

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 30, 2026

NEW ISSUE – BOOK ENTRY ONLY

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Maine Governmental Facilities Authority, under existing statutes and court decisions, and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Offered Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Offered Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code, however, interest on the Offered Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In addition, in the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Authority, under existing statutes, interest on the Offered Bonds is exempt from the State of Maine income tax imposed on individuals. See "TAX MATTERS" herein.

\$58,820,000*



MAINE GOVERNMENTAL FACILITIES AUTHORITY
\$58,820,000* Lease Rental Revenue Bonds, Series 2026A

Dated: Date of Delivery

Due: October 1 as shown on the inside cover page hereof

The Lease Rental Revenue Bonds, Series 2026A (the "Offered Bonds") of the Maine Governmental Facilities Authority (the "Authority") will be issued under and pursuant to a General Bond Resolution adopted by the Authority on August 18, 1999, as supplemented (collectively, the "Resolution"), and a certificate of determination of an officer of the Authority as to the Offered Bonds delivered on the date of issuance of the Offered Bonds. The Offered Bonds are being issued to pay a portion of (i) the costs of capital repairs and improvements to and construction of state-owned facilities and hazardous waste cleanup on state-owned properties pursuant to §1610-R of the Act, as defined herein (the "State Facilities Improvements Projects"); (ii) the cost of capital repairs and improvements to and construction of correctional facilities pursuant to §1610-S of the Act (the "Correctional Facilities Projects"); (iii) the costs associated with planning, purchasing, customizing and implementing an integrated electronic legislative management system to replace the existing system for the State Senate and State House of Representatives pursuant to §1610-T of the Act (the "Legislature Project; and together with the State Facilities Improvements Projects and Correctional Facilities Projects, collectively, the "2026A Projects"); and (iv) the cost of issuance of the Offered Bonds. The Offered Bonds will be secured by the Lease Payments (as defined herein) to be paid by the State of Maine (the "State"), acting through certain departments of the State and certain branches of the State government (collectively, the "Lessee"), pursuant to the Master Lease Agreement, dated as of August 1, 1999, as amended, by and between the Authority and the Lessee (collectively, the "Lease Agreement"). The Lessee is required under the Lease Agreement to make Lease Payments in an amount at least equal to the principal of, redemption premium, if any, and interest on all Bonds Outstanding (as defined in the Resolution) including the Offered Bonds. However, the Lessee's obligation to make Lease Payments and any other obligation of the Lessee under the Lease Agreement are subject to and dependent upon appropriations being made by the Legislature of the State of Maine for such purpose. See "SOURCES OF PAYMENT AND SECURITY FOR THE OFFERED BONDS" herein.

The Offered Bonds will be issued as fully registered bonds without coupons and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Offered Bonds. Individual purchases of the Offered Bonds will be made in book-entry form in the denomination of \$5,000 or any integral multiple thereof. Purchasers of the Offered Bonds will not receive physical certificates representing their beneficial ownership interest in the Offered Bonds purchased, but will receive a credit balance on the books of their respective nominees. So long as Cede & Co. is the registered owner, as nominee for DTC, references herein to the registered owners of the Offered Bonds shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Offered Bonds. Interest on the Offered Bonds will be payable on April 1 and October 1 of each year, commencing on October 1, 2026, from funds held under the Resolution by Wilmington Trust, National Association, as Trustee, to Cede & Co., as the registered owner of the Offered Bonds. So long as DTC or its nominee, Cede & Co., is the registered owner of the Offered Bonds, such payments will be made directly to Cede & Co. Disbursement of such payments to the DTC Participants (as defined herein) is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and the Indirect Participants, as more fully described herein under "THE OFFERED BONDS—Book-Entry System."

The Offered Bonds will be subject to redemption prior to maturity as described herein. See "THE OFFERED BONDS" herein.

The Offered Bonds are limited revenue obligations of the Authority. The Lessee's obligation to make Lease Payments, the Offered Bonds and the Lease Agreement do not constitute a debt or liability of the State of Maine or any political subdivision of the State of Maine other than the Authority within the meaning of any constitutional or statutory limitation, or a loan of the credit of the State of Maine, or a pledge of the faith and credit of the State of Maine or any political subdivision of the State of Maine other than the Authority, or a contractual obligation in excess of the amounts appropriated therefor, and the State of Maine has no continuing legal or moral obligation to appropriate money for said payments or other obligations under the Lease Agreement. Payments of the principal of, redemption premium, if any, and interest on the Offered Bonds will be made solely from amounts derived under the terms of the Lease Agreement, including the Lease Payments, and certain amounts from time to time on deposit under the Resolution. The Lessee's obligation to make Lease Payments and any other obligation of the Lessee under the Lease Agreement are subject to and dependent upon appropriations being made by the Legislature of the State of Maine for such purpose. Neither the faith and credit nor the taxing power of the State of Maine or of any political subdivision of the State of Maine is pledged to the payment of the principal of, redemption premium, if any, or interest on the Offered Bonds. The Authority has no taxing power.

The Offered Bonds are offered when, as and if issued and received by the underwriters listed below (the "Underwriters"), subject to the approval of legality of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Authority, and certain other conditions described herein. Certain legal matters will be passed upon for the Lessee by the Attorney General of the State and for the Authority by its in-house general counsel. Hilltop Securities Inc. is serving as municipal advisor to the Maine Governmental Facilities Authority in connection with the issuance of the Offered Bonds. Certain legal matters will be passed upon for the Underwriters by their counsel, Preti, Flaherty, Beliveau & Pachios, LLP, Augusta, Maine. It is anticipated that the Offered Bonds will be available for delivery to DTC in New York, New York on or about May __, 2026.

RAYMOND JAMES®

BofA Securities

Dated: May __, 2026

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are deemed final for the purposes of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (except for the omission of certain information permitted to be omitted under Rule 15c2-12(b)(1)) and are subject to completion or amendment. Under no circumstances will this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor will there be any sales of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

MATURITIES, AMOUNTS, INTEREST RATES AND YIELDS

\$58,820,000*

Maine Governmental Facilities Authority

\$58,820,000* Lease Rental Revenue Bonds, Series 2026A

<u>Maturity</u> <u>(October 1)</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP†</u> <u>No. 56041M</u>	<u>Maturity</u> <u>(October 1)</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP†</u> <u>No. 56041M</u>
2026	\$590,000	%	%		2037	\$2,870,000	%	%	
2027	1,765,000				2038	3,015,000			
2028	1,850,000				2039	3,165,000			
2029	1,940,000				2040	3,320,000			
2030	2,035,000				2041	3,490,000			
2031	2,140,000				2042	3,655,000			
2032	2,245,000				2043	3,845,000			
2033	2,365,000				2044	4,035,000			
2034	2,480,000				2045	4,235,000			
2035	2,600,000				2046	4,450,000			
2036	2,730,000								

* Preliminary, subject to change.

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No dealer, broker, salesperson or other person has been authorized by the Maine Governmental Facilities Authority, the State or the Underwriters to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information and representations must not be relied upon as having been authorized.

THE UNDERWRITERS MAY OFFER AND SELL THE OFFERED BONDS TO CERTAIN DEALERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF, AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

THE OFFERED BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY BODY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “expects”, “may”, “should”, “forecasts”, “projects”, “intends”, “anticipates”, “believes”, “estimates” and analogous expressions, and are intended to identify forward-looking statements, and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those projected. Such risks and uncertainties include, among others, conditions in the financial markets, the financial condition of the State and its various State agencies and authorities, receipt of federal grants, litigation, arbitration, force majeure events, changes in federal and state law, legislative and executive policies, general economic and business conditions, changes in political, social and economic conditions, regulatory initiatives and compliance with governmental regulations, and various other events, conditions and circumstances, many of which are beyond the control of the Maine Governmental Facilities Authority or the State. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements speak only as of the date of this Official Statement. The Maine Governmental Facilities Authority, the Underwriters and the State disclaim any obligations or undertaking to release publicly any updates or revision to any forward-looking statement contained herein to reflect any change in the expectations of the Maine Governmental Facilities Authority or the State with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Offered Bonds, by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Maine Governmental Facilities Authority or the State since the date hereof. This Official Statement is provided in connection with the sale of the Offered Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purposes. The Underwriters have reviewed the information in this Official Statement in accordance with their responsibilities to investors under the securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

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OFFICIAL STATEMENT
of
MAINE GOVERNMENTAL FACILITIES AUTHORITY
relating to its

\$58,820,000* Lease Rental Revenue Bonds, Series 2026A

INTRODUCTION

This Official Statement, including the cover page and appendices hereto (the “Official Statement”), provides information with respect to the \$58,820,000* Lease Rental Revenue Bonds, Series 2026A (the “Offered Bonds”) of the Maine Governmental Facilities Authority (the “Authority”).

The Offered Bonds are being issued pursuant to the Maine Governmental Facilities Authority Act, 4 MRSA §1601 and following, as amended (the “Act”), the General Bond Resolution adopted by the Authority on August 18, 1999 (the “General Bond Resolution”), as supplemented through a Twenty-Eighth Supplemental Bond Resolution adopted by the Authority on March 5, 2026 (the “Twenty-Eighth Supplemental Bond Resolution”), and a certificate of determination of an officer of the Authority to be dated the date of issuance of the Offered Bonds. The Offered Bonds are being issued to pay a portion of (i) the costs of capital repairs and improvements to and construction of state-owned facilities and hazardous waste cleanup on state-owned properties pursuant to §1610-R of the Act (the “State Facilities Improvements Projects”); (ii) the cost of capital repairs and improvements to and construction of correctional facilities pursuant to §1610-S of the Act (the “Correctional Facilities Projects”); (iii) the costs associated with planning, purchasing, customizing and implementing an integrated electronic legislative management system to replace the existing system for the State Senate and State House of Representatives pursuant to §1610-T of the Act (the “Legislature Project; and together with the State Facilities Improvements Projects and Correctional Facilities Projects, collectively, the “2026A Projects”); and (iv) the cost of issuance of the Offered Bonds. See “ESTIMATED APPLICATION OF OFFERED BOND PROCEEDS” herein.

Pursuant to one or more lease agreements, those projects financed or refinanced with the proceeds of the Offered Bonds and not otherwise owned by the Authority, have been or will be leased or subleased by the State of Maine (the “State”), acting through certain departments of the State and certain branches of the State government (collectively, the “Lessee”), or by one or more other legal entities, to the Authority; and, pursuant to a Master Lease Agreement, dated as of August 1, 1999 (the “Master Lease Agreement”), as amended by a First through and including a Twenty-Ninth Amendment to Master Lease Agreement, dated as of May 1, 2026 (together with all further supplements thereof and amendments thereto, the “Lease Agreement”), the 2026A Projects and those other projects that have been financed or refinanced with the proceeds of Bonds (as defined below) under the Resolution have been or will be leased or subleased by the Authority to the Lessee.

The principal of, premium, if any, and interest on the Offered Bonds will be payable from the lease payments (the “Lease Payments”) to be made pursuant to the Lease Agreement by the Lessee directly to Wilmington Trust, National Association, as Trustee under the Resolution (the “Trustee”). The Lessee is required under the Lease Agreement to make Lease Payments in an amount at least equal to the principal of, redemption premium, if any, and interest on all Bonds Outstanding including the Offered Bonds. However, the Lessee’s obligation to make Lease Payments and any other obligation of the Lessee under the Lease Agreement are subject to and dependent upon appropriations being made by the Legislature of the State of Maine for such purpose. See “SOURCES OF PAYMENT AND SECURITY FOR THE OFFERED BONDS” herein.

* Preliminary, subject to change.

Certain financial and other information with respect to the State is set forth in Appendices A through F in Part II of this Official Statement entitled “INFORMATION CONCERNING THE STATE OF MAINE” (“Part II”). The information in Part II was provided by the State to the Authority as of the date of this Official Statement, and the Authority makes no representation or warranty as to the accuracy or completeness of the information in Part II. Inclusion of Part II in this Official Statement does not provide any assurance that there has been no change in the information in Part II after the date of this Official Statement. The Treasurer of State will deliver a certificate to the effect, among other things, that, to the best of his knowledge after reasonable investigation, as of the date of this Official Statement, (i) there has been no material adverse change in the financial position or results of operation of the State except as set forth in Part II; (ii) Part II contains no untrue statement of a material fact and does not omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and (iii) no event has occurred requiring a supplement to Part II, except for any event described in such a supplement which has been made available to the public. Questions regarding Part II or requests for additional information concerning the State should be directed to Joseph C. Perry, State Treasurer, 39 State House Station, Augusta, Maine 04333, telephone: 207-624-7477; facsimile: 207-287-2367.

Certain capitalized terms used in this Official Statement and not otherwise defined herein shall have the meanings given to such terms in Appendix A – “SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL BOND RESOLUTION – Certain Definitions” herein.

As of the date hereof, the Authority has bonds outstanding in the aggregate principal amount of \$561,975,000, all of which were issued pursuant to the Resolution.

The Offered Bonds are being issued pursuant to the Resolution and a certificate of determination of an authorized officer of the Authority to be delivered on the date of issuance of the Offered Bonds. Additional Bonds may be issued from time to time in various Series under the General Bond Resolution pursuant to a Supplemental Resolution. See Appendix A – “SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL BOND RESOLUTION – Additional Bonds” herein. Upon the issuance of a Series of Additional Bonds under the General Bond Resolution, it is provided in the General Bond Resolution that the Authority and the Lessee shall enter into an amendment to the Lease Agreement to subject any new project to the terms of the Lease Agreement and to cause the Lease Payments to be increased and computed to amortize in full the principal of, redemption premium, if applicable, and interest on all Series of Bonds Outstanding including such Series of Additional Bonds and any other costs in connection therewith.

Under the General Bond Resolution, the Authority is authorized to issue Additional Bonds secured on a parity with the Authority’s Series 2010A Bonds, Series 2013A Bonds, Series 2014A Bonds, Series 2014B Bonds, Series 2015A Bonds, Series 2015B Bonds, Series 2016A Refunding Bonds, Series 2016B Bonds, Series 2017A Bonds, Series 2018A Bonds, Series 2020A Bonds, Series 2021A Bonds, Series 2021B Refunding Bonds, Series 2022A Bonds, Series 2024A Bonds, Series 2024B Bonds, Series 2025A Bonds and the Offered Bonds (collectively, the “Bonds”) to finance the Cost of a Project. No such Additional Bonds may be issued under the General Bond Resolution unless certain conditions set forth therein are met.

THE AUTHORITY

The Authority was created in 1997 by Maine Public Laws of 1997, Chapter 523 (“Chapter 523”) as the successor to the Maine Court Facilities Authority which was created in 1987. Chapter 523 amended the Act and broadened the Authority’s purposes. Pursuant to Chapter 523, the Authority expressly assumed all rights, liabilities, indebtedness and duties entered into by the Maine Court Facilities Authority as of the effective date of the Act. Chapter 523 expressly stated that “[a]ll properties, rights in land, buildings and equipment and any funds, money, revenues and receipts or assets of the Maine Court Facilities Authority or due to the Maine Court Facilities Authority belong to the Maine Governmental Facilities Authority as successor,” and that upon such succession, the Maine Court Facilities Authority ceased to exist. Under the Act, the Authority is a body corporate and politic and a public instrumentality of the State. The Authority was created by the Act for the purpose of

assisting in financing the acquisition, construction, improvement, reconstruction and equipping of additions to structures designed for use as governmental facilities. To accomplish its purposes, the Authority is authorized by the Act to acquire real or personal property, prepare and plan projects, furnish and equip projects and provide for financing and refinancing of such projects. The Act also authorizes the Authority to issue bonds and notes to fulfill its corporate purposes. As shown below, the Authority has heretofore issued \$1,247,535,000 aggregate principal amount of its bonds, of which \$561,975,000 are outstanding as of the date of this Official Statement:

Series Name	Issue Date	Original Principal Amount	Outstanding Principal Amount
1988	11/01/1988	\$ 6,490,000	\$ 0
1990	08/30/1990	8,500,000	0
1993*	09/29/1993	16,255,000	0
1996	10/31/1996	5,990,000	0
1999	09/01/1999	86,945,000	0
2000	07/12/2000	51,855,000	0
2000B	11/10/2000	6,995,000	0
2001	09/06/2001	36,485,000	0
2002	12/04/2002	10,860,000	0
2003**	09/11/2003	18,425,000	0
2004A	04/22/2004	750,000	0
2004B	04/22/2004	1,000,000	0
2004C*	04/22/2004	27,750,000	0
2005A*	03/08/2005	54,210,000	0
2005B	11/17/2005	8,890,000	0
2007A	05/31/2007	10,985,000	0
2008A	06/19/2008	40,565,000	0
2009A	10/29/2009	11,960,000	0
2010A*	04/01/2010	25,600,000	0
2011A	10/26/2011	33,000,000	0
2013A	06/13/2013	30,290,000	5,180,000
2014A**	06/19/2014	10,055,000	0
2014B	07/10/2014	2,900,000	0
2015A*	07/16/2015	41,115,000	0
2015B	11/19/2015	21,190,000	0
2016A*	10/06/2016	24,950,000	7,570,000
2016B	10/06/2016	17,980,000	8,165,000
2017A	08/24/2017	58,535,000	40,960,000
2018A	09/27/2018	50,510,000	35,310,000
2020A	01/16/2020	170,995,000	135,290,000
2021A	02/10/2021	12,785,000	11,075,000
2021B*	02/10/2021	37,355,000	24,845,000
2022A	02/22/2022	44,815,000	39,120,000
2024A	02/15/2024	64,540,000	60,985,000
2024B	02/15/2024	46,010,000	43,475,000
2025A	08/14/2025	<u>150,000,000</u>	<u>150,000,000</u>
TOTAL:		<u>\$1,247,535,000</u>	<u>\$561,975,000</u>

* Refunding bonds.

** Refunding and new money bonds.

The 1988 Bonds, the 1990 Bonds, the 1993 Bonds and the 1996 Bonds were issued under resolutions of the Authority which are unrelated to the Resolution.

Pursuant to the Act, no securities other than revenue refunding securities may be issued by the Authority without the prior approval of the State Legislature. The issuance of the Offered Bonds will not cause any statutory authorizations for the issuance of bonds by the Authority to be exceeded.

The powers of the Authority are vested in its members. The Authority consists of five members, one of whom is the Treasurer of State, serving as an ex-officio, voting member, one of whom is the Commissioner of Administrative and Financial Services, serving as an ex-officio, voting member, and three other members who each serve a term of five years and are appointed by the Governor, subject to review and confirmation by the State Legislature.

The present members of the Authority, their principal occupations or offices and the expiration dates of their current terms are as follows:

<u>Name and Position of Member</u>	<u>Principal Occupation</u>	<u>Term Expires[†]</u>
Ellen Jane Schneiter, Chair	National Academy for State Health Policy	10/09/2026
Gay M. Grant	Write Way	10/09/2025 [‡]
John L. Martin	University of Maine at Fort Kent	10/09/2027
Elaine Clark	Commissioner, State of Maine Department of Administrative and Financial Services	Ex-officio
Joseph C. Perry, Vice Chair	Treasurer of State, State of Maine	Ex-officio

The Executive Director of the Authority is Teresea Hayes. Ms. Hayes also serves as Executive Director of the Maine Municipal Bond Bank and the Maine Health and Higher Educational Facilities Authority. Ms. Hayes has announced her retirement, effective June 30, 2026, and the Authority is currently conducting a search for a new Executive Director. The Authority’s office is located at 127 Community Drive, Augusta, Maine 04330, and its telephone number is (207) 622-9386.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

[†] All members serve until the appointment and qualification of a successor. The Treasurer of State, if not reelected, serves for a period of not less than 30 days after the end of his or her term and until qualification of a successor.

[‡] Serving until a successor is appointed.

ESTIMATED APPLICATION OF OFFERED BOND PROCEEDS

The proceeds to be received from the sale of the Offered Bonds are expected to be applied as follows

Sources of Funds	
Principal Amount of the Offered Bonds.....	\$58,820,000.00*
Premium on the Offered Bonds.....	
Total Sources of Funds.....	\$ _____
Uses of Funds	
Deposit to Project Fund Account for State Facilities Improvements Projects.....	\$
Deposit to Project Fund Account for Correctional Facilities Projects.....	\$
Deposit to Project Fund Account for Legislature Project.....	\$
Cost of Issuance of the Offered Bonds (including underwriters' discount).....	\$
Additional proceeds.....	
Total Uses of Funds.....	\$ _____*

SOURCES OF PAYMENT AND SECURITY FOR THE OFFERED BONDS

Under the terms of the Resolution, the Offered Bonds are payable from (a) Lease Payments received by the Trustee from the Lessee under the Lease Agreement and (b) all amounts from time to time deposited in the funds created under the General Bond Resolution, including the proceeds received from the sale of the Bonds and investment earnings on amounts from time to time on deposits in such accounts and subaccounts, except amounts, if any, on deposit in the Rebate Fund. The Lease Agreement establishes Lease Payments payable at times and in amounts equal to the principal of and interest on the Bonds, the Trustee's fees and all other enumerated expenses. The Lease Agreement also provides that such Lease Payments will be made directly to the Trustee.

The Lessee's obligation to make the Lease Payments under the Lease Agreement is absolute and unconditional, subject to and dependent upon appropriations being made by the State Legislature for such purpose, and each Lease Payment is payable without any right of set-off or counterclaim, regardless of any contingencies, and whether or not the Lessee possesses or uses the Leased Premises. The Lessee's obligation to make Lease Payments will continue until all Lease Payments and all other amounts due under the Lease Agreement have been paid, unless sooner terminated in accordance with the provisions of the Lease Agreement.

The Bonds are limited revenue obligations of the Authority. The Lessee's obligations to make Lease Payments, the Offered Bonds and the Lease Agreement do not constitute a debt or liability of the State or any political subdivision of the State other than the Authority within the meaning of any constitutional or statutory limitation, or a loan of the credit of the State or a pledge of the faith and credit of the State or any political subdivision of the State other than the Authority, nor a contractual obligation in excess of the amounts appropriated therefor, and the State has no continuing legal or moral obligation to appropriate money for said payments or other obligations under the Lease Agreement. Payments of the principal of, redemption premium, if any, and interest on the Offered Bonds will be made solely from amounts derived under the terms of the Lease Agreement, including the Lease Payments, and certain amounts from time to time on deposit under the Resolution. Neither the faith and credit nor the taxing power of the State or of any political subdivision of the State is pledged to the payment of the principal of, redemption premium, if any, or interest on the Offered Bonds. The Authority has no taxing power.

* Preliminary, subject to change.

Debt Service Reserve Fund

The Offered Bonds are not secured by the Debt Service Reserve Fund.

Although under any Supplemental Resolution authorizing a particular Series of Bonds one or more reserve accounts may be established for the purpose of securing only Bonds of such Series, no such reserve accounts are created under the Resolution for the sole benefit of the Offered Bonds.

Additional Bonds

Additional Bonds on a parity with the Bonds then Outstanding may be issued by the Authority pursuant to the General Bond Resolution. See Appendix A – “SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL BOND RESOLUTION” for a description of the requirements that must be met under the General Bond Resolution prior to the issuance of additional Bonds.

Legislative Appropriation

Pursuant to the Lease Agreement, the Lessee has agreed to seek appropriations in the budget process for the purpose of providing funds to make the Lease Payments. See Part II – “STATE OF MAINE INFORMATION STATEMENT,” in APPENDIX A of this Official Statement, “FISCAL MANAGEMENT – Overview of the Budget Process” for a description of the State’s budget process.

Non-appropriation

In the event the Lease Agreement is terminated due to non-appropriation, the State is under no obligation to make any further payments. Under such circumstances, the Authority and the Lessee shall have no further rights or obligations thereunder. Furthermore, the Bondholders have no right or interest in the Leased Premises.

THE OFFERED BONDS

General

The Offered Bonds will be issued as fully registered bonds in the denomination of \$5,000 or any integral multiple thereof, shall be dated the date of their delivery and shall bear interest at the rates and mature on the dates as set forth on the inside cover page hereof. Interest on the Offered Bonds will be payable on April 1 and October 1 of each year, commencing on October 1, 2026, and principal of the Offered Bonds is payable on October 1 of each year as set forth on the inside cover page hereof.

Book-Entry System

Beneficial ownership interests in the Offered Bonds will be available in book-entry form only. Purchases and sales by the Beneficial Owners of the Offered Bonds can be made in denominations of \$5,000 or any integral multiple thereof. Purchasers of beneficial ownership interests in the Offered Bonds will not receive certificates representing their interests in Offered Bonds purchased and will not be Holders under the Resolution, except as described below.

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Offered Bonds. The Offered Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity and related interest rate of the Offered Bonds, each in the aggregate principal amount of such maturity and related interest rate, and will be deposited with DTC.

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

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

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

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

Redemption notices shall be sent to DTC. If less than all of the Offered Bonds within a maturity and related interest rate are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such maturity and related interest rate to be redeemed.

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

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

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

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

The preceding information in this subsection "Book-Entry System" concerning DTC and DTC's book-entry system has been extracted from a schedule prepared by DTC as sample disclosure language in connection with the issuance of the Offered Bonds and has not been independently verified by the Authority. No representation is made by the Authority as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

Neither the Authority nor the Trustee shall have any responsibility or obligation to any DTC Participant, any Beneficial Owner or other persons claiming a beneficial ownership interest in the Offered Bonds under or through DTC or any DTC Participant, with respect to: (i) the accuracy of any records maintained by DTC or any DTC Participant with respect to the beneficial ownership interest in the Offered Bonds; (ii) the payment by DTC or any DTC Participant of any amount in respect of the principal of, premium, if any, or interest on the Offered Bonds to any Beneficial Owner or other person for the Offered Bonds; or (iii) the delivery to any Beneficial Owner of the Offered Bonds, or any other person, of any notice which is permitted or required to be given to owners under the Resolution. Neither the Authority nor the Trustee shall have any responsibility with respect to obtaining consents from anyone other than the registered owners.

No assurance can be given by the Authority or the Trustee that DTC will distribute to the Participants or the Participants will distribute to the Beneficial Owners: (i) payment of debt service on the Offered Bonds paid to DTC or its nominee, as the registered owner; or (ii) any redemption or other notices, or that DTC or the DTC Participants will serve or act on a timely basis or in a manner described in this Official Statement.

Optional Redemption

The Offered Bonds maturing after October 1, 20__* are subject to optional redemption, in whole or in part, and if in part, in such order of maturity as the Authority shall determine, or by lot if less than a full maturity, at any time on and after October 1, 20__*, and prior to their respective maturities, upon notice as provided in the Resolution, at the Redemption Price of one hundred percent (100%) of the principal amount to be redeemed, plus accrued interest to the redemption date.

Mandatory Redemption

The Offered Bonds are subject to mandatory redemption in whole or in part, and if in part, in such order of maturity, as the Authority shall determine, or by lot if less than a full maturity, at any time, and prior to their respective maturities, upon notice as provided in the Resolution, at the Redemption Price of 100% of the principal amount thereof, plus accrued interest to the redemption date, from the net proceeds of any insurance proceeds or condemnation awards received with respect to the Leased Premises financed from the proceeds of the Offered Bonds to the extent such insurance proceeds or condemnation awards are not applied to the restoration of all or a portion of the Leased Premises or paid to the Authority.

The Lease Agreement obligates the Lessee to maintain insurance on the Leased Premises at the Lessee's own expense. See Appendix B – "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER LEASE AGREEMENT – Fire or Other Casualty; Insurance" herein.

Special Redemption

The Offered Bonds are subject to redemption in whole or in part, and, if in part, in such order of maturity as the Authority shall determine, at any time, from amounts on deposit in a sub-account of the Project Construction Account not used to finance the 2026A Projects, and not applied to any substitute authorized project and prior to their respective maturities, upon notice as provided in the Resolution, at the Redemption Price of 100% of the principal amount thereof, plus accrued interest to the redemption date.

Notice of Redemption

The Trustee is required to give notice of any redemption of the Offered Bonds at the direction of the Authority, which notice shall specify the maturities of the Offered Bonds to be redeemed, the redemption date and the place or places of payment and, if less than all of the Offered Bonds of any maturity are to be redeemed, the respective portions thereof to be redeemed. Notice of redemption shall be mailed by the Trustee, postage prepaid, not less than thirty (30) days nor more than sixty (60) days before the redemption date, to the registered owner of any Offered Bond or portion thereof to be redeemed. All Offered Bonds so called for redemption will cease to bear interest on the specified date set for redemption, provided funds for their redemption have been duly deposited with the Trustee pursuant to the Resolution, and, thereafter, the owners of such Offered Bonds called for redemption shall have no rights in respect thereof, except to receive payment of the redemption price and accrued interest to the date of redemption.

RATINGS

Moody's Investors Service Inc. and S&P Global Ratings have assigned ratings of "Aa2" (outlook: stable) and "AA-" (outlook: stable), respectively, to the Offered Bonds based solely on their respective evaluations of the Offered Bonds. Such ratings and outlooks express only the views of the rating agency providing the same. Certain information and materials were provided to such rating agencies to be considered in evaluating the Offered Bonds. Any desired explanation of the significance of any such rating or outlook should be obtained from the rating agency providing the same. There is no assurance that a particular rating or

* Preliminary, subject to change.

outlook will be maintained for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of such rating agency, circumstances so warrant. Any such change in or withdrawal of any such rating or outlook could have an adverse effect on the market price of the Offered Bonds. The ratings and outlooks are not recommendations to buy, sell or hold the Offered Bonds.

LEGAL MATTERS

Legal matters incident to the authorization, issuance, sale and delivery of the Offered Bonds are subject to the approval of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Authority. The approving opinion of Bond Counsel to the Authority will be delivered with the Offered Bonds in substantially the form included in this Official Statement as Appendix D. Certain legal matters will be passed upon for Raymond James & Associates, Inc. and BofA Securities, Inc. (collectively, the “Underwriters”) by their counsel, Preti, Flaherty, Beliveau & Pachios, LLP, Augusta, Maine, for the Lessee by the Attorney General of the State, for the Authority by its in-house general counsel, and for the Trustee by its counsel, Anderson Aquino, LLP, Boston, Massachusetts.

TAX MATTERS

Opinion of Bond Counsel to the Authority with Respect to the Offered Bonds

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Authority, under existing statutes and court decisions, and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Offered Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Offered Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code, however, interest on the Offered Bonds is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In rendering its opinion, Bond Counsel to the Authority has relied on certain representations, certifications of fact and statements of reasonable expectations made by the Authority, the Lessee and others in connection with the Offered Bonds, and Bond Counsel to the Authority has assumed compliance by the Authority and the Lessee with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Offered Bonds from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the Authority, under existing statutes, interest on the Offered Bonds is exempt from the State of Maine income tax imposed on individuals.

Bond Counsel to the Authority expresses no opinion regarding any other federal, state or local tax consequences with respect to the Offered Bonds. Bond Counsel to the Authority renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to its attention, or changes in law or in interpretations thereof that may hereafter occur, or for any other reason. Bond Counsel to the Authority also expresses no opinion as to the effect of any action hereafter taken or not taken in reliance upon an opinion of counsel other than Hawkins Delafield & Wood LLP (“HD&W”) (if such opinion of other counsel shall have been given without consultation with HD&W, or after consultation with HD&W and to which HD&W shall not concur) on the exclusion from gross income for federal income tax purposes of interest on the Offered Bonds or on the exemption of interest on the Offered Bonds under the State of Maine income tax imposed on individuals.

Certain Ongoing Federal Tax Requirements and Covenants with Respect to the Offered Bonds

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Offered Bonds in order that interest on the Offered Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating

to use and expenditure of gross proceeds of the Offered Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Offered Bonds to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The Authority and the Lessee have each covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Offered Bonds from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences with Respect to the Offered Bonds

The following is a brief discussion of certain collateral federal income tax matters with respect to the Offered Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of an Offered Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Offered Bonds.

Prospective owners of the Offered Bonds should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Offered Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount with Respect to the Offered Bonds

“Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of an Offered Bond (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a maturity (a bond with the same maturity date, interest rate and credit terms) means the first price at which at least ten percent (10%) of such maturity was sold to the public (*i.e.*, a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the Offered Bonds). In general, the issue price for each maturity of the Offered Bonds is expected to be the initial public offering price for each maturity of the Offered Bonds set forth on the inside cover page of this Official Statement. Bond Counsel to the Authority further is of the opinion that, for any Offered Bonds having OID (a “Discount Bond”), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Offered Bonds.

In general, under Section 1288 of the Code, OID on a Discount Bond accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Bond. An owner’s adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Discount Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

Owners of Discount Bonds should consult their own tax advisors with respect to the treatment of original issue discount for federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

Bond Premium with Respect to the Offered Bonds

In general, if an owner acquires an Offered Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Offered Bond after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “bond premium” on that Offered Bond (a “Premium Bond”). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner’s yield over the remaining term of the Premium Bond, determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such Bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner’s original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Information Reporting and Backup Withholding with Respect to the Offered Bonds

Information reporting requirements will apply to interest paid on tax-exempt obligations, including the Offered Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, “Request for Taxpayer Identification Number and Certification”, or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to “backup withholding”, which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a “payor” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing an Offered Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Offered Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner’s federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Offered Bonds under federal or state law or otherwise prevent beneficial owners of the Offered Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Offered Bonds.

Prospective purchasers of the Offered Bonds should consult their own tax advisors regarding the foregoing matters.

UNDERWRITING

The Offered Bonds are being purchased by the Underwriters. The Underwriters have agreed to purchase the Offered Bonds at a purchase price of \$ _____, which purchase price reflects an underwriters' discount from the public offering price of the Offered Bonds in the amount of \$ _____ and a [net] issue [premium/discount] of \$ _____. The purchase contract relating to the Offered Bonds provides that the Underwriters will purchase all of the Offered Bonds, if any Offered Bonds are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the purchase contract. The initial public offering prices may be changed, from time to time, by the Underwriters. The Authority has been advised by the Underwriters that (i) the Underwriters presently intend to make a market in the Offered Bonds, (ii) they are not, however, obligated to do so, (iii) any market making may be discontinued at any time, and (iv) there can be no assurance that an active public market for the Offered Bonds will develop. The Underwriters may offer and sell the Offered Bonds to certain dealers (including dealers depositing Offered Bonds into unit investment trusts, certain of which may be sponsored or managed by one or more of the Underwriters) and others at prices lower than the respective public offering prices stated on the inside cover page hereof. The Underwriters have agreed to allocate the book-running lead management credit to Raymond James & Associates, Inc. and BofA Securities, Inc. ("BofA") in the amounts of fifty percent (50%) each.

BofA, an underwriter of the Offered Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"). As part of this arrangement, BofA may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA may compensate MLPF&S as a dealer for its selling efforts with respect to the Offered Bonds.

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

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Authority (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Authority.

The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

MUNICIPAL ADVISOR

Hilltop Securities Inc., Lincoln, Rhode Island, is acting as municipal advisor (the "Municipal Advisor") to the Authority in connection with the issuance of the Offered Bonds. The Municipal Advisor has not independently verified the factual information contained in this Official Statement and makes no guarantee as to its completeness or accuracy. In addition, the Municipal Advisor has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with

respect to the tax status of the Offered Bonds or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies or rating agencies. The Authority may engage the Municipal Advisor to perform other services, including, without limitation, providing certain investment services with regard to the investment of Bond proceeds. The participation of the Municipal Advisor should not be seen as a recommendation to buy or sell the Offered Bonds and investors should seek the advice of their accountants, lawyers and registered representatives for advice as appropriate.

The Municipal Advisor has provided the following sentence for inclusion in this Official Statement. The Municipal Advisor has received the information in this Official Statement in accordance with, and as part of, its responsibilities to the Authority and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Municipal Advisor does not guarantee the accuracy or completeness of such information.

SECONDARY MARKET DISCLOSURE

Continuing Disclosure Agreement

The State will covenant in the Continuing Disclosure Agreement by and among the Authority, the State and the Trustee (the “Continuing Disclosure Agreement”), for the benefit of the Holders and Beneficial Owners (each as defined in the Resolution) of the Offered Bonds, to provide certain financial information and operating data relating to the State (the “Annual Financial Information”) within one year after the end of each fiscal year, commencing with the fiscal year ending June 30, 2026, and the Authority and the State will separately covenant in the Continuing Disclosure Agreement for the benefit of such Holders and Beneficial Owners to provide notices of the occurrence of certain enumerated events. The Continuing Disclosure Agreement requires that the Annual Financial Information be filed by the State with the Municipal Securities Rulemaking Board (the “MSRB”). The Continuing Disclosure Agreement requires that notices of certain events be provided by the Authority and the State to the Trustee and filed by the Trustee with the MSRB. The specific nature of the information to be contained in the Annual Financial Information or the notices of events is set forth in Appendix C – “PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT.” These covenants have been made in order to assist the Underwriters in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission (the “Rule”).

Continuing Disclosure History

Maine Governmental Facilities Authority. Except as described below, in the previous five years, the Authority has complied with its previous undertakings in a written contract or agreement specified in paragraph (b)(5)(i) of the Rule.

The Authority is subject to various continuing disclosure undertakings with respect to certain outstanding bonds. On May 15, 2024, Moody’s Investors Service Inc. upgraded the rating on the Authority’s outstanding lease rental revenue bonds from Aa3 to Aa2. The Authority failed to file a notice of the change in rating on EMMA within ten (10) business days in accordance with certain requirements under its continuing disclosure undertakings and the Rule. On July 10, 2025, the Authority filed a notice of the aforementioned rating change on EMMA; however, due to an inadvertent administrative oversight, the Authority did not properly link the notice of rating change to all necessary CUSIPs in accordance with the requirements of its continuing disclosure undertakings. On April 29, 2026, the Authority filed a notice of its failure to file and appropriately linked the rating change to the necessary outstanding CUSIPs.

In addition, certain annual financial and operating data filed on EMMA in connection with prior continuing disclosure undertakings relating to bonds issued prior to 2022 was not properly linked to all CUSIPs in accordance with the requirements of said continuing disclosure undertakings. The Authority has since appropriately linked the aforementioned financial and operating data to the necessary CUSIPs.

State of Maine. Except as described below, in the previous five years, the State has complied with its previous undertakings in a written contract or agreement specified in paragraph (b)(5)(i) of the Rule.

The State has provided continuing disclosure undertakings with respect to its general obligation bonds issued from time to time and with respect to certain bonds issued from time to time by the Authority and by the Maine Municipal Bond Bank and agreed therein to provide audited financial statements and annual financial information and operating data within one year after the June 30 end of its fiscal years. In order to fulfill such continuing disclosure undertakings, it has been the State's practice to post its official statements with respect to such bonds on the MSRB's Electronic Municipal Market Access Website ("EMMA") and to associate such official statements with CUSIP numbers to which such continuing disclosure undertakings apply.

The State determined that while its annual financial information and audited financial statements were filed on EMMA in a timely manner each year, the State's filing of its annual financial information for the year ended June 30, 2020 was posted on EMMA on June 2, 2021, but did not include certain appendices that should have been included. A corrective filing has been made.

The State has determined that, while its annual financial information, audited financial statements and certain supplemental filings made to EMMA between 2020 and 2024 were made in a timely manner, the State did not properly link such filings to all relevant CUSIPs in accordance with the requirements of its continuing disclosure undertakings. Specifically, the State did not properly link: (i) its annual financial information or operating data for the years 2020, 2021, 2022, 2023 and 2024 to certain CUSIPs for (x) State General Obligation Bonds, (y) Grant Anticipation Bonds ("GARVEE") and TransCap Program Bonds of the Maine Municipal Bond Bank, and (z) Lease Rental Revenue Bonds of the Authority (some of all of which are no longer outstanding); (ii) its audited financial statements for fiscal years 2022, 2023 and 2024 to certain CUSIPs for State General Obligation Bonds and TransCap Program Bonds of the Maine Municipal Bond Bank (some of all of which are no longer outstanding); and (iii) certain supplemental annual financial information filed in relation to fiscal year 2021 to certain CUSIPs for State General Obligation Bonds. On April 29, 2026, the State filed a failure to file notice and properly linked all of the aforementioned annual financial information, audited financial statements and supplemental filings to all necessary CUSIPs. The State took no action with respect to CUSIPs that are no longer outstanding.

In addition, the State inadvertently did not file a notice of rating upgrade with respect to its General Obligation Bonds that occurred on May 15, 2024. The State subsequently filed the required notice on July 9, 2025; however, the State did not properly link the notice of rating change to all necessary CUSIPs in accordance with its continuing disclosure undertakings and the Rule. On April 29, 2026, the State filed a notice of its failure to file and appropriately linked the rating change to the necessary outstanding CUSIPs.

LITIGATION

There is no controversy or litigation of any nature now pending, or to the knowledge of the Authority, threatened, restraining or enjoining the issuance, sale, execution or delivery of the Offered Bonds, or in any way contesting or affecting the validity of the Offered Bonds or any proceedings of the Authority taken with respect to the issuance or sale thereof, or the pledge or application of any moneys or security provided for the payment of the Offered Bonds, or the existence or powers of the Authority, or prohibiting the Authority from financing the 2026A Projects with the proceeds of the Offered Bonds.

MISCELLANEOUS

The foregoing summaries or descriptions of the Offered Bonds, the Continuing Disclosure Agreement, the Resolution, the Lease Agreement and all references to other materials not purporting to be quoted in full are only brief outlines of certain provisions thereof, and do not constitute complete statements of such provisions and do not summarize all the pertinent portions of such provisions. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any such statements will be realized. This Official Statement is not to be construed as a contract or agreement between the Authority and the Underwriters or owners of any of the Offered Bonds. The execution and distribution of this Official Statement have been duly authorized by the Authority.

The information set forth in Part II has been provided by the State, and the Authority makes no representation or warranty as to the accuracy or completeness of such information. The information relating to DTC and the book-entry-only system described under the heading “THE OFFERED BONDS—Book-Entry System” has been provided by DTC.

MAINE GOVERNMENTAL FACILITIES AUTHORITY

By: _____
Teresea Hayes
Executive Director

Dated: May __, 2026

SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL BOND RESOLUTION

The following is a summary of certain provisions of the General Bond Resolution. The summary does not purport to be comprehensive and is subject to all of the terms and provisions of the General Bond Resolution, to which reference is hereby made, and copies of which are available from the Authority or the Trustee.

Certain Definitions

The following are definitions in summary form of certain terms contained in the General Bond Resolution.

Act shall mean the Maine Governmental Facilities Authority Act, being 4 MRSA §1601 et seq., as amended.

Additional Bonds shall mean one or more Series of additional bonds, notes or other obligations, other than the Series 1999 Bonds, issued, executed, authenticated and delivered under the Resolution.

Amortized Value shall mean, when used with respect to securities purchased at a premium above or a discount below par, the value as of any given date obtained by dividing the total amount of the premium or discount at which such securities were purchased by the number of days remaining to maturity on such securities at the time of such purchase and by multiplying the amount so calculated by the number of days having passed since the date of such purchase; and (i) in the case of securities purchased at a premium, by deducting the product thus obtained from the purchase price; and (ii) in the case of securities purchased at a discount, by adding the product thus obtained to the purchase price.

Arbitrage and Use of Proceeds Certificate shall mean, with respect to a Series of Bonds, the Arbitrage and Use of Proceeds Certificate to be delivered on the date of issuance and delivery of such Series of Bonds by the Authority.

Authorized Representative or Authorized Officer shall mean the Executive Director of the Authority or any member of the Authority, or, when used with reference to an act or document, any other person authorized by resolution or the by-laws of the Authority to perform such act or sign such document.

Bond or Bonds shall mean the Series 1999 Bonds authorized and issued pursuant to the Resolution and any Additional Bonds.

Bond Counsel shall mean a firm of attorneys specializing in the field of municipal finance and nationally recognized as expert in the field.

Bondholder, or Holder, or Holder of Bonds, or any similar term, shall mean any person or party who shall be the registered owner of any Outstanding Bond or Bonds.

Business Day shall mean any day which shall not be a Saturday, Sunday or legal holiday or a day on which banks located in the city of the principal office in which the Trustee and, with respect to any Series of Bonds held by a securities depository, such securities depository, are located are authorized by law or executive order to close.

Capitalized Interest Account shall mean the account by that name established by the Resolution.

Cash Equivalent shall mean a Letter of Credit, Insurance Policy, Surety, Guaranty or other Security Arrangement (each as defined and provided for in a Supplemental Resolution providing for the issuance of a Series of Bonds rated by the Rating Agencies or in another Supplemental Resolution), provided by an institution which has received a rating of its claims paying ability from the Rating Agencies at least equal to the then existing rating on such Series of Bonds or whose unsecured long-term debt securities are rated at least the then existing rating on such Series of Bonds (or “A-1” or “P-1”, as applicable, if the Cash Equivalent has a remaining term at the time of acquisition not exceeding one year) by the Rating Agencies; provided, however, that a Cash Equivalent may be provided by an institution which has received a rating of its claims paying ability which is lower than that set forth above or whose unsecured long-term (or short-term) debt securities are rated lower than that set forth above, so long as the providing of such Cash Equivalent does not, as of the date it is provided, in and of itself, result in the reduction or withdrawal of the then existing rating assigned to the such Series of Bonds by any of the Rating Agencies.

Code shall mean the Internal Revenue Code of 1986 (Title 26 of the United States Code), as amended.

Cost and Cost of the Project shall mean together with any other proper item of cost not specifically mentioned herein but authorized pursuant to the Act, the cost of construction, acquisition, building, alteration, enlargement, reconstruction, renovation, remodeling, improvement, equipping or furnishing of a Project and the financing or refinancing thereof, including interest on a Series of Bonds from the date thereof to the date when such interest shall be paid by the Authority from Lease Payments, the cost of acquisition of any land or interest (including rights, easements and franchises) therein required as the site of a Project or for use in connection therewith, the cost of preparation of the site of a Project (including, without limitation, utility extensions and access roads) and of any land to be used in connection therewith, the cost of any indemnity and surety bonds and premiums on insurance, administrative expenses of the Lessee, the cost of reserves or a Credit Facility, all related direct administrative expenses and allocable portions of direct costs of the Authority, legal fees, fees and expenses of trustees, depositories and paying agents for a Series of Bonds, cost of issuance of a Series of Bonds and financing charges and fees and expenses of financial advisers and consultants in connection therewith, costs of audits, the cost of all machinery, apparatus, furniture, fixtures and equipment, cost of engineering, architectural services, design, plans, specifications and surveys, estimates of cost, and all other expenses necessary or incident to determining the feasibility or practicability of a Project, and such other expenses not specified herein as may be necessary or incident to the construction, acquisition, building, alteration, enlargement, reconstruction, renovation, remodeling, improvement, equipping and furnishing of a Project, the financing or refinancing thereof and the placing of the same in use and operation.

Cost of Issuance shall mean the items of expense to be paid or reimbursed directly or indirectly by the Authority and related to the authorization, sale and issuance of a Series of Bonds, which items of expense shall include, but not be limited to, printing costs, costs of reproducing documents, filing and recording fees, initial fees and charges of the Trustee, fees to any Credit Facility Provider in connection with a Credit Facility, legal fees and charges, professional consultants’ fees, costs of credit ratings, fees and charges of execution, transportation and safekeeping of a Series of Bonds, and other costs, charges and fees in connection with the foregoing.

Cost of Issuance Account shall mean the account by that name established by the Resolution.

Counsel’s Opinion shall mean an opinion signed by an attorney or firm of attorneys selected by the Authority. Any such attorney may be a lawyer in the regular employment of the Authority.

Credit Facility shall mean (i) an unconditional and irrevocable letter of credit with respect to a Series of Bonds in form and drawn on a bank or banks acceptable to the Authority (which bank or banks must be rated by each of the Rating Agencies in a category at least equal to the rating category of such Series of Bonds (or “A-1” or “P-1”, as applicable, if the Credit Facility has a remaining term at the time it is provided not exceeding one year); provided, however, that such letter of credit may be provided by a bank or banks whose

rating is lower than that set forth above, so long as the providing of such letter of credit does not, as of the date it is provided, in and of itself, result in a reduction or withdrawal of the then existing rating assigned to such Series of Bonds by any of the Rating Agencies; (ii) cash; (iii) a certified or bank check; (iv) Investment Securities; or (v) any other credit facility similar to the above in purpose and effect, including, but not limited to, a guaranty, standby loan or purchase commitment, insurance policy, surety bond or financial security bond or any combination thereof, which is approved by each of the Rating Agencies.

Credit Facility Provider shall mean the issuer of or obligor under a Credit Facility.

Debt Service Fund shall mean the Fund by that name established by the Resolution.

Debt Service Reserve Fund shall mean the Fund by that name established by the Resolution.

Debt Service Reserve Fund Requirement shall mean, as of any date of calculation, the aggregate of the amounts specified as the Debt Service Reserve Fund Requirement for each Series of Bonds in the Supplemental Resolution authorizing the issuance of a Series of Bonds; provided, however, that a Supplemental Resolution may provide that the Debt Service Reserve Fund Requirement for the Series of Bonds authorized thereunder may be funded, in whole or in part, through Cash Equivalents and such method of funding shall be deemed to satisfy all provisions of the Resolution with respect to the Debt Service Reserve Fund Requirement and the amounts required to be on deposit in the Debt Service Reserve Fund.

Defeasance Securities shall mean Federal Securities and/or Municipal Obligations.

Federal Securities shall mean, to the extent permitted by law for investment as herein contemplated, (i) any direct and general obligations of, or any obligations the timely payment of principal of and interest on which are fully guaranteed by, the United States of America; and (ii) certificates of ownership of the principal of or interest on direct and general obligations of, or obligations guaranteed by, the United States of America, which obligations are held in trust, including CATS, TIGRS, STRPS and such other similar obligations.

Fiscal Year shall mean the twelve (12) consecutive calendar months commencing with the first day of July and ending on the last day of the following June.

Interest Account shall mean the account by that name established by the Resolution.

Investment Obligations shall mean and include any of the following obligations, to the extent the same are at the time legal for investment of funds of the Authority under the Act:

1. (a) Direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America including obligations issued or held in book-entry form on the books of the Department of the Treasury, and CATS and TIGRS (United States Treasury Obligations), (b) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (c) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, or (d) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated (collectively United States Obligations).

2. Federal Housing Administration debentures.

3. Obligations of government-sponsored agencies which are not backed by the full faith and credit of the U.S. government:

-Federal Home Loan Mortgage Corporation (FHLMC)

Participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts) Senior Debt obligations

-Farm Credit Banks (formerly: Federal Land Banks, Federal Intermediate Credit Banks, and Banks for Cooperatives)

Consolidated systemwide bonds and notes

-Federal Home Loan Banks (FHL Banks)

Consolidated debt obligations

-Federal National Mortgage Association (FNMA)

Senior debt obligations

Mortgage-backed securities (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts)

-Student Loan Marketing Association (SLMA)

Senior debt obligations (excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date)

-Financing Corporation (FICO)

Debt obligations

-Resolution Funding Corporation (REFCORP)

Debt obligations

4. Unsecured certificates of deposit, time deposits, and bankers' acceptances (having maturities of not more than one year) of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or "A3" or better by Moody's and "A-1" or "A" or better by S&P.

5. Deposits the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation (FDIC), in banks which have capital and surplus of at least \$5 million; certificates of deposit secured at all times by collateral described in 1. and/or 2. above, issued by commercial banks, savings and loan associations or mutual savings banks where the collateral is held by a third party and the Trustee has a perfected first security interest in the collateral.

6. Commercial paper rated, at the time of purchase, "A-1" or better by S&P and "Prime-1" by Moody's.

7. Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of "AAAm-g", "AAAm" or "AA-m" by S&P and, if rated by Moody's, rated "Aaa", "Aa1" or "Aa2".

8. State Obligations
 - (a) Direct general obligations of any state of the United States or any subdivision or agency thereof to which is pledged the full faith and credit of a state the unsecured general obligation debt of which is rated “A3” by Moody’s and “A” by S&P, or better, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated.
 - (b) Direct, general short-term obligations of any state agency or subdivision described in (a) above and rated “A-1+” by S&P and “Prime-1” by Moody’s.
 - (c) Special Revenue Bonds (as defined in the United States Bankruptcy Code) of any state, state agency or subdivision described in (a) above and rated “AA” or better by S&P and “Aa” or better by Moody’s.
9. Pre-refunded municipal obligations rated “AAA” by S&P and “Aaa” by Moody’s meeting the following requirements:
 - (a) the municipal obligations are (i) not subject to redemption prior to maturity or (ii) the trustee for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions; and
 - (b) the municipal obligations are secured by cash or United States Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations.
10. Repurchase agreements:
 - (a) if the Repurchase Agreement has a term of less than seven years:
 - (i) and the Agreement is to be uncollateralized with United States Obligations:
 - (1) with any domestic bank or foreign bank with senior unsecured debt ratings of at least “AA-” by S&P and “Aa3” by Moody’s;
 - (2) with registered broker/dealers subject to the Securities Investors Protection Corporation Liquidation Act which is rated, or whose parent is rated, at least “AA-” by S&P and “Aa3” by Moody’s;
 - (3) with domestic or Canadian life insurance companies with a claims-paying or financial strength rating of “AAA” and “Aaa” by S&P and Moody’s, respectively;
 - (4) with wholly-owned and guaranteed financial institution subsidiaries of (y) one of the institutions referred to in (1), (2) or (3) above, or (z) an insurance holding company rated “AAA” and “Aaa” by S&P and Moody’s, respectively;
 - (5) with a domestic financial guaranty insurance company or an affiliate of a domestic financial guaranty insurance company, whose obligations are fully guaranteed by an affiliate or the parent company which has a rating of “AAA” and “Aaa” by S&P and Moody’s, respectively; or
 - (6) with a structured entity rated “AAA” by S&P and “Aaa” by Moody’s;
 - (ii) and the Agreement is to be collateralized with United States Obligations (which securities must be valued weekly, marked to market at current market price plus accrued interest; the value of

the securities must be equal to 104% of the amount of cash transferred by the Authority under the Agreement plus accrued interest; provided that if the value of the securities declines to below 104%, then additional cash and/or securities must be transferred; and if the securities are Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, the value of the securities must be 105% as provided above):

- (1) with any domestic bank or foreign bank with senior unsecured debt ratings of at least “A-” by S&P and “A3” by Moody’s;
- (2) with registered broker/dealers subject to the Securities Investors Protection Corporation Liquidation Act which is rated, or whose parent is rated, at least “A-” by S&P and “A3” by Moody’s;
- (3) with wholly-owned and guaranteed financial institution subsidiaries of (y) one of the institutions referred to in (1) or (2) above, or (z) an insurance holding company rated “AAA” and “Aaa” by S&P and Moody’s, respectively;
- (4) with a domestic financial guaranty insurance company or an affiliate of a domestic financial guaranty insurance company, whose obligations are fully guaranteed by an affiliate or the parent company which has a rating of at least “A-” and “A3” by S&P and Moody’s, respectively; or
- (5) with a structured entity rated “AA-” by S&P and “Aa3” by Moody’s;

(b) if the Repurchase Agreement has a term of seven years or greater:

(i) and the Agreement is to be uncollateralized with United States Obligations:

- (1) with any domestic bank with senior unsecured debt ratings of at least “AA” by S&P and “Aa2” by Moody’s; with any foreign bank with senior unsecured debt ratings of at least one triple A by either S&P or Moody’s and at least double-A by the other rating agency (i.e., “AAA” by S&P and “Aa2” by Moody’s or “AA” by S&P and “Aaa” by Moody’s);
- (2) with domestic or Canadian life insurance companies with a claims-paying or financial strength rating of “AAA” and “Aaa” by S&P and Moody’s, respectively;
- (3) with wholly-owned and guaranteed financial institution subsidiaries of (y) one of the institutions referred to in (1) or (2) above, or (z) an insurance holding company rated “AAA” and “Aaa” by S&P and Moody’s, respectively; or
- (4) with a domestic financial guaranty insurance company or an affiliate of a domestic financial guaranty insurance company, whose obligations are fully guaranteed by an affiliate or the parent company which has a rating of “AAA” and “Aaa” by S&P and Moody’s, respectively;

(ii) and the Agreement is to be collateralized with United States Obligations (which securities must be valued weekly, marked to market at current market price plus accrued interest; the value of the securities must be equal to 104% of the amount of cash transferred by the Authority under the Agreement plus accrued interest, provided that if the value of the securities declines to below 104%, then additional cash and/or securities must be transferred; and if the securities are Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, the value of the securities must be 105% as provided above):

- (1) with any domestic bank with senior unsecured debt ratings of at least “AA” by S&P and “Aa2” by Moody’s; with any foreign bank with senior unsecured debt ratings of at least one triple A by either S&P or Moody’s and at least double-A by the other rating agency (i.e., “AAA” by S&P and “Aa2” by Moody’s or “AA” by S&P and “Aaa” by Moody’s);
- (2) with wholly-owned and guaranteed financial institution subsidiaries of (y) one of the institutions referred to in (1) above, or (z) an insurance holding company rated “AAA” and “Aaa” by S&P and Moody’s, respectively; or
- (3) with a domestic financial guaranty insurance company or an affiliate of a domestic financial guaranty insurance company, whose obligations are fully guaranteed by an affiliate or the parent company which has a rating of “AAA” and “Aaa” by S&P and Moody’s, respectively.

11. Investment Agreements with such entities having such ratings (based on more than seven years, or seven years or less, and uncollateralized or collateralized, as applicable) for whom the Authority may enter into Repurchase Agreements as provided in 10. above; provided, that, by the terms of the Investment Agreement:

(a) interest payments are to be made to the Trustee at times and in amounts as necessary to pay debt service (or, if the Investment Agreement is for the Project Construction Account or the Capitalized Interest Account, construction draws) on the Bonds;

(b) the invested funds are available for withdrawal without penalty or premium, at any time upon not more than seven (7) days’ prior notice (which notice may be amended or withdrawn at any time prior to the specified withdrawal date); provided that the Trustee shall be required to give notice in accordance with the terms of the Investment Agreement so as to receive funds thereunder with no penalty or premium paid;

(c) the Investment Agreement must provide that if during its term the provider’s rating by either Moody’s or S&P falls below the rating permitted for such provider as set forth above, the provider must, at the direction of the Authority or the Trustee, within ten (10) days of receipt of such direction, either (y) collateralize the Investment Agreement by delivering or transferring in accordance with applicable state and federal laws (other than by means of entries on the provider’s books) to the Authority, the Trustee or a third party acting solely as agent therefor (the Holder of the Collateral) United States Treasury Obligations which are free and clear of any third-party liens or claims at the collateral level set forth in 10. above; or (z) repay the principal of and accrued but unpaid interest on the investment (the choice of (y) or (z) above shall be that of the Authority or the Trustee, as appropriate), in either case with no penalty or premium to the Authority or the Trustee; and

(d) the Investment Agreement must provide that if during its term:

(i) the provider shall default in its payment obligations, the provider’s obligations under the Investment Agreement shall, at the direction of the Authority, be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Authority or the Trustee, as appropriate, and

(ii) the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc. (an event of insolvency), the provider’s obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Authority or the Trustee, as appropriate.

Lease Agreement shall mean the Master Lease Agreement, dated as of August 1, 1999, with respect to a Project or Projects or part of a Project the Costs of all or a portion of which are being financed or refinanced through the issuance of a Series of Bonds pursuant to the Resolution, between the Authority, as lessor,

and the Lessee, as tenant, providing, among other things, (y) for the lease by the Authority to the Lessee of the Authority's interest in such Project, Projects or part of a Project (which interest of the Authority may be fee title, a leasehold estate or other interest capable of being leased), and (z) for the obligation of the Lessee to pay rentals or other payments thereunder to be considered executory only to the extent of money made available therefor by the State Legislature, with no liability of the Lessee to make such rentals or other payments beyond the money so made available by the State Legislature for such purpose.

Leased Premises or Premises shall mean, with respect to a Project or Projects or part of a Project, those certain premises, facilities and other property or interests therein leased by the Authority to the Lessee pursuant to the Lease Agreement.

Lease Payments shall mean the lease rental payments due and payable by the Lessee to the Authority in accordance with the applicable provisions of the Lease Agreement.

Lessee shall mean the State of Maine acting either directly on its own behalf or on behalf of any agency, instrumentality or department of the State of Maine or any branch of State Government, as shall be the lessee of the Authority under the Lease Agreement.

Moody's shall mean Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, Moody's shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority, by notice to the Trustee.

Municipal Obligations shall mean any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (i) which are not callable at the option of the obligor prior to maturity or as to which irrevocable notice has been given by the obligor to call on the date specified in the notice; and (ii) which are fully secured as to principal and interest and redemption premium, if any, by a fund consisting only of direct obligations of the United States of America, which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate; and (iii) which fund is sufficient, as verified by an independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (i) of this paragraph, as appropriate; and (iv) which are rated, based on the escrow, in the highest rating category of the Rating Agencies; provided, however, that the interest on any Municipal Obligation may, but is not required to, be excluded from gross income under Section 103 of the Code.

Outstanding, when used with reference to Bonds, shall mean, as of any date, Bonds which have been delivered under the provisions of the Resolution, except: (i) any Bonds cancelled by the Trustee at or prior to such date; (ii) Bonds for the payment or redemption of which monies equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, shall be held by the Trustee in trust (whether at or prior to the maturity or redemption date); provided that if such Bonds are to be redeemed, notice of such redemption shall have been given as provided in the Resolution or provision satisfactory to the Trustee shall have been made for the giving of such notice; (iii) Bonds in lieu of or in substitution for which other Bonds shall have been delivered pursuant to the Resolution; and (iv) Bonds or portions of Bonds deemed to have been paid as provided in the Resolution.

Principal Account shall mean the account by that name established by the Resolution.

Project shall mean

(a) in the case of any Series of Additional Bonds, and together with any other project not specifically mentioned herein but authorized pursuant to the Act,

(i) the acquisition, construction, improvement, reconstruction or equipping of, or construction of an addition or additions to, any structure designed for use as a court facility, State office or State activity space and intended to be used primarily by the State, any agency, instrumentality or department of the State or by any branch of State government. The structure may include facilities for the use of related agencies of State, county or local government. Project, projects or part of any project includes all real and personal property, lands, improvements, driveways, roads, approaches, pedestrian access roads, parking lots, parking facilities, rights-of-way, utilities, easements and other interests in land, machinery and equipment and all fixtures, appurtenances and facilities either on, above or under the ground that are used or usable in connection with the structure, and also includes landscaping, site preparation, furniture, machinery, equipment and other similar items necessary or convenient for the operation of a particular facility or structure in the manner for which its use is intended. Project, projects or part of any of project also includes the acquisition, construction, improvement, reconstruction or repair of any equipment, device, technology, software or other personal property intended to be used primarily by the State, any agency, instrumentality or department of the State or by any branch of State Government or any related agency of state, county or local government. Project, projects or part of any project does not include such items as fuel, supplies or other items which are customarily considered as a current operating charge; and

(ii) the issuance of revenue refunding securities as provided in Section 1610 of the Act; and

(b) in the case of any Series of Bonds for the purpose of financing all or a portion of the Cost of the Project.

Project Construction Account shall mean the account by that name established by the Resolution.

Rating Agencies shall mean, collectively, (i) S&P when the Bonds are rated by S&P and (ii) Moody's when the Bonds are rated by Moody's or, if neither S&P nor Moody's is maintaining a rating on the Bonds, then any other nationally recognized rating agency when the Bonds are rated by such agency, pursuant to a request for a rating by the Authority.

Rebate Amount shall mean, with respect to a Series of Bonds, amounts determined pursuant to the provisions of the Accounting Memorandum attached as an exhibit to the related Arbitrage and Use of Proceeds Certificate.

Rebate Fund shall mean the fund by that name established by the Resolution.

Record Date shall mean the close of business on the fifteenth day of the month preceding an interest payment date, or, if such fifteenth day is not a Business Day, the next succeeding Business Day.

Redemption Account shall mean the account by that name established by the Resolution.

Redemption Price shall mean, with respect to any Bond, the principal amount thereof, plus the applicable premium, if any, payable upon redemption thereof pursuant to the Resolution.

Refunding Bonds shall mean a Series of Bonds issued under the Resolution for the purpose of refunding all Outstanding Bonds or all or any part of one or more Series of Outstanding Bonds.

Resolution shall mean the General Bond Resolution, as from time to time amended or supplemented.

Revenue Fund shall mean the Fund by that name established by the Resolution.

S&P shall mean Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, S&P shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority, by notice to the Trustee.

Series shall mean all of the Bonds designated as being of the same Series authenticated and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter authenticated and delivered in lieu thereof or in substitution therefor pursuant to the Resolution.

Series 1999 Bonds shall mean the Authority's \$86,945,000 Lease Rental Revenue Bonds, Series 1999, authorized, issued, executed, authenticated and delivered under the Resolution.

Sinking Fund Installment shall mean the amount required by the Resolution as payable on a single future date for the retirement of any Outstanding Bonds of a Series which are expressed to mature after such future date, but does not include any amounts payable by reason only of the maturity of a Bond.

Sinking Fund Installment Account shall mean the account by that name established by the Resolution.

State shall mean the State of Maine.

Supplemental Resolution shall mean a resolution supplemental to or amendatory of the Resolution, adopted by the Authority in accordance with the Resolution.

Additional Bonds

So long as the Lease Agreement is in effect, one or more Series of Additional Bonds may be issued, authenticated and delivered upon original issuance for the purpose of financing in whole or in part the Costs of the Project including, without limitation, (a) completing a Project or any part thereof; (b) providing funds in excess of insurance proceeds to repair, relocate, replace, rebuild or restore a Project in the event of damage, destruction or taking by eminent domain; (c) providing extensions, additions, improvements or facilities to a Project; or (d) refunding in whole or in part Outstanding Bonds of one or more Series. Such Series of Additional Bonds shall be payable from the Lease Payments payable by the Lessee under the Lease Agreement. Prior to the issuance of a Series of Additional Bonds, the Authority and the Lessee shall enter into an amendment to the Lease Agreement, which shall provide, among other things, that the Lease Payments payable under the Lease Agreement shall be increased and computed so long as to amortize in full the principal of, redemption premium, if applicable, and interest on all Series of Bonds Outstanding including such Series of Additional Bonds and any other costs in connection therewith.

Each Series of Additional Bonds issued pursuant to the Resolution shall be equally and ratably secured under the Resolution with the Series 1999 Bonds and all other Series of Additional Bonds, if any, issued pursuant to the Resolution, without preference, priority or distinction of any Bond over any other Bonds except as expressly provided in or permitted by the Resolution and any Supplemental Resolution, including without limitation with respect to pledges for the benefit of Credit Facility Providers.

All or any part of one or more Series of Refunding Bonds may be authenticated and delivered upon original issuance to refund all Outstanding Bonds or any part of one or more Series of Outstanding Bonds.

Refunding Bonds shall be issued in a principal amount sufficient, together with other monies available therefor, to accomplish such refunding and to make such deposits required by the provisions of the Act, the Resolution and of the Supplemental Resolution authorizing said Series of Refunding Bonds.

Refunding Bonds may be authenticated and delivered only upon receipt by the Trustee (in addition to the receipt by it of certain documents specified in the Resolution) of:

(1) Irrevocable instructions from the Authority to the Trustee, satisfactory to it, to give due notice of redemption pursuant to the Resolution to the Holders of all the Outstanding Bonds to be refunded prior to maturity on the redemption date specified in such instructions; and

(2) Either:

(a) monies in an amount sufficient to effect payment at maturity or upon redemption at the applicable Redemption Price of the Bonds to be refunded, together with accrued interest on such Bonds to the maturity or redemption date, which monies shall be held by the Trustee in a separate account irrevocably in trust for and assigned to the respective Holders of the Outstanding Bonds being refunded, or

(b) Defeasance Securities in such principal amounts, having such maturities, bearing such interest, and otherwise having such terms and qualifications, as shall be necessary to comply with the defeasance provisions of the Resolution, and any monies required pursuant to said provisions, which Defeasance Securities and monies shall be held in trust.

The Authority shall furnish to the Trustee at the time of delivery of the Series of Refunding Bonds an opinion of independent certified public accountants as to the sufficiency of the monies and/or Defeasance Securities held by the Trustee (and/or any escrow agent as shall be appointed in connection therewith) as required to effect such payment at maturity or earlier redemption.

No Series of Additional Bonds shall be issued (other than Refunding Bonds to refund in whole all Outstanding Bonds under the Resolution) unless the Lease Agreement is in effect and at the time of issuance there is no Event of Non Appropriation or Event of Default thereunder or event of default under the Resolution nor any event which upon notice or lapse of time or both would become an Event of Non Appropriation or Event of Default under the Lease Agreement or an event of default under the Resolution.

Certain Project Trust Accounts

The Resolution establishes a special trust account, which shall be deposited with and held by the Trustee and which is designated as the "Project Construction Account". Upon the issuance, sale and delivery of a Series of Bonds pursuant to the Resolution to finance all or part of the Cost of the Project, there shall be deposited to the credit of a special sub-account(s) of the Project Construction Account established for the related Project or Projects (except that in the case of a Series of Refunding Bonds, there shall instead be deposited in such other account or with such other person such portion of the proceeds of the Series of Bonds as specified in the certificate of an Authorized Representative of the Authority delivered to the Trustee) from the proceeds of such Series of Bonds that amount specified in a certificate of an Authorized Representative of the Authority delivered to the Trustee. No moneys shall be disbursed from a sub-account in the Project Construction Account with respect to any Project unless such Project shall be made subject to the Lease Agreement. Monies deposited in a sub-account of the Project Construction Account shall be used by the Authority for payment of the Cost of the Project of the related Project. The Trustee is authorized to create such additional sub-accounts within the Project Construction Account as the Authority may direct from time to time.

The Authority by the Resolution has also created and established a special trust account which shall be deposited with and held by the Trustee and which is designated as the “Cost of Issuance Account”. Upon the issuance, sale and delivery of a Series of Bonds there shall be deposited to the credit of a special sub-account(s) of the Cost of Issuance Account from the proceeds of such Series of Bonds that amount specified in a certificate of an Authorized Representative of the Authority delivered to the Trustee. Amounts on deposit in a sub-account of the Cost of Issuance Account shall be expended for the Cost of Issuance of the related Series of Bonds and to pay an amount to the Authority equal to the Authority’s initial program fee, and for no other purpose. Upon payment of all Cost of Issuance for the related Series of Bonds, any amount remaining in such sub-account of the Cost of Issuance Account shall be paid to and deposited in a sub-account of the Project Construction Account, the Redemption Account or such other Fund, Account or sub-account so designated in writing by an Authorized Officer of the Authority upon receipt by the Trustee of a certificate of an Authorized Officer stating that such monies are no longer needed for the payment of Cost of Issuance.

The Authority by the Resolution has further created and established a special trust account which shall be deposited with and held by the Trustee and which is designated as the “Capitalized Interest Account”. Upon the issuance, sale and delivery of a Series of Bonds there shall be deposited to the credit of a special subaccount(s) of the Capitalized Interest Account established for the related Project or Projects from the proceeds of such Series of Bonds that amount specified in a certificate of an Authorized Representative of the Authority delivered to the Trustee. Such certificate shall be accompanied by a schedule instructing the Trustee to withdraw amounts from such special subaccount(s) to be applied to the payment of the interest on the related Series of Bonds (as the same may be amended from time to time by certificate delivered by an Authorized Representative of the Authority delivered to the Trustee, the “Capitalized Interest Payment Schedule”).

The Trustee shall apply the amounts on deposit in each sub-account of the Capitalized Interest Account to the payment of the interest on the related Series of Bonds as the same shall become due in accordance with the related Capitalized Interest Payment Schedule, until the earlier of one year after the completion of the related Project or the exhaustion of amounts in such sub-account (the “Capitalized Interest Period”). On each interest payment date during the Capitalized Interest Period, the Trustee shall transfer from each sub-account of the Capitalized Interest Account to the Interest Account of the Debt Service Fund the amount set forth in the related Capitalized Interest Payment Schedule to pay interest on the related Series of Bonds becoming due on such interest payment date. If any balance of funds shall remain in a sub-account of the Capitalized Interest Account on the date which is one year after the completion of the related Project, the Trustee shall deliver written notice of such balance to the Authority and transfer such funds, at the written direction of an Authorized Officer of the Authority, to the related sub-account of the Project Construction Account for the applicable Project to pay any remaining Costs of the Project, and/or to the Redemption Account of the Debt Service Fund to be applied to the redemption of the related Series of Bonds (or purchase and cancellation of the related Series of Bonds).

In addition, if, on any interest payment date occurring prior to the first anniversary of the completion of a Project, the amount on deposit in the related sub-account of the Capitalized Interest Account is not sufficient to pay that portion of the interest on the related Series of Bonds becoming due on such interest payment date and as set forth on the related Capitalized Interest Payment Schedule, the Trustee shall transfer from the related sub-account of the Project Construction Account to the Interest Account of the Debt Service Fund an amount equal to the deficiency.

Lien of Bondholders

Subject to the applicable provisions of the Resolution,

- (i) the monies deposited to the credit of each sub-account of the Project Construction Account, including all obligations held as investments thereof and the proceeds of such investments, shall be held in trust and applied only to pay the Costs of the Project with respect to the related Project, or as otherwise permitted by the Resolution and are

pledged to the Trustee, pending such application, for the benefit of the Holders of the Bond until paid out and transferred as provided in the Resolution;

- (ii) the monies deposited to the credit of each sub-account of the Cost of Issuance Account, including all obligations held as investments thereof and the proceeds of such investments, shall be held in trust and applied only to pay the Cost of Issuance of the related Series of Bonds and are pledged to the Trustee, pending such application, for the benefit of the Holders of the Bonds, and for the security of the payment of the principal of and interest on the Bonds, and shall at all times be subject to the lien of such pledge until paid out and transferred as provided in the Resolution; and
- (iii) the monies deposited to the credit of each sub-account of the Capitalized Interest Account, including all obligations held as investments thereof and the proceeds of such investments, shall be held in trust and applied only for the purpose of paying the interest on the related Series of Bonds in accordance with the applicable Capitalized Interest Payment Schedule and are pledged to the Trustee, pending such application, for the benefit of the Holders of the Bonds, and for the security of the payment of the principal of and interest on the Bonds, and shall at all times be subject to the lien of such pledge until paid out and transferred as provided in the Resolution.

Project Construction Account

All payments from each sub-account of the Project Construction Account shall be subject to the provisions and restrictions of the Resolution and the Authority covenants that it will not cause or permit to be paid from any sub-account of the Project Construction Account any sums except in accordance with such provisions and restrictions. In addition to the withdrawals permitted by the Resolution with respect to amounts on deposit in any sub-account of the Project Construction Account, the Authority may direct the Trustee to apply such amounts to the payment of a portion of the purchase price of Investment Obligations which Investment Obligations are to be held by the Trustee pursuant to the provisions of the Resolution.

The Trustee shall from time to time pay out, or permit the withdrawal of, monies in a sub-account of the Project Construction Account for the purpose of paying all or a portion of the Costs of the Project for the related Project, upon receipt by the Trustee of a written requisition of the Authority signed by an Authorized Officer or its duly authorized agent accompanied by a certificate signed by an Authorized Officer of the Authority certifying that the amount being paid from such sub-account of the Project Construction Account pursuant to such requisition, together with all prior withdrawals from such sub-account of the Project Construction Account with respect to a Project, will not exceed in the aggregate the Cost of the Project for such Project.

Transfer of Surplus or Undisbursed Funds

The Authority covenants that, promptly upon receipt of a certificate from the Lessee as to the completion or abandonment of a Project, as provided for in the Lease Agreement, it will deliver to the Trustee a certificate, signed by an Authorized Officer, certifying receipt of such certificate from the Lessee and stating the amount of money, if any, required for the payment of any Cost of the Project with respect to a Project remaining to be paid and directing that any related amounts remaining in the applicable sub-account of the Project Construction Account in excess of such amount remaining to be paid shall be transferred to the Redemption Account. Upon receipt of each such certificate by the Trustee, the Trustee shall, in accordance with such certificate, transfer such amounts from the applicable sub-account of the Project Construction Account into the Redemption Account for the purchase or redemption of the related Series of Bonds. To the extent that the Cost of the Project of any one Project shall be funded with the proceeds of more than one Series of Bonds issued at a later date, the completion of such Project shall be determined without reference to the disbursement in full of the proceeds of the first Series of Bonds issued for such purpose.

Pledge, Limited Liability

Lease Payments and all Funds and Accounts established by the Resolution (except any amounts deposited in the Rebate Fund), including the investments thereof and the proceeds of such investments, if any, are pledged by the Resolution to the Trustee for the payment of the principal and Redemption Price of and interest on the Bonds in accordance with the terms and provisions of the Resolution, subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution; provided, however, the Authority may, pursuant to a Supplemental Resolution authorizing the issuance of a Series of Bonds, also pledge such Lease Payments, Funds and Accounts to one or more Credit Facility Providers who have provided Credit Facilities to secure such Series of Bonds and such further pledge may be either on a parity with or subordinate to the pledge set forth in the Resolution to secure the payment of the Bonds, all as set forth in such Supplemental Resolution; and provided further, however, that the Authority may, pursuant to a Supplemental Resolution, provide that amounts in an Account or sub-account established pursuant to such Supplemental Resolution be excluded from the pledge set forth in the Resolution to secure the payment of the Bonds or otherwise limit such pledge with respect to such Account or sub-account. The pledge of the Resolution shall be valid and binding from and after the date of adoption of the Resolution, and the Lease Payments and all other monies and securities in the Funds, Accounts and sub-accounts established by the Resolution and thereby pledged shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Authority, irrespective of whether such parties have notice thereof.

The Bonds are limited revenue obligations of the Authority. The Lessee's obligation to make Lease Payments, the Bonds and the Lease Agreement do not create or constitute a debt, liability or liabilities of the State of Maine or any political subdivision of the State of Maine other than the Authority within the meaning of any constitutional or statutory limitation or a loan of the credit of the State of Maine or a pledge of the faith and credit of the State of Maine or any political subdivision of the State of Maine other than the Authority, nor a contractual obligation in excess of the amounts appropriated therefor, and the State of Maine has no continuing legal or moral obligation to appropriate money for such payments or other obligations under the Lease Agreement. Lease Payments of the principal of, premium, if any, and interest on the Bonds will be made solely from amounts derived under the terms of the Lease Agreement, including the Lease Payments, and certain amounts from time to time on deposit under the Resolution. Neither the State of Maine nor any political subdivision of the State of Maine shall be obligated to pay the principal or Redemption Price of or interest on the Bonds, except from the Lease Payments pledged therefor pursuant to the Resolution, and neither the faith and credit nor the taxing power of the State of Maine or of any political subdivision of the State of Maine is pledged to the payment of the principal or Redemption Price of or the interest on the Bonds. The issuance of the Bonds shall not directly, indirectly or contingently obligate the State of Maine or any political subdivision of the State of Maine to levy or to pledge any form of taxation whatever or to make any appropriation for their payment. The Lessee's obligation to make Lease Payments and any other obligation of the Lessee under the Lease Agreement are subject to and dependent upon appropriations being made by the Legislature of the State of Maine for such purpose. Neither the faith and credit nor the taxing power of the State of Maine or of any political subdivision of the State of Maine is pledged to the payment of the principal of, redemption premium, if any, or interest on the Bonds. The Authority has no taxing power.

Establishment of Funds and Accounts

In addition to the special trust accounts and sub-accounts established as provided above, the Resolution also establishes the following special Funds and Accounts:

- (1) Revenue Fund
- (2) Debt Service Fund
Interest Account

Principal Account
Redemption Account
Sinking Fund Installment Account

(3) Debt Service Reserve Fund

(4) Rebate Fund

Revenue Fund

The Revenue Fund shall be held by the Trustee. All Lease Payments held or collected by the Authority or the Trustee shall be deposited upon receipt in the Revenue Fund. There shall also be deposited in the Revenue Fund all investment income or earnings on amounts held in all Funds and Accounts other than the Rebate Fund. Nothing contained in the Resolution shall be construed to prohibit the deposit of monies or investments in the Revenue Fund from sources other than those set forth above. Monies and the proceeds of sale of securities from time to time in the Revenue Fund shall be paid out and applied for the uses and purposes for which the same are pledged by the provisions of the Resolution, in the manner provided in the Resolution.

On or before each interest payment date on the Bonds, the Trustee shall first withdraw from the Revenue Fund and deposit to the credit of the following Accounts in the Debt Service Fund the following amounts in the following order:

First, to the Interest Account an amount which, when added to the amount then on deposit in the Interest Account, will on such interest payment date be equal to the installment of the interest on the Bonds then becoming due.

Second, to the Principal Account an amount which, when added to the amount then on deposit in the Principal Account, will on such date be equal to the amount of the principal of the Bonds then becoming due.

Third, to the Sinking Fund Installment Account an amount which, when added to the amount then on deposit in the Sinking Fund Installment Account, will on such date be equal to the amount of the Sinking Fund Installment for the Bonds then becoming due.

Fourth, to the Debt Service Reserve Fund such amount (or the balance of the monies so remaining in the Revenue Fund if less than the required amount) as shall have been previously withdrawn from the Debt Service Reserve Fund for the purpose of making up deficiencies in the Interest Account, Sinking Fund Installment Account or Principal Account pursuant to the applicable provisions of the Resolution or as shall be required to make the amount on deposit in the Debt Service Reserve Fund equal to the Debt Service Reserve Fund Requirement.

On or before each principal payment date or Sinking Fund Installment payment date (but not more frequently than once in any twelve-month period) on the Bonds, following the transfer of amounts from the Revenue Fund to the Accounts in the Debt Service Fund as provided above, the Trustee shall withdraw an amount not to exceed one tenth of one percent (.1%) of the original aggregate principal amount of each Series of the Bonds from the Revenue Fund and pay such amount to the Authority free and clear of the lien of the Resolution as the program fee and compensation due by the Lessee to the Authority.

Debt Service Fund

The Debt Service Fund shall be held by the Trustee and shall be used solely for the purpose of paying the principal and Redemption Price of and interest on the Bonds and of retiring such Bonds at or prior to maturity in the manner provided in the Resolution; provided, however, that if, pursuant to a Supplemental

Resolution, amounts obtained under a Credit Facility are to be used to make the payments on the Bonds, then amounts in the Debt Service Fund which would have otherwise been used to make such payments may be applied to reimburse the Credit Facility Provider for the amounts so obtained, all in accordance with such Supplemental Resolution.

The Resolution creates and establishes in the Debt Service Fund an account called the “Interest Account”. The Trustee shall, on or before each interest payment date of the Bonds, pay out of the monies then held for the credit of the Interest Account, the amounts required for the payment of the interest becoming due on the Bonds on such interest payment date; provided, however, that if, pursuant to a Supplemental Resolution, amounts obtained under a Credit Facility are to be used to make the payments of interest on the Bonds, then amounts in the Debt Service Fund which would have otherwise been used to make such payments may be applied to reimburse the Credit Facility Provider for the amounts so obtained, all in accordance with such Supplemental Resolution.

The Resolution also creates and establishes in the Debt Service Fund an account called the “Principal Account”. The Trustee shall, on or before each principal payment date of the Bonds, pay out of the monies then held for the credit of the Principal Account, the amounts required for the payment of the principal becoming due at maturity on the Bonds on such principal payment date; provided, however, that if, pursuant to a Supplemental Resolution, amounts obtained under a Credit Facility are to be used to make the payments of principal on the Bonds, then amounts in the Debt Service Fund which would have otherwise been used to make such payments may be applied to reimburse the Credit Facility Provider for the amounts so obtained, all in accordance with such Supplemental Resolution.

The Resolution also creates and establishes in the Debt Service Fund an account called the “Sinking Fund Installment Account”. The Trustee shall, on or before each Sinking Fund Installment payment date for the Bonds, pay out of the monies then held for the credit of the Sinking Fund Installment Account, the amounts required for the payment of the Sinking Fund Installment becoming due for the Bonds on such Sinking Fund Installment payment date (subject to the credits provided for below); provided, however, that if, pursuant to a Supplemental Resolution, amounts obtained under a Credit Facility are to be used to make the payments of Sinking Fund Installments on the Bonds, then amounts in the Debt Service Fund which would have otherwise been used to make such payments may be applied to reimburse the Credit Facility Provider for the amounts so obtained, all in accordance with such Supplemental Resolution. The Trustee shall call for redemption, in the manner provided in the Resolution, Bonds of a Series and maturity for which Sinking Fund Installments are applicable in a principal amount equal to the Sinking Fund Installment then due with respect to such Bonds. Such call for redemption shall be made even though at the time of mailing of the notice of such redemption sufficient monies therefor shall not have been deposited in the Sinking Fund Installment Account of the Debt Service Fund.

Upon the purchase or redemption (other than through the application of the Sinking Fund Installment Account) of any Bonds of a Series and maturity for which Sinking Fund Installments are applicable, an amount equal to the principal of such Bonds so purchased or redeemed shall be credited against the next ensuing and future Sinking Fund Installments for such Bonds in direct chronological order (unless the Authority shall instruct the Trustee in writing to credit such purchases or redemptions in a different order) of the due dates of such Sinking Fund Installments until the full principal amount of such Bonds so purchased or redeemed shall have been so credited. The portion of any such Sinking Fund Installment remaining after the deduction of such amounts so credited shall constitute and be deemed to be the amount of such Sinking Fund Installment for the purposes of any calculation thereof under the Resolution.

The Authority shall receive a credit in respect of Sinking Fund Installments for any Bonds of a Series and maturity which are subject to mandatory Sinking Fund Installment redemption and which are delivered by the Authority to the Trustee on or before the forty-fifth (45th) day next preceding any Sinking Fund Installment payment date and for any such Bonds which prior to such date have been purchased or redeemed (otherwise than through the operation of the Sinking Fund Installment Account) and cancelled by the Trustee

and not theretofore applied as a credit against any Sinking Fund Installment (whether pursuant to the above paragraph or otherwise). Each Bond so delivered, cancelled or previously purchased or redeemed shall be credited by the Trustee at one hundred per cent (100%) of the principal amount thereof against the obligation of the Authority to make Sinking Fund Installments on such Sinking Fund Installment payment date with respect to Bonds of such Series and maturity and the principal amount of such Bonds to be redeemed by operation of the Sinking Fund Installment Account on the due date of such Sinking Fund Installment shall be reduced accordingly, and any excess over such principal amount shall be credited on future Sinking Fund Installments in direct chronological order (unless the Authority shall instruct the Trustee in writing to credit the Bonds so delivered, previously purchased or redeemed in a different order) and the principal amount of Bonds of such Series and maturity to be redeemed by application of Sinking Fund Installment payments shall be accordingly reduced.

The Resolution further creates and establishes in the Debt Service Fund an account called the "Redemption Account". The Authority shall deposit or cause to be deposited in the Redemption Account such monies as shall be designated to be deposited therein pursuant to the provisions of the Resolution.

The Trustee shall promptly apply monies so deposited in the Redemption Account to the purchase of Bonds of such Series and maturity designated by the Authority at such purchase price, not exceeding the Redemption Price which would be payable on the next ensuing date on which such Bonds are redeemable at the option of the Authority as shall be determined by the Authority in its discretion and as shall be set forth in written instructions to the Trustee. The Trustee, to the extent monies are available in the Interest Account, shall pay the interest accrued on the Bonds so purchased to the date of delivery thereof to the Trustee from the Interest Account and any balance of such interest and the balance of the purchase price from monies deposited in the Redemption Account, but no such purchase shall be made by the Trustee within the period of forty-five (45) days next preceding a date on which such Bonds are subject to redemption under the provisions hereof.

In the event the Trustee is unable to purchase Bonds as provided above, the Trustee shall call for redemption on the next applicable redemption date on which such Bonds are redeemable at the option of the Authority, such amounts of Bonds as the Authority, in written instructions to the Trustee, shall determine, at the Redemption Price thereof, as will exhaust such monies as nearly as may be. The Trustee, to the extent monies are available in the Interest Account, shall pay the interest accrued on the Bonds so redeemed to the date of redemption from the Interest Account and any balance of such interest and the Redemption Price from monies deposited in the Redemption Account.

The Authority may, from time to time, by written instructions direct the Trustee to make purchases of Bonds only after receipt of tenders after notice. The Authority may specify the length of notice to be given and the dates on which tenders are to be accepted or may authorize the Trustee to determine the same in its discretion. All such tenders shall be sealed proposals and no tenders shall be considered or accepted at any price exceeding the price specified above for the purchase of Bonds. The Trustee shall accept bids with the lowest price and if the monies available for purchase pursuant to such tenders are not sufficient to permit acceptance of all tenders and there shall be tenders at an equal price above the amount of monies available for purchase, then the Trustee shall select by lot, in such manner as the Trustee shall determine in its discretion, the Bonds tendered which shall be purchased. No purchase of Bonds, either on tenders or otherwise, shall be made by the Trustee within the period of forty-five (45) days next preceding any date on which such Bonds are subject to redemption.

If, pursuant to a Supplemental Resolution, amounts obtained under a Credit Facility are to be used to purchase or redeem Bonds, then amounts in the Redemption Account which would otherwise have been used for such purposes may be applied to reimburse the Credit Facility Provider for the amounts so obtained, all in accordance with such Supplemental Resolution.

With respect to those Series of Bonds which by the terms of the Supplemental Resolution authorizing such Series are secured by the Debt Service Reserve Fund, in the event there shall be on any interest

payment date, a deficiency in the Interest Account, or, in the event there shall be, on any principal payment date, a deficiency in the Principal Account, or, in the event there shall be, on any Sinking Fund Installment payment date, a deficiency in the Sinking Fund Installment Account, the Trustee shall make up such deficiencies from the Debt Service Reserve Fund, by the withdrawal of monies therefrom for that purpose and by the sale or redemption of securities held in the Debt Service Reserve Fund, if necessary, in such amounts as will, at the respective times, provide monies in the Interest Account, the Principal Account and the Sinking Fund Installment Account sufficient to make up any deficiency, and the Trustee shall pay into the Debt Service Reserve Fund from the Revenue Fund, to the extent that monies therein are available for such purpose, the amounts withdrawn therefrom for the purpose of making up any such deficiencies. Whenever the assets of the Debt Service Fund and the Debt Service Reserve Fund shall be sufficient in the aggregate to provide monies to pay, redeem or retire all Bonds secured by the Debt Service Reserve Fund then Outstanding, including such interest thereon as may thereafter become due and payable to maturity or date of redemption, no further payments need be made into the Debt Service Fund or Debt Service Reserve Fund.

If, pursuant to a Supplemental Resolution, amounts obtained under a Credit Facility are to be used to pay the principal, Sinking Fund Installments, Redemption Price of or interest on Bonds, then amounts in the Debt Service Reserve Fund which would otherwise have been used for such purposes may be applied to reimburse the Credit Facility Provider for the amounts so obtained, all in accordance with such Supplemental Resolution.

The Debt Service Fund shall be drawn upon for the sole purpose of paying the principal, Sinking Fund Installments, Redemption Price of and interest on the Bonds and, if, pursuant to a Supplemental Resolution, amounts obtained under a Credit Facility are to be used to pay the principal, Sinking Fund Installments, Redemption Price of or interest on the Bonds, to reimburse the Credit Facility Provider for the amounts so obtained, all in accordance with such Supplemental Resolution. Monies set aside from time to time with the Trustee for the payment of such principal, Sinking Fund Installments, Redemption Price and interest shall be held in trust for the Holders of the Bonds in respect of which the same shall have been so set aside. Until so set aside for the payment of principal, Sinking Fund Installments, Redemption Price or interest as aforesaid, all monies in the Debt Service Fund shall be held in trust for the benefit of the Holders of all Bonds at the time Outstanding equally and ratably.

Debt Service Reserve Fund

The Debt Service Reserve Fund is to be held by the Trustee. Upon the issuance, sale and delivery of a Series of Bonds pursuant to the Resolution, there shall be deposited to the credit of the Debt Service Reserve Fund an amount equal to the Debt Service Reserve Fund Requirement, which amount may be zero, and the Trustee shall deposit in and credit to such Debt Service Reserve Fund all monies transferred from the Revenue Fund pursuant to the applicable provisions of the Resolution. Monies in the Debt Service Reserve Fund may be used for the payment of the principal, Sinking Fund Installments, Redemption Price of and interest on those Series of Bonds which are secured by the Debt Service Reserve Fund pursuant to the terms of the Supplemental Resolution authorizing the issuance of such Series of Bonds to the extent that other funds are not available.

Whenever there shall be a deposit of monies to the Redemption Account or the Sinking Fund Installment Account pursuant to the provisions of the Resolution which requires or permits the purchase or redemption of Bonds which would result in the reduction of the Debt Service Reserve Fund Requirement upon the purchase or redemption of such Bonds, at the direction of the Authority the Trustee shall, in connection with each such event, withdraw from the Debt Service Reserve Fund and deposit in the Redemption Account or the Sinking Fund Installment Account an amount of monies equal to the reduction of the Debt Service Reserve Fund Requirement which would result upon the redemption of such Bonds upon the next succeeding redemption date or Sinking Fund Installment payment date.

Whenever the Trustee shall determine that, on any maturity or principal payment date of the Bonds then Outstanding, the monies and securities in the Debt Service Reserve Fund in excess of the Debt Service Reserve Fund Requirement for all Bonds, will be equal to or in excess of the Redemption Price of all of the Bonds secured by the Debt Service Reserve Fund then Outstanding, the Trustee shall, upon the direction of the Authority, use and apply such excess in the Debt Service Reserve Fund to the redemption, on such maturity or principal payment date, of all Bonds secured by the Debt Service Reserve Fund then Outstanding.

Whenever the Trustee shall determine that on the final maturity date of those Series of Bonds which are secured by the Debt Service Reserve Fund then Outstanding, the monies and securities in the Debt Service Reserve Fund will be in excess of the Debt Service Reserve Fund Requirement for all such Bonds, the Trustee shall use and apply such excess in the Debt Service Reserve Fund to the payment, on the final maturity date, of the principal of such Bonds then Outstanding and deposits in the Principal Account and/or the Sinking Fund Installment Account may be reduced proportionately.

If, pursuant to a Supplemental Resolution, amounts obtained under a Credit Facility are to be used to pay the principal, Sinking Fund Installments, Redemption Price of or interest on Bonds, then amounts in the Debt Service Reserve Fund which would otherwise have been used for such purposes may be applied to reimburse the Credit Facility Provider for the amounts so obtained, all in accordance with such Supplemental Resolution.

The Authority may, at any time, provide to the Trustee one or more Cash Equivalents for deposit in the Debt Service Reserve Fund in an amount not exceeding the amount of the Debt Service Reserve Fund Requirement specified in the Resolution. In the event any such Cash Equivalents are so provided, the Trustee shall make such deposit and transfer funds in an equivalent amount from the Debt Service Reserve Fund to the Revenue Fund.

Rebate Fund

The Trustee, upon the receipt of a certification of the Rebate Amount from an Authorized Representative of the Authority, shall, upon written direction of the Authority delivered pursuant to the related Arbitrage and Use of Proceeds Certificate, deposit in the Rebate Fund on the first Business Day following each Computation Date (as defined in such Arbitrage and Use of Proceeds Certificate), an amount such that the amount held in the Rebate Fund after such deposit is equal to the relevant Rebate Amount calculated pursuant to the related Arbitrage and Use of Proceeds Certificate. In addition, the Trustee shall deposit in the Rebate Fund, on any date, the amounts, if any, set forth in a written direction of the Authority. Any amounts deposited in the Rebate Fund pursuant to the two previous sentences shall be withdrawn from such Fund, Account or sub-account as the Authority shall direct the Trustee in writing or shall come from any other amounts delivered by the Authority to the Trustee.

In the event that on the first day of any Bond Year (as defined in the related Arbitrage and Use of Proceeds Certificate) the amount on deposit in the Rebate Fund exceeds the relevant Rebate Amount, the Trustee, upon the receipt of written instructions from an Authorized Representative of the Authority, shall withdraw such excess amount and deposit it in the Revenue Fund.

The Trustee, upon the receipt of written instructions from an Authorized Representative of the Authority, shall pay to the United States, out of amounts in the Rebate Fund, (i) not less frequently than once each Computation Date, an amount such that, together with prior amounts paid to the United States, the total paid to the United States is equal to 90% of the Rebate Amount with respect to such Series of Bonds as of the date of such payment and (ii) not later than sixty (60) days after the date on which all Bonds of a Series have been paid in full, 100% of the relevant Rebate Amount as of the date of payment.

The Rebate Fund and the amounts deposited therein shall not be subject to a security interest, pledge, assignment, lien or charge in favor of the Trustee. All investment income or earnings on amounts held in the Rebate Fund shall be held in the Rebate Fund.

The Trustee shall not be responsible for making the calculations of the Rebate Amount required to be made, nor shall it have any responsibility to review the correctness or accuracy of the calculations or for determining whether the investment directions given by the Authority comply with Section 148(f) of the Code.

Earnings

Except as otherwise provided in a Supplemental Resolution with respect to an Account established thereunder which is not pledged to the payment of the Bonds or to any Credit Facility Provider in connection with a Credit Facility securing one or more Series of Bonds, all investment income or earnings on amounts held in the Project Construction Account, the Cost of Issuance Account, the Capitalized Interest Account, the Debt Service Reserve Fund, the Revenue Fund and the Debt Service Fund, including amounts held in any sub-account for any such Account or Fund, shall be transferred to the Revenue Fund, or, at the written direction of the Authority, transferred to such Fund, Account or sub-account as the Authority shall direct the Trustee in writing; provided, however, that (y) investment income or earnings on amounts held in any sub-account of the Project Construction Account or of the Capitalized Interest Account shall remain in and be credited to such respective sub-account; and (z) the transfer of any income or interest earned by, or increment to, the Debt Service Reserve Fund due to the investment thereof shall be made only to the extent that any such transfer will not reduce the value of the obligations purchased as an investment of monies on deposit in the Debt Service Reserve Fund plus any other monies on deposit therein to less than the Debt Service Reserve Fund Requirement.

Investment of Funds and Accounts Held by the Trustee

Upon direction of the Authority confirmed in writing by an Authorized Officer, monies in the Funds, Accounts and sub-accounts established pursuant to the Resolution shall be invested by the Trustee in Investment Obligations so that the maturity date or date of redemption at the option of the holder of such Investment Obligations shall coincide, as nearly as practicable, but shall not be later than, the times at which monies in such Funds, Accounts or sub-accounts will be required for the purposes set forth in the Resolution.

Obligations purchased as an investment of monies in any Fund, Account or sub-account held by the Trustee under the provisions of the Resolution shall be deemed at all times to be a part of such Fund, Account or sub-account and the income or interest earned by, or increment to, the Fund, Account or sub-account due to the investment thereof.

In computing the amount in any Fund, Account or sub-account held by the Trustee under the provisions of the Resolution, obligations purchased as an investment of monies therein shall be valued, except as expressly set forth in the Resolution, on each interest payment date at par if purchased at par, or at their Amortized Value if purchased at other than par; provided, however, that investments of amounts held in the Debt Service Reserve Fund shall be valued at the lower of cost or fair market value as determined by the Trustee one month prior to each interest payment date.

The Trustee shall, upon the direction of the Authority, confirmed in writing by an Authorized Officer, sell at the best price obtainable by the Trustee, or present for redemption, any obligation purchased by it as an investment whenever it shall be necessary in order to provide monies to meet any payment or transfer from the Fund or Account for which such investment was made except that, in the case of investment arrangements involving Investment Obligations or other obligations, the Trustee shall sell such obligations in accordance with the terms of such investment arrangements. The Trustee shall advise the Authority in writing, on or before the twentieth day of each calendar month, of the details of all investments held for the credit of each

Fund, Account and sub-account in its custody under the provisions of the Resolution as of the end of the preceding month.

Resignation of Trustee

The Trustee may at any time resign and be discharged of the duties and obligations created by the Resolution by giving not less than sixty (60) days' written notice to the Authority, and such resignation shall take effect upon the day specified in such notice unless previously a successor shall have been appointed, in which event such resignation shall take effect immediately on the appointment of such successor, provided that such resignation shall not take effect unless and until a successor shall have been appointed.

Removal of Trustee

The Trustee shall be removed by the Authority if at any time so requested by an instrument or concurrent instruments in writing, filed with the Trustee and the Authority, and signed by the Holders of a majority in principal amount of the Bonds then Outstanding or their attorneys-in-fact duly authorized, excluding any Bonds held by or for the account of the Authority. The Authority may also remove the Trustee at any time, except during the existence of an event of default, for such cause as shall be determined in the sole discretion of the Authority, by filing with the Trustee an instrument signed by an Authorized Officer of the Authority.

Appointment of Successor Trustee

In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, the Authority covenants and agrees that it will thereupon appoint a successor Trustee.

If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions within forty-five (45) days after the Trustee shall have given to the Authority written notice or after a vacancy in the office of the Trustee shall have occurred by reason of its inability to act, the Trustee may appoint a temporary successor Trustee and the Holder of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

Any Trustee appointed in succession to the Trustee shall be a bank or trust company organized under the laws of the State of Maine or a national banking association, authorized to do business in the State of Maine, and having a capital and surplus aggregating at least twenty-five million dollars (\$25,000,000), if there be such a bank or trust company or national banking association willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Resolution.

Extension of Payments of Bonds

The Authority shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or claims for interest by the purchase or funding of such Bonds or by any other arrangement and in case the maturity of any of the Bonds or claims for interest shall be extended such Bonds or claims for interest shall not be entitled in case of any default under the Resolution to the benefit of the Resolution or to any payment out of any assets of the Authority or the funds (except funds held in trust for the payment of particular Bonds or claims for interest pursuant to the Resolution) held by the Trustee, except subject to the prior payment of the principal of all Bonds issued and Outstanding the maturity of which has not been extended and of such portion of the accrued interest on the Bonds as shall not be represented by extended claims for interest.

No Pecuniary Liability of Authority or Officers

No provision, covenant or agreement contained in the Resolution or in the Bonds or any obligations in the Resolution or in the Bonds imposed upon the Authority or the breach thereof, shall constitute or give rise to a charge upon its general credit or impose upon the Authority a pecuniary liability except as set forth in the Resolution.

All covenants, stipulations, promises, agreements and obligations of the Authority contained in the Resolution shall be deemed to be covenants, stipulations, promises, agreements and obligations of the Authority and not of any member, officer, agent or employee thereof in his individual capacity. No recourse shall be had for the payment of the principal or Redemption Price, if any, of, Sinking Fund Installments for, or interest on the Bonds, for the performance of any obligation under the Resolution, or for any claim based thereon or under the Resolution against any such member, officer, agent or employee or against any natural person executing the Bonds. No such member, officer, agent, employee or natural person is or shall become personally liable for any such payment, performance or other claim, and in no event shall any monetary or deficiency judgment be sought or secured against any such member, officer, agent, employee or other natural person.

Further Assurances

At any and all times the Authority shall, so far as it may be authorized or permitted by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, financing statements, continuation statements, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning, confirming and effecting all and singular the rights, the Lease Payments and other monies, securities, funds and property pledged by the Resolution, or intended so to be, or which the Authority may thereafter become bound to pledge or assign.

Power to Issue Bonds and Make Pledges

The Authority is duly authorized pursuant to law to create and issue the Bonds and to adopt the Resolution and to pledge and assign the Lease Payments and other monies, securities, funds and property purported to be pledged and assigned by the Resolution in the manner and to the extent provided in the Resolution. The Lease Payments and other monies, securities, funds and property so pledged are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by the Resolution, subject to the provisions of the Resolution regarding permitted pledges to Credit Facility Providers, and all corporate action on the part of the Authority to that end has been duly and validly taken. The Bonds and the provisions of the Resolution are and will be the valid and legally enforceable obligations of the Authority in accordance with their terms and the terms of the Resolution. The Authority shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Lease Payments and other monies, securities, funds and property pledged and assigned under the Resolution and all the rights of the Bondholders under the Resolution against all claims and demands of all persons whomsoever.

Agreement of the State

Pursuant to Section 1617 of the Act, the State pledges and agrees with the Holders of the Bonds that the State will not limit or alter the rights vested in the Authority to fulfill the terms of any agreements made with Bondholders, or in any way impair the rights and remedies of such Holders until the Bonds, together with the interest thereon, with interest on any unpaid installment of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of such Holders, are fully met and discharged. The obligation to make Lease Payments and any other obligations of the Lessee under the Lease Agreement are subject to and dependent upon appropriations being made by the Legislature of the State for such purpose.

Accounts

The Authority shall keep proper books of record and account in which complete and correct entries shall be made of its transactions relating to the Lease Agreement, the Lease Payments and all Funds, Accounts and sub-accounts established by the Resolution, which shall at all times be subject to the inspection of the Trustee (it being understood that the Trustee shall have no obligation to do so) and the Holders of an aggregate of not less than ten per centum (10%) in aggregate principal amount of the Bonds then Outstanding or their representatives duly authorized in writing or any Credit Facility Provider.

Pledge and Assignment of Lease Payments

The Lease Payments are pledged and assigned by the Resolution to the Trustee for the benefit of the Holders of the Bonds and for the application thereof in accordance with the provisions of the Resolution, and the Trustee shall have the legal right to enforce such pledge and assignment and the provisions of the Lease Agreement providing for the payment thereof in the manner provided in the Lease Agreement and the Resolution.

All Lease Payments shall be paid directly to the Trustee for the account of the Authority and deposited by the Trustee in the Revenue Fund. Any Lease Payments which may be received by the Authority shall be paid over to the Trustee as received, and the Authority covenants and agrees so to do. The obligation to make Lease Payments and any other obligations of the Lessee under the Lease Agreement are subject to and dependent upon appropriations being made by the Legislature of the State for such purpose.

Compliance with Lease Agreement

The Authority covenants that it shall take all steps, actions and proceedings as may be necessary in order to require compliance by the Lessee with the covenants, terms and conditions of the Lease Agreement, the breach of which would in any way affect or impair the obligation of the Lessee to pay the Lease Payments at the times and in the manner and amounts provided in the Lease Agreement. The Authority further covenants that, except as provided for in the Lease Agreement and the Resolution, it will not pledge, mortgage, sell or otherwise encumber or alienate its interest in a Project or any part thereof. Nothing contained in this covenant, however, shall require the Authority to exercise any landlord remedies with respect to the Lessee or any Project or Projects under the Lease Agreement.

Waiver of Laws

The Authority shall not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of any stay or extension law now or at any time hereafter in force which may affect the covenants and agreements contained in the Resolution or in the Bonds, and all benefit or advantage of any such law or laws is hereby, to the maximum extent permitted by applicable law, expressly waived by the Authority.

Tax Covenants

The Authority shall at all times do and perform all acts and things necessary or desirable in order to assure that interest paid on the Bonds shall not be included in gross income for federal income tax purposes pursuant to Section 103 of the Code.

Supplemental Resolutions; Adoption and Filing

The Authority may, without consent of the Bondholders, adopt at any time or from time to time Supplemental Resolutions for any one or more of the following purposes, and any such Supplemental Resolution shall become effective in accordance with its terms upon the filing with the Trustee of a copy thereof certified by an Authorized Officer:

(1) To cure any formal defect, omission or ambiguity in the Resolution or in any description of property subject to the lien of the Resolution, if such action is not materially adverse to the interests of the Bondholders (without regard to any Credit Facility);

(2) To grant to or confer upon the Trustee for the benefit of the Bondholders, any additional rights, remedies, powers, authority or security which may lawfully be granted or conferred and which are not contrary to or inconsistent with the Resolution as theretofore in effect;

(3) To add to the covenants, agreements, limitations and restrictions of the Authority in the Resolution other covenants, agreements, limitations and restrictions to be observed by the Authority which are not contrary to or inconsistent with the Resolution as theretofore in effect;

(4) To confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the Resolution, of the Lease Payments or of any other monies, securities or funds, or to subject to the lien or pledge of the Resolution additional revenues, properties or collateral;

(5) To modify or amend such provisions of the Resolution as shall, in the opinion of Bond Counsel, be necessary to assure that the interest on the Bonds not be includable in gross income for federal income tax purposes;

(6) To effect any other change in the Resolution which, in the judgment of the Trustee, is not to the material prejudice of the Trustee or the Bondholders (without regard to any Credit Facility);

(7) To modify, amend or supplement the Resolution or any Supplemental Resolution in such manner as to permit the qualification hereof and thereof under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of the United States of America or of any of the states of the United States of America, and, if they so determine, to add to the Resolution or any Supplemental Resolution such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statute;

(8) To provide for the issuance of a Series of Bonds pursuant to the provisions of the Resolution and to specify and determine such matters and things referred to in the Resolution and to prescribe the terms and conditions pursuant to which such Series of Bonds may be issued, paid or redeemed;

(9) To provide for such changes as are deemed necessary by the Authority upon delivery to the Trustee of a Credit Facility; or

(10) To modify any of the provisions of the Resolution or any previously adopted Supplemental Resolution in any other respects, provided that such modifications shall not be effective until after all Bonds of any Series of Bonds Outstanding as of the date of adoption of such new Supplemental Resolution shall cease to be Outstanding, and all Bonds issued under such resolutions shall contain a specific reference to the modifications contained in such subsequent resolutions; provided, however that any such Supplemental Resolution which would increase or modify the Lessee's obligations under the Resolution shall require the written consent of the Lessee prior to its adoption.

Supplemental Resolutions Effective with Consent of Bondholders

Except as permitted above, the provisions of the Resolution may be modified at any time or from time to time by a Supplemental Resolution, subject to the consent of Bondholders as provided below, such Supplemental Resolution to become effective upon the filing with the Trustee of a copy thereof certified by an Authorized Officer.

Amendments of Resolution; Power of Amendment

Except as permitted above, any modification or amendment of the Resolution and of the rights and obligations of the Authority, and of the Holders of the Bonds under the Resolution, in any particular, may be made by a Supplemental Resolution with the written consent given as provided below, (a) of the Holders of at least two-thirds in principal amount of the Bonds Outstanding at the time such consent is given, and (b) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the Holders of at least two-thirds in principal amount of the Holders of each Series so affected and Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under the Resolution. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or Sinking Fund Installment therefor, or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment. For the purposes of this paragraph, a Series shall be deemed to be affected by a modification or amendment of the Resolution if the same adversely affects or diminishes the rights of the Holders of Bonds of such Series; provided, however, in the determination of whether a modification or amendment of the Resolution adversely affects or diminishes the rights of the Holders of the Bonds of any Series, such determination shall not take into account any Credit Facility in effect with respect to such Series of Bonds at the time such determination is made.

Consent of Bondholders

The Authority may at any time adopt a Supplemental Resolution making a modification or amendment permitted by the provisions of the above paragraph. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto in form approved by the Trustee) together with a request to Bondholders for their consent thereto in form satisfactory to the Trustee, shall be mailed by the Authority to the Bondholders in the same manner provided in the Resolution with respect to the redemption of Bonds (but failure to mail such copy and request shall not affect the validity of the Supplemental Resolution when consented to by the Bondholders as provided below). Such Supplemental Resolution shall not be effective unless and until there shall have been filed with the Trustee (i) the written consents of Holders of the percentages of Outstanding Bonds specified in the paragraph above; and (ii) a Counsel's Opinion stating that such Supplemental Resolution has been duly and lawfully adopted and filed by the Authority in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution, and is valid and binding upon the Authority and enforceable in accordance with its terms. Any such consent shall be binding upon the Holder of the Bonds giving such consent and, upon any subsequent Holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof). At any time after the Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution, the Trustee shall make and file with the Authority a written statement that the Holders of such required percentages of Bonds have filed such consents. Such written statement shall be conclusive evidence that such consents have been so filed.

Modification of the Resolution by Unanimous Consent

The terms and provisions of the Resolution and the rights and obligations of the Authority and of the Holders of the Bonds thereunder may be modified or amended in any respect upon the adoption and filing by the Authority of a Supplemental Resolution certified by an Authorized Officer and the consent of the Holders of all of the Bonds then Outstanding.

Exclusion of Bonds

Bonds owned or held by or for the account of the Authority or the Lessee shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in the Resolution and the Authority shall not be entitled with respect to such Bonds to give any consent or to take any other action provided for in the Resolution.

Events of Default

Each of the following events is hereby declared an “event of default”, that is to say; if:

1. default is made in the payment of the principal or Redemption Price of, Sinking Fund Installments for, or interest on any Bond when and as the same shall become due, whether at maturity or upon call for redemption, and such default shall continue for a period of two (2) business days; or

2. the Authority shall fail or refuse to comply with the provisions of the Act, or shall default in the performance or observance of any other of the covenants, agreements or conditions on its part contained in the Resolution or any Supplemental Resolution, or in the Bonds contained, and continuance of such default for a period of ninety (90) days after written notice thereof requiring the same to be remedied shall have been given to the Authority by the Trustee, which shall give such notice at the written request of the Holders of not less than five per centum (5%) in aggregate principal amount of the Outstanding Bonds; or

3. the Authority shall file a petition seeking a composition of indebtedness under the Federal bankruptcy laws or any other applicable law or statute of the United States of America or of the State.

Remedies

Upon the happening and continuance of any event of default specified above, then, and in each such case, the Trustee may proceed, and upon the written request of the Holders of not less than twenty-five per centum (25%) principal amount of the Outstanding Bonds shall proceed, in its own name, to protect and enforce its rights and the rights of the Bondholders by such of the following remedies, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights:

(i) by suit, action or proceeding in accordance with applicable law, to enforce all rights of the Bondholders, including the right to require the Authority to collect Lease Payments adequate to carry out the covenants and agreements as to, and pledge of, such, Lease Payments, and other properties pledged by the Resolution and to require the Authority to carry out any other covenant or agreement with Bondholders and to perform its duties under the Act;

(ii) by bringing suit upon the Bonds;

(iii) by action or suit, to require the Authority to account as if it were the trustee of an express trust for the Holders of the Bonds;

(iv) by action or suit, to enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of the Bonds; and

(v) in accordance with the provisions of the Act, by declaring all Bonds due and payable, and if all defaults shall be made good, then, with the written consent of the Holders of not less than twenty-five per centum (25%) in aggregate principal amount of the Outstanding Bonds, to annul such declaration and its consequences.

In the enforcement of any remedy under the Resolution, the Trustee shall be entitled to sue for, enforce payment on and receive any and all amounts then or during any default becoming, and any time

remaining, due from the Authority for principal, Redemption Price, interest or otherwise, under any provision of the Resolution or of the Bonds, and unpaid, with interest on overdue payments at the rate of interest specified in the Bonds, together with any and all costs and expenses of collection and of all proceedings hereunder and under the Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce a judgment or decree against the Authority for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect from any monies available for such purpose, in any manner provided by law, the monies adjudged or decreed to be payable.

Priority of Payments After Default

In the event that the funds held by the Trustee following the occurrence of an event of default shall be insufficient for the payment of interest and principal or Redemption Price then due on the Bonds, such funds (other than funds held for the payment or redemption of particular Bonds which have theretofore become due at maturity or by call for redemption) and any other monies received or collected by the Trustee acting pursuant to the remedy provisions of the Resolution, after making provision for the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Holders of the Bonds, and for the payment of the charges and expenses and liabilities incurred and advances made by the Trustee (including counsel's fees and expenses) in the performance of its duties under the Resolution, shall be applied as follows:

- (a) unless the principal of all of the Bonds shall be due and payable,

First: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference; or

- (b) if the principal of all the Bonds shall be due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amount due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rate of interest specified in the Bonds.

The above provisions of the Resolution are in all respects subject to the provisions of the Resolution described above under "Extension of Payments of Bonds."

Whenever monies are to be applied by the Trustee pursuant to the above provisions, such monies shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine having due regard to the amount of such monies available for application and the likelihood of additional money becoming available for such application in the future; and the Trustee shall incur no liability whatsoever to the Authority, to the Bondholders or to any other person for any delay in applying any such monies, so long as the Trustee acts with reasonable diligence, having due regard for the circumstances, and ultimately applies the same in accordance with such provisions of the Resolution as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such monies, it shall fix the date (which shall be an interest payment date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate for the

fixing of any such date. The Trustee shall not be required to make payment to the Holder of any Bond unless such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Termination of Proceedings

In case any proceedings taken by the Trustee on account of any event of default shall have been discontinued or abandoned for any reason, then in every such case the Authority, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, power and duties of the Trustee shall continue as though no such proceeding had been taken.

Bondholders' Direction of Proceedings

Anything in the Resolution to the contrary notwithstanding, the Holders of the majority in aggregate principal amount of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings to be taken by the Trustee under the Resolution; provided that such direction shall not be otherwise than in accordance with law or the provisions of the Resolution, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction.

Limitation on Rights of Bondholders

No Holder of any Bond shall have any right to institute any suit, action or other proceeding under the Resolution, or for the protection or enforcement of any right under the Resolution or any right under law unless such Holder shall have given to the Trustee written notice of the event of default or breach of duty on account of which such suit, action or proceeding is to be taken, and unless the Holders of not less than twenty-five per centum (25%) in aggregate principal amount of the Bonds then Outstanding shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have occurred, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted in the Resolution or granted under the law or to institute such action, suit or proceeding in its name and unless, also, there shall have been offered to the Trustee security and indemnity to its reasonable satisfaction against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time; and such notification, request and offer of indemnity are declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers under the Resolution or for any other remedy under the Resolution or under law. It is understood and intended that no one or more Holders of the Bonds secured by the Resolution shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Resolution, or to enforce any right under the Resolution or under law with respect to the Bonds or the Resolution, except in the manner provided in the Resolution, and that all proceedings shall be instituted, had and maintained in the manner provided in the Resolution and for the benefit of all Holders of the Outstanding Bonds. Notwithstanding the foregoing provisions, the obligation of the Authority shall be absolute and unconditional to pay the principal or Redemption Price of and interest on the Bonds to the respective Holders thereof at the respective due dates thereof from the Lease Payments and Funds, Accounts and sub-accounts pledged therefor, and nothing in the Resolution shall affect or impair the right of action, which is absolute and unconditional, of such Holders to enforce such payment.

Each Holder of any Bond by his acceptance thereof shall be deemed to have agreed that any court in its discretion may require, in any suit for the enforcement of any right or remedy under the Resolution or any Supplemental Resolution, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the reasonable costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees and expenses, against any party litigant in any such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this paragraph shall not apply to any suit instituted by the

Trustee, to any suit instituted by any Bondholder, or group of Bondholders, holding at least twenty-five per centum (25%) in aggregate principal amount of the Bonds Outstanding, or to any suit instituted by any Bondholder for the enforcement of the payment of the principal or Redemption Price of or interest on any Bond on or after the respective due dates thereof expressed in such Bond.

Possession of Bonds by Trustee Not Required

All rights of action under the Resolution or under any of the Bonds, enforceable by the Trustee, may be enforced by it without the possession of any of the Bonds or the production thereof at the trial or other proceeding relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the benefit of all the Holders of such Bonds, subject to the provisions of the Resolution.

Remedies Not Exclusive

No remedy in the Resolution conferred upon or reserved to the Trustee or to the Holders of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to any other remedy given under the Resolution or now or hereafter existing at law or in equity or by statute.

No Waiver of Default

No delay or omission of the Trustee or of any Holder of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by the Resolution to the Trustee and the Holders of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

Notice of Event of Default

The Trustee shall give to the Bondholders notice of each event of default of which an officer of the Trustee in its corporate trust department has actual knowledge, or has received written notice, within ninety (90) days after knowledge of the occurrence thereof, unless such event of default shall have been remedied or cured before the giving of such notice. Each such notice of event of default shall be given by the Trustee by mailing written notice thereof to all Holders of Bonds, as the names and addresses of such Holders appear upon the books for registration and transfer of Bonds as kept by the Trustee.

Release of Lien of the Resolution

If the Authority shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of the Bonds then Outstanding, the principal and interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in the Resolution, then and in that event the covenants, agreements and other obligations of the Authority to the Bondholders shall be discharged and satisfied. In such event, the Trustee shall, upon request of the Authority, execute and deliver to the Authority all such instruments as may be desirable to evidence such release and discharge and the Trustee shall pay over or deliver to the Authority all monies or securities held by it pursuant to the Resolution which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

Payment of Bonds

Bonds or interest installments for the payment or redemption of which sufficient monies shall then be held by the Trustee (through deposit by the Authority of funds for such payment or redemption or otherwise) whether at or prior to the maturity or the redemption date of such Bonds, shall be deemed to have been paid within the meaning of the above paragraph.

All Outstanding Bonds of a Series shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in the provision of the Resolution entitled "Release of Lien of the Resolution" if (a) in case any of such Bonds are to be redeemed on any date prior to their maturity, the Authority shall have given to the Trustee, in form satisfactory to it, irrevocable instructions to mail as provided in the Resolution notice of redemption on such date of such Bonds, (b) there shall have been deposited with the Trustee either monies in an amount which shall be sufficient, or Defeasance Securities, the principal of and the interest on which when due will provide monies which, together with the monies, if any, deposited with the Trustee at the same time, shall be sufficient, to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on such Bonds or portion of all Outstanding Bonds of such Series on and prior to the redemption date or maturity date thereof, as the case may be, and (c) in the event such Bonds are not by their terms subject to redemption within the next succeeding 60 days, the Authority shall have given the Trustee in form satisfactory to it irrevocable instructions to give notice that the deposit required by (b) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with the Resolution and stating such maturity or redemption date upon which monies are to be available for the payment of the principal or Redemption Price, if applicable, on such Bonds. Neither the Defeasance Securities nor monies deposited with the Trustee pursuant to the above nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust, for the payment of the principal or Redemption Price, if any, and interest on such Bonds or a portion of such Bonds, as the case may be; provided that any cash received from such principal or interest payments on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Defeasance Securities maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if any, and interest to become due on such Bonds on and prior to such redemption date or maturity date thereof, as the case may be.

Any income or interest earned by, or increment to, the investment of any such monies so deposited, shall, to the extent certified by the Trustee to be in excess of the amounts required hereinabove to pay the principal, Redemption Price, if any, and interest on such Bonds, as realized, be transferred by the Trustee to the Authority, and any such monies so paid by the Trustee to the Authority shall be released of the lien and pledge created by the Resolution.

Ownership of Bonds

Any request, consent or other instrument which the Resolution may require or permit to be signed and executed by the Bondholders may be in one or more instruments of similar tenor, and shall be signed or executed by such Bondholders in person or by their attorneys appointed in writing. Any consent, request or vote of the owner of any Bond shall bind all future owners of such Bond in respect of anything done or suffered to be done by the Authority or the Trustee in accordance therewith.

No Recourse Under Resolution or on Bonds

All covenants, stipulations, promises, agreements and obligations of the Authority contained in the Resolution or any Supplemental Resolution shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Authority and not of any member, officer or employee of the Authority in his individual capacity, and no recourse shall be had for the payment of the principal or Redemption Price of, Sinking Fund Installments for or interest on the Bonds or for any claim based thereon or on the Resolution or any Supplemental Resolution against any member, officer or employee of the Authority or any natural person executing the Bonds.

SUMMARY OF CERTAIN PROVISIONS OF THE MASTER LEASE AGREEMENT

The following is a summary of certain provisions of the Master Lease Agreement. The summary does not purport to be comprehensive and is subject to all of the terms and provisions of the Master Lease Agreement, to which reference is hereby made, and copies of which are available from the Authority or the Trustee.

Definitions

The terms defined below in summary form, for all purposes of the Lease, have the following meanings:

(a) “Act” shall mean Chapter 33 of Title 4 of the Maine Revised Statutes, as amended from time to time.

(b) “Authority-Leased Project” shall mean any Project comprising part of the Premises and to which the Landlord shall have a leasehold interest.

(c) “Authority-Owned Project” shall mean any Project comprising part of the Premises and to which the Landlord shall have title.

(d) “Bond” shall mean any bonds or the issue of bonds established and created pursuant to the Bond Resolution (hereinafter defined) and issued from time to time under the Bond Resolution including the Series 1999 Bonds (as defined in the Bond Resolution) and any Series of Additional Bonds (as also defined in the Bond Resolution).

(e) “Bond Resolution” shall mean the General Bond Resolution, authorizing the issuance of Maine Governmental Facilities Authority Lease Rental Revenue Bonds, adopted by Landlord on August 18, 1999, entitled “A General Bond Resolution Authorizing the Issuance of Lease Rental Revenue Bonds of the Maine Governmental Facilities Authority; Providing for the Issuance from Time to Time of Such Bonds; Providing for the Payment of Principal and Interest of Such Bonds; and Providing for the Rights of the Holders Thereof”, as the same may be amended, restated or supplemented from time to time.

(f) “Debt Service” shall mean the amounts of principal, Sinking Fund Installments, interest and Redemption Price, if any, payable on the Bonds.

(g) “Debt Service Fund” shall mean the Debt Service Fund established by the Bond Resolution.

(h) “Debt Service Payment Date” shall mean each date upon which the principal of, Sinking Fund Installments for, redemption premium, if any, or interest on the Bonds shall be due and payable pursuant to the Bond Resolution.

(i) “Debt Service Reserve Fund” shall mean the Debt Service Reserve Fund established in the Bond Resolution.

(j) “Governmental Authority or Authorities” shall mean (i) the United States of America; (ii) the State of Maine; (iii) any county, city, town or village of the State of Maine having jurisdiction over the Premises or any portion thereof; and (iv) any agency, department, commission, board, bureau, instrumentality or political subdivision of any of the foregoing entities described in (i), (ii) and (iii) above, now existing or hereafter created, having jurisdiction over the Premises or any portion thereof.

(k) "Landlord" shall mean the Maine Governmental Facilities Authority.

(l) "Lease" shall mean the Master Lease Agreement, dated as of August 1, 1999, between the Landlord and the Tenant, and shall include any and all amendments thereof and supplements thereto.

(m) "Premises" shall mean all of those respective Projects described in the Appendices attached to and made a part of the Lease.

(n) "Project" shall mean one of those separate properties described in the Appendices attached to and made a part of the Lease and constituting part of the Premises.

(o) "Revenue Fund" shall mean the Revenue Fund established by the Bond Resolution.

(p) "State Legislature" shall mean the Legislature of the State of Maine.

(q) "Tenant" shall mean the State of Maine, acting either directly or on its own behalf or by and through those agencies, instrumentalities or departments of the State or branches of State government, identified within the Lease.

Premises

Landlord leases, demises and lets unto Tenant, and Tenant take and hire from Landlord, for the term and upon and subject to the terms and conditions set forth in the Lease, the "Premises". Upon the issuance of a Series of Additional Bonds (as defined in the Bond Resolution), Landlord and Tenant shall enter into an amendment to the Lease, to the extent necessary, to include in the Premises demised under the Lease certain of the additional land, buildings, structures, facilities, improvements, machinery, equipment or other property of the Project being financed from the proceeds of such Series of Additional Bonds. Prior to the issuance of a Series of Additional Bonds, and the addition of one or more Projects to the Premises demised under the Lease, the Landlord shall determine as to each Project whether such Project shall constitute an Authority-Owned Project or an Authority-Leased Project.

Term

The term of the Lease shall be for a period commencing on September 1, 1999 and ending on the last date upon which principal or interest on any Bond shall be payable in accordance with its terms, unless sooner terminated or extended as provided in the Lease. Notwithstanding the foregoing, if the Bonds are prepaid in whole, or provision for payment in full thereof shall be made in accordance with the Bond Resolution, then the Lease shall terminate within thirty (30) days after the payment in full of all of the indebtedness evidenced by the Bonds.

Rent; Limited Obligation

Tenant shall pay to Landlord, as rent, during the term of the Lease, the following amounts at the following times: (i) two (2) business days preceding each Debt Service Payment Date, an amount equal to the Debt Service payable on such Debt Service Payment Date less the amount paid or provided for and available to pay Debt Service under the Bond Resolution from monies on deposit in the following accounts established under the Bond Resolution: the Revenue Fund, the Capitalized Interest Account (including all sub-accounts held therein) and the Interest Account of the Debt Service Fund; (ii) at the times specified in the Bond Resolution, such sum or sums, if any, as shall be necessary to maintain the Debt Service Reserve Fund at an amount equal to the Debt Service Reserve Fund Requirement; (iii) at the times specified in the Bond Resolution, all Trustee's fees and all administrative costs and expenses of the Trustee; (iv) two (2) business days preceding each Principal Payment Date or Sinking Fund Installment payment date (but not more often than once in each twelve month period), a program fee equal to 0.1% of the original principal amount of each Series of the Bonds; and (v) at the

times specified in the Bond Resolution, all Credit Facility Providers' (as defined in the Bond Resolution) fees. Landlord directs that the amounts identified in clauses (i), (ii), (iii), (iv) and (v) above be paid directly to the Trustee, with the amount payable in clause (iv) above to be then remitted by the Trustee to the Landlord, and with the amount payable in clause (v) above to be then remitted to the Credit Facility Providers. In addition to the basic rent referred to in this paragraph, Tenant shall pay as additional rent an amount equal to (y) the insurance premiums paid by Landlord for the insurance required by the Lease, and (z) all such other costs, expenses or charges of any kind whatsoever as the Landlord may incur with respect to the Bonds, the Bond Resolution, the Lease, the Premises, or otherwise, such amounts under clause (y) or (z) to be repaid to Landlord within thirty (30) days after Tenant's receipt of Landlord's written request therefor.

Notwithstanding anything in the Lease to the contrary, the obligation of Tenant to pay rent as provided in the previous paragraph or to pay or expend any other sum of money under the Lease shall not constitute or create a debt or liability of the State of Maine and shall be subject to and dependent upon appropriations being made from time to time by the State Legislature, and the Tenant's liability under the Lease with respect thereto shall be limited to the amount of such appropriations. The Tenant's obligation to pay rent does not constitute a debt or liability of the State or any political subdivision of the State, within the meaning of any constitutional or statutory limitation, or a loan of credit of the State nor a contractual obligation in excess of the amounts appropriated therefor, and the State has no continuing legal or moral obligation to appropriate money for said payments or other obligations under the Lease. The issuance of the Bonds under the Act does not directly, indirectly or contingently obligate the State or any political subdivision of the State to levy or to pledge any form of taxation whatever or to make any appropriation for their payment. Tenant shall include in its biennial budget, or any other applicable budget submission, a request for an appropriation to pay the rent as provided in the paragraph above, and other charges due and payable under the Lease, during the period covered by such budget.

There is expressly reserved to Tenant the right, and Tenant is authorized and permitted, at any time it may choose, to pay rent in addition to the rent otherwise payable under the Lease. Tenant has the right to stipulate that all sums paid by it pursuant to this paragraph be applied either (i) to the purchase or redemption of Bonds; (ii) as a credit against the rent to become due and payable under the Lease; or (iii) to the Landlord or to any Person entitled to payment from the Landlord to the extent of and in accordance with the terms of a Credit Facility or other Cash Equivalent. Such additional rentals described in clause (i) above may then be so deposited in the Redemption Account and applied to the redemption or purchase of Bonds in the manner and to the extent permitted under the Bond Resolution. Such additional rentals described in clause (ii) above shall be deposited in the Revenue Fund; provided, however, that no such additional rental described in clause (i) above shall be so deposited until the Landlord shall have first delivered to the Trustee an opinion of Bond Counsel to the effect that such deposit is authorized or permitted by the Lease and the Bond Resolution and will not adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income taxation. Such additional rentals described in clause (iii) above shall be transferred or applied to or for the order of the Person entitled thereto to the extent of and in accordance with the terms of the related Credit Facility or other Cash Equivalent.

Except as set forth above, the obligation of Tenant to pay rent shall be absolute and unconditional, and the rent shall be payable without any rights of set off, recoupment or counterclaim Tenant might have against Landlord or any assignee thereof or any other Person, whether or not the Project or Projects are completed or used or occupied by or through Tenant or available for use or occupancy by or through Tenant, whether or not all or any part of the Premises has been sold or otherwise disposed of and whether or not Landlord shall be in default of its obligations under the Lease. Tenant shall not be precluded from bringing any action it may otherwise have against Landlord.

Tenant will not terminate the Lease for any cause, including, without limiting the generality of the foregoing, any acts or circumstances that may constitute an eviction or constructive eviction, failure of consideration, failure of title or frustration of purpose, or any damage to or destruction of the Premises, or the taking by eminent domain of title to, or any interest in, or the right of temporary use of all or any part of the

Premises, or the sale or other disposition of all or any part of the Premises, or the failure of Landlord to perform and observe any agreement or covenant, whether expressed or implied, or any duty, liability or obligation arising out of or connected with the Lease.

Solely for the purpose of accounting for the separate rental obligations attributable to each Project, but without limiting the obligation of the Tenant to pay rent in the amounts set in the first paragraph under this heading (and subject to the limitations set forth in the second paragraph under this heading), each Project comprising a part of the Premises shall be accountable for rental payments in those amounts and for those payment dates set forth in the respective appendices attached to the Lease, each of which rental payment schedules is subject to modification and substitution within the discussion of the Authority upon written notice of such modification delivered by the Authority to the Tenant.

Construction of the Projects

Tenant shall diligently undertake and complete the studies, site acquisition, planning, design, construction, renovation, equipping, reconstruction and development of the Project or Projects on the respective Premises. Landlord is relieved of any obligation to construct or reconstruct the Project or Projects or any part thereof. Landlord shall not be liable in any manner for payment or otherwise to any contractor, subcontractor, laborer or supplier of materials in connection with the purchase of any materials to be incorporated into the Project or Projects on the respective Premises.

Tenant agrees that, whenever requested by Landlord, it shall provide and certify, or cause to be provided and certified, in form satisfactory to the Landlord, such information concerning Tenant, the respective Premises, operations and finances of Tenant and such other matters that Landlord considers necessary, to enable Landlord to complete and publish an official statement, placement memorandum or other similar document relating to the sale of Bonds, or to enable Landlord to make any reports required by law or governmental regulations in connection with any Bonds.

Upon completion of any Project, the Tenant shall promptly deliver to the Landlord a certificate of an authorized representative of the Tenant certifying as to the date of such completion, and the amount, if any, required for the payment of any Cost of the Project with respect to such completed Project required to be paid. To similar effect, upon the abandonment of any Project, the Tenant shall promptly deliver to the Landlord a certificate of an authorized representative of the Tenant certifying as to such abandonment and stating the amount, if any, required for the payment of any Cost of the Project with respect to such abandoned Project required to be paid.

Impositions and Utilities

Tenant covenants and agrees to pay, all of the following items ("Impositions"): (i) water, water meter and sewer rents, rates and charges; (ii) excises; (iii) levies; (iv) license and permit fees; (v) protection, street and highway construction, maintenance and lighting, sanitation and water supply, if any; (vi) fines, penalties and other similar or like governmental charges applicable to the foregoing and any interest or costs with respect thereto; and (vii) any and all other governmental levies, fees, rents, assessments or taxes and charges, general and special, ordinary and extraordinary, foreseen and unforeseen, of any kind and nature whatsoever, and any interest or costs with respect thereto, which at any time prior to or during the term of the Lease (1) are assessed, levied, confirmed, imposed upon, or would grow or become due and payable out of or in respect of, or charged with respect to (A) the Premises or any part thereof, (B) any document to which Landlord or Tenant is a party, creating or transferring an interest or estate in the Premises or any part thereof, (C) the use and occupancy of the Premises or any part thereof by Tenant, or (D) this transaction, and (2) are or would be encumbrances or liens on (A) the Premises, or any part thereof, (B) the sidewalks or streets in front of or adjoining the Premises, (C) any vault, passageway or space in, over or under such sidewalk or street, (D) any other appurtenances of the Premises, (E) other personal property, equipment or other facility used in the operation thereof, or (F) the rent (or any portion thereof) payable by Tenant under the Lease.

Tenant shall pay all charges for fuel, electricity, light, heat or power, sewage, telephone and other utility services, rendered or supplied to, upon or in connection with the Premises during the term of the Lease.

Tenant shall have the right at its own expense to contest the amount or validity, in whole or in part, of any Imposition by appropriate proceedings diligently conducted in good faith.

Use of Premises

Tenant shall use and occupy the Premises solely as a qualified "project" and other purposes now or hereafter permitted under the Act and the Internal Revenue Code of 1986, as amended, and for no other purposes whatsoever.

Tenant, at its sole cost and expense, shall promptly comply with any and all present and future laws, rules, orders, ordinances, regulations, statutes, requirements, codes and executive orders (collectively, "Requirements"), without regard to the nature of the work required to be done, extraordinary as well as ordinary, of any Governmental Authorities now existing or hereafter created, and of any and all of their departments and bureaus, affecting the Premises or any street, avenue and/or sidewalk comprising a part or in front thereof and/or any vault in or under the same, or requiring the removal of any encroachment or affecting the maintenance, use or occupation of the Premises, whether or not the same involve or require any structural changes or additions in or to the Premises, and without regard to whether or not such changes or additions are required on account of any particular use to which the Premises, or any part thereof, may be put. Tenant may contest in good faith the validity of any Requirements or the application thereof at Tenant's sole cost and expense.

Repairs and Alterations

Tenant shall be responsible for, and shall pay or cause to be paid all costs of operating the Premises, maintaining the same in good condition, and making all necessary repairs thereto and reconstructions thereof, interior and exterior, structural and non-structural, and Landlord shall not have any obligation to operate, repair, maintain or reconstruct the Premises.

Tenant shall use its best efforts to discharge or cause to be discharged within sixty (60) days after notice of filing thereof, any mechanic's, laborer's or materialmen's lien against the Premises or any part thereof and any public improvements lien against any asset of or fund of Landlord.

Indemnification of Landlord

Subject to appropriations being made therefor by the State Legislature, Tenant shall, to the fullest extent permitted by law, indemnify and save Landlord harmless from and against any and all liabilities, suits, obligations, fines, damages, penalties, claims, costs, charges and expenses, including, without limitation, reasonable attorneys' fees and disbursements, which may be imposed upon or incurred by or asserted against Landlord by reason of any failure on the part of Tenant to perform its obligations under the Lease.

Fire or Other Casualty; Insurance

In the event that, at any time during the term of the Lease, any one or more of the buildings on the Premises shall be destroyed or damaged in whole or in part by fire or other cause, Landlord shall have no obligation to restore same, and Tenant may, at its option, either repair and restore the damaged buildings to complete architectural units, or demolish and remove the damaged buildings and all rubble from the Premises.

Tenant shall not be entitled to any suspension or abatement of rent by reason of any destruction or damage to the buildings and improvements upon the Premises.

Tenant shall insure the buildings and other improvements now or hereafter constructed upon the Premises against such risks and in such amounts as are commercially reasonable and are agreed upon by Landlord and Tenant.

Eminent Domain

If the whole or substantially all of the Premises or any buildings located thereon shall be taken for a public or quasi-public purpose by any lawful power or authority by the exercise of the rights of condemnation or eminent domain, or by agreement among Landlord, Tenant and those authorized to exercise such right, then, upon demand by Landlord, the entire award in any proceeding with respect to such taking shall be paid to Landlord without deduction therefrom for any estate vested in Tenant by reason of the Lease. As long as any Bond is Outstanding (as defined in the Bond Resolution), no such taking or agreement shall entitle Tenant to terminate the Lease and shall not impair or result in any diminution of the obligations of Tenant under the Lease.

If less than substantially all of the Premises or any buildings located thereon shall be so taken, then, upon demand by Landlord, Tenant, at its sole cost and expense, but only to the extent of available condemnation award proceeds, shall proceed diligently to repair and restore any remaining part not so taken, so that the Premises shall be restored as nearly as possible to the character existing immediately prior to such taking.

However, if all or any portion of the Premises shall be damaged or destroyed by casualty or taken by condemnation or eminent domain, then the insurance or condemnation proceeds, when received, shall be paid into the Redemption Account, if Bonds remain Outstanding (as defined in the Bond Resolution), or to Landlord as Agent if no Bonds remain Outstanding (as defined in the Bond Resolution). Such amounts in the Redemption Account or held by Landlord as Agent shall be held until Tenant has made its election as hereinafter provided. At the election of Tenant (such election to be made within 180 days after receipt by Tenant of notice of Landlord's or Trustee's receipt of all such funds), any such funds placed in the Redemption Account or held by Landlord pursuant to the Lease either may be used to redeem the Bonds or may be made available to Tenant to restore the Premises. If Tenant elects not to restore the Premises, any such funds in the Redemption Account or held by Landlord shall be used to redeem the Bonds, and the surplus, if any, shall be the property of Landlord.

Event of Non-Appropriation; Event of Default

An "Event of Non-Appropriation" shall occur under the Lease if, as a result of failure by the State Legislature to appropriate monies to fund amounts due under the Lease, Tenant:

- (i) fails to pay when due the rent required to be paid pursuant to the Lease; or
- (ii) fails to perform any covenant or agreement on its part required to be performed under the Lease.

Either of the following shall be an "Event of Default" under the Lease:

- (i) if for any reason, other than a failure by the State Legislature to appropriate monies for such purpose, Tenant shall fail, for more than two (2) business days, to pay when due the rent required to be paid pursuant to the Lease;
- (ii) if for any reason, other than a failure by the State Legislature to appropriate monies for such purpose, Tenant shall fail to perform any covenant or agreement on its part required to be performed (other than the covenant to pay rent under the Lease) and such failure shall have continued for sixty (60) days after written notice of such failure has been received by Tenant.

If an Event of Non-Appropriation shall occur, Landlord may give written notice to Tenant of its election to end the term of the Lease as to any or all of the Projects on the date specified in such notice, which

date shall be at least ten (10) days after the giving of such notice, and, upon the date specified in such notice, the Lease and the term demised and all rights of Tenant under the Lease as to any or all of the Projects shall expire and terminate. It is expressly understood and agreed by Landlord and Tenant that Landlord may terminate the Lease only in the case of an Event of Non-Appropriation and for no other reason, and if an Event of Default shall occur, Landlord shall not be entitled to terminate the Lease, but instead shall be entitled to suspend Tenant's right to occupy or use any or all of the Authority-Owned Projects until such Event of Default is cured, or to pursue against any Authority-Owned Project any other rights Landlord may have at law or in equity.

The remedies conferred upon or reserved to Landlord under the immediately preceding paragraph shall be the sole and exclusive remedies available to Landlord in respect to an Event of Non-Appropriation.

The remedies conferred upon or reserved to Landlord in respect of an Event of Default are not intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Lease or now or hereafter existing at law or in equity or by statute, subject, however, to the application of any such remedy only to Authority-Owned Projects and to the provisions of the second paragraph under the heading "Rents; Limited Obligation" above.

In the event of breach by Tenant of the performance or observance of any obligation, agreement or covenant under the Lease, other than the obligation to pay when due the rent required to be paid under the Lease, Landlord may take whatever action in equity which may appear necessary or desirable to enforce such performance or observance. The remedies conferred upon Landlord in this Section shall be the sole and exclusive remedies available to Landlord in respect to such breach of performance or observance.

Force Majeure

In any case where either party to the Lease is required to do any act (except for the payment of rent and other charges by Tenant), the time for the performance thereof shall be extended by a period equal to any delay caused by or resulting from act of God, war, civil commotion, fire or other casualty, labor difficulties, shortages of energy, labor, materials or equipment, government regulations, delays caused by either party to the other, or other causes beyond such party's reasonable control, whether such time be designated by a fixed date, a fixed time or a "reasonable time".

Tenant's Option to Purchase All or a Portion of the Premises; Extension Terms

Tenant shall have the exclusive right and option to purchase all of the properties included within the Premises, and all appurtenances thereto and all improvements thereon, including any improvements erected thereon by Tenant, upon the expiration of the term of the Lease, as the same may be extended by Tenant as provided below, provided that such right and option may be exercised by Tenant only if all Bonds issued under the Bond Resolution shall no longer be Outstanding at the time of such exercise.

Tenant shall also have the exclusive right and option to purchase a portion (but not all) of the properties included within the Premises, and all appurtenances thereto and all improvements thereon, including any improvements erected thereon by Tenant, upon the related Series of Bonds issued therefor (or related portion of any Series of Bonds) ceasing to be Outstanding.

Tenant shall have the right, at the expiration of the term of the Lease, to extend such term for up to sixty (60) successive periods of one month each, each of such periods to be exercised separately in the manner provided in the Lease, and to be on all the same terms, covenants, provisions and conditions contained in the Lease and at a rental per month of an amount equal to one twelfth of one tenth of one percent of the original principal amount of each Series of the Bonds.

Waivers

Failure of either party to complain of any act or omission on the part of the other party, no matter how long the same may continue, shall not be deemed to be a waiver by said party of any of its rights under the Lease. No waiver by either party at any time, express or implied, of any breach of any provision of the Lease shall be deemed a waiver of a breach of any other provision of the Lease or a consent to any subsequent breach of the same or any other provision. If any action by either party shall require the consent or approval of the other party, the other party's consent to or approval of such action on any one occasion shall not be deemed a consent to or approval of said action on any subsequent occasion or a consent to or approval of any other action on the same or any subsequent occasion. Any and all rights and remedies which either party may have under the Lease or by operation of law, either at law or in equity, upon any breach, shall be distinct, separate and cumulative and shall not be deemed inconsistent with each other; and no one of them, whether exercised by said party or not shall be deemed to be in exclusion of any other; and any two or more of all of such rights and remedies may be exercised at the same time.

Real Estate Taxes

Tenant shall be responsible to pay any and all real estate taxes imposed on or levied against the Premises during the term of the Lease, if any.

Special Covenants

Landlord and Tenant covenant that they shall take no action, nor shall they approve the taking of any action or making any investment or use of the proceeds of Bonds, which would cause the Bonds to be "arbitrage bonds" within the meaning of Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and any proposed or final regulations thereunder as are applicable to the Bonds at the time of such action, investment or use.

Landlord and Tenant shall at all times do and perform all acts and things necessary or desirable and within its power in order to assure that interest paid on the Bonds shall, for the purposes of federal income taxation, be excludable from the gross income of the recipients thereof and exempt from such taxation.

PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this “Agreement”) dated as of May __, 2026 by and among Maine Governmental Facilities Authority (the “Issuer”), the State of Maine (the “State”) and Wilmington Trust, National Association, as Trustee (the “Trustee”) under a General Bond Resolution (the “Resolution”) adopted by the Issuer on August 18, 1999, as supplemented through a Twenty-Eighth Supplemental Bond Resolution adopted by the Issuer on March 5, 2026 (the “Twenty-Eighth Supplemental Bond Resolution”), is executed and delivered in connection with the issuance of the Issuer’s \$ _____ aggregate principal amount of Lease Rental Revenue Bonds, Series 2026A (the “Bonds”). Capitalized terms used in this Agreement which are not otherwise defined in the Resolution shall have the respective meanings specified above or in Article IV hereof. Pursuant to Section 205 of the Twenty-Eighth Supplemental Bond Resolution, the parties agree as follows:

ARTICLE I**The Undertaking**

Section 1.1. Purpose. This Agreement shall constitute a written undertaking for the benefit of the holders of the Bonds, and is being executed and delivered solely to assist the Underwriters in complying with subsection (b)(5) of the Rule. The Trustee has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Agreement, and has no liability to any person, including any Bondholder, with respect to any such reports, notices or disclosures.

Section 1.2. Annual Financial Information. The State, acting by and through the Treasurer, shall provide Annual Financial Information with respect to each fiscal year of the State, commencing with fiscal year ending June 30, 2026, within one year after the end of the respective fiscal year, to the MSRB. The Trustee is under no obligation to verify the content or correctness of, and shall not be responsible for the sufficiency of, said Annual Financial Information or for compliance of the contents of the Annual Financial Information with the Rule or this Agreement.

Section 1.3. Audited Financial Statements. If not provided as part of Annual Financial Information by the date required by Section 1.2 hereof, the State, acting by and through the Treasurer, shall provide Audited Financial Statements, when and if available, to the MSRB. The Trustee is under no obligation to verify the content or correctness of, and shall not be responsible for the sufficiency of, said Financial Statements or for compliance of the contents of the Audited Financial Statements with the Rule or this Agreement. The State, acting by and through the Treasurer, shall file notice of the failure of the State to provide the Annual Financial Information or Audited Financial Statements by the date required herein.

Section 1.4. Notice Event Notices. (a) If a Notice Event occurs (except with respect to a Notice Event of the type described in clause (xii), clause (xiii), clause (xv) or clause (xvi) that is related to the State), the Issuer shall provide, in a timely manner not in excess of nine (9) business days after the occurrence of such Notice Event, notice of such Notice Event to the Trustee. If a Notice Event occurs of the type described in clause (xii), clause (xiii), clause (xv) or clause (xvi) that is related to the State, the State, acting through the Treasurer, shall provide, in a timely manner not in excess of nine (9) business days after the occurrence of such Notice Event, notice of such Notice Event to the Trustee. The Trustee shall provide a copy of each such notice of a Notice Event to the MSRB within one business day after receipt by the Trustee. The Trustee shall have no duty to file a notice of a Notice Event unless it is directed in writing to do so by the Issuer or the State, and shall have no responsibility for verifying any of the information in any such notice or determining whether any such underlying event is a Notice Event.

(b) Any such notice of a defeasance of Bonds shall state whether funds sufficient for the payment of the Bonds have been escrowed to maturity or to an earlier redemption date and the timing of such maturity or redemption.

(c) The Trustee shall promptly advise the Issuer and the State whenever, in the course of performing its duties as Trustee under the Resolution, the Trustee has actual notice of an occurrence which, if material, would require the Issuer or the State to provide notice of a Notice Event hereunder; provided, however, that the failure of the Trustee so to advise the Issuer or the State shall not constitute a breach by the Trustee of any of its duties and responsibilities under this Agreement or the Resolution.

Section 1.5. Additional Disclosure Obligations. The Issuer and the State each acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Issuer or the State and that, under some circumstances, additional disclosures or other action may be required to enable the Issuer or the State to fully discharge all of their respective duties and obligations under such laws.

Section 1.6. Additional Information. Nothing in this Agreement shall be deemed to prevent the Issuer or the State from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information or notice of a Notice Event hereunder, in addition to that which is required by this Agreement. If the Issuer or the State chooses to do so, neither the Issuer nor the State shall have any obligation under this Agreement to update such additional information or include it in any future Annual Financial Information or notice of a Notice Event hereunder.

ARTICLE II Operating Rules

Section 2.1. Reference to Other Documents. It shall be sufficient for purposes of Section 1.2 or Section 1.3 hereof if the State provides Annual Financial Information by specific reference to documents either (i) available to the public on EMMA or (ii) filed with the SEC.

Section 2.2. Submission of Information. Annual Financial Information may be provided in one document or multiple documents, and at one time or in part from time to time. Each of the State and the Issuer may from time to time designate an agent to act on its behalf in providing or filing notices, documents and information as required of it under this Agreement, and may revoke or modify any such designation.

Section 2.3. Notice Event Notices. Each notice of a Notice Event hereunder shall be captioned “Notice of Notice Event” and shall prominently state the title, date and CUSIP numbers of the Bonds.

Section 2.4. Transmission of Notices, Documents and Information. (a) Unless otherwise required by the MSRB, all notices, documents and information provided to the MSRB shall be made available to the public on EMMA.

(b) All notices, documents and information provided to the MSRB shall be transmitted simultaneously with a copy to the Issuer and the State and provided in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

Section 2.5. Fiscal Year. (a) The State’s current fiscal year is July 1 – June 30, and the State shall promptly notify the MSRB and the Trustee in writing of each change in the State’s fiscal year.

(b) Annual Financial Information shall be provided at least annually notwithstanding any fiscal year longer than 12 calendar months.

ARTICLE III
Effective Date, Termination, Amendment or Enforcement

Section 3.1. Effective Date, Termination. (a) This Agreement shall be effective upon the issuance of the Bonds.

(b) The State's, the Issuer's and the Trustee's obligations under this Agreement shall terminate upon a legal defeasance, prior redemption or payment in full of all of the Bonds.

(c) This Agreement, or any provision hereof, shall be null and void in the event that (1) the Issuer delivers to the Trustee an opinion of Counsel, addressed to the State, the Issuer and the Trustee, to the effect that those portions of the Rule which require this Agreement, or such provision, as the case may be, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion, and (2) the Trustee delivers copies of such opinion to the MSRB. The Trustee shall so deliver such opinion within one Business Day after receipt by the Trustee.

Section 3.2. Amendment. (a) This Agreement may be amended, by written agreement of the parties, without the consent of the holders of the Bonds (except to the extent required under clause (4)(ii) below), if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules, regulations or official pronouncements) or in interpretations thereof (including no-action positions), or a change in the identity, nature or status of the State or the Issuer or the type of business conducted thereby, (2) this Agreement as so amended would have complied with the requirements of the Rule as of the date of this Agreement, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (3) the Issuer shall have delivered to the Trustee an opinion of Counsel, addressed to the State, the Issuer and the Trustee, to the same effect as set forth in clause (2) above, (4) either (i) the Issuer shall have delivered to the Trustee, an opinion of Counsel unaffiliated with the Issuer or the State (such as bond counsel) and acceptable to the State and the Issuer, addressed to the State, the Issuer and the Trustee, to the effect that the amendment does not materially impair the interests of the holders of the Bonds or (ii) the holders of the Bonds consent to the amendment to this Agreement pursuant to the same procedures as are required for amendments to the Resolution with consent of holders of Bonds pursuant to Section 1002 of the Resolution as in effect on the date of this Agreement, and (5) the Trustee shall have delivered copies of such opinion(s) and amendment to the MSRB. The Trustee shall so deliver such opinion(s) and amendment within one Business Day after receipt by the Trustee.

(b) In addition to subsection (a) above, this Agreement may be amended by written agreement of the parties, without the consent of the holders of the Bonds, if all of the following conditions are satisfied: (1) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date of this Agreement, which is applicable to this Agreement, (2) the Issuer shall have delivered to the Trustee an opinion of Counsel, addressed to the State, the Issuer and the Trustee, to the effect that performance by the State, the Issuer and the Trustee under this Agreement as so amended will not result in a violation of the Rule and (3) the Trustee shall have delivered copies of such opinion and amendment to the MSRB. The Trustee shall so deliver such opinion and amendment within one Business Day after receipt by the Trustee.

(c) This Agreement may be amended by written agreement of the parties, without the consent of the holders of the Bonds, if all of the following conditions are satisfied: (1) the Issuer shall have delivered to the Trustee and the State an opinion of Counsel, addressed to the Issuer, the State and the Trustee, to the effect that the amendment is permitted by rule, order or other official pronouncement, or is consistent with any interpretive advice or no-action positions of Staff, of the SEC, and (2) the Trustee shall have delivered copies of such opinion and amendment to the MSRB. The Trustee shall so deliver such opinion and amendment within one Business Day after receipt by the Trustee.

(d) To the extent any amendment to this Agreement results in a change in the type of financial information or operating data provided pursuant to this Agreement, the first Annual Financial Information provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

(e) If an amendment is made pursuant to Section 3.2(a) hereof to the accounting principles to be followed by the State in preparing its financial statements, the Annual Financial Information for the fiscal year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative and, to the extent reasonably feasible, quantitative discussion of the differences in the accounting principles and the impact of the change in accounting principles on the presentation of the financial information. The Trustee shall not be required to accept, acknowledge, and/or execute any amendment of this Agreement if the amendment affects its respective liabilities, rights, privileges, protections, exculpations, immunities, indemnities or benefits under the Resolution or otherwise hereunder, under the Resolution, and/or otherwise.

Section 3.3. Benefit; Third-Party Beneficiaries; Enforcement. (a) The provisions of this Agreement shall constitute a contract with and inure solely to the benefit of the holders from time to time of the Bonds, except that beneficial owners of Bonds shall be third-party beneficiaries of this Agreement and shall be deemed to be holders of Bonds for purposes of Section 3.3(b) hereof. The provisions of this Agreement shall create no rights in any person or entity except as provided in this subsection (a) and in subsection (b) of this Section.

(b) The obligations of the State and the Issuer to comply with the provisions of this Agreement shall be enforceable (i) in the case of enforcement of obligations to provide financial statements, financial information, operating data and notices, by any holder of Outstanding Bonds, or by the Trustee on behalf of the holders of Outstanding Bonds, or (ii) in the case of challenges to the adequacy of the financial statements, financial information and operating data so provided, by the Trustee on behalf of the holders of Outstanding Bonds; provided, however, that the Trustee shall not be required to take any enforcement action except at the direction of the holders of not less than 25% in aggregate principal amount of the Bonds at the time Outstanding who shall have provided the Trustee with security and/or indemnity satisfactory to it. The holders' and Trustee's rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the State's or the Issuer's obligations under this Agreement. Neither any holder of the Bonds nor the Trustee may institute any suit, action or proceeding at law or in equity involving the State (a "Proceeding") as provided in this Section 3.3 unless such holder or the Trustee, as the case may be, shall have filed with the Treasurer and the Attorney General a written request to cure such breach, and the State shall have refused or failed to comply within a reasonable time. Any assertion of beneficial ownership must be included in such written request and must be supported by independent evidence or documents. Proceedings filed by the Trustee, holders or beneficial owners against the State may be subject to the defense of sovereign immunity which may substantially limit the scope and nature of any legal action against the State or of any order of specific performance that may be granted against the State.

(c) Any failure by the State, the Issuer or the Trustee to perform in accordance with this Agreement shall not constitute a default or an event of default under the Resolution, and the rights and remedies provided by the Resolution upon the occurrence of a default or an event of default shall not apply to any such failure.

(d) This Agreement shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Agreement shall be instituted only in a State court of competent jurisdiction located in the City of Augusta, Maine for the equal benefit of all beneficial owners of the Outstanding Bonds; provided, however, that to the extent this Agreement addresses matters of federal securities laws, including the Rule, this Agreement shall be construed in accordance with such federal securities laws and official interpretations thereof.

ARTICLE IV
Definitions

Section 4.1. Definitions. The following terms used in this Agreement shall have the following respective meanings:

(1) “Annual Financial Information” means, collectively, (i) the financial information and operating data with respect to the State, for each fiscal year of the State, of the type set forth in Appendices A through F of Part II of the Official Statement and (ii) the information regarding amendments to this Agreement required pursuant to Section 3.2(c) and (d) of this Agreement. Annual Financial Information shall include Audited Financial Statements, if available, or Unaudited Financial Statements.

(2) “Audited Financial Statements” means the annual financial statements, if any, of the State, audited by such auditor as shall then be required or permitted by State law. Audited Financial Statements shall be prepared in accordance with GAAP.

(3) “Beneficial Owner” means any person that has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

(4) “Bondholders” means any holder of the Bonds and any Beneficial Owner thereof.

(5) “Counsel” means Hawkins Delafield & Wood LLP or other nationally recognized bond counsel or counsel expert in federal securities laws.

(6) “EMMA” means MSRB’s Electronic Municipal Markets Access system, the current internet web address of which is www.emma.msrb.org.

(7) “GAAP” means generally accepted accounting principles as prescribed from time to time for governmental units by the Governmental Accounting Standards Board, the Financial Accounting Standards Board, or any successor to the duties and responsibilities of either of them.

(8) “Financial Obligation” means a:

- (i) debt obligation;
- (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or
- (iii) guarantee of clause (i) or clause (ii) above.

Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

(9) “MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Agreement.

(10) “Notice Event” means any of the following events with respect to the Bonds:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;

- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material or events affecting the tax status of the Bonds;
- (vii) modifications to rights of Bondholders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the Issuer or the State; which event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer or the State in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Issuer or the State, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer or the State;
- (xiii) the consummation of a merger, consolidation, or acquisition involving the Issuer or the State or the sale of all or substantially all of the assets of the Issuer or the State, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (xv) incurrence of a Financial Obligation of the State, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the State, any of which affect Bondholders, if material; and
- (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the State, any of which reflect financial difficulties.

(11) “Official Statement” means the Official Statement dated May __, 2026 with respect to the Bonds.

(12) “Rule” means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as in effect on the date of this Agreement, including any official interpretations thereof issued either before or after the effective date of this Agreement which are applicable to this Agreement.

(13) “SEC” means the United States Securities and Exchange Commission.

(14) “Treasurer” means the Treasurer of State of the State of Maine.

(15) “Unaudited Financial Statements” means the same as Audited Financial Statements, except that they shall not have been audited.

(16) “Underwriters” means Raymond James & Associates, Inc. and BofA Securities, Inc.

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ARTICLE V
Miscellaneous

Section 5.1. Trustee Provisions. In connection with this Agreement, the Trustee shall be entitled to the benefit of every provision of the Resolution as supplemented through the Twenty-Eighth Supplemental Bond Resolution limiting the liability of or affording rights, privileges, protections, exculpations, immunities, indemnities or benefits to the Trustee, including, without limitation, every provision of Article VII of the Resolution, as if they were each expressly set forth herein *mutatis mutandis*.

Section 5.2. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 5.3. Notices. Unless otherwise expressly provided, all notices to the Issuer, the State, and the Trustee shall be in writing and shall be deemed sufficiently given if sent by registered or certified mail, postage prepaid, or delivered during business hours to such parties at the address specified in the Resolution or, as to all of the foregoing, to such other address as the addressee shall have indicated by prior written notice to the one giving notice.

IN WITNESS WHEREOF, the parties have each caused this Agreement to be executed by their duly authorized representatives, all as of the date first above written.

STATE OF MAINE

By: _____
Joseph C. Perry
Treasurer of State

MAINE GOVERNMENTAL FACILITIES
AUTHORITY

By: _____
Teresea Hayes
Executive Director

WILMINGTON TRUST, NATIONAL
ASSOCIATION, as Trustee

By: _____
Authorized Representative

APPENDIX D

Upon the delivery of the Offered Bonds, Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Authority, proposes to issue its approving opinion in substantially the following form:



May __, 2026

Maine Governmental Facilities Authority
Augusta, Maine

Dear Members:

We have examined a record of proceedings relating to the issuance of the \$_____ aggregate principal amount of the Lease Rental Revenue Bonds, Series 2026A (the “Offered Bonds”) of the Maine Governmental Facilities Authority (the “Authority”), a body corporate and politic and a public instrumentality and agency of the State of Maine (the “State”) created and existing under the laws of the State.

The Offered Bonds are authorized to be issued pursuant to the Maine Governmental Facilities Authority Act, being 4 MRSA §1601 et seq., as amended (the “Act”), the Maine Governmental Facilities Authority General Bond Resolution adopted by the Authority on August 18, 1999 entitled “A General Bond Resolution Authorizing the Issuance of Lease Rental Revenue Bonds of the Maine Governmental Facilities Authority; Providing for the Issuance from Time to Time of Such Bonds; Providing for the Payment of Principal and Interest of Such Bonds; and Providing for the Rights of the Holders thereof” (the “General Bond Resolution”), as supplemented through “A Twenty-Eighth Supplemental Bond Resolution Authorizing the Issuance of Lease Rental Revenue Bonds, Series 2026A of the Maine Governmental Facilities Authority; Providing for the Issuance of Such Bonds; Providing for the Payment of Principal of and Interest on Such Bonds; and Providing for the Rights of the Holders Thereof”, adopted by the Authority on March 5, 2026 (the “Series 2026A Resolution”), and a certificate of determination of an authorized officer of the Authority dated the date hereof (the “Certificate of Determination”).

Wilmington Trust, National Association is acting as Trustee (the “Trustee”) under the Resolution.

The Authority is issuing the Offered Bonds to pay a portion of (i) the costs of capital repairs and improvements to and construction of state-owned facilities and hazardous waste cleanup on state-owned properties pursuant to §1610-R of the Act (the “State Facilities Improvements Projects”); (ii) the cost of capital repairs and improvements to and construction of correctional facilities pursuant to §1610-S of the Act (the “Correctional Facilities Projects”); (iii) the costs associated with planning, purchasing, customizing and implementing an integrated electronic legislative management system to replace the existing system for the State Senate and State House of Representatives pursuant to §1610-T of the Act (the “Legislature Project”; and together with the State Facilities Improvements Projects, and Correctional Facilities Projects, collectively, the “2026A Projects”); and (iv) the cost of issuance of the Offered Bonds.

Pursuant to a Master Lease Agreement, dated as of August 1, 1999, as amended through a Twenty-Ninth Amendment to Master Lease Agreement, dated as of May 1, 2026 (collectively, the “Lease Agreement”),

by and between the Authority and the State, acting either directly on its own behalf or by and through certain agencies, instrumentalities or departments of the State or branches of State government (collectively, the “Lessee”), the Authority will lease or sublease the Premises (as defined in the Lease Agreement) to the Lessee.

The Offered Bonds are dated their date of delivery, except as otherwise provided in the Resolution. The Offered Bonds are issuable only in fully registered form in the denominations of \$5,000 or integral multiples thereof. The Offered Bonds will mature on the dates and in the principal amounts, and will bear interest from their date, payable on April 1 and October 1 of each year, commencing on October 1, 2026, at the rates of interest per annum, all as provided in the Resolution and in the Certificate of Determination. The Offered Bonds are subject to redemption as provided in the Resolution and in the Certificate of Determination.

The Internal Revenue Code of 1986, as amended (the “Code”), establishes certain requirements that must be met subsequent to the issuance and delivery of the Offered Bonds in order that interest on the Offered Bonds be and remain excluded from gross income under Section 103 of the Code. Noncompliance with such requirements may cause interest on the Offered Bonds to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The Authority and the Lessee have each covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Offered Bonds from gross income under Section 103 of the Code.

In rendering the opinions set forth in paragraphs 6 and 7 hereof, we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Authority, the Lessee and others in connection with the Offered Bonds, and we have assumed compliance by the Authority and the Lessee with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Offered Bonds from gross income under Section 103 of the Code.

We are of the opinion that:

1. The Authority has been duly created and is validly existing under the Act and has the right, power and authority to adopt the Resolution, and the Resolution has been duly and lawfully adopted by the Authority, is in full force and effect and is valid and binding upon the Authority and enforceable in accordance with its terms.

2. The Resolution creates the valid pledge which it purports to create of the Lease Payments and all Funds and Accounts (as such terms are defined in the Resolution) established by the Resolution (except the Rebate Fund), including the investments thereof and the proceeds of such investments, if any, subject only to the provisions of the Resolution permitting the application thereof to the purposes and on the terms and conditions set forth in the Resolution.

3. The Offered Bonds are valid and binding limited revenue obligations of the Authority payable as provided in the Resolution, and enforceable in accordance with their terms and the terms of the Resolution and are entitled to the benefits of the Act and the Resolution. Pursuant to the Lease Agreement, the Lessee has covenanted to make the Lease Payments, which payments by the Lessee are executory to the extent of the monies made available to the Lessee by the State Legislature, and no monetary liability on account thereof is incurred by the Lessee beyond monies legally made available for such payments by the State Legislature.

4. The Authority has the right and power pursuant to the Act to enter into the Lease Agreement, and the Lease Agreement has been duly authorized, executed and delivered by the Authority, is in full force and effect, and, assuming the due authorization, execution and delivery of the Lease Agreement by the Lessee, constitutes a valid and binding agreement of the Authority enforceable against the Authority in accordance with its terms.

5. The Offered Bonds do not constitute a legally enforceable obligation upon the part of the State nor create a debt on behalf of the State enforceable against the State.

6. Under existing statutes and court decisions, (i) interest on the Offered Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code, and (ii) interest on the Offered Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code, however, interest on the Offered Bonds is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. [We are further of the opinion that, for any Offered Bonds having original issue discount or “OID” (a “Discount Bond”), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on such Offered Bonds.]

7. Under existing statutes, interest on the Offered Bonds is exempt from the State of Maine income tax imposed on individuals.

Except as stated in paragraphs 6 and 7 above, we express no opinion as to any federal, state or local tax consequences arising with respect to the Offered Bonds or the ownership or disposition thereof. We render our opinion under existing statutes and court decisions as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any action hereafter taken or not taken, for any facts or circumstances that may hereafter come to our attention, for any changes in law or in interpretations thereof that may hereafter occur or for any other reason. We express no opinion as to the consequence of any change in law or interpretation thereof, or otherwise, that may hereafter be enacted, arise or occur, and we note that such changes may take place or be proposed from time to time. Furthermore, we express no opinion as to the effect of any action hereafter taken or not taken in reliance upon an opinion of counsel other than ourselves (if such opinion of other counsel shall have been given without consultation with us or after consultation with us and to which we shall not concur) on the exclusion from gross income for federal income tax purposes of interest on the Offered Bonds, or the exclusion of interest on the Offered Bonds under the State of Maine tax imposed on individuals.

In rendering this opinion, we are advising you that the enforceability of the Offered Bonds, the Resolution and the Lease Agreement may be limited by bankruptcy, moratorium, insolvency or other laws affecting creditors’ rights or remedies heretofore or hereafter enacted and is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

We have examined an executed Offered Bond numbered AR-1 and, in our opinion, the form of said Bond and its execution are regular and proper.

Very truly yours,

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PART II
of
OFFICIAL STATEMENT
of
MAINE GOVERNMENTAL FACILITIES AUTHORITY
relating to its
Lease Rental Revenue Bonds, Series 2026A

INFORMATION CONCERNING THE STATE OF MAINE

The information concerning the State of Maine (the “State”), which is comprised of Appendices A through F to this Part II of this Official Statement entitled “INFORMATION CONCERNING THE STATE OF MAINE” (“Part II”), includes certain financial, economic and other information concerning the State which was provided by the State and the other sources indicated therein as of the date hereof. Part II is authorized by the State to be distributed to prospective purchasers of the Offered Bonds and to the Municipal Securities Rulemaking Board for purposes of Rule 15c2-12 promulgated by the U.S. Securities and Exchange Commission. Part II may not be reproduced or used in whole or in part for any other purpose without the express written consent of the Treasurer of State.

The undersigned Treasurer of State delivered a certificate to the effect that, to the best of his knowledge after reasonable investigation, as of the date hereof, (i) there has been no material adverse change in the financial position or results of operation of the State except as set forth in Part II; (ii) Part II contains no untrue statement of a material fact and does not omit to state any material fact necessary to make the statements in Part II, in the light of the circumstances under which they were made, not misleading; and (iii) no event has occurred requiring a supplement to Part II, except for any event described in such a supplement which has been made available to the public.

Any statement in Part II involving any matter of opinion, whether or not expressly so stated, is intended merely as an opinion and not as a representation of fact. The information and expressions of opinions in Part II are subject to change without notice and neither the delivery of Part II nor any sale of the Offered Bonds described in this Official Statement in which Part II is included shall, under any circumstances, create any implication that there has been no change in the affairs of the State, or its agencies, authorities and political subdivisions, since the date hereof.

STATE OF MAINE

By: _____
Joseph C. Perry
Treasurer of State

Dated: May __, 2026

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STATE OF MAINE INFORMATION STATEMENT

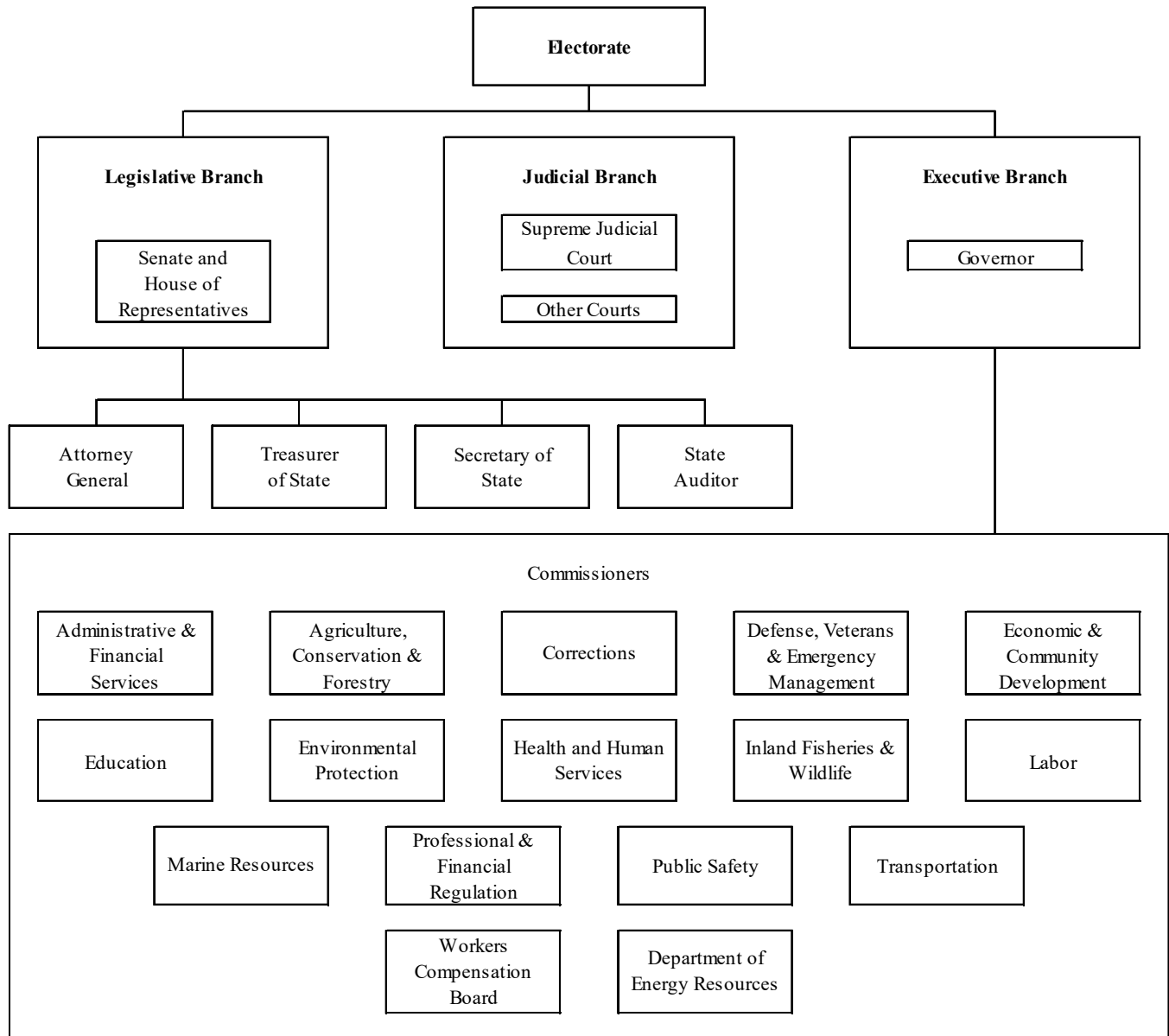
APPENDIX A

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GOVERNMENTAL ORGANIZATION

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



Executive Branch

The Offices of Governor, Secretary of State, Treasurer of State and Attorney General are created by the Maine Constitution. The Governor is elected quadrennially at a general election and is limited to two consecutive four-year terms of office. The first term of the present Governor, Janet T. Mills, began in January 2019, and the second term in January 2023. The Secretary of State, Treasurer of State and Attorney General are each elected biennially by a joint ballot of the state Senators and Representatives in convention. A person may not serve more than four consecutive terms as either Secretary of State, Treasurer of State or Attorney General.

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

Governor's Cabinet. The Governor's cabinet, which assists the Governor in administration and policymaking, includes the commissioners who head the 15 executive departments and the Workers' Compensation Board and who serve at the pleasure of the Governor.

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

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

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

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

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

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

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

Beyond the general purposes discussed above, the Attorney General has a wide range of duties. Those duties include day to day advice to administrative agencies, review and approval as to form and legality of all rules subject to the Maine Administrative Procedure Act, and review of proposed legislation and certain contracts for legal concerns.

Office of the State Auditor

The Office of the State Auditor is headed by the State Auditor, who is elected by the Legislature by a joint ballot of the Senators and Representatives in convention to hold office for a term of four years. A person may not serve more than two consecutive terms as State Auditor. The Office of the State Auditor is authorized to audit all accounts and other financial records of State government, including the Judiciary and the Executive Department of the Governor, except the Governor's expense account, and to report

annually on this audit, and at such other times as the Legislature may require; to review and study departmental budgets and capital programs for better and efficient management of State government; to serve as a staff agency to the Legislature or to the Governor in making investigations of any phase of the State's finances; and to perform audits of all accounts and financial records of any organization, institution or other entity receiving or requesting an appropriation or grant from the State; to issue reports on such audits and investigations; and to conduct financial and compliance audits of financial transactions and accounts kept by or for State agencies subject to federal single audit requirements.

The Legislature

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

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

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

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

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

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

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

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

The Judiciary

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

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

The Superior Court is Maine's trial court of general jurisdiction. The Superior Court offers jury trials in civil matters. The Superior Court consists of a Chief Justice and 17 justices, who are appointed by the Governor with the consent of the Legislature for a seven-year term. The Superior Court holds sessions in each of the 16 counties.

The District Court is a trial court of limited jurisdiction governed by statute. There are no civil jury trials in District Court. The District Court consists of a Chief Judge, a Deputy Chief Judge and 42 judges, each of whom is appointed by the Governor with the consent of the Legislature for a seven-year term. The District Court holds sessions in 30 different facilities across the state.

Maine’s Unified Criminal Docket (UCD) is a single docket presided over by both Superior Court Justices and District Court Judges.

Independent Authorities and Agencies

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

County and Municipal Government

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

The State is further divided into 23 cities, 430 towns, 29 plantations, and 4 Indian nations or territories, which exercise the functions of municipal government, including the provision of elementary and secondary education. There are also a number of unorganized townships and coastal and inland islands and three Indian Reservations. Cities are governed by several variations of the mayor and council form of government. In most towns, executive power has been placed in a board of three, five, or seven selectmen, elected to terms of from one to three years and legislative power has been retained by the voters themselves, who assemble in periodic open town meetings. There are various regional districts for school, water supply, solid waste, wastewater disposal and other purposes.

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

CLIMATE CHANGE AND RESILIENCY PLANNING

Maine’s vast coastline, lakes, ponds, rivers and streams are susceptible to the effects of rising sea levels, coastal flooding and increasingly extreme weather conditions (such as floods and high winds), all of which have adversely affected and will continue to affect the property of municipalities and their local businesses and residents. Other, longer term impacts of climate change may include changes in flooding patterns, groundwater levels and temperature change, which may affect both public and private property,

people and businesses. Weather sensitive businesses and industries, such as fishing, agriculture, forestry and tourism, in particular, may be adversely affected.

The trends, from increased river flooding to sea level rise, are predicted to accelerate in the coming years in the State. These anticipated changes require additional modeling analysis and planning for both municipalities and for the State’s critical infrastructure in order to fully understand the costs of priority adaptation projects and other resilience efforts that will protect the people, economy and infrastructure of the State. Extreme climate change events present an element of risk to municipalities and their local economies that may impact the ability of municipalities to meet their obligations.

The diverse impacts of climate change will likely require significant expenditures by all levels of government to adapt to and mitigate their effects. The impacts of climate change are already being felt across Maine with three significant storm events impacting both the inland and coastal portions of the State in December 2023 and January 2024, triggering two Presidential Disaster Declarations. The State is actively engaged in recovery from those storms and supporting efforts to rebuild State and local infrastructure back with greater resilience to future flooding impacts. Climate hazard risk mitigation planning and adaptation work for greater climate resiliency are high priorities of the State.

The State’s Infrastructure Rebuilding and Resilience Commission (“IRRC”) was established in May 2024 and charged with reviewing and evaluating Maine’s response to the recent storms, identifying crucial areas for near-term investment and policy needs, and developing the state’s first long-term infrastructure plan to ensure that Maine is ready for the harsh storms ahead. In May 2025, the IRRC released its [final report, A Plan for Infrastructure Resilience](#). The IRRC’s Plan is organized around three pillars:

- Strengthening infrastructure and reducing disaster risk
- Improving disaster preparedness, response, and rebuilding
- Sustaining Maine's resilience momentum through strategic investments

Each pillar includes detailed strategies and, altogether, 50 implementation actions. Initial actions stemming from the IRRC’s interim recommendations are already under way, including the passage of landmark legislation that established the State Resilience Office within the Maine Office of Community Affairs and funded programs to strengthen homes, improve flood readiness, and support emergency response and communication systems. The new State Resilience Office will track and report progress on the Plan. The legislation establishing the State Resilience Office passed with bipartisan support and is funded entirely through federal and other special revenue funds.

In 2019, the Administration established the Maine Climate Council which, in December 2020, released a four-year climate action plan that sets strategies to meet the State’s legally required greenhouse gas emission reduction targets and to ensure that Maine’s infrastructure and economy are resilient to the current and future impacts of climate change. A required update to Maine’s climate action plan was delivered in November 2024 and resilience to climate impacts was a major theme across all the plan’s areas of focus, from energy systems to transportation infrastructure to community and economic infrastructure. New strategies and policy recommendations focus on how to best adapt and respond to climate impacts urgently, including support for homeowners, communities, and businesses.

In addition to planning for extreme weather and climate hazards, the State is implementing a variety of climate focused recommendations as part of its general economic recovery initiatives, including

investments in critical infrastructure and supports for businesses and families, utilizing State funds and federal funds from the Bipartisan Infrastructure Law (the “BIL”) and the Inflation Reduction Act (the “IRA”). The State has used these funds to make significant investments in resilient infrastructure and climate mitigation actions, including State assets, transportation systems, municipal wastewater and drinking projects, broadband, energy efficiency, and other State and local adaptation needs. While the current federal administration is ramping down many of these programs, Maine has successfully taken advantage of significant funding opportunities and ranks among the top five states for federal infrastructure funds awarded, per capita.

In March 2026, the State completed a climate change vulnerability assessment of state-owned and leased assets. The assessment evaluated more than 3,000 assets for exposure and sensitivity to climate hazards, criticality to operations, and overall risk. Recommendations for mitigating risks to individual facilities, strengthening operations, and adopting whole-of-government strategies for resilience are being considered by leadership in each state agency as well as in the State’s central facilities management office.

In 2021, the State launched the Community Resilience Partnership (the “CRP”), a program to support the State’s municipal and tribal governments with technical assistance for resiliency planning and emissions reductions, with grants available to support implementation. Since the CRP’s inception, nearly 300 towns, tribes, and unorganized territories have engaged with the program, with numerous communities undertaking vulnerability studies and infrastructure planning projects, as well as emissions reduction projects. The Governor and Legislature invested \$3 million of annual funding to support technical assistance and grants for Maine’s communities through this program. The fiscal year 2024-2025 supplemental budget allocated another \$5 million in one-time funds to support vulnerability planning for another 100 Maine communities. The CRP is readying to award nearly 100 grants to communities across Maine, with many local projects focused on emergency management, vulnerability planning, and energy resilience.

In 2021 the State established the Maine Infrastructure Adaptation Fund (the “MIAF”), administered by the Maine Department of Transportation (the “DOT”) to support priority infrastructure projects, with a major focus on culvert investments that reduce flooding impacts. To support recovery from recent storm impacts and increased future resilience, the Governor allocated \$50 million dollars to MIAF in 2024 for resilient repairs to public infrastructure and working waterfront infrastructure. An additional \$10 million was allocated to the Maine Department of Economic and Community Development for storm recovery aid to businesses. These funds have been awarded to projects across Maine, and many of those projects are now underway or completed, including upsized culverts, water system upgrades to manage increased rain events, and working waterfront resilience projects.

With major funding from the National Oceanic and Atmospheric Administration’s (“NOAA”) Climate Regional Resilience Challenge, the State will make an additional \$30 million available to communities over four years for the planning and implementation of resilience projects through the CRP and the MIAF. This funding, available for five years, will also enable regulatory updates, capacity and technical assistance, and data analysis tools to further increase Maine’s ability to anticipate, prepare for, and adapt to climate impacts.

Although the State is working with its municipalities on climate resilience in order to implement measures to reduce the impact of climate change, protect its assets, and mitigate fiscal impacts, there can be no assurance that any such measures will successfully avoid or fully minimize all adverse impacts of climate change on local communities, infrastructure, and economies. Uncertainty at the federal level with regard to storm recovery programs and hazard mitigation through the Federal Emergency Management Agency also presents potential challenges to the State’s proactive approach.

CYBERSECURITY

The State continually faces threats to its information technology infrastructure and digital assets from unknown actors. These threats encompass denial-of-service attacks, phishing and spear phishing, ransomware, malware, and attempts to infiltrate the infrastructure of entities associated with the State. The ongoing development and use of artificial intelligence, including generative AI software and applications, further complicates and enhances the sophistication of these threats. This makes it imperative for the State to continuously adapt and strengthen its cybersecurity measures.

To protect the confidentiality, integrity, and availability of the State's information assets, Maine's Office of Information Technology ("MaineIT") leverages the National Institute of Standards and Technology Special Publication (SP) 800-53 revision 5 framework for its information security program. Although adherence to best practices provides strong guardrails to protect the State, no assurances can be given that the State's efforts to mitigate cyber threats will be successful against every cyber threat, or that cyber-attacks will never materially impact the State. However, MaineIT places a strong emphasis on enhancing its response capabilities to swiftly address and mitigate the impact of any incidents, thereby minimizing potential damage and ensuring a rapid recovery.

As the State moves forward in its efforts to safeguard its network enterprise against a myriad of cyber threat risks, the State continues to leverage both federal and State resources to modernize its information technology infrastructure against such attacks. MaineIT, in conjunction with the Office of State Controller, has secured a cyber insurance policy. The State has prioritized strategic investments that have accelerated its efforts to detect, defend against, and respond to a broad array of cyber risks that threaten the security of the State's most sensitive information and assets. Additionally, the State is participating in a Request for Proposal using the National Association of State Procurement Officials ValuePoint to procure Cybersecurity and Information Security Services, which includes added legal and forensic capabilities.

Building on the success of the Coronavirus Aid, Relief, and Economic Security ("CARES") Act, MaineIT continues to benefit from the American Rescue Plan Act ("ARPA"). Investments have accelerated efforts to detect, defend against, and respond to cyber threats. These investments include approximately \$8 million for maintaining the State's Cybersecurity Program and approximately \$6 million for Business Continuity Planning for information technology. These funds are part of targeted upgrades to ensure safe State information technology operations and continuity throughout an emergency or disruption, an essential component of a resilient information technology infrastructure.

The supplemental budget also provided the State with the match necessary to access unprecedented federal cybersecurity funds through the State and Local Cybersecurity Grant Program ("SLCGP") of the Federal Infrastructure Investment and Jobs Act ("IIJA"). The \$975,000 match was provided for the first two years of the four-year allocation of \$13 million of dedicated federal IIJA cybersecurity funds. The State established the SLCGP Planning Committee and through their efforts, the State's Cybersecurity Plan was approved by FEMA and the Cybersecurity and Infrastructure Security Agency ("CISA"). The Cybersecurity Plan was a critical achievement that will serve as Maine's strategic roadmap, documenting roles and responsibilities, current cybersecurity posture and goals and objectives to guide SLCGP implementation in subsequent years. In Year 1 (fiscal year 2022), the State successfully deployed multi-factor authentication services at no cost to eligible counties, municipalities, and K-12 school districts that opted into the first year of this multi-year grant program. This deployment marked a significant achievement in strengthening the cybersecurity posture of counties, municipalities, and K-12 school districts across Maine. Building on the successes of Year 1, the State will continue to support cybersecurity initiatives that provide local government entities with essential cybersecurity services.

Strengthening the cybersecurity posture of counties, municipalities, and K-12 school districts across Maine is crucial for the overall security of the State. By deploying multi-factor authentication services and other cybersecurity initiatives, the State addressed the concept of the weakest link, improving the resilience of all entities. This comprehensive approach enhances the resilience of the entire network, as vulnerabilities in one area can compromise the security of the whole system. The Internet of Things means that even if we live on separate networks, a risk to one is a risk to all. By providing essential cybersecurity services to local government entities, MaineIT ensures a robust and secure information technology infrastructure, capable of withstanding and responding to cyber threats effectively.

The State understands that cybersecurity requires a sustained effort to keep pace with a rapidly changing and increasingly complex cyber threat environment. MaineIT's Information Security Strategic Plan provides the vision for modernizing the State's information security program with the support of predictable, ongoing State investment. Under this Plan, over the next few years the State will continue to focus on strengthening its cyber resiliency, modernizing IT infrastructure security, embracing innovation and gaining government efficiencies. These lines of effort will build upon earlier ARPA project successes, targeting improvements to risk management and business continuity planning to ensure the State's ability to deliver essential public services to its citizens. To date, significant progress has been made in strengthening foundational risk management practices for the enterprise, including the ability to identify, assess, and manage evolving risks, in addition to developing a more robust business continuity and disaster recovery program. Innovative technology solutions, including a dedicated Cloud Center of Excellence, are central to the effort to deliver and integrate cloud technology solutions that provide greater scalability, predictability, reusability and heighten security. These efforts provide the State with a nimble framework that will ensure the protection and resilience of the State's IT infrastructure in an increasingly complex and changing risk environment.

The State continues to face an increasingly complex and rapidly evolving cyber threat environment targeting information technology critical infrastructure and digital assets. Threat actors employ advanced techniques including denial-of-service attacks, phishing and spear phishing, ransomware, malware, and persistent intrusion attempts. The emergence of artificial intelligence-enabled threats has accelerated the scale, speed, and precision of these attacks, lowering the barrier to entry for adversaries while increasing operational impact. At the same time, the approaching event horizon of quantum computing introduces long-term risk to current cryptographic standards, requiring forward-looking preparation. Broader geopolitical instability, including foreign conflicts and the potential for federal government shutdowns, further complicates cybersecurity operations by introducing uncertainty in funding, coordination, and national-level support structures.

To address this evolving risk landscape, MaineIT is undertaking a comprehensive overhaul of cybersecurity policy and governance across the enterprise. This effort builds upon alignment with the National Institute of Standards and Technology Special Publication (SP) 800-53 Revision 5 framework while expanding to include a formal Supply Chain Risk Management (SCRM) policy, supporting procedures, and an operational plan. This modernization ensures that third-party dependencies, vendor risks, and technology supply chains are governed with the same rigor as internal systems, strengthening enterprise-wide security and resilience.

The State is approaching the conclusion of American Rescue Plan Act (ARPA) funding, which is advancing capabilities in risk management, vulnerability management, Secure Software Development Lifecycle (SSDLC), and Business Continuity and Disaster Recovery (BCDR). These foundational investments have strengthened enterprise resilience and operational maturity. Concurrently, the State and Local Cybersecurity Grant Program (SLCGP), despite intermittent federal funding instability, has delivered measurable improvements across the broader ecosystem. Key achievements include the

deployment of multi-factor authentication and expanded cybersecurity awareness training to local governments and educational institutions, materially improving security posture across interconnected entities and reducing systemic risk.

A primary objective for 2026 is the completion of a five-year MaineIT Information Security Strategic Plan. This strategy centers on identity as the core security challenge, recognizing that credential compromise remains the most significant attack vector. The plan also incorporates preparation for the long-term implications of quantum computing. Ongoing efforts to improve network segmentation aim to reduce the blast radius of potential incidents, limiting lateral movement and operational disruption. In parallel, significant investments are being made to uplift the cybersecurity workforce through training, capability development, and organizational maturity, ensuring the State can sustain and advance its security posture.

Cybersecurity remains a dynamic and persistent challenge requiring continuous adaptation, sustained investment, and coordinated effort across all levels of government. By modernizing policy frameworks, strengthening procurement and incident response capabilities, leveraging strategic funding, and focusing on identity, resilience, and workforce development, the State is positioning itself to effectively manage current threats while preparing for future disruption. These efforts collectively enhance the security and reliability of enterprise services delivered to residents and protect the integrity of the State's digital ecosystem.

FISCAL MANAGEMENT

Department of Administrative and Financial Services

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

Constitutional Debt Limit

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

majority of the voters at various elections. Temporary loans to be paid out of moneys raised by taxation during any fiscal year shall not exceed in the aggregate during the fiscal year in question an amount greater than 10% of all the moneys appropriated, authorized and allocated by the Legislature from undedicated revenues to the General Fund and dedicated revenues to the Highway Fund for that fiscal year, exclusive of proceeds or expenditures from the sale of bonds, or greater than 1% of the total valuation of the State, whichever is the lesser.

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

Overview of the Budget Process

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

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

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

Pursuant to Public Laws 2005, chapter 2 (“2005 Chapter 2”), the total General Fund appropriation for each of the two fiscal years in the biennial budget may not exceed the General Fund appropriation limit established by law, except as otherwise provided by law. See “Fiscal Management – General Fund Appropriation Limit.” 2005 Chapter 2 became effective for fiscal biennia of the State beginning July 1, 2005, was amended pursuant to Public Laws 2005, chapters 621, 636, 683, Public Laws 2015, chapter 267 (“2015 Chapter 267”), Public Laws 2023, chapter 412 (“2023 Chapter 412”), and Public Laws 2023, chapter 643 (“2023 Chapter 643”) and is further subject to modification or repeal at any time by the Legislature.

On or before September 1 of even-numbered years, all departments and other agencies of the State government and corporations and associations receiving or desiring to receive State funds must prepare and submit to the State Budget Officer estimates of their expenditure and appropriation requirements for each fiscal year of the ensuing two-year fiscal period contrasted with the corresponding figures of the last completed fiscal year and the estimated figures for the fiscal year in progress. The growth in the State’s General Fund appropriations pursuant to 2005 Chapter 2, as amended by Public Laws 2005, chapters 621, 636, 638, 2015 Chapter 267, 2023 Chapter 412, and 2023 Chapter 643 is limited by law to the average personal income growth for the prior ten calendar years, ending with the most recent calendar year for which data is available, in the State as estimated by the Department of Commerce, Bureau of Economic Analysis. State General Purpose Aid for Local Schools (“GPA”) program for kindergarten to grade 12 education is excluded from the General Fund appropriation limit until such time as the State’s share of education funding reaches 55% of total state and local education funding. See “Fiscal Management – General Fund Appropriation Limit” and “State Budgets” below.

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

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

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

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

Revenue Forecasting

Statutory Responsibilities. The Consensus Economic Forecasting Commission (the “Commission” or “CEFC”) is responsible for providing the Governor, the Legislature and the Revenue Forecasting Committee (the “RFC”) with analyses, findings and recommendations representing State economic assumptions relevant to revenue forecasting. The CEFC consists of five members appointed as follows: two members are appointed by the Governor; one member recommended by the Speaker of the House for appointment by the Governor; one member recommended by the President of the Senate for appointment by the Governor; and one member appointed by the other members of the Commission. Each CEFC member must have professional credentials and demonstrated expertise in economic forecasting. A member may not be a Legislator or an employee of the Executive, Legislative or Judicial branches. The CEFC meets at least three times a year.

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

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

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

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

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

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

The CEFC designated in their February 2024 report two alternative scenarios provided by Moody’s Analytics in January 2024 as the hypothetical recession scenarios for the stress-test due October 1, 2024. The CEFC selected the scenarios based on the numbers and growth rates that seemed reasonable as generic “moderate” and “severe” recessions, with the “moderate” scenario intended to reflect pressures from higher rates of inflation. Both scenarios were adjusted to reflect the CEFC’s February 2024 baseline forecast and showed hypothetical downturns beginning in the first quarter of calendar year 2025. The next stress-test is due October 1, 2026; the CEFC designated two alternative scenarios in their February 2026 report as the hypothetical recession scenarios for the upcoming stress-test.

The 2020 Stress-Test Report was issued as the national and State economies struggled to respond to the COVID-19 recession and the 2022 report was issued after historic fiscal and monetary stimulus implemented by Congress and the Federal Reserve in the months immediately after the start of the pandemic led to unprecedented revenue growth in fiscal year 2021 and fiscal year 2022. The 2024 Stress-Test Report was issued as the Federal Reserve began to reduce interest rates as inflation moved towards its 2% target, geo-political conflicts in Europe and Middle East continued, and State revenues returned to a more moderate rate of growth. As a result, the 2024 report was timely in providing policymakers with the estimated impact of a moderate and severe recession on sales and individual income tax revenues, and the sufficiency and needs of the Maine Budget Stabilization Fund in each of the recession scenarios.

The CEFC and the RFC estimated that a hypothetical moderate recession beginning in the first quarter of calendar year 2025 would reduce General Fund revenues relative to the March baseline revenue forecast by 1.7 percent in fiscal year 2025 and 6.1 percent in fiscal year 2026. The revenue decline would continue at 5.3 percent in fiscal year 2027 before narrowing to 3.5 percent in fiscal year 2028. The moderate recession scenario assumes a relatively slow recovery, resulting in General Fund revenues still below the baseline revenue forecast by 2.9 percent in fiscal year 2029. The current Budget Stabilization Fund level of \$908.3 million and other available resources would be enough to maintain current fiscal

year 2025 appropriations of \$5.3 billion and provide sufficient resources to maintain the spending limitation through the fiscal years 2026-2027 biennium. The current Budget Stabilization Fund, which is equal to 17.0% of fiscal year 2024 General Fund revenue, would fall short of the current revenue forecast for the fiscal years 2028-2029 biennium by approximately \$268.0 million. If the Budget Stabilization Fund was at its maximum level of 18% of the previous year's General Fund revenue (\$963.5 million) there would be sufficient funds to fully offset the revenue shortfall through the fiscal year 2026-2027 biennium but continue to fall short of the fiscal year 2028 and fiscal year 2029 baseline revenue forecasts by \$39.0 million and \$174.0 million, respectively. While the Budget Stabilization Fund maximum of 18% of prior year revenue falls short of covering all the revenue shortfall over the five-year forecasting period, the revenue shortfalls estimated in the fiscal years 2028-2029 biennium are relatively small and provide the Governor and Legislature two and a half years from the start of the recession, if any, to make any needed adjustments to General Fund expenditures and revenues to meet policy objectives.

The two forecasting committees estimated that the hypothetical severe recession beginning in the first quarter of calendar year 2025 would reduce General Fund revenues relative to the March baseline revenue forecast by 2.7 percent in fiscal year 2025, 11.6 percent in fiscal year 2026, peaking at 14.8 percent in fiscal year 2027, and then declining to 12.4 and 10.0 percent in fiscal year 2028 and fiscal year 2029, respectively. The current Budget Stabilization Fund level of \$908.3 million and other available resources would be exhausted by early in fiscal year 2027 but provide approximately 15 to 18 months for the Governor and Legislature to address the revenue shortfalls caused by the severe recession. The committees estimated the Budget Stabilization Fund would require a prohibitive level of funding to fully offset the reduction in revenue during the budget window studied. A Budget Stabilization Fund equal to the current maximum of 18% of fiscal year 2024 General Fund revenue would allow for additional funding in fiscal year 2027 but would still fall far short of the March 1, 2024, baseline revenue forecast for fiscal year 2027.

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

Calendar Year 2024 and 2025 Reports. Prior to the onset of the COVID-19 crisis, the most recent forecasts of the CEFC and RFC were issued as of February 1, 2020, and March 1, 2020, respectively. In light of the COVID-19 crisis, off-cycle forecasts were issued by the CEFC and RFC on July 1, 2020, and August 1, 2020. The CEFC and RFC have issued revised forecasts since then according to the statutory schedule, with the most recent CEFC forecast issued February 1, 2026, and the most recent RFC forecast issued March 1, 2026. The most recent forecasts of the CEFC and RFC may be found on the web pages for the CEFC and the RFC on the State's website and <https://legislature.maine.gov/ofpr/revenue-forecasting-committee/9609>.

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

Calendar Years	2024	2025	2026	2027	2028	2029	2030	2031
Wage & Salary Employment (Annual Percentage Change)								
CEFC Forecast 11/2025	1.0	0.2	0.1	0.0	0.0	0.0	-	-
CEFC Forecast 02/2026	1.0	-0.3	0.0	0.0	0.0	0.0	0.0	0.0
Personal Income (Annual Percentage Change)								
CEFC Forecast 11/2025	5.7	5.6	4.1	4.4	4.3	4.3	-	-
CEFC Forecast 02/2026	5.7	5.5	4.1	4.2	4.1	4.0	4.0	3.9
Wage and Salary Income (Annual Percentage Change)								
CEFC Forecast 11/2025	6.0	4.8	4.0	4.0	4.0	4.0	-	-
CEFC Forecast 02/2026	6.0	4.8	4.0	3.5	3.5	3.3	3.3	3.1
CPI (Annual Percentage Change)								
CEFC Forecast 11/2025	3.0	2.8	2.8	2.2	2.1	2.1	-	-
CEFC Forecast 02/2026	3.0	2.6	2.8	2.8	2.3	2.3	2.3	2.3

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

The following table highlights the changes to the General Fund revenue forecast accepted by the RFC on March 1, 2026.

General Fund Summary

	FY25	FY26	FY27	FY28	FY29
Current Forecast	\$5,722,405,843	\$5,776,493,347	\$5,855,676,968	\$6,040,425,164	\$6,213,164,798
Annual % Growth	6.9%	0.9%	1.4%	3.2%	2.9%
Net Increase (Decrease)	\$0	(\$27,229,938)	\$36,033,555	(\$19,245,673)	(\$65,496,459)
Revised Forecast	\$5,722,405,843	\$5,749,263,409	\$5,891,710,523	\$6,021,179,491	\$6,147,668,339
Annual % Growth	6.9%	0.5%	2.5%	2.2%	2.1%

The CEFC most recently updated its forecast as of February 1, 2026. The CEFC’s forecast for wage and salary employment was revised downward from 0.2% to -0.3% in 2025 and from 0.1% to 0.0% in 2026. The forecast for 2027 through 2029 was left unchanged at 0.0% growth and an initial forecast of 0.0% growth for 2030 and 2031 was established. This assessment reflects information provided by the Maine Department of Labor about 2025 employment as well as broad economic uncertainty in the near term and demographic constraints going forward. The February 2026 forecast anticipates that employment will drop to 655,900 in 2025 and remain at that level through 2031. The CEFC revised its forecast for total personal income growth downward from 4.4% to 4.2% in 2027, from 4.3% to 4.1% in 2028, and from 4.3% to 4.0% in 2029. The CEFC established initial forecasts of 4.0% and 3.9% for 2030 and 2031, respectively. The forecast for 2026 was left unchanged. Due to small changes in minor components not directly forecast by the CEFC, the total personal income growth forecast for 2025 was revised down from 5.6% to 5.5%. The downward revisions in 2027 through 2029 were largely based on downward revisions to wage and salary income in 2027 through 2029. The CEFC revised up its forecast for the Consumer Price Index for 2027 through 2029, reflecting the assumption that inflation will remain elevated in 2026 and 2027 due to tariffs and the possibility of a global trade war, before starting to increase at a slower rate in 2028.

Individual Income Tax Revenue estimates are revised upward by \$14.0 million for FY26, \$43.0 million for FY27 and \$3.0 million for FY28, but downward by -\$52.0 million for FY29. The primary source of the upward reprojected in the short term are revisions to capital gains realizations due to updated tax information for tax year 2025 and technical changes to the forecast. These positive adjustments from capital gains are offset in the next biennium because the new economic forecast lowers the growth rates of wage and dividend income and increases the rate of inflation, which reduces the annual tax liability forecast, especially in tax years 2028 and 2029.

Corporate Income Tax Revenue estimates are revised downward by -\$20.0 million for FY26, -\$2.0 million for FY27 and -\$14.0 million for FY28. Since the start of FY26, corporate estimated payments have decreased by 30 percent compared to FY25 and corporate refunds have increased by 31 percent. Corporations continue to adjust their payments to the state, reflecting the overpayments they have made over previous years and are possibly mimicking the adjustments they are making at the federal level because of the retroactive tax cuts passed last July. The March forecast assumes net payments by corporations during the final quarter of the current fiscal year will be higher because of the state's current nonconformity with those retroactive federal tax cuts but will not fully recover the \$27.3 million negative variance through January. Given the CEFC's forecast for pre-tax corporate profits the forecast over the remaining three years of the revenue forecast is relatively small.

Sales and Use Tax Revenue estimates are revised downward by -\$21.8 million for FY26, -\$17.0 million for FY27, -\$15.5 million for FY28 and -\$16.9 million for FY29. The SPT is repealed effective January 1, 2026, and services currently taxed at 6% under the SPT are now taxed under sales tax at 5.5%. Approximately \$0.5 million of the FY26 adjustment is from the SPT base taxed at 6% and post-January 1, 2026, adjustments to the forecast associated with the SPT base are incorporated in the Sales and Use Tax forecast. In the new CEFC forecast, the combination of personal income growth and the saving rate results in higher household spending every year. However, the new forecast of personal consumption expenditures (PCE) shifts spending from taxable durable and nondurable goods to nontaxable services, reducing sales tax revenue in each year of the forecast period. The biggest source of these revisions are auto sales, which dropped sharply during the last quarter of calendar year 2025 and are forecast to remain low.

General Fund Appropriation Limit

Pursuant to 2005 Chapter 2, as amended by Public Laws 2005, chapters 621, 636, 683, 2015 Chapter 267, 2023 chapter 412 and 643, the rate of growth of General Fund appropriations in a fiscal year is limited to the average personal income growth (the "Growth Limit Factor").

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

As of December 1 of each even-numbered year, a General Fund appropriation limit is established for the ensuing two fiscal years. For the first fiscal year, the General Fund appropriation limit is equal to the "biennial base year appropriation" multiplied by one plus the Growth Limit Factor. For the second fiscal year, the General Fund appropriation limit is the General Fund appropriation limit of the first year multiplied by one plus the Growth Limit Factor. As amended in 2015 Chapter 267, "biennial base year appropriation" means the General Fund appropriation enacted for fiscal year 2016-17 as of December 1, 2016 and for subsequent fiscal years, the amount of the General Fund appropriation limit for the current fiscal year as of December 1 of even-numbered years. Further amended by 2023 Chapter 412, the "biennial base year appropriation" for fiscal year 2024 was set at 98% of the General Fund revenue forecasted for

fiscal year 2024 as of December 1, 2022; this was further amended at 98% of the General Fund revenue forecasted for fiscal year 2024 as of December 1, 2023.

The General Fund appropriation limit applies to all General Fund appropriations, except certain education costs. 2005 Chapter 2 provides that the additional cost for certain essential educational programs and services (“Essential Programs and Services”) for kindergarten to grade 12 education (“K-12 Education”) that exceeds the fiscal year 2004-05 appropriation for GPA is excluded from the General Fund appropriation limit until the State share of that cost reaches 55% of the total State and local cost (the “EPS Costs”).

The table below shows the Growth Limit Factor and Appropriation Limit from fiscal year 2018 to 2027.

<u>Fiscal Year</u>	<u>Growth Limit Factor</u>	<u>Appropriation Limit (approximate)</u>
2018	2.84%	\$3.8 billion
2019	2.84%	\$4.0 billion
2020	2.77%	\$4.1 billion
2021	2.77%	\$4.2 billion
2022	3.30%	\$4.5 billion
2023	3.30%	\$4.6 billion
2024	4.31%	\$5.1 billion
2025	4.31%	\$5.4 billion
2026	5.51%	\$5.7 billion
2027	5.51%	\$6.0 billion

Current law provides that the State will pay 55% of the total State and local cost of K-12 Education beginning in fiscal year 2022, not including teacher retirement and retired teachers’ health and life insurance, and that the General Fund appropriation limit will include the State share of the cost of K-12 Education beginning with fiscal year 2022. Public Laws 2021, chapter 398 (“2021 Chapter 398”) authorized the funding to achieve this goal for the first time in the State’s history. See “Certain Expenditures and Obligations – Education Funding” herein. 2023 Chapter 412 rebased the appropriation limit to address the achievement of the State’s funding of 55% of the total cost of K-12 Education, increases in General Fund revenues, and the addition of new state programs, such as Medicaid expansion, that were not part of the previous base. These changes set the appropriation limit to \$5.076 billion in fiscal year 2024 and \$5.295 billion in fiscal year 2025.

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

The appropriation limit in fiscal year 2026 is \$5.7 billion and the limit in fiscal year 2027 is \$6.0 billion. Because of increased needs in the state’s Medicaid program, MaineCare, as a result of increased per member utilization, increase in older population/more costly services, cost of hospital services, expanded use of high-cost drugs, increased hospital admissions, and increased home and community-based services, Public Laws 2025, chapter 2 (“2025 Chapter 2”), Part V authorized that the limit could be exceeded in fiscal year 2026. As part of the 2026-2027 supplemental budget, Public Laws 2025, chapter 650 (“2025 Chapter 650”), as a result of adding funds in fiscal year 2027 to meet state obligations, such as maintaining the State’s share of education funding at 55% of total state and local education funding and to compensate for the reduction in the federal Medicaid match rate, language Part P authorizes that the limit also be exceeded in fiscal year 2027.

Budget Stabilization Fund, Other Reserves

“Baseline General Fund revenue” and other available budgeted General Fund resources that exceed the General Fund appropriation limit plus the EPS Costs must be transferred to the Budget Stabilization Fund. Prior to July 1, 2021, if the Budget Stabilization Fund was at its limit of 18% of General Fund revenue of the immediately preceding fiscal year, then amounts that would otherwise have been transferred to the Budget Stabilization Fund were required to be transferred to the Property Tax Relief Fund for Maine Residents. 2021 Chapter 398 amended the statute and beginning with fiscal year 2022 amounts that would previously have gone to the Property Tax Relief Fund have gone to a Highway and Bridge Capital program, Other Special Revenue Funds account. “Baseline General Fund revenue” means the recommended General Fund revenue forecast reported by the RFC in its December 1 report in even-numbered years. In fiscal year 2023, the Legislature suspended the transfer to the Budget Stabilization Fund in order to fund the Public Laws of Maine 2023, chapter 1, An Act to Establish the Winter Energy Relief Payment Program to Aid Residents with High Heating Costs and to Finalize the COVID Pandemic Relief Payment Program which provided eligible Maine residents with a \$450 relief payment to help with high energy costs. 2023 Chapter 412 further amended the statute, removing the adjustments associated with K-12 Education, resetting the base year appropriation, suspending transfers of “Baseline General Fund revenue” in excess of the appropriation limit for 2024 and 2025, and clarifying where distributions go when the Budget Stabilization Fund is at the statutory maximum.

State law sets out how excess General Fund at year end is to be distributed among priority reserves with a portion of the remainder after those priority transfers going to the Budget Stabilization Fund. The State’s two primary reserves are the Budget Stabilization Fund and the Reserve for General Fund Operating Capital. The Reserve for General Fund Operating Capital is one of the priority transfers and receives \$2.5 million. The Budget Stabilization Fund currently receives 80% of what is remaining after priority transfers. At the close of fiscal year 2025, the Budget Stabilization Fund was at its statutory maximum of 18% of the prior year revenues. Based on the statute in effect as of June 30, 2025, the \$11.1 million that would otherwise have been transferred to the Budget Stabilization Fund was transferred to the Highway and Bridge Capital Program. Interest accrues to the Budget Stabilization Fund and when the fund is at its statutory maximum, interest earnings are distributed monthly to the Irrevocable Trust Funds for Other Post-employment Benefits for the State Employee Plan.

The table below shows the balances in each reserve at fiscal year end from fiscal year 2015 to fiscal year 2025.

<u>Fiscal Year</u>	<u>Budget Stabilization Fund</u>	<u>Reserve for Operating Capital</u>
2015	\$111.1 million	\$7.4 million
2016	\$112.4 million	\$9.9 million
2017	\$196.2 million	\$12.4 million
2018	\$272.9 million*	\$14.9 million
2019	\$297.2 million*	\$11.4 million
2020	\$258.7 million	\$13.9 million
2021	\$491.9 million	\$5.4 million
2022	\$896.0 million	\$11.1 million
2023	\$968.3 million	\$2.5 million
2024	\$968.3 million	\$5.0 million
2025	\$1,030.0 million	\$7.5 million

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

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

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

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

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

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

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

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

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

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

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

response fund, up to \$8,500,000, from any funding source, must also be returned to the Reserve for General Fund Operating Capital.

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

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

2023 Chapter 412 included several transfers of surplus revenues: \$70 million to support Maine's affordable housing needs, \$12 million for emergency housing relief, \$15 million for low-income home energy assistance, \$15 million for water quality and drinking water projects through the Departments of Environmental Protection and DHHS, \$15 million to continue the free community college program for two additional years of graduates, \$15 million to support child development services, \$20 million for the School Revolving Renovation Fund, \$31 million to address stability and sustainability in emergency medical services, and \$25 million to initiate funding for the State's Paid Family and Medical Leave program, in addition to others. After accounting for the transfers in 2023 Chapter 412, the year-end cascade transferred \$52.4 million to the Budget Stabilization Fund bringing the balances up to the statutory maximum of \$968.3 million or 18% of fiscal year 2023 General Fund revenue. Consequently, \$3.9 million that would otherwise have been transferred to the Budget Stabilization Fund was transferred to the Highway and Bridge Capital Program resulting in a total transfer of \$18 million to that program.

2023 Chapter 643 included two transfers of surplus revenues totaling \$12.9 million to support the Maine Child Care Affordability Program. At the close of fiscal year 2024, the Budget Stabilization Fund was at the statutory maximum of \$963.5 million or 18% of fiscal year 2024 General Fund revenue. Consequently, \$4.8 million that would otherwise have been transferred to the Budget Stabilization Fund was transferred to the Highway and Bridge Capital Program resulting in a total transfer of \$74.9 million to that program.

Public Laws 2025, chapter 388 ("2025 Chapter 388") included one transfer of surplus revenues totaling \$24 million to the MaineCare Stabilization Fund. Public Laws 2025, chapter 443 ("2025 Chapter 443") included one transfer of surplus revenues totaling \$3 million to the DHHS Maine Center for Disease Control and Prevention Program for statewide family planning services to provide funds to be distributed to a single grantee that will provide management and oversight of the delivery of family planning services. At the close of fiscal year 2025, the Budget Stabilization Fund was at the statutory maximum of \$1,030.0 million or 18% of fiscal year 2025 General Fund revenue. Consequently, \$11.1 million that would

otherwise have been transferred to the Budget Stabilization Fund was transferred to the Highway and Bridge Capital Program resulting in a total transfer of \$33.8 million to that program.

Public Laws 2025, chapter 435 allows that the State Controller may transfer up to \$2.5 million from the balance available in the Reserve for General Fund Operating Capital to address funding needs related to layoff obligations for state employees affected by federal funding disruptions that are not otherwise directly chargeable to those federal funding sources, as determined by the Bureau of Human Resources and the Office of the State Controller. Additionally, 2025 Chapter 388, Part ZZZ, authorized the transfer of \$5.0 million from the Reserve for General Fund Operating Capital to the unappropriated balance of the General Fund.

On February 4, 2026, the Governor proposed a Supplemental Budget for fiscal years 2026-2027 that included one-time language to change the use of the state's record high Budget Stabilization Fund (BSF) in order to fund certain affordability and emergency initiatives totaling \$324.7 million. The Legislature accepted some of the transfers as proposed, rejected others, and added some new transfers. 2025 Chapter 650, the 2026-2027 supplemental, transfers a total of \$292 million. These include two components of the Governor's Affordability Agenda: \$155.2 million for \$300 Affordability Relief payments to approximately 514,000 Maine eligible tax filers and \$52.5 million for housing initiatives that, among other things, will result in approximately 300 new homes all across Maine.

Additional items included as transfers from BSF are: \$5.9 million to the Department of Education for retrofitting approximately 2,300 Maine school buses with crossing arms and anti-pinch door sensors; \$4.9 million to the Department of Health and Human Services for onetime needs for technology and compliance with the One Big Beautiful Bill Act, mostly for changes to the benefits eligibility system; \$22 million to fund part of the fiscal year 2026 MaineCare shortfall; \$13 million to fund the 2026-2027 biennial Highway Fund shortfall; and \$38.4 million to the unappropriated balance of the General Fund.

Additionally, the Legislature funded Public Laws 2025, chapter 747, which allows certain state government nursing positions to move into a special retirement plan. Therefore, the final legislatively approved transfers from the BSF total \$296.3 million.

Under the leadership of Governor Mills and the Legislature, the Fund has increased to its statutory maximum of \$1.03 billion, an increase of more than \$820 million since 2019. After the above transfers, all of which will happen in fiscal year 2027, the Budget Stabilization Fund balance will stand at more than \$733.7 million.

2025 Chapter 650, in fiscal year 2027, also transfers \$2.5 million from the Reserve for General Fund Operating Capital to the unappropriated balance of the General Fund.

Citizen Initiative Petitions

The Secretary of State certified one citizen initiative that appeared on the November 5, 2024 ballot – “An Act to Limit Contributions to Political Action Committees That Make Independent Expenditures.” This initiative limits the amount of contributions that may be made by individuals and entities to political action committees for the purpose of making independent expenditures. In both cases, the aggregate limit is \$5,000 in any calendar year. This question passed.

The Secretary of State certified two citizen initiatives in 2025. These initiatives were transmitted to the Maine Legislature and appeared on the November 4, 2025 ballot. The first was “An Act to Require

an Individual to Present Photographic Identification for the Purpose of Voting.” This initiative would have changed Maine election laws to eliminate two days of absentee voting, prohibit requests for absentee ballots by phone or family members, end ongoing absentee voter status for seniors and people with disabilities, ban prepaid postage on absentee ballot return envelopes, limit the number of ballot drop boxes, require voters to show photo ID before voting and make other changes to election laws. This initiative was not enacted by Maine voters in 2025.

The second initiative was “An Act to Protect Maine Communities by Enacting the Extreme Risk Protection Order Act.” This initiative will allow courts to temporarily prohibit a person from having dangerous weapons if law enforcement, family, or household members demonstrate that the person poses a significant danger of causing physical injury to themselves or others. This initiative was enacted by Maine voters and the law became effective on February 21, 2026.

The Secretary of State certified one citizen initiative in 2026. This initiative was transmitted to the Maine Legislature on March 17, 2026. As the Legislature did not enact the Initiated Bill, the initiative will appear on the November 3, 2026 ballot, unless pending litigation challenging the validity of the petition is successful. “An Act to Designate School Sports Participation and Facilities by Sex” requires public schools and other entities that govern sports by public schools to designate teams as for males, for females or coeducational. A female student may participate on a team designated for males if no team designated for females is available in that sport. "Sex" is defined as a person's biological status as male or female recorded at birth on the person's original birth certificate. The initiated bill requires public schools to maintain separate restrooms, locker rooms, shower rooms and other private spaces for each sex. A member of one sex may not be permitted to use a facility designated for members of the opposite sex. The initiated bill provides a private right of action for a student who is deprived of an athletic opportunity or suffers direct injury because of a violation of a provision of the initiated bill. The bill provides that separation of athletic teams and private spaces by sex under the initiated bill does not constitute unlawful discrimination under the Maine Human Rights Act and that the Maine Human Rights Act may not be construed to conflict with the provisions of the initiated bill.

The Accounting System

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

The principal Funds established by the State for budgetary accounting purposes are the Governmental Funds (which include the General Fund, the Special Revenue Funds and the Capital Projects Funds), the Proprietary Funds (which include the Enterprise Funds and the Internal Service Funds) and the Fiduciary Funds (which include the Trust and Custodial Funds). The Funds are used as follows:

The **Governmental Funds** account for the general governmental activities of the State. The **General Fund** is used to account for all governmental transactions that are not accounted for in another fund. Sales tax, individual and corporate income taxes and other business taxes provide most of the funds

available for appropriation by the Legislature for general governmental operations, such as education, human services, corrections, the judiciary and the Legislature. The General Fund is the State's major operating fund.

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

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

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

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

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

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

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

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

The accounting system is designed to assure that expenditures do not exceed amounts authorized by legislative appropriation and to conform, to the extent possible, to standards of the Governmental Accounting Standards Board ("GASB") and its predecessor, the National Council on Governmental

Accounting. Financial transactions are recorded in the General Fund, the Highway Fund and certain other funds as described above and in Appendix B hereof.

Accounting Reports and Practices

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

The State Controller's annual financial report for the fiscal year ended June 30, 2025 is set forth in two separate publications. The first publication consists of the Basic Financial Statements of the State of Maine for the year ended June 30, 2025, which are set forth in Section I of Appendix B. Certain information which is included in the second publication and certain information which has been derived from provisions of the State Controller's annual financial reports for certain prior fiscal years comparable to the second publication is included in Section II of Appendix B. The information set forth in Section II of Appendix B is based on budgetary and legal requirements.

The Basic Financial Statements of the State of Maine for the year ended June 30, 2025, which are set forth in Section I of Appendix B, have been prepared by the State Controller and have been audited by the Office of the State Auditor in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing standards*, issued by the Comptroller General of the United States. The Office of the State Auditor has issued an unmodified opinion on the Basic Financial Statements.

Because of the variety of activities and programs run by the State, the State Controller has established several specialized accounting conventions, which are consistently applied within the fund accounting system. For more information on the basis of accounting used by the State, see Appendix B, Section I, "Notes to the Financial Statements, June 30, 2025."

Annual financial reports prepared by the State Controller for the fiscal year ending June 30, 2025 and for prior fiscal years are available upon request directed to Gregory Olson, Deputy State Treasurer, 39 State House Station, Augusta, Maine 04333, telephone: 207-624-7468; facsimile: 207-287-2367. The Annual Comprehensive Financial Report for the fiscal year ended June 30, 2025 and for prior fiscal years are also available at <https://www.maine.gov/osc/financial-reporting/annual-comprehensive-financial-report>.

The State Auditor is required by law to audit the Basic Financial Statements included within the Annual Comprehensive-Financial Report prepared by the State Controller for each fiscal year. The State Auditor's Independent Audit Opinion dated December 12, 2025 with respect to the fiscal year ending June 30, 2025 is set forth in Appendix B hereto. Single audit reports prepared by the Office of the State Auditor for the fiscal year ending June 30, 2025 and for certain prior fiscal years are available upon request directed to the Deputy State Treasurer and are also available at <https://www.maine.gov/audit/osa-reports/annual-single-audit.html>.

STATE BUDGETS

Laws authorizing General Fund and Highway Fund expenditures for fiscal years 2018 through 2027 have been enacted and provide for such expenditures in the amounts set forth in the table below. Amounts listed for fiscal years 2024-2027 include laws enacted during the First Special Session of the 132nd Maine Legislature.

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>General Fund</u> <u>Expenditures Authorized</u>	<u>Highway Fund</u> <u>Expenditures Authorized</u>
2018	\$3,514,673,944	\$337,446,481
2019	\$3,708,113,987	\$338,863,722
2020	\$3,933,881,622	\$346,282,263
2021	\$3,894,517,647	\$318,294,234
2022	\$4,073,526,967	\$348,983,256
2023	\$4,446,741,117	\$351,014,933
2024	\$5,076,393,804	\$498,919,601
2025	\$5,513,092,952	\$516,165,836
2026	\$5,807,512,465	\$533,678,353
2027	\$5,846,525,328	\$512,156,943

For information regarding fiscal years 2018 through 2027 expenditures, see “Certain Expenditures and Obligations – General Fund Expenditures” below.

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

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

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

balances with the largest in the Department of Professional and Financial Regulation of \$16.2 million in fiscal year 2018.

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

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

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

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

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

2019 Chapter 343 was passed and signed into law by the Governor on June 17, 2019 with total General Fund appropriations of \$7,987,100,705 for the 2020-2021 biennium, an increase of \$883,794,930 or 12.4% as compared to the prior biennium. 2019 Chapter 343 expanded health care, improved Maine's education system, provided property tax relief and invested in the Budget Stabilization Fund. The law allocated \$125 million for Medicaid expansion which is expected to be matched with nearly \$700 million in federal funds. 2019 Chapter 343 raised the State share of education funding to nearly 51%, which included \$115 million in new State support for education; allocated \$18 million to the School Revolving Loan Fund, which provides critical funding to repair school infrastructure; and paved the way for a \$40,000 minimum teacher salary, initially reimbursing towns at 100% to offset the cost on local budgets. The law also provided additional resources to the University of Maine System, the Community College System, and the Maine Maritime Academy, to help keep tuition fees down, and provided \$3 million in scholarship funds through the Maine State Grant Program. 2019 Chapter 343 provided \$75 million in property tax relief for hardworking Mainers, seniors, families and small businesses and increased revenue

sharing to local municipalities from 2.5% to 3% in 2020 and to almost 4% in 2021. Other provisions of the law added 62 new Child and Family Services staff to address unmanageable caseloads and better protect Maine children from abuse and neglect; supported efforts to combat the opioid crisis by funding prevention efforts and eliminating red tape that prevents people from getting help; allocated \$4 million to fund Department of Economic Development initiatives including broadband and rural development grants; funded a comprehensive planning group to establish policy initiatives and benchmarks to meet 30-year goals for climate emissions reductions; and supported a 10-year plan to triple in-state renewable energy generation. Appropriations for the Indigent Legal Services programs continued to be set aside in an Other Special Revenue account reserve in fiscal year 2020 but the set aside was discontinued for fiscal year 2021 when Indigent Legal Services appropriations will remain as General Fund appropriations. Finally, 2019 Chapter 343 transferred \$19.8 million to the Budget Stabilization Fund and set aside an additional \$14.5 million to the Reserve for Riverview Psychiatric Center.

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

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

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

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

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

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

2019 Chapter 616 was passed by the Legislature March 17th and signed by the Governor on March 18, 2020. The supplemental budget included funding in 2020 for the payroll system project, \$1.0 million dollars for repairs and maintenance to State buildings, and \$1.7 million for information system security enhancements. Funding for the hepatitis C treatments at the Department of Corrections was included, as was funding to support Mountain View Correctional Facility based on the change in their capacity. A central point to the Governor’s supplemental budget was \$37 million to increase fiscal year 2021 funding for the Department of Education. This was included and enabled the State to increase its contribution toward the total cost of education by 1 percentage point. Additional funding was also provided to the Department for Adult Education and contractual obligations with the Child Development Services.

Funding for increased access to the Section 29 Medicaid waiver was included as well as funding to increase rates for several policy sections with the intention that the increases go toward direct care worker compensation. The supplemental budget also authorized 20 new positions within the Office of Child and Family Services. It also included \$10 million in General Fund resources for the Department of Transportation. The projected fiscal year 2020 unappropriated fund balance after the actions of the Second Regular Session of the 129th Legislature was approximately \$193 million.

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

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

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

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

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

The projected gap assumed increases in GPA of \$292.5 million in the 2022-2023 biennium to meet the statutory requirement for a 55% state share of education costs. Also in accordance with current law,

the gap assumed the return to 5% for state-municipal revenue sharing beginning in fiscal year 2022, from 3% set in fiscal year 2020 and 3.75% in fiscal year 2021.

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

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

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

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

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

On May 1, 2021, the RFC issued a regularly scheduled update to its forecast. The May report reflected an adjustment upward of General Fund revenues of \$479.4 million in fiscal year 2021. The May report also reflected an adjustment upward of General Fund revenues for the 2022-2023 biennium of

\$460.5 million. The 2022-2023 biennium adjustment was composed of \$241.3 million for fiscal year 2022 and \$219.2 million for fiscal year 2023. Following enactment of the fiscal year 2021 supplemental budget and the release of the May 1, 2021 revenue forecast of the RFC, the unappropriated balance for the General Fund at the end of fiscal year 2021 was estimated to be approximately \$506 million.

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

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

Consistent with the Governor's recommendations, the "Part II" budget for the General Fund and Other Funds enacted late in the legislative session as 2021 Chapter 398, effective July 1, 2021, utilized the additional revenue from the May 2021 revenue forecast for approximately \$351 million in transfers of fiscal year 2021 General Fund unappropriated revenue. The transfers went to Other Special Revenue accounts in agencies for a variety of one-time purposes intended to address critical needs and other priorities for the Administration and the law included associated allocations for agencies to utilize that funding in fiscal years 2022 and 2023. Purposes included COVID-relief payments for Maine workers (\$149.8 million) and investments in: capital construction and repairs for state owned buildings (\$50 million); school renovations (\$45 million); the State's forest fire air fleet (\$6.7 million), National Guard Facilities (\$6.8 million), dams and culverts (\$2 million); Medicare Stabilization Fund (\$40 million); Land for Maine's Future (\$20 million); and addressing the agricultural and environmental impact of PFAS (\$30 million). Additional authorized one-time transfers of General Fund unappropriated surplus to Other Special Revenue accounts in fiscal years 2022 and 2023 provided funding for student financial aid through the FAME and medical payments to providers. A one-time transfer also shifted nearly \$200 million in baseline funding for homestead exemptions from a General Fund appropriation to Other Special Revenue Fund allocations for fiscal years 2022 and 2023. Funding for indigent legal services, approximately \$9.3 million in each fiscal year, was also shifted from a General Fund appropriation to an Other Special

Revenue allocation on an ongoing basis. Additionally, the bill authorized a transfer of the \$50 million in the Highway and Bridge Reserve account to MaineDOT's Highway and Bridge Capital program.

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

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

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

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

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

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

General Fund appropriations in 2021 Chapter 635 are a mix of one-time and ongoing impacts. One-time appropriations include support for higher education, career and technical education materials and supplies, child welfare, hospitals, nursing homes, long-term care facilities, and emergency housing assistance. Ongoing appropriations support child care workers and early childhood educators, universal

free meals in public schools, behavioral health, in-home and community services, and increased wages for direct support workers and professionals under the MaineCare program.

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

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

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

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

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

2024-2025 Biennium. On January 11, 2023 the Governor released her recommended supplemental budget for fiscal year 2023 and proposed budget for the 2024-2025 biennium. The proposal continues her free community college initiative for another two years, expanding pre-K schooling, building more housing, and strengthening Maine’s health care system, including investing in behavioral health services,

services for older Mainers and people with disabilities, and child welfare. The proposal also invests in infrastructure to unlock new sources of Federal funding to fix Maine’s multimodal transportation system. The supplemental budget dedicates General Funds newly-available from the continued Federal COVID-19 public health emergency to one-time supplemental payments for hospitals and long-term care facilities, as well as other initiatives.

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

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

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

The Legislature reconvened in a First Special Session on April 5, 2023 and continued to consider the remaining items in the Governor’s Recommended Biennial Budget for the General Fund and Other Funds, as well as other pending bills. The remaining items, most of which comprised what became the “Part II” budget, included additional items for across State government. Notably, there were items related to Education, including over \$10 million for pre-school through child development services, nearly \$1.5 million to support cost of Education in the unorganized territory, and almost \$55 million for the University System, Community College System, and Maine Maritime Academy. Additionally, the Governor’s proposal included the transfer of \$15 million to the Community College System to support the free community college program for another two cohorts of high school graduates. Within the DHHS,

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

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

The “Part II” budget, 2023 Chapter 412, builds on the current services budget that maintains 55 percent of the cost of education, fully restores revenue sharing with municipalities, and provides more than \$200 million in tax relief to Maine citizens per year, resulting in a \$10.3 billion biennial budget. As required by the Maine Constitution, the budget is balanced. It took effect on October 25, 2023, 90 days after the Legislature adjourned. The law establishes a new paid family and medical leave program, negotiated by Governor Mills to include more flexibility for businesses, and provides \$25 million in one-time start-up funding. Maine will be the 13th state to establish such a program and benefits will be available as of May 1, 2026. The budget also established the Dirigo Business Incentive Program, a replacement for the outdated Pine Tree Development Zone program, that provides tax credits to businesses to train workers and invest in capital – an approach that will help address Maine’s labor shortage and attract new businesses to Maine. Also included are several historic housing investments including the creation of a Housing First Program, \$70 million in one-time funds to build more affordable housing in Maine for workers and their families through the Rural Affordable Rental Housing Program and the Low-Income Housing Tax Credit program, \$12 million in one-time funding to the Emergency Housing Relief Fund, and the creation of a pilot program that provides McKinney-Vento liaisons with access to emergency financial assistance for students at risk of homelessness.

The budget builds on improvements in Maine’s child care system by improving the Maine Dependent Exemption Tax Credit, increasing eligibility for the child care affordability program, which helps income-eligible working families to pay for child care, from 85 to 125 percent of the state’s median income, and doubling the Child Care Worker Stipend, helping qualified professionals afford to remain in the industry and providers to retain staff. Additional initiatives include: \$15 million to continue providing up to two years of free community college education for all students from the high school graduating classes of 2024 and 2025 who enroll in a Maine community college and an increase in the annual income tax pension deduction from \$35,000 (beginning in 2024) by tying Maine’s pension deduction amount to the maximum annual Social Security benefit, which is indexed to inflation. This tax relief builds on the more than \$200 million a year – or more than \$400 million for the biennium – in tax relief initiatives for

Maine citizens. The budget dedicates \$19.8 million for a one-time 3 percent cost-of-living adjustment for retired State employees, \$31 million in one-time funding to establish the Maine Emergency Medical Services Sustainability and Resiliency Grant Program to provide grants to Maine-based emergency medical services throughout the State to ensure continued access to high-quality emergency medical services, and provides \$2.6 million in ongoing funding to create six trial court judgeships to address the backlog of cases, along with nearly 40 new positions including deputy marshals and clerks to help facilitate court operations. The budget also provides \$4 million in one-time funding to be distributed through the Civil Legal Defense Fund, which supports civil legal services in Maine.

The 2nd Session of the 131st Legislature passed and the Governor signed the 2024-2025 supplemental budget on April 22, 2024. Public Law 2023, chapter 643 was passed as a majority bill and became effective 90 days after the adjournment of the Legislature. The supplemental budget represented \$127.4 million in appropriations and resulted in a \$10.47 billion biennial budget. This bill focused on protecting public safety and strengthening Maine’s mental health system by establishing an Office of Violence Prevention at the MECDC, adding to the crisis receiving center network, and supporting mobile crisis teams. Additional funding was provided to establish 8 State Police Trooper positions, 2 State Police Corporal positions, 1 State Police Detective positions, 4 State Police Sergeant positions and one State Police Major position to allow Maine State Police to support Resource Coordination Agreements with counties and municipalities and continue rural policing throughout the State, providing for 24/7 operations.

In an effort to respond to and prepare for extreme weather, the supplemental budget included \$60 million to help communities rebuild infrastructure and increase resiliency following the severe storms in December 2023 and January 2024, including \$50 million through the Maine Infrastructure Adaptation Fund and \$10 million for small businesses through the Business Resilience and Recovery Fund. The CRP was allocated an additional \$5 million to help another 100 cities, towns, and tribal governments create local plans to address vulnerabilities to extreme weather, adding to the 226 communities now participating in the CRP program. The supplemental budget also included \$15 million for the Disaster Recovery Fund within the Department of Defense, Veterans and Emergency Management to fund the State’s share of estimated disaster recovery costs, and \$3 million for the Department of Agriculture, Conservation and Forestry to repair damage to Maine State Parks, historic sites, and public lands caused by the recent storms.

The bill also focused on homelessness and housing needs, providing \$21 million for the Emergency Housing Relief Fund to ensure that winter warming shelters, lower barrier shelters, longer term shelters and transitional housing programs can remain open, operating, and supporting the emergency housing needs of Maine people. The Governor and Legislature previously allocated \$55 million to the Emergency Housing Relief Fund to support more than 75 housing programs and 7,000 Maine people in need statewide. The bill also provides \$10 million connected to reforms to the General Assistance program to make it more sustainable in the long-term. Both of these programs provide temporary assistance as affordable housing options expand. Efforts to build more housing received \$30 million, including \$10 million allocated to the Rural Affordable Rental Housing Program, \$10 million allocated to leverage Federal low-income housing tax credits, and \$10 million allocated to bolster the Affordable Homeownership Program. These funds are estimated to help build more than 260 new homes in Maine.

Since 2019, the Governor and Legislature have authorized almost \$285 million to support the construction of more apartments and homes, resulting in the completion of more than 600 new homes so far, with more than 1,000 homes under construction, and more than 2,000 homes in the pipeline for construction—the most ever in MaineHousing’s history. The bill established a housing preservation fund with \$5 million in funds to support the purchase of mobile home parks by their residents. Mobile home

parks provide affordable housing for thousands of Maine people, including many who are older, disabled, or living on fixed incomes, who are vulnerable to housing displacement from a change in park ownership. The housing preservation fund will provide low or no-interest financing to entities, such as resident cooperatives, to complement other financing options to support mobile home park purchases in Maine. The bill provides a one-time allocation of \$18 million in General Fund money to establish a pilot Rent Relief Program at MaineHousing designed to provide eligible persons with up to \$800 per month in rental assistance paid directly to the person's landlord for a period of up to 24 months, as well as \$2 million for a subsidy program under the Maine State Housing Authority in coordination with the Department of Education and the DHHS for students under 18 years of age experiencing homelessness.

The supplemental budget also included initiatives to improve child safety and support Maine's child care sector, increased funding for General Purpose Aid to ensure Maine continues to meet obligations to schools, municipalities, and teachers, increased pay for Education Technicians and school support staff, and provided \$25 million to support the implementation of the Maine Department of Education's plan to improve Child Development Services ("CDS"), including \$9 million for year one of the three-year phase-in of the oversight of educational plans for preschool-age children with disabilities from the CDS agency to public schools; \$4 million to fund infrastructure upgrades at schools that voluntarily assume the education of children ages 3 through 5; \$1 million to support an early childhood special education pathways pilot project; and \$11 million to cover additional costs for private special education schools.

On December 2, 2024, the RFC issued a regularly scheduled update to its latest forecast. The report reflected an adjustment upward of General Fund revenues for the 2024-25 biennium with a fiscal year 2025 increase of \$247.9 million, as compared to the March 2024 forecast. The December report also reflected an adjustment upward of General Fund revenues for the 2026-2027 biennium of \$202.2 million, composed of an adjustment upward of \$113.5 million in fiscal year 2026 and an adjustment upward of \$88.6 million in fiscal year 2027 resulting in a biennial forecast of \$11.2 billion. This forecast set the baseline revenues for the 2028-2029 biennium at \$11.9 billion.

2026-2027 Biennium On March 21, 2025 the Governor signed an \$11.3 billion General Fund budget for fiscal years 2026-2027 that will ensure the continued operations of State government for the next biennium by funding the baseline budgets, increases related to the State's share of 55% of K-12 Education, five percent municipal revenue sharing to stabilize property taxes and support municipal services, required contributions to the unfunded actuarial liability of teacher retirement costs, as well as one-time funding to pay health care providers for MaineCare services in fiscal years 2025 and 2026, and funding to protect Maine forests from spruce budworm. The budget includes an additional \$23 million per year to fund prior cost-of-living adjustments for providers who serve MaineCare patients with intellectual disabilities or autism spectrum disorders. The biennial budget includes funding based on the federal changes impacting the FMAP increasing appropriations by \$27.7 million in fiscal year 2026 and \$35 million in fiscal year 2027 in General Fund to offset a 0.73 percent reduction in the FMAP – the share of MaineCare costs reimbursed by the federal government. Federal reimbursement is decreasing because Maine is performing well on economic indicators. Similarly, additional funding is necessary to support Medicare Part D federal payments of \$8.8 million in fiscal year 2026 and \$9.3 million in fiscal year 2027. These support Maine's federal contributions for Medicare Drug Coverage, otherwise known as the federal "clawback" payment. Contributions from the states make up 13 percent of the budget for the federal program, and all states' contributions are increasing in calendar year 2025. Maine's increase is 10.4 percent this year. The Governor also signed a proclamation calling the Legislature back into session on Tuesday, March 25, 2025.

On April 28, 2025, the RFC met for the regularly scheduled update to its latest forecast. The report reflected an adjustment upward of General Fund revenues for the 2024-25 biennium with a fiscal year 2025 increase of \$24.3 million, as compared to the December 2024 forecast. The May report also reflected an adjustment downward of General Fund revenues for the 2026-2027 biennium of \$23.3 million, composed of an adjustment upward of \$1.1 million in fiscal year 2026 and a downward adjustment of \$24.4 million in fiscal year 2027. The forecasted revenues for the 2028-2029 biennium were reduced by \$32.9 million and remained at approximately \$11.9 billion for the biennium.

On June 18, 2025, the Governor signed into law LD 210, the supplemental Fiscal Year 2026-2027 biennial budget bill enacted by the Legislature to fund additional requests and activities of State government over the next biennium. 2025 Chapter 388, took effect on September 24, 2025, which was 90 days after the adjournment of the legislative session.

The supplemental budget does not include any broad-based tax changes, such as any increase to Maine's income or sales tax, and it does not draw from Maine's near record high Budget Stabilization Fund, achieved under the Governor. Instead, it successfully closes the budget gap by utilizing newly recognized revenues from the independent, nonpartisan Revenue Forecasting Committee; making targeted programmatic reductions to certain programs within the DHHS; and raising revenue primarily through a \$1.50 increase in Maine's cigarette excise tax and corresponding increases to the excise tax on other tobacco-related products, which has a proven public health benefit.

The supplemental budget increases funding to maintain free school meals for all Maine students, provides \$46 million to fund Maine's higher education efforts through a 4 percent operations increase and certain payroll costs related to Maine's Paid Family Medical Leave, and funds with \$20 million of General Fund over the biennial, the final year (graduating class of 2025) of the Governor's highly successful Free Community College initiative, which has led to record enrollment in the Maine Community College System and created a clear, credentialed pathway into the workforce for more students.

The supplemental budget also proposes a combination of programmatic changes within the DHHS to save costs and targeted revenue increases in order to close a budget gap. To ensure fiscal responsibility while sustaining essential programs and services, DHHS has identified the cost saving initiatives that balance immediate financial constraints with a long-term commitment to critical priorities. Some changes include reducing the number of newly funded crisis receiving centers from four to two. The budget continues the successful Child Care Worker Stipend program. The budget provides for a one percent MaineCare provider rate increase for the biennium rather than market CPI, saving nearly \$110 million in General Fund costs during the biennium. The final budget has prioritized programmatic changes and cost reductions to programs that have not yet been implemented or that are still in the early stages of implementation in order to minimize the impact of the proposed changes.

The biennial budget includes strategic investments in DHHS that have been carefully prioritized to maintain critical programs and services, ensuring their long-term sustainability and maximizing their impact for those who rely on them. This includes \$34 million over the biennium for child welfare needs, including compliance efforts with Department of Justice. The budget continues the state's investment to stabilize the MaineCare program by appropriating an ongoing \$122 million in FY27 and bridge a gap stemming predominantly from significant MaineCare enrollment increases due to the federal COVID-era continuous enrollment requirement, as well as from increases in health care costs due to high inflation, increasing patient need, returning to pre-pandemic levels of service utilization, and reimbursement practices that do not control sufficiently for cost growth. There are more than \$14 million of rate

annualization initiatives. There are also one-time investments in aging, civil legal aid, and family planning efforts. There is an ongoing contribution of \$6 million over the biennium for victims of crimes.

Additionally, the biennial budget includes approximately \$40 million of targeted items for other State agencies including funding for State dams, climate and energy initiatives, capital investments for State natural resource agencies, funding for improving State facilities including corrections facilities' roofs and HVAC repair and replacement, as well as funding for technology and capital efforts of the Judicial Branch. The final combined General Fund biennial budget for FY26-27 is approximately \$11.6 billion.

The current policies of the federal government and the enactment on July 4, 2025, of Public Law No. 119-21 ("P.L. 119-21"), the reconciliation bill that includes tax law changes, spending increases and reductions and other changes to a wide array of federal programs, are expected to have a significant adverse impact on many of the programs the State provides to and for its residents, businesses and communities, and direct adverse impacts on those residents, businesses and communities and the Maine economy. The Governor's Administration is currently evaluating the likely expected impacts and costs of P.L. 119-21 and expects to develop plans to address such impacts and to work with the Legislature where needed to enact necessary legislation and funding, if any, within the expected available financial resources of the State. It should be noted that the tax law changes enacted as part of P.L. 119-21 will not directly affect State tax revenues because the State is a static conformity state. At this time, per statute, the State conforms to the Internal Revenue Code as of December 31, 2024. Static conformity means that the State does not automatically conform to tax changes made at the federal level. Instead, changes in federal law after the current conformity date, including those in the recent federal bill, must be considered and potentially adopted through State legislation.

Changing federal policies regarding tariffs and trade policies more generally, particularly with Canada, may also have an adverse impact on trade and tourism and the overall State economy. Finally, reduced federal funding for many federal programs will have an adverse impact on some programs currently undertaken by the State. The State does not expect to be able to replace lost federal funding with State money and may need to forego certain programs and policies. While many of the new policies are being challenged in court, it is uncertain what the ultimate resolution will be.

The State will continue to monitor developments on all these matters and intends to take actions when needed to address the needs of its residents and businesses, while maintaining the financial stability of the State and its budget.

On November 26, 2025, the RFC issued a regularly scheduled update to its latest forecast. The December 2025 report reflected an adjustment upward of General Fund revenues for the 2026-27 biennium as compared to the May 2025 forecast. The December report reflected an adjustment upward of General Fund revenues of \$248.3 million, composed of an adjustment upward of \$165.0 million in fiscal year 2026 and an adjustment upward of \$83.3 million in fiscal year 2027 resulting in a 2026-27 forecast of \$11.6 billion. The December report also reflected an adjustment upward of General Fund revenues for the 2028-29 biennium of \$167.6 million, composed of an adjustment upward of \$77.1 million in fiscal year 2028 and an adjustment upward of \$90.5 million in fiscal year 2029 resulting in a 2028-29 forecast of \$12.3 billion.

On March 1, 2026, the RFC issued a regularly scheduled update to its forecast. The report reflected an adjustment upward of General Fund revenues for the 2026-27 biennium of \$8.8 million from its December 2025 report, composed of an adjustment downward of \$27.2 million in fiscal year 2026 and an adjustment upward of \$36.0 million in fiscal year 2027, keeping the total for the 2026-27 biennium at

\$11.6 billion. The forecasted revenues for the 2028-29 biennium were reduced by \$84.6 million for a total of approximately \$12.1 billion for the biennium.

On April 10, 2026, the Governor signed into law LD 2212, the Fiscal Year 2026-2027 supplemental budget bill enacted by the Legislature to fund additional requests and activities of State government over the current biennium. 2025 Chapter 650, will take effect 90 days after the adjournment of the legislative session, and as such, no adjustments will be made to fiscal year 2026.

The supplemental budget includes key measures to address affordability, maintain core State commitments such as school funding, and make critical investments in education, health care, public safety and economic development.

The supplemental budget includes one-time language to change the use of the state's record high Budget Stabilization Fund (BSF) in order to fund certain affordability and emergency initiatives. The budget transfers a total of \$292 million. Additionally, the Legislature funded PL2025, c. 747, which allows certain nursing positions to move into a special retirement plan, bringing the total of legislatively approved transfers from the BSF to \$296.3 million. Under the leadership of Governor Mills and the Legislature, the Fund has increased to its statutory maximum of \$1.03 billion, an increase of more than \$820 million since 2019. As proposed, the Budget Stabilization Fund balance will stand at more than \$733 million. See "Budget Stabilization Fund, Other Reserves" herein for further information.

2025 Chapter 650 includes components of Governor Mills's [three-part Affordability Agenda](#), announced during [her State of the State Address on January 27, 2026](#) to deliver near-term financial relief for Maine people, increase new housing construction to reduce costs, and create new career opportunities for Maine students by making community college free permanently. The supplemental budget also maintains the Governor's core commitments to Maine people, such as funding the State's 55 percent share of education costs and maintaining access to health care. It also further conforms with new Federal tax laws, and makes important investments in education, public safety, and economic development.

These initiatives build on nearly \$1.1 billion in direct tax relief for Maine people and businesses that are included in the 2026-2027 State budget, such as the Earned Income Tax Credit, the Dependent Exemption Tax Credit, the Student Loan Tax Credit, and the Property Tax Fairness Credit. A full list of tax relief programs is available [here \(PDF\)](#).

As enacted last year, the Fiscal Year 2026-2027 biennial budget is \$11.65 billion. 2025 Chapter 650 results in a total General Fund biennial budget of \$11.99 billion.

Details include: Making the Free Community College Program permanent (in 2025 Chapter 388, the Legislature opted to make it free only through the high school graduating class of 2025); \$46 million in General Fund to continue meeting the State's obligation to pay 55 percent of local education costs and help hold down property tax increases; phased-in approach to raise minimum teacher salaries, starting with an increase to \$45,000 in fall 2027, then to \$47,500 in fall 2028, and to \$50,000 in fall 2029; \$350,000 one-time for the Maine Department of Education to support schools with transitioning to implement a "bell to bell" personal electronic devices ban; \$2 million one-time for University of Maine researchers and graduate students to undertake research and obtain competitive Federal grants and other funding to train workers in emerging areas, including, but not limited to, advanced manufacturing, artificial intelligence, life sciences, robotics, and rural health care delivery; \$2.8 million, mostly one-time, to fund Artificial Intelligence initiatives, including implementation of recommendations of the Governor's Task Force on Artificial Intelligence, which aim to bolster AI innovation in Maine while strengthening guardrails around AI's effects on Maine's people, economy, and institutions.

Additionally, there is: \$8 million one-time funding to school districts to stabilize budgets for schools with a high proportion of economically disadvantaged students; \$2 million one-time funding for the Building Assets, Reducing Risks kindergarten to grade 12 coaching and training program in Maine schools; and \$31 million deposited to the Education Stabilization Funds to offset future insufficient General Fund appropriations or any other shortage of funds for meeting the State's 55 percent obligation.

In the State's Department of Health and Human Services, 2025 Chapter 650 includes: \$62 million in fiscal year 2026 and \$54 million in fiscal year 2027 – which amounts to 4 percent of the total cost of Medicaid – to account for increases in health care costs due to inflation, the utilization of services, and the needs of patients; \$9 million to help seniors with prescription drug costs; \$2.25 million one-time and \$5 million ongoing annually to support reproductive health care providers; \$14.7 million to ensure continued access to health care and food benefits for eligible individuals amid federal changes; and \$3.4 million for services for individuals in crisis and services for individuals with intellectual and developmental disabilities;. The budget also includes an additional \$20 million ongoing for direct care worker cost of living adjustments and a \$31 million deposit to the MaineCare Stabilization Fund to offset future insufficient General Fund appropriations or any other shortage of funds to meet MaineCare needs.

2025 Chapter 650 also includes: \$1.2 million, for staffing in Public Safety and the Courts, to implement the Extreme Risk Protection Order Law approved by voters in November 2025; approximately \$267,000 annually for the Department of Public Safety to establish, operate, and maintain a tracking system for all completed forensic sexual assault examination kits, including an inventory of all kits and an annual report on the tracking system; \$3.1 million to support Maine's Veterans' Homes \$10 million per year for a Childcare Affordability Program; \$7.5 million per year for a low-income electricity cost reduction program; \$2 million one-time and \$1.5 million ongoing annually to strengthen Maine's 40 emergency shelters; as well as one-time efforts for civil legal aid; an eviction prevention program; and pharmacy start-up costs for rural Federally Qualified Health Centers.

See "Education Funding" and "Health and Human Services Funding" herein for further information.

The federal "One Big Beautiful Bill Act" (OB3) required that the State evaluate and consider several tax conformity items. As such there are tax and tax conformity items included in the budget. The supplemental budget phases in several of the federal items. Unlike the federal government, Maine must balance its budget and phasing in is a way to level out the costs, while moving toward conformity.

The package includes conformity as of tax year January 1, 2026 for most of the federal conformity components of OB3 with the exception of: phasing in over two years the standard deduction to match the federal increase; immediate conformity to Research and Development depreciation for small businesses and for large businesses will phase in over 5 years; and decoupling with Opportunity Zones, Qualified Small Business Stock, and charitable contributions deduction for nonitemizers. The cost to the State of Maine for federal conformity is \$0.6 million in fiscal year 2026; \$45.1 million in fiscal year 2027; and \$125 million for the 2028-2029 biennial.

Additionally, the supplemental: implements a Pass-Through Entity Tax (PTET) effective January 1, 2026; eliminates the retail component of the Business Equipment Tax Credit (BETR) program by paying 50 percent of the benefit in fiscal year 2029 and then full phase out; cleans up the state's veterans' exemptions effective for the April 1, 2027 property tax year by eliminating complicated service period and age/disability requirements that exist currently; increases the state's Blind exemption; and increases the Property Tax Fairness Credit from \$1000 to \$1500 for residents under 65 years of age.

The total impact of the above added to the federal conformity items to the 2026-2027 biennial is a revenue reduction of \$0.6 million in fiscal year 2026 and a revenue decrease of \$0.7 million in fiscal year 2027. This is mostly the result of adding PTET, which brings revenue in the first year (FY27), but will swing the other way in the second year (FY28), before leveling out at a revenue increase of approximately \$16.5 million per year. For the 2028-2029 biennial, the estimated revenue reduction as a result of the above is (\$92 million) in fiscal year 2028 and (\$60 million) in fiscal year 2029, along with approximately \$5.1 million and \$6 million of appropriations for fiscal year 2028 and fiscal year 2029, respectively, for the veterans' homestead changes.

Additionally, the Legislature added a 2 percent surtax on individual income over \$1 million for singles and \$1.5 million for head of household and married couples filing jointly (\$750,000 for married filing separately) expected to increase revenues to the state by \$91 million in fiscal year 2027 and \$70 million per year in the 2028-2029 biennial.

CERTAIN EXPENDITURES AND OBLIGATIONS

General Fund Expenditures

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

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

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

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

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

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

The following table sets forth, by certain major categories, General Fund expenditures set forth in 2023 Chapters 17, 412, and 643 and 2025 Chapter 2, the budgets for fiscal years 2024 and 2025, and miscellaneous laws through the First Special Session of the 132nd Legislature.

	2024	2025
Governmental Support and Operations	\$492,998,578	\$469,073,071
Economic Development & Workforce Training	63,703,164	64,899,838
Education	2,164,159,711	2,248,908,379
Arts, Heritage & Cultural Enrichment	11,052,508	10,586,313
Natural Resources Development & Protection	131,952,975	126,184,998
Health & Human Services	1,752,705,864	2,079,103,944
Justice & Protection	459,821,004	514,067,387
Business Licensing and Regulation	0	0
Total	\$5,076,393,804	\$5,512,823,930

The following table sets forth, by certain major categories, General Fund expenditures set forth in 2025 Chapter 2, the budget for fiscal years 2026 and 2027, 2025 Chapter 388, the first supplemental budget for fiscal years 2026 and 2027, and miscellaneous laws through the First Regular and Special Session of the 132nd Legislature.

	2026	2027
Governmental Support and Operations	\$486,565,153	\$483,398,168
Economic Development & Workforce Training	67,431,682	63,476,748
Education	2,345,279,601	2,400,833,816
Arts, Heritage & Cultural Enrichment	12,116,859	12,513,713
Natural Resources Development & Protection	151,339,407	156,178,571
Health & Human Services	2,178,082,560	2,158,734,342
Justice & Protection	566,697,203	571,389,970
Business Licensing and Regulation	0	0
Total	\$5,807,512,465	\$5,846,525,328

Total General Fund spending over the 2026-2027 biennium is budgeted to be approximately \$11.65 billion and is 5.35% and 6.05%, respectively, over budgeted fiscal year 2025 spending. Of the

\$11.65 billion, 40.73% is attributable to education, 37.1% to health and human services, and 22.06% to other purposes of State government. For additional information regarding General Fund actual and budgeted expenditures during fiscal years 2018 through 2027, and for information regarding Highway Fund actual and budgeted expenditures during fiscal years 2018 through 2027, see Appendices B and C hereto. See also “Certain Public Instrumentalities” herein.

Education Funding

At the initiative of certain citizens of the State, pursuant to the Maine Constitution, the voters of the State voted to enact legislation known as the School Finance Act of 2003 (the “Initiated School Finance Act”) at a statewide election held June 8, 2004. The Initiated School Finance Act required that the Legislature each year provide at least 55% of the cost of the total allocation for K-12 Education from General Fund revenue sources, and 100% of the State and local cost of providing all special education services mandated under federal or State law. The Initiated School Finance Act was amended by 2005 Chapter 2 to provide that, beginning in fiscal year 2009, the Legislature each year will provide, as a target, (a) 55% of the statewide adjusted total cost of the components of Essential Programs and Services, and (b) 100% of a school administrative unit’s special education costs calculated pursuant to applicable State law.

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

The State’s cost of K-12 Education fiscal year 2019 contribution was appropriated at \$1,296,846,278 in 2017 Chapter 284, an increase of \$84,465,354 or 7.0%, as compared to the fiscal year 2018 contribution. The State’s contribution towards the total cost of education including the UAL component of teacher retirement, retired teachers’ health insurance and retired teachers’ life insurance was 53.02% in fiscal year 2019. L.D. 1869, An Act To Establish the Total Cost of Education and the State and Local Contributions to Education for Fiscal Year 2018-19 and To Provide That Employees of School Management and Leadership Centers Are Eligible To Participate in the MainePERS System, sets forth the details of the total cost of funding K-12 Education for fiscal year 2019, as required by Title 20-A Maine Revised Statutes (“M.R.S.”), section 15689-E. This bill also provided that employees of school management and leadership centers established under Title 20-A M.R.S., chapter 123 are eligible to participate in the MainePERS. This bill was carried over to any special session of the 128th Legislature pursuant to Joint Order SP 748. Until detailed appropriations were enacted in fiscal year 2019, the Department of Education was basing school subsidies on estimates issued earlier in the fiscal year. A

number of enacted changes in 2017 Chapter 284 resulted in a notable increase in funding to education and resulted in targeting more funds towards classroom expenditures. The repeal of the Operating Transition percentage in Title 20-A M.R.S., section 15671 increased the transition percentage from 97% to 100% providing over \$42 million in increased funding for education. In addition, modification of the provisions funding for special education added over \$30 million. An additional \$10 million was directed to new and expanding preschool programs. Finally, the change in the Student to Teacher ratio for new early childhood programs from 17:1 to 15:1 requires a funding increase of over \$8 million. On July 8, 2018, L.D. 1869 was passed into law without the Governor's signature (Public Laws 2018, chapter 446) as an emergency law which established the state and local contributions for education for fiscal year 2019. The fiscal impact of the bill was provided through General Fund appropriations and other special revenue fund allocations enacted in the original 2018-2019 biennial budget, 2017 Chapter 284. The bill did not provide employees of school management and leadership centers eligibility to participate in the MainePERS. Another measure, Public Laws 2017, chapter 460 ("2017 Chapter 460"), provided one-time funding for a budgetary shortfall of \$3.7 million in fiscal year 2019 for Child Development Services. A task force was created to study the short-term and long-term costs and benefits of the Department of Education's proposed plan to restructure the Child Development Services system. This task force was never convened.

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

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

The curtailment of fiscal year 2021 General Fund allotments ordered by the Governor in September 2020 had little to no impact on programs administered by the Department of Education. Curtailments for the Department totaled \$845,204 and were primarily comprised of administrative and operational efficiencies in reduced travel, training and contract expenses. Total curtailments of

approximately \$3 million ordered for the three higher education institutions were to be achieved by managing administrative and operational costs for the remainder of fiscal year 2021. Appropriation adjustments for these curtailments were included in 2021 Chapter 1. An additional \$2 million was appropriated to the GPA account to account for the increase in high school students participating in early college classes. This resulted in a change to the percentage of State funding for education increasing it from 51.78% to 51.83% in 2021.

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

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

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

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

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

Although schools re-opened in the fall of 2020, remote learning has continued to be critical to the hybrid learning models being utilized as schools continue to respond to the impacts of the COVID-19

pandemic. Federal funding associated with COVID-19 continues to be used to support schools in a variety of ways, including but not limited to personal protective equipment, facility reconfigurations, air system upgrades, additional transportation and teacher costs, COVID-19 testing for students and staff, and supporting teacher training and knowledge in remote learning techniques.

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

The “Part II” budget included additional items for Education, including over \$10 million for pre-school through child development services with an additional \$15 million in one-time funding for special purpose private schools, nearly \$1.5 million to support the cost of Education in the unorganized territory, and almost \$55 million for the University System, Community College System, and Maine Maritime Academy. Additionally, the budget included the transfer of \$15 million to the Community College System to support the free community college program for another two cohorts of high school graduates.

The 2024-2025 supplemental budget, 2023 Chapter 643 also included initiatives to improve child safety and support Maine’s child care sector, increased funding for General Purpose Aid by \$22.6 million to ensure Maine continues to meet obligations to schools, municipalities, and teachers, increased pay for Education Technicians and school support staff, and provided \$25 million to support the implementation of the Maine Department of Education’s plan to improve Child Development Services (CDS), including \$9 million for year one of the three-year phase-in of the oversight of educational plans for preschool-age children with disabilities from the CDS agency to public schools; \$4 million to fund infrastructure upgrades at those schools that voluntarily assume the education of children ages 3 through 5; \$1 million to support an early childhood special education pathways pilot project; and \$11 million to cover additional costs for private special education schools.

The 2026-2027 biennial budget, 2025 Chapter 2, increased funding for GPA by over \$157 million over the biennium, allowing the State to maintain its contribution at 55% of the total cost of education. Additionally, the biennial budget included nearly \$30 million to fund the increased costs associated with the UAL for teacher retirement and retired teachers’ life insurance.

The 2026-2027 supplemental budget, 2025 Chapter 650, includes an additional \$46 million in General Fund in fiscal year 2027 to continue meeting the State's obligation to pay 55 percent of local education costs and help hold down property tax increases. The 55 percent threshold was met for the first time in Maine's history in 2022 under Governor Mills. As a result, the General Fund appropriation for General Purpose Aid (GPA) in fiscal year 2027 will be \$1.557 billion, an ongoing annual increase of more than \$459 million over the FY19 cost of \$1.098 billion.

Additionally, the supplemental budget includes a phased-in approach to raise minimum teacher salaries, starting with an increase to \$45,000 in fall 2027, then to \$47,500 in fall 2028, and to \$50,000 in fall 2029. This effort builds on the Governor and Legislature’s work to increase the minimum teacher salary to its current level of \$40,000 in 2019. This is estimated to cost \$7.4 million one-time and, starting in fiscal year 2029 to maintain parity in teacher salaries based on the new minimums, approximately \$26 million General Fund for every \$2,500 increase.

Additionally, there is: \$8 million one-time funding to school districts to stabilize budgets for schools with a high proportion of economically disadvantaged students; \$2 million one-time funding for

the Building Assets, Reducing Risks kindergarten to grade 12 coaching and training program in Maine schools; \$350,000 for the Maine Department of Education to support schools with transitioning to implement a “bell to bell” personal electronic devices ban; and \$31 million deposited to the Education Stabilization Funds to offset future insufficient General Fund appropriations or any other shortage of funds for meeting the State’s 55 percent obligation.

The supplemental makes permanent the Governor’s free community college program. It also includes a \$2 million one-time appropriation to the University of Maine System to support commercially promising faculty, staff and student research in areas with emerging state and national interest and economic opportunity. These include areas such as advanced manufacturing, artificial intelligence, life sciences, robotics, and rural health care delivery.

Health and Human Services Funding

After education, health and human services and programs comprise the second most significant area of expenditure, at approximately \$3.62 billion or 35% of General Fund appropriations for the 2024-2025 biennium. Furthermore, General Fund expenditures for the State’s Medicaid program, MaineCare, are the largest, comprising \$2.48 billion or 68.6%, of all health and human services spending for the 2024-2025 biennium.

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

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

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

under MaineCare, and funding for the waiting list for home and community based benefits for members with intellectual disabilities or autistic disorder.

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

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

decision and the State again asked the Law Court to issue a stay. A stay was issued on June 20, 2018. The Law Court heard arguments on July 18, 2018. On August 23, 2018 the Law Court indicated that then-Governor LePage's administration must follow an earlier court order to submit a Medicaid expansion plan to the federal government.

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

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

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

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

On July 9, 2018, 2017 Chapter 459 extended rate increases provided in 2017 Chapter 284, Part MMMMMM to MaineCare member adults with intellectual disabilities or autism to fiscal year 2019 and ongoing. This provided General Fund appropriations beginning in fiscal year 2019 of \$22.8 million, for certain services for home-based and community-based care, including shared living and family-centered support. The law also directed the DHHS to conduct a substantive rate review of these rates as

they apply to adults with intellectual disabilities or autism, including public comment every two years. In addition, 2017 Chapter 459 provided General Fund appropriations of \$3.7 million beginning in fiscal year 2019 increasing reimbursement rates provided under consumer directed services, home and community based services for the elderly and adults with disabilities, private duty nursing and in-home and community based services for the elderly and other adults.

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

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

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

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

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

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

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

Among the rate increases funded in 2021 Chapter 398 are increased reimbursement rates for residential substance use disorder treatment, one of several efforts focused on combatting the opioid epidemic in Maine. The new rates took effect November 1, 2021. The 2022-2023 biennial budget also includes more than \$110 million in investments to support prevention, early intervention, harm reduction,

all levels of treatment, crisis care, and recovery assistance as part of the DHHS' work to transform the system of services for people with behavioral health challenges.

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

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

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

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

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

2023 Chapter 3, the fiscal year 2023 supplemental budget, was enacted by the Legislature on February 16, 2023 and signed by the Governor on February 21, 2023. The law adjusted Medicaid accounts to reflect savings from the enhanced federal medical assistance percentage through the 4th quarter of fiscal

year 2023, provided funds for a one-time payment of \$25 million to hospitals to support hospitals' recovery from the COVID-19 pandemic and a one-time \$25 million payments long-term care facilities. Additional items included increased funding for the State's General Assistance program. Funding for the Medicaid program remains sufficient, even with the General Fund reductions based on the enhanced federal medical assistance percentage. The Department has not sought additional funding to support the increased caseload maintained throughout the pandemic. The baseline budget has been sufficient.

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

Within the DHHS, the "Part II" budget includes additional initiatives of almost \$20 million for rate increases related to Medicaid services, including funds for hospital rates and nursing facility rebasing, \$10.5 million one-time funding for the General Assistance program and nearly \$12 million to reflect the number of children in the foster care system. The budget also included a number of initiatives focused on strengthening care for older Mainers, including continued support for home-delivered meals, increased funding for programs that reduce abuse, neglect and exploitation, and the elimination of the asset test for eligibility in the elderly low-cost drug program and Medicare savings program, as well as an update to income eligibility for qualified Medicare beneficiaries. The budget also updated funding to reflect the elimination of the service provider tax on health care services. Significant investments were made in the child care area including increasing the availability of Head Start services, doubling the monthly wage supplement for all child care workers, and increasing eligibility for child care subsidies from 85% to 125% of the State's median income.

The 2024-2025 supplemental budget, 2023 Chapter 643 included significant increases in rates paid by the DHHS. This included \$34 million (\$11.4 million from the General Fund) for a MaineCare cost-of-living adjustment for behavioral health providers and an overhaul of nursing facility rates which improve quality, access to care, and the ability attract and retain high-quality health providers. This paired with plans for nursing facility payment reform which added \$72.8 million (\$23.2 million from General Fund transfer) for a new Nursing Facility Reform Transition Fund to support nursing facilities as MaineCare implements comprehensive rate reform. The Fund will serve as a source of the state share of MaineCare payments from 2025 to 2027, to support nursing facilities while rate reform is being phased in. It will support time-limited payment policies to all eligible facilities that reward quality or achieve permanent staffing targets, for example. The Legislature directed that \$15 million from this fund be distributed as one-time payments to be made as soon as is practicable. This investment, when added to the funds already proposed in the supplemental and biennial budgets, yields \$31 million in General Funds for nursing facility rate reform in this biennium and is expected to leverage Federal funding for a total of \$97 million. The budget also included \$96.4 million in Federal, State, and hospital revenue, with the support from the Maine Hospital Association, to reform hospital reimbursement rates to improve the health of Maine people.

The 2026-2027 biennial budget, 2025 Chapter 2, was signed by the Governor on March 21, 2025. This budget included funding to ensure the continued operations of State government for the next biennium, as well as provide one-time funding to pay health care providers for MaineCare services in fiscal year 2025. In January, the Governor's Administration warned lawmakers that failure to fill a fiscal

year 2025 MaineCare budget gap in a timely manner would force the DHHS into the extraordinary position of having to limit payments to health care providers. Although this bridge funding was included in the budget, the Legislature failed to enact the funding as an emergency measure. All funding authorized in the budget, as well as all legislation enacted during the First Regular Session of the 132nd Maine Legislature, will take effect on June 20, 2025. This includes over \$117 million for fiscal year 2025 Medicaid payments. This legislation also included funding for anticipated Medicaid needs in fiscal year 2026 of over \$122.7 million, as well as \$64.5 million over the biennium to replace federal funding as a result of changes to the FMAP, over \$18 million for increases in the cost of the Medicaid "clawback" payment, and \$46 million to appropriately fund a rate increase implemented through 2023 Chapter 17.

The additional biennial budget efforts of 2025, Chapter 388, effective September 24, 2025, includes strategic investments in DHHS that have been carefully prioritized to maintain critical programs and services, ensuring their long-term sustainability and maximizing their impact for those who rely on them. This includes \$34 million over the biennium for child welfare needs, including compliance efforts with Department of Justice. The biennial budget continues the state's investment to stabilize the MaineCare program by appropriating an ongoing \$122 million in FY27 and bridge a gap stemming predominantly from significant MaineCare enrollment increases due to the federal COVID-era continuous enrollment requirement, as well as from increases in health care costs due to high inflation, increasing patient need, returning to pre-pandemic levels of service utilization, and reimbursement practices that do not control sufficiently for cost growth. There are also one-time investments in aging, civil legal aid, and family planning efforts. There is an ongoing contribution of \$6 million over the biennium to account for the decreased federal funding for victims of crimes.

The 2026-2027 supplemental budget, 2025 Chapter 650, includes: \$62 million in fiscal year 2026 and \$54 million in fiscal year 2027 – which amounts to 4 percent of the total cost of Medicaid – to account for increases in MaineCare health care costs due to inflation, the utilization of services, and the needs of patients; an additional \$23.6 million in fiscal year 2027 to offset the reduced federal matching rate because when our state numbers are better, the federal share is reduced, meaning more of each Medicaid dollar is from the state's General Fund; helping seniors with prescription drug costs with \$9 million to repay the federal government, as required by Federal law, for a portion of the prescribed drug expenditures for older Mainers who are enrolled in both Medicaid and Medicare and whose Medicaid drug coverage has otherwise been paid for through the Medicare Part D program; \$2.25 million one-time and \$5 million ongoing [for reproductive health care providers in Maine](#) after significant cuts by the Trump Administration; \$14.7 million to address a significant Federal cost shift to states for MaineCare and SNAP to ensure continued access to health care and food benefits for eligible individuals; \$3.4 million for services for individuals in crisis and services for individuals with intellectual and developmental disabilities; and \$2 million one-time and \$1.5 million annually to further support 40 shelters in Maine's statewide homeless shelter network to prevent shelter closures that could lead to increased homelessness in various communities, including Bangor and Presque Isle.

The budget also includes: an additional \$20 million ongoing for direct care worker cost of living adjustments; \$10 million per year for a Childcare Affordability Program; \$7.5 million per year for a low-income electricity cost reduction program; \$20 million ongoing for direct care worker Cost-of-living-adjustment increases. Some Legislative one-time efforts include funding for: civil legal aid; an eviction prevention program; support for Maine's network of 40 emergency shelters; and pharmacy start-up costs for rural Federally Qualified Health Centers. Additionally, there is a \$31 million deposit to the MaineCare Stabilization Fund to offset future insufficient General Fund appropriations or any other shortage of funds to meet MaineCare needs

In addition to the MaineCare budget items mentioned above, the supplemental budget includes nearly \$20 million of ongoing and one-time funds meant to deal with the impacts of the federal OB3 to the State's Department of Health and Human Services. These include the reduced federal share of SNAP administration; increased staffing for eligibility and income verification; funds reduction in FMAP for non-qualified immigrants; and a temporary rate increase for physician rates. The one-time funds will come from a transfer from the Budget Stabilization Fund and are primarily to update the eligibility system.

Debts of the State

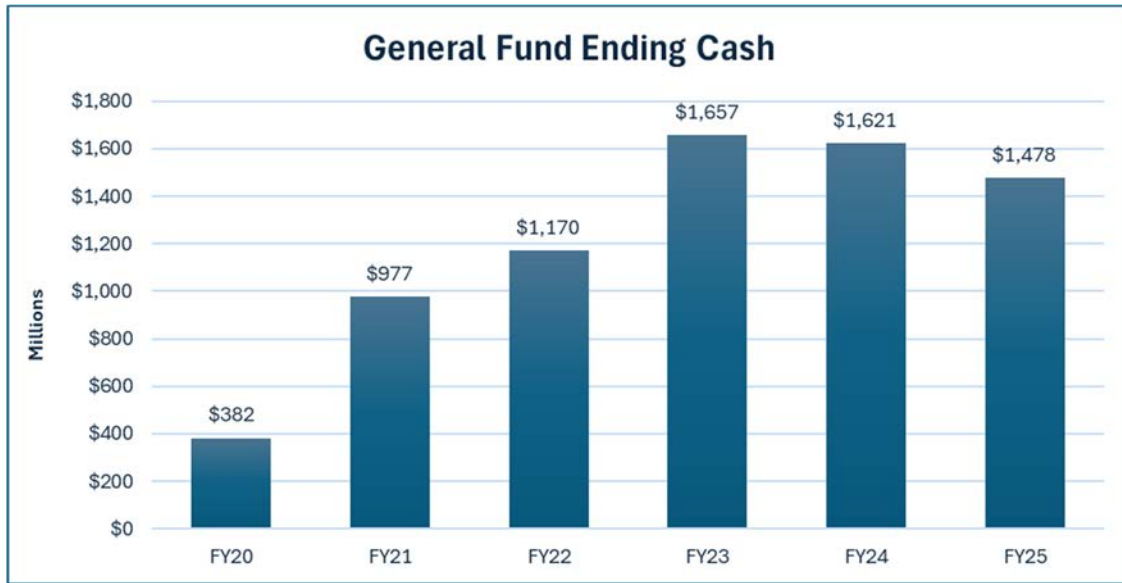
As of April 30, 2026, there were outstanding general obligation bonds of the State in the principal amount of \$360,515,000, all of which are to be paid from the General Fund. As of April 30, 2026, the State has no outstanding bond anticipation notes. Debt service requirements to maturity for the outstanding general obligation bonds are set forth in Appendix D herein.

As of April 30, 2026, there are no outstanding tax anticipation notes of the State. As of April 30, 2026, the State's General Fund has not had to borrow from other funds within the State investment pool during fiscal year 2025 for cash flow purposes.

The State does use interfund borrowing to fund capital projects in anticipation of the annual general obligation bond issue. As of April 30, 2026, the State had \$14,000,000 in interfund borrowing from the State investment pool, for which it plans to be reimbursed from the proceeds of bonds to be issued by the State. The State plans to continue using internal cash borrowing to fund capital projects in subsequent fiscal years. There was no external cash flow borrowing in fiscal year 2025 or fiscal year 2026. If external borrowing were required, bond anticipation notes could be used. The timing and amount of any such borrowings will depend upon the actual cash flow needs of the State.

As of April 30, 2026, there is no additional indebtedness authorized by the voters of the State. As of April 30, 2026, the aggregate principal amount of bonds of the State authorized by the Maine Constitution and implementing legislation for certain purposes, but unissued, is \$99,000,000. See "Fiscal Management – Constitutional Debt Limit" and "Certain Public Instrumentalities – Finance Authority of Maine" and "– Maine State Housing Authority" herein.

The State’s General Fund ending cash position as of June 30 for the fiscal years 2020-2025 is shown below.



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

Lease Financing Agreements

From time to time, the State enters into lease agreements for the purpose of acquiring or financing capital equipment and buildings. A lease agreement is secured solely by the equipment or building which is the subject of such agreement and is not a pledge of the full faith and credit of the State. Lease payment obligations are subject to appropriation by the Legislature. In certain instances, the State has issued certificates of participation in the lease payments to be made pursuant to certain lease agreements. As of February 28, 2026, the aggregate principal amount of such lease obligations outstanding was \$89,712,702. For additional information regarding such lease agreements, see Appendix D hereto. For information regarding rental payments to be made by the State, subject to appropriation, to the Maine Governmental Facilities Authority, see “Certain Public Instrumentalities - Maine Governmental Facilities Authority.”

Defined Benefit Retirement Programs

Overview

MainePERS administers three defined benefit pension plans (the “Programs”) on behalf of the State with approximately the following membership as of June 30, 2025: the State Employee and Teacher Retirement Program, with 41,578 active, 39,138 inactive non-vested, 9,403 terminated vested and 40,078 retired members and surviving beneficiaries; the Judicial Retirement Program, with 64 active, 1 inactive non-vested, 3 terminated vested and 94 retired members and surviving beneficiaries; and the Legislative Retirement Program, with 182 active, 96 inactive non-vested, 136 terminated vested and 234 retired members and surviving beneficiaries (collectively the “State Plans”). In addition, MainePERS administers the Participating Local District Consolidated Plan on behalf of 339 participating state and local public entities (“PLDs”). MainePERS also administers a group life insurance plan which provides or makes available life insurance benefits for active and retired MainePERS members and employees of certain PLDs. As of June 30, 2024, MainePERS’s group life insurance plan, for actuarial purposes, was comprised of approximately 32,415 active members and 19,799 retirees, which includes 5,362 PLD active

members and 2,957 PLD retirees and surviving beneficiaries. A full actuarial valuation of the group life insurance program is done on a biennial basis, the most recent as of June 30, 2024. The State has no retirement or group life insurance obligations to the PLDs or to their covered employees. The trust fund balances associated with each plan administered by MainePERS are segregated. The funds are commingled only for investment purposes. The administrative operating expenses of MainePERS are charged against each trust fund balance as directed by statute and in accordance with generally accepted accounting standards. The budgeted administrative operating expenses of MainePERS for fiscal year 2026 are \$23,593,914, as compared to \$21,994,206 for fiscal year 2025 and \$19,402,306 for fiscal year 2024.

MainePERS's retirement programs provide defined retirement benefits based on members' three-year average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten-year requirement was reduced by legislative action to five years for State employees and teachers; separate legislation enacted the same reduced requirement for judges, legislators, and employees of PLDs). Vesting also occurs upon the earning of one year of service credit immediately preceding retirement at or after normal retirement age. Normal retirement age for "regular service retirement plan" State employees and teachers, judges and legislative members is age 60, 62 or 65¹. The normal retirement age is determined based upon the amount of service to which a member is credited as of a specific date. For "regular service retirement plan" PLD members, normal retirement age is 60 or 65, depending upon when plan membership commenced. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. MainePERS also provides disability and death benefits which are established by statute for State employees and teacher members and by contract with other participating employers under applicable statutory provisions.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts has been set by MainePERS's Board of Trustees at the 10-year US Treasury Bond yield at the end of the prior calendar year, currently 4.18%. Employer contributions for terminated members are not refunded and remain assets of the applicable plan.

Other Available Information

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

- MainePERS Annual Comprehensive Financial Report for the fiscal year ended June 30, 2025 available at <https://www.maineopers.org/reports/>
- Actuarial Valuation Report for each of the retirement programs administered by MainePERS as of June 30, 2025 available at <https://www.maineopers.org/reports/valuations/>

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

- Final Report of the State Employee and Teacher Retirement Program experience study, dated June 8, 2021 available at https://www.mainebers.org/wp-content/uploads/2022/01/MainePERS-Experience-Study-Report-2020_2021-FINAL.pdf.
- Final Report of the 2024 Group Life Insurance Program Premium Study, dated July 2, 2024 available at https://www.mainebers.org/wp-content/uploads/pdfs/bond-disclosure/MainePERS_2024-Premium-Study-Report_20240702s-FINAL-003.pdf.

For additional information about MainePERS contained in this Information Statement, see also Note 9 and Required Supplementary Information in the State’s financial statements on pages B-96 – B-105 and B-152 – B-171 herein and “Appendix E – Maine Public Employees Retirement System State Employees and Public School Teachers Actuarial Balance Sheet, June 30, 2025”.

Funding Policy and Status

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

Normal Costs - the present value of future pension benefits earned by employees in the current year. Normal costs are based on each year’s projected annual collective employee earnings. Based on the rate-setting process as described below in the Unfunded Actuarial Accrued Liability (“UAAL”) section of this document, the State’s share of normal cost for the 2024-2025 biennium was projected to be \$84,975,012. The State’s share of the normal cost for the 2026-2027 biennium is projected to be \$94,537,164. Most State employees and teachers are required by statute to contribute 7.65% of their earnings. As previously noted, some State employees may pay a higher rate as a result of participation in a so-called “special plan”, which typically permit a member to retire younger or with fewer years of service. Other State employees may pay a lesser rate as a result of a collective bargaining agreement or other arrangement with the State.

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

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

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

The State appropriates funding for pension costs associated with the State Plans, covering all State employees and teachers, legislators and judges. Retirement, disability and death benefits provided by the System are funded by employee contributions as set by statute and by employer contributions determined on an actuarial basis. An actuarial valuation is prepared annually and the valuation completed in the even year for each of the State's three defined benefit plans is used to determine the State's employer contribution requirements for the ensuing biennium. For example, the valuation as of June 30, 2022 was used to set contributions for the 2024-2025 biennium, and a roll forward projection of the valuation as of June 30, 2024 was used to establish the contributions to be made in the 2026-2027 biennium. The valuation as of June 30, 2026, will be used to set contributions for the 2028-2029 biennium.

For State employees and teachers, the State's actuarially determined contribution (the "ADC"), previously referred to as the annual required contribution for years prior to 2014, is comprised of the normal cost contribution plus the payment required to amortize the State Employee and Teacher Retirement Program's UAAL. As of June 30, 2025, the actuarial value of assets of the State Employee and Teacher Retirement Program (which does not include members of the judicial and legislative programs) was \$16,438,814,919 and the actuarial accrued liability was \$18,770,059,781 resulting in a UAAL of \$2,331,244,862 and a funded ratio of 87.6%. The State is obligated under an amendment to the Maine Constitution adopted in 1995 to amortize the UAAL of the State Employee and Teacher Retirement Program as of June 30, 1996 by no later than the end of fiscal year 2028. As of June 30, 2025, 3 years remained in the current, constitutionally mandated amortization period for the unfunded liability of the State Employee and Teacher Retirement Program. The Maine Constitution also prohibits the creation of new unfunded liabilities other than those arising from experience losses. Any such liabilities are required to be amortized within 20 years. The constitutional requirement does not apply to the Legislative Retirement Program or the Judicial Retirement Program. MainePERS monitors all relevant proposed bills to ensure continued compliance with the constitutional requirement. MainePERS estimates that approximately \$1.45 billion of the UAAL as of June 30, 2025, is allocable to the remaining balance of the June 30, 1996 UAAL and will be amortized by June 30, 2028 with the remaining \$879 million to be amortized by June 30, 2045.

The judicial retirement plan had an actuarial surplus of \$7,219,224 at June 30, 2025. The legislative retirement plan had an actuarial surplus of \$4,798,742 at June 30, 2025.

The ADC determined for the 2024-2025 biennial budget was based upon an estimate of the assets and liabilities as of June 30, 2022. The estimated assets included the June 30, 2022 assets (at market value), with a projection of total cash flows for the year. The liabilities included the June 30, 2021 liabilities, rolled forward based on projected actuarial assumptions for fiscal year 2022. This process allows the System to provide employer contribution rates to the State as early as possible in the biennial budget process. This same methodology was used to determine the ADC for the 2026-2027 biennial budget. The amount paid by the State in fiscal years 2022, 2023 and 2024 was \$475,159,000, \$451,657,000 and \$497,170,000, respectively. The amounts projected to be paid by the State, using the rate-setting process as described above, in fiscal years 2025, 2026 and 2027 are \$407,234,000, \$434,013,000 and \$445,648,000, respectively.

The State has generally funded its ADC for State employees, teachers, judges and legislators as shown in the table below. Differences between the ADC and the actual contribution may be the result of the differences between projected and actual salary amounts for any given year.

<u>Valuation Date</u> <u>6/30/YY</u>	<u>Actuarially Determined</u> <u>Contribution</u>	<u>Actual Contribution</u>	<u>Percent</u> <u>Contributed</u>
2025	\$512,707,452	\$512,707,452	100.0%
2024	497,170,000	497,170,000	100.0
2023	451,657,000	451,657,000	100.0
2022	475,159,000	475,159,000	100.0
2021	351,528,000	351,528,000	100.0
2020	331,164,000	331,164,000	100.0
2019	293,580,000	293,580,000	100.0
2018	279,730,000	279,730,000	100.0
2017	273,630,000	273,630,000	100.0
2016	257,620,000	257,620,000	100.0
2015	264,812,000	264,812,000	100.0
2014	264,275,000	264,275,000	100.0
2013	264,381,000	264,381,000	100.0
2012	252,830,000	252,830,000	100.0
2011	328,075,000	333,944,000	101.8
2010	317,992,000	329,207,000	103.5
2009	320,112,000	320,112,000	100.0
2008	305,361,000	305,361,000	100.0
2007	303,076,000	303,075,774	100.0
2006	286,439,000	303,438,610	106.0
2005	261,698,000	274,697,901	105.0
2004	251,483,000	273,482,848	108.8
2003	252,709,000	263,209,148	104.2

As of June 30, 2025, the State reported a net pension liability (“NPL”) of \$2,240,864,000 for the State Employee and Teacher Plan. The State reported a net pension asset (“NPA”) of \$8,837,000 for the Judicial Plan and \$5,860,000 for the Legislative Plan. The NPL or NPA is calculated as the difference between the total pension liability (“TPL”) and the market value of assets held by the plan. The NPL was calculated using a discount rate of 6.5%. If the discount rate used was one percentage point lower, the collective net pension liability of the State Plans, measured as of June 30, 2024 for fiscal year 2025, would have been \$4.2 billion. If the NPL was calculated using a discount rate one percentage point higher, there would have been an NPL of \$334.0 million.

The following table sets forth a projection of the contributions expected to be made by the State to pay both the normal cost and to amortize the UAAL of the State Employee and Teacher Retirement Program for the period from fiscal year 2026 through fiscal year 2030. The dollar amounts (expressed as millions) are shown both as future year dollars and current year dollars (discounted at a 2.75% rate). The amounts shown in the table below include the results of the most recently completed actuarial valuation used in the determination of employer contribution requirements, which was as of June 30, 2025.

Projected Contributions

Fiscal Year	Normal Cost future dollars*	Normal Cost current dollars*	UAAL Cost future dollars*	UAAL Cost current dollars*	Total Cost future dollars*	Total Cost current dollars*
2026	122	122	401	401	523	523
2027	126	123	412	401	538	523
2028	130	123	426	404	556	527
2029	134	123	148	137	282	260
2030	138	124	135	121	271	245

*All costs in millions.

The amounts in the preceding table are based on projections derived from the 2025 actuarial assumptions and other information then known to the State and the System. The actual amounts required to be contributed by the State in the future will likely differ from these amounts and, depending upon actual circumstances, such differences may be substantial. The actual contributions to be made by the State for any future fiscal year, including the amount required to amortize the then UAAL, will be based upon actual investment results and other factors as they occur in the future and the applicable actuarial valuation used to certify the contribution rates for such year and will reflect all actuarial assumptions and circumstances then in effect. The State cannot predict with certainty what the actual dollar amount of required contributions to the System will be for fiscal years beyond fiscal year 2027.

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

Pursuant to 2013 Chapter 368, beginning in fiscal year 2013-14, the employer normal cost for teacher members must be paid by local school administrative units. Those costs were previously paid by the State. The amount paid by the local school administrative units was \$57,206,000, \$82,026,000 and \$71,141,000 in fiscal years, 2023, 2024 and 2025, respectively. Based on the projections used to establish pension costs for fiscal years 2026 and 2027, the employer normal cost is projected to be \$65,623,000, \$69,466,000 and \$71,377,000, respectively. The amount of employer normal cost paid will be based on actual payroll. The State continues to pay the employer unfunded liability costs for teacher members.

Actuarial Assumption Changes. State law provides that at least once in each six-year period, the System’s actuary is to make an investigation into account program demographics and changes in program demographics, employment patterns and projections, relevant economic measures and expectations and other factors that the Board or actuary considers significant. The actuary must also make recommendations for certain modifications of the actuarial assumptions, as needed. The System conducted an experience study in 2021, which has resulted in the adoption of different assumptions, as described below. The final report of the most recent experience study, is available at https://www.maineopers.org/wp-content/uploads/2022/01/MainePERS-Experience-Study-Report-2020_2021-FINAL.pdf. The System is scheduled to complete the next experience study in 2026.

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

Actuarial Valuation. By State law, the System's assets and liabilities are calculated annually by the System's actuaries. Each even year's valuation serves as the basis for the State's ADC in the biennium that begins two years from the date of the valuation. This report is delivered to the State in late October and contains an actuarial valuation of the plans administered by the System as of the end of the most recent fiscal year and sets out the ADC for the upcoming biennium. The report also includes, for each plan, a description of the actuarial assumptions and methods used, a brief summary of the principal plan provisions and a summary of member data. The actuarial reports for the fiscal year ended June 30, 2025 (the most recently completed actuarial reports) are incorporated by reference herein and are available at <https://www.mainebers.org/reports/valuations>.

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

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

With respect to the expected rate of return of assets, the actual rate of return on investments depends on the performance of its investment portfolio. The value of the securities and other investments in the investment portfolio changes from one fiscal year to the next, which, in turn, causes increases or decreases in the funded ratio of each plan and in the UAAL. For fiscal year 2025, the assumed rate of return was 6.50%. For fiscal year 2025, the actuarial rate of return of the assets was 7.96% as compared to a market rate of return of 9.31%. Information about the System's Investment Program is available at www.mainebers.org/Investments/. For fiscal year 2026, as of February 28, 2026, the estimated market rate of return on investments was 7.60%.

The 2025 Actuarial Valuation includes an analysis of the impact of both higher and lower actual market rates of return, as compared to the current assumed rate of return of 6.50%. If the Programs were to earn 7.50% annual returns, the State's contribution rate would decline from the projected rate in the 2025 Valuation of 19.98% and the UAAL on a market value of assets basis would be paid in full by 2030 rather than the 2040 date projected based on 6.50% returns. The 1996 UAAL would still be paid off by

2028 under the 6.50% scenario, but continued recognition of investment gains would accelerate the point the plan reaches 100% funded status, projected to be 2040 if all assumptions are exactly met between now and then. If, however, the Programs were to earn 5.50% annual returns, the State's contribution rate would increase from the projected rate in the 2025 Valuation of 19.98% and the point at which the UAAL on a market value of assets basis would be paid in full is deferred indefinitely. The NPL (in \$ thousands) for the State Employee and Teacher Pension Plan (SETP) at the current discount rate of 6.50% is \$1,881,148. If the rate were 1% higher, the NPL (in \$ thousands) would be (\$56,747). If the rate were 1% lower, the NPL (in \$ thousands) would be \$4,199,239.

Again, as noted above, the actual future circumstances will likely vary from those assumed in the 2025 valuation and thereby result in potentially significantly different required contribution amounts.

The following table sets out the actual rate of investment return as compared to the actuarial assumed rate of return (taking into account the 3-year smoothing method described below) for the calendar years 2025 through 1991, inclusive. The next actuarial valuation that will be used to determine required contributions will be based on the actual rate of investment return as of June 30, 2026.

Calendar Year	Actual Rate of Investment Return	Actuarial Assumed Rate of Return*
2025	11.90%	6.50%
2024	8.30	6.50
2023	8.20	6.50
2022	-4.00	6.50
2021	19.50	6.50
2020	10.60	6.75
2019	13.16	6.75
2018	1.90	6.75
2017	15.80	6.875
2016	7.50	6.875
2015	0.10	7.125
2014	5.40	7.125
2013	14.80	7.25
2012	12.86	7.25
2011	0.22	7.25
2010	12.20	7.75
2009	21.50	7.75
2008	-27.60	7.75
2007	9.10	7.75
2006	11.30	7.75
2005	7.70	8.00
2004	13.10	8.00
2003	25.60	8.00
2002	-10.30	8.00
2001	-5.00	8.00
2000	-3.80	8.00
1999	15.30	8.00
1998	15.30	8.00
1997	18.50	8.00

1996	13.50	8.00
1995	25.70	8.00
1994	-0.10	8.00
1993	13.90	8.00
1992	7.20	8.00
1991	23.90	8.50

*Changes effective July 1 of stated year

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

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

State & Teachers							
Valuation date 6/30/YY	Actuarial Accrued Liability	Actuarial Assets	Unfunded Actuarial Liability	Funded Ratio (AVA)	Market Assets	Funded Ratio (MVA)	Actuarial Assets Over Market
2025	\$18,770,059,781	\$16,438,814,919	\$2,331,244,862	87.26%	\$16,888,911,440	90.0%	97.33%
2024	18,050,569,851	15,586,656,799	2,463,913,052	86.30	15,809,706,213	87.60	98.59
2023	17,520,535,684	14,889,086,583	2,631,449,101	85.00	15,073,148,465	86.00	98.80
2022	16,981,792,082	14,248,105,921	2,733,686,161	83.90	14,568,691,334	85.80	97.80
2021	16,392,351,328	13,460,870,272	2,931,481,056	82.10	14,900,644,020	90.90	90.30
2020	14,865,460,130	12,249,961,306	2,615,498,824	82.40	12,044,916,279	81.00	101.70
2019	14,547,222,913	11,894,672,150	2,652,550,763	81.80	12,035,563,047	82.70	98.80
2018	14,031,187,845	11,419,986,652	2,611,201,193	81.40	11,632,179,683	82.90	98.20
2017	13,484,886,512	10,904,082,221	2,580,804,291	80.90	10,893,291,864	80.80	100.10
2016	13,069,954,948	10,512,524,178	2,557,430,770	80.40	9,960,335,390	76.20	105.60
2015	12,616,287,054	10,375,552,498	2,240,734,556	82.20	10,242,097,022	81.20	101.30
2014	12,320,158,783	10,017,512,006	2,302,646,777	81.31	10,337,615,927	83.90	96.90
2013	11,830,649,882	9,177,749,627	2,652,900,255	77.58	9,091,347,964	76.85	101.00
2012	11,553,306,281	8,880,730,120	2,672,576,161	76.87	8,453,862,754	73.20	105.10
2011	11,281,665,186	8,736,885,121	2,544,780,065	77.44	8,677,947,874	76.90	100.70
2010	12,617,144,005	8,313,459,810	4,303,684,195	65.90	7,239,332,094	57.40	114.80
2009	12,321,219,332	8,325,951,236	3,995,268,096	67.60	6,620,849,642	53.70	125.80
2008	11,668,032,511	8,631,557,629	3,036,474,882	74.00	8,311,970,624	71.20	103.80
2007	11,157,770,138	8,245,520,019	2,912,250,119	73.90	8,668,381,195	77.70	95.10
2006	10,547,299,194	7,504,219,546	3,043,079,648	71.10	7,503,201,781	71.10	100.00
2005	9,999,250,038	6,964,597,457	3,034,652,581	69.70	6,997,802,832	70.00	99.50
2004	9,442,389,399	6,452,570,244	2,989,819,155	68.30	6,280,951,942	66.50	102.70
2003	9,442,389,399	6,452,570,244	2,989,819,155	68.30	6,280,951,942	66.50	102.70

Judicial

Valuation date 6/30/YY	Actuarial Accrued Liability	Actuarial Assets	Unfunded Actuarial Liability	Funded Ratio (AVA)	Market Assets	Funded Ratio (MVA)	Actuarial Assets Over Market
2025	\$83,083,886	\$90,303,110	-\$7,219,224	108.70%	\$92,775,619	116.70%	97.33%
2024	80,846,424	87,944,771	-7,098,347	108.80	89,203,285	116.30	98.59
2023	78,586,151	86,355,694	-7,769,543	109.90	87,423,240	111.20	98.80
2022	77,425,685	83,932,655	-6,506,970	108.40	85,821,158	110.80	97.80
2021	75,787,564	81,207,552	-5,419,988	107.20	89,893,506	118.60	90.30
2020	72,197,110	74,766,188	-2,569,078	103.60	73,514,720	101.80	101.70
2019	69,316,540	72,775,425	-3,458,885	105.00	73,637,441	106.20	98.80
2018	68,291,924	69,934,400	-1,642,476	102.40	71,233,840	104.30	98.20
2017	65,000,144	66,776,230	-1,176,086	102.70	66,710,150	108.70	100.10
2016	63,721,271	64,265,782	-544,511	100.90	60,890,109	102.20	105.60
2015	58,911,617	57,074,951	1,836,666	96.90	56,340,825	95.60	101.30
2014	54,560,642	55,419,017	-858,375	101.57	57,189,900	104.80	96.90
2013	52,374,785	51,055,251	1,319,534	97.50	50,574,604	96.60	101.00
2012	46,340,678	49,735,004	-3,394,326	107.32	47,344,407	102.20	105.10
2011	47,868,297	49,324,784	-1,456,487	103.00	48,992,049	102.40	100.70
2010	53,149,699	47,677,635	5,472,064	89.70	41,517,520	78.10	114.80
2009	50,543,320	48,478,344	2,064,976	95.90	38,550,289	76.30	125.80
2008	47,634,452	50,418,942	-2,784,490	105.80	48,552,160	101.90	103.80
2007	46,842,351	48,225,053	-1,382,702	103.00	50,698,214	108.20	95.10
2006	43,102,409	44,350,649	-1,248,240	102.90	44,344,633	102.90	100.00
2005	41,804,673	41,842,216	-37,543	100.10	42,041,709	100.60	99.50
2004	36,388,731	39,210,995	-2,822,264	107.80	38,168,105	104.90	102.70
2003	41,931,130	41,842,216	88,914	99.80	42,041,709	100.30	99.50

Legislative

Valuation date 6/30/YY	Actuarial Accrued Liability	Actuarial Assets	Unfunded Actuarial Liability	Funded Ratio (AVA)	Market Assets	Funded Ratio (MVA)	Actuarial Assets Over Market
2025	\$13,362,047	\$18,160,789	-\$4,798,742	135.90%	\$18,658,033	139.60%	97.33%
2024	11,571,061	17,185,176	-5,614,115	148.50	17,431,101	150.60	98.59
2023	11,406,177	16,478,192	-5,072,015	144.50	16,681,900	146.30	98.80
2022	10,977,282	15,787,715	-4,810,433	143.80	16,142,942	147.10	97.80
2021	10,678,471	15,049,435	-4,370,964	140.90	16,659,121	156.00	90.30
2020	9,728,689	13,679,070	-3,950,381	140.60	13,450,104	138.30	101.70
2019	9,066,764	13,092,938	-4,026,174	144.00	13,248,022	146.10	98.80
2018	8,559,950	12,523,131	-3,963,181	146.30	12,755,821	149.00	98.20
2017	8,163,310	11,908,009	-3,744,699	145.90	11,896,225	145.70	110.10
2016	7,679,458	11,405,769	-3,726,311	148.50	10,806,661	140.70	105.60
2015	7,558,293	11,219,880	-3,661,587	148.40	11,075,564	146.50	101.30
2014	7,505,193	10,775,701	-3,270,508	143.31	11,120,032	148.20	96.90
2013	6,872,614	9,771,955	-2,899,341	142.20	9,679,959	140.90	101.00
2012	6,243,939	9,322,419	-3,078,780	149.31	8,874,321	142.10	105.10
2011	5,725,193	9,040,180	-3,314,987	157.90	8,979,197	156.80	100.70
2010	6,073,364	8,634,635	-2,561,271	142.20	7,519,010	123.80	114.80
2009	5,499,809	8,717,885	-3,218,076	158.50	6,932,518	126.10	125.80
2008	5,605,005	9,099,133	-3,494,128	162.30	8,762,234	156.30	103.80
2007	5,095,638	8,721,571	-3,625,933	171.20	9,168,846	179.90	95.10
2006	7,944,468	7,944,468	0	100.00	7,943,390	100.00	100.00
2005	7,406,475	7,406,475	0	100.00	7,441,788	100.50	99.50
2004	6,827,478	6,827,478	0	100.00	6,645,888	97.30	102.70
2003	7,406,475	7,406,475	0	100.00	7,441,788	100.50	99.50

ALL STATE PLANS

Valuation date 6/30/YY	Actuarial Accrued Liability	Actuarial Assets	Unfunded Actuarial Liability	Funded Ratio (AVA)	Market Assets	Funded Ratio (MVA)	Actuarial Assets Over Market
2025	\$18,866,505,714	\$16,547,278,818	\$2,319,226,818	87.71%	\$17,000,345,092	90.11%	97.33%
2024	18,142,987,336	15,691,786,746	2,451,200,590	86.49	15,916,340,599	87.73	98.59
2023	17,610,528,012	14,991,920,469	2,618,607,543	85.10	15,177,253,605	86.20	98.80
2022	17,070,195,049	14,347,826,291	2,722,368,758	84.10	14,670,655,434	86.00	97.80
2021	16,478,817,363	13,557,127,259	2,921,690,104	82.30	15,007,196,647	91.10	90.30
2020	14,947,385,929	12,338,406,564	2,608,979,365	82.55	12,131,881,103	81.20	101.70
2019	14,625,606,217	11,980,540,513	2,645,065,704	81.90	12,122,448,510	82.90	98.80
2018	14,108,039,719	11,502,444,183	2,605,595,536	81.50	11,716,169,344	83.05	98.20
2017	13,558,049,966	10,982,766,460	2,575,883,506	81.01	10,971,898,239	80.93	100.10
2016	13,141,445,677	10,588,195,729	2,553,159,948	80.60	10,032,032,160	76.30	105.60
2015	12,682,756,964	10,443,847,329	2,238,909,635	82.35	10,309,513,411	81.30	101.30
2014	12,382,224,618	10,083,706,724	2,298,517,894	81.40	10,405,925,859	84.00	96.90
2013	11,889,897,281	9,238,576,833	2,651,320,448	77.70	9,151,602,527	77.00	101.00
2012	11,605,890,598	8,939,787,543	2,666,103,055	77.00	8,510,081,482	73.30	105.10
2011	11,335,258,676	8,795,250,085	2,540,008,591	77.60	8,735,919,120	77.10	100.70
2010	12,676,367,069	8,369,772,080	4,306,594,989	66.00	7,288,368,624	57.50	114.80
2009	12,377,262,461	8,383,147,465	3,994,114,996	67.70	6,666,332,449	53.90	125.80
2008	11,721,271,967	8,691,075,704	3,030,196,263	74.10	8,369,285,018	71.40	103.80
2007	11,209,708,127	8,302,466,643	2,907,241,484	74.10	8,728,248,255	77.90	95.10
2006	10,598,346,071	7,556,514,663	3,041,831,408	71.30	7,555,489,804	71.30	100.00
2005	10,048,461,186	7,013,846,148	3,034,615,038	69.80	7,047,286,328	70.10	99.50
2004	9,485,605,608	6,498,608,717	2,986,996,891	68.50	6,325,765,935	66.70	102.70
2003	9,491,727,004	6,501,818,935	2,989,908,069	68.50	6,330,435,439	66.70	102.70
2002	8,511,834,626	5,920,475,637	2,591,358,989	69.60	5,129,650,969	60.30	115.40

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

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

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

The 130th Legislature enacted Public Laws 2021, chapters 231 (L.D. 99) (“2021 Chapter 231”) and 234 (L.D. 319), which require divestment from, and prohibit the System from investing in, fossil fuel companies and for-profit prisons, respectively, to the extent such actions are “in accordance with sound investment criteria and consistent with fiduciary obligations.” Because these laws permit MainePERS to continue to make investment decisions “in accordance with sound investment criteria and consistent with fiduciary obligations,” they are not expected to have a material effect on the financial condition of the System. 2021 Chapter 231 required MainePERS to submit an annual report to the Legislature regarding the progress of divestment under the new laws. MainePERS submitted a report on December 31, 2025, and a copy is available at <https://www.maineopers.org/reports/reports-and-presentations/>.

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

The 131st Legislature enacted 2023 Chapter 412, Part HHHHH, which authorized the payment of an additional 3% one-time COLA payment to eligible retirees from the State-sponsored plans. The State submitted payment to MainePERS for the cost of this additional COLA payment.

The 132nd Legislature considered two bills, L.D. 900 and L.D. 1040, both of which would amend the COLA provisions applicable to retirees from the State-sponsored plans. L.D. 900 would increase the “COLA base” which is the amount of a retiree’s benefits on which a COLA is applied, and the “COLA cap,” which is the maximum percentage by which benefits may be adjusted for all eligible retirees. L.D. 1040 would increase the COLA base, for members retired on or before June 30, 2011. Both of these bills have significant costs that would require immediate funding under the provisions of the Maine Constitution. Both were placed on the Special Appropriations Table for funding consideration.

The 132nd Legislature also considered L.D. 1872 which would require additional General Fund payments of up to \$185 million to MainePERS each year beginning in fiscal year 2029 through fiscal year 2033. This proposal directs that funds that prior to fiscal year 2028 were being paid towards the payoff of the 1996 UAL continue to be paid and be set aside for the purpose of increasing COLAs paid to retirees. This bill has also been placed on the Special Appropriations Table for funding consideration.

Group Life Insurance Program. MainePERS also administers a group life insurance program which is available to eligible participants. As of June 30, 2025, the State reported a total net other post-employment benefit liability of \$69.3 million. The ADC for fiscal year 2025 was \$13.4 million and the annual contribution paid was \$12.9 million, representing 96% of the ADC. Differences between the ADC and the actual premium may be the result of the differences between projected and actual coverage amounts for the year. A group life insurance premium study was completed in 2024 and recommended premium levels commenced with the 2024-2025 biennial budget. A copy of the premium study can be found at https://www.maineopers.org/wp-content/uploads/pdfs/bond-disclosure/MainePERS_2024-Premium-Study-Report_20240702s-FINAL-003.pdf.

Post-Employment Health Care Benefits

The State has a statutory, single-employer defined benefit healthcare Other Post-Employment Benefits (“OPEB”) plan that is administered through a trust. The State funds post-retirement health care benefits for most retired State employees and legislators, as authorized by Title 5 M.R.S., section 285.

For fiscal years ending after June 30, 2015, statute limited the total premium increase for active and retired State employee health insurance to no more than any percentage increase in the Consumer Price Index, as defined in Title 5 MRSA § 17001, subsection 9, plus 3 percent.

The State pays 100% of post-retirement health insurance premiums for State employee retirees who were first employed on or before July 1, 1991. A pro rata portion, ranging from 0% for retirees with less than five years participation to 100% for retirees with ten or more years of participation, is paid for eligible individuals first employed after July 1, 1991. 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 who are not eligible for Medicare includes basic hospitalization; supplemental major medical and prescription drugs; and costs for treatment of mental health, alcoholism, and substance abuse.

Title 5 MRSA § 286-B authorized an Irrevocable Trust Fund for Other Post-Employment Benefits to meet the State's unfunded liability obligations for retiree health benefits for eligible participants who are the beneficiaries of the irrevocable trust fund. MPERS holds and invests long-term funds in the irrevocable trust fund. Its fiduciary responsibilities include setting investment policy in order to fund the plan in accordance with a projected disbursement schedule that does not begin before the year 2027. Annually the Legislature shall appropriate funds to meet the State's obligations under any group health plan, policy or contract purchased by the State Employee Health Commission. Unfunded liabilities may not be created except those resulting from experience losses. Unfunded liability resulting from experience losses must be retired over a period not to exceed 10 years. The unfunded liability for retiree health benefits for eligible participants must be retired in 30 years or less from July 1, 2007.

The State also committed to pay a statutorily determined portion of the retiree healthcare premiums for retired Teachers and retired First Responders as authorized by Title 20-A MRSA § 13451 and Title 5 MRSA § 286-M, respectively. Each group is a collection of single employer defined benefit plans. State contributions are based on rates negotiated by each school district and municipality and reflect their individual healthcare experience rating.

The State contribution to first responder health premiums is 55 percent of the retiree-only premium. The State subsidy ends after the retiree is eligible for Medicare. For teachers, the subsidy of 60 percent of the retiree medical premium is based on a single rate for single and employee plus children coverage, or 50 percent of the two-party rate for two party and family coverage. Eligibility mirrors that of State Employees.

A special funding situation exists for these plans. The State is statutorily responsible for contributions to the Teachers Plan and the First Responders Plan that cover the retirees of other governmental entities. The State is the sole contributing entity for Teachers and for the First Responders. It makes contributions on behalf of teachers at a 60 percent level for Teachers. It also makes contributions on behalf of the employing jurisdictions at a 55 percent level for the current portion of the health plan costs. The First Responders Plan is currently funded on a pay-as-you-go basis with the State directly paying insurers. The Teachers Plan had been funded on a pay-as-you-go basis until June 30, 2023.

An Irrevocable Trust Fund for Other Post-Employment Benefits for the Teachers Plan was funded with an initial \$103 million deposit on June 30, 2023. MPERS holds and invests long-term funds in the irrevocable trust fund. Its fiduciary responsibilities include setting investment policy in order to fund the

plan in accordance with a projected disbursement schedule that does not begin before the year 2027. Annually the Legislature shall appropriate funds to meet the State's obligations under any group health plan, policy or contract purchased by the State Employee Health Commission. Unfunded liabilities may not be created except those resulting from experience losses. Unfunded liability resulting from experience losses must be retired over a period not to exceed 10 years. The unfunded liability for retiree health benefits for eligible participants must be retired in 30 years or less from July 1, 2007.

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

As of June 30, 2025 there were 8,713 retired eligible State employees, 10,851 retired teachers, and 146 retired eligible first responders. The value of the assets of the Retiree Health Insurance Post-Employment Benefits ("RHIPBE") Investment Trust for the State Employee Plan has grown from a balance of \$133.9 million as of June 30, 2012 to \$600.5 million as of June 30, 2025. The value of the assets of the RHIPBE Investment Trust for the Teacher Plan as of June 30, 2025 was \$130.4 million. As of February 28, 2026 the balances in the RHIPBE Investment Trusts for the State Employee Plan and Teacher Plan were \$704.8 million and \$147.3 million, respectively.

The OPEB expense paid by the State for state and teacher retirees in fiscal year 2025 was \$127.6 million. The amounts budgeted by the State in fiscal years 2025 and 2026 are \$125.1 million and \$144.3 million, respectively.

The net OPEB liabilities for the State Employee Plan and the Teacher's Plan as of June 30, 2025 were \$291.3 million and \$856.7 million, respectively. The total OPEB liability for the First Responders Plan as of June 30, 2025 was \$29.3 million.

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

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

Per Title 5 MRS § 1532, when the Budget Stabilization Fund (BSF) is below its statutory limitation of 18 percent, all investment earnings are credited to the BSF at the end of each month. Per Public Laws 2023, chapters 412 and 643, when the BSF is at its statutory limitation of 18 percent, all investment earnings are credited to the state employee plan OPEB at the end of each month. Applying the BSF earnings toward this purpose has proven an effective strategy, especially given that the OPEB Trust

is invested with more market exposure and earns a significantly higher rate of return than the Treasurer's Cash Pool. At the end of June 2022, the State Plan portion was \$746.6 million prior to other annual contributions and laws (Public Law 2023, chapters 412 and 643) redirecting BSF earnings to the balance. Along with the annual actuarial considerations, with \$44.2 million applied from BSF earnings, we have recognized a reduction in the UAL balance of more than \$450 million, or 60 percent, based upon earnings to date and future projected earnings over the next decade.

The Legislature, through the emergency enactment of PL2025, c.721, designated that the first \$4 million of investment earnings on the Budget Stabilization Fund, starting in April 2026, will be transferred to the County Jail fund. After that, a new requirement in 2025 Chapter 650, the 2026-2027 supplemental budget, now distributes earnings when the BSF is below its statutory limitation of 18 percent in three parts: 50 percent to BSF; 25 percent to the state employee plan OPEB (aka Irrevocable Trust Fund for Other Post-employment Benefits established in Title 5 § 286B (2) for the state employee plan, as defined in § 286B (1) (D)); and 25 percent to the Land for Maine's Future Trust Fund. Additionally, 2025 Chapter 650 now distributes earnings when BSF is at its statutory limitation of 18 percent in two parts: 75 percent to the state employee plan OPEB and 25 percent to the Land for Maine's Future Trust Fund.

Employee Relations

As of March 2026, the State had approximately 12,012 Executive Branch employees.

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

The Commissioner of DAFS, acting through the Office of Employee Relations within the Bureau of Human Resources, is the Governor's designee for collective bargaining and is responsible for the negotiations and all other employee relations functions. In September and October 2023, respectively, AFSCME and MSLEA ratified successor contracts effective through June 30, 2025, which include a 6% salary increase in October 2023 and a 3% increase in July 2024. The contracts also establish a new step in each salary grade 4% higher than the existing highest step effective July 2024. In October of 2024, a one-time lump sum payment of \$2,000 was negotiated and paid to all State employees. The economic items consistent with the terms of the agreements for these five bargaining agents are authorized in Public Laws 2023, chapter 406 and funded through a transfer of balances from personal services salary savings lapsing at the end of each fiscal year to the General Fund salary plan program.

In March 2025, the Office of Employee Relations and MSEA finalized negotiations for market pay stipends for 73 classifications impacting 2,218 positions. In November 2025, MSLEA ratified a successor contract effective through June 30, 2027, which include a 2% salary increase in January 2026, and a 2% increase in July 2026. In December 2025, AFSCME, MSTA and FOP ratified successor contracts effective through June 30, 2027, which include a 2% salary increase in January 2026, and a 2%

salary increase in July 2026. As of March 18, 2026, negotiations are ongoing with MSEA for a successor contract through June 30, 2027. The economic items consistent with the terms of the agreements for these five bargaining agents are authorized in Public Laws 2025, chapter 492 and funded through a transfer of balances from personal services salary savings lapsing at the end of each fiscal year to the General Fund salary plan program.

The Governor is also authorized to grant Executive Branch employees who are excluded from bargaining similar and equitable treatment consistent with the terms of the agreements.

Interfund Transactions

Due to Other Funds are amounts owed by one State fund to another for goods sold or services rendered. Due from Other Funds are amounts to be received from one State fund by another for goods sold or services rendered. The following is a summary of amounts due from other funds and due to other funds as of June 30, 2025:

Interfund Transfers
June 30, 2025
(Expressed in Thousands)

Transferred To	Transferred From				
	General	Highway	Federal	Other Special Revenue	Other Governmental
General	\$ -	\$ 11,000	\$ -	\$ 19,407	\$ -
Highway	138,770	-	40,755	12,297	-
Federal	-	-	-	7,752	-
Other Special Revenue	738,803	-	2,625	-	5,219
Employment Security	-	-	750	-	-
Non-Major Enterprise	75	7,603	-	23,038	-
Internal Service	4,080	-	-	-	-
Total	\$ 881,728	\$ 18,603	\$ 44,130	\$ 62,494	\$ 5,219

Transferred To	Transferred From				
	Employment Security	Non-Major Enterprise	Internal Service	Fiduciary	Total
General	\$ -	\$ 86,213	\$ -	\$ 28,249	\$ 144,869
Highway	-	60,717	-	-	252,539
Federal	750	-	-	-	8,502
Other Special Revenue	-	711	-	170	747,528
Employment Security	-	-	-	-	750
Non-Major Enterprise	-	-	-	-	30,716
Internal Service	-	-	-	-	4,080
Total	\$ 750	\$ 147,641	\$ -	\$ 28,419	\$ 1,188,984

REVENUES OF THE STATE

General

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

The following tables for fiscal years 2019-2029 reflect applicable baseline forecasts, each as updated with laws enacted through the First Regular Session of the 132nd Maine Legislature and as updated by the March 2026 RFC meeting. See “State Budgets” herein.

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

CATEGORY	Fiscal year 2020 baseline budget December 2016 RFC	Fiscal year 2020 through the 129 th 2nd Regular Session	Fiscal year 2020 Actual
Sales and Use Tax	\$1,475,000,000	\$1,617,738,944	\$1,555,713,076
Service Provider Tax	60,000,000	57,024,000	58,012,511
Individual Income Tax	1,686,800,000	1,810,313,500	1,835,972,805
Corporate Income Tax	178,750,000	217,280,000	216,131,489
Cigarette and Tobacco Tax	131,800,000	141,621,642	137,331,317
Insurance Companies Tax	74,700,000	75,950,000	82,145,116
Estate Tax	12,850,000	20,450,000	21,079,344
Fines, Forfeits and Penalties	22,242,017	12,319,191	9,986,146
Income from Investments	2,421,028	12,304,505	12,121,418

Transfer from Lottery Commission	54,900,000	57,000,000	64,589,742
Transfer for Tax Relief Programs	(69,500,000)	(76,815,000)	(74,637,969)
Transfer to Municipal Revenue Sharing	(165,459,224)	(111,897,672)	(113,613,360)
Other Taxes and Fees	130,034,000	138,146,069	139,144,510
Other Revenues	18,059,135	26,855,866	25,367,559
Total Undedicated Revenues	<u>\$3,612,596,956</u>	<u>\$3,998,291,045</u>	<u>\$3,969,343,702</u>

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

CATEGORY	Fiscal year 2022 baseline budget December 2020 RFC	Fiscal year 2022 through the March 2022 RFC	Fiscal Year 2022 Actual
Sales and Use Tax	\$1,712,642,422	\$2,042,852,322	\$2,078,875,746
Service Provider Tax	55,997,000	51,000,000	51,328,641
Individual Income Tax	1,753,820,000	2,174,750,000	2,580,679,731
Corporate Income Tax	220,408,737	330,033,737	415,817,438
Cigarette and Tobacco Tax	148,971,771	150,220,000	148,517,422
Insurance Companies Tax	88,250,000	88,250,000	101,673,456
Estate Tax	14,750,000	40,000,000	34,183,165
Fines, Forfeits and Penalties	12,430,166	8,264,201	4,905,201
Income from Investments	3,326,083	6,979,207	9,023,821

Transfer from Lottery Commission	60,000,000	65,000,000	71,351,415
Transfer for Tax Relief Programs	(77,250,000)	(77,380,000)	(78,022,118)
Transfer to Municipal Revenue Sharing	(190,421,383)	(212,935,551)	(232,362,929)
Other Taxes and Fees	144,145,560	154,166,433	160,123,030
Other Revenues	25,697,361	35,981,141	45,519,551
Total Undedicated Revenues	<u>\$3,972,767,717</u>	<u>\$4,857,182,490</u>	<u>\$5,391,613,569</u>

CATEGORY	Fiscal year 2023 baseline budget December 2020 RFC	Fiscal year 2023 through the March 2022 RFC	Fiscal Year 2023 through the December 2022 RFC	Fiscal Year 2023 through the May 2023 RFC	Fiscal Year 2023 Actual
Sales and Use Tax	\$1,791,923,237	\$2,114,521,337	\$2,135,130,279	\$2,166,719,346	\$2,173,045,809
Service Provider Tax	55,437,000	50,000,000	50,051,352	52,062,521	51,464,619
Individual Income Tax	1,833,704,375	2,184,940,230	2,293,227,867	2,430,727,867	2,473,478,947
Corporate Income Tax	228,388,199	335,848,199	335,688,199	395,188,199	451,211,056
Cigarette and Tobacco Tax	151,559,736	151,740,000	153,052,319	151,977,356	149,909,124
Insurance Companies Tax	88,700,000	88,800,000	103,700,000	110,810,000	114,172,706
Estate Tax	16,750,000	24,150,000	37,400,000	31,400,000	30,117,577
Fines, Forfeits and Penalties	12,434,166	11,913,139	10,530,792	8,915,186	10,576,449
Income from Investments	949,998	8,166,254	25,352,599	29,283,164	33,812,410
Transfer from Lottery Commission	60,000,000	60,000,000	62,500,000	66,500,000	72,084,672
Transfer for Tax Relief Programs	(80,800,000)	(81,040,000)	(80,610,000)	(81,350,000)	(81,514,948)
Transfer to Municipal Revenue Sharing	(198,700,281)	(239,879,655)	(249,471,176)	(261,001,188)	(263,395,959)
Other Taxes and Fees	146,953,264	152,987,122	153,495,564	152,449,516	152,382,096
Other Revenues	16,305,947	19,153,661	11,206,174	10,728,605	12,147,454
Total Undedicated Revenues	<u>\$4,123,605,641</u>	<u>\$4,881,300,287</u>	<u>\$5,041,253,968</u>	<u>\$5,264,410,572</u>	<u>\$5,379,492,013</u>

CATEGORY	Fiscal year 2024 baseline budget December 2022 RFC	Fiscal year 2024 through the May 2023 RFC	Fiscal year 2024 baseline budget December 2023 RFC	Fiscal year 2024 Actual
Sales and Use Tax	\$2,160,892,267	\$2,190,029,172	\$2,247,423,851	\$2,262,233,689
Service Provider Tax	48,850,285	49,212,224	49,110,044	49,629,447
Individual Income Tax	2,391,856,714	2,395,356,714	2,436,073,714	2,388,991,095
Corporate Income Tax	371,903,000	355,903,000	375,623,000	459,752,873
Cigarette and Tobacco Tax	156,044,800	156,599,546	153,348,622	144,147,994
Insurance Companies Tax	106,800,000	114,490,000	118,460,000	108,435,700
Estate Tax	23,700,000	25,400,000	23,600,000	29,051,766
Fines, Forfeits and Penalties	12,288,139	12,288,139	14,954,289	11,890,588
Income from Investments	24,624,692	27,009,049	49,891,282	62,564,325

Transfer from Lottery Commission	62,500,000	65,000,000	68,000,000	88,673,283
Liquor Operations Fund Transfer			7,000,000	7,000,000
Transfer for Tax Relief Programs	(83,690,000)	(84,490,000)	(81,730,000)	(82,873,750)
Transfer to Municipal Revenue Sharing	(252,049,584)	(252,899,526)	(261,429,468)	(260,093,499)
Highway Fund Sales Tax Transfer			(107,534,228)	(107,534,228)
Other Taxes and Fees	149,898,271	146,874,664	144,683,537	156,906,009
Other Revenues	6,380,647	5,441,363	12,048,755	33,987,364
Total Undedicated Revenues	<u>\$5,179,999,232</u>	<u>\$5,206,214,345</u>	<u>\$5,249,523,398</u>	<u>\$5,352,762,013</u>

CATEGORY	Fiscal year 2025 baseline budget December 2022 RFC	Fiscal year 2025 through the May 2023 RFC	Fiscal Year 2025 through December 2023 RFC	Fiscal Year 2025 through December 2024 RFC	Fiscal Year 2025 Actual
Sales and Use Tax	\$2,188,336,353	\$2,237,119,839	\$2,280,259,525	\$2,310,097,230	\$2,313,905,686
Service Provider Tax	47,340,363	47,741,630	47,385,225	44,921,701	44,955,028
Individual Income Tax	2,483,903,451	2,483,903,451	2,476,470,720	2,639,470,720	2,723,971,330
Corporate Income Tax	404,565,000	390,065,000	387,641,269	445,000,000	410,118,265
Cigarette and Tobacco Tax	158,258,415	159,005,090	153,282,255	150,912,603	146,991,431
Insurance Companies Tax	112,550,000	118,470,000	124,140,000	123,960,000	130,061,226
Estate Tax	23,150,000	24,850,000	30,050,000	38,830,000	85,835,306
Fines, Forfeits and Penalties	11,938,139	11,938,139	11,533,639	12,058,738	11,407,044
Income from Investments	22,495,911	24,719,930	33,524,027	60,387,497	68,540,173
Transfer from Lottery Commission	62,500,000	65,000,000	65,000,000	79,213,334	75,000,000
Liquor Operations Fund Transfer			7,000,000	7,000,000	7,000,000
Transfer for Tax Relief Programs	(87,160,000)	(88,160,000)	(85,210,000)	(88,070,000)	(87,989,058)
Transfer to Municipal Rev Sharing	(259,532,885)	(261,267,122)	(263,499,338)	(278,733,756)	(278,823,748)
Highway Fund Sales Tax Transfer			(115,383,193)	(115,811,095)	(115,811,095)
Other Taxes and Fees	149,971,564	146,666,400	152,206,253	153,524,631	163,426,414
Other Revenues	(421,862)	2,368,451	6,607,913	7,609,001	19,604,506
Total Undedicated Revenues	<u>\$5,317,891,450</u>	<u>\$5,362,420,807</u>	<u>\$5,311,008,295</u>	<u>\$5,581,157,269</u>	<u>\$5,722,405,843</u>

CATEGORY	Fiscal year 2026 December 2024 RFC	Fiscal Year 2026 through the May 2025 RFC	Fiscal year 2026 through the December 2025 RFC	Fiscal year 2026 through the March 2026 RFC
Sales and Use Tax	\$2,355,211,866	\$2,336,119,234	\$2,399,482,972	\$2,377,161,443
Service Provider Tax	43,026,201	42,918,024	26,058,860	26,605,597
Individual Income Tax	2,609,321,320	2,666,321,320	2,785,528,320	2,799,528,320
Corporate Income Tax	423,000,000	376,000,000	372,000,000	352,000,000
Cigarette and Tobacco Tax	153,830,849	151,205,501	183,934,931	182,018,411
Insurance Companies Tax	126,960,000	133,861,000	133,611,000	134,311,000
Estate Tax	36,040,000	42,700,000	61,730,000	55,930,000
Fines, Forfeits and Penalties	16,295,150	16,206,150	16,636,207	16,927,729

Income from Investments	40,362,957	44,055,416	42,059,604	42,435,839
Transfer from Lottery Commission	70,000,000	72,000,000	78,000,000	78,000,000
Liquor Operation Fund Transfer	7,000,000	7,000,000	7,000,000	7,000,000
Transfer for Tax Relief Programs	(89,915,000)	(89,974,000)	(82,994,000)	(83,682,000)
Transfer to Municipal RevSharing	(275,823,193)	(274,529,824)	(283,367,646)	(281,862,345)
Highway Fund Sales Tax Transfer	(117,657,871)	(118,698,924)	(118,509,078)	(118,509,078)
Other Taxes and Fees	141,254,011	142,466,314	155,647,630	157,593,587
Other Revenues	(729,016)	(8,365,025)	(765,954)	3,804,906
Total Undedicated Revenues	<u>\$5,538,177,275</u>	<u>\$5,539,285,187</u>	<u>\$5,776,052,847</u>	<u>\$5,749,263,409</u>

CATEGORY	Fiscal year 2027 December 2024 RFC	Fiscal year 2027 through the May 2025 RFC	Fiscal year 2027 through the December 2025 RFC	Fiscal year 2027 through the March 2026 RFC
Sales and Use Tax	\$ 2,385,057,400	\$ 2,360,949,837	\$ 2,457,601,849	\$ 2,440,624,050
Service Provider Tax	41,444,139	41,213,592	0	0
Individual Income Tax	2,731,118,706	2,767,118,706	2,835,433,706	2,878,433,706
Corporate Income Tax	446,999,998	390,999,998	379,999,998	377,999,998
Cigarette and Tobacco Tax	153,481,790	150,829,259	215,685,928	216,835,702
Insurance Companies Tax	132,270,000	139,494,000	139,494,000	139,494,000
Estate Tax	36,330,000	43,200,000	45,630,000	50,200,000
Fines, Forfeits and Penalties	16,295,150	16,206,150	16,311,150	16,311,150
Income from Investments	33,378,850	36,551,437	33,759,664	34,138,748
Transfer from Lottery Commission	70,000,000	72,000,000	75,000,000	75,000,000
Liquor Operation Fund Transfer	7,000,000	7,000,000	7,000,000	7,000,000
Transfer for Tax Relief Programs	(91,933,000)	(91,167,000)	(86,203,000)	(86,950,000)
Transfer to Municipal Rev Sharing	(283,400,535)	(281,633,806)	(287,413,720)	(288,589,306)
Highway Fund Sales Tax Transfer	(119,272,125)	(120,301,782)	(118,667,757)	(115,295,974)
Other Taxes and Fees	141,775,939	143,825,677	150,614,007	151,385,893
Other Revenues	(14,306,922)	(14,447,817)	(8,568,857)	(4,877,444)
Total Undedicated Revenues	<u>\$ 5,686,239,390</u>	<u>\$ 5,661,838,251</u>	<u>\$ 5,855,676,968</u>	<u>\$ 5,891,710,523</u>

CATEGORY	Fiscal year 2028 December 2024 RFC	Fiscal year 2028 through the May 2025 RFC	Fiscal year 2028 through the December 2025 RFC	Fiscal year 2028 through the March 2026 RFC
Sales and Use Tax	\$2,435,439,204	\$2,417,298,415	\$ 2,504,741,608	\$ 2,489,275,080
Service Provider Tax	39,999,862	39,685,063	0	0
Individual Income Tax	2,863,800,000	2,892,800,000	2,957,116,000	2,960,116,000
Corporate Income Tax	457,000,000	422,000,000	410,000,000	396,000,000
Cigarette and Tobacco Tax	153,146,490	150,766,519	213,191,565	214,463,452
Insurance Companies Tax	135,610,000	143,055,000	143,055,000	143,505,000

Estate Tax	35,970,000	44,260,000	49,700,000	50,450,000
Fines, Forfeits and Penalties	16,295,150	16,206,150	16,206,150	16,206,150
Income from Investments	25,965,853	27,655,130	27,603,363	27,955,809
Transfer from Lottery Commission	70,000,000	72,000,000	75,000,000	75,000,000
Liquor Operation Fund Transfer	7,000,000	7,000,000	7,000,000	7,000,000
Transfer for Tax Relief Programs	(94,123,000)	(92,986,000)	(87,711,000)	(88,498,000)
Transfer to Municipal Rev Sharing	(292,971,755)	(292,531,980)	(296,354,735)	(295,340,673)
Highway Fund Sales Tax Transfer	(120,288,321)	(119,984,629)	(121,189,432)	(117,250,293)
Other Taxes and Fees	142,616,772	145,290,183	146,309,979	146,671,319
Other Revenues	(13,006,418)	(12,960,571)	(4,243,334)	(4,374,353)
Total Undedicated Revenues	<u>\$5,862,453,837</u>	<u>\$5,859,553,280</u>	<u>\$ 6,040,425,164</u>	<u>\$ 6,021,179,491</u>

CATEGORY	Fiscal year 2029 December 2024 RFC	Fiscal year 2029 through the May 2025 RFC	Fiscal year 2029 through the December 2025 RFC	Fiscal year 2029 through the March 2026 RFC
Sales and Use Tax	\$2,467,479,795	\$ 2,451,404,305	\$ 2,545,521,680	\$ 2,528,610,849
Service Provider Tax	38,517,341	38,115,855	0	0
Individual Income Tax	3,024,000,000	3,038,000,000	3,118,131,000	3,066,131,000
Corporate Income Tax	477,000,000	427,000,000	411,000,000	411,000,000
Cigarette and Tobacco Tax	152,936,424	150,831,525	210,582,235	211,937,651
Insurance Companies Tax	139,750,000	147,420,000	132,420,000	132,920,000
Estate Tax	39,080,000	46,190,000	52,650,000	48,730,000
Fines, Forfeits and Penalties	16,295,150	16,206,150	16,206,150	16,206,150
Income from Investments	22,792,092	25,262,896	21,704,882	22,021,468
Transfer from Lottery Commission	70,000,000	72,000,000	75,000,000	75,000,000
Liquor Operation Fund Transfer	7,000,000	7,000,000	7,000,000	7,000,000
Transfer for Tax Relief Programs	(96,523,000)	(94,840,000)	(89,107,000)	(89,930,000)
Transfer to Municipal Rev Sharing	(303,317,172)	(302,143,141)	(306,795,380)	(303,388,152)
Highway Fund Sales Tax Transfer	(120,363,908)	(120,323,272)	(122,150,495)	(118,073,614)
Other Taxes and Fees	143,228,936	145,875,857	146,447,274	146,694,349
Other Revenues	(14,428,716)	(14,577,168)	(5,445,549)	(7,191,363)
Total Undedicated Revenues	<u>\$6,063,446,943</u>	<u>\$ 6,033,423,008</u>	<u>\$ 6,213,164,798</u>	<u>\$ 6,147,668,339</u>

Certain State Taxes

Individual Income Tax. The State assesses individual income taxes at progressive rates from 5.8% to 7.15% (for tax years beginning on or after January 1, 2016), based on classifications or brackets of taxable income, depending upon filing status and after specified deductions and exemptions. Taxable income of resident individuals is derived from federal adjusted gross income. The dollar amounts of the tax rate tables are indexed for inflation. In tax year 2025 a \$5,150 personal exemption is allowed for the taxpayer and spouse if married filing jointly. A \$305 refundable credit is allowed for every qualified child and dependent eligible for the federal child tax credit (\$610 for qualifying children or dependents under the age of 6). The \$305 credit amount is indexed for inflation. For resident taxpayers not itemizing

deductions, the standard deduction is \$15,000 in tax year 2025 (indexed for inflation) for single filers, \$30,000 for joint filers and \$22,500 for head of household filers. Nonresident Maine taxpayers are taxed in a similar fashion, but they are allowed a credit for their non-Maine sourced income.

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

No sales or use tax is imposed on sales, storage or use of certain tangible personal property. Some of the major exemptions are grocery staples (which do not include liquor, or prepared food); prescription medicines; certain products used in agricultural and aqua cultural production; certain motor fuels; coal, oil, wood and all other fuels, except electricity, when bought for cooking and heating in residential units; the first 750 kilowatt hours of residential electricity per month; fuel oil or coal, the by-products from the burning of which become an ingredient or component part of tangible personal property for later sale; packaging materials; sales to incorporated hospitals, licensed and incorporated non-profit nursing homes, licensed and incorporated non-profit boarding care facilities, medical research facilities, schools, regularly organized churches and similar institutions; water pollution and air pollution control facilities certified by the State Commissioner of Environmental Protection; and 95% of the sale price of all fuel and electricity purchased for use at a manufacturing facility.

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

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

Estate Tax. 2015 Chapter 267 reformed the estate tax with respect to decedents dying after December 31, 2015. A progressive rate structure applies: 8% on estate value of more than \$5,800,000 but less than or equal to \$8,800,000; 10% on estate value of more than \$8,800,000 but less than or equal to \$11,800,000; 12% on estate value of more than \$11,800,000. The brackets are indexed for inflation and are \$7,000,000, \$10,000,000, and \$13,000,000 for estates of decedents dying in 2025.

Pursuant to the Maine Constitution, all revenues derived from fees, excises and license taxes relating to registration, operation and use of vehicles on public highways, and to fuels used for propulsion of such vehicles shall be expended solely for the cost of administration, State enforcement of traffic laws, statutory refunds and adjustments, and the cost of construction, reconstruction, maintenance and repair of

public highways and bridges and for the payment of interest and principal on bonds issued for, and the payment of obligations incurred in, the construction and reconstruction of highways and bridges. Such funds may not be diverted for any other purpose.

Tobacco Master Settlement Agreement

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

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

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

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

Since 2000, annual payments received by the State pursuant to the Settlement Agreement have generally ranged from approximately \$40,000,000 to approximately \$67,000,000. The State received \$41,357,295.80 in fiscal year 2026 pursuant to the Settlement Agreement. As discussed below, this amount was higher than normal as a result of the State entering into an agreement in February 2018 resolving certain disputes between the State and the Participating Manufacturers that had arisen under the Settlement Agreement.

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

On February 16, 2018, Maine and several other states entered into an agreement with the Participating Manufacturers to resolve disputes regarding the applicability of the NPM Adjustment for all years from 2004 through 2017. This settlement resulted in the State receiving amounts beyond its usual payments in fiscal years 2018 and 2019. Maine extended this NPM Adjustment Settlement Agreement through sales year 2022 in 2020, and extended again through sales year 2024 in 2024. Maine is negotiating another extension of this agreement through 2027. Extending this agreement continues to protect Maine from the PMs withholding of large portions of the annual payment pending yearslong, resource-heavy arbitration.

State Investment Pool

As described above under the heading “Governmental Organization – Executive Branch – Treasurer of State,” when there is money in the State Treasury that is not needed to meet current obligations, the Treasurer of State may, with the concurrence of the State Controller or the Commissioner of DAFS and with the consent of the Governor, invest those amounts in certain instruments authorized by State law. The Treasurer of State maintains the records of the investments of the State through the State investment pool. The average daily balance of the State investment pool was \$3,904,273,691 in fiscal year 2025. The balance of the State investment pool as of March 31, 2026 was approximately \$3.2 billion, including \$202 million in ARP funds.

Collateralized bank accounts, repurchase agreements and certificates of deposit collateralized by U.S. Treasuries and Agencies and direct holdings in U.S. Treasuries make up the cash pool portfolio. On March 31, 2026, the weighted average final maturity of the pool was 516 days.

CERTAIN PUBLIC INSTRUMENTALITIES

Maine Governmental Facilities Authority

The Maine Governmental Facilities Authority (“MGFA”) is authorized to assist in financing the acquisition, construction, improvement, reconstruction or equipping of, or construction of an addition or additions to, structures designed for use as court facilities or State offices and the acquisition, construction, improvement, reconstruction or repair of equipment or other personal property, all of which are rented to agencies of the State. MGFA was created in 1987 and was known as the Maine Court Facilities Authority until 1997 when its name was changed and its purposes were broadened. No securities may be issued without the prior approval of the Legislature. Neither the full faith and credit nor the taxing power of the State or of any political subdivision of the State is pledged to the payment of the principal of, redemption premium, if any, or interest on MGFA’s bonds. MGFA has no taxing power. As of June 30, 2025, the audited aggregate principal amount of MGFA’s bonds outstanding was \$440.08 million. The State has agreed, subject to appropriation, to make rental payments to be applied to payment of MGFA’s bonds. Debt service on MGFA’s bonds for the State fiscal year ending June 30, 2025 is \$27.88 million.

Finance Authority of Maine

The Finance Authority of Maine was created in 1983 to undertake various economic development finance programs and to assume the responsibilities of several smaller State authorities. FAME is currently authorized to insure repayment of commercial loans and to require the State to fund its insurance obligations, from proceeds of bonds of the State or from other sources, provided that insurance obligations and bonds of the State issued to fund insurance obligations shall not exceed in the aggregate at any one time outstanding the principal amount of \$90,000,000 plus an additional \$4,000,000 with respect to loans for eligible veterans. As of June 30, 2025, amounts outstanding pursuant to these authorizations were

\$90,000,000 and \$19,462 respectively. See “Fiscal Management - Constitutional Debt Limit” herein. Since the creation of FAME in 1983, the Treasurer of State has not been asked to issue bonds of the State to pay off defaulted loans insured by FAME pursuant to these authorizations.

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

FAME may also issue bonds and other obligations which shall not be a debt or liability of any municipality, the State or any political subdivision thereof. The statutes governing FAME include Capital Reserve Provisions. As of June 30, 2025, the aggregate principal amount outstanding of FAME’s obligations undertaken pursuant to its Capital Reserve Provisions was \$0 for waste motor oil disposal site remediation projects, \$0 for major business expansion projects, and \$67,181,920 for other commercial projects.

The Maine Educational Loan Authority (“MELA”) was established in 1988 to carry out programs making financial and other assistance available to students and their parents to finance costs of attendance at institutions of higher education. In October 2015, FAME merged with MELA. FAME assumed all obligations and assets of MELA. Educational loans are made with the proceeds of tax exempt bonds. Bonds issued under this program do not constitute or create any debt or debts, liability or liabilities, on behalf of the State or of any political subdivision of the State, or a loan of the credit of the State or a pledge of the faith and credit of the State or of any political subdivision. As of June 30, 2025, the aggregate principal amount of MELA's bonds outstanding, which were issued pursuant to its Capital Reserve Provisions, was \$125,125,000.

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

Maine State Housing Authority

The Maine State Housing Authority (“MSHA”) was created in 1969 to undertake various programs related to housing. The bonds and other obligations of MSHA shall not be a debt of any municipality, the State or any political subdivision thereof and neither the State nor any municipality nor any political subdivision thereof shall be liable thereon. As of June 30, 2025, MSHA had an amount of \$2,337,215,000 of housing bonds outstanding which require a capital reserve. The statutes governing MSHA include Capital Reserve Provisions. The State has not been asked to restore MSHA’s Capital Reserves since the inception of its Capital Reserve Provisions. See “Governmental Organization - Independent Authorities and Agencies” herein. MSHA also had an amount of \$41,395,000 of Maine Energy, Housing and Economic Recovery Bonds for a grand total of \$2,378,610,000 outstanding.

MSHA is also authorized to insure repayment of mortgage loans on Indian housing and to require the State to fund these insurance obligations, from proceeds of bonds of the State or from other sources, provided that insurance obligations shall not exceed in the aggregate at any one time outstanding the principal amount of \$1,000,000. As of June 30, 2025, MSHA's Indian housing mortgage insurance obligations were approximately \$0. See "Fiscal Management – Constitutional Debt Limit" herein.

Maine Municipal Bond Bank

The Maine Municipal Bond Bank ("MMBB") was created in 1972 to lend money to counties, cities, towns, school administrative districts, community school districts, and quasi-municipal corporations to finance certain capital expenditures (the "Original Program"). Bonds and notes issued by the MMBB shall not be in any way a debt or liability of the State and shall not create any debt or debts, liability or liabilities, on behalf of the State or be or constitute a pledge of the full faith and credit of the State. As of June 30, 2025, the aggregate principal amount of the MMBB's bonds outstanding was \$1,393,301,380 of which (a) \$150,000 is attributable to loans to certain municipalities to assist in financing certain wastewater and drinking water treatment facilities pursuant to a revolving loan fund program, (b) \$147,615,000 is attributable to certain grant anticipation bonds payable solely from annual federal highway grants to the State, (c) \$0 is attributable to certain transportation revenue bonds payable solely from certain State revenues, (d) \$32,846,380 is for Qualified School Construction Bonds, (e) \$0 is attributable to certain liquor revenue bonds payable solely from certain State revenues and (f) substantially all of the balance is attributable to the Original Program. The statutes governing the MMBB include Capital Reserve Provisions. The State has not been asked to restore the MMBB's Capital Reserves since the inception of its Capital Reserve Provisions. See "Governmental Organization – Independent Authorities and Agencies" herein.

Maine Health and Higher Educational Facilities Authority

The Maine Health and Higher Educational Facilities Authority ("MHHEFA") was created in 1971 to provide the means to expand, enlarge and establish health care, hospital, nursing home and other related facilities and to assist institutions of higher education in the State to provide facilities and structures. Bonds and notes issued by MHHEFA do not constitute or create any debt or debts, liability or liabilities, on behalf of the State or any political subdivision thereof other than MHHEFA or a loan of credit of the State or a pledge of the faith and credit of the State or of any political subdivision other than MHHEFA. As of June 30, 2025, the aggregate principal amount of MHHEFA's bonds outstanding secured by the Capital Reserve was \$907,570,000. The statutes governing MHHEFA include a Capital Reserve Provision. The State has not been asked to restore MHHEFA's Capital Reserve since the inception of its Capital Reserve Provision. See "Governmental Organization - Independent Authorities and Agencies" herein.

Loring Development Authority

Loring Development Authority ("LDA") was established in 1993 to acquire and manage the former Loring Air Force Base in northern Maine. LDA may issue bonds that pledge the full faith and credit of the State, provided that such bonds are authorized by the Legislature and ratified by the electors in accordance with the Maine Constitution, Article IX, Section 14. Otherwise, bonds of LDA are payable solely from the income, proceeds, revenues and funds of LDA ("Revenue Bonds") and do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. The statutes governing LDA include a Capital Reserve Provision. See "Governmental Organization - Independent Authorities and Agencies" herein. As of June 30, 2025, there were no outstanding bonds of LDA.

University of Maine System

The University of Maine System (the “University System”) includes the University of Maine, established in 1865, and all other public institutions of higher education in Maine, except the Maine Maritime Academy and the seven colleges of the Maine Community College System. Money borrowed by the University System and evidences of indebtedness issued by the University System do not constitute any debt or liability of the State or of any municipality or political subdivision of the State, but shall be payable solely from the revenues of the University System or any project for which they are issued. As of June 30, 2025, the aggregate principal amount of the University System’s bonds outstanding was \$189,649,000.

Maine Turnpike Authority

The Maine Turnpike Authority (“MTA”) was created in 1941 and has constructed and operates and maintains a turnpike approximately 109 miles long between Kittery and Augusta. Bonds issued by MTA shall not be deemed to be a debt of the State, but such bonds shall be payable exclusively from tolls. The bonds shall not directly or indirectly or contingently obligate the State to levy or pledge any form of taxation whatever therefor or to make any appropriation for the payment thereof. As of June 30, 2025, the aggregate principal amount of MTA’s bonds outstanding was \$495,005,000.

Maine Port Authority

The Maine Port Authority (“MPA”) was established in 1945 and is authorized to acquire, construct and operate any kind of port terminal facility within the State and to acquire and construct any railroad facility within the State. Bonds of MPA do not constitute a debt of the State, or of any agency or political subdivision thereof, but are payable solely from the revenues of MPA, and neither the faith nor credit nor taxing power of the State, or any political subdivision thereof, is pledged to the payment of MPA’s bonds. As of June 30, 2025, there were no outstanding bonds of MPA.

Maine Connectivity Authority

The Maine Connectivity Authority (“MCA”) was established in 2021 for the purpose of achieving the universal access of affordable high-speed broadband in Maine. Bonds and notes issued by MCA do not constitute a debt or liability of the State or of any municipality therein or any political subdivision thereof, or a pledge of the faith and credit of the State or of any such municipality or political subdivision. As of June 30, 2025, there were no outstanding bonds of MCA.

LITIGATION

The State is a party to numerous lawsuits. Such lawsuits include actions to recover monetary damages from the State, disputes over individual or corporate income taxes, disputes over sales or use taxes, and actions to alter the regulations or administrative practices of the State in such manner as to cause additional costs to the State. The State is not aware of any pending or threatened litigation or claim against the State, the outcome of which will have a material adverse effect on the financial condition of the State. The following matters set forth under the heading “Primary Government – Litigation” in Note 19 Commitments and Contingencies to the Financial Statements attached as Appendix B hereto should be noted.

Set forth below is a list of those pending lawsuits or claims which, to the knowledge of the Office of the Attorney General, have a potential value of \$1,000,000 or more and as to which the Office of the

Attorney General (“OAG”) has devoted substantive attention on behalf of the State. The Attorney General is the chief legal officer of the State and, as such, the OAG advises and represents the State and most, but not all, State agencies and officials in the conduct of their legal affairs, including civil litigation.

It should be noted that in some of these cases, the State itself is not a defendant, but agencies or employees of the State are defendants. These suits are mentioned in the event that the State may have or may decide to assume the responsibility for indemnifying individual defendants.

The following summary does not include litigation or claims against authorities, agencies, or institutions not generally represented by the OAG, which include the Maine Turnpike Authority, the Finance Authority of Maine, the Health Care Finance Commission, the Maine Municipal Bond Bank, the Maine State Housing Authority, the Public Utilities Commission, the University of Maine, the Maine Labor Relations Board, the Office of State Employee Relations, the Maine Veterans Homes and real estate claims against the Department of Transportation. The following summary also does not include cases in which insurance is available and which are being handled by counsel retained by the insurance carrier. Additionally, OAG has not identified possible claims that have not been pursued, or possible claims that OAG has determined to have no merit.

Central Maine Power Co., et al. v. Maine Commission on Governmental Ethics and Election Practices, et al. Several companies and individuals are challenging on constitutional grounds 21-A M.R.S. § 1064, a Maine law intended to prohibit foreign governments from contributing to or otherwise influencing state elections. Plaintiffs are not seeking monetary damages but, if they prevail, they could be awarded attorneys’ fees in excess of \$1 million. The probability that this case will result in future losses to the State in excess of \$1 million is undetermined at this time.

Marie Searles v. Belanger, et al. Plaintiff alleges that a state law enforcement officer used excessive force and falsely arrested her, and alleges that the officer’s superior failed to properly supervise the officer. The probability that this case will result in future losses to the State in excess of \$1 million is undetermined at this time.

Meryl Nass, M.D. v. Maine Board of Licensure in Medicine, et al. Dr. Nass has filed a lawsuit against the Maine Board of Licensure in Medicine and several current and past Board members in their official and individual capacities alleging that the Board improperly restricted Dr. Nass’s speech in violation of the First Amendment and the Maine Constitution, along with several other claims. The probability that this case will result in future losses to the State in excess of \$1 million is undetermined at this time.

Peters v. Maine Criminal Justice Academy. Plaintiff filed a civil action on February 19, 2026, against the MCJA, the MCJA Board of Trustees, various trustees, directors, and training coordinators in their official and individual capacities, as well as a former AAG. During the Basic Law Enforcement Training Program (BLETP) at MCJA in 2024, the MCJA determined that plaintiff engaged in misconduct during a training exercise and removed him from BLETP and issued a notice to revoke his certificates of eligibility to serve as a corrections officer and law enforcement officer. Plaintiff asserts claims under 42 U.S.C. § 1983 and state-law tort claims for alleged violations of his property and liberty interests without due process. The probability that this case will result in future losses to the State in excess of \$1 million is undetermined at this time.

Rameau v. MDOC. Rameau, a former resident at the Maine Correctional Center (MCC), filed a civil action alleging that she was improperly restrained and inappropriately monitored/viewed during the

birth of her child at MaineMed while she was a resident at MCC in 2019. Rameau has asserted claims pursuant to § 1983 and the Maine Civil Rights Act, alleging that defendants violated her rights under the Fourth, Eighth, and Fourteenth Amendments to the United States Constitution and analogous rights under the Maine Constitution. The probability that this case will result in future losses to the State in excess of \$1 million is undetermined at this time.

Justin Savage and Shawna Morse v. Maine State Police, et al. Plaintiffs allege that law enforcement officers used excessive force when arresting Justin Savage and committed other unlawful acts, including negligent and intentional infliction of emotional distress, wrongful arrest, malicious prosecution, and defamation. The probability that this case will result in future losses to the State in excess of \$1 million is undetermined at this time.

United States vs. Maine Department of Education. The federal government filed a complaint against the Maine Department of Education alleging violations of Title IX of the Education Amendments of 1972 and related regulations by permitting transgender girls and women to participate in girls' and women's school sports. The complaint seeks injunctive and declaratory relief, and an award of monetary damages, fees and costs to the United States. The complaint is not specific about the nature of damages that are being sought. The State does not know at this time what the United States will claim is the measure of damages should it prevail in this matter. The probability that this case will result in future losses to the State in excess of \$1 million is undetermined at this time.

The OAG is representing Maine Revenue Services in a number of cases in which taxpayers are challenging the assessment of taxes. In most of these cases, the taxpayers are not seeking refunds of taxes previously paid, but are instead challenging taxes that were assessed but which the taxpayers have not paid. In some of these cases, the assessment at issue exceeds \$1 million. The cases listed below are the only ones of which we are aware in which taxpayers are seeking refunds that could exceed \$1 million:

Apple Inc. v. State Tax Assessor. Apple Inc. has filed a Rule 80C petition for review to appeal a Board of Tax Appeals decision that affirmed the State Tax Assessor's denial of a claim for a corporate income refund for 2018. Petitioner contends that the form of alternative apportionment known as the Augusta Formula was not correctly applied by Maine Revenue Services to Petitioner's repatriation income. The probability that this case will result in future losses to the State in excess of \$1 million is undetermined at this time.

Bessemer Trust Company of Delaware, N.A., as Trustee of Harold Alfond Trust dated 10/25/1989 FBO Deborah Alfond v. State Tax Assessor. Bessemer Trust Company of Delaware, N.A., has filed a Rule 80C petition for review of the State Tax Assessor's decision denying its claim for a refund of Maine fiduciary income tax that was imposed on and paid by the Harold Alfond Trust dated 10/25/1989 FBO Deborah Alfond. Petitioner claims that the underlying Maine statute is unconstitutional. The probability that this case will result in future losses to the State in excess of \$1 million is undetermined at this time.

There are various lawsuits in which plaintiffs seek damages in excess of \$1 million against the State, State agencies, or State officials, and there are various notices of claim which also specify damages in excess of \$1 million against the State, State agencies, or State officials where no lawsuit has been filed. In none of these instances, in our view, is there any reasonable possibility that the State's liability could reach or exceed \$1 million.

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

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

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

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

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

Maine Service Employees Association, SEIU, Local 1989 and State of Maine Reclassification appeal of Fish Culturists (Case No. 23-2021), Fish Culture Assistant Supervisors (Case No. 22-2021), and Fish Culture Supervisors (Case No. 24-2021). In or around October of 2020, 14 Fish Culturists, 6 Fish Culture Assistant Supervisors, and 8 Fish Culture Supervisors appealed their classification, claiming that they are performing duties not represented in their current classification and requesting reclassification to a higher paying classification. The probability that this case will result in future losses to the State in excess of \$1 million is undetermined at this time.

Maine Service Employees Association, SEIU, Local 1989 and State of Maine Reclassification appeal of Marine Resource Scientist Is (Case No. 160-2023), and Marine Resource Scientist IIs (Case No. 162-2023). In or around March of 2023 18 Marine Resource Scientist Is and 14 Marine Resource Scientist IIs appealed their classification, claiming that they are performing duties not represented in their current classification and requesting reclassification to a higher paying classification. The probability that this case will result in future losses to the State in excess of \$1 million is undetermined at this time.

MISCELLANEOUS

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

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

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

Neither the Office of the State Auditor, nor any other independent accountants, have compiled, examined or performed any procedures with respect to any financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information. Information presented in this Information Statement for fiscal year 2026 and future fiscal years is unaudited and subject to change.

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

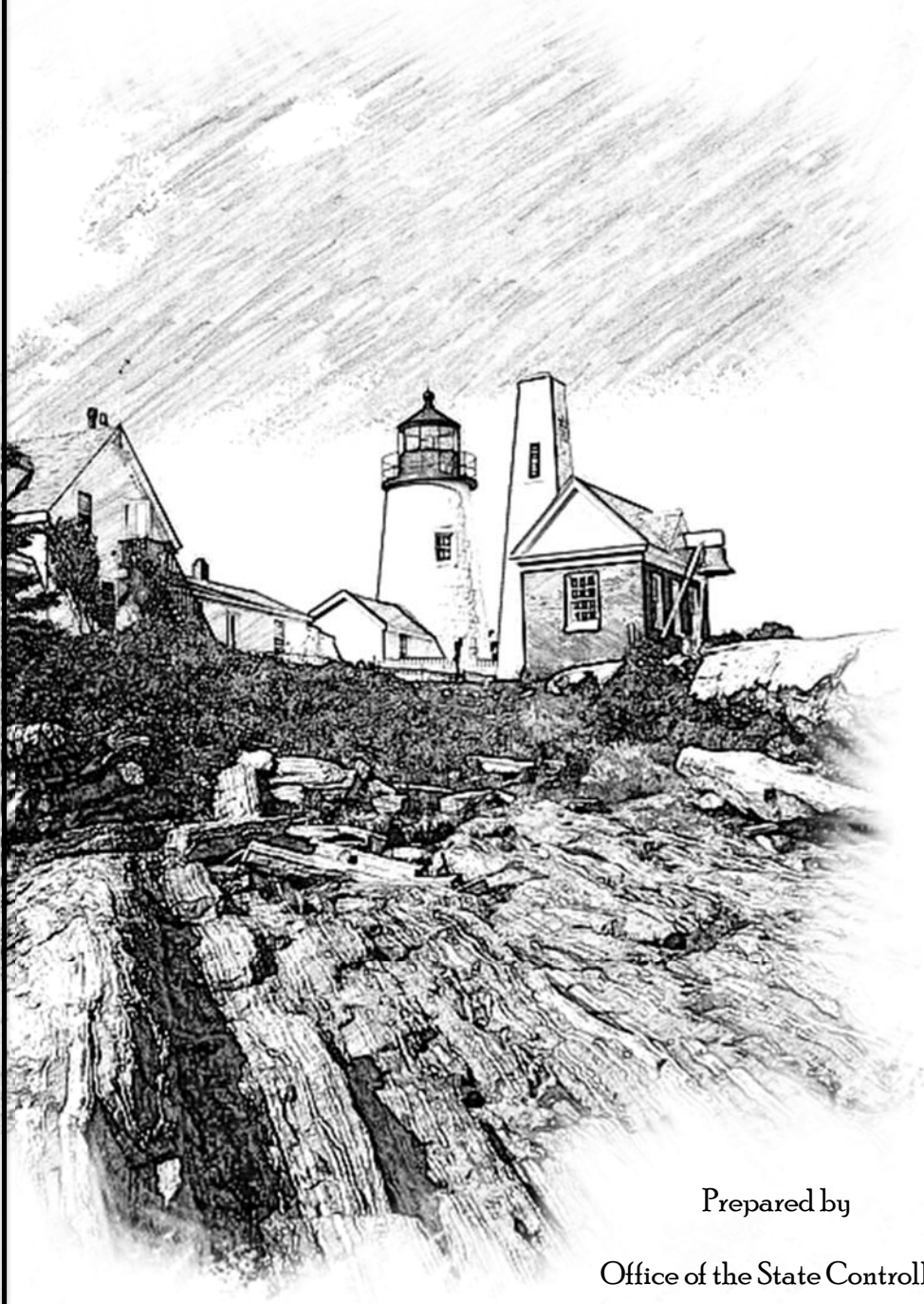
References to website addresses in this Information Statement, are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not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

Unless otherwise noted, all financial information presented in this Information Statement reflects audited information as of June 30, 2025 or earlier and all information regarding fiscal year 2026 or later is preliminary, unaudited and subject to change.

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

Annual Comprehensive Financial Report
For the Fiscal Year Ended
June 30, 2025

State of Maine



Prepared by
Office of the State Controller

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

STATE OF MAINE



FOR THE FISCAL YEAR ENDED JUNE 30, 2025

JANET T. MILLS
Governor

ELAINE CLARK
Acting Commissioner
Department of Administrative & Financial Services

DOUGLAS E. COTNOIR, CPA, CIA
State Controller

Prepared by the Office of the State Controller

The State of Maine Annual Comprehensive Financial Report can be made available in alternative formats upon request, to ensure that it is accessible to people with disabilities. This notice is provided as required by Title II of the Americans with Disabilities Act of 1990.

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

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

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

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<http://www.maine.gov>

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STATE OF MAINE
ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2025

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INTRODUCTORY SECTION



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

SERVING THE PUBLIC AND DELIVERING ESSENTIAL SERVICES TO STATE GOVERNMENT

ELAINE CLARK
ACTING COMMISSIONER

DOUGLAS E. COTNOIR, CPA, CIA
STATE CONTROLLER

December 12, 2025

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

We are pleased to present the State of Maine’s Fiscal Year 2025 Annual Comprehensive Financial Report (ACFR) prepared in accordance with Generally Accepted Accounting Principles (GAAP). The annual ACFR, required by Title 5 MRSA § 1547, is compiled and published by the Office of the State Controller (OSC). The report is the primary means of reporting the State’s financial activities. The objective of this report is to provide a clear picture of our government as a single, unified entity, as well as providing traditional fund based financial statements.

INTRODUCTION TO THE REPORT

Responsibility

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

Adherence to Generally Accepted Accounting Principles

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

Format of Report

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

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

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

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

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

PROFILE OF THE GOVERNMENT

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

Reporting Entity

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

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

Budgetary Control

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

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

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

benefits. The Governor may designate exceptional circumstances that are not explicitly defined, but meet the intent of this statute. "Exceptional circumstances" means an unforeseen condition or conditions over which the Governor and the Legislature have little or no control. Exceptional circumstances do not apply to new programs or program expansions that go beyond existing program criteria and operation.

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

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

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

Tax Abatements

- Pine Tree Development Zone Program
The program encourages capital investment and job creation in designated industries and geographic areas through tax abatements including personal income, corporate income, insurance premiums, bank franchise, and sales taxes.
- Employment Tax Increment Financing
The program is designed to incentivize employment and prevent loss of employment in designated industries and geographic areas within the State, particularly in rural and other distressed areas via reimbursement of a percentage of qualified gross wages.
- New Markets Capital Investment Tax Credit
The program is designed to encourage investment in qualified businesses located in economically distressed areas within the State through tax abatements including personal income, corporate income, insurance premiums, and bank franchise.

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.

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 2025 a net \$61.7 million was transferred into the fund, resulting in an ending balance of \$1.030 billion.

MAJOR INITIATIVES AND FUTURE PROJECTS

Fiscal Stability

Maine maintained strong fiscal footing throughout fiscal year 2025. Monthly General Fund revenues were relatively consistent with forecasted projections. Under Governor Mills' leadership, Maine's GDP growth remained steady, just below the New England and U.S. averages, while Maine's seasonally adjusted unemployment rate was 3.3% in June 2025. Currently, Maine's economy, as measured by GDP, has surpassed pre-pandemic levels, our impressive bond ratings have been upheld by Moody's and S&P, State government is in the black, and the State's Budget Stabilization Fund was increased to its statutory limit of \$1,030.0 million.

The December 2024 and May 2025 revenue forecasts both revised General Fund estimates upward for fiscal year 2025. In the December 2024 forecast, projected revenues were increased by \$247.9 million for fiscal year 2025. The May 2025 forecast revised General Fund revenue estimates upward by another \$24.4 million for fiscal year 2025. The December and May reports also reflected a combined upward adjustment of General Fund revenues for the 2026-2027 biennium of \$178.9 million, composed of an adjustment upward of \$114.6 million in fiscal year 2026 and an adjustment upward of \$64.3 million in fiscal year 2027.

On March 20, 2025, the Legislature passed a "current services" biennial budget for fiscal years 2026 and 2027, that included fiscal year 2025 supplemental appropriations totaling \$119.2 million, enacted as Public Law 2025, Chapter 2. It was signed by the Governor on March 21, 2025. Chapter 2 provided funding for baseline budgets, as well as funding to pay health care providers for MaineCare services, maintain 55 percent of the cost of education and protect Maine forests from spruce budworm.

On June 18, 2025, the Legislature passed a "Part II" budget for fiscal years 2026 and 2027, enacted as Public Law 2025, Chapter 388. It was signed by the Governor on June 20, 2025, with an effective date of September 24, 2025. Chapter 388 continued to build on the current services budget and increased funding to maintain free school meals for Maine students, support Maine's higher education efforts through a 4% operations increase and provided funds to support the Governor's highly successful Free Community College initiative. Chapter 388 included strategic investments in DHHS to maintain critical programs and services, ensuring their long-term sustainability and maximizing their impact for those who rely on them, including \$34 million over the biennium for child welfare needs and \$122 million of ongoing funding to address MaineCare enrollment increases associated with the federal COVID-era continuous enrollment requirement, as well as from increases in health care costs due to high inflation, increasing patient need and service utilization. Additionally, the biennial budget included approximately \$40 million of targeted items for other State agencies including funding for State dams, climate and energy initiatives, capital investments for State natural resource agencies, funding for improving State facilities including corrections facilities' roofs and HVAC repair and replacement, as well as funding for technology and capital efforts of the Judicial Branch.

Actual General Fund revenues over the course of fiscal year 2025 exceeded projections and at year-end revenues that exceeded budget were distributed in accordance with statute. Distributions via the "cascade" included transfers of \$1 million to the Finance Authority of Maine, Loan Insurance Reserve, \$2 million to the Retiree Health Insurance, \$2.5 million to the Reserve for Operating Capital, \$30.5 million to the MaineCare Stabilization Fund, \$3 million to the Maine Center for Disease Control & Prevention for family planning services, \$33.8 million to MaineDOT for

Highway and Bridge Capital, and \$79.4 million to the Budget Stabilization Fund. At the end of the fiscal year, there was a General Fund unappropriated surplus of about \$156.3 million and the balance in the Budget Stabilization Fund was \$1,030.0 million.

Both the December 2024 and May 2025 revenue forecasts also increased Highway Fund revenues by modest margins for a total upward revision of \$9.6 million for fiscal year 2025. The Highway Fund revenue changes were largely the result of net increases in fuel tax and income from investments. The enacted 2025 Highway Fund supplemental budget, Public Law 2025 Chapter 3, included an allocation increase of \$369,504 in fiscal year 2025. Actual Highway Fund revenues for fiscal year 2025 exceeded budgeted projections and the Highway Fund had a projected unallocated balance of approximately \$37.6 million at the end of fiscal year 2025.

American Rescue Plan Act

The American Rescue Plan Act of 2021 (ARPA) was signed into law on March 11, 2021, which provided \$997.5 million in Coronavirus State Fiscal Recovery Funds (SFRF) to the State of Maine.

In June and July of 2021, the Legislature enacted, and the Governor signed into law, Public Law 2021 Chapter 78 and Chapter 483, which allocated \$997.5 million of the State's discretionary ARPA funding. This effort, known as the Maine Jobs and Recovery Plan (MJRP), includes 114 initiatives across 23 State entities. The plan outlined in these original authorizations remain fundamentally intact; however, there have been some subsequent adjustments authorized through the Legislative process. Ultimately, \$997.4 million of Maine's original allocations were obligated by the December 31, 2024 deadline. This resulted in an unobligated balance of \$59.3 thousand that was subsequently returned to US Treasury in accordance with program regulations.

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

As of September 30, 2025, 149 business cases (across 114 initiatives) have been fully approved through a two-part process that confirms federal eligibility, reporting parameters, and metric structure. This represents a total of \$997.4 million in Federal funds obligated to be deployed into Maine's economy. Through the same timeframe, \$779.7 million of the aforementioned \$997.4 million of ARPA funding has already been expended for recovery plan purposes.

Liquidity and Reserves

The State's cash position has remained strong through fiscal year 2025, even without consideration of the federal CARES Act and ARPA funding. Again, internal borrowing for cash flow purposes was not needed at any time in the 2025 fiscal year.

The Budget Stabilization Fund (BSF) closed the fiscal year at its statutory cap of 18% of General Fund revenue for fiscal year 2025. During FY 2025, the State transferred \$60 million from the fund in accordance with Public Law 2023 Chapter 643. \$50 million was transferred to the Department of Transportation, Infrastructure Adaptation Fund for municipal, State or regionally significant infrastructure adaptation, repair and improvements that support

public safety, protection of essential community assets, regional economic needs and long-term infrastructure resiliency. \$10 million was transferred to the Department of Economic and Community Development, Business Recovery and Resilience Fund program for economic recovery and resilience grants to businesses and nonprofit organizations within areas that were impacted by major storms in December 2023 and January 2024. The final balance in the BSF on June 30, 2025, was \$1,030.0 million, its highest level ever.

Education

Public Law 2025, Chapter 2, increased funding for GPA by over \$157 million over the biennium, allowing the State to maintain its contribution at 55% of the total cost of education. Additionally, the biennial budget included nearly \$30 million to fund the increased costs associated with the unfunded actuarial liability for teacher retirement and retired teachers' life insurance. Public Law 2025, Chapter 388 increased funding to support special education and related services for preschool-aged children 3 to 5 years of age and provided additional funding for the difference between the federal reimbursement for a free breakfast or lunch and the full price of a breakfast or lunch for each student.

Public Law 2025, Chapter 2 and Chapter 388 provided additional investment in higher education to support the continued operational needs of the Maine Maritime Academy, the Community College System and the University of Maine System, as well as funding to offset the cost of premiums associated with the implementation of the Paid Family Medical Leave Program. Additional funding was also provided to the Community College System to continue the State's free community college tuition program for students who graduated or obtained the equivalent high school diploma in 2024 or 2025.

Healthcare

Public Law 2025, Chapter 2, provided one-time funding totaling over \$117 million to pay health care providers for MaineCare services in fiscal year 2025. This legislation also included funding for anticipated Medicaid needs in fiscal year 2026 of over \$122.7 million, as well as \$64.5 million over the biennium to replace federal funding as a result of changes to the FMAP, over \$18 million for increases in the cost of the Medicaid "clawback" payment, and \$46 million to fund a rate increase implemented through Public Law 2023, Chapter 17.

The additional biennial budget efforts of 2025, Chapter 388, included strategic investments in DHHS that were carefully prioritized to maintain critical programs and services, ensuring their long-term sustainability and maximizing their impact for those who rely on them. This included \$34 million over the biennium for child welfare needs, including compliance efforts with Department of Justice. The biennial budget continued the State's investment to stabilize the MaineCare program by appropriating an ongoing \$122 million in FY27 and bridged a gap stemming predominantly from significant MaineCare enrollment increases due to the federal COVID-era continuous enrollment requirement, as well as from increases in health care costs due to high inflation, increasing patient need, returning to pre-pandemic levels of service utilization. There were also one-time investments in aging, civil legal aid, and family planning efforts. Additionally, there is an ongoing contribution of \$6 million over the biennium to account for the decreased federal funding for victims of crimes.

Transportation

MaineDOT traditionally receives its funding from the State Highway Fund, the TransCap Trust Fund, federal funds, proceeds from authorized bond sales, and other sources. On February 20, 2025, MaineDOT released a \$4.8 billion work plan for all MaineDOT work activities for calendar years 2025 through 2027. The work plan consists of \$4.2 billion in capital work over three years with \$2.7 billion for highway and bridge projects and \$757 million for multimodal projects.

On March 18, 2025, the Legislature passed the fiscal year 2025 Highway Fund supplemental budget, enacted as Public Law 2025, Chapter 3 and on March 20, 2025, the Legislature passed the 2026-2027 Highway Fund biennial budget enacted as Public Law 2025, Chapter 9. Both laws were signed by the Governor on March 21, 2025. In addition to providing funding for the capital projects prioritized in the MaineDOT work plan, funding was provided for cost-saving initiatives, including the prepurchase of materials, the rental of equipment and increased use of consultants.

Beginning with fiscal year 2021, 20% of the excess General Fund remaining after certain other priority transfers is transferred to MaineDOT for the Highway and Bridge Capital program. Additionally, Public Law 2023, Chapter 412 stipulated that 80% of General Fund revenue that exceeds the appropriation limitation, when the stabilization fund is at the statutory limit of 18% of General Fund revenues, should be transferred to support the Highway and Bridge Capital program. MaineDOT received about \$33.8 million from the "cascade" at the end of fiscal year 2025.

Property Tax Relief

Public Law 2021 Chapter 398 raised municipal revenue sharing to 4.5% in fiscal year 2022 and then fully restored revenue sharing to its statutorily required 5% level in fiscal year 2023. Revenue was increased each year since the Governor took office, improving from 2 percent to 3 percent in fiscal year 2020, to 3.75 percent in fiscal year 2021, to 4.5 percent in fiscal year 2022, until reaching the statutory level of 5 percent in fiscal year 2023. In fiscal year 2024, revenue sharing distributions totaled \$260.1 million. For comparison, revenue sharing at 2 percent would have delivered only \$102.4 million to municipalities, a difference of nearly \$158 million. Chapter 398 also maintained the reimbursement to municipalities for the Homestead Property Tax Exemption at 70% in fiscal year 2022 and increases the reimbursement by 3% each year thereafter until it reaches 100%. Public Law 2023, Chapter 412 caps the Homestead Property Tax reimbursement to municipalities at 76% effective in fiscal year 2025.

The biennial budget and the 2022-2023 supplemental budget also included provisions that increased the amount of the Property Tax Fairness Credit and expanded eligibility for the credit. For tax years beginning on or after January 1, 2022, resident individuals whose benefit base exceeds 4% of their income can receive a credit up to \$1,000 if under 65 years of age, or \$1,500 if 65 years of age or older. The Property Tax Fairness Credit was further expanded in Public Law 2023, Chapter 412 increasing the maximum credit for individuals 65 years or older and indexing the credit for inflation. All the changes since 2019 are estimated to increase the relief provided by the Property Tax Fairness Credit to \$111.5 million in fiscal year 2025 and roughly double the number of tax returns benefiting from the credit.

The increases in revenue sharing rates, Homestead reimbursement and Property Tax Fairness credit, along with increasing the funding level for the total cost of K-12 education to 55%, are intended to help mitigate property tax increases at the local level. Consistent with these efforts, Public Law 2025, Chapter 388 included funding for the Renewable Energy Facilities Property Tax Exemption program to offset the impact on local property tax revenues related to the exemption of certain solar and wind energy equipment from municipal taxes.

In recognition of the property tax burden and affordable housing challenges for citizens throughout the State, the Legislature established the Real Estate Property Tax Relief Force in Resolve 2025, Chapter 108, approved by the Governor on July 1, 2025. The task force is responsible for conducting a thorough examination of the current system of property taxation and is required to report findings, make recommendations and submit any suggested legislation to the joint standing committee of the Legislature having jurisdiction over taxation matters no later than December 15, 2026.

Looking to the Future

Forward looking planning and policy for Maine's future remain among the Governor's top priorities. The Governor's recommended budgets consistently allocate funding for Maine's long-term planning and coordination efforts across State government. Additionally, the Governor's Maine Jobs & Recovery Plan, approved by the Legislature and supported by the Governor's Office of Policy Innovation and the Future (GOPIF) and the Department of Administrative and Financial Services, since 2021 has invested and continues to invest nearly \$1 billion in federal American Rescue Plan funds to achieve three goals: immediate economic recovery from the pandemic; long-term economic growth for Maine; and infrastructure revitalization.

These investments are already working to address known, systemic challenges that have constrained Maine's ability to thrive, with priority focus on expanding Maine's workforce. After more than four years of implementation, Maine is among the leading States in the country in successfully deploying these funds to benefit economic recovery, workforce challenges, and infrastructure projects. Since the Jobs Plan went into law on October 18, 2021, its initiatives have delivered \$222 million in direct economic relief to thousands of Maine small businesses; invested in workforce programs estimated to offer apprenticeship, career and education advancement, and job training opportunities to 42,000 Maine people; and catalyzed more than 820 infrastructure projects to bolster childcare, broadband, energy efficiency and weatherization, housing, and more.

The GOPIF, in partnership with the Department of Energy Resources plays a critical role in efforts to identify Maine's long-term challenges, develop goals and strategies, and then helps coordinate the ongoing work among State agencies to achieve their goals, especially those related to infrastructure, climate resilience and energy. Other areas of focus for GOPIF include issues related to Maine's Artificial Intelligence Task Force, climate action, infrastructure rebuilding, supporting Maine's children and aging adults, housing, economic development, as well as targeted initiatives to reduce hunger and combat the opioid epidemic, in partnership with other State agencies. A sample of notable initiatives follows.

- The State's Climate Action Plan, 2024 Update to "Maine Won't Wait": Maine Won't Wait is Maine's four-year climate action plan packed with strategies and goals to emit less carbon, produce energy from renewable sources and protect our natural resources, communities and people from the effects of climate change. The updated Climate Action Plan, unveiled by Governor Janet Mills and the Maine Climate Council on November 21, 2024, builds upon the original 2020 plan titled Maine Won't Wait. This four-year update reflects the state's evolving climate priorities in the wake of increasingly severe weather events, including three major winter storms that caused over \$90 million in infrastructure damage in December 2023 and January 2024. The plan emphasizes reducing greenhouse gas emissions, achieving carbon neutrality, and enhancing community resilience while fostering economic growth through clean energy jobs. Maine's updated climate plan highlights significant progress in clean energy and sustainability. The state has already created over 15,000 clean energy jobs. It has also achieved the largest annual decline in home heating oil reliance in over a decade, a testament to widespread adoption of high-efficiency heat pumps. Since 2020, Maine has reduced greenhouse gas emissions by 30% from 1990 levels, surpassed its goal of installing 100,000 heat pumps, and now aims for 275,000 by 2027. Over half of the state's electricity now comes from renewable sources, and electric vehicle adoption and charging infrastructure have grown significantly. Federal investments, including nearly \$1 billion from the American Rescue Plan (ARPA) and \$3.7 billion from the Bipartisan Infrastructure Law, have supported these efforts. The Inflation Reduction Act offers further opportunities, but with federal funding expected to decline, Maine must diversify its funding sources and strengthen public-private partnerships to sustain momentum. A key feature of the updated Climate Action Plan is its integration with the findings of the

Infrastructure Rebuilding and Resilience Commission, which released its own resilience strategy in May 2025. The plan also highlights the expansion of the Community Resilience Partnership, a grant program launched in 2021.

- Maine Infrastructure Rebuilding and Resilience Commission: Governor Janet Mills established the 24-member Commission by Executive Order in May 2024 in the wake of several devastating storms, including the winter storms of 2023 and 2024 that caused an estimated \$90 million in damage to public infrastructure and untold damage to homes, businesses, and private infrastructure. The Commission traveled extensively across Maine to engage with communities facing the brunt of storm-related damage and climate vulnerability. In response, the Mills Administration and the Legislature have committed \$60 million—the largest storm recovery investment in Maine’s history—toward working waterfronts, infrastructure, and business recovery. This funding, distributed through the Working Waterfront Resilience Grant Program, the Maine Infrastructure Adaptation Fund, and the Business Recovery and Resilience Fund, has supported recovery efforts in 43 towns and cities, nearly 70 working waterfront facilities, and over 100 businesses and nonprofits. These efforts have been further bolstered by a \$69 million federal grant from the National Oceanographic and Atmospheric Administration (NOAA), announced in July 2024. This grant enables state agencies and partners to collaborate with communities on practical strategies to reduce vulnerabilities, protect residents, and strengthen infrastructure against future climate impacts and also includes \$9 million for the state’s Community Resilience Partnership grant program to help towns adapt to climate change and reduce fossil fuel use and emissions. An additional \$39 million was provided through passage of LD 1, a bill to strengthen community preparedness and resiliency for future storms which is designated for home retrofits, emergency communication improvements, and flood planning. Over 260 towns are now participating in the Community Resilience Partnership program. Maine’s Plan for Infrastructure Resilience, developed by the Commission, is structured around three core pillars: strengthening resilience to climate impacts by identifying and mitigating infrastructure risks; improving disaster preparedness, response, and rebuilding to enhance community and system readiness; and sustaining Maine’s momentum through strategic investments that build long-term resilience and capacity.
- Lead by Example in State Government: The third "Lead By Example" report for Maine’s state government outlines actions by state government agencies in support of Maine’s four-year climate action plan, Maine Won’t Wait. This report includes strategies to curb state agencies’ greenhouse gas emissions, transition state electricity use to 100 percent clean power by 2024, and ensure all new vehicles purchased for the state are electric by 2030. Reinforcing the state’s commitment to climate leadership, Governor Mills issued an executive order on January 17, 2024, directing Maine to pursue building decarbonization across state facilities. The Executive Order includes goals for installing EV charging stations at public buildings, transitioning to zero-emissions heating and cooling systems, and reducing both emissions and energy use in state operations. “Lead By Example” implementation will leverage state purchasing power to save taxpayer money, stimulate local markets, and enhance climate resilience. Specific targets include reducing greenhouse gas emissions from state facilities by 30% by 2030, prioritizing energy efficiency upgrades, sourcing 100% clean energy for state operations (this was achieved in 2024), and incorporating climate-friendly materials like cross-laminated timber in new construction. Additional goals include electrifying the state’s light-duty vehicle fleet by 2030, expanding telework and ridesharing, assessing infrastructure vulnerability to climate change, and increasing local food procurement to 20% by 2025. These initiatives are partly funded by \$3.6 million from funds received in settlement of claims brought against Volkswagen administered by both the Bureau of General Services and the Efficiency Maine Trust.

- The Governor's Infrastructure Implementation Committee: Established by Executive Order in April 2022, Governor Mills' Infrastructure Implementation Committee (IIC) coordinates activities across State agencies related to federal infrastructure funding. This group was initially convened through Executive Order to respond to a series of Biden-era laws passed in 2021 and 2022 aimed at investing in American infrastructure: the Bipartisan Infrastructure Law (BIL; also called the Infrastructure Investment and Jobs Act or IIJA), the Inflation Reduction Act (IRA), and the CHIPS & Science Act (CHIPS). Since the IIC was established in April 2022, over \$4 billion in BIL, IRA, and CHIPS funding has been announced to upgrade Maine's transportation infrastructure, improve energy systems and harden Maine grids, increase the resilience of Maine's infrastructure and environment, and advance State broadband and economic development goals. The Mills Administration is committed to maximizing the benefits of these initiatives for Maine communities.
- Housing and Community Development: Since taking office in 2019, Governor Mills has made a historic investment of \$315 million to alleviate Maine's housing crunch -- nearly five times the amount the state dedicated to housing production from 2000 to 2018. To date, these housing investments have resulted in 2,100 new apartments and homes, with more than 1,800 under construction and more than 1,500 units in MaineHousing's affordable development pipeline - the largest in its history. The Mills Administration, with bipartisan legislative support, has made substantial investments to address housing and homelessness in Maine. In April 2024, Governor Mills signed a supplemental budget allocating \$30 million to build over 260 new homes through programs supporting rural rentals and affordable homeownership and leveraging federal tax credits. An additional \$21 million was authorized for the Emergency Housing Relief Fund to keep shelters and transitional housing operational, building on \$55 million previously invested to support over 75 programs and 7,000 residents. Governor Mills signed into law the \$80 million State Affordable Housing Tax Credit in 2020; since then, MaineHousing has allocated \$65.5 million of the State credit to support the construction or preservation of 982 affordable rental homes. Through the Maine Jobs & Recovery Plan, \$50 million in federal funds were directed toward workforce housing, expected to yield at least 600 affordable homes. A \$15 million senior housing bond has already resulted in nine developments with over 400 units for older Mainers. Governor Mills also signed bipartisan zoning reform laws to expand housing supply and committed \$10 million in federal funds to support homeless shelters, along with \$1.5 million for housing navigators. Maine joined the national House America initiative, pledging to house 1,000 people and add 500 affordable units using federal resources.
- Opioid Response and Prevention: On February 6, 2019, Governor Mills issued Executive Order 2: An Order to Implement Immediate Responses to Maine's Opioid Epidemic (PDF). Since then, the Mills Administration has taken significant action to respond to the opioid crisis, including increased access to the life-saving reversal drug naloxone; additional recovery resources in communities across the state; expanded treatment capacity, including the number of beds for medically supervised withdrawal; and developed innovative policy solutions to support Maine people with substance use disorder. The Maine Opioid Response: 2023–2025 Strategic Action Plan outlines a comprehensive, multi-pronged strategy, led by the Mills Administration's Director of Opioid Response Gordon Smith, focusing on infrastructure, prevention, public safety, harm reduction, treatment, and recovery. The plan builds on earlier efforts and responds to evolving challenges, particularly the surge in overdoses linked to non-pharmaceutical fentanyl, which now accounts for nearly 80% of fatal overdoses in Maine. Key initiatives include the distribution of over 750,000 doses of naloxone—credited with reversing more than 12,000 potentially fatal overdoses—and the creation of mainedrugdata.org, a public data portal developed in partnership with the University of Maine and the Attorney General to provide real-time insights into substance use harms. The plan also emphasizes expanding access to treatment and recovery services. Through Medicaid (MaineCare) expansion, over 100,000 Mainers now have health coverage, with more than 22,000 receiving substance use treatment. The state has increased the number of Recovery Community Centers and Residences, trained hundreds of recovery coaches, and broadened access to Medication Assisted Treatment (MAT), including for over 1,500 incarcerated individuals. Another cornerstone

of the strategy is the OPTIONS program, which deploys county-based response teams to engage individuals at risk of overdose, distribute naloxone, and connect them to treatment and recovery services.

- The Children’s Cabinet: The Children's Cabinet's strategic plans lay out two overarching goals: that all Maine children enter kindergarten prepared to succeed; and all Maine youth enter adulthood healthy, connected to the workforce and/or education. The Mills Administration, led by the Children's Cabinet, has continued to make significant progress towards its strategic goals by leveraging State and federal government resources for several efforts. Governor Mills sees early quality childcare and education as critical to the healthy development of young children and to the long-term growth of Maine's economy and supports investments in Maine's childcare infrastructure to increase the availability and quality of childcare, especially in underserved communities in rural Maine. With significant federal ARPA funds supporting the Maine Jobs and Recovery Program, State funds, and other ARPA response funds, additional resources were allocated to stabilize childcare programs and to support the expansion of childcare infrastructure and Pre-K programs. In addition, state funds have been used to expand eligibility for the Child Care Affordability Program and Head Start as well as to strengthen the early care and education workforce through investments in the Early Childhood Education Workforce Salary Supplement Program which provides stipends to educators in childcare programs. Investments have been made in career exploration programs to support Maine youth to plan for their futures and transition into adulthood.
- The Cabinet on Aging: The Governor's Cabinet on Aging, created by Executive Order in 2022, comes at a time when Maine's median age makes it the oldest State in the nation, with tens of thousands of people expected to retire in the coming years, removing them from the State's workforce and increasing demand for aging-related services. The Cabinet on Aging is helping Maine prepare for and address these demographic changes by advancing policies that support Maine people in aging safely, affordably, and in ways and settings that best serve their needs. The Cabinet brings together State government agencies to coordinate and advance work on issues such as affordable housing and long-term services and supports; community engagement and planning; financial security and protection against fraud; access to information, and connection to services; and engagement and employment in Maine's growing economy.
- Ending Hunger in Maine: Public Law 2022 Chapter 677 directed GOPIF to serve as a convener, bringing together stakeholders within and outside State government to coordinate and leverage anti-hunger efforts across the State to create greater food security for all Maine people. In its role as a convener, GOPIF facilitates the collaboration and coordination of anti-hunger strategies and policies across State government, convenes and supports the Ending Hunger Advisory Committee and helps to ensure greater collaboration and communication between State agencies and external stakeholders.
- Office of New Americans: Public Law 2023 Chapter 643 established the Office of New Americans (ONA) within GOPIF for the purpose of improving the economic and civic integration of immigrants into the State’s workforce and communities to strengthen the economy over the long term. GOPIF launched the ONA in January 2025. Maine is part of the Office of New Americans State Network– a consortium of over two dozen U.S. states with dedicated offices or staff to coordinate immigrant integration. The Network, which includes 22 states, provides access to expertise, experiences, and best practices from states across the country with the goal of developing policy approaches to support the successful economic, social, and civic integration of immigrants. The Maine ONA will evolve in collaboration with immigrants, employers, communities, workforce infrastructure, and state agencies. Its initial priorities include building workforce pathways and entrepreneurship support for immigrants, improving coordination among organizations supporting immigrants, and expanding and strengthening English language acquisition opportunities.

- The Maine AI Task Force: The Maine Artificial Intelligence Task Force, created by Executive Order of Governor Janet Mills on December 20, 2024, delivered its final report to the Governor and legislature on October 31, 2025. Governor Mills charged the Task Force with exploring how to: prepare Maine's economy and workforce for the opportunities and risks likely to result from advances in AI; protect Maine residents from potentially harmful uses of AI technologies; deploy AI technologies at State agencies, quasi-State agencies, and other public entities such as municipalities to address capacity gaps and improve service delivery. The 21-member Task Force included State and local officials, legislators, education representatives, and business and non-profit leaders and was supported with expertise of a 10-member Technical Advisory Committee. In its report, the Task Force delivered a set of 34 recommendations that lay a foundation for bolstering innovation related to AI while strengthening guardrails against its potential harms. The AI Task Force report (PDF), along with recordings and materials from its meetings and a full list of its members, is available on the Task Force website. The Task Force was supported by staff from the Governor's Office of Policy Innovation and the Future and Maine's Office of Information Technology.

OTHER INFORMATION

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement of Excellence in Financial Reporting to the State of Maine for its annual comprehensive financial report for the fiscal year ended June 30, 2024. This is the eighteenth consecutive year that Maine has achieved this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

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

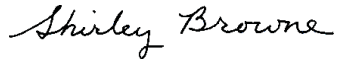
Each year the preparation of the ACFR requires the efforts of the finance people throughout the State from virtually all agencies, departments and component units. We sincerely appreciate the dedicated efforts of all these individuals. We are especially proud of the dedication and contributions of the staff of the Office of the State

Controller, who strive to maintain the public's trust in our financial operations. Their efforts culminate in the ACFR each year.

Sincerely,

Handwritten signature of Douglas E. Cotnoir in black ink.

Douglas E. Cotnoir, CPA, CIA State Controller

Handwritten signature of Shirley Browne in black ink.

Shirley A. Browne, CIA Deputy State Controller

Handwritten signature of Sandra J. Royce in black ink.

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



STATE OF MAINE

OFFICIALS OF STATE GOVERNMENT

AS OF JUNE 30, 2025

EXECUTIVE

Janet T. Mills, *Governor*

LEGISLATIVE

Matthea Elisabeth Larsen Daughtry, *President of the Senate*

Ryan D. Fecteau, *Speaker of the House*

Constitutional/Statutory Officers

Aaron Frey, *Attorney General*

Matthew Dunlap, *State Auditor*

Shenna Bellows, *Secretary of State*

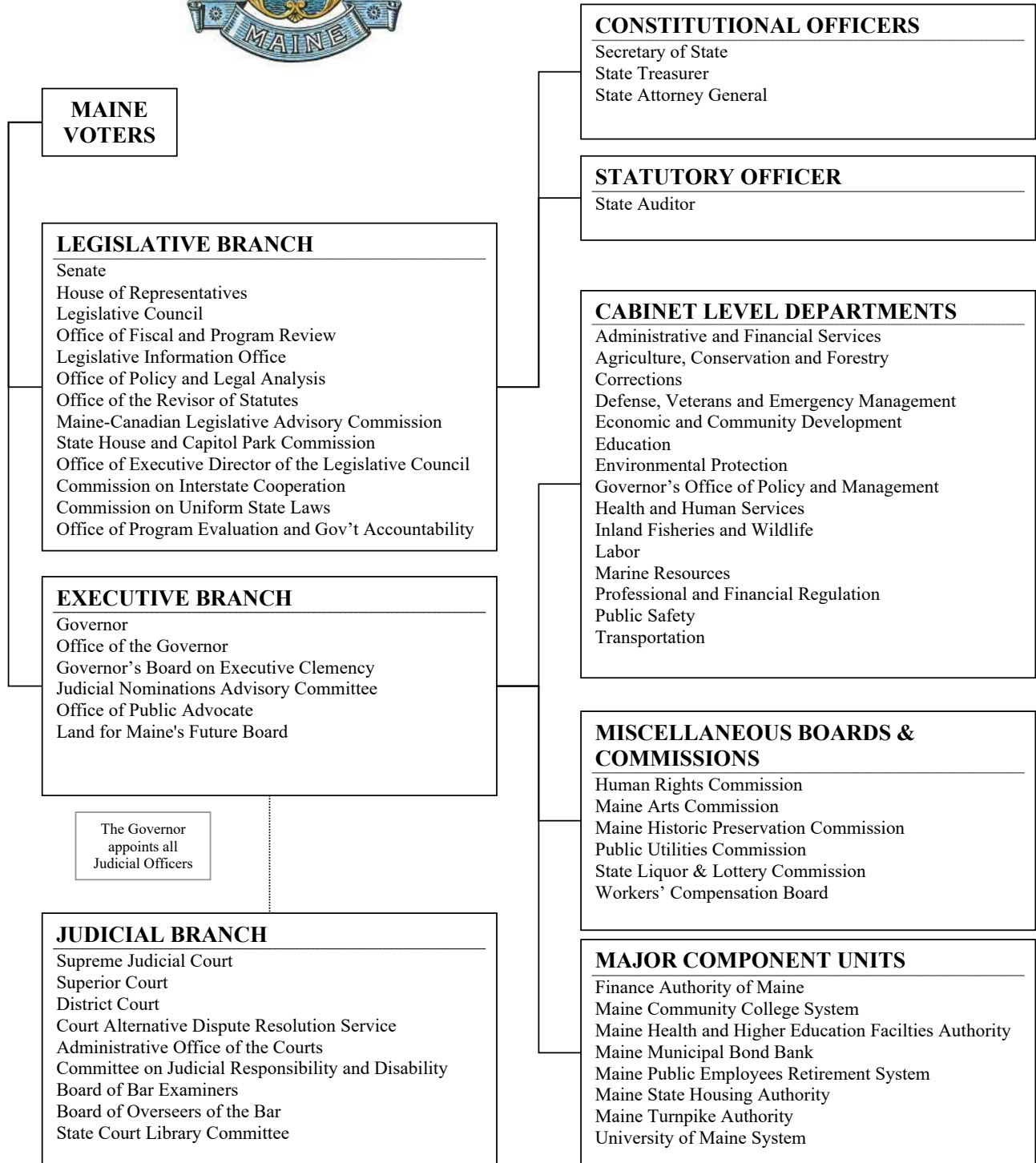
Joseph Perry, *State Treasurer*

JUDICIAL

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



STATE OF MAINE ORGANIZATION CHART AS OF JUNE 30, 2025





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

State of Maine

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION
INDEPENDENT AUDITOR'S REPORT
BASIC FINANCIAL STATEMENTS



STATE OF MAINE
OFFICE OF THE STATE AUDITOR

66 STATE HOUSE STATION
AUGUSTA, ME 04333-0066

TEL: (207) 624-6250

Matthew Dunlap, CIA
State Auditor

B. Melissa Perkins, CPA
Deputy State Auditor

INDEPENDENT AUDITOR'S REPORT

Honorable Members of the Legislative Council, 132nd Maine Legislature;

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information (except for blended component unit, Maine Governmental Facilities Authority, and fiduciary component unit, Maine Public Employees Retirement System) of the State of Maine, as of and for the year ended June 30, 2025, and the related notes to the financial statements. We did not audit the financial statements of the blended component unit, fiduciary component unit, or the aggregate discretely presented component units. These financial statements collectively comprise the State of Maine's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Maine, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the following component units: Efficiency Maine Trust, Finance Authority of Maine, Maine Community College System, Maine Connectivity Authority, Maine Governmental Facilities Authority, Maine Health and Higher Educational Facilities Authority, Maine Maritime Academy, Maine Municipal Bond Bank, Maine Public Employees Retirement System, Maine State Housing Authority, Maine Turnpike Authority, Midcoast Regional Redevelopment Authority, Northern New England Passenger Rail Authority, and the University of Maine System. The financial statements of these named component units represent 100 percent of the assets, net position, and revenue of the aggregate discretely presented component units; 93 percent of assets, 95 percent of net position, and 65 percent of revenue of the aggregate remaining fund information (Maine Public Employees Retirement System and Maine Governmental Facilities Authority); and 4 percent of the assets, and less than 1 percent of the net position and revenue of the governmental activities (Maine Governmental Facilities Authority) as of June 30, 2025. The financial statements of these named component units were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for these component units, is based solely on the reports of the other auditors.

www.maine.gov/audit

Basis for Opinions

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

Key Audit Matters

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State of Maine's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the State of Maine’s ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis on pages 33 to 44, and Budgetary Comparison Information, State Retirement Plans, Other Post-Employment Benefit Plans, and Information about Infrastructure Assets Reported Using the Modified Approach on pages 146 to 185, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

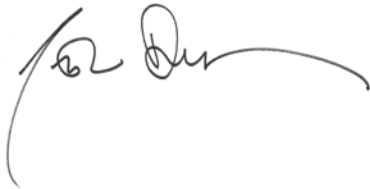
Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2025, on our consideration of the State of Maine’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State of Maine’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Maine’s internal control over financial reporting and compliance.

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

Matthew Dunlap, CIA
State Auditor
Office of the State Auditor

Augusta, Maine
December 12, 2025



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, 2025. Please read it in conjunction with the transmittal letter at the front of this report and with the State's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

Maine's economy has been stable, with continued in-migration leading to population growth from 2020-2024 that ranks 17th in the nation. Moody's has affirmed Maine's bond rating of Aa1, which is the second highest possible rating, while Standard & Poor's has affirmed its AA long-term rating. Maine increased the balance in the Budget Stabilization Fund to its highest level ever, the newly calculated statutory cap of 18% of total General Fund revenues in the immediately preceding State fiscal year. Maine has continued to see growth in personal income and Gross Domestic Product, but changes in federal fiscal policies have eroded business and consumer confidence as uncertainty about future economic conditions has increased. At the same time, a strong market has bolstered capital gains.

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, 2025. Please read in conjunction with the transmittal letter at the front of this report and with the State's financial statements, which follow this section.

Government-wide:

- The net position of Governmental Activities increased by \$540.3 million, while net position of Business-Type Activities increased by \$192.2 million. The State's assets and deferred outflows exceeded its liabilities and deferred inflows by \$4.390 billion at the close of fiscal year 2025. Of this amount \$997.7 million was reported as negative "Unrestricted" net position. A negative balance means that it would be necessary to convert restricted assets (e.g., capital assets) to unrestricted assets if all ongoing obligations were immediately due and payable. Component units reported net position of \$4.657 billion, an increase of \$389.5 million (9.1 percent) from the previous year.

Fund level:

- At the end of the fiscal year, the State's governmental funds reported a combined ending fund balance of \$2.540 billion, a decrease of \$420.3 million from the previous year. The General Fund's total fund balance is \$901.2 million, a decrease of \$214.3 million from the previous year. The General Fund revenue of \$6.194 billion is an increase of \$478.8 million from the prior year, primarily due to an increase in tax revenue of \$473.2 million. The increase is primarily due to an extension granted for filing and paying final and estimated individual income taxes as a result of the impact of severe winter storms in 2024. The final and individual income tax payments were originally due in April 2024, but were extended until July 2024. The General Fund expenses of \$5.681 billion is an increase of \$427.5 million from the prior year, primarily due to an increase in health & human services (HHS) of \$279.1 million. The HHS expense increase being primarily in the Medical Assistance Program which provides free and low cost health insurance for people who meet certain requirements. Education expense increased by \$91.5 million, primarily due to an increase in General Purpose Aid for essential programs & services and pension contributions. Justice & Protection expense increased by \$56.2 million primarily due to a new program for the Maine Commission on Public Defense Services. General Fund revenues exceeded expenses by \$513.2 million.
- The Other Special Revenue Fund (OSR) total fund balance is \$1.350 billion, a decrease of \$213.4 million from the prior year. The OSR fund revenue of \$951.3 million is an increase of \$12.5 million from the prior year. The OSR fund expenses of \$1.874 billion is an increase of \$303.5 million from the prior year. This was due primarily to an increase in health & human services expense of \$96.6 million primarily due to one time funding for various medical assistance and substance abuse programs. The increase in economic development & workforce training expense of \$68.3 million was primarily for housing and business recovery. The increase in transportation safety & development expense of \$52.3 million was primarily due to additional highway and bridge capital and improvement funding.
- The proprietary funds reported net position at year-end of \$1.478 billion, an increase of \$282.6 million from the previous year. The increase is the net result of an increase in two Enterprise Funds, the Employment Security Fund of

\$43.8 million and Paid Family Medical Leave Fund of \$141.3 million and increases in three Internal Service Funds, the Retiree Health Insurance Fund, the Employee Health and Benefit Fund and the Information Services Fund by \$17.1 million, \$32.1 million and \$14.3 million, respectively.

Long-term Debt:

- The State's liability for general obligation bonds decreased by \$106.6 million during the fiscal year, which represents the difference between new issuances and payments of outstanding debt. During the year, the State did not issue any new general obligation bonds and made principal payments of \$106.6 million.

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Statements

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

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

Both government-wide statements report three activities:

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

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

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

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

- Capital assets used in governmental activities are not reported on governmental fund statements but are included on government-wide statements.
- Certain tax revenues that are earned, but not available, are reported as revenues in the Governmental Activities, but are reported as deferred inflows on the governmental fund statements.
- Other long-term assets that are not available to pay for current period expenditures are recorded as deferred outflows in governmental fund statements, but not deferred on the government-wide statements.

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

Fund Financial Statements

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

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

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

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

Notes to the Financial Statements

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

Required Supplementary Information

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

Other Supplementary Information

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

FINANCIAL ANALYSIS OF THE STATE AS A WHOLE

The State's net position increased by \$662.2 million to \$4.390 billion over the course of fiscal year ended June 30, 2025, as detailed in Tables A-1 and A-2. The change in net position for the year is a positive \$732.5 million. Current year revenue increased by \$1.111 billion primarily due to Operating Grants & Contributions and Tax revenue. The current year expenses increased by \$785.1 million, primarily due to an increase in health & human services expenses of \$682.6 million. The increase was primarily for the Medical Assistance Program which provides free and low cost health insurance for people who meet certain requirements.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024*	2025	2024	2025	2024*
Current and other noncurrent assets						
Current and other assets	\$ 4,233,971	\$ 4,709,984	\$ 977,271	\$ 839,481	\$ 5,211,242	\$ 5,549,465
Long-term assets	1,757,669	1,811,568	58,785	10,390	1,816,454	1,821,958
Current and other noncurrent assets	5,991,640	6,521,552	1,036,056	849,871	7,027,696	7,371,423
Total capital and right to use assets, net	5,393,843	5,229,853	83,214	80,658	5,477,057	5,310,511
Total Assets	<u>11,385,483</u>	<u>11,751,405</u>	<u>1,119,270</u>	<u>930,529</u>	<u>12,504,753</u>	<u>12,681,934</u>
Deferred Outflows of Resources	<u>1,065,969</u>	<u>1,051,068</u>	<u>7,195</u>	<u>5,988</u>	<u>1,073,164</u>	<u>1,057,056</u>
Current liabilities	2,717,142	2,753,754	53,326	53,295	2,770,468	2,807,049
Non-current liabilities	4,873,184	5,200,925	20,268	20,199	4,893,452	5,221,124
Total Liabilities	<u>7,590,326</u>	<u>7,954,679</u>	<u>73,594</u>	<u>73,494</u>	<u>7,663,920</u>	<u>8,028,173</u>
Deferred Inflows of Resources	<u>1,519,124</u>	<u>1,976,824</u>	<u>4,975</u>	<u>6,316</u>	<u>1,524,099</u>	<u>1,983,140</u>
Net Position (Deficit)						
Net Investment in Capital Assets	4,299,470	4,099,173	80,152	80,658	4,379,622	4,179,831
Restricted	198,688	226,579	809,269	765,421	1,007,957	992,000
Unrestricted (deficit)	(1,156,156)	(1,454,782)	158,475	10,628	(997,681)	(1,444,154)
Total Net Position	<u>\$ 3,342,002</u>	<u>\$ 2,870,970</u>	<u>\$ 1,047,896</u>	<u>\$ 856,707</u>	<u>\$ 4,389,898</u>	<u>\$ 3,727,677</u>

* As restated for an error correction. The restatement for the implementation of GASB 101, Compensated Absences, is not reflected above in fiscal year 2024 per GASB code section 2250, paragraph 157. Please see Note 3 in the Financial Statements.

The State's fiscal year 2025 revenues totaled \$14.578 billion. (See Table A-2) Taxes and Operating grants and contributions accounted for most of the State's revenue by contributing 44.8 percent and 41.4 percent, respectively. The remainder came from charges for services and other miscellaneous sources.

The total cost of all programs and services totaled \$13.845 billion for the year 2025. (See Table A-2) These expenses are predominantly (68.1 percent) related to health & human services and education activities. The State's governmental support & operations activities accounted for 6.3 percent of total costs. The net position increased by \$732.5 million, due primarily to an increase in Operating Grants & Contributions and Tax revenue.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024*	2025	2024	2025	2024*
Revenues:						
Program Revenues:						
Charges for Services	\$ 643,613	\$ 627,816	\$ 992,903	\$ 857,403	\$ 1,636,516	\$ 1,485,219
Operating grants and contributions	6,006,205	5,451,288	24,061	21,570	6,030,266	5,472,858
General Revenues:						
Taxes	6,528,552	6,119,448	-	-	6,528,552	6,119,448
Other	382,373	388,871	-	-	382,373	388,871
Total Revenues	13,560,743	12,587,423	1,016,964	878,973	14,577,707	13,466,396
Expenses:						
Governmental Activities:						
Governmental Support	871,194	825,001	-	-	871,194	825,001
Education	2,419,911	2,783,638	-	-	2,419,911	2,783,638
Health & Human Services	7,012,341	6,329,698	-	-	7,012,341	6,329,698
Justice & Protection	872,135	684,160	-	-	872,135	684,160
Transportation Safety	1,038,358	902,085	-	-	1,038,358	902,085
Economic Development & Workforce Training	400,120	328,794	-	-	400,120	328,794
Other	479,159	474,230	-	-	479,159	474,230
Interest Expense	41,414	48,096	-	-	41,414	48,096
Business-type Activities:						
Employment Security	-	-	136,304	119,895	136,304	119,895
Lottery	-	-	335,332	343,962	335,332	343,962
Alcoholic Beverages	-	-	195,802	191,706	195,802	191,706
Other	-	-	43,138	28,838	43,138	28,838
Total Expenses	13,134,632	12,375,702	710,576	684,401	13,845,208	13,060,103
Excess (Deficiency) before Special Items and Transfers	426,111	211,721	306,388	194,572	732,499	406,293
Transfers	114,221	127,329	(114,221)	(127,329)	-	-
Increase (Decrease) in Net Position	540,332	339,050	192,167	67,243	732,499	406,293
Net Position, beginning of year	2,801,670	2,531,920	855,729	789,464	3,657,399	3,321,384
Ending Net Position	\$ 3,342,002	\$ 2,870,970	\$ 1,047,896	\$ 856,707	\$ 4,389,898	\$ 3,727,677

* As restated for an error correction. The restatement for the implementation of GASB 101, Compensated Absences, is not reflected above in fiscal year 2024 per GASB code section 2250, paragraph 157. Please see Note 3 in the Financial Statements. The ending fund balance for fiscal year 2024 does not tie to the beginning fund balance for fiscal year 2025 due to the GASB 101 restatement not being reflected in the MD&A.

Governmental Activities

Revenue for the State's Governmental Activities totaled \$13.561 billion while total expenses equaled \$13.135 billion. The increase in net position for Governmental Activities was \$540.3 million in 2025. The current year net position increased by \$201.3 million over the prior year. The change is primarily due to increased funding received in Operating Grants & Contributions of \$554.9 million and Tax revenue of \$409.1 million, offset by an increase in expense for health & human services of \$682.6 million. In addition, the State's Business-Type Activities transfers of \$114.2 million (net) to the Governmental Activities, included statutorily required profit transfers of the Alcoholic Beverages Fund.

The users of the State's programs financed \$643.6 million of the cost. The federal and State governments subsidized certain programs with grants and contributions of \$6.006 billion. \$6.911 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 2025

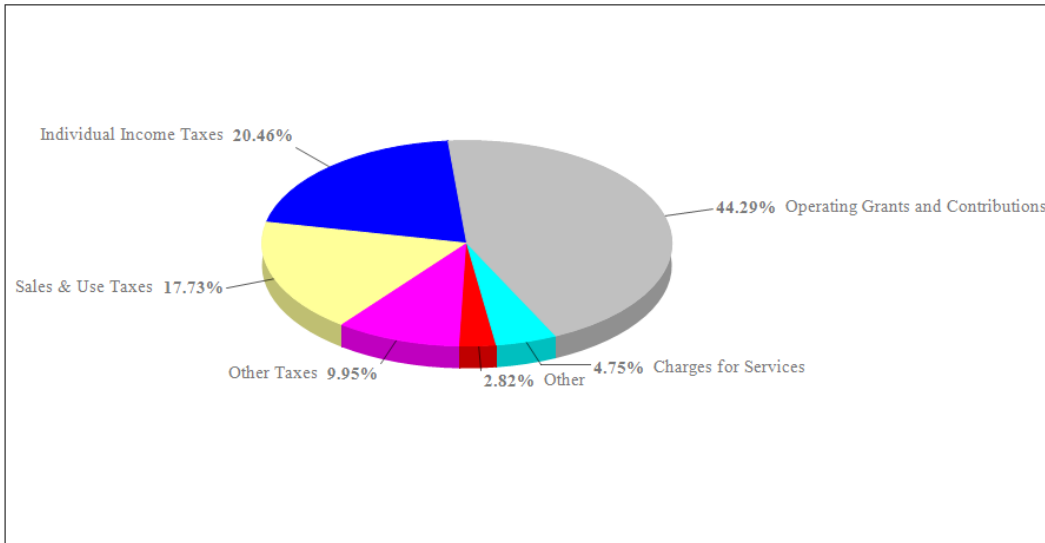
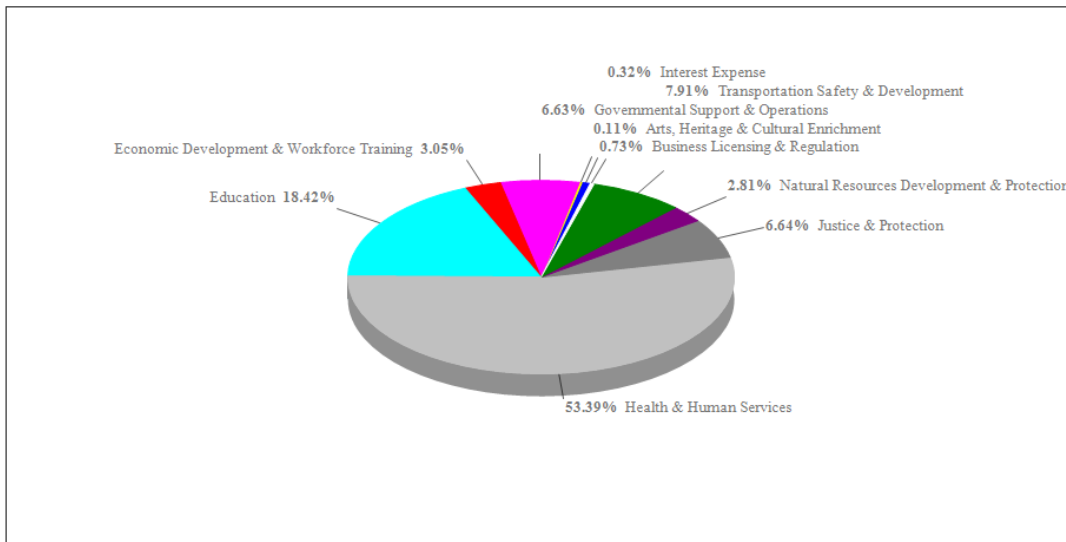


TABLE A-4: TOTAL EXPENSES FOR GOVERNMENTAL ACTIVITIES FOR FISCAL YEAR 2025



Business-Type Activities

Revenues for the State's Business-Type Activities totaled \$1.017 billion while expenses totaled \$710.6 million. The increase in net position for Business-Type Activities was \$192.2 million in 2025 due to a net revenue over expenses of \$43.8 million in Employment Security, a net revenue over expenses of \$64.7 million in Alcoholic Beverages, a net revenue over expenses of \$80.4 million in Lottery and a net revenue over expenses of \$125.4 million in the Other category. The change in net position was also impacted by \$114.2 million in (net) transfers from the State's Business-Type Activities to the Governmental Activities, which includes statutorily required profit transfers of the Alcoholic Beverages Fund.

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

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

	Total Cost		Net Revenue (Cost)	
	2025	2024	2025	2024
Employment Security	\$ 136,304	\$ 119,895	\$ 43,848	\$ 44,049
Alcoholic Beverages	195,802	191,706	64,735	66,145
Lottery	335,332	343,962	80,368	85,808
Ferry Services	16,264	17,310	(8,360)	(9,511)
Consolidated Emergency Communications	7,887	7,769	386	159
Other	18,987	3,759	125,411	7,922
Total	<u>\$ 710,576</u>	<u>\$ 684,401</u>	<u>\$ 306,388</u>	<u>\$ 194,572</u>

The cost of all Business-Type Activities this year was \$710.6 million. The users of the State's programs financed most of the cost. The State's net revenue from Business-Type Activities was \$306.4 million. Employment Security net revenue increased by \$43.8 million, and Other contributed \$125.4 million of net revenue. The \$114.2 million (net) transfers from the State's Business-Type Activities to the Governmental Activities included statutorily required profit transfers of the Alcoholic Beverages Fund.

FINANCIAL ANALYSIS OF THE STATE'S FUNDS

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

	2025	2024	Change
General	\$ 901,169	\$ 1,115,459	\$ (214,290)
Highway	64,064	40,995	23,069
Federal	14,071	6,528	7,543
Other Special Revenue	1,349,969	1,563,360	(213,391)
Other Governmental Funds	210,485	233,679	(23,194)
Total	<u>\$ 2,539,758</u>	<u>\$ 2,960,021</u>	<u>\$ (420,263)</u>

As of the end of the fiscal year, the State's governmental funds reported combined ending fund balances of \$2.540 billion, a decrease of \$420.3 million in comparison with the prior year. Of this total, \$62.9 million (2.5 percent) is classified as non-spendable, either due to its form or legal constraints, and \$835.1 million (32.9 percent) is restricted for specific programs by external constraints, constitutional provisions, or contractual obligations. Unspent bond proceeds and revenue restricted for transportation, natural resources or other programs are included in restricted fund balance. At the end of fiscal year 2025, there was \$665.5 million of unassigned fund balance on the GAAP basis in the General Fund.

General Fund expenditures and other uses were greater than General Fund revenues and other sources resulting in a decrease in the fund balance of \$214.3 million. Revenues and other financing sources of the General Fund of \$6.349 billion increased by approximately \$464.0 million (7.9 percent), as compared to fiscal year end 2024. Expenses and uses of \$6.563 billion increased by \$435.3 million (7.1 percent), as compared to the prior year.

Other Special Revenue fund revenue and other financing sources of \$1.723 billion decreased by \$111.0 million from the prior year (6.1 percent). Expenses and other uses of \$1.936 billion increased from the prior year by \$312.2 million (19.2 percent).

Budgetary Highlights

For the 2025 fiscal year, the final legally adopted budgeted expenditures for the General Fund amounted to \$5.864 billion, an increase of about \$570 million from the original legally adopted budget of approximately \$5.294 billion. Actual expenditures on a budgetary basis amounted to approximately \$332.3 million less than those authorized in the final budget. After deducting the encumbered obligations and other commitments that will come due in fiscal year 2025, including the budgeted starting balance for fiscal year 2025, there were funds remaining of \$113.2 million to distribute in fiscal year 2025. Actual revenues and net operating transfers exceeded final budget forecasts by \$117.6 million. Interest earning of \$42.6 million along with legislatively and statutorily approved transfers resulted in the Budget Stabilization Fund reaching its cap of \$1.030 billion as of June 30, 2025. The remaining \$33.8 million of surplus was transferred to the Highway and Capital Program, an Other Special Revenue Funds account for fiscal year 2025. This item is further explained in Note 2 of the Financial Statements.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of fiscal year 2025, the State had roughly \$5.477 billion in a broad range of capital and right to use assets, including land, infrastructure, improvements, buildings, equipment, vehicles and intangibles. During fiscal year 2025, the State acquired or constructed more than \$252.2 million of capital, right to use and subscription based information technology assets. The most significant impact on capital assets during the year resulted from continued construction and rehabilitation of roads and bridges, and major construction and renovation of State-owned facilities. More detailed information about the State's capital assets and significant construction commitments is presented in Notes 8 and 19 to the financial statements.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Land	\$ 708,875	\$ 704,080	\$ 3,927	\$ 3,926	\$ 712,802	\$ 708,006
Construction in Progress	170,016	335,204	22,048	20,385	192,064	355,589
Infrastructure	3,244,318	3,176,376	-	-	3,244,318	3,176,376
Buildings	1,073,351	887,863	5,191	5,268	1,078,542	893,131
Equipment	456,684	415,849	52,870	50,870	509,554	466,719
Improvements Other Than Buildings	129,239	117,553	60,351	60,266	189,590	177,819
Software	218,108	155,356	-	-	218,108	155,356
Total Capital Assets	6,000,591	5,792,281	144,387	140,715	6,144,978	5,932,996
Less: Accumulated Depreciation	994,934	922,289	64,232	60,057	1,059,166	982,346
Capital Assets, net	5,005,657	4,869,992	80,155	80,658	5,085,812	4,950,650
Right to Use Assets	309,732	272,786	-	-	309,732	272,786
Less: Accumulated Amortization	42,808	30,228	-	-	42,808	30,228
Right to Use Assets, net	266,924	242,558	-	-	266,924	242,558
Subscription Based Assets	190,916	170,660	3,243	-	194,159	170,660
Less: Accumulated Amortization	69,654	53,357	184	-	69,838	53,357
Subscription Based Assets, net	121,262	117,303	3,059	-	124,321	117,303
Capital, Right to Use and Subscription Based Assets, net	\$ 5,393,843	\$ 5,229,853	\$ 83,214	\$ 80,658	\$ 5,477,057	\$ 5,310,511

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 expends 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 8,777 highway miles or 17,828 lane miles within the State. Bridges have a deck area of 12.6 million square feet among 3,034 total bridges. The State has established a policy to maintain its highways at an average condition assessment of 60. At June 30, 2025, the actual average condition was 74.1. Its policy for bridges is an average sufficiency rating condition assessment of 60. The actual average condition for bridges was 75.0 at June 30, 2025. Preservation costs for fiscal year 2025 totaled \$267.0 million compared to estimated preservation costs of \$240.0 million.

Transportation bonds, approved by referendum, are issued to fund improvements to highways and bridges. Of the amount authorized by PL 2021, Chapter 408, \$24.3 million in General Fund bonds were spent during fiscal year 2025. Of the amount authorized by PL 2019, Chapter 673, \$400 thousand in General Fund bonds were spent during fiscal year 2025.

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 \$1.731 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	
	2025	2024	2025	2024	2025	2024
General Obligation						
Bonds	\$ 360,515	\$ 454,295	\$ -	\$ -	\$ 360,515	\$ 454,295
Unmatured Premiums	52,538	65,312	-	-	52,538	65,312
Other Long-Term Obligations	1,312,121	1,300,625	5,517	3,284	1,317,638	1,303,909
Total	<u>\$ 1,725,174</u>	<u>\$ 1,820,232</u>	<u>\$ 5,517</u>	<u>\$ 3,284</u>	<u>\$ 1,730,691</u>	<u>\$ 1,823,516</u>

During the year, the State reduced outstanding long-term obligations by \$106.6 million for general obligation bonds and \$353.0 million for other long-term debt. Also during fiscal year 2025, the State incurred \$296.5 million of additional long-term obligations.

Credit Ratings

The State’s credit was rated during fiscal year 2025 by Moody’s Investors Service as Aa1 with a stable outlook and by Standard & Poor’s as AA with a stable outlook.

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

The Maine Consensus Economic Forecasting Commission (CEFC) convened on October 30, 2025, to review and revise its forecast through 2029. This meeting builds on the Commission's forecast update of April 1, 2025, incorporating the most recent updates available for all relevant baseline data.

The CEFC emphasized that Maine continues to face significant economic uncertainty stemming from fiscal, geopolitical, and economic developments. Tariff policies continue to change rapidly, contributing to the possibility of a global trade war and increasing risk for businesses. The federal government is in a period of fiscal austerity (which is compounded by the government shutdown that began October 1), increasing uncertainty around ongoing federal funding. Maine's economy will be impacted by any reduction of federal funds and the multiplier effects of those reductions, particularly cuts to programs such as Medicaid (MaineCare) and the Affordable Care Act. Inflation remains elevated above target levels and is likely to face ongoing upward pressure from tariffs, while consumer sentiment has weakened. Because of our state's demographics and close relationship with Canada, Maine may be particularly vulnerable to changes in federal funding and tariff policy.

The Commission's forecast for wage and salary employment was left unchanged for all forecast years based on information from the Maine Department of Labor.

The Commission revised its forecast for total personal income growth up from 4.1% to 5.6% in 2025. The remaining years of the forecast were left unchanged. The only adjustments to personal income were made to wage and salary income and personal current transfer receipts.

The Commission made an upward revision to the forecast for 2025, from 4.0% to 4.8% based on information provided by the Office of Tax Policy in Maine Revenue Services. There were no changes for 2026-2029 and the forecast assumes growth of 4.0% for each of those years.

Annual inflation according to the Consumer Price Index (CPI) was revised down in 2025 to 2.8% from 3.2%. This revision was made to align with Moody's and S&P. The remaining years of the forecast were left unchanged. The Commission forecasts that inflation will stay at 2.8% in 2026 before slowing to 2.2% in 2027 and 2.1% in 2028 and 2029.

Corporate profits grew 8.4% in 2024, lower than the April forecast of 11.4%. No changes were made to the forecast. The current forecast projects growth of 0.5% in 2025 and then 2.0% annual growth for 2026-2029.

Maine saw continued population growth in 2024, gaining over 5,300 in population. In 2024, Maine had the 20th highest rate of total migration, at 7.5 per thousand. This was below the national rate of 8.2 per thousand. In recent years, this has been driven by growth in net domestic migration. However, in 2024, this was more evenly split between domestic migration (3.8 per thousand) and international migration (3.7 per thousand).

Total personal income in Maine grew 6.9% at an annualized rate in the second quarter of 2025, ranking 6th in the U.S. (5.5%) and second in New England (6.2%). Maine's total seasonally adjusted personal income was \$101.3 billion in the second quarter of 2025. Wage and salary income, the largest component of personal income, grew 4.5% seasonally adjusted at an annualized rate (SAAR) in the second quarter of 2025 while dividends, interest, and rent increased 1.1% and transfer receipts increased by 19.9%, driven in large part by retroactive payments to Social Security beneficiaries from the Social Security Fairness Act (2024). Meanwhile, real GDP for Maine grew to just over \$77.9 billion in the second quarter of 2025.

Inflation has decelerated from the high in June of 2022 but is still above the Federal Reserve's 2% target. The CPI all-items index grew 3% year-over-year in September (before seasonal adjustment), the fastest annual pace since the start of the year. On October 29, the Federal Reserve Federal Open Market Committee (FOMC) lowered rates to 3.75% - 4.00%.

The Index of Consumer Sentiment from the University of Michigan was down 2.7% in October and is down 24% year-over-year. Inflation and high prices remain at the forefront of consumers' minds. The Small Business Optimism Index, as measured by the National Federation of Independent Businesses (NFIB), declined 2 points in September to 98.8. This was the first decline in three months - though it remains above the 52-year average of 98. Uncertainty remains high, and the majority reported that supply chain disruptions were affecting their business.

Maine single-family existing-home sales were up 5.1% from 12 months prior in September 2025, and prices declined for the second time in 2025 (-1.35%). In the second quarter of 2025, Maine's year-over-year growth in the house price index was 6.0% (seasonally adjusted), 6th highest in the nation for year-over-year growth and second in New England.

The key assumptions made by the CEFC are:

- Maine is navigating a period of significant uncertainty around economic policy, government spending, geopolitical tensions, and consumer sentiment. The economy may be experiencing K-shaped dynamics, with spending by wealthier households helping to keep the economy growing in the face of tariffs and uncertainty around other federal policies. The recent federal government shutdown has disrupted funding flows, delayed program implementation, and created uncertainty for households and organizations that rely on federal programs, adding further short-term strain to Maine's economy. Decisions around Maine's conformity to recent federal tax legislation and their impact on state revenues will be addressed by the Legislature during the upcoming legislative session.
- Geopolitical tensions exist and continue to pose a negative risk to the forecast. Rapidly changing tariff policies are contributing to the possibility of a global trade war. Strained relations between the U.S. and China, European nations, Canada, and South America contribute to additional uncertainty, as does the risk of escalating tensions between China and Taiwan.
- The federal government has entered into a period of significant fiscal austerity. This contributes to uncertainty in ongoing federal funding. Maine's economy will be impacted by any reduction of federal funding, with the full scope and scale unknown and dependent on the exact nature of the reductions. Federal funds not only flow into Maine through state and local governments, but also through payments to individuals, contracts with nonprofits and businesses, and grants to higher education and research institutions. In all these cases, there are additional multiplier effects. For example, cuts to federal Medicaid (MaineCare) and the loss of ACA subsidies would raise premiums, jeopardize healthcare coverage, and strain rural hospitals.
- Inflation growth remains elevated above target levels and will face upward pressure from tariffs. Consumer sentiment has declined as expectations about future personal financial wellbeing have deteriorated and short-term inflation expectations have increased.
- Maine may be at greater risk from federal funding and tariff policy changes. Canada is Maine's largest trading partner and the tensions between Canada and the U.S. have driven a decline in Canadian visitation to Maine that may persist for the foreseeable future. However, a decline in Canadian visitors may be offset by an increase in domestic tourism.

At June 30, 2025, the State of Maine reported an ending fund balance of \$901.2 million in the General Fund on a GAAP basis, a decrease of more than \$214.0 million since the end of fiscal year 2024. The General Fund "unassigned" fund balance on a GAAP basis at June 2025 was \$665.5 million.

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

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

CONTACTING THE STATE'S FINANCIAL MANAGEMENT

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

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

BASIC FINANCIAL STATEMENTS



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

June 30, 2025
(Expressed in Thousands)

	Primary Government		Total	Component Units
	Governmental Activities	Business-Type Activities		
Assets				
Current Assets:				
Equity in Treasurer's Cash Pool	\$ 1,850,911	\$ 68,454	\$ 1,919,365	\$ 75,546
Cash and Cash Equivalents	184	2,244	2,428	197,205
Cash with Fiscal Agent	246,916	-	246,916	-
Investments	184,257	-	184,257	1,103,665
Restricted Assets:				
Restricted Equity in Treasurer's Cash Pool	14,474	-	14,474	-
Restricted Deposits and Investments	2,417	787,459	789,876	697,532
Inventories	15,786	5,971	21,757	1,730
Receivables, Net of Allowances for Uncollectibles:				
Taxes Receivable	658,484	-	658,484	-
Settlements Receivable	28,710	-	28,710	-
Loans, Leases & Notes Receivable	2,329	-	2,329	173,637
Other Receivables	355,737	121,157	476,894	124,533
Internal Balances	8,014	(8,014)	-	-
Due from Other Governments	785,219	-	785,219	208,478
Due from Primary Government	-	-	-	31,758
Loans Receivable from Primary Government	-	-	-	26,098
Due from Component Units	62,374	-	62,374	-
Prepaid Items	17,767	-	17,767	-
Other Current Assets	392	-	392	144,684
Total Current Assets	4,233,971	977,271	5,211,242	2,784,866
Noncurrent Assets:				
Equity in Treasurer's Cash Pool	1,589,441	58,785	1,648,226	64,874
Investments	-	-	-	815,119
Restricted Assets:				
Restricted Equity in Treasurer's Cash Pool	12,430	-	12,430	-
Restricted Deposits and Investments	-	-	-	391,829
Pension Assets	14,217	-	14,217	-
Receivables, Net of Current Portion:				
Taxes Receivable	57,377	-	57,377	-
Settlements Receivable	72,188	-	72,188	-
Loans, Leases & Notes Receivable	3,591	-	3,591	2,945,946
Other Receivables	410	-	410	12,439
Due from Other Governments	8,015	-	8,015	1,693,493
Loans Receivable from Primary Government	-	-	-	133,959
Due from Primary Government	-	-	-	1,062
Post-Employment Benefit Assets	-	-	-	77,051
Other Noncurrent Assets	-	-	-	36,226
Capital Assets:				
Land, Infrastructure, & Other Non-Depreciable Assets	4,123,209	25,975	4,149,184	1,151,088
Buildings, Equipment & Other Depreciable Assets	882,448	54,180	936,628	1,289,779
Right to Use Assets - Leases, Net	266,924	-	266,924	61,738
Right to Use Assets - Subscriptions, Net	121,262	3,059	124,321	33,076
Total Noncurrent Assets	7,151,512	141,999	7,293,511	8,707,679
Total Assets	11,385,483	1,119,270	12,504,753	11,492,545
Deferred Outflows of Resources	\$ 1,065,969	\$ 7,195	\$ 1,073,164	\$ 60,648

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

	Primary Government		Total	Component Units
	Governmental Activities	Business-Type Activities		
Liabilities				
Current Liabilities:				
Accounts Payable	\$ 1,373,621	\$ 26,531	\$ 1,400,152	\$ 155,464
Accrued Payroll	79,747	1,270	81,017	5,176
Tax Refunds Payable	429,841	-	429,841	-
Due to Component Units	33,758	-	33,758	-
Due to Primary Government	-	-	-	62,374
Current Portion of Long-Term Obligations:				
Compensated Absences	31,340	505	31,845	3,480
Due to Other Governments	455,409	112	455,521	3,337
Amounts Held under State & Federal Loan Programs	-	-	-	72,125
Claims Payable	22,614	-	22,614	-
Bonds & Notes Payable	94,842	-	94,842	284,322
Revenue Bonds Payable	27,880	-	27,880	36,104
Lease Liabilities	10,335	-	10,335	3,684
Subscription Liabilities	28,291	704	28,995	5,495
Certificates of Participation & Other Financing Arrangements	19,940	-	19,940	-
Loans Payable to Component Unit	26,098	-	26,098	-
Accrued Interest Payable	10,240	-	10,240	41,752
Unearned Revenue	5,473	-	5,473	209,169
Other Post-Employment Benefits	883	-	883	-
Other Current Liabilities	66,830	24,204	91,034	103,844
Total Current Liabilities	2,717,142	53,326	2,770,468	986,326
Long-Term Liabilities:				
Compensated Absences	122,985	1,950	124,935	-
Due to Component Units	1,062	-	1,062	-
Due to Other Governments	-	-	-	10,169
Amounts Held under State & Federal Loan Program	-	-	-	49,759
Claims Payable	52,123	-	52,123	-
Bonds & Notes Payable	318,211	-	318,211	4,454,002
Revenue Bonds Payable	412,195	-	412,195	937,107
Lease Liabilities	268,609	-	268,609	60,160
Subscription Liabilities	71,653	2,358	74,011	23,946
Certificates of Participation & Other Financing Arrangements	84,099	-	84,099	-
Loans Payable to Component Unit	133,959	-	133,959	-
Unearned Revenue	15,178	-	15,178	18,596
Net Pension Liability	2,101,121	11,226	2,112,347	60,292
Other Post-Employment Benefits	1,252,707	4,734	1,257,441	29,502
Pollution Remediation & Landfill Obligations	39,282	-	39,282	-
Other Noncurrent Liabilities	-	-	-	53,945
Total Long-Term Liabilities	4,873,184	20,268	4,893,452	5,697,478
Total Liabilities	7,590,326	73,594	7,663,920	6,683,804
Deferred Inflows of Resources	1,519,124	4,975	1,524,099	212,129
Net Position				
Net Investment in Capital Assets	4,299,470	80,152	4,379,622	1,586,392
Restricted:				
Governmental Support & Operations	5,860	-	5,860	-
Justice & Protection	8,357	-	8,357	-
Employment Security	-	809,269	809,269	-
Restricted for Revolving Loan Funds	-	-	-	1,019,182
Restricted for Bond Resolutions and Programs	-	-	-	525,864
Other Purposes	-	-	-	741,948
Funds Held for Permanent Investments:				
Expendable	125,529	-	125,529	-
Nonexpendable	58,942	-	58,942	366,331
Unrestricted (deficit) Net Position	(1,156,156)	158,475	(997,681)	417,543
Total Net Position	\$ 3,342,002	\$ 1,047,896	\$ 4,389,898	\$ 4,657,260

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

STATE OF MAINE
STATEMENT OF ACTIVITIES

Fiscal Year Ended June 30, 2025
(Expressed in Thousands)

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Governmental Support & Operations	\$ 871,194	\$ 129,083	\$ 30,589	\$ -
Arts, Heritage & Cultural Enrichment	13,880	359	4,501	-
Business Licensing & Regulation	96,521	79,360	25,968	-
Economic Development & Workforce Training	400,120	6,351	140,565	-
Education	2,419,911	32,159	435,618	-
Health & Human Services	7,012,341	22,389	4,459,986	-
Justice & Protection	872,135	99,613	273,316	-
Natural Resources Development & Protection	368,758	113,517	138,974	-
Transportation Safety & Development	1,038,358	160,782	496,688	-
Interest Expense	41,414	-	-	-
Total Governmental Activities	<u>13,134,632</u>	<u>643,613</u>	<u>6,006,205</u>	<u>-</u>
Business-Type Activities:				
Employment Security	136,304	156,091	24,061	-
Alcoholic Beverages	195,802	260,537	-	-
Lottery	335,332	415,700	-	-
Ferry Services	16,264	7,904	-	-
Consolidated Emergency Communications	7,887	8,273	-	-
Other	18,987	144,398	-	-
Total Business-Type Activities	<u>710,576</u>	<u>992,903</u>	<u>24,061</u>	<u>-</u>
Total Primary Government	<u>13,845,208</u>	<u>1,636,516</u>	<u>6,030,266</u>	<u>-</u>
Component Units:				
Finance Authority of Maine	75,421	23,350	40,917	-
Maine Community College System	199,733	15,479	107,749	34
Maine Health & Higher Education Facilities Authority	41,086	37,960	5,299	-
Maine Municipal Bond Bank	84,788	47,406	28,439	76,063
Maine State Housing Authority	385,290	96,407	313,113	-
Maine Turnpike Authority	140,393	169,552	-	-
University of Maine System	928,082	323,545	325,019	76,816
All Other Non-Major Component Units	332,150	49,832	219,662	36,680
Total Component Units	<u>\$ 2,186,943</u>	<u>\$ 763,531</u>	<u>\$ 1,040,198</u>	<u>\$ 189,593</u>

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

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

Primary Government

Governmental Activities	Business-type Activities	Total	Component Units
\$ (711,522)	\$ -	\$ (711,522)	\$ -
(9,020)	-	(9,020)	-
8,807	-	8,807	-
(253,204)	-	(253,204)	-
(1,952,134)	-	(1,952,134)	-
(2,529,966)	-	(2,529,966)	-
(499,206)	-	(499,206)	-
(116,267)	-	(116,267)	-
(380,888)	-	(380,888)	-
(41,414)	-	(41,414)	-
<u>(6,484,814)</u>	<u>-</u>	<u>(6,484,814)</u>	<u>-</u>
-	43,848	43,848	-
-	64,735	64,735	-
-	80,368	80,368	-
-	(8,360)	(8,360)	-
-	386	386	-
-	125,411	125,411	-
-	306,388	306,388	-
<u>(6,484,814)</u>	<u>306,388</u>	<u>(6,178,426)</u>	<u>-</u>
-	-	-	(11,154)
-	-	-	(76,471)
-	-	-	2,173
-	-	-	67,120
-	-	-	24,230
-	-	-	29,159
-	-	-	(202,702)
-	-	-	(25,976)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (193,621)</u>

General Revenues:

Taxes:				
Corporate Taxes	430,052	-	430,052	-
Individual Income Taxes	2,774,106	-	2,774,106	-
Fuel Taxes	253,787	-	253,787	-
Property Taxes	90,505	-	90,505	-
Sales & Use Taxes	2,404,604	-	2,404,604	-
Other Taxes	575,498	-	575,498	-
Unrestricted Investment Earnings	176,764	-	176,764	57,505
Non-Program Specific Grants, Contributions & Appropriations	-	-	-	501,976
Miscellaneous Income	164,111	-	164,111	23,671
Tobacco and Opioid Settlements	41,498	-	41,498	-
Transfers - Internal Activities	114,221	(114,221)	-	-
Total General Revenues and Transfers	<u>7,025,146</u>	<u>(114,221)</u>	<u>6,910,925</u>	<u>583,152</u>
Change in Net Position	<u>540,332</u>	<u>192,167</u>	<u>732,499</u>	<u>389,531</u>
Net Position - Beginning	2,990,254	856,707	3,846,961	4,271,444
Restatement Amount (Note 3)	<u>(188,584)</u>	<u>(978)</u>	<u>(189,562)</u>	<u>(3,715)</u>
Net Position - Beginning (as restated)	<u>2,801,670</u>	<u>855,729</u>	<u>3,657,399</u>	<u>4,267,729</u>
Net Position - Ending	<u>\$ 3,342,002</u>	<u>\$ 1,047,896</u>	<u>\$ 4,389,898</u>	<u>\$ 4,657,260</u>



GOVERNMENTAL FUND FINANCIAL STATEMENTS

MAJOR FUNDS

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

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

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

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

NON-MAJOR FUNDS

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

**STATE OF MAINE
BALANCE SHEET
GOVERNMENTAL FUNDS**

June 30, 2025
(Expressed in Thousands)

	<u>General</u>	<u>Highway</u>	<u>Federal</u>	<u>Other Special Revenue</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets						
Equity in Treasurer's Cash Pool	\$ 1,509,070	\$ 88,686	\$ 308,369	\$ 1,097,644	\$ 214	\$ 3,003,983
Cash & Short-Term Investments	71	76	-	36	-	183
Cash with Fiscal Agent	2,317	4,109	-	231,171	-	237,597
Investments	-	-	-	-	184,257	184,257
Restricted Assets:						
Restricted Equity in Treasurer's Cash Pool	-	-	-	-	26,904	26,904
Inventories	4,089	3	5,106	133	-	9,331
Receivables, Net of Allowance for Uncollectibles:						
Taxes Receivable	677,255	23,059	-	15,547	-	715,861
Settlements Receivable	-	-	-	100,898	-	100,898
Loans Receivable	1	-	-	1,802	-	1,803
Other Receivable	110,461	7,851	162,741	53,678	-	334,731
Due from Other Funds	24,872	28,176	5,866	38,604	-	97,518
Due from Other Governments	-	-	782,240	-	-	782,240
Due from Component Units	-	-	-	62,374	-	62,374
Other Assets	144	32	391	1,598	-	2,165
Working Capital Advances Receivable	111	-	-	-	-	111
Total Assets	<u>\$ 2,328,391</u>	<u>\$ 151,992</u>	<u>\$ 1,264,713</u>	<u>\$ 1,603,485</u>	<u>\$ 211,375</u>	<u>\$ 5,559,956</u>
Liabilities						
Accounts Payable	\$ 394,042	\$ 64,016	\$ 727,015	\$ 88,411	\$ 780	\$ 1,274,264
Accrued Payroll	39,415	11,353	8,269	14,506	-	73,543
Tax Refunds Payable	429,841	-	-	-	-	429,841
Due to Other Governments	-	-	454,959	-	-	454,959
Due to Other Funds	121,466	8,487	38,875	13,620	8	182,456
Due to Component Units	4,880	-	12,911	13,967	99	31,857
Unearned Revenue	-	3,250	1,947	14,948	3	20,148
Other Accrued Liabilities	61,303	-	2,410	8,865	-	72,578
Total Liabilities	<u>1,050,947</u>	<u>87,106</u>	<u>1,246,386</u>	<u>154,317</u>	<u>890</u>	<u>2,539,646</u>
Deferred Inflows of Resources	<u>376,275</u>	<u>822</u>	<u>4,256</u>	<u>99,199</u>	<u>-</u>	<u>480,552</u>
Fund Balances						
Nonspendable:						
Permanent Fund Principal	-	-	-	-	58,942	58,942
Inventories & Prepaid Items	3,912	-	-	-	-	3,912
Restricted	8,573	64,064	14,071	596,810	151,543	835,061
Committed	1,878	-	-	576,273	-	578,151
Assigned	221,333	-	-	176,886	-	398,219
Unassigned	665,473	-	-	-	-	665,473
Total Fund Balances	<u>901,169</u>	<u>64,064</u>	<u>14,071</u>	<u>1,349,969</u>	<u>210,485</u>	<u>2,539,758</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 2,328,391</u>	<u>\$ 151,992</u>	<u>\$ 1,264,713</u>	<u>\$ 1,603,485</u>	<u>\$ 211,375</u>	<u>\$ 5,559,956</u>

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

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

June 30, 2025
(Expressed in Thousands)

Total fund balances for governmental funds	\$	2,539,758
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		5,711,298
Accumulated Depreciation & Amortization		<u>(765,894)</u>
		4,945,404
Refunded Bond Deferred Outflows		395
Pollution Remediation Receivable		424
Long-term liabilities are not due and payable in the current period. Therefore, long-term liabilities are not reported in the governmental fund statements. However, these amounts are included in the Statement of Net Position. This net effect of these balances on the statement:		
Bonds Payable		(853,128)
Interest Payable Related to Long-term Financing		(3,500)
Certificates of Participation and Other Financing Arrangements		(57,079)
Leases		(9,561)
Subscriptions		(82,353)
Loans Payable to Component Unit		(160,057)
Compensated Absences		(142,816)
Pension Liabilities and Deferrals		(1,578,460)
Other Post-Employment Benefit Liabilities and Deferrals		(2,134,836)
Pollution Remediation and Landfill Obligations		<u>(39,282)</u>
		(5,061,072)
Certain revenues are earned but not available and therefore are not reported in the governmental fund statements.		476,746
Other Revenue		10,530
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.		<u>429,817</u>
Net position of governmental activities	\$	<u><u>3,342,002</u></u>

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

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

Fiscal Year Ended June 30, 2025
(Expressed in Thousands)

	<u>General</u>	<u>Highway</u>	<u>Federal</u>	<u>Other Special Revenue</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues						
Taxes	\$ 5,910,772	\$ 217,630	\$ -	\$ 399,527	\$ -	\$ 6,527,929
Assessments	101,221	116,174	-	199,104	-	416,499
Federal Grants & Reimbursements	27	-	5,971,748	28,473	-	6,000,248
Charges for Services	50,741	4,834	-	151,675	-	207,250
Investment Income (Loss)	113,749	4,137	289	18,875	19,474	156,524
Miscellaneous Revenues	17,778	402	-	153,643	1,834	173,657
Total Revenues	<u>6,194,288</u>	<u>343,177</u>	<u>5,972,037</u>	<u>951,297</u>	<u>21,308</u>	<u>13,482,107</u>
Expenditures						
Current:						
Governmental Support & Operations	454,078	4,598	27,904	374,701	1,942	863,223
Economic Development & Workforce Training	64,886	-	137,088	204,828	762	407,564
Education	2,224,805	-	433,679	64,024	1,345	2,723,853
Health & Human Services	2,102,410	-	4,434,960	583,196	-	7,120,566
Business Licensing & Regulation	-	-	25,640	81,566	-	107,206
Natural Resources Development & Protection	136,079	31	134,264	142,997	5,119	418,490
Justice & Protection	511,357	42,443	274,173	129,117	-	957,090
Arts, Heritage & Cultural Enrichment	11,399	-	4,039	451	-	15,889
Transportation Safety & Development	-	510,076	424,100	228,893	-	1,163,069
Debt service:						
Principal Payments	127,711	434	25,282	50,887	-	204,314
Interest Expense	40,893	47	7,589	963	-	49,492
Capital Outlay	7,470	-	10,807	11,935	30,115	60,327
Total Expenditures	<u>5,681,088</u>	<u>557,629</u>	<u>5,939,525</u>	<u>1,873,558</u>	<u>39,283</u>	<u>14,091,083</u>
Revenue over (under) Expenditures	<u>513,200</u>	<u>(214,452)</u>	<u>32,512</u>	<u>(922,261)</u>	<u>(17,975)</u>	<u>(608,976)</u>
Other Financing Sources (Uses)						
Transfer from Other Funds	144,869	252,539	8,502	747,528	-	1,153,438
Transfer to Other Funds	(881,728)	(18,603)	(44,130)	(62,494)	(5,219)	(1,012,174)
Certificates of Participation & Other	2,015	3,585	-	11,901	-	17,501
Subscriptions	7,354	-	10,659	11,935	-	29,948
Net Other Finance Sources (Uses)	<u>(727,490)</u>	<u>237,521</u>	<u>(24,969)</u>	<u>708,870</u>	<u>(5,219)</u>	<u>188,713</u>
Net Change in Fund Balances	<u>(214,290)</u>	<u>23,069</u>	<u>7,543</u>	<u>(213,391)</u>	<u>(23,194)</u>	<u>(420,263)</u>
Fund Balances - Beginning of Year	<u>1,115,459</u>	<u>40,995</u>	<u>6,528</u>	<u>1,563,360</u>	<u>233,679</u>	<u>2,960,021</u>
Fund Balances - End of Year	<u>\$ 901,169</u>	<u>\$ 64,064</u>	<u>\$ 14,071</u>	<u>\$ 1,349,969</u>	<u>\$ 210,485</u>	<u>\$ 2,539,758</u>

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

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

Fiscal Year Ended June 30, 2025
(Expressed in Thousands)

Net change in fund balances - total governmental funds		\$ (420,263)
Amounts reported for governmental activities in the Statement of Net Activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital Outlay	220,705	
Depreciation Expense	(93,305)	
The net effect of various transactions involving capital assets (i.e. sales, trade-ins and contributions) is to increase net position.	<u>(1,663)</u>	125,737
Refunded Bond Deferred Outflows		(227)
Pollution Remediation Receivable		-
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:		
Proceeds from Other Financing Arrangements	(5,600)	
Repayment of Bond Principal	120,695	
Repayment of Other Financing Debt	12,467	
Repayment of Pledged Revenue Principal	67,009	
Repayment of Lease Principal	658	
Repayment of Subscription Principal	(13,689)	
Accrued Interest	1,592	
Amortization of Bond Premiums	12,774	
		195,906
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	(11,732)	
Pension Liabilities and Deferrals	298,013	
Other Post-employment Benefit Liabilities and Deferrals	266,674	
Pollution Remediation and Landfill Obligations	<u>(43)</u>	552,912
Certain revenues are earned but not available and therefore are not reported in the governmental fund statements.		(4,154)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is included in governmental activities in the Statement of Activities.		<u>90,421</u>
Changes in net position of governmental activities		<u>\$ 540,332</u>

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



PROPRIETARY FUND

FINANCIAL STATEMENTS

MAJOR FUNDS

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

NON-MAJOR FUNDS

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

STATE OF MAINE
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS

June 30, 2025
(Expressed in Thousands)

	Business-Type Activities Enterprise Funds			Governmental Activities
	Major	Non-Major	Total	Internal Service Funds
	Employment Security	Other Enterprise		
Assets				
Current Assets:				
Equity in Treasurer's Cash Pool	\$ -	\$ 68,454	\$ 68,454	\$ 234,768
Cash & Short-Term Investments	1,490	754	2,244	1
Cash with Fiscal Agent	-	-	-	9,319
Restricted Assets:				
Restricted Deposits & Investments	787,448	11	787,459	2,417
Inventories	-	5,971	5,971	6,455
Receivables, Net of Allowance for Uncollectibles:				
Other Receivable	36,844	84,313	121,157	21,516
Due from Other Funds	899	3,647	4,546	61,269
Other Assets	-	-	-	15,994
Total Current Assets	<u>826,681</u>	<u>163,150</u>	<u>989,831</u>	<u>351,739</u>
Noncurrent Assets:				
Equity in Treasurer's Cash Pool	-	58,785	58,785	201,601
Receivables, Net of Current Portion	-	-	-	3,591
Capital Assets, Net of Accumulated Depreciation	-	80,155	80,155	173,414
Right to Use Assets - Leases, Net	-	-	-	257,830
Right to Use Assets - Subscriptions, Net	-	3,059	3,059	17,195
Total Noncurrent Assets	<u>-</u>	<u>141,999</u>	<u>141,999</u>	<u>653,631</u>
Total Assets	<u>826,681</u>	<u>305,149</u>	<u>1,131,830</u>	<u>1,005,370</u>
Deferred Outflows of Resources	<u>\$ -</u>	<u>\$ 7,195</u>	<u>\$ 7,195</u>	<u>\$ 33,692</u>
Liabilities				
Current Liabilities:				
Accounts Payable	\$ 12,568	\$ 13,963	\$ 26,531	\$ 38,332
Accrued Payroll	-	1,270	1,270	6,204
Due to Other Governments	112	-	112	-
Due to Other Funds	3,835	8,978	12,813	29,073
Due to Component Units	-	-	-	2,963
Current Portion of Long-Term Obligations:				
Certificates of Participation and Other Financing Arrangements	-	-	-	8,367
Lease Liabilities	-	-	-	9,653
Subscription Liabilities	-	704	704	8,651
Claims Payable	-	-	-	22,614
Compensated Absences	-	505	505	2,256
Unearned Revenue	-	-	-	503
Accrued Interest Payable	-	-	-	992
Other Accrued Liabilities	897	23,307	24,204	-
Total Current Liabilities	<u>17,412</u>	<u>48,727</u>	<u>66,139</u>	<u>129,608</u>
Long-Term Liabilities:				
Working Capital Advances Payable	-	-	-	111
Certificates of Participation & Other Financing Arrangements	-	-	-	38,593
Lease Liabilities	-	-	-	259,730
Subscription Liabilities	-	2,358	2,358	8,940
Claims Payable	-	-	-	52,123
Compensated Absences	-	1,950	1,950	9,253
Net Pension Liability	-	11,226	11,226	55,632
Net Other Post-Employment Benefit Liability	-	4,734	4,734	25,016
Total Long-Term Liabilities	<u>-</u>	<u>20,268</u>	<u>20,268</u>	<u>449,398</u>
Total Liabilities	<u>17,412</u>	<u>68,995</u>	<u>86,407</u>	<u>579,006</u>
Deferred Inflows of Resources	<u>\$ -</u>	<u>\$ 4,975</u>	<u>\$ 4,975</u>	<u>\$ 29,986</u>
Net Position				
Net Investment in Capital Assets:	-	80,152	80,152	123,825
Restricted for:				
Unemployment Compensation	809,269	-	809,269	-
Other Purposes	-	-	-	270
Unrestricted	-	158,222	158,222	305,975
Total Net Position	<u>\$ 809,269</u>	<u>\$ 238,374</u>	<u>1,047,643</u>	<u>\$ 430,070</u>
Amounts reported for business-type activities in the government-wide Statement of Activities are different due to elimination of the State's internal business-type activities				
			<u>253</u>	
Net Position of Business-Type Activities			<u>\$ 1,047,896</u>	

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

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

Fiscal Year Ended June 30, 2025
(Expressed in Thousands)

	Business-Type Activities			Governmental Activities
	Enterprise Funds			
	Major Employment Security	Non-Major Other Enterprise	Total	
Operating Revenues				
Charges for Services	\$ -	\$ 692,924	\$ 692,924	\$ 592,085
Assessments	153,327	140,828	294,155	-
Miscellaneous Revenues	2,764	1,025	3,789	214
Total Operating Revenues	<u>156,091</u>	<u>834,777</u>	<u>990,868</u>	<u>592,299</u>
Operating Expenses				
General Operations	-	569,550	569,550	468,131
Depreciation and Amortization	-	4,458	4,458	49,049
Claims/Fees Expense	136,304	-	136,304	7,305
Total Operating Expenses	<u>136,304</u>	<u>574,008</u>	<u>710,312</u>	<u>524,485</u>
Operating Income (Loss)	<u>19,787</u>	<u>260,769</u>	<u>280,556</u>	<u>67,814</u>
Nonoperating Revenues (Expenses)				
Investment Revenue (Expenses) - net	24,061	-	24,061	20,240
Interest Expense	-	(205)	(205)	(6,294)
Other Nonoperating Revenue (Expenses) - net	-	2,035	2,035	(399)
Total Nonoperating Revenues (Expenses)	<u>24,061</u>	<u>1,830</u>	<u>25,891</u>	<u>13,547</u>
Income (Loss) Before Capital Contributions, Transfers and Special Items	<u>43,848</u>	<u>262,599</u>	<u>306,447</u>	<u>81,361</u>
Capital Contributions, Transfers and Special Items				
Capital Contributions from (to) Other Funds	-	2,704	2,704	4,921
Transfer from Other Funds	750	30,716	31,466	4,080
Transfer to Other Funds	(750)	(147,641)	(148,391)	-
Total Capital Contributions, Transfers and Special Items	<u>-</u>	<u>(114,221)</u>	<u>(114,221)</u>	<u>9,001</u>
Change in Net Position	<u>43,848</u>	<u>148,378</u>	<u>192,226</u>	<u>90,362</u>
Net Position - Beginning of Year	765,421	90,974	856,395	350,274
Restatements (Note 3)	-	(978)	(978)	(10,566)
Net Position - Beginning (as restated)	<u>765,421</u>	<u>89,996</u>	<u>855,417</u>	<u>339,708</u>
Net Position - End of Year	<u>\$ 809,269</u>	<u>\$ 238,374</u>	<u>\$ 1,047,643</u>	<u>\$ 430,070</u>
Amounts reported for business-type activities in the government-wide Statement of Activities are different due to elimination of the State's internal business-type activities			<u>(59)</u>	
Changes in Business-Type Net Position			<u>\$ 192,167</u>	

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

STATE OF MAINE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

Fiscal Year Ended June 30, 2025
(Expressed in Thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities Internal Service Funds
	Major Employment Security	Non-Major Other Enterprise	Totals	
Cash Flows from Operating Activities				
Receipts from Customers and Users	\$ 152,396	\$ 777,717	\$ 930,113	\$ 240,306
Other Operating Cash Receipts (Payments):				
Cash Received from Interfund Services	66	15,812	15,878	330,954
Payments of Benefits	(135,769)	-	(135,769)	-
Payments to Prize Winners	-	(284,074)	(284,074)	-
Payments to Suppliers	-	(261,443)	(261,443)	(326,345)
Payments to Employees	-	(23,844)	(23,844)	(98,175)
Payments for Interfund Goods and Services	-	(5,350)	(5,350)	(62,097)
Net Cash Provided (Used) by Operating Activities	<u>16,693</u>	<u>218,818</u>	<u>235,511</u>	<u>84,643</u>
Cash Flows from Noncapital Financing Activities				
Transfers from Other Funds	750	30,716	31,466	4,080
Transfers to Other Funds	(750)	(147,641)	(148,391)	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>(116,925)</u>	<u>(116,925)</u>	<u>4,080</u>
Cash Flows from Capital and Related Financing Activities				
Payments for Acquisition of Capital Assets	-	(2,024)	(2,024)	(71,786)
Proceeds from Financing Arrangements	-	-	-	54,611
Principal and Interest Paid on Financing Arrangements	-	(1,572)	(1,572)	(29,717)
Proceeds from Sale of Capital Assets	-	2	2	1,381
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>(3,594)</u>	<u>(3,594)</u>	<u>(45,511)</u>
Cash Flows from Investing Activities				
Interest Revenue	24,061	2,034	26,095	20,240
Net Cash Provided (Used) by Investing Activities	<u>24,061</u>	<u>2,034</u>	<u>26,095</u>	<u>20,240</u>
Net Increase (Decrease) in Cash/Cash Equivalents	40,754	100,333	141,087	63,452
Cash/Cash Equivalents - Beginning of Year (as restated)	748,184	27,671	775,855	384,654
Cash/Cash Equivalents - End of Year	<u>\$ 788,938</u>	<u>\$ 128,004</u>	<u>\$ 916,942</u>	<u>\$ 448,106</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ 19,787	\$ 260,769	\$ 280,556	\$ 67,814
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	-	4,458	4,458	49,049
Decrease (Increase) in Assets:				
Accounts Receivable	(3,695)	(47,513)	(51,208)	(15,122)
Interfund Balances	66	6,084	6,150	(4,489)
Due from Other Governments	-	-	-	522
Inventories	-	(99)	(99)	(517)
Other Assets	-	-	-	(1,795)
Deferred Outflows	-	(1,207)	(1,207)	(4,388)
Increase (Decrease) in Liabilities:				
Accounts Payable	1,466	3,107	4,573	19,088
Accrued Payroll Expense	-	218	218	1,555
Due to Other Governments	-	-	-	136
Compensated Absences	-	335	335	(4,819)
Deferred Inflows	-	(1,341)	(1,341)	(7,476)
Net Pension Liability	-	(636)	(636)	(5,369)
Other Accruals	(931)	(4,460)	(5,391)	(4,984)
Net OPEB Liability	-	(897)	(897)	(4,562)
Total Adjustments	(3,094)	(41,951)	(45,045)	16,829
Net Cash Provided (Used) by Operating Activities	<u>\$ 16,693</u>	<u>\$ 218,818</u>	<u>\$ 235,511</u>	<u>\$ 84,643</u>
Non Cash Investing, Capital and Financing Activities				
Subscription Based Assets	-	3,243	3,243	1,551
Contributed Capital Assets	-	2,704	2,704	4,921
Disposal of Assets	-	-	-	(1,780)

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

FIDUCIARY FUND

FINANCIAL STATEMENTS

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

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

STATE OF MAINE
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

June 30, 2025
(Expressed in Thousands)

	Pension (and Other Employee Benefits)	Private Purpose Trusts	Custodial Funds
Assets			
Equity in Treasurer's Cash Pool	\$ -	\$ 564	\$ 11,956
Cash & Short-Term Investments	50,208	11,080	27
Receivables, Net of Allowance for Uncollectibles:			
State and Local Agency Contributions	40,369	-	-
Interest and Dividends	5,800	-	-
Due from Brokers for Securities Sold	97	-	-
Settlements Receivable	-	-	32,336
Other Receivable	-	3,294	-
Investments at Fair Value:			
Equity Securities	3,823,475	-	-
Common/Collective Trusts	18,563,102	-	-
Investments - Other	-	26,770	-
Securities Lending Collateral	18,535	-	-
Due from Other Funds	-	61,025	-
Investments Held on Behalf of Others	-	-	64,763
Capital Assets, Net of Accumulated Depreciation	14,444	-	-
Other Assets	-	6,049	18
Total Assets	<u>22,516,030</u>	<u>108,782</u>	<u>109,100</u>
Liabilities			
Accounts Payable	3,662	419	110
Due to Other Funds	-	16	-
Obligations Under Securities Lending	18,536	-	-
Other Accrued Liabilities	27,084	-	-
Total Liabilities	<u>49,282</u>	<u>435</u>	<u>110</u>
Net Position			
Restricted for Pension	21,490,623	-	-
Restricted for Other Post-Employment Benefits	976,125	-	-
Restricted for Individuals, Organizations and Other Governments	-	108,347	108,990
Total Net Position	<u>\$ 22,466,748</u>	<u>\$ 108,347</u>	<u>\$ 108,990</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, 2025
(Expressed in Thousands)

	Pension (and Other Employee Benefits)	Private Purpose Trusts	Custodial Funds
Additions:			
Contributions:			
Members	\$ 284,101	\$ -	\$ -
State & Local Agency Employers	534,937	-	-
Non-Employer Contributing Entity	261,968	-	3,037
Litigation Receipts	-	-	10,007
Other	-	-	1,447
Investment Income (Loss):			
Net Increase (Decrease) in the Fair Value of Investments	2,042,885	2,756	26
Interest & Dividends	76,487	1,488	49
Securities Lending Income & Borrower Rebates Refunded	254	-	-
Less Investment Expense:			
Securities Lending Expense	137,677	-	-
Net Investment Income (Loss)	1,981,949	4,244	75
Miscellaneous Revenues	-	31,432	-
Transfer from Other Pension Plans	285	-	-
Total Additions	<u>3,063,240</u>	<u>35,676</u>	<u>14,566</u>
Deductions:			
Benefits Paid to Participants, Beneficiaries or Clients	1,431,443	12,358	14,229
Refunds & Withdrawals	39,557	-	6,815
Restitution Payments	-	-	1,374
Administrative Expenses	21,122	501	-
Claims Processing Expense	3,394	-	-
Transfer to Other Funds	-	28,419	-
Transfer to Other Pension Plans	285	-	-
Total Deductions	<u>1,495,801</u>	<u>41,278</u>	<u>22,418</u>
Net Increase (Decrease)	1,567,439	(5,602)	(7,852)
Net Position:			
Restricted			
Beginning of Year	<u>20,899,309</u>	<u>113,949</u>	<u>116,842</u>
End of Year	<u>\$ 22,466,748</u>	<u>\$ 108,347</u>	<u>\$ 108,990</u>

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



COMPONENT UNIT

FINANCIAL STATEMENTS

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

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

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

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

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

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

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

STATE OF MAINE
STATEMENT OF NET POSITION
COMPONENT UNITS

June 30, 2025
(Expressed in Thousands)

	Finance Authority of Maine	Maine Community College System	Maine Health & Higher Educational Facilities Authority	Maine Municipal Bond Bank
Assets				
Current Assets:				
Equity in Treasurer's Cash Pool	\$ 21,962	\$ 12,866	\$ -	\$ 32,352
Cash & Short-Term Investments	1,512	13,183	7,234	375
Investments	95,808	90,766	17,457	11,868
Restricted Assets:				
Restricted Deposits & Investments	-	-	24,182	401,744
Inventories	-	-	-	-
Receivables, Net of Allowance for Uncollectibles:				
Loans, Leases & Notes Receivable	43,976	-	30,485	-
Other Receivable	3,955	22,643	192	2,762
Due from Other Governments	-	-	-	160,494
Due from Primary Government	-	9,563	-	-
Loans Receivable from Primary Government	-	-	-	26,098
Other Assets	1,519	2,181	5,218	122,459
Total Current Assets	<u>168,732</u>	<u>151,202</u>	<u>84,768</u>	<u>758,152</u>
Noncurrent Assets:				
Equity in Treasurer's Cash Pool	18,859	11,049	-	27,782
Restricted Assets:				
Investments	46,398	1,334	86,300	134,271
Receivables, Net of Current Portion:				
Loans, Leases & Notes Receivable	72,069	-	821,909	-
Other Receivables	-	52	-	-
Due from Other Governments	-	-	-	1,693,493
Due from Primary Government	-	-	-	-
Loans Receivable from Primary Government	-	-	-	133,959
Post-Employment Benefit Asset	-	36,386	-	-
Capital and Right to Use Assets, Net	1,001	198,849	-	1,135
Other Non-Current Assets	-	-	-	-
Total Noncurrent Assets	<u>138,327</u>	<u>266,751</u>	<u>932,450</u>	<u>1,990,640</u>
Total Assets	<u>307,059</u>	<u>417,953</u>	<u>1,017,218</u>	<u>2,748,792</u>
Deferred Outflows of Resources	<u>\$ 698</u>	<u>\$ 22,786</u>	<u>\$ -</u>	<u>\$ 3,344</u>
Liabilities				
Current Liabilities:				
Accounts Payable	\$ 6,823	\$ 12,773	\$ 100	\$ 649
Accrued Payroll	-	-	-	-
Compensated Absences	-	3,233	-	-
Due to Other Governments	-	-	481	2,482
Due to Primary Government	-	-	-	60,104
Amounts Held Under State & Federal Loan Programs	-	-	-	72,125
Bonds & Notes Payable	6,104	960	33,445	151,682
Obligations for Right to Use Assets	-	1,196	-	-
Accrued Interest Payable	473	-	19,484	11,751
Unearned Revenue	1,222	11,515	10	13,695
Other Accrued Liabilities	54,167	8,428	1,805	-
Total Current Liabilities	<u>68,789</u>	<u>38,105</u>	<u>55,325</u>	<u>312,488</u>
Long-Term Liabilities:				
Due to Other Governments	3,554	-	1,201	3,340
Amounts Held Under State & Federal Loan Programs	49,759	-	-	-
Bonds & Notes Payable	122,106	11,259	907,570	1,351,658
Obligations for Right to Use Assets	-	9,732	-	-
Net Pension Liability	-	41,777	-	775
Net Other Post-Employment Benefit Liability	-	2,900	-	847
Other Noncurrent Liabilities	-	-	-	-
Total Long-Term Liabilities:	<u>175,419</u>	<u>65,668</u>	<u>908,771</u>	<u>1,356,620</u>
Total Liabilities	<u>244,208</u>	<u>103,773</u>	<u>964,096</u>	<u>1,669,108</u>
Deferred Inflows of Resources	<u>-</u>	<u>29,381</u>	<u>-</u>	<u>462</u>
Net Position				
Net Investment in Capital Assets	1,001	177,024	-	1,135
Restricted	31,808	55,516	-	1,023,853
Unrestricted	30,740	75,045	53,122	57,578
Total Net Position	<u>\$ 63,549</u>	<u>\$ 307,585</u>	<u>\$ 53,122</u>	<u>\$ 1,082,566</u>

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

<u>Maine State Housing Authority</u>	<u>Maine Turnpike Authority</u>	<u>University of Maine System</u>	<u>Non-Major Component Units</u>	<u>Total</u>
\$ -	\$ -	\$ 8,154	\$ 212	\$ 75,546
114,393	16,702	13,402	30,404	197,205
601,218	14,772	251,912	19,864	1,103,665
-	178,020	-	93,586	697,532
-	1,630	-	100	1,730
59,393	2,340	294	37,149	173,637
12,159	6,820	64,448	11,554	124,533
5,522	-	26,791	15,671	208,478
4,283	800	15,184	1,928	31,758
-	-	-	-	26,098
-	2,459	10,020	828	144,684
<u>796,968</u>	<u>223,543</u>	<u>390,205</u>	<u>211,296</u>	<u>2,784,866</u>
-	-	7,002	182	64,874
-	30,595	2,583	90,348	391,829
169,473	-	586,688	15,636	815,119
1,980,990	31,662	23,965	15,351	2,945,946
-	848	11,326	213	12,439
-	-	-	-	1,693,493
-	-	99	963	1,062
-	-	-	-	133,959
-	-	40,665	-	77,051
17,113	1,004,310	1,106,493	206,780	2,535,681
19,631	125	9,637	6,833	36,226
<u>2,187,207</u>	<u>1,067,540</u>	<u>1,788,458</u>	<u>336,306</u>	<u>8,707,679</u>
<u>2,984,175</u>	<u>1,291,083</u>	<u>2,178,663</u>	<u>547,602</u>	<u>11,492,545</u>
\$ <u>2,643</u>	\$ <u>7,315</u>	\$ <u>21,693</u>	\$ <u>2,169</u>	\$ <u>60,648</u>
\$ 43,394	\$ 13,435	\$ 45,674	\$ 32,616	\$ 155,464
-	5,176	-	-	5,176
-	-	-	247	3,480
374	-	-	-	3,337
-	1,192	-	1,078	62,374
-	-	-	-	72,125
84,943	21,710	18,292	3,290	320,426
-	-	7,203	780	9,179
10,044	-	-	-	41,752
95,839	15,770	64,688	6,430	209,169
-	11,492	25,049	2,903	103,844
<u>234,594</u>	<u>68,775</u>	<u>160,906</u>	<u>47,344</u>	<u>986,326</u>
1,939	-	-	135	10,169
-	-	-	-	49,759
2,251,843	528,238	183,708	34,727	5,391,109
226	-	70,925	3,223	84,106
2,240	11,428	-	4,072	60,292
-	25,258	-	497	29,502
-	737	71,763	41	72,541
<u>2,256,248</u>	<u>565,661</u>	<u>326,396</u>	<u>42,695</u>	<u>5,697,478</u>
<u>2,490,842</u>	<u>634,436</u>	<u>487,302</u>	<u>90,039</u>	<u>6,683,804</u>
<u>20,147</u>	<u>53,962</u>	<u>73,363</u>	<u>34,814</u>	<u>212,129</u>
3,702	450,787	783,573	169,170	1,586,392
431,231	192,819	740,604	177,494	2,653,325
40,896	(33,606)	115,514	78,254	417,543
\$ <u>475,829</u>	\$ <u>610,000</u>	\$ <u>1,639,691</u>	\$ <u>424,918</u>	\$ <u>4,657,260</u>

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

Fiscal Year Ended June 30, 2025
(Expressed in Thousands)

	Finance Authority Of Maine	Maine Community College System	Maine Health & Higher Educational Facilities Authority	Maine Municipal Bond Bank
Expenses	\$ 75,421	\$ 199,733	\$ 41,086	\$ 84,788
Program Revenues				
Charges for Services	23,350	15,479	37,960	47,406
Program Investment Income	2,129	9,515	5,299	15,517
Operating Grants & Contributions	38,788	98,234	-	12,922
Capital Grants & Contributions	-	34	-	76,063
Net Revenue (Expense)	<u>(11,154)</u>	<u>(76,471)</u>	<u>2,173</u>	<u>67,120</u>
General Revenues				
Unrestricted Investment Earnings	9,466	2,393	1,092	546
Non-program Specific Grants, Contributions & Appropriations	-	88,302	-	-
Miscellaneous Revenues	-	3,264	124	1,553
Total General Revenues	<u>9,466</u>	<u>93,959</u>	<u>1,216</u>	<u>2,099</u>
Change in Net Position	<u>(1,688)</u>	<u>17,488</u>	<u>3,389</u>	<u>69,219</u>
Net Position, Beginning of Year	65,237	290,065	49,733	1,013,347
Restatements (Note 3)	-	32	-	-
Net Position, Beginning of Year (as restated)	<u>65,237</u>	<u>290,097</u>	<u>49,733</u>	<u>1,013,347</u>
Net Position, End of Year	<u>\$ 63,549</u>	<u>\$ 307,585</u>	<u>\$ 53,122</u>	<u>\$ 1,082,566</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
\$ 385,290	\$ 140,393	\$ 928,082	\$ 332,150	\$ 2,186,943
96,407	169,552	323,545	49,832	763,531
29,729	-	54,864	36	117,089
283,384	-	270,155	219,626	923,109
-	-	76,816	36,680	189,593
<u>24,230</u>	<u>29,159</u>	<u>(202,702)</u>	<u>(25,976)</u>	<u>(193,621)</u>
416	12,328	19,734	11,530	57,505
-	-	364,504	49,170	501,976
-	9,758	287	8,685	23,671
<u>416</u>	<u>22,086</u>	<u>384,525</u>	<u>69,385</u>	<u>583,152</u>
24,646	51,245	181,823	43,409	389,531
451,183	558,755	1,461,563	381,561	4,271,444
-	-	(3,695)	(52)	(3,715)
<u>451,183</u>	<u>558,755</u>	<u>1,457,868</u>	<u>381,509</u>	<u>4,267,729</u>
<u>\$ 475,829</u>	<u>\$ 610,000</u>	<u>\$ 1,639,691</u>	<u>\$ 424,918</u>	<u>\$ 4,657,260</u>



NOTES TO THE FINANCIAL STATEMENTS

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

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

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

A. REPORTING ENTITY

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

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

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

Blended Component Units

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

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

Discrete Component Units

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

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

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

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

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

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

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

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

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

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

The non-major component units include Efficiency Maine Trust, Maine Connectivity Authority, Maine Maritime Academy, Midcoast Regional Redevelopment Authority and Northern New England Passenger Rail Authority. Addresses to obtain their audited financial statements and descriptions can be found on page 243.

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

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

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

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

The blended component unit financial statements can be obtained directly from the administrative office by writing to Maine Governmental Authority, PO Box 2268, Augusta, ME 04338.

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 \$1,008.0 million of restricted net position, of which \$809.3 million is restricted by enabling legislation.

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

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

Fund Financial Statements

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

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

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

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

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

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

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

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

Financial Statement Presentation

The State reports the following major governmental funds:

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

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

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

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

The State reports the following major enterprise fund:

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

Additionally, the State reports the following fund types:

Governmental Fund Types:

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

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

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

Proprietary Fund Types:

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

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

Fiduciary Fund Types:

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

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

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

D. FISCAL YEAR-ENDS

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

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

Equity in Treasurer's Cash Pool

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

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

Cash and Cash Equivalents

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

Cash with Fiscal Agent

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

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

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

Investments Held on Behalf of Others

These assets include amounts held by the State in a fiduciary capacity, acting as either a trustee or an agent for individuals, organizations or other funds. Generally, these investments are reported at fair value or at amortized cost which approximates fair value. The State also holds \$132.6 million of Workers' Compensation, \$70.0 million of Bureau of Insurance, and \$49.2 million of Maine Department of Labor surety bonds and letters of credit that are not reflected on the financial statements.

Restricted Deposits and Investments

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

Inventories

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

Receivables

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

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

Interfund Transactions and Balances

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

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

Due from/to Primary Government/Component Units

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

Due from/to Other Governments

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

Capital Assets

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

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

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

Right to use subscription IT assets are recognized at the subscription commencement date and represent the State of Maine's right to use the underlying IT asset for the subscription term. Right to use subscription IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives received from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right to use subscription IT assets are amortized over the shorter of the subscription term or useful live of the underlying asset using the straight-line method. The amortization period varies from 2 to 14 years.

Capital assets of component units are capitalized upon purchase and depreciated over their estimated useful lives. The estimated useful lives of fixed assets are 5-60 years for non-road structures and improvements and 3-15 years for equipment, furniture, fixtures and vehicles. Component units reflect infrastructure in improvements other than buildings and record depreciation expense on them. The Maine Turnpike Authority (MTA) uses the modified approach for reporting its significant infrastructure assets. As long as MTA

maintains and preserves its infrastructure assets at pre-determined condition levels, maintenance costs are expensed and depreciation is not reported.

Deferred Outflows of Resources

Deferred outflows of resources are defined as a consumption of net assets by the government applicable to a future period; they increase net position, similar to assets. Note 17 provides further detail on the components of deferred outflows of resources.

Accounts Payable

Accounts payable represent the gross amount of expenditures or expenses incurred as a result of normal operations, but for which no actual payment has yet been issued to vendors/providers. Incurred but not paid (IBNP) Medicaid claims settlements are actuarially estimated. The IBNP estimate recorded at June 30, 2025 is \$485.5 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

The liability for compensated absences consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that have been used for time off but have not yet been paid in cash or settled through noncash means and certain other types of leave. Leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits is excluded from this liability. The State determined its material leave types include annual vacation leave, sick leave, and compensatory time using fully burdened pay rates in effect at June 30. Current and non-current portions are based on historical data for specific employee groups.

Net Pension Liability

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

OPEB Liability

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

Deferred Inflows of Resources

Deferred inflows of resources are defined as an acquisition of net assets by the government applicable to a future period; they decrease net position, similar to liabilities. Note 17 provides further detail on the components of deferred inflows.

Loans Payable to Component Units

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

Long-Term Obligations

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

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

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

Subscription liabilities represent the State of Maine's obligation to make subscription payments arising from the subscription contract. Subscription liabilities are recognized at the subscription commencement date based on the present value of future subscription payments expected to be made during the subscription term. The present value of subscription payments are discounted based on state specific municipal market data.

Net Position/Fund Balances

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

Fund Balance Restrictions

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

The State reported the following fund balance restrictions:

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

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

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

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

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

F. REVENUES AND EXPENDITURES/EXPENSES

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

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

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

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

NOTE 2 - BUDGETING AND BUDGETARY CONTROL, AND LEGAL COMPLIANCE

Appropriation Limits

The total General Fund appropriation for each fiscal year of the biennium in the Governor's budget submission to the Legislature may not exceed the General Fund appropriation of the previous fiscal year multiplied by one plus the average real personal income growth rate, as defined in Title 5 Maine Revised Statutes Annotated (MRSA) § 1665, subsection 1, plus the average forecasted inflation rate. "Average forecasted inflation rate" means the average forecasted change in the Consumer Price Index underlying the revenue projections developed by the Revenue Forecasting Committee.

This appropriation limitation may be exceeded only by the amount of the additional costs or the lost federal revenue from the following exceptional circumstances: unfunded or under-funded new federal mandates; losses in federal revenues or other revenue sources; citizens' initiatives or referenda that require increased State spending; court orders or decrees that require additional State resources to comply with the orders or decrees; and sudden or significant increases in demand for existing State services that are not the result of legislative changes that increased eligibility or increased benefits.

The Governor may designate exceptional circumstances that are not explicitly defined, but meet the intent of, this statute. "Exceptional circumstances" means an unforeseen condition or conditions over which the Governor and the Legislature have little or no control. Exceptional circumstances do not apply to new programs or program expansions that go beyond existing program criteria and operation.

Budget Stabilization Fund

The Maine Budget Stabilization Fund ("BSF"), a fund designation established under Title 5 MRSA C. 142, is included in the \$665.5 million unassigned General Fund fund balance. The BSF had a balance of \$1,030.0 billion. Amounts in the stabilization fund may be expended only to offset a General Fund revenue shortfall. The Governor may also allocate funds for payment of death benefits for law enforcement officers, firefighters and emergency medical services personnel.

Balances in the fund do not lapse, but carry forward each year. Money in the fund may be invested with any earnings credited to the fund except when the fund is at its statutory cap. When the fund is at its cap, interest earnings are transferred to the Irrevocable Trust Funds for Other Post-employment Benefits. The State Controller is required to transfer to the fund 80 percent of the amount available from the unappropriated surplus after all required deductions of appropriations, budgeted financial commitments and adjustments at the close of each fiscal year when the fund is not at its statutory cap. When the fund is at its cap, that amount is transferred to the Highway and Bridge Capital Program, Other Special Revenue Funds Account. In accordance with the statute, the State Controller transferred \$79.4 million to the Budget Stabilization Fund, which resulted in it reaching its cap. The remaining \$33.8 million was transferred to Highway and Bridge Capital Program at the end of fiscal year 2025.

During fiscal year 2025, the State transferred \$60.0 million from the Maine BSF in accordance with Public Law 2023 Chapter 643. \$50.0 million was transferred to the Department of Transportation, Infrastructure Adaptation Fund for municipal, State or regionally significant infrastructure adaptation, repair and improvements that support public safety, protection of essential community assets, regional economic needs and long-term infrastructure resilience. \$10.0 million was transferred to the Department of Economic and Community Development, Business Recovery and Resilience Fund program for economic recovery and resilience grants to businesses and nonprofit organizations within areas that were impacted by major storms in December 2023 and January 2024.

The statutory cap for the fund is 18 percent of the total General Fund revenue received in the immediately preceding fiscal year. At the close of the fiscal year, the cap is based on the revenue received in the fiscal year being closed. Based on fiscal year 2025 actual General Fund revenue, the statutory cap at the close of fiscal year 2025 was \$1,030.0 billion. At the close of fiscal year 2025, the balance of the Maine BSF was \$1,030.0 billion. No reductions to the Maine BSF 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	\$ 968,309
Increase in fund balance	61,724
Balance, end of year	<u>\$ 1,030,033</u>

Budget and Budgetary Expenditures

The gross unified budget bills and budget document encompass resources from the General Fund, Highway Fund, Federal Expenditures Fund, Federal Block Grant Fund, Other Special Revenue Fund, internal service funds and enterprise funds. Separate gross unified budget bills must be submitted for the General Fund and the Highway Fund. All funds except trust and custodial funds,

bond funds and costs of goods sold expenditures in internal service funds and enterprise funds are subject to legislative allocation. The biennial budget sets forth proposed expenditures for the administration, operation and maintenance of the departments and agencies of the State Government; all interest and debt redemption charges during each fiscal year and all expenditures for capital projects to be undertaken and executed during each fiscal year. Within this structure, budgetary control by agency is maintained at the program and line category level. The State Budget Officer and the Governor must approve budget revisions during the year, reflecting program changes or intradepartmental administrative transfers.

Except in specific instances, only the Legislature may transfer appropriations between departments. Changes in appropriation, allocation, or funding for new programs are presented to the Legislature as supplemental budgets or separate pieces of legislation. For the year ended June 30, 2025, the Legislature increased appropriations to the General Fund by \$138.3 million.

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

Governmental Fund Balances - Restricted, Committed and Assigned

The State's fund balances represent: (1) restricted purposes, which include balances legally restricted for specific purposes due to constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; (2) committed purposes, which include balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislature; (3) assigned purposes, which includes balances that are constrained by government's intent to be used for specific purposes, but are neither restricted nor committed. A summary of the nature and purpose of these fund balance types at June 30, 2025 are detailed on the following pages.

Governmental Fund Balances

(Expressed in Thousands)

	<u>NSIF</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
General Fund:				
Education	\$ -	\$ -	\$ -	\$ 56,532
Economic & Community Development	-	-	-	3,525
Governmental Support & Operations	-	140	-	135,053
Public Safety	-	2,177	-	-
Justice & Protection	-	-	-	21,656
Inland Fisheries & Wildlife	-	6,256	-	-
Agriculture & Conservation	-	-	1,878	3,406
All Other	3,912	-	-	1,161
Total	<u>\$ 3,912</u>	<u>\$ 8,573</u>	<u>\$ 1,878</u>	<u>\$ 221,333</u>
Highway Fund:				
Transportation, Highway & Bridge Construction	\$ -	\$ 64,064	\$ -	\$ -
Total	<u>\$ -</u>	<u>\$ 64,064</u>	<u>\$ -</u>	<u>\$ -</u>
Federal Fund:				
Economic Development & Workforce Training	\$ -	\$ 4,051	\$ -	\$ -
Governmental Support & Operations	-	8,152	-	-
Education	-	1,868	-	-
Total	<u>\$ -</u>	<u>\$ 14,071</u>	<u>\$ -</u>	<u>\$ -</u>
Other Special Revenue Fund:				
Workers Compensation Board	\$ -	\$ 15,973	\$ 6,996	\$ -
Professional & Financial Regulation	-	10,564	18,920	2,513
Public Utilities Commission	-	1,504	11,053	-
PFR Bureau of Consumer Credit Protection	-	-	7,886	-
PFR Bureau of Financial Institutions	-	-	18,047	-
PFR Bureau of Insurance	-	23,545	-	-
PFR Licensing & Enforcement Division	-	-	16,991	-
PFR Office of Securities	-	7,512	-	-
Education	-	-	2,511	5,378
Higher Education	-	-	-	1,505
Education Stabilization Fund	-	-	45,000	-
Economic Development & Workforce Training	-	33,413	4,495	1,151
Tourism Marketing Promotion Fund	-	-	15,182	-
Unemployment Administrative Fund	-	-	-	7,908
Paid Family and Medical Leave	-	-	1,701	-
Governmental Support & Operations	-	108,233	58,663	-
Treasury	-	-	3,061	-
Bonds for Highway & Bridge Construction	-	138,652	-	-

Governmental Fund Balances
(Expressed in Thousands)

	<u>NSIF</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
State Facilities Capital Improvements	-	-	15,808	-
Unorganized Territory Education	-	6,079	-	-
Municipal Excise Tax Reimbursement Fund	-	-	8,380	-
Cannabis Use Funds	-	-	19,633	-
Clean Elections Act Funds	-	-	6,875	-
Transcap Trust Fund	-	6,480	-	-
Health & Human Services	-	-	1,517	-
Fund for Healthy Maine	-	-	43,890	-
Office of Family Independence	-	10,046	861	508
Office of the Commissioner	-	-	-	11,315
Substance Abuse & Mental Health	-	-	8,659	7,434
Centers for Disease Control & Prevention	-	1,166	9,351	7,630
MaineCare	-	5,327	-	38,428
Defense, Veterans & Emergency Management	-	3,020	6,462	2,127
Justice & Protection	-	16,103	6,412	28,245
Public Safety	-	9,177	3,911	7,871
Armory Maintenance	-	-	3,497	-
State Fire Marshall	-	10,796	-	-
Maine Recovery Fund	-	-	-	26,687
EMS Stabilization	-	-	12,188	-
Natural Resources Development & Protection	-	48,682	-	-
Agriculture & Conservation	-	6,031	18,780	15,450
Environmental Protection	-	-	5,698	2,839
Inland Fisheries & Wildlife	-	19,549	-	-
Marine Resources	-	8,806	6,251	1,683
PFAS Mitigation	-	-	65,641	-
Hazardous Waste Fund	-	3,355	-	-
Uncontrolled Sites Fund	-	17,928	-	-
Ground and Surface Waters Cleanup Fund	-	2,893	-	-
Environmental Protection Fund	-	-	19,076	-
Land for Maine's Future	-	-	23,323	-
Public Reserved Lands Management Fund	-	-	-	1,976
DEP Revolving Loan Program	-	-	5,259	-
Transportation Safety & Development	-	6,929	52,935	3,215
Transportation - Highway & Bridge Construction	-	71,112	164	-
Multimodal Transportation	-	-	18,909	1,776
All Other	-	3,935	2,287	1,247
Total	<u>\$ -</u>	<u>\$ 596,810</u>	<u>\$ 576,273</u>	<u>\$ 176,886</u>
Other Governmental Funds:	<u>NSIF</u>	<u>Restricted</u>	<u>Permanent</u>	
Capital Projects - Multimodal Transportation	-	14,397	-	
Capital Projects - Environmental Protection	-	8,084	-	
Capital Projects - Treasury	-	3,533	-	
Permanent Funds - Baxter Park	-	-	13,177	
Permanent Funds - All Others	-	-	45,765	
Special Revenue Funds - Baxter Park	-	125,296	-	
Special Revenue Funds - All Other	-	233	-	
Total	<u>\$ -</u>	<u>\$ 151,543</u>	<u>\$ 58,942</u>	

NOTE 3 - ACCOUNTING CHANGES AND RESTATEMENTS

ACCOUNTING CHANGES AND ERROR CORRECTIONS

The following GASB Statements became effective for fiscal year ended June 30, 2025:

GASB Statement No. 101, Compensated Absences (GASB 101) - GASB 101 updates recognition and measurement guidance under a unified model and amends previously required disclosures. This statement applies to compensated absences such as vacation, sick leave and compensatory time. The State historically recorded a liability for vested unused vacation up to certain limits and compensatory leave. The impact of the adoption of GASB 101 was to record an additional liability for sick leave. The State adopted GASB 101 for its June 30, 2025 financial statements, which also included a reduction to beginning net position. The change represents a change from one generally accepted accounting principle to another generally accepted accounting principle.

GASB Statement No. 102, Certain Risk Disclosures (GASB 102) - the objective is to provide users of governmental financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. GASB 102 defines a concentration as a lack of diversity related to an aspect of significant inflow of resources or outflow of resources.

A constraint is a limitation imposed on a government by an external party or by a formal action of the governments highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending. There was no impact on the financial statements resulting from the adoption of GASB 102.

Accounting Changes and Error Corrections
(Expressed in Thousands)

	As Previously Reported	Implementation of a new GASB	Error Correction	As Restated
Government-Wide				
Governmental Activities	\$ 2,990,254	\$ (69,300)	\$ (119,284)	\$ 2,801,670
Business Type Activities	<u>856,707</u>	<u>(978)</u>	<u>-</u>	<u>855,729</u>
Total Primary Government	<u>\$ 3,846,961</u>	<u>\$ (70,278)</u>	<u>\$ (119,284)</u>	<u>\$ 3,657,399</u>
Proprietary Funds				
Nonmajor Funds	<u>\$ 90,974</u>	<u>\$ (978)</u>	<u>\$ -</u>	<u>\$ 89,996</u>
Discretely Presented Component Units				
University of Maine System	\$ 1,461,563	\$ (3,695)	\$ -	\$ 1,457,868
Maine Community College System	290,065	-	32	290,097
Nonmajor Component Unit	<u>381,561</u>	<u>(52)</u>	<u>-</u>	<u>381,509</u>
Total Discretely Presented Component Units	<u>\$ 2,133,189</u>	<u>\$ (3,747)</u>	<u>\$ 32</u>	<u>\$ 2,129,474</u>

PRIMARY GOVERNMENT RESTATEMENTS

In fiscal year 2024 the State of Maine recorded \$2.528 billion of Individual Income Tax Revenue. After further review, the State determined that due to an error, Individual Income Tax revenue in fiscal year 2024 was overstated by \$119.3 million on the Government Wide, Governmental Activities, Statement of Activities. The error was due to an unintentional change in estimation resulting from a new system implementation. This overstatement requires an adjustment to beginning net position.

In addition, the state implemented a new Governmental Accounting Standards Board pronouncement - GASB 101, Compensated Absences. This also requires a restatement of beginning net position for both Government Activities and Business-Type activities. The impact to beginning fund balance for Governmental Activities was a reduction of \$69.3 million and for Business Type Activities a reduction of \$978 thousand

RESTATEMENT – COMPONENT UNITS

The University of Maine System and a non-major component unit, Northern New England Passenger Rail Authority, restated their beginning net positions for the implementation of GASB 101. The financial statements for the Foundations of the Maine Community College System have been restated to reclassify amounts in beginning net position. Accordingly, an adjustment was made of \$615 thousand to decrease net position without donor restrictions, \$647 to increase net position with donor restrictions and decrease accounts payable by \$32 thousand.

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

Five internal service funds showed deficits for the fiscal year ended June 30, 2025. The Leased Space Fund and Revenue Service Fund, reported deficits of \$11.6 million and \$15 thousand, respectively because rates charged were insufficient to cover expenses incurred. The Postal, Printing & Supply fund reported a deficit of \$12.6 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 \$21.0 million and \$2.1 million, respectively. These deficits are primarily the result of the implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, and GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pension, which required the recognition of the entire net pension and postemployment benefits other than pension liability.

Three enterprise funds showed deficits for the fiscal year ended June 30, 2025. Maine Military Authority reported a deficit of \$14 thousand. Maine Military Authority significantly reduced its operation and workforce in Fiscal Year 2019. As a result, the fund incurred a loss on the disposal of its assets. The Consolidated Emergency Communications Fund reported a deficit of \$4.4 million due to the accrual of Other Postemployment Benefits and Pension Liabilities which will be funded by future service charges. The Alcoholic Beverages Fund reported a deficit of \$1.4 million due to the timing of statutorily required transfers, which sometimes occur before information is available to record some accrued expenses in the budget fiscal year. This deficit is expected to be funded by revenues in the subsequent budget fiscal year.

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

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

Investment policies of the permanent trusts are governed by Title 5 MRSA § 138. The Treasurer, with the approval of the Commissioner of Administrative and Financial Services, the Superintendent of Financial Institutions and the Attorney General, shall invest the funds in securities that are legal investments in accordance with Title 9-B MRSA. The investments need not be segregated to the separate trusts, but the identity of each trust must be maintained. The Treasurer may enter into custodial care and servicing contracts or agreements negotiated in accordance with the laws of this State for the handling of funds held in trust.

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

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

The Primary Government's Deposits and Investments, excluding component units that are fiduciary in nature, at June 30, 2025 are as follows:

Primary Government Deposits and Investments
(Expressed in Thousands)

	Governmental Activities	Business- Type Activities	Private Purpose Trusts	Custodial Funds	Total
Equity in Treasurer's Cash Pool	\$ 3,440,352	\$ 127,239	\$ 564	\$ 11,956	\$ 3,580,111
Cash and Cash Equivalents	184	2,244	11,080	27	13,535
Cash with Fiscal Agent	246,916	-	-	-	246,916
Investments	184,257	-	26,770	-	211,027
Restricted Equity in Treasurer's Cash Pool	26,904	-	-	-	26,904
Restricted Deposits and Investments	2,417	787,459	-	-	789,876
Investments Held on Behalf of Others	-	-	-	64,763	64,763
Total Primary Government	<u>\$ 3,901,030</u>	<u>\$ 916,942</u>	<u>\$ 38,414</u>	<u>\$ 76,746</u>	<u>\$ 4,933,132</u>

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

The following table provides the segmented time distribution of the Primary Government's investments at June 30, 2025:

Maturities in Years
(Expressed in Thousands)

	Less than 1	1-5	6-10	11-20	More than 20	No Maturity	Fair Value
<i>Governmental and Business-Type Activities, excluding Non-Major Special Revenue and Permanent Funds</i>							
US Instrumentalities	\$ -	\$ 1,533	\$ -	\$ -	\$ -	\$ -	\$ 1,533
US Treasury Notes	453,672	1,664,011	-	-	-	-	2,117,683
Certificates of Deposit	382,511	-	-	-	-	-	382,511
Cash and Cash Equivalents	883	-	-	-	-	1,096,730	1,097,613
Unemployment Fund	-	-	-	-	-	787,459	787,459
<i>Private-Purpose Trusts, Custodial Funds, and Non-Major Special Revenue and Permanent Funds</i>							
US Instrumentalities	-	376	942	1,041	1,755	1,512	5,626
US Treasury Notes	1,678	5,796	-	-	4,728	10,314	22,516
Corporate Notes and Bonds	-	5,131	-	-	-	62,671	67,802
Other Fixed Income Securities	-	-	-	-	-	38,836	38,836
Certificates of Deposit	1,458	-	-	-	-	5,859	7,317
Money Market	-	330	601	-	6,642	1,454	9,027
Cash and Cash Equivalents	14,152	6,749	2,144	-	-	35,655	58,700
Equities	-	-	-	-	-	84,941	84,941
Other	-	-	-	-	-	4,652	4,652
	<u>\$ 854,354</u>	<u>\$ 1,683,926</u>	<u>\$ 3,687</u>	<u>\$ 1,041</u>	<u>\$ 13,125</u>	<u>\$ 2,130,083</u>	<u>\$ 4,686,216</u>
Other Assets							
Cash with Fiscal Agent							246,916
Total Primary Government							<u>\$ 4,933,132</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, 2025 are presented below:

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

	<u>A1</u>	<u>A</u>	<u>AA</u>	<u>AAA</u>	<u>BB</u>	<u>BBB</u>	<u>Not Rated</u>	<u>Total</u>
<i>Governmental and Business-Type Activities, excluding Non-Major Special Revenue and Permanent Funds</i>								
<i>Private-Purpose Trusts, Custodial Funds, and Non-Major Special Revenue and Permanent Funds</i>								
Corporate Notes and Bonds	\$ -	\$ 2,533	\$ 588	\$ 136	\$ -	\$ 3,722	\$ 60,823	\$ 67,802
Money Market	-	-	-	-	-	-	9,027	9,027
Other Fixed Income Securities	-	-	-	-	-	-	4,652	4,652
Total Primary Government	<u>\$ -</u>	<u>\$ 2,533</u>	<u>\$ 588</u>	<u>\$ 136</u>	<u>\$ -</u>	<u>\$ 3,722</u>	<u>\$ 74,502</u>	<u>\$ 81,481</u>

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The State limits concentration of credit risk in its trusts by requiring that no single stock represent more than seven percent of the total portfolio. There is no concentration of credit risk policy for the Treasurer's Cash Pool. At June 30, 2025, 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 \$400.2 million invested in non-negotiable certificates of deposit, certain CD's exceeded the FDIC insured amounts for the institutions at which they were held. However, certificates of deposits, money market accounts and regular cash deposits are all collateralized at a minimum of 100 percent with pledged securities or a Federal Home Loan Bank letter of credit.

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

The fair value of the trust's investments as of June 30, 2025 was \$125.3 million and was comprised of the following (expressed in thousands):

	Percival Baxter Trust
U.S. Instrumentalities	\$ 5,627
U.S. Treasury Notes	11,302
Corporate Notes and Bonds	6,979
Other Fixed Income Securities	5,303
Equities	77,984
Cash and Equivalents	1,848
Other	16,255
Total	<u>\$ 125,298</u>

The State and certain vendors contract with a fiscal intermediary, Clareon, for electronic disbursements from the State to its vendors. During fiscal year 2025 these disbursements, on average, exceeded \$328 million per month. The funds in transit are not collateralized and are not held by the State Treasurer. Until the vendor receives payment, the State retains some liability.

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

described below:

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

Level 2 - Inputs to the valuation method include:

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

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

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

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

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

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

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

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

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

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the State of Maine believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table set forth by level, within the fair value hierarchy, the State of Maine's assets carried at fair value on a recurring basis as of June 30, 2025:

Fair Value Measurement

(Expressed in Thousands)

	Total	Quoted Prices in	Significant Other	Significant
		Active Markets for Identical Assets Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3
Corporate Notes and Bonds	\$ 67,441	\$ 60,462	\$ 6,979	\$ -
U.S. Instrumentalities	5,627	-	5,611	16
U.S. Treasury Notes	2,136,651	2,136,651	-	-
Other Fixed Income Securities	38,836	22,581	-	16,255
Equities	84,941	84,941	-	-
Total	<u>\$ 2,333,496</u>	<u>\$ 2,304,635</u>	<u>\$ 12,590</u>	<u>\$ 16,271</u>

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

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

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

The system did not have any derivative investments as of June 30, 2025 or during the year then ended.

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

Securities Lending - The System has also entered into agreements with its master custodian for securities lending transactions, which are collateralized in an amount generally valued at 102 percent (105 percent for international securities) of the fair value of the securities loaned plus accrued interest. All securities and loans can be terminated on demand by either the lender or the borrower. Securities are loaned against collateral that may include cash, U.S. government securities and irrevocable letters of credit. Non-cash collateral cannot be pledged or sold unless the borrower defaults. Cash collateral may also be invested separately in "term loans," in which case the investments match the loan term. During fiscal years 2025 and 2024, there were no violations of legal or contractual provision, and no borrower or lending agent default losses identified to the system by securities lending agent. Because of the program's collateralization of loans, generally at 102% (or more) the system believes that there is no material credit risk.

Cash collateral is invested in a short-term investment pool. Cash collateral may also be invested separately in "term loans." At June 30, 2025 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, 2025 was \$98.5 million and \$96.1 million, respectively.

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

COMPONENT UNITS

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

Certain component units also invest in the Treasurer's Cash Pool and comprise approximately 3.75 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 \$140.4 million of the component units' participation to "Equity in Treasurer's Cash Pool" on the State's financial

statements. In addition to the amounts reported, the State Treasurer's Cash Pool includes \$10.4 million, consisting of Finance Authority of Maine component unit fiduciary funds that, because of GASB Statement No. 34 reporting criteria, are not shown in the accompanying financial statements as invested in the Treasurer's Cash Pool.

NOTE 6 - RECEIVABLES

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

Primary Government - Receivables (Expressed in Thousands)

	<u>Taxes</u>	<u>Settlements</u>	<u>Accounts</u>	<u>Loans</u>	<u>Allowance for Uncollectibles</u>	<u>Net Receivables</u>
Governmental Funds:						
General	\$ 771,879	\$ -	\$ 191,913	\$ 1	\$ (176,076)	\$ 787,717
Highway	23,071	-	7,869	-	(30)	30,910
Federal *	-	-	268,998	-	(106,257)	162,741
Other Special Revenue **	15,963	100,898	143,551	1,825	(90,312)	171,925
Total Governmental Funds	810,913	100,898	612,331	1,826	(372,675)	1,153,293
Allowance for Uncollectibles	(95,052)	-	(277,600)	(23)	-	-
Net Receivables	<u>\$ 715,861</u>	<u>\$ 100,898</u>	<u>\$ 334,731</u>	<u>\$ 1,803</u>		<u>\$ 1,153,293</u>
Proprietary Funds:						
Employment Security *	\$ -	\$ -	\$ 105,152	\$ -	\$ (68,308)	\$ 36,844
Nonmajor Enterprise	-	-	84,460	-	(147)	84,313
Internal Service	-	-	21,516	-	-	21,516
Total Proprietary Funds	-	-	211,128	-	(68,455)	142,673
Allowance for Uncollectibles	-	-	(68,455)	-	-	-
Net Receivables	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 142,673</u>	<u>\$ -</u>		<u>\$ 142,673</u>

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

** Maine is participating in the National Opioid Settlement (Settlement), which negotiated conclusions to investigations and litigation by the Attorney General and by certain Maine counties, cities, and towns of the marketing and sales practices of opioid pain medications by entities in the pharmaceutical supply chain. In 2024 the State of Maine agreed to join five additional opioid settlements with similar terms and payment schedules as the original settlements in 2022. In addition to the Opioid settlement, Maine is participating in a Tobacco settlement. Please see Note 19 for additional information on both settlement agreements.

Component Units - Receivables (Expressed in Thousands)

	<u>Accounts</u>	<u>Loans and Leases</u>	<u>Allowance for Uncollectibles</u>	<u>Net Receivables</u>
Finance Authority of Maine	\$ 3,955	\$ 121,300	\$ (5,255)	\$ 120,000
Maine Community College System	26,021	-	(3,326)	22,695
Maine Health and Educational Facilities Authority	192	852,394	-	852,586
Maine Municipal Bond Bank	2,762	-	-	2,762
Maine State Housing Authority	12,159	2,048,374	(7,991)	2,052,542
Maine Turnpike Authority	7,668	34,002	-	41,670
University of Maine System	99,647	25,359	(24,973)	100,033
Net Receivables	<u>\$ 152,404</u>	<u>\$ 3,081,429</u>	<u>\$ (41,545)</u>	<u>\$ 3,192,288</u>

NOTE 7 - INTERFUND TRANSACTIONS

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

Balances due within one year are recorded as Due to/Due from Other Funds. The balances of current interfund receivables and payables as of June 30, 2025 were:

Interfund Receivables
(Expressed in Thousands)

Due from Other Funds	Due to Other Funds				
	General	Highway	Federal	Other Special Revenue	Other Governmental
General	\$ -	\$ -	\$ 2,098	\$ -	\$ -
Highway	8	10	28,155	1	-
Federal	3	50	266	1,712	-
Other Special Revenue	33,779	581	1,624	2,187	8
Other Governmental	-	-	-	-	-
Employment Security	-	-	899	-	-
Non-Major Enterprise	2,299	1,036	-	312	-
Internal Service	24,352	6,810	5,833	9,408	-
Fiduciary	61,025	-	-	-	-
Total	\$ 121,466	\$ 8,487	\$ 38,875	\$ 13,620	\$ 8

Due from Other Funds	Due to Other Funds				Total
	Employment Security	Non-Major Enterprise Funds	Internal Service Funds	Fiduciary Funds	
General	\$ -	\$ 8,399	\$ 14,375	\$ -	\$ 24,872
Highway	-	-	2	-	28,176
Federal	3,835	-	-	-	5,866
Other Special Revenue	-	31	394	-	38,604
Other Governmental	-	-	-	-	-
Employment Security	-	-	-	-	899
Non-Major Enterprise	-	-	-	-	3,647
Internal Service	-	548	14,302	16	61,269
Fiduciary	-	-	-	-	61,025
Total	\$ 3,835	\$ 8,978	\$ 29,073	\$ 16	\$ 224,358

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

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

During fiscal year 2025, the State of Maine, in accordance with the legislatively authorized budget, recorded the following non-routine, nonrecurring transfers.

The General Fund transferred \$50.0 million, \$37.8 million, \$30.0 million, \$23.5 million, \$23.2 million and \$20.0 million to the Other Special Revenue Fund, respectively, for: the Infrastructure Adaptation Fund, Highway and Bridge Capital Program, the Education Stabilization Fund, the MaineCare Stabilization Fund, the Nursing Facilities Program and the Maine State Housing Authority State

Program.

Interfund transfers for the year ended June 30, 2025 consisted of the following:

Interfund Transfers (Expressed in Thousands)					
Transferred To	Transferred From				
	General	Highway	Federal	Other Special Revenue	Other Governmental
General	\$ -	\$ 11,000	\$ -	\$ 19,407	\$ -
Highway	138,770	-	40,755	12,297	-
Federal	-	-	-	7,752	-
Other Special Revenue	738,803	-	2,625	-	5,219
Employment Security	-	-	750	-	-
Non-Major Enterprise	75	7,603	-	23,038	-
Internal Service	4,080	-	-	-	-
Total	\$ 881,728	\$ 18,603	\$ 44,130	\$ 62,494	\$ 5,219

Transferred To	Transferred From				Total
	Employment Security	Non-Major Enterprise Funds	Internal Service Funds	Fiduciary Funds	
General	\$ -	\$ 86,213	\$ -	\$ 28,249	\$ 144,869
Highway	-	60,717	-	-	252,539
Federal	750	-	-	-	8,502
Other Special Revenue	-	711	-	170	747,528
Employment Security	-	-	-	-	750
Non-Major Enterprise	-	-	-	-	30,716
Internal Service	-	-	-	-	4,080
Total	\$ 750	\$ 147,641	\$ -	\$ 28,419	\$ 1,188,984

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, 2025:

Primary Government - Capital Assets
(Expressed in Thousands)

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital assets not being depreciated				
Land	\$ 704,080	\$ 5,516	\$ 721	\$ 708,875
Construction in progress	335,204	85,778	250,966	170,016
Infrastructure	<u>3,176,376</u>	<u>67,942</u>	<u>-</u>	<u>3,244,318</u>
Total capital assets not being depreciated	<u>4,215,660</u>	<u>159,236</u>	<u>251,687</u>	<u>4,123,209</u>
Capital assets being depreciated				
Buildings	887,863	185,871	383	1,073,351
Equipment	415,849	61,234	20,399	456,684
Improvements other than buildings	117,553	11,711	25	129,239
Software	<u>155,356</u>	<u>62,752</u>	<u>-</u>	<u>218,108</u>
Total capital assets being depreciated	<u>1,576,621</u>	<u>321,568</u>	<u>20,807</u>	<u>1,877,382</u>
Less accumulated depreciation for				
Buildings	406,837	24,088	-	430,925
Equipment	301,135	40,592	17,422	324,305
Improvements other than buildings	79,745	5,546	25	85,266
Software	<u>134,572</u>	<u>19,866</u>	<u>-</u>	<u>154,438</u>
Total accumulated depreciation	<u>922,289</u>	<u>90,092</u>	<u>17,447</u>	<u>994,934</u>
Total capital assets being depreciated, net	<u>654,332</u>	<u>231,476</u>	<u>3,360</u>	<u>882,448</u>
Governmental Activities Capital Assets, net	<u>4,869,992</u>	<u>390,712</u>	<u>255,047</u>	<u>5,005,657</u>
Right to use assets being amortized				
Buildings	272,786	39,556	2,610	309,732
Less accumulated amortization				
Buildings	<u>30,228</u>	<u>12,988</u>	<u>408</u>	<u>42,808</u>
Net right to use lease assets	242,558	26,568	2,202	266,924
Subscription Assets being amortized	170,660	43,244	22,988	190,916
Less accumulated amortization	<u>53,357</u>	<u>40,250</u>	<u>23,953</u>	<u>69,654</u>
Net Subscription assets	117,303	2,994	(965)	121,262
Governmental Activities Capital, Right to Use and Subscription Assets, net	<u>\$ 5,229,853</u>	<u>\$ 420,274</u>	<u>\$ 256,284</u>	<u>\$ 5,393,843</u>
Business-Type Activities:				
Capital assets not being depreciated				
Land	\$ 3,926	\$ 1	\$ -	\$ 3,927
Construction in progress	<u>20,385</u>	<u>2,859</u>	<u>1,196</u>	<u>22,048</u>
Total capital assets not being depreciated	<u>24,311</u>	<u>2,860</u>	<u>1,196</u>	<u>25,975</u>
Capital assets being depreciated				
Buildings	5,268	23	100	5,191
Equipment	50,870	2,000	-	52,870
Improvements other than buildings	<u>60,266</u>	<u>85</u>	<u>-</u>	<u>60,351</u>
Total capital assets being depreciated	<u>116,404</u>	<u>2,108</u>	<u>100</u>	<u>118,412</u>
Less accumulated depreciation for				
Buildings	3,745	161	-	3,906
Equipment	15,709	2,011	100	17,620
Improvements other than buildings	<u>40,603</u>	<u>2,103</u>	<u>-</u>	<u>42,706</u>
Total accumulated depreciation	<u>60,057</u>	<u>4,275</u>	<u>100</u>	<u>64,232</u>
Total capital assets being depreciated, net	<u>56,347</u>	<u>(2,167)</u>	<u>-</u>	<u>54,180</u>
Business-Type Activities Capital Assets, net	80,658	693	1,196	80,155
Subscription Assets being amortized	-	3,243	-	3,243
Less accumulated amortization	<u>-</u>	<u>184</u>	<u>-</u>	<u>184</u>
Net Subscription assets	<u>-</u>	<u>3,059</u>	<u>-</u>	<u>3,059</u>
Business-Type Activities Capital and Subscription Assets, net	<u>\$ 80,658</u>	<u>\$ 3,752</u>	<u>\$ 1,196</u>	<u>\$ 83,214</u>

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

**Governmental Activities
Depreciation and Amortization Expense**

(Expressed in Thousands)

	Amount
Governmental Activities:	
Arts, Heritage and Cultural Enrichment	\$ 12
Business Licensing and Regulation	158
Economic Development and Workforce Training	806
Education	1,386
Governmental Support and Operations	65,301
Health and Human Services	23,333
Justice and Protection	27,979
Natural Resources Development and Protection	11,640
Transportation Safety and Development	12,715
Total Depreciation Expense - Governmental Activities	\$ 143,330

NOTE 9 - MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

OVERVIEW OF THE SYSTEM

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

The State Employees and Teachers Plan (SETP) is a multiple-employer cost sharing plan with a special funding situation. The plan covers employees of the State and public school employees (defined by Maine law as teachers). The State of Maine is also a nonemployer contributing entity in that the State pays the unfunded actuarial liability on behalf of non-grant funded teachers. School districts contribute the normal cost, calculated actuarially, for their teacher members and directly pay the unfunded actuarial liability on behalf of grant funded teachers. The Participating Local Districts Plan (Consolidated PLD) covers employees of more than 330 local municipalities and other public entities (Participating Local Districts, or PLDs) in Maine, each of which contracts for participation in the System under provisions of the relevant statutes.

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

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

The System administers 3 defined contribution plans for employees of PLD's that elect to participate. At June 30, 2025, there were 90 employers participating in these plans. The 1,934 participants individually direct the \$81.9 million covered by the plans.

The System issues a publicly available annual comprehensive financial report that includes financial statements and required supplementary information (RSI) for the plan. The June 30, 2025 report may be obtained from the Maine Public Employees Retirement System, PO Box 349 Augusta, ME 04332-0349 or on-line at www.maineopers.org.

Total pension funds managed by the System are constitutionally restricted and held in trust for the payment of pension and related benefits to its members. OPEB funds are statutorily restricted for the payment of retiree healthcare. The System's Board of Trustees, in

its fiduciary capacity, establishes the System's investment policies and their overall implementation. With respect to the SETP, the actuary prepares valuations for the State's portion of the SETP, including the segregation of teachers from employees.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

PENSIONS

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit retirement plans and additions to or deductions from each plans' fiduciary net position have been determined on the same basis as they are reported by the System. The measurement period used is June 30, 2024. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

EMPLOYER ALLOCATIONS FOR COST-SHARING DEFINED BENEFIT RETIREMENT PROGRAMS

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

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

MEMBERSHIP

State employees and teachers are covered under the Maine Public Employees Retirement System's State Employee and Teacher Retirement Program (SETP). State employees and public school teachers are required by law to become members of SETP when hired. Membership is optional for elected, appointed officials and substitute teachers. SETP also covers eligible employees of two discretely presented State component units: Maine Community College System and the Northern New England Passenger Rail Authority. At June 30, 2025 there were 241 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, 2024:

Employees of single employer covered by benefit terms

	<u>Judicial</u>	<u>Legislative</u>
Inactive employees or beneficiaries currently receiving benefits	94	234
Terminated participants:		
Vested	4	130
Inactive employees due refunds	1	95
Active employees	<u>62</u>	<u>175</u>
Total participants	<u>161</u>	<u>634</u>

STATE EMPLOYEES AND TEACHERS PENSION PLAN BENEFITS

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

PARTICIPATING LOCAL DISTRICTS PLAN BENEFITS

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

CONTRIBUTION INFORMATION

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

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

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

On occasion, the State may agree to pay employee pension contributions as a part of the compensation and benefits that are negotiated with employees. The employer-paid contributions are treated as part of their pension compensation. In accordance with statute, the actuary accumulates them in the Retirement Allowance Fund. Upon termination of membership, members’ accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to terminated members’ accounts is set by the System’s Board of Trustees and is currently 4.58 percent.

CONTRIBUTION RATES - DEFINED BENEFIT PENSION PLANS

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

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

Contribution rates¹ in effect for the fiscal years ended June 30, 2025 and June 30, 2024 are as follows:

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
SETP - State Employees		
Employees ²	7.65% - 8.65%	7.65% - 8.65%
Employer ¹	18.34% - 44.17%	18.26% - 44.02%
SETP - Teachers		
Employees ²	7.65%	7.65%
Employer ¹	4.47%	4.47%
Non-employer entity ¹	14.51%	14.51%
Judicial Plan		
Employees ²	7.65%	7.65%
Employer ¹	4.15%	4.19%
Legislative Plan		
Employees ²	7.65%	7.65%
Employer ¹	0.00%	0.00%
Consolidated Participating Local Entities		
Employees ²	3.35% - 10.10%	3.45% - 10.70%
Employer ¹	5.10% - 14.00%	5.30% - 14.80%

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

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

For the year ended June 30, 2025, the contributions recognized as part of pension expense (grant expense for Teacher Members) for each plan were as follows:

(Expressed in Thousands)

State Employee and Teacher Plan	
State Employees in primary government	\$ 178,021
Teacher Members (non-employer contribution)	214,468
Judicial Pension Plan	400
Legislative Pension Plan	<u>9</u>
Total Contributions Recognized as Pension Expense	<u>\$ 392,898</u>

NET PENSION LIABILITY - SINGLE EMPLOYER

The State is the sole employer for two defined benefit pension plans. The State's net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The changes in net pension liabilities for these plans are as follows:

(Expressed in Thousands)

	Judicial Pension Plan			Legislative Pension Plan		
	Increase (Decrease)			Increase (Decrease)		
	Total Pension Liability (Asset)	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, 2024	\$ 78,586	\$ 87,423	\$ (8,837)	\$ 11,409	\$ 16,685	\$ (5,276)
Changes for the Year:						
Service Cost	1,748	-	1,748	392	-	392
Interest	4,986	-	4,986	733	-	733
Changes in Benefit Terms	55	-	55	15	-	15
Differences Between Expected and Actual Experience	1,098	-	1,098	(308)	-	(308)
Benefit Payments, Including Refunds	(5,627)	(5,627)	-	(670)	(670)	-
Employer Contributions	-	456	(456)	-	15	(15)
Member Contributions	-	732	(732)	-	184	(184)
Net Investment Income	-	6,298	(6,298)	-	1,232	(1,232)
Administrative Expense	-	(79)	79	-	(15)	15
Net Changes	2,260	1,780	480	162	746	(584)
Balances at June 30, 2025	\$ 80,846	\$ 89,203	\$ (8,357)	\$ 11,571	\$ 17,431	\$ (5,860)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability			110.3 %			150.7 %
Covered Payroll			\$ 9,568			\$ 3,057
Net Pension Liability as a Percentage of Covered Payroll			(87.3)%			(191.7)%

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, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The State's net pension liability is measured as the proportionate share of the net pension liability. The State's proportion of the net pension liability was based on a projection of the State's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers and non-employer contributors, actuarially determined. The State's proportionate share of the collective net pension liability for each plan at June 30, 2025 and June 30, 2024 is as follows:

(Expressed in Thousands)

Pension Plan	Proportionate Share June 30, 2024	Proportionate Share June 30, 2025	Net Pension Asset June 30, 2025	Net Pension Liability June 30, 2025
SETP - State Employees ¹	94.845535 %	94.558490 %	\$ -	\$ 821,410
SETP - Teachers ²	93.677413 %	94.078955 %	-	1,290,937
Total Primary Government			\$ -	\$ 2,112,347

¹ Percentage of primary government State Employees in the SETP² Percentage of non-employer contributors to the SETP - Teachers

The State's SETP – State Employee Plan is allocated to governmental and proprietary funds based on employer contributions as shown below. Of the portion charged to governmental funds, 53 percent is posted to the General Fund, 19 percent to Other Special Revenue Funds, 15 percent to Highway Funds and 13 percent to Federal Funds.

Proportion	<u>June 30, 2024</u>	<u>June 30, 2025</u>	<u>Change Increase (Decrease)</u>
Governmental Funds	91.74 %	91.86 %	0.12 %
Internal Service Funds	6.91 %	6.77 %	(0.14)%
Enterprise Funds	1.34 %	1.37 %	0.03 %

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

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

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

	<u>SETP State Employees</u>	<u>SETP Teachers</u>	<u>Total SETP Pension</u>
Total Pension Liability			
Service Cost	\$ 107,782	\$ 184,750	\$ 292,532
Interest	382,551	732,771	1,115,322
Changes in Benefit Terms	11,881	13,795	25,676
Differences Between Expected and Actual Experience	71,153	84,600	155,753
Benefit Payments, Including Refunds of Member Contributions	(382,649)	(676,603)	(1,059,252)
Change in Proportionate Share	-	-	-
Net Change in Total Pension Liability	190,718	339,313	530,031
Beginning Total Pension Liability	<u>6,012,642</u>	<u>11,507,897</u>	<u>17,520,539</u>
Ending Total Pension Liability	6,203,360	11,847,210	18,050,570
Plan Fiduciary Net Position			
Employer Contributions	199,929	95,613	295,542
Non-employer Contributions	-	214,918	214,918
Member Contributions	61,879	117,627	179,506
Transfers	(305)	-	(305)
Net Investment Income	378,047	741,784	1,119,831
Benefit Payments, Including Refunds of Member Contributions	(382,649)	(676,603)	(1,059,252)
Administrative Expense	(4,615)	(9,071)	(13,686)
Net Change in Plan Fiduciary Net Position	252,286	484,268	736,554
Beginning Plan Fiduciary Net Position	<u>5,082,395</u>	<u>9,990,757</u>	<u>15,073,152</u>
Ending Plan Fiduciary Net Position	<u>5,334,681</u>	<u>10,475,025</u>	<u>15,809,706</u>
Ending Net Pension Liability	<u>\$ 868,679</u>	<u>\$ 1,372,185</u>	<u>\$ 2,240,864</u>
Proportion			
June 30, 2025	94.558490 %	94.078955 %	100 %
June 30, 2024	<u>94.845535 %</u>	<u>93.677413 %</u>	<u>100 %</u>
Change - Increase (Decrease)	(0.287045)%	0.401542 %	0 %

Actuarial Assumptions

Actuarial assumptions used in the June 30, 2024 and 2023 valuations were based on results of an actuarial experience study for the period July 1, 2015 through June 30, 2020. Actuarially determined contribution rates for 2024 are calculated based on 2022 liabilities developed as a roll-forward of the 2021 actuarial valuation, adjusted for expected experience and any assumption or methodology changes during fiscal year end 2022 using assets as of June 30, 2022. Actuarially determined contribution rates for 2023 were calculated based on 2020 liabilities developed as a roll-forward of the 2019 actuarial valuation, adjusted for expected experience and any assumption or methodology changes during fiscal year end 2020 using assets as of June 30, 2020. The individual entry age normal method is used to determine liabilities. A 3-year smoothed market approach is used for the asset valuation method. Each plan’s unfunded actuarial liability is being amortized as a level percentage of payroll. For the SETP, the amortization method used a level percentage of payroll over closed periods. The original UAL is amortized over a remaining 7 years from July 1, 2021. Subsequent layers of UAL are amortized over individual 20 year periods. The amortization period used by both the Judicial and Legislative Plans is an open 10-year amortization. The investment rate of return used for contributions in 2021 was 6.50 percent. Contributions in 2021 used an investment rate of return, inflation rate and annual salary increases, including inflation were 6.50 percent, 2.75 percent and 2.75 percent plus merit component based on employee’s years of service, respectively. All plans used a 2.20 percent cost-of-living. Normal retirement age for State employees and teachers is age 60, 62 or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. The Judicial and Legislative Plans assume that 100 percent retirement occurs at age 60 for members with at least 10 years of creditable service on July 1, 1993. For members with less than 5 years of creditable service on July 1, 2001, 50 percent are assumed to retire each year after reaching age 65.

The June 30, 2024 and 2023 investment rate of return used in the valuation was 6.50 percent. Judicial and Legislative annual salary increases remained constant at 2.75 percent.

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

ANNUAL PENSION COST AND NET PENSION LIABILITY

For the year ended June 30, 2025, the State recognized pension expense of \$137,694 which includes \$44,145 of teacher pensions recorded in grant expense.

PENSION COSTS
(Expressed in Thousands)

SETP - State of Maine Primary Government Pension Expense	\$ 94,533
SETP - Teachers Non-Employer Pension Expense (grant expense)	44,145
Legislative Pension Expense	(634)
Judicial Pension Expense	(350)
Total	<u>\$ 137,694</u>

For the Fiscal Year Ended June 30, 2025

At June 30, 2025, the State reported \$267,261 of deferred outflows of resources and \$54,552 of deferred inflows of resources related to its pension plans. Deferred outflows of resources of \$199,971 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense over the next four years. Information by pension plan is as follows:

(Expressed in Thousands)

	SETP State of Maine		SETP Teachers		Total State of Maine SETP	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience demographic and economic	\$ 66,547	\$ -	\$ 130,576	\$ -	\$ 197,123	\$ -
Net difference between projected and actual earnings on pension plan investments	-	50,658	-	98,320	-	148,978
Changes in proportion and differences between State contributions and proportionate share of contributions	11	2,835	7,744	3,129	7,755	5,964
State and component unit contributions subsequent to the measurement date	199,694	-	220,366	-	420,060	-
Total	<u>\$ 266,252</u>	<u>\$ 53,493</u>	<u>\$ 358,686</u>	<u>\$ 101,449</u>	<u>\$ 624,938</u>	<u>\$ 154,942</u>
For the Year Ended						
2026	(51,930)		(118,324)		(170,254)	
2027	81,257		164,708		245,965	
2028	(6,485)		9,421		2,936	
2029	(9,777)		(18,934)		(28,711)	
2030	-		-		-	

	Legislative		Judicial	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience demographic and economic	\$ -	\$ -	\$ 732	\$ 37
Net difference between projected and actual earnings on pension plan investments	-	174	-	848
Changes in proportion and differences between State contributions and proportionate share of contributions	-	-	-	-
State and component unit contributions subsequent to the measurement date	3	-	274	-
Total	<u>\$ 3</u>	<u>\$ 174</u>	<u>\$ 1,006</u>	<u>\$ 885</u>
For the Year Ended				
2026	(329)		(1,439)	
2027	210		1,520	
2028	(21)		(82)	
2029	(34)		(152)	
2030	-		-	

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	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equities	30.0 %	5.6 %
U.S. Government	7.5 %	2.2 %
Private Equity	15.0 %	7.2 %
Real Assets:		
Real Estate	10.0 %	5.8 %
Infrastructure	10.0 %	5.3 %
Natural Resources	5.0 %	5.1 %
Traditional Credit	7.5 %	2.7 %
Alternative Credit	5.0 %	6.4 %
Diversifiers	10.0 %	4.8 %

The discount rate used to measure the collective total pension liability was 6.50 percent for the 2024 and 2023 actuarial valuations for the State Employee and Teacher Plan. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at actuarially determined, contractually required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NET PENSION LIABILITY SENSITIVITY

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

(Expressed in Thousands)

<u>Defined Benefit Plans Administered Through MPERS</u>	<u>1% Decrease (5.50%)</u>	<u>Current Discount Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
State Employee and Teacher Plan			
State Employees	\$ 1,508,898	\$ 821,410	\$ 244,551
Teacher Members	2,708,735	1,290,937	110,860
Judicial Pension Plan	(1,242)	(8,357)	(14,574)
Legislative Pension Plan	\$ (4,712)	\$ (5,860)	\$ (6,830)

RECOGNITION OF CHANGES - EXCEPTIONS

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

Differences Between Expected and Actual Experience - The difference between actual and expected experience with regard to economic or demographic factors were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. For 2023 and 2024, this was one year for the Legislative Plan, three years for the Judicial Plan, three years for the State Employee and four years for the Teacher Plan.

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

Changes in Assumptions - Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used for the June 30, 2024 valuation were based on the results of an actuarial experience study for the period of July 1, 2015 through June 30, 2020.

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

COMPONENT UNIT PARTICIPANTS

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

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

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

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

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

Teachers and First Responders

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

The State contribution to first responder health premiums is 55 percent of the retiree-only premium. For teachers, the subsidy of 60 percent of the retiree medical premium is based on a single rate for single and employee plus children coverage, or 50 percent of the two-party rate for two party and family coverage. Eligibility mirrors that of State Employees.

For first responders, the rate is defined as being the cost of the retiree's share of the individual premium for the standard plan identified and offered under the group health insurance plan in which the retiree enrolls. The plan allows an enrollee to participate in the group health insurance plan in which the enrollee's spouse participates. The State subsidy ends after the retiree is eligible for Medicare. First Responders are eligible if they retire after age 50 with 25 or more years of service and receive a retirement benefit from either the MPERS or a defined contribution plan. If retirees have fewer than 25 years of service, the normal retirement benefit must be at least 50 percent of final average compensation. Retirees must have participated in the person's employer's health insurance plan or other fully insured health insurance plan while actively working as a county or municipal law enforcement officer or a municipal firefighter. Retirees can elect to participate in the plan at their retirement date. If participation is waived at that time, the retiree is ineligible to participate at a later date.

POST RETIREMENT GROUP LIFE INSURANCE PLAN

The Maine Public Employees Retirement System (the System) is a component unit of the State of Maine. For financial reporting purposes, the System administers two multiple-employer cost-sharing, defined benefit Group Life Insurance Plans (GLIP) administered by a third party insurance company in accordance with Title 5 MRSA C. 423 and 425. Members include employees of the State, public school employees (defined by Maine law as teachers), members of the Judiciary and the Legislature, which are eligible for membership in the System. The State of Maine is also a non-employer contributing entity in that the State pays contributions for retired public school teachers in the plan. Group life insurance benefits are also provided to employees of approximately 160 local municipalities and other public entities (Participating Local Districts, or PLDs) in Maine that elect to participate under provisions of the relevant statutes.

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

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

The System issues a publicly available annual comprehensive financial report that includes financial statements and required supplementary information (RSI) for the plan. The June 30, 2025 report may be obtained from the Maine Public Employees Retirement System, PO Box 349, Augusta, ME 04332-0349 or on-line at www.maineipers.org.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

CONTRIBUTIONS AND RESERVES

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

INVESTMENTS

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

PLAN MEMBERSHIP

Membership in the OPEB plans is as follows:

	Healthcare			Group Life	
	State Employees	Teachers	First Responders	State Employees*	Teachers
Actives	12,101	27,767	696	11,839	15,214
Retirees	8,713	10,851	146	8,864	7,978
Inactives Vested	182	482	-	-	-
Total	20,996	39,100	842	20,703	23,192

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

STATE EMPLOYEE HEALTHCARE FUNDING POLICY

The Trustees of the State Employee Healthcare Plan are the State Controller and State Treasurer. Title 5 MRSA § 286-B authorized an Irrevocable Trust Fund for Other Post-Employment Benefits to meet the State’s unfunded liability obligations for retiree health benefits for eligible participants who are the beneficiaries of the irrevocable trust fund. MPERS holds and invests long-term funds in the irrevocable trust fund. Its fiduciary responsibilities include setting investment policy in order to fund the plan in accordance with a projected disbursement schedule that does not begin before the year 2027. Annually the Legislature shall appropriate funds to meet the State’s obligations under any group health plan, policy or contract purchased by the State Employee Health Commission. Unfunded liabilities may not be created except those resulting from experience losses. Unfunded liability resulting from experience losses must be retired over a period not to exceed 10 years. The unfunded liability for retiree health benefits for eligible participants must be retired in 30 years or less from July 1, 2007.

TEACHERS PLAN AND FIRST RESPONDERS PLAN HEALTHCARE FUNDING POLICY

A special funding situation exists for these plans. The State is statutorily responsible for contributions to the Teachers Plan and the First Responders Plan that cover the retirees of other governmental entities. The State is the sole contributing entity for Teachers and for the First Responders. It makes contributions on behalf of teachers at a 60 percent level for Teachers. It also makes contributions on behalf of the employing jurisdictions at a 55 percent level for the current portion of the health plan costs. The First Responders Plan is currently funded on a pay-as-you-go basis with the State directly paying insurers. The Teachers Plan had been funded on a pay-as-you-go basis until June 30, 2023.

An Irrevocable Trust Fund for Other Post-Employment Benefits for the Teachers Plan was funded with an initial \$103 million deposit on June 30, 2023. The Trustee of the Teachers Plan is Harpswell Capital Advisors, LLC. MPERS holds and invests long-term funds in the irrevocable trust fund. Its fiduciary responsibilities include setting investment policy in order to fund the plan in accordance with a projected disbursement schedule that does not begin before the year 2027. Annually the Legislature shall appropriate funds to meet the State’s obligations under any group health plan, policy or contract purchased by the State Employee Health Commission. Unfunded liabilities may not be created except those resulting from experience losses. Unfunded liability resulting from experience losses must

be retired over a period not to exceed 10 years. The unfunded liability for retiree health benefits for eligible participants must be retired in 30 years or less from July 1, 2007.

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

GROUP LIFE INSURANCE FUNDING POLICY

Premium rates are those determined by the System’s Board of Trustees to be actuarially sufficient to pay anticipated claims and cover administrative costs. For State employee, legislative and judicial classes, the premiums for retiree life insurance coverage are factored into the premiums paid for Basic coverage while participants are active members. The State remits premiums at a single rate that supports basic coverage for active and retired State employees. This rate is 98 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 78 cents per \$1,000 of coverage per month during the post-employment retirement period.

CHANGES IN THE TOTAL OPEB LIABILITY

Changes in total OPEB liability are as follows:

(Expressed in Thousands)		Healthcare Increase (Decrease) First Responders
Balance at June 30, 2024		<u>\$ 29,302</u>
Changes for the Year:		
Service Cost		1,295
Interest		1,096
Contributions - Employee		(910)
Contributions - Non-Employer Contributing Entity		(405)
Administrative Expenses		145
Differences Between Expected and Actual Experience		(535)
Changes in Assumptions - Discount Rate		<u>(701)</u>
Net Changes		<u>(15)</u>
Balance at June 30, 2025		<u>\$ 29,287</u>
Covered Payroll		\$ 60,697
Total OPEB Liability as a Percentage of Covered Payroll		48.3 %
State's Proportionate Share of the Collective Total OPEB Liability		17 %

The State's proportionate share for fiscal years ended June 30, 2025 and June 30, 2024 was estimated using the same share of implicit subsidy for each municipality's OPEB Plan.

CHANGES IN NET OPEB LIABILITY

Changes in net OPEB liabilities are as follows:

SCHEDULE OF CHANGES IN NET OPEB LIABILITY
(Expressed in Thousands)

	<u>Healthcare</u>		<u>Group Life Insurance</u>		
	<u>State Employees</u>	<u>Teachers</u>	<u>State Employees</u>	<u>Teachers</u>	<u>State portion of Group Life Insurance</u>
Total OPEB Liability					
Service Cost	\$ 12,482	\$ 19,954	\$ 1,350	\$ 1,509	\$ 2,859
Interest	48,779	60,442	7,668	8,145	15,813
Differences Between Expected and Actual Experience	-	68	(5,148)	(4,980)	(10,128)
Changes in Assumptions Discount Rate	-	-	101	-	101
Changes in Assumptions Other	30,006	-	-	1,647	1,647
Change in Proportion	-	-	(627)	-	(627)
Benefit Payments, Including Refunds of Member Contributions	(40,844)	(36,147)	(3,560)	(3,476)	(7,036)
Benefit Payments, Including Refunds of Member Contributions - Implicit	(41,729)	-	-	-	-
Net Change in Total OPEB Liability	8,694	44,317	(216)	2,845	2,629
Beginning Total OPEB Liability	778,598	927,707	118,504	121,023	239,527
Ending Total OPEB Liability	787,292	972,024	118,288	123,868	242,156
Plan Fiduciary Net Position					
Employer Contributions - Explicit	84,573	36,147	6,919	-	6,919
Non-employer Contributions	-	-	-	4,859	4,859
Net Investment Income	61,365	12,314	7,617	12,645	20,262
Changes in Proportion	-	-	(271)	-	(271)
Benefit Payments, Including Refunds of Member Contributions	(82,573)	(36,147)	(3,560)	(3,476)	(7,036)
Administrative Expense	(2)	(2)	(350)	(601)	(951)
Net Change in Plan Fiduciary Net Position	63,363	12,312	10,355	13,427	23,782
Beginning Plan Fiduciary Net Position	432,679	103,000	50,740	86,558	137,298
Ending Plan Fiduciary Net Position	496,042	115,312	61,095	99,985	161,080
Ending Net OPEB Liability	\$ 291,250	\$ 856,712	\$ 57,192	\$ 23,883	\$ 81,075
Proportion					
June 30, 2025	100.000000 %	64.000000 %	94.734729 %	100.000000 %	96.226885 %
June 30, 2024	100.000000 %	62.000000 %	95.243470 %	100.000000 %	96.794932 %
Change - Increase (Decrease)	0.000000 %	(2.000000)%	(0.508741)%	0.000000 %	0.568047 %
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	63.006102 %	11.863082 %	51.649817 %	80.718991 %	66.519344 %

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

ACTUARIAL METHODS AND ASSUMPTIONS

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

State Health Insurance

The valuation date is June 30, 2023 rolled-forward to the June 30, 2024 measurement date using generally accepted actuarial principles. Costs are developed using the entry age normal cost method based on a level percentage of payroll. The participation rate for future retirees is 95 percent of active participants currently enrolled. Actuarial assumptions used in the June 30, 2023 valuation and June 30, 2024 actuarial rollforward were based on the results of an actuarial experience study conducted for the period of July 1, 2015 to June 30, 2020. No method changes occurred since the prior valuation. Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2024 and June 30, 2023 include: using a discount rate assumption of 6.50 percent, a 2.75 percent inflation rate; and, annual salary increases, including inflation of 2.75 percent plus merit component based on employee's years of service. The June 30, 2007 unfunded actuarial accrued liability is amortized as a level percentage of payroll over 30 years on a closed basis. The unfunded liability will be fully recognized by June 30, 2037. Assumption changes, plan changes and experience gains are amortized over a period to June 30, 2037. Experience losses are amortized over a 10 year fixed period. The initial medical trend rate had been -34.13 percent to 7.16 percent at 2023 and was 7.09 percent at June 30, 2024. The ultimate medical trend rate of 4.19 percent reached at 2075 remained constant. The State actively manages premium increases within the statutory cap, so healthcare cost increases are limited to no more than inflation plus 3 percent in any year. For active members and non-disabled retirees, the rates are based on the 2010 Public Plan General Headcount-Weighted Employee and Healthy Retiree Mortality Tables and MP-2020 Mortality Improvement Scale with different adjustments made to base employee and healthy retiree mortality rates.

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

Group Life Insurance

The valuation date is June 30, 2024. Costs are developed using the individual entry age normal cost method based on a level percentage of payroll. The participation rate for future retirees is 100 percent of those currently enrolled. Actuarial assumptions used in the June 30, 2024 and June 30, 2023 actuarial valuations were based on the results of an actuarial experience study conducted for the period of July 1, 2015 to June 30, 2020. Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2024 and June 30, 2023 include: using a discount rate of 6.50 percent, a 2.75 percent inflation rate; and, annual salary increases, including inflation of 2.75 percent plus merit component based on employee's years of service. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll over a 30-year period on a closed basis. As of June 30, 2024, there were 13 years remaining in the amortization schedule for state employees and teachers. For active members and non-disabled retirees, the rates are based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model.

The long-term expected rate of return on Other Post-Employment Benefit Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of long-term real rates of return for each major asset class included in the target asset allocation as of June 30, 2024 are summarized in the table in the plan section below.

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

Teachers Health Insurance

The valuation date is June 30, 2023 rolled-forward to the June 30, 2024 measurement date using generally accepted actuarial principles. Costs are developed using the entry age normal cost method based on a level percentage of payroll. 93.33 percent of all Teachers are assumed to be eligible to receive a State contribution at retirement. 75 percent of active participants currently with

coverage continue coverage at retirement. The State funded the plan on June 30, 2023. Prior to that date the State had funded the plan on a pay-as-you-go basis. The June 30, 2023 valuation included a discount rate and investment rate of return assumption of 6.5 percent. One third of active participants who have currently waived coverage elect coverage at retirement. Actuarial assumptions used in the June 30, 2024 roll-forward and June 30, 2023 actuarial valuation were based on the results of an actuarial experience study conducted for the period of July 1, 2015 to June 30, 2020. Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2024 and June 30, 2023 include: using a 2.75 percent inflation rate and 3.00 percent annual salary increases. The initial medical trend rate had been 7.16 percent at June 30, 2023 and was 7.09 percent at June 30, 2024. The ultimate medical trend rate of 4.19 percent reached at 2075 remained constant. For active members and non-disabled retirees, the rates are based on the 2010 Public Plan Teacher Headcount-Weighted Employee and Healthy Retiree Mortality Tables and MP-2020 Mortality Improvement Scale with different adjustments made to base employee and healthy retiree mortality rates.

First Responders Health Insurance

The valuation date is June 30, 2023 rolled-forward to the June 30, 2024 measurement date using generally accepted actuarial principles. Costs are developed using the individual entry age normal cost method based on a level percentage of payroll. 90 percent of all active members who currently have coverage are assumed to elect coverage at retirement. No employee who has waived coverage will be assumed to be eligible for coverage at retirement. The State is currently funding the plan on a pay-as-you-go basis. The valuation assumes the State will continue this policy. Since the State’s portion of the First Responders’ post retirement medical plans are not being funded by assets in a separate trust, GASB No. 75 requires that the discount rate be based on the index rate as of the measurement date of a 20-year tax-exempt general obligation municipal bond index with an average rating of AA/Aa or higher. The State of Maine elected to determine the discount rate using the Bond Buyer 20-Bond General Obligation Index. The discount rate was 3.93 percent as of the measurement date and 3.65 percent at June 30, 2023. Actuarial assumptions used in the June 30, 2023 and June 30, 2022 actuarial valuations were based on the results of an actuarial experience study conducted for the period of July 1, 2015 to June 30, 2020. Other significant actuarial assumptions employed by the actuary for June 30, 2024 and June 30, 2023 include using a 2.75 percent inflation rate and 3.00 percent annual salary increase. The initial medical trend rate had been 6.4 percent to 7.16 percent at June 30, 2023 and was 7.09 percent at June 30, 2024. The ultimate medical trend rate of 4.19 percent reached at 2075 remained constant. For active members and non-disabled retirees, the rates are based on the 2010 Public Plan General Headcount-Weighted Employee and Healthy Retiree Mortality Tables and MP-2020 Mortality Improvement Scale with different adjustments made to base employee and healthy retiree mortality rates.

OPEB EXPENSE AND DEFERRALS

For the year ended June 30, 2025, the State recognized OPEB expense of \$(110,573). Costs related to non-State employees are charged to the General Fund.

OPEB COSTS
(Expressed in Thousands)

SETP - State of Maine Healthcare OPEB Expense	\$ (52,122)
SETP - Teachers Non-Employer Healthcare OPEB Expense (grant expense)	(66,931)
First Responders Healthcare OPEB Expense	322
Group Life Insurance OPEB Expense - State Employees	5,351
Group Life Insurance OPEB Expense - Teachers (grant expense)	<u>2,807</u>
Total	<u>\$ (110,573)</u>

Of State employee costs charged to governmental funds, 52 percent is charged to the General Fund, 19 percent to Other Special Revenue Funds, 15 percent to the Highway Fund and 14 percent to Federal funds. Contributions made after the measurement date of the net OPEB liability but before the end of June 30, 2024 will be recognized as a reduction of the net OPEB liability. At June 30, 2025, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Healthcare
(Expressed in Thousands)

	State		Teachers		First Responders	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience demographic and economic	\$ 31,155	\$ 237,662	\$ 11,513	\$ 353,969	\$ -	\$ 2,376
Changes of assumptions	35,262	16,079	160,612	675,103	1,330	3,035
Net difference between projected and actual earnings on OPEB plan investments	31,417	49,500	-	4,495	-	-
State and component unit contributions subsequent to the measurement date	124,853	-	35,980	-	883	-
Total	\$ 222,687	\$ 303,241	\$ 208,105	\$ 1,033,567	\$ 2,213	\$ 5,411

For the Year Ended

2026	(85,233)	(128,424)	(790)
2027	(43,657)	(137,759)	(680)
2028	(60,264)	(157,850)	(1,015)
2029	(18,164)	(181,991)	(962)
2030	1,911	(128,899)	(382)
Thereafter	-	(126,519)	(252)

Group Life Insurance
(Expressed in Thousands)

	State		Teachers	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience demographic and economic	\$ 112	\$ 4,872	\$ 987	\$ 4,534
Changes of assumptions	1,650	-	1,851	2,136
Net difference between projected and actual earnings on OPEB plan investments	-	2,304	-	3,724
Changes in proportion and differences between State contributions and proportionate share of contributions	132	422	-	-
State and component unit contributions subsequent to the measurement date	4,092	-	4,993	-
Total	\$ 5,986	\$ 7,598	\$ 7,831	\$ 10,394

For the Year Ended

2026	(1,196)	(2,032)
2027	442	1,226
2028	(1,639)	(2,755)
2029	(1,758)	(1,980)
2030	(781)	(568)
Thereafter	(772)	(1,447)

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

Asset Class:	State Employee and Teacher Healthcare		State and Teacher Group Life Insurance	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	45.0 %	6.9 %	- %	- %
U.S. Government Securities	- %	- %	15.0 %	2.2 %
Public Equity	- %	- %	70.0 %	5.6 %
International Equity	25.0 %	6.9 %	- %	- %
Traditional Credit	- %	- %	15.0 %	2.7 %
Real Estate	5.0 %	5.0 %	- %	- %
U.S. Fixed Income	25.0 %	2.5 %	- %	- %

For the year ended June 30, 2025, the annual money-weighted average rate of return on investments, net of investment expense was 13.1 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

SENSITIVITY ANALYSIS

The following tables show how the collective OPEB liabilities would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The discount rate used for the funded healthcare plans is 6.50 percent. The discount rate used for unfunded healthcare plan is 3.93 percent. The discount rate used for funded group life insurance plans is 6.50 percent.

Discount Rate
(Expressed in Thousands)

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net OPEB Liabilities			
State Employee Healthcare Plan	\$ 370,327	\$ 291,250	\$ 223,956
State Employee Group Life	\$ 73,745	\$ 57,193	\$ 43,663
Teacher Group Life	\$ 43,588	\$ 23,883	\$ 8,034
Total OPEB Liabilities			
Teacher Healthcare Plan	\$ 996,461	\$ 856,712	\$ 742,335
First Responders Healthcare Plan	\$ 31,893	\$ 29,287	\$ 26,954

Healthcare Cost Trend Rate
(Expressed in Thousands)

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net OPEB State Employee Healthcare Plan	\$ 203,799	\$ 291,250	\$ 396,274
Total OPEB Teacher Healthcare Plan	\$ 717,856	\$ 856,712	\$ 1,031,860
Total OPEB First Responder Healthcare Plan	\$ 26,287	\$ 29,287	\$ 32,831

Current healthcare trend rates are as follows: for State Employees and Teachers and First Responder plans the current trend rate is 7.09 percent grading to an ultimate of 4.19 percent.

Plan Information

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

Information not already contained in this note disclosure at June 30, 2025 follows. The Trustees of the State Retiree Healthcare Plan (SRHP) are the State Controller and State Treasurer. The Trustee of the Teacher Retiree Healthcare Plan is Harpswell Capital Advisors, LLC.

Components of the Net OPEB Liability for the plans at June 30, 2025 were as follows:

(Expressed in Thousands)

	State Employee Healthcare Plan	Teachers Healthcare Plan	State and Teachers Group Life Insurance Benefit Plan
Total OPEB liability	\$ 798,312	\$ 1,016,639	\$ 257,050
Plan fiduciary net position	600,532	130,415	187,594
State of Maine's net OPEB liability	<u>\$ 197,780</u>	<u>\$ 886,224</u>	<u>\$ 69,456</u>
Plan fiduciary net position as a percentage of the total OPEB liability	75.2 %	12.8 %	73.0 %

Actuarial assumptions for the funded OPEB plans used in the June 30, 2025 valuations were based on results from an actuarial experience study for the period of June 30, 2015 to June 30, 2020. The individual entry age normal method is used to determine liabilities. Asset amounts are taken as reported to the actuaries by the System without audit or change. Specific health and group life insurance OPEB plans' actuarial assumptions are included in the plan specific section of this note. For the 2025 healthcare valuation, the initial medical trend rate of 7.09 percent decreased to 5.65 percent.

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

	Target Allocation	Long-Term Expected Real Rate of Return
Asset Class for the State Employee and Teacher Group Life Insurance Benefit Plan		
Public Equity	70.0 %	5.6 %
Traditional Credit	15.0 %	2.7 %
U.S. Government Securities	15.0 %	2.2 %
Asset Class for State Employee and Teacher Healthcare Plans		
U.S. Equity	45.0 %	6.9 %
International Equity	25.0 %	6.9 %
U.S. Fixed Income	25.0 %	2.5 %
Real Estate	5.0 %	5.0 %

For the year ended June 30, 2025, the annual money-weighted rate of return on investments, net of investment expense, was 13.1 percent for the funded plans. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

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

(Expressed in Thousands)

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
State Employee Healthcare Plan	\$ 276,805	\$ 197,780	\$ 130,559
Teachers Healthcare Plan	1,030,277	886,224	768,234
State Employee and Teacher Group Life Insurance Benefit Plan	\$ 107,400	\$ 69,456	\$ 38,673

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following table shows how the collective net OPEB liabilities would change if the healthcare rate used was one percentage point lower or one percentage point higher than the current rate of 5.65 percent grading down to 4.19 percent.

(Expressed in Thousands)

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
State Employee Healthcare Plan	\$ 103,317	\$ 197,780	\$ 311,648
Teachers Healthcare Plan	\$ 734,522	\$ 886,224	\$ 1,078,148

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 compensated employee absences.

GENERAL OBLIGATIONS BONDS

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

Changes in general obligation bonds of the primary government during fiscal year 2025 were:

Primary Government - Changes in General Obligation Bonds

(Expressed in Thousands)

	<u>Balance</u> <u>July 1, 2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2025</u>	<u>Due Within</u> <u>One Year</u>
General Obligation Debt:					
General Fund	\$ 454,295	\$ -	\$ 93,780	\$ 360,515	\$ 83,515
Unamortized Premiums:					
General Fund	<u>65,312</u>	<u>-</u>	<u>12,774</u>	<u>52,538</u>	<u>11,327</u>
Total	<u>\$ 519,607</u>	<u>\$ -</u>	<u>\$ 106,554</u>	<u>\$ 413,053</u>	<u>\$ 94,842</u>

Debt service requirements (principal and interest) for all outstanding general obligation bonds of the primary government, from June 30, 2025 until maturity, are summarized in the following table:

Future Debt Service on General Obligation Bonds

(Expressed in Thousands)

Fiscal Year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 83,515	\$ 17,712	\$ 101,227
2027	73,745	13,722	87,467
2028	63,945	10,068	74,013
2029	52,820	6,898	59,718
2030	38,730	4,273	43,003
2031-2035	<u>47,760</u>	<u>3,807</u>	<u>51,567</u>
Total	<u>\$ 360,515</u>	<u>\$ 56,480</u>	<u>\$ 416,995</u>
Unamortized Premiums	<u>52,538</u>		
Total Principal	<u>\$ 413,053</u>		

General fund, special revenue and other general obligation bonds issued and outstanding at June 30, 2025 are as follows:

Primary Government - General Obligation Bonds Outstanding

(Expressed in Thousands)

	Amounts Issued	Outstanding June 30, 2025	Fiscal Year Maturities		Interest Rates
			First Year	Last Year	
General Fund:					
Series 2016	\$ 97,705	\$ 9,770	2017	2026	1.00% - 5.00%
Series 2017	98,060	19,610	2018	2027	2.00% - 5.00%
Series 2019A	111,255	33,375	2019	2028	3.125% - 5.00%
Series 2019B	140,875	56,340	2020	2029	2.50% - 5.00%
Series 2020	114,905	63,825	2021	2030	1.25% - 5.00%
Series 2021	96,875	64,580	2022	2031	1.00% - 5.00%
Series 2022	85,470	60,285	2023	2032	3.75% - 5.00%
Series 2023	65,920	52,730	2024	2033	4.75% - 5.25%
		360,515			
Plus Unamortized Bond Premium		52,538			
Total General Fund		<u>\$ 413,053</u>			

AUTHORIZED UNISSUED BONDS

Any bonds not issued within five years of the date of ratification may not be issued after that date. Within two years after expiration of the five-year period, the Legislature may extend, by a majority vote, the five-year period for an additional five years or may deauthorize the bonds. If the Legislature fails to take action within those two years, the bond issue shall be considered to be deauthorized and no further bonds may be issued. At June 30, 2025, there were \$65 million in general obligation bonds authorized and unissued.

REVENUE BONDS OF THE MAINE GOVERNMENTAL FACILITIES AUTHORITY

The State included \$440.1 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 \$1.1 billion outstanding, at any one time, except for the issuance of certain revenue refunding securities.

During the fiscal year ended June 30, 2025, MGFA did not issue any new revenue bonds.

At June 30, 2025, 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 did not issue or retire Bond Anticipation Notes during fiscal year 2025. Short-term obligations are used to meet temporary operating cash flow needs. At June 30, 2025 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, 2025, are summarized as follows:

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

	<u>Balance</u> <u>July 1, 2024*</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2025</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities:					
MGFA Revenue Bonds	\$ 467,217	\$ -	\$ 27,142	\$ 440,075	27,880
COP's and Other Financing	100,536	22,100	18,597	104,039	19,940
Compensated Absences	147,412	18,747	11,834	154,325	31,340
Claims Payable	78,788	194,040	198,091	74,737	22,614
Leases	251,876	38,583	11,515	278,944	10,335
Subscriptions	97,325	18,997	16,378	99,944	28,291
Loans Payable to Component Unit	226,771	295	67,009	160,057	26,098
Total Governmental Activities	<u>\$ 1,369,925</u>	<u>\$ 292,762</u>	<u>\$ 350,566</u>	<u>\$ 1,312,121</u>	<u>166,498</u>
Business-Type Activities:					
COP's and Other Financing	\$ 2,142	\$ -	\$ 2,142	\$ -	-
Compensated Absences	2,120	485	150	2,455	505
Subscriptions	-	3,243	181	3,062	704
Total Business-Type Activities	<u>\$ 4,262</u>	<u>\$ 3,728</u>	<u>\$ 2,473</u>	<u>\$ 5,517</u>	<u>1,209</u>

* As restated

Debt service requirements (principal and interest) for COP’s and other financing arrangements of the primary government, from June 30, 2025 until maturity, are summarized as follows:

Future Debt Service on MGFA Revenue Bonds, COPS and Other Financing Arrangements

(Expressed in Thousands)

Fiscal Year	Governmental Activities			
	Governmental Funds		Internal Service Funds	
	Principal	Interest	Principal	Interest
2026	\$ 11,573	\$ 1,506	\$ 36,248	\$ 20,045
2027	10,795	1,189	36,337	18,603
2028	9,246	911	36,473	17,129
2029	8,423	681	37,870	15,692
2030	7,245	469	32,176	14,222
2031 - 2035	9,797	503	133,991	53,419
2036 - 2040	-	-	134,570	23,591
2041 - 2045	-	-	39,370	3,572
Total	<u>\$ 57,079</u>	<u>\$ 5,259</u>	<u>\$ 487,035</u>	<u>\$ 166,273</u>

LOANS PAYABLE TO COMPONENT UNIT

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

Changes in GARVEE and TransCap revenue bonds during fiscal year 2025 were:

Primary Government - Changes in GARVEE and TransCap Revenue Bonds Payable

(Expressed in Thousands)

	<u>Balance July 1, 2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2025</u>	<u>Due Within One Year</u>
Loans Payable to Components Unit:					
Federal Funds	\$ 183,379	\$ 294	\$ 23,616	\$ 160,057	\$ 26,098
Special Revenue Fund	43,392	-	43,392	-	-
Total	<u>\$ 226,771</u>	<u>\$ 294</u>	<u>\$ 67,008</u>	<u>\$ 160,057</u>	<u>\$ 26,098</u>

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

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

GARVEE and TransCap Revenue bonds issued and outstanding at June 30, 2025 are as follows:

GARVEE and TransCap Revenue Bonds Outstanding

(Expressed in Thousands)

	<u>Amounts Issued</u>	<u>Outstanding June 30, 2025</u>	<u>Fiscal Year Maturities</u>		<u>Interest Rates</u>
			<u>First Year</u>	<u>Last Year</u>	
Federal Funds:					
Series 2014A	\$ 44,810	\$ 9,525	2015	2026	2.00% - 5.00%
Series 2016A	44,105	17,600	2017	2028	2.63% - 5.00%
Series 2018A	44,310	34,835	2023	2030	4.00% - 5.00%
Series 2020A	60,925	44,515	2021	2032	5.00%
Series 2022A	47,175	41,140	2023	2035	5.00%
Total Federal Funds		<u>\$ 147,615</u>			

Total principal and interest requirements over the life of the 2014 GARVEE bonds are \$59.0 million, with annual requirements up to \$5.0 million; for 2016 GARVEE bonds total principal and interest requirements are \$58.0 million, with annual requirements up to \$4.9 million; for 2018A GARVEE bonds total principal and interest requirements are \$63.3 million, with annual requirements up to \$6.7 million; for 2020A GARVEE bonds total principal and interest requirements are \$81.9 million, with annual requirements up to \$6.8 million; for 2022A GARVEE bonds total principal and interest requirements are \$63.4 million, with annual requirements up to \$5.2 million. Total federal highway transportation funds received in federal fiscal year 2025 were \$476.3 million. Current year payments to MMBB for GARVEE bonds were \$28.4 million (6.0 percent of federal highway transportation funds received).

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, 2025 but paid after the fiscal year end is also reported in the funds.

COMPONENT UNITS

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

Component Unit Bonds Outstanding

(Expressed in Thousands)

Component Unit	Interest Rates	Amount	Maturity Dates
Finance Authority of Maine	2.120% - 5.250%	\$ 128,210	2025 - 2048
Maine Community College System	3.000% - 5.000%	12,219	2025 - 2036
Maine Health and Higher Educational Facilities Authority	0.359% - 5.500%	941,015	2025 - 2055
Maine Municipal Bond Bank	0.350% - 6.120%	1,503,340	2025 - 2055
Maine State Housing Authority	0.500% - 5.400%	2,336,786	2025 - 2054
Maine Turnpike Authority	2.000% - 5.000%	549,948	2025 - 2050
University of Maine System	1.400% - 5.500%	202,000	2025 - 2062

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

At June 30, 2024, MHHEFA had approximately \$21.7 million of defeased bonds remaining outstanding with respect to all advance-refunding within the Reserve Fund Resolution.

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

On September 26, 2024, MMBB deposited \$37.1 million from existing resources to in-substance defease \$34.5 million in Transportation Infrastructure Revenue Refunding Series 2021 A bond. These deposits were used to purchase U.S. Government securities which will provide for all future debt service payments on the defeased bonds at their maturities through September 2026. This in-substance defeasance utilizing existing resources resulted in a loss on defeasance of \$2.5 million recorded in the Transportation Infrastructure Fund Group statement of revenues, expenses and changes in net position for the year ended June 30, 2025. At June 30, 2025, the remaining balance of these in-substance defeased bonds totaled \$34.5 million.

On November 7, 2024, MMBB issued \$30.7 million in General Tax-Exempt Series 2024 C bonds with an average interest rate of 5 percent to in-substance defease \$40.3 million of the remaining outstanding maturities of the 2014 C bonds. The net proceeds of approximately \$32.5 million, including a bond premium of approximately \$1.8 million and after payment of approximately \$0.1 million in underwriting fees and other issuance costs, along with a transfer of existing funds from the 2014 C debt service reserve of \$8.0 million, were used to purchase U.S. Government securities which will provide for all future debt service payments on the refunded bonds. The MMBB in effect reduced the aggregate debt service payments by approximately \$2.9 million over the next eight years. At June 30, 2025, MMBB had no outstanding in-substance defeased bonds related to this advance refunding, as all were called on their respective call dates in fiscal 2025.

For the year ended December 31, 2024, the Maine State Housing Authority (MHSA) redeemed prior to maturity \$74.4 million of its Mortgage Purchase Fund Group bonds from recoveries of principal, reserve funds, mortgage prepayments, surplus revenues and the proceeds of remarketed bonds. Mortgage Purchase Fund gains of \$76 thousand were attributed to recognition of the related bond premium.

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

Component Units Principal Maturities
(Expressed in Thousands)

Fiscal Year Ending	FAME	MMBB	MCCS	MSHA	MTA	UMS	MHHEFA
2026	\$ 5,620	\$ 135,620	\$ 960	\$ 84,920	\$ 21,710	\$ 16,743	\$ 33,445
2027	5,780	130,550	1,050	110,503	25,700	14,697	35,820
2028	6,830	119,341	1,070	106,495	26,950	15,191	38,455
2029	7,350	119,185	1,120	111,843	28,190	13,611	39,670
2030	5,725	108,540	1,170	95,861	29,320	11,268	39,710
2031 - 2035	34,390	400,250	5,202	373,411	115,775	35,137	199,540
2036 - 2040	29,985	252,305	245	402,725	93,030	12,147	186,160
2041 - 2045	29,445	108,285	-	368,905	81,645	12,470	156,195
2046 - 2050	-	14,885	-	395,780	64,535	12,090	114,920
2051 - 2055	-	3,905	-	288,155	8,150	15,765	93,970
2056 - 2060	-	435	-	-	-	20,615	3,130
2061 - 2065	-	-	-	-	-	9,915	-
Net Unamortized Premium (or Deferred Amount)	3,085	110,039	1,402	(1,812)	54,943	12,351	-
Total Principal Payments	<u>\$ 128,210</u>	<u>\$ 1,503,340</u>	<u>\$ 12,219</u>	<u>\$ 2,336,786</u>	<u>\$ 549,948</u>	<u>\$ 202,000</u>	<u>\$ 941,015</u>

NOTE 12 - RIGHT TO USE LEASED ASSETS AND PUBLIC-PRIVATE PARTNERSHIPS

PRIMARY GOVERNMENT - GOVERNMENTAL ACTIVITIES RIGHT TO USE LEASED ASSETS

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

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

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

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

The historical cost of assets acquired under leases, all of which are buildings, on the government-wide financial statements at June 30, 2025, is \$309.7 million. Accumulated amortization is \$42.8 million. Leased assets net of accumulated amortization is \$266.9 million.

Right to Use Leased Assets

(Expressed in Thousands)

	General Fund	Other Special Revenue Funds	Internal Service Funds	Total Governmental Activities
Buildings	\$ 11,218	\$ 620	\$ 297,894	\$ 309,732
Less: Accumulated Amortization	2,584	160	40,064	42,808
Total Right to Use Assets, net	<u>\$ 8,634</u>	<u>\$ 460</u>	<u>\$ 257,830</u>	<u>\$ 266,924</u>

A summary of lease commitments to maturity is as follows:

Future Lease Payments
(Expressed in Thousands)

Fiscal Years Ending June 30	<u>Principal</u>	<u>Interest</u>
2026	\$ 10,336	\$ 5,488
2027	10,642	5,289
2028	10,831	5,083
2029	10,721	4,873
2030	10,416	4,665
2031-2035	50,753	20,114
2036-2040	43,978	15,018
2041-2045	39,501	10,457
2046-2050	28,791	7,005
2051-2055	21,153	4,660
2056-2060	17,708	2,983
2061-2065	15,471	1,483
2066-2070	8,563	334
2071-2075	80	-
Total	<u>\$ 278,944</u>	<u>\$ 87,452</u>

Lease liabilities are valued using discount rates between 0.67% and 4.69% based on the lease term, using State Specific Municipal Market Data.

The State of Maine, Bureau of General Services, negotiates leases on behalf of Child Development Services. At June 30, 2025, leases receivable from CDS is \$4.1 million. Fiscal year 2025 lease revenue was \$523 thousand, interest revenue was \$64 thousand.

COMPONENT UNITS

RIGHT TO USE LEASED ASSETS

The University of Maine System leases building space for various terms under long-term non-cancelable lease agreements. The original lease terms expire at various dates through 2028 and provide for renewal options (ranging from 1-20 years) which extend them to 2047. As of June 30, 2025, right of use lease assets acquired through outstanding leases consisting of building and office space totaled \$71.2 million less \$13.4 million in accumulated amortization, or \$57.7 million net. The lease liabilities outstanding totaled \$59.5 million.

A non-major discretely presented component unit, Midcoast Regional Redevelopment Authority (MRRA), regularly operates and leases property and buildings within its jurisdiction to third parties. As of June 30, 2025, MRRA reported a lease receivable, including accrued interest, of \$36.8 million. At June 30, 2025, MRRA also had a \$34.0 million deferred inflow of resources balance associated with the leases that will be recognized as revenue over the lease terms that extend until 2069.

PUBLIC-PRIVATE PARTNERSHIP

On August 15, 2022, the System entered into a public-private partnership with a limited liability corporation (LLC1) to renovate two historic buildings and construct an adjacent 24,800 square foot addition creating a boutique hotel ensemble and extended stay residence consisting of 95 rooms and a café on the University of Maine campus in Orono. The hotel is under the operation of a second limited liability corporation (LLC2) and was opened to the public in March 2024.

As of June 30, 2025, public private leased assets totaled \$25.1 million less \$0.6 million depreciation, or \$24.5 million net. Upon termination, the improvements shall be surrendered to the System in the agreed upon condition.

The arrangement covers 99 years with a base rent subject to scheduled increases every five years. A net present value receivable for installment payments of \$5.9 million recognizing the expected future rental revenue under the lease. The System has reported deferred inflows of resources totaling \$27.9 million as of June 30, 2025, which will be recognized into revenue evenly over the term of the agreement.

The arrangement also includes a performance guarantee and an income sharing arrangement. The arrangement includes certain minimum projected revenues for the first 25 years that the System may have to supplement. In consideration for the services it will provide under the arrangement, the System will receive 20 percent of all net operating income, on a cumulative basis, earned annually in excess of annual amounts outlined in the contract and subject to an annual maximum of \$600 thousand. Both the shortfall supplement and the income sharing are variable in nature and will be recognized as incurred or earned. To date, no such amounts have been recognized.

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

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

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

GOVERNMENTAL ACTIVITIES

The historical cost of assets acquired under subscription based technology arrangements in the governmental activities column of the financial statements at June 30, 2025, is \$190.9 million. Accumulated amortization is \$69.7 million. Subscription assets net of accumulated amortization is \$121.3 million.

BUSINESS-TYPE ACTIVITIES

The historical cost of assets acquired under subscription based technology arrangements in the business -type activities column of the financial statements at June 30, 2025, is \$3.2 million. Accumulated amortization is \$184 thousand. Subscription assets net of accumulated amortization is \$3.1 million.

	<u>General Fund</u>	<u>Highway Fund</u>	<u>Federal Funds</u>	<u>Other Special Revenue Funds</u>	<u>Internal Service Funds</u>	<u>Total Governmental Activities</u>	<u>Alcoholic Beverages Funds</u>	<u>Total Business-Type Activities</u>
Right to Use Subscription Assets								
Subscriptions	\$ 95,474	\$ 2,881	\$ 31,582	\$ 11,936	\$ 49,043	\$ 190,916	\$ 3,243	\$ 3,243
Less: Accumulated Amortization	19,799	1,347	11,819	4,841	31,848	69,654	184	184
Total Right to Use Assets, net	<u>\$ 75,675</u>	<u>\$ 1,534</u>	<u>\$ 19,763</u>	<u>\$ 7,095</u>	<u>\$ 17,195</u>	<u>\$ 121,262</u>	<u>\$ 3,059</u>	<u>\$ 3,059</u>

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

Future Minimum SBITA Payments

(Expressed in Thousands)

Fiscal Years Ending June 30	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 28,291	\$ 2,916	\$ 704	\$ 73
2027	19,422	2,182	723	54
2028	7,546	1,830	743	34
2029	5,446	1,590	763	14
2030	5,056	1,386	129	-
2031-2035	27,972	3,659	-	-
2036-2040	6,211	21	-	-
Total	<u>\$ 99,944</u>	<u>\$ 13,584</u>	<u>\$ 3,062</u>	<u>\$ 175</u>

Subscription based information technology arrangement liabilities are valued using discount rates between 2.66 percent and 4.08 percent based on the SBITA contract term including optional renewal periods using State Specific Municipal Market Data.

COMPONENT UNITS

The University of Maine System (UMS) has subscription based IT arrangements (SBITA). At June 30, 2025, SBITA assets totaled \$19.4 million, net of \$16.4 million of amortization. The associated liabilities totaled \$18.6 million. The remaining balance is reported

as a deferred inflow.

The Maine Community College has SBITA right-to-use assets net of amortization that totaled \$12.9 million at June 30, 2025. The associated liabilities totaled \$12.7 million.

NOTE 14 - SELF - INSURANCE

A. RISK MANAGEMENT

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

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

In some cases, the State purchases excess insurance to limit the State's liability for insured events. For example, coverage for property damage is \$400 million per occurrence. The State retains \$2 million of this risk per occurrence. A private insurance carrier covers the remaining risk (excess insurance). In some cases, individual claim settlements have exceeded policy limits in the past three fiscal years.

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

Type of Insurance:	Coverage Per Occurrence	Risk Retention Per Occurrence	Excess Insurance Per Occurrence
Property*	Per Schedule	\$2 million	\$400 million
Ocean Marine Boat Liability* ¹	Per Schedule	10 million	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	1 million aggregate	none
Vehicular Liability ²	400 thousand	400 thousand	600 thousand
Bonding	500 thousand	500 thousand	none
Foster Parents	300 thousand	300 thousand	none
Inland Marine (various policies)* ⁴	400 thousand	400 thousand	none
Aircraft Liability* ³	10 million	Various	none
Data Breach	5 million	500 thousand	5 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. The property insurance limit per occurrence is per scheduled location. Total occurrence limit is \$400 million.

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

² Excess insurance is only for out of state travel.

³ \$10 million is the maximum limit for per occurrence coverage. Some agencies have chosen \$500 thousand. Retentions vary up to \$10 thousand.

⁴ Inland Marine policies vary by line, limit, and retention.

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, 2024. 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, 2025 and 2024 the present value of claims payable for the State's self-insurance plan was estimated at \$10.4 million and \$11.1 million, respectively. The actuary calculated this based on the State's rate on investments.

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

	<u>2025</u>	<u>2024</u>
Liability at Beginning of Year	\$ 11,142	\$ 11,329
Current Year Claims and Changes in Estimates	481	2,637
Claims/Fees Expense	<u>1,266</u>	<u>2,824</u>
Liability at End of Year	<u>\$ 10,357</u>	<u>\$ 11,142</u>

As of June 30, 2025, fund assets of \$35.2 million exceeded fund liabilities of \$12.1 million by \$23.1 million. The portion of this amount that may be reserved for catastrophic losses has not been determined.

B. UNEMPLOYMENT INSURANCE

The State is self-insured for unemployment compensation. As a direct reimbursement employer, the State recognizes all costs for unemployment compensation as claims are paid. These costs totaled \$950 thousand for the fiscal year ended June 30, 2025.

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, 2025 and 2024:

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

	<u>2025</u>	<u>2024</u>
Liability at Beginning of Year	\$ 51,235	\$ 51,744
Current Year Claims and Changes in Estimates	6,039	8,028
Claims Payments	<u>8,029</u>	<u>8,537</u>
Liability at End of Year	<u>\$ 49,245</u>	<u>\$ 51,235</u>

Based on the actuarial calculation as of June 30, 2025, the State is liable for unfunded claims, and incurred but not reported claims, of approximately \$69.2 million. The discounted amount is \$49.2 million and was calculated based on a 3.0 percent interest rate on investments.

D. EMPLOYEE HEALTH INSURANCE

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

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

There are two primary health plans available. A Preferred Provider Organization (PPO) plan is available to all active employees, early retirees, and grandfathered retirees not eligible for Medicare Part A as of July 1, 2019. A Medicare Advantage plan is available to age sixty-five or older retirees. Total enrollment averaged approximately 36,293 covered individuals. This total includes approximately 26,535 active employees, retirees and their dependents in the PPO plan and 9,758 Medicare Advantage retirees and dependents.

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

Expenses and liabilities for incurred but not reported claims, based on an actuarial analysis of claim lag pattern, have been recorded as liabilities in the amount of \$15.1 million. Changes in the Employee Health Insurance and Retiree Health Insurance claims liability for the fiscal year ending June 30, 2025 follows:

(Expressed in Thousands)

	Employee Health Fund	Retiree Health Fund
Liability at Beginning of Year	\$ 12,308	\$ 4,103
Claims and Changes in Estimate	142,620	44,900
Claims Payments	143,576	45,220
Liability at End of Year	<u>\$ 11,352</u>	<u>\$ 3,783</u>

The table above reflects actual activity of the employee health and retiree health insurance programs. In accordance with GASB Statement No. 75, certain costs reported above were reclassified for financial statement purposes. Retiree healthcare costs of \$40.8 million and teacher healthcare costs of \$36.1 million were reclassified from the internal service fund to the OPEB Trust Fund, a fiduciary fund. Additionally, \$41.7 million of active employee healthcare costs were reclassified from the internal service fund to the OPEB Trust Fund to reflect age-adjusted claims.

NOTE 15 - JOINT VENTURES

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

TRI-STATE LOTTO COMMISSION

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

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

A prize award liability is established when the winning ticket number is selected. If no winning ticket is selected, the available jackpot

is carried over to the following drawing. The Tri-State Lotto Compact requires that prizes not claimed within one year from the date of the drawing be forfeited. All expired unclaimed prizes are credited to future prize pools. The Commission funds its jackpots through U.S. Government Treasury Strips.

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

The table below was obtained from the Tri-State Lotto Commission financial report for fiscal year 2025, which may be obtained from the Bureau of Alcoholic Beverages and Lottery Operations, 8 State House Station, Augusta, ME 04333-0008.

Tri-State Lotto Commission
(Expressed in Thousands)

Current Assets	\$ 20,586
Noncurrent Assets	<u>11,546</u>
Total Assets	<u><u>\$ 32,132</u></u>
Current Liabilities	\$ 20,619
Long-term Liabilities	<u>7,185</u>
Total Liabilities	<u><u>\$ 27,804</u></u>
Designated Prize Reserves	\$ 4,345
Reserve for Unrealized Gains (Losses)	<u>(17)</u>
Total Net Position	<u><u>4,328</u></u>
Total Liabilities and Net Position	<u><u>\$ 32,132</u></u>
Total Revenue	\$ 113,592
Total Expenses	83,686
Gain (Loss) on Sale of Investment	13
Allocation to Member States	29,919
Change in Unrealized Gain (Loss) on Investments Held for Resale	<u>309</u>
Change in Net Position	<u><u>\$ 309</u></u>

Multi-State Lottery Association

The Maine State Lottery became a member of the Multi-State Lottery Association (MUSL) in July 2004. The MUSL currently has 39 member State lotteries, including the District of Columbia and the United States Virgin Islands. The MUSL is managed by a board of directors, which is comprised of the lottery directors or their designee from each of the party States, and authorized to initiate, promulgate, administer and carry out one or more lottery product offerings that will enhance the participating parties' lottery revenue.

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

The table below was obtained from the Multi-State Lottery Association's financial report for fiscal year 2025, which may be obtained from the Bureau of Alcoholic Beverages and Lottery Operations, 8 State House Station, Augusta, ME 04333-0008.

Multi State Lottery Association
(Expressed in Thousands)

Cash and Cash Equivalents	\$ 533,674
Investments in US Government Securities	316,550
US Government Securities Held for Prize Annuities	36,573
Due from Party Lotteries	35,872
Other Assets	<u>1,230</u>
Total Assets	<u>\$ 923,899</u>
Amount Held for Future Prizes	\$ 800,006
Grand Prize Annuities Payable	38,221
Other Liabilities	<u>17,661</u>
	855,888
Net Position, Unrestricted	<u>68,011</u>
Total Liabilities and Net Position	<u>\$ 923,899</u>
Total Revenue	\$ 40,627
Total Expenses	<u>35,454</u>
Excess (Deficit) of Revenues over Expenses	5,173
Net Position, beginning	<u>62,838</u>
Net Position, ending	<u>\$ 68,011</u>

NOTE 16 - RELATED PARTY TRANSACTIONS**PRIMARY GOVERNMENT**

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

The Maine Technology Institute (MTI), a component unit of the State of Maine, received \$20.0 million in funding from the State of Maine, Department of Economic and Community Development. The Director of MTI is an employee of the State of Maine and two board members are Commissioners of the State of Maine. The Board members receive no compensation.

COMPONENT UNITS

The State provided appropriations and grant monies to the following discretely presented component units: University of Maine System, \$323.8 million; Maine Community College System, \$113.1 million; Finance Authority of Maine, \$33.3 million; and Maine State Housing Authority, \$162.1 million.

FAME administers several revolving loan funds on behalf of the State of Maine. FAME recorded these funds, which total \$32.1 million at June 30, 2025, 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 2025, the State expended \$934.9 thousand to FAME for State revolving loan funds.

Title 20-A MRSA Chapter 419-A established the Maine State Grant Program as a fund under the jurisdiction of the Finance Authority of Maine. All grant revenues under this fund must be distributed by FAME to students who meet the eligibility requirements for a grant under this chapter. FAME paid approximately \$11.8 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 2025, the amount billed totaled \$7.5 million.

NOTE 17 - DEFERRED OUTFLOWS AND DEFERRED INFLOWS

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

(Expressed in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Totals	
Deferred Outflows of Resources:				
Refunding of Debt	\$ 395	\$ -	\$ 395	\$ 7,678
Pension Related	621,875	4,072	625,947	26,568
OPEB Related	443,699	3,123	446,822	26,402
Total Deferred Outflows of Resources	\$ 1,065,969	\$ 7,195	\$ 1,073,164	\$ 60,648
Deferred Inflows of Resources:				
Grant Income	\$ -	\$ -	\$ -	\$ 676
Benefit Recovery	3,806	-	3,806	-
Loan Origination Fees	-	-	-	319
Accumulated Increase in Fair Value of Hedging				
Derivatives	-	-	-	19,631
Pension Related	155,269	732	156,001	6,022
OPEB Related	1,355,968	4,243	1,360,211	86,429
Lease Related	4,081	-	4,081	71,176
Public Private Partnerships	-	-	-	27,876
Total Deferred Inflows of Resources	\$ 1,519,124	\$ 4,975	\$ 1,524,099	\$ 212,129

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

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

Governmental Funds
(Expressed in Thousands)

	General	Highway	Federal	Other Special Revenue	Other Governmental Funds	Total Governmental Funds
Deferred Inflows of Resources:						
Tax Revenue or Assessments	\$ 376,275	\$ 822	\$ 450	\$ 4,255	\$ -	\$ 381,802
Settlements **	-	-	-	94,944	-	94,944
Benefit Recovery	-	-	3,806	-	-	3,806
Total Deferred Inflows of Resources	\$ 376,275	\$ 822	\$ 4,256	\$ 99,199	\$ -	\$ 480,552

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

NOTE 18 - TAX ABATEMENTS

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

As of June 30, 2025, the State provided tax abatements through the following programs:

Program Name	Pine Tree Development Zone Program	Employment Tax Increment Financing	New Markets Capital Investment Tax Credit
Program Purpose	The program encourages capital investment and job creation in designated industries and geographic areas within the state.	The program is designed to create and prevent loss of employment in designated industries and geographic areas within the state.	The program is designed to encourage investment in qualified businesses located in economically distressed areas within the state.
Abatement Type	Personal income, corporate income, insurance premiums, bank franchise and sales taxes.	4.5% of qualified gross wages multiplied by the applicable reimbursement rate.	Personal income, corporate income, insurance premiums, and bank franchise taxes.
Statutory Authority	36 M.R.S. §§2529 and 5219-W	36 M.R.S. §6754	36 M.R.S. §§2533 and 5219-HH
Eligibility Criteria	Businesses apply to be certified as a qualified business, agree to conduct a qualified business activity, and hire at least one net new employee within two years. No business may be certified under the program after December 31, 2024. Businesses certified prior to 2025 may continue to receive PTDZ credit for the full benefit period of ten years. No PTDZ benefits may be paid after 2034.	Businesses apply for certification and agree to hire at least five net new employees within two years. The program will sunset at the end of 2024. No businesses may be certified under the program after December 31, 2024. Businesses certified prior to 2025 may continue to receive annual ETIF benefits for the full benefit period of ten years. No ETIF benefits may be paid after 2034.	A person must make a qualified equity investment that has been certified by the Finance Authority of Maine, and execute a memorandum of agreement with the state.
Abatement Method	Allowance of credit against taxes attributable to qualified business activity, up to the amount of tax liability (nonrefundable credit).	Qualified business applies for annual reimbursement payment independent of any other tax reporting requirements.	Allowance of credit against taxes. Taxpayer receives full amount of annual credit regardless of tax liability (refundable credit).
Abatement Computation	Credit equals 100 percent of the tax liability attributable to the qualified activity of a certified business for a period of five years. Businesses located in certain areas receive a 50 percent credit for an additional five years.	Reimbursement equals 4.5% of qualified gross wages, multiplied by the applicable reimbursement rate from 30 - 80 percent, depending on the unemployment rate in the area where the employee works, for a period of ten years.	The credit amount equals a total of 39 percent of the qualified investment, spread over a period of seven years in varying amounts each year.
Recapture Provisions	None.	Any overpayment must be applied to reduce future reimbursement payments. Overpayments must be repaid if the business no longer qualifies for future payments.	The abatement amount may be recaptured upon 1) recapture of any amount of the related federal NMTC credits; 2) early repayment of any portion of the principle amount that forms the qualified equity investment, or 3) failure to reinvest less than 85% of the qualified equity investment into a qualified business.
Estimated Revenue Reduction for FYE 6/30/2025	\$3,309,606	\$10,823,215	\$3,979,326

The Dirigo business incentive program applies to tax years beginning on or after January 1, 2025. The credits cannot be claimed until tax years beginning in 2025 and therefore won't be claimed until the 2026 tax season.

Note: The cost of the PTDZ sales tax exemptions, claimed at the point of purchase, cannot be determined.

Source: Maine Revenue Services

NOTE 19 - COMMITMENTS AND CONTINGENCIES**PRIMARY GOVERNMENT****LITIGATION**

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

Central Maine Power Co., et al. v. Maine Commission on Governmental Ethics and Election Practices, et al. Several companies and individuals are challenging on constitutional grounds 21-A M.R.S. § 1064, a Maine law intended to prohibit foreign governments from contributing to or otherwise influencing state elections. Plaintiffs are not seeking monetary damages but, if they prevail, they could be awarded attorneys' fees in excess of \$1 million. The probability that this case will result in future losses to the State in excess of \$1 million is undetermined at this time.

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

Justin Savage and Shawna Morse v. Maine State Police, et. al. Plaintiffs allege that law enforcement officers used excessive force when arresting Justin Savage and committed other unlawful acts, including negligent and intentional infliction of emotional distress, wrongful arrest, malicious prosecution, and defamation. The probability that this case will result in future losses to the State in excess of \$1 million is undetermined at this time.

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

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

Maine State Troopers Association (MSTA) and State of Maine Reclassification appeal of State Police Troopers (Case No. 65-2024). In or around February of 2024 the State submitted reallocation requests for all State Troopers classifications. The reallocation/range changes were implemented in August of 2024. MSTA appealed the reallocation, asserting that the duties of the Troopers warranted a higher pay range. The State subsequently received the reallocation award, which found that the Troopers should be reallocated from range 23 to range 24. The cost of both retroactive and prospective pay is currently being calculated.

Maine State Troopers Association and State of Maine Reclassification appeal of State Police Sergeants (Case No. 78-2024). In or around February of 2024 the State submitted reallocation requests for all State Police Sergeant classifications. The reallocation/range changes were implemented in August of 2024. MSTA appealed the reallocation, asserting that the duties of the Sergeants warranted a higher pay range. The probability that this case will result in future losses to the State in excess of \$1 million is undetermined at this time.

Maine State Troopers Association and State of Maine; (Grievance # 2024-202-T). In or around February of 2024 the State submitted reallocation requests for several classifications represented by the MSTA. The reallocation/range changes were implemented in August of 2024. The MSTA filed a grievance asserting that the State violated the collective bargaining agreement when it did not compensate its members with retroactive pay back to the date that the reallocation was approved by the Bureau of Human Resources. The State subsequently received the arbitration award, which found that the State violated the collective bargaining agreement when it failed to pay the affected employees' retroactive pay back to the date the reallocation was approved by the Bureau of Human Resources, and ordered that the State pay the employees retroactive pay. The cost of retroactive pay is currently being calculated.

Marie Searles v. Belanger, et al. Plaintiff alleges that a state law enforcement officer used excessive force and falsely arrested her, and alleges that the officer's supervisor failed to properly supervise the officer. The probability that this case will result in future losses to the State in excess of \$1 million is undetermined at this time.

Mascal v. DOC, et al: Alexander Mascal alleges that while he was housed at Long Creek Youth Development Center and Mountain

View Youth Development Center from 2012 to 2016, he was subject to excessive use of isolation, excessive use of force and restraint, sexual assault, and other violations of his statutory and constitutional rights. The probability that this case will result in future losses to the State in excess of \$1 million is undetermined at this time.

Meryl Nass, M.D. v. Maine Board of Licensure in Medicine, et al. Dr. Nass has filed a lawsuit against the Maine Board of Licensure in Medicine and several current and past Board members in their official and individual capacities alleging that the Board improperly restricted Dr. Nass's speech in violation of the First Amendment and the Maine Constitution, along with several other claims. The probability that this case will result in future losses to the State in excess of \$1 million is undetermined at this time.

United States vs. Maine Department of Education. The federal government filed a complaint against the Maine Department of Education alleging violations of Title IX of the Education Amendments of 1972 and related regulations by permitting transgender girls and women to participate in girls' and womens' school sports. The complaint seeks injunctive and declaratory relief, and an award of monetary damages, fees and costs to the United States. The probability that this case will result in future losses to the State in excess of \$1 million is undetermined at this time.

Zachary Swain v. Maine Department of Corrections, et al. Mr. Swain alleges that while he was confined at the Maine State Prison, staff there willfully ignored his mental illness and unnecessarily placed him in solitary confinement. The probability that this case will result in future losses to the State in excess of \$1 million is undetermined at this time.

The Office of the Attorney General is representing Maine Revenue Services in a number of cases in which taxpayers are challenging the assessment of taxes. In most of these cases, the taxpayers are not seeking refunds of taxes previously paid but are instead challenging taxes that were assessed but which the taxpayers have not paid. We are aware of only two cases in which a taxpayer seeks a refund in excess of \$1 million.

Apple Inc. v. State Tax Assessor. Apple Inc. has filed a Rule 80C petition for review to appeal a Board of Tax Appeals decision that affirmed the State Tax Assessor's denial of a claim for a corporate income refund for 2018. Petitioner contends that the form of alternative apportionment known as the Augusta Formula was not correctly applied by Maine Revenue Services to Petitioner's repatriation income. The probability that this case will result in future losses to the State in excess of \$1 million is undetermined at this time.

Bessemer Trust Company of Delaware, N.A., as Trustee of Harold Alford Trust dated 10/25/1989 FBO Deborah Alford v. State Tax Assessor. Bessemer Trust Company of Delaware, N.A., has filed a Rule 80C petition for review of the State Tax Assessor's decision denying its claim for a refund of Maine fiduciary income tax that was imposed on and paid by the Harold Alford Trust dated 10/25/1989 FBO Deborah Alford. Petitioner claims that the underlying Maine statute is unconstitutional. The probability that this case will result in future losses to the State in excess of \$1 million is undetermined at this time.

There are various lawsuits in which plaintiffs seek damages in excess of \$1 million against the State or against State officials, and there are various notices of claim which also specify damages in excess of \$1 million where no lawsuit has been filed. In none of these instances, in our view, is there any reasonable possibility that the State's liability could reach or exceed \$1 million.

In addition to the foregoing, there are various other suits pending against the State, State agencies and State officials involving damages or other potential costs. Since the amounts sought are less than \$1 million, these suits have not been individually identified in this letter.

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

ENCUMBRANCES

Encumbrances are reported in the restricted, committed, and assigned fund balances of the governmental funds. General fund, highway fund, federal fund, other special revenue fund and other governmental funds encumbrance balances are \$142.8 million, \$5.2 million, \$729.3 million, \$123.5 million and \$5.9 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, 2025 is \$20.7 million. Superfund sites account for approximately \$6.9 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 \$599 thousand. Currently the State shares the costs with Environmental Protection Agency (EPA) in a cost-sharing ratio of 10 percent State, 90 percent EPA. Beginning in September of 2018, the State assumed 100 percent of the operation and maintenance and long-term monitoring costs.

Eastern Surplus – The State recorded a liability for pollution remediation activities of approximately \$2.0 million. Beginning in August of 2012, the State assumed 100 percent of the operation, maintenance and monitoring costs. As of June 30, 2025, the State has received \$2.1 million in recoveries from the Department of Defense. The State expects to recover additional costs of \$14 thousand.

Callahan Mine – The State recorded a liability for pollution remediation activities of approximately \$4.3 million. Currently the State shares the costs with EPA in a cost-sharing ratio of 10 percent State, 90 percent EPA. The State will assume 100 percent of the cost for the operation and maintenance of the site.

The State recorded a liability for pollution remediation activities of approximately \$13.5 million (net of unrealized recoveries of \$298 thousand) related to five uncontrolled hazardous substance sites. The State expects to recover \$409 thousand in costs. The Uncontrolled Hazardous Substance Sites Program was created in response to the threats and potential threats to human health and the environment posed primarily by abandoned hazardous waste sites. The Uncontrolled Hazardous Substance Sites program is the State's equivalent to the Federal Superfund Program.

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

MUNICIPAL SOLID WASTE LANDFILLS

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

The Dolby Landfill no longer accepts solid waste. In Calendar Year 2016, the first phase of a multi-year plan to cap approximately 100 acres at the facility was completed. The State originally allocated \$6 million of bond funds to pay for the first phase of capping. In fiscal year 2022, the State issued an additional \$7 million in bonds to complete the capping of the landfill. In fiscal year 2024, the State issued an additional \$2.8 million in bonds to complete the capping of the landfill. On June 30, 2025, remaining unspent bond funds were \$674 thousand. In addition to the closure of the facility, the State anticipates additional post-closure maintenance and monitoring costs of approximately \$18.2 million over the next 30 years based on current annual expense. However, the State anticipates a significant reduction in post closure costs due to the reduction in the amount of the leachate from the site that must be treated after the capping is complete. The State has entered into a cost sharing agreement with the Town of E. Millinocket to treat the leachate at the town's wastewater treatment facility. The State will likely renegotiate the cost sharing agreement once the amount leachate, subsequent to the completion of the capping can be determined or estimated. The State's total obligation related to the Dolby Landfill as of June 30, 2025 is \$18.9 million.

Title 38 M.R.S.A., §1310-F establishes within the Department of Environmental Protection (DEP) a cost-sharing program for the closure and remediation of municipal solid waste landfills that pose a potential hazard and that meet other qualifying criteria. The law provides for reimbursement of 75% of a municipality's closure expenses. If initial closure of a landfill fails to protect public health and the environment, DEP is obligated to reimburse up to 90% of a municipality's subsequent remediation expenses. However, these obligations are subject to the availability of funds approved for that purpose. In 2012, DEP, through bonds, had paid all of the outstanding match requirements for closure, but had \$2,568,654 in outstanding match obligation for remediation. Additionally, several municipalities needed to close their failing landfills early, but could not afford to do so without the state match for closure, which had expired. To address this, in 2013 the legislature enacted a \$2/ton fee on disposal of certain Construction and Demolition Debris (CDD), and in 2015 extended the eligibility date for reimbursement of closure costs from 2015 to 2025. There is no eligibility end date for reimbursement of remediation costs. Therefore, DEP continues to incur new match cost obligations as additional qualifying landfills close before the December 31, 2025 date, and as others undertake necessary remediation actions. As the CDD fee does not generate enough funding to pay the Department's cost share obligations in their entirety, the Department provides partial payments to municipalities on a quarterly basis.

In FY25 the DEP received \$977 thousand from the CDD fee. As required, the entirety of this fee was used to reimburse municipalities for eligible expenses. At the beginning of FY25, DEP's total outstanding reimbursement obligation to municipalities

was \$5.1 million. At the end of FY25, the outstanding match obligation was \$4.4 million. Additional debt was incurred due to qualifying closure and remediation expenses which were submitted by municipalities over the course of the year. DEP incurred the oldest outstanding match obligations in 2022.

SAND AND SALT STORAGE PROGRAM

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

POLLUTION ABATEMENT PROGRAM

Title 38 MRSA §411, §411-A, and §412 establish within DEP cost-sharing programs for pollution abatement projects. Subject to funding by the Legislature and the approval of the Commissioner, the State may contribute to the planning of municipal pollution abatement facilities; the design, engineering, and construction of private, commercial, and municipal pollution abatement facilities; and make payments to the Maine Municipal Bond Bank to supply the State’s share of the revolving loan fund established by Title 30A §6006-A. During the 2025 fiscal year, \$4.8 million of general fund and other special revenue funds were expended for pollution abatement projects. As of June 30, 2025, amounts encumbered for pollution abatement projects totaled \$5.3 million, and general obligation bonds authorized for these projects, but not yet encumbered, totaled \$2.3 million. As of June 30, 2022, DEP estimates the total cost (federal, State, and local) of future projects to be \$3.1 billion according to the 2022 Clean Watershed Needs Survey.

GROUND WATER OIL CLEAN-UP FUND

The Maine Ground and Surface Waters Clean-up and Response Fund is established in Title 38 MRSA § 551. Fund activities include, but are not limited to, providing insurance to public and private entities for cleanup of oil spills. The program is funded by a per barrel assessment on petroleum products imported into the State. Coverage is up to \$750 thousand per occurrence for aboveground storage tanks and \$1 million per occurrence for underground storage tanks. Third party injury coverage may not exceed \$200 thousand per claimant.

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

	<u>Completed</u>	<u>Remaining</u>
2024	78	389
2023	85	401
2022	105	413
2021	127	440
2020	156	494

The annual average cost per spill over the past five years is \$9,313. The cost per spill can vary significantly based on the location and type of fuel discharged.

CONSTRUCTION COMMITMENTS

A portion of the payment that is made to municipalities for General Purpose Aid to Local Schools is allocated for debt service. Although the outstanding indebtedness for school construction projects is the debt of the municipalities, the State subsidizes a portion of the annual payments. As of June 30, 2025, the States share of outstanding commitments by municipalities for school bond issues that are eligible for State subsidy totaled \$1.137 billion.

At June 30, 2025, the Department of Transportation had contractual commitments of approximately \$523.7 million for construction of various highway projects. The State’s share of that amount is expected to be approximately \$83.0 million. Of these amounts, \$19.2 million has already been accrued. Federal and State funds plus bond proceeds are expected to fund these future expenditures.

TOBACCO SETTLEMENTS

On November 23, 1998, Maine along with 45 other states and six civil jurisdictions, collectively known under the Master Settlement Agreement (MSA) as the "Settling States", entered into the MSA with certain Participating Tobacco Manufacturers (PMs). The MSA is a settlement of lawsuits brought by many States against the four largest tobacco companies alleging multiple counts of misconduct and claiming punitive and compensatory damages, including a claim for all the States' Medicaid costs caused by or related to tobacco use. The MSA includes provisions to annually compensate the State for smoking-related Medicaid costs and to impose marketing and advertising restrictions on PMs to protect public health. In this settlement, the PMs agreed, among other things, to make annual payments to the states and jurisdictions based on their allocable share of the market. In return, the states agreed to relinquish claims to further damages resulting from, among other things, Medicaid costs. Annual payments fluctuate subject to various adjustments and are partially contingent on the passage and enforcement of a State statute imposing economic conditions related to the State's public health

claims on the Nonparticipating Manufacturers (NPMs) in the form of an annual escrow payment due from each NPM with in-state sales. The NPM Adjustment is set forth in the Master Settlement Agreement (MSA). If the PMs claim an NPM Adjustment for a given year and prove that they lost market share to the NPMs and it is determined that the MSA was a significant factor contributing to that lost market share, then an NPM Adjustment 'shall apply' unless a Settling State passed a qualifying statute and 'diligently enforced' that statute. In effect this means that the Allocated Payment to a Settling State that diligently enforced will not be reduced, but a Settling State that did not diligently enforce its qualifying statute will be subject to a reduction in its payment due to the NPM Adjustment. NPM Adjustment Due to the provisions of the MSA, if a State that is found not to have diligently enforced its qualifying statute may lose up to its entire annual payment amount due to the NPM Adjustment for a given year.

The NPM Adjustment may be claimed each year and has been claimed for each completed calendar year since 2003. While the NPM Adjustment is being arbitrated, the PMs either withhold the amount from their annual payments or place the amount in what is known as a 'disputed payment account'. Maine arbitrated the 2003 NPM Adjustment and was found diligent, however the determination was not made until 2018. In the meantime, Maine was unable to access the withheld funds. Additionally, arbitration was incredibly time-consuming and resource intensive. Maine has entered into NPM Adjustment settlement agreements for 2004-2024 to prevent the withholding of significant portions of the annual payment and to save the State the significant costs and liabilities of arbitration. Maine anticipates settling the NPM Adjustment for 2025-2027.

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

In April 2025, Maine received an annual tobacco settlement payment of \$43.2 million.

CONTINGENT GAINS

The State of Maine is participating in the National Opioid Settlement, which negotiated conclusions to investigations and litigation by the Attorney General and certain Maine counties, cities, and towns, of the marketing and sales practices of opioid pain medications by entities in the pharmaceutical supply chain. In 2024 the State of Maine agreed to join five additional opioid settlements with similar terms and payment schedules as the original settlements in 2022. The 2022 Settlement will produce a stream of annual payments through 2038, the use of which is restricted for permissible opioid abatement activities described in the court order which gives effect to the Settlement, and the five additional settlements will add to the funding and will pay out over a somewhat shorter time, all restricted for the same permissible opioid abatement activities. All the settlements also impose certain injunctive terms agreed to by the Defendants. The expected total funding from all of the settlements to the State (excluding payments made by the Defendants directly to the 39 counties, cities, and towns eligible to participate in the settlements) through 2038 is \$161.3 million.

CONTINGENT LIABILITIES

Overpayments made by the Office for Family Independence (OFI) client services are recorded as accounts receivable in the State financial statements. The total overpayments for Temporary Assistance for Needy Families (TANF) and Supplemental Nutrition Assistance Program (SNAP), applicable to federal funds, are \$22.1 million as of June 30, 2025. All overpayments that are outstanding for more than one year, \$18.3 million, are fully reserved.

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

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

Overpayments made by the Department of Labor are recorded as accounts receivable in the State financial statements. The total overpayments for Unemployment Benefits applicable to federal funds, are \$54.8 million as of June 30, 2025. All overpayments that are outstanding for more than one year, \$54.4 million, are fully reserved. The liability for Unemployment Benefit overpayments that may be recovered and remitted to the Unemployment Insurance Trust Fund cannot be determined at this time.

ESCHEAT PROPERTY

The State Abandoned Property Statute requires the deposit of certain defined and unclaimed assets into a state-managed Abandoned Property Fund (Private Purpose Trust Fund). The State Statute provides that whenever the cash balance of the fund exceeds \$.5 million at fiscal year-end, the excess must be remitted to the General Fund where it is reported as operating transfers from other funds. At June 30, 2025, the Fund included \$6.2 million of securities not yet liquidated that were not subject to transfer to the General Fund. Net collections from inception (1979) to June 30, 2025 of approximately \$356.4 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, 2025, the amount reported in the Fund for claimant liability is \$67.6 million. The General Fund shows a \$61.0 million payable to the Escheat Fund.

CONSTITUTIONAL OBLIGATIONS

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

Article 9, § 14-A, C, and D of the Maine State Constitution provides that the State may insure the payment of mortgage loans for industrial, manufacturing, fishing, agricultural and recreational enterprises; mortgage loans for the acquisition, construction, repair and remodeling of houses owned or to be owned by members of two tribes on several Indian reservations; and mortgage loans to resident Maine veterans of the Armed Forces of the United States, including loans to a business organization owned in whole or in part by resident Maine veterans. The aggregate of these obligations, at any one time, may not exceed \$90 million, \$1 million, and \$4 million, respectively. At June 30, 2025, loans outstanding pursuant to these authorizations are \$90.0 million, \$0 and less than \$0.1 million, respectively. The State has not paid, nor does it expect to pay, any amounts as a result of these authorizations as of June 30, 2025.

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, 2025, 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, 2025.

MORAL OBLIGATIONS

The State of Maine, through statute, enables certain Authorities to establish capital reserve funds. These funds may be used to secure a variety of financial undertakings including the issuance of bonds. The minimum amount of the capital reserve fund may be determined by statute or set by the Authority. The statutes may also limit the amount of debt that may be secured by the capital reserve funds, and allow the Authority to issue debt that is not secured by these funds.

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

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

The following summarizes information regarding outstanding moral obligations:

Moral Obligation Bonds (Expressed in Thousands)

<u>Issuer</u>	<u>Bonds Outstanding</u>	<u>Required Debt Reserve</u>	<u>Obligation Debt Limit ¹</u>	<u>Legal Citation</u>
Maine Health and Higher Educational Facilities Authority	\$ 941,015	\$ 77,000	NIL	22 MRSA § 2075
Finance Authority of Maine	67,182	-	730,500	10 MRSA §1032, 1053
	-	-	50,000	20-A MRSA §11449
	-	-	50,000	38 MRSA §2221
	125,125	1,697	225,000	20-A MRSA §11424
Maine Municipal Bond Bank	1,313,630	136,209	NIL	30-A MRSA §6006
Maine State Housing Authority	2,281,295	180,667	3,000,000	30-A MRSA §4906
Total	<u>\$ 4,728,247</u>	<u>\$ 395,573</u>		

¹ NIL indicates a "no limit" obligation.

COMPONENT UNITS**CONSTRUCTION CONTRACTS**

At June 30, 2025, UMS and MCCA had outstanding commitments on uncompleted construction contracts. They totaled \$102.9 million and \$3.9 million, respectively. A non-major discretely reported component unit, Maine Maritime Academy, had commitments on construction projects at June 30, 2025 totaling \$88.3 million.

At December 31, 2024, the Maine Turnpike Authority had \$43.2 million remaining in commitments on outstanding construction projects for improvements and maintenance.

MORTGAGE COMMITMENTS

Mortgage commitments are agreements to lend provided there is no violation of any term or condition of the agreement. Generally, once exercised, the loans made under the terms of such commitments are secured by a lien on the related property and other collateral as deemed necessary. At December 31, 2024 Maine State Housing Authority (MSHA) had outstanding commitments to originate multi-family loans of approximately \$312.6 million.

MSHA, under its single-family program, enters into purchase agreements to lenders to purchase mortgage loans. At December 31, 2024, single-family loans being processed by lenders totaled \$65.7 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, 2025, FAME had insurance outstanding for commercial loans under the Loan Insurance Program totaling approximately \$157.2 million. At June 30, 2025, FAME was insuring loans with an aggregate outstanding principle balance approximating \$4.7 million which were 90 or more days delinquent. The aggregate insured balance of these loans was approximately \$2.9 million at June 30, 2025. In addition, FAME has entered into commitments to insure loans at some future date. At June 30, 2025, these commitments under the Loan Insurance Program were approximately \$7.3 million. FAME provides loan insurance on direct educational loans and consolidation loans made by participating financial institutions in the Maine Private Education Loan Network. At June 30, 2025, approximately \$19.3 million of loans were insured under this program. Such loans are unsecured.

NOTE 20 - SUBSEQUENT EVENTS**PRIMARY GOVERNMENT**

On December 10, 2025, the State issued \$3.7 million of certificates of participation (COP's) for the acquisition of approximately 75 motor vehicles for Public Safety. The COP's carry interest rates of 3.23 percent and maturities from 2026 to 2029.

COMPONENT UNITS

Maine State Housing Authority (MSHA), has a December 31 fiscal year end.

On March 26, 2025, MSHA issued Series A bonds of \$60.0 million with interest rates between 3.20% and 4.70% in the General Mortgage Purchase Bond Resolution and mature from 2029 to 2053.

On July 2, 2025, MSHA issued Series B bonds of \$73.6 million with interest rates between 3.25% and 6.25% in the General Mortgage Purchase Bond Resolution and mature from 2027 to 2055.

On September 11, 2025, MSHA issued Series C bonds of \$125.0 million with interest rates between 2.90% and 5.25% in the General Mortgage Purchase Bond Resolution and mature from 2027 to 2055.

On October 29, 2025, MSHA issued Series D bonds of \$117.7 million with interest rates between 2.85% and 6.00% in the General Mortgage Purchase Bond Resolution and mature from 2028 to 2055.

MSHA has an Issue Commitment Date of December 30, 2025 for Series E bonds of \$70.0 million with interest rates between 3.00% and 4.90% in the General Mortgage Purchase Bond Resolution with maturity dates from 2028 to 2055.

After its December 31 fiscal year end, MSHA retired \$145.3 million of bonds in the General Mortgage Purchase Bond Resolution. It also retired \$3.1 million bonds in the Maine Energy, Housing and Economic Recovery Fund.

On July 17, 2025, Bowdoin College defeased certain maturities of Maine Health and Higher Education Facilities Authority's (MHHEFA) with a par value of \$20.7 million within the 2008 issue with funds from other sources. On August 11, 2025, Bowdoin College defeased certain maturities of the General Resolution Bonds with a par value of \$19.8 million within the 2009B issue with funds from other sources.

On November 6, 2025, the Maine Municipal Bond Bank issued \$56.9 million of Series 2025B General Resolution Bonds with a True Interest Cost (TIC) of 3.93% and an average coupon rate of 5.00%. Principal payments begin November 1, 2026, and mature November 1, 2055.



**REQUIRED
SUPPLEMENTARY
INFORMATION**

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

Fiscal Year Ended June 30, 2025
(Expressed in Thousands)

	General Fund				Highway Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues								
Taxes	\$ 5,488,772	\$ 5,723,312	\$ 5,836,056	\$ 112,744	\$ 212,705	\$ 217,324	\$ 220,547	\$ 3,223
Assessments and Other	101,105	95,744	99,858	4,114	102,756	104,431	113,059	8,628
Federal Grants	1,630	1,780	119	(1,661)	-	-	-	-
Service Charges	47,252	48,933	49,575	642	6,467	6,467	6,580	113
Income from Investments	38,008	64,591	111,153	46,562	1,975	4,164	4,137	(27)
Miscellaneous Revenue	68,595	93,790	30,521	(63,269)	64,945	64,920	59,378	(5,542)
Total Revenues	<u>5,745,362</u>	<u>6,028,150</u>	<u>6,127,282</u>	<u>99,132</u>	<u>388,848</u>	<u>397,306</u>	<u>403,701</u>	<u>6,395</u>
Expenditures								
Governmental Support & Operations	532,330	577,976	511,700	66,276	55,149	69,378	2,691	66,687
Economic Development & Workforce								
Training	62,640	69,461	64,573	4,888	-	-	-	-
Education	2,193,094	2,282,100	2,235,088	47,012	-	-	-	-
Health and Human Services	1,871,491	2,204,953	2,048,480	156,473	-	-	-	-
Business Licensing & Regulation	-	-	-	-	-	-	-	-
Natural Resources Development & Protection	129,554	145,177	135,107	10,070	34	35	22	13
Justice and Protection	494,482	570,704	525,309	45,395	40,169	43,735	40,235	3,500
Arts, Heritage & Cultural Enrichment	10,604	13,350	11,135	2,215	-	-	-	-
Transportation Safety & Development	-	-	-	-	407,270	470,009	465,970	4,039
Total Expenditures	<u>5,294,195</u>	<u>5,863,721</u>	<u>5,531,392</u>	<u>332,329</u>	<u>502,622</u>	<u>583,157</u>	<u>508,918</u>	<u>74,239</u>
Revenues Over (Under) Expenditures	<u>451,167</u>	<u>164,429</u>	<u>595,890</u>	<u>431,461</u>	<u>(113,774)</u>	<u>(185,851)</u>	<u>(105,217)</u>	<u>80,634</u>
Other Financing Sources (Uses)								
Operating Transfers Net	(430,840)	(450,476)	(739,900)	(289,424)	115,418	137,031	135,738	(1,293)
Proceeds from Pledged Future Revenues	-	-	-	-	-	-	-	-
Net Other Financing Sources (Uses)	<u>(430,840)</u>	<u>(450,476)</u>	<u>(739,900)</u>	<u>(289,424)</u>	<u>115,418</u>	<u>137,031</u>	<u>135,738</u>	<u>(1,293)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ 20,327</u>	<u>\$ (286,047)</u>	<u>\$ (144,010)</u>	<u>\$ 142,037</u>	<u>\$ 1,644</u>	<u>\$ (48,820)</u>	<u>\$ 30,521</u>	<u>\$ 79,341</u>
Fund balances, beginning of year			<u>1,909,442</u>				<u>79,147</u>	
Fund balances, end of year			<u>\$ 1,765,432</u>				<u>\$ 109,668</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
\$ -	\$ -	\$ -	\$ -	\$ 349,117	\$ 382,229	\$ 401,870	\$ 19,641
641	641	-	(641)	220,233	217,757	195,640	(22,117)
4,890,378	6,467,349	5,289,302	(1,178,047)	188,243	35,856	28,472	(7,384)
6,730	13,006	-	(13,006)	259,982	286,412	285,867	(545)
-	-	18,977	18,977	1,571	2,309	13,141	10,832
391	287	196	(91)	262,734	366,303	140,066	(226,237)
<u>4,898,140</u>	<u>6,481,283</u>	<u>5,308,475</u>	<u>(1,172,808)</u>	<u>1,281,880</u>	<u>1,290,866</u>	<u>1,065,056</u>	<u>(225,810)</u>
9,782	99,789	32,613	67,176	326,464	408,737	342,309	66,428
120,897	304,075	131,455	172,620	134,995	231,579	204,924	26,655
284,117	687,324	465,989	221,335	59,564	81,798	56,406	25,392
3,826,331	4,504,555	4,001,262	503,293	580,161	859,589	748,272	111,317
17,125	55,831	22,566	33,265	83,955	100,262	82,156	18,106
64,245	263,384	113,217	150,167	249,901	353,397	145,533	207,864
83,139	488,005	242,241	245,764	69,476	169,380	117,005	52,375
4,138	5,662	4,153	1,509	1,927	2,450	459	1,991
<u>485,657</u>	<u>699,469</u>	<u>472,381</u>	<u>227,088</u>	<u>324,647</u>	<u>597,013</u>	<u>246,576</u>	<u>350,437</u>
<u>4,895,431</u>	<u>7,108,094</u>	<u>5,485,877</u>	<u>1,622,217</u>	<u>1,831,090</u>	<u>2,804,205</u>	<u>1,943,640</u>	<u>860,565</u>
2,709	(626,811)	(177,402)	449,409	(549,210)	(1,513,339)	(878,584)	634,755
4,922	3,789	1,902	(1,887)	677,503	926,998	685,886	(241,112)
-	-	-	-	53,966	74,966	47,385	(27,581)
<u>4,922</u>	<u>3,789</u>	<u>1,902</u>	<u>(1,887)</u>	<u>731,469</u>	<u>1,001,964</u>	<u>733,271</u>	<u>(268,693)</u>
<u>\$ 7,631</u>	<u>\$ (623,022)</u>	<u>\$ (175,500)</u>	<u>\$ 447,522</u>	<u>\$ 182,259</u>	<u>\$ (511,375)</u>	<u>\$ (145,313)</u>	<u>\$ 366,062</u>
		487,834				1,227,292	
		<u>\$ 312,334</u>				<u>\$ 1,081,979</u>	



STATE OF MAINE
BUDGETARY COMPARISON SCHEDULE
BUDGET TO GAAP RECONCILIATION

Fiscal Year Ended June 30, 2025
(Expressed in Thousands)

	General Fund	Highway Fund	Federal Funds	Special Revenue Fund
Fund Balances - Non-GAAP Budgetary Basis	\$ 1,765,432	\$ 109,668	\$ 312,334	\$ 1,081,979
Basis Differences				
Revenue Accruals/Adjustments:				
Taxes Receivable	369,984	1,067	-	13,989
Other Receivables	66,317	7,513	158,810	140,476
Inventories	4,074	-	5,106	133
Due from Component Units	-	-	-	62,374
Due from Other Governments	-	-	780,772	1,811
Due from Other Funds	52,678	33,740	7,086	327,020
Other Assets	106	(1)	337	1,598
Unearned Revenues	-	(3,250)	(1,947)	(3,023)
Deferred Inflows - Taxes and Assessment Revenues	(376,275)	(822)	(4,256)	(99,199)
Total Revenue Accruals/Adjustments	<u>116,884</u>	<u>38,247</u>	<u>945,908</u>	<u>445,179</u>
Expenditure Accruals/Adjustments:				
Accounts Payable	(386,296)	(64,154)	(730,944)	(89,842)
Due to Component Units	(3,446)	143	(8,720)	(9,310)
Accrued Liabilities	(36,925)	(11,353)	(10,673)	(17,598)
Taxes Payable	(429,841)	-	-	-
Intergovernmental Payables	-	-	(453,609)	-
Due to Other Funds	(124,639)	(8,487)	(40,225)	(60,439)
Total Expenditure Accruals/Adjustments	<u>(981,147)</u>	<u>(83,851)</u>	<u>(1,244,171)</u>	<u>(177,189)</u>
Fund Balances - GAAP Basis	<u>\$ 901,169</u>	<u>\$ 64,064</u>	<u>\$ 14,071</u>	<u>\$ 1,349,969</u>

STATE OF MAINE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY REPORTING

Fiscal Year Ended June 30, 2025

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, 2025, the legislature increased appropriations to the General Fund by \$138.3 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 2024 - 2025, 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 August 9, 2024, and includes encumbrances carried forward from the prior year.

STATE OF MAINE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY REPORTING

Fiscal Year Ended June 30, 2025

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, 2025 rather than the amounts shown in the original budget, are reported.

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

Compliance at the Legal Level of Budgetary Control

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

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

Last ten Fiscal Years
(Expressed in Thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Total Pension Liability			
Service Cost	\$ 1,748	\$ 1,770	\$ 1,734
Interest	4,986	4,915	4,876
Changes in Benefit Terms	55	19	274
Differences Between Expected and Actual Experience	1,098	(110)	(151)
Changes of Assumptions	-	-	-
Benefit Payments, Including Refunds of Member Contributions	<u>(5,627)</u>	<u>(5,434)</u>	<u>(5,095)</u>
Net Change in Total Pension Liability	2,260	1,160	1,638
Beginning Total Pension Liability	<u>78,586</u>	<u>77,426</u>	<u>75,788</u>
Ending Total Pension Liability	<u>80,846</u>	<u>78,586</u>	<u>77,426</u>
Plan Fiduciary Net Position			
Employer Contributions	456	620	868
Member Contributions	732	663	651
Net Investment Income	6,298	5,094	(454)
Transfers	-	730	30
Benefit Payments, Including Refunds of Member Contributions	(5,627)	(5,434)	(5,095)
Administrative Expense	<u>(79)</u>	<u>(71)</u>	<u>(73)</u>
Net Change in Plan Fiduciary Net Position	1,780	1,602	(4,073)
Beginning Plan Fiduciary Net Position	<u>87,423</u>	<u>85,821</u>	<u>89,894</u>
Ending Plan Fiduciary Net Position	<u>89,203</u>	<u>87,423</u>	<u>85,821</u>
Ending Net Pension Liability (Asset)	<u>\$ (8,357)</u>	<u>\$ (8,837)</u>	<u>\$ (8,395)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	110.3 %	111.2 %	110.8 %
Covered Payroll	\$ 9,568	\$ 8,658	\$ 8,502
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(87.3)%	(102.1)%	(98.7)%

	2022	2021	2020	2019	2018	2017	2016
\$	1,547	\$ 1,609	\$ 1,597	\$ 1,487	\$ 1,466	\$ 1,397	\$ 1,606
	4,823	4,645	4,582	4,442	4,358	4,155	3,863
	-	-	-	-	-	2,017	28
	1,066	943	(1,087)	469	(893)	(1,746)	2,238
	836	-	-	698	-	2,490	-
	(4,681)	(4,317)	(4,068)	(3,805)	(3,652)	(3,502)	(3,384)
	3,591	2,880	1,024	3,291	1,279	4,811	4,351
	72,197	69,317	68,293	65,002	63,723	58,912	54,561
	75,788	72,197	69,317	68,293	65,002	63,723	58,912
	739	716	1,213	1,179	1,144	1,078	979
	636	617	620	604	585	550	550
	19,280	2,165	4,709	6,607	7,800	130	1,055
	473	765	(3)	-	-	6,343	-
	(4,681)	(4,317)	(4,068)	(3,805)	(3,652)	(3,502)	(3,384)
	(68)	(69)	(68)	(62)	(57)	(48)	(49)
	16,379	(123)	2,403	4,523	5,820	4,551	(849)
	73,515	73,638	71,235	66,712	60,892	56,341	57,190
	89,894	73,515	73,638	71,235	66,712	60,892	56,341
\$	(14,106)	\$ (1,318)	\$ (4,321)	\$ (2,942)	\$ (1,710)	\$ 2,831	\$ 2,571
	118.6 %	101.8 %	106.2 %	104.3 %	102.6 %	95.6 %	95.6 %
\$	8,312	\$ 8,054	\$ 8,117	\$ 7,894	\$ 7,640	\$ 7,188	\$ 7,186
	(169.7)%	(16.4)%	(53.2)%	(37.3)%	(22.4)%	39.4 %	35.8 %

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

Last ten Fiscal Years
(Expressed in Thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Total Pension Liability			
Service Cost	\$ 392	\$ 311	\$ 376
Interest	733	703	699
Changes in Benefit Terms	15	6	44
Differences Between Expected and Actual Experience	(308)	65	(200)
Changes of Assumptions	-	-	-
Benefit Payments, Including Refunds of Member Contributions	(670)	(655)	(619)
Net Change in Total Pension Liability	162	430	300
Beginning Total Pension Liability	11,409	10,979	10,679
Ending Total Pension Liability	11,571	11,409	10,979
Plan Fiduciary Net Position			
Employer Contributions	15	6	44
Member Contributions	184	227	162
Net Investment Income	1,232	975	(90)
Benefit Payments, Including Refunds of Member Contributions	(670)	(655)	(619)
Transfers	-	-	-
Administrative Expense	(15)	(13)	(12)
Net Change in Plan Fiduciary Net Position	746	540	(515)
Beginning Plan Fiduciary Net Position	16,685	16,145	16,660
Ending Plan Fiduciary Net Position	17,431	16,685	16,145
Ending Net Pension Liability (Asset)	\$ (5,860)	\$ (5,276)	\$ (5,166)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	150.7 %	146.2 %	147.1 %
Covered Payroll	\$ 3,057	\$ 2,962	\$ 2,802
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(191.7)%	(178.1)%	(184.4)%

	2022	2021	2020	2019	2018	2017	2016
\$	287	\$ 335	\$ 297	\$ 282	\$ 265	\$ 412	\$ 451
	658	611	578	565	530	549	545
	-	-	-	-	-	-	4
	181	414	239	(91)	158	(246)	(508)
	374	-	-	100	-	(147)	-
	(550)	(698)	(607)	(460)	(469)	(446)	(439)
	950	662	507	396	484	122	53
	9,729	9,067	8,560	8,164	7,680	7,558	7,505
	10,679	9,729	9,067	8,560	8,164	7,680	7,558
	-	-	-	-	-	-	4
	215	157	221	154	202	138	193
	3,560	391	845	1,176	1,366	48	206
	(550)	(698)	(607)	-	-	-	-
	(3)	366	45	(460)	(469)	(446)	(439)
	(12)	(14)	(12)	(11)	(9)	(8)	(9)
	3,210	202	492	859	1,090	(268)	(45)
	13,450	13,248	12,756	11,897	10,807	11,075	11,120
	16,660	13,450	13,248	12,756	11,897	10,807	11,075
\$	(5,981)	\$ (3,721)	\$ (4,181)	\$ (4,196)	\$ (3,733)	\$ (3,127)	\$ (3,517)
	156.0 %	138.2 %	146.1 %	149.0 %	145.7 %	140.7 %	146.5 %
\$	2,802	\$ 2,814	\$ 2,660	\$ 2,711	\$ 2,651	\$ 2,590	\$ 2,528
	(213.5)%	(132.2)%	(157.2)%	(154.8)%	(140.8)%	(120.7)%	(139.1)%

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

Last ten Fiscal Years
(Expressed in Thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Judicial Pension Plan			
Actuarially Determined Contribution	\$ 426	\$ 401	\$ 602
Contributions in Relation to the Actuarially Determined Employer Contribution	<u>(426)</u>	<u>(401)</u>	<u>(602)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 10,256	\$ 9,568	\$ 8,658
Contributions as a percentage of covered payroll	4.15 %	4.19 %	6.95 %
Legislative Pension Plan			
Actuarially Determined Contribution	\$ -	\$ -	\$ -
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 4,662	\$ 3,057	\$ 2,962
Contributions as a Percentage of Covered Payroll	0.00 %	0.00 %	0.00 %

(continued)

2022	2021	2020	2019	2018	2017	2016
\$ 594	\$ 739	\$ 716	\$ 1,213	\$ 1,179	\$ 1,144	\$ 1,078
(594)	(739)	(716)	(1,213)	(1,179)	(1,144)	(1,078)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 8,502	\$ 8,312	\$ 8,054	\$ 8,117	\$ 7,894	\$ 7,640	\$ 7,188
6.99 %	8.89 %	8.89 %	14.94 %	14.94 %	14.97 %	15.00 %
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 2,801	\$ 2,802	\$ 2,814	\$ 2,660	\$ 2,711	\$ 2,651	\$ 2,590
0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %

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

A complete description of the methods and assumptions used to determine contribution rates for the year ending June 30, 2025 can be found in the June 30, 2022 actuarial valuation report.

Notes to Schedule

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

Valuation date	June 30, 2021 June 30, 2025 actuarially determined contribution rates are calculated based on 2022 liabilities developed as a roll-forward of the 2021 actuarial valuation, adjusted for expected experience and any assumption or methodology changes during fiscal year end 2022 using preliminary assets as of June 30, 2022.
Actuarial cost method	Entry age normal
Asset valuation method	3-Year smoothed market
Amortization method	Level percent of payroll, open 10-year amortization
Discount rate	6.5%
Amortization growth rate	2.75%
Price inflation	2.75%
Salary increases	2.75%
Retirement age	Normal retirement age for State employees and teachers is age 60, 62 or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute.
Most recent review of plan experience	2020
Mortality	Based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model.

Former and future actuarial assumptions:

Discount rate and other information

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

Discount rate

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

Other information

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

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

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)

	2025	2024	2023
State Employees - Primary Government			
Proportion of the Collective Net Pension Liability	94.558490 %	94.845535 %	95.160789 %
Proportionate Share (Amount) of the Collective Net Pension Liability	\$ 821,410	\$ 882,298	\$ 883,273
Covered Payroll	\$ 824,519	\$ 775,283	\$ 733,368
Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	99.62 %	113.80 %	120.44 %
Plan Fiduciary Net Position As a Percentage of the Total Pension Liability	86.00 %	84.50 %	84.10 %
Maine Community College System - DCU			
Proportion of the Collective Net Pension Liability	4.809223 %	4.512781 %	4.205865 %
Proportionate Share (Amount) of the Collective Net Pension Liability	\$ 41,777	\$ 41,980	\$ 39,038
Covered Payroll	\$ 43,964	\$ 39,033	\$ 32,896
Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	95.03 %	107.55 %	118.67 %
Plan Fiduciary Net Position As a Percentage of the Total Pension Liability	86.00 %	84.50 %	84.10 %
Non-Major and Formerly Reported Component Units			
Proportion of the Collective Net Pension Liability	0.632287 %	0.641684 %	0.633346 %
Proportionate Share (Amount) of the Collective Net Pension Liability	\$ 5,492	\$ 5,969	\$ 5,878
Covered Payroll	\$ 5,645	\$ 5,415	\$ 5,029
Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	97.29 %	110.23 %	116.88 %
Plan Fiduciary Net Position As a Percentage of the Total Pension Liability	86.00 %	84.50 %	84.10 %
Total SETP - State of Maine Employees			
Proportion of the Collective Net Pension Liability	100.000000 %	100.000000 %	100.000000 %
Proportionate Share (Amount) of the Collective Net Pension Liability	\$ 868,679	\$ 930,247	\$ 928,189
Covered Payroll	\$ 874,128	\$ 819,731	\$ 771,293
Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	99.38 %	113.48 %	120.34 %
Plan Fiduciary Net Position As a Percentage of the Total Pension Liability	86.00 %	84.50 %	84.10 %

Notes to Schedule:

As of June 30, 2025, the SETP includes the State, 1 major component unit, 1 non-major component unit and 1 formerly reported component unit in its definition of state employees. Totals for the non-major and formerly reported component unit have been combined.

	2022	2021	2020	2019	2018	2017	2016
	95.299042 %	95.090771 %	94.775523 %	94.652308 %	94.829879 %	94.498857 %	92.825250 %
\$	615,520	\$ 1,129,955	\$ 991,147	\$ 993,438	\$ 1,080,168	\$ 1,269,080	\$ 950,597
\$	726,579	\$ 688,817	\$ 627,615	\$ 608,615	\$ 601,904	\$ 588,415	\$ 520,115
	84.71 %	164.04 %	157.92 %	163.23 %	179.46 %	215.68 %	182.77 %
	88.60 %	77.30 %	79.41 %	78.70 %	76.10 %	71.00 %	76.80 %
	4.085948 %	4.295313 %	4.610452 %	4.695230 %	4.605776 %	4.969634 %	6.640831 %
\$	26,390	\$ 51,041	\$ 48,215	\$ 49,280	\$ 52,462	\$ 66,740	\$ 68,007
\$	32,619	\$ 32,713	\$ 31,535	\$ 31,106	\$ 30,867	\$ 32,627	\$ 32,008
	80.90 %	156.03 %	152.89 %	158.43 %	169.96 %	204.55 %	212.47 %
	88.60 %	77.30 %	79.41 %	78.70 %	76.10 %	71.00 %	76.80 %
	0.615050 %	0.613916 %	0.614025 %	0.652461 %	0.564345 %	0.531509 %	0.533919 %
\$	3,972	\$ 7,295	\$ 6,421	\$ 6,848	\$ 6,428	\$ 7,138	\$ 5,468
\$	4,768	\$ 4,571	\$ 4,115	\$ 4,240	\$ 3,700	\$ 3,424	\$ 3,927
	83.31 %	159.59 %	156.04 %	161.51 %	173.73 %	208.47 %	139.24 %
	88.60 %	77.30 %	79.41 %	78.70 %	76.10 %	71.00 %	76.80 %
	100.000000 %	100.000000 %	100.000000 %	100.000000 %	100.000000 %	100.000000 %	100.000000 %
\$	645,881	\$ 1,188,292	\$ 1,045,784	\$ 1,049,566	\$ 1,139,058	\$ 1,342,959	\$ 1,024,072
\$	763,966	\$ 726,101	\$ 663,265	\$ 643,961	\$ 636,471	\$ 624,466	\$ 556,050
	84.54 %	163.65 %	157.67 %	162.99 %	178.96 %	215.06 %	184.17 %
	88.60 %	77.30 %	79.41 %	78.70 %	76.10 %	71.00 %	76.80 %

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)

	2025	2024	2023	2022
State Employees - Primary Government				
Actuarially Determined Contribution	\$ 199,403	\$ 177,789	\$ 177,882	\$ 167,081
Contributions in Relation to the Actuarially Determined Employer Contribution	<u>(199,403)</u>	<u>(177,789)</u>	<u>(177,882)</u>	<u>(167,081)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 925,021	\$ 824,519	\$ 775,283	\$ 733,367
Contributions Recognized by the Pension Plan in Relation to the Actuarially Determined Employer Contribution as a Percentage of Employer's Covered Payroll	21.56 %	21.56 %	22.94 %	22.78 %
Maine Community College System - DCU				
Actuarially Determined Contribution	\$ 9,667	\$ 9,047	\$ 8,468	\$ 7,385
Contributions in Relation to the Actuarially Determined Employer Contribution	<u>(9,667)</u>	<u>(9,047)</u>	<u>(8,468)</u>	<u>(7,385)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 46,861	\$ 43,964	\$ 39,033	\$ 32,896
Contributions Recognized by the Pension Plan in Relation to the Actuarially Determined Employer Contribution as a Percentage of Employer's Covered Payroll	20.63 %	20.58 %	21.69 %	22.45 %
Combined Non-major and Formerly Reported Component Units				
Actuarially Determined Contribution	\$ 1,135	\$ 1,189	\$ 1,204	\$ 926
Contributions in Relation to the Actuarially Determined Employer Contribution	<u>(1,135)</u>	<u>(1,189)</u>	<u>(1,204)</u>	<u>(926)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 5,360	\$ 5,645	\$ 5,415	\$ 5,030
Contributions Recognized by the Pension Plan in Relation to the Actuarially Determined Employer Contribution as a Percentage of Employer's Covered Payroll	21.18 %	21.06 %	22.23 %	18.41 %
Total SETP - State of Maine Employees				
Actuarially Determined Contribution	\$ 210,205	\$ 188,025	\$ 187,554	\$ 175,392
Contributions in Relation to the Actuarially Determined Employer Contribution	<u>(210,205)</u>	<u>(188,025)</u>	<u>(187,554)</u>	<u>(175,392)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 977,242	\$ 874,128	\$ 819,731	\$ 771,293
Contributions Recognized by the Pension Plan in Relation to the Actuarially Determined Employer Contribution as a Percentage of Employer's Covered Payroll	21.51 %	21.51 %	22.88 %	22.74 %

(continued)

2021	2020	2019	2018	2017	2016
\$ 164,103 (164,103)	\$ 155,628 (155,628)	\$ 152,439 (152,439)	\$ 148,115 (148,115)	\$ 141,295 (141,295)	\$ 136,139 (136,139)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 726,579 22.59 %	\$ 688,817 22.59 %	\$ 627,615 24.29 %	\$ 608,615 24.34 %	\$ 601,904 23.47 %	\$ 588,415 23.14 %
\$ 7,036 (7,036)	\$ 7,030 (7,030)	\$ 7,416 (7,416)	\$ 7,347 (7,347)	\$ 6,863 (6,863)	\$ 7,159 (7,159)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 32,619 21.57 %	\$ 32,713 21.49 %	\$ 31,535 23.52 %	\$ 31,106 23.62 %	\$ 30,867 22.23 %	\$ 32,627 21.94 %
\$ 1,059 (1,059)	\$ 1,005 (1,005)	\$ 987 (987)	\$ 1,021 (1,021)	\$ 840 (840)	\$ 766 (766)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 4,768 22.21 %	\$ 4,571 21.99 %	\$ 4,115 23.99 %	\$ 4,240 24.08 %	\$ 3,700 22.70 %	\$ 3,424 22.37 %
\$ 172,198 (172,198)	\$ 163,663 (163,663)	\$ 160,842 (160,842)	\$ 156,483 (156,483)	\$ 148,998 (148,998)	\$ 144,064 (144,064)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 763,966 22.54 %	\$ 726,101 22.54 %	\$ 663,265 24.25 %	\$ 643,961 24.30 %	\$ 636,471 23.41 %	\$ 624,466 23.07 %

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

Notes to Schedule:

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

Valuation date	June 30, 2021 June 30, 2025 actuarially determined contribution rates are calculated based on 2022 liabilities developed as a roll-forward of the 2021 valuation liability, adjusted for expected experience and any assumption or methodology changes during fiscal 2022 using preliminary assets at June 30, 2022.
Actuarial cost method	Entry age normal
Asset valuation method	3-Year smoothed market
Amortization method	Level Percentage of payroll, closed periods. Cumulative UAL amortized over a remaining 7 years from July 1, 2021. Subsequent layers of UAL are amortized over individual 20-year periods.
Discount rate	6.50%
Amortization growth rate	2.75%
Price inflation	2.75%
Salary increases	2.75% plus merit component based on employee's years of service.
Retirement age	Normal retirement age for State employees and teachers is age 60, 62 or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute.
Mortality	Based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model.
Most recent review of plan experience	2020

A complete description of the methods and assumptions used to determine contribution rates for the year ending June 30, 2025 can be found in the June 30, 2022 actuarial valuation report.

Former and future actuarial assumptions:

Discount rate and other assumptions

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

Discount rate

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

Other information

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

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

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)

	2025	2024	2023
Non-employer Contributing Entity's Proportion of:			
Percentage of the Collective Net Pension Liability	94.078955 %	93.677413 %	93.504374 %
Amount of the Collective Net Pension Liability	\$ 1,372,185	\$ 1,517,141	\$ 1,484,911
Plan Fiduciary Net Position As a Percentage of the Total Pension Liability	88.40 %	86.80 %	86.70 %

2022	2021	2020	2019	2018	2017	2016
94.381819 %	95.704826 %	95.540502 %	95.298384 %	95.016790 %	95.002519 %	95.036038 %
\$ 845,826	\$ 1,632,252	\$ 1,465,876	\$ 1,349,443	\$ 1,452,536	\$ 1,766,662	\$ 1,350,118
92.10 %	83.10 %	84.50 %	85.20 %	83.30 %	79.00 %	83.60 %

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

Last ten Fiscal Years
(Expressed in Thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Teachers - Non-Employer Contributions			
Actuarially Determined Contribution	\$ 220,828	\$ 214,918	\$ 200,007
Contributions in Relation to the Actuarially Determined Non-Employer Contribution	<u>(220,828)</u>	<u>(214,918)</u>	<u>(200,007)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer Contributions			
Actuarially Determined Contribution	\$ 81,675	\$ 81,730	\$ 70,616
Contributions in Relation to the Actuarially Determined Employer Contribution	<u>(81,675)</u>	<u>(81,730)</u>	<u>(70,616)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total SETP - Teachers			
Actuarially Determined Contribution	\$ 302,503	\$ 296,647	\$ 270,623
Contributions in Relation to the Actuarially Determined Employer Contribution	<u>(302,503)</u>	<u>(296,647)</u>	<u>(270,623)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

2022	2021	2020	2019	2018	2017	2016
\$ 194,229	\$ 179,330	\$ 174,530	\$ 132,981	\$ 129,422	\$ 116,080	\$ 112,478
<u>(194,229)</u>	<u>(179,330)</u>	<u>(174,530)</u>	<u>(132,981)</u>	<u>(129,422)</u>	<u>(116,080)</u>	<u>(112,478)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 68,677	\$ 67,031	\$ 61,582	\$ 56,761	\$ 54,472	\$ 47,659	\$ 45,349
<u>(68,677)</u>	<u>(67,031)</u>	<u>(61,582)</u>	<u>(56,761)</u>	<u>(54,472)</u>	<u>(47,659)</u>	<u>(45,349)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 262,906	\$ 246,361	\$ 236,112	\$ 189,742	\$ 183,894	\$ 163,739	\$ 157,827
<u>(262,906)</u>	<u>(246,361)</u>	<u>(236,112)</u>	<u>(189,742)</u>	<u>(183,894)</u>	<u>(163,739)</u>	<u>(157,827)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Notes to Schedule:

Valuation date	June 30, 2021 June 30, 2025 actuarially determined contribution rates are calculated based on 2022 liabilities developed as a roll-forward of the 2021 valuation liability, adjusted for expected experience and any assumption or methodology changes during fiscal year end 2022 using preliminary assets as of June 30, 2022.
Actuarial cost method	Entry age normal
Asset valuation method	3-Year smoothed market
Amortization method	Level Percentage of payroll, closed period amortization of the UAL prior to 2012 amortized over a remaining 7 years from July 1, 2021. Subsequent layers of UAL are amortized over individual 20 year periods.
Discount rate	6.50%
Amortization growth rate	2.75%
Price inflation	2.75%
Salary increases	2.75% plus merit component based on employee's years of service.
Retirement age	Normal retirement age for State employees and teachers is age 60, 62 or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute.
Mortality	Based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model.
Most recent review of plan experience	2020
A complete description of the methods and assumptions used to determine contribution rates for the year ending June 30, 2025 can be found in the June 30, 2022 actuarial valuation report.	
Discount rate and other information	Change in assumptions 2021: Demographic assumptions were changed based on recommendations from the July 1, 2015 to June 30, 2020 experience study as well as the actuarial audit completed of the June 30, 2020 actuarial valuation, first effective with the development of the NPL as of June 30, 2021. The annual rate of investment interest was also reduced from 6.75 percent to 6.50 percent effective as of this same date.
Discount rate	Change in assumptions 2018: The annual rate of investment return was reduced from 6.875 percent used at funding to 6.75 percent. The impact of this change is included in the TPL reconciliation as a change in assumptions.
Other information	Change in assumptions 2016: the amounts reported as changes of assumptions were due to assumptions that were updated based on the experience study covering the period from June 30, 2012 through June 30, 2015.

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

STATE OF MAINE
SCHEDULE OF CHANGES IN
THE NET OPEB LIABILITIES
HEALTHCARE PLANS - STATE EMPLOYEES AND TEACHERS

Last Nine Fiscal Years
(Expressed in Thousands)

	2025	2024	2023
State Employee Healthcare Plan			
Total OPEB Liability			
Beginning Total Liability	\$ 787,292	\$ 1,100,482	\$ 1,077,787
Service Cost	12,856	12,482	18,237
Interest	49,138	69,701	68,578
Changes in Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	38,808	(373,843)	19,145
Changes of Assumptions Discount Rate	-	-	-
Changes of Assumptions Others	-	61,043	-
Benefit Payments, Including Refunds of Member Contributions	(89,782)	(82,573)	(83,265)
Net Change in Total OPEB Liability	11,020	(313,190)	22,695
Ending Total OPEB Liability	798,312	787,292	1,100,482
Plan Fiduciary Net Position			
Beginning Plan Fiduciary Net Position	496,042	432,679	331,180
Employer Contributions	89,782	82,573	83,265
Discretionary/Prefunded	37,071	2,000	65,000
Net Investment Income	67,421	61,365	36,502
Benefit Payments, Including Refunds of Member Contributions	(89,782)	(82,573)	(83,265)
Administrative Expense	(2)	(2)	(3)
Net Change in Plan Fiduciary Net Position	104,490	63,363	101,499
Ending Plan Fiduciary Net Position	600,532	496,042	432,679
Ending Net OPEB Liability	\$ 197,780	\$ 291,250	\$ 667,803
Proportion			
Plan Fiduciary Net Position as Percentage of the Total OPEB Liability Covered Payroll	75.2 %	63.0 %	39.3 %
Net OPEB Liability as a Percentage of Covered Payroll	\$ 939,940	\$ 835,682	\$ 785,462
	21.0 %	34.9 %	85.0 %
Teacher Healthcare Plan			
Total OPEB Liability			
Beginning Total Liability	\$ 972,024	\$ 1,006,594	\$ 1,480,042
Service Cost	20,552	19,954	45,372
Interest	63,366	65,569	53,324
Changes in Benefit Terms	-	77,309	-
Differences Between Expected and Actual Experience	(3,323)	(180,235)	2,824
Changes of Assumptions Discount Rate	-	-	(536,445)
Changes of Assumptions Others	-	18,980	-
Benefit Payments, Including Refunds of Member Contributions	(35,980)	(36,147)	(38,523)
Net Change in Total OPEB Liability	44,615	(34,570)	(473,448)
Ending Total OPEB Liability	1,016,639	972,024	1,006,594
Plan Fiduciary Net Position			
Beginning Plan Fiduciary Net Position	115,312	103,000	-
Non-Employer Contributions	35,980	36,147	38,523
Discretionary/Prefunded	-	-	103,000
Net Investment Income	15,105	12,314	-
Benefit Payments, Including Refunds of Member Contributions	(35,980)	(36,147)	(38,523)
Administrative Expense	(2)	(2)	-
Net Change in Plan Fiduciary Net Position	15,103	12,312	103,000
Ending Plan Fiduciary Net Position	130,415	115,312	103,000
Ending Net OPEB Liability	\$ 886,224	\$ 856,712	\$ 903,594
Proportion			
Plan Fiduciary Net Position as Percentage of the Total OPEB Liability Covered Payroll	12.8 %	11.9 %	10.2 %
Net OPEB Liability as a Percentage of Covered Payroll	\$ 1,593,797	\$ 1,562,947	\$ 1,492,683
	55.6 %	54.8 %	60.5 %

This information relates to the OPEB Plans at June 30, 2025 administered through trusts. This is not the employer's or non-employer contributing entity's plan. The Teacher's Plan was funded on June 30, 2023.

Per GASB Statement No. 75, governments should present information for those years for which information is available. If information is not available, the government may implement them prospectively.

	2022	2021	2020	2019	2018	2017
\$	1,236,901	\$ 1,180,487	\$ 1,226,111	\$ 1,199,512	\$ 1,161,320	\$ 1,143,542
	17,706	18,311	17,777	17,425	16,917	12,246
	79,021	78,426	81,020	79,128	76,921	75,650
	554	-	-	-	-	-
	(59,931)	6,689	(56,455)	20,875	17,725	-
	-	28,083	-	-	-	-
	(116,306)	-	652	-	5,241	-
	<u>(80,158)</u>	<u>(75,095)</u>	<u>(88,618)</u>	<u>(90,829)</u>	<u>(78,612)</u>	<u>(70,118)</u>
	<u>(159,114)</u>	<u>56,414</u>	<u>(45,624)</u>	<u>26,599</u>	<u>38,192</u>	<u>17,778</u>
	<u>1,077,787</u>	<u>1,236,901</u>	<u>1,180,487</u>	<u>1,226,111</u>	<u>1,199,512</u>	<u>1,161,320</u>
	382,842	291,559	277,703	256,860	233,596	203,088
	82,158	77,095	88,618	92,829	80,612	74,118
	-	-	-	-	-	-
	(53,659)	89,286	13,859	18,846	21,270	26,513
	(80,158)	(75,095)	(88,618)	(90,829)	(78,612)	(70,118)
	<u>(3)</u>	<u>(3)</u>	<u>(3)</u>	<u>(3)</u>	<u>(6)</u>	<u>(5)</u>
	<u>(51,662)</u>	<u>91,283</u>	<u>13,856</u>	<u>20,843</u>	<u>23,264</u>	<u>30,508</u>
	<u>331,180</u>	<u>382,842</u>	<u>291,559</u>	<u>277,703</u>	<u>256,860</u>	<u>233,596</u>
\$	<u>746,607</u>	<u>\$ 854,059</u>	<u>\$ 888,928</u>	<u>\$ 948,408</u>	<u>\$ 942,652</u>	<u>\$ 927,724</u>
	30.7 %	31.0 %	24.7 %	22.6 %	21.4 %	20.1 %
\$	737,707	\$ 736,411	\$ 687,595	\$ 626,384	\$ 612,195	\$ 574,663
	101.2 %	116.0 %	129.3 %	151.4 %	154.0 %	161.4 %

STATE OF MAINE
SCHEDULE OF CHANGES IN
THE NET OPEB LIABILITY
GROUP LIFE INSURANCE PLAN - STATE EMPLOYEES AND TEACHERS

Last Nine Fiscal Years
(Expressed in Thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Total OPEB Liability			
Beginning Total Liability	\$ 248,730	\$ 245,450	\$ 235,060
Service Cost	3,111	2,934	2,856
Interest	16,023	16,241	15,219
Changes of Assumptions Other	-	1,754	-
Differences Between Expected and Actual Experience	-	(10,415)	-
Changes of Assumptions Discount Rate	-	-	-
Benefit Payments, Including Refunds of Member Contributions	(10,814)	(7,234)	(7,685)
Net Change in Total OPEB Liability	<u>8,320</u>	<u>3,280</u>	<u>10,390</u>
Ending Total OPEB Liability	<u>257,050</u>	<u>248,730</u>	<u>245,450</u>
Plan Fiduciary Net Position			
Beginning Plan Fiduciary Net Position	164,475	139,836	123,155
Employer and Non-Employer Contributions	12,911	12,163	11,053
Net Investment Income	22,077	20,683	14,264
Benefit Payments, Including Refunds of Member Contributions	(10,814)	(7,234)	(7,685)
Administrative Expense	(1,054)	(973)	(951)
Net Change in Plan Fiduciary Net Position	<u>23,120</u>	<u>24,639</u>	<u>16,681</u>
Ending Plan Fiduciary Net Position	<u>187,595</u>	<u>164,475</u>	<u>139,836</u>
Ending Net OPEB Liability	<u>\$ 69,455</u>	<u>\$ 84,255</u>	<u>\$ 105,614</u>
Proportion			
Plan Fiduciary Net Position as Percentage of the Total OPEB Liability	73.0 %	66.1 %	57.0 %
Covered Payroll	\$ 1,782,495	\$ 1,734,788	\$ 1,644,477
Net OPEB Liability as a Percentage of Covered Payroll	3.9 %	4.9 %	6.4 %

Per GASB Statement No. 75, governments should present information for those years for which information is available. If information is not available, the government may implement them prospectively.

	2022	2021	2020	2019	2018	2017
\$	223,516	\$ 213,309	\$ 204,432	\$ 196,263	\$ 183,723	\$ 175,647
	2,757	2,683	2,191	2,132	2,122	2,065
	15,240	13,847	14,275	13,155	12,531	12,015
	-	-	-	-	-	-
	365	-	589	-	1,957	-
	-	291	-	-	3,200	-
	(6,818)	(6,614)	(8,178)	(7,118)	(7,270)	(6,004)
	<u>11,544</u>	<u>10,207</u>	<u>8,877</u>	<u>8,169</u>	<u>12,540</u>	<u>8,076</u>
	<u>235,060</u>	<u>223,516</u>	<u>213,309</u>	<u>204,432</u>	<u>196,263</u>	<u>183,723</u>
	140,600	105,617	100,617	94,287	86,883	77,416
	10,585	9,867	9,311	7,756	7,639	6,921
	(20,387)	32,552	4,886	6,418	7,805	9,886
	(6,818)	(6,614)	(8,178)	(7,118)	(7,270)	(6,004)
	(825)	(822)	(1,019)	(726)	(770)	(1,336)
	<u>(17,445)</u>	<u>34,983</u>	<u>5,000</u>	<u>6,330</u>	<u>7,404</u>	<u>9,467</u>
	<u>123,155</u>	<u>140,600</u>	<u>105,617</u>	<u>100,617</u>	<u>94,287</u>	<u>86,883</u>
\$	<u>111,905</u>	<u>\$ 82,916</u>	<u>\$ 107,692</u>	<u>\$ 103,815</u>	<u>\$ 101,976</u>	<u>\$ 96,840</u>
	52.4 %	62.9 %	49.5 %	49.2 %	48.0 %	47.3 %
\$	1,600,465	\$ 1,525,193	\$ 1,484,373	\$ 1,380,619	\$ 1,343,669	\$ 1,277,009
	7.0 %	5.4 %	7.3 %	7.5 %	7.6 %	7.6 %

STATE OF MAINE
SCHEDULE OF CHANGES IN
TOTAL OPEB LIABILITY
HEALTHCARE PLAN - TEACHERS

Fiscal Years 2017 - 2022
(Expressed in Thousands)

	2022	2021	2020	2019	2018	2017
Total OPEB Liability						
Beginning Total Liability	\$ 1,905,991	\$ 1,441,260	\$ 1,235,862	\$ 1,248,326	\$ 1,323,731	\$ 1,323,731
Service Cost	68,197	44,132	33,787	35,795	42,214	-
Interest	43,314	51,449	48,502	45,495	38,521	-
Changes in Benefit Terms	325,417	-	-	-	-	-
Contribution - Non-Employer Contributing Entity	(28,719)	(31,133)	(33,032)	(26,855)	(28,848)	-
Differences Between Expected and Actual Experience	(457,831)	846	59,296	(5,178)	-	-
Changes of Assumptions Discount Rate	12,837	399,437	90,624	(61,721)	(170,420)	-
Changes of Assumptions - Others	(79,412)	-	6,221	-	-	-
Differences Between Expected and Actual Investment Earnings	-	-	-	-	43,128	-
Net Change in Total OPEB Liability	(116,197)	464,731	205,398	(12,464)	(75,405)	-
Ending Total OPEB Liability	1,789,794	1,905,991	1,441,260	1,235,862	1,248,326	1,323,731

Proportion

Covered-Employee Payroll	\$ 1,414,447	\$ 1,276,975	\$ 1,260,742	\$ 1,156,592	\$ 1,149,126	\$ 1,125,444
Net OPEB Liability as Percentage of Covered Employee Payroll	126.5 %	149.3 %	114.3 %	106.9 %	107.5 %	117.6 %
State's Proportionate Share of the Collective Total OPEB	78 %	80 %	75 %	74 %	83 %	83 %

This information relates to the OPEB Plan up to the date that the plan was funded on June 30, 2023. The plan did not previously accumulate assets in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits. The plan was funded on a pay-as-you go basis prior to June 30, 2023. Information related to the funded plan is included in a schedule titled "Changes in Net OPEB Liability - Healthcare - State and Teachers."



STATE OF MAINE
SCHEDULE OF CHANGES IN
TOTAL OPEB LIABILITY
HEALTHCARE PLAN - FIRST RESPONDERS

Last Nine Fiscal Years
(Expressed in Thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Total OPEB Liability			
Beginning Total Liability	\$ 29,302	\$ 29,949	\$ 32,680
Service Cost	1,295	1,246	1,639
Interest	1,096	1,079	729
Changes in Benefit Terms	-	-	-
Contribution - Employee	(910)	(769)	(837)
Contribution - Non-Employer Contributing Entity	(405)	(829)	(397)
Administrative Expenses	145	134	98
Differences Between Expected and Actual Experience	(535)	(1,108)	(287)
Changes of Assumptions Discount Rate	(701)	(271)	(3,676)
Changes of Assumptions - Others	-	(129)	-
Net Change in Total OPEB Liability	<u>(15)</u>	<u>(647)</u>	<u>(2,731)</u>
Ending Total OPEB Liability	<u>\$ 29,287</u>	<u>\$ 29,302</u>	<u>\$ 29,949</u>
 Proportion			
Covered Employee Payroll	\$ 60,697	\$ 51,267	\$ 55,806
Total OPEB Liability as Percentage of Covered Employee Payroll	48.3 %	57.2 %	53.7 %
State's Proportionate Share of the Collective Total OPEB	17 %	24 %	24 %

The plan does not accumulate assets in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits. This plan is funded on a pay-as-you go basis.

Per GASB Statement No. 75, governments should present information for those years for which information is available. If information is not available, the government may implement them prospectively.

	2022	2021	2020	2019	2018	2017
\$	31,926	\$ 27,506	\$ 19,232	\$ 18,980	\$ 26,052	\$ -
	1,553	1,142	751	776	1,836	-
	731	989	763	698	786	-
	165	-	8,247	-	-	-
	(693)	(696)	(592)	(617)	(618)	-
	(218)	(242)	(48)	(5)	(78)	-
	72	132	92	98	99	-
	(1,641)	(210)	(863)	(191)	(2,909)	-
	138	3,305	939	(507)	(1,325)	-
	647	-	(1,015)	-	(4,863)	-
	<u>754</u>	<u>4,420</u>	<u>8,274</u>	<u>252</u>	<u>(7,072)</u>	<u>-</u>
\$	<u>32,680</u>	<u>\$ 31,926</u>	<u>\$ 27,506</u>	<u>\$ 19,232</u>	<u>\$ 18,980</u>	<u>\$ 26,052</u>

\$	46,207	\$ 46,395	\$ 66,360	\$ 64,427	\$ 62,551	\$ 55,651
	70.7 %	68.8 %	41.4 %	29.9 %	30.3 %	46.8 %
	24 %	24 %	23 %	13 %	23 %	23 %

STATE OF MAINE
SCHEDULE OF STATE CONTRIBUTIONS
STATE FUNDED OPEB PLANS

Last Nine Fiscal Years
(Expressed in Thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>
State Employee Healthcare			
Actuarially Determined Contribution	\$ 40,033	\$ 27,551	\$ 74,913
Contributions in Relation to the Actuarially Determined Employer Contribution	<u>(126,853)</u>	<u>(84,573)</u>	<u>(148,265)</u>
Contribution Deficiency (Excess)	<u>\$ (86,820)</u>	<u>\$ (57,022)</u>	<u>\$ (73,352)</u>
Covered Payroll	\$ 939,940	\$ 835,682	\$ 785,462
Contributions as a Percentage of Covered Payroll	13.50 %	10.12 %	18.88 %
State Employee and Teacher Group Life Insurance Benefit Plan			
Actuarially Determined Contribution	\$ 13,416	\$ 13,057	\$ 11,593
Contributions in Relation to the Actuarially Determined Employer Contribution	<u>(12,911)</u>	<u>(12,163)</u>	<u>11,053</u>
Contribution Deficiency (Excess)	<u>\$ 505</u>	<u>\$ 894</u>	<u>\$ 540</u>
Covered Payroll	\$ 1,782,495	\$ 1,734,788	\$ 1,644,477
Contributions as a Percentage of Covered Payroll	0.72 %	0.70 %	0.67 %
Teacher Healthcare			
Actuarially Determined Contribution	\$ 108,458	\$ 99,341	\$ 106,617
Contributions in Relation to the Actuarially Determined Employer Contribution	<u>(35,980)</u>	<u>(36,147)</u>	<u>(141,523)</u>
Contribution Deficiency (Excess)	<u>\$ 72,478</u>	<u>\$ 63,194</u>	<u>\$ (34,906)</u>
Covered Payroll	\$ 1,593,797	\$ 1,562,947	\$ 1,492,683
Contributions as a Percentage of Covered Payroll	2.26 %	2.31 %	9.48 %

Notes to Schedule:

Actuarial assumptions for both Health Insurance plans and Group Life Insurance plans:

All plans use the same basic assumptions including: the entry age normal actuarial cost method, inflation based on 2.75 percent, and a 5-year smoothed market asset valuation; and an investment interest rate and discount rate of 6.5 percent. Salary increases mirror the inflation rate plus a merit component. Plans based their mortality assumptions using the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model adjusted for experience. The experience study used is the one from July 1, 2015 to June 30, 2020. The unfunded actuarial liability is being amortized as a level percentage of payroll over a 30-year period on a closed basis.

State Health Insurance

The valuation date is June 30, 2025. The participation rate for future retirees is 95 percent of active participants currently enrolled. Experience losses (gains) are amortized over a 10-year fixed period. Assumption changes and plan changes are amortized over a period to June 30, 2037. The unfunded liability will be fully recognized by June 30, 2037. The initial medical trend rate started at 5.65 percent. The ultimate medical trend rate of 4.19 percent is used at 2075. The State actively manages premium increases within the statutory cap, so healthcare cost increases are limited to no more than inflation plus 3 percent in any year.

Group Life Insurance

The valuation date is June 30, 2025. The ADCs for 2025 and 2024 were based on the June 30, 2020 valuation rolled forward and adjusted for changes in assumptions. The discount rate is 6.75%. The participation rate for future retirees is 100 percent of those currently enrolled.

Teacher Health Insurance

The valuation date is 2025 and establishment of a funded Irrevocable OPEB Trust was June 30, 2023. Prior to that date the State funded the plan on a pay-as-you-go basis. 93.33 percent of all Teachers are assumed to be eligible to receive a State contribution at retirement. 75 percent of active participants currently with coverage continue coverage at retirement. One third of active participants who have currently waived coverage elect coverage at retirement. The initial medical trend rate was 5.65 percent. The ultimate medical trend rate of 4.19 percent is used at 2075. Assumption changes and plan changes are amortized over a period to June 30, 2037. The unfunded liability will be fully recognized by June 30, 2037.

Per GASB Statement No. 74, governments should present information for those years for which information is available. If information is not available, the government may implement them prospectively.

<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
\$ 52,922 (82,158)	\$ 58,819 (77,095)	\$ 56,241 (88,618)	\$ 71,363 (92,829)	\$ 71,179 (80,612)	\$ 69,000 (74,000)
<u>\$ (29,236)</u>	<u>\$ (18,276)</u>	<u>\$ (32,377)</u>	<u>\$ (21,466)</u>	<u>\$ (9,433)</u>	<u>\$ (5,000)</u>
\$ 737,707 11.14 %	\$ 736,411 10.47 %	\$ 687,595 12.89 %	\$ 626,384 14.82 %	\$ 612,195 13.17 %	\$ 582,934 12.67 %
\$ 11,242 (10,585)	\$ 10,965 (9,867)	\$ 10,671 (9,310)	\$ 9,040 (7,756)	\$ 8,806 (7,638)	\$ 8,240 (6,921)
<u>\$ 657</u>	<u>\$ 1,098</u>	<u>\$ 1,361</u>	<u>\$ 1,284</u>	<u>\$ 1,168</u>	<u>\$ 1,319</u>
\$ 1,600,465 0.66 %	\$ 1,525,193 0.65 %	\$ 1,484,373 0.63 %	\$ 1,380,619 0.56 %	\$ 1,343,669 0.57 %	\$ 1,277,009 0.54 %
\$ - -	\$ - -	\$ - -	\$ - -	\$ - -	\$ - -
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ - - %	\$ - - %	\$ - - %	\$ - - %	\$ - - %	\$ - - %

**SCHEDULE OF INVESTMENT RETURNS
STATE FUNDED OPEB PLANS**

Last Nine Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
State Employee Healthcare Plan & State Employee and Teacher Group Life Insurance Benefit Plan									
Annual money-weighted rate of return, net of investment expense	13.1 %	14.2 %	11.0 %	14.1 %	30.6 %	6.0 %	6.6 %	9.0 %	12.9 %
Teacher Healthcare Plan									
Annual money-weighted rate of return, net of investment expense	13.1 %	12.2 %							

Notes to Schedule:

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

Per GASB Statement No. 74, governments should present information for those years for which information is available. If information is not available, the government may implement them prospectively.

STATE OF MAINE
INFORMATION ABOUT INFRASTRUCTURE ASSETS REPORTING USING THE MODIFIED APPROACH

As allowed by GASB Statement No. 34, the State has adopted an alternative process for recording depreciation expense on selected infrastructure assets. Under this process, the State does not record depreciation expense nor are amounts capitalized in connection with improvements to those assets, unless the improvements expand the capacity or efficiency of an asset. Assets accounted for under the modified approach include 8,777 highway miles or 17,828 lane miles of roads and 3,034 bridges having a total deck area of 12.6 million square feet that the State is responsible to maintain.

In order to utilize the modified approach, the State is required to:

- Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure.
- Perform condition assessments of eligible assets and summarize the results using a measurement scale.
- Estimate each year the annual amount to maintain and preserve the assets at the condition level established and disclosed by the State.
- Document that the assets are being preserved at, or above, the established condition level.

Roads and bridges maintained by the Department of Transportation are accounted for using the modified approach.

HIGHWAYS

Measurement Scale for Highways

The Maine Department of Transportation (MDOT) uses six indicators to determine the condition of highway adequacy. The six indicators and their relative point weighting are listed in the table below.

Data Element	Point Rating (%)	Description
Pavement Condition Rating (PCR)	45	PCR is defined as the composite condition of the pavement on a roadway only, and is compiled from the severity and extent of pavement distresses such as cracking, rutting and patching. It is the key indicator used to determine the optimum time to treat a particular section of road. Points decrease as PCR decreases
Safety	20	Statewide crash rates are used to allocate points. Locations with high rates get fewer points.
Backlog (Built vs. Unbuilt roadway)	15	A "Built" road is one that has been constructed to a modern standard, usually post 1950. This includes adequate drainage, base, and pavement to carry the traffic load, and adequate sight distance and width to meet current safety standards. "Unbuilt" (backlog) is defined as a roadway section that has not been built to modern standards. Yes or No (15 or 0).
Annual Average Daily Traffic divided by the hourly highway capacity (AADT/C)	10	This ratio measures how intensely a highway is utilized. As a highway facility's AADT/C ratio increases, the average speed of vehicles on that facility tends to decrease. This decrease in average speed is evidence of reduced mobility. As congestion increases, points decrease (0-10).
Posted Speed	5	Lower speeds equal fewer points
Paved Shoulder	5	In general, roadways with paved shoulders perform at a higher level and last longer than those without shoulders or with only gravel shoulders. Yes or No (5 or 0).
<hr/> <hr/> 100 <hr/> <hr/>		

STATE OF MAINE
INFORMATION ABOUT INFRASTRUCTURE ASSETS REPORTING USING THE MODIFIED APPROACH

BRIDGES

MDOT uses four separate factors to obtain a numerical value used to indicate the ability of bridges to remain in service at the current level of usage. The numeric value is a percentage ranging from 0 percent to represent an entirely insufficient or deficient bridge, and 100 percent to represent an entirely sufficient bridge. The four indicators and their relative point weighting are listed in the table below. The composite numeric value is based on the sufficiency rating formula in the Recording and Coding Guide for Structure Inventory and Appraisal of the Nation's Bridges.

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

Assessed Conditions

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

Adequacy Rating	Total
Excellent	80 - 100
Good	70 - 80
Fair	60 - 70
Poor	0 - 60

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

Fiscal Year	Highways	Bridges
2025	74.1	75.0
2024	73.1	74.0
2023	74.3	74.0

STATE OF MAINE
INFORMATION ABOUT INFRASTRUCTURE ASSETS REPORTING USING THE MODIFIED APPROACH

Comparison of Estimated-to-Actual Preservation Costs

The following table presents the State's preservation costs for the past five fiscal years. It also shows the estimate of spending necessary to preserve and maintain the roads and bridges at, or above, a sufficiency rating of 60 for both highways and bridges (in millions).

	Actual Preservation Costs (Expressed in millions)				
	2025	2024	2023	2022	2021
Highways	\$ 248.7	\$ 198.4	\$ 197.0	\$ 153.2	\$ 157.4
Bridges	18.3	18.3	8.7	22.8	34.9
Total	<u>\$ 267.0</u>	<u>\$ 216.7</u>	<u>\$ 205.7</u>	<u>\$ 176.0</u>	<u>\$ 192.3</u>

	Estimated Preservation Costs (Expressed in millions)				
	2025	2024	2023	2022	2021
Highways	\$ 215.0	\$ 185.0	\$ 175.0	\$ 150.0	\$ 150.0
Bridges	25.0	22.0	30.0	35.0	35.0
Total	<u>\$ 240.0</u>	<u>\$ 207.0</u>	<u>\$ 205.0</u>	<u>\$ 185.0</u>	<u>\$ 185.0</u>

Transportation Bonds

Transportation bonds, approved by referendum, are issued to fund improvements to highways and bridges. Of the amount authorized by PL 2021, Chapter 408, \$24.3 million in General Fund bonds were spent during FY2025. Of the amount authorized by PL 2019, Chapter 673, \$400 thousand in General Fund bonds were spent during FY2025.



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

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

Special Revenue Funds - include operating fund activities financed by specific revenue sources that are legally restricted for specified purposes.

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

Permanent Trust Funds - report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that benefit the government or its citizenry.

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

June 30, 2025
(Expressed in Thousands)

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	<u>Total Other Governmental Funds</u>
Assets				
Equity in Treasurer's Cash Pool	\$ 214	\$ -	\$ -	\$ 214
Investments	125,315	-	58,942	184,257
Restricted Assets:				
Restricted Equity in Treasurer's Cash Pool	-	26,904	-	26,904
Total Assets	<u>\$ 125,529</u>	<u>\$ 26,904</u>	<u>\$ 58,942</u>	<u>\$ 211,375</u>
Liabilities and Fund Balances				
Accounts Payable	\$ -	\$ 780	\$ -	\$ 780
Due to Other Funds	-	8	-	8
Due to Component Units	-	99	-	99
Unearned Revenue	-	3	-	3
Total Liabilities	-	890	-	890
Fund Balances				
Non-Spendable Legal or Contractual	-	-	58,942	58,942
Restricted	125,529	26,014	-	151,543
Total Fund Balances	<u>125,529</u>	<u>26,014</u>	<u>58,942</u>	<u>210,485</u>
Total Liabilities and Fund Balances	<u>\$ 125,529</u>	<u>\$ 26,904</u>	<u>\$ 58,942</u>	<u>\$ 211,375</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, 2025
(Expressed in Thousands)

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	<u>Total Other Governmental Funds</u>
Revenues				
Investment Income (Loss)	\$ 12,980	\$ (1)	\$ 6,495	\$ 19,474
Miscellaneous Revenues	-	1,834	-	1,834
Total Revenues	<u>12,980</u>	<u>1,833</u>	<u>6,495</u>	<u>21,308</u>
Expenditures				
Governmental Support & Operations	121	1,821	-	1,942
Economic Development & Workforce Training	-	762	-	762
Education	-	1,345	-	1,345
Natural Resources Development & Protection	-	5,119	-	5,119
Debt Service:				
Capital Outlay	-	30,115	-	30,115
Total Expenditures	<u>121</u>	<u>39,162</u>	<u>-</u>	<u>39,283</u>
Revenue over (under) Expenditures	<u>12,859</u>	<u>(37,329)</u>	<u>6,495</u>	<u>(17,975)</u>
Other Financing Sources (Uses)				
Transfer to Other Funds	(5,219)	-	-	(5,219)
Net Change in Fund Balances	<u>7,640</u>	<u>(37,329)</u>	<u>6,495</u>	<u>(23,194)</u>
Fund Balance at Beginning of Year	<u>117,889</u>	<u>63,343</u>	<u>52,447</u>	<u>233,679</u>
Fund Balances, End of Year	<u>\$ 125,529</u>	<u>\$ 26,014</u>	<u>\$ 58,942</u>	<u>\$ 210,485</u>



OTHER GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

Revenue on Permanent Funds – This fund accounts for expendable earnings on permanent fund balances.

PERMANENT FUNDS

Baxter Park Trust Fund – This fund accounts for a gift to the State of Maine by former Governor Baxter, calling for principal to be maintained intact and income to be used for park operations.

Other Trust Funds – These funds are comprised of numerous small Permanent Funds, the income from which may be used for specified purposes.

Permanent School Fund – Established in 1828, the fund generates income used to support schools through the Department of Education.

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

June 30, 2025
(Expressed in Thousands)

	<u>Baxter Park</u>	<u>Revenue on Permanent Funds</u>	<u>Total Special Revenue Funds</u>
Assets			
Equity in Treasurer's Cash Pool	\$ -	\$ 214	\$ 214
Investments	125,298	17	125,315
Total Assets	<u>\$ 125,298</u>	<u>\$ 231</u>	<u>\$ 125,529</u>
Liabilities and Fund Balances			
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Restricted	125,298	231	125,529
Total Fund Balances	<u>125,298</u>	<u>231</u>	<u>125,529</u>
Total Liabilities and Fund Balances	<u>\$ 125,298</u>	<u>\$ 231</u>	<u>\$ 125,529</u>

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

Fiscal Year Ended June 30, 2025
(Expressed in Thousands)

	<u>Baxter Park</u>	<u>Revenue on Permanent Funds</u>	<u>Total Special Revenue Funds</u>
Revenues			
Investment Income (Loss)	\$ 12,305	\$ 675	\$ 12,980
Total Revenues	<u>12,305</u>	<u>675</u>	<u>12,980</u>
Expenditures			
Current:			
General Government	-	121	121
Total Expenditures	<u>-</u>	<u>121</u>	<u>121</u>
Revenue over (under) Expenditures	<u>12,305</u>	<u>554</u>	<u>12,859</u>
Other Financing Sources (Uses)			
Transfer to Other Funds	<u>(4,399)</u>	<u>(820)</u>	<u>(5,219)</u>
Net Other Financing Sources (Uses)	<u>(4,399)</u>	<u>(820)</u>	<u>(5,219)</u>
Net Change in Fund Balances	<u>7,906</u>	<u>(266)</u>	<u>7,640</u>
Fund Balance at Beginning of Year	<u>117,392</u>	<u>497</u>	<u>117,889</u>
Fund Balances at End of Year	<u>\$ 125,298</u>	<u>\$ 231</u>	<u>\$ 125,529</u>

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

June 30, 2025
(Expressed in Thousands)

	<u>Baxter Trust</u>	<u>Other Trust</u>	<u>Permanent School</u>	<u>Total Permanent Funds</u>
Assets				
Investments	\$ 13,177	\$ 39,174	\$ 6,591	\$ 58,942
Total Assets	<u>\$ 13,177</u>	<u>\$ 39,174</u>	<u>\$ 6,591</u>	<u>\$ 58,942</u>
Fund Balances				
Non-Spendable Legal or Contractual	<u>\$ 13,177</u>	<u>\$ 39,174</u>	<u>\$ 6,591</u>	<u>\$ 58,942</u>

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

Fiscal Year Ended June 30, 2025
(Expressed in Thousands)

	<u>Baxter Trust</u>	<u>Other Trust</u>	<u>Permanent School</u>	<u>Total Permanent Funds</u>
Revenues				
Investment Income (Loss)	\$ 1,325	\$ 4,508	\$ 662	\$ 6,495
Total Revenues	<u>1,325</u>	<u>4,508</u>	<u>662</u>	<u>6,495</u>
Expenditures				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenue over (under) Expenditures	<u>1,325</u>	<u>4,508</u>	<u>662</u>	<u>6,495</u>
Other Financing Sources (Uses)				
Revenues and Other Sources over (under) Expenditures and Other Uses	<u>1,325</u>	<u>4,508</u>	<u>662</u>	<u>6,495</u>
Fund Balance at Beginning of Year	<u>11,852</u>	<u>34,666</u>	<u>5,929</u>	<u>52,447</u>
Fund Balances at End of Year	<u>\$ 13,177</u>	<u>\$ 39,174</u>	<u>\$ 6,591</u>	<u>\$ 58,942</u>



BUDGETARY COMPARISON SCHEDULES

STATE OF MAINE
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND EXPENDITURES BY AGENCY

Fiscal Year Ended June 30, 2025
(Expressed in Thousands)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Department of Administrative and Financial Services			
Administrative Services	\$ 20,655	\$ 18,891	\$ 1,764
Financial Services	313,958	273,492	40,466
Human Resources	4,364	3,992	372
Financial and Personnel Services	4,108	621	3,487
Liquor and Lottery	2,356	1,939	417
Marijuana	3,276	3,188	88
Purchasing	4,275	3,344	931
Bureau of Information Services	24,764	20,396	4,368
State Employee Health Commission	773	773	-
	<u>378,529</u>	<u>326,636</u>	<u>51,893</u>
Department of Agriculture, Conservation and Forestry	<u>55,851</u>	<u>49,127</u>	<u>6,724</u>
Attorney General	<u>30,818</u>	<u>29,216</u>	<u>1,602</u>
State Auditor	<u>1,974</u>	<u>1,516</u>	<u>458</u>
Department of Corrections			
Corrections	123,303	101,648	21,655
Maine State Prison	48,478	46,974	1,504
Maine Correctional Center	36,452	34,903	1,549
Downeast Correctional Facility	2,270	2,223	47
Charleston Correctional Facility	22,629	22,212	417
Long Creek Youth Development Center	18,464	15,173	3,291
County Jail Operations	20,342	20,342	-
	<u>271,938</u>	<u>243,475</u>	<u>28,463</u>
Department of Economic and Community Development	<u>21,321</u>	<u>17,425</u>	<u>3,896</u>
Department of Environmental Protection	<u>20,610</u>	<u>20,282</u>	<u>328</u>
Department of Human Services			
Human Services	2,202,601	2,046,480	156,121
Department of Labor			
Labor	15,667	14,750	917
Labor Relations Board	538	464	74
	<u>16,205</u>	<u>15,214</u>	<u>991</u>
Department of Transportation			
Defense, Veterans and Emergency Management	<u>17,519</u>	<u>15,677</u>	<u>1,842</u>
Department of Education			
Education	1,877,438	1,833,648	43,790
Education - Unorganized Territory	20,816	17,893	2,923
	<u>1,898,254</u>	<u>1,851,541</u>	<u>46,713</u>
General Government			
Office of the Governor	16,201	11,894	4,307
Maine Office of Community Affairs	183	132	51
Ombudsman Program	425	305	120
	<u>16,809</u>	<u>12,331</u>	<u>4,478</u>
Department of Inland Fisheries and Wildlife	<u>45,807</u>	<u>44,437</u>	<u>1,370</u>
Judicial Department	<u>120,511</u>	<u>117,318</u>	<u>3,193</u>

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Legislative Department			
Legislative	38,725	35,681	3,044
Law and Legislative Reference Library	1,893	1,706	187
Statehouse Preservation and Maintenance	800	217	583
Program Evaluation and Government Accountability	1,493	1,481	12
	<u>42,911</u>	<u>39,085</u>	<u>3,826</u>
Department of Marine Resources	<u>22,711</u>	<u>21,063</u>	<u>1,648</u>
Department of Public Safety	<u>78,095</u>	<u>70,822</u>	<u>7,273</u>
Secretary of State			
Secretary of State	7,467	6,939	528
Archives Services	4,335	2,525	1,810
	<u>11,802</u>	<u>9,464</u>	<u>2,338</u>
Treasurer of State	<u>119,962</u>	<u>118,012</u>	<u>1,950</u>
Other Agencies			
Maine Maritime Academy	16,449	16,449	-
University of Maine	279,681	279,431	250
Board of Education	213	165	48
Office of Affordable Healthcare	597	519	78
Permanent Commission Status of Racial Indigenous and Tribal	1,404	1,199	205
Maine Fire Protection Service Commission	2,252	164	2,088
Com. On Governmental Ethics and Election Practices	1,730	618	1,112
Finance Authority of Maine	28,540	28,540	-
Saco River Corridor Commission	47	47	-
Human Rights Commission	1,616	1,496	120
Maine Indian Tribal State Council	269	269	-
Board of Property Tax Review	338	318	20
Museum	2,828	2,621	207
Maine Municipal Bond Bank	69	69	-
Maine State Cultural Affairs Council	74	23	51
Maine Historic Preservation Commission	722	719	3
Library	6,705	4,763	1,942
Maine State Retirement System	2,181	2,181	-
Arts and Humanities Administration	1,112	1,101	11
Dirigo Health	1,545	1,344	201
Commission on Indigent Legal Services	47,305	46,492	813
Maine Humanities Council	163	163	-
Centers for Innovation	118	118	-
NE International Water Pollution Control Commission	53	53	-
Downeast Institute Appl Marine	13	13	-
St. Croix International Waterway	85	85	-
Disability Rights Center	146	73	73
Maine Historical Society	95	95	-
Maine Hospice Counsel	64	64	-
Maine Development Foundation	58	58	-
Maine Public Broadcasting Corporation	1,650	1,650	-
Maine State Housing Authority	3,057	3,057	-
Maine Potato Board	161	161	-
Pine Tree Legal	650	650	-
Maine Community College System	87,503	87,503	-
	<u>489,493</u>	<u>482,271</u>	<u>7,222</u>
Grand Total	<u>\$ 5,863,721</u>	<u>\$ 5,531,392</u>	<u>\$ 332,329</u>



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

Fiscal Year Ended June 30, 2025
(Expressed in Thousands)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Actual Budget</u>
Department of Administrative and Financial Services			
Administrative Services	\$ 2,341	\$ 1,978	\$ 363
Financial Services	934	711	223
	<u>3,275</u>	<u>2,689</u>	<u>586</u>
Department of Environmental Protection	<u>35</u>	<u>22</u>	<u>13</u>
Legislative Department			
Legislative	<u>8</u>	<u>2</u>	<u>6</u>
Department of Transportation			
Transportation	<u>470,009</u>	<u>413,605</u>	<u>56,404</u>
Department of Public Safety	<u>43,735</u>	<u>40,235</u>	<u>3,500</u>
Secretary of State			
Motor Vehicles	<u>66,095</u>	<u>52,365</u>	<u>13,730</u>
Grand Total	<u>\$ 583,157</u>	<u>\$ 508,918</u>	<u>\$ 74,239</u>

STATE OF MAINE
BUDGETARY COMPARISON SCHEDULE
FEDERAL FUND EXPENDITURES BY AGENCY

Fiscal Year Ended June 30, 2025
(Expressed in Thousands)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Department of Administrative and Financial Services			
Bureau of Information Services	\$ 27,792	\$ 8,646	\$ 19,146
Financial Services	15,175	12,395	2,780
Financial and Personnel Services	627	468	159
Purchasing	1,169	199	970
State Employee Health Commission	8	-	8
	<u>44,771</u>	<u>21,708</u>	<u>23,063</u>
Department of Agriculture, Conservation and Forestry	<u>88,777</u>	<u>46,307</u>	<u>42,470</u>
Attorney General	<u>4,625</u>	<u>2,633</u>	<u>1,992</u>
Department of Corrections			
Corrections	4,229	1,631	2,598
Maine State Prison	1	-	1
Maine Correctional Center	61	-	61
Charleston Correctional Facility	73	-	73
Long Creek Youth Development Center	230	113	117
	<u>4,594</u>	<u>1,744</u>	<u>2,850</u>
Department of Economic and Community Development	<u>111,393</u>	<u>49,802</u>	<u>61,591</u>
Department of Environmental Protection	<u>53,969</u>	<u>25,793</u>	<u>28,176</u>
Department of Human Services			
Human Services	<u>4,504,554</u>	<u>4,001,260</u>	<u>503,294</u>
Department of Labor	<u>145,866</u>	<u>74,795</u>	<u>71,071</u>
Department of Transportation			
Transportation	674,783	459,455	215,328
Air Transportation	1,886	42	1,844
Ferry Service/Ports and Marine	2,700	199	2,501
Rail/Van Pool	20,100	12,686	7,414
	<u>699,469</u>	<u>472,382</u>	<u>227,087</u>
Defense, Veterans and Emergency Management	<u>446,135</u>	<u>221,290</u>	<u>224,845</u>
Department of Education			
Education	613,821	446,811	167,010
Education - Unorganized Territory	562	144	418
	<u>614,383</u>	<u>446,955</u>	<u>167,428</u>
General Government			
Office of the Governor	46,565	8,513	38,052
Maine Office of Community Affairs	185	15	170
Ombudsman Program	71	52	19
	<u>46,821</u>	<u>8,580</u>	<u>38,241</u>
Department of Inland Fisheries and Wildlife	<u>52,465</u>	<u>23,035</u>	<u>29,430</u>
Judicial Department	<u>2,206</u>	<u>731</u>	<u>1,475</u>
Department of Marine Resources	<u>68,172</u>	<u>18,084</u>	<u>50,088</u>

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Department of Professional and Financial Regulation			
Professional and Financial Regulation	4,361	3,561	800
Board of Nursing	10	-	10
Department of Public Safety	28,185	15,308	12,877
Public Utilities Commission	61	47	14
Secretary of State			
Secretary of State	6,769	1,463	5,306
Motor Vehicles	486	385	101
Archives Services	68	40	28
	7,323	1,888	5,435
Other Agencies			
University of Maine	28,417	11,392	17,025
Maine Connectivity Authority	13,616	5,401	8,215
Permanent Commission Status of Racial Indigenous and Tribal	874	436	438
Finance Authority of Maine	5,086	638	4,448
Human Rights Commission	635	512	123
Museum	131	-	131
Maine Historic Preservation Commission	1,129	837	292
Library	1,807	1,583	224
Arts and Humanities Administration	1,521	925	596
Maine Efficiency Trust	51,400	18,958	32,442
Commission on Indigent Legal Services	1,625	24	1,601
Maine Public Broadcasting Corporation	1,075	807	268
Maine State Housing Authority	28,114	820	27,294
Maine Community College System	44,524	7,641	36,883
	179,954	49,974	129,980
Grand Total	<u>\$ 7,108,094</u>	<u>\$ 5,485,877</u>	<u>\$ 1,622,217</u>

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

Fiscal Year Ended June 30, 2025
(Expressed in Thousands)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Department of Administrative and Financial Services			
Administrative Services	\$ 26,953	\$ 14,275	\$ 12,678
Bureau of Information Services	301	60	241
Financial Services	50,474	36,771	13,703
Human Resources	5	-	5
Financial and Personnel Services	30	19	11
Liquor and Lottery	19	9	10
Marijuana	11,000	4,420	6,580
State Employee Health Commission	75	-	75
Purchasing	4	-	4
	<u>88,861</u>	<u>55,554</u>	<u>33,307</u>
Department of Agriculture, Conservation and Forestry	<u>243,635</u>	<u>76,479</u>	<u>167,156</u>
Attorney General	<u>47,504</u>	<u>35,864</u>	<u>11,640</u>
State Auditor	<u>3,405</u>	<u>2,869</u>	<u>536</u>
Department of Corrections			
Corrections	6,633	5,004	1,629
Maine State Prison	133	54	79
Maine Correctional Center	430	-	430
Charleston Correctional Facility	152	102	50
Long Creek Youth Development Center	43	-	43
County Jail Operations	4,566	4,465	101
	<u>11,957</u>	<u>9,625</u>	<u>2,332</u>
Department of Economic and Community Development	<u>47,869</u>	<u>35,948</u>	<u>11,921</u>
Department of Environmental Protection			
Department of Environmental Protection	<u>74,022</u>	<u>45,867</u>	<u>28,155</u>
Department of Human Services			
Human Services	<u>856,826</u>	<u>745,886</u>	<u>110,940</u>
Department of Labor			
Labor	25,920	16,635	9,285
Labor Relations Board	140	52	88
	<u>26,060</u>	<u>16,687</u>	<u>9,373</u>
Department of Transportation			
Transportation	575,393	235,466	339,927
Air Transportation	3,433	977	2,456
Ferry Service/Ports & Maine	12,345	7,657	4,688
Rail/Van Pool	5,843	2,475	3,368
	<u>597,014</u>	<u>246,575</u>	<u>350,439</u>
Defense, Veterans and Emergency Management	<u>26,083</u>	<u>13,684</u>	<u>12,399</u>
Department of Education			
Education	63,033	38,435	24,598
Education - Unorganized Territory	8	-	8
	<u>63,041</u>	<u>38,435</u>	<u>24,606</u>
General Government			
Office of the Governor	8,073	878	7,195
Public Advocate	5,220	3,343	1,877
	<u>13,293</u>	<u>4,221</u>	<u>9,072</u>
Department of Inland Fisheries and Wildlife	<u>17,801</u>	<u>9,186</u>	<u>8,615</u>
Judicial Department	<u>13,260</u>	<u>11,206</u>	<u>2,054</u>
Legislative Department			
Legislative	<u>11</u>	<u>7</u>	<u>4</u>

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Department of Marine Resources	<u>11,008</u>	<u>7,365</u>	<u>3,643</u>
Department of Professional and Financial Regulation			
Professional and Financial Regulation	39,974	30,961	9,013
Board of Nursing	1,568	1,483	85
Board of Optometry	117	110	7
Board of Osteopathic Examination and Registration	355	336	19
Board of Professional Engineers	372	346	26
Board of Registration in Medicine	2,386	2,068	318
	<u>44,772</u>	<u>35,304</u>	<u>9,468</u>
Department of Public Safety	<u>60,758</u>	<u>37,016</u>	<u>23,742</u>
Public Utilities Commission	<u>34,561</u>	<u>28,717</u>	<u>5,844</u>
Secretary of State			
Secretary of State	2,705	691	2,014
Motor Vehicles	1,442	582	860
Archives Services	147	-	147
	<u>4,294</u>	<u>1,273</u>	<u>3,021</u>
Treasurer of State	<u>298,919</u>	<u>279,284</u>	<u>19,635</u>
Other Agencies			
Maine Maritime	190	190	-
University of Maine	4,855	4,537	318
Worker's Compensation Board	14,880	14,248	632
Maine Cemetery Preservation Commission	86	-	86
Maine Health Data Organization	2,720	2,383	337
Permanent Commission Status of Racial Indigenous and Tribal	51	-	51
Maine Charter School	954	731	223
Maine Redevelopment Land Bank Authority	2,094	1,452	642
Baxter State Park Authority	6,760	6,467	293
Com. On Governmental Ethics and Election Practices	5,119	2,444	2,675
Finance Authority of Maine	783	783	-
Saco River Corridor Commission	170	170	-
Human Rights Commission	108	36	72
Board of Property Tax Review	3	-	3
Museum	466	90	376
Maine State Cultural Affairs Council	66	7	59
Maine Historic Preservation Commission	517	119	398
Library	1,213	243	970
Lobster Promotion Council	2,686	1,719	967
Arts and Humanities Administration	102	-	102
Maine Efficiency Trust	179	178	1
Commission on Indigent Legal Services	9,710	9,574	136
Telecommunication Relay Services Council	649	366	283
Maine Children's Trust Incorporated	48	3	45
Maine State Housing Authority	147,004	146,062	942
Maine Potato Board	1,586	922	664
ConnectME Authority	1,716	-	1,716
Maine Community College System	12,756	12,513	243
Wild Blueberry Commission of Maine	1,780	1,351	429
	<u>219,251</u>	<u>206,588</u>	<u>12,663</u>
Grand Total	<u>\$ 2,804,205</u>	<u>\$ 1,943,640</u>	<u>\$ 860,565</u>



NON-MAJOR ENTERPRISE FUNDS

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

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

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

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

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

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

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

Competitive Skills Scholarship Fund – This fund provides scholarships to eligible Maine residents to access post-secondary education including certificate programs and two- and four-year degrees.

Maine Retirement Savings Program Fund – The fund accounts for administrative costs and expenses of the Maine Retirement Savings Program which is to promote individual retirement savings through a Public-Private partnership.

Paid Family and Medical Leave Insurance Fund – This fund was created to account for the operation of a self-supporting program to pay family leave benefits and medical leave benefits to covered individuals and to pay the administrative costs of the program.

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

June 30, 2025
(Expressed in Thousands)

	<u>Lottery</u>	<u>Alcoholic Beverages</u>	<u>Maine Military Authority</u>	<u>Ferry Service</u>	<u>Prison Industries</u>
Assets					
Current assets:					
Equity in Treasurer's Cash Pool	\$ -	\$ 3,267	\$ -	\$ 186	\$ 338
Cash & Short-Term Investments	750	-	-	3	1
Restricted Assets					
Restricted Deposits & Investments	-	-	-	-	-
Inventories	-	-	-	142	5,829
Receivables, Net of Allowance for Uncollectibles:					
Other Receivable	33,303	3,701	-	153	12
Due from Other Funds	-	-	-	-	39
Total Current assets	<u>34,053</u>	<u>6,968</u>	<u>-</u>	<u>484</u>	<u>6,219</u>
Noncurrent Assets:					
Equity in Treasurer's Cash Pool	-	2,806	-	159	291
Capital Assets, Net of Accumulated Depreciation	-	-	-	79,941	107
Right to Use Assets, Net of Accumulated Amortization	-	3,059	-	-	-
Total Noncurrent Assets	<u>-</u>	<u>5,865</u>	<u>-</u>	<u>80,100</u>	<u>398</u>
Total Assets	<u>34,053</u>	<u>12,833</u>	<u>-</u>	<u>80,584</u>	<u>6,617</u>
Deferred Outflows of Resources	<u>\$ 726</u>	<u>\$ 204</u>	<u>\$ -</u>	<u>\$ 3,052</u>	<u>\$ 93</u>
Liabilities					
Current Liabilities:					
Accounts Payable	\$ 1,183	\$ 10,707	\$ -	\$ 375	\$ 81
Accrued Payroll	123	75	-	483	6
Due to Other Funds	6,866	50	3	167	10
Current Portion of Long-Term Obligations:					
Obligations for Right to Use Assets	-	704	-	-	-
Compensated Absences	46	23	3	225	1
Other Accrued Liabilities	23,307	-	-	-	-
Total Current Liabilities	<u>31,525</u>	<u>11,559</u>	<u>6</u>	<u>1,250</u>	<u>98</u>
Long-Term Liabilities					
Obligations for Right to Use Assets	-	2,358	-	-	-
Compensated Absences	120	134	8	880	3
Net Pension Liability	1,196	243	-	4,925	195
Net Other Post-Employment Benefit Liability	546	88	-	2,092	60
Total Long-Term Liabilities	<u>1,862</u>	<u>2,823</u>	<u>8</u>	<u>7,897</u>	<u>258</u>
Total Liabilities	<u>33,387</u>	<u>14,382</u>	<u>14</u>	<u>9,147</u>	<u>356</u>
Deferred Inflows of Resources	<u>\$ 565</u>	<u>\$ 88</u>	<u>\$ -</u>	<u>\$ 2,211</u>	<u>\$ 64</u>
Net Position					
Net Investment in Capital Assets	-	(3)	-	79,941	107
Unrestricted	827	(1,430)	(14)	(7,663)	6,183
Total Net Position	<u>\$ 827</u>	<u>\$ (1,433)</u>	<u>\$ (14)</u>	<u>\$ 72,278</u>	<u>\$ 6,290</u>

<u>Dirigo Health</u>	<u>Consolidated Emergency Communications</u>	<u>Competitive Skills Scholarship Fund</u>	<u>Maine Retirement Savings Program</u>	<u>Paid Family and Medical Leave Insurance Fund</u>	<u>Total Other Enterprise Funds</u>
\$ 34	\$ -	\$ 12,570	\$ 527	\$ 51,532	\$ 68,454
-	-	-	-	-	754
-	-	11	-	-	11
-	-	-	-	-	5,971
-	115	-	-	47,029	84,313
-	3,608	-	-	-	3,647
<u>34</u>	<u>3,723</u>	<u>12,581</u>	<u>527</u>	<u>98,561</u>	<u>163,150</u>
30	-	10,794	452	44,253	58,785
-	107	-	-	-	80,155
-	-	-	-	-	3,059
<u>30</u>	<u>107</u>	<u>10,794</u>	<u>452</u>	<u>44,253</u>	<u>141,999</u>
<u>64</u>	<u>3,830</u>	<u>23,375</u>	<u>979</u>	<u>142,814</u>	<u>305,149</u>
\$ -	\$ 2,583	\$ 298	\$ -	\$ 239	\$ 7,195
\$ -	\$ 3	\$ 188	\$ -	\$ 1,426	\$ 13,963
-	521	62	-	-	1,270
-	1,811	19	-	52	8,978
-	-	-	-	-	704
-	137	15	-	55	505
-	-	-	-	-	23,307
-	<u>2,472</u>	<u>284</u>	-	<u>1,533</u>	<u>48,727</u>
-	-	-	-	-	2,358
-	569	48	-	188	1,950
-	4,234	433	-	-	11,226
-	1,713	235	-	-	4,734
-	<u>6,516</u>	<u>716</u>	-	<u>188</u>	<u>20,268</u>
-	8,988	1,000	-	1,721	68,995
\$ -	\$ 1,809	\$ 238	\$ -	\$ -	\$ 4,975
-	107	-	-	-	80,152
<u>64</u>	<u>(4,491)</u>	<u>22,435</u>	<u>979</u>	<u>141,332</u>	<u>158,222</u>
\$ <u>64</u>	\$ <u>(4,384)</u>	\$ <u>22,435</u>	\$ <u>979</u>	\$ <u>141,332</u>	\$ <u>238,374</u>

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

Fiscal Year Ended June 30, 2025
(Expressed in Thousands)

	<u>Lottery</u>	<u>Alcoholic Beverages</u>	<u>Maine Military Authority</u>	<u>Ferry Service</u>	<u>Prison Industries</u>
Operating Revenues					
Charges for Services	\$ 414,345	\$ 260,355	\$ -	\$ 7,850	\$ 2,101
Assessments	-	-	-	-	-
Miscellaneous Revenues	734	135	156	-	-
Total Operating Revenues	<u>415,079</u>	<u>260,490</u>	<u>156</u>	<u>7,850</u>	<u>2,101</u>
Operating Expenses					
General Operations	335,332	195,413	66	11,982	1,998
Depreciation and Amortization	-	184	-	4,223	20
Total Operating Expenses	<u>335,332</u>	<u>195,597</u>	<u>66</u>	<u>16,205</u>	<u>2,018</u>
Operating Income (Loss)	<u>79,747</u>	<u>64,893</u>	<u>90</u>	<u>(8,355)</u>	<u>83</u>
Nonoperating Revenues (Expenses)					
Other Nonoperating Revenues (Expenses) - net	621	47	(3)	54	36
Interest Expense	-	(205)	-	-	-
Total Nonoperating Revenues (Expenses)	<u>621</u>	<u>(158)</u>	<u>(3)</u>	<u>54</u>	<u>36</u>
Income (Loss) Before Capital Contributions, Transfers and Special Items	<u>80,368</u>	<u>64,735</u>	<u>87</u>	<u>(8,301)</u>	<u>119</u>
Capital Contributions, Transfers and Special Items					
Capital Contributions from (to) Other Funds	-	-	-	2,704	-
Transfer from Other Funds	-	-	75	7,603	-
Transfer to Other Funds	(79,890)	(67,717)	-	-	-
Total Capital Contributions, Transfers In (Out) and Special Items	<u>(79,890)</u>	<u>(67,717)</u>	<u>75</u>	<u>10,307</u>	<u>-</u>
Change in Net Position	478	(2,982)	162	2,006	119
Net Position - Beginning of Year	503	1,650	(170)	70,615	6,177
Restatements (Note 3)	(154)	(101)	(6)	(343)	(6)
Net Position - End of Year	<u>\$ 827</u>	<u>\$ (1,433)</u>	<u>\$ (14)</u>	<u>\$ 72,278</u>	<u>\$ 6,290</u>

<u>Dirigo Health</u>	<u>Consolidated Emergency Communications</u>	<u>Competitive Skills Scholarship Fund</u>	<u>Maine Retirement Savings Program</u>	<u>Paid Family and Medical Leave Insurance Fund</u>	<u>Total Other Enterprise Funds</u>
\$ -	\$ 8,273	\$ -	\$ -	\$ -	\$ 692,924
-	-	9,582	-	131,246	140,828
-	-	-	-	-	1,025
-	8,273	9,582	-	131,246	834,777
-	7,856	3,345	255	13,303	569,550
-	31	-	-	-	4,458
-	7,887	3,345	255	13,303	574,008
-	386	6,237	(255)	117,943	260,769
-	-	847	48	385	2,035
-	-	-	-	-	(205)
-	-	847	48	385	1,830
-	386	7,084	(207)	118,328	262,599
-	-	-	-	-	2,704
-	-	-	-	23,038	30,716
-	-	-	-	(34)	(147,641)
-	-	-	-	23,004	(114,221)
-	386	7,084	(207)	141,332	148,378
64	(4,440)	15,389	1,186	-	90,974
-	(330)	(38)	-	-	(978)
<u>\$ 64</u>	<u>\$ (4,384)</u>	<u>\$ 22,435</u>	<u>\$ 979</u>	<u>\$ 141,332</u>	<u>\$ 238,374</u>

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

Fiscal Year Ended June 30, 2025
(Expressed in Thousands)

	<u>Lottery</u>	<u>Alcoholic Beverages</u>	<u>Maine Military Authority</u>	<u>Ferry Service</u>
Cash Flows from Operating Activities				
Receipts from Customers and Users	\$ 414,988	\$ 260,249	\$ 81	\$ 5,612
Cash Received from Interfund Services	6,227	21	75	2,227
Payments to Prize Winners	(284,074)	-	-	-
Payments to Suppliers	(54,881)	(190,906)	(2)	(2,694)
Payments to Employees	(2,146)	(706)	(43)	(10,102)
Payments for Interfund Goods and Services	(845)	(551)	(183)	(731)
Net Cash Provided (Used) by Operating Activities	<u>79,269</u>	<u>68,107</u>	<u>(72)</u>	<u>(5,688)</u>
Cash Flows from Noncapital Financing Activities				
Transfers from Other Funds	-	-	75	7,603
Transfers to Other Funds	(79,890)	(67,717)	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(79,890)</u>	<u>(67,717)</u>	<u>75</u>	<u>7,603</u>
Cash Flows from Capital and Related Financing Activities				
Payments for Acquisition of Capital Assets	-	-	-	(2,024)
Principal and Interest Paid on Financing Arrangements	-	(1,572)	-	-
Proceeds from Sale of Capital Assets	1	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>1</u>	<u>(1,572)</u>	<u>-</u>	<u>(2,024)</u>
Cash Flows from Investing Activities				
Investment Income	620	47	(3)	54
Net Cash Provided (Used) by Investing Activities	<u>620</u>	<u>47</u>	<u>(3)</u>	<u>54</u>
Net Increase (Decrease) in Cash/Cash Equivalents	-	(1,135)	-	(55)
Cash/Cash Equivalents - Beginning of Period	750	7,208	-	403
Cash/Cash Equivalents - End of Period	<u>\$ 750</u>	<u>\$ 6,073</u>	<u>\$ -</u>	<u>\$ 348</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ 79,747	\$ 64,893	\$ 90	\$ (8,355)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Depreciation Expense	-	184	-	4,223
Decrease (Increase) in Assets & Liabilities				
Accounts Receivable	(125)	(241)	-	(11)
Interfund Balances	6,264	21	(167)	(2)
Inventories	-	-	-	65
Deferred Outflows	(108)	(77)	-	(406)
Increase (Decrease) in Liabilities				
Accounts Payable	(1,610)	3,307	-	(161)
Accrued Payroll Expense	4	39	-	105
Compensated Absences	(64)	20	5	111
Deferred Inflows	(152)	(26)	-	(601)
Net Pension Liability	(130)	7	-	(250)
Other Accruals	(4,458)	(2)	-	-
Net OPEB Liability	(99)	(18)	-	(406)
Total Adjustments	(478)	3,214	(162)	2,667
Net Cash Provided (Used) by Operating Activities	<u>\$ 79,269</u>	<u>\$ 68,107</u>	<u>\$ (72)</u>	<u>\$ (5,688)</u>
Non Cash Investing, Capital and Financing Activities				
Subscription Based Assets	-	3,243	-	-
Contributed Capital Assets	-	-	-	2,704

Prison Industries	Dirigo Health	Consolidated Emergency Communications	Competitive Skills Scholarship Fund	Maine Retirement Savings Program	Paid Family and Medical Leave Insurance Fund	Total Other Enterprise Funds
\$ 1,492	\$ -	\$ 1,496	\$ 9,582	\$ -	\$ 84,217	\$ 777,717
572	-	6,638	-	-	52	15,812
-	-	-	-	-	-	(284,074)
(918)	-	(374)	(2,295)	-	(9,373)	(261,443)
(256)	-	(7,896)	(964)	-	(1,731)	(23,844)
(1,016)	-	(780)	(220)	(255)	(769)	(5,350)
<u>(126)</u>	<u>-</u>	<u>(916)</u>	<u>6,103</u>	<u>(255)</u>	<u>72,396</u>	<u>218,818</u>
-	-	-	-	-	23,038	30,716
-	-	-	-	-	(34)	(147,641)
-	-	-	-	-	23,004	(116,925)
-	-	-	-	-	-	(2,024)
-	-	-	-	-	-	(1,572)
1	-	-	-	-	-	2
1	-	-	-	-	-	(3,594)
36	-	-	847	48	385	2,034
36	-	-	847	48	385	2,034
(89)	-	(916)	6,950	(207)	95,785	100,333
719	64	916	16,425	1,186	-	27,671
<u>\$ 630</u>	<u>\$ 64</u>	<u>\$ -</u>	<u>\$ 23,375</u>	<u>\$ 979</u>	<u>\$ 95,785</u>	<u>\$ 128,004</u>
\$ 83	\$ -	\$ 386	\$ 6,237	\$ (255)	\$ 117,943	\$ 260,769
20	-	31	-	-	-	4,458
(3)	-	(104)	-	-	(47,029)	(47,513)
(42)	-	(35)	(7)	-	52	6,084
(164)	-	-	-	-	-	(99)
-	-	(329)	(48)	-	(239)	(1,207)
25	-	2	118	-	1,426	3,107
(6)	-	62	14	-	-	218
(9)	-	42	(13)	-	243	335
(19)	-	(481)	(62)	-	-	(1,341)
1	-	(166)	(98)	-	-	(636)
-	-	-	-	-	-	(4,460)
(12)	-	(324)	(38)	-	-	(897)
(209)	-	(1,302)	(134)	-	(45,547)	(41,951)
<u>\$ (126)</u>	<u>\$ -</u>	<u>\$ (916)</u>	<u>\$ 6,103</u>	<u>\$ (255)</u>	<u>\$ 72,396</u>	<u>\$ 218,818</u>
-	-	-	-	-	-	3,243
-	-	-	-	-	-	2,704



INTERNAL SERVICE FUNDS

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

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

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

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

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

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

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

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

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

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

Statewide Radio & Network Systems Fund – This fund accounts for resources generated and used to acquire, expand, upgrade and replace a statewide radio and network system for use by State agencies.

Financial & Personnel Services Fund – This fund accounts for centralized services provided by the Department of Administrative and Financial Services. Services provided include personnel administration, employee relations, budget management, general administration, and accounting.

Transportation Facilities Fund – This fund accounts for the purchase, operation, maintenance, improvement, repair, construction, and management of buildings owned by the Department of Transportation.

Governmental Facilities Authority Fund – This fund includes the operations of the Maine Governmental Facilities Authority, a blended component unit. The Authority was created to assist in the financing, equipping, improvement, reconstruction, acquisition, and construction of additions to structures designed for use as a court facility, State office or State activity space.

Industrial Drive Facility Fund – This fund accounts for the managing and operation of the facility at 66 Industrial Drive in Augusta. The facility consolidates agencies performing similar work in an effort to promote resource sharing.

STATE OF MAINE
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS

June 30, 2025
(Expressed in Thousands)

	Motor Transport Services	Postal, Printing & Supply	Information Services	Risk Management
Assets				
Current Assets:				
Equity in Treasurer's Cash Pool	\$ 3,379	\$ -	\$ 2,658	\$ 17,273
Cash & Short-Term Investments	-	1	-	-
Cash with Fiscal Agent	87	-	-	-
Restricted Assets:				
Restricted Deposits & Investments	-	-	-	-
Inventories	5,471	955	7	-
Receivables, Net of Allowance for Uncollectibles:				
Other Receivable	45	121	140	63
Due from Other Funds	242	3,449	31,248	504
Other Assets	-	83	13,074	2,240
Total Current Assets	<u>9,224</u>	<u>4,609</u>	<u>47,127</u>	<u>20,080</u>
Noncurrent Assets:				
Equity in Treasurer's Cash Pool	2,902	-	2,282	14,832
Receivables, Net of Current Portion	-	-	-	-
Capital Assets, Net of Accumulated Depreciation	46,842	535	9,521	-
Right to Use Assets, Net of Accumulated Amortization	-	-	17,195	-
Total Noncurrent Assets	<u>49,744</u>	<u>535</u>	<u>28,998</u>	<u>14,832</u>
Total Assets	<u>58,968</u>	<u>5,144</u>	<u>76,125</u>	<u>34,912</u>
Deferred Outflows of Resources	<u>\$ 3,871</u>	<u>\$ 857</u>	<u>\$ 17,224</u>	<u>\$ 243</u>
Liabilities				
Current Liabilities:				
Accounts Payable	\$ 730	\$ 811	\$ 7,920	\$ 95
Accrued Payroll	557	167	3,193	52
Due to Other Funds	361	14,494	5,980	295
Due to Component Units	-	-	-	-
Current Portion of Long-Term Obligations:				
Certificates of Participation and Other Financing Arrangements	8	-	-	-
Obligations for Right to Use Assets	-	-	8,651	-
Claims Payable	-	-	-	-
Compensated Absences	246	57	1,193	23
Unearned Revenue	-	-	-	503
Accrued Interest Payable	-	-	-	-
Total Current Liabilities	<u>1,902</u>	<u>15,529</u>	<u>26,937</u>	<u>968</u>
Long-Term Liabilities:				
Working Capital Advances Payable	-	111	-	-
Certificates of Participation & Other Financing Arrangements	-	-	-	-
Obligations for Right to Use Assets	-	-	8,940	-
Claims Payable	-	-	-	10,357
Compensated Absences	1,102	202	4,662	110
Net Other Post-Employment Benefit Liability	3,062	654	13,216	145
Net Pension Liability	6,411	1,413	28,106	387
Total Long-Term Liabilities	<u>10,575</u>	<u>2,380</u>	<u>54,924</u>	<u>10,999</u>
Total Liabilities	<u>12,477</u>	<u>17,909</u>	<u>81,861</u>	<u>11,967</u>
Deferred Inflows of Resources	<u>\$ 3,119</u>	<u>\$ 680</u>	<u>\$ 13,611</u>	<u>\$ 154</u>
Net Position				
Net Investment in Capital Assets	46,921	535	9,126	-
Restricted for:				
Other Purposes	-	-	-	-
Unrestricted	322	(13,123)	(11,249)	23,034
Total Net Position	<u>\$ 47,243</u>	<u>\$ (12,588)</u>	<u>\$ (2,123)</u>	<u>\$ 23,034</u>

(Continued)

<u>Workers' Compensation</u>	<u>Central Fleet Management</u>	<u>Leased Space</u>	<u>Revenue Services</u>	<u>Retiree Health Insurance</u>	<u>Employee Health Insurance</u>	<u>Statewide Radio & Network Systems</u>
\$ 29,520	\$ 2,026	\$ 42	\$ -	\$ 44,833	\$ 125,477	\$ 15
-	-	-	-	-	-	-
-	6,279	-	-	-	-	2,953
-	-	-	-	-	-	-
-	22	-	-	-	-	-
1	41	567	1	4,308	16,228	-
1,060	2,925	559	-	10,539	10,372	-
587	-	10	-	-	-	-
<u>31,168</u>	<u>11,293</u>	<u>1,178</u>	<u>1</u>	<u>59,680</u>	<u>152,077</u>	<u>2,968</u>
25,349	1,739	36	-	38,499	107,751	13
-	-	3,591	-	-	-	-
-	37,727	-	-	-	-	27,175
-	-	257,830	-	-	-	-
<u>25,349</u>	<u>39,466</u>	<u>261,457</u>	<u>-</u>	<u>38,499</u>	<u>107,751</u>	<u>27,188</u>
<u>56,517</u>	<u>50,759</u>	<u>262,635</u>	<u>1</u>	<u>98,179</u>	<u>259,828</u>	<u>30,156</u>
\$ 743	\$ 424	\$ 85	\$ -	\$ -	\$ 597	\$ -
\$ 772	\$ 331	\$ 549	\$ -	\$ 12,546	\$ 14,504	\$ -
126	85	21	-	-	142	-
83	765	59	16	10	6,331	-
-	-	-	-	2,963	-	-
-	5,904	-	-	-	-	2,455
-	-	9,653	-	-	-	-
7,479	-	-	-	3,783	11,352	-
38	34	7	-	-	45	-
-	-	-	-	-	-	-
-	416	-	-	-	-	-
<u>8,498</u>	<u>7,535</u>	<u>10,289</u>	<u>16</u>	<u>19,302</u>	<u>32,374</u>	<u>2,455</u>
-	-	-	-	-	-	-
-	28,417	-	-	-	-	10,176
-	-	259,730	-	-	-	-
41,766	-	-	-	-	-	-
187	127	9	-	-	157	-
486	309	63	-	-	325	-
1,296	684	131	-	-	945	-
<u>43,735</u>	<u>29,537</u>	<u>259,933</u>	<u>-</u>	<u>-</u>	<u>1,427</u>	<u>10,176</u>
<u>52,233</u>	<u>37,072</u>	<u>270,222</u>	<u>16</u>	<u>19,302</u>	<u>33,801</u>	<u>12,631</u>
\$ 519	\$ 321	\$ 4,144	\$ -	\$ -	\$ 350	\$ -
-	9,685	(11,553)	-	-	-	17,497
-	-	-	-	-	-	28
<u>4,508</u>	<u>4,105</u>	<u>(93)</u>	<u>(15)</u>	<u>78,877</u>	<u>226,274</u>	<u>-</u>
<u>\$ 4,508</u>	<u>\$ 13,790</u>	<u>\$ (11,646)</u>	<u>\$ (15)</u>	<u>\$ 78,877</u>	<u>\$ 226,274</u>	<u>\$ 17,525</u>

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

June 30, 2025
(Expressed in Thousands)

	Financial & Personnel Services	Transportation Facilities	Governmental Facilities Authority	Industrial Drive Facility	Total Internal Service Funds
Assets					
Current Assets:					
Equity in Treasurer's Cash Pool	\$ 2,659	\$ 6,687	\$ -	\$ 199	\$ 234,768
Cash & Short-Term Investments	-	-	-	-	1
Cash with Fiscal Agent	-	-	-	-	9,319
Restricted Assets:					
Restricted Deposits & Investments	-	-	2,417	-	2,417
Inventories	-	-	-	-	6,455
Receivables, Net of Allowance for Uncollectibles:					
Other Receivable	-	1	-	-	21,516
Due from Other Funds	371	-	-	-	61,269
Other Assets	-	-	-	-	15,994
Total Current Assets	<u>3,030</u>	<u>6,688</u>	<u>2,417</u>	<u>199</u>	<u>351,739</u>
Noncurrent Assets:					
Equity in Treasurer's Cash Pool	2,284	5,743	-	171	201,601
Receivables, Net of Current Portion	-	-	-	-	3,591
Capital Assets, Net of Accumulated Depreciation	-	41,234	-	10,380	173,414
Right to Use Assets, Net of Accumulated Amortization	-	-	-	-	275,025
Total Noncurrent Assets	<u>2,284</u>	<u>46,977</u>	<u>-</u>	<u>10,551</u>	<u>653,631</u>
Total Assets	<u>5,314</u>	<u>53,665</u>	<u>2,417</u>	<u>10,750</u>	<u>1,005,370</u>
Deferred Outflows of Resources	<u>\$ 9,648</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,692</u>
Liabilities					
Current Liabilities:					
Accounts Payable	\$ 24	\$ 23	\$ -	\$ 27	\$ 38,332
Accrued Payroll	1,861	-	-	-	6,204
Due to Other Funds	678	-	-	1	29,073
Due to Component Units	-	-	-	-	2,963
Current Portion of Long-Term Obligations:					
Certificates of Participation and Other Financing Arrangements	-	-	-	-	8,367
Obligations for Right to Use Assets	-	-	-	-	18,304
Claims Payable	-	-	-	-	22,614
Compensated Absences	613	-	-	-	2,256
Unearned Revenue	-	-	-	-	503
Accrued Interest Payable	-	-	576	-	992
Total Current Liabilities	<u>3,176</u>	<u>23</u>	<u>576</u>	<u>28</u>	<u>129,608</u>
Long-Term Liabilities:					
Working Capital Advances Payable	-	-	-	-	111
Certificates of Participation & Other Financing Arrangements	-	-	-	-	38,593
Obligations for Right to Use Assets	-	-	-	-	268,670
Claims Payable	-	-	-	-	52,123
Compensated Absences	2,697	-	-	-	9,253
Net Other Post-Employment Benefit Liability	6,756	-	-	-	25,016
Net Pension Liability	16,259	-	-	-	55,632
Total Long-Term Liabilities	<u>25,712</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>449,398</u>
Total Liabilities	<u>28,888</u>	<u>23</u>	<u>576</u>	<u>28</u>	<u>579,006</u>
Deferred Inflows of Resources	<u>\$ 7,088</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,986</u>
Net Position					
Net Investment in Capital Assets	-	41,234	-	10,380	123,825
Restricted for:					
Other Purposes	-	-	242	-	270
Unrestricted	(21,014)	12,408	1,599	342	305,975
Total Net Position	<u>\$ (21,014)</u>	<u>\$ 53,642</u>	<u>\$ 1,841</u>	<u>\$ 10,722</u>	<u>\$ 430,070</u>



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

Fiscal Year Ended June 30, 2025
(Expressed in Thousands)

	Motor Transport Services	Postal, Printing & Supply	Information Services	Risk Management
Operating Revenues				
Charges for Services	\$ 42,842	\$ 38,655	\$ 152,902	\$ 10,245
Miscellaneous Revenues	-	-	-	177
Total Operating Revenues	<u>42,842</u>	<u>38,655</u>	<u>152,902</u>	<u>10,422</u>
Operating Expenses				
General Operations	32,067	37,919	124,693	7,588
Depreciation and Amortization	7,390	-	13,896	-
Claims/Fees Expense	-	-	-	1,266
Total Operating Expenses	<u>39,457</u>	<u>37,919</u>	<u>138,589</u>	<u>8,854</u>
Operating Income (Loss)	<u>3,385</u>	<u>736</u>	<u>14,313</u>	<u>1,568</u>
Nonoperating Revenues (Expenses)				
Investment Revenue (Expenses) - net	289	(690)	(159)	1,522
Interest Expense	-	-	(515)	-
Other Nonoperating Revenue (Expenses) - net	27	-	(51)	-
Total Nonoperating Revenues (Expenses) - net	<u>316</u>	<u>(690)</u>	<u>(725)</u>	<u>1,522</u>
Income (Loss) Before Capital Contributions, Transfers and Special Items	<u>3,701</u>	<u>46</u>	<u>13,588</u>	<u>3,090</u>
Capital Contributions, Transfers and Special Items				
Capital Contributions from (to) Other Funds	-	-	744	-
Transfer from Other Funds	-	-	-	-
Total Capital Contributions, Transfers In (Out) and Special Items	<u>-</u>	<u>-</u>	<u>744</u>	<u>-</u>
Change in Net Position	<u>3,701</u>	<u>46</u>	<u>14,332</u>	<u>3,090</u>
Net Position - Beginning of Year (as restated)	<u>43,542</u>	<u>(12,634)</u>	<u>(16,455)</u>	<u>19,944</u>
Net Position - End of Year	<u>\$ 47,243</u>	<u>\$ (12,588)</u>	<u>\$ (2,123)</u>	<u>\$ 23,034</u>

(Continued)

<u>Workers' Compensation</u>	<u>Central Fleet Management</u>	<u>Leased Space</u>	<u>Revenue Services</u>	<u>Retiree Health Insurance</u>	<u>Employee Health Insurance</u>	<u>Statewide Radio & Network Systems</u>
\$ 18,353	\$ 17,355	\$ 32,337	\$ 54	\$ 55,622	\$ 182,809	\$ -
30	-	4	-	-	-	-
<u>18,383</u>	<u>17,355</u>	<u>32,341</u>	<u>54</u>	<u>55,622</u>	<u>182,809</u>	<u>-</u>
3,920	10,366	19,195	334	46,304	160,616	-
-	6,186	11,312	-	-	-	8,826
6,039	-	-	-	-	-	-
<u>9,959</u>	<u>16,552</u>	<u>30,507</u>	<u>334</u>	<u>46,304</u>	<u>160,616</u>	<u>8,826</u>
<u>8,424</u>	<u>803</u>	<u>1,834</u>	<u>(280)</u>	<u>9,318</u>	<u>22,193</u>	<u>(8,826)</u>
2,319	439	112	3	5,765	9,861	408
-	(950)	(4,761)	-	-	-	(68)
-	(375)	-	-	-	-	-
<u>2,319</u>	<u>(886)</u>	<u>(4,649)</u>	<u>3</u>	<u>5,765</u>	<u>9,861</u>	<u>340</u>
<u>10,743</u>	<u>(83)</u>	<u>(2,815)</u>	<u>(277)</u>	<u>15,083</u>	<u>32,054</u>	<u>(8,486)</u>
-	-	-	-	-	-	3,789
-	-	-	-	2,000	-	2,080
-	-	-	-	2,000	-	5,869
<u>10,743</u>	<u>(83)</u>	<u>(2,815)</u>	<u>(277)</u>	<u>17,083</u>	<u>32,054</u>	<u>(2,617)</u>
<u>(6,235)</u>	<u>13,873</u>	<u>(8,831)</u>	<u>262</u>	<u>61,794</u>	<u>194,220</u>	<u>20,142</u>
<u>\$ 4,508</u>	<u>\$ 13,790</u>	<u>\$ (11,646)</u>	<u>\$ (15)</u>	<u>\$ 78,877</u>	<u>\$ 226,274</u>	<u>\$ 17,525</u>

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

Fiscal Year Ended June 30, 2025
(Expressed in Thousands)

	Financial & Personnel Services	Transportation Facilities	Governmental Facilities Authority	Industrial Drive Facility	Total Internal Service Funds
Operating Revenues					
Charges for Services	\$ 30,471	\$ 9,527	\$ 201	\$ 712	\$ 592,085
Miscellaneous Revenues	3	-	-	-	214
Total Operating Revenues	<u>30,474</u>	<u>9,527</u>	<u>201</u>	<u>712</u>	<u>592,299</u>
Operating Expenses					
General Operations	23,925	185	403	616	468,131
Depreciation and Amortization	-	1,065	-	374	49,049
Claims/Fees Expense	-	-	-	-	7,305
Total Operating Expenses	<u>23,925</u>	<u>1,250</u>	<u>403</u>	<u>990</u>	<u>524,485</u>
Operating Income (Loss)	<u>6,549</u>	<u>8,277</u>	<u>(202)</u>	<u>(278)</u>	<u>67,814</u>
Nonoperating Revenues (Expenses)					
Investment Revenue (Expenses) - net	-	343	-	28	20,240
Interest Expense	-	-	-	-	(6,294)
Other Nonoperating Revenue (Expenses) - net	-	-	-	-	(399)
Total Nonoperating Revenues (Expenses) - net	<u>-</u>	<u>343</u>	<u>-</u>	<u>28</u>	<u>13,547</u>
Income (Loss) Before Capital Contributions, Transfers and Special Items	<u>6,549</u>	<u>8,620</u>	<u>(202)</u>	<u>(250)</u>	<u>81,361</u>
Capital Contributions, Transfers and Special Items					
Capital Contributions from (to) Other Funds	-	388	-	-	4,921
Transfer from Other Funds	-	-	-	-	4,080
Total Capital Contributions, Transfers In (Out) and Special Items	<u>-</u>	<u>388</u>	<u>-</u>	<u>-</u>	<u>9,001</u>
Change in Net Position	<u>6,549</u>	<u>9,008</u>	<u>(202)</u>	<u>(250)</u>	<u>90,362</u>
Net Position - Beginning of Year (as restated)	<u>(27,563)</u>	<u>44,634</u>	<u>2,043</u>	<u>10,972</u>	<u>339,708</u>
Net Position - End of Year	<u>\$ (21,014)</u>	<u>\$ 53,642</u>	<u>\$ 1,841</u>	<u>\$ 10,722</u>	<u>\$ 430,070</u>



STATE OF MAINE
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

Fiscal Year Ended June 30, 2025
(Expressed in Thousands)

	Motor Transport Services	Postal, Printing & Supply	Information Services
Cash Flows from Operating Activities			
Receipts from Customers and Users	\$ 501	\$ 10,910	\$ 9,808
Cash Received from Interfund Services	41,784	28,064	139,945
Payments to Suppliers	(9,255)	(27,481)	(57,996)
Payments to Employees	(11,367)	(2,565)	(48,797)
Payments for Interfund Goods and Services	(13,405)	(8,238)	(28,240)
Net Cash Provided (Used) by Operating Activities	<u>8,258</u>	<u>690</u>	<u>14,720</u>
Cash Flows from Noncapital Financing Activities			
Transfers from Other Funds	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities			
Payments for Acquisition of Capital Assets	(8,443)	-	(5,471)
Proceeds from Financing Arrangements	-	-	-
Principal and Interest Paid on Financing Arrangements	-	-	(9,157)
Proceeds from Sale of Capital Assets	612	-	155
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(7,831)</u>	<u>-</u>	<u>(14,473)</u>
Cash Flows from Investing Activities			
Investment Revenue	289	(690)	(159)
Net Cash Provided (Used) by Investing Activities	<u>289</u>	<u>(690)</u>	<u>(159)</u>
Net Increase (Decrease) in Cash/Cash Equivalents	716	-	88
Cash/Cash Equivalents - Beginning of Period (as restated)	5,652	1	4,852
Cash/Cash Equivalents - End of Period	<u>\$ 6,368</u>	<u>\$ 1</u>	<u>\$ 4,940</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	\$ 3,385	\$ 736	\$ 14,313
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Depreciation and Amortization Expense	7,390	-	13,896
Decrease (Increase) in Assets			
Accounts Receivable	(19)	1	246
Interfund Balances	(36)	728	(2,993)
Due from Other Governments	-	-	-
Inventories	(436)	(87)	-
Other Assets	-	(14)	(1,293)
Deferred Outflows	(487)	(113)	(2,176)
Increase (Decrease) in Liabilities			
Accounts Payable	314	(3)	3,561
Accrued Payroll Expense	98	32	588
Due to Other Governments	-	-	-
Compensated Absences	138	(127)	(2,459)
Deferred Inflows	(840)	(181)	(3,633)
Net Pension Liability	(698)	(165)	(2,942)
Other Accruals	-	-	-
Net OPEB Liability	(551)	(117)	(2,388)
Total Adjustments	4,873	(46)	407
Net Cash Provided (Used) by Operating Activities	<u>\$ 8,258</u>	<u>\$ 690</u>	<u>\$ 14,720</u>
Non Cash Investing, Capital and Financing Activities			
Subscription Based Assets	-	-	1,551
Contributed Capital Assets	-	-	744
Disposal of Asset - Gain (Loss)	(585)	-	(206)

(Continued)

<u>Risk Management</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>
\$ 2,779	\$ 101	\$ 415	\$ 1,342	\$ -	\$ 50,321	\$ 163,816
7,897	18,260	16,382	31,072	54	1,278	5,431
(4,481)	(9,804)	(4,694)	(18,219)	(9)	(43,491)	(147,661)
(778)	(2,127)	(1,327)	(243)	-	(143)	(2,141)
<u>(4,120)</u>	<u>(1,003)</u>	<u>(4,218)</u>	<u>(574)</u>	<u>(316)</u>	<u>(52)</u>	<u>(233)</u>
<u>1,297</u>	<u>5,427</u>	<u>6,558</u>	<u>13,378</u>	<u>(271)</u>	<u>7,913</u>	<u>19,212</u>
-	-	-	-	-	2,000	-
-	-	-	-	-	2,000	-
-	-	(13,768)	(38,111)	-	-	-
-	-	13,500	38,111	-	-	-
-	-	(4,834)	(13,412)	-	-	-
-	-	614	-	-	-	-
-	-	<u>(4,488)</u>	<u>(13,412)</u>	-	-	-
<u>1,522</u>	<u>2,319</u>	<u>439</u>	<u>112</u>	<u>3</u>	<u>5,765</u>	<u>9,861</u>
<u>1,522</u>	<u>2,319</u>	<u>439</u>	<u>112</u>	<u>3</u>	<u>5,765</u>	<u>9,861</u>
2,819	7,746	2,509	78	(268)	15,678	29,073
29,286	47,123	7,535	-	268	67,654	204,155
<u>\$ 32,105</u>	<u>\$ 54,869</u>	<u>\$ 10,044</u>	<u>\$ 78</u>	<u>\$ -</u>	<u>\$ 83,332</u>	<u>\$ 233,228</u>
<u>\$ 1,568</u>	<u>\$ 8,424</u>	<u>\$ 803</u>	<u>\$ 1,834</u>	<u>\$ (280)</u>	<u>\$ 9,318</u>	<u>\$ 22,193</u>
-	-	6,186	11,312	-	-	-
189	(1)	14	200	-	(3,404)	(12,348)
48	(5)	(255)	(423)	9	(615)	(1,208)
-	-	-	522	-	-	-
-	-	6	-	-	-	-
79	(567)	-	-	-	-	-
(48)	(58)	(65)	(19)	-	-	(100)
53	91	(80)	516	-	2,798	11,963
13	11	14	15	-	-	23
-	-	-	-	-	136	-
(19)	(183)	(67)	(3)	-	-	(196)
(42)	(141)	(86)	(539)	-	-	(98)
(12)	(61)	(75)	(27)	-	-	6
(504)	(1,990)	219	-	-	(320)	(956)
<u>(28)</u>	<u>(93)</u>	<u>(56)</u>	<u>(10)</u>	<u>-</u>	<u>-</u>	<u>(67)</u>
<u>(271)</u>	<u>(2,997)</u>	<u>5,755</u>	<u>11,544</u>	<u>9</u>	<u>(1,405)</u>	<u>(2,981)</u>
<u>\$ 1,297</u>	<u>\$ 5,427</u>	<u>\$ 6,558</u>	<u>\$ 13,378</u>	<u>\$ (271)</u>	<u>\$ 7,913</u>	<u>\$ 19,212</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	(989)	-	-	-	-

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

Fiscal Year Ended June 30, 2025
(Expressed in Thousands)

	Statewide Radio & Network Systems	Industrial Drive Facility	Financial & Personnel Services	Transportation Facilities	Governmental Facilities Authority	Total
Cash Flows from Operating Activities						
Receipts from Customers and Users	\$ -	\$ -	\$ 85	\$ 27	\$ 201	\$ 240,306
Cash Received from Interfund Services	-	712	30,575	9,500	-	330,954
Payments to Suppliers	-	(618)	(609)	(191)	(1,836)	(326,345)
Payments to Employees	-	-	(28,687)	-	-	(98,175)
Payments for Interfund Goods and Services	-	(53)	(1,609)	(36)	-	(62,097)
Net Cash Provided (Used) by Operating Activities	-	41	(245)	9,300	(1,635)	84,643
Cash Flows from Noncapital Financing Activities						
Transfers from Other Funds	2,080	-	-	-	-	4,080
Net Cash Provided (Used) by Noncapital Financing Activities	2,080	-	-	-	-	4,080
Cash Flows from Capital and Related Financing Activities						
Payments for Acquisition of Capital Assets	(5,261)	-	-	(732)	-	(71,786)
Proceeds from Financing Arrangements	3,000	-	-	-	-	54,611
Principal and Interest Paid on Financing Arrangements	(2,314)	-	-	-	-	(29,717)
Proceeds from Sale of Capital Assets	-	-	-	-	-	1,381
Net Cash Provided (Used) by Capital and Related Financing Activities	(4,575)	-	-	(732)	-	(45,511)
Cash Flows from Investing Activities						
Investment Revenue	408	28	-	343	-	20,240
Net Cash Provided (Used) by Investing Activities	408	28	-	343	-	20,240
Net Increase (Decrease) in Cash/Cash Equivalents	(2,087)	69	(245)	8,911	(1,635)	63,452
Cash/Cash Equivalents - Beginning of Period (as restated)	5,068	301	5,188	3,519	4,052	384,654
Cash/Cash Equivalents - End of Period	\$ 2,981	\$ 370	\$ 4,943	\$ 12,430	\$ 2,417	\$ 448,106
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities						
Operating Income (Loss)	\$ (8,826)	\$ (278)	\$ 6,549	\$ 8,277	\$ (202)	\$ 67,814
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities						
Depreciation and Amortization Expense	8,826	374	-	1,065	-	49,049
Decrease (Increase) in Assets						
Accounts Receivable	-	-	-	-	-	(15,122)
Interfund Balances	-	-	261	-	-	(4,489)
Due from Other Governments	-	-	-	-	-	522
Inventories	-	-	-	-	-	(517)
Other Assets	-	-	-	-	-	(1,795)
Deferred Outflows	-	-	(1,322)	-	-	(4,388)
Increase (Decrease) in Liabilities						
Accounts Payable	-	(55)	(28)	(42)	-	19,088
Accrued Payroll Expense	-	-	761	-	-	1,555
Due to Other Governments	-	-	-	-	-	136
Compensated Absences	-	-	(1,903)	-	-	(4,819)
Deferred Inflows	-	-	(1,916)	-	-	(7,476)
Net Pension Liability	-	-	(1,395)	-	-	(5,369)
Other Accruals	-	-	-	-	(1,433)	(4,984)
Net OPEB Liability	-	-	(1,252)	-	-	(4,562)
Total Adjustments	8,826	319	(6,794)	1,023	(1,433)	16,829
Net Cash Provided (Used) by Operating Activities	\$ -	\$ 41	\$ (245)	\$ 9,300	\$ (1,635)	\$ 84,643
Non Cash Investing, Capital and Financing Activities						
Subscription Based Assets	-	-	-	-	-	1,551
Contributed Capital Assets	3,789	-	-	388	-	4,921
Disposal of Asset - Gain (Loss)	-	-	-	-	-	(1,780)

FIDUCIARY FUNDS

Pension (and Other Employee Benefits) Trusts

This fund accounts for all of the trust activity occurring in the employees defined benefit pension plan, healthcare and group life insurance other postemployment benefits trusts and defined contribution plans.

Private Purpose Trust Funds

Abandoned Property Fund – This fund accounts for unclaimed property receipts. All holders of property presumed abandoned must report these properties to the Treasurer annually. The Treasurer will honor claims indefinitely.

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

Lands Reserved Trust Funds – These funds were established to account for revenue derived from the sale of timber from public lands and from appreciation on investments. The income is to be used for school purposes by townships when they become organized towns or plantations.

Maine Universal Service Trust Fund – This fund provides universal land-line service to the poor and to otherwise underserved rural areas.

Maine Telecommunications Education Access Trust Fund – This fund provides schools and qualified libraries with resources to provide computer-based and network services.

Custodial Funds

Bureau of Insurance and Other Custodial Funds – Almost half of these funds represent deposits held for entities that are self-insured for worker's compensation and/or unemployment claims. About one quarter of the funds represent assets held for DHHS clients. Most of the remaining monies include Attorney General's Office anti-trust escrow accounts and balances held for multi-state cost sharing lawsuits.

Self-Insured and Other Custodial Funds – This fund holds worker's compensation deposits for entities that have ceased to exist. Natural resources also holds deposits for municipalities and other entities.

Non-Entitlement Units – This fund accounts for American Rescue Plan (ARP) awards from the federal government that pass through the State of Maine to municipalities that qualify as non-entitlement units.

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

June 30, 2025
(Expressed in Thousands)

	State/Teacher Defined Benefit Pension Plan	Judicial Defined Benefit Pension Plan	Legislative Defined Benefit Pension Plan	PLD Consolidated Pension Plan	PLD Agent Pension Plan
Assets					
Cash & Short-Term Investments	\$ 39,762	\$ 357	\$ 72	\$ 3,915	\$ 27
Receivables, Net of Allowance for Uncollectibles:					
Interest and Dividends	4,576	25	5	1,192	2
Due from Brokers for Securities Sold	77	-	-	20	-
Due from Primary Government	25,230	-	-	13,023	-
Investments at Fair Value:					
Equity Securities	3,016,264	16,569	3,332	786,074	1,236
Common/Collective Trusts	13,807,400	75,848	15,254	3,598,374	5,655
Securities Lending Collateral	14,622	80	16	3,811	6
Capital Assets, Net of Accumulated Depreciation	11,394	63	13	2,969	5
Total Assets	<u>16,919,325</u>	<u>92,942</u>	<u>18,692</u>	<u>4,409,378</u>	<u>6,931</u>
Liabilities					
Accounts Payable	\$ 2,881	\$ 16	\$ 3	\$ 751	\$ 1
Obligations Under Securities Lending	14,623	79	17	3,811	6
Other Accrued Liabilities	12,911	71	14	3,363	6
Total Liabilities	<u>30,415</u>	<u>166</u>	<u>34</u>	<u>7,925</u>	<u>13</u>
Net Position					
Restricted for Pension and Other Post-Employment Benefits	<u>16,888,910</u>	<u>92,776</u>	<u>18,658</u>	<u>4,401,453</u>	<u>6,918</u>
Total Net Position	<u>\$ 16,888,910</u>	<u>\$ 92,776</u>	<u>\$ 18,658</u>	<u>\$ 4,401,453</u>	<u>\$ 6,918</u>

<u>State Healthcare OPEB</u>	<u>MainePERS OPEB Trust</u>	<u>Group Life Insurance OPEB</u>	<u>Group Life Insurance Retired SETP</u>	<u>Group Life Insurance Retired PLD</u>	<u>Defined Contribution Plans</u>	<u>Teachers Healthcare OPEB</u>	<u>Total Pension (and Other Employee Benefits) Trusts</u>
\$ -	\$ -	\$ 1,978	\$ 3,046	\$ 941	\$ 110	\$ -	\$ 50,208
-	-	-	-	-	-	-	5,800
-	-	-	-	-	-	-	97
2,000	-	75	-	41	-	-	40,369
-	-	-	-	-	-	-	3,823,475
598,550	21,056	10,598	190,909	27,143	81,896	130,419	18,563,102
-	-	-	-	-	-	-	18,535
-	-	-	-	-	-	-	14,444
<u>600,550</u>	<u>21,056</u>	<u>12,651</u>	<u>193,955</u>	<u>28,125</u>	<u>82,006</u>	<u>130,419</u>	<u>22,516,030</u>
\$ -	\$ -	\$ -	\$ 9	\$ 1	\$ -	\$ -	\$ 3,662
-	-	-	-	-	-	-	18,536
<u>18</u>	<u>559</u>	<u>2,237</u>	<u>6,351</u>	<u>1,452</u>	<u>98</u>	<u>4</u>	<u>27,084</u>
<u>18</u>	<u>559</u>	<u>2,237</u>	<u>6,360</u>	<u>1,453</u>	<u>98</u>	<u>4</u>	<u>49,282</u>
<u>600,532</u>	<u>20,497</u>	<u>10,414</u>	<u>187,595</u>	<u>26,672</u>	<u>81,908</u>	<u>130,415</u>	<u>22,466,748</u>
<u>\$ 600,532</u>	<u>\$ 20,497</u>	<u>\$ 10,414</u>	<u>\$ 187,595</u>	<u>\$ 26,672</u>	<u>\$ 81,908</u>	<u>\$ 130,415</u>	<u>\$ 22,466,748</u>

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

Fiscal Year Ended June 30, 2025
(Expressed in Thousands)

	State/Teacher Defined Benefit Pension Plan	Judicial Defined Benefit Pension Plan	Legislative Defined Benefit Pension Plan	PLD Consolidated Pension Plan	PLD Agent Pension Plan
Additions:					
Contributions:					
Members	\$ 192,912	\$ 784	\$ 348	\$ 77,556	\$ -
State & Local Agency Employers	294,204	426	-	107,993	112
Non-employer Contributing Entity	220,828	-	-	-	-
Transfer from Other Pension Plans	-	-	-	-	-
Investment Income (Loss):					
Net Increase (Decrease) in the Fair Value of Investments	1,518,175	8,457	1,670	392,851	650
Interest & Dividends	60,318	332	67	15,718	24
Securities Lending Income & Borrower Rebates Refunded	200	1	-	52	1
Less Investment Expense:					
Securities Lending Expense	108,543	603	119	28,150	46
Net Investment Income (Loss)	1,470,150	8,187	1,618	380,471	629
Total Additions	2,178,094	9,397	1,966	566,020	741
Deductions:					
Benefits Paid to Participants or Beneficiaries	1,058,973	5,737	624	227,849	732
Refunds & Withdrawals	24,464	-	98	10,418	-
Administrative Expenses	15,457	87	17	3,991	7
Transfer to Other Pension Funds	-	-	-	285	-
Claims Processing Expense	-	-	-	-	-
Total Deductions	1,098,894	5,824	739	242,543	739
Net Increase (Decrease)	1,079,200	3,573	1,227	323,477	2
Net Position:					
Restricted for Pension and Other Post-Employment Benefits:					
Beginning of Year	15,809,710	89,203	17,431	4,077,976	6,916
End of Year	\$ 16,888,910	\$ 92,776	\$ 18,658	\$ 4,401,453	\$ 6,918

<u>State Healthcare OPEB</u>	<u>MainePERS OPEB Trust</u>	<u>Group Life Insurance OPEB</u>	<u>Group Life Insurance Retired SETP</u>	<u>Group Life Insurance Retired PLD</u>	<u>Defined Contribution Plans</u>	<u>Teachers Healthcare OPEB</u>	<u>Total Pension (and Other Employee Benefits) Trusts</u>
\$ -	\$ -	\$ 5,552	\$ -	\$ -	\$ 6,949	\$ -	\$ 284,101
119,644	12	1,979	7,918	1,664	985	-	534,937
-	-	-	4,993	-	-	36,147	261,968
-	-	-	-	-	285	-	285
67,563	2,444	1,330	22,123	3,136	9,348	15,138	2,042,885
4	-	1	20	3	-	-	76,487
-	-	-	-	-	-	-	254
<u>56</u>	<u>7</u>	<u>4</u>	<u>67</u>	<u>9</u>	<u>60</u>	<u>13</u>	<u>137,677</u>
<u>67,511</u>	<u>2,437</u>	<u>1,327</u>	<u>22,076</u>	<u>3,130</u>	<u>9,288</u>	<u>15,125</u>	<u>1,981,949</u>
<u>187,155</u>	<u>2,449</u>	<u>8,858</u>	<u>34,987</u>	<u>4,794</u>	<u>17,507</u>	<u>51,272</u>	<u>3,063,240</u>
82,573	268	9,389	8,186	965	-	36,147	1,431,443
-	-	-	-	-	4,577	-	39,557
2	-	72	1,053	150	284	2	21,122
-	-	-	-	-	-	-	285
-	-	258	2,628	386	122	-	3,394
<u>82,575</u>	<u>268</u>	<u>9,719</u>	<u>11,867</u>	<u>1,501</u>	<u>4,983</u>	<u>36,149</u>	<u>1,495,801</u>
<u>104,580</u>	<u>2,181</u>	<u>(861)</u>	<u>23,120</u>	<u>3,293</u>	<u>12,524</u>	<u>15,123</u>	<u>1,567,439</u>
<u>495,952</u>	<u>18,316</u>	<u>11,275</u>	<u>164,475</u>	<u>23,379</u>	<u>69,384</u>	<u>115,292</u>	<u>20,899,309</u>
<u>\$ 600,532</u>	<u>\$ 20,497</u>	<u>\$ 10,414</u>	<u>\$ 187,595</u>	<u>\$ 26,672</u>	<u>\$ 81,908</u>	<u>\$ 130,415</u>	<u>\$ 22,466,748</u>

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

June 30, 2025
(Expressed in Thousands)

	<u>Abandoned Property</u>	<u>Revenue on Private Purpose Trusts</u>	<u>Lands Reserved</u>	<u>Maine Universal Service Trust</u>
Assets				
Equity in Treasurer's Cash Pool	\$ 500	\$ -	\$ 64	\$ -
Cash & Short-Term Investments	-	-	-	7,871
Investments at Fair Value:				
Investments - Other	-	-	26,770	-
Other Receivable	-	-	-	2,230
Due from Other Funds	61,025	-	-	-
Other Assets	6,049	-	-	-
Total Assets	<u>67,574</u>	<u>-</u>	<u>26,834</u>	<u>10,101</u>
Liabilities				
Accounts Payable	\$ 45	\$ -	\$ -	\$ -
Due to Other Funds	16	-	-	-
Total Liabilities	<u>61</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position Restricted				
Held in Trust for Individuals, Organizations and Other Governments	<u>67,513</u>	<u>-</u>	<u>26,834</u>	<u>10,101</u>
Total Net Position	<u>\$ 67,513</u>	<u>\$ -</u>	<u>\$ 26,834</u>	<u>\$ 10,101</u>

Maine Telecommunications Education Access Trust	Total Private Purpose Trusts
\$ -	\$ 564
3,209	11,080
-	26,770
1,064	3,294
-	61,025
-	6,049
<u>4,273</u>	<u>108,782</u>
\$ 374	\$ 419
<u>-</u>	<u>16</u>
<u>374</u>	<u>435</u>
<u>3,899</u>	<u>108,347</u>
<u>\$ 3,899</u>	<u>\$ 108,347</u>

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

Fiscal Year Ended June 30, 2025
(Expressed in Thousands)

	<u>Abandoned Property</u>	<u>Revenue on Private Purpose Trusts</u>	<u>Lands Reserved</u>	<u>Maine Universal Service Trust</u>
Additions:				
Investment Income (Loss):				
Net Increase (Decrease) in the Fair Value of Investments	\$ -	\$ -	\$ 2,756	\$ -
Interest & Dividends	830	558	-	71
Miscellaneous Revenues	18,225	-	-	8,941
Total Additions	<u>19,055</u>	<u>558</u>	<u>2,756</u>	<u>9,012</u>
Deductions:				
Benefits Paid to Participants or Beneficiaries	-	388	-	8,086
Administrative Expenses	427	-	-	38
Transfer to Other Funds	28,249	170	-	-
Total Deductions	<u>28,676</u>	<u>558</u>	<u>-</u>	<u>8,124</u>
Net Increase (Decrease)	(9,621)	-	2,756	888
Net Position Restricted:				
Held in Trust for Individuals, Organizations and Other Governments:				
Beginning of Year	77,134	-	24,078	9,213
End of Year	<u>\$ 67,513</u>	<u>\$ -</u>	<u>\$ 26,834</u>	<u>\$ 10,101</u>

Maine Telecommunications Education Access Trust	Total Private Purpose Trusts
\$ -	\$ 2,756
29	1,488
<u>4,266</u>	<u>31,432</u>
<u>4,295</u>	<u>35,676</u>
3,884	12,358
36	501
-	28,419
<u>3,920</u>	<u>41,278</u>
375	(5,602)
<u>3,524</u>	<u>113,949</u>
<u>\$ 3,899</u>	<u>\$ 108,347</u>

STATE OF MAINE
COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS

June 30, 2025
(Expressed in Thousands)

	Bureau of Insurance & Other	Self-Insured & Other	Non-Entitlement Units	Total Custodial Funds
Assets				
Equity in Treasurer's Cash Pool	\$ 1,511	\$ 9,729	\$ 716	\$ 11,956
Cash & Short-Term Investments	-	27	-	27
Settlements Receivable	-	32,336	-	32,336
Investments Held on Behalf of Others	-	64,763	-	64,763
Other Assets	-	18	-	18
Total Assets	<u>1,511</u>	<u>106,873</u>	<u>716</u>	<u>109,100</u>
Liabilities				
Accounts Payable	\$ 1	\$ 109	\$ -	\$ 110
Total Liabilities	<u>1</u>	<u>109</u>	<u>-</u>	<u>110</u>
Net Position				
Held for Individuals, Organizations and Other Governments	<u>\$ 1,510</u>	<u>\$ 106,764</u>	<u>\$ 716</u>	<u>\$ 108,990</u>

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

Fiscal Year Ended June 30, 2025
(Expressed in Thousands)

	Bureau of Insurance & Other	Self-Insured & Other	Non-Entitlement Units	Total Custodial Funds
Additions				
Contributions:				
Other Contributing Entity	\$ 98	\$ 2,939	\$ -	\$ 3,037
Litigation Receipts	-	10,007	-	10,007
Other	802	645	-	1,447
Investment Income (Loss):				
Net Increase (Decrease) in the Fair Value of Investments	-	26	-	26
Interest & Dividends	32	-	17	49
Less Investment Expense:				
Net Investment Income (Loss)	<u>32</u>	<u>26</u>	<u>17</u>	<u>75</u>
Total Additions	<u>932</u>	<u>13,617</u>	<u>17</u>	<u>14,566</u>
Deductions:				
Benefits Paid to Participants, Beneficiaries or Clients	762	13,467	-	14,229
Refunds & Withdrawals	236	6,579	-	6,815
Restitution Payments	-	1,374	-	1,374
Total Deductions:	<u>998</u>	<u>21,420</u>	<u>-</u>	<u>22,418</u>
Net Increase (Decrease)	(66)	(7,803)	17	(7,852)
Net Position:				
Held for Individuals, Organizations and Other Governments				
Beginning of Year	<u>1,576</u>	<u>114,567</u>	<u>699</u>	<u>116,842</u>
End of Year	<u>\$ 1,510</u>	<u>\$ 106,764</u>	<u>\$ 716</u>	<u>\$ 108,990</u>



NON-MAJOR COMPONENT UNIT FINANCIAL STATEMENTS

Efficiency Maine Trust – was established for the purpose of administering programs for energy efficiency and alternative energy resources to help individuals and businesses in Maine meet their energy needs at the lowest cost. Financial statements are available by contacting the Executive Director, Efficiency Maine Trust, 168 Capitol Street, Suite 104, Augusta, ME 04330.

Maine Connectivity Authority – was established for the purpose of achieving the universal access of affordable high-speed broadband in Maine. Financial statements are available by contacting info@maineconnectivity.org.

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. Financial statements are available by contacting Maine Maritime Academy, 1 Pleasant Street, Castine, ME 04420.

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. Financial statements are available by contacting Jeffrey K. Jordan, Deputy Director, Midcoast Regional Redevelopment Authority, 15 Terminal Road, Brunswick, ME 04011.

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. Financial statements are available by contacting Patricia Quinn, Executive Director, 75 West Commercial Street, Suite 104, Portland, ME 04101.

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

June 30, 2025
(Expressed in Thousands)

	Efficiency Maine Trust	Maine Maritime Academy	Midcoast Regional Redevelopment Authority	Northern New England Passenger Rail Authority	Maine Connectivity Authority	Total Non-Major Component Units
Assets						
Current Assets:						
Equity in Treasurer's Cash Pool	\$ -	\$ 1	\$ -	\$ -	\$ 211	\$ 212
Cash & Short-Term Investments	-	16,551	5,631	1,076	7,146	30,404
Investments	-	19,864	-	-	-	19,864
Restricted Assets:						
Restricted Deposits & Investments	90,265	3,321	-	-	-	93,586
Inventories	-	52	48	-	-	100
Receivables, Net of Allowance for Uncollectibles:						
Loans, Leases & Notes Receivable	-	328	36,821	-	-	37,149
Other Receivable	1,433	3,986	2,242	626	3,267	11,554
Due from Other Governments	-	-	-	15,671	-	15,671
Due from Primary Government	1,928	-	-	-	-	1,928
Other Assets	202	390	15	221	-	828
Total Current Assets	93,828	44,493	44,757	17,594	10,624	211,296
Noncurrent Assets:						
Equity in Treasurer's Cash Pool	-	-	-	-	182	182
Restricted Assets	-	88,943	405	1,000	-	90,348
Investments	-	15,636	-	-	-	15,636
Receivables, Net of Current Portion:						
Loans, Leases & Notes Receivable	13,537	1,814	-	-	-	15,351
Other Receivables	-	213	-	-	-	213
Due from Primary Government	-	-	-	963	-	963
Capital and Right to Use Assets, Net	1,583	78,842	113,077	13,278	-	206,780
Other Non-Current Assets	-	6,635	198	-	-	6,833
Total Non-Current Assets	15,120	192,083	113,680	15,241	182	336,306
Total Assets	108,948	236,576	158,437	32,835	10,806	547,602
Deferred Outflows of Resources	-	1,726	-	443	-	2,169
Liabilities						
Current Liabilities:						
Accounts Payable	3,872	12,490	2,310	13,140	804	32,616
Compensated Absences	-	-	185	62	-	247
Due to Primary Government	-	-	1,078	-	-	1,078
Bonds & Notes Payable	-	2,659	631	-	-	3,290
Obligations for Right to Use Assets	130	360	-	290	-	780
Unearned Revenue	48	1,178	101	-	5,103	6,430
Other Accrued Liabilities	275	1,088	1,540	-	-	2,903
Total Current Liabilities	4,325	17,775	5,845	13,492	5,907	47,344
Long-Term Liabilities:						
Due to Other Governments	-	135	-	-	-	135
Bonds & Notes Payable	-	29,537	5,190	-	-	34,727
Obligations for Right to Use Assets	846	1,701	-	676	-	3,223
Net Pension Liability	-	3,041	-	1,031	-	4,072
Net Other Post-Employment Benefit Liability	-	-	-	497	-	497
Other Noncurrent Liabilities	-	-	-	41	-	41
Total Long-Term Liabilities	846	34,414	5,190	2,245	-	42,695
Total Liabilities	5,171	52,189	11,035	15,737	5,907	90,039
Deferred Inflows of Resources	-	425	33,973	416	-	34,814
Net Position						
Net Investment in Capital Assets	1,395	47,895	107,456	12,424	-	169,170
Restricted	102,382	72,885	873	1,354	-	177,494
Unrestricted	-	64,908	5,100	3,347	4,899	78,254
Total Net Position	\$ 103,777	\$ 185,688	\$ 113,429	\$ 17,125	\$ 4,899	\$ 424,918

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

Fiscal Year Ended June 30, 2025
(Expressed in Thousands)

	Efficiency Maine Trust	Maine Maritime Academy	Midcoast Regional Redevelopment Authority	Northern New England Passenger Rail Authority	Maine Connectivity Authority	Total Non-Major Component Units
General Operations	\$ 134,502	\$ 56,940	\$ 15,497	\$ 62,677	\$ 62,534	\$ 332,150
Program Revenues						
Charges for Services	-	21,992	10,369	14,659	2,812	49,832
Program Investment Income	-	-	-	-	36	36
Operating Grants & Contributions	138,958	3,826	-	15,874	60,968	219,626
Capital Grants & Contributions	-	1,989	3,550	31,141	-	36,680
Net Revenue (Expense)	<u>4,456</u>	<u>(29,133)</u>	<u>(1,578)</u>	<u>(1,003)</u>	<u>1,282</u>	<u>(25,976)</u>
General Revenues						
Unrestricted Investment Earnings	-	11,197	154	179	-	11,530
Non-program Specific Grants, Contributions & Appropriations	-	49,170	-	-	-	49,170
Miscellaneous Revenues	-	5,962	2,342	381	-	8,685
Total General Revenues	<u>-</u>	<u>66,329</u>	<u>2,496</u>	<u>560</u>	<u>-</u>	<u>69,385</u>
Change in Net Position	4,456	37,196	918	(443)	1,282	43,409
Net Position - Beginning of Year	99,321	148,492	112,511	17,620	3,617	381,561
Restatements (Note 3)	-	-	-	(52)	-	(52)
Net Position - End of Year	<u>\$ 103,777</u>	<u>\$ 185,688</u>	<u>\$ 113,429</u>	<u>\$ 17,125</u>	<u>\$ 4,899</u>	<u>\$ 424,918</u>



STATISTICAL SECTION



**STATE OF MAINE
STATISTICAL SECTION
TABLE OF CONTENTS**

This part of the State of Maine's annual comprehensive 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.

Financial Trends

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)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Primary Government				
Governmental Activities				
Net Investment in Capital Assets	\$ 4,299,470	\$ 4,099,173	\$ 3,916,854	\$ 3,724,890
Restricted	198,688	226,579	166,741	163,469
Unrestricted	<u>(1,156,156)</u>	<u>(1,335,498)</u>	<u>(1,607,044)</u>	<u>(2,025,819)</u>
Total Governmental Activities Net Position	<u>\$ 3,342,002</u>	<u>\$ 2,990,254</u>	<u>\$ 2,476,551</u>	<u>\$ 1,862,540</u>
Business-Type Activities				
Net Investment in Capital Assets	\$ 80,152	\$ 80,658	\$ 64,696	\$ 47,150
Restricted	809,269	765,421	715,946	667,500
Unrestricted	<u>158,475</u>	<u>10,628</u>	<u>4,134</u>	<u>(3,048)</u>
Total Business-Type Activities Net Position	<u>\$ 1,047,896</u>	<u>\$ 856,707</u>	<u>\$ 784,776</u>	<u>\$ 711,602</u>
Total Primary Government				
Net Investment in Capital Assets	\$ 4,379,622	\$ 4,179,831	\$ 3,981,550	\$ 3,772,040
Restricted	1,007,957	992,000	882,687	830,969
Unrestricted	<u>(997,681)</u>	<u>(1,324,870)</u>	<u>(1,602,910)</u>	<u>(2,028,867)</u>
Total Primary Government Activities Net Position	<u>\$ 4,389,898</u>	<u>\$ 3,846,961</u>	<u>\$ 3,261,327</u>	<u>\$ 2,574,142</u>

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

SCHEDULE 1

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 3,587,505	\$ 3,651,931	\$ 3,559,387	\$ 3,580,547	\$ 3,501,237	\$ 3,435,465
171,245	182,644	176,632	134,705	125,429	132,972
<u>(2,358,934)</u>	<u>(3,388,679)</u>	<u>(3,155,124)</u>	<u>(3,491,939)</u>	<u>(3,748,147)</u>	<u>(1,906,492)</u>
<u>\$ 1,399,816</u>	<u>\$ 445,896</u>	<u>\$ 580,895</u>	<u>\$ 223,313</u>	<u>\$ (121,481)</u>	<u>\$ 1,661,945</u>
\$ 39,887	\$ 37,205	\$ 32,690	\$ 33,521	\$ 35,402	\$ 38,658
510,934	605,378	513,319	471,256	429,124	398,342
<u>(9,339)</u>	<u>(14,583)</u>	<u>(15,719)</u>	<u>(32,080)</u>	<u>(32,750)</u>	<u>(23,819)</u>
<u>\$ 541,482</u>	<u>\$ 628,000</u>	<u>\$ 530,290</u>	<u>\$ 472,697</u>	<u>\$ 431,776</u>	<u>\$ 413,181</u>
\$ 3,627,392	\$ 3,689,136	\$ 3,592,077	\$ 3,614,068	\$ 3,536,639	\$ 3,474,123
682,179	788,022	689,951	605,961	554,553	531,314
<u>(2,368,273)</u>	<u>(3,403,262)</u>	<u>(3,170,843)</u>	<u>(3,524,019)</u>	<u>(3,780,897)</u>	<u>(1,930,311)</u>
<u>\$ 1,941,298</u>	<u>\$ 1,073,896</u>	<u>\$ 1,111,185</u>	<u>\$ 696,010</u>	<u>\$ 310,295</u>	<u>\$ 2,075,126</u>

STATE OF MAINE
CHANGES IN NET POSITION BY ACTIVITIES

Last Ten Fiscal Years
(Expressed in Thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Expenses				
Governmental Activities				
Governmental Support & Operations	\$ 871,194	\$ 825,001	\$ 1,220,177	\$ 1,618,142
Arts, Heritage & Cultural Enrichment	13,880	19,410	17,327	14,250
Business Licensing & Regulation	96,521	112,342	110,792	67,848
Economic Development & Workforce Training	400,120	328,794	468,971	738,928
Education	2,419,911	2,783,638	2,439,809	2,691,379
Health & Human Services	7,012,341	6,329,698	5,974,642	5,680,639
Justice & Protection	872,135	684,160	691,174	565,778
Natural Resources Development & Protection	368,758	342,478	303,327	256,581
Transportation, Safety & Development	1,038,358	902,085	767,090	732,881
Interest Expense	41,414	48,096	47,790	37,835
Total Governmental Activities	<u>13,134,632</u>	<u>12,375,702</u>	<u>12,041,099</u>	<u>12,404,261</u>
Business-Type Activities				
Employment Security	136,304	119,895	97,758	11,217
Alcoholic Beverages	195,802	191,706	190,456	183,874
Lottery	335,332	343,962	342,736	319,494
Ferry Services	16,264	17,310	14,761	13,713
Military Equipment Maintenance ²	-	-	-	-
Consolidated Emergency Communications	7,887	7,769	6,396	5,705
Other	18,987	3,759	3,632	3,048
Total Business-Type Activities	<u>710,576</u>	<u>684,401</u>	<u>655,739</u>	<u>537,051</u>
Total Primary Government Expenses	<u>\$ 13,845,208</u>	<u>\$ 13,060,103</u>	<u>\$ 12,696,838</u>	<u>\$ 12,941,312</u>
Program Revenues				
Governmental Activities				
Charges for Services				
Governmental Support & Operations	\$ 129,083	\$ 117,135	\$ 94,296	\$ 125,609
Arts, Heritage & Cultural Enrichment	359	839	1,101	1,089
Business Licensing & Regulation	79,360	91,548	78,535	95,625
Economic Development & Workforce Training	6,351	7,249	9,144	7,837
Education	32,159	33,215	34,310	33,687
Health & Human Services	22,389	23,018	23,387	16,938
Justice & Protection	99,613	91,085	91,354	86,823
Natural Resources Development & Protection	113,517	115,453	109,615	109,270
Transportation, Safety & Development	160,782	148,274	167,838	168,631
Operating Grants and Contributions	<u>6,006,205</u>	<u>5,451,288</u>	<u>5,689,721</u>	<u>5,721,551</u>
Total Governmental Activities Program Revenues	<u>6,649,818</u>	<u>6,079,104</u>	<u>6,299,301</u>	<u>6,367,060</u>
Business-Type Activities				
Charges for Services				
Employment Security	156,091	144,974	144,616	162,908
Alcoholic Beverages	260,537	257,851	256,099	245,900
Lottery	415,700	429,770	416,795	391,862
Transportation	-	-	-	-
Ferry Services	7,904	6,799	7,325	6,547
Military Equipment Maintenance 1	-	-	-	-
Consolidated Emergency Communications	8,273	7,928	6,737	7,040
Other	144,398	10,081	5,068	6,688
Operating Grants and Contributions	<u>24,061</u>	<u>21,570</u>	<u>11,507</u>	<u>9,132</u>
Total Business-Type Activities Program Revenues	<u>\$ 1,016,964</u>	<u>\$ 878,973</u>	<u>\$ 848,147</u>	<u>\$ 830,077</u>
Net (Expense)/Revenue				
Governmental Activities	(6,484,814)	(6,296,598)	(5,741,798)	(6,037,201)
Business-Type Activities	<u>306,388</u>	<u>194,572</u>	<u>192,408</u>	<u>293,026</u>
Total Primary Government Net (Expense)/Revenue	<u>\$ (6,178,426)</u>	<u>\$ (6,102,026)</u>	<u>\$ (5,549,390)</u>	<u>\$ (5,744,175)</u>

SCHEDULE 2

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 606,474	\$ 552,526	\$ 475,715	\$ 432,870	\$ 354,421	\$ 477,351
14,135	13,264	12,447	11,821	12,813	10,815
60,150	62,441	60,616	67,030	66,006	51,207
1,705,292	1,386,867	168,963	185,166	180,006	169,201
2,518,099	2,115,388	1,845,272	1,774,309	1,804,804	1,614,477
4,911,056	4,450,704	4,054,201	3,804,516	3,774,348	3,587,573
538,019	504,571	484,735	433,728	493,427	412,088
261,461	254,468	232,368	218,375	236,928	207,610
696,683	739,290	613,171	627,901	664,921	590,437
57,852	56,707	51,140	51,788	38,992	44,822
<u>11,369,221</u>	<u>10,136,226</u>	<u>7,998,628</u>	<u>7,607,504</u>	<u>7,626,666</u>	<u>7,165,581</u>
251,681	92,125	82,683	83,159	96,075	110,912
175,750	158,350	144,600	137,426	131,192	120,373
328,250	254,683	242,619	230,678	214,670	217,556
12,501	13,841	13,632	12,950	12,271	12,782
120	802	1,104	10,895	3,858	11,610
6,120	5,473	5,950	6,952	6,489	5,530
4,602	1,379	1,426	1,593	1,821	1,660
<u>779,024</u>	<u>526,653</u>	<u>492,014</u>	<u>483,653</u>	<u>466,376</u>	<u>480,423</u>
<u>\$ 12,148,245</u>	<u>\$ 10,662,879</u>	<u>\$ 8,490,642</u>	<u>\$ 8,091,157</u>	<u>\$ 8,093,042</u>	<u>\$ 7,646,004</u>
\$ 135,662	\$ 118,150	\$ 114,597	\$ 93,862	\$ 90,906	\$ 91,136
887	1,030	1,131	876	845	890
73,427	81,683	70,383	81,866	73,430	74,634
1,643	7,731	8,625	6,286	8,658	10,934
20,730	27,589	34,859	36,221	37,278	38,691
14,203	10,465	9,058	13,673	14,687	17,553
74,735	80,155	87,266	86,995	86,744	87,183
109,899	100,990	98,042	99,351	93,304	92,054
166,574	154,202	147,671	145,090	178,018	159,659
<u>6,124,694</u>	<u>4,853,773</u>	<u>3,074,939</u>	<u>3,002,173</u>	<u>2,966,809</u>	<u>2,875,849</u>
<u>6,722,454</u>	<u>5,435,768</u>	<u>3,646,571</u>	<u>3,566,393</u>	<u>3,550,679</u>	<u>3,448,583</u>
137,068	148,287	117,507	116,053	118,207	137,593
237,421	218,440	202,930	189,263	177,184	166,752
397,998	322,355	304,322	293,759	274,902	278,454
-	-	-	-	-	-
5,842	4,926	5,230	5,056	4,599	4,138
15	676	2,730	11,228	5,088	6,139
7,109	6,743	6,677	6,278	6,406	5,857
5,706	1,815	1,975	2,047	2,233	2,785
19,379	42,756	10,921	9,510	8,714	7,948
<u>\$ 810,538</u>	<u>\$ 745,998</u>	<u>\$ 652,292</u>	<u>\$ 633,194</u>	<u>\$ 597,333</u>	<u>\$ 609,666</u>
(4,646,767)	(4,700,458)	(4,352,057)	(4,041,111)	(4,075,987)	(3,716,998)
<u>31,514</u>	<u>219,345</u>	<u>160,278</u>	<u>149,541</u>	<u>130,957</u>	<u>129,243</u>
<u>\$ (4,615,253)</u>	<u>\$ (4,481,113)</u>	<u>\$ (4,191,779)</u>	<u>\$ (3,891,570)</u>	<u>\$ (3,945,030)</u>	<u>\$ (3,587,755)</u>

STATE OF MAINE
CHANGES IN NET POSITION BY ACTIVITIES

Last Ten Fiscal Years
(Expressed in Thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
General Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes				
Corporate	\$ 430,052	\$ 458,878	\$ 458,438	\$ 434,675
Individual Income	2,774,106	2,528,315	2,428,123	2,703,462
Fuel	253,787	248,458	248,130	244,313
Property	90,505	87,756	87,011	97,805
Sales & Use	2,404,604	2,409,027	2,348,331	2,222,622
Other	575,498	506,298	476,496	494,874
Unrestricted Investment Earnings	176,764	173,689	97,730	(2,547)
Miscellaneous Income	164,111	121,925	193,862	126,074
Tobacco Settlement	41,498	93,257	53,416	50,541
Special Items	-	-	(168,000)	-
Transfers - Internal Activities	114,221	127,329	119,234	122,906
Total Governmental Activities	<u>7,025,146</u>	<u>6,754,932</u>	<u>6,342,771</u>	<u>6,494,725</u>
Business-Type Activities				
Gain (Loss) on Sale of Assets	-	-	-	-
Miscellaneous Income	-	-	-	-
Special Items	-	-	-	-
Transfers - Internal Activities	(114,221)	(127,329)	(119,234)	(122,906)
Total Primary Government	<u>6,910,925</u>	<u>6,627,603</u>	<u>6,223,537</u>	<u>6,371,819</u>
Change in Net Position				
Governmental Activities	540,332	458,334	600,973	457,524
Business-Type Activities	192,167	67,243	73,174	170,120
Total Primary Government	<u>\$ 732,499</u>	<u>\$ 525,577</u>	<u>\$ 674,147</u>	<u>\$ 627,644</u>

1 Beginning in fiscal year 2022, Military Equipment Maintenance is included in Other.

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

SCHEDULE 2 (CONTINUED)

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 324,990	\$ 189,252	\$ 262,459	\$ 187,519	\$ 184,599	\$ 108,395
2,236,349	1,607,510	1,712,301	1,628,709	1,579,511	1,534,620
235,125	239,976	253,924	249,927	253,176	245,299
88,696	74,531	69,902	66,226	62,979	58,450
1,974,930	1,708,059	1,654,643	1,573,544	1,493,728	1,437,916
439,577	413,070	398,129	377,966	370,998	382,191
55,139	40,005	46,306	26,621	22,003	7,335
95,847	138,463	88,991	99,208	69,515	85,948
50,574	32,958	88,261	67,565	52,267	52,083
-	-	-	-	-	-
<u>120,002</u>	<u>121,635</u>	<u>112,833</u>	<u>108,620</u>	<u>93,845</u>	<u>100,879</u>
<u>5,621,229</u>	<u>4,565,459</u>	<u>4,687,749</u>	<u>4,385,905</u>	<u>4,182,621</u>	<u>4,013,116</u>
-	-	(5,613)	-	-	-
-	-	-	-	-	-
-	-	15,761	-	895	11,335
<u>(120,002)</u>	<u>(121,635)</u>	<u>(112,833)</u>	<u>(108,620)</u>	<u>(93,845)</u>	<u>(100,879)</u>
<u>5,501,227</u>	<u>4,443,824</u>	<u>4,585,064</u>	<u>4,277,285</u>	<u>4,089,671</u>	<u>3,923,572</u>
974,462	(134,999)	335,692	344,794	106,634	296,118
(88,488)	97,710	57,593	40,921	38,007	39,699
<u>\$ 885,974</u>	<u>\$ (37,289)</u>	<u>\$ 393,285</u>	<u>\$ 385,715</u>	<u>\$ 144,641</u>	<u>\$ 335,817</u>

STATE OF MAINE
FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(Expressed in Thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
General Fund				
Nonspendable:				
Permanent Fund Principal	\$ -	\$ -	\$ -	\$ -
Inventories and Prepaid Items	3,912	3,173	5,850	5,365
Restricted	8,573	11,988	15,402	29,456
Committed	1,878	4,927	-	14,666
Assigned	221,333	254,305	337,089	306,474
Unassigned	<u>665,473</u>	<u>841,066</u>	<u>1,000,094</u>	<u>604,410</u>
Total General Fund	<u>\$ 901,169</u>	<u>\$ 1,115,459</u>	<u>\$ 1,358,435</u>	<u>\$ 960,371</u>
All Other Governmental Funds:				
Nonspendable:				
Permanent Fund Principal	\$ 58,942	\$ 52,447	\$ 45,922	\$ 41,866
Inventories and Prepaid Items	-	-	-	20,258
Restricted	826,488	1,081,633	981,928	964,615
Committed	576,273	514,597	473,209	566,006
Assigned	176,886	195,885	163,115	142,435
Unassigned (Deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total All Other Governmental Funds:	<u>\$ 1,638,589</u>	<u>\$ 1,844,562</u>	<u>\$ 1,664,174</u>	<u>\$ 1,735,180</u>
Total Governmental Fund Balances	<u>\$ 2,539,758</u>	<u>\$ 2,960,021</u>	<u>\$ 3,022,609</u>	<u>\$ 2,695,551</u>

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

SCHEDULE 3

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4,584	3,628	4,086	3,172	3,059	2,665
16,893	7,420	4,113	16,449	14,133	12,865
10,165	19,759	234	23,978	10,064	64,959
415,605	193,035	121,907	118,986	87,085	-
338,349	-	237,147	169,674	59,083	(35,155)
<u>\$ 785,596</u>	<u>\$ 223,842</u>	<u>\$ 367,487</u>	<u>\$ 332,259</u>	<u>\$ 173,424</u>	<u>\$ 45,334</u>
\$ 50,336	\$ 59,331	\$ 55,886	\$ 30,466	\$ 27,765	\$ 24,402
30,265	4,637	3,757	610	622	698
974,149	955,330	793,007	613,348	640,464	621,981
548,129	149,634	140,399	101,969	76,629	65,957
131,602	107,451	95,683	49,985	47,111	61,144
-	-	-	(52,298)	-	-
<u>\$ 1,734,481</u>	<u>\$ 1,276,383</u>	<u>\$ 1,088,732</u>	<u>\$ 744,080</u>	<u>\$ 792,591</u>	<u>\$ 774,182</u>
<u>\$ 2,520,077</u>	<u>\$ 1,500,225</u>	<u>\$ 1,456,219</u>	<u>\$ 1,076,339</u>	<u>\$ 966,015</u>	<u>\$ 819,516</u>

STATE OF MAINE
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(Expressed in Thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Revenues:				
Taxes	\$ 6,527,929	\$ 6,054,367	\$ 6,072,454	\$ 6,068,440
Assessments and Other Revenue	416,499	425,264	404,260	416,370
Federal Grants and Reimbursements	6,000,248	5,450,293	5,645,460	5,756,595
Service Charges	207,250	196,719	206,579	213,458
Investment Income (Loss)	156,524	159,720	87,205	(4,708)
Miscellaneous Revenue	<u>173,657</u>	<u>164,435</u>	<u>233,161</u>	<u>177,695</u>
Total Revenues	<u>13,482,107</u>	<u>12,450,798</u>	<u>12,649,119</u>	<u>12,627,850</u>
Expenditures				
Current:				
Governmental Support & Operations	863,223	838,473	1,229,467	1,597,055
Economic Development & Workforce Training	407,564	333,856	430,046	779,063
Education	2,723,853	2,709,047	2,576,888	2,450,377
Health and Human Services	7,120,566	6,401,048	6,096,833	5,748,780
Business Licensing & Regulation	107,206	117,516	116,581	73,739
Natural Resources Development & Protection	418,490	373,348	355,667	280,104
Justice and Protection	957,090	736,650	764,959	674,283
Arts, Heritage & Cultural Enrichment	15,889	20,366	18,351	15,360
Transportation Safety & Development	1,163,069	988,769	832,968	799,990
Debt Service:				
Principal Payments	204,314	173,805	175,647	159,195
Interest Payments	49,492	58,204	57,677	56,738
Capital Outlays	<u>60,327</u>	<u>69,151</u>	<u>130,055</u>	<u>29,451</u>
Total Expenditures	<u>14,091,083</u>	<u>12,820,233</u>	<u>12,785,139</u>	<u>12,664,135</u>
Revenue Over (Under) Expenditures	<u>(608,976)</u>	<u>(369,435)</u>	<u>(136,020)</u>	<u>(36,285)</u>
Other Financing Sources (Uses)				
Transfer from Other Funds	1,153,438	1,147,889	1,400,825	1,689,185
Transfer to Other Funds	(1,012,174)	(987,904)	(1,257,582)	(1,559,502)
COPS and Other	17,501	25,129	6,856	24,623
Proceeds from Component Unit Loan Payable	-	-	50,000	-
Bonds Issued	-	110,550	151,390	44,815
Refunding Bonds Issued	-	-	-	-
Premium on Bonds Issued	-	-	15,740	-
Payments to Refunded Bond Escrow Agent	-	-	-	-
Leases	-	1,840	-	12,638
Subscriptions	<u>29,948</u>	<u>5,143</u>	<u>82,811</u>	<u>-</u>
Net Other Financing Sources (Uses)	<u>188,713</u>	<u>302,647</u>	<u>450,040</u>	<u>211,759</u>
Special Items:				
Transfer of STAR Fund	-	-	-	-
Return of Excess Equity from Retiree Health Insurance Fund	-	-	-	-
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Special Items	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (420,263)</u>	<u>\$ (66,788)</u>	<u>\$ 314,020</u>	<u>\$ 175,474</u>
Debt Service as a Percentage of Non-Capital Expenditures	1.83 %	1.84 %	1.86 %	1.73 %

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

SCHEDULE 4

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 5,328,416	\$ 4,242,756	\$ 4,337,016	\$ 4,063,124	\$ 3,936,667	\$ 3,813,782
378,542	358,441	371,332	379,354	364,131	363,183
6,135,069	4,852,831	3,074,927	3,002,697	2,966,679	2,876,044
203,012	205,950	171,263	173,493	211,292	196,785
52,544	33,663	40,172	23,689	20,356	6,458
<u>129,921</u>	<u>175,178</u>	<u>160,865</u>	<u>155,845</u>	<u>124,553</u>	<u>133,200</u>
<u>12,227,504</u>	<u>9,868,819</u>	<u>8,155,575</u>	<u>7,798,202</u>	<u>7,623,678</u>	<u>7,389,452</u>
588,081	515,836	435,238	390,122	381,537	340,047
1,720,013	1,389,793	172,631	188,026	177,669	175,527
2,380,930	2,016,233	1,881,689	1,781,977	1,785,928	1,688,041
4,956,694	4,499,861	4,111,228	3,857,080	3,779,950	3,647,770
61,564	64,384	64,200	69,462	62,709	56,775
261,070	261,613	243,148	231,254	227,362	233,834
615,005	538,368	513,167	477,416	472,369	451,792
14,232	13,474	12,428	12,063	12,048	11,747
614,452	671,811	558,843	605,339	615,838	602,723
155,795	161,065	157,395	152,310	144,040	143,165
58,580	51,760	48,108	45,696	43,912	42,165
<u>127,027</u>	<u>98,555</u>	<u>108,027</u>	<u>68,468</u>	<u>93,341</u>	<u>58,185</u>
<u>11,553,443</u>	<u>10,282,753</u>	<u>8,306,102</u>	<u>7,879,213</u>	<u>7,796,703</u>	<u>7,451,771</u>
<u>674,061</u>	<u>(413,934)</u>	<u>(150,527)</u>	<u>(81,011)</u>	<u>(173,025)</u>	<u>(62,319)</u>
992,137	484,156	414,267	401,501	325,299	321,363
(855,648)	(346,990)	(297,461)	(292,284)	(237,327)	(225,927)
24,123	8,479	4,631	23,583	48,895	13,259
75,000	-	50,000	-	50,002	-
109,660	285,900	302,640	58,535	116,040	118,895
37,355	-	-	-	24,950	41,115
20,625	26,395	34,440	-	20,490	16,663
(36,919)	-	-	-	(28,825)	(43,519)
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>366,333</u>	<u>457,940</u>	<u>508,517</u>	<u>191,335</u>	<u>319,524</u>	<u>241,849</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>\$ 1,040,394</u>	<u>\$ 44,006</u>	<u>\$ 357,990</u>	<u>\$ 110,324</u>	<u>\$ 146,499</u>	<u>\$ 179,530</u>
1.88 %	2.09 %	2.50 %	2.55 %	2.44 %	2.51 %

STATE OF MAINE
CHANGES IN FUND BALANCES
GENERAL FUND

Last Ten Fiscal Years
(Expressed in Thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Revenues:				
Taxes	\$ 5,910,772	\$ 5,437,602	\$ 5,473,723	\$ 5,467,668
Assessments and Other Revenue	101,221	104,527	92,345	94,175
Federal Grants and Reimbursements	27	186	53	94
Service Charges	50,741	47,740	47,802	60,520
Investment Income (Loss)	113,749	105,200	56,315	12,008
Miscellaneous Revenue	17,778	20,193	74,473	31,056
Total Revenues	<u>6,194,288</u>	<u>5,715,448</u>	<u>5,744,711</u>	<u>5,665,521</u>
Expenditures				
Current:				
Governmental Support & Operations	454,078	442,266	286,512	371,052
Economic Development & Workforce Training	64,886	62,293	58,205	46,056
Education	2,224,805	2,133,321	2,001,566	1,892,691
Health and Human Services	2,102,410	1,823,324	1,422,937	1,276,680
Business Licensing & Regulation	-	-	500	-
Natural Resources Development & Protection	136,079	130,531	105,278	93,520
Justice and Protection	511,357	455,200	398,834	378,204
Arts, Heritage & Cultural Enrichment	11,399	11,531	9,509	8,728
Transportation Safety & Development	-	-	-	-
Debt Service:				
Principal Payments	127,711	135,752	120,732	103,372
Interest Payments	40,893	43,897	43,348	41,881
Capital Outlays	7,470	15,469	74,656	12,064
Total Expenditures	<u>5,681,088</u>	<u>5,253,584</u>	<u>4,522,077</u>	<u>4,224,248</u>
Revenue Over (Under) Expenditures	<u>513,200</u>	<u>461,864</u>	<u>1,222,634</u>	<u>1,441,273</u>
Other Financing Sources (Uses)				
Transfer from Other Funds	144,869	151,848	171,921	131,214
Transfer to Other Funds	(881,728)	(873,901)	(1,087,704)	(1,433,271)
Leases	-	1,220	-	12,064
Subscriptions	7,354	2,189	74,656	-
Other	2,015	13,804	1,495	23,495
Total Other Financing Sources (Uses)	<u>(727,490)</u>	<u>(704,840)</u>	<u>(839,632)</u>	<u>(1,266,498)</u>
Net Change in Fund Balance	<u>\$ (214,290)</u>	<u>\$ (242,976)</u>	<u>\$ 383,002</u>	<u>\$ 174,775</u>
Debt Service as a Percentage of Non-Capital Expenditures	3.09 %	3.55 %	3.82 %	3.58 %

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

SCHEDULE 5

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 4,765,942	\$ 3,683,195	\$ 3,794,729	\$ 3,529,960	\$ 3,411,497	\$ 3,305,720
94,909	89,132	99,859	102,271	106,085	105,216
103	1,903	1,626	1,638	1,771	1,952
57,120	52,069	45,517	44,055	45,229	38,984
9,556	18,986	20,051	10,048	5,424	2,439
12,493	2,357	4,216	1,484	12,547	14,360
<u>4,940,123</u>	<u>3,847,642</u>	<u>3,965,998</u>	<u>3,689,456</u>	<u>3,582,553</u>	<u>3,468,671</u>
337,750	322,063	300,840	278,502	260,661	230,692
44,638	44,460	42,688	41,861	42,379	39,885
1,780,320	1,732,975	1,610,210	1,518,098	1,503,763	1,422,871
1,181,934	1,191,315	1,310,680	1,142,645	1,126,330	1,107,675
-	-	-	73	-	-
68,515	85,122	85,649	79,245	75,445	73,225
274,665	341,748	335,478	338,241	336,267	320,810
9,255	9,317	8,223	7,921	7,852	7,623
2,000	8,000	-	-	-	-
99,235	101,200	94,515	86,075	78,940	80,405
42,230	34,948	29,726	26,074	22,547	20,309
-	-	-	-	-	-
<u>3,840,542</u>	<u>3,871,148</u>	<u>3,818,009</u>	<u>3,518,735</u>	<u>3,454,184</u>	<u>3,303,495</u>
<u>1,099,581</u>	<u>(23,506)</u>	<u>147,989</u>	<u>170,721</u>	<u>128,369</u>	<u>165,176</u>
158,611	117,332	87,816	113,151	117,307	91,809
(719,903)	(243,336)	(199,860)	(147,142)	(148,822)	(146,996)
-	-	-	-	-	-
-	-	-	-	-	-
23,465	5,865	1,365	22,105	31,236	9,144
<u>(537,827)</u>	<u>(120,139)</u>	<u>(110,679)</u>	<u>(11,886)</u>	<u>(279)</u>	<u>(46,043)</u>
<u>\$ 561,754</u>	<u>\$ (143,645)</u>	<u>\$ 37,310</u>	<u>\$ 158,835</u>	<u>\$ 128,090</u>	<u>\$ 119,133</u>
3.84 %	3.60 %	3.34 %	3.28 %	3.03 %	3.13 %

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

Last Ten Calendar Years
(Expressed in Thousands)

	2024	2023	2022	2021
Individual Income Tax Liability	\$ 2,327,665	\$ 2,242,145	\$ 2,101,133	\$ 2,207,302
Personal Income*	96,850,300	91,602,300	85,704,200	81,887,100
Average Effective Tax Rate	2.4 %	2.4 %	2.5 %	2.7 %
Income Bracket	\$0 - \$26,049	\$0 - \$24,449	\$0 - \$23,000	\$0 - \$22,449
Tax Rate	5.8%	5.8%	5.8%	5.8%
Income Bracket	\$26,050 - \$61,599	\$24,500 - \$58,049	\$23,000 - \$54,500	\$22,450 - \$53,150
Tax Rate	6.75%	6.75%	6.75%	6.75%
Income Bracket	\$61,600+	\$58,050+	\$54,450 +	\$53,150 +
Tax Rate	7.15%	7.15%	7.15%	7.15%

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

Personal income totals were restated back to 2020.

¹ Amounts shown are for single and married filing separate returns.
For joint filers, approx. double the income amounts, for head of household filers
multiply the brackets by approx 1.5.

SOURCE: Maine Revenue Services.

SCHEDULE 6

2020	2019	2018	2017	2016	2015
\$ 1,812,419	\$ 1,588,608	\$ 1,528,511	\$ 1,459,744	\$ 1,371,026	\$ 1,492,954
74,137,000	67,852,800	64,463,200	61,740,100	59,286,800	57,356,500
2.4 %	2.3 %	2.4 %	2.4 %	2.3 %	2.6 %
\$0 - \$22,199	\$0 - \$21,849	\$0 - \$21,449	\$0 - \$21,099	\$0 - \$21,049	\$0 - \$5,199
5.8%	5.8%	5.8%	5.8%	5.8%	0.0%
\$22,200 - \$52,599	\$21,850 - \$51,699	\$21,450 - \$50,749	\$21,100 - \$49,999	\$21,050 - \$37,499	\$5,200 - \$20,899
6.75%	6.75%	6.75%	6.75%	6.75%	6.5%
\$52,600 +	\$51,700 +	\$50,750 +	\$50,000 +	\$37,500 +	\$20,900 +
7.15%	7.15%	7.15%	7.15%	7.15%	7.95%



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

SCHEDULE 7

(Tax Liability Expressed in Millions)

Income Level	2024 Tax Year			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
\$0 and below	40,356	5.0 %	\$ (26.50)	(1.1)%
\$1 - \$10,000	98,275	12.3 %	(51.71)	(2.2)%
\$10,001 - \$20,000	78,846	9.8 %	(44.44)	(1.9)%
\$20,001 - \$30,000	68,540	8.6 %	(25.53)	(1.1)%
\$30,001 - \$50,000	139,974	17.6 %	59.90	2.6 %
\$50,001 - \$75,000	120,619	15.1 %	202.66	8.7 %
\$75,001 - \$100,000	70,844	8.8 %	203.27	8.7 %
\$100,001 - \$200,000	119,980	15.0 %	661.68	28.4 %
\$200,001 and higher	<u>63,525</u>	<u>7.9 %</u>	<u>1,348.32</u>	<u>57.9 %</u>
Total	<u>800,959</u>	<u>100.0 %</u>	<u>\$ 2,327.65</u>	<u>100.0 %</u>

(Tax Liability Expressed in Millions)

Income Level	2015 Tax Year			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
\$0 and below	18,137	2.6 %	\$ (3.35)	(0.2)%
\$1 - \$10,000	96,682	14.1 %	(4.85)	(0.3)%
\$10,001 - \$20,000	102,109	14.9 %	0.79	0.1 %
\$20,001 - \$30,000	94,743	13.8 %	28.45	1.9 %
\$30,001 - \$50,000	130,811	19.1 %	122.18	8.2 %
\$50,001 - \$75,000	93,214	13.6 %	193.68	13.0 %
\$75,001 - \$100,000	55,831	8.1 %	194.49	13.0 %
\$100,001 - \$200,000	67,915	9.9 %	425.68	28.5 %
\$200,001 and higher	<u>27,067</u>	<u>3.9 %</u>	<u>535.88</u>	<u>35.9 %</u>
Total	<u>686,509</u>	<u>100.0 %</u>	<u>\$ 1,492.95</u>	<u>100.0 %</u>

SOURCE: Maine Revenue Services.

STATE OF MAINE
TAXABLE SALES AND SALES TAX RATES

Last Ten Calendar Years
(Expressed in Thousands)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Business Operating	\$ 4,003,188	\$ 3,884,662	\$ 3,712,014	\$ 3,412,611
Building Supply	4,648,505	4,610,552	4,538,327	4,123,703
Food Store	2,963,411	2,952,167	2,884,352	2,756,160
General Merchandise	4,611,448	4,570,383	4,575,626	4,409,228
Other Retail	6,821,976	6,514,973	6,322,981	6,117,520
Auto/Transportation	7,727,754	7,511,889	7,122,342	6,899,224
Restaurant/Lodging	5,796,802	5,641,969	5,348,224	4,768,030
Total	<u>\$ 36,573,084</u>	<u>\$ 35,686,595</u>	<u>\$ 34,503,866</u>	<u>\$ 32,486,476</u>
 Sales and Use Tax Rates:				
General Sales & Use	5.5 %	5.5 %	5.5 %	5.5 %
Lodging	9.0 %	9.0 %	9.0 %	9.0 %
Prepared Food	8.0 %	8.0 %	8.0 %	8.0 %
Short-term Auto Rental	10.0 %	10.0 %	10.0 %	10.0 %
Service Provider Tax	6.00 %	6.00 %	6.00 %	6.00 %

Tax rates. The current general sales tax rate of 5.5% remains in place, as does the current 8% rate on lodging, meals and liquor and the 10% rate on short-term automobile rentals. The tax rate on lodging increases from 8% to 9% on January 1, 2016. 36 M.R.S.A. §§ 1811; LD 1019, PL 2015, c. 267, Pt. OOOO, § 5. The service provider tax of 6% was imposed effective January 1, 2016. 36 M.R.S.A § 2552; PL 2015, c. 267, Pt. TTTT, § 9.

SOURCE: Maine Revenue Services.

SCHEDULE 8

2020	2019	2018	2017	2016	2015
\$ 2,882,965	\$ 2,738,262	\$ 2,551,496	\$ 2,341,535	\$ 2,278,205	\$ 2,274,758
3,501,829	2,920,206	2,867,304	2,688,382	2,527,689	2,389,625
2,624,614	2,472,245	2,383,202	2,293,710	2,244,009	1,791,703
3,604,291	3,754,314	3,614,696	3,652,712	3,428,111	3,210,403
4,985,847	3,593,601	3,032,448	2,609,584	2,503,954	2,308,153
5,798,609	5,490,572	5,212,449	4,966,954	4,728,135	4,552,275
3,082,390	4,298,812	4,054,892	3,823,305	3,617,473	3,367,607
<u>\$ 26,480,545</u>	<u>\$ 25,268,012</u>	<u>\$ 23,716,487</u>	<u>\$ 22,376,182</u>	<u>\$ 21,327,576</u>	<u>\$ 19,894,524</u>

5.5 %	5.5 %	5.5 %	5.5 %	5.5 %	5.5 %
9.0 %	9.0 %	9.0 %	9.0 %	9.0 %	8.0 %
8.0 %	8.0 %	8.0 %	8.0 %	8.0 %	8.0 %
10.0 %	10.0 %	10.0 %	10.0 %	10.0 %	10.0 %
6.00 %	6.00 %	6.00 %	6.00 %	6.00 %	5.00 %



STATE OF MAINE
CALCULATION OF LEGAL DEBT MARGIN

SCHEDULE 9

Last Ten Fiscal Years
(Expressed in Thousands)

Pursuant to Article IX, Section 14 of the Maine Constitution, the Legislature shall not create any debt or debts on behalf of the State, which shall exceed \$2,000,000 in the aggregate, except to suppress insurrection, to repel invasion, or for purposes of war, and except for temporary loans to be paid out of money raised by taxation during the fiscal year in which they are made. Whenever 2/3 of both Houses shall deem it necessary, by proper enactment ratified by a majority of the electors voting thereon at a general or special election, the Legislature may authorize the issuance of bonds on behalf of the State as approved by such action. Temporary loans to be paid out of moneys raised by taxation during any fiscal year shall not exceed in the aggregate during the fiscal year in question an amount greater than 10 percent of all the moneys appropriated, authorized and allocated by the Legislature from undedicated revenues to the General Fund and dedicated revenues to the Highway Fund for that fiscal year, exclusive of proceeds or expenditures from the sale of bonds, or greater than 1 percent of the total valuation of the State of Maine, whichever is the lesser.

There were no temporary loans outstanding at June 30, for the years presented below, which were subject to the Constitutional limitations.*

All other general long-term bonds outstanding at June 30, for the years presented below, were issued pursuant to properly ratified legislation.

Calculations of temporary loans made during the year, yet paid back prior to year end are:

(Expressed in Thousands)

Fiscal Year	Temporary Loans Outstanding During the Year*	Total Governmental Funds Revenue	% of Total Governmental Funds Revenue	10% of Total Governmental Funds Revenue Limit Amount	Total Valuation	% of Total Valuation	1% of Total Valuation Limit Amount
2025	\$ -	\$ 13,008,547	0.00 %	\$ 1,300,855	\$ 311,085,600	0.00 %	\$ 3,110,856
2024	\$ -	\$ 12,028,871	0.00 %	\$ 1,202,887	\$ 275,156,250	0.00 %	\$ 2,751,563
2023	\$ 47,870	\$ 11,884,422	0.40 %	\$ 1,188,442	\$ 233,899,750	0.02 %	\$ 2,338,998
2022	\$ 47,595	\$ 12,306,418	0.39 %	\$ 1,230,642	\$ 206,784,950	0.02 %	\$ 2,067,850
2021	\$ 98,200	\$ 11,715,852	0.84 %	\$ 1,171,585	\$ 195,137,500	0.05 %	\$ 1,951,375
2020	\$ 82,025	\$ 10,720,170	0.77 %	\$ 1,072,017	\$ 185,896,400	0.04 %	\$ 1,858,964
2019	\$ 82,500	\$ 8,130,497	1.01 %	\$ 813,050	\$ 176,176,000	0.05 %	\$ 1,761,760
2018	\$ 54,500	\$ 7,709,591	0.71 %	\$ 770,959	\$ 169,799,900	0.03 %	\$ 1,697,999
2017	\$ 36,600	\$ 7,497,108	0.49 %	\$ 749,711	\$ 165,485,750	0.02 %	\$ 1,654,858
2016	\$ 37,185	\$ 7,287,606	0.51 %	\$ 728,761	\$ 162,950,100	0.02 %	\$ 1,629,501

STATE OF MAINE
RATIOS OF OUTSTANDING DEBT BY TYPE

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Governmental Activities Debt				
General Obligation Bonds	\$ 413,052	\$ 519,606	\$ 638,640	\$ 582,788
MGFA Revenue Bonds	440,075	467,217	380,523	403,212
COPS and Other Financing Arrangements	104,039	100,536	84,113	72,147
Leases ⁵	278,944	251,876	249,039	234,510
Subscriptions ⁶	99,944	97,325	110,559	-
Loans Payable to Component Unit ¹	160,057	226,771	262,009	270,449
Total Governmental Activities Debt	<u>\$ 1,496,111</u>	<u>\$ 1,663,331</u>	<u>\$ 1,724,883</u>	<u>\$ 1,563,106</u>
Business-Type Activities Debt				
COPS and Other Financing Arrangements	\$ -	\$ 2,142	\$ 2,571	\$ -
Subscriptions	3,062	-	-	-
Total Business-Type Activities Debt	<u>\$ 3,062</u>	<u>\$ 2,142</u>	<u>\$ 2,571</u>	<u>\$ -</u>
Total Primary Government Debt	<u>\$ 1,499,173</u>	<u>\$ 1,665,473</u>	<u>\$ 1,727,454</u>	<u>\$ 1,563,106</u>
Debt Ratios				
Ratio of Total Debt to Personal Income ²	1.5 %	1.8 %	2.0 %	2.0 %
Per Capita ³	\$ 1,066	\$ 1,190	\$ 1,242	\$ 1,134
Net General Obligation Bonded Debt				
Gross Bonded Debt	\$ 853,127	\$ 986,823	\$ 1,019,163	\$ 986,000
Less: Debt Service Funds	-	-	-	-
Net Bonded Debt	<u>\$ 853,127</u>	<u>\$ 986,823</u>	<u>\$ 1,019,163</u>	<u>\$ 986,000</u>
Ratio of Net Bonded Debt to Estimated Property Value ⁴	0.3 %	0.4 %	0.4 %	0.5 %
Per Capita ³	\$ 607	\$ 705	\$ 733	\$ 715

¹ Federal and other revenue streams associated with qualified transportation projects are pledged as security for GARVEE and TransCap bonds. These pledged future revenues offset the unspent proceeds of the bond received by a component unit. Profit from the Alcoholic Beverages Enterprise Fund are pledged as security for the Liquor bonds. See Schedule 11.

² Personal income data can be found in Schedule 12.

³ Population data can be found on Schedule 12.

⁴ Estimated property value can be found on Schedule 9.

⁵ As restated. GASB 87 was implemented in FY2022, which required a restatement of the lease liability.

⁶ FY2023 was the first year for implementation of GASB 96 Subscription Based Information Technology Arrangements

SCHEDULE 10

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 679,062	\$ 651,798	\$ 603,778	\$ 407,746	\$ 496,132	\$ 464,444
377,785	383,935	236,699	209,155	171,870	172,373
53,524	37,849	51,269	72,368	74,537	69,565
49,487	53,722	58,577	56,518	34,276	36,679
-	-	-	-	-	-
<u>336,993</u>	<u>320,193</u>	<u>375,163</u>	<u>378,264</u>	<u>428,713</u>	<u>425,199</u>
<u>\$ 1,496,851</u>	<u>\$ 1,447,497</u>	<u>\$ 1,325,486</u>	<u>\$ 1,124,051</u>	<u>\$ 1,205,528</u>	<u>\$ 1,168,260</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 1,496,851</u>	<u>\$ 1,447,497</u>	<u>\$ 1,325,486</u>	<u>\$ 1,124,051</u>	<u>\$ 1,205,528</u>	<u>\$ 1,168,260</u>
2.0 %	2.0 %	2.0 %	1.8 %	2.0 %	2.0 %
\$ 1,107	\$ 1,075	\$ 989	\$ 839	\$ 904	\$ 879
\$ 1,056,847	\$ 1,035,733	\$ 840,477	\$ 616,901	\$ 668,002	\$ 636,817
-	-	-	-	-	-
<u>\$ 1,056,847</u>	<u>\$ 1,035,733</u>	<u>\$ 840,477</u>	<u>\$ 616,901</u>	<u>\$ 668,002</u>	<u>\$ 636,817</u>
0.5 %	0.6 %	0.5 %	0.4 %	0.4 %	0.4 %
\$ 782	\$ 769	\$ 627	\$ 461	\$ 501	\$ 479

STATE OF MAINE
PLEGDED FUTURE REVENUE COVERAGE

Last Ten Fiscal Years
(Expressed in Thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Grant Anticipation Revenue Vehicle (GARVEE) Bonds¹				
Federal Aid Revenues	\$ 476,322	\$ 342,807	\$ 316,923	\$ 286,120
Annual Debt Service	\$ 28,403	\$ 28,420	\$ 24,690	\$ 23,957
Debt Service Coverage	5.96 %	8.29 %	7.79 %	8.37 %

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) Bonds²

Pledged Revenue Stream	\$ 41,714	\$ 41,420	\$ 41,629	\$ 41,312
Annual Debt Service	\$ 17,494	\$ 18,144	\$ 18,141	\$ 19,943
Debt Service Coverage	41.94 %	43.80 %	43.58 %	48.27 %

SOURCE: Department of Transportation.

¹ Based on Federal Fiscal Year End

² Based on State Fiscal Year End

SCHEDULE 11

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 275,433	\$ 231,878	\$ 208,546	\$ 201,593	\$ 217,501	\$ 216,915
\$ 23,292	\$ 22,394	\$ 20,850	\$ 19,611	\$ 15,942	\$ 20,143
8.46 %	9.66 %	10.00 %	9.73 %	7.33 %	9.29 %
\$ 41,260	\$ 39,628	\$ 41,490	\$ 40,843	\$ 40,388	\$ 39,634
\$ 20,017	\$ 20,018	\$ 20,076	\$ 20,074	\$ 20,072	\$ 19,789
48.51 %	50.51 %	48.39 %	49.15 %	49.70 %	49.93 %

STATE OF MAINE
DEMOGRAPHIC INFORMATION

Last Ten Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Maine				
Population (in thousands) ¹	1,406	1,402	1,394	1,383
Total Personal Income (in millions) ¹	101,332	95,549	86,962	81,095
Per Capita Personal Income ²	72,064	68,164	62,368	58,640
Unemployment Rate ³	3.3 %	2.8 %	2.4 %	3.0 %
United States				
Population (in thousands) ¹	341,789	336,446	334,769	332,693
Total Personal Income (in millions) ¹	26,062	24,634	22,857,767	21,622,650
Per Capita Personal Income ²	76,251	73,219	68,279	64,993
Unemployment Rate ³	4.1 %	4.1 %	3.6 %	3.6 %

¹ Source is SQINC1 State Quarterly Personal Income Summary: Personal Income, Population, Per Capita Personal Income

² Calculation total personal income/population

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

SCHEDULE 12

2021	2020	2019	2018	2017	2016
1,371	1,362	1,357	1,350	1,344	1,329
78,628	78,991	68,527	64,673	61,946	57,990
57,366	57,987	50,516	47,916	46,085	43,638
4.8 %	6.7 %	3.2 %	2.9 %	3.5 %	3.7 %
331,776	331,448	330,009	328,289	326,330	322,704
20,907,855	20,459,376	18,493,580	17,538,302	16,740,049	15,725,128
63,018	61,727	56,040	53,423	51,298	48,729
5.9 %	11.1 %	3.7 %	4.0 %	4.4 %	4.9 %



**STATE OF MAINE
PRINCIPAL EMPLOYERS - TOP 10
NOT SEASONALLY ADJUSTED**

SCHEDULE 13

Current Year and Ten Years Ago

Employer	2025				2016			
	Range of Employees		Rank	Percentage of Total Employment	Average Number of Employees	Rank	Percentage of Total Employment	
MaineHealth	22,501	-	23,000	1	3.0 %	8,750	2	1.4 %
Maine State Government	14,501	-	15,000	2	1.9 %	14,250	1	2.4 %
Hannaford Bros Co	9,001	-	9,500	3	1.2 %	8,250	3	1.4 %
Department of Defense	8,501	-	9,000	4	1.1 %	7,250	4	1.2 %
Wal Mart/Sam's Club	8,001	-	8,500	5	1.1 %	7,250	5	1.2 %
Bath Iron Works	6,001	-	6,500	6	0.8 %	5,750	6	1.0 %
University of Maine System	5,001	-	5,500	7	0.7 %	-	-	- %
MaineGeneral Health	4,001	-	4,500	8	0.6 %	-	-	- %
Eastern Maine Medical Center	3,501	-	4,000	9	0.5 %	3,750	8	0.6 %
US Post Office	3,001	-	3,500	10	0.4 %	-	-	- %
LL Bean, Inc.	-	-	-	-	- %	4,250	7	0.7 %
MaineGeneral Medical Center	-	-	-	-	- %	3,250	9	0.5 %
Central Maine Healthcare Corp	-	-	-	-	- %	3,250	10	0.5 %
Total	84,010		89,000		11.3 %	66,000		10.9 %

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>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Arts, Heritage & Cultural Enrichment	89.7	89.7	90.2	88.2
Business Licensing & Regulation	438.3	424.8	415.3	409.8
Economic Development & Workforce Training	617.5	554.5	544.0	546.0
Education	239.2	239.2	224.0	219.3
Governmental Support & Operations	2,252.8	2,232.2	2,149.7	2,095.2
Health and Human Services	3,599.7	3,552.7	3,478.4	3,423.4
Justice and Protection	3,207.4	3,132.4	3,027.7	2,994.6
Natural Resources Development & Protection	1,529.2	1,517.2	1,496.2	1,461.9
Transportation Safety & Development	1,982.7	1,982.7	1,975.0	2,001.0
Total Full Time Equivalents	<u>13,956.5</u>	<u>13,725.4</u>	<u>13,400.5</u>	<u>13,239.4</u>

SOURCE: Maine Bureau of Budget

The information in this schedule is based on budgeted numbers. Actual numbers may differ.

SCHEDULE 14

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
88.7	88.7	89.7	89.7	91.6	91.6
395.3	395.3	392.8	395.0	394.5	394.5
548.0	548.0	544.5	563.5	585.0	584.0
216.9	216.9	198.5	196.5	191.3	191.3
2,093.7	2,092.7	2,094.1	2,084.1	2,102.9	2,099.9
3,333.9	3,333.9	3,225.9	3,202.9	3,440.9	3,440.9
2,997.4	2,982.4	2,952.9	2,998.9	2,999.8	2,999.8
1,407.5	1,407.5	1,403.9	1,406.7	1,421.8	1,421.3
2,004.6	2,004.6	2,046.3	2,046.3	2,047.3	2,047.3
<u>13,086.0</u>	<u>13,070.0</u>	<u>12,948.6</u>	<u>12,983.6</u>	<u>13,275.1</u>	<u>13,270.6</u>

STATE OF MAINE
OPERATING INDICATORS AND CAPITAL INFORMATION

Last Ten Fiscal Years

Operating Indicators by Function:	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Education				
Students enrolled in the free/reduced lunch program ⁴	65,740	60,896	60,958	59,383
Economic Development & Workforce Training				
Unemployed persons	23,290	19,795	18,614	27,292
Governmental Support & Operations				
Return on investments	4.58 %	3.97 %	2.19 %	0.68 %
Lottery tickets sales, in millions	406	430	410	385
Health and Human Services				
Percentage of population enrolled in MaineCare ¹	34 %	30 %	30 %	28 %
Number of TANF cases ²	4,909	4,364	4,285	3,806
Justice and Protection				
Average number of adult inmates	1,874	1,816	1,679	1,623
Average number of juvenile inmates	38	34	24	30
Number of guard troops	2,677	2,714	2,800	3,037
Number of cases tried in the court system	142,195	132,031	130,903	127,687
Natural Resources and Development				
Number of park passes purchased ³	17,888	16,953	16,283	20,422
Number of visitors to State parks ⁵	3,119,749	2,930,408	3,283,383	3,145,285
Number of hunting and fishing licenses sold ³	612,737	594,993	607,382	614,051
Transportation Safety & Development				
Number of construction projects	154	384	317	282

¹ Based on the average enrollees over the fiscal year.

² Based on the average number of cases over the fiscal year.

³ As of December.

⁴ As of October of the school year.

⁵ The parks opened late in 2024 due to storm damage.

SOURCE: All statistical information was provided by State agencies.

SCHEDULE 15

2021	2020	2019	2018	2017	2016
64,925	78,523	81,838	82,900	85,080	86,746
35,244	30,253	23,216	21,407	24,648	26,220
1.19 % 391	1.78 % 314	2.15 % 299	1.31 % 294	0.85 % 266	0.52 % 272
25 % 3,937	22 % 3,918	20 % 3,995	20 % 4,308	20 % 4,630	21 % 5,401
1,682 28 2,950 130,461	2,043 33 2,946 143,015	2,332 52 2,981 177,768	2,586 75 3,072 198,199	2,310 88 3,088 192,527	2,189 95 3,145 204,330
14,361 3,067,112 569,785	14,656 2,968,710 563,781	14,621 2,997,931 559,411	14,853 2,698,907 558,820	19,722 2,876,190 564,863	16,881 2,626,416 557,123
251	289	411	351	323	197

STATE OF MAINE
CAPITAL ASSETS BY FUNCTION

Last Ten Fiscal Years

Capital Assets by Function:	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Governmental Support & Operations				
Vehicles controlled by Central Fleet Management	2,704	2,591	2,318	2,198
Health and Human Services				
Number of regional offices	16	16	16	16
Justice and Protection				
Number of correctional facilities	7	7	7	6
Number of armories and AFR's	16	16	16	16
Number of State police barracks	8	8	8	8
Number of vehicles in Public Safety	690	675	704	615
Natural Resources and Development				
Total acreage of State parks	86,509	86,509	86,509	86,509
Number of State park buildings	589	586	585	585
Transportation Safety & Development				
Number of DOT vehicles and equipment	1,389	1,436	1,388	1,388
Number of regional DOT active buildings	546	544	549	546

SOURCE: All statistical information was provided by State agencies.

SCHEDULE 16

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
2,152	2,174	2,089	2,229	2,208	2,158
16	16	16	16	16	16
6	6	5	5	7	8
17	15	15	15	14	18
8	8	8	8	8	8
584	579	579	524	614	541
86,102	86,102	86,102	85,680	85,680	85,680
585	585	585	585	585	562
1,380	1,329	1,307	1,448	1,233	1,229
546	546	548	553	570	555



**STATE OF MAINE
GENERAL OBLIGATION BONDS**

APPENDIX C

Certain Revenues of the State (Unaudited)

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STATE OF MAINE
UNDEDICATED REVENUES
GENERAL FUND
FISCAL YEARS ENDED JUNE 30, 2022 AND JUNE 30, 2023

	2022				2023			
	Actual	Budget	Variance	Percent	Actual	Budget	Variance	Percent
			Over/ (Under)	Over/ (Under)			Over/ (Under)	Over/ (Under)
Sales and Use Tax	\$2,078,875,746	\$2,040,737,567	\$ 38,138,179	1.9%	\$2,173,045,809	\$2,166,711,247	\$ 6,334,562	0.3%
Service Provider Tax	51,328,641	51,000,000	328,641	0.6%	51,464,619	52,062,521	(597,902)	(1.1%)
Individual Income Tax	2,580,656,661	2,174,749,999	405,906,662	18.7%	2,473,478,947	2,430,727,867	42,751,080	1.8%
Corporate Income Tax	415,817,438	330,033,737	85,783,701	26.0%	451,211,056	395,188,198	56,022,858	14.2%
Cigarette and Tobacco Tax	146,424,162	150,220,000	(3,795,838)	(2.5%)	149,909,124	151,977,357	(2,068,233)	(1.4%)
Insurance Companies Tax	101,673,456	88,250,000	13,423,456	15.2%	114,172,706	110,810,000	3,362,706	3.0%
Inheritance & Estate Tax	34,183,165	40,000,000	(5,816,835)	(14.5%)	30,117,577	31,400,000	(1,282,423)	(4.1%)
Fines, Forfeits and Penalties	4,905,201	8,265,701	(3,360,500)	(40.7%)	10,576,399	8,916,686	1,659,713	18.6%
Income from Investments	9,023,821	6,979,207	2,044,614	29.3%	33,812,410	29,283,164	4,529,246	15.5%
Transfer from Lottery Commission	71,351,415	65,000,000	6,351,415	9.8%	72,084,673	66,500,000	5,584,673	8.4%
Transfer from Liquor Commission	-	-	-	0.0%	-	-	-	0.0%
Transfer for Tax Relief Programs	(78,022,118)	(77,380,000)	(642,118)	(0.8%)	(81,514,948)	(81,350,000)	(164,948)	(0.2%)
Transfer to Municipal Revenue Sharing	(232,362,929)	(212,935,550)	(19,427,379)	(9.1%)	(263,395,959)	(261,001,187)	(2,394,772)	(0.9%)
Auto Sales Tax Transfer to Highway Fund	-	-	-	0.0%	-	-	-	0.0%
Other Taxes and Fees	160,147,600	154,164,934	5,982,666	3.9%	152,641,514	152,448,015	193,499	0.1%
Other Revenues	47,611,310	38,096,895	9,514,415	25.0%	11,888,086	10,736,705	1,151,381	10.7%
Total Undedicated Revenue	\$5,391,613,569	\$4,857,182,490	\$ 534,431,079	11.0%	\$5,379,492,013	\$5,264,410,573	\$ 115,081,440	2.2%

**STATE OF MAINE
UNDEDICATED REVENUES
GENERAL FUND
FISCAL YEARS ENDED JUNE 30, 2024 AND JUNE 30, 2025**

	2024				2025			
	Actual	Budget	Variance Over/ (Under)	Percent Over/ (Under)	Actual	Budget	Variance Over/ (Under)	Percent Over/ (Under)
Sales and Use Tax	\$2,262,233,689	\$2,252,160,556	\$ 10,073,133	0.4%	\$2,313,905,686	\$2,309,933,428	\$ 3,972,258	0.2%
Service Provider Tax	49,629,447	49,234,033	395,414	0.8%	44,955,028	45,979,967	(1,024,939)	(2.2%)
Individual Income Tax	2,388,991,095	2,442,073,715	(53,082,620)	(2.2%)	2,723,971,330	2,695,770,722	28,200,608	1.0%
Corporate Income Tax	459,752,873	436,000,000	23,752,873	5.4%	410,118,265	368,000,001	42,118,264	11.4%
Cigarette and Tobacco Tax	144,147,994	152,779,967	(8,631,973)	(5.6%)	146,991,431	149,702,976	(2,711,545)	(1.8%)
Insurance Companies Tax	108,435,700	118,460,000	(10,024,300)	(8.5%)	130,061,226	132,437,000	(2,375,774)	(1.8%)
Inheritance & Estate Tax	29,051,766	18,840,000	10,211,766	54.2%	85,835,306	51,829,998	34,005,308	65.6%
Fines, Forfeits and Penalties	11,890,588	15,452,367	(3,561,779)	(23.1%)	11,407,044	10,958,694	448,350	4.1%
Income from Investments	62,564,325	55,102,654	7,461,671	13.5%	68,540,223	64,591,150	3,949,073	6.1%
Transfer from Lottery Commission	88,673,283	73,000,000	15,673,283	21.5%	79,213,334	75,000,000	4,213,334	5.6%
Transfer from Liquor Commission	7,000,000	7,000,000	-	0.0%	7,000,000	7,000,000	-	0.0%
Transfer for Tax Relief Programs	(82,873,750)	(82,730,000)	(143,750)	(0.2%)	(87,989,058)	(87,242,000)	(747,058)	(0.9%)
Transfer to Municipal Revenue Sharing	(260,093,499)	(263,620,963)	3,527,464	1.3%	(278,823,748)	(276,822,940)	(2,000,808)	(0.7%)
Auto Sales Tax Transfer to Highway Fund	(107,534,228)	(107,534,228)	-	0.0%	(115,811,095)	(115,811,095)	-	0.0%
Other Taxes and Fees	157,378,113	145,667,406	11,710,707	8.0%	163,813,188	156,669,107	7,144,081	4.6%
Other Revenues	33,515,259	20,009,712	13,505,547	(67.5%)	19,217,683	16,848,908	2,368,775	(14.1%)
Total Undedicated Revenue	\$5,352,762,655	\$5,331,895,219	\$ 20,867,436	0.4%	\$5,722,405,843	\$5,604,845,916	\$ 117,559,927	2.1%

STATE OF MAINE
UNDEDICATED REVENUES
GENERAL FUND
EIGHT MONTHS ENDED FEBRUARY 28, 2026
FISCAL YEAR ENDING JUNE 30, 2026

	Month				Year to Date				Total Budgeted
	Actual	Budget	Variance	Percent	Actual	Budget	Variance	Percent	Fiscal Year Ending 6/30/2026
			Over/ (Under)	Over/ (Under)			Over/ (Under)	Over/ (Under)	
Sales and Use Tax	\$ 163,655,514	\$ 161,510,387	\$ 2,145,127	1.3%	\$ 1,657,789,615	\$ 1,668,407,149	\$ (10,617,534)	(0.6%)	\$ 2,399,482,973
Service Provider Tax	(211,977)	-	(211,977)	-	26,607,121	26,058,860	548,261	2.1%	26,058,860
Individual Income Tax	(11,786,738)	27,793,602	(39,580,340)	(142.4%)	1,726,533,139	1,803,210,723	(76,677,584)	(4.3%)	2,785,528,319
Corporate Income Tax	3,745,540	7,728,256	(3,982,716)	(51.5%)	173,542,935	204,871,562	(31,328,627)	(15.3%)	371,999,999
Cigarette and Tobacco Tax	18,650,645	15,405,721	3,244,924	21.1%	110,359,601	113,394,276	(3,034,675)	(2.7%)	183,934,931
Insurance Companies Tax	1,878,160	1,534,535	343,625	22.4%	22,298,012	21,392,506	905,506	4.2%	133,611,000
Inheritance & Estate Tax	637,877	4,608,333	(3,970,456)	(86.2%)	35,399,283	42,893,771	(7,494,488)	(17.5%)	61,730,000
Fines, Forfeits & Penalties	1,811,173	1,011,052	800,121	79.1%	13,602,989	12,650,670	952,319	7.5%	16,636,207
Income from Investments	3,947,046	3,554,317	392,729	11.0%	29,476,828	28,840,248	636,580	2.2%	42,059,604
Transfer from Lottery Commission	4,867,712	6,000,000	(1,132,288)	(18.9%)	56,971,236	52,500,000	4,471,236	8.5%	78,000,000
Transfer from Liquor Commission	-	-	-	-	7,000,000	7,000,000	-	0.0%	7,000,000
Transfers for Tax Relief Programs	(1,928,730)	(3,679,973)	1,751,243	47.6%	(75,862,484)	(75,822,912)	(39,572)	(0.1%)	(82,994,000)
Transfer to Municipal Revenue Sharing	(25,831,546)	(29,239,248)	3,407,702	11.7%	(199,123,563)	(202,951,281)	3,827,718	1.9%	(283,367,645)
Auto Sales Tax Transfer to Highway Fund	-	-	-	-	(118,509,077)	(118,509,077)	-	0.0%	(118,509,077)
Other Taxes and Fees	9,180,972	10,420,594	(1,239,622)	(11.9%)	116,974,359	107,283,697	9,690,662	9.0%	155,647,629
Other Revenues	506,515	2,643,711	(2,137,196)	80.8%	(29,972,199)	(26,337,390)	(3,634,809)	(13.8%)	(765,953)
Total Undedicated Revenue	\$ 169,122,163	\$ 209,291,287	\$ (40,169,124)	(19.2%)	\$3,553,087,795	\$3,664,882,802	\$(111,795,007)	(3.1%)	\$ 5,776,052,847

**STATE OF MAINE
HIGHWAY FUND
REVENUES
FISCAL YEARS ENDED JUNE 30, 2022 AND JUNE 30, 2023**

	2022				2023			
	Actual	Budget	Variance Over/ (Under)	Percent Over/ (Under)	Actual	Budget	Variance Over/ (Under)	Percent Over/ (Under)
Fuel Taxes	\$ 222,781,779	\$ 224,703,184	\$ (1,921,405)	(0.9%)	\$ 222,424,911	\$ 228,842,987	\$ (6,418,076)	(2.8%)
Motor Vehicle Registration & Fees	102,460,134	93,048,868	9,411,266	10.1%	106,855,980	97,356,288	9,499,692	9.8%
Inspection Fees	2,920,344	3,015,291	(94,947)	(3.1%)	3,136,970	2,777,500	359,470	12.9%
Miscellaneous Taxes and Fees	1,693,892	1,417,454	276,438	19.5%	1,700,245	1,416,470	283,775	20.0%
Fines, Forfeits & Penalties	1,381,965	606,412	775,553	127.9%	1,212,226	606,412	605,814	99.9%
Earnings on Investments	189,723	168,619	21,104	12.5%	705,724	453,320	252,404	55.7%
Auto Sales Tax Transfer	-	-	-	0.0%	-	-	-	0.0%
Transfer from Liquor Commission	-	-	-	0.0%	-	-	-	0.0%
All Other Revenues	13,427,986	13,231,846	196,140	1.5%	13,500,345	13,123,353	376,992	2.9%
Total	\$ 344,855,823	\$ 336,191,674	\$ 8,664,149	2.6%	\$ 349,536,401	\$ 344,576,330	\$ 4,960,071	1.4%

**STATE OF MAINE
HIGHWAY FUND
REVENUES
FISCAL YEARS ENDED JUNE 30, 2024 AND JUNE 30, 2025**

	2024				2025			
	Actual	Budget	Variance	Percent	Actual	Budget	Variance	Percent
			Over/ (Under)	Over/ (Under)			Over/ (Under)	Over/ (Under)
Fuel Taxes	\$ 215,968,705	\$ 213,884,155	\$ 2,084,550	1.0%	\$ 220,589,576	\$ 217,323,872	\$ 3,265,704	1.5%
Motor Vehicle Registration & Fees	104,285,634	97,552,008	6,733,626	6.9%	106,957,503	99,213,198	7,744,305	7.8%
Inspection Fees	3,086,749	2,982,600	104,149	3.5%	3,211,227	3,182,600	28,627	0.9%
Miscellaneous Taxes & Fees	1,774,184	1,429,470	344,714	24.1%	1,717,455	1,429,470	287,985	20.1%
Fines, Forfeits & Penalties	1,090,913	606,492	484,421	79.9%	1,130,635	606,512	524,123	86.4%
Earnings on Investments	2,762,727	2,327,029	435,698	18.7%	4,137,045	4,164,303	(27,258)	(0.7%)
Auto Sales Tax Transfer	107,534,228	107,534,228	-	0.0%	115,811,095	115,811,095	-	0.0%
Transfer from Liquor Commission	60,146,757	53,000,000	7,146,757	13.5%	60,717,257	59,000,000	1,717,257	2.9%
All Other Revenues	14,219,242	19,799,843	(5,580,601)	(28.2%)	14,740,970	12,386,265	2,354,705	19.0%
Total	\$ 510,869,139	\$ 499,115,825	\$ 11,753,314	2.4%	\$ 529,012,763	\$ 513,117,315	\$ 15,895,448	3.1%

**STATE OF MAINE
HIGHWAY FUND
REVENUES
EIGHT MONTHS ENDED FEBRUARY 28, 2026
FISCAL YEAR ENDING JUNE 30, 2026**

	Month				Year to Date				Total Budgeted
	Actual	Budget	Variance	Percent	Actual	Budget	Variance	Percent	Fiscal Year Ending 6/30/2026
			Over/ (Under)	Over/ (Under)			Over/ (Under)	Over/ (Under)	
Fuel Taxes	\$ 18,742,861	\$ 18,984,686	\$ (241,825)	(1.3%)	\$ 169,608,723	\$ 168,134,628	\$ 1,474,095	0.9%	\$ 243,491,232
Motor Vehicle Registration & Fees	10,751,863	8,996,834	1,755,029	19.5%	80,236,564	75,650,791	4,585,773	6.1%	115,685,431
Motor Vehicle Inspection Fees	630,803	266,874	363,929	136.4%	2,778,921	2,134,992	643,929	30.2%	3,202,500
Miscellaneous Taxes & Fees	102,957	63,232	39,725	62.8%	1,082,335	435,580	646,755	148.5%	1,418,970
Fines, Forfeits & Penalties	100,069	43,250	56,819	131.4%	705,452	327,169	378,283	115.6%	606,412
Earnings on Investments	234,472	281,092	(46,620)	(16.6%)	2,357,540	2,502,684	(145,144)	(5.8%)	3,303,683
Auto Sales Tax Transfer	-	-	-	-	118,509,077	118,509,077	-	0.0%	118,509,077
Fuel Tax Transfer to Transcap	(1,928,813)	(1,910,230)	(18,583)	(0.01)	(17,502,727)	(17,376,283)	(126,444)	(0.7%)	(24,957,852)
Auto Sales Tax Transfer to Transcap	-	-	-	-	(26,071,997)	(26,071,997)	-	0.0%	(26,071,997)
Transfer from Liquor Commission	4,945,319	5,500,000	(554,681)	(10.1%)	34,567,343	37,000,000	(2,432,657)	(6.6%)	59,000,000
All Other	7,685,474	973,827	6,711,647	689.2%	12,116,751	9,379,535	2,737,216	29.2%	12,278,879
Total	\$ 41,265,005	\$ 33,199,565	\$ 8,065,440	24.3%	\$ 378,387,982	\$ 370,626,176	\$ 7,761,806	2.1%	\$ 506,466,335

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**STATE OF MAINE
GENERAL OBLIGATION BONDS**

APPENDIX D

**Selected Information Regarding Authorized
And Outstanding Debt of the State**

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Authorized Expenditures	D-2
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Bonds Outstanding at June 30 Compared to Total Governmental Funds Revenue	D-6

AUTHORIZED EXPENDITURES

The purpose for which authorized expenditures may be made, the expending department or agency, the authorizing acts and the balances of authorized expenditures were as of the date hereof as follows:

	Agency	Law	Description	Amount Auth/Uniss
1	DAFC	2024 PL Chap 652	Trail Maintenance	30,000,000
2	DECD	2024 PL Chap 654	Research and Development and Commercialization	25,000,000
3	MHPC	2024 PL Chap 653	Restore Historic Community Buildings	10,000,000
TOTAL				\$ 65,000,000.00

GENERAL FUND BONDS
DEBT SERVICE REQUIREMENTS TO MATURITY
 June 30, 2025

FISCAL YEAR	PRINCIPAL	INTEREST	TOTAL
2026	83,515,000.00	17,712,487.50	101,227,487.50
2027	73,745,000.00	13,721,787.50	87,466,787.50
2028	63,945,000.00	10,068,337.50	74,013,337.50
2029	52,820,000.00	6,897,750.00	59,717,750.00
2030	38,730,000.00	4,272,750.00	43,002,750.00
2031	25,965,000.00	2,388,000.00	28,353,000.00
2032	15,205,000.00	1,089,750.00	16,294,750.00
2033	6,590,000.00	329,500.00	6,919,500.00
Total	\$ 360,515,000.00	\$ 56,480,362.50	\$ 416,995,362.50

INFORMATION REGARDING LEASE FINANCING AGREEMENTS

As of February 28, 2026

Unaudited

Issuance	Agency	Date of Agreement	Principal	
			Original Principal Amount	Outstanding 2/28/2026
BMV 24 GF & HF	Administrative & Financial Services	October, 2023	\$ 5,700,000	\$ 3,784,975
BMV 25	Administrative & Financial Services	April, 2025	2,500,000	2,161,554
CFM 23	Administrative & Financial Services	August, 2022	7,500,000	3,750,000
CFM 23B	Administrative & Financial Services	May, 2023	7,500,000	5,000,000
CFM 24	Administrative & Financial Services	April, 2024	9,500,000	7,916,667
CFM 25	Administrative & Financial Services	October, 2024	7,000,000	5,250,000
CFM 25A	Administrative & Financial Services	April, 2025	6,500,000	6,500,000
DAFS 22A	Administrative & Financial Services	January, 2022	5,000,000	2,198,624
DAFS 22B	Administrative & Financial Services	February, 2022	8,000,000	4,076,546
MRS 21	Administrative & Financial Services	November, 2020	22,490,000	14,518,304
MRS 22	Administrative & Financial Services	June, 2022	14,000,000	9,810,157
MRS 24	Administrative & Financial Services	October, 2023	9,900,000	7,722,041
OIT 19	Administrative & Financial Services	September, 2019	2,600,000	390,986
OIT 20	Administrative & Financial Services	April, 2020	1,900,000	426,187
OIT 23	Administrative & Financial Services	January, 2023	5,000,000	2,984,667
OIT 24	Administrative & Financial Services	April, 2024	5,000,000	3,651,263
OIT 25	Administrative & Financial Services	April, 2025	3,000,000	2,577,693
PS 24 GF & HF	Public Safety	November, 2023	\$3,814,110.00	1,271,370
PS 25 GF & HF	Public Safety	January, 2025	\$3,100,000.00	2,066,667
PS 26 GF & HF	Public Safety	December, 2025	\$3,655,000.00	3,655,000
Totals			\$ 133,659,110	\$ 89,712,702

Debt Ratios

The following table sets forth the certain ratios relating to the State's general obligation debt as of June 30, 2025.

	Amount of Debt (P&I)	Per Capita ⁽¹⁾	Debt to Estimated Full Valuation ⁽²⁾	Debt to Personal Income ⁽³⁾
General Fund	\$ 416,995,363	\$ 294.72	0.13%	0.41%
Highways & Bridges	-	0.00	0.00%	0.00%
Total	\$416,995,363	\$ 294.72	0.13%	0.41%

- (1) Based on population estimate of 1,414,874 for 2025 by the U.S. Department of Commerce, Bureau of the Census.
- (2) Based on assessed property valuation at full value by the Maine Revenue Services as of January 2025 of \$311,085,600,000.
- (3) Based on State of Maine total personal income reported by the U.S. Department of Commerce for 2025 of \$101,802,900,000.

Debt Ratio Statistics

June 30, 2025

Debt to Full Value

2023	0.28%
2024	0.19%
2025	0.13%

Debt to Personal Income

2023	0.79%
2024	0.59%
2025	0.41%

Per Capita Debt

2023	\$475.96
2024	\$379.19
2025	\$294.72

DEBT SERVICE PAID OVER THE PAST FISCAL YEARS ENDING JUNE 30

FY	GF Principal	GF Interest	HF Principal	HF Interest	Total Principal	Total Interest
2003	63,880,000	12,941,300	21,215,000	4,003,828	85,095,000	16,945,128
2004	56,240,000	12,567,264	16,015,000	3,022,015	72,255,000	15,589,279
2005	53,440,000	12,525,813	13,280,000	2,477,535	66,720,000	15,003,348
2006	57,915,000	15,253,937	13,950,000	2,007,306	71,865,000	17,261,243
2007	69,280,000	17,364,513	10,415,000	1,387,084	79,695,000	18,751,597
2008	66,230,000	16,057,428	10,750,000	2,050,995	76,980,000	18,108,423
2009	65,685,000	15,179,120	13,505,000	3,848,227	79,190,000	19,027,347
2010	74,905,000	15,451,420	11,820,000	4,803,042	86,725,000	20,254,462
2011	72,905,000	13,609,228	15,100,000	5,312,205	88,005,000	18,921,433
2012	81,055,000	14,015,648	16,385,000	5,698,368	97,440,000	19,714,016
2013	85,595,000	12,924,559	16,735,000	5,151,841	102,330,000	18,076,400
2014	67,445,000	10,159,578	16,035,000	4,544,279	83,480,000	14,703,857
2015	65,670,000	11,674,238	15,275,000	3,914,654	80,945,000	15,588,891
2016	60,595,000	13,970,158	15,300,000	3,265,079	75,895,000	17,235,237
2017	59,415,000	15,620,081	21,015,000	2,600,579	80,430,000	18,220,659
2018	65,840,000	18,133,570	18,285,000	1,691,210	84,125,000	19,824,780
2019	72,345,000	20,507,969	12,500,000	905,540	84,845,000	21,413,509
2020	77,995,000	23,941,818	7,610,000	389,668	85,605,000	24,331,486
2021	77,700,000	26,221,997	2,210,000	110,500	79,910,000	26,332,497
2022	83,845,000	26,683,908	-	-	83,845,000	26,683,908
2023	97,840,000	26,908,898	-	-	97,840,000	26,908,898
2024	105,075,000	26,457,457	-	-	105,075,000	26,457,457
2025	93,780,000	21,998,088	-	-	93,780,000	21,998,088

BONDS OUTSTANDING AT JUNE 30 COMPARED TO TOTAL GOVERNMENTAL FUNDS REVENUE

Year Ended	General Fund	Highway Fund	Self-Liquidating	Total	Total Governmental Funds Revenue	Percent of State Revenues
1995	377,055,000	136,950,000	2,055,000	516,060,000	3,381,332,000	15.3%
1996	369,457,945	144,440,000	1,792,055	515,690,000	3,598,717,000	14.3%
1997	339,620,600	129,060,000	1,529,400	470,210,000	3,756,557,734	12.5%
1998	337,575,000	139,180,000	1,290,000	478,045,000	4,168,141,000	11.5%
1999	334,725,000	133,700,000	1,115,000	469,540,000	4,257,340,458	11.0%
2000	341,205,000	111,230,000	940,000	453,375,000	4,604,954,195	9.8%
2001	297,405,000	108,635,000	765,000	406,805,000	4,608,742,000	8.8%
2002	260,790,000	85,335,000	600,000	346,725,000	4,808,788,859	7.2%
2003	293,990,000	64,120,000	445,000	358,555,000	5,114,542,674	7.0%
2004	355,025,000	61,105,000	290,000	416,420,000	5,902,866,220	7.1%
2005	439,110,000	47,825,000	160,000	487,095,000	6,114,225,943	8.0%
2006	433,585,000	33,875,000	90,000	467,550,000	6,336,819,316	7.4%
2007	398,280,000	50,460,000	20,000	448,760,000	6,230,265,000	7.2%
2008	378,575,000	97,260,000	-	475,835,000	6,406,301,524	7.4%
2009	408,925,000	121,065,000	-	529,990,000	6,827,986,832	7.8%
2010	365,775,000	134,325,000	-	500,100,000	7,083,733,435	7.1%
2011	378,880,000	141,350,000	-	520,230,000	7,190,530,232	7.2%
2012	347,090,000	124,965,000	-	472,055,000	6,947,865,367	6.8%
2013	261,495,000	108,230,000	-	369,725,000	6,959,425,993	5.3%
2014	306,995,000	92,195,000	-	399,190,000	7,315,154,917	5.5%
2015	343,880,000	76,920,000	-	420,800,000	7,103,637,361	5.9%
2016	380,990,000	61,620,000	-	442,610,000	7,287,605,663	6.1%
2017	419,635,000	40,605,000	-	460,240,000	7,497,107,875	6.1%
2018	353,795,000	22,320,000	-	376,115,000	7,709,591,127	4.9%
2019	533,580,000	9,820,000	-	543,400,000	8,130,496,776	6.7%
2020	570,490,000	2,210,000	-	572,700,000	10,720,169,583	5.3%
2021	589,665,000	-	-	589,665,000	11,715,851,560	5.0%
2022	591,290,000	-	-	591,290,000	12,306,418,056	4.8%
2023	559,370,000	-	-	559,370,000	11,884,421,862	4.7%
2024	454,295,000	-	-	454,295,000	12,028,871,000	3.8%
2025	360,515,000	-	-	360,515,000	13,008,547,000	2.8%

APPENDIX E

The information contained in this Appendix E is derived from information contained in the actuarial valuation reports for the year ended June 30, 2025 for the State Employee and Teacher Retirement Program, the Legislative Retirement Program, the Judicial Retirement Program, and the Group Life Insurance Program. These actuarial valuation reports are available at www.maineopers.org/reports/valuations/.

Maine Public Employees Retirement System State Employee and Teacher Plan Actuarial Balance Sheet, June 30, 2025

ASSETS (Present Value of Expected Income)	State Employees (SE)	Teachers	SE and Teachers
(1) Invested Assets			
(a) Members Contribution Fund	\$ 1,004,963,288	\$ 1,897,824,729	\$ 2,902,788,017
(b) Retirement Allowance Fund	<u>4,559,640,880</u>	<u>8,976,386,022</u>	<u>13,536,026,902</u>
(c) Total Invested Assets (a + b)*	\$ 5,564,604,168	\$ 10,874,210,751	\$ 16,438,814,919
(2) Future Contributions			
(a) Member Contributions	\$ 637,856,975	\$ 1,176,590,128	\$ 1,814,447,103
(b) Actuarial Costs	<u>1,274,213,914</u>	<u>1,968,459,436</u>	<u>3,242,673,350</u>
(c) Total Contribution Income (a + b)	\$ 1,912,070,889	\$ 3,145,049,564	\$ 5,057,120,453
(3) Present Value of Total Income (1 + 2)	\$ 7,476,675,057	\$ 14,019,260,315	\$ 21,495,935,372
LIABILITIES (Present Value of Expected Benefit Payments)			
(1) Active Employees			
(a) Current Accrued Benefits	\$ 1,630,993,332	\$ 3,242,158,924	\$ 4,873,152,256
(b) Future Benefit Accruals	<u>1,535,790,213</u>	<u>3,056,172,198</u>	<u>4,591,962,411</u>
(c) Total Active Benefits (a + b)	\$ 3,166,783,545	\$ 6,298,331,122	\$ 9,465,114,667
(2) Inactive Employees			
(a) Total Inactive Benefits	\$ 4,309,891,512	\$ 7,720,929,193	\$ 12,030,820,705
(3) Present Value of Total Benefits (1 + 2)	\$ 7,476,675,057	\$ 14,019,260,315	\$ 21,495,935,372

*Actuarial Value

**Maine Public Employees Retirement System
Judicial Plan
Actuarial Balance Sheet, June 30, 2025**

ASSETS

(Present Value of Expected Income)

(1) Invested Assets

(a) Members Contribution Fund	\$ 11,641,716
(b) Retirement Allowance Fund	<u>78,661,394</u>
(c) Total Invested Assets (a + b)*	\$ 90,303,110

(2) Future Contributions

(a) Member Contributions	\$ 5,211,561
(b) Actuarial Costs	<u>916,068</u>
(c) Total Contribution Income (a + b)	\$ 6,127,629

(3) Present Value of Total Income (1 + 2)	\$ 96,430,739
--	----------------------

Liabilities

(Present Value of Expected Benefit Payments)

(1) Active Employees

(a) Current Accrued Benefits	\$ 26,600,864
(b) Future Benefit Accruals	<u>16,954,967</u>
(c) Total Active Benefits (a + b)	<u>\$ 43,555,831</u>

(2) Inactive Employees

(a) Total Inactive Benefits	\$ 52,874,908
-----------------------------	---------------

(3) Present Value of Total Benefits (1 + 2)	\$ 96,430,739
--	----------------------

*Actuarial Value

**Maine Public Employees Retirement System
Legislative Plan
Actuarial Balance Sheet, June 30, 2025**

ASSETS

(Present Value of Expected Income)

(1) Invested Assets

(a) Members Contribution Fund	\$ 3,334,576
(b) Retirement Allowance Fund	<u>14,826,213</u>
(c) Total Invested Assets (a + b)*	\$ 18,160,789

(2) Future Contributions

(a) Member Contributions	\$ 1,193,763
(b) Actuarial Costs	<u>(3,928,415)</u>
(c) Total Contribution Income (a + b)	\$ (2,734,652)

(3) Present Value of Total Income (1+ 2)	\$ 15,426,137
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Liabilities

(Present Value of Expected Benefit Payments)

(1) Active Employees

(a) Current Accrued Benefits	\$ 3,868,769
(b) Future Benefit Accruals	<u>2,630,829</u>
(c) Total Active Benefits (a + b)	\$ 6,499,598

(2) Inactive Employees

(a) Total Inactive Benefits	\$ 8,926,539
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(3) Present Value of Total Benefits (1 + 2)	\$ 15,426,137
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* Actuarial Value

**Maine Public Employees Retirement System
State Employee and Teacher Plan
Actuarial Balance Sheet for Group Life Insurance, June 30, 2025**

ASSETS (Present Value of Expected Income)	State Employees (SE)	Teachers	SE and Teachers
(1) Invested Assets			
(a) Members Contribution Fund	\$ 0	\$ 0	\$ 0
(b) Retirement Allowance Fund	<u>73,956,746</u>	<u>112,204,247</u>	<u>186,160,993</u>
(c) Total Invested Assets (a + b)*	\$ 73,956,746	\$ 112,204,247	\$ 186,160,993
(2) Future Contributions			
(a) Member Contributions	\$ 0	\$ 0	\$ 0
(b) Actuarial Costs	<u>62,963,170</u>	<u>28,181,832</u>	<u>91,145,002</u>
(c) Total Contribution Income (a + b)	\$ 62,963,170	\$ 28,181,832	\$ 91,145,002
(3) Present Value of Total Income (1 + 2)	\$136,919,916	\$ 140,386,079	\$ 277,305,995
 LIABILITIES (Present Value of Expected Benefit Payments)			
(1) Active Employees			
(a) Current Accrued Benefits	\$ 27,653,885	\$ 26,349,646	\$ 54,003,531
(b) Future Benefit Accruals	<u>21,883,542</u>	<u>23,870,955</u>	<u>45,754,497</u>
(c) Total Active Benefits (a + b)	\$ 49,537,427	\$ 50,220,601	\$ 99,758,028
(2) Inactive Employees			
(a) Total Inactive Benefits	\$ 87,382,489	\$ 90,165,478	\$ 177,547,967
(3) Present Value of Total Benefits (1 + 2)	\$ 136,919,916	\$ 140,386,079	\$ 277,305,995

* Plan Fiduciary Net Position

**Maine Public Employees Retirement System
Judicial Plan
Actuarial Balance Sheet for Group Life Insurance, June 30, 2025**

ASSETS

(Present Value of Expected Income)

(1) Invested Assets

(a) Members Contribution Fund	\$ 0
(b) Retirement Allowance Fund	<u>1,408,247</u>
(c) Total Invested Assets (a + b)*	\$ 1,408,247

(2) Future Contributions

(a) Member Contributions	\$ 0
(b) Actuarial Costs	<u>1,198,913</u>
(c) Total Contribution Income (a + b)	\$ 1,198,913

(3) Present Value of Total Income (1 + 2) \$ 2,607,160

Liabilities

(Present Value of Expected Benefit Payments)

(1) Active Employees

(a) Current Accrued Benefits	\$ 702,142
(b) Future Benefit Accruals	<u>303,099</u>
(c) Total Active Benefits (a + b)	\$ 1,005,241

(2) Inactive Employees

(a) Total Inactive Benefits	\$ 1,601,919
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(3) Present Value of Total Benefits (1 + 2) \$ 2,607,160

* Plan Fiduciary Net Position

**Maine Public Employees Retirement System
Legislative Plan
Actuarial Balance Sheet for Group Life Insurance, June 30, 2025**

ASSETS

(Present Value of Expected Income)

(1) Invested Assets

(a) Members Contribution Fund	\$ 0
(b) Retirement Allowance Fund	<u>25,481</u>
(c) Total Invested Assets (a + b)*	\$ 25,481

(2) Future Contributions

(a) Member Contributions	\$ 0
(b) Actuarial Costs	<u>21,693</u>
(c) Total Contribution Income (a + b)	\$ 21,693

(3) Present Value of Total Income (1 + 2)	\$ 47,174
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Liabilities

(Present Value of Expected Benefit Payments)

(1) Active Employees

(a) Current Accrued Benefits	\$ 0
(b) Future Benefit Accruals	<u>0</u>
(c) Total Active Benefits (a+b)	\$ 0

(2) Inactive Employees

(a) Total Inactive Benefits	\$ 47,174
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(3) Present Value of Total Benefits (1+2)	\$ 47,174
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* Plan Fiduciary Net Position

**STATE OF MAINE
GENERAL OBLIGATION BONDS**

APPENDIX F

**Selected Economic Information
with Respect to the State**

Maine Population

Year	Population	Rank U.S.	Percent Change	Per Square Mile
2001	1,285,692	40	0.7%	41.7
2002	1,295,960	40	0.8%	42.0
2003	1,306,513	40	0.8%	42.4
2004	1,313,688	40	0.5%	42.6
2005	1,318,787	40	0.4%	42.8
2006	1,323,619	40	0.4%	42.9
2007	1,327,040	40	0.3%	43.0
2008	1,330,509	40	0.3%	43.1
2009	1,329,590	41	-0.1%	43.1
2010	1,327,967	41	-0.1%	43.1
2011	1,330,060	41	0.0%	43.1
2012	1,330,954	41	0.0%	43.1
2013	1,332,673	41	0.0%	43.2
2014	1,336,617	42	0.2%	43.3
2015	1,335,768	42	-0.2%	43.3
2016	1,340,292	42	0.2%	43.5
2017	1,344,956	42	0.3%	43.6
2018	1,350,606	42	0.3%	43.8
2019	1,357,523	42	0.4%	44.0
2020	1,364,546	42	0.5%	44.2
2021	1,379,009	42	1.1%	44.7
2022	1,391,585	42	0.9%	45.1
2023	1,401,992	41	0.7%	45.4
2024	1,408,438	42	0.5%	45.6
2025	1,414,874	42	0.5%	45.9

Source: U.S. Census Bureau

Personal Income and Earnings by Industry in Maine, 2020-2024

	2020	2021	2022	2023	2024
Personal Income (thousands of dollars)	\$74,137,023	\$81,887,056	\$85,704,240	\$91,602,347	\$96,850,263
Earnings by place of work	45,834,615	50,470,061	54,166,689	57,749,623	61,153,680
Farm earnings	221,809	231,539	304,418	216,371	250,370
Nonfarm earnings	45,612,806	50,238,522	53,862,271	57,533,252	60,903,310
Forestry, fishing, and related activities	622,484	600,272	581,123	709,415	710,359
Mining, quarrying, and oil and gas extraction	23,990	25,761	(D)	27,406	(D)
Utilities	252,155	269,347	(D)	297,225	321,309
Construction	3,221,243	3,480,054	3,736,747	4,091,258	4,490,893
Manufacturing	4,327,290	4,593,231	4,981,455	5,007,869	5,073,827
Wholesale Trade	1,791,240	1,913,195	2,062,413	2,139,794	2,181,650
Retail Trade	3,570,003	3,964,721	4,185,616	4,492,877	4,634,849
Transportation and warehousing	1,169,656	1,288,369	1,375,981	1,381,790	1,418,852
Information	553,456	665,432	726,911	854,908	(D)
Finance and insurance	2,680,179	2,851,635	3,000,865	3,129,804	3,280,570
Real estate and rental and leasing	1,028,245	1,513,828	1,600,390	1,744,625	1,786,692
Professional, scientific, and technical services	3,525,779	3,965,078	4,396,574	4,904,409	5,312,267
Management of companies and enterprises	1,340,063	1,818,205	1,981,401	2,187,985	2,449,848
Administrative and support and waste management & remediation services	1,781,066	1,870,408	2,225,604	2,143,156	2,162,354
Educational services	942,687	988,652	1,041,154	1,167,783	1,224,871
Health care and social assistance	7,643,105	7,922,035	8,305,607	8,752,484	9,390,607
Arts, entertainment, and recreation	447,356	579,776	715,925	792,624	839,768
Accommodation and food services	1,545,302	2,341,279	2,471,654	2,889,228	3,004,504
Other services (except government & government enterprises)	1,560,033	1,671,508	1,841,183	1,940,850	2,103,036
Government and government enterprises	7,587,474	7,915,736	8,321,491	8,877,762	9,529,807

(D) Not shown to avoid disclosure of confidential information; estimates are included in higher-level totals.

Bureau of Economic Analysis, last updated January 23, 2026.

**Per Capita Personal Income
Maine, New England, and U.S.**

	Per Capita Income			Maine as a percent of		Annual Percent Increase		
	U.S.	N.E.	Maine	U.S.	N.E.	U.S.	N.E.	Maine
2001	\$31,548	\$38,764	\$28,821	91.4%	74.3%			
2002	31,801	38,721	29,546	92.9%	76.3%	0.8%	-0.1%	2.5%
2003	32,659	39,415	30,740	94.1%	78.0%	2.7%	1.8%	4.0%
2004	34,183	41,390	32,096	93.9%	77.5%	4.7%	5.0%	4.4%
2005	35,669	43,031	32,684	91.6%	76.0%	4.3%	4.0%	1.8%
2006	37,843	46,032	34,168	90.3%	74.2%	6.1%	7.0%	4.5%
2007	39,588	48,542	35,402	89.4%	72.9%	4.6%	5.5%	3.6%
2008	40,854	50,673	36,960	90.5%	72.9%	3.2%	4.4%	4.4%
2009	39,307	49,967	37,107	94.4%	74.3%	-3.8%	-1.4%	0.4%
2010	40,557	51,767	38,018	93.7%	73.4%	3.2%	3.6%	2.5%
2011	42,650	53,624	39,502	92.6%	73.7%	5.2%	3.6%	3.9%
2012	44,238	54,788	39,992	90.4%	73.0%	3.7%	2.2%	1.2%
2013	44,402	54,319	39,950	90.0%	73.5%	0.4%	-0.9%	-0.1%
2014	46,289	56,278	41,137	88.9%	73.1%	4.2%	3.6%	3.0%
2015	48,062	58,786	42,939	89.3%	73.0%	3.8%	4.5%	4.4%
2016	48,974	60,318	44,234	90.3%	73.3%	1.9%	2.6%	3.0%
2017	51,006	62,441	45,905	90.0%	73.5%	4.1%	3.5%	3.8%
2018	53,311	65,192	47,729	89.5%	73.2%	4.5%	4.4%	4.0%
2019	55,567	68,007	49,983	90.0%	73.5%	4.2%	4.3%	4.7%
2020	59,151	72,174	54,330	91.8%	75.3%	6.4%	6.1%	8.7%
2021	64,692	77,939	59,384	91.8%	76.2%	9.4%	8.0%	9.3%
2022	66,298	79,875	61,617	92.9%	77.1%	2.5%	2.5%	3.8%
2023	70,002	84,249	65,447	93.5%	77.7%	5.6%	5.5%	6.2%
2024	73,204	88,146	68,932	94.2%	78.2%	4.6%	4.6%	5.3%

Bureau of Economic Analysis, last updated January 23, 2026.

State Valuation of Taxable Real and Personal Property

January 1992	\$68,471,100,000
January 1993	67,751,400,000
January 1994	66,565,660,000
January 1995	66,425,500,000
January 1996	67,102,925,900
January 1997	68,286,600,000
January 1998	69,691,900,000
January 1999	71,779,350,000
January 2000	74,260,000,000
January 2001	78,389,400,000
January 2002	84,874,550,000
January 2003	94,034,050,000
January 2004	104,219,950,000
January 2005	118,038,020,000
January 2006	133,628,600,000
January 2007	148,946,200,000
January 2008	162,732,200,000
January 2009	168,071,150,000
January 2010	170,336,350,000
January 2011	166,990,700,000
January 2012	163,424,200,000
January 2013	160,011,900,000
January 2014	158,661,600,000
January 2015	159,770,050,000
January 2016	162,950,100,000
January 2017	165,485,750,000
January 2018	169,799,900,000
January 2019	176,176,000,000
January 2020	185,896,400,000
January 2021	195,137,500,000
January 2022	206,784,950,000
January 2023	233,899,750,000
January 2024	275,156,250,000
January 2025	311,085,600,000
January 2026	340,662,100,000

Source: Maine Revenue Services – Property Tax Division.

The State valuation of taxable property is equal to 100% of value.

The State valuation filed in January of each year is based on the value of property as of April 1, 21 months prior to the filing date.

Selected Labor Market Information for Maine

Annual Avg. Not Seasonally Adjusted

	2021	2022	2023	2024	2025
Nonfarm Wage and Salary Employment	622,000	638,100	651,100	660,000	660,700
Manufacturing Employment	53,900	54,300	53,500	52,000	51,300
Nonmanufacturing Employment	568,100	583,800	597,600	608,000	609,400
Average Weekly Hours of Manufacturing Production	40.0	40.3	38.9	38.0	37.1
Average Hourly Earnings of Manufacturing Production	\$25.33	\$26.92	\$29.67	\$31.72	\$33.17
Unemployment Rate	4.7%	2.8%	2.6%	3.0%	3.4%
Number Unemployed	32,111	19,445	18,375	21,216	23,767

Source: Maine Department of Labor, Center for Workforce Research & Information.

**Civilian Labor Force
Employed and Unemployed by Labor Market Area, Not Seasonally Adjusted**

Maine Labor Force Estimates for Counties												
COUNTY	Civilian Labor Force			Employment			Unemployment			Unemployment Rate		
	Jan-26	Dec-25	Jan-25	Jan-26	Dec-25	Jan-25	Jan-26	Dec-25	Jan-25	Jan-26	Dec-25	Jan-25
Androscoggin	55,611	56,346	56,070	53,475	54,426	53,996	2,136	1,920	2,074	3.8%	3.4%	3.7%
Aroostook	28,551	28,890	29,035	26,887	27,585	27,393	1,664	1,305	1,642	5.8	4.5	5.7
Cumberland	173,761	177,376	175,577	168,901	172,809	170,423	4,860	4,567	5,154	2.8	2.6	2.9
Franklin	14,188	14,237	14,411	13,613	13,679	13,769	575	558	642	4.1	3.9	4.5
Hancock	26,386	27,355	26,744	24,917	26,234	25,155	1,469	1,121	1,589	5.6	4.1	5.9
Kennebec	62,598	63,125	63,419	60,353	61,128	61,221	2,245	1,997	2,198	3.6	3.2	3.5
Knox	18,929	19,454	19,213	18,165	18,830	18,396	764	624	817	4.0	3.2	4.3
Lincoln	15,914	16,315	16,029	15,254	15,793	15,359	660	522	670	4.1	3.2	4.2
Oxford	26,373	26,639	26,865	25,208	25,656	25,703	1,165	983	1,162	4.4	3.7	4.3
Penobscot	75,360	76,834	76,002	72,300	74,113	72,821	3,060	2,721	3,181	4.1	3.5	4.2
Piscataquis	6,460	6,593	6,579	6,025	6,244	6,148	435	349	431	6.7	5.3	6.6
Sagadahoc	19,270	19,662	19,507	18,714	19,144	18,876	556	518	631	2.9	2.6	3.2
Somerset	22,469	22,564	22,686	21,113	21,499	21,393	1,356	1,065	1,293	6.0	4.7	5.7
Waldo	18,227	18,644	18,502	17,372	17,989	17,627	855	655	875	4.7	3.5	4.7
Washington	11,766	12,621	12,193	10,946	11,907	11,393	820	714	800	7.0	5.7	6.6
York	117,953	119,791	119,015	113,522	116,222	114,553	4,431	3,569	4,462	3.8	3.0	3.7
MAINE	693,816	706,445	701,847	666,765	683,259	674,227	27,051	23,186	27,620	3.9	3.3	3.9
UNITED STATES (000)	169,612	170,723	169,814	161,670	163,720	162,347	7,942	7,003	7,467	4.7	4.1	4.4

**These figures were previously presented using Labor Market Areas; those geographies have been discontinued, requiring the use of county data going forward.*

MGFA

MAINE GOVERNMENTAL FACILITIES AUTHORITY

