used) by Noncapital Financing Activities				
<b>Cash Flows from Capital and Related Financing Activities</b>				
Payments for Acquisition of Capital Assets	-	(9,976)	-	(33,166)
Proceeds From Financing Arrangements	-	-	-	11,500
Principal and Interest Paid on Financing Arrangements	-	-	-	(31,811)
Proceeds from Sale of Capital Assets	-	185	-	197
	<u>-</u>	<u>185</u>	<u>-</u>	<u>197</u>
Net Cash Provided (Used) by Capital Financing Activities				
	<u>-</u>	<u>(9,791)</u>	<u>-</u>	<u>(53,280)</u>
<b>Cash Flows from Investing Activities</b>				
Interest Revenue	-	6	16	621
	<u>-</u>	<u>6</u>	<u>16</u>	<u>621</u>
Net Cash Provided (Used) by Investing Activities				
	<u>-</u>	<u>6</u>	<u>16</u>	<u>621</u>
Net Increase (Decrease) in Cash/Cash Equivalents	(381)	(7,991)	(163)	4,727
Cash/Cash Equivalents - Beginning of Year	2,861	8,450	3,662	181,699
Cash/Cash Equivalents - End of Year	<u>\$ 2,480</u>	<u>\$ 459</u>	<u>\$ 3,499</u>	<u>\$ 186,426</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Used by Operating Activities</b>				
Operating Income (Loss)	\$ 408	\$ (79)	\$ 157	\$ 54,078
<b>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities</b>				
Depreciation Expense	2	668	-	16,755
Decrease (Increase) in Assets				
Accounts Receivable	-	(1)	-	4,578
Interfund Balances	(235)	29	-	(8,000)
Inventories	-	-	-	(1,323)
Other Assets	-	-	-	(14)
Deferred Outflows	(574)	-	-	(2,671)
Increase (Decrease) in Liabilities				
Accounts Payable	9	(254)	(7)	(15,966)
Accrued Payroll Expenses	93	-	-	384
Change in Compensated Absences	46	-	-	114
Deferred Inflows	4,355	-	-	18,492
Net Pension Liability	(4,485)	-	-	(19,050)
Other Accruals	-	-	(329)	4,225
	<u>(789)</u>	<u>442</u>	<u>(336)</u>	<u>(2,476)</u>
Total Adjustments				
Net Cash Provided (Used) by Operating Activities	<u>\$ (381)</u>	<u>\$ 363</u>	<u>\$ (179)</u>	<u>\$ 51,602</u>
<b>Non Cash Investing, Capital and Financing Activities</b>				
Property Leased, Accrued or Acquired	-	-	-	10,066
Contributed Capital Assets	-	370	-	370

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# FIDUCIARY FUNDS

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## **Pension (and Other Employee Benefit) Trusts**

This fund accounts for all of the trust activity occurring in the employees defined benefit pension plan, healthcare and group life insurance other post-

employment benefit 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.

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.

Revenue on Private Purpose Trusts Fund – This fund accounts for expendable earnings on private purpose trust fund balances.

Permanent School Fund – This fund is comprised of numerous small private purpose trusts, the income from which may be used for specified purposes.

## **Agency Funds**

Payroll Withholding Fund – This fund accounts for all payroll taxes and deductions withheld to pay the federal government, other State agencies, and payroll vendors.

Other Agency Funds – These funds account for numerous small agency funds which have been combined for financial reporting purposes.

Private Trusts Fund – This fund is used to account for assets held by the State acting as an agent for patients of State mental health facilities, inmates at State correctional institutions, recipients of State-supported elder and adult services, and child support enforcement services. Also included in this fund are insurance company and unemployment guaranty deposits, and assets held in Courts and Corrections restitution escrow accounts.

Treasurer's Agency Fund – This fund accounts for deposits of quasi governmental units placed in the Treasurer's Cash Pool for investment purposes.

**STATE OF MAINE**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**PENSION (AND OTHER EMPLOYEE BENEFIT) TRUSTS**

June 30, 2015  
(Expressed in Thousands)

	<b>State/Teacher Defined Benefit Pension Plan</b>	<b>Judicial Defined Benefit Pension Plan</b>	<b>Legislative Defined Benefit Pension Plan</b>	<b>PLD Consolidated Pension Plan</b>
<b>Assets</b>				
Cash and Short-Term Investments	\$ 29,449	\$ 273	\$ 52	\$ 43,097
Receivables, Net of Allowance for Uncollectibles:				
Interest and Dividends	4,379	24	4	1,027
Due from Brokers for Securities Sold	622	3	-	146
Other	20,387	-	-	9,101
Investments at Fair Value:				
Equity Securities	2,485,211	13,671	2,688	582,808
Common Collective Trust	7,715,759	42,443	8,344	1,809,428
Securities Lending Collateral	119,018	655	129	27,911
Capital Assets - Net of Depreciation	7,340	40	7	1,721
Total Assets	<u>10,382,165</u>	<u>57,109</u>	<u>11,224</u>	<u>2,475,239</u>
<b>Liabilities</b>				
Accounts Payable	\$ 5,436	\$ 29	\$ 5	\$ 41,779
Due to Brokers for Securities Purchased	500	2	-	117
Obligations Under Securities Lending	119,018	655	129	27,911
Other Accrued Liabilities	15,108	82	15	3,544
Total Liabilities	<u>140,062</u>	<u>768</u>	<u>149</u>	<u>73,351</u>
<b>Net Position</b>				
Held in Trust for Pension, Disability, Death, Group Life Insurance Benefits and Other Purposes	<u>10,242,103</u>	<u>56,341</u>	<u>11,075</u>	<u>2,401,888</u>
Total Net Position	<u>\$ 10,242,103</u>	<u>\$ 56,341</u>	<u>\$ 11,075</u>	<u>\$ 2,401,888</u>

<u>PLD Agent Pension Plan</u>	<u>Healthcare OPEB</u>	<u>MainePERS OPEB Trust</u>	<u>Group Life Insurance OPEB</u>	<u>Defined Contribution Plans</u>	<u>Total Pension (and Other Employee Benefit) Trusts</u>
\$ 95	\$ -	\$ -	\$ -	\$ 64	\$ 73,030
15	-	-	-	-	5,449
2	-	-	-	-	773
83	-	-	674	49	30,294
8,607	-	-	-	-	3,092,985
26,723	195,253	11,798	101,013	27,090	9,937,851
412	-	-	-	-	148,125
25	-	-	-	-	9,133
<u>35,962</u>	<u>195,253</u>	<u>11,798</u>	<u>101,687</u>	<u>27,203</u>	<u>13,297,640</u>
\$ 18	\$ -	\$ -	\$ 31	\$ -	\$ 47,298
1	-	-	-	-	620
412	-	-	-	-	148,125
52	133	1,025	6,098	6	26,063
<u>483</u>	<u>133</u>	<u>1,025</u>	<u>6,129</u>	<u>6</u>	<u>222,106</u>
<u>35,479</u>	<u>195,120</u>	<u>10,773</u>	<u>95,558</u>	<u>27,197</u>	<u>13,075,534</u>
<u>\$ 35,479</u>	<u>\$ 195,120</u>	<u>\$ 10,773</u>	<u>\$ 95,558</u>	<u>\$ 27,197</u>	<u>\$ 13,075,534</u>

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

Fiscal Year Ended June 30, 2015  
(Expressed in Thousands)

	<u>State/Teacher Defined Benefit Pension Plan</u>	<u>Judicial Defined Benefit Pension Plan</u>	<u>Legislative Defined Benefit Pension Plan</u>	<u>PLD Consolidated Pension Plan</u>
Additions:				
Contributions:				
Members	\$ 123,528	\$ 549	\$ 193	\$ 37,202
State and Local Agencies	173,935	979	4	43,367
Other Contributing Entity	147,283	-	-	-
Investment Income (Loss):				
Net Increase (Decrease) in the Fair Value of Investments	127,068	700	136	30,857
Interest and Dividends	106,991	589	115	25,107
Securities Lending Income	484	2	-	113
Less Investment Expense:				
Investment Activity Expense	43,969	242	47	10,297
Securities Lending Expense	(1,254)	(7)	(1)	(295)
Net Investment Income (Loss)	191,828	1,056	205	46,075
Total Additions	<u>636,574</u>	<u>2,584</u>	<u>402</u>	<u>126,644</u>
Deductions:				
Benefits Paid to Participants or Beneficiaries	703,292	3,384	327	129,476
Refunds and Withdrawals	19,432	-	111	48,939
Administrative Expenses	9,386	49	9	2,117
Claims Processing Expense	-	-	-	-
Total Deductions	<u>732,110</u>	<u>3,433</u>	<u>447</u>	<u>180,532</u>
Net Increase (Decrease)	(95,536)	(849)	(45)	(53,888)
Net Position:				
Held in Trust for Pension, Disability, Death, Group Life Insurance Benefits and Other Purposes:				
Beginning of Year	<u>10,337,639</u>	<u>57,190</u>	<u>11,120</u>	<u>2,455,776</u>
End of Year	<u>\$ 10,242,103</u>	<u>\$ 56,341</u>	<u>\$ 11,075</u>	<u>\$ 2,401,888</u>

					<b>Total</b>
<b>PLD Agent Pension Plan</b>	<b>Healthcare OPEB</b>	<b>MainePERS OPEB Trust</b>	<b>Group Life Insurance OPEB</b>	<b>Defined Contribution Plans</b>	<b>Pension (and Other Employee Benefit) Trusts</b>
\$ 94	\$ -	\$ -	\$ 4,820	\$ 3,165	\$ 169,551
916	62,921	6	8,250	131	290,509
-	-	-	-	-	147,283
440	5,464	349	2,687	809	168,510
370	-	-	-	-	133,172
1	-	-	-	-	600
153	59	6	53	89	54,915
(4)	-	-	-	-	(1,561)
662	5,405	343	2,634	720	248,928
<u>1,672</u>	<u>68,326</u>	<u>349</u>	<u>15,704</u>	<u>4,016</u>	<u>856,271</u>
2,780	62,921	251	11,137	-	913,568
-	-	-	-	1,718	70,200
32	118	-	357	130	12,198
-	-	-	819	-	819
<u>2,812</u>	<u>63,039</u>	<u>251</u>	<u>12,313</u>	<u>1,848</u>	<u>996,785</u>
(1,140)	5,287	98	3,391	2,168	(140,514)
<u>36,619</u>	<u>189,833</u>	<u>10,675</u>	<u>92,167</u>	<u>25,029</u>	<u>13,216,048</u>
<u>\$ 35,479</u>	<u>\$ 195,120</u>	<u>\$ 10,773</u>	<u>\$ 95,558</u>	<u>\$ 27,197</u>	<u>\$ 13,075,534</u>



**STATE OF MAINE**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**PRIVATE PURPOSE TRUST FUNDS**

June 30, 2015  
(Expressed in Thousands)

	<b>Abandoned Property</b>	<b>Revenue on Private Purpose Trusts</b>	<b>Lands Reserved</b>	<b>Permanent School</b>	<b>Total Private Purpose Trusts</b>
<b>Assets</b>					
Equity in Treasurer's Cash Pool	\$ 500	\$ 35	\$ -	\$ -	\$ 535
Investments at Fair Value:					
Other	-	6	13,303	3,473	16,782
Due from Other Funds	28,265	-	-	-	28,265
Other Assets	5,853	-	-	-	5,853
Total Assets	<u>34,618</u>	<u>41</u>	<u>13,303</u>	<u>3,473</u>	<u>51,435</u>
<b>Liabilities</b>					
Accounts Payable	\$ 98	\$ -	\$ -	\$ -	\$ 98
Due to Other Funds	9	-	-	-	9
Total Liabilities	<u>107</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>107</u>
<b>Net Position</b>					
Held in Trust for Pension, Disability, Death, Group Life Insurance Benefits and Other Purposes	<u>34,511</u>	<u>41</u>	<u>13,303</u>	<u>3,473</u>	<u>51,328</u>
Total Net Position	<u>\$ 34,511</u>	<u>\$ 41</u>	<u>\$ 13,303</u>	<u>\$ 3,473</u>	<u>\$ 51,328</u>

**STATE OF MAINE**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**PRIVATE PURPOSE TRUST FUNDS**

Fiscal Year Ended June 30, 2015  
(Expressed in Thousands)

	<u>Abandoned Property</u>	<u>Revenue on Private Purpose Trusts</u>	<u>Lands Reserved</u>	<u>Permanent School</u>	<u>Total  Private Purpose Trusts</u>
<b>Additions:</b>					
Investment Income (Loss):					
Net Increase (Decrease) in the Fair Value of Investments	\$ -	\$ -	\$ 418	\$ 57	\$ 475
Interest and Dividends	30	107	-	-	137
Net Investment Income (Loss)	<u>30</u>	<u>107</u>	<u>418</u>	<u>57</u>	<u>612</u>
Miscellaneous Revenues	10,992	-	-	-	10,992
Transfers In	<u>-</u>	<u>589</u>	<u>-</u>	<u>-</u>	<u>589</u>
Total Additions	<u>11,022</u>	<u>696</u>	<u>418</u>	<u>57</u>	<u>12,193</u>
<b>Deductions:</b>					
Benefits Paid to Participants or Beneficiaries	-	89	-	-	89
Administrative Expenses	190	-	-	-	190
Transfers Out	<u>5,357</u>	<u>647</u>	<u>-</u>	<u>-</u>	<u>6,004</u>
Total Deductions	<u>5,547</u>	<u>736</u>	<u>-</u>	<u>-</u>	<u>6,283</u>
Net Increase (Decrease)	5,475	(40)	418	57	5,910
<b>Net Position:</b>					
Held in Trust for Pension, Disability, Death, Group Life Insurance Benefits and Other Purposes:					
Beginning of Year	<u>29,036</u>	<u>81</u>	<u>12,885</u>	<u>3,416</u>	<u>45,418</u>
End of Year	<u>\$ 34,511</u>	<u>\$ 41</u>	<u>\$ 13,303</u>	<u>\$ 3,473</u>	<u>\$ 51,328</u>



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

June 30, 2015  
(Expressed in Thousands)

	<u>Payroll</u>		<u>Other</u>	<u>Treasurer's</u>	<u>Total</u>
	<u>Withholding</u>	<u>Private Trusts</u>	<u>Agency</u>	<u>Agency</u>	<u>Funds</u>
<b>Assets</b>					
Equity in Treasurer's Cash Pool	\$ -	\$ 8,873	\$ 9,296	\$ -	\$ 18,169
Cash and Short-Term Investments	-	27	-	-	27
Restricted Deposits and Investments	-	-	167	-	167
Investments Held on Behalf of Others	-	56,139	-	-	56,139
Other Assets	3,881	1,610	-	-	5,491
Total Assets	<u>\$ 3,881</u>	<u>\$ 66,649</u>	<u>\$ 9,463</u>	<u>\$ -</u>	<u>\$ 79,993</u>
<b>Liabilities</b>					
Accounts Payable	\$ -	\$ 1,117	\$ 11	\$ -	\$ 1,128
Agency Liabilities	-	65,532	9,440	-	74,972
Due to Other Funds	3,837	-	12	-	3,849
Other Accrued Liabilities	44	-	-	-	44
Total Liabilities	<u>\$ 3,881</u>	<u>\$ 66,649</u>	<u>\$ 9,463</u>	<u>\$ -</u>	<u>\$ 79,993</u>

**STATE OF MAINE**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**

Fiscal Year Ended June 30, 2015  
(Expressed in Thousands)

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2015</u>
<b>Payroll Withholding</b>				
<b>Assets</b>				
Cash, Short-term Investments & Equity in Treasurer's Cash Pool	\$ -	\$ 259,953	\$ 259,953	\$ -
Other Assets	3,351	530	-	3,881
Total Assets	<u>\$ 3,351</u>	<u>\$ 260,483</u>	<u>\$ 259,953</u>	<u>\$ 3,881</u>
<b>Liabilities</b>				
Accounts Payable & Other Accrued Liabilities	\$ 31	\$ 633,201	\$ 633,188	\$ 44
Due to Other Funds	3,320	517	-	3,837
Total Liabilities	<u>\$ 3,351</u>	<u>\$ 633,718</u>	<u>\$ 633,188</u>	<u>\$ 3,881</u>
<b>Private Trusts</b>				
<b>Assets</b>				
Cash, Short-term Investments & Equity in Treasurer's Cash Pool	\$ 8,675	\$ 28,033	\$ 27,808	\$ 8,900
Investments Held on Behalf of Others	52,641	3,498	0	56,139
Other Assets	1,065	593	48	1,610
Total Assets	<u>\$ 62,381</u>	<u>\$ 32,124</u>	<u>\$ 27,856</u>	<u>\$ 66,649</u>
<b>Liabilities</b>				
Accounts Payable & Other Accrued Liabilities	\$ 1,063	\$ 1,163	\$ 1,109	\$ 1,117
Agency Liabilities	61,318	30,049	25,835	65,532
Total Liabilities	<u>\$ 62,381</u>	<u>\$ 31,213</u>	<u>\$ 26,945</u>	<u>\$ 66,649</u>

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2015</u>
<b>Other Agency</b>				
<b>Assets</b>				
Cash, Short-term Investments & Equity in Treasurer's Cash Pool	\$ 9,673	\$ 11,416	\$ 11,626	\$ 9,463
Total Assets	<u>\$ 9,673</u>	<u>\$ 11,416</u>	<u>\$ 11,626</u>	<u>\$ 9,463</u>
<b>Liabilities</b>				
Accounts Payable & Other Accrued Liabilities	\$ 1	\$ 9,074	\$ 9,064	\$ 11
Agency Liabilities	9,665	15,139	15,364	9,440
Due to Other Funds	<u>7</u>	<u>5</u>	<u>-</u>	<u>12</u>
Total Liabilities	<u>\$ 9,673</u>	<u>\$ 24,218</u>	<u>\$ 24,428</u>	<u>\$ 9,463</u>
<b>Treasurer's Agency</b>				
<b>Assets</b>				
Cash, Short-term Investments & Equity in Treasurer's Cash Pool	\$ -	\$ 3,779	\$ 3,779	\$ -
Total Assets	<u>\$ -</u>	<u>\$ 3,779</u>	<u>\$ 3,779</u>	<u>\$ -</u>
<b>Liabilities</b>				
Agency Liabilities	\$ -	\$ 2,603	\$ 2,603	\$ -
Total Liabilities	<u>\$ -</u>	<u>\$ 2,603</u>	<u>\$ 2,603</u>	<u>\$ -</u>
<b>Totals - All Agency Funds</b>				
<b>Assets</b>				
Cash, Short-term Investments & Equity in Treasurer's Cash Pool	\$ 18,348	\$ 303,181	\$ 303,166	\$ 18,363
Investments Held on Behalf of Others	52,641	3,498	0	56,139
Other Assets	<u>4,416</u>	<u>1,123</u>	<u>48</u>	<u>5,491</u>
Total Assets	<u>\$ 75,405</u>	<u>\$ 307,802</u>	<u>\$ 303,214</u>	<u>\$ 79,993</u>
<b>Liabilities</b>				
Accounts Payable & Other Accrued Liabilities	\$ 1,095	\$ 643,438	\$ 643,361	\$ 1,172
Agency Liabilities	70,983	47,791	43,802	74,972
Due to Other Funds	<u>3,327</u>	<u>522</u>	<u>-</u>	<u>3,849</u>
Total Liabilities	<u>\$ 75,405</u>	<u>\$ 691,752</u>	<u>\$ 687,164</u>	<u>\$ 79,993</u>



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# NON-MAJOR COMPONENT UNIT FINANCIAL STATEMENTS

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Child Development Services System – maintains a coordinated service delivery system for the provision of Childfind activities, early intervention services, and free, appropriate public education services for eligible children with disabilities.

ConnectMe Authority – is responsible for stimulating investment in advanced communications technology infrastructure in unserved or underserved areas in the State.

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.

Loring Development Authority – is responsible for the acquisition, development and management of the properties within the geographical area of the former Loring Air Force Base.

Maine Educational Center for the Deaf and Hard of Hearing – (formerly Governor Baxter School for the Deaf) is a comprehensive educational organization that offers educational, residential, transitional, and outreach services to meet the needs of persons who are deaf or hard of hearing, their families, professionals, service providers, agencies and communities on a local, statewide, regional and national level.

Maine Educational Loan Authority – was created to grant educational loans primarily using funds acquired through issuance of long-term bonds payable.

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.

Maine Port Authority – is responsible for acquiring, financing, constructing and operating port and railroad facilities within the State, to improve the global competitiveness of Maine businesses.

Maine Technology Institute – was established to encourage, promote, stimulate and support research and development activity.

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.

Small Enterprise Growth Fund – is used to provide capital to small Maine businesses that show potential for high growth and public benefit but are unable to obtain adequate conventional financing from financial institutions.



**STATE OF MAINE**  
**COMBINING STATEMENT OF NET POSITION**  
**NON-MAJOR COMPONENT UNITS**

June 30, 2015  
(Expressed in Thousands)

	Child Development Services	ConnectME Authority	Efficiency Maine Trust	Loring Development Authority	Maine Educational Center for the Deaf and Hard of Hearing	Maine Educational Loan Authority
<b>Assets</b>						
Current Assets:						
Equity in Treasurer's Cash Pool	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash and Cash Equivalents	3,102	-	8,376	436	1,076	13,607
Investments	-	-	-	-	-	999
Restricted Assets:						
Restricted Deposits and Investments	-	-	30,922	-	-	-
Inventories	-	-	-	-	-	-
Receivables, Net of Allowance for Uncollectibles:						
Loans Receivable	-	-	-	-	-	15,762
Notes Receivable	-	-	13,348	-	-	-
Other Receivables	3	705	351	828	77	973
Due from Other Governments	-	115	1,019	-	-	-
Due from Primary Government	3,874	-	1,191	616	4,143	-
Other Current Assets	89	-	56	12	72	27
Total Current Assets	<u>7,068</u>	<u>820</u>	<u>55,263</u>	<u>1,892</u>	<u>5,368</u>	<u>31,368</u>
Noncurrent Assets:						
Equity in Treasurer's Cash Pool	-	-	-	-	-	-
Restricted Assets:						
Restricted Deposits and Investments	-	1,827	-	-	-	-
Investments	-	-	-	-	1,089	-
Receivables, Net of Current Portion:						
Loans Receivable	-	-	-	-	-	93,760
Notes Receivable	-	-	-	2,159	-	-
Other Receivables	-	-	-	-	-	542
Capital Assets - Net of Depreciation	226	-	4	62,150	517	-
Other Noncurrent Assets	-	-	-	-	-	448
Total Noncurrent Assets	<u>226</u>	<u>1,827</u>	<u>4</u>	<u>64,309</u>	<u>1,606</u>	<u>94,750</u>
Total Assets	<u>7,294</u>	<u>2,647</u>	<u>55,267</u>	<u>66,201</u>	<u>6,974</u>	<u>126,118</u>
<b>Deferred Outflows of Resources</b>						
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 941
<b>Liabilities</b>						
Current Liabilities:						
Accounts Payable	\$ 3,177	\$ 90	\$ 6,344	\$ 143	\$ 47	\$ 152
Accrued Payroll	1,022	-	-	-	443	-
Compensated Absences	500	-	-	31	94	-
Due to Other Governments	112	-	-	-	-	-
Due to Primary Government	-	-	-	107	-	-
Bonds and Notes Payable	-	-	-	1,304	-	6,610
Obligations under Capital Leases	27	-	-	-	-	-
Accrued Interest Payable	-	-	-	-	-	522
Unearned Revenue	259	-	3,665	-	1,544	-
Other Current Liabilities	-	-	1,650	97	-	-
Total Current Liabilities	<u>5,097</u>	<u>90</u>	<u>11,659</u>	<u>1,682</u>	<u>2,128</u>	<u>7,284</u>
Long-Term Liabilities:						
Due to Other Governments	-	-	-	-	-	1,351
Bonds and Notes Payable	-	-	-	1,136	-	115,270
Obligations under Capital Leases	50	-	-	-	-	-
Net Pension Liability	-	-	-	-	4,109	-
Other Post-Employment Benefit Obligation	-	-	-	-	2,378	-
Other Noncurrent Liabilities	-	-	-	-	-	-
Total Long-Term Liabilities	<u>50</u>	<u>-</u>	<u>-</u>	<u>1,136</u>	<u>6,487</u>	<u>116,621</u>
Total Liabilities	<u>5,147</u>	<u>90</u>	<u>11,659</u>	<u>2,818</u>	<u>8,615</u>	<u>123,905</u>
<b>Deferred Inflows of Resources</b>						
	\$ -	\$ 840	\$ -	\$ 1,414	\$ -	\$ -
<b>Net Position</b>						
Net Investment in Capital Assets	148	-	4	60,830	517	-
Restricted	1,999	1,718	43,605	-	813	2,772
Unrestricted	-	(1)	(1)	1,139	(2,971)	382
Total Net Position	<u>\$ 2,147</u>	<u>\$ 1,717</u>	<u>\$ 43,608</u>	<u>\$ 61,969</u>	<u>\$ (1,641)</u>	<u>\$ 3,154</u>

<u>Maine Maritime Academy</u>	<u>Maine Port Authority</u>	<u>Midcoast Regional Redevelopment Authority</u>	<u>Maine Technology Institute</u>	<u>Northern New England Passenger Rail Authority</u>	<u>Small Enterprise Growth Fund</u>	<u>Total</u>
\$ 1	\$ -	\$ -	\$ -	\$ -	\$ 2,227	\$ 2,228
3,754	1,968	4,601	25,164	2,839	50	64,973
7,683	-	-	-	-	-	8,682
-	-	-	-	-	-	30,922
997	-	-	-	-	-	997
641	-	342	15	-	100	16,860
-	-	-	-	-	-	13,348
1,158	168	952	352	2	14	5,583
-	-	3,245	-	4,535	-	8,914
-	-	307	-	3,105	-	13,236
134	-	273	66	949	3	1,681
<u>14,368</u>	<u>2,136</u>	<u>9,720</u>	<u>25,597</u>	<u>11,430</u>	<u>2,394</u>	<u>167,424</u>
-	-	-	-	-	759	759
12,574	-	369	-	798	-	15,568
18,057	-	-	881	-	3,372	23,399
2,767	-	-	507	-	-	97,034
-	-	-	-	-	632	2,791
1,021	-	-	-	-	20	1,583
25,002	16,807	129,273	131	3,080	-	237,190
592	-	101	-	-	-	1,141
<u>60,013</u>	<u>16,807</u>	<u>129,743</u>	<u>1,519</u>	<u>3,878</u>	<u>4,783</u>	<u>379,465</u>
<u>74,381</u>	<u>18,943</u>	<u>139,463</u>	<u>27,116</u>	<u>15,308</u>	<u>7,177</u>	<u>546,889</u>
\$ 1,157	\$ -	\$ -	\$ -	\$ 128	\$ -	\$ 2,226
\$ 4,691	\$ 125	\$ 1,513	\$ 279	\$ 5,292	\$ -	\$ 21,853
-	-	-	-	-	-	1,465
-	-	77	-	36	-	738
-	-	1,966	-	-	-	2,078
-	128	778	-	-	-	1,013
37	-	7	-	-	-	7,958
-	-	-	3	-	-	30
-	-	-	-	-	-	522
289	-	107	25,940	2,998	-	34,802
258	-	526	-	-	13	2,544
<u>5,275</u>	<u>253</u>	<u>4,974</u>	<u>26,222</u>	<u>8,326</u>	<u>13</u>	<u>73,003</u>
1,710	-	-	-	-	-	3,061
143	-	14,403	-	-	-	130,952
-	-	-	16	-	-	66
2,255	-	-	-	652	-	7,016
-	-	-	-	-	-	2,378
-	-	-	-	186	-	186
<u>4,108</u>	<u>-</u>	<u>14,403</u>	<u>16</u>	<u>838</u>	<u>-</u>	<u>143,659</u>
<u>9,383</u>	<u>253</u>	<u>19,377</u>	<u>26,238</u>	<u>9,164</u>	<u>13</u>	<u>216,662</u>
\$ 2,395	\$ -	\$ -	\$ -	\$ 176	\$ -	\$ 4,825
24,647	16,807	114,786	-	1,889	-	219,628
24,798	1,177	-	-	2,179	-	79,061
14,315	706	5,300	878	2,028	7,164	28,939
<u>\$ 63,760</u>	<u>\$ 18,690</u>	<u>\$ 120,086</u>	<u>\$ 878</u>	<u>\$ 6,096</u>	<u>\$ 7,164</u>	<u>\$ 327,628</u>

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

Fiscal Year Ended June 30, 2015  
(Expressed in Thousands)

	Child Development Services	ConnectME Authority	Efficiency Maine Trust	Loring Development Authority	Maine Educational Center for the Deaf and Hard of Hearing	Maine Educational Loan Authority
<b>Expenses</b>	\$ 33,176	\$ 2,488	\$ 58,887	\$ 4,038	\$ 7,341	\$ 9,742
<b>Program Revenues</b>						
Charges for Services	531	-	-	1,732	771	9,639
Program Investment Income	4	-	-	-	-	7
Operating Grants and Contributions	34,540	2,316	51,401	-	65	-
Capital Grants and Contributions	-	-	-	197	-	-
Net Revenue (Expense)	<u>1,899</u>	<u>(172)</u>	<u>(7,486)</u>	<u>(2,109)</u>	<u>(6,505)</u>	<u>(96)</u>
<b>General Revenues</b>						
Unrestricted Investment Earnings	-	-	-	14	35	-
Non-program Specific Grants, Contributions and Appropriations	-	-	-	966	6,566	-
Miscellaneous Income	-	4	-	13	-	-
Gain (Loss) on Assets Held for Sale	-	-	-	21	-	-
Total General Revenues	<u>-</u>	<u>4</u>	<u>-</u>	<u>1,014</u>	<u>6,601</u>	<u>-</u>
Change in Net Position	1,899	(168)	(7,486)	(1,095)	96	(96)
Net Position, Beginning of the Year (as restated)	<u>248</u>	<u>1,885</u>	<u>51,094</u>	<u>63,064</u>	<u>(1,737)</u>	<u>3,250</u>
Net Position, End of Year	<u>\$ 2,147</u>	<u>\$ 1,717</u>	<u>\$ 43,608</u>	<u>\$ 61,969</u>	<u>\$ (1,641)</u>	<u>\$ 3,154</u>

<b>Maine Maritime Academy</b>	<b>Maine Port Authority</b>	<b>Midcoast Regional Redevelopment Authority</b>	<b>Maine Technology Institute</b>	<b>Northern New England Passenger Rail Authority</b>	<b>Small Enterprise Growth Fund</b>	<b>Total</b>
\$ 37,734	\$ 2,156	\$ 13,735	\$ 12,670	\$ 20,587	\$ 1,210	\$ 203,764
23,756	1,557	3,601	62	8,744	-	50,393
-	-	-	-	-	50	61
2,954	33	873	12,285	8,790	550	113,807
3,536	-	6,463	-	2,636	-	12,832
(7,488)	(566)	(2,798)	(323)	(417)	(610)	(26,671)
157	13	-	313	5	23	560
11,513	-	-	-	-	-	19,045
678	4	395	21	259	-	1,374
-	-	1,594	-	-	-	1,615
12,348	17	1,989	334	264	23	22,594
4,860	(549)	(809)	11	(153)	(587)	(4,077)
58,900	19,239	120,895	867	6,249	7,751	331,705
\$ 63,760	\$ 18,690	\$ 120,086	\$ 878	\$ 6,096	\$ 7,164	\$ 327,628



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# **STATISTICAL SECTION**

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## STATISTICAL SECTION NARRATIVE AND TABLE OF CONTENTS

This part of the State of Maine’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the State’s overall financial health.

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These schedules contain trend information to help the reader understand how the State’s financial performance and fiscal health have changed over time. Fund perspective schedules are presented for the last ten years. Schedules included are:

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# STATE OF MAINE NET POSITION BY ACTIVITIES

Last Ten Fiscal Years  
(Expressed in Thousands)

	2015	2014	2013	2012
<b>Primary Government</b>				
<b>Governmental Activities</b>				
Net Investment in Capital Assets	\$ 3,362,340	\$ 3,326,722	<sup>3</sup> \$ 3,262,047	\$ 4,408,377
Restricted	215,520	<sup>2</sup> 168,085	<sup>3</sup> 403,837	398,122
Unrestricted	<u>(2,232,749)</u>	<u>(2,616,106)</u>	<u>(464,331)</u>	<u>(514,820)</u>
Total Governmental Activities Net Position	<u>\$ 1,345,111</u>	<u>\$ 878,701</u>	<u><sup>3</sup> \$ 3,201,553</u>	<u>\$ 4,291,679</u>
<b>Business-Type Activities</b>				
Net Investment in Capital Assets	\$ 42,658	\$ 44,462	\$ 55,340	\$ 152,763
Restricted	366,766	331,799	321,112	295,632
Unrestricted	<u>(35,942)</u>	<u>(25,148)</u>	<u>2,860</u>	<u>675</u>
Total Business-Type Activities Net Position	<u>\$ 373,482</u>	<u>\$ 351,113</u>	<u><sup>3</sup> \$ 379,312</u>	<u>\$ 449,070</u>
<b>Total Primary Government</b>				
Net Investment in Capital Assets	\$ 3,404,998	\$ 3,371,184	<sup>3</sup> \$ 3,317,387	\$ 4,561,140
Restricted	582,286	499,884	<sup>3</sup> 724,949	693,754
Unrestricted	<u>(2,268,691)</u>	<u>(2,641,254)</u>	<u>(461,471)</u>	<u>(514,145)</u>
Total Primary Government Activities Net Position	<u>\$ 1,718,593</u>	<u>\$ 1,229,814</u>	<u><sup>3</sup> \$ 3,580,865</u>	<u>\$ 4,740,749</u>

<sup>1</sup> The methodology of calculating infrastructure capital assets changed in 2014.

<sup>2</sup> Implementation of Statement No. GASB 68 and 71

<sup>3</sup> As restated.

**SOURCE:** State of Maine Comprehensive Annual Financial Reporting System. Accrual basis of accounting.

## SCHEDULE 1

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 4,165,760	\$ 3,945,510	\$ 3,767,895	\$ 3,632,073	\$ 3,519,371	\$ 3,347,672
376,044	383,576	162,240	200,888	198,786	172,449
<u>(324,465)</u>	<u>(346,646)</u>	<u>(150,054)</u>	<u>(98,830)</u>	<u>50,153</u>	<u>(67,588)</u>
<u>\$ 4,217,339</u>	<u>\$ 3,982,440</u>	<u>\$ 3,780,081</u>	<u>\$ 3,734,131</u>	<u>\$ 3,768,310</u>	<u>\$ 3,452,533</u>
<hr/>					
\$ 146,357	\$ 97,635	\$ 96,667	\$ 95,905	\$ 90,361	\$ 79,030
300,287	320,648	383,970	493,733	489,677	476,832
<u>(6,623)</u>	<u>(35,010)</u>	<u>(67,030)</u>	<u>(89,400)</u>	<u>(74,054)</u>	<u>(74,098)</u>
<u>\$ 440,021</u>	<u>\$ 383,273</u>	<u>\$ 413,607</u>	<u>\$ 500,238</u>	<u>\$ 505,984</u>	<u>\$ 481,764</u>
<hr/>					
\$ 4,312,117	\$ 4,043,145	\$ 3,864,562	\$ 3,727,978	\$ 3,609,732	\$ 3,426,702
676,331	704,224	546,210	694,621	688,463	649,281
<u>(331,088)</u>	<u>(381,656)</u>	<u>(217,084)</u>	<u>(188,230)</u>	<u>(23,901)</u>	<u>(141,686)</u>
<u>\$ 4,657,360</u>	<u>\$ 4,365,713</u>	<u>\$ 4,193,688</u>	<u>\$ 4,234,369</u>	<u>\$ 4,274,294</u>	<u>\$ 3,934,297</u>

**STATE OF MAINE**  
**CHANGES IN NET POSITION BY ACTIVITIES**

Last Ten Fiscal Years  
(Expressed in Thousands)

	2015	2014	2013	2012
<b>Expenses</b>				
Governmental Activities:				
Governmental Support & Operations	\$ 357,029	\$ 377,269	\$ 428,001	\$ 456,622
Arts, Heritage & Cultural Enrichment	11,457	11,401	10,538	11,507
Business Licensing & Regulation	67,348	73,016	63,406	68,697
Economic Development & Workforce Training	169,192	175,338	240,485	302,614
Education	1,543,947	1,676,908	1,581,556	1,610,095
Health & Human Services	3,595,418	3,669,552	3,657,573	3,750,402
Justice & Protection	412,718	410,641	401,656	401,740
Natural Resources Development & Protection	205,334	208,970	201,979	208,463
Transportation, Safety & Development	553,321	524,024	384,852	376,689
Interest Expense	50,639	47,271	46,541	45,551
Total Governmental Activities	<u>6,966,403</u>	<u>7,174,390</u>	<u>7,016,587</u>	<u>7,232,380</u>
Business-Type Activities:				
Employment Security	129,697	159,058	169,334	187,703
Alcoholic Beverages	111,265	19	-	-
Lottery	200,457	180,087	176,094	176,837
Transportation	-	-	-	9,310
Ferry Services	12,338	11,849	12,030	11,458
Military Equipment Maintenance	9,342	11,466	36,971	35,058
Dirigo Health	1,137	26,863	56,229	56,702
Other	7,696	7,540	7,183	7,662
Total Business-Type Activities	<u>471,932</u>	<u>396,882</u>	<u>457,841</u>	<u>484,730</u>
Total Primary Government Expenses	<u>7,438,335</u>	<u>7,571,272</u>	<u>7,474,428</u>	<u>7,717,110</u>
<b>Program Revenues</b>				
Governmental Activities:				
Charges for Services:				
Governmental Support & Operations	99,959	96,712	89,374	80,534
Arts, Heritage & Cultural Enrichment	955	1,315	869	1,006
Business Licensing & Regulation	69,790	74,799	69,196	75,633
Economic Development & Workforce Training	7,863	7,410	7,910	7,175
Education	37,016	37,467	26,098	6,897
Health & Human Services	15,988	11,953	18,801	20,018
Justice & Protection	80,028	82,347	83,173	86,583
Natural Resources Development & Protection	95,922	88,035	93,531	93,991
Transportation, Safety & Development	131,936	128,635	119,087	116,995
Operating Grants and Contributions	2,817,929	2,831,956	3,047,714	3,160,241
Capital Grants and Contributions	-	-	-	-
Total Governmental Activities Program Revenues	<u>3,357,386</u>	<u>3,360,629</u>	<u>3,555,753</u>	<u>3,649,073</u>
Business-Type Activities:				
Employment Security	157,623	163,352	188,833	176,645
Alcoholic Beverages	157,369	12,539	12,533	12,532
Lottery	254,883	232,420	229,565	231,015
Transportation	-	-	-	4,692
Ferry Services	4,831	4,912	4,584	4,695
Military Equipment Maintenance	5,315	10,102	35,814	35,104
Dirigo Health	4	25,802	65,454	70,296
Other <sup>1</sup>	7,520	8,020	7,143	5,945
Operating Grants and Contributions	7,383	7,036	7,032	7,823
Capital Grants and Contributions	-	-	-	-
Total Business-Type Activities Program Revenues	<u>594,928</u>	<u>464,183</u>	<u>550,958</u>	<u>548,747</u>
<b>Net (Expense)/Revenue</b>				
Governmental Activities	(3,609,017)	(3,813,761)	(3,460,834)	(3,583,307)
Business-Type Activities	<u>122,996</u>	<u>67,301</u>	<u>93,117</u>	<u>64,017</u>
Total Primary Governmental Net (Expense)/Revenue	<u>(3,486,021)</u>	<u>(3,746,460)</u>	<u>(3,367,717)</u>	<u>(3,519,290)</u>

<sup>1</sup> Airport totals for 2006 and prior years were combined into "Other".

**SCHEDULE 2**

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$	448,917	\$ 451,246	\$ 506,726	\$ 427,752	\$ 498,542	\$ 449,578
	11,807	11,761	13,430	12,406	12,994	12,191
	69,288	74,243	66,155	63,417	60,506	53,547
	374,473	400,166	229,838	149,970	161,427	160,093
	1,706,305	1,752,041	1,689,036	1,669,353	1,622,653	1,494,438
	3,522,341	3,511,572	3,428,680	3,290,482	2,989,001	3,167,521
	415,450	412,263	419,027	407,879	358,718	340,281
	204,379	196,780	224,609	186,214	179,670	166,358
	371,374	334,236	363,977	300,557	353,904	278,096
	43,202	48,594	40,148	35,524	36,246	36,873
	<u>7,167,536</u>	<u>7,192,902</u>	<u>6,981,626</u>	<u>6,543,554</u>	<u>6,273,661</u>	<u>6,158,976</u>
	203,693	235,301	225,181	122,518	120,215	103,867
	-	1	-	-	-	-
	167,956	166,721	163,030	178,419	180,722	179,628
	11,082	8,173	8,473	7,432	4,218	-
	12,711	10,817	10,210	9,292	9,405	6,707
	44,765	45,004	71,380	80,306	35,140	65,013
	47,980	50,952	58,861	76,860	65,178	47,122
	7,597	9,749	8,877	8,598	8,972	5,260
	<u>495,784</u>	<u>526,718</u>	<u>546,012</u>	<u>483,425</u>	<u>423,850</u>	<u>407,597</u>
	<u>7,663,320</u>	<u>7,719,620</u>	<u>7,527,638</u>	<u>7,026,979</u>	<u>6,697,511</u>	<u>6,566,573</u>
	105,851	106,164	82,738	86,178	76,507	71,507
	749	1,075	1,172	1,303	818	920
	57,772	71,592	56,042	69,845	52,033	65,588
	5,972	6,846	4,531	2,361	3,202	2,966
	4,470	7,487	2,053	3,653	4,865	8,605
	18,252	11,844	12,573	11,694	9,656	15,097
	83,093	88,166	90,497	89,580	80,435	75,035
	102,084	95,318	91,562	92,737	81,305	76,921
	110,401	103,759	111,429	102,729	97,761	95,394
	3,355,823	3,525,858	3,081,827	2,559,533	2,361,828	2,536,857
	-	-	-	-	6,434	24,268
	<u>3,844,467</u>	<u>4,018,109</u>	<u>3,534,424</u>	<u>3,019,613</u>	<u>2,774,844</u>	<u>2,973,158</u>
	173,416	127,438	97,362	106,536	112,482	102,611
	12,533	12,528	12,530	12,527	12,525	12,525
	218,081	219,966	213,073	228,980	231,628	230,962
	4,182	1,929	3,961	2,089	2,169	-
	4,649	4,951	4,347	4,116	3,837	3,464
	42,473	49,487	75,784	77,229	30,656	70,427
	71,396	65,609	68,704	54,507	63,339	25,886
	8,619	7,126	7,150	7,213	6,882	4,242
	11,253	44,629	20,170	22,950	21,386	20,663
	-	-	-	-	4,143	-
	<u>546,602</u>	<u>533,663</u>	<u>503,081</u>	<u>516,147</u>	<u>489,047</u>	<u>470,780</u>
	(3,323,069)	(3,174,793)	(3,447,202)	(3,523,941)	(3,498,817)	(3,185,818)
	<u>50,818</u>	<u>6,945</u>	<u>(42,931)</u>	<u>32,722</u>	<u>65,197</u>	<u>63,183</u>
	<u>(3,272,251)</u>	<u>(3,167,848)</u>	<u>(3,490,133)</u>	<u>(3,491,219)</u>	<u>(3,433,620)</u>	<u>(3,122,635)</u>

(continued)

**STATE OF MAINE**  
**CHANGES IN NET POSITION BY ACTIVITIES (Continued)**

Last Ten Fiscal Years  
(Expressed in Thousands)

	2015	2014	2013	2012
<b>General Revenues and Other Changes in Net Position:</b>				
Governmental Activities:				
Taxes:				
Corporate <sup>2</sup>	\$ 196,586	\$ 194,770	\$ 294,333	\$ 334,818
Individual Income	1,553,043	1,399,238	1,508,024	1,459,039
Fuel	247,900	237,439	235,112	245,815
Property	54,276	51,684	49,444	45,902
Sales & Use	1,351,498	1,257,376	1,140,645	1,113,952
Other <sup>2</sup>	390,185	383,026	313,154	273,062
Unrestricted Investment Earnings	7,826	19,950	10,288	2,543
Miscellaneous Income	96,578	118,043	100,329	76,360
Loss on Assets Held for Sale	-	(53)	-	-
Tobacco Settlement	48,059	57,749	50,723	51,188
Special Items	28,849	48,861	92,401	-
Transfers - Internal Activities	100,627	193,192	54,916	54,968
Total Governmental Activities	<u>4,075,427</u>	<u>3,961,275</u>	<u>3,849,369</u>	<u>3,657,647</u>
Business-Type Activities:				
Miscellaneous Income	-	-	-	-
Special Items	-	(48,861)	(108,288)	-
Transfers - Internal Activities	(100,627)	(193,192)	(54,916)	(54,968)
Total Business-Type Activities	<u>(100,627)</u>	<u>(242,053)</u>	<u>(163,204)</u>	<u>(54,968)</u>
Total Primary Government	<u>3,974,800</u>	<u>3,719,222</u>	<u>3,686,165</u>	<u>3,602,679</u>
<b>Change in Net Position</b>				
Governmental Activities	466,410	147,514	388,535	74,340
Business-Type Activities	<u>22,369</u>	<u>(174,752)</u>	<u>(70,087)</u>	<u>9,049</u>
Total Change in Net Position - Primary Government	<u>\$ 488,779</u>	<u>\$ (27,238)</u>	<u>\$ 318,448</u>	<u>\$ 83,389</u>

<sup>2</sup> Realignment of corporate and other taxes occurred in 2014.

**SOURCE:** State of Maine Comprehensive Annual Financial Reporting System. Accrual basis of accounting.

**SCHEDULE 2 (continued)**

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$	310,693	\$ 282,998	\$ 266,551	\$ 291,463	\$ 292,255	\$ 305,872
	1,455,959	1,297,568	1,374,681	1,552,412	1,478,542	1,403,790
	241,710	223,953	228,438	231,727	226,744	224,474
	45,882	46,627	39,120	43,672	48,339	53,272
	1,097,900	1,090,578	1,142,485	1,141,714	1,107,361	1,001,436
	283,715	258,775	250,297	254,297	255,550	263,506
	17,051	12,378	6,417	5,857	39,599	28,881
	107,017	92,536	91,528	120,109	123,036	104,272
	-	-	(57)	(1,016)	(445)	(217)
	48,554	51,601	61,388	64,399	48,978	41,573
	(36,931)	(11,728)	-	(100,000)	-	(31,212)
	(13,016)	37,279	43,700	38,470	40,979	51,708
	<u>3,558,534</u>	<u>3,382,565</u>	<u>3,504,548</u>	<u>3,643,104</u>	<u>3,660,938</u>	<u>3,447,355</u>
	-	-	-	2	2	448
	(7,086)	-	-	-	-	31,787
	<u>13,016</u>	<u>(37,279)</u>	<u>(43,700)</u>	<u>(38,470)</u>	<u>(40,979)</u>	<u>(51,708)</u>
	<u>5,930</u>	<u>(37,279)</u>	<u>(43,700)</u>	<u>(38,468)</u>	<u>(40,977)</u>	<u>(19,473)</u>
	<u>3,564,464</u>	<u>3,345,286</u>	<u>3,460,848</u>	<u>3,604,636</u>	<u>3,619,961</u>	<u>3,427,882</u>
	235,465	207,772	57,346	119,163	162,121	261,537
	<u>56,748</u>	<u>(30,334)</u>	<u>(86,631)</u>	<u>(5,746)</u>	<u>24,220</u>	<u>43,710</u>
\$	<u><u>292,213</u></u>	<u><u>177,438</u></u>	<u><u>(29,285)</u></u>	<u><u>113,417</u></u>	<u><u>186,341</u></u>	<u><u>305,247</u></u>

# STATE OF MAINE

## FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years  
(Expressed in Thousands)

	2015	2014	2013	2012
<b>General Fund</b>				
Nonspendable:				
Permanent Fund Principal	\$ -	\$ -	\$ -	\$ -
Inventories and Prepaid Items	4,154	3,807	3,341	2,965
Restricted	2,425	2,064	3,534	2,989
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	<u>(80,378)</u>	<u>(221,307)</u>	<u>(151,250)</u>	<u>(355,889)</u>
<b>Total General Fund</b>	<u>\$ (73,799)</u>	<u>\$ (215,436)</u>	<u>\$ (144,375)</u>	<u>\$ (349,935)</u>
<b>All Other Governmental Funds:</b>				
Nonspendable:				
Permanent Fund Principal	\$ 23,162	\$ 21,895	\$ 17,794	\$ 16,328
Inventories and Prepaid Items	932	1,340 <sup>1</sup>	1,556	1,563
Restricted	627,003	548,591 <sup>1</sup>	502,108	527,811
Committed	51,951	48,381	-	38,436
Assigned	10,737	15,987	-	12,489
Unassigned (deficit)	<u>-</u>	<u>-</u>	<u><sup>1</sup> (132,447)</u>	<u>(2,300)</u>
<b>Total All Other Governmental Funds</b>	<u>\$ 713,785</u>	<u>\$ 636,194</u>	<u><sup>1</sup> \$ 389,011</u>	<u>\$ 594,327</u>
<b>Total Governmental Fund Balances</b>	<u>\$ 639,986</u>	<u>\$ 420,758</u>	<u><sup>1</sup> \$ 244,636</u>	<u>\$ 244,392</u>
<hr/>				
<b>General Fund</b>				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total General Fund</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>All Other Governmental Funds</b>				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:				
Special revenue funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total All Other Governmental Funds</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total Governmental Fund Balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<sup>1</sup> As restated.

**SOURCE:** State of Maine Comprehensive Annual Financial Reporting System.

Modified accrual basis of accounting.

Beginning fiscal year 2011, the fund balance categories were reclassified as a result of implementing GASB Statement No. 54. Fund balance has not been restated for prior years.

## SCHEDULE 3

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3,846	-	-	-	-	-
3,344	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>(243,559)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ (236,369)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 14,961	\$ -	\$ -	\$ -	\$ -	\$ -
1,578	-	-	-	-	-
493,094	-	-	-	-	-
38,444	-	-	-	-	-
17,149	-	-	-	-	-
<u>(4,374)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 560,852</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 324,483</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ 102,770	\$ 116,986	\$ 165,402	\$ 127,136	\$ 177,796
-	<u>(411,018)</u>	<u>(390,379)</u>	<u>(403,874)</u>	<u>(283,485)</u>	<u>(355,427)</u>
<u>\$ -</u>	<u>\$ (308,248)</u>	<u>\$ (273,393)</u>	<u>\$ (238,472)</u>	<u>\$ (156,349)</u>	<u>\$ (177,631)</u>
\$ -	\$ 547,669	\$ 442,613	\$ 458,238	\$ 424,965	\$ 460,257
-	<u>67,964</u>	<u>32,736</u>	<u>(31,858)</u>	<u>4,270</u>	<u>(67,148)</u>
<u>\$ -</u>	<u>\$ 615,633</u>	<u>\$ 475,349</u>	<u>\$ 426,380</u>	<u>\$ 429,235</u>	<u>\$ 393,109</u>
<u>\$ -</u>	<u>\$ 307,385</u>	<u>\$ 201,956</u>	<u>\$ 187,908</u>	<u>\$ 272,886</u>	<u>\$ 215,478</u>



**STATE OF MAINE**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**

Last Ten Fiscal Years  
(Expressed in Thousands)

	2015	2014	2013	2012
<b>Revenues:</b>				
Taxes	\$ 3,756,622	\$ 3,530,357	\$ 3,558,881	\$ 3,469,925
Assessments and Other Revenue	353,148	350,758	351,510	331,862
Federal Grants and Reimbursements	2,816,224	2,830,083	3,048,069	3,162,059
Service Charges	173,050	164,461	141,358	147,379
Investment Income (Loss)	7,205	17,767	9,921	1,299
Miscellaneous Revenue	142,375	154,219	130,615	127,327
<b>Total Revenues</b>	<b>7,248,624</b>	<b>7,047,645</b>	<b>7,240,354</b>	<b>7,239,851</b>
<b>Expenditures</b>				
Current:				
Governmental Support & Operations	332,237	332,180	402,006	408,730
Economic Development & Workforce Training	169,949	173,868	241,126	301,827
Education	1,668,409	1,701,248	1,590,595	1,616,987
Health and Human Services	3,638,366	3,681,004	3,676,832	3,771,099
Business Licensing & Regulation	70,277	72,020	62,883	65,876
Natural Resources Development & Protection	209,293	195,526	208,453	204,353
Justice and Protection	444,889	417,896	392,352	383,123
Arts, Heritage & Cultural Enrichment	11,891	11,154	10,298	10,981
Transportation Safety & Development	540,218	536,995	584,201	566,540
Debt Service:				
Principal Payments	144,230	125,325	143,229	134,886
Interest Payments	42,617	34,820	38,791	40,133
Capital Outlays	66,903	35,227	7,753	25,729
<b>Total Expenditures</b>	<b>7,339,279</b>	<b>7,317,263</b>	<b>7,358,519</b>	<b>7,530,264</b>
Revenue over (under) Expenditures	(90,655)	(269,618)	(118,165)	(290,413)
Other Financing Sources (Uses):				
Transfer from Other Funds	442,207	426,724	472,313	426,135
Transfer to Other Funds	(340,283)	(379,767)	(399,791)	(365,936)
COPS and Other	11,216	77,821	6,371	2,625
Proceeds from Component Unit Loan Payable	50,000	183,482	-	58,726
Bonds Issued	105,455	123,000	30,290	82,265
Bonds Defeased	-	(4,500)	-	-
Premium on Bonds Issued	11,288	14,175	2,210	6,507
<b>Net Other Finance Sources (Uses)</b>	<b>279,883</b>	<b>440,935</b>	<b>111,393</b>	<b>210,322</b>
Special Items:				
Transfer of STAR Fund	-	-	7,016	-
Return of Excess Equity from Retiree Health Insurance Fund	-	-	-	-
Other	30,000	59	-	-
<b>Net Special Items</b>	<b>30,000</b>	<b>59</b>	<b>7,016</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>\$ 219,228</b>	<b>\$ 171,376</b>	<b>\$ 244</b>	<b>\$ (80,091)</b>
<b>Debt Service as a Percentage of NonCapital Expenditures</b>				
	2.91%	2.21%	2.12%	2.20%

**SOURCE:** State of Maine Comprehensive Annual Financial Reporting System. Modified accrual basis of accounting.

## SCHEDULE 4

2011	2010	2009	2008	2007	2006
\$ 3,398,030	\$ 3,215,299	\$3,240,269	\$ 3,510,637	\$3,430,669	\$ 3,344,803
314,447	334,656	322,239	320,363	289,301	290,455
3,366,618	3,535,224	3,092,757	2,569,632	2,386,317	2,625,354
155,491	159,854	148,904	145,091	123,249	135,815
16,250	11,273	(264)	2,356	26,740	24,140
<u>132,411</u>	<u>144,509</u>	<u>138,740</u>	<u>134,110</u>	<u>161,676</u>	<u>115,800</u>
<u>7,383,247</u>	<u>7,400,815</u>	<u>6,942,645</u>	<u>6,682,189</u>	<u>6,417,952</u>	<u>6,536,367</u>
400,580	410,269	433,723	469,060	411,803	497,996
375,234	401,839	229,090	152,403	162,003	162,326
1,717,991	1,776,207	1,702,917	1,681,096	1,637,848	1,510,662
3,571,466	3,608,645	3,448,401	3,356,683	3,066,272	3,364,164
67,700	73,807	65,235	65,470	61,540	56,064
211,168	224,598	222,947	195,330	204,204	191,612
398,911	415,689	445,389	415,645	372,674	362,394
11,544	11,613	13,208	12,717	13,215	12,655
657,528	568,639	557,684	550,819	494,586	605,780
121,995	120,087	85,759	81,015	83,680	75,090
38,131	39,332	23,271	19,575	20,334	18,998
-	-	-	-	-	-
<u>7,572,248</u>	<u>7,650,725</u>	<u>7,227,624</u>	<u>6,999,813</u>	<u>6,528,159</u>	<u>6,857,741</u>
<u>(189,001)</u>	<u>(249,910)</u>	<u>(284,979)</u>	<u>(317,624)</u>	<u>(110,207)</u>	<u>(321,374)</u>
395,679	352,719	315,508	312,154	352,896	282,739
(332,250)	(309,596)	(254,300)	(225,695)	(279,691)	(235,505)
5,244	40,520	4,474	50,542	35,543	10,727
51,710	142,857	100,000	-	-	22,111
108,135	70,110	133,345	104,075	60,975	52,390
-	-	-	-	-	-
-	-	-	-	-	-
<u>228,518</u>	<u>296,610</u>	<u>299,027</u>	<u>241,076</u>	<u>169,723</u>	<u>132,462</u>
-	-	-	-	-	-
(22,520)	63,115	-	-	-	-
-	-	-	-	-	-
<u>(22,520)</u>	<u>63,115</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 16,997</u>	<u>\$ 109,815</u>	<u>\$ 14,048</u>	<u>\$ (76,548)</u>	<u>\$ 59,516</u>	<u>\$ (188,912)</u>
1.67%	1.63%	1.23%	1.19%	1.32%	1.13%

**STATE OF MAINE**  
**CHANGES IN FUND BALANCES**  
**GENERAL FUND**

Last Ten Fiscal Years  
(Expressed in Thousands)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>Revenues:</b>				
Taxes	\$ 3,237,598	\$ 3,027,088	\$ 3,077,321	\$ 2,990,353
Assessments and Other Revenue	104,795	97,622	106,086	103,292
Federal Grants and Reimbursements	2,064	1,988	1,726	3,377
Service Charges	46,466	50,580	46,281	49,008
Investment Income (Loss)	1,170	716	356	1,413
Miscellaneous Revenue	11,736	23,706	10,467	17,047
Total Revenues	<u>3,403,829</u>	<u>3,201,700</u>	<u>3,242,237</u>	<u>3,164,490</u>
<b>Expenditures</b>				
Current:				
Governmental Support & Operations	218,279	219,125	265,160	255,191
Economic Development & Workforce Training	31,501	32,635	31,922	33,561
Education	1,401,594	1,404,149	1,332,688	1,335,736
Health and Human Services	1,119,182	1,159,000	907,141	1,126,805
Business Licensing & Regulation	-	3,797	992	-
Natural Resources Development & Protection	68,870	66,684	64,184	65,332
Justice and Protection	302,133	283,477	258,969	253,226
Arts, Heritage & Cultural Enrichment	7,358	7,459	6,932	7,117
Transportation Safety & Development	-	-	-	-
Debt Service:				
Principal Payments	84,875	85,735	103,840	98,340
Interest Payments	19,167	18,163	20,657	21,714
Total Expenditures	<u>3,252,959</u>	<u>3,280,224</u>	<u>2,992,485</u>	<u>3,197,022</u>
Revenue over (under) Expenditures	<u>150,870</u>	<u>(78,524)</u>	<u>249,752</u>	<u>(32,532)</u>
Other Financing Sources (Uses):				
Transfer from Other Funds	171,771	169,095	181,932	134,722
Transfer to Other Funds	(183,793)	(206,907)	(230,298)	(216,827)
Other	2,789	45,275	4,174	1,071
Net Other Finance Sources (Uses)	<u>(9,233)</u>	<u>7,463</u>	<u>(44,192)</u>	<u>(81,034)</u>
Special Items:				
Return of Excess Equity from Retiree Health Insurance Fund	-	-	-	-
Net Special Items	-	-	-	-
Net Change in Fund Balance	<u>\$ 141,637</u>	<u>\$ (71,061)</u>	<u>\$ 205,560</u>	<u>\$ (113,566)</u>

Debt Service as a Percentage of NonCapital Expenditures	2.7%	2.7%	3.8%	3.3%
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**SOURCE:** State of Maine Comprehensive Annual Financial Reporting System.  
Modified accrual basis of accounting.

## SCHEDULE 5

2011	2010	2009	2008	2007	2006
\$ 2,926,972	\$ 2,756,435	\$ 2,808,997	\$ 3,079,706	\$ 3,003,382	\$ 2,926,835
107,878	117,119	120,682	116,742	109,336	105,371
11,832	11,047	14,844	11,041	16,762	17,334
46,206	50,852	44,211	47,262	36,717	41,395
(54)	567	8,425	2,562	9,653	12,299
15,805	12,284	9,892	7,872	25,099	14,993
<u>3,108,639</u>	<u>2,948,304</u>	<u>3,007,051</u>	<u>3,265,185</u>	<u>3,200,949</u>	<u>3,118,227</u>
238,729	257,093	273,595	280,871	262,721	327,529
34,504	35,646	35,751	39,360	40,280	45,324
1,389,383	1,419,891	1,451,223	1,478,192	1,438,605	1,283,214
933,047	758,808	786,512	1,063,499	972,875	1,097,456
-	22	6	-	-	-
64,972	67,324	67,669	72,709	70,373	70,878
264,792	270,581	270,594	267,117	245,592	227,588
7,081	7,311	8,096	8,632	8,958	8,504
7,000	-	1	-	-	178
89,835	92,035	65,685	66,250	69,350	57,985
<u>21,425</u>	<u>24,103</u>	<u>15,179</u>	<u>16,058</u>	<u>17,369</u>	<u>15,263</u>
<u>3,050,768</u>	<u>2,932,814</u>	<u>2,974,311</u>	<u>3,292,688</u>	<u>3,126,123</u>	<u>3,133,919</u>
<u>57,871</u>	<u>15,490</u>	<u>32,740</u>	<u>(27,503)</u>	<u>74,826</u>	<u>(15,692)</u>
179,795	106,694	87,178	101,092	115,292	90,912
(167,274)	(205,768)	(155,566)	(152,813)	(190,074)	(164,923)
<u>1,487</u>	<u>382</u>	<u>727</u>	<u>5,531</u>	<u>23,346</u>	<u>666</u>
<u>14,008</u>	<u>(98,692)</u>	<u>(67,661)</u>	<u>(46,190)</u>	<u>(51,436)</u>	<u>(73,345)</u>
-	48,347	-	-	-	-
-	48,347	-	-	-	-
<u>\$ 71,879</u>	<u>\$ (34,855)</u>	<u>\$ (34,921)</u>	<u>\$ (73,693)</u>	<u>\$ 23,390</u>	<u>\$ (89,037)</u>
3.2%	3.5%	2.4%	2.1%	2.4%	2.0%

# STATE OF MAINE INDIVIDUAL INCOME TAX AND TAX RATES ON TAXABLE INCOME

Last Ten Calendar Years  
(Expressed in Thousands)

	2014	2013	2012	2011
Individual Income Tax Liability	\$ 1,393,286	\$ 1,311,617	\$ 1,433,654	\$ 1,343,096
Personal Income	\$ 54,195,046	\$ 52,565,709	\$ 52,597,944	\$ 51,254,592
Average Effective Tax Rate	2.6%	2.5%	2.7%	2.6%

	2014	2013	2012	2011
Income Bracket Tax Rate	\$0 - \$5,199 0.0%	\$0 - \$5,199 0.0%	\$0 - \$5,099 2.0%	\$0 - \$4,999 2.0%
Income Bracket Tax Rate	\$5,200 - \$20,899 6.5%	\$5,200 - \$20,899 6.5%	\$5,100 - \$10,149 4.5%	\$5,000 - \$9,949 4.5%
Income Bracket Tax Rate			\$10,150 - \$20,349 7.0%	\$9,950 - \$19,949 7.0%
Income Bracket Tax Rate	\$20,900+ 7.95%	\$20,900+ 7.95%	\$20,350+ 8.5%	\$19,950+ 8.5%

Individual income tax brackets are indexed for inflation beginning in tax year 2003.  
Inflation adjustments are suspended for tax years 2014 and 2015.

<sup>1</sup> 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.

## SCHEDULE 6

2010	2009	2008	2007	2006	2005
\$ 1,310,748	\$ 1,231,328	\$ 1,327,007	\$ 1,441,838	\$ 1,364,514	\$ 1,286,375
\$ 49,248,076	\$ 48,644,160	\$ 48,823,635	\$ 46,910,810	\$ 45,028,851	\$ 42,605,863
2.7%	2.5%	2.7%	3.1%	3.0%	3.0%

2010	2009	2008	2007	2006	2005
\$0 - \$4,949 2.0%	\$0 - \$5,049 2.0%	\$0 - \$4,849 2.0%	\$0 - \$4,749 2.0%	\$0 - \$4,549 2.0%	\$0 - \$4,449 2.0%
\$4,950 - \$9,849 4.5%	\$5,050 - \$10,049 4.5%	\$4,850 - \$9,699 4.5%	\$4,750 - \$9,450 4.5%	\$4,550 - \$9,099 4.5%	\$4,450 - \$8,849 4.5%
\$9,850 - \$19,749 7.0%	\$10,050 - \$20,149 7.0%	\$9,700 - \$19,449 7.0%	\$9,450 - \$18,950 7.0%	\$9,100 - \$18,249 7.0%	\$8,850 - \$17,699 7.0%
\$19,750+ 8.5%	\$20,150+ 8.5%	\$19,450+ 8.5%	\$18,950+ 8.5%	\$18,250+ 8.5%	\$17,700+ 8.5%



**SCHEDULE 7**

**STATE OF MAINE  
INDIVIDUAL INCOME TAX FILERS AND TAX  
LIABILITY BY MAINE ADJUSTED GROSS INCOME**

(Tax Liability Expressed in Millions)

**2014 Tax Year**

<b>Income Level</b>	<b>Number of Filers</b>	<b>Percentage of Total</b>	<b>Tax Liability</b>	<b>Percentage of Total</b>
\$0 and below	19,972	3.0%	\$ (4.46)	-0.3%
\$1 - \$ 10,000	95,183	14.1%	(5.00)	-0.4%
\$10,001 - \$ 20,000	102,843	15.3%	0.88	0.1%
\$20,001 - \$ 30,000	93,634	13.9%	28.28	2.0%
\$30,001 - \$ 50,000	127,063	18.9%	115.90	8.3%
\$50,001 - \$ 75,000	91,509	13.6%	188.60	13.5%
\$75,001 - \$100,000	54,296	8.1%	189.49	13.6%
\$100,001 - \$200,000	63,896	9.5%	400.10	28.7%
\$200,001 and higher	24,977	3.7%	479.49	34.4%
<b>Total</b>	<b>673,373</b>	<b>100.0%</b>	<b>\$1,393.29</b>	<b>100.0%</b>

(Tax Liability Expressed in Millions)

**2005 Tax Year**

<b>Income Level</b>	<b>Number of Filers</b>	<b>Percentage of Total</b>	<b>Tax Liability</b>	<b>Percentage of Total</b>
\$0 and below	13,421	2.0%	\$ 8.34	0.6%
\$1 - \$ 10,000	112,480	17.2%	1.00	0.1%
\$10,001 - \$ 20,000	111,879	17.1%	15.49	1.2%
\$20,001 - \$ 30,000	99,262	15.2%	50.92	3.9%
\$30,001 - \$ 50,000	127,610	19.5%	159.11	12.3%
\$50,001 - \$ 75,000	90,013	13.7%	222.68	17.2%
\$75,001 - \$100,000	44,836	6.8%	183.37	14.2%
\$100,001 - \$200,000	38,341	5.9%	262.22	20.3%
\$200,001 and higher	16,907	2.6%	387.85	30.0%
<b>Total</b>	<b>654,749</b>	<b>100.0%</b>	<b>\$1,290.98</b>	<b>100.0%</b>

**SOURCE:** Maine Revenue Services.



## STATE OF MAINE TAXABLE SALES AND SALES TAX RATES

Last Ten Calendar Years  
(Expressed in Thousands)

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Business Operating	\$ 2,205,300	\$ 2,144,569	\$ 2,071,027	\$ 2,013,955
Building Supply	2,275,309	2,184,879	2,062,162	2,080,002
Food Store	1,724,835	1,654,251	1,624,714	1,575,567
General Merchandise	3,153,868	3,107,412	3,086,232	3,027,034
Other Retail	2,216,658	2,169,047	2,105,616	2,094,362
Auto/Transportation	4,211,761	3,947,689	3,665,555	3,482,008
Restaurant/Lodging	3,185,843	3,040,446	2,927,667	2,762,278
Total	<u>\$ 18,973,574</u>	<u>\$ 18,248,292</u>	<u>\$ 17,542,972</u>	<u>\$ 17,035,206</u>

Sales and Use Tax Rates:

General Sales & Use	5%	5%	5%	5%
Lodging & Prepared Food	7%	7%	7%	7%
Short-term Auto Rental	10%	10%	10%	10%

Effective October 1, 2013: (1) general sales and use tax increased to 5.5% (2) 7% rate on meals and lodging increases to 8%. **These increases revert back to the 5% and 7% rates effective 7/1/2015.**

**SOURCE:** Maine Revenue Services.

## SCHEDULE 8

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$ 1,918,061	\$ 1,847,283	\$ 2,213,683	\$ 2,194,081	\$ 2,099,287	\$ 1,974,352
1,952,148	1,935,346	2,310,659	2,421,975	2,526,623	2,464,352
1,549,563	1,524,577	1,488,989	1,451,665	1,404,216	1,343,160
3,035,792	2,961,966	3,074,233	3,140,754	3,097,387	2,986,708
2,018,804	1,956,601	1,994,361	1,943,510	1,936,040	1,824,692
3,301,937	3,238,984	3,468,340	3,689,403	3,613,741	3,695,730
2,673,050	2,549,563	2,603,360	2,575,752	2,451,376	2,319,463
<u>\$ 16,449,356</u>	<u>\$ 16,014,320</u>	<u>\$ 17,153,624</u>	<u>\$ 17,417,140</u>	<u>\$ 17,128,670</u>	<u>\$ 16,608,457</u>

5%	5%	5%	5%	5%	5%
7%	7%	7%	7%	7%	7%
10%	10%	10%	10%	10%	10%



## SCHEDULE 9

### STATE OF MAINE CALCULATION OF LEGAL DEBT MARGIN FOR THE TEN YEARS ENDED JUNE 30, 2015

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:

(Dollar Amounts Expressed in Thousands)

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
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
2012	-	\$ 6,947,865	0.00%	\$ 694,787	\$ 163,424,200	0.00%	\$ 1,634,242
2011	\$ 68,455	\$ 7,190,530	0.95%	\$ 719,053	\$ 166,990,700	0.04%	\$ 1,669,907
2010	\$ 41,245	\$ 7,083,733	0.58%	\$ 708,373	\$ 170,336,350	0.02%	\$ 1,703,364
2009	\$ 112,110	\$ 6,827,987	1.64%	\$ 682,799	\$ 168,006,150	0.07%	\$ 1,680,062
2008	\$ 88,820	\$ 6,406,302	1.39%	\$ 640,630	\$ 162,744,550	0.05%	\$ 1,627,446
2007	\$ 55,840	\$ 6,230,265	0.90%	\$ 623,027	\$ 148,946,200	0.04%	\$ 1,489,462
2006	\$ 169,852	\$ 6,366,819	2.67%	\$ 636,682	\$ 133,628,600	0.13%	\$ 1,336,286

## STATE OF MAINE RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years  
(Expressed in Thousands, Except Per Capita)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>Governmental Activities Debt</b>				
General Obligation Bonds	\$ 430,947	\$ 399,190	\$ 369,725	\$ 472,055
MGFA Revenue Bonds	170,870	187,175	199,910	187,865
COPS and Other Financing Arrangements	88,696	106,810	47,938	52,097
Obligations Under Capital Leases	40,533	35,215	34,741	29,778
Loans Payable to Component Unit <sup>1</sup>	<u>477,188</u>	<u>472,976</u>	<u>304,045</u>	<u>328,131</u>
Total Governmental Activities Debt	<u>1,208,234</u>	<u>1,201,366</u>	<u>956,359</u>	<u>1,069,926</u>
<b>Business-Type Activities Debt</b>	-	-	-	-
<b>Total Primary Government Debt</b>	<u>\$ 1,208,234</u>	<u>\$ 1,201,366</u>	<u>\$ 956,359</u>	<u>\$ 1,069,926</u>
<b>Debt Ratios</b>				
Ratio of Total Debt to Personal Income <sup>2</sup>	2.2%	2.2%	1.8%	2.0%
Per Capita <sup>3</sup>	\$ 908	\$ 904	\$ 720	\$ 805
<b>Net General Obligation Bonded Debt</b>				
Gross Bonded Debt	\$ 601,817	\$ 586,365	\$ 569,635	\$ 659,920
Less: Debt Service Funds	-	-	-	-
Net Bonded Debt	<u>\$ 601,817</u>	<u>\$ 586,365</u>	<u>\$ 569,635</u>	<u>\$ 659,920</u>
Ratio of Net Bonded Debt to Estimated Property Value <sup>4</sup>	0.4%	0.4%	0.4%	0.4%
Per Capita <sup>3</sup>	\$ 452	\$ 441	\$ 429	\$ 497

<sup>1</sup> 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.

<sup>2</sup> Personal income data can be found in Schedule 12.

<sup>3</sup> Population data can be found on Schedule 12.

<sup>4</sup> Estimated property value can be found on Schedule 9

## SCHEDULE 10

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 520,230	\$ 500,100	\$ 529,990	\$ 475,835	\$ 448,760	\$ 467,550
172,150	189,080	192,935	208,560	182,605	186,215
71,830	76,291	50,079	66,493	79,886	36,581
33,690	33,329	37,634	37,522	41,751	40,091
<u>290,919</u>	<u>258,394</u>	<u>131,769</u>	<u>38,338</u>	<u>42,353</u>	<u>46,268</u>
<u>1,088,819</u>	<u>1,057,194</u>	<u>942,407</u>	<u>826,748</u>	<u>795,355</u>	<u>776,705</u>
-	-	-	-	-	-
<u>\$ 1,088,819</u>	<u>\$ 1,057,194</u>	<u>\$ 942,407</u>	<u>\$ 826,748</u>	<u>\$ 795,355</u>	<u>\$ 776,705</u>
2.1%	2.1%	1.9%	1.7%	1.7%	1.7%
\$ 819	\$ 796	\$ 709	\$ 621	\$ 599	\$ 587
\$ 692,380	\$ 689,180	\$ 722,925	\$ 684,395	\$ 631,365	\$ 653,765
-	-	-	-	-	5,824
<u>\$ 692,380</u>	<u>\$ 689,180</u>	<u>\$ 722,925</u>	<u>\$ 684,395</u>	<u>\$ 631,365</u>	<u>\$ 647,941</u>
0.4%	0.4%	0.4%	0.4%	0.4%	0.5%
\$ 521	\$ 519	\$ 544	\$ 514	\$ 476	\$ 489

## STATE OF MAINE PLEGGED FUTURE REVENUE COVERAGE

Last Ten Fiscal Years  
(Expressed in Thousands)

	2015	2014	2013	2012
<b>Grant Anticipation Revenue Vehicle (GARVEE) Bonds<sup>1</sup></b>				
Federal Aid Revenues	\$ 195,830	\$ 210,870	\$ 223,076	\$ 206,952
Annual Debt Service	\$ 16,416	\$ 15,951	\$ 15,921	\$ 15,100
Debt Service Coverage	8.38%	7.56%	7.14%	7.30%

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.

### Transportation Infrastructure Revenue (TRANSCAP) Bonds<sup>2</sup>

Pledged Revenue Stream	\$ 38,866	\$ 38,340	\$ 40,154	\$ 38,171
Annual Debt Service	\$ 20,273	\$ 20,268	\$ 20,268	\$ 17,467
Debt Service Coverage	52.16%	52.86%	50.48%	45.76%

**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.

### Liquor Revenue Bonds<sup>3</sup>

Pledged Revenue Stream	\$ 44,094	\$ -
Annual Debt Service	\$ 26,823	\$ 5,306
Debt Service Coverage	60.83%	0.00%

<sup>1</sup> Based on Federal Fiscal Year End

<sup>2</sup> Based on State Fiscal Year End

<sup>3</sup> The profit from the Alcoholic Beverages Enterprise Fund began being deposited 7/1/15.

## SCHEDULE 11

2011	2010	2009	2008	2007	2006
\$ 186,326	\$ 150,868	\$ 147,530	\$ 146,454	\$ 168,499	\$ 167,405
\$ 11,191	\$ 10,650	\$ 6,384	\$ 5,521	\$ 5,579	\$ 4,867
6.01%	7.06%	4.33%	3.77%	3.31%	2.91%
\$ 38,136	\$ 38,124	\$ 5,000	N/A	N/A	N/A
\$ 16,951	\$ 7,567	\$ 658	N/A	N/A	N/A
44.45%	19.85%	13.16%	N/A	N/A	N/A



# STATE OF MAINE DEMOGRAPHIC INFORMATION

Last Ten Fiscal Years

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Maine:				
Population (in thousands) <sup>1</sup>	1,331	1,330	1,328	1,329
Total Personal Income (in millions) <sup>1</sup>	54,926	55,958	54,359	52,958
Per Capita Personal Income <sup>2</sup>	41,273	42,074	40,933	39,848
Unemployment Rate <sup>3</sup>	4.7%	5.5%	6.8%	7.5%
United States:				
Population (in thousands) <sup>1</sup>	320,064	318,857	316,129	313,875
Total Personal Income (in millions) <sup>1</sup>	14,991,944	14,708,582	14,151,427	13,873,161
Per Capita Personal Income <sup>2</sup>	46,840	46,129	44,765	44,200
Unemployment Rate <sup>3</sup>	5.3%	6.1%	7.6%	8.2%

<sup>1</sup> FY15 source is the preliminary average of the last 4 quarters reported in the Quarterly Personal Income Summary last updated September 30, 2015. FY13 - FY10 source is SA1 Personal Income Summary: Personal Income, Population, Per Capita Personal Income use state population estimates released in December, 2013, while 2014 estimates reflect the December 2014 release.

<sup>2</sup> Calculation total personal income/population

<sup>3</sup> Local Area Unemployment Statistics Information and Analysis, Bureau of Labor Statistics, U.S. Department of Labor.

## SCHEDULE 12

<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
1,328	1,328	1,330	1,331	1,327	1,324
51,524	49,395	48,939	48,771	47,122	45,140
38,798	37,195	36,796	36,642	35,510	34,094
7.8%	8.0%	8.6%	5.0%	4.5%	4.4%
311,583	309,326	306,772	304,094	301,231	298,380
13,189,935	12,417,659	12,073,738	12,429,284	11,990,244	11,376,460
42,332	40,144	39,357	40,873	39,804	38,127
8.9%	9.5%	9.2%	5.5%	4.6%	4.6%



**SCHEDULE 13**

**STATE OF MAINE  
PRINCIPAL EMPLOYERS - TOP 10  
Not Seasonally Adjusted**

Current Year and Ten Years Ago

<b>Employer</b>	<b>2015</b>			<b>2006</b>		
	Range of Employees	Rank	Percentage of Total State Employment	Average Number of Employees	Rank	Percentage of Total State Employment
Maine State Government	14,001 - 14,500	1	2.4%	15,800	1	2.6%
Hannaford Brothers Co.	7,501 - 8,000	2	1.3%	7,500	2	1.3%
Wal Mart/Sam's Club	7,001 - 7,500	3	1.2%	6,500	3	1.1%
Maine Medical Center	6,501 - 7,000	4	1.1%	5,500	5	0.9%
Department of Defense	6,501 - 7,000	5	1.1%	6,300	4	1.1%
Bath Iron Works Corporation	5,001 - 5,500	6	0.9%	5,500	6	0.9%
L L Bean, Inc	4,001 - 4,500	7	0.7%	5,500	7	0.9%
Eastern Maine Medical Center	3,501 - 4,000	8	0.6%	3,300	9	0.6%
MaineGeneral Medical Center	3,001 - 3,500	9	0.5%	-	-	0.0%
US Post Office	3,001 - 3,500	10	0.5%	4,300	8	0.7%
UNUMPROVIDENT Corp.	- -	-	-	2,800	10	0.5%
<b>Total</b>	<b>60,010 - 65,000</b>		<b>10.4%</b>	<b>63,000</b>		<b>10.5%</b>

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Arts, Heritage & Cultural Enrichment	89.1	89.6	89.6	90.3
Business Licensing & Regulation	389.0	389.0	395.0	395.6
Economic Development & Workforce Training	581.5	557.5	558.5	555.0
Education	193.5	192.5	190.6	185.6
Governmental Support & Operations	2,100.1	2,106.1	2,128.4	2,162.4
Health and Human Services	3,494.4	3,475.4	3,468.4	3,477.4
Justice and Protection	2,962.8	2,959.3	2,960.3	2,969.8
Natural Resources Development & Protection	1,447.8	1,448.8	1,461.0	1,446.4
Transportation Safety & Development	<u>2,046.9</u>	<u>2,045.8</u>	<u>2,072.4</u>	<u>2,072.4</u>
 Total Full Time Equivalentents	 <u>13,304.9</u>	 <u>13,264.0</u>	 <u>13,324.2</u>	 <u>13,354.9</u>

**SOURCE:** Maine Bureau of Budget.

## SCHEDULE 14

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
92.1	94.1	95.9	105.4	107.4	107.4
406.0	413.0	411.5	420.0	413.2	413.2
593.6	594.6	604.6	614.6	624.1	624.1
194.3	195.3	201.6	207.9	209.6	209.6
2,214.3	2,217.8	2,239.5	2,246.0	2,247.5	2,222.5
3,645.1	3,718.1	3,691.6	3,777.4	3,738.9	3,767.4
2,986.6	2,988.6	2,986.1	2,990.6	2,937.6	2,909.6
1,481.8	1,490.9	1,498.4	1,530.0	1,523.2	1,522.3
<u>2,123.2</u>	<u>2,123.2</u>	<u>2,277.5</u>	<u>2,277.5</u>	<u>2,300.7</u>	<u>2,301.7</u>
<u>13,737.1</u>	<u>13,835.8</u>	<u>14,006.7</u>	<u>14,169.5</u>	<u>14,102.2</u>	<u>14,077.8</u>

## STATE OF MAINE OPERATING INDICATORS AND CAPITAL INFORMATION

Last Ten Fiscal Years

Operating Indicators by Function:	2015	2014	2013	2012
<b>Education</b>				
Students enrolled in the free/reduced lunch program <sup>4</sup>	85,794	86,500	85,731	84,717
<b>Economic Development &amp; Workforce Training</b>				
Unemployed persons	32,809	39,300	48,500	52,900
<b>Governmental Support &amp; Operations</b>				
Return on investments	0.33%	0.28%	0.29%	0.35%
Lottery tickets sales, in millions	253	230	228	228
<b>Health and Human Services</b>				
Percentage of population enrolled in MaineCare <sup>1</sup>	22%	24%	26%	26%
Number of TANF cases <sup>2</sup>	6,243	7,617	9,342	13,260
Number of members served by Dirigo Health <sup>5</sup>	-	40,565	40,388	38,070
<b>Justice and Protection</b>				
Average Number of Adult Inmates	2,091	2,089	2,016	2,043
Average Number of Juvenile Inmates	157	144	155	170
Number of guard troops	3,285	3,236	3,169	3,124
Number of cases tried in the court system	216,460	229,365	237,596	242,710
<b>Natural Resources and Development</b>				
Number of park passes purchased <sup>3</sup>	16,734	14,039	12,498	12,117
Number of visitors to State parks	2,539,754	2,553,638	2,519,849	2,648,484
Number of hunting and fishing licenses sold <sup>3</sup>	545,359	529,615	516,442	497,712
<b>Transportation Safety &amp; Development</b>				
Number of construction projects	121	227	218	194

<sup>1</sup> Based on the average enrollees over the fiscal year.

<sup>2</sup> Based on the average number of cases over the fiscal year.

<sup>3</sup> As of December.

<sup>4</sup> As of October of the school year.

<sup>5</sup> DirigoChoice Insurance Program terminated 12/31/2013.

## SCHEDULE 15

2011	2010	2009	2008	2007	2006
83,625	82,372	75,358	73,130	71,536	69,125
52,500	54,200	59,100	36,400	30,700	32,100
0.24% 216	0.59% 217	1.52% 211	4.19% 229	5.16% 234	4.10% 229
26% 14,151 35,105	27% 13,686 31,323	26% 12,849 29,936	25% 12,479 28,745	26% 12,631 24,110	26% 12,821 18,067
2,124 186 3,065 260,171	2,167 195 3,070 285,567	2,177 184 3,199 292,295	2,038 199 3,277 282,980	2,060 203 3,168 278,088	2,078 275 3,131 281,006
11,288 2,528,900 503,487	11,443 2,443,640 503,425	10,073 2,243,606 499,821	10,963 1,930,186 500,367	10,092 2,063,356 494,231	9,864 2,083,310 485,794
238	173	124	116	271	195



## STATE OF MAINE CAPITAL ASSETS BY FUNCTION

Last Ten Fiscal Years

Capital Assets by Function:	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Governmental Support & Operations				
Vehicles controlled by Central Fleet Management	2,096	2,114	2,116	2,037
Health and Human Services				
Number of regional offices	16	16	16	17
Justice and Protection				
Number of correctional facilities	8	8	8	9
Number of armories and AFR's	21	21	21	18
Number of State police barracks	8	8	8	8
Number of vehicles in Public Safety	575	487	420	439
Natural Resources and Development				
Total acreage of State parks	85,680	98,831	98,832	97,948
Number of State park buildings	563	569	567	556
Transportation Safety & Development				
Number of DOT vehicles and equipment	1,226	1,219	1,188	1,457
Number of regional DOT active buildings	575	568	564	564

## SCHEDULE 16

<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
1,922	1,977	1,596	1,665	1,738	1,675
18	18	18	18	18	18
9	9	9	9	8	8
16	16	16	16	17	17
8	8	8	8	8	8
504	515	605	654	541	521
97,942	97,387	97,300	100,540	100,092	99,935
553	552	533	530	526	519
1,193	1,308	1,268	1,446	1,625	1,163
577	587	586	574	612	647