

Commonwealth of Massachusetts

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2024



Commonwealth of Massachusetts



Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2024

Prepared by
*Office of the Comptroller
Statewide Financial Reporting Team*



William McNamara
Comptroller of the Commonwealth

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www.macomptroller.org

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Acorn Street in Beacon Hill district, Boston, Massachusetts, USA - July 28, 2018: Entries of mansions in the Beacon Hill district in the city of Boston
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Historic Assabet Woolen Mill, built in 1847, on Main Street on Assabet River in Maynard historic town center in spring, Maynard, Massachusetts, USA.
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North End - Boston, Massachusetts
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Massachusetts-Lynn-High Rock Tower
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The architecture of Boston in Massachusetts, USA.
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The Wayside Inn Grist Mill with water wheel and cascade water fall in Autumn at sunrise, Concord Massachusetts USA
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Modern architecture at the Clark Art Institute, in Williamstown, Massachusetts
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Harbor building at Rockport, Massachusetts
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Red industrial gears with nineteenth century brick mill building in background
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Massachusetts Middlesex County Registry of Deeds and Probate Court building on Cambridge Street in East Cambridge, Massachusetts MA, USA.
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Dalton St Back Bay Building Construction – Boston, MA
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Massachusetts Old State House building, a landmark attraction frequently visited by numerous tourists
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A blend of gothic and modern architecture: Boston University and New Data Sciences building, on June 9, 2024, Boston, Massachusetts, USA
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Old residential building in Beacon street, constructed in 1901, Boston, Massachusetts, USA
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Massachusetts Old State House in Boston historic city center, located close to landmark Beacon Hill and Freedom Trail.
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Boston Skyline Showing Financial District at Sunrise. The Financial District of Boston is located in the downtown of Boston.
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Tobin bridge, Zakim bridge and Boston skyline panorama at sunset.
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Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2024

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Introductory Section

(Unaudited)

Letter of Transmittal
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Acknowledgments
Certificate of Achievement for Excellence in Financial Reporting







WILLIAM MCNAMARA
COMPTROLLER

Commonwealth of Massachusetts

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April 29, 2025

To Her Excellency Governor Maura Healey, the Honorable Members of the General Court, and the Citizens of the Commonwealth:

Please accept this Letter of Transmittal for the Commonwealth's fiscal year 2024 (FY24) Annual Comprehensive Financial Report (ACFR) prepared in accordance with Generally Accepted Accounting Principles (GAAP). The objective of this report is to provide a clear financial picture of our government as a single, unified entity.

This document presents the Commonwealth's financial information on three bases of accounting, each serving a different purpose. The report includes "required supplementary information" in the form of budgetary basis statements, which are prepared in accordance with the Commonwealth's budgetary or statutory basis of accounting and summarized by Commonwealth branch and agency. This information is aggregated from FY24 line item appropriations, the legal level of budgetary control -- i.e., the amount up to which state departments can spend without approval of additional appropriations (in a so-called "supplemental budget") by the Massachusetts Legislature. Line items specify a dollar amount that can be legally spent on specified programs or activities; for example, separate line items are authorized in the state's annual budget for general administrative expenses (including personnel expenses) and for benefit payments in the Commonwealth's Medicaid program. More detailed information on the statutory basis of accounting and the results of operations on that basis from FY24 are found in the Statutory Basis Financial Report (SBFR) issued separately on February 14, 2025. The SBFR documents compliance with the legislatively adopted budget at a fund level. Further documentation is found within the Commonwealth's accounting system, the Massachusetts Management Accounting and Reporting System (MMARS). Each state maintains different rules for budgetary reporting and therefore the SBFR should not be used for comparisons across states.

The ACFR "fund perspective" statements present the governmental operations on a modified accrual basis of accounting. The fund perspective is designed to measure inter-period equity, the extent to which current resources (available within one year) fully fund all current services provided by the government. Long-term liabilities are excluded with the implicit assumption that future tax revenues will fund these liabilities as they come due. This fund perspective provides results similar to the SBFR.

In addition to the fund perspective, this ACFR presents a "government-wide" perspective. This perspective combines all governmental and business-type activities in a statement of net position and a statement of activities, presenting all functions on a full accrual basis of accounting. All capital assets are added to the government-wide statements, as are most long-term liabilities. Funds that are shown as fiduciary under the fund perspective are not portrayed in the government-wide statements, as the assets do not belong to the Commonwealth.

In the government-wide statements, the balance sheet has been organized into a "net position format." This format classifies all assets and liabilities as either short-term or long-term and then subtracts liabilities and deferred inflows of resources from assets and deferred outflows of resources to arrive at net position.

The Commonwealth's government-wide revenues, expenses and activities are included in the statement of activities. The expenses of the Commonwealth, organized by function, are netted against fees, fines, grant revenues, and assessments generated to fund each function in an attempt to derive the net cost to the taxpayer of each function. This format allows the reader of the financial statements to discern the net cost of a particular function of government funded by taxation and other general revenues.

This ACFR is presented in three sections: **Introductory**, **Financial**, and **Statistical**. The **Introductory Section** contains an overview of current initiatives and summary financial data. The **Financial Section** contains the Management's Discussion and Analysis (MD&A) and the Commonwealth's Basic Financial Statements. GAAP requires that management provide a narrative overview and analysis in the form of an MD&A to accompany the basic financial statements. This ACFR is prepared by the Office of the Comptroller in conjunction with management of Commonwealth's departments, which is collectively responsible for its contents.

This letter of transmittal is designed to complement the MD&A, where the financial analysis is presented. The Commonwealth's MD&A can be found immediately following the Independent Auditors' Report. The **Statistical Section** contains selected financial and demographic information; it also contains background information on the Commonwealth.

PROFILE OF THE COMMONWEALTH

Massachusetts was among the thirteen original colonies and is considered the birthplace of the American Revolution, with the battles of Lexington-Concord and of Bunker Hill occurring in 1775. The original settlements of Plymouth and Massachusetts Bay were established in the 1620s, on the ancestral lands of the Wampanoag, Massachusetts, and other native peoples. Geographically, the Commonwealth of Massachusetts stretches from the Atlantic shoreline, through the uplands of Worcester County to the fertile Pioneer Valley surrounding the Connecticut River, west to the Berkshire Mountains. Massachusetts ranks 44th in area among the 50 states but 15th in population.

The Commonwealth is governed under the oldest written constitution in use today, drafted by John Adams and ratified in 1780 in the midst of the Revolutionary War. Its separation of government into Legislative, Executive, and Judicial branches was echoed in the United States Constitution nine years later. Known formally as "The Great and General Court," the state's legislature comprises a Senate of 40 members and a House of Representatives of 160 members, both elected every two years. Executive power resides with the Governor, elected every four years. Other elective statewide offices include the Secretary of State, the Attorney General, the Treasurer & Receiver-General, and the State Auditor.

The early Massachusetts economy focused on the productive cod fisheries and agriculture to support the growing population. During the 1800s, shipbuilding, whaling, and worldwide trade grew in importance. Massachusetts was among the birthplaces of the industrial revolution, particularly in textiles and shoes. Beginning with the establishment of Harvard as the first college in the United States, the Commonwealth developed educational leadership that served to promote the growth of the medical, financial, and high-tech industries that lead the economy today. The state's natural environment, history, and culture provide recreation for its residents and support a thriving tourist industry. While the state's economic conditions have fluctuated over time, Massachusetts has proven an attractive home for talented and hardworking people from around the country and the globe, helping it to secure a leading place in education, culture, productivity and wealth, and livability among the 50 states.

The table on page 3 reconciles the fund balances on three bases of accounting: the statutory basis presented in separately issued financial statements on February 14, 2025; the fund basis; and the entity-wide basis statements, the latter two of which are included in this report.

Governmental Funds - Statutory to GAAP - Fund Perspective and to Governmental Activities Net Position
(Amounts in millions)

Governmental Funds - Statutory Basis, June 30, 2024	
Budgeted fund balance	\$ 15,004.3
Non-budgeted special revenue fund balance	4,550.5
Capital projects fund balance	(1,594.9)
Governmental Fund Balance - Statutory Basis, June 30, 2024	\$ 17,959.9
Plus: Expendable Trust and Similar Fund Statutory balances that are considered Governmental Funds for GAAP reporting purposes	849.6
Less: Massachusetts Department of Transportation Funds	(1,704.6)
Adjusted Statutory Governmental fund balance	17,104.9
Reclassification of funds due to implementation of GASB Statement No. 84	31.0
Short-term accruals, net of allowances and deferrals for increases /(decreases):	
Taxes, net of refunds and abatements	2,974.5
Tobacco settlement agreement receivable	784.5
Medicaid	(420.5)
Other short-term accruals:	
Assessments and other receivables	1,725.3
Amounts due to authorities and municipalities, net	(796.1)
Claims, judgments and other risks	(18.3)
Amounts due to health care providers and insurers	(15.8)
Workers' compensation and group insurance	(211.5)
Other accruals, net	315.6
Net increase/(decrease) to governmental fund balances	4,368.7
Massachusetts School Building Authority fund balance	2,073.7
Total changes to governmental funds	6,442.4
Governmental fund balance (fund perspective)	23,547.3
Plus: Capital assets including infrastructure, net of accumulated depreciation	6,443.2
Deferred revenue, net of other eliminations	1,262.4
Long-term accruals:	
Net pension liability	(42,038.6)
Net deferred (inflows)/outflows of resources related to pension	5,500.3
Net OPEB liability	(12,841.4)
Net deferred (inflows)/outflows of resources related to OPEB	(2,758.0)
Environmental remediation liability	(291.6)
Massachusetts School Building Authority debt and school construction payables	(5,719.5)
Long-term debt, unamortized premiums and net deferrals on debt refundings	(37,402.1)
Compensated absences	(860.3)
Right-to-use assets liabilities	(927.6)
Accrued interest	(478.9)
Other long-term liabilities	(826.2)
Total governmental activities net position (entity wide perspective)	\$ (67,391.0)

The deficit of \$67.391 billion in governmental activities net position is largely attributable to several factors. First, the Commonwealth has made a policy decision to finance construction of assets owned by other government entities, particularly Commonwealth roads and bridges, school buildings, and assets of cities and towns and local authorities. As a result of transportation reform implemented during FY10, the Commonwealth shifted virtually all its road and bridge assets from its books to the newly created Massachusetts Department of Transportation (MassDOT), a component unit of the Commonwealth. Second, starting in FY15, the Commonwealth's net (or

unfunded) pension liability, was placed on the Commonwealth's books in accordance with [GASB Statement No. 68, Accounting and Financial Reporting for Pensions](#). Third, the Commonwealth's net (or unfunded) OPEB, or other post-employment benefits (mainly health insurance), liability, was placed on the Commonwealth's books starting in FY18 in accordance with [GASB Statement No. 75, Accounting and Financial Reporting for Post Employment Benefits Other than Pensions](#). These factors are described in detail on pages 17 and 20 of the MD&A.

Since MassDOT retains virtually all the Commonwealth's road and bridge assets using debt issued by the Commonwealth and MassDOT ended FY24 with a positive net position of \$26.073 billion, it is more informative to view the Commonwealth's financial statements in combination with MassDOT than to analyze the two separately, while also keeping in mind that significant assets owned by the Institutions of Higher Education and local governments and authorities were financed by liabilities still on the Commonwealth's books.

As of June 30, 2024, the net pension liability in governmental activities totaled \$42.039 billion, adjusted by GASB 68 related adjustments (in the form of deferred inflows and outflows of resources) of \$5.500 billion; resulting in a reduction in governmental activities net position of \$36.538 billion. The governmental activities' net OPEB liability totaled \$12.841 billion, net of \$2.758 billion deferrals, resulting in a reduction in governmental activities net position of \$15.599 billion.

The net deficit in governmental activities (which excludes "business-type activities" of Unemployment Insurance, the Family and Employment Security Trust and Higher Education) decreased by \$2.376 billion between June 30, 2023 and June 30, 2024, with the most significant changes being a reduction in the Commonwealth's net OPEB liability, which decreased by \$724 million, net of deferrals, and an increase in balances due primarily to implementation of a surtax on incomes greater than \$1 million, which resulted in ending (restricted) balances of \$1.295 billion.

The net deficit in the primary government which, in addition to governmental activities, includes the Commonwealth's business-type activities of the Unemployment Insurance system, Family and Employment Security Trust and Higher Education institutions, decreased by \$3.438 billion from FY23, due, in addition to the factors mentioned above, to an increase in net inflows in the Unemployment Insurance Trust Fund and Family and Employment Security Trust and surpluses in Higher Education. These changes are explained in more detail on pages 21- 27 of this report.

The Commonwealth engages in multi-year financial planning in several areas, including the adoption of a statutorily required triennial pension funding schedule (which is funded prior to the adoption of each year's annual budget), a five-year capital spending plan, and a multi-year debt issuance planning process via a Debt Affordability Committee established in statute, comprised of Massachusetts government and non-government financial experts. The Commonwealth's short and long-term goal is to achieve annual statutory structural budget balance, i.e., where annual revenues equal or exceed annual expenditures, thus minimizing the use of one-time resources. A related goal is to limit the growth in state expenditures to increases in budgeted revenues. The current Administration has also committed to a policy of annual increases in unrestricted aid to cities and towns equal to the growth in projected budgetary fund tax revenues.

REPORTING ENTITY

The financial statements incorporate activity from over 158 departments. These departments include the various agencies, boards, and commissions, the 25 Institutions of Higher Education, the judicial and legislative branches of government, and constitutional offices. The departments record their daily financial operations in the state accounting system, MMARS, operated by the Office of the Comptroller.

In addition, the financial statements include 41 independent public authorities. These entities are defined as component units and meet the criteria for inclusion in the Commonwealth's reporting entity in accordance with GAAP. They are further described in [Note 14](#) to the basic financial statements. The Massachusetts School Building Authority (MSBA) is blended into the Commonwealth's operations.

INDEPENDENT AUDIT

The Commonwealth's independent auditors, CliftonLarsonAllen, LLP, have performed an independent audit of the Commonwealth for the fiscal year ended June 30, 2024. The [Independent Auditors' Report](#) is presented in the Financial Section.

The Office of the Comptroller prepares these financial statements and is responsible for the completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, the Office of the Comptroller, working in conjunction with the State Auditor, has established a comprehensive internal control framework that is designed to protect the Commonwealth's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Commonwealth's financial statements in conformity with GAAP. Because of the cost, internal controls should not outweigh their benefits. The Commonwealth'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.

The Annual Comprehensive Financial Report is the single most important financial statement that the Commonwealth, and every state, is required to produce annually. It requires a year-long focus on careful execution and accounting for financial transactions, which is a shared responsibility of financial professionals across state government and the Office of the Comptroller. The work culminates in an intensive process led by the Statewide Financial Reporting team, engaged with departments statewide and with the independent auditor. I thank especially Assistant Comptroller & Chief Financial Reporting Officer, Pauline Lieu and the Statewide Reporting team, Assistant Comptroller & Chief Accounting Officer, Kristin Lacroix and the Statewide Accounting Team, and Senior Advisor Howard Merkowitz. Every department within the Office of the Comptroller has a direct impact on our ability to produce accurate financial information, and I extend my sincere appreciation to every manager and employee for their professionalism and hard work.

Sincerely,



William McNamara
Comptroller of the Commonwealth

Constitutional Officers



Maura Healey
Governor



Kim Driscoll
Lieutenant Governor



William F. Galvin
Secretary of the Commonwealth



Andrea Campbell
Attorney General



Deborah B. Goldberg
Treasurer and Receiver-General



Diana DiZoglio
State Auditor

Legislative Officers



Karen E. Spilka
President of the Senate



Ronald Mariano
Speaker of the House

Judicial Officers



**The Honorable
Kimberly S. Budd**
*Chief Justice
Supreme Judicial Court*



**The Honorable
Mark Green**
*Chief Justice
Appeals Court*



Thomas G. Ambrosino
*Court Administrator
Trial Court*

Electorate

Legislative Branch

House of Representatives
Senate

Executive Branch

Governor and Lieutenant Governor	Attorney General
Governor's Council	Victim and Witness Assistance Board
District Attorneys	Secretary of the Commonwealth
Sheriffs	Treasurer and Receiver-General
State Auditor	Lottery Commission
	Massachusetts Cultural Council
	Independent Offices and Commissions

Judicial Branch

Supreme Judicial Court
Appeals Court
Trial Court
Committee for Public Counsel
Board of Bar Examiners
Commission on Judicial Conduct
Mental Health Legal Advisors

Executive Branch Independent Offices and Commissions

Board of Library Commissioners
Campaign and Political Finance
Cannabis Control Commission
Center for Health Information & Analysis
Commission Against Discrimination
Commission on the Status of African Americans
Commission on the Status of Latinos and Latinas

Commission on the Social Status of Black Men and Boys
Commission on the Status of Persons with Disabilities
Commission on the Status of Women
Disabled Persons Protection Commission
Massachusetts Gaming Commission
Massachusetts Peace Officer Standards and Training Commission

Office of the Child Advocate
Office of the Veteran Advocate
Office of the Comptroller
Office of the Inspector General
State Ethics Commission
State Retiree Benefits Trust Fund Board
University of Massachusetts System

Executive Departments Under Gubernatorial Authority

Administration and Finance

Executive Office for Administration and Finance
Appellate Tax Board
Bureau of the State House
Civil Service Commission
Department of Revenue
Developmental Disabilities Council
Division of Administrative Law Appeals
Division of Capital Asset Management and Maintenance
George Fingold Library
Group Insurance Commission
Health Policy Commission
Human Resource Division
Massachusetts Office on Disability
Massachusetts Teachers' Retirement System
Operational Services Division
Public Employee Retirement Administration Commission

Education

Executive Office of Education
Department of Early Education and Care
Department of Elementary and Secondary Education
Department of Higher Education
Community Colleges
State Universities

Veterans' Services

Executive Office of Veterans' Services
Veterans' Home, Chelsea
Veterans' Home, Holyoke

Executive Office of Housing and Livable Communities

Executive Office of Housing and Livable Communities

Executive Office of Economic Development

Department of Business Development
Office of Consumer Affairs & Business Regulations
Massachusetts Marketing Partnership
Department of Telecommunications and Cable
Division of Banks
Division of Insurance
Division of Professional Licensure
Division of Standards

Energy and Environmental Affairs

Executive Office of Energy and Environmental Affairs
Department of Agricultural Resources
Department of Conservation and Recreation
Department of Energy Resources
Department of Environmental Protection
Department of Fish and Game
Department of Public Utilities
State Reclamation Board

Technology and Security

Executive Office of Technology Services and Security

Transportation and Public Works

Massachusetts Department of Transportation (MassDOT)

Executive Office of Labor and Workforce Development

Executive Office of Labor and Workforce

Health and Human Services

Executive Office of Health and Human Services
Executive Office of Elder Affairs
Department of Children and Families
Department of Developmental Services
Department of Mental Health
Department of Public Health
Department of Transitional Assistance
Department of Youth Services
Massachusetts Commission for the Blind
Massachusetts Commission for the Deaf and Hard of Hearing
Massachusetts Rehabilitation Commission
Office for Refugees and Immigrants

Public Safety

Executive Office of Public Safety and Security
Chief Medical Examiner
Department of Criminal Justice Information Services
Department of Correction
Department of Fire Services
Department of State Police
Massachusetts Emergency Management Agency
Military Division/ Massachusetts National Guard
Municipal Police Training Committee
Parole Board
Sex Offender Registry

Advisory Board To The Comptroller



Matthew Gorzkowicz (Chair)
Secretary of Administration and Finance



Diana DiZoglio
State Auditor



Deborah B. Goldberg
Treasurer and Receiver-General



Thomas G. Ambrosino
*Court Administrator
Trial Court*



Andrea Campbell
Attorney General



Michael Esmond
*Director of Municipal Finance
Town of Braintree
Gubernatorial Appointee*



Natalie Monroe
*Chief Administrative Magistrate
Division of Administrative Law Appeals
Gubernatorial Appointee*

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Sydney Pavao

Finance Intern



Government Finance Officers Association

**Certificate of
Achievement
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Reporting**

Presented to

Commonwealth of Massachusetts

For its Annual Comprehensive
Financial Report
for the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

Financial Section

Independent Auditors' Report

Management's Discussion and Analysis

Basic Financial Statements

Notes to the Basic Financial Statements

Required Supplementary Information Other Than Management's Discussion and Analysis

Other Supplementary Information





INDEPENDENT AUDITORS' REPORT

Mr. William McNamara, Comptroller
Commonwealth of Massachusetts
Boston, Massachusetts

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements 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 Commonwealth of Massachusetts (Commonwealth), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Commonwealth's basic financial statements as listed in the table of contents.

In our opinion, 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 Commonwealth as of June 30, 2024, 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.

As more fully described in Note 14, we did not audit the financial statements of certain activities, funds, and component units of the Commonwealth, which represent the indicated percentages of total assets and total revenues/additions of the opinion units as identified in the table below. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those activities, funds, and component units, is based solely on the reports of the other auditors.

Opinion Unit	Entities	Percent of Opinion Unit's Total	
		Assets	Revenues / Additions
Governmental Activities	Lotteries Fund; Massachusetts School Building Authority Fund	5.90%	8.91%
Business-Type Activities	University of Massachusetts; State Universities; Community Colleges (Excluding Roxbury Community College)	73.30%	58.10%
Lotteries Fund	Lotteries Fund	9.68%	100.00%
Massachusetts School Building Authority Fund	Massachusetts School Building Authority Fund	99.66%	100.00%
University of Massachusetts	University of Massachusetts	100.00%	100.00%
State Universities	State Universities	100.00%	100.00%
Aggregate Remaining Fund Information	External Investment Trust Funds; Community Colleges (Excluding Roxbury Community College)	27.56%	51.08%
Aggregate Discretely Presented Component Units	Massachusetts Department of Transportation; Massachusetts Bay Transportation Authority; Commonwealth Health Insurance Connector; Massachusetts Technology Park Corporation; Massachusetts Housing Partnership; Economic Development Entities; Higher Education Foundations (Excluding Roxbury Community College Foundation)	86.22%	91.22%

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. The financial statements of the Massachusetts Municipal Depository Trust were not audited in accordance with *Government Auditing Standards*.

We are required to be independent of the Commonwealth and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matters

Reclassification Error

As discussed in Note 1T to the financial statements, the Commonwealth implemented Governmental Accounting Standards Board Statement No. 100, *Accounting Changes and Error Corrections*. As a result, a reclassification error has been reported related to the previous classification for net investment in capital assets and unrestricted net position of the governmental activities, business-type activities, and aggregate discretely presented component units. Our opinions are not modified with respect to these matters.

Other Auditors' Reports on the Financial Statements of the Massachusetts Department of Transportation

The opinion of the other auditors on the June 30, 2024, financial statements of the Massachusetts Department of Transportation (MassDOT) was qualified because MassDOT did not obtain audited financial statements for four of its discretely presented component units representing 20.3% of the total assets and 10.1% of the total revenues of the aggregate discretely presented component units; however, in our opinion, the effects of not obtaining sufficient appropriate audit evidence related to these four entities is not material in relation to these financial statements. Accordingly, our opinions are not modified with respect to this matter.

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 Commonwealth'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.

Auditors' 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 auditors' 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 GAAS 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 GAAS 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 Commonwealth'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 Commonwealth'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 and required supplementary information as listed in the accompanying table of contents (collectively referred to as RSI) 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 have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 Commonwealth's basic financial statements. The combining statements as listed in the accompanying table of contents (the supplementary information) is presented for purposes of additional analysis and is 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 GAAS. In our opinion, the supplementary information is 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 auditors' 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.

Mr. William McNamara, Comptroller
Commonwealth of Massachusetts

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 April 29, 2025, on our consideration of the Commonwealth'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 Commonwealth'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 Commonwealth's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

Boston, Massachusetts
April 29, 2025



JOHN ADAMS COURTHOUSE

Management's Discussion and Analysis

(Unaudited)

Financial Highlights – Primary Commonwealth Government

Government–Wide Highlights

This analysis, prepared by the Office of the Comptroller, offers readers of the Commonwealth's financial statements a narrative overview of the activities of the Commonwealth for the fiscal year ended June 30, 2024 (FY24). We encourage readers to consider this information in conjunction with the additional information that is furnished in the letter of transmittal and with the Commonwealth's financial statements, which follow. This analysis is required by the Governmental Accounting Standards Board (GASB), which provides preparers with guidelines on what must be included in and excluded from this analysis.

Net Position – The liabilities and deferred inflows of resources of the primary government exceeded its assets and deferred outflows of resources at the end of FY24 by \$60.208 billion, a decrease in the net deficit of \$3.438 billion from FY23, with the decrease in the net deficit due primarily to an increase in tax revenues, a decline in net OPEB and pension liabilities (net of deferrals) and an increase in the net position of the business-type activities, reflecting surpluses in the Unemployment Insurance and Paid Family Medical Leave programs and Higher Education.

Of the \$60.208 billion deficit, "unrestricted net position" has a deficit of \$67.688 billion and there is a \$1.742 billion positive balance attributable to net investment in capital assets. There are five primary reasons for the Commonwealth's negative unrestricted net position:

- The Massachusetts Department of Transportation (MassDOT), which was made a separate legal entity from the Commonwealth in 2010, owns virtually all highway and bridge assets of the Commonwealth totaling approximately \$15.521 billion, net of depreciation, as of the date of the transfer. These and subsequently constructed road and bridge assets were valued at \$27.065 billion as of June 30, 2024. However, the Commonwealth originally paid and continues to pay for the construction of these assets and retains approximately \$15.487 billion in transportation-related debt, which is now unrelated to any capital asset owned by the Commonwealth.
- The Commonwealth has a net liability of \$3.661 billion for its share of the construction costs of schools owned and operated by municipalities through the Massachusetts School Building Authority (MSBA).
- The Commonwealth, through debt issuances, also pays for transportation and non-transportation capital assets held by quasi-public entities, local governments, and housing authorities.
- With the implementation of Governmental Accounting Standards Board (GASB) [Statement No. 68, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27](#), which was effective starting in FY15, the Commonwealth was required to place on its books the full amount of its unfunded (net) pension liability (known as the "net pension liability"), which totaled \$42.591 billion as of June 30, 2024 (based on a June 30, 2023 actuarial valuation, per GASB 68).
- The implementation of [GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions](#), which was effective starting in FY18, required the Commonwealth to record on its statement of net position its unfunded non-pension retiree benefits (or OPEB, mostly health insurance benefits), which totaled \$13.425 billion as of June 30, 2024 (based on a June 30, 2023 valuation, per GASB 75).

At the end of FY24, the Commonwealth also held \$5.738 billion in "restricted net position", which are assets restricted primarily for payment of debt service, unemployment insurance benefits, family and medical leave benefits, education and transportation spending funded by an income tax surtax, and the Institutions of Higher Education. Approximately \$1.050 billion was restricted for debt retirement (of which \$645 million was restricted for MSBA debt retirement), \$2.778 billion was restricted for unemployment insurance and family and medical leave benefits, \$1.295 billion was restricted for 4% surtax education and transportation, \$344 million was restricted for

Higher Education, and \$271 million was restricted for grants and gifts.

The Commonwealth's governmental activities (which exclude the "business-type activities" of the Institutions of Higher Education, Unemployment Insurance, and Family and Employment Security Trust) net deficit decreased by \$2.376 billion, to \$67.391 billion, and its governmental activities unrestricted net deficit decreased by approximately \$2,143 million, to \$67.288 billion, as of June 30, 2024.

Total revenues of the primary government increased by \$3.488 billion, or 3.8% in FY24, to \$94.514 billion, with most of the revenue increase due to growth in tax revenues, which increased by \$1.384 billion, and an increase in tobacco settlement proceeds, which grew by \$668 million, increases in investment earnings, and growth in charges for services. Total expenses of the primary government increased by \$3.925 billion, or approximately 4.5%, to \$91.076 billion, mainly due to an increase in education and transportation spending, partially offset by a decline in Medicaid spending. Details on revenues and expenses for the primary government can be found on pages 21–26.

The net position of business-type activities increased by \$1.062 billion, due to surpluses in all components of those activities, especially the University of Massachusetts, which generated a surplus of \$508 million in FY24. Business-type activities as a whole ended with a net position of positive \$7.183 billion, as positive balances in the Family and Employment Security Trust Fund and Higher Education offset a negative balance in the Unemployment Compensation Trust Fund.

On a "funds perspective" basis, at June 30, 2024, the Commonwealth's governmental funds reported a combined ending fund balance of \$23.547 billion, an increase of \$4.537 billion from June 30, 2023. Of the ending balances:

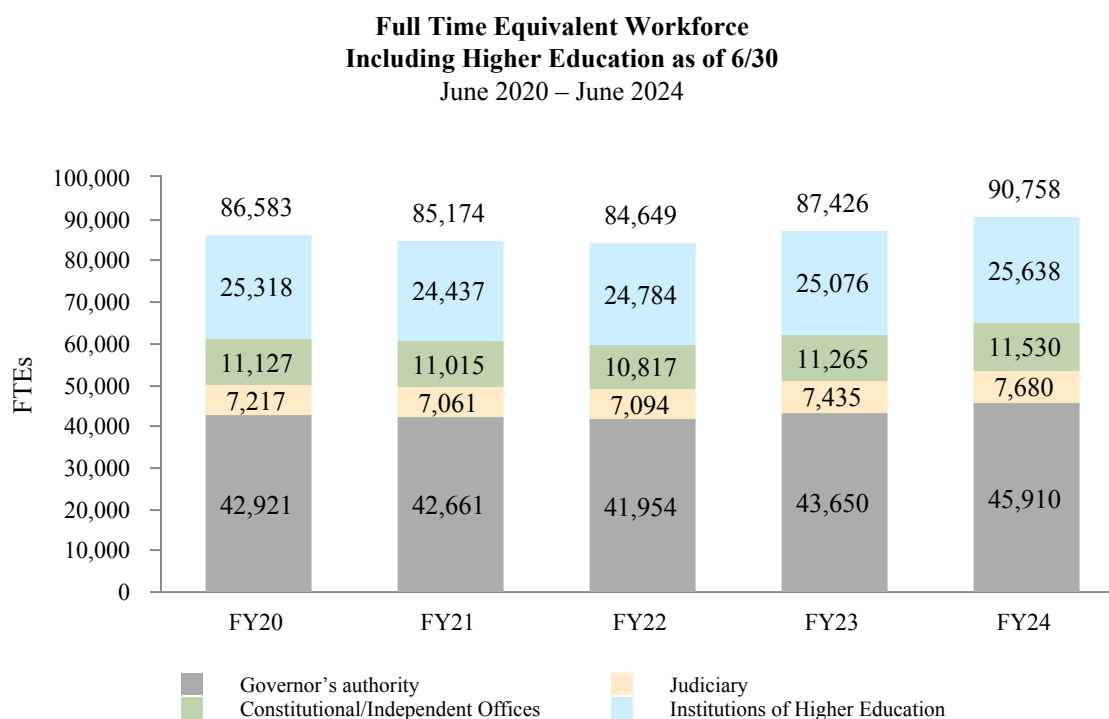
- There is \$451 million in nonspendable balances, \$2.244 billion is restricted, \$13.802 billion is committed, \$4.696 billion is assigned, and \$2.354 billion is unassigned fund balance (a full discussion of these classifications is included in [Note 1](#) to the basic financial statements, on pages 65-82).
- The MSBA's fund balance of \$2.074 billion is blended with the Commonwealth. Within this fund balance is \$2.241 billion in cash and restricted investments, which resulted primarily from the issuance of debt in FY24 and previous fiscal years, less approximately \$300 million in liabilities. In FY24, \$1.247 billion was dedicated to the MSBA from Commonwealth sales taxes.

Other highlights of FY24 financial operations include:

- Tobacco settlement proceeds for the year were approximately \$880 million on a GAAP basis, an increase of approximately \$668 million from FY23, as the Commonwealth participated in a nationwide settlement with the tobacco companies that addressed withholding of proceeds from the years 2005-2011 that had been in dispute, that will result in a one-time payment of \$695 million to the commonwealth. In FY24 approximately \$18.6 million, or the equivalent of 10% of cash tobacco settlement proceeds, was transferred to the State Retiree Benefits Trust Fund (SRBTF) to fund the Commonwealth's liability for retiree health care. Per statute, the proportion of tobacco settlement revenues transferred to the SRBTF increases annually until an amount equal to 100% of the tobacco settlement proceeds is to be transferred to the SRBTF in FY24, although the requirement to transfer increasing percentages of tobacco settlement proceeds was modified for FY24 with the percentage reduced to 10%.
- During the fiscal year, the Commonwealth passed or agreed to terms of approximately \$1.415 billion in bond authorizations. There were no bond de-authorizations of previously approved capital appropriations during the fiscal year. The Commonwealth determines the timing and extent of capital spending and bonding as part of its five-year capital plan.
- Lottery revenues for FY24 were \$6.194 billion, an increase of approximately \$35 million, or 0.6%, from FY23, as ticket sales continued to recover from the coronavirus-induced FY20 sales decline. Prizes were approximately \$4.986 billion. Lottery profits, after deducting administrative expenses and fringe benefit charges to reimburse the Commonwealth's General Fund for pension and employee health insurance benefits, but prior to distributions to reimburse the Massachusetts Cultural Council and compulsive gamblers appropriation as mandated in the FY24 budget, totaled \$1.151 billion a decrease of \$37 million, or 3.1%, from FY23. Mandated transfers to the General Fund to reimburse it for administrative expense appropriations and other spending totaled \$1.283 billion.

Full-Time Equivalent Employment

The chart below shows the Commonwealth's full-time equivalent employment, including the Massachusetts Department of Transportation (MassDOT) for all state funding sources (budgetary, non-budgetary, capital, federal, and trust) over the past five fiscal years. As of June 30, 2024, the number of Commonwealth employees (both budgeted and non-budgeted funded) increased by a net of 3,332 full-time equivalent employees (FTEs) from June 30, 2023, to a total of 90,758. The largest increases were in the executive agencies controlled by the Governor, where FTEs increased by 2,260, to 45,910, particularly in Executive Office of Health and Human Services, where employment increased by 1,180 FTEs, the Executive Office of Transportation and Construction, where FTEs increased by 267, and the Executive Office of Environmental Affairs, where FTEs increased by 238. Other increases occurred in non Executive agencies, including the Judiciary, where FTEs increased by 245, and the Institutions of Higher Education, which saw an increase of 562 FTEs, as hiring rebounded from COVID-induced lows.



OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the Commonwealth's basic financial statements. The Commonwealth's basic financial statements comprise the following: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains additional required supplementary information in the form of budgetary schedules, which are prepared on the statutory basis of accounting, as well as pension and other post-employment benefits (OPEB) schedules. Other supplementary information is also provided to furnish additional detail to support the basic financial statements.

Government–Wide Financial Statements

The government-wide financial statements present the reader with a broad overview of the Commonwealth's finances in a manner similar to a private sector business. The statements include the [Statement of Net Position](#), which presents the assets and deferred outflows of resources, liabilities and deferred inflows of resources and net position for the government as a whole. Also presented is the [Statement of Activities](#), which presents the functional expenses, offsetting revenues and changes in net position of the Commonwealth. The statements report the Commonwealth's net position and changes in net position. An increase or decrease in the Commonwealth's net position is one way to measure financial health as well as the trend of increases or decreases over time. Non-

financial measures such as the types of capital investments, changes in taxation, population, employment and economic conditions are also indicators of the overall health of any government.

Both the statement of net position and the statement of activities have separate sections for three different categories of the Commonwealth's operations. These activities are Governmental Activities, Business-type Activities, and Discretely Presented Component Units. Governmental activities are where the Commonwealth's basic services are reported. Business-type activities are those for which fees are charged for particular services. For the Commonwealth, business-type activities comprise the unemployment insurance compensation system, the Family and Employment Security Trust and the Institutions of Higher Education. The component units are separate legal entities that are included in this report due to the nature of their governance and financial relationship with the Commonwealth.

The government-wide financial statements can be found on [pages 38-41](#) of this report.

Fund Financial Statements and Component Unit Financial Statements

Funds are groups of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The Commonwealth, like other governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Within the funds, budgetary compliance is demonstrated at the appropriation level for budgeted expenditures.

Only the major funds are shown separately in the fund financial statements, with the remaining funds aggregated and reported as nonmajor funds.

Fund financial statements focus on individual parts of the Commonwealth, reporting its operations in more detail than the government-wide statements. The Commonwealth's funds can be divided into three categories: [Governmental Funds](#), [Proprietary Funds](#), and [Fiduciary Funds](#). It is important to realize that these fund categories use different bases of accounting and should be interpreted differently. Further discussion of the funds can be found in the section "Financial Analysis of the Commonwealth's Funds" and in [Note 1](#) to the basic financial statements.

Component unit financial statements are presented for entities where the Commonwealth has financial accountability, but the entities are independent of the core Commonwealth operations. Most component units operate similarly to private-sector businesses.

Although the Massachusetts School Building Authority (MSBA) is a component unit of the Commonwealth, the MSBA's operations have been determined by management to operate in a similar fashion to a Commonwealth department due to the MSBA's service to the Commonwealth and because it relies on a pledged portion of the Commonwealth's sales tax revenue to fund its debt service. In FY05, legislation changed the funding of school construction from a direct appropriation of the Commonwealth to a dedicated portion of the sales tax allocated to the MSBA. Because of the nature of transactions between the Commonwealth and this authority, per GASB [Statement No. 39, *Determining Whether Certain Organizations Are Component Units*](#) as amended by [GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*](#), the authority's operations are blended with the primary government and reported as a governmental fund in the government-wide financial statements.

Notes to the Financial Statements, Required Supplementary Information and Other Supplementary Information

The notes to the financial statements provide additional information that is essential to a full understanding of the financial statements as of the date provided in the government-wide and the fund financial statements. The notes to the financial statements can be found on [pages 63-139](#).

The required supplementary information section includes a budgetary comparison schedule for the General Fund, along with a reconciliation comparing the original General Appropriation Act and supplemental appropriations to actual budgetary spending. A variance column is also provided. A further reconciliation schedule of the budgeted revenues and expenses to governmental fund perspective revenues and expenditures for the General Fund is also provided. Required pension and OPEB schedules are also presented in this section.

Other supplementary information is not required, but is included to present combining schedules of various nonmajor funds, fiduciary funds, and component units.

GOVERNMENT-WIDE ANALYSIS

The primary government's combined net position (governmental and business-type activities) showed a net deficit of \$60.208 billion at the end of FY24, a decrease in the net deficit of \$3.438 billion from the end of FY23. The change in net deficit was driven largely by an increase of \$1.976 billion in receivables and a \$859 million increase in depreciable assets, and a decrease of \$902 million net OPEB liability (including deferrals). Government-wide unrestricted net position is negative by \$67.688 billion. As explained previously, in addition to the \$42.591 billion government-wide net pension liability and the \$13.425 billion OPEB liabilities recorded on the Commonwealth's books, a substantial portion of this deficit is a result of programs where the Commonwealth has funded assets owned by political subdivisions of the Commonwealth (in particular the result of the transfer of assets to MassDOT during FY10), as well as continued borrowing by the Commonwealth that funds, through its capital budget and debt issuance, construction of new assets owned by MassDOT, local governments, and local authorities. MassDOT reports its capital assets on its financial statements, which are incorporated into the Commonwealth's financial statements similarly to other component units.

Major Long – Term Obligations for Assets of Political Subdivisions

(amounts in thousands)

Massachusetts School Building Authority net deficit	\$ 3,661,058
Outstanding bonds issued to fund the MBTA	207
Debt related to MassDOT assets	15,487,199
Effects on governmental unrestricted net position of items unique to the Commonwealth	<u>\$ 19,148,464</u>

Of the Commonwealth's approximately \$3.152 billion in FY24 state funded capital spending, approximately \$2.406 billion did not result in capital assets attributed to governmental activities of the Commonwealth, including approximately \$1.367 billion in transportation spending (with \$294 million in grants and other financial assistance to cities and towns), \$164 million for Institutions of Higher Education (which are included in the Commonwealth's business-type activities) and approximately \$855 million in other capital grants and financial assistance to local governments and quasi-public entities. Between FY05 and FY24 the Commonwealth's capital spending on projects owned by non-Commonwealth entities or by the Institutions of Higher Education totaled \$36.867 billion. These include:

- Higher Education capital projects totaling approximately \$3.064 billion
- Capital spending for transportation projects now owned by the Massachusetts Department of Transportation totaling approximately \$18.202 billion
- Transportation-related financial assistance to local governments totaling more than \$5.755 billion
- Grants and financial assistance for non-Commonwealth entities such as cities and towns and quasi-public authorities funded through the Commonwealth's capital budget of almost \$9.235 billion, including \$1 billion in FY05 and FY06 to capitalize the Massachusetts School Building Authority.

The Commonwealth also funds school construction through debt issued by the MSBA (beyond its initial \$1 billion capitalization), and includes the MSBA's debt on its statement of net position, but the assets paid for with that debt are owned by Massachusetts cities, towns, and school districts.

Current assets and liabilities are amounts that are available in the current period and obligations that will be paid within one year of the financial statement date, respectively. As of June 30, 2024, the Commonwealth's government-wide current unrestricted cash and cash equivalents totaled \$26.092 billion, an increase of \$886 million from June 30, 2023. Total current assets were \$39.665 billion, an increase of \$2.599 billion from June 30, 2023. As of June 30, 2024, the Commonwealth's current liabilities were \$14.770 billion, a decrease of \$1.221 billion from

June 30, 2023, primarily due to a decrease of \$2.515 billion in "unearned revenue" as federal coronavirus local fiscal recovery funds received in FY21 were expended in FY22, FY23 and FY24, partially offset by a \$941 million increase in accounts payable.

As of June 30, 2024, the primary government's non-current assets increased by \$1.274 billion from June 30, 2023, to \$22.891 billion, due mainly to an increase of \$859 million in depreciable capital assets. Non-current liabilities totaled \$107.723 billion, an increase of \$3.626 billion, or 3.5%, from FY23, due primarily to an increase of \$2.734 billion in long-term bonds payable as the Commonwealth issued bonds to reimburse itself for capital spending, much of which occurred in FY23 but not was reimbursed until FY24.

The Commonwealth holds \$16.182 billion in capital assets such as land, construction in process, buildings, infrastructure, and equipment, and right of use leases, net of accumulated depreciation. GASB requires the reporting of the value of investments in the Commonwealth's infrastructure, including roads, bridges, beaches, dams and other immovable assets on the face of the Commonwealth's financial statements. As these assets provide services to citizens, they are not available to finance future spending unless they are sold. Although the Commonwealth's investment in its capital assets is also reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves generally cannot be used to liquidate these liabilities.

The following table shows the Commonwealth's net position. Restricted net position represents resources that are subject to external constraints.

Net Position as of June 30, 2024 and 2023

(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Current assets	\$ 31,405,368	\$ 28,095,407	\$ 8,259,661	\$ 8,970,597	\$ 39,665,029	\$ 37,066,004
Non-capital non-current assets	3,094,595	2,628,049	3,614,936	3,363,875	6,709,531	5,991,924
Capital assets	6,443,179	6,168,102	9,738,711	9,457,393	16,181,890	15,625,495
Total assets	40,943,142	36,891,558	21,613,308	21,791,865	62,556,450	58,683,423
Deferred outflows of resources	8,906,695	8,069,377	573,074	725,795	9,479,769	8,795,172
Total assets and deferred outflows	49,849,837	44,960,935	22,186,382	22,517,660	72,036,219	67,478,595
Current liabilities	12,571,510	13,551,127	2,198,352	2,439,957	14,769,862	15,991,084
Long term liabilities	97,231,602	92,357,018	10,491,102	11,739,740	107,722,704	104,096,758
Total liabilities	109,803,112	105,908,145	12,689,454	14,179,697	122,492,566	120,087,842
Deferred inflows of resources	7,437,745	8,819,887	2,313,607	2,216,172	9,751,352	11,036,059
Total liabilities and deferred inflows	117,240,857	114,728,032	15,003,061	16,395,869	132,243,918	131,123,901
Net Position:						
Net investment in capital assets	(2,346,839)	(1,553,887)	4,088,920	3,965,038	1,742,081	2,411,151
Restricted	2,244,029	924,765	3,494,444	2,906,317	5,738,473	3,831,082
Unrestricted	(67,288,210)	(69,137,975)	(400,043)	(749,564)	(67,688,253)	(69,887,539)
Total Net Position	\$ (67,391,020)	\$ (69,767,097)	\$ 7,183,321	\$ 6,121,791	\$ (60,207,699)	\$ (63,645,306)

Changes in Net Position

As noted earlier, the Commonwealth's total primary government net deficit decreased by approximately \$3.438 billion between FY23 and FY24, to \$60.208 billion. The main reasons for the decrease in the net deficit were the \$2.376 billion gain in governmental activities, primarily due to a \$902 million decrease in the net OPEB liability (including deferrals) resulting from an increase in the interest rate used to discount the OPEB liability, a \$859 million increase in depreciable capital assets, a \$668 million increase in tobacco settlement revenues mentioned on page 18 (which is reflected as an increase in current assets, as the revenues from the settlement is expected to be received during FY25), a \$407 million increase in investment earnings due to higher interest rates applied to large cash balances in the General and Stabilization Funds. It should be noted that under GASB rules, both the OPEB and pension net liabilities are lagged one year and based on valuations as of June 30, 2023.

The table on the following page shows the major categories of government-wide revenues and expenses for FY23 and FY24, as well as net position for the two fiscal years.

In FY24, approximately 43.7% of the total revenue came from governmental activities tax revenue, while the remainder resulted from programmatic revenues, including charges for services and grants and contributions, the majority of which was federal aid. FY24 revenues totaled \$94.514 billion, an increase of \$3.488 billion, or 3.8% from FY23, with tax revenue totaling \$41.332 billion, an increase of \$1.384 billion, or 3.5%, from FY23. Income tax increased by \$2.025 billion, or 9.3%, as a fully implemented 4% surtax on personal incomes greater than \$1 million resulted in increased income tax revenues, which is dedicated to education and transportation spending. This increase was partially offset by a decline in capital gains taxes. Sales tax revenue declined by \$10 million, or 0.1%, and corporate excise tax decreased by \$530 million, or 11.4%.

Changes in Net Position during the Fiscal Years Ended June 30, 2024 and 2023 (in thousands of dollars except percentages)

	Governmental Activities		Business - Type Activities		Total Primary Government		Total Primary Government		
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023	June 30, 2024 Distribution	June 30, 2023 Distribution	24 to '23 % Change in Distribution
Revenues									
Program Revenues:									
Charges for services	\$ 13,863,310	\$ 13,081,511	\$ 5,836,890	\$ 5,670,990	\$ 19,700,200	\$ 18,752,501	20.8 %	20.6 %	0.2 %
Operating grants and contributions	27,586,881	27,680,603	2,063,238	1,431,347	29,650,119	29,111,950	31.3 %	32.0 %	(0.7)%
Capital grants and contributions	87,743	101,788	11,277	201,144	99,020	302,932	0.1 %	0.3 %	(0.2)%
General Revenues:									
Taxes	41,331,611	39,947,336	—	—	41,331,611	39,947,336	43.7 %	43.9 %	(0.2)%
Other	2,960,072	2,404,903	772,480	506,088	3,732,552	2,910,991	4.1 %	3.2 %	0.9 %
Total Revenues	85,829,617	83,216,141	8,683,885	7,809,569	94,513,502	91,025,710	100.0 %	100.0 %	
Expenses									
Medicaid	23,600,996	24,714,689	—	—	23,600,996	24,714,689	25.9 %	28.4 %	(2.5)%
Direct local aid	7,962,691	7,300,065	—	—	7,962,691	7,300,065	8.7 %	8.4 %	0.3 %
Health and human services	13,886,097	14,338,681	—	—	13,886,097	14,338,681	15.2 %	16.5 %	(1.3)%
Lottery	4,911,262	4,850,287	—	—	4,911,262	4,850,287	5.4 %	5.6 %	(0.2)%
Higher education	—	—	6,402,164	6,160,584	6,402,164	6,160,584	7.0 %	7.1 %	(0.1)%
Early elementary and secondary education	9,081,911	7,811,625	—	—	9,081,911	7,811,625	10.0 %	9.0 %	1.0 %
Unemployment compensation	—	—	2,214,741	1,889,677	2,214,741	1,889,677	2.4 %	2.2 %	0.2 %
Family and employment security trust	—	—	1,104,335	899,367	1,104,335	899,367	1.2 %	1.0 %	0.2 %
Other	21,911,698	19,185,472	—	—	21,911,698	19,185,472	24.2 %	21.8 %	2.4 %
Total Expenses	81,354,655	78,200,819	9,721,240	8,949,628	91,075,895	87,150,447	100.0 %	100.0 %	
Excess/(Deficiency)									
before transfers	4,474,962	5,015,322	(1,037,355)	(1,140,059)	3,437,607	3,875,263			
Transfers	(2,098,885)	(1,928,133)	2,098,885	1,928,133	—	—			
Change in net position (deficits)	2,376,077	3,087,189	1,061,530	788,074	3,437,607	3,875,263			
Net position/(deficits) - beginning	(69,767,097)	(72,854,286)	6,121,791	5,333,717	(63,645,306)	(67,520,569)			
Net position/(deficits) - ending	<u>\$ (67,391,020)</u>	<u>\$ (69,767,097)</u>	<u>\$ 7,183,321</u>	<u>\$ 6,121,791</u>	<u>\$ (60,207,699)</u>	<u>\$ (63,645,306)</u>			

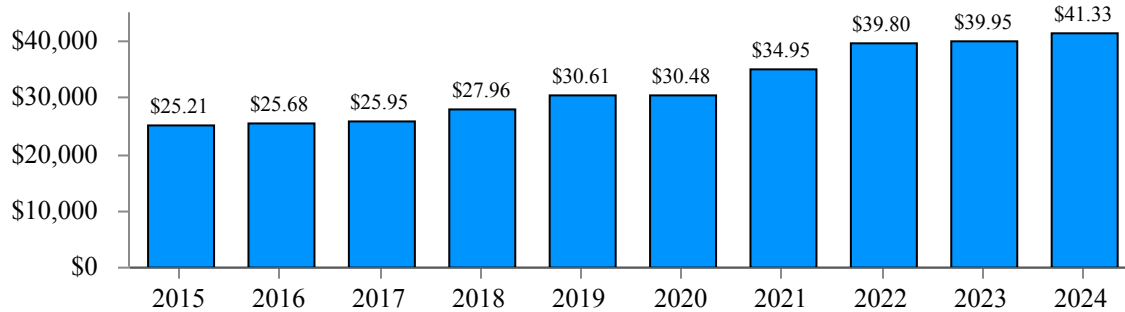
Operating grants and contributions totaled \$29.650 billion, an increase of \$538 million, or 1.8%, in FY24, with all growth occurring in business-type activities, which totaled \$2.063 billion, an increase of \$632 million, or 44.1%, from FY23, (see section on "Business-Type Activities" below for more detail). Operating grants and contributions for Governmental Activities were about unchanged, down \$94 million, or 0.3%, with a 1.294 billion decline in federal Medicaid reimbursements due to lower FY24 spending offset by an increase of \$1.177 billion in General Government grants due to recognition of revenue as spending of previously received federal American Recovery Plan Act (ARPA) as funds were expended and recognized in FY24 and a \$728 million decline in Health and Human Services grants due to reduced federal Supplemental Nutrition Assistance Program (SNAP, formerly the Food Stamp Program) benefits as the pandemic emergency ended, mostly offset by an increase of \$574 million in Public Safety Grants from federal reimbursements for pandemic emergency program expenses in prior fiscal years that were not reimbursed until FY24.

Charges for services totaled \$19.700 billion, increasing by \$948 million, or 5.1% from FY23, with the increase resulting primarily from growth of \$421 million, or 14.1%, in charges for Health and Human Services programs, charges for Medicaid, which increased by \$121 million, or 18.2%, and charges for Paid Family and Medical Leave, which grew by \$231 million, or 25.2%.

As of June 30, 2024, government-wide restricted net position totaled \$5.738 billion, an increase of \$1.907 billion, with the majority of the increase due to assets restricted for paid unemployment benefits and in balances generated by the 4% income tax surtax that are reserved for education and transportation purposes.

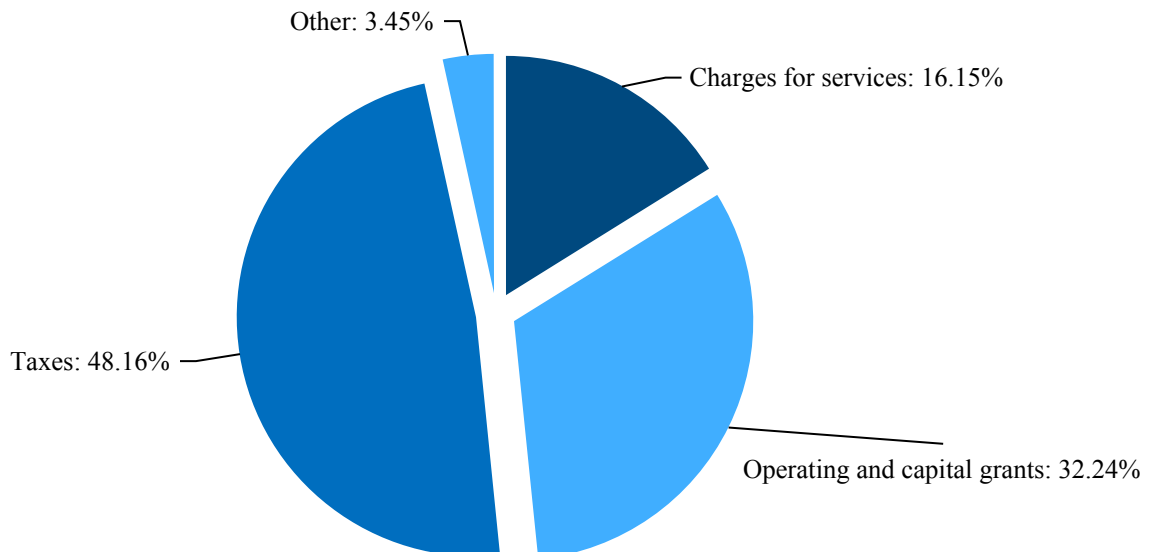
Primary government spending totaled \$91.076 billion, an increase of \$3.925 billion, or 4.5%, from FY23, with governmental activities spending (i.e., excluding business-type activities such as Higher Education and the Unemployment Insurance program) totaling \$81.355 billion, an increase of \$3.154 billion, or 4.0%, and business-type activities spending totaling \$9.721 billion, an increase of \$772 million, or 8.6%. Medicaid expenses totaled \$23.601 billion, a decrease of \$1.114 billion, or 4.5%, from FY23, as the expiration of the federal pandemic emergency lead to a decline in Medicaid beneficiaries. Health and Human Services spending totaled \$13.886 billion, a decrease of \$453 million or 3.2%, transportation and public works spending totaled \$3.514 billion, an increase of \$645 million, or 22.5%, early and secondary education spending totaled \$9.082 billion, an increase of \$1.270 billion, or 16.3%, with both transportation and education spending increases funded by the 4% surtax on incomes greater than \$1 million. Public safety and security spending totaled \$4.165 billion, an increase of \$688 million, or 19.8%, and general government expenses totaled \$3.690 billion, a decrease of \$97 million, or 2.6%. In addition, direct local aid spending totaled \$7.963 billion, an increase of \$663 million, or 9.1% as the Commonwealth continued its commitment to allocate a proportionate increase in projected budgetary tax revenues to local assistance. These increases were offset by a decline of \$902 million due to the lower OPEB liability, net of deferrals mentioned above (pension liabilities were about unchanged in FY24). In business-type activities, unemployment insurance compensation expenditures totaled \$2.215 billion, an increase of \$325 million, or 17.2%, as unemployment increased slightly during the fiscal year.

**Revenue from Taxation
FY15 - FY24
(amounts in billions)**



Income taxes comprise the majority of tax revenue. Of the \$41.332 billion in FY24 tax revenue within governmental activities, \$23.796 billion, or approximately 57.6%, of total taxes, was from income taxes, \$9.424 billion, or 22.8%, was from sales taxes, \$4.136 billion, or 10.0%, was from corporate taxes, \$712 million, or 1.7%, was from motor fuels taxes and \$3.263 billion, or 7.9%, was from other forms of taxation. Lottery revenues of \$6.172 billion made up 44.5% of the Commonwealth's governmental charges for services. The largest operating grants were federal Medicaid subsidies, which totaled \$13.735 billion, or approximately 49.8%, of all grants, other health and human services grants of \$5.456 billion, or 19.8% of all grants, and education grants of \$2.572 billion, or 9.3% of all grants. Most of the state's capital grants are for highway construction, and those federal grants are recorded not in the Commonwealth's financial statements but in the financial statements of the Massachusetts Department of Transportation.

**Revenue—Governmental Activities
Fiscal Year Ending June 30, 2024**

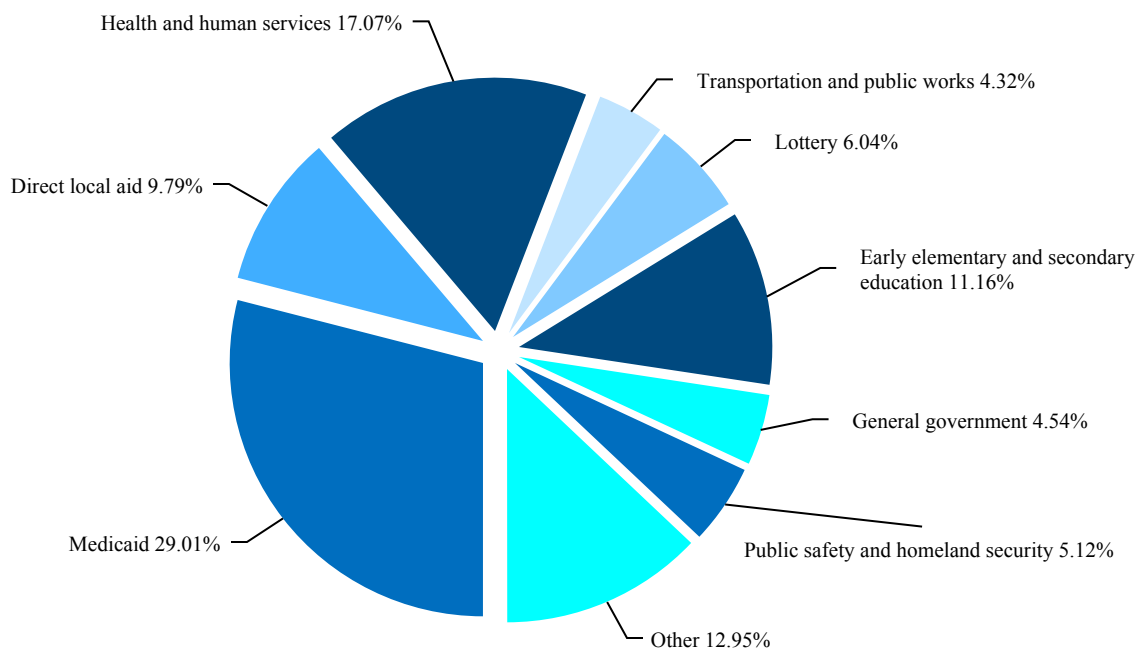


Medicaid expenses of \$23.601 billion accounted for 29.0% of the Commonwealth's governmental activities expenses. Historically, approximately half of Medicaid expenses have been reimbursed by the federal government, although under the Affordable Care Act some Medicaid expenditures are reimbursed at higher rates. The largest

expense that is not subsidized by program revenues is direct local aid to the municipalities of the Commonwealth of approximately \$7.963 billion.

Other large expenditures for governmental activities included non-Medicaid health and human services costs of approximately \$13.886 billion, accounting for 17.1% of governmental expenses, pre-kindergarten through secondary education costs of approximately \$9.082 billion, accounting for 11.2% of governmental expenses and public safety and security costs of approximately \$4.165 billion, accounting for 5.1% of governmental expenses. State employees' pensions and other post-employment benefits, which are included in the department spending amounts above, were \$1.203 billion, an increase of \$415 million from FY23.

Major Expenses—Governmental Activities Fiscal Year Ending June 30, 2024



Business-Type Activities

Business-type activities are functions that are similar to activities of a private enterprise. In the Commonwealth, the Family and Employment Security Trust Fund and the Institutions of Higher Education are deemed to be business-type activities because of their lack of separate taxation; GASB standards mandate that the Unemployment Compensation Trust Fund be reported as a business-type activity.

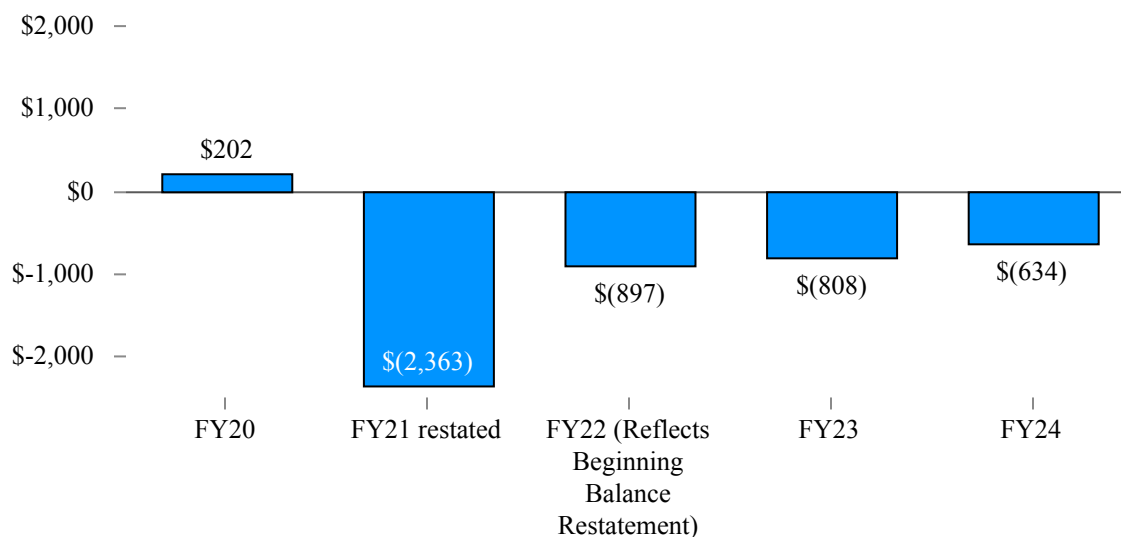
As of June 30, 2024, business-type activities' net position totaled \$7.183 billion, an increase of \$1.062 billion, mostly attributable to a gain of \$785 million in the Institutions of Higher Education, due primarily to a growth in interest earnings, an increase in transfers (appropriations) from the Commonwealth, and other non-operating revenues. Program revenues of business-type activities totaled \$7.911 billion an increase of \$608 million, or 8.3%, with charges for services totaling \$5.837 billion, an increase of \$166 million, or 2.9%, with the bulk of the increase resulting from charges for the Paid Family and Medical Leave (PFML) Program, which totaled \$1.148 billion, up \$231 million, or 25.2%, as the PFML rate charged to employers increased in calendar 2024, and operating grants and contributions totaled \$2.063 billion, an increase of \$632 million, or 44.1%, primarily the result of \$465 million classified as FY24 revenue due to the federal government forgiving a portion of an unemployment insurance compensation liability (see explanation in following paragraph).

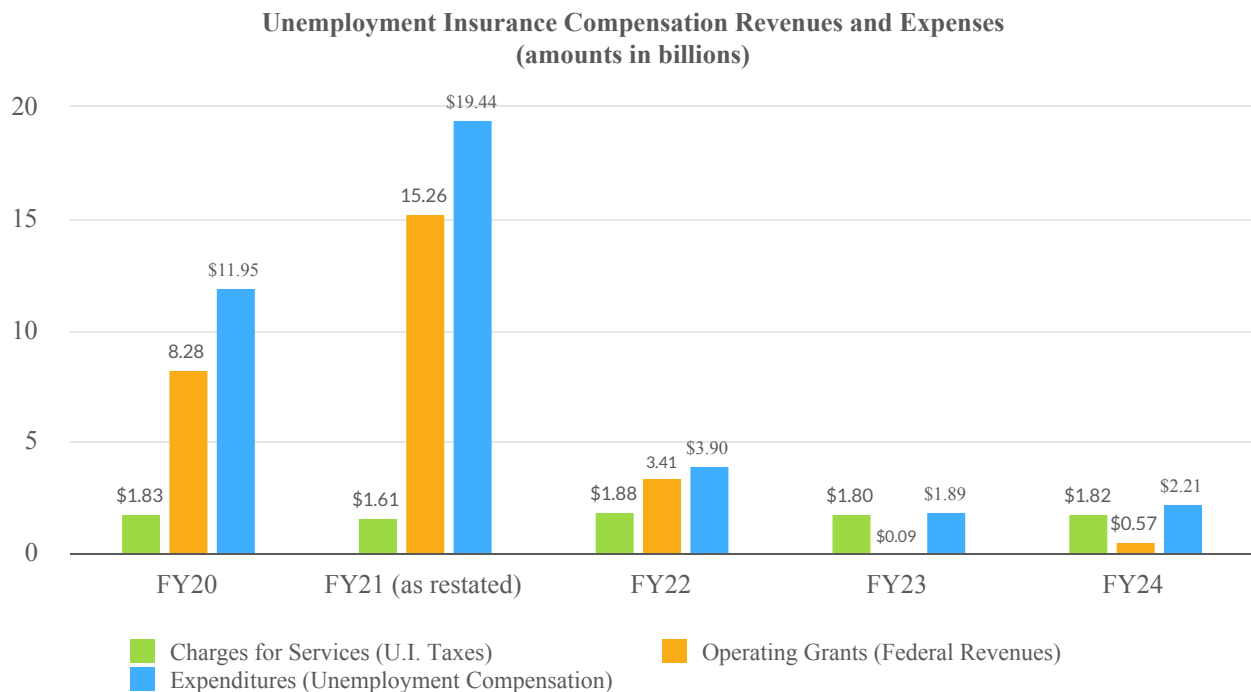
Business-Type Activities expenses totaled \$9.721 billion, an increase of \$772 million, or 8.6%, from FY23, with the largest increase from the Unemployment Compensation program, where expenses totaled \$2.215 billion, up \$325 million, or 17.2%, resulting from an increase in unemployment and average wages. Expenses for the Paid Family and Medical Leave Program totaled \$1.104 billion, an increase of \$205 million, or 22.8%, as the program became more widely used. Higher Education expenses accounted for the remaining \$6.402 billion in expenses, an increase of \$242 million or 3.9% from FY23, as the Commonwealth's colleges and universities continued to add staff as they recovered from the pandemic and implementation of collective bargaining agreements resulted in wage and salary growth.

As a result of a detailed reconciliation of prior year revenue and spending in the Unemployment Compensation Trust Fund conducted during the FY22 financial statement audit, the FY22 beginning balance of the Trust Fund was restated and reduced by \$1.943 billion to account for overdraws of pandemic-related unemployment insurance revenues from the federal government by the Department of Unemployment Assistance (DUA) in FY20 and FY21, leaving the Trust Fund with an FY22 beginning net position of negative \$2.363 billion. Those prior fiscal year overdraws, as well as \$548 million in FY22 and \$8 million in FY23 similar overdraws, were accounted for as a \$2.499 billion liability in the Unemployment Compensation Trust Fund's statement of net position as of June 30, 2023. In January 2025, the Commonwealth agreed pursuant to a settlement agreement to pay the federal government \$2.034 billion (reflecting a negotiated reduction of \$465 million in the assessed liability) from the Unemployment Compensation Trust Fund to remediate these errors, with such payments to be made in ten annual installments of approximately \$203 million commencing in December 2025. The Commonwealth also agreed to pay \$73 million in back-interest and to pay future interest on such amount from the General Fund in annual installments commencing in December 2026.

The two charts below show fiscal year ending balances of the Unemployment Compensation Trust Fund as well as revenue and expenses of the Fund over the past five fiscal years. The negative ending balances were caused by the liability to the federal government and the revenue and expenditures chart indicates that Unemployment Insurance activity has approximately returned to pre-pandemic levels.

Unemployment Compensation Trust Fund
Ending Net Position
Fiscal Years 2020 - 2024
(amounts in millions - as restated)





FINANCIAL ANALYSIS OF THE COMMONWEALTH'S FUNDS

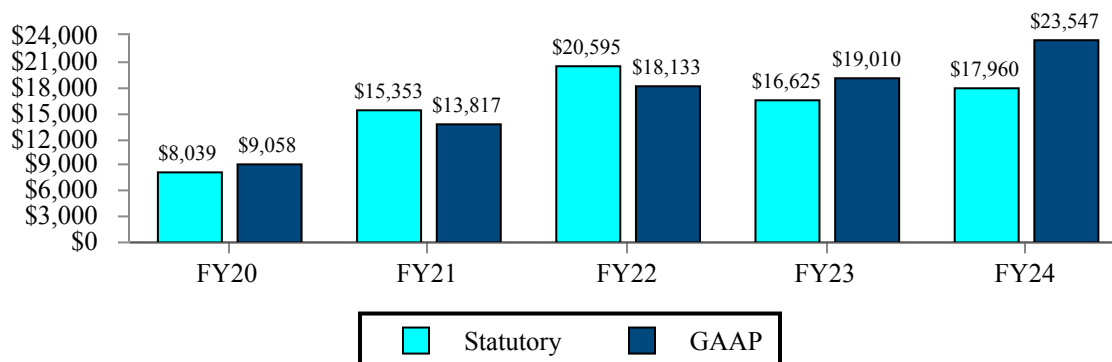
The Commonwealth uses fund accounting to demonstrate inter-period equity and the extent to which current resources are financing the full cost of services that citizens are receiving. The basic governmental funds financial statements can be found immediately following the government-wide financial statements.

Governmental Funds

Governmental funds account for the near term inflows, outflows, and balances of expendable resources of the Commonwealth's core functions and services. Each major fund is presented in a separate column in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances.

The General Fund (which for this analysis includes the Stabilization Fund and Transitional Escrow Fund) is the primary operating fund of the Commonwealth. At the end of FY24, the fund balance of the General Fund was \$15.451 billion. Of this amount, \$8.524 billion represents the balance in the Commonwealth's Stabilization Fund, \$2.849 billion was classified as assigned for continuing appropriations from FY24 into FY25 and \$4.079 billion was unassigned, with the unassigned balance including \$3.480 billion in the General Fund and \$599 million in the Transitional Escrow Fund, which holds revenue that while unappropriated, is intended to be expended in FY25 and future years. The General Fund balance of \$15.451 billion, reflected an increase of \$836 million, or 5.7%, with the increase in ending balance due primarily to savings resulting from a decline in net Medicaid expenditures (see explanation above). Other major funds include the Lottery Fund ending balance totaled \$452 million, a decline of \$76 million, or 14.3%, as a result of a drop in annuity investments reserved for future prize payouts. The Massachusetts School Building Authority Fund balance as of June 30, 2024 totaled \$2.074 billion, an increase of \$236 million, or 12.9%, as miscellaneous revenues from increased by \$148 million. The Federal Grants Fund balance as of June 30, 2024 totaled \$98 million, virtually unchanged from a year earlier.

**Governmental Fund Balance
Statutory* vs. GAAP
(amounts in millions)**



*Statutory basis includes the Massachusetts Department of Transportation (MassDOT) and excludes expendable trust funds

**Governmental Fund Operations - GAAP Basis - Fund Perspective
(amounts in thousands)**

	FY24	FY23	FY22	FY21*	FY20*
Beginning fund balances	\$ 19,010,234	\$ 17,924,542	\$ 13,817,345	\$ 9,912,839	\$ 9,165,887
Revenues and other financing sources	104,985,267	93,889,043	91,840,963	84,720,267	72,506,995
Expenditures and other financing uses	100,448,213	92,803,352	87,525,183	80,815,761	72,615,366
Excess/(deficiency)	4,537,054	1,085,692	4,315,780	3,904,506	(108,371)
Ending fund balances	<u>\$ 23,547,288</u>	<u>\$ 19,010,234</u>	<u>\$ 18,133,125</u>	<u>\$ 13,817,345</u>	<u>\$ 9,057,516</u>

* Beginning balance restated due to early implementation of new accounting standards in FY20; reclassification of custodial fund activity presented in error in FY20.

FY24 total governmental fund balances as of June 30, 2024 \$23.547 billion, an increase of \$4.537 billion, or 23.9% from June 30, 2023, with the increase in total fund balances due primarily to bond issuance and growth in tax revenue from a new 4% surtax on incomes over \$1 million. Revenues and other financing sources totaled \$104.985 billion, an increase of \$11.096 billion, or 11.8%, from FY23, with the main increase the result of growth in revenue from other financing sources, which totaled \$18.602 billion, up \$8.291 billion, or 80.4% due primarily to growth of \$4.582 billion, or 172%, in bond issuance, as the Commonwealth reimbursed itself in arrears for capital spending that occurred in FY23 and issued \$1.198 billion more in refunding bonds in FY24 than in FY23, and transfers in of \$8.405 billion, an increase of \$3.409 billion, or 68.3%, as \$2.199 billion in revenues from the 4% surtax was received and transferred from the Commonwealth's General Fund to three different education and transportation funds. Tax revenues as a whole totaled \$41.306 billion, an increase of \$1.330 billion, or 3.3%, as increases due to the 4% surtax and other tax revenue sources were partially offset by decreases in capital gains taxes. Federal grants and reimbursements totaled \$27.527 billion, a decrease of \$266 million, mainly due to a decline in revenue from Medicaid reimbursements, as Medicaid spending and associated federal reimbursements declined with the decline in the number of Medicaid beneficiaries (see following paragraph for an explanation of the decline in Medicaid spending).

Assessments, fees, and investment earnings totaled \$17.551 billion, an increase of \$1.742 billion, or 11.0%. as higher interest rates resulted in increased earnings on Stabilization Fund and General Fund balances and other departmental revenues increased due to greater activity as the economy continued to recover from the pandemic.

FY24 governmental fund expenditures and other financing uses totaled \$100.448 billion, an increase of \$7.645 billion, or 8.2% from FY23, with \$4.019 billion of growth in programmatic spending (as opposed to "other financing uses") and a \$3.626 billion, 38.1%, increase in other financing uses. Programmatic spending totaled \$87.312 billion, with significant areas including Medicaid, which totaled \$23.601 billion, a decrease of \$1.114 billion, or 4.5% from FY23, with the decrease due primarily to the decline in Medicaid beneficiaries resulting from the eligibility redeterminations mentioned in the previous paragraph. Other significant areas include non-Medicaid Health and Human and Human Services spending, which totaled \$13.381 billion, a decrease of \$679 million, or 4.8%, primarily due to a decline in COVID-related federal grants as pandemic funding wound down. Education spending totaled \$8.166 billion an increase of \$1.082 billion, or 15.3%, and transportation spending totaled \$3.360 billion, an increase of \$584 million, or 21.0%, with increases both funded by the 4% surtax, revenue from which is dedicated to transportation and education purposes. Direct Local Aid totaled \$7.963 billion, an increase of \$663 million, or 9.1%, as the Administration committed increases in tax revenue to education aid in particular, and principal paid on current refundings totaled \$2.308 billion, an increase of \$1.420 billion or 160.0%, as the Commonwealth was able to profitably refund previously issued long-term debt. Other financing uses totaled \$13.137 billion, an increase of \$3.626 billion, or 38.1%, due primarily to an \$3.293 billion transfers of the 4% surtax from the General Fund to the education and transportation funds and between the education and transportation funds.

The table below summarizes FY24 Governmental Fund balances and changes from FY23.

Governmental Funds - Fund Balance Classification (amounts in thousands)				
	2024	2023	Change	% Change
<u>Nonspendable/Restricted:</u>				
Nonspendable	\$ 450,897	\$ 526,385	\$ (75,488)	(14.3)%
Restricted	2,244,029	924,765	1,319,264	142.7%
Total Nonspendable/Restricted	2,694,926	1,451,150	1,243,776	85.7%
<u>Unrestricted:</u>				
Committed	13,802,343	13,121,353	680,990	5.2%
Assigned	4,696,283	3,667,546	1,028,737	28.0%
Unassigned	2,353,736	770,185	1,583,551	205.6%
Total Unrestricted	20,852,362	17,559,084	3,293,278	18.8%
Total fund balances	\$ 23,547,288	\$ 19,010,234	\$ 4,537,054	23.9%

GAAP requires that fund balances be classified by the degree of restriction placed upon their use by constitutional, statutory, or contractual requirements, and these classifications are shown in the table above. Restricted fund balances represent amounts restricted for Commonwealth and MSBA debt service or restricted by bond covenants, constitutional requirements, funds that are restricted in capital projects and special revenue funds, balances in the federal grants funds, and some balances held in expendable trusts. Unrestricted amounts include fund balances classified as committed, including those generated by revenue sources directed to specific purposes but with a lower level of constraint on their use than restricted balances, as well the fund balance of the Stabilization Fund. Unrestricted amounts also include "prior appropriations continued", or PACs, which are classified as assigned, and residual balances in the General Fund, which are classified as unassigned. The \$1.295 billion, or 142.7% increase in restricted balances was the result of revenue generated by the 4% income tax surtax on income greater than \$1 million, which is constitutionally restricted for education and transportation purposes. The \$681 million, or 5.2%, increase in committed balances results primarily from \$488 million growth in the Stabilization Fund balance and increased balances in numerous non-budgetary funds which the Legislature has designated for specific purposes, primarily those committed to education and health care purposes. Assigned fund balance increased by \$1.029 billion or 28.0%, due primarily to an increase in budgetary fund prior appropriations continued, where the Legislature allocated FY24 funding for expenditure in FY25, and an increase in funds the MSBA reserved for grants and loans to local cities and towns for school construction projects. Unassigned balances increased by \$1.584 billion, or 205.6%, due mainly to a decrease in negative balances in the capital projects funds as the Commonwealth issued debt to reimburse itself for FY23 capital expenditures that had not been bonded as of June 30, 2023. A full discussion of the Commonwealth's fund balance classification policy under GASB 54 and a table of fund balances by program type can be found in [Note 1](#) to the basic financial statements, starting on page 71.

Proprietary Funds

Proprietary Funds report activities of the Commonwealth that are structured similar to for-profit businesses. Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in greater detail.

As discussed on pages 27-28, the business-type activities increased the Commonwealth's net position by approximately \$1.062 billion.

BUDGETARY HIGHLIGHTS

The FY24 budget enacted by the Legislature (the General Appropriation Act, or GAA) included an FY24 tax revenue estimate of \$41.410 billion prior to tax initiatives (and excluding \$50 million in tax settlements greater than \$10 million each), equal to the FY24 consensus estimate of \$40.410 billion plus \$1.0 billion in personal income tax revenue estimated to be generated by a 4% surtax on incomes above \$1 billion that was in effect for all of FY24. Initially deposited in the General Fund, that revenue was to be transferred to funds dedicated to transportation and education spending.

The GAA tax revenue estimate was reduced by a net of \$530 million, to \$40.880 billion, as a result of enacted and proposed tax law changes included in the budget that were forecasted to reduce FY24 General Fund tax revenues by approximately \$580 million, partially offset by \$50 million in assumed General Fund tax-related settlements and judgments exceeding \$10 million. \$38.086 billion of that revenue was to be deposited in the budgeted funds and available for use, with \$2.794 billion to be deposited into non-budgeted funds, including transfers of sales tax revenue of \$1.464 billion dedicated to the Massachusetts Bay Transportation Authority and \$1.304 billion dedicated to the Massachusetts School Building Authority, \$583 million of capital gains tax revenues transferred to the Stabilization Fund, State Pension Fund, and State Retiree Benefits Trust Fund, and \$27 million in Unemployment Insurance surcharges allocated to the non-budgeted Workforce Training Fund. Approximately \$36.393 billion was to be deposited in the General Fund.

Based on tax revenue performance through December 2023, in January 2024, the Secretary of Administration and Finance reduced the FY24 state tax revenue estimate by \$997 million to a total of \$39.884 billion, including the projected revenue impact of tax law changes and \$50 million in judgment and settlement revenue.

The GAA also assumed budgeted fund non-tax revenue of \$24.153 billion, of which \$19.351 billion was to be deposited in the General Fund. Total budgeted fund tax and non-tax revenues assumed in the GAA (excluding the non-budgeted fund portions allocated to the MBTA, MSBA, and Unemployment Insurance surcharge) was \$62.239 billion, of which \$58.456 billion was to be deposited in the General Fund.

The FY24 General Appropriation Act (GAA) authorized approximately \$55.772 billion in General Fund expenditures, and \$56.277 billion including other financing sources.

Approximately \$1.809 billion in supplemental appropriations were authorized during FY24, of which \$1.789 billion were charged to the General Fund.

The year's significant General Fund supplemental appropriations (some of which were carried forward and reappropriated to be expended in FY25):

- \$565 million for MassHealth (Medicaid) services;
- \$312 million to fund collective bargaining contracts
- \$228 million for MassHealth's Home and Community-Based Services program
- \$176 million to fund a transfer from the General Fund to the Medical Assistance Trust Fund to reimburse hospitals that treat large numbers of Medicaid-eligible patients

FY24 General Fund revenues \$57.201 billion, an increase of \$4.080 billion, or 7.7%, from FY23. Most of this increase from FY23 was due to full year implementation of the 4% surtax and, a one-time reduction in FY23 revenues resulting from General Fund refunds issued pursuant to a law that required FY22 excess revenues to be returned to taxpayers in FY23, partially offset by other tax cuts that reduced revenue. These changes are discussed below. General Fund revenues and other financing sources totaled \$59.552 billion, an increase of \$345 million, or 0.6%, from FY23, \$1.096 billion above budget, with the above-budget amount due primarily the result of federal reimbursements that were \$872 million above forecast.

FY24 General Fund tax revenues ended the year at \$36.460 billion of which with General Fund tax revenues increasing by \$4.411 billion, or 13.8%, from FY23, \$68 million above the original FY24 budget estimate. The \$4.411 billion increase in General Fund tax revenues between FY23 and FY24 was primarily the result of two tax law impacts, one of which resulted in one-time tax revenue reductions in FY23 and the other that resulted in increased tax collections in FY24, the combination of which caused an increase of \$4.662 billion in General Fund tax revenue in FY24 compared to FY23. One-time FY23 General Fund personal income tax refunds of \$2.879 billion were issued pursuant to [Chapter 62F of the Massachusetts General Laws](#), which required that tax revenues in excess of a statutory limit in FY22 be refunded to taxpayers in FY23 to FY24 (thus reducing tax revenues in FY23 relative to FY24). Another tax law change resulted in increased FY24 tax revenues: the “Fair Share” 4% surcharge on incomes over \$1 million that was implemented for a full fiscal year 2024 and raised \$2.460 billion in FY24, \$2.218 billion more than the surtax raised in FY23, all of which was deposited in the General Fund but subsequently transferred to three transportation-related funds. Partially offsetting these increased revenue impacts was the implementation of certain tax reforms, which reduced FY24 General Fund income tax revenues by \$431 million. Absent these three changes, “baseline” tax revenues decreased by \$228 million, or 0.6% in FY24 compared to FY23, with growth in income tax withholding offset by a decline in capital gains taxes, corporate and business tax, sales tax, deeds excise tax, and estate tax.

General Fund federal reimbursements totaled \$14.596 billion was deposited in the General Fund, a decline of \$619 million, or 4.1%, with the decline resulting primarily from lower federal reimbursements for reduced Medicaid expenditures (see explanation of Medicaid expenditure changes on the following page). However, Medicaid federal reimbursements totaled \$13.210 billion, a decrease of \$989 million, or 7.0%. However, General Fund federal reimbursements were \$872 million above forecast, due primarily to Medicaid revenues being above-budget, even though they declined from FY23.

General Fund non-tax revenue, non-federal revenue totaled \$5.627 billion, up \$288 million, or 4.9%, \$518 million above estimate. Most of the departmental revenue growth was due to increases in interest earnings, which grew by \$282 million, from \$698 million in FY23 to \$980 million in FY24, as result of higher short-term interest rates applied to the Commonwealth’s large cash balances, particularly in the Stabilization Fund, and an increase in drug rebates for the state’s employee Group Insurance program, which totaled \$165 million, up \$158 million from FY23 (see detail of GIC spending below for an explanation of this increase).

General Fund other financing sources totaled \$2.351 billion, a decline of \$3.734 billion, or 61.4%, from FY23, was \$362 million below estimate, with the decline due primarily to a non-recurring FY23 transfer of \$2.879 billion from the Transitional Escrow Fund to the General Fund that in FY23 funded one-time tax refunds of that amount. Fringe benefit and indirect cost recovery from non-budgeted funds to the General Fund totaled \$682 million, up \$117 million, or 20.6% from FY23, due to increases in the fringe benefit rate and higher spending from federal grant accounts that are charged that rate.

The Commonwealth continues to receive revenues, as it will in perpetuity, from the Master Settlement Agreement (MSA) between the states and the tobacco industry to recover health care costs for tobacco-related illnesses, which is deposited in the General Fund. In FY24, the Commonwealth received \$186 million in tobacco settlement funds, a decrease of \$71 million compared to FY23. Statute requires that a portion of tobacco settlement proceeds be transferred from the General Fund to the State Retiree Benefits Trust Fund (SRBTF) to fund the Commonwealth’s liability for retiree health care, with the percentage of proceeds transferred increasing by 10% each year until 100% of such proceeds is deposited in the SRBTF in FY24 and after. For FY24, the statutorily required transfer was 100% of tobacco settlement revenues; however, the FY24 General Appropriation Act changed the transfer percentage to 10% in FY24, resulting in a the transfer of \$19 million.

FY24 budgeted expenditures and other financing uses, including transfers to non-budgeted funds (but before transfers between the budgeted funds) totaled \$62.069 billion, an increase of \$1.793 billion, or 3.0%, from FY23, with the increase primarily attributable to growth in local aid, pensions, higher education, transfers to hospitals that

treat large numbers of Medicaid-eligible patients, and spending of revenue generated by the 4% personal income tax surtax.

Total General Fund expenditures (excluding "Other Financing Uses") totaled \$55.849 billion, a decline of \$938 million, or 1.7% from FY23, \$2.683 billion below the final budget, with below budget amount due primarily to below budget spending in the Executive Office for Administration and Finance and Executive Office of Health and Human Services, as well as smaller below-budget spending in other secretariats throughout state government, with much of the unspent budgets carried forward and reappropriated to FY25. General Fund Medicaid expenditures totaled \$20.070 billion, a decrease of \$1.630 billion, or 7.5%, from FY23, as the pandemic-era suspension of eligibility redeterminations expired and Medicaid beneficiaries were removed from the program because they no longer met eligibility requirements. Spending on other Executive Office of Health and Human Services programs totaled \$8.992 billion, an increase of \$323 million, or 3.7% from FY23. General Fund spending for direct local aid (both education aid and unrestricted aid), at \$7.787 billion, was up \$610 million, or 8.5%, as the Administration continued to commit significant resources to local communities. Spending on state employee health insurance benefits paid through the Group Insurance Commission (including benefits for retiree health insurance) increased by \$291 million, or 11.9%, from \$2.445 billion to \$2.736 billion. However, due to a change in fund designations, General Fund spending for the Group Insurance Commission decreased from \$2.445 billion in FY23 to \$1.276 billion in FY24, with \$1.460 billion in GIC expenditures charged to the Federal COVID-19 Response Fund.

Transfers from the General Fund to the state and teachers' pension funds totaled \$4.104 billion in accordance with the Commonwealth's actuarially-determined pension funding schedule, an increase of \$360 million, or 9.6%, from FY23, and an additional pension contribution of \$30 million from capital gains tax revenues was transferred from the General Fund, as required by a statute that mandates such transfers from a portion of capital gains tax collections above an annual threshold. As a result, FY24 contributions to the pension fund from the General Fund totaled \$4.133 billion an increase of \$348 million, or 9.2% from FY23, a smaller increase than in FY23 because capital gains tax transfers and supplemental pension appropriations were lower in FY24 than in FY23. (In FY23, there was also a \$200 million additional General Fund appropriation for a transfer to the state and teachers' pension funds that was not repeated in FY24.). General Fund debt service totaled \$1.354 billion, up \$4 million, or 0.3%, from FY23.

General Fund other financing uses totaled \$3.164 billion, a decline of \$1.934 billion or 37.9%, from FY23. with the bulk of this decline due to a \$1.648 billion drop in operating transfers resulting due to a reduction in transfers from the Transitional Escrow Fund (which holds prior fiscal year surpluses) as it was used to finance expenditures in FY23 but not FY24 and a \$721 million decline in transfers to the Stabilization Fund as capital gains taxes were retained in the General Fund in FY24 rather than being deposited in the the Stabilization Fund. These reductions were partially offset by a transfer of \$505 million from the General Fund to the Medical Assistance Trust Fund (MATF) for payments to hospitals that treat large populations of lower income patients, an increase of \$420 million from FY23. Transfers to and payments from the MATF vary significantly from year-to-year depending on the timing of federal reimbursements.

CAPITAL ASSETS

Capital assets of the Commonwealth include land, buildings, improvements, equipment, vehicles, leased software, right-to-use assets and infrastructure. The Commonwealth's investment in capital assets for its governmental and business-type activities as of June 30, 2024 amounts to approximately \$30.459 billion, with accumulated depreciation and amortization of approximately \$14.277 billion, leaving a net book value of \$16.182 billion. Infrastructure includes assets that are normally immovable and of value only to the Commonwealth, such as roads, bridges, piers and dams (the investments in capital assets noted above do not include capital assets owned by MassDOT). The total increase in the Commonwealth's net investment in capital assets from FY23 to FY24 was approximately \$556 million, with a \$275 million increase in governmental activities and a \$281 million increase in business-type activities. The major increase in the net value of capital assets was in construction in process, buildings, and machinery and equipment. The table on the following page details the various categories of the Commonwealth's capital assets.

Capital Assets at Year - End
(net of depreciation)
(amounts in thousands)

	Governmental Activities		Business - Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 997,380	\$ 980,959	\$ 240,320	\$ 231,591	\$ 1,237,700	\$ 1,212,550
Historical treasures	—	—	3,403	3,075	3,403	3,075
Construction in process	1,126,933	1,114,259	557,175	897,808	1,684,108	2,012,067
Buildings	2,881,644	2,681,858	7,577,953	6,935,077	10,459,597	9,616,935
Machinery and equipment	400,273	404,453	262,467	221,592	662,740	626,045
Right-to-use lease buildings	771,782	779,530	1,015,063	1,078,764	1,786,845	1,858,294
Right-to-use lease machinery and equipment	17,256	17,141	15,680	15,946	32,936	33,087
Right-to-use subscription (SBITAs) assets	109,878	43,958	57,626	58,740	167,504	102,698
Infrastructure, excluding central artery	138,033	145,944	—	—	138,033	145,944
Library collections	—	—	9,024	14,800	9,024	14,800
Total	\$ 6,443,179	\$ 6,168,102	\$ 9,738,711	\$ 9,457,393	\$ 16,181,890	\$ 15,625,495

Additional detail on the Commonwealth's FY24 capital asset activity can be found in [Note 5](#) to the basic financial statements ("Capital Assets") on pages [96-97](#).

DEBT ADMINISTRATION

The Commonwealth issues short-term and long-term debt. Debt that is general obligation in nature is backed by the full faith and credit of the Commonwealth and paid from governmental funds. Additionally, short-term notes are issued and redeemed annually.

To fund the FY24 capital budget, the Commonwealth borrowed by issuing \$4.057 billion in long-term bonds, which was new money general obligation debt, and there was no special obligation debt issued during the fiscal year. All new bond sales were either for general government purposes, for road and bridge repair, or unallocated as of year-end and assumed to be for general purposes, including for construction and equipment purchases. In addition, the Commonwealth issued \$2.011 billion in debt to refund already existing debt. In order to manage cash flows through the COVID-19 pandemic, on May 11, 2020, the Commonwealth obtained a line of credit in the aggregate principal amount of \$1.75 billion from a syndicate of banks, which line of credit is available to be drawn for cash flow purposes. As of February 17, 2021, the line of credit was reduced to the principal amount of \$500 million. In May 2023, the line of credit was extended to May 1, 2026.

Approximately 0.9% of the Commonwealth's \$27.835 billion in general obligation debt outstanding as of June 30, 2024 was issued as variable rate bonds. During fiscal 2024 there were no changes to credit ratings on any of the Commonwealth's outstanding debt.

The table on the following page details the Commonwealth's debt by type for the fiscal year compared to the prior fiscal year, excluding premiums and discounts.

Outstanding Long - Term Debt Obligations

(amounts in thousands)

	Governmental Activities		Business - Type Activities		Total	
	2024	2023	2024	2023	2024	2023
General obligation bonds	\$ 27,835,248	\$ 25,268,710	\$ —	\$ —	\$ 27,835,248	\$ 25,268,710
Special obligation bonds (excluding GANs)....	4,270,705	3,862,475	—	—	4,270,705	3,862,475
Revenue obligation bonds	—	—	6,599,974	7,448,982	6,599,974	7,448,982
Grant anticipation notes	255,805	389,675	—	—	255,805	389,675
Massachusetts School Building Authority	5,444,945	5,620,395	—	—	5,444,945	5,620,395
Total	\$ 37,806,703	\$ 35,141,255	\$ 6,599,974	\$ 7,448,982	\$ 44,406,677	\$ 42,590,237

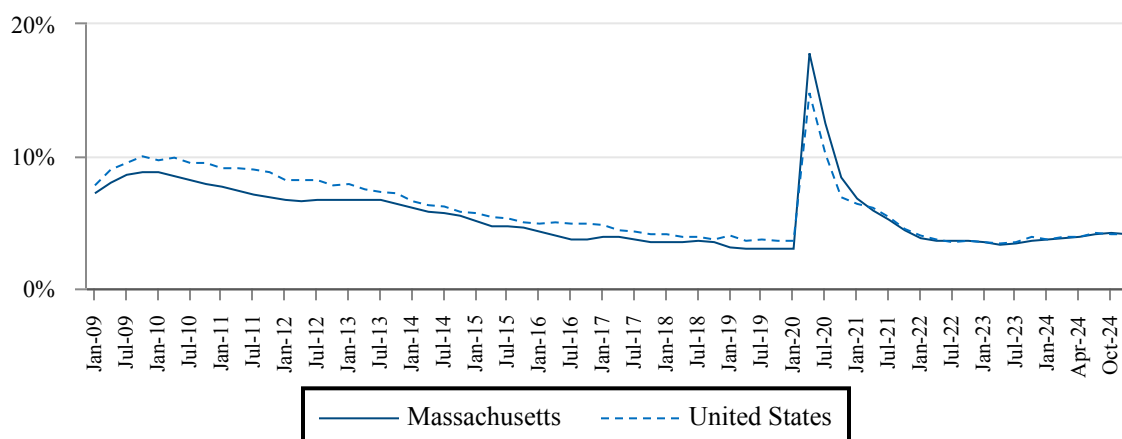
Additional detail on the Commonwealth's short-term debt can be found in [Note 6](#) ("Short-Term Financing and Credit Arrangements") on [page 98](#) and [Note 7](#) ("Long-Term Obligations") on [pages 98-108](#).

ECONOMIC FACTORS AFFECTING THE FISCAL YEAR 2025 BUDGET

The Commonwealth, with an international reputation for medical, cultural, historical and educational institutions remains the economic and educational hub of New England. The Commonwealth's economy remains diversified, but its strongest component is its knowledge-based technology and service industries and consequently the State relies heavily on a highly educated workforce. The Commonwealth is home to sixteen S&P 500 companies, among them thirteen Fortune 500 headquarters.

The Massachusetts economy, along with the rest of the nation, was adversely affected by the recession caused by the coronavirus pandemic, after many years performing better than the U.S. economy as a whole. In January 2021 the Massachusetts unemployment rate was 6.8%, compared to the national rate of 6.4%, but by October 2022 the two rates had converged, with both at 3.6%. As of December 2024, the Massachusetts and U.S. unemployment rates were identical, at 4.1%.

*Unemployment Rate
January 2009 – December 2024*



The FY25 General Appropriation Act (GAA) — the Commonwealth's annual budget — is based on an FY25 base tax revenue estimate of approximately \$41.712 billion (including \$1.300 billion in "Fair Share" surtax revenues), an increase of \$900 million, or 2.2%, from FY24 actual tax collections. Of the FY24 tax estimate, approximately

\$33.226 billion represents taxes available for budget after accounting for \$8.486 billion in tax revenue either dedicated to authorities, "fair share" education and transportation spending, or the Stabilization or pension and state retiree health care funds.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Commonwealth's finances and accountability for all of the Commonwealth's citizens, taxpayers, customers, investors and creditors. Questions concerning any of the information provided in this report or requests for additional information should be addressed via email to comptroller.info@state.ma.us or mail to: Commonwealth of Massachusetts, Office of the Comptroller, 1 Ashburton Place, 9th Floor, Boston, MA 02108. This report may also be downloaded at: <https://www.macomptroller.org/annual-comprehensive-financial-reports>.

Basic Financial Statements

Government-wide Financial Statements
Statement of Net Position
Statement of Activities



Statement of Net Position

June 30, 2024

(Amounts in thousands)

	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business-Type Activities	Government Wide Total	
ASSETS AND DEFERRED OUTFLOWS				
Current assets:				
Cash and cash equivalents	\$ 20,691,127	\$ 5,401,094	\$ 26,092,221	\$ 6,086,039
Restricted cash with fiscal agent	594,879	371,833	966,712	—
Short-term investments	297,522	1,021,576	1,319,098	—
Assets held in trust	—	—	—	183,773
Receivables, net of allowance for uncollectibles:				
Taxes	5,129,924	—	5,129,924	—
Federal grants and reimbursements receivable	2,646,465	112,856	2,759,321	489,751
Loans	13,562	2,195	15,757	730,684
Lease receivables	2,271	55,738	58,009	63,684
Other receivables	2,003,078	1,216,994	3,220,072	532,308
Due from cities and towns	25,881	—	25,881	—
Due from component units	659	15,926	16,585	—
Due from primary government	—	—	—	691,883
Other current assets	—	61,449	61,449	139,970
Total current assets	31,405,368	8,259,661	39,665,029	8,918,092
Noncurrent assets:				
Cash and cash equivalents - restricted	—	496,127	496,127	705,443
Long-term investments	—	1,916,986	1,916,986	1,765,457
Investments, restricted investments and annuity contracts	1,678,610	1,119	1,679,729	53,340
Receivables, net of allowance for uncollectibles:				
Taxes	420,414	—	420,414	—
Federal grants and reimbursements receivable	208,534	—	208,534	—
Loans	131,562	14,016	145,578	4,313,500
Lease receivables	67,485	1,150,274	1,217,759	594,205
Other receivables	556,414	21,305	577,719	49,946
Due from component units	29,515	—	29,515	—
Due from primary government	—	—	—	6,429
Non-depreciable capital assets	2,124,313	800,898	2,925,211	20,181,952
Depreciable capital, right-to-use lease and subscription assets, net	4,318,866	8,937,813	13,256,679	25,432,874
Other noncurrent assets	—	15,109	15,109	17,161
Other noncurrent assets - restricted	2,061	—	2,061	—
Total noncurrent assets	9,537,774	13,353,647	22,891,421	53,120,307
Total assets	40,943,142	21,613,308	62,556,450	62,038,399
Deferred outflows of resources:				
Derivatives - interest rate swaps	—	228	228	15,664
Loss on refunding	64,424	103,162	167,586	138,141
Pension	6,576,158	167,118	6,743,276	567,874
OPEB	2,266,113	265,210	2,531,323	601,115
Other	—	37,356	37,356	—
Total deferred outflows of resources	8,906,695	573,074	9,479,769	1,322,794
Total assets and deferred outflows	49,849,837	22,186,382	72,036,219	63,361,193
LIABILITIES AND DEFERRED INFLOWS				
Current liabilities:				
Accounts payable and other liabilities	5,500,711	530,021	6,030,732	1,587,646
Accrued payroll	287,046	237,704	524,750	72,542
Compensated absences	603,365	191,916	795,281	48,420
Accrued interest payable	476,823	56,768	533,591	193,433
Tax refunds and abatements payable	2,099,109	222,384	2,321,493	—
Due to component units	749,307	1,113	750,420	—
Due to primary government	—	—	—	16,585
Due to federal government	601,624	—	601,624	—
Claims and judgments	18,256	—	18,256	—
Unearned revenue	65,118	31,105	96,223	727,721
Prizes payable	97,626	—	97,626	—

(continued)

Statement of Net Position

June 30, 2024

(Amounts in thousands)

	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business-Type Activities	Government Wide Total	
Deposits and unearned revenue	—	200,371	200,371	—
School construction grants payable	272,019	—	272,019	—
Right-to-use lease and subscription liabilities	209,983	81,574	291,557	23,714
Public-private partnership liabilities	—	—	—	2,049
Bonds payable and unamortized premiums	1,581,044	645,396	2,226,440	925,330
Environmental remediation liability	9,479	—	9,479	—
Total current liabilities	12,571,510	2,198,352	14,769,862	3,597,440
Noncurrent liabilities:				
Compensated absences	256,891	69,469	326,360	28,984
Accrued interest payable	2,050	—	2,050	114,198
Due to component units	6,429	—	6,429	—
Due to primary government	—	—	—	29,515
Due to federal government	4,470	1,978	6,448	—
Overdraws of federal pandemic-related unemployment insurance benefits	73,121	2,034,174	2,107,295	—
Claims and judgments	10,000	—	10,000	—
Unearned revenue	—	—	—	355,198
Prizes payable	353,271	—	353,271	—
Right-to-use lease and subscription liabilities	717,623	1,109,082	1,826,705	129,385
Bonds payable and unamortized premiums	40,332,717	5,954,578	46,287,295	9,702,649
Environmental remediation liability	282,169	—	282,169	—
Liability for derivative instruments	—	228	228	2,797
Net pension liability	42,038,587	552,307	42,590,894	2,619,447
Net OPEB liability	12,841,388	583,184	13,424,572	2,892,442
Other noncurrent liabilities	312,886	186,102	498,988	422,557
Total noncurrent liabilities	97,231,602	10,491,102	107,722,704	16,297,172
Total liabilities	109,803,112	12,689,454	122,492,566	19,894,612
Deferred inflows of resources:				
Service concession arrangements	—	266,961	266,961	315
Gain on refunding	1,272,273	31,785	1,304,058	10,928
Pension	1,075,827	216,789	1,292,616	77,033
OPEB	5,024,114	804,077	5,828,191	936,112
Leases	65,531	951,285	1,016,816	660,834
Other	—	42,710	42,710	32,161
Total deferred inflows of resources	7,437,745	2,313,607	9,751,352	1,717,383
Total liabilities and deferred inflows	117,240,857	15,003,061	132,243,918	21,611,995
NET POSITION				
Net investment in capital assets	(2,346,839)	4,088,920	1,742,081	38,062,267
Restricted for:				
Unemployment benefits	—	772,489	772,489	—
Family and employment security	—	2,005,825	2,005,825	—
Retirement of indebtedness	678,084	371,833	1,049,917	—
4% surtax - education and transportation	1,295,205	—	1,295,205	—
Higher education endowment funds	—	18,424	18,424	—
Higher education academic support and programs	—	8,378	8,378	—
Higher education scholarships and fellowships:				
Nonexpendable	—	2,048	2,048	—
Expendable	—	5,662	5,662	—
Higher education capital projects - expendable purposes	—	8,838	8,838	—
Grants and gifts	270,740	300,947	571,687	—
Other purposes	—	—	—	6,453,050
Unrestricted (deficits)	(67,288,210)	(400,043)	(67,688,253)	(2,766,119)
Total net position (deficits)	\$ (67,391,020)	\$ 7,183,321	\$ (60,207,699)	\$ 41,749,198

The notes to the financial statements are an integral part of this statement.

(concluded)

Statement of Activities
Fiscal Year Ended June 30, 2024
(Amounts in thousands)

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position			Discretely Presented Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
Primary government:								
Governmental Activities:								
General government	\$ 3,690,195	\$ 686,425	\$ 3,304,845	\$ 40,850	\$ 341,925	\$ —	\$ 341,925	\$ —
Judiciary	1,483,297	62,121	32,223	—	(1,388,953)	—	(1,388,953)	—
Direct local aid	7,962,691	—	—	—	(7,962,691)	—	(7,962,691)	—
Medicaid	23,600,996	786,818	13,734,922	—	(9,079,256)	—	(9,079,256)	—
Group health insurance	2,172,282	935,591	—	—	(1,236,691)	—	(1,236,691)	—
Energy and environmental affairs	1,312,517	472,502	119,255	—	(720,760)	—	(720,760)	—
Housing and economic development	3,646,100	260,444	818,101	—	(2,567,555)	—	(2,567,555)	—
Health and human services	13,886,097	3,410,969	5,455,502	46,893	(4,972,733)	—	(4,972,733)	—
Transportation and public works	3,513,748	642,777	876	—	(2,870,095)	—	(2,870,095)	—
Early elementary and secondary education	9,081,911	7,690	2,572,015	—	(6,502,206)	—	(6,502,206)	—
Public safety and security	4,165,298	401,938	1,380,507	—	(2,382,853)	—	(2,382,853)	—
Labor and workforce development	353,961	24,087	168,635	—	(161,239)	—	(161,239)	—
Lottery	4,911,262	6,171,948	—	—	1,260,686	—	1,260,686	—
Interest (unallocated)	1,574,300	—	—	—	(1,574,300)	—	(1,574,300)	—
Total governmental activities	81,354,655	13,863,310	27,586,881	87,743	(39,816,721)	—	(39,816,721)	—
Business-Type Activities:								
Unemployment Compensation	2,214,741	1,817,877	566,643	—	—	169,779	169,779	—
Family and Employment Security Trust	1,104,335	1,148,319	64,206	—	—	108,190	108,190	—
Higher Education:								
University of Massachusetts	4,087,685	2,064,348	920,554	6,554	—	(1,096,229)	(1,096,229)	—
State Universities	1,284,954	602,478	186,154	4,442	—	(491,880)	(491,880)	—
Community Colleges (Nonmajor)	1,029,525	203,868	325,681	281	—	(499,695)	(499,695)	—
Total business-type activities	9,721,240	5,836,890	2,063,238	11,277	—	(1,809,835)	(1,809,835)	—
Total primary government	\$ 91,075,895	\$ 19,700,200	\$ 29,650,119	\$ 99,020	(39,816,721)	(1,809,835)	(41,626,556)	—
Discretely Presented Component Units:								
Massachusetts Department of Transportation	\$ 4,026,845	\$ 1,020,533	\$ 1,657,999	\$ 2,193,877	—	—	—	845,564
Massachusetts Bay Transportation Authority	2,755,041	2,118,130	188,385	816,684	—	—	—	368,158
Commonwealth Health Insurance Connector	949,339	904,761	35,000	—	—	—	—	(9,578)
Massachusetts Clean Water Trust	233,904	236,996	—	188,797	—	—	—	191,889
Other nonmajor component units	880,545	753,773	285,330	129,143	—	—	—	287,701
Total discretely presented component units	\$ 8,845,674	\$ 5,034,193	\$ 2,166,714	\$ 3,328,501	—	—	—	1,683,734

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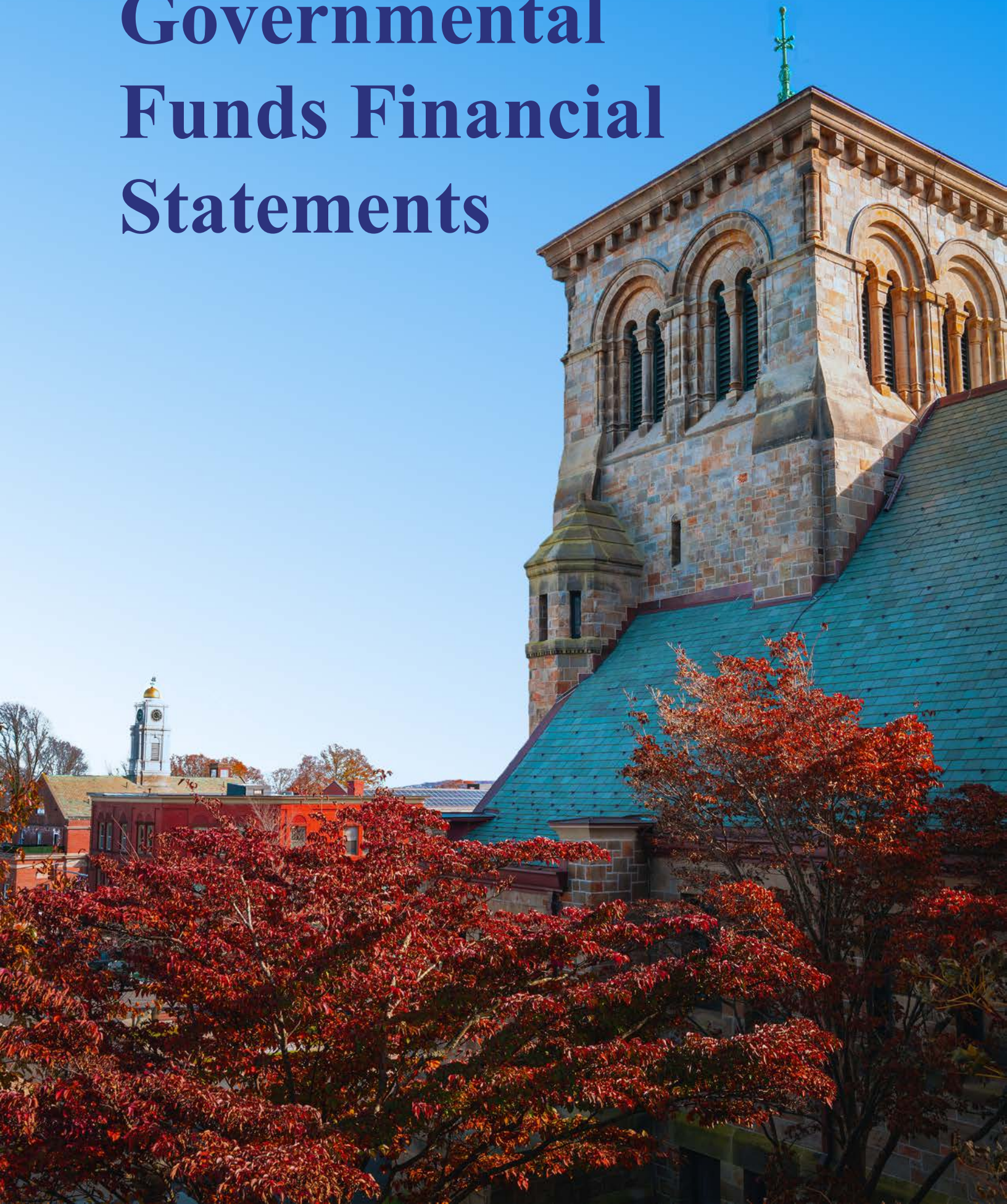
	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business-Type Activities	Total	
General revenues:				
Taxes:				
Income	23,796,355	—	23,796,355	—
Sales taxes	9,423,681	—	9,423,681	—
Corporate taxes	4,135,611	—	4,135,611	—
Motor and special fuel taxes	712,487	—	712,487	—
Other taxes	3,263,477	—	3,263,477	—
Miscellaneous:				
Investment earnings/(loss)	1,065,511	330,068	1,395,579	295,430
Tobacco settlement	879,899	—	879,899	—
Contribution from municipalities	72,906	—	72,906	—
Other revenue (expense)	941,756	442,412	1,384,168	—
Transfers	(2,098,885)	2,098,885	—	—
Total general revenues and transfers	42,192,798	2,871,365	45,064,163	295,430
Change in net position	2,376,077	1,061,530	3,437,607	1,979,164
Net position/(deficits) - beginning	(69,767,097)	6,121,791	(63,645,306)	39,770,034
Net position/(deficits) - ending	\$ (67,391,020)	\$ 7,183,321	\$ (60,207,699)	\$ 41,749,198

The notes to the financial statements are an integral part of this statement.

(concluded)



Governmental Funds Financial Statements



Balance Sheet
Governmental Funds
June 30, 2024
(Amounts in thousands)

	General	Lotteries	Massachusetts School Building Authority	Federal Grants	Federal COVID-19 Response	Other Governmental Funds	Total
ASSETS							
Cash and cash equivalents	\$ 12,444,558	\$ 47,294	\$ 1,013,077	\$ 81,810	\$ 190,388	\$ 6,914,000	\$ 20,691,127
Restricted cash with fiscal agent	—	—	—	—	—	594,879	594,879
Investments, restricted investments and annuity contracts	297,522	450,897	1,227,713	—	—	—	1,976,132
Receivables, net of allowance for uncollectibles:							
Taxes	5,340,192	—	56,773	—	—	153,373	5,550,338
Due from federal government	1,714,357	—	—	828,423	—	312,219	2,854,999
Loan receivable	84,448	—	50,553	—	—	10,123	145,124
Other receivables	2,012,583	1,024	25,551	—	—	590,091	2,629,249
Due from cities and towns	25,881	—	—	—	—	—	25,881
Due from other funds	978,984	—	—	—	—	92,138	1,071,122
Due from component units	659	—	—	—	—	—	659
Total assets	\$ 22,899,184	\$ 499,215	\$ 2,373,667	\$ 910,233	\$ 190,388	\$ 8,666,823	\$ 35,539,510
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 3,545,966	\$ 46,225	\$ 27,222	\$ 693,720	\$ 190,294	\$ 980,720	\$ 5,484,147
Accrued payroll	266,170	—	—	12,454	94	8,328	287,046
Tax refunds and abatements payable	2,098,082	—	438	—	—	589	2,099,109
Due to other funds	—	—	—	42,828	—	1,028,294	1,071,122
Due to component units	38,387	—	—	—	—	710,920	749,307
Due to federal government	601,624	—	—	—	—	—	601,624
Unearned revenue	—	—	255	63,061	—	1,802	65,118
Claims and judgments	18,256	—	—	—	—	—	18,256
School construction grants payable	—	—	272,019	—	—	—	272,019
Other accrued liabilities	798	—	—	—	—	15,765	16,563
Total liabilities	6,569,283	46,225	299,934	812,063	190,388	2,746,418	10,664,311
Deferred inflows of resources - unavailable revenue	878,820	1,324	—	—	—	447,767	1,327,911
Total liabilities and deferred inflows of resources	7,448,103	47,549	299,934	812,063	190,388	3,194,185	11,992,222
Fund balances:							
Nonspendable	—	450,897	—	—	—	—	450,897
Restricted	—	—	662,668	98,170	—	1,483,191	2,244,029
Committed	8,523,632	—	—	—	—	5,278,711	13,802,343
Assigned	2,848,646	769	1,411,065	—	—	435,803	4,696,283
Unassigned (includes deficits)	4,078,803	—	—	—	—	(1,725,067)	2,353,736
Fund balances	15,451,081	451,666	2,073,733	98,170	—	5,472,638	23,547,288
Total liabilities, deferred inflows of resources and fund balances	\$ 22,899,184	\$ 499,215	\$ 2,373,667	\$ 910,233	\$ 190,388	\$ 8,666,823	\$ 35,539,510

The notes to the financial statements are an integral part of this statement.

Reconciliation of Governmental Fund Balances to the Statement of Net Position

June 30, 2024

(Amounts in thousands)

Total fund balances - governmental funds	\$ 23,547,288
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 funds. Those assets consist of:	
Capital assets not being depreciated	2,124,313
Capital assets being depreciated and amortized, net	4,318,866
Capital assets, net of accumulated depreciation and amortization	6,443,179
Revenues are not available soon enough after year end to pay for the current period's expenditures and therefore are unavailable deferred inflows of resources in the governmental funds	1,262,380
Deferred inflows of resources are not reported in the governmental funds:	
Gain on refunding	(1,272,273)
Pension related	(1,075,827)
OPEB related	(5,024,114)
Total deferred inflow of resources	(7,372,214)
Deferred outflows of resources are not reported in the governmental funds:	
Loss on refunding	64,424
Pension related	6,576,158
OPEB related	2,266,113
Total deferred outflow of resources	8,906,695
Massachusetts School Building Authority assets (excluding capital assets)	2,061
Due to/from component units, net	23,086
Certain liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. These liabilities include:	
Retirement systems' net pension liability	(42,038,587)
Net OPEB liability	(12,841,388)
Commonwealth bonded debt	(32,361,758)
Unamortized bond premiums	(3,832,542)
Accrued interest	(478,873)
Massachusetts School Building Authority bonded debt	(5,719,461)
Prizes payable	(450,897)
Right-to-use lease and subscription liabilities	(927,606)
Environmental remediation liability	(291,648)
Claims and judgments	(10,000)
Employee benefits, including compensated absences, health insurance benefits and other compensation claims	(1,172,723)
Other	(78,012)
Long-term liabilities (including current portions)	(100,203,495)
Total net (deficit) - governmental activities	\$ (67,391,020)

The notes to the financial statements are an integral part of this statement.

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Fiscal Year Ended June 30, 2024
(Amounts in thousands)

	General	Lotteries	Massachusetts School Building Authority	Federal Grants	Federal COVID-19 Response	Other Governmental Funds	Total
REVENUES							
Taxes	\$ 36,081,871	\$ 297	\$ 1,247,278	\$ —	\$ —	\$ 3,976,215	\$ 41,305,661
Assessments	424,834	—	—	—	—	1,748,069	2,172,903
Federal grants and reimbursements	14,726,093	—	—	8,143,192	2,326,882	2,330,595	27,526,762
Departmental	4,192,592	6,174,600	—	—	—	1,782,722	12,149,914
Miscellaneous	2,298,230	18,789	203,088	27	—	707,795	3,227,929
Total revenues	57,723,619	6,193,686	1,450,366	8,143,219	2,326,882	10,545,396	86,383,169
EXPENDITURES							
Current:							
Legislature	89,314	—	—	—	—	—	89,314
Judiciary	1,299,257	—	—	6,945	—	1,039	1,307,241
Office of Inspector General	8,004	—	—	—	—	164	8,168
Governor and Lieutenant Governor	8,517	—	—	—	—	116	8,633
Secretary of the Commonwealth	69,840	—	—	642	—	11,556	82,038
Treasurer and Receiver-General	239,117	4,985,965	17,898	1,501	—	1,790,806	7,035,287
State Auditor	22,804	—	—	—	—	6	22,810
Attorney General	22,599	—	—	20,886	19,829	10,630	73,944
State Ethics Commission	3,391	—	—	—	—	—	3,391
District Attorneys	173,956	—	—	5,401	—	7,047	186,404
Office of Campaign and Political Finance	2,087	—	—	—	—	—	2,087
Sheriff's	799,166	—	—	9,860	143	24,074	833,243
Disabled Persons Protection Commission	12,080	—	—	2,153	—	—	14,233
Commission on the Status of Women	880	—	—	—	—	—	880
Massachusetts Gaming Commission	—	—	—	—	—	65,951	65,951
Office of the Comptroller	31,128	—	—	—	—	2,558	33,686
Administration and Finance	1,397,842	—	—	80,204	1,461,778	605,143	3,544,967
Energy and Environmental Affairs	498,201	—	—	56,288	111,710	402,276	1,068,475
Health and Human Services	8,797,964	—	—	3,710,756	115,850	756,563	13,381,133
Technology Services and Security	192,860	—	—	—	—	15,842	208,702
Veterans' Services	116,587	—	—	251	350	1,534	118,722
Office of the Veteran Advocate	186	—	—	—	—	—	186
Housing and Livable Communities	1,447,469	—	—	787,220	259,187	126,029	2,619,905
Massachusetts Department of Transportation	647	—	—	876	1,120	3,357,173	3,359,816
Office of the Child Advocate	5,426	—	—	—	—	—	5,426
Commission Against Discrimination	9,827	—	—	—	—	—	9,827
Cannabis Control Commission	—	—	—	—	—	18,901	18,901
Board of Library Commissioners	47,408	—	—	2,582	—	—	49,990
Education	5,146,633	—	—	2,267,448	65,692	686,596	8,166,369
Center for Health and Information Analysis	33,588	—	—	116	—	—	33,704
Massachusetts School Building Assistance	—	—	810,758	—	—	—	810,758
Public Safety and Security	1,576,777	—	—	902,272	14,069	154,890	2,648,008
Massachusetts Peace Officer Standards and Training Commission	7,653	—	—	—	—	—	7,653
Commission on the Status of Persons with Disabilities	134	—	—	—	—	—	134
Economic Development	164,805	—	—	8,228	178,028	38,937	389,998
Labor and Workforce Development	93,412	—	—	133,052	10,918	100,624	338,006
Medicaid	20,507,223	—	—	—	147,190	2,946,583	23,600,996
Post employment benefits	1,815,294	—	2,028	—	—	7,501	1,824,823
Direct local aid	7,801,022	—	—	—	—	161,669	7,962,691
Capital outlay	311,799	—	—	—	—	1,700,072	2,011,871
Debt service/commercial paper repayments	—	—	383,500	—	—	2,671,767	3,055,267
Principal on current refundings	—	—	—	—	—	2,307,889	2,307,889
Total expenditures	52,754,896	4,985,965	1,214,184	7,996,681	2,385,864	17,973,936	87,311,527
Excess/(deficiency) of revenues over/(under) expenditures	4,968,723	1,207,721	236,182	146,538	(58,982)	(7,428,540)	(928,358)
OTHER FINANCING SOURCES							
Bonds premium	—	—	—	—	—	684,634	684,634
Issuance of general and special obligation bonds	—	—	—	—	—	4,557,104	4,557,104
Issuance of current refunding bonds	—	—	—	—	—	2,010,760	2,010,760
Leases issued	192,712	—	—	—	—	—	192,712
SBITAs issued	119,087	—	—	—	—	—	119,087
Transfers in for debt service	—	—	—	—	—	2,633,192	2,633,192
Transfers in	2,153,142	—	—	4,464	59,292	6,187,711	8,404,609
Total other financing sources	2,464,941	—	—	4,464	59,292	16,073,401	18,602,098
OTHER FINANCING USES							
Transfers out	3,092,847	1,283,266	—	153,134	310	3,608,146	8,137,703
Transfers of appropriations	2,151,069	—	—	—	—	46,893	2,197,962
Transfers of bond proceeds	—	—	—	—	—	167,829	167,829
Transfers out for debt service	1,353,514	—	—	—	—	1,279,678	2,633,192
Total other financing uses	6,597,430	1,283,266	—	153,134	310	5,102,546	13,136,686
Total other financing sources and (uses)	(4,132,489)	(1,283,266)	—	(148,670)	58,982	10,970,855	5,465,412
Net change in fund balances	836,234	(75,545)	236,182	(2,132)	—	3,542,315	4,537,054
Fund balances at beginning of year	14,614,847	527,211	1,837,551	100,302	—	1,930,323	19,010,234
Fund balances at end of year	\$ 15,451,081	\$ 451,666	\$ 2,073,733	\$ 98,170	\$ —	\$ 5,472,638	\$ 23,547,288

The notes to the financial statements are an integral part of this statement.

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Fiscal Year Ended June 30, 2024

(Amounts in thousands)

Net change in fund balances - total governmental funds	\$ 4,537,054
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount represents capital outlays including increases to construction in process, net of reductions and dispositions	719,351
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Current year depreciation and amortization expense	(444,274)
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Amounts presented in the statement of activities, but not in the change in fund balances due to differences in revenue and expense recognition under different bases of accounting	341,510
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized as part of the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items	(3,592,735)
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Change in right-to-use lease and subscription liabilities	(56,067)
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Massachusetts School Building Authority (excluding lease related assets and liabilities)	193,844
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Net pension costs	(32,470)
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Net OPEB costs	723,407
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds. These expenses include accrued interest, lottery prizes, claims and benefits that are reported in the statement of activities, but not in funds	(13,543)
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Change in net position of governmental activities	<u>\$ 2,376,077</u>
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The notes to the financial statements are an integral part of this statement



Proprietary Funds Financial Statements



Statement of Net Position
Proprietary Funds
June 30, 2024
(Amounts in thousands)

	Unemployment Compensation Trust Fund	Family and Employment Security Trust Fund	University of Massachusetts	State Universities	Community Colleges (Nonmajor)	Total
ASSETS AND DEFERRED OUTFLOWS:						
Current assets:						
Cash and cash equivalents	\$ 2,830,681	\$ 1,683,087	\$ 150,902	\$ 437,163	\$ 299,261	\$ 5,401,094
Restricted cash with fiscal agent	371,833	—	—	—	—	371,833
Short-term investments	—	—	728,223	147,782	145,571	1,021,576
Receivables, net of allowance for uncollectibles:						
Federal grants and reimbursements receivable	1,143	—	98,387	3,659	9,667	112,856
Loans receivable	—	—	1,472	355	368	2,195
Lease receivable	—	—	18,224	37,514	—	55,738
Other receivables	411,526	391,878	310,174	29,442	53,556	1,196,576
Due from affiliates	—	—	20,418	—	—	20,418
Due from component units	—	—	—	312	15,614	15,926
Other current assets	—	—	49,740	4,341	7,368	61,449
Total current assets	3,615,183	2,074,965	1,377,540	660,568	531,405	8,259,661
Noncurrent assets:						
Cash and cash equivalents - restricted	—	—	460,987	35,127	13	496,127
Long-term investments	—	—	1,541,994	237,289	137,703	1,916,986
Restricted investments	—	—	—	1,119	—	1,119
Receivables, net of allowance for uncollectibles:						
Loans receivable	—	—	13,068	948	—	14,016
Lease receivable	—	—	286,061	864,213	—	1,150,274
Other receivables	—	—	21,305	—	—	21,305
Non-depreciable capital assets	—	—	466,628	183,161	151,109	800,898
Depreciable capital, right-to-use lease and subscription assets, net	—	—	5,460,961	2,541,457	935,395	8,937,813
Other noncurrent assets	—	—	6,870	8,239	—	15,109
Total noncurrent assets	—	—	8,257,874	3,871,553	1,224,220	13,353,647
Total assets	3,615,183	2,074,965	9,635,414	4,532,121	1,755,625	21,613,308
Deferred outflows of resources:						
Derivatives - interest rate swaps	—	—	—	—	228	228
Pensions	—	—	123,689	23,553	19,876	167,118
OPEB	—	—	225,993	20,532	18,685	265,210
Loss on refunding	—	—	95,814	7,348	—	103,162
Other	—	—	37,071	285	—	37,356
Total deferred outflows of resources	—	—	482,567	51,718	38,789	573,074
Total assets and deferred outflows	3,615,183	2,074,965	10,117,981	4,583,839	1,794,414	22,186,382
LIABILITIES AND DEFERRED INFLOWS:						
Current liabilities:						
Accounts payable and other liabilities	152,096	46,573	213,853	56,001	61,498	530,021
Accrued payroll	—	266	157,523	48,766	31,149	237,704
Compensated absences	—	—	111,856	41,972	38,088	191,916
Accrued interest payable	32,079	—	24,492	89	108	56,768
Tax refunds and abatements payable	200,083	22,301	—	—	—	222,384
Unearned revenue	—	—	—	22,973	8,132	31,105
Student deposits and unearned revenues	—	—	149,745	18,191	32,435	200,371
Due to component units	—	—	—	394	719	1,113
Right-to-use lease and subscription liabilities	—	—	19,991	48,150	13,433	81,574
Bonds, notes payable and other obligations	396,605	—	185,034	59,859	3,898	645,396
Total current liabilities	780,863	69,140	862,494	296,395	189,460	2,198,352
Noncurrent liabilities:						
Compensated absences	—	—	27,842	23,548	18,079	69,469
Due to federal government	—	—	—	1,978	—	1,978
Overdraws of federal pandemic-related unemployment insurance benefits	2,034,174	—	—	—	—	2,034,174
Right-to-use lease and subscription liabilities	—	—	178,776	894,425	35,881	1,109,082
Bonds, notes payable and other obligations	1,433,920	—	3,379,979	1,074,190	66,489	5,954,578
Liability for derivative instruments	—	—	—	—	228	228
Net pension liability	—	—	384,432	113,847	54,028	552,307
Net OPEB liability	—	—	408,875	116,845	57,464	583,184
Other noncurrent liabilities	—	—	168,492	10,866	6,744	186,102
Total noncurrent liabilities	3,468,094	—	4,548,396	2,235,699	238,913	10,491,102
Total liabilities	4,248,957	69,140	5,410,890	2,532,094	428,373	12,689,454

(continued)

Statement of Net Position
Proprietary Funds
June 30, 2024
(Amounts in thousands)

	Unemployment Compensation Trust Fund	Family and Employment Security Trust Fund	University of Massachusetts	State Universities	Community Colleges (Nonmajor)	Total
Deferred inflows of resources:						
Service concession arrangements	—	—	245,800	21,127	34	266,961
Pensions	—	—	138,825	51,050	26,914	216,789
OPEB	—	—	544,351	174,488	85,238	804,077
Gain on refunding	—	—	—	31,785	—	31,785
Leases	—	—	201,112	750,173	—	951,285
Other	—	—	25,168	11,542	6,000	42,710
Total deferred inflows of resources	—	—	1,155,256	1,040,165	118,186	2,313,607
Total liabilities and deferred inflows	4,248,957	69,140	6,566,146	3,572,259	546,559	15,003,061
NET POSITION:						
Net investment in capital assets	—	—	2,446,221	661,696	981,003	4,088,920
Restricted for:						
Debt service	371,833	—	—	—	—	371,833
Unemployment benefits	772,489	—	—	—	—	772,489
Family and employment benefits	—	2,005,825	—	—	—	2,005,825
Higher education endowment funds	—	—	17,776	149	499	18,424
Higher education academic support and programs	—	—	—	3,128	5,250	8,378
Higher education scholarships and fellowships:						
Nonexpendable	—	—	—	2,048	—	2,048
Expendable	—	—	—	4,260	1,402	5,662
Higher education capital projects - expendable purposes	—	—	—	8,838	—	8,838
Higher education grants, gifts, and other	—	—	256,945	31,932	12,070	300,947
Unrestricted (deficits) *	(1,778,096)	—	830,893	299,529	247,631	(400,043)
Total net position	\$ (633,774)	\$ 2,005,825	\$ 3,551,835	\$ 1,011,580	\$ 1,247,855	\$ 7,183,321

The notes to the financial statements are an integral part of this statement.

* Unemployment Compensation Trust Fund Unrestricted deficit amount relates to the bond issuance.

(concluded)

Statement of Revenues, Expenses and Changes in Net Position

Proprietary Funds

Fiscal Year Ended June 30, 2024

(Amounts in thousands)

	Unemployment Compensation Trust Fund	Family and Employment Security Trust Fund	University of Massachusetts	State Universities	Community Colleges (Nonmajor)	Total
Operating revenues:						
Unemployment compensation contribution	\$ 1,237,011	\$ —	\$ —	\$ —	\$ —	\$ 1,237,011
Unemployment special obligation bond assessment	553,651	—	—	—	—	553,651
Family and employment security contribution	—	1,147,918	—	—	—	1,147,918
Net tuition and fees	—	—	1,021,621	334,243	184,170	1,540,034
Grants and reimbursements	—	—	823,037	176,836	319,012	1,318,885
Auxiliary enterprises	—	—	467,457	147,663	4,898	620,018
Sales & services	—	—	429,078	109,652	747	539,477
Miscellaneous	27,215	401	146,192	10,920	14,053	198,781
Total operating revenues	1,817,877	1,148,319	2,887,385	779,314	522,880	7,155,775
Operating expenses:						
Unemployment compensation	2,138,139	—	—	—	—	2,138,139
Family and employment security	—	1,055,354	—	—	—	1,055,354
Instruction	—	—	1,057,281	343,978	347,390	1,748,649
Research	—	—	620,502	247	8	620,757
Academic support	—	—	247,057	116,903	126,032	489,992
Student services	—	—	247,973	132,615	164,462	545,050
Scholarships and fellowships	—	—	29,463	66,481	68,242	164,186
Public service	—	—	91,376	6,150	8,222	105,748
Operation and maintenance of plant	—	—	280,303	117,757	73,894	471,954
Institutional support	—	—	373,359	128,263	153,052	654,674
Other operating expenses	—	48,981	267,058	406	74	316,519
Depreciation	—	—	329,689	109,661	55,774	495,124
Amortization	—	—	26,655	67,626	15,460	109,741
Auxiliary operations	—	—	360,852	115,086	2,631	478,569
Total operating expenses	2,138,139	1,104,335	3,931,568	1,205,173	1,015,241	9,394,456
Operating income/(loss)	(320,262)	43,984	(1,044,183)	(425,859)	(492,361)	(2,238,681)
Nonoperating revenues/(expenses):						
Other federal revenues	474,384	—	97,517	9,318	6,669	587,888
Other revenues	4,138	—	279,935	95,456	62,883	442,412
Other expenses	(1)	—	(23,675)	(2,171)	(9,012)	(34,859)
Investment earnings	92,259	64,206	240,890	54,549	34,629	486,533
Interest expense	(76,601)	—	(132,442)	(77,610)	(5,272)	(291,925)
Total nonoperating revenues/(expenses)	494,179	64,206	462,225	79,542	89,897	1,190,049
Income/(loss) before capital contributions and transfers	173,917	108,190	(581,958)	(346,317)	(402,464)	(1,048,632)
Capital contributions	—	—	6,554	4,442	281	11,277
Transfers, net	—	(5,795)	1,083,267	491,408	530,005	2,098,885
Total capital contributions and transfers	—	(5,795)	1,089,821	495,850	530,286	2,110,162
Change in net position	173,917	102,395	507,863	149,533	127,822	1,061,530
Net position - beginning	(807,691)	1,903,430	3,043,972	862,047	1,120,033	6,121,791
Net position - ending	\$ (633,774)	\$ 2,005,825	\$ 3,551,835	\$ 1,011,580	\$ 1,247,855	\$ 7,183,321

The notes to the financial statements are an integral part of this statement.

Statement of Cash Flows

Proprietary Funds

Fiscal Year Ended June 30, 2024

(Amounts in thousands)

	Unemployment Compensation Trust Fund	Family and Employment Security Trust Fund	University of Massachusetts	State Universities	Community Colleges (Nonmajor)	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Collection of unemployment contributions	\$ 1,182,869	\$ —	\$ —	\$ —	\$ —	\$ 1,182,869
Collection of unemployment obligation assessment	635,105	—	—	—	—	635,105
Collection of family and employment security contributions	—	1,032,453	—	—	—	1,032,453
Tuition, residence, dining and other student fees	—	—	986,920	337,941	184,236	1,509,097
Research grants and contracts	—	—	819,066	184,179	325,714	1,328,959
Payments to suppliers	—	(45,479)	(1,012,854)	(253,284)	(209,477)	(1,521,094)
Payments to employees	—	(6,574)	(2,535,823)	(584,967)	(553,120)	(3,680,484)
Payments to students	—	—	(26,766)	(53,256)	(68,015)	(148,037)
Payments for unemployment benefits	(2,101,205)	—	—	—	—	(2,101,205)
Payments for family and employment security benefits	—	(1,054,642)	—	—	—	(1,054,642)
Collection of loans to students and employees	—	—	4,298	637	—	4,935
Income from contract services	—	—	408,307	75,930	814	485,051
Maintenance costs	—	—	—	(1,812)	—	(1,812)
Auxiliary enterprise charges	—	—	467,326	105,726	392	573,444
Other receipts/(payments)	64,379	40	284,328	(68,781)	(117,244)	162,722
Net cash provided by/(used in) operating activities	(218,852)	(74,202)	(605,198)	(257,687)	(436,700)	(1,592,639)
CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES						
Grants and contracts	8,263	—	147,425	11,232	6,102	173,022
Bond trustee costs	(1)	—	—	—	—	(1)
Principal paid on bond payable	(850,455)	—	—	—	—	(850,455)
Interest paid on bond payable	(91,119)	—	—	—	—	(91,119)
Transfers in	—	—	1,250,136	542,559	573,096	2,365,791
Transfers out	—	(5,795)	(166,869)	(51,151)	(43,091)	(266,906)
Assignment of Perkins loans	—	—	—	(111)	—	(111)
Net cash provided by/(used in) non-capital financing activities	(933,312)	(5,795)	1,230,692	502,529	536,107	1,330,221
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchases of capital assets	—	—	(461,537)	(79,835)	(53,674)	(595,046)
Proceeds/(loss) from sales of capital assets	—	—	1,256	—	—	1,256
Proceeds from debt issuance	—	—	245,703	8,180	35,300	289,183
Other capital asset activity	—	—	15,355	408	81	15,844
Advance payment related to service concession arrangement	—	—	—	1,400	—	1,400
Principal paid on capital debt and leases	—	—	(200,540)	(89,697)	(21,143)	(311,380)
Interest paid on capital debt and leases	—	—	(146,505)	(81,537)	(5,387)	(233,429)
Net cash provided by/(used in) capital financing activities	—	—	(546,268)	(241,081)	(44,823)	(832,172)
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sales and maturities of investments	—	—	2,408,286	205,370	48,338	2,661,994
Purchases of investments	—	—	(2,525,370)	(235,517)	(84,837)	(2,845,724)
Investment earnings	92,259	64,206	100,531	26,781	9,686	293,463
Net cash provided by/(used in) investing activities	92,259	64,206	(16,553)	(3,366)	(26,813)	109,733
Net increase/(decrease) in cash and cash equivalents	(1,059,905)	(15,791)	62,673	395	27,771	(984,857)
Cash and cash equivalents, restricted cash and cash equivalents at the beginning of the fiscal year	4,262,419	1,698,878	549,216	471,895	271,503	7,253,911
Cash and cash equivalents, restricted cash and cash equivalents at the end of the fiscal year	\$ 3,202,514	\$ 1,683,087	\$ 611,889	\$ 472,290	\$ 299,274	\$ 6,269,054
Reconciliation of net operating revenues and expenses to cash used by operating activities:						
Operating income/(loss)	\$ (320,262)	\$ 43,984	\$ (1,044,183)	\$ (425,859)	\$ (492,361)	\$ (2,238,681)
Adjustments to reconcile operating income/(loss) to net cash provided by/(used in) operating activities:						
Depreciation expense	—	—	329,689	109,661	55,774	495,124
Amortization expense	—	—	26,655	67,626	15,460	109,741
Miscellaneous income/(expense)	4,138	—	219,992	(73,612)	(134,370)	16,148
Deferred inflows	—	—	(13,511)	(46,159)	4,911	(54,759)
Deferred outflows	—	—	4,767	2,850	—	7,617
Fringe benefits paid by the Commonwealth	—	—	—	139,401	151,933	291,334
Changes in assets and liabilities:						
Accounts receivable, prepaids and other assets	10	(116,130)	(93,626)	(3,068)	(3,637)	(216,451)
Accounts payable, accruals, benefits and other current liabilities	97,262	(2,056)	71,413	16,510	7,266	190,395
Student deposits, unearned and deferred revenues	—	—	13,874	6,502	3,687	24,063
Pension, OPEB and other non current liabilities	—	—	(120,268)	(51,539)	(45,363)	(217,170)
Net cash provided by/(used in) operating activities	\$ (218,852)	\$ (74,202)	\$ (605,198)	\$ (257,687)	\$ (436,700)	\$ (1,592,639)

(continued)

Statement of Cash Flows

Proprietary Funds

Fiscal Year Ended June 30, 2024

(Amounts in thousands)

	Unemployment Compensation Trust Fund	Family and Employment Security Trust Fund	University of Massachusetts	State Universities	Community Colleges (Nonmajor)	Total
Non-cash investing, capital and financing, and non-capital financing activities:						
Acquisition of capital assets through leases and SBITAs	\$ —	\$ —	\$ 27,946	\$ 14,827	\$ 8,470	\$ 51,243
Acquisition of capital assets	—	—	—	31,581	—	31,581
Amortization of bond premium/discount	—	—	—	472	60	532
Amortization of deferred bond refunding gain/loss	—	—	—	(132)	—	(132)
Amortization of deferred inflows for P3s and SCAs	—	—	—	643	—	643
Capital assets acquired and included in accounts payable	—	—	25,877	464	—	26,341
Capital assets acquired through P3s and SCAs	—	—	245,794	3,692	—	249,486
Capital assets acquired through state capital appropriations	—	—	—	28,816	45,810	74,626
Disposal of capital assets gain/(loss)	—	—	(9,786)	—	(97)	(9,883)
Dividends reinvested	—	—	—	—	5	5
Donated or gifted assets	—	—	—	143	200	343
Fringe benefits provided by state appropriations	—	—	—	139,401	151,933	291,334
Increases/decreases in bond payable	—	—	—	(443)	2,022	1,579
Increases/decreases in deferred inflows for bond refunding	—	—	—	28,035	—	28,035
Increases/decreases in deferred inflows for leases, P3s and SCAs	—	—	—	737	—	737
Increases/decreases in deferred outflows for bond refunding	—	—	—	1,061	—	1,061
Increases/decreases in deferred revenues	—	—	—	(2,072)	—	(2,072)
Increases/decreases in lease liability	—	—	—	(107)	—	(107)
Other federal revenue	464,978	—	—	—	—	464,978
Unrealized gain/(loss) on investments	—	—	—	15,156	20,762	35,918
Total Non-cash investing, capital and financing, and non-capital financing activities	\$ 464,978	\$ —	\$ 289,831	\$ 262,274	\$ 229,165	\$ 1,246,248

The notes to the financial statements are an integral part of this statement.

Fiduciary Funds Financial Statements



Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2024

(Amounts in thousands)

	Pension (and Other Employee Benefit) Trust Funds	Investment Trust Funds	Private-Purpose Trust Funds	Custodial Funds
ASSETS				
Cash and cash equivalents	\$ 292,439	\$ 8,117,392	\$ 1,189	\$ 875,744
Short-term investments	—	23,695	—	—
Net investment in PRIT at fair value	80,398,906	24,846,567	—	—
Investments, restricted investments	—	—	—	473,578
Receivables, net of allowance for uncollectibles:				
Taxes	—	—	—	46,657
Other receivables	226,776	32,267	—	138,416
Due from federal government	—	—	—	1,275
Other assets	447	—	—	—
Total assets	80,918,568	33,019,921	1,189	1,535,670
LIABILITIES				
Accounts payable and other accrued liabilities	68,527	14,600	—	15,423
Due to cities and towns	—	—	—	110,103
Due to federal government	—	—	—	6
Other liabilities	—	—	—	6,559
Total liabilities	68,527	14,600	—	132,091
NET POSITION				
Restricted for:				
Employees' pension	78,324,396	—	—	—
Employees' post-employment benefits	2,525,645	—	—	—
External investment trust fund participants	—	33,005,321	—	—
Individuals, organizations, and other governments	—	—	1,189	1,403,579
Total net position	\$ 80,850,041	\$ 33,005,321	\$ 1,189	\$ 1,403,579

The notes to the financial statements are an integral part of this statement.

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

Fiscal Year Ended June 30, 2024

(Amounts in thousands)

	Pension (and Other Employee Benefit) Trust Funds	Investment Trust Funds	Private-Purpose Trust Funds	Custodial Funds
ADDITIONS				
Contributions:				
Employer contributions - Commonwealth	\$ 2,057,669	\$ —	\$ —	\$ —
Non-employer contributions - Commonwealth	2,474,718	—	—	—
Employer contributions - other employers	16,572	—	—	—
Employee contributions	1,748,688	—	—	—
ERIP funding contribution - Commonwealth	28,260	—	—	—
Boston teachers' contribution from Commonwealth	238,472	—	—	—
Proceeds from sale of units	—	24,745,972	—	—
Sales tax collections for other governments	—	—	—	717,173
Child support collections	—	—	—	601,918
Local school aid collections	—	—	—	1,071,883
Municipal health insurance deposit collections	—	—	—	911,312
Court escrow account collections	—	—	—	128,846
Other additions	238,668	1,606,485	—	390,808
Total contributions	6,803,047	26,352,457	—	3,821,940
Net investment gain/(loss):				
Investment gain/(loss)	7,419,327	2,948,256	31	(4,825)
Less: investment expense	(388,370)	(406,353)	—	—
Net investment gain/(loss)	7,030,957	2,541,903	31	(4,825)
Total additions	13,834,004	28,894,360	31	3,817,115
DEDUCTIONS				
Administration	37,975	—	—	—
Retirement benefits and refunds	7,259,596	1,417,872	—	—
Payments to State Boston Retirement System	238,472	—	—	—
Cost of units redeemed	—	24,435,557	—	—
Distribution to unit holders	—	419,078	—	—
Sales tax payments to other governments	—	—	—	717,173
Child support payments to individuals	—	—	—	611,913
Local school aid payments	—	—	—	1,071,883
Municipal health insurance deposit payments	—	—	—	864,345
Court escrow account payments	—	—	—	134,965
Other deductions	96,001	—	—	314,943
Total deductions	7,632,044	26,272,507	—	3,715,222
Change in net position	6,201,960	2,621,853	31	101,893
Net position - beginning	74,648,081	30,383,468	1,158	1,301,686
Net position - ending	\$ 80,850,041	\$ 33,005,321	\$ 1,189	\$ 1,403,579

The notes to the financial statements are an integral part of this statement.



Discretely Presented Component Units Financial Statements



Statement of Net Position
Discretely Presented Component Units
June 30, 2024
(Amounts in thousands)

	Massachusetts Department of Transportation	Massachusetts Bay Transportation Authority	Commonwealth Health Insurance Connector	Massachusetts Clean Water Trust	Nonmajor Component Units	Total
ASSETS AND DEFERRED OUTFLOWS						
Current assets:						
Cash and cash equivalents	\$ 131,348	\$ 891,733	\$ 122,865	\$ 1,274,014	\$ 268,793	\$ 2,688,753
Short-term investments	—	106,388	—	156,760	263,487	526,635
Restricted cash and investments	1,704,584	106,151	—	—	1,059,916	2,870,651
Assets held in trust	—	—	—	124,590	59,183	183,773
Receivables, net of allowance for uncollectibles:						
Federal grants and reimbursement receivable	68,530	113,329	—	300,340	7,552	489,751
Loans	—	—	—	645,159	85,525	730,684
Lease receivables	47,609	4,553	—	—	11,522	63,684
Other receivables	255,544	145,907	10,421	37,578	82,858	532,308
Due from primary government	500,768	134,127	14,338	—	42,650	691,883
Inventory	—	84,843	—	—	226	85,069
Other current assets	12,483	18,687	2,459	—	21,272	54,901
Total current assets	2,720,866	1,605,718	150,083	2,538,441	1,902,984	8,918,092
Noncurrent assets:						
Cash and cash equivalents - restricted	45,628	585,457	—	—	74,358	705,443
Long-term investments	—	—	—	211,632	1,553,825	1,765,457
Restricted investments and annuity contracts	—	—	—	—	53,340	53,340
Lease receivables	369,301	157,957	—	—	66,947	594,205
Other receivables, net	25,517	—	—	—	24,429	49,946
Loans receivables, net	—	—	—	3,639,343	674,157	4,313,500
Due from primary government	6,429	—	—	—	—	6,429
Non-depreciable capital assets	13,518,781	6,321,770	—	—	341,401	20,181,952
Depreciable capital and right-to-use assets, net	14,173,897	10,497,872	8,760	—	752,345	25,432,874
Other noncurrent assets	2,329	—	—	2,614	12,218	17,161
Total noncurrent assets	28,141,882	17,563,056	8,760	3,853,589	3,553,020	53,120,307
Total assets	30,862,748	19,168,774	158,843	6,392,030	5,456,004	62,038,399
Deferred outflows of resources:						
Change in fair value of interest rate swaps	—	2,797	—	—	12,867	15,664
Loss on refunding	47,943	86,786	—	3,412	—	138,141
Pension	211,588	349,457	—	—	6,829	567,874
OPEB	241,158	352,478	3,281	—	4,198	601,115
Total deferred outflows of resources	500,689	791,518	3,281	3,412	23,894	1,322,794
Total assets and deferred outflows	31,363,437	19,960,292	162,124	6,395,442	5,479,898	63,361,193
LIABILITIES AND DEFERRED INFLOWS						
Current liabilities:						
Accounts payable and other liabilities	674,350	606,070	17,849	126,085	163,292	1,587,646
Accrued payroll	—	70,703	358	—	1,481	72,542
Compensated absences	43,460	31	908	—	4,021	48,420
Accrued interest payable	34,671	107,550	—	49,300	1,912	193,433
Due to primary government	—	—	—	—	16,585	16,585
Unearned revenue	212,656	—	65,576	132,543	316,946	727,721
Right-to use lease and subscription liabilities	8,510	7,839	864	—	6,501	23,714
Public-private partnership liabilities	2,049	—	—	—	—	2,049
Bonds, notes payable and other obligations	147,823	562,899	—	160,685	53,923	925,330
Total current liabilities	1,123,519	1,355,092	85,555	468,613	564,661	3,597,440
Noncurrent liabilities:						
Compensated absences	27,650	—	—	—	1,334	28,984
Accrued interest payable	114,198	—	—	—	—	114,198
Due to primary government	—	—	—	—	29,515	29,515
Unearned revenue	3,137	351,226	—	—	835	355,198
Right-to use lease and subscription liabilities	38,381	38,436	1,000	—	51,568	129,385
Bonds, notes payable and other obligations	1,527,421	5,323,905	—	2,223,440	627,883	9,702,649
Net pension liability	816,664	1,762,138	—	—	40,645	2,619,447
Net OPEB liability	831,465	2,049,249	10,870	—	858	2,892,442
Liability for derivative instruments	—	2,797	—	—	—	2,797
Other noncurrent liabilities	49,774	158,625	—	—	214,158	422,557
Total noncurrent liabilities	3,408,690	9,686,376	11,870	2,223,440	966,796	16,297,172
Total liabilities	4,532,209	11,041,468	97,425	2,692,053	1,531,457	19,894,612
Deferred inflows of resources:						
Gain on refundings	—	—	—	10,928	—	10,928
Service concession arrangements	—	—	—	—	315	315
Pension	33,757	39,674	—	—	3,602	77,033
OPEB	295,720	629,087	7,099	—	4,206	936,112
Leases	396,460	192,609	—	—	71,765	660,834
Other	32,161	—	—	—	—	32,161
Total deferred inflows of resources	758,098	861,370	7,099	10,928	79,888	1,717,383
Total liabilities and deferred inflows	5,290,307	11,902,838	104,524	2,702,981	1,611,345	21,611,995
NET POSITION						
Net investment/(deficit) in capital assets	26,018,486	11,033,349	6,896	—	1,003,536	38,062,267
Restricted for:						
Other purposes	1,339,206	27,447	—	2,770,282	2,316,115	6,453,050
Unrestricted	(1,284,562)	(3,003,342)	50,704	922,179	548,902	(2,766,119)
Total net position	\$ 26,073,130	\$ 8,057,454	\$ 57,600	\$ 3,692,461	\$ 3,868,553	\$ 41,749,198

The notes to the financial statements are an integral part of this statement.

Statement of Revenues, Expenses and Changes in Net Position

Discretely Presented Component Units

Fiscal Year Ended June 30, 2024

(Amounts in thousands)

	Massachusetts Department of Transportation	Massachusetts Bay Transportation Authority	Commonwealth Health Insurance Connector	Massachusetts Clean Water Trust	Nonmajor Component Units	Total
Operating revenues:						
Charges for services	\$ 1,020,533	\$ 416,595	\$ 902,533	\$ 5,576	\$ 345,785	\$ 2,691,022
Other	—	104,032	9	231,420	387,040	722,501
Total operating revenues	1,020,533	520,627	902,542	236,996	732,825	3,413,523
Operating expenses:						
Cost of services	3,296,431	998,418	848,957	229,655	436,935	5,810,396
Administration costs	—	1,164,002	95,045	4,249	207,214	1,470,510
Depreciation & Amortization	730,414	592,621	5,337	—	65,149	1,393,521
Total operating expenses	4,026,845	2,755,041	949,339	233,904	709,298	8,674,427
Operating income/(loss)	(3,006,312)	(2,234,414)	(46,797)	3,092	23,527	(5,260,904)
Nonoperating revenues/(expenses):						
Net decrease in fair value of investments	—	—	—	—	611	611
Operating grants	1,657,999	188,385	35,000	—	285,330	2,166,714
Interest income	10,020	86,149	4,081	—	194,569	294,819
Other nonoperating revenue/(expense)	—	1,597,503	2,219	—	(150,299)	1,449,423
Nonoperating revenues/(expenses), net	1,668,019	1,872,037	41,300	—	330,211	3,911,567
Income/(loss) before contributions	(1,338,293)	(362,377)	(5,497)	3,092	353,738	(1,349,337)
Capital contributions	2,193,877	816,684	—	188,797	129,143	3,328,501
Change in net position	855,584	454,307	(5,497)	191,889	482,881	1,979,164
Net position - beginning	\$ 25,217,546	\$ 7,603,147	\$ 63,097	\$ 3,500,572	\$ 3,385,672	\$ 39,770,034
Net position - ending	\$ 26,073,130	\$ 8,057,454	\$ 57,600	\$ 3,692,461	\$ 3,868,553	\$ 41,749,198

The notes to the financial statements are an integral part of this statement.



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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. FINANCIAL REPORTING ENTITY – BASIS OF PRESENTATION

The accompanying financial statements of the Commonwealth of Massachusetts (the Commonwealth) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. The Commonwealth's significant accounting policies are described below.

The Commonwealth is comprised of three branches: the Executive Branch, with the Governor as the chief executive officer; the Legislative Branch, consisting of a Senate of 40 members and a House of Representatives of 160 members; and the Judicial Branch, made up of the Supreme Judicial Court, the Appeals Court, and the Trial Court. In addition, the Legislature has established 57 independent authorities and agencies. Below the level of state government are 351 cities and towns exercising the functions of local governments. The cities and towns of the Commonwealth are also organized into 14 counties.

For financial reporting purposes, the Commonwealth has included all funds, organizations, agencies, boards, commissions, and institutions. The Commonwealth has also considered all potential component units for which it is financially accountable, as well as other organizations for which the nature and significance of their relationship with the Commonwealth is such that exclusion would cause the Commonwealth's financial statements to be misleading or incomplete. As required by GAAP, these financial statements present the Commonwealth (the primary government) and its component units. The Commonwealth has included 41 entities as component units in the reporting entity because of the significance of their operational and/or financial relationships with the Commonwealth. Additional information related to the component units is found in [Note 14](#) to the basic financial statements.

Blended Component Units – Blended component units are entities that are legally separate from the Commonwealth but are so closely related to the Commonwealth, that they are, in substance, the same as the Commonwealth or entities providing services entirely or almost entirely to the Commonwealth. The net position and results of operations of the following legally separate entities are presented as part of the Commonwealth's operations:

The Massachusetts School Building Authority (MSBA) is charged with administering the Commonwealth's school construction and renovation program. The MSBA's revenues are derived almost entirely from dedicated sales taxes from the Commonwealth which is 1% of applicable sales tax in the Commonwealth. The MSBA's bonded debt is secured by these sales tax revenues. Expenditures by the MSBA are made on behalf of the Commonwealth as a successor to a long-standing Commonwealth program of school construction. The MSBA's operations and results thereon are blended with the Commonwealth and as such are reported as a major governmental fund.

The Pension Reserves Investment Trust Fund (PRIT) is the investment portfolio for the pension assets of the Commonwealth and as such, is presented as a blended component unit. PRIT is managed by the Pension Reserves Investment Management (PRIM) Board. Certain portions of PRIT's net position totaling approximately \$24.847 billion relate to holdings on behalf of cities and towns that participate in the Pool and are reported as an external investment trust within the fiduciary fund type.

The Massachusetts Municipal Depository Trust (MMDT) is an investment pool of the Commonwealth and its political subdivisions. The various local governments and other political subdivisions share of net position is approximately \$8.159 billion at June 30, 2024, and is reported as an external investment trust within the fiduciary fund type.

Departments Audited Separately from the Commonwealth but not legally separate from the Commonwealth - the following entities are audited separately from the Commonwealth but are not legally separate from the Commonwealth:

The Massachusetts State Lottery Commission, a division of the Office of the State Treasurer and Receiver-General, operates the Commonwealth's lottery. The net position of the Commission and results thereon are presented as a major governmental fund.

The Institutions of Higher Education of the Commonwealth are also not legally separate from the Commonwealth and have operations and net position that are presented as part of the Commonwealth's business-type activities. These systems include:

The University of Massachusetts System including the University of Massachusetts Building Authority, and the Worcester City Campus Corporation. The Worcester City Campus Corporation includes a not-for-profit subsidiary, the Worcester Foundation for Biomedical Research, Inc.

The State University and Community College Systems including the 9 state universities and 14 community colleges (exclude Roxbury Community College) located throughout the Commonwealth and the Massachusetts State College Building Authority.

Other Discretely Presented Component Units that are Separately Audited – Discrete component units are entities that are legally separate (often called Authorities) but financially accountable to the Commonwealth, or whose relationships with the Commonwealth are such that exclusion would cause the Commonwealth's financial statements to be misleading or incomplete. The discretely presented major component units are as follows:

Major component units:

The Massachusetts Department of Transportation (MassDOT) incorporates the former Massachusetts Turnpike Authority and the Regional Transit Authorities. MassDOT has attributes of a state department as well as an authority. It operates like a state department for purposes of state finance law and is reported as part of the Commonwealth for compliance with federal and state tax law. In this unique relationship all road and bridge assets of the Commonwealth (including the former Turnpike Authority (MTA)) have been transferred to MassDOT, while the Commonwealth will continue to hold current and future debt for the construction repair, improvement, and replacement of these assets.

The Massachusetts Bay Transportation Authority (MBTA) finances and operates mass transportation facilities within, and, to a limited extent, outside of its territorial area within the Greater Boston Area of 176 cities and towns and is authorized to enter into agreements for providing mass transportation service by private companies, including railroads. Effective July 29, 2021, the Authority is a component unit of the Commonwealth of Massachusetts. Previously, the Authority was a component unit of MassDOT.

The Massachusetts Clean Water Trust provides a combination of federal and Commonwealth funds for water and sewer projects around the Commonwealth as operator of the Commonwealth's State Revolving Fund. The Trust's three member Board is comprised of Commonwealth Officials and the Commonwealth provides annual contract assistance and matching grants to fund the operations of the Trust.

Commonwealth Health Insurance Connector Authority administers the Commonwealth health insurance programs to facilitate subsidized health insurance for individuals without access to employer-sponsored health insurance as well as offer an affordable commercial health insurance product named Commonwealth Care for small businesses that are eligible for the program. The Authority's 11 member governing board has four members who are Commonwealth Officials, four who are appointed by the Governor with the final three appointed by the Attorney General and is legally accountable to the Commonwealth.

Fiduciary Component Units – hold funds in trust for the benefit of others and are not available to fund activities or obligations of the primary government. The Commonwealth reports the following fiduciary component units:

State Employees' Retirement System (SERS) – is a public employee retirement system (PERS), that administers a cost-sharing multiple employer defined benefit pension plan covering substantially all employees of the Commonwealth and certain employees of the independent authorities and agencies, including the state police officers at the Massachusetts Port Authority. The former Massachusetts Turnpike Authority (MTA) employees and retirees became members of SERS upon the creation of MassDOT. Other employees who transferred to MassDOT have been, and remain, members of SERS. The assets and liabilities of the former MTA have been transferred to SERS.

Management of the SERS is vested in the SRB, which consists of five members—two elected by current and active SERS members, one by the remaining members of the SRB, one who is appointed by the State Treasurer, and the State Treasurer, who serves as ex-officio and is the Chairman of the SRB.

Massachusetts Teachers' Retirement System (MTRS) – is a PERS that administers a cost-sharing multiple employer defined benefit pension plan managed by the Commonwealth on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a non-employer contributing entity and is legally responsible for all contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts and Quincy College.

Management of the MTRS is vested in the Massachusetts Teachers' Retirement Board (MTRB), which consists of seven members—two elected by the MTRS members, one who is chosen by the six other MTRB members, the State Treasurer (or their designee), the State Auditor (or their designee), a member appointed by the Governor, and the Commissioner of Education (or their designee), who serves as ex-officio and is the Chairman of the MTRB.

State Retirees' Benefit Trust (SRBT) – is a single employer defined benefit Other Post-Employment Benefit (OPEB) plan administered by the Commonwealth. Benefits are managed by the Group Insurance Commission (GIC) and investments are managed by PRIM. The GIC has representation on the Board of Trustees of the State Retirees' Benefits Trust (SRBT).

The SRBT is set up solely to pay for OPEB benefits and the cost to administer those benefits. It can only be revoked when all such health care and other non-pension benefits, current and future, have been paid or defeased. The GIC administers benefit payments, while the Trustees are responsible for investment decisions. The SRBT is administered by the board of trustees and is reported as an OPEB Trust Fund and does not issue a stand-alone audited financial report.

Management of the SRBT is vested with a board of trustees, which consists of seven members including the Secretary of Administration and Finance (or their designee), the Executive Director of the GIC (or their designee), the Executive Director of PERAC (or their designee), the State Treasurer (or their designee), the Comptroller (or a designee), one person appointed by the Governor and one person appointed by the State Treasurer. The members elect one person to serve as chair of the board.

The Commonwealth reports these fiduciary component units with other fiduciary funds and therefore are omitted from the government-wide financial statements.

Related Organizations

The following are “related organizations” under GASB Statement No. 14, *The Financial Reporting Entity*, as amended by Statement No. 39, *Determining Whether Certain Organizations are Component Units – an Amendment of GASB Statement No. 14* and Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34*: Massachusetts Port Authority, Massachusetts Housing Finance Agency, MassVentures, and Massachusetts Educational Finance Authority. The Commonwealth is responsible for appointing a voting majority of the members of each entity’s board, but the Commonwealth’s authority does not

extend beyond the appointments. These entities do not meet the criteria for inclusion as component units of the Commonwealth and therefore are not part of these financial statements.

Availability of Financial Statements

The separately audited financial statements of the Commonwealth's component units and funds may be obtained from the various entities, or by contacting the Statewide Financial Reporting Team in the Office of the Comptroller at (617) 973-2660 for component unit contact information.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities report information on all non-fiduciary activities of the primary government and its component units. Primary government activities are defined as either governmental or 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 and services.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Government-Wide Financial Statements

The **Statement of Net Position** presents all of the reporting entity's non-fiduciary assets and liabilities, with the difference reported as net position. Net position is reported in three categories:

- **Net investment in capital assets** consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- **Restricted net position** results when constraints placed on net position use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through enabling legislation.
- **Unrestricted net position** consists of net position which does not meet the definition of the two preceding categories.

Resources from restricted net position are used prior to those from unrestricted net position.

The **Statement of Activities** demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges 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 revenue and offset or supplant the net operating deficit or surplus from governmental or business-type operations.

Fund Financial Statements

The fund financial statements present a balance sheet and a statement of revenues, expenditures, and changes in fund balances for its major and aggregated non-major funds.

Separate financial statements are provided for governmental funds, proprietary funds, fiduciary funds, and discretely presented component units. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements pursuant to GASB reporting standards, with non-major funds being combined into a single column.

The Commonwealth reports its financial position and results of operations in funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures/expenses. Transactions between funds within a fund type, if any, have not been eliminated.

Governmental Activities – Government-wide financial statements are reported using the economic resources management focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements have been met.

Governmental Funds – Fund financial statements account for the general governmental activities of the Commonwealth. Governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as they become susceptible to accrual and are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. Significant revenues susceptible to accrual include income, sales and use, corporation, and other taxes, federal grants, federal reimbursements and other reimbursements for use of materials and services which are recognized in the year the materials are received, the grants are expended, or services are provided. The measurement period for accrual for taxes earned is generally one year for income, corporate and other taxes and within thirty days for sales and use taxes. For federal and other reimbursements, the measurement period for accrual is generally sixty days if the related expenditures being reimbursed occurred prior to year-end. Expenditures are recorded in the period in which the related fund liability is incurred. Principal and interest on general long-term obligations are recorded as fund liabilities when due. Compensated absences, claims and judgments, termination benefits and similar activities are recognized to the extent that they are normally expected to be liquidated with expendable available financial resources. Amounts incurred but not reported for Medicaid are reported to the extent that services are rendered before June 30th.

Business-Type Activities – Government-wide financial statements account for activities for which a fee is charged to external parties for goods or services. In these services, debt may be issued backed solely by these fees and charges.

There may be also a legal requirement or a policy decision to recover costs. As such, these funds account for operations similarly to a for-profit business. The operations of the Commonwealth's Institutions of Higher Education are reported as systems within the proprietary funds. Proprietary fund types are described in more detail below.

Proprietary Funds, Fiduciary Funds and component units – Fund financial statements are presented on the same basis of accounting as the business-type activities in the government-wide financial statements. For fiduciary funds, post-employment benefits and refunds are recognized when due and payable.

The Commonwealth reports the following fund types:

Governmental Fund Types:

General Fund, a governmental fund, is the primary operating fund of the Commonwealth. It is used to account for all governmental transactions except those required to be accounted for in another fund.

Special Revenue Funds account for specific revenue sources that have been aggregated according to Commonwealth general laws to support specific governmental activities.

Debt Service Funds account for the accumulation of resources for and the payment of debt.

Capital Projects Funds account for the acquisition or construction of major Commonwealth capital facilities financed primarily from bonds and federal reimbursements.

Within the governmental fund types, the Commonwealth has established the following major funds, in addition to the General Fund:

Lotteries Funds are governmental funds and account for the operations of the State and Arts Lotteries, which primarily reimburse the General Fund for local aid to cities and towns.

The Massachusetts School Building Authority is presented as a governmental fund, reflecting the activity of the blended component unit, the Massachusetts School Building Authority, accounting for grants to cities, towns and regional school districts for school construction and renovation projects.

Federal Grants Fund is a special revenue fund to account for federal grants that are designated for specific programs, excluding federal highway construction grants, which are accounted for in the Federal Highway Construction Capital Projects Fund, and federal reimbursement programs, such as Medicaid, which are accounted for in the General Fund.

The Federal COVID-19 Response Fund is a special revenue fund to account for federal funds authorized under the federal legislation enacted after December 4, 2020 and in response to the COVID-19 outbreak or related economic recovery.

Proprietary Fund Types:

The proprietary funds include the following major funds:

Unemployment Compensation Trust Fund reports the taxes collected from employers and held by the United States Treasury in the Federal Unemployment Trust Fund, from which funds are drawn for the payment of benefits to the unemployed.

Family and Employment Security Trust Fund accounts for taxes collected from employers which are used to provide up to 26 weeks of paid leave for medical or family reasons.

University of Massachusetts and State Universities reports operating activities consist of tuition and fees, grants and contracts, sales and services, auxiliary enterprise and other operating revenues which provides student financial assistance/scholarships and operation of the universities.

Fiduciary Fund Types:

Pension and Other Employee Benefit (OPEB) Trust Funds report resources that are required to be held in trust for the members and beneficiaries of the Commonwealth's pension and OPEB benefit plans. These funds recognize employer contributions when legally due and employee contributions in the period when due. Further information on the significant accounting policies for pension and OPEB benefit trust funds may be found in [Notes 9 and 10](#) to the basic financial statements on [pages 109-136](#).

Investment Trust Funds account for the portion of pooled cash and pension assets held under the custodianship of the Commonwealth for the benefit of entities outside the Commonwealth's financial reporting entity, including cities, towns and other political subdivisions of the Commonwealth.

Private Purpose Trust Funds account for various gifts and bequests held in trust by the Commonwealth of which only the income is expendable for purposes specified by the donor. The majority of the individual accounts are for perpetual cemetery care endowments on behalf of deceased individuals.

Custodial Funds account for assets held by the Commonwealth on behalf of other governmental entities, other organizations or individuals. These funds include, but are not limited to, fines, forfeitures, tax collections, and payroll withholding taxes.

Fund Balances:

Governmental fund balances are considered nonspendable, restricted, committed, assigned, and unassigned, based on the relative strength of spending constraints.

Nonspendable fund balances are those that cannot be spent because they are either: (a) not in spendable form; or (b) legally or contractually required to be maintained intact, such as balances in the form of inventories, permanent funds, and notes receivable. As of June 30, 2024, there were nonspendable fund balances related to Lottery annuities.

Restricted fund balances are those where constraints on their use are: a) externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments; or b) imposed by constitutional provisions or enabling legislation such that there is a legally enforceable requirement that those resources be used only for the specific purposes stipulated. Legal enforceability means that a government can be compelled by an external party—such as citizens, public interest groups, or the judiciary—to use resources created by enabling legislation only for the stipulated purposes.

Committed fund balances are those that can be used only for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, which in the case of the Commonwealth is the Legislature and Governor. Committed amounts cannot be used for other than the specified purposes unless the Governor and Legislature remove or change the specified use through legislation. The authorization specifying the purposes for which amounts can be used must have the consent of both the legislative and executive branches of the government prior to the end of the reporting period.

Assigned fund balances are amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by: (a) the governing body itself; or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. The Massachusetts Legislature has the authority to assign or modify previously assigned fund balance. In distinction to restricted and committed balances, the authority for making an assignment is not required to be the government's highest level of decision-making authority, i.e., the Legislature and Governor, and the action to assign fund balance can occur after the end of the year. Furthermore, the nature of the actions necessary to remove or modify an assignment is not as prescriptive as it is with committed fund balances—constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed. Per [GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions](#), (GASB 54) assigned balances include those funds remaining at the end of the fiscal year that are reappropriated for the following fiscal year. Assigned balances also include administratively established accounts whose purpose is defined by the Secretary of Administration and Finance and other cabinet secretaries.

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes in the General Fund. The General Fund is the only fund that reports a positive unassigned fund balance amount. In addition, in accordance with GASB No. 54, negative balances in other governmental funds are classified as unassigned.

While the Commonwealth has not announced a formal policy governing the priority of spending fund balances, in conformance with GASB 54 requirements, when an expenditure is incurred for purposes for which both restricted and unrestricted resources are available, restricted resources are spent first, followed by committed resources, assigned resources, and unassigned resources.

Details of FY24 governmental fund balances are shown below (amounts in thousands);

	Nonspendable Purposes	Restricted Purposes	Committed Purposes	Assigned Purposes	Unassigned Purposes	Totals
General Fund						
General Government	\$ —	\$ —	\$ —	\$ —	\$ 3,479,618	\$ 3,479,618
Stabilization Fund	—	—	8,523,632	—	—	8,523,632
FY24 Authorizations Reappropriated in FY25	—	—	—	2,848,646	—	2,848,646
Transitional Escrow Fund	—	—	—	—	599,185	599,185
Subtotals, General Fund	—	—	8,523,632	2,848,646	4,078,803	15,451,081
Lottery Funds						
Investments, Restricted Investments, Annuity Contracts and Lottery Operations	450,897	—	—	769	—	451,666
Massachusetts School Building Authority (MSBA)						
Debt Service	—	644,649	—	—	—	644,649
OPEB	—	2,061	—	—	—	2,061
Grants to Cities, Towns and Local School Districts	—	15,958	—	1,411,065	—	1,427,023
Subtotals, MSBA	—	662,668	—	1,411,065	—	2,073,733
Federal Grants						
Restricted by Federal Grantors	—	98,170	—	—	—	98,170
Other Governmental Funds						
Environmental	—	—	25,004	—	—	25,004
Regional Greenhouse Gas Auction and Mitigation	—	—	202,801	—	—	202,801
Dam and Seawall Repair	—	—	23,185	—	—	23,185
Public Safety - Enhanced 911 Services	—	—	291,918	—	—	291,918
Public Safety - Other	—	—	35,470	—	—	35,470
Health Care	—	—	956,021	—	—	956,021
Vaccine Purchase	—	—	173,241	—	—	173,241
Opioid Recovery and Remediation	—	—	189,045	—	—	189,045
Marijuana Regulation	—	—	14,523	—	—	14,523
Workforce Training	—	—	51,366	—	—	51,366
Department of Industrial Accidents	—	—	19,166	—	—	19,166
Convention Centers	—	8,393	563,376	—	—	571,769
General Government Capital Projects Fund	—	—	—	—	(861,864)	(861,864)
Highway Capital Projects Fund	—	—	—	—	(798,726)	(798,726)
General Government Debt Service	—	14,599	51,083	—	—	65,682
Transportation (GANS*/Commonwealth Transportation Fund)	—	18,836	57,519	—	—	76,355
Gaming -- Community Mitigation	—	—	63,388	—	—	63,388
Race Horse Development	—	—	24,245	—	—	24,245
Housing Preservation	—	—	38,929	—	—	38,929
Expendable Trusts	—	146,158	598,819	130,917	—	875,894
Student Opportunity Act Investment Fund	—	—	925,646	—	—	925,646
Behavioral Health Funds	—	—	82,533	—	—	82,533
4% Surtax - Education and Transportation Funds	—	269,243	—	70,999	—	340,242
4% Surtax - Education and Transportation Capital Projects Funds	—	1,025,962	—	—	—	1,025,962
Population Health Investment Trust Fund	—	—	64,297	—	—	64,297
Debt and Long-Term Liability Reduction Trust Fund	—	—	51,083	—	—	51,083
High-Quality Early Education & Care Affordability Trust Fund	—	—	264,999	—	—	264,999
Other	—	—	511,054	233,887	(64,477)	680,464
Subtotals, Other Governmental Funds	—	1,483,191	5,278,711	435,803	(1,725,067)	5,472,638
Totals	\$ 450,897	\$ 2,244,029	\$ 13,802,343	\$ 4,696,283	\$ 2,353,736	\$ 23,547,288

*Federal Grant Anticipation Notes

The Commonwealth does not have a formally adopted minimum fund balance policy. However, most governmental funds cannot end a fiscal year in deficit. Those funds that are authorized to end a fiscal year in deficit are discussed in [Note 8](#) to the basic financial statements, “Individual Fund Deficits” on page [109](#).

Stabilization Fund Arrangements:

In accordance with Section 2H of Chapter 29 of the Massachusetts General Laws, the Commonwealth maintains a Stabilization (“Rainy Day”) Fund. Per Chapter 29, balances in the Stabilization Fund can be expended only when non-routine budget shortfalls occur and upon appropriation by the Legislature and approval by the Governor. Chapter 29 requires that after calculating the Commonwealth’s “consolidated net surplus” (the sum of the

“undesignated” balances in certain specific state budgeted funds, equal to balances that are neither restricted nor reappropriated for the following fiscal year) any remaining surplus be transferred to the Stabilization Fund. However, in FY24, Chapter 248 of the Acts of 2024 superseded Chapter 29 and required that the full amount of the consolidated net surplus instead be transferred to the Student Opportunity Act Investment Fund. Starting in FY10, statute requires the Comptroller, after certification by the Commissioner of Revenue, to transfer any capital gains tax revenues in excess of \$1 billion (adjusted annually for economic growth) during a fiscal year to the Stabilization Fund. However, in FY24, Chapter 248 of the acts of 2024 superseded state finance law and required that \$502 million of capital gains tax revenue that would have been transferred to the Stabilization Fund per statute was instead retained in the General Fund. Starting in FY12, statute requires the Comptroller, after certification by the Commissioner of Revenue and the Attorney General, to transfer to the Stabilization Fund all revenue from individual settlements and judgments greater than \$10 million each that exceeds the five year rolling annual average of such settlements and judgments. During FY24, the settlements and judgments revenue did not reach the five year average threshold and all such revenue was retained in the General Fund. In addition, withholding taxes on certain Lottery transfers are required to be transferred to the Stabilization Fund.

Historically, balances in the Stabilization Fund have been used almost exclusively during recessionary periods to offset budget shortfalls after other budgetary measures have been taken. Per Chapter 29, the Commonwealth is required to maintain a balanced budget, and if a revenue shortfall is projected, the Secretary of Administration and Finance is required to reduce state agencies’ spending authorizations in an amount equal to any projected shortfall.

The Stabilization Fund ended FY24 with a balance of \$8.524 billion, an increase of \$488 million from FY23. For the fiscal year ending June 30, 2024, the Stabilization Fund’s balance increased by \$30 million from capital gains tax revenue transfers, \$421 million from investment income, \$7 million from abandoned property transfers, approximately \$214 thousand in statutorily mandated deposits of withholding taxes on certain Lottery proceeds, and increased \$26 million from gaming tax revenue, and \$4 million from a mark-to-market adjustment on the value of the Funds short-term bond portfolio. In accordance with GASB 54 requirements, balances in the Stabilization Fund are classified as committed.

Fiscal Year-End

All funds and component units are reported using fiscal years, which end on June 30.

Program Revenue

Program revenue is defined by the Commonwealth to be the revenue from fees and assessments collected by departments that are directly applicable to that department’s operations.

Operating and non-operating revenues and expenses

Revenues and expenses of proprietary funds are classified as operating or non-operating and are sub-classified by object. Operating revenues and expenses generally result from providing services and producing and delivering goods. All other revenues and expenses are reported as non-operating.

D. CASH, CASH EQUIVALENTS, SHORT-TERM INVESTMENTS AND INVESTMENTS

The Commonwealth follows the practice of pooling cash and cash equivalents. Cash equivalents consist of short-term investments with an original maturity of three months or less and are stated at cost. Interest earned on pooled cash is allocated to the General Fund and, when so directed by law, to certain other Governmental Funds.

The Office of the Treasurer and Receiver-General (Treasury) manages the Commonwealth’s short-term external mixed investment pool, the Massachusetts Municipal Depository Trust (MMDT), which is comprised of two portfolios: a Cash Portfolio and a Short Term Bond Portfolio. The Cash Portfolio is a money-market-like investment pool; its investments are carried at amortized cost. As of June 30, 2024, the MMDT’s entire cash fund is

included as cash equivalents in the accompanying financial statements. The Short Term Bond Portfolio investments are carried at fair value. As of June 30, 2024, the MMDT's entire bond fund is included as short-term investments in the accompanying financial statements.

Investors in MMDT are not allowed to overdraw their shares. For a complete copy of MMDT's separately issued financial statements, please contact the Office of the State Treasurer's Cash Management Department, at (617) 367-9333 or download the statements from the Cash Management section of the Office of the State Treasurer's website at www.mass.gov/treasury. Massachusetts General Law Chapter 29, Section 38 enumerates the Commonwealth's investment policy for non-pension assets.

The post-employment and OPEB benefit trust funds invest in the Pension Reserves Investment Trust (PRIT) Fund, a diversified external investment pool managed by the Pension Reserves Investment Management (PRIM) Board and are reported at fair value in the accompanying financial statements. The State Employees' Retirement System, the Teachers' Public Employee Retirement Systems (PERS) and the State Retirees' Benefit Trust (SRBT) are required to invest in the PRIT Fund and comprise approximately 35.8%, 38.2% and 2.4% respectively, of the net position of the PRIT Fund. For a complete copy of PRIT's separately issued financial statements, contact the PRIM Board at 84 State Street, Boston, MA 02109.

Other Commonwealth investments are comprised of equities (marketable securities) and fixed income securities, as well as interests in alternative investment funds such as private equity, debt and real estate. Marketable securities are reported at fair value based upon quoted market prices. Investments in fixed income securities, including U.S. government agency obligations, are reported at fair value using independent pricing services. In determining the price, the services may reflect such factors as market prices, yields, maturities, and ratings, supplemented by deal quotations. Alternative investments are generally reported at net asset values (NAV) reported by the investment manager for the respective securities, which are used as a practical expedient to estimate the fair value of the Commonwealth's interests therein, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of June 30, 2024, the Commonwealth had no plans or intentions to sell investments at amounts different from NAV.

Reported fair values for shares in registered mutual funds are based on share prices reported by the funds as of the last business day of the fiscal year.

Investments also include pooled investment funds with Commonfund which are valued at fair value based upon estimated net asset values provided by the management of Commonfund. These pooled investment funds are invested in marketable debt and equity securities.

Certificates of deposit and guaranteed investment/annuity contracts are carried at amortized cost.

E. RECEIVABLES AND UNEARNED REVENUE

In general, tax revenue is recognized on the government-wide statements when assessed or levied and on the governmental funds financial statements to the extent that it is both measurable and available, based upon collection experience. If revenue is not received within the availability period, receivables are reported as a deferred inflow of resources; unavailable revenue. Receivables are stated net of estimated allowances for uncollectible accounts.

Reimbursements due to the Commonwealth for its expenditures on federally-funded-reimbursement and grant programs are reported as "Federal grants and reimbursements" in the statement of net position and "Due from federal government" in the governmental funds balance sheet.

"Other Receivables" represent amounts due to the Commonwealth including Lottery revenues and Higher Education receivables from students, amounts due to the University of Massachusetts from related organizations and other items. Also included in other receivables for FY24 are amounts due to the Commonwealth under provisions of the Master Settlement Agreement among five tobacco companies and 46 states, including the Commonwealth. Pursuant to provisions of GASB Technical Bulletin No. 2004-1 "Tobacco Settlement Recognition and Financial Reporting

Entity Issues”, a receivable has been recorded in the general fund for approximately \$90 million, representing 50% of the amounts expected to be received during FY25. In addition, the Commonwealth participated in a nationwide settlement with the tobacco companies that addressed withholding of proceeds from the years 2005-2011 that had been in dispute, which will result in a one-time payment of \$695 million to the commonwealth. As of June 30, 2024, the Commonwealth has recognized a receivable for opioid settlements entered into to date totaling \$434 million. This amount may increase due to finalization of additional proposed settlements and/or pending certification of incentives.

“Loans Receivables” - The MSBA has entered into various loan agreements with municipalities at a 2.0% interest rate with principal to be paid in equal installments for varying terms. Currently, the longest repayment schedule has a final payment in FY43. This program is designed to assist a limited number of school districts with unanticipated inflationary construction costs over the district’s original project budget. The loans outstanding as of June 30, 2024 were \$51 million, of which \$5 million is due in FY25. During FY24, the MSBA collected \$6 million of scheduled principal payments.

"Lease Receivables" - The Commonwealth and certain business-type entities act as lessors of various buildings, office space, ground leases, and similar infrastructure. Leases with maximum terms of more than twelve months are recognized as lease receivables and deferred inflow of resources in the applicable columns of the government-wide financial statements. Lease receivables are recorded as the present value of the future lease payments expected to be received from the lessee during the lease term, net of any estimated uncollectible amounts.

F. DUE FROM CITIES AND TOWNS

“Due from Cities and Towns” represents reimbursements due to the Commonwealth for its expenditures on certain programs for the benefit of cities and towns.

G. CAPITAL AND INTANGIBLE ASSETS

Capital assets, which include property, plant, equipment and infrastructure (e.g. roads, bridges, ramps and other similar items), are reported in the applicable governmental or business-type activity columns of the government-wide financial statements.

Methods used to value capital assets

Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of acquisition.

Capitalization policies

All land, non-depreciable land improvements are capitalized. Single pieces of equipment, vehicles, computer equipment and software that equal or exceed \$50,000 are capitalized. Buildings and infrastructure projects with a cost that equals or exceeds \$100,000 are capitalized. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend asset lives are not capitalized.

Capital assets of the component units are capitalized upon purchase and depreciated on a straight-line basis over the estimated useful lives of the assets.

Depreciation and useful lives

Applicable capital assets are depreciated using the straight-line method. Unless unallocable, depreciation expense is charged to the function of the capital asset being depreciated. Estimated useful lives are as follows:

<i>Type of Asset</i>	Estimated Useful Life (in years)
Buildings	40
Infrastructure	20 to 50
Library collections that are not historical treasures	15
Equipment, office equipment and furniture, and life safety equipment	10
Computer hardware and software	3 to 7
Vehicles	5

Construction in process

Construction in process includes all associated cumulative costs of a constructed capital asset. Construction in process is relieved at the point at which an asset is placed in service for its intended use.

Intangible right to use assets

Right-to-use (RTU) assets are recognized at the lease commencement date and represent the Commonwealth's right to use an underlying asset for the lease term. RTU assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement and initial direct costs. Options to renew or terminate the lease are recognized as part of RTU assets and lease liabilities when it is reasonably certain the options will be exercised.

Subscription-based IT arrangements (SBITAs) are recognized in a similar fashion to RTU leases. Assets are recognized at the software's operational readiness date and represent the Commonwealth's right to use the software for the specified noncancellable term. The subscription asset is initially measured as the sum of the initial liability amount, payments made to the vendor before commencement of the subscription term, and any capitalizable implementation costs. Liabilities are recognized at the time the subscription asset is placed into service. The liability amount is initially measured at the present value of subscription payments expected to be made during the subscription term.

H. INTERFUND / INTRAFUND TRANSACTIONS

As a general rule, the effect of interfund activity has been eliminated in the government-wide statements. Exceptions to this rule are: 1) activities between funds reported as governmental activities and funds reported as business-type activities and 2) activities between funds that are reported in different functional categories in either the governmental or business-type activities column. Elimination of these activities would distort the direct costs and program revenues for the functions concerned. Interfund receivables and payables have been eliminated from the government-wide Statement of Net Position, except for the residual amounts due between governmental and business-type activities.

I. STATEWIDE COST ALLOCATION PLAN – FRINGE BENEFIT COST RECOVERY

The Commonwealth has elected not to present its cost allocation and recovery separately on the Statement of Activities. Certain costs of nine “central service” agencies of the Commonwealth are recovered from the remaining agencies in a federally approved statewide cost allocation plan. These costs that are allocated are based upon benefits received by the user agency that benefit from these services. The Commonwealth also appropriates and pays the fringe benefit costs of its employees and retirees, as well as MassDOT employees and retirees, through the General Fund. These fringe benefits include the costs of employees’ group health insurance, pensions, unemployment compensation, and other costs necessary to support the workforce. As directed by Massachusetts General Laws, these costs are assessed to other funds based on payroll costs, net of credits for direct payments. Since fringe benefit costs are not separately appropriated or otherwise provided for in these funds, the required assessment creates an unfavorable budget variance in the budgeted funds. The employees’ group health insurance and workers’ compensation activity is accounted for in the governmental funds.

J. SCHOOL CONSTRUCTION GRANTS, CONTRACT ASSISTANCE AND OTHER PAYABLES

Waiting List - The MSBA funds Waiting List projects using two different methods, lump sum and progress payments. Each funding method has different eligibility requirements. Waiting List projects that were under the lump sum method were recognized as a liability once construction started. The liability for these projects has been reduced over time through annual payments. Under the progress payment method, the MSBA's shares of costs were recognized as a liability once a grantee requests reimbursement. As of June 30, 2024, the liability for all Waiting List projects, regardless of funding method, has been fully paid.

New Program - The MSBA funds New Program projects on a progress payment basis. Under this process, communities may submit reimbursement requests no more frequently than once per month. Upon review, audit, and approval, the MSBA processes payment for its share of eligible costs incurred. The MSBA's share of costs incurred for New Program projects are recognized as eligible project costs are incurred and measurable. A liability of \$272 million was recorded for reimbursements not reviewed or approved for payment prior to June 30, 2024, as well as final project hold back payments subject to final audit and Board approval after year end. As of June 30, 2024, there are \$2.5 billion of commitments outstanding for the New Program projects that will be recognized as expense when eligible costs are incurred and measurable.

For all projects, regardless of the funding mechanism, costs incurred by the grantees are subject to audit by the MSBA. Completion of these audits will allow the MSBA to determine the final approved cost of these projects, and the MSBA will adjust the payments it makes for these projects, as necessary, in accordance with the results of those audits.

The Massachusetts Clean Water Trust (the Trust) loans to its borrowers are subsidized by interest earnings on its pledged assets which include debt service reserve funds, direct loans. Additionally, contract assistance is provided to the Trust by the Commonwealth on behalf of certain loan financing agreements. Although borrowers are obligated to the Trust to make scheduled payments, these subsidies are expected to be available for the duration of the loan financing agreements. The Commonwealth and the Trust have entered into a contract pursuant to which the Commonwealth has committed to provide contract assistance payments to the Trust to reduce the borrowers' debt service obligations to the Trust in the amount of \$217 million over 30 years. This obligation of the Commonwealth to the Trust is a general obligation of the Commonwealth, for which its full faith and credit are pledged. Annual appropriations are made each year by the Commonwealth to fund the current year's obligation.

Accounts payable includes amounts due to vendors of the Commonwealth for goods and services delivered before June 30th but paid for after year-end, the largest of which is Medicaid for \$979 million.

Lease liabilities represent the Commonwealth's obligation 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 over the remaining lease term. Present value of lease payments are discounted on a borrowing rate determined by the Commonwealth.

K. COMPENSATED ABSENCES

Compensated absences are recorded as a long-term liability in the Statement of Net Position. For the governmental fund statements, accumulated vacation and sick leave are reported as expenditures and fund liabilities when incurred upon retirement, termination or death. Sick and vacation payments to terminated employees as of June 30, 2024 but paid after the fiscal year ends are also reported in the funds.

Employees are granted vacation and sick leave in varying amounts based on collective bargaining agreements and state laws. Upon retirement, termination or death, certain employees are compensated for unused vacation and sick leave (subject to certain limitations) at their current rate of pay.

Compensated absences in the governmental funds are liquidated from the same sources that fund the personnel expenses of the employees who are compensated for unused vacation and sick leave pay. In most cases, this is the General Fund, but also includes non-General Fund sources to the extent that personnel expenses are charged to those funding sources.

In the business-type activity and the discretely presented component units, employees' accumulated vacation and sick leave are recorded as an expense and liability as the benefits accrue.

L. DEDICATED REVENUES AND PLEDGES

The Commonwealth has a number of pledges of revenue streams for its own bonds and various other bond issues of other authorities. Commonwealth debt supported by dedicated revenue streams include special obligation bonds for road and bridge construction secured by motor fuels taxes and federal grant anticipation notes (GANS) secured by federal grants for highway construction. Detailed information on pledges for the Commonwealth's own debt is included in sections B and C of [Note 7](#), on [page 102](#).

The Commonwealth dedicates receipts from the sales tax (other than the tax on meals) to the Massachusetts Bay Transportation Authority (MBTA) and the Massachusetts School Building Authority (MSBA). Each entity receives 1.0% of the sales tax. The MBTA's portion is subject to an inflation-adjusted floor.

The amount dedicated to the MBTA is accounted for in a nonbudgeted special revenue fund and is subject to adjustment equal to the lesser of the annual increase in the Boston consumer price index or prior calendar year annual sales taxes, with a floor of 0.0% and a ceiling of 3.0%. Legislation approved by the Governor on October 31, 2014 increased the amount statutorily required to be credited to the MBTA by \$160 million annually, starting in fiscal 2015. The \$160 million increase in the dedicated sales tax revenue amount and the amount included in the inflation-adjusted floor was intended to replace the \$160 million annual state appropriation the MBTA received from fiscal 2010 through fiscal 2014.

In FY24, approximately \$1.406 billion and \$1.247 billion of the dedicated sales tax revenue stream was directed to the MBTA and the MSBA, respectively.

The Commonwealth has also pledged sales tax revenue and rooms tax surcharges from areas contiguous to convention centers and the Worcester DCU Arena and Convention Center to support such centers' operations. As of June 30, 2024, taxes within the Convention Center districts support approximately \$397 million of outstanding principal and approximately \$130 million of interest on debts related to these Convention Centers. Taxes collected in FY24 were approximately \$227 million, while debt service on the bonds was approximately \$52 million.

Under additional transportation finance reform effective July 1, 2013, motor vehicle sales tax collections were shifted from the General Fund to the Commonwealth Transportation Fund (CTF), while also eliminating a 0.385% pledge of regular and meals sales tax to the CTF. During FY24, approximately \$590 million in motor vehicle sales tax revenue was transferred to MassDOT. From the Commonwealth Transportation Fund, \$187 million was dedicated to funding the operations of the MBTA while an additional \$94 million was dedicated to funding the operations of the regional transit authorities. These amounts are transferred through the CTF.

M. LOTTERY REVENUE AND PRIZES

Ticket revenues and prizes awarded by the Massachusetts Lottery Commission are recognized as drawings are held. For certain prizes payable in installments, the Lottery Commission purchases annuities and principal-only and interest-only Treasury strips, which are recorded as restricted annuity contracts investments and are included as nonspendable balance in the governmental funds. Prize payable is reported as liability accrual in the Statement of Net Position. Though the annuities are in the Lottery Commission's name in the case of a default, they are solely for the benefit of the prize winner. The Lottery Commission retains the risk related to such annuities.

N. RISK FINANCING

The Commonwealth self-insures for employees' workers' compensation, casualty, theft, tort claims and other losses. Such losses, including estimates of amounts incurred but not reported, are included as accrued liabilities in the accompanying financial statements when the loss is incurred. For employees' workers' compensation, the Commonwealth assumes the full risk of claims filed under a program managed by the Human Resources Division. For personal injury or property damages, Massachusetts General Laws limits the risk assumed by the Commonwealth to \$100,000 per occurrence, in most circumstances. The Group Insurance Commission administers health care and other insurance for the Commonwealth's employees and retirees.

O. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

Deferred outflows of resources represent a consumption of net assets that applies to future periods. Deferred inflows of resources represent an acquisition of net assets that applies to future periods. Deferred outflows of resources increase net position, similar to assets, and deferred inflows of resources decrease net position, similar to liabilities.

P. RESTRICTED NET POSITION

The Commonwealth reports net position as restricted when constraints placed on resources are either 1) externally imposed by creditors (such as debt covenants), grantors, contributors, laws or regulations of other governments; or 2) imposed by law through constitutional provisions or enabling legislation. Net position has been restricted as follows:

"Restricted for unemployment benefits" – identifies amounts solely for the payment of unemployment compensation under federal labor laws.

"Restricted for family and employment security" – identifies amounts solely for the payment of family and medical leave program benefits to covered individuals eligible to received benefits and to pay the administrative costs of the department under Section 7 of Chapter 175M of the Massachusetts General Laws.

"Restricted for 4% surtax - Education and transportation" - identifies amounts exclusively for expenditures of transportation and education pursuant to the subsection (h) of Section 2B of Chapter 29.

“Restricted for retirement of indebtedness” – identifies amounts held by fiscal agents to fund future debt service obligations pertaining to Special Obligation Revenue Bonds authorized under Section 20 of Chapter 29 of the Massachusetts General Laws and Chapter 33 of the Acts of 1991. It also includes amounts held for Grant Anticipation Notes authorized by Chapter 11 of the Acts of 1997 and Chapter 121 of the Acts of 1998.

"Higher education" – identifies amounts solely for expendable and nonexpendable endowment, scholarships, research, academic support, loans, and capital projects purposes for resources whose use is subject to externally imposed constraints that can be satisfied by specific actions or by the passage of time.

“Restricted for grants and gifts” – identifies amounts held for restrictions either by federal or state grants.

“Restricted for other purposes” – identifies amounts held for various externally imposed restrictions either by creditors, grantors or laws and regulations of other governments.

Q. SERVICE CONCESSION AGREEMENTS

The Commonwealth enters into service concession agreements for the operation of certain skating rinks and ski resorts. In exchange for these agreements, the operators provide maintenance on the facilities as well as revenue sharing arrangements. Any improvements and equipment remains the property of the Commonwealth. The contracts range from 10 to 25 years in duration and remit 1-3% of revenue to the Commonwealth. All facilities are fully depreciated on the Commonwealth's books. For the year ended June 30, 2024, approximately \$1 million in shared revenue was remitted to the Commonwealth.

The higher education institutions of the Commonwealth (State Universities and Community Colleges) enter in to services concession agreements for campus dining facilities and bookstores. In exchange for these agreements the vendors provide contributions to the institutions to improve the facilities as well as revenue sharing arrangements. All improvements and equipment purchased with the payments remain the property of institutions. The contracts range from five to eighteen years in duration, with options to extend for additional years. These agreements generate deferred inflows of resources, and liability for the unamortized portion of assets transferred. Per terms of the agreements, either party can terminate the agreement at any time, without cause, by providing a written notice. In the event of termination, the unamortized portion is to be returned. Following is a summary of amounts of the arrangements as of June 30, 2024 (amounts in thousands):

State Universities	\$ 21,127
Community Colleges (Nonmajor)	34
Total	<u>\$ 21,161</u>

Approximately \$13 million in the carrying value of capital assets associated with these service concession agreements are reported in the business-type activities in these financial statements.

In 2022, the University of Massachusetts entered into a service concession arrangement with Mass Ave Housing Partners LLC to carry out the design, construction, financing, operation, management, and maintenance of a portion of the Student Housing Project on the Amherst campus consisting of approximately 600 beds for undergraduates and 200 beds for graduates for apartment-style housing and related infrastructure, including parking. Mass Ave Housing Partners LLC will manage, maintain, and operating the Student Housing Facilities and be entitled to all user fees associated with the project as defined, for a term of 65 years. At the end of the arrangement, operation of the Student Housing Project will be transferred to the University of Massachusetts. The accumulated cost of the construction of the Student Housing Project was \$246 million, being placed into service in January 2024. The University of Massachusetts in fiscal year 2024 recorded an asset and corresponding deferred inflow for the cost of the Student Housing Project. For the year ended June 30, 2024, approximately \$246 million was the carrying value of the capital asset and approximately \$246 million was the amount of the deferred inflows.

In accordance with this service concession arrangement agreement, the University of Massachusetts received from Mass Ave Housing Partners LLC a lump-sum payment of \$20 million, which is included in other noncurrent liabilities in the business-type activities of these financial statements. The payment gets amortized over the term of the agreement.

The Commonwealth Zoological Corporation, a non-major component unit of the Commonwealth, reports a carrying value of \$3 million of capital assets constructed on leased land that would revert to the landlord should the zoo vacate the property. The Franklin Park Zoo leases land from the George Robert White Fund and operates the facilities in accordance with the charitable purposes of the Fund.

R. ESTIMATES

The preparation of the Annual Comprehensive Financial Report requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures at the date of the financial report.

Estimates also affect the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

S. PENSIONS AND OPEB

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 State Employees' Retirement System (SERS) and the Massachusetts Teachers' Retirement System (MTRS) and additions to/deductions from the SERS and the MTRS fiduciary net position have been determined on the same basis as they are reported by SERS and MTRS. 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.

For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources, and expense associated with the Commonwealth's requirement to contribute to the Boston Retirement System (BRS) for Boston teachers, information about BRS's fiduciary net position and additions to/deductions from BRS's fiduciary net position have been determined on the same basis as they are reported by BRS. For this purpose, benefit payments (including refunds of contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State Retiree Benefit Trust (SRBT) and additions to/deductions from the SRBT fiduciary net position have been determined on the same basis as they are reported by the SRBT. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

T. SIGNIFICANT NEW ACCOUNTING PRONOUNCEMENTS/ RECLASSIFICATION ERROR

The GASB has issued the following statements that take affect for the current fiscal year:

GASB Statement No. 99, *Omnibus 2022*. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 take effect for financial statements starting with the fiscal year that ends June 30, 2024.

The implementation of this standard has no impact on either the previously reported net position for governmental activities, nor on the previously reported net position for business-type activities and discretely presented component units.

GASB Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*. The requirements of this Statement take effect for financial statements starting with the fiscal year that ends June 30, 2024.

Reclassification Error

Reclassifications of the net investment in capital assets and unrestricted components of governmental and business-type activities net position have been made when compared to the prior year financial statements. The reclassifications were the result of an error related to the calculations of the net investment in capital assets amounts for both governmental activities and business-type activities and date back to fiscal year 2015. There were no impacts on total net position in any fiscal year for either governmental activities or business-type activities. There was also a reclassification of the net investment in capital assets and unrestricted components of net position in the aggregate discretely presented component units where lease liability should have been included in the calculation of net investment in capital assets.

The GASB has issued the following statements:

1. GASB Statement No. 101, *Compensated Absences* - The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2025.
2. GASB Statement No. 102, *Certain Risk Disclosures* - The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2025.
3. GASB Statement No. 103, *Financial Reporting Model Improvements* - The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2026.
4. GASB Statement No. 104, *Disclosure of Certain Capital Assets* - The requirements of this Statement are effective for fiscal years beginning with the fiscal year that ends June 30, 2026.

Earlier application of these statements is encouraged. For the original pronouncements and the implementation guides, please visit the GASB's website, www.gasb.org. The Commonwealth is evaluating the impact of these pronouncements.

2. DEPOSITS, SHORT-TERM INVESTMENTS AND INVESTMENTS

Primary Government

The Commonwealth's cash and cash equivalents and restricted cash is comprised of the following (amounts in thousands):

	Governmental Activities	Business-Type Activities	Government Wide Total	Fiduciary Funds
Cash	\$ 841,291	\$ 3,276,981 (1)	\$ 4,118,272	\$ 1,048,336
MMDT - cash fund	19,849,836	2,620,240 (1)	22,470,076	8,238,428
Restricted cash with fiscal agent	594,879	371,833	966,712	—
Total	<u>\$ 21,286,006</u>	<u>\$ 6,269,054</u>	<u>\$ 27,555,060</u>	<u>\$ 9,286,764</u>

(1) of which \$496,127 (in thousands) is presented as restricted cash in the accompanying financial statements.

Lottery Annuity Contracts and U.S. Treasury Strips

The Massachusetts State Lottery Commission, a division of the Office of the State Treasurer and Receiver-General, purchases annuity contracts from insurance companies and United States treasury strips to fund the Commonwealth's liability for future installment prize obligations. These annuities and treasury strips represent obligations of the insurance companies and the custodial banks, respectively, to provide a fixed series of payments over a specified period. Only the annuity investments are subject to credit risk. For the annuity contracts, risk is controlled by purchasing these investments only from insurance companies with the top two ratings issued by a national recognized ratings organization. However, due to the nature of these annuity contracts, the credit quality of the insurance company issuer is subject to change. As of June 30, 2024, the amortized cost of annuities was approximately \$72 million. At June 30, 2024, the U.S Treasury Strips have a fair value of approximately \$379 million. Approximately 84.0% of these amounts are held in United States Treasury strips at a custodial bank. No insurance company has an amount of annuities over 7.4% of the overall portfolio.

MSBA Deposits and Investments

The MSBA is authorized to invest in obligations of the US Treasury, its agencies and instrumentalities, bonds or notes of public agencies or municipalities, bank time deposits, guaranteed investment contracts, money market accounts and repurchase agreements. These investments are recorded at fair value. The MSBA has an investment policy that establishes the minimum credit quality for certain instruments, outlines investment procedures and provides for periodic reporting. The MSBA's investment policy does not specifically limit the amount the MSBA may invest in any one issuer.

As of June 30, 2024, the MSBA held the following deposits and investments which are a component of Governmental Activities above (amounts in thousands):

Cash and cash equivalents	\$ 1,013,077
Restricted investments	1,227,713
Total	<u>\$ 2,240,790</u>

Custodial Credit Risk – Pooled Cash

Custodial credit risk is the risk that in the event of a bank failure, deposits and investments may not be returned to the Commonwealth. Cash balances represent amounts held in bank depository accounts that may be subject to custodial credit risk.

The Commonwealth requires all bank deposits in excess of insurance coverage by the Federal Deposit Insurance Corporation (FDIC) to be collateralized with a perfected pledge of eligible collateral or a letter of credit. For programs created by the Treasury, such as the Small Business Banking Program, eligible collateral must be pledged in an amount equal to 102% of the amount of the deposits that exceed FDIC insurance. Sufficient collateral to cover total Commonwealth deposits in excess of the FDIC insured amount must be pledged and held in safekeeping by a custodian that is approved by and under the control of the Treasurer and Receiver General.

Membership by a financial institution in the Depositors Insurance Fund (DIF) will be accepted by the Treasurer and Receiver General's Office as alternative security, provided that the financial institution submits proof of membership in the DIF. Membership in the DIF is limited to Massachusetts chartered savings banks and Massachusetts cooperative banks.

Custodial Credit Risk – Higher Education

The Institutions of Higher Education have investment policies that may vary by institution for custodial credit risk. Each institution carries deposits that are fully insured by the FDIC, as well as uninsured deposits. As of June 30, 2024, the bank balances of uninsured and uncollateralized deposits exposed to custodial credit risk totaled \$137 million.

Custodial Credit Risk – MSBA

The MSBA does not have a formal investment policy for custodial credit risk. The MSBA carries deposits that are fully insured by the Federal Deposit Insurance Corporation (FDIC) insurance, as well as deposits that are fully collateralized. As of June 30, 2024, all MSBA bank balances were fully protected against loss.

Interest Rate Risk – MMDT

Interest rate risk is the extent that changes in interest rates of debt investments will adversely affect the fair value of an investment. These investments include certain short-term cash equivalents, various long-term items and restricted assets by maturity in years. The Treasury cash portfolio minimizes the risk of the fair value of securities falling due to changes in interest rates by maintaining a dollar-weighted average portfolio maturity of 60 days or less. The Treasury cash portfolio's assets are managed to maintain a dollar-weighted average life to maturity of 120 days or less. The Cash Portfolio is operated in compliance with Governmental Accounting Standards Board (GASB) Statement No. 79, *Certain External Investment Pools and Pool Participants*.

At June 30, 2024, the Cash Portfolio's securities had a weighted average maturity of 45 days and a weighted average life (WAL) of 80 days.

Investments in the MMDT Short Term Bond Portfolio are made in investment-grade securities as defined by national statistical rating agencies. The Commonwealth assesses risk for the Short Term Bond Portfolio by using duration. Duration is the weighted maturity of the security's cash flows, where the present values of the cash flows serve as weights.

For the MMDT Short Term Bond Portfolio, the June 30, 2024 duration was 2.56 years. At June 30, 2024, investments in the MMDT Short Term Bond Portfolio had a total net position of \$779 million with investment maturities ranging from less than one year to ten years. At June 30, 2024, the Short Term Bond Portfolio's effective maturity schedule was as follows:

Securities with an Effective Maturity of:	Percentage of Total Net Position
Less than one year	8.7 %
One to five years	83.2 %
Six to ten years	5.6 %
Greater than 10 years	0.1 %
Cash equivalents	0.7 %
Other assets and liabilities, net ...	1.7 %
Total	<u>100.0 %</u>

Interest Rate Risk – Higher Education

As of June 30, 2024, the Institutions of Higher Education had debt investments stated at fair value of approximately \$984 million and had investment maturities ranging from less than one year to more than ten years, with 30.4% of the investment's fair values maturing in less than 1 year, 56.1% maturing in one to five years, 11.1% maturing in six to ten years, and 2.4% maturing in more than ten years.

Interest Rate Risk - MSBA

The MSBA's investment policy does not specifically limit investment maturities as a means of managing its exposure to fair value losses arising from interest rates. MSBA intends to hold its fixed income investments to maturity.

As of June 30, 2024, the MSBA had approximately \$832 million invested in U.S. Treasury Bonds and approximately \$186 million invested in Federal Home Loan Bank Securities. These investments are included in restricted investments on the balance sheet. The U. S. Treasury Bonds mature from May 2027 to February 2045. These investments represent approximately 54% of the MSBA's total investments in debt service funds and debt service reserve funds.

Interest Rate Risk – Custodial Funds

The custodial funds hold certain debt investments in trust as collateral for regulatory purposes. As of June 30, 2024, these investments had a fair value of approximately \$474 million, with investment maturities ranging from less than one year to more than ten years. Of the total fair value, approximately 29.7% has maturities of less than one year, 49.3% from one to five years, 11.5% from six to ten years and 9.4% greater than ten years.

Credit Risk – MMDT

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Commonwealth, exclusive of Pension Trust Funds, minimizes concentration of credit risk, the risk attributed to the magnitude of the investment in a single issuer. The Commonwealth's investment policy prohibits the Treasury from investing more than 5% of the total investment portfolio in any single financial institution or issuer, excluding various public entity securities and repurchase agreements. However, there are no restrictions on the amount that can be invested in public entity securities and the portfolio may be invested in U.S. Treasury and other Government Sponsored Enterprises (GSE's) obligations and repurchase agreements.

The Treasury cash portfolio is invested only in First Tier Securities as defined by the Securities and Exchange Commission's Rule 2A-7 of the [Investment Company Act of 1940](#). The Treasury does have additional policies regarding credit ratings of investments as detailed in the Investment Circulars which can be found in the documents tab at <https://www.mymmdt.com/mmdt/pools.do>. At June 30, 2024, the Cash Portfolio's securities were all rated as First Tier.

At June 30, 2024, the Short Term Bond Portfolio's follows:

Portfolio Composition	Percentage of Total Net Position
AAA.....	69.6 %
AA.....	2.1 %
A.....	10.4 %
BBB.....	15.5 %
Cash equivalents.....	0.7 %
Other assets and liabilities, net ...	1.7 %
Total.....	<u>100.0 %</u>

Credit Risk – Higher Education

For the Institutions of Higher Education presented in the Business-Type Activities, fair values of debt investments were \$188 million at AAA, \$485 million from AA+ to A- and \$311 million either unrated, BBB+ or less.

Credit Risk – MSBA

The MSBA's investment policy generally limits investments in fixed income products with institutions that have an investment grade rating as determined by one of the nationally recognized rating agencies. The MSBA's policy requires issuers of investment contracts to be rated AA or above by at least two of the nationally recognized rating agencies or A with pledged collateral equal to 102% of the principal balance.

Credit Risk – Custodial Funds

The custodial funds had debt investments with a fair value of \$474 million, of which \$320 million were in U.S. Government securities, \$69 million were in money market securities, \$55 million were in state and local government securities, and \$30 million were in corporate debt securities.

Interest Rate Risk – PRIT Funds

As pension and OPEB trust funds have a longer investment horizon than many of the Commonwealth's other investments, the PRIM Board manages PRIT's exposure to fair value loss arising from movements in interest rates by establishing duration guidelines with its fixed income investment managers. The guidelines with each individual manager require that the effective duration of the domestic fixed income investment portfolio be within a specified percentage or number of years of the effective duration band of the appropriate benchmark index. For emerging markets fixed income investments, the portfolio must have a duration with a band ranging from three to eight years. Effective duration is a measure of a fixed income investment's exposure to fair value changes arising from changes in interest rates. Effective duration makes assumptions regarding the most likely timing and amounts of variable cash flows. These assumptions take into consideration factors indicative of investments highly sensitive to interest rate changes, including callable options, prepayments and other factors.

The PRIM Board compares the effective duration of a manager's portfolio to their relevant benchmark including Bloomberg Aggregate Bond index, US Treasury STRIPS 20+ Year index, Bloomberg Treasury 1-3 Year index, Bloomberg US TIPS index, Bloomberg Inflation Linked Bonds index, Morningstar LSTA Leveraged Loan index, JP Morgan Emerging Markets Bond index, and the Intercontinental Exchange Bank of America High Yield index. The PRIT Fund had fixed income and short-term investments totaling approximately \$28.4 billion at fair value with an effective weighted average duration range from 1.99 to 14.42 years at June 30, 2024.

Credit Risk – PRIT Funds

The PRIM Board establishes credit investment guidelines with each of its fixed income securities investment managers in establishing a diversified portfolio. These guidelines vary depending on the manager's strategy and the role of its portfolio to the overall diversification of the PRIT fund. The guidelines for the PRIT Fund's core fixed income portfolio establish the minimum credit rating for any security in the portfolio and the overall weighted average credit rating of the portfolio. The guidelines for the PRIT Fund's high yield, fixed income portfolio establish a fair value range of securities to be held with a specific minimum credit rating and the overall weighted average credit rating of the portfolio.

Credit risk for derivative instruments held by the PRIT results from counterparty risk. The PRIT is exposed to credit risk resulting from counterparties being unable to meet their obligations under the terms of the derivative agreements. The weighted average quality rating of the debt securities portfolio, excluding pooled investments, investments explicitly backed by the United States Government and other nonrated investments was BBB at June 30, 2024 and June 30, 2023.

Credit ratings associated with the Commonwealth's investment in the PRIT Fund ranged from AAA to A- investments with a fair value of approximately \$3.540 billion, BBB+ to B- investments with a fair value of approximately \$4.095 billion, CCC+ to D investments with a fair value of approximately \$1.017 billion, nonrated investments with a fair value of approximately \$10.210 billion, and the remaining \$9.667 billion are investments that are explicitly backed by the U. S. Government.

Foreign Currency Risk – PRIT Funds

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of investments. The Treasury does not have a policy regarding foreign currency risk for the Pension Trust. The PRIM Board manages PRIT's exposure to foreign currencies by hedging a percentage of PRIT's non-U.S. dollar denominated investments through forward foreign currency contracts. The PRIT Fund's investments in foreign currency denominated investments as of June 30, 2024 were approximately \$152 million in cash and short-term investments,

\$14.313 billion in equities, \$768 million in fixed income investments, \$470 million in portfolio completion strategies, \$2.076 billion in private equity investments and \$421 million in timberland investments. An additional \$3.764 billion is invested in international investments denominated in U.S. dollars.

Concentration of Credit Risk – PRIT

The PRIM Board manages PRIT's exposure to concentration of credit risk by establishing guidelines with each investment manager that limit the percent of investment in any single issue or issuer. PRIT has no investments, at fair value, that exceed 5% of PRIT's net position held in trust for pool participants as of June 30, 2024 and June 30, 2023.

A. DERIVATIVE INSTRUMENTS

PRIT may invest in derivative instruments. In accordance with GASB Statement No 53, *Accounting and Financial Reporting for Derivative Instruments*, PRIT's derivatives are accounted for as investment derivatives and are reported at fair value.

Forward Currency Exchange Contracts - PRIT

PRIT enters into forward currency exchange contracts to hedge the exposure to changes in foreign currency exchange rates on foreign portfolio holdings. The fair value of the contracts will fluctuate with changes in currency exchange rates. Risks may arise from the potential inability of counterparties to meet the terms of their contracts and from unanticipated movements in the value of a foreign currency relative to the U.S. dollar. The contracts are marked-to-market daily and the change in fair value is recorded as an unrealized gain or loss by PRIT. When a contract is closed, PRIT records a realized gain or loss equal to the difference between the cost of the contract at the time it was opened and the value at the time it was closed.

As of June 30, 2024, PRIT had open foreign exchange contracts with combined net unrealized gain of approximately \$28 million with various delivery dates.

Further information on derivative instruments can be found in the notes to PRIT's basic financial statements.

Futures Contracts - PRIT

PRIT may purchase and sell financial futures contracts to hedge against changes in the values of securities the fund owns or expects to purchase. Upon entering such contracts, they must pledge to the broker an amount of cash or securities equal to a percentage of the contract amount. The potential risk is that the change in the value of futures contracts may not correspond to the change in the value of underlying instruments, which may not correspond to the change in value of the hedged instruments. In addition, there is a risk that PRIT may not be able to close out its future positions due to a non-liquid secondary market. Risks may also arise from the potential inability of a counterparty to meet the terms of a contract and from unanticipated movements in the value of a foreign currency relative to the U.S. dollar. PRIT may also invest in financial futures contracts for non-hedging purposes. Payments are made or received by PRIT each day, depending on the daily fluctuations in the value of the underlying security and are recorded as unrealized gains or losses. When the contracts are closed, the PRIT Fund recognizes a realized gain or loss.

PRIT held contracts outstanding at June 30, 2024 with various expirations from FY24 to FY28. These contracts are for cash and cash equivalents, fixed income, equities and commodities. A portion of the contracts were short contracts. The aggregated notional exposure amount as of June 30, 2024 was approximately \$596 million with a fair value of \$602 million, yielding an unrealized net gain of approximately \$6 million.

Swaps – PRIT

PRIT has entered into swap agreements to gain exposure to certain markets and actively hedge other exposures to market and credit risk. The swap contracts are reported at fair value, which represents their estimated liquidation values on costs. PRIT either receives cash from the swap counterparties or pays the swap counterparties monthly depending on whether the fixed-rate interest is lower or higher than the variable-rate interest. Changes in fair value are included as part of investment income.

As of June 30, 2024, PRIT had contracts in effect with an aggregated notional amount of approximately \$28.500 billion to various investment banks that had maturity dates from FY25 to FY73. The contracts have an aggregate fair value loss of approximately \$65 million. PRIT values these contracts using standard methods and techniques including the discounted cash flow analysis and option pricing models.

PRIT's counterparty exposure was with various major investment companies with ratings ranging from AA- to A+ and various other banks with other ratings. Open swap contracts as of June 30, 2024 were as follows (amounts in thousands):

Counterparty	Credit Ratings	Interest Rate Swaps		Credit Default Swaps		Total Return and Other Swaps	
		Gross Notional	Fair Value	Gross Notional	Fair Value	Gross Notional	Fair Value
Bank of America NA.....	A+	\$ —	\$ —	\$ 28,358	\$ (4,438)	\$ 35,701	\$ 195
B of A Securities	A+	—	—	25,000	(2,903)	—	—
Barclays Bank PLC	A+	—	—	388,152	(7,852)	10,614	(31)
BNP Paribas SA	A+	2,884,536	239	179,437	(40,013)	205,178	(1,561)
BNP Paribas Commodity Futures Ltd	A+	—	—	36,539	(3,285)	—	—
Citibank NA	A+	—	—	8,200	34	354	3,217
Goldman Sachs & Co	A+	1,040,583	60,476	2,049,664	(15,361)	229,501	(369)
Goldman Sachs International	A+	—	—	53,084	(5,760)	616	(111)
JPMorgan Chase Bank NA	A+	178,062	209	62,409	(10,851)	143,612	404
JPMorgan Securities	A+	33,464,960	(4,278)	135,838	(6,038)	5,179	115
LCH Ltd	AA-	1,374,850	3,259	—	—	73,006	172
Morgan Stanley & Co LLC	A+	3,086,450	461	202,842	(24,285)	6,379	263
Morgan Stanley Capital Services	A+	—	—	131,783	(18,695)	61	(162)
SMBC Capital Markets Inc.	A	250,000	13,754	—	—	—	—
All others	Various	1,534,751	(1,715)	80,456	1,143	333,264	(919)
Totals		<u>\$ 43,814,192</u>	<u>\$ 72,405</u>	<u>\$ 3,381,762</u>	<u>\$ (138,304)</u>	<u>\$ 1,043,465</u>	<u>\$ 1,213</u>

B. DISCRETELY PRESENTED COMPONENT UNIT INVESTMENTS

Component units invest in derivative transactions. Detailed information on those transactions is found in the notes to the basic financial statements of those component units.

C. FAIR VALUE MEASUREMENTS OF INVESTMENTS

In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, the Commonwealth categorizes the fair value measurements of its investments within the fair value hierarchy established by GAAP. The fair value hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows:

- Level 1 - Inputs are quoted prices for identical investments in active markets.
- Level 2 - Observable inputs other than quoted market prices.

- Level 3 - Unobservable inputs.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. In certain instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy the level in the fair value hierarchy is based on the lowest level of input that is significant to the fair measurement. Level 2 investments are categorized using various inputs that include, but are not limited to, pricing models, independent third party evaluated services, benchmarking yields, reported trades, broker-dealer quotes, issuer spreads and benchmarking securities among others.

The following tables present a summary of the fair value hierarchy of investments at June 30, 2024 (amounts in thousands):

<i>Primary government</i>	Total	Level		
		1	2	3
Debt securities:				
US Treasury and agency securities	\$ 1,770,966	\$ 699,160	\$ 1,071,806	\$ —
Municipal securities	32,141	25,148	6,993	—
Institutional money market funds	309,670	283,094	26,576	—
Corporate debt/bonds	266,041	19,257	246,784	—
Corporate stock	26,320	26,320	—	—
Asset backed securities	90,523	—	90,523	—
Registered investment companies	92,562	92,562	—	—
Mortgage backed securities	46,542	—	46,542	—
Other fixed income	197,551	184,168	13,383	—
Total debt securities	2,832,316	1,329,709	1,502,607	—
Equity securities	431,548	429,155	—	2,393
Investments measured at the Net Asset Value (NAV):				
Commonfund (pooled investment funds)	631,149			
Private equity	97,504			
Private debt	31,797			
Private real estate	6,372			
Other	3,716			
Total investments measured at the NAV	770,538			
Other investments at fair value:				
MMDT - bond fund	356,303			
Total other investments at fair value	356,303			
Subtotal investments at fair value	4,390,705	\$ 1,758,864	\$ 1,502,607	\$ 2,393
Other investments:				
MMDT	459,100			
Annuity contracts	71,996			
Certificates of deposit	13,082			
Total other investments	544,178			
Total investments - primary government	\$ 4,934,883			
Derivative instruments:				
Interest rate swaps (liabilities)	\$ 228	\$ —	\$ —	\$ 228

Included in the preceding schedule is approximately \$19 million of various money market mutual fund investments related to the business type activities which are classified as cash equivalents in the accompanying financial statements.

Lottery annuity contracts and U.S. Treasury Strips of approximately \$451 million as of June 30, 2024 are presented in governmental fund and governmental activities on the Statement of Net Position.

<i>Fiduciary funds:</i>	Total	Level		
		1	2	3
Debt securities:				
US Treasury securities	\$ 320,207	\$ 320,207	\$ —	\$ —
Bonds	84,244	29,738	54,506	—
Total debt securities	404,451	349,945	54,506	—
Investments measured at the Net Asset Value (NAV):				
Mutual funds	69,127			
Other investments at fair value:				
MMDT - bond fund	23,695			
Net investment in PRIT	105,245,473			
Total other investments at fair value	105,269,168			
Total investments - fiduciary funds	<u>\$ 105,742,746</u>	<u>\$ 349,945</u>	<u>\$ 54,506</u>	<u>\$ —</u>

3. RECEIVABLES AND TAX ABATEMENTS

A. RECEIVABLES

Taxes, federal grants and reimbursements, loans, leases and other receivables presented in the statement of net position, exclusive of amounts due from cities and towns and component units, are as follows (amounts in thousands):

<i>Primary Government</i>	Taxes	Federal Grants and Reimbursements	Loans	Leases	Other	Total
<u>Governmental Activities:</u>						
Gross receivables	\$ 7,387,838	\$ 2,977,481	\$ 145,124	\$ 69,756	\$ 3,149,522	\$ 13,729,721
Less: allowance for uncollectibles	(1,837,500)	(122,482)	—	—	(590,030)	(2,550,012)
Receivables, net allowance for uncollectibles ..	5,550,338	2,854,999	145,124	69,756	2,559,492	11,179,709
Less: current portion	(5,129,924)	(2,646,465)	(13,562)	(2,271)	(2,003,078)	(9,795,300)
Noncurrent receivables	<u>\$ 420,414</u>	<u>\$ 208,534</u>	<u>\$ 131,562</u>	<u>\$ 67,485</u>	<u>\$ 556,414</u>	<u>\$ 1,384,409</u>
<u>Business-Type Activities:</u>						
Gross receivables	\$ —	\$ 112,856	\$ 18,201	\$ 1,206,012	\$ 3,241,580	\$ 4,578,649
Less: allowance for uncollectibles	—	—	(1,990)	—	(2,003,281)	(2,005,271)
Receivables, net allowance for uncollectibles ..	—	112,856	16,211	1,206,012	1,238,299	2,573,378
Less: current portion	—	(112,856)	(2,195)	(55,738)	(1,216,994)	(1,387,783)
Noncurrent receivables	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 14,016</u>	<u>\$ 1,150,274</u>	<u>\$ 21,305</u>	<u>\$ 1,185,595</u>

B. TAX ABATEMENTS

As of June 30, 2024, the Commonwealth provided tax abatements through the following three programs: the Massachusetts Economic Development Incentive Program Credit (EDIP), Life Sciences Tax Incentive Program and the Film Tax Credit.

Economic Development Incentive Program

Under the Economic Development Incentive Program (EDIP), companies receive state and local tax incentives in exchange for job creation, manufacturing job retention and private investment commitments. On or after January 1, 2010 and before January 1, 2017, the Economic Assistance Coordination Council (EACC) may award to taxpayers up to 40% of the cost of qualifying properties as credits to certain certified projects ("expansion project", "enhanced expansion project", or a "manufacturing retention project"). The EACC may also award EDIP credits of up to \$1,000 per job (\$5,000 per job in gateway municipalities) to certified job creation projects. The total award for a project may not exceed \$1 million. On or after January 1, 2017, the credit is instead determined by the EACC based on factors set out in [M.G.L. c. 23A, § 3D](#).

For tax years beginning on or after January 1, 2019, the EACC is authorized to establish a program to incentivize businesses to occupy vacant storefronts in downtown areas. Pursuant to this program, the EACC may award up to \$500,000 of available EDIP tax credits annually to businesses that occupy previously vacant storefronts. The businesses must commit to occupying the previously vacant storefront for a period of not less than one year.

The total dollar amount of the EDIP credit that may be used in a calendar year is \$30 million.

The taxes eligible for abatement using these credits include the corporate excise, financial institutions excise, insurance premiums excise and personal income tax, with tax payments reduced by applying the amount of the credits directly against the relevant calculation of tax liability as determined by the rules governing the particular tax to be abated.

For projects certified before January 1, 2017, if a project's certification is revoked, or if property upon which a certification is based is sold prior to the end of its useful life, the difference between the credit taken and the credit allowed for actual use must be added back as additional taxes due in the year of disposition, except if the property had been in qualified use for more than twelve consecutive years. For an expansion project where the actual number of permanent full-time employees employed by the controlling business at the project is less than 50% of the number of such permanent full-time employees projected in the project proposal, this shall be deemed a material variance for the purpose of a revocation determination. Upon such a revocation, all tax credits available to the controlling business as a result of project certification shall be revoked and forfeited for the year in which revocation occurred and all subsequent years, and the Commonwealth, in the case of a certified expansion project, shall recover the value of any tax credits received by the controlling business prior to or subsequent to such revocation.

For projects certified on or after January 1, 2017, recapture is required only if the EACC revokes certification. The amount of credit subject to recapture shall be proportionate to the corporation's job creation requirements applicable to the certified project. The corporation's proportion of compliance will be determined by the EACC as part of the revocation process and reported to DOR and the taxpayer at time of revocation.

Life Sciences Tax Incentive Program

Credits

The Massachusetts Life Sciences Center (MLSC) certifies and awards five types of tax credits to life sciences companies, with the purpose of creating and retaining jobs in the Massachusetts life sciences sector. Unless stated otherwise, if one of these tax credits is claimed by a taxpayer and exceeds the tax otherwise due, 90% of the balance of such credit may, at the option of the taxpayer and to the extent authorized by the MLSC, be refundable to the taxpayer. These tax credits, together with other life sciences tax incentives, are subject to an aggregate \$30 million annual cap.

Unless stated otherwise, the taxes eligible for abatement using these credits include the corporate excise, financial institutions excise, and insurance premiums excise under M.G.L. chapter 63, and the personal income tax under M.G.L. chapter 62, with tax payments reduced by applying the amount of the credits directly against the relevant calculation of tax liability as determined by the rules governing the particular tax to be abated.

- The Life Sciences Investment Tax Credit is equal to 10% of the cost of qualifying property acquired, constructed, reconstructed or erected during the taxable year and used exclusively in Massachusetts.
- The Life Sciences User Fees Tax Credit is equal to 100% of the user fees paid to the U.S. Food and Drug Administration (USFDA) upon submission of an application to manufacture a human drug in Massachusetts, and may be claimed in the taxable year in which the application for licensure of an establishment to manufacture the drug is approved by the USFDA. To be eligible for the credit, more than 50% of the research and development costs for the drug must have been incurred in Massachusetts.
- The Life Sciences Refundable Jobs Tax Credit is available to life sciences companies that commit to the creation of a minimum of 50 net new permanent full-time positions in Massachusetts. The amount of the credit is determined by the MLSC.
- The Life Sciences Research Tax Credit is equal to 10% of excess qualified research expenses, including expenditures for legally mandated clinical trial activities performed both inside and outside of Massachusetts, and 15% of basic research payments. The Life Sciences Research Tax Credit is not refundable. This credit is only available to taxpayers subject to M.G.L. chapter 63.

The MLSC may also authorize life sciences companies to obtain refunds of the Research Credit authorized by [M.G.L. c. 63, § 38M](#). Generally, the Research Credit authorized by M.G.L. c. 63, § 38M provides a credit for research expenses incurred in Massachusetts based on a formula that measures a taxpayer's year-to-year increases in Massachusetts research expenses.

Recipients of these tax credits agree to increase or maintain their employee headcount in Massachusetts, compared to their “baseline” employee headcount at the time of the award and the company’s projected net increase in headcount in the tax year following the award. Baseline and projected headcounts are summed to create a “total projected headcount” metric that is used for MLSC agreement and compliance purposes.

A life sciences company that has received tax incentives from the MLSC and subsequently fails to achieve the minimum net new headcount thresholds as specified in the MLSC’s Annual Tax report and Multiple Awards policy will have the award terminated and must return the amount of the tax credit claimed to the Commonwealth, although the company may be given an additional year to achieve the employment goals if the MLSC determines that it has the potential to meet those goals. The MLSC is required by statute to de-certify any life sciences company that fails to achieve at least 70% of its job target for two consecutive years. The MLSC has decided through administrative action that any life sciences company failing to achieve at least 80% of its job target by the end of any extension period and, in the case of the Life Sciences Refundable Jobs Tax Credit, failing to create at least 50 net new jobs, will be de-certified. More information on these job creation and recapture requirements is available on the MLSC’s website, <http://www.masslifesciences.com/programs/tax/>.

The MLSC also administers the Angel Investor Tax Credit. The credit is equal to 20% of the amount of qualifying investments in a qualifying business, and 30% of the amount of qualifying investments made by a taxpayer investor in a qualifying business located in a “Gateway municipality,” as defined in [M.G.L. c. 23A, § 3A](#). A taxpayer cannot claim more than \$50,000 of the credit for a single calendar year. The Angel Investor Tax Credit is not refundable and is only available to taxpayers subject to M.G.L. chapter 62. If a taxpayer investor is allowed a credit for an investment in a qualifying business that ceases to have its principal place of business in the Commonwealth within the three taxable years following the taxable year for which the credit was allowed, the taxpayer investor must repay the total credit amount to the Commonwealth. The credit is subject to the aggregate \$30 million annual cap to which other credits in the Life Sciences Tax Incentive Program are subject.

Other Tax Incentives

The MLSC may authorize sales and use tax exemptions and deductions as part of the Life Sciences Tax Incentive Program:

- A certified life sciences company may be deemed a research and development corporation for purposes of sales and use tax exemptions under M.G.L. chapters 64H and 64I.
- Sales of tangible personal property may be exempt from the Massachusetts sales or use tax under M.G.L. chapters 64H and 64I when that property is purchased for a certified life sciences company for use in connection with the construction, alteration, remodeling, repair, or remediation of research, development, or manufacturing facilities and utility support systems.
- A certified life sciences company may be allowed to deduct from Massachusetts gross income the amount allowed as a credit for federal purposes under Internal Revenue Code (IRC) § 45C (and disallowed as a federal deduction under IRC § 280C(b)): 25% of qualified clinical testing expenses for certain drugs for rare diseases or conditions, sometimes referred to as “orphan drug expenses” that are paid or incurred for the taxable year. This deduction is only available to taxpayers subject to M.G.L. chapter 63.

Film Tax Incentive

[M.G.L. c. 62, § 6\(l\)](#) and [M.G.L. c. 63, § 38X](#) provide tax credits to encourage the production in Massachusetts of films, television shows, commercials, and other motion pictures. Entities that fund such productions (known under the statute as “motion picture production companies”) may claim (1) a credit equal to 25% of the total qualifying aggregate payroll for employing persons within the Commonwealth in connection with the filming and production of a motion picture and (2) a credit equal to 25% of their Massachusetts production expenses (not including the qualifying aggregate payroll expenses). Each credit has its own qualification requirements and a taxpayer is allowed to qualify for and claim both credits. The production companies must incur a minimum of \$50,000 in total Massachusetts production expenses during a consecutive twelve-month period to be eligible for the credits. For taxable years beginning on or after January 1, 2022, in addition to meeting other requirements, for a motion picture to qualify for the credit for production expenses, a taxpayer must incur at least 75% of its production expenses in Massachusetts. A 50% threshold applies to prior taxable years. The credits are either transferable or 90% refundable to the motion picture production companies to the extent that the credits exceed the companies’ Massachusetts tax liability. Transferees do not qualify for the 90% refundability option.

The taxes eligible for abatement using these credits include the corporate excise, financial institutions excise, insurance premiums excise and personal income tax, with tax payments reduced by applying the amount of the credits directly against the relevant calculation of tax liability as determined by the rules governing the particular tax to be abated.

There are no provisions in the statutes to recapture the film tax credits.

In addition to the tax credit, [M.G.L. c. 64H, § 6\(wv\)](#) provides that sales of tangible personal property to a qualifying motion picture production company or to an accredited film school student for the production expenses related to a school film project are exempt from the sales tax. In order to qualify for the sales tax exemption, a motion picture production company must incur at least \$50,000 in total production costs in Massachusetts during a consecutive twelve-month period and must be conditionally pre-approved as a qualifying company by the Commissioner of Revenue. Any taxpayer that has been conditionally pre-approved for the sales tax exemption that then fails to expend the requisite \$50,000 within a consecutive twelve-month period shall be liable for the sales taxes that would have been due had the conditional pre-approval not been granted.

The following is the total revenue estimated to be reduced under these programs for fiscal year 2024 (amounts in thousands):

Tax abatement program	Total estimated revenue reduced by	
Economic Development Incentive Program (EDIP)	\$ 7,092	(1)
Life Sciences Tax Incentive Program	21,402	(2)
Film Tax Incentive Program:		
Film Tax Credit	101,265	(3)
Sales Tax Exemption	318	(4)
Total	<u>\$ 130,077</u>	

Sources:

(1) Massachusetts Office of Business Development, credits approved in FY2024.

(2) <https://www.masslifesciences.com/healey-driscoll-administration-announces-more-than-21-million-in-tax-incentives-for-19-massachusetts-life-sciences-companies/>, incentives awarded in FY2024.

(3) Massachusetts Department of Revenue, film tax credits approved during FY2024.

(4) Massachusetts Department of Revenue, FY2025 Tax Expenditure Budget, sales tax exemption approved to motion picture production companies or to accredited film school students during FY2024 (<https://budget.digital.mass.gov/govbudget/fy25/tax-expenditure-budget>).

4. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS BETWEEN FUNDS

The purposes of interfund receivables, payables and transfers between funds vary by legislative authority. Transfers include the following: intergovernmental services, fringe benefit cost assessments, the Transitional Escrow transfer, certain license fees collected by the Registry of Motor Vehicles that fund various highway project initiatives, fund closure transfers, and various other transfers for operations, largely for Institutions of Higher Education.

Activity between funds reflected as due to/from primary government in the various statements is summarized as follows (amounts in thousands):

Governmental funds:	General	Lotteries	Federal Grants	Federal COVID-19 Response	Other Governmental Funds	Total
<u>Transfers in:</u>						
Debt service	\$ —	\$ —	\$ —	\$ —	\$ 2,633,192	\$ 2,633,192
Transfers in	2,153,142	—	4,464	59,292	6,187,711	8,404,609
Subtotal	2,153,142	—	4,464	59,292	8,820,903	11,037,801
<u>Transfers out:</u>						
Appropriations	(2,151,069)	—	—	—	(46,893)	(2,197,962)
Bond proceeds	—	—	—	—	(167,829)	(167,829)
Debt service	(1,353,514)	—	—	—	(1,279,678)	(2,633,192)
Transfers out	(3,092,847)	(1,283,266)	(153,134)	(310)	(3,608,146)	(8,137,703)
Subtotal	(6,597,430)	(1,283,266)	(153,134)	(310)	(5,102,546)	(13,136,686)
Total governmental funds	\$ (4,444,288)	\$ (1,283,266)	\$ (148,670)	\$ 58,982	\$ 3,718,357	\$ (2,098,885)
Proprietary funds:	Unemployment Compensation Trust	Family and Employment Security Trust	University of Massachusetts	State Universities	Community Colleges (Nonmajor)	Total
<u>Transfers in:</u>						
Transfers in from governmental funds	\$ —	\$ —	\$ 1,250,136	\$ 542,559	\$ 573,096	\$ 2,365,791
<u>Transfers out:</u>						
Transfers out to governmental funds	—	(5,795)	(166,869)	(51,151)	(43,091)	(266,906)
Total proprietary funds	\$ —	\$ (5,795)	\$ 1,083,267	\$ 491,408	\$ 530,005	\$ 2,098,885
Net transfers in/(out) between funds						\$ —

Due to/from component units on the Statement of Net Position reflects a timing difference for payments of approximately \$59 million at year end. Remaining receivables and payables between funds as of June 30, 2024 largely occur due to the timing of accruals and the funding of escrows. The University of Massachusetts also reported unremitted benefits costs as of June 30, 2024.

The amount due to the General Fund largely represents deficits funded by the General Fund. The following is a summary of receivables and payables between funds remaining as of June 30, 2024 (amounts in thousands):

Receivable Fund	Payable Fund	Amount
Governmental Funds:		
General	Federal Grants	\$ 42,828
General	Other Governmental Funds	936,156
Other Governmental Funds	Other Governmental Funds	92,138
Total Governmental Funds		\$ 1,071,122

5. CAPITAL ASSETS

Capital asset activities for both governmental and business-type activities were as follows (amounts in thousands):

<i>Governmental Activities</i>	Beginning Balance July 1, 2023	Increases	Decreases and Reclassifications	Ending Balance June 30, 2024
Capital assets not being depreciated:				
Land	\$ 980,959	\$ 22,472	\$ (6,051)	\$ 997,380
Construction in process	1,114,259	332,514	(319,840)	1,126,933
Total capital assets not being depreciated	2,095,218	354,986	(325,891)	2,124,313
Capital assets being depreciated and amortized:				
Buildings	6,567,965	319,209	(7,935)	6,879,239
Machinery and equipment	1,889,255	82,284	(15,324)	1,956,215
Right-to-use lease buildings	1,273,106	158,990	(7,032)	1,425,064
Right-to-use lease machinery and equipment	46,142	8,989	(22,566)	32,565
Right-to-use subscription assets	69,866	119,109	(1,461)	187,514
Infrastructure non - central artery/tunnel project	457,521	—	—	457,521
Total capital assets being depreciated and amortized	10,303,855	688,581	(54,318)	10,938,118
Less, accumulated depreciation:				
Buildings	(3,886,107)	(112,094)	606	(3,997,595)
Machinery and equipment	(1,484,802)	(84,294)	13,154	(1,555,942)
Infrastructure non - central artery/tunnel project	(311,577)	(7,911)	—	(319,488)
Total accumulated depreciation	(5,682,486)	(204,299)	13,760	(5,873,025)
Less accumulated amortization:				
Right-to-use lease buildings	(493,576)	(177,260)	17,554	(653,282)
Right-to-use lease machinery and equipment	(29,001)	(9,527)	23,219	(15,309)
Right-to-use subscription assets	(25,908)	(53,188)	1,460	(77,636)
Total accumulated amortization	(548,485)	(239,975)	42,233	(746,227)
Total accumulated depreciation and amortization	(6,230,971)	(444,274)	55,993	(6,619,252)
Governmental activities capital assets, net	6,168,102	599,293	(324,216)	6,443,179

<i>Business - Type Activities</i>	Beginning Balance July 1, 2023	Increases	Decreases and Reclassifications	Ending Balance June 30, 2024
Capital assets not being depreciated or amortized:				
Land	231,591	9,325	(596)	240,320
Construction in process	897,808	405,421	(746,054)	557,175
Historical treasures	3,075	328	—	3,403
Total capital assets not being depreciated or amortized	1,132,474	415,074	(746,650)	800,898
Capital assets being depreciated and amortized:				
Buildings	12,749,580	1,081,359	(22,991)	13,807,948
Machinery and equipment	1,229,257	109,707	(33,471)	1,305,493
Right-to-use lease buildings	1,307,096	21,522	(9,112)	1,319,506
Right-to-use lease machinery and equipment	23,795	4,720	(1,098)	27,417
Right-to-use subscription assets	91,789	25,001	(11,087)	105,703
Library collections, not including historical treasures	35,212	70	(5,393)	29,889
Total capital assets being depreciated and amortized	15,436,729	1,242,379	(83,152)	16,595,956
Less, accumulated depreciation:				
Buildings	(5,814,503)	(424,133)	8,641	(6,229,995)
Machinery and equipment	(1,007,665)	(70,459)	35,098	(1,043,026)
Library collections, not including historical treasures	(20,412)	(532)	79	(20,865)
Total accumulated depreciation	(6,842,580)	(495,124)	43,818	(7,293,886)
Less, accumulated amortization:				
Right-to-use lease buildings	(228,332)	(79,446)	3,335	(304,443)
Right-to-use lease machinery and equipment	(7,849)	(4,979)	1,091	(11,737)
Right-to-use subscription assets	(33,049)	(25,316)	10,288	(48,077)
Total accumulated amortization	(269,230)	(109,741)	14,714	(364,257)
Total accumulated depreciation and amortization	(7,111,810)	(604,865)	58,532	(7,658,143)
Business - type activities capital assets, net	9,457,393	1,052,588	(771,270)	9,738,711
Total Primary Government capital assets, net	\$ 15,625,495	\$ 1,651,881	\$ (1,095,486)	\$ 16,181,890

Depreciation and amortization expense was charged to the various functions of governmental and business-type activities as follows (amounts in thousands):

Function	Depreciation	Amortization
General government	\$ 89,542	\$ 70,945
Judiciary	24,603	34,028
Energy and environmental affairs	—	11,253
Health and human services	24,102	69,013
Early elementary and secondary education	3,641	5,666
Public safety and security	62,321	36,618
Housing and economic development	43	6,681
Labor and workforce development	47	5,771
Total, governmental activities	<u>\$ 204,299</u>	<u>\$ 239,975</u>
University of Massachusetts	\$ 329,689	\$ 26,655
State universities	109,661	67,626
Community colleges (Nonmajor)	55,774	15,460
Total, business-type activities	<u>\$ 495,124</u>	<u>\$ 109,741</u>

6. SHORT-TERM FINANCING AND CREDIT AGREEMENTS

Massachusetts General Laws authorize the Treasurer to issue temporary notes in anticipation of revenue or bond financing. Short-term borrowing may be issued as fixed rate notes, floating rate notes or through a commercial paper program supported by bank liquidity facilities maintained by the Commonwealth. Per the State Constitution, revenue anticipation notes (RANs) issued for cash flow purposes are required to be paid within the same fiscal year. Temporary financings for capital needs, such as bond anticipation notes, may be outstanding for up to three years, per statute.

A. GENERAL FUND

In order to manage cash flows through the COVID-19 pandemic, the Commonwealth obtained a line of credit in the aggregate principal amount of \$1.750 billion from a syndicate of banks. As of February 17, 2021, the line of credit was reduced to the principal amount of \$500 million. In May 2023, the line of credit was amended to change the interest rate index from LIBOR to Secured Overnight Financing Rate (SOFR) due to the expiration of LIBOR on June 30, 2024. In addition, the maturity of the line was extended to May 1, 2026. As of June 30, 2024, the Commonwealth did not draw on the line of credit.

B. CREDIT FACILITIES

Effective July 28, 2022, the Commonwealth executed \$200 million of directly placed bond anticipation notes with RBC Capital Markets, LLC under its note purchase agreement to refund the Series 2014D-2 Bonds, which had a mandatory tender date of August 1, 2022. On October 25, 2023, the Commonwealth issued its 2023A Refunding Bonds for the purpose of refunding these bond anticipation notes. The bond anticipation notes were redeemed on January 22, 2024.

7. LONG-TERM OBLIGATIONS

Section 1 of Article 62 of the Massachusetts Constitution empowers the State Legislature to borrow money on the credit of the Commonwealth for various public purposes. Under the State Constitution, the Commonwealth may pledge its credit to borrow money only by a vote of two-thirds of each house of the Legislature. Borrowed funds may be used for defense of the State or of the United States, and in anticipation of receipts from taxes or other sources, “any such loan to be paid out of the revenue of the year in which the loan is made.” The Legislature may not in any manner allow the Commonwealth’s credit to be given or loaned to or in aid of any individual, or of any private association, or of any corporation, which is privately owned or managed. The Constitution further provides that borrowed money shall not be expended for any other purpose than that for which it was borrowed or for the reduction or discharge of the principal of the loan.

Statutorily, the authority to borrow is delegated to the Massachusetts State Treasurer & Receiver General pursuant to Chapter 29 of the Massachusetts General Laws. Section 49 of Chapter 29 of the Massachusetts General Laws is the primary statute governing the issuance of Commonwealth debt and contains a number of provisions spelling out the process for the issuance of bonds.

The issuance of bonds to fund the Commonwealth’s capital needs must be authorized by the Legislature. Pursuant to legislative authorizations to borrow, the Governor determines the amount and timing of any authorized borrowing to fund capital investments. At the request of the Governor, the State Treasurer & Receiver General borrows by issuing bonds to the public or through direct placement. The Governor approves the use of the bond proceeds by agencies to pay for authorized and budgeted capital projects.

Massachusetts General Law provides for the allocation of bond proceeds to bond authorizations and capital spending in arrears (as needed), as expenditures are made, or at the time of issuance of the bonds. In general, bond proceeds are primarily allocated to capital spending that has already occurred. When allocating in arrears, the allocation of

segregated bond proceeds is a reimbursement to the General Fund.

Bond proceeds that are awaiting allocation are typically invested by the State Treasurer in the Commonwealth's primary investment vehicle, the Massachusetts Municipal Depository Trust (MMDT) (for more information please see the notes on the Commonwealth's short-term investments). Bond proceeds are segregated from other funds until they are allocated to capital expenditures, a process that requires review by the Commonwealth's bond counsel.

The Commonwealth has waived its sovereign immunity and consented to be sued on contractual obligations, including bonds and notes issued by it and all claims with respect hereto. However, the property of the Commonwealth is not subject to attachment or levy to pay a judgment, and the satisfaction of any judgment generally requires legislative appropriation. Enforcement of a claim for the payment of principal or interest on bonds and notes of the Commonwealth may also be subject to the provisions of federal or Commonwealth statutes, if any, enacted to extend the time for payment or impose other constraints upon enforcement. The Commonwealth cannot file for bankruptcy under the United States Bankruptcy Code.

As of June 30, 2024, the Commonwealth had issued two types of long-term debt obligations: general obligation bonds and special obligation bonds. General obligation bonds, which account for the large majority of outstanding Commonwealth bonds, are backed by the full faith and credit of the Commonwealth. Special obligation bonds, however, are bonds secured by all or a portion of a specific revenue source that are pledged to bondholders and are not general obligations of the Commonwealth. For this type of securities, bondholders rely on pledged revenue only for repayment of principal and interest.

The following is a summary of the Commonwealth's outstanding debt, exclusive of leases, (amounts in thousands):

Type of Bond	Amount Outstanding
General obligation bonds - public offering, net proceeds	\$ 30,990,757
General obligation bonds - direct placement, net proceeds	100,000
Special obligation bonds (including GANs) - public offering, net proceeds	5,103,543
MSBA bonds, - public offering, net proceeds	5,719,461
Outstanding governmental activities, net proceeds	41,913,761
Less:	
Unamortized premiums on general obligation bonds - public offering*	(3,255,509)
Unamortized premiums on special obligation bonds	(577,033)
Unamortized premiums on MSBA bonds	(274,516)
Total governmental activities, principal	\$ 37,806,703

* - As of June 30, 2024, there were no unamortized premiums on direct placement GO bonds.

The general obligation (GO) bonds listed in the table above include outstanding tax-exempt bonds, taxable bonds including Build America Bonds, College Opportunity Bonds, and debt assumed from former counties. The special obligation (SO) bonds listed above include outstanding tax-exempt and taxable bonds (including Build America Bonds and Recovery Zone Economic Development Bonds) secured by indentures that legally define the specific revenues pledged to bondholders, as defined in the trust agreement. This includes outstanding bonds or notes secured by Federal Highway funds to be received by the Commonwealth, certain portions of the Commonwealth's motor fuel excise taxes and Registry of Motor Vehicle fees, and dedicated taxes and fees levied in certain geographic areas of the state to support the Commonwealth's convention center facilities. As of June 30, 2024, there were three different special obligation bond programs with bonds outstanding.

The following is a table of GO bonds principal outstanding as of June 30, 2024, (amounts in thousands):

General Obligation Bonds	Principal Outstanding	Percent of Total GO
Fixed rate bonds	\$ 27,577,091	99.1 %
Variable rate bonds	258,157	0.9 %
Total	<u>\$ 27,835,248</u>	<u>100.0 %</u>

The following is a table of the different types of outstanding variable rate GO bonds, (amounts in thousands):

Variable Rate GO Bonds	Principal Outstanding	Percent of Total GO
Direct purchase bonds	\$ 100,000	0.4 %
College opportunity bonds	158,157	0.6 %
Total	<u>\$ 258,157</u>	<u>1.0 %</u>

The following is a table of the different types of outstanding Special Obligation bonds as of June 30, 2024 (amounts in thousands), all of which are fixed rate bonds:

Special Obligation Bonds	Amount Outstanding
Special obligation dedicated tax revenue bonds, net proceeds:	
Fixed rate convention center bonds	\$ 397,245
Special obligation revenue bonds, net proceeds:	
CTF Accelerated bridge program	1,673,365
CTF Rail enhancement program	2,698,189
Total revenue bonds, net proceeds	<u>4,371,554</u>
Special obligation GANS, net proceeds:	
Federal highway grant anticipation notes and accelerated bridge program	<u>334,744</u>
Total special obligation bonds, net proceeds	<u>5,103,543</u>
Less: unamortized premiums	<u>(577,033)</u>
Outstanding special obligation principal	<u>\$ 4,526,510</u>

Chapter 9 of the Acts of 2021, as amended authorized the Commonwealth to issue special obligation bonds secured by special assessments on private contributory employers for the purposes of repaying the federal advances made to the Commonwealth's account within the unemployment insurance trust fund (UITF) for fiscal years 2020 to 2025 and reducing the amount of or avoiding the need to obtain additional federal advances. On August 30, 2022, the Commonwealth issued \$2.681 billion (net proceeds of \$2.670 billion) of special obligation bonds, the proceeds of which were used to repay the outstanding federal advances, including interest thereon, make a deposit into the Commonwealth's account within the UITF, and pay costs of issuance.

A. GENERAL OBLIGATION BONDS

General obligation bonds are authorized and issued primarily to provide funds for the Commonwealth's five-year capital improvement program (CIP), including capital infrastructure projects throughout the state as well as Commonwealth-supported local government capital improvements. The five-year plan is developed by the Executive Office for Administration and Finance (A&F) and updated annually. The CIP is primarily funded through the issuance of bonds that are sold by the State Treasurer and Receiver General. The Commonwealth borrows from the capital markets by selling GO bonds and notes pursuant to Chapter 29 of the Massachusetts General Laws. GO bonds are backed by the full faith and credit of the Commonwealth and are paid from the Governmental Funds, to which debt service principal and interest payments are appropriated in the state's operating budget.

In terms of bond structure, the large majority of GO bonds have been sold as fixed rate obligations. As of June 30, 2024, approximately 99.1% of the Commonwealth's outstanding GO debt is in the form of fixed-rate bonds. The remaining 0.9% of outstanding GO debt is in the form of variable rate bonds – bonds whose rate of interest fluctuate based on market or market index changes. The outstanding GO variable rate debt consists of College Opportunity Bonds and a direct purchase agreement.

College Opportunity Bonds are bonds that are approved by the Legislature to be issued for a specific program. These bonds are issued pursuant to statute directly to the Massachusetts Educational Financing Authority for its pre-paid tuition program called the "U.Plan". As of June 30, 2024, the Commonwealth had approximately \$158 million in "U.Plan" bonds (at accreted value) outstanding. Pursuant to statute, all of the outstanding bonds are variable rate bonds. Interest on the bonds is based on the percentage change in the consumer price index plus 2.0% together with current interest at the rate of 0.5%.

A portion of the Commonwealth's outstanding bonds have been directly purchased by banks (or "direct purchase bonds"). These variable rate, direct purchase bonds bear interest at an index rate and are payable on the first business day of each month until maturity. As of June 30, 2024, the Commonwealth had \$100 million direct purchase bonds outstanding.

The following table details the general obligation direct purchase bonds (amounts in thousands):

Series	Par Outstanding	Final Maturity	Reset Mode/ Payment Frequency	Direct Purchase Bank	Direct Purchase Agreement Date	Direct Purchase Expiration Date
2016 Series B	100,000	4/1/2036 ⁽¹⁾	1 Month SIFMA/ Monthly Pay	RBC	4/1/2021	4/1/2026
Total	<u>\$ 100,000</u>					

(1) Final maturity of bonds - these issuances have a mandatory tender prior to their final maturity Put dates.

To fund the FY24 capital budget and prior capital spending, the Commonwealth borrowed by issuing \$4.557 billion in new money general obligation long-term bonds. In addition, \$2.011 billion in refunding bonds were issued in five separate transactions which were executed as current refundings, all of which were executed for savings. The cash and present value savings of the refunding transactions are immaterial to these financial statements.

MSBA Debt

As of June 30, 2024, the MSBA had outstanding approximately \$5.719 billion of Dedicated Sales Tax bonds, which includes approximately \$275 million of unamortized premiums for the purpose of funding school construction and renovation projects. Coupons on the bonds range from approximately 0.290% to 5.715% and each series is payable semiannually with the latest maturity occurring in FY51. A portion of the interest on the Dedicated Sales Tax Bonds is reimbursed by the federal government. Of the \$5.445 billion of debt outstanding as of June 30, 2024, \$450 million is taxable Build America Bonds for which the MSBA is eligible to receive a 35% interest subsidy directly

from the United States Treasury. In addition, \$293 million of the Subordinated Dedicated Sales Tax Bonds was issued as “Qualified School Construction Bonds” for which the MSBA is eligible to receive a 100% interest subsidy payment directly from the United States Treasury. During FY24, the federal government continued automatic budget cuts imposed through sequestration required pursuant to the Budget Control Act of 2011. The sequestration rate for FY24 was 5.7%. Subsidy payments were reduced by approximately \$1.4 million due to sequestration during FY2024.

B. SPECIAL OBLIGATION BONDS

Commonwealth Transportation Fund (CTF)

The largest amount of special obligation bonds outstanding (by par) are bonds secured by certain revenues of the Commonwealth Transportation Fund. These bonds mature from FY25 to FY53 and are secured by the 24 cents per gallon gasoline tax, the full 24 cents per gallon of special fuels taxes (comprised primarily of taxes on diesel fuel), and the full 19.1% of the average price per gallon tax on liquefied natural gas and all Registry of Motor Vehicle fees deposited into the CTF. As of June 30, 2024, approximately \$1.480 billion and \$2.393 billion in principal was outstanding on the Accelerated Bridge Program (ABP) and the Rail Enhancement Program (REP) bonds, respectively, and approximately \$784 million and \$2.395 billion of interest (net of the federal subsidy) was expected to be paid through maturity related to the ABP and REP bonds, respectively.

Convention Center Fund

Chapter 152 of the Acts of 1997, as amended, authorized \$694 million of special obligation bonds to be issued for the purpose of building a new convention center in Boston (\$609 million), the Springfield Civic Center (\$66 million) and the Worcester Convention Center (\$19 million). The bonds are payable from monies credited to the Convention Center Fund created by that legislation, which include certain hotel tax receipts from hotels in Boston, Cambridge, Springfield and Worcester, a surcharge on car rentals in Boston, a parking surcharge at all three facilities, a surcharge on sightseeing tours and cruises in Boston, and sales tax receipts from certain hotels and other retail establishments in Boston, Cambridge, and Springfield. The trust agreement requires a capital reserve fund to be maintained at a level equal to maximum annual debt service and provides that if the fund falls below its required balance, the 2.75% convention center financing fee in Boston is to be increased (though the overall hotel tax in Boston, including the fee, cannot exceed 14%). As of June 30, 2024, taxes within the Convention Center districts support approximately \$397 million of outstanding principal and approximately \$130 million of interest on debts related to these Convention Centers. Taxes collected in FY24 were approximately \$227 million, while debt service on the bonds was approximately \$52 million. The balance of the trustee-held Convention Center revenue fund available for debt service was \$563 million as of June 30, 2024, which consists of Revenue Fund of \$505 million and Capital Reserve Fund of \$58 million.

C. FEDERAL GRANT ANTICIPATION NOTES

All federal highway reimbursements are dedicated to funding the principal portion only of federal grant anticipation notes (GANs) issued in fiscal 2015, 2017, 2018 and 2020 with no new bonds issued in FY24. As of June 30, 2024, total principal remaining to be paid is approximately \$256 million. Maturities are from FY26 through FY27. Debt service paid during FY24 was approximately \$158 million.

The legislation authorizing such notes contains a statutory covenant that as long as any such GANs remain outstanding, the Commonwealth will deposit all federal highway reimbursements into the Grant Anticipation Note Trust Fund, to be released to the Commonwealth once all the debt service and reserve funding obligations of the trust agreement securing the GANs have been met. Principal amortization of the notes will continue through FY27. Such notes and the interest thereon are secured by the pledge of federal highway construction reimbursement payments and by a contingent pledge of certain motor fuels excises. In practice, the interest on such notes has been paid from Commonwealth appropriations.

D. THE BUILD AMERICA BOND PROGRAM

As part of the federal America Recovery and Reinvestment Act (ARRA) in 2009, municipal issuers were authorized to issue taxable bonds to fund new capital expenditures and receive an interest rate subsidy from the U.S. Treasury. As part of the temporary Build America Bond (BABs) program issuers, including the Commonwealth, issued taxable bonds in calendar years 2009 and 2010 in return for a subsidy from the federal government equal to 35% to 45% of the interest costs on the bonds, depending on whether the proceeds were used for projects in economically distressed areas. Such interest subsidy payments are treated under federal law as overpayments of tax and, accordingly, are subject to offset against certain amounts that may be owed by the Commonwealth to the federal government or its agencies. Commencing in federal fiscal year 2016, such payments were subject to sequestration reduction and the United States Department of Treasury has projected that such payments during fiscal year 2021 through fiscal year 2030 will be reduced by 5.7% as a result of sequestration. The sequestration may be subject to change if a law is enacted that modifies or amends the current sequestration reduction. Such interest subsidy payments could become subject to a much larger sequestration reduction, and potentially be eliminated altogether, under the Statutory Pay-As-You-Go Act of 2010 (PAYGO Act), which is designed to limit federal deficit spending. Since the enactment of the PAYGO Act, the U. S. Congress has consistently acted to prevent its implementation, but there can be no assurance that it will continue to do so. Between the GO bond program and the special obligation bond programs, the Commonwealth issued a total of \$2.791 billion in Build America Bonds and Recovery Zone Economic Development Bonds in six separate financings over the two-year period of the program. All of the bonds were issued as “direct pay to issuer”, meaning that the interest rate subsidies would be paid to the Commonwealth from the U.S. Treasury and not pledged to bondholders. As of June 30, 2024, the expected interest rate subsidy to be received through final maturity of all of the bonds issued as part of this program totaled \$381 million. The Commonwealth’s repayment obligation to bondholders is based on the gross interest rate. From a budgetary perspective, the bonds’ debt service is net of the interest-rate subsidy.

Given the interest rate subsidy from the U.S. Treasury and given market conditions at the time of the Commonwealth’s BABs sales, this program resulted in borrowings whose net interest costs will be significantly lower than the interest on traditional tax-exempt bonds. The BABs program expired on December 31, 2010.

E. OUTSTANDING SWAPPED DEBT

Business - Type Activities – Swapped Debt

The business-type activities have various swaps. At June 30, 2024, the fair value liability of the outstanding interest rate swaps was \$228,000. For complete details, see separate Bunker Hill Community College financial statements issued on February 14, 2025.

F. OUTSTANDING LONG-TERM DEBT AND CHANGES IN LONG TERM DEBT

The amount of long-term debt authorized but unissued is measured in accordance with the statutory basis of accounting.

Long-term debt principal outstanding and debt authorized and unissued at June 30, 2024 is as follows (amounts in thousands):

Purpose	Principal Outstanding	Fiscal Year Maturities	Authorized and Unissued
GANs	\$ 255,805	2025 - 2027	\$ —
Capital projects:			
General	16,235,390	2025 - 2053	19,955,148
Highway	15,235,406	2025 - 2054	25,670,937
Local aid	237,912	2025 - 2045	11,105
Other	397,245	2025 - 2034	—
Subtotal	32,105,953		45,637,190
MSBA debt	5,444,945		
Governmental activities debt	<u>\$ 37,806,703</u>		

Interest rates on the Commonwealth's outstanding debt at the end of FY24 ranged from 0.3% to 5.7%.

Changes in long-term debt outstanding (excluding discount and premium) and bonds authorized - unissued for the year ended June 30, 2024 are as follows (amounts in thousands):

	Governmental Funds (excluding MSBA)	MSBA	Total Governmental Funds Bonded Debt	Authorized and Unissued
Balance July 1, 2023	\$ 29,520,860	\$ 5,620,395	\$ 35,141,255	\$ 49,156,874
Plus: Increases in bonds authorized	—	—	—	1,415,300
General and special obligation bonds:				
Proceeds, defined as principal, plus premium,				
less discount	7,257,591	—	7,257,591	(4,934,984)
Less: Premium/discount	(684,634)	—	(684,634)	—
Less: Principal on refunded bonds	(2,404,778)	(175,450)	(2,580,228)	—
Less: Bonds retired	(1,327,281)	—	(1,327,281)	—
Outstanding principal June 30, 2024	<u>\$ 32,361,758</u>	<u>\$ 5,444,945</u>	<u>\$ 37,806,703</u>	<u>\$ 45,637,190</u>

Business - Type Activities

The University of Massachusetts (UMS) Building Authority has issued bonds for construction of higher education facilities and equipment. The UMS Building Authority may have up to \$200 million principal amount of notes and bonds issued by the UMS Building Authority that are guaranteed by the Commonwealth. As of June 30, 2024, none of the outstanding debt carries a Commonwealth guarantee.

The Massachusetts State College Building Authority (MSCBA) issues debt to finance the design and construction of new facilities, major renovations, and capital repairs for its projects at State Universities. MSCBA's outstanding debt

is secured by revenues received by the Authority from State Colleges relating to Authority projects and other pledged funds.

The University of Massachusetts, state universities, and community colleges have also entered into various loan agreements as participants in the Clean Energy Investment Program with the Division of Capital Asset Management and Maintenance. These programs are for upgrades to existing or creating new capital assets to improve energy usage and lower long-term energy costs.

On August 30, 2022, the Commonwealth issued \$2.681 billion of Special Obligation Revenue Bonds, 2022 Series A of \$1.997 billion issuance and 2022 Series B of \$684 million issuance. The proceeds of the bonds are being used to (i) repay outstanding Federal Advances received by the Commonwealth under the federal unemployment insurance program, along with accrued interest, (ii) to fund a deposit to the federal Unemployment Insurance Trust Fund to pay unemployment compensation benefits, and (iii) to pay the costs of issuance of the bonds. The bonds have maturity dates of July 2023 through July 2031. A special COVID-19 recovery assessment on Commonwealth employers is collected to pay debt service.

At June 30, 2024, debt service requirements to maturity for principal and interest are as follows (amounts in thousands):

Fiscal Year Ended June 30	Governmental Activities								Business - Type Activities				
	Excluding MSBA Debt				MSBA Debt								
	Public Offering Debt		Direct Placement Debt		Dedicated Sales Tax Bonds			Total Governmental Activities		Special Obligation UI Bonds		Revenue Obligation	
	Principal	Interest	Principal	Interest	Principal	Interest	Interest subsidies (1)	Principal	Interest net of Interest subsidies	Principal	Interest	Principal	Interest
2025	\$ 1,230,367	\$ 1,439,231	\$ —	\$ 3,000	\$ 177,625	\$ 205,885	\$ (22,833)	\$ 1,407,992	\$ 1,625,283	\$ 396,605	\$ 63,606	\$ 248,791	\$ 194,544
2026	1,346,616	1,391,629	—	3,000	183,865	201,861	(22,833)	1,530,481	1,573,657	217,870	52,003	195,411	186,425
2027	1,315,916	1,328,068	10,000	2,950	346,225	197,445	(22,833)	1,672,141	1,505,630	216,660	44,042	201,379	178,344
2028	1,191,219	1,266,632	10,000	2,650	208,115	184,520	(15,047)	1,409,334	1,438,755	215,125	36,112	217,474	172,473
2029	1,294,344	1,211,331	10,000	2,350	335,420	175,512	(11,767)	1,639,764	1,377,426	212,275	28,123	268,055	155,463
2030 - 2034	6,069,591	5,142,393	50,000	7,250	1,084,565	767,992	(38,722)	7,204,156	5,878,913	571,990	39,324	1,099,287	636,274
2035 - 2039	5,605,755	3,820,922	20,000	800	1,444,145	504,984	(18,004)	7,069,900	4,308,702	—	—	1,172,851	413,231
2040 - 2044	5,636,280	2,586,396	—	—	1,064,540	238,300	(545)	6,700,820	2,824,151	—	—	800,087	203,657
2045 - 2049	5,032,420	1,412,284	—	—	548,720	69,256	—	5,581,140	1,481,540	—	—	370,269	86,524
2050 - 2054	3,539,250	399,885	—	—	51,725	2,416	—	3,590,975	402,301	—	—	195,845	21,045
Total long - term debt ..	32,261,758	19,998,771	100,000	22,000	5,444,945	2,548,171	(152,584)	37,806,703	22,416,358	1,830,525	263,210	4,769,449	2,247,980
Less: current portion ..	(1,230,367)	(1,439,231)	—	(3,000)	(177,625)	(205,885)	22,833	(1,407,992)	(1,625,283)	(396,605)	(63,606)	(248,791)	(194,544)
Long - term debt	<u>\$31,031,391</u>	<u>\$18,559,540</u>	<u>\$100,000</u>	<u>\$19,000</u>	<u>\$5,267,320</u>	<u>\$2,342,286</u>	<u>\$(129,751)</u>	<u>\$36,398,711</u>	<u>\$20,791,075</u>	<u>\$1,433,920</u>	<u>\$199,604</u>	<u>\$4,520,658</u>	<u>\$2,053,436</u>

(1) FY21 interest subsidies reflect announced sequestration reductions. There may be sequestration reductions in future years as well.

G. PRIOR DEFEASANCE

Business - Type Activities

The Massachusetts State College Building Authority (MSCBA) defeased various bonds by issuing refunding bonds and placing the proceeds in irrevocable trusts to provide for all future debt service payments on the defeased bonds. The trust assets and the liabilities of the defeased bonds are not included in the business-type activities financial statements. As of June 30, 2024, approximately \$165 million of bonds outstanding from advanced refunding transactions are considered defeased.

H. STATUTORY DEBT LIMIT

The Massachusetts General Laws, as recently amended, establishes limits on the amount of direct debt outstanding. By statutorily limiting the Commonwealth's ability to issue direct debt, a control is established on annual capital spending. The direct debt limit for FY24 was approximately \$30.655 billion. Outstanding debt subject to the limit at June 30, 2024 was approximately \$27.140 billion.

For purposes of determining compliance with the limit, outstanding direct debt is defined by statute, as amended on June 10, 2013 (effective January 1, 2013), as principal outstanding. It excludes BANs and associated discount or premium, if any, special obligation bonds, GANs, refunded bonds, certain refunding bonds, debt issued by counties, debt issued in conjunction with the MBTA Forward Funding, certain Central Artery/Tunnel debt, debt issued for the SMART program and effective August 10, 2016 bonds issued under the Rail Enhancement Program. The amounts excluded from the debt limit are as follows (amounts in thousands):

	Principal Outstanding
Statutory debt June 30, 2024	\$ 32,361,758
Less amounts excluded:	
Central artery project bonds	(551,473)
Accelerated bridge program	(1,735,876)
MBTA forward funding	(207)
SMART bonds	(143,163)
Convention center bonds	(397,245)
Rail enhancement program bonds	(2,393,389)
Outstanding direct debt June 30, 2024	<u>\$ 27,140,405</u>

I. ADMINISTRATION DEBT LIMIT

During FY09, the Administration announced a policy that sets the annual borrowing limit at a level designed to keep debt service at a maximum of 8% of budgeted revenues. For this purpose, debt service includes principal and interest payments on all general obligation debt, interest on federal grant anticipation notes, general obligation contract assistance payment obligations, and budgetary contract assistance payment obligations on certain financed purchases. Debt of the Massachusetts School Building Authority and of the Massachusetts Bay Transportation Authority that is supported by the portion of the sales tax legally dedicated to such entities is not included for purposes of this analysis, as the Commonwealth is not liable for such debt; similarly, the sales tax revenues legally dedicated to such entities are not included in the budgeted revenue projections.

In addition to keeping debt service at a maximum of 8% of budgeted revenues, the policy limits future growth in annual bond issuance (the "bond cap") to not more than \$125 million through fiscal 2024. This additional constraint is designed to ensure that projected growth in the bond cap will be held to stable and sustainable levels.

The current Administration intends to treat all debt and debt-like obligations of the Commonwealth as subject to the bond cap for purposes of developing the annual capital budget, except in limited circumstances when there is a sound policy justification for not including a particular debt issue. Debt may be excluded from the bond cap, for example, where there is a new, dedicated source of project-related revenues supporting the payment of debt service on such debt. In such cases, the dedicated revenue would also be excluded from projected budgeted revenues for purposes of determining the bond cap as described above.

The following table shows the annual bond cap, the resulting total annual debt service payment obligations and debt service as a percentage of statutory basis budgeted revenues, (amounts in thousands):

	Fiscal 2024
Bond cap as approved by the Governor	\$ 2,905,000
Total annual debt service obligations	4,979,656
Statutory basis budgeted fund revenues	66,461,821
Debt service as % of budgeted revenues	7.5%

J. CHANGES IN LONG-TERM LIABILITIES

The following table summarizes changes in long-term liabilities for both governmental activities and business-type activities (amounts in thousands):

Changes in Long Term Liabilities - Governmental Activities:

Description	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Other long-term obligations:					
Compensated absences	\$ 788,945	\$ 860,256	\$ (788,945)	\$ 860,256	\$ 603,365
Claims and judgments	66,622	33,398	(71,764)	28,256	18,256
Prizes payable	526,385	8,504	(83,992)	450,897	97,626
School construction grants payable	209,682	810,758	(748,421)	272,019	272,019
Environmental remediation liability	386,445	9,783	(104,580)	291,648	9,479
Lottery instant grand prizes	—	419	—	419	—
Workers' compensation	272,553	58,144	(57,026)	273,671	36,884
Group insurance claims	191,551	2,172,281	(2,185,564)	178,268	174,588
Cost of living adjustment	81,000	—	(9,000)	72,000	—
Total other long-term obligations	2,523,183	3,953,543	(4,049,292)	2,427,434	1,212,217
Overdraws of federal pandemic-related unemployment insurance benefits settlement interest payable	—	73,121	—	73,121	—
Bonded debt:					
Bonds and notes payable ⁽¹⁾	35,141,255	6,572,957	(3,907,509)	37,806,703	1,407,992
Unamortized bonds and note premium	3,761,803	684,635	(339,380)	4,107,058	173,052
Right-to-use liabilities:					
Lease liabilities	832,947	192,712	(201,069)	824,590	160,793
Subscription-Based IT Arrangement liabilities	38,592	119,087	(54,663)	103,016	49,190
Total bonded debt and right-to-use liabilities	39,774,597	7,569,391	(4,502,621)	42,841,367	1,791,027
Long-term liabilities, governmental activities	\$ 42,297,780	\$ 11,596,055	\$ (8,551,913)	\$ 45,341,922	\$ 3,003,244

(1) \$5,092 of accreted interest on college opportunity bonds that are included in the total principal outstanding as of June 30, 2024.

Governmental long-term liabilities, other than debt, are typically liquidated by general fund resources.

Changes in Major Long Term Liabilities - Business-Type Activities:

Description	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Other long-term obligations:					
Compensated absences	\$ 243,779	\$ 24,158	\$ (6,552)	\$ 261,385	\$ 191,916
Workers' compensation	39,248	3,679	(2,515)	40,412	6,690
Total other long-term obligations	283,027	27,837	(9,067)	301,797	198,606
Liability for derivative instruments	282	—	(54)	228	—
Overdraws of federal pandemic-related unemployment insurance benefits	2,499,152	—	(464,978)	2,034,174	—
Bonded debt:					
Bonds and notes payable	7,448,982	475,394	(1,324,402)	6,599,974	645,396
Right-to-use liabilities:					
Lease liabilities	1,201,157	26,242	(89,792)	1,137,607	60,192
Subscription-Based IT Arrangement liabilities	54,260	25,001	(26,212)	53,049	21,382
Total bonded debt and other financing arrangements	8,704,399	526,637	(1,440,406)	7,790,630	726,970
Long-term liabilities, business - type activities	\$ 11,486,860	\$ 554,474	\$ (1,914,505)	\$ 10,126,829	\$ 925,576

Discretely Presented Component Units – The change in bonds and notes outstanding at June 30, 2024, net of unamortized discounts and premiums, compensated absences, and right-to-use lease, public-private partnership, and subscription-based IT arrangement liabilities are as follows (amounts in thousands):

Debt	Interest Rates	Maturities	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Major component units:							
MassDOT	2.87 - 5.50%	2025 - 2039	\$ 1,732,782	\$ 6,691	\$ (64,229)	\$ 1,675,244	\$ 147,823
MBTA	0.00 - 5.87%	2025 - 2054	5,992,624	303,346	(409,166)	5,886,804	562,899
MCWT	2.00 - 5.75%	2025 - 2047	2,590,126	429,272	(635,273)	2,384,125	160,685
Nonmajor component units	1.00 - 6.20%	2025 - 2052	640,296	81,387	(39,877)	681,806	53,923
Total bonds and notes payable			10,955,828	820,696	(1,148,545)	10,627,979	925,330
Compensated absences, net			69,810	8,356	(762)	77,404	48,420
Right-to-use lease liabilities			217,885	4,812	(76,155)	146,542	20,482
Right-to-use public-private partnership liabilities			2,049	—	—	2,049	2,049
Right-to-use subscription-based IT arrangement liabilities			7,516	2,112	(3,071)	6,557	3,232
Total long term liabilities			<u>\$ 11,253,088</u>	<u>\$ 835,976</u>	<u>\$ (1,228,533)</u>	<u>\$ 10,860,531</u>	<u>\$ 999,513</u>

Further information on debt is found in the notes to the basic financial statements for the various component units.

8. INDIVIDUAL FUND DEFICITS

Certain funds within the Governmental Fund Type had fund deficits at June 30, 2024. None of these funds were in deficit due to finance-related contractual provisions and all were allowed to be in deficit by General Law. The amounts are as follows (amounts in thousands):

Other Governmental Funds	Amount
Other Special Revenue Funds:	
Community Preservation Trust Fund	\$ (10,520)
Health Information Technology Trust Fund	(3,373)
Government Land Bank Fund	(35,033)
General Capital Projects Fund	(861,864)
Highway Capital Projects Fund	(798,726)
Government Land Bank Capital Projects Fund	(500)
Federal Highway Construction Program Capital Projects Fund	(24,555)
	<u>\$ (1,734,571)</u>

9. PENSIONS

The Commonwealth is statutorily responsible for the pension benefits for Commonwealth employees (members of the State Employees' Retirement System) and for teachers of the cities, towns, regional school districts throughout the Commonwealth and Quincy College (members of the Teachers' Retirement System). The members of the retirement systems do not participate in the Social Security System.

A. PLAN DESCRIPTIONS

Plan administration

The Massachusetts *State Employees' Retirement System* (SERS) is a public employee retirement system (PERS), that administers a cost-sharing multiple employer defined benefit pension plan covering substantially all employees of the Commonwealth and certain employees of the independent authorities and agencies, including the state police officers at the Massachusetts Port Authority. The former Massachusetts Turnpike Authority (MTA) employees and retirees became members of SERS upon the creation of MassDOT. Other employees who transferred to MassDOT have been, and remain, members of SERS. The assets and liabilities of the former MTA have been transferred to SERS. SERS is administered by the Massachusetts State Retirement Board (the SRB) and is part of the reporting entity as a fiduciary component unit and does not issue a stand-alone audited financial report.

Management of the SERS is vested in the SRB, which consists of five members—two elected by current and active SERS members, one by the remaining members of the SRB, one who is appointed by the State Treasurer, and the State Treasurer, who serves as ex-officio and is the Chairman of the SRB.

The Massachusetts *Teachers' Retirement System* (MTRS) is a PERS that administers a cost-sharing multiple employer defined benefit pension plan managed by the Commonwealth on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a non-employer contributing entity and is legally responsible for all contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts and Quincy College. The MTRS is administered by the Massachusetts Teachers' Retirement Board (the MTRB) and is part of the reporting entity as a fiduciary component unit and does not issue a stand-alone audited financial report.

Management of the MTRS is vested in the MTRB, which consists of seven members—two elected by the MTRS members, one who is chosen by the six other MTRB members, the State Treasurer (or their designee), the State Auditor (or their designee), a member appointed by the Governor, and the Commissioner of Education (or their designee), who serves as ex-officio and is the Chairman of the MTRB.

The *Boston Retirement System* (BRS) is a PERS that administers a cost-sharing multiple employer defined benefit pension plan managed by the City of Boston Retirement Board covering all City of Boston departments and agencies as well as the School Department, the Boston Planning and Development Agency, the Boston Housing Authority, the Public Health Commission and the Boston Water and Sewer Commission. The BRS is not administered by the Commonwealth and is not part of the reporting entity of the Commonwealth.

Chapter 112 of the Acts of 2010, signed on May 22, 2010, changed the methodology for the Commonwealth funding of Boston teachers in the BRS (hereafter referred to as BRS-Teachers) and created a special funding situation for the Commonwealth. The cost of pension benefits of the other participants of the BRS is the responsibility of the City of Boston. Chapter 112 clarified that the Commonwealth is legally responsible for all contributions and future benefit requirements for BRS-Teachers. The net pension liability related to the BRS-Teachers is included in the Commonwealth's net pension liability in this report.

Management of the BRS is vested with in a Board of Trustees, which consists of five members—two elected by the active and retired members of the system, the City Auditor as ex-officio, one member appointed by the Mayor of Boston, and one member who is elected by the other four members. The BRS issues a stand-alone audited financial report. For a complete copy of BRS's separately issued financial statements, please contact the City of Boston Retirement Board at (617) 635-4305, or you may download this report at <https://www.boston.gov/departments/retirement>.

Plan membership. As of January 1, 2024, for SERS and MTRS, the dates of the most recent valuations, plan membership consisted of the following:

	SERS	MTRS
Retirees and beneficiaries currently receiving benefits	69,750	71,260
Vested terminated employees entitled to benefits but not yet receiving them	5,453	—
Non-Vested terminated entitled only to a refund of their accumulated total deductions	31,737	—
Subtotal	106,940	71,260
Current members	90,988	102,045
Total	<u>197,928</u>	<u>173,305</u>

Benefits provided. SERS, MTRS and BRS provide retirement, disability, survivor, and death benefits to members and their beneficiaries. Massachusetts General Laws (MGL) establishes uniform benefit and contribution requirements for all contributory PERS. These requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated on the basis of the last five years or any five consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member's age, length of creditable service, and group creditable service, and group classification. The authority for amending these provisions rests with the Legislature.

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of twenty years of service or upon reaching the age of 55 with ten years of service. Normal retirement for most employees occurs at age 65; for certain hazardous duty and public safety positions, normal retirement is at age 55. Most employees who joined the system after April 1, 2012 cannot retire and receive benefits prior to age 60.

The policy for post-retirement benefit increases for all retirees of the SERS, MTRS and for those participants who serve in the City of Boston's School Department in a teaching capacity is subject to legislative approval.

Contributions. The retirement systems' funding policies have been established by Chapter 32 of the MGL. The Legislature has the authority to amend these policies. The annuity portion of the SERS and MTRS retirement allowance is funded by employees, who contribute a percentage of their regular compensation. Costs of administering the plan are funded out of plan assets.

Chapter 32, section 22C of the General Laws directs the Secretary of Administration and Finance to prepare a funding schedule to meet actuarially determined requirements, and to update this funding schedule every three years on the basis of new actuarial valuation reports prepared under the Secretary's direction. Any such schedule is subject to legislative approval. If a schedule is not so approved, payments are to be made in accordance with the most recently approved schedule. Under the current schedule adopted in January 2023 and based on the results of the January 1, 2022 Commonwealth Actuarial Valuation, the amortization payments increase 9.63% per year until FY28 with a final amortization payment in FY36 (four years before the statutory deadline of FY40). The funding schedule as published follows an acceptable actuarial funding methodology to compute normal cost and the unfunded accrued actuarial liability.

Member contributions for SERS, MTRS and BRS vary depending on the most recent date of membership:

Hire Date	% of Compensation
Prior to 1975	5% of regular compensation
1975 - 1983	7% of regular compensation
1984 to 6/30/1996	8% of regular compensation
7/1/1996 to present	9% of regular compensation except for State Police, which is 12% of regular compensation
7/1/2001 to present	11% of regular compensation (for teachers hired after 7/1/01 and those accepting provisions of Chapter 114 of the Acts of 2000)
1979 to present	An additional 2% of regular compensation in excess of \$30,000 except for teachers subject to Chapter 114 of the Acts of 2000.

Members who joined the system on or after April 2, 2012 will have their withholding rate reduced as follows after achieving 30 years of creditable service:

- SERS:
 - Members of Group 1 will have their withholding rate reduced to 6%.
- MTRS:
 - Members of Group 1 will have their withholding rate reduced by 6%.

B. INVESTMENTS

Investment Policy. SERS and MTRS are required to invest in the Pension Reserves Investment Trust (PRIT) Fund, which is managed by the Pension Reserves Investment Management (PRIM) Board. The PRIM Board seeks to maximize the total return on investments, within acceptable levels of risk and cost for an approximately 60% funded public pension fund. The PRIM Board recognizes that over the long term, asset allocation is the single greatest contributor of return and risk to the PRIT Fund. The investment policy statement adopted by the PRIM Board requires a comprehensive review of the PRIM Board's asset allocation plan and its underlying assumptions at reasonable intervals of not more than three to five years. In addition, the investment policy statement requires that the PRIM Board conduct an annual evaluation of the PRIT Fund's asset allocation.

The following was the PRIT Fund asset allocation as of June 30, 2024:

Asset Class	Target Allocation
Global Equity	36.0 %
Core Fixed Income	15.0 %
Private Equity	16.0 %
Portfolio Completion Strategies	10.0 %
Real Estate	10.0 %
Value Added Fixed Income	9.0 %
Timber/Natural Resources	4.0 %
Total	<u>100.0 %</u>

The annual money-weighted return on pension plan investments calculated as the internal rate of return on pension plan investments net of pension plan expenses for FY2024 were 9.50% and 9.52% for SERS and MTRS, respectively. A money-weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested.

C. NET PENSION LIABILITY OF THE SYSTEMS REQUIRED BY GASB 67

The components of the net pension liability for SERS and MTRS at June 30, 2024 are as follows (amounts in thousands):

	SERS	MTRS
Total pension liability	\$ 52,027,000	\$ 65,779,000
Plan fiduciary net position	(37,901,857)	(40,422,539)
Net pension liability	<u>\$ 14,125,143</u>	<u>\$ 25,356,461</u>
Fiduciary net position as a percentage of the total pension liability	72.9%	61.5%

Additional information regarding changes in the net pension liability can be found in the Required Supplementary Information section of these financial statements.

Actuarial assumptions. The total pension liability, for both SERS and MTRS, was determined by an actuarial valuation as of January 1, 2024 rolled forward to June 30, 2024, using the following actuarial assumptions:

- The actuarial assumptions included: (a) 2.5% inflation rate (b) 7.00% investment rate of return/discount rate; (c) 4.76% discount rate for LDROM only; (d) 3.5% interest rate credited to the annuity savings fund; and (e) 3.0% cost of living increase on the first \$13,000 of allowance per year.
- Salary increases are based on analyses of past experience but range from 4.0% to 9.0% (SERS) and 4.0% to 7.50% (MTRS) depending on group and length of service.
- Experience studies were performed as follows:
 - SERS:**
 - Dated February 27, 2014 and encompasses the period January 1, 2006 to December 31, 2011, updated to reflect actual experience from 2012 through 2020 for post-retirement mortality.
 - MTRS:**
 - Dated July 21, 2014 and encompasses the period January 1, 2006 to December 31, 2011, updated to reflect actual experience from 2012 through 2020 for post-retirement mortality.

4. Mortality rates were as follows:

a SERS:

- Pre-retirement mortality reflects RP-2014 Blue Collar Employees table projected generationally with Scale MP-2021, set forward 1 year for females.
- Post-retirement mortality reflects RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2021, set forward 1 year for females.
- For disabled retirees, mortality reflects the post-retirement mortality described above, set forward 1 year.

b MTRS:

- Pre-retirement mortality reflects SOA Pub-2010 Teachers Employees mortality table (headcount weighted) projected generationally with Scale MP-2021 (gender distinct).
- Post-retirement mortality reflects SOA Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally with Scale MP-2021 (gender distinct).
- For disabled members, the mortality rate is assumed to be in accordance with the SOA Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally with Scale MP-2021 (gender distinct).

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate arithmetic expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These assumptions are converted into nominal assumptions by adding inflation, then combined by weighting them by the target asset allocation percentages. Finally, the arithmetic portfolio expected return is converted into a geometric expected return using assumed asset class standard deviations and correlations. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2024 (see the discussion of the pension plan's investment policy in [Note 9\(B\)](#)) are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return
Private Equity	7.4%
Global Equity	4.6%
Value Added Fixed Income	5.1%
Timberland/Natural Resources	4.4%
Real Estate	3.9%
Portfolio Completion Strategies	3.7%
Core Fixed Income	2.1%

Discount rate. The discount rate used to measure the pension liability for SERS and MTRS is 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the SERS and MTRS net positions were projected to be available to make all projected future benefit payments of 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 for SERS and MTRS.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of SERS and MTRS, calculated using the discount rate of 7.00%, as well as what the SERS and MTRS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 6.00% or 1-percentage-point higher 8.00% than the current rate (amounts in thousands):

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
SERS net pension liability	\$ 19,844,000	\$ 14,125,143	\$ 9,287,000
MTRS net pension liability	32,776,000	25,356,461	19,080,000

D. NET PENSION LIABILITY OF THE COMMONWEALTH REQUIRED BY GASB 68

Proportionate Share of Net Pension Liability

As of the respective measurement dates below, the net pension liability for SERS, MTRS and BRS were \$14.647 billion, \$26.290 billion, and \$4.230 billion, respectively. The net pension liabilities for SERS and MTRS were determined by an actuarial valuation as of January 1, 2023 and rolled forward to June 30, 2023. The BRS net pension liability was determined by an actuarial valuation as of January 1, 2023 and rolled forward to December 31, 2023. The SERS, MTRS and BRS actuarial valuations were rolled forward to their respective measurement dates using generally accepted actuarial procedures.

The Commonwealth (the primary government) reported the following net pension liabilities for its proportionate share of the SERS, MTRS and BRS-Teachers net pension liabilities (amounts in thousands):

System	Measurement Date	Proportionate Share	Net Pension Liability
State Employees' Retirement System	June 30, 2023	93.6%	\$ 13,713,722
Massachusetts Teachers' Retirement System	June 30, 2023	100.0%	26,290,271
Boston Retirement System - Teachers	December 31, 2023	61.2%	2,586,901
Total net pension liability			<u>\$ 42,590,894</u>

Certain of the Commonwealth's discretely presented component units (the Massachusetts Convention Center Authority (MCCA) and the Massachusetts Department of Transportation [MassDOT]) participate in SERS. As of the measurement date the proportionate share of the SERS net pension liability for the discretely presented component units was as follows (amounts in thousands):

System	Measurement Date	Proportionate Share	Net Pension Liability
State Employees' Retirement System	June 30, 2023	5.6%	<u>\$ 814,316</u>

Pension Expense and Deferred Outflows and Inflows of Resources Related to Pension

As of the measurement dates, the Commonwealth (primary government) recognized pension expense of approximately \$4.049 billion and the discretely presented component units recognized approximately \$307 million of pension expense. The following details the components of deferred outflows of resources and deferred inflows of resources related to pensions (amounts in thousands):

	Primary Government						Discretely Presented Component Units	
	SERS		MTRS		BRS-Teachers			
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of assumptions	\$ 230,482	\$ —	\$ 802,908	\$ —	\$ 48,372	\$ —	\$ 15,914	\$ 37,673
Changes in proportion	275,915	356,904	—	—	—	—	77,814	2,853
Net difference between projected and actual earnings on pension plan investments	369,077	—	430,646	—	89,158	—	180,147	—
Differences between expected and actual experience	487,152	338,865	181,308	553,294	6,560	43,553	145,208	36,507
Payments made after the measurement date	1,404,165	—	2,417,533	—	—	—	148,791	—
Totals	<u>\$ 2,766,791</u>	<u>\$ 695,769</u>	<u>\$ 3,832,395</u>	<u>\$ 553,294</u>	<u>\$ 144,090</u>	<u>\$ 43,553</u>	<u>\$ 567,874</u>	<u>\$ 77,033</u>

The \$1.404 billion for SERS, the \$2.418 billion for MTRS and \$149 million for the discretely presented component units reported as deferred outflows of resources are the contributions made subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the next fiscal year. Other amounts reported above as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (amounts in thousands):

Fiscal Year Ending June 30	Primary Government			Discretely Presented Component Units
	SERS	MTRS	BRS-Teachers	
2025	\$ 19,659	\$ 178,598	\$ 17,152	\$ 88,412
2026	(389,642)	(226,580)	12,741	101,035
2027	904,722	852,052	82,338	126,311
2028	148,317	41,953	(12,663)	27,455
2029	(16,199)	15,545	969	(1,163)
Thereafter	—	—	—	—
Totals	<u>\$ 666,857</u>	<u>\$ 861,568</u>	<u>\$ 100,537</u>	<u>\$ 342,050</u>

The SERS and MTRS total pension liabilities were based on an actuarial valuation as of January 1, 2023 rolled forward to June 30, 2023, using the following actuarial assumptions:

1. The actuarial assumptions included: (a) 2.5% inflation rate (b) 7.00% investment rate of return; (c) 3.5% interest rate credited to the annuity savings fund; and (d) 3.0% cost of living increase on the first \$13,000 of allowance per year .
2. Salary increases are based on analyses of past experience but range from 4.00% to 9.00% (SERS) and 4.0% to 7.50% (MTRS) depending on group and length of service.
3. Experience studies were performed as follows:
SERS:
 - Dated February 27, 2014 and encompasses the period January 1, 2006 to December 31, 2011, updated to reflect actual experience from 2012 through 2020 for post-retirement mortality.

MTRS:

- Dated July 21, 2014 and encompasses the period January 1, 2006 to December 31, 2011, updated to reflect actual experience from 2012 through 2020 for post-retirement mortality.
4. Mortality rates were as follows:

SERS:

- Pre-retirement - reflects RP-2014 Blue Collar Employees Table projected generationally with Scale MP-2021, set forward 1 year for females.
- Post-retirement - reflects RP-2014 Blue Collar Healthy Annuitant Table projected generationally with Scale MP-2021, set forward 1 year for females.
- Disability - the mortality rate reflects the post-retirement mortality described above, set forward 1 year.

MTRS:

- Pre-retirement - reflects Pub-2010 Teachers Employees mortality table (headcount weighted) projected generationally with Scale MP-2021 (gender distinct).
- Post-retirement - reflects Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally with Scale MP-2021 (gender distinct).
- Disability - assumed to be in accordance with the Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally with Scale MP-2021 (gender distinct).

The BRS-Teachers total pension liability was based on an actuarial valuation as of January 1, 2022 rolled forward to December 31, 2023 using the following actuarial assumptions:

1. The actuarial assumptions included (a) 7.00% investment rate of return, (b) inflation 3.25% (c) 3.50% interest rate credited to the annuity savings fund and (d) 5.0% cost of living increase on the first \$15,000 of allowance per fiscal year ended June 30, 2023 (previously and thereafter 3% of first \$15,000).
2. Salary increases range from 4.0% to 7.5% depending on length of service.
3. Mortality rates were as follows:
 - Healthy - reflects Pub-2010 Teacher Employee, Healthy Retiree and Contingent Survivor Headcount-Weighted Mortality Tables projected generationally using Scale MP-2021.
 - Disabled - reflects Pub-2010 Teacher, Healthy Retiree and Contingent Survivor Headcount-Weighted Mortality Tables projected generationally using Scale MP-2021.

Investments

The Massachusetts legislature enacted Section 17 of Chapter 112 of the Acts of 2010, which requires the SBRS to invest all assets, current and future, related to BRS-Teachers in the PRIT pooled fund.

The following was the PRIT Fund target asset allocation and best estimates of geometric rates of return for each major asset class as of June 30, 2023:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return*
Global Equity	37.00%	4.90%
Core Fixed Income	15.00%	1.90%
Private Equity	16.00%	7.40%
Portfolio Completion Strategies	10.00%	3.80%
Real Estate	10.00%	3.00%
Value Added Fixed Income	8.00%	5.10%
Timberland/Natural Resources	4.00%	4.30%
Total	<u>100.00%</u>	

* - BRS does not separately provide the long-term expected real rate of return for BRS-Teachers assets invested in the PRIT Fund as of the BRS measurement date.

Because SERS, MTRS and BRS-Teachers are all required to invest in the PRIT Fund, the long-term expected real rate of return was determined on that same basis as described in [Note 9C](#).

The discount rate used to measure the pension liabilities was 7.00% for SERS and MTRS as of the June 30, 2023 measurement date and 7.00% for BRS-Teachers as of the December 31, 2023 measurement date.

Sensitivity of the proportionate share of the net pension liability to changes in the discount rate. The following presents the net pension liability of the Commonwealth calculated using the discount rate of 7.00% for SERS and MTRS and 7.00% for BRS-Teachers, as well as what the Commonwealth's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 6.00% for SERS and MTRS and 6.00% for BRS-Teachers) or 1-percentage-point higher 8.00% for SERS and MTRS and 8.00% for BRS-Teachers) than the current rate (amounts in thousands):

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
SERS net pension liability	\$ 18,847,662	\$ 13,713,722	\$ 9,369,060
MTRS net pension liability	33,378,000	26,290,271	20,292,000
 BRS-Teachers net pension liability	 \$ 3,175,437	 \$ 2,586,901	 \$ 2,101,440

E. STATEMENTS OF NET POSITION AND CHANGES IN NET POSITION

The following table displays the Statement of Net Position and the Statement of Changes in Net Position for the SERS, and the MTRS as of June 30, 2024 (amounts in thousands):

	Pension Trust Funds		
	State Employees' PERS	Teachers' PERS	Total
ASSETS			
Cash and cash equivalents	\$ 147,471	\$ 106,801	\$ 254,272
Net investment in PRIT at fair value	37,718,313	40,193,113	77,911,426
Other receivables	95,796	130,980	226,776
Other assets	6	441	447
Total assets	37,961,586	40,431,335	78,392,921
LIABILITIES			
Accounts payable	59,729	8,796	68,525
Net position available for pension	\$ 37,901,857	\$ 40,422,539	\$ 78,324,396
ADDITIONS			
Contributions:			
Employer contributions - Commonwealth and MassDOT	\$ 1,408,975	\$ —	\$ 1,408,975
Non-employer contributions - Commonwealth	57,185	2,417,533	2,474,718
Employer and non-employer contributions - other	16,572	—	16,572
Employee contributions	760,851	987,837	1,748,688
ERIP funding contribution - Commonwealth	28,260	—	28,260
Boston teachers' contributions from Commonwealth	—	238,472	238,472
Other additions	81,973	156,545	238,518
Total contributions	2,353,816	3,800,387	6,154,203
Net investment gain/(loss):			
Investment gain/(loss)	3,491,408	3,694,807	7,186,215
Less: investment expense	(182,986)	(193,375)	(376,361)
Net investment gain/(loss)	3,308,422	3,501,432	6,809,854
Total additions	5,662,238	7,301,819	12,964,057
DEDUCTIONS			
Administration	17,632	20,120	37,752
Retirement benefits and refunds	3,080,229	3,568,446	6,648,675
Payments to State Boston Retirement System	—	238,472	238,472
Other deductions	20,030	75,971	96,001
Total deductions	3,117,891	3,903,009	7,020,900
Change in net position	2,544,347	3,398,810	5,943,157
Net position available for pension at beginning of year	35,357,510	37,023,729	72,381,239
Net position available for pension at end of year	\$ 37,901,857	\$ 40,422,539	\$ 78,324,396

F. RESERVES

Chapter 32 of the MGL establishes certain legally required reserve accounts for both SERS and MTRS. These reserves are used to account for the accumulation of resources according to purpose for which they are received, acquired or held. The reserve accounts can only be modified or changed by legislation.

The balances of legally required reserves at June 30, 2024 were as follows (amounts in thousands):

	SERS	MTRS	Purpose
Annuity Savings Fund.....	\$ 7,726,868	\$ 10,969,286	Active members' contribution balance
Annuity Reserve Fund.....	1,685,516	587,418	Retired members' contribution account
Special Military Service Fund ...	34	345	Members' contribution account while on military leave
Pension Reserve Fund.....	28,489,439	28,865,490	Amounts appropriated to fund future retirement benefits
Total.....	<u>\$ 37,901,857</u>	<u>\$ 40,422,539</u>	

10. OTHER POST EMPLOYMENT BENEFITS

A. PLAN DESCRIPTIONS

Plan administration

The Commonwealth administers a single employer defined benefit Other Post-Employment Benefit (OPEB) plan. Benefits are managed by the Group Insurance Commission (GIC) and investments are managed by PRIM. The GIC has representation on the Board of Trustees of the State Retirees' Benefits Trust (SRBT).

The SRBT is set up solely to pay for OPEB benefits and the cost to administer those benefits. It can only be revoked when all such health care and other non-pension benefits, current and future, have been paid or defeased. The GIC administers benefit payments, while the Trustees are responsible for investment decisions. The SRBT is administered by the board of trustees and is reported as an OPEB Trust Fund and does not issue a stand-alone audited financial report.

Management of the SRBT is vested with a board of trustees, which consists of seven members including the Secretary of Administration and Finance (or their designee), the Executive Director of the GIC (or their designee), the Executive Director of PERAC (or their designee), the State Treasurer (or their designee), the Comptroller (or a designee), one person appointed by the Governor and one person appointed by the State Treasurer. The members elect one person to serve as chair of the board.

Plan membership. As of January 1, 2024 the date of the most recent actuarial valuation, plan membership consisted of the following:

	SRBT
Inactive plan members or beneficiaries currently receiving benefit payments.....	86,816
Inactive plan members entitled to but not yet receiving benefit payments.....	4,735
Active plan members.....	69,517
Total.....	<u>161,068</u>

Benefits provided. Under Chapter 32A of the Massachusetts General Laws (MGL) the Commonwealth is required to provide certain health care and life insurance benefits for retired employees of the Commonwealth, housing

authorities, redevelopment authorities and certain other governmental agencies. Substantially all of the Commonwealth's employees may become eligible for these benefits if they reach retirement age while working for the Commonwealth. Eligible retirees are required to contribute a specified percentage of the health care/benefit costs, which are comparable to contributions required from employees.

Employer and employee contribution rates are set in MGL. The Commonwealth recognizes its share of the costs on an actuarial basis. As of June 30, 2024 and as of the valuation date (January 1, 2024), Commonwealth participants contributed 10% to 20% of premium costs, depending on the date of hire and whether the participant is active, retiree, or survivor status. As part of the FY10 General Appropriation Act, all active employees pay an additional 5% of premium costs. Normal costs paid for OPEB to retirees during FY24 totaled approximately \$611 million.

Effective beginning FY14, the Commonwealth by statute is required to allocate, to the SRBT, a portion of revenue received under the Master Settlement Agreement with tobacco companies, increasing from 10% in FY14 to 100% by FY23. In FY24, 10% of tobacco settlement proceeds or approximately \$18.6 million was allocated to the SRBT. In the FY24 Massachusetts General Appropriation Act, the percentage of proceeds to be transferred to the SRBT in FY24 was set at 10%, overriding existing statute.

B. INVESTMENTS

Investment Policy. The SRBT is required to invest in the PRIT Fund. Consequently, information about SRBT's target asset allocation and long-term expected real rate of return as of June 30, 2024, are the same as discussed in [Notes 9 \(B\)](#) and [\(C\)](#).

The annual money-weighted return on OPEB plan investments calculated as the internal rate of return on OPEB plan investments net of OPEB plan expenses for fiscal 2024 was 9.97%. A money-weighted rate of return expresses investment performance, net of OPEB plan investment expense, adjusted for the changing amounts actually invested.

C. NET OPEB LIABILITY OF THE OPEB PLAN REQUIRED BY GASB 74

The components of the net OPEB liability at June 30, 2024 are as follows (amounts in thousands):

	SRBT
Total OPEB liability	\$ 16,241,790
Plan fiduciary net position	(2,525,645)
Net OPEB liability	<u>\$ 13,716,145</u>
Fiduciary net position as a percentage of the total OPEB liability	15.6%

Additional information regarding changes in the net OPEB liability can be found in the Required Supplementary Information Section of these financial statements.

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of January 1, 2024 rolled forward to June 30, 2024, using the following actuarial assumptions:

1. The annual healthcare cost trend rates were developed based on the most recently published SOA-Getzen trend rate model, version 2024_1b. The short-term trend assumptions were based on a review of the Commonwealth's emerging experience and enrollment by plan type (including migration assumptions for discontinued plans), along with industry surveys, separately for non-Medicare and Medicare benefits. The industry surveys were used to predict short-term future per capita cost increases. The most recently

published SOA-Getzen model was then used to determine the trend rates beginning in 2028 and thereafter, based on the plan's long-term inflation assumption and reasonable macro-economic assumptions for the growth of health care expenditures during this period relative to the general economy.

Year	Medicare Benefits	Non-Medicare Benefits
2024	5.35%	7.42%
2025	6.53%	8.03%
2026	5.24%	6.85%
2027	5.19%	6.57%
2028	5.14%	6.29%
2033		4.87%
2043		4.48%
2053		4.42%
2063		4.37%
2073		4.01%
2075+		3.94%

2. Mortality rate was in accordance with RP 2014 Blue Collar Mortality Table projected with scale MP-2021, with females set forward one year.
3. Participation rates:
 - a. 100% of employees currently electing healthcare coverage are assumed to elect coverage at retirement.
 - b. 35% of employees currently opting out of active employee health coverage are assumed to elect to enroll in retiree coverage.
 - c. 85% of current and future vested terminated participants will elect health care benefits at age 55, or if later, the participant's current age.
 - d. Retirees who currently elect to waive their coverage are assumed to remain uncovered in the future.
 - e. 100% of spouses are assumed to elect to continue coverage after the retiree's death.
 - f. Current non-Medicare eligible retirees and spouses (if covered) under age 65 who are in a POS/PPO plan are assumed to move to an Medicare Supplement plan if they are Medicare eligible at 65. All others are assumed to remain in their currently elected product type (Indemnity-Medicare Supplement/HMO-Medicare Advantage/POS/PPO).

Future retirees are assumed to enroll in the existing plans in the same proportion as the current retiree mix, as show in the table below. These proportions are established separately for non-Medicare and Medicare coverage for each product type and reflect the migration of the members to the new plans, as stated in the GIC Provisions section.

	Non-Medicare		Medicare
Indemnity	18.0%	Medicare Supplement	96.0%
HMO	10.0%	Medicare Advantage	4.0%
POS/PPO	72.0%		

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the Commonwealth and those non-Commonwealth governments that participate in the GIC) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs on a premium basis between the Commonwealth and those non-Commonwealth governments that participate in the GIC to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Discount rate. The discount rate used to measure the OPEB liability was 4.61%. This rate was based on a blend of the Bond Buyer Index rate 3.93% as of the measurement date and the long-term expected rate of return. The plan's fiduciary net position was not projected to be available to make all projected future benefit payments for current plan members. Based on the stated assumptions and the projection of cash flows, the Plan's Fiduciary Net Position and future contributions were not sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on SRBT investments was applied to projected benefit payments through year 2043 and the municipal bond rate was applied to all remaining future years to determine the Total OPEB Liability.

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the OPEB plan's net OPEB liability calculated using the discount rate of 4.61%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower 3.61% or 1-percentage-point higher 5.61% than the current rate (amounts in thousands):

	1% Decrease 3.61%	Current Discount Rate 4.61%	1% Increase 5.61%
Net OPEB liability	<u>\$ 15,974,849</u>	<u>\$ 13,716,145</u>	<u>\$ 11,851,966</u>

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the OPEB plan's net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate disclosed above (amounts in thousands):

	1% Decrease 4.35%-6.42%	Current Healthcare Cost Trend Rate 5.35%-7.42%	1% Increase 6.35%-8.42%
Net OPEB liability	<u>\$ 11,514,467</u>	<u>\$ 13,716,145</u>	<u>\$ 16,485,591</u>

D. NET OPEB LIABILITY OF THE COMMONWEALTH REQUIRED BY GASB 75

The Commonwealth's net OPEB liability was measured as of June 30, 2023 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2023 rolled forward to June 30, 2023.

The Commonwealth's reporting entity reported the following net OPEB liability (amounts in thousands):

	Net OPEB Liability	
Primary government	\$ 13,424,572	(A)
Discretely presented component unit	2,892,442	(B)
Total net OPEB liability	<u>\$ 16,317,014</u>	

(A) - includes \$583 million of business-type activities and special funding arrangements that participate in the Commonwealth's OPEB plan. Nothing is related to non-participating governmental entities.

(B) - Of this amount \$2.114 billion relates to discretely presented component units not participating in the Commonwealth's OPEB plan.

OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB

As of June 30, 2023, the measurement date, the Commonwealth (primary government) and the discretely presented component units recognized OPEB expense of approximately \$(292) million and \$15 million, respectively. The following details the components of deferred outflows of resources and deferred inflows of resources related to OPEB (amounts in thousands):

	Primary Government		Discretely Presented Component Units	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ 730,580	\$ 852,631	\$ 123,455	\$ 1,404
Differences between expected and actual experience	546,246	1,508,427	161,999	200,389
Change of assumptions	591,282	3,467,092	219,227	733,661
Net difference between projected and actual earnings on OPEB plan investments	43,891	41	2,545	658
Payments made after the measurement date	619,324	—	93,889	—
Totals	<u>\$ 2,531,323</u>	<u>\$ 5,828,191</u>	<u>\$ 601,115</u>	<u>\$ 936,112</u>

The \$619 million and \$94 million reported as deferred outflows of resources in the primary government and the discretely presented component units, respectively, are the contributions made subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the next fiscal year. Other amounts reported above as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (amounts in thousands):

	Primary Government	Discretely Presented Component Units
2025	\$ (1,269,416)	\$ (147,266)
2026	(1,196,389)	(136,118)
2027	(1,111,479)	(115,031)
2028	(356,820)	(41,838)
2029	17,870	13,374
Thereafter	42	(2,007)
Total	<u>\$ (3,916,192)</u>	<u>\$ (428,886)</u>

Actuarial Assumptions

The total OPEB liability based on the actuarial valuation as of January 1, 2023 rolled forward to June 30, 2023 used the following actuarial assumptions:

1. The annual healthcare cost trend rates were developed based on the most recent published SOA-Getzen trend rate model, version 2023_1f. The short-term trend assumptions were based on a review of the Commonwealth's emerging experience and enrollment by plan type (including migration assumptions for discontinued plans), along with industry surveys, separately for non-Medicare and Medicare benefits. The industry surveys were used to predict short-term future per capita cost increases. The most recently published SOA-Getzen model was then used to determine the trend rates beginning in 2027 and thereafter, based on the plan's long-term inflation assumption and reasonable macro-economic assumptions for the growth of health care expenditures during this period relative to the general economy

Year	Medicare Benefits	Non-Medicare Benefits
2023	5.79%	7.50%
2024	7.26%	8.59%
2025	7.14%	8.29%
2026	5.45%	6.59%
2027	5.33%	6.28%
2032	4.77%	
2042	4.50%	
2052	4.44%	
2062	4.38%	
2072	4.06%	
2075+	3.94%	

2. Mortality rate was in accordance with RP 2014 Blue Collar Mortality Table projected with scale MP-2021, with females set forward one year.
3. Participation rates:
 - a. 100% of employees currently electing healthcare coverage are assumed to elect coverage at retirement.
 - b. 35% of employees currently opting out of active employee health coverage are assumed to elect to enroll in retiree coverage.
 - c. 85% of current and future vested terminated participants will elect health care benefits at age 55, or if later, the participant's current age.
 - d. Retirees who currently elect to waive their coverage are assumed to remain uncovered in the future.
 - e. 100% of spouses are assumed to elect to continue coverage after the retiree's death.
 - f. Current non-Medicare eligible retirees and spouses (if covered) under age 65 who are in a POS/PPO plan are assumed to move to an Indemnity plan if they are Medicare eligible at 65. All others are assumed to remain in their currently elected product type (Indemnity/POS/PPO/HMO).

	Retirement Age	
	Under 65	Age 65+
Indemnity	27.0%	Medicare Supplement 96.0%
POS/PPO	10.0%	Medicare Advantage 4.0%
HMO	63.0%	

Discount Rate

The discount rate used to measure the OPEB liability was 4.34%. This rate was based on a blend of the Bond Buyer Index rate 3.65% as of the measurement date and the long-term expected rate of return. The plan's fiduciary net position was not projected to be available to make all projected future benefit payments for current plan members. Based on the stated assumptions and the projection of cash flows, the Plan's Fiduciary Net Position and future contributions were not sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on SRBT investments was applied to projected benefit payments through year 2042 and the municipal bond rate was applied to all remaining future years to determine the Total OPEB Liability.

Investments

The long-term expected rate of return as of June 30, 2023 was 7.00%. Investment assets of the Plan are held by the Pension Reserves Investment Trust (PRIT) Fund. The long-term expected rate of return on OPEB Plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term
		Expected Real Rate of Return
Global Equity	37.0 %	4.9 %
Core Fixed Income	15.0 %	1.9 %
Private Equity	16.0 %	7.4 %
Portfolio Completion Strategies	10.0 %	3.8 %
Real Estate	10.0 %	3.0 %
Value Added Fixed Income	8.0 %	5.1 %
Timber/Natural Resources	4.0 %	4.3 %
Total	<u>100.0 %</u>	

Changes in Net OPEB liability

The following presents the changes in the net OPEB liability of entities participating in the Commonwealth's OPEB plan (including MassDOT, a discretely presented component unit) as of June 30, 2023 (amounts in thousands):

	Increase/(Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2022.....	\$ 15,340,605	\$ 1,988,383	\$ 13,352,222
Changes for the year:			
Service cost.....	530,964	—	530,964
Interest.....	672,136	—	672,136
Differences between expected and actual experience.....	591,887	—	591,887
Changes of assumptions.....	(179,432)	—	(179,432)
Contributions-employer.....	—	653,178	(653,178)
Net investment income.....	—	111,455	(111,455)
Benefit payments.....	(486,104)	(486,104)	—
Administrative expense.....	—	(246)	246
Other additions.....	—	176	(176)
Net changes.....	1,129,451	278,459	850,992
Balances at June 30, 2023.....	<u>\$ 16,470,056</u>	<u>\$ 2,266,842</u>	<u>\$ 14,203,214</u>

Sensitivity Analysis of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability of entities participating in the Commonwealth's OPEB plan (excluding MassDOT) calculated using the discount rate, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate (amounts in thousands):

	1% Decrease 3.34%	Current Discount Rate 4.34%	1% Increase 5.34%
Net OPEB liability.....	\$ 16,595,061	\$ 14,203,214	\$ 12,240,566
Less: MassDOT Share.....	(909,767)	(778,642)	(671,047)
Commonwealth Net OPEB liability.....	<u>\$ 15,685,294</u>	<u>\$ 13,424,572</u>	<u>\$ 11,569,519</u>

Sensitivity Analysis of the net OPEB liability to changes in the healthcare cost trend rate

The following presents the net OPEB liability of entities participating in the Commonwealth's OPEB plan (excluding MassDOT), as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate, as disclosed on page 122 of this report (amounts in thousands):

	1% Decrease 4.79%-6.50%	Current Rate 5.79%-7.50%	1% Increase 6.79%-8.50%
Net OPEB liability.....	\$ 11,901,215	\$ 14,203,214	\$ 17,115,101
Less: MassDOT Share.....	(652,443)	(778,642)	(938,276)
Commonwealth Net OPEB liability.....	<u>\$ 11,248,772</u>	<u>\$ 13,424,572</u>	<u>\$ 16,176,825</u>

E. STATEMENT OF NET POSITION AND CHANGES IN NET POSITION

The following table displays the Statement of Net Position and Statement of Changes in Net Position for the State Retirees' Benefit Trust as of June 30, 2024 (amounts in thousands):

	OPEB Trust Fund
	State Retiree Benefits
ASSETS	
Cash and cash equivalents	\$ 38,167
Net investment in PRIT at fair value	2,487,480
Total assets	2,525,647
LIABILITIES	
Accounts payable	2
Net position available for other post-employment benefits	\$ 2,525,645
ADDITIONS	
Contributions:	
Employer contributions - Commonwealth	\$ 648,694
Other additions	150
Total contributions	648,844
Net investment gain/(loss):	
Investment gain/(loss)	233,112
Less: investment expense	(12,009)
Net investment gain/(loss)	221,103
Total additions	869,947
DEDUCTIONS	
Administration	223
Retirement benefits and refunds	610,921
Total deductions	611,144
Change in net position	258,803
Net position available for other post-employment benefits at beginning of year	2,266,842
Net position available for other post-employment benefits at end of year	\$ 2,525,645

11. LEASES

A. Primary Government - as Lessee

The Commonwealth has entered into various right to use leases for land, buildings, and equipment, infrastructure, facilities, and improvements. These agreements contain provisions indicating that continuation is subject to appropriation by the Legislature. One of the lease agreements calls for both fixed and variable (based on changes in index rates) payments; the latter of which are not included in the initial measurement of the lease liability. These variable payments totaled \$3 million and were recognized as expense during the year ended June 30, 2024.

The Institutions of Higher Education lease real property and equipment under numerous right to use lease agreements for varying terms. The following schedule summarizes future minimum payments under non-cancelable leases for governmental activities and for the Institutions of Higher Education – reported as a business-type activity, for the fiscal year ended June 30, 2024 (amounts in thousands):

Fiscal Year Ended June 30	Governmental Activities				Business - Type Activities			
	Principal	Interest	MSBA Principal	MSBA Interest	Governmental Activities Total	Principal	Interest	Business - Type Activities Total
2025	\$ 159,577	\$ 11,539	\$ 1,216	\$ 23	\$ 172,355	\$ 60,192	\$ 48,492	\$ 108,684
2026	119,775	9,972	—	—	129,747	63,588	45,446	109,034
2027	104,910	8,572	—	—	113,482	63,796	42,238	106,034
2028	93,725	7,300	—	—	101,025	64,779	39,410	104,189
2029	79,610	6,100	—	—	85,710	66,573	32,450	99,023
2030-2034	149,439	18,280	—	—	167,719	321,296	125,889	447,185
2035-2039	31,893	10,198	—	—	42,091	318,575	65,958	384,533
2040-2044	29,651	7,084	—	—	36,735	143,658	16,680	160,338
2045-2049	32,683	3,941	—	—	36,624	33,443	3,031	36,474
2050-2054	20,218	801	—	—	21,019	1,707	65	1,772
2055-2059	430	170	—	—	600	—	—	—
2060-2064	476	124	—	—	600	—	—	—
2065-2069	526	74	—	—	600	—	—	—
2070-2074	461	19	—	—	480	—	—	—
Total lease liabilities	823,374	84,174	1,216	23	908,787	1,137,607	419,659	1,557,266
Less: current portion	(159,577)	(11,539)	(1,216)	(23)	(172,355)	(60,192)	(48,492)	(108,684)
Long-term lease liabilities	<u>\$ 663,797</u>	<u>\$ 72,635</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 736,432</u>	<u>\$ 1,077,415</u>	<u>\$ 371,167</u>	<u>\$ 1,448,582</u>

Right-to-use lease assets as of June 30, 2024 (amounts in thousands):

Asset type:	Primary Government	
	Governmental Activities	Business - Type Activities
Buildings	\$ 1,425,064	\$ 1,319,506
Machinery and equipment	32,565	27,417
Total assets	1,457,629	1,346,923
Less: accumulated amortization	(668,591)	(316,180)
Total	<u>\$ 789,038</u>	<u>\$ 1,030,743</u>

B. Primary Government - as Lessor

The Commonwealth acts as Lessor on a ground lease associated with re-development of the Saltonstall Building in Boston. Additionally, the Commonwealth acts as Lessor for several properties under a historic curatorship program. For the year ended June 30, 2024, the Commonwealth recognized lease revenue of \$3.7 million and interest revenue of \$1.5 million.

The Institutions of Higher Education acts as lessor of real property and equipment under numerous agreements for varying terms. The following schedule summarizes future minimum payments under non-cancelable leases for governmental activities and for the Institutions of Higher Education – reported as a business-type activity, for the fiscal year ended June 30, 2024 (amounts in thousands):

Fiscal Year Ended June 30	Governmental Activities			Business - Type Activities		
	Principal	Interest	Governmental Activities Total	Principal	Interest	Business - Type Activities Total
2025	\$ 2,271	\$ 2,336	\$ 4,607	\$ 55,738	\$ 64,419	\$ 120,157
2026	1,442	1,164	2,606	62,504	64,835	127,339
2027	1,484	1,136	2,620	64,174	64,301	128,475
2028	1,524	1,105	2,629	64,168	66,655	130,823
2029	1,560	1,069	2,629	143,058	56,761	199,819
2030-2034	10,183	6,017	16,200	331,908	250,100	582,008
2035-2039	12,531	4,764	17,295	293,633	128,024	421,657
2040-2044	13,754	3,415	17,169	138,662	57,053	195,715
2045-2049	14,670	1,973	16,643	39,692	37,026	76,718
2050-2054	10,244	534	10,778	8,355	13,725	22,080
2055-2059	93	8	101	4,120	—	4,120
Total lease receivable	69,756	23,521	93,277	1,206,012	802,899	2,008,911
Less: current portion	(2,271)	(2,336)	(4,607)	(55,738)	(64,419)	(120,157)
Long-term lease receivable	<u>\$ 67,485</u>	<u>\$ 21,185</u>	<u>\$ 88,670</u>	<u>\$ 1,150,274</u>	<u>\$ 738,480</u>	<u>\$ 1,888,754</u>

C. Subscription-Based Information Technology Arrangements (SBITAs)

The Commonwealth has entered into various agreements for software as a service. These agreements contain provisions indicating that continuation is subject to appropriation by the Legislature. The following schedule summarizes future minimum payments under non-cancelable leases for governmental activities and for the Institutions of Higher Education – reported as a business-type activity, for the fiscal year ended June 30, 2024 (amounts in thousands):

Fiscal Year Ended June 30	Governmental Activities					Business - Type Activities		
	Principal	Interest	MSBA Principal	MSBA Interest	Governmental Activities Total	Principal	Interest	Business - Type Activities Total
2025	\$ 49,072	\$ 2,817	\$ 118	\$ 1	\$ 52,008	\$ 21,382	\$ 1,976	\$ 23,358
2026	43,299	1,562	—	—	44,861	16,013	1,275	17,288
2027	7,344	303	—	—	7,647	9,564	633	10,197
2028	3,025	56	—	—	3,081	4,725	241	4,966
2029	158	1	—	—	159	1,365	70	1,435
Total SBITAs liabilities	102,898	4,739	118	1	107,756	53,049	4,195	57,244
Less: current portion	(49,072)	(2,817)	(118)	(1)	(52,008)	(21,382)	(1,976)	(23,358)
Long-term SBITAs liabilities	<u>\$ 53,826</u>	<u>\$ 1,922</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 55,748</u>	<u>\$ 31,667</u>	<u>\$ 2,219</u>	<u>\$ 33,886</u>

12. OTHER LONG-TERM LIABILITIES

A. WORKERS' COMPENSATION AND GROUP INSURANCE LIABILITIES

Workers' Compensation is managed as part of the course of the Commonwealth's general operations. No separate fund for workers' compensation is provided for in Massachusetts General Laws (MGL). Claims for compensation are not separately insured and are funded by the Commonwealth only when incurred. Such losses, including estimates of amounts incurred, but not reported, are included as accrued liabilities in the accompanying financial statements when the loss is incurred. The Commonwealth assumes the full risk of claims filed under a program managed by the Human Resources Division. For personal injury, MGL limits the risk assumed by the Commonwealth to \$100,000 per occurrence, in most circumstances.

Workers' compensation costs are recognized when claims are presented and paid. The Commonwealth's outstanding liability for such claims at June 30, 2024 is estimated to be \$274 million of which approximately \$37 million is expected to be paid during FY24.

Changes in the Commonwealth's liability relating to workers' compensation claims in FY24 and FY23 were (amounts in thousands):

	FY24	FY23
Claims liability, beginning of year	\$ 272,553	\$ 271,891
Increase in liability estimate	58,144	60,406
Payments and decreases in liability estimate	(57,026)	(59,744)
Claims liability, end of year	<u>\$ 273,671</u>	<u>\$ 272,553</u>

The Group Insurance Commission (GIC), a department of the Commonwealth, manages health insurance claims of the Commonwealth's active and retired employees. The Commonwealth is self-insured and various health insurance providers provide health care services to the employees. The accrued liability is estimated based on data provided to the GIC by the insurance companies who participate in the self-insured plans.

Changes in the Commonwealth's liability relating to group insurance claims in FY24 and FY23 were (amounts in thousands):

	FY24	FY23
Claims liability, beginning of year	\$ 191,551	\$ 153,384
Increase in liability estimate	2,172,281	1,957,507
Payments and decreases in liability estimate	(2,185,564)	(1,919,340)
Claims liability, end of year	<u>\$ 178,268</u>	<u>\$ 191,551</u>

B. OTHER CLAIMS & JUDGMENTS

A number of lawsuits are pending or threatened against the Commonwealth, which arise from the ordinary course of operations. These include claims for property damage and personal injury, breaches of contract, condemnation proceedings and other alleged violations of law. The Commonwealth records a liability for those cases in which it is probable that a loss will be incurred and the amount of the potential judgment can be reasonably estimated or a settlement or judgment has been reached but not paid.

The following amounts were recognized for claims and judgments in FY24 and FY23 (amounts in thousands):

	FY24	FY23
Unpaid claims, beginning of year	\$ 66,622	\$ 67,718
Incurred claims	33,398	28,542
Claim payments and reductions	(71,764)	(29,638)
Unpaid claims end of year	<u>\$ 28,256</u>	<u>\$ 66,622</u>

C. ENVIRONMENTAL REMEDIATION

Governmental Accounting Standards Board Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* (GASB 49) provides guidance in estimating and reporting the potential costs of pollution remediation. While GASB 49 does not require the Commonwealth to search for pollution, it does require the Commonwealth to reasonably estimate and report a remediation liability when any of the following obligating events has occurred:

- Pollution poses an imminent danger to the public and the Commonwealth is compelled to take action;
- The Commonwealth is found in violation of a pollution-related permit or license;
- The Commonwealth is named, or has evidence that it will be named, as a responsible party by a regulator;
- The Commonwealth is named, or has evidence that it will be named, in a lawsuit to enforce a cleanup;
- The Commonwealth commences or legally obligates itself to conduct remediation activities.

Site investigation, planning and design, cleanup and site monitoring are typical remediation activities underway across the Commonwealth. Several Commonwealth agencies have dedicated programs, rules and regulations that routinely deal with remediation related issues; others become aware of pollution conditions in the fulfillment of their missions. The Commonwealth has the knowledge and expertise to estimate the remediation obligations presented herein based upon prior experience in identifying and funding similar remediation activities.

The standard requires the Commonwealth to calculate pollution remediation liabilities using the expected cash flow technique, which measures the liability as the sum of probability-weighted amounts in a range of possible estimated amounts. Where the Commonwealth cannot reasonably estimate a pollution remediation obligation it does not report a liability. Several state departments perform continual monitoring of polluted sites. Since the monitoring for such sites is perpetual, undiscounted multi-year costs for such sites have not been estimated. Because of a lack of information about the type and extent of the remediation effort that could be required, no range of outlays for the overall remediation effort for such sites could be developed at this time.

The remediation obligation estimates that appear in this report 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 Commonwealth's obligation. Capital assets may be created when pollution remediation outlays are made under specific circumstances.

During FY24, the Commonwealth had the following activity related to environmental remediation (amounts in thousands):

	Governmental Activities
Environmental remediation liability, beginning of year	\$ 386,445
Expected additional future outlays, changes in liability estimates	(87,635)
FY24 outlays for environmental remediation	<u>(7,162)</u>
Environmental remediation liability, end of year	<u>\$ 291,648</u>

The Commonwealth has various ongoing pollution remediation projects, either in partnership with the U.S. Environmental Protection Agency or other projects the Commonwealth is obligated to perform.

Projects subject to participation with Federal Agencies - Under the Federal Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), state partners are responsible for 10% of cleanup costs at Superfund sites and 100% of costs when a site is in Operation & Maintenance (O&M) status after a period of years. Pollution remediation projects for various sites have an estimated \$225 million in O&M future outlays.

Orphaned Sites - Under Massachusetts General Law Chapter 21E, MassDEP is obligated to clean up hazardous waste sites that pose a harm to human health and the environment when a responsible party is unable or unwilling to conduct the cleanup. These types of pollution remediation projects are estimated at \$21 million in future outlays.

Sites under Commonwealth Control - The Commonwealth has various ongoing pollution remediation project for land and sites under its control. Environmental projects related to buildings or sites containing hazardous materials for demolition or remediation carry an estimated liability of \$46 million.

During FY2024, U.S. EPA assumed responsibility for removing dredge spoils and remediating the river banks along the Neponset River for areas below the mean high water mark. The Commonwealth would remain liable for remediation for dredge spoils and bank repair for areas above the mean high water mark. The shared responsibility has reduced the Commonwealth's estimate of liability by \$97 million, leaving \$9 million in Commonwealth liability for the project. This reduction was offset by smaller increases in other projects of approximately \$10 million.

D. COST OF LIVING ADJUSTMENTS

The Commonwealth is financially responsible for the cost of living adjustment (COLA) granted to participants in various retirement systems of cities, towns and counties in fiscal years 1981 to 1997. Chapter 17 of the Acts of 1997 effective for fiscal year 1998 transferred the responsibility for funding COLAs for separate (non-teacher) retirement systems of cities and towns to their respective systems. Any future COLA granted by the Legislature to employees of these plans will be the responsibility of the individual system, assuming approval by the local board. The individual employer governments are also responsible for the basic pension benefits.

During fiscal year 2024, there was a decrease of approximately \$9 million in the liability for COLAs granted to participants in retirement systems of cities, towns and counties.

As of June 30, 2024, the Commonwealth's liability for COLA was approximately \$72 million.

E. PANDEMIC-RELATED UNEMPLOYMENT INSURANCE

During the pandemic, from FY20 through FY23, the Department of Unemployment Assistance (DUA) overdrew approximately \$2.499 billion in pandemic-related unemployment insurance revenues from the federal government. In January 2025, the Commonwealth agreed pursuant to a settlement agreement to pay the federal government \$2.034 billion (reflecting a negotiated reduction of \$465 million in the assessed liability) from the Unemployment Compensation Trust Fund to remediate these errors, with such payments to be made in ten annual installments of approximately \$203 million commencing in December 2025. The Commonwealth also agreed to pay \$73 million in back-interest and to pay future interest on such amount from the General Fund in annual installments commencing in December 2026.

13. CONTINGENCIES/COMMITMENTS

The Commonwealth receives significant financial assistance from the federal government. Entitlement to these resources is generally contingent upon compliance with terms and conditions of the grant or reimbursement

agreements and with applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all federal financial assistance is subject to financial and compliance audits.

[Section 9 of Chapter 200A of the Massachusetts General Laws](#), part of the Commonwealth's Abandoned Property Law, requires deposit of certain unclaimed assets into a managed Fiduciary Fund. These unclaimed assets are to be remitted to the Stabilization Fund and the General Fund each June 30, where it is included as miscellaneous revenue. Amounts remitted during FY24 totaled approximately \$199 million. A portion of accumulated claims since the law's enactment represent a contingency, because claims for refunds can be made by the owners of the property.

Drug Testing Laboratory disputes. On August 28, 2012, a chemist formerly employed at the Department of Public Health's drug testing laboratory in Boston admitted to several types of misconduct involving her handling of laboratory samples, which were used in criminal cases. The Governor was informed and ordered the immediate closure of the laboratory. The Governor established a central office to identify individuals who may have been affected by the chemist's alleged malfeasance, which the office has estimated as possibly tens of thousands of criminal drug cases. The Governor also announced that the Inspector General is conducting an independent assessment of the laboratory's operations. In addition, the Attorney General's Office is conducting a criminal investigation. On December 17, 2012, the former chemist was indicted by a Statewide Grand Jury on 27 charges in connection with altering drug evidence during the testing process and obstructing justice. She was arraigned on December 20, 2012 in Suffolk Superior Court and pled guilty in 2013. There likely will be significant, but as yet undetermined, state costs required to investigate and respond to the chemist's alleged malfeasance. Supplemental appropriations totaling \$30 million were approved during fiscal 2013 to create a fund to reimburse agencies and cities for costs associated with investigating and responding to misconduct at the state drug testing laboratory. In addition, there may be substantial costs to defend civil complaints alleging state liability in both state and federal court and for potential judgments. As the number of specific cases affected by the chemist's misconduct has not been definitively determined, there is not sufficient information to fully estimate these additional state costs.

A. PRIMARY GOVERNMENT

The Commonwealth continues to guarantee certain Massachusetts Bay Transportation Authority (MBTA) debt outstanding at June 30, 2024, totaling approximately \$88 million.

The MBTA's Forward Funding legislation of 1999 provides for the MBTA to issue general obligation, revenue or other debt secured by a pledge or conveyance of all or a portion of revenues, receipts or other assets or funds of the MBTA. Accordingly, all MBTA debt issued after this legislation is not backed by the full faith and credit of the Commonwealth.

B. TOBACCO SETTLEMENT

A Master Settlement Agreement (MSA) was executed in November of 1998 between five tobacco companies and 46 states, including the Commonwealth. Several additional tobacco companies have joined the MSA and are bound by its terms.

The MSA called for, among other things, annual payments to the states in perpetuity. These payments have been estimated to total more than \$200 billion over the first 25 years, subject to various offsets, reductions and adjustments.

In FY24, the Commonwealth received approximately \$186 million, or 51% of the estimated amounts shown in the MSA. Amounts received in FY24 continued to be less than had previously been projected as payments under the MSA, primarily because the payment amounts are related to national tobacco sales volumes, which have continued to decline since the settlement. The Commonwealth's allocable share of the base amounts payable under the MSA is approximately \$8.962 billion through 2025, which is subject to adjustments, reductions and offsets. In FY25, the Commonwealth participated in a nationwide settlement with the tobacco companies that addressed withholding of proceeds from the years 2005-2011 that had been in dispute, which will result in a one-time payment of \$695 million to the Commonwealth. In FY24 this anticipated payment is recorded as a current receivable on the government-wide statement of net position (governmental activities) and governmental funds (general fund) balance sheet.

In FY04, a Suffolk Superior Court jury rejected the claims of the Commonwealth's private tobacco attorneys that they should be paid a fee amounting to 25% of the Commonwealth's tobacco settlement money. The jury awarded the plaintiffs 10.5% of the amount the Commonwealth receives under the MSA through 2025, minus an offset for amounts received by the attorneys from the tobacco companies pursuant to an arbitration award. To date, however, the attorneys have received more than 10.5% of what the Commonwealth has received under the MSA. As of June 30, 2024, the Commonwealth owes nothing under the jury award. Whether the Commonwealth will in the future be required to pay any sum on private counsel's claim will depend on the actual payments received by the Commonwealth under the MSA through 2025, as well as on the amounts the attorneys receive through the arbitration payments.

C. OPIOID SETTLEMENT

In 2022, the Commonwealth, along with 50 other states and territories, signed on to opioid legal agreements with certain manufacturers and distributors to resolve legal claims for their role in the opioid crisis. As a result of these agreements, the Commonwealth has recognized a receivable for \$434 million as of June 30, 2024, of which \$401 million is considered long-term and remaining \$33 million as short-term receivable. As of June 30, 2024, \$186 million has been received for opioid recovery and remediation purposes.

Other opioid related ongoing litigation will be subject to federal, state, and local government approval.

D. OTHER CONSTRUCTION COMMITMENTS

At June 30, 2024, the Commonwealth had commitments of approximately \$1.222 billion related to ongoing construction projects.

Chelsea Soldiers' Home - Pennrose Master Development Agreement. On October 28, 2022, the Commonwealth signed an agreement with Pennrose, LLC for redevelopment of a portion of the Chelsea Soldiers' Home, including a ground lease, open space, and residential and non-residential spaces. While the contract for this multi-phased project has not been executed, under GASB 94, the agreement likely represents an Availability Payment Arrangement for activities related to design and construction.

E. CONTRACTUAL ASSISTANCE TO AUTHORITIES

The Commonwealth is also authorized to pledge its credit in aid of and provide contractual support for certain independent authorities and political subdivisions within the Commonwealth. These Commonwealth liabilities are classified as: (a) general obligation contract assistance; (b) budgetary contractual assistance liabilities; or (c) contingent liabilities. In addition, the Commonwealth is authorized to pledge its credit in support of scheduled, periodic payments to be made by the Commonwealth under interest rate swaps and other hedging agreements related to bonds or notes of the Commonwealth.

General obligation contract assistance obligations arise from statutory requirements for payments by the Commonwealth to the Massachusetts Clean Water Trust, the Massachusetts Department of Transportation and the Massachusetts Development Finance Agency that are used by such entities to pay a portion of the debt service on certain of their outstanding bonds. Such assistance constitutes a pledge of the Commonwealth's credit for which a two-thirds vote of the Legislature is required.

Budgetary contract assistance liabilities do not constitute a pledge of the Commonwealth's credit. Contingent liabilities relate to debt obligations of independent authorities and agencies of the Commonwealth, or payment obligations of such entities on hedging transactions related to such debt, that are expected to be paid without Commonwealth assistance, but for which the Commonwealth has some kind of liability if expected payment sources do not materialize. These contingent liabilities consist of guarantees and similar obligations with respect to which the Commonwealth's credit has been or may be pledged. Under legislation approved by the Governor during FY09,

the Commonwealth may pledge its credit to guarantee payment obligations of the Massachusetts Turnpike Authority (succeeded by MassDOT in FY10) with respect to certain hedging transactions or provide financial support subject to annual appropriation and without a pledge of the Commonwealth's credit. The same legislation authorizes the Commonwealth to provide credit support to the Massachusetts Turnpike Authority (succeeded by MassDOT) in connection with the issuance of certain refunding bonds, subject to annual appropriation and without a pledge of the Commonwealth's credit. In addition, the Commonwealth has certain statutorily contemplated payment obligations with respect to which the Commonwealth's credit has not been pledged, as in the case of the Commonwealth's obligation to replenish the capital reserve funds securing certain debt obligations of the Massachusetts Housing Finance Agency and the Commonwealth's obligation to fund debt service, solely from monies otherwise appropriated for the affected institution, owed by certain community colleges and state universities on bonds issued by the Massachusetts Health and Educational Facilities Authority and the Massachusetts State College Building Authority.

F. MSBA

The MSBA has estimated the amount of outstanding New Program commitments at June 30, 2024 to be \$2.5 billion.

G. SOCIAL IMPACT BONDS

Legislation approved in 2012 established a Social Innovation Financing Trust Fund for the purpose of funding contracts to improve outcomes and lower costs for contracted government services, referred to as "pay for success contracts." The legislation authorized the Secretary of Administration and Finance to enter into pay for success contracts in which a substantial portion of Commonwealth payments, from amounts appropriated by the Legislature to the Trust Fund, would be conditioned on the achievement of specified performance outcomes. The Commonwealth's obligation to make such payments is a general obligation for which the Commonwealth's full faith and credit are pledged. The Commonwealth entered into four such contracts with the final success payment paid during fiscal year 2024.

H. PENSIONS

The Massachusetts State Employees' Retirement System (MSERS) and the Massachusetts Teachers' Retirement System (MTRS) (collectively referred to as the Retirement Systems), in conjunction with the Commonwealth, have evaluated whether certain of the statutes or practices governing the systems may have been in conflict with the exclusive benefit rule of Section 401(a)(2) of the Internal Revenue Code or other federal tax law requirements relating to the operation of tax-exempt pension plans.

The activities being reviewed include (i) the statutorily directed funding of the budget for the Public Employees' Retirement Administration Commission (PERAC) solely from the investment income accounts of MSERS and MTRS, (ii) the statutorily directed contributions made from the MSERS account in the PRIT Fund to a separate optional retirement plan available to certain employees of the Commonwealth's higher education system, (iii) the statutorily mandated reimbursements paid by the MSERS to local retirement systems for local cost-of-living allowances for certain participants of those systems, (iv) the deposit of reimbursement revenues received from local retirement systems to the Commonwealth's General Fund rather than to the MTRS and MSERS accounts in the PRIT Fund, and (v) the deposit of federal grant fringe payments to the General Fund rather than to the MTRS and MSERS accounts in the PRIT Fund.

The Commonwealth, PERAC, MSERS and the MTRS each engaged outside tax counsel to review these activities.

On March 28, 2017, the Governor approved legislation to address prospectively certain aspects of the issues described above. Additional corrective legislation was approved as part of the Commonwealth's General Appropriations Act for Fiscal Year 2018, approved on July 17, 2017. The Executive Office for Administration and Finance submitted to the Internal Revenue Service for its consideration a request for a closing agreement which describes the activities listed above, explains the corrective actions already taken by legislation, and requests an affirmation that these activities do not adversely affect the tax qualification of the MSERS and MTRS in light of the corrections already made.

The Internal Revenue Service issued an initial request for additional information on April 28, 2020 and a further request for additional information on June 23, 2020. The Commonwealth, the MSERS and MTRS submitted responses to such requests on June 3, 2020 and July 31, 2020, respectively. After further discussions with the IRS, on August 20, 2020, the Commonwealth withdrew its prior request for a closing agreement. This matter remains pending.

14. COMPONENT UNITS AND DETAILS OF DEPARTMENTS AND ENTITIES THAT ARE SEPARATELY AUDITED

The Commonwealth has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Commonwealth is such that exclusion would cause the Commonwealth's financial statements to be misleading or incomplete. As required by GAAP, these financial statements present the Commonwealth of Massachusetts (the primary government) and its component units. The Commonwealth has included 41 entities as component units in the reporting entity because of the significance of their operational and/or financial relationships with the Commonwealth. Details of those entities' operations can be found in those entities' basic financial statements and notes to those entities' basic financial statements.

The following entities are presented in the basic financial statements (all having a June 30, 2024 fiscal year end) (entities marked with an * are not legally separate from the Commonwealth but have separately audited financial statements). Entities that are marked with a § also were not audited in accordance with *Governmental Auditing Standards* as promulgated by the Comptroller General of the United States.

Entities Audited by CliftonLarsonAllen (CLA):

The Massachusetts Clean Water Trust
 Massachusetts Clean Energy Center (MCEC)
 Massachusetts Convention Center Authority (MCCA)
 Massachusetts Development Finance Agency (MassDevelopment)
 Massachusetts Life Sciences Center

Entities Audited by Other Auditors:

The Pension Reserves Investment Trust Fund (PRIT)
 *The Massachusetts State Lottery Commission
 The Massachusetts Department of Transportation (MassDOT)
 Massachusetts Bay Transportation Authority (MBTA)
 Commonwealth Health Insurance Connector Authority
 *§The Massachusetts Municipal Depository Trust (MMDT)
 *The University of Massachusetts System
 University of Massachusetts Foundation, Inc.
 The Massachusetts School Building Authority (MSBA)
 *State Universities:
 Bridgewater State University
 Fitchburg State University

Framingham State University
 Massachusetts College of Art
 Massachusetts Maritime Academy
 Massachusetts College of Liberal Arts
 Salem State University
 Westfield State University
 Worcester State University
 The Massachusetts State College Building Authority

***Community Colleges:**

Berkshire Community College
 Bristol Community College
 Bunker Hill Community College
 Cape Cod Community College
 Greenfield Community College
 Holyoke Community College
 Massasoit Community College
 Massachusetts Bay Community College
 Middlesex Community College
 Mount Wachusett Community College
 Northern Essex Community College
 North Shore Community College
 Quinsigamond Community College
 Springfield Technical Community College

Nonmajor Discretely Presented Component Units:

Massachusetts Technology Park Corporation (MTPC)
 Massachusetts Housing Partnership (MHP)

Economic Development Entities (4 separate entities):

Massachusetts Growth Capital Corporation (MGCC)
 Commonwealth Corporation
 Community Economic Development Assistance Corporation (CEDAC)
 Commonwealth Zoological Corporation (Zoo)

Higher Education Foundations (24 separate entities):

Bridgewater State University Foundation:
 The Bridgewater State University Foundation
 The Bridgewater Alumni Association of Bridgewater State University
 Fitchburg State University Foundation, Inc.
 Framingham State University Foundation, Inc.
 Massachusetts College of Art Foundation, Inc.
 Massachusetts College of Liberal Arts Foundation, Inc.
 The Massachusetts Maritime Academy Foundation, Inc.
 Salem State University Foundation:
 The Salem State University Foundation, Inc.
 Salem State University Assistance Corporation
 Westfield State University Foundation, Inc.
 Worcester State Foundation

Berkshire Community College Foundation
 Bristol Community College Foundation
 Bunker Hill Community College Foundation
 Cape Cod Community College Educational Foundation, Inc.
 Greenfield Community College Foundation, Inc.

Holyoke Community College Foundation
Massachusetts Bay Community College Foundation, Inc.
Massasoit Community College Foundation
Middlesex Community College Foundation, Inc.
North Shore Community College Foundation
Springfield Technical Community College Foundation
Springfield Technical Community College Assistance Corporation
The Mount Wachusett Community College Foundation, Inc.
The Northern Essex Community College Foundation, Inc.
The Quinsigamond Community College Foundation, Inc.

15. SUBSEQUENT EVENTS

Primary Government

On September 12, 2024, the Commonwealth issued \$130 million in GO Bonds, Consolidated Loan of 2024, Series C. These bonds carry interest rate of 5.00%. The first principal payment is due on August 1, 2032 with final maturity on August 1, 2038.

On September 12, 2024, the Commonwealth issued \$220 million in GO Bonds, Consolidated Loan of 2024, Series D. These bonds carry interest rate of 5.00%. The first principal payment is due on August 1, 2040 with final maturity on August 1, 2046.

On September 12, 2024, the Commonwealth issued \$400 million in GO Bonds, Consolidated Loan of 2024, Series E. These bonds carry interest rate of 5.00%. The first principal payment is due on August 1, 2051 with final maturity on August 1, 2054.

On September 12, 2024, the Commonwealth issued \$100 million in GO Bonds, Consolidated Loan of 2024, Series F. These bonds carry interest rate of 4.00% to 4.25%. The first principal payment is due on August 1, 2026 with final maturity on August 1, 2035.

On September 25, 2024, the Commonwealth issued approximately \$6 million in General Obligation (GO) Bonds, Consolidated Loan of 2024 Series A (College Opportunity Bonds). These bonds carry an interest rate of 0.50%. The first principal payment is due on August 1, 2029 with final maturity on August 1, 2044.

On October 17, 2024, the Commonwealth issued \$150 million in Commonwealth Transportation Fund Revenue Bonds 2024 Series A. These bonds carry an interest rate of 5.00% with the first principal payment on June 1, 2044 and final maturity on June 1, 2053.

On October 17, 2024, the Commonwealth issued \$125 million in Commonwealth Transportation Fund Revenue Bonds 2024 Series B. These bonds carry an interest rate of 5.00% with maturity date of June 1, 2054.

On October 17, 2024, the Commonwealth issued approximately \$215 million in Commonwealth Transportation Fund Revenue Refunding Bonds 2024, Series A. The bonds were issued to refund, on a current basis, approximately \$248 million of various Commonwealth Transportation Fund Revenue bonds and carries interest rates of 5.00% with final maturity on June 1, 2044. The refunding resulted in reduced debt service of approximately \$48 million and a present value savings of approximately \$34 million over the life of the bonds.

On December 19, 2024, the Commonwealth issued \$210 million in GO Bonds, Consolidated Loan of 2024, Series G. These bonds carry interest rate of 5.00%. The first principal payment is due on December 1, 2028 with final maturity on December 1, 2035.

On December 19, 2024, the Commonwealth issued \$315 million in GO Bonds, Consolidated Loan of 2024, Series H. These bonds carry interest rate of 5.00%. The first principal payment is due on December 1, 2036 with final maturity on December 1, 2045.

On December 19, 2024, the Commonwealth issued \$275 million in GO Bonds, Consolidated Loan of 2024, Series I. These bonds carry interest rate of 5.00%. The first principal payment is due on December 1, 2046 with final maturity on December 1, 2054.

All debt issues were sold as tax exempt, except as noted.

Fiscal year 2025 supplemental budget signed on April 2, 2025 - section 8 and section 9 amended section 1 of chapter 23G of the General Laws that "Massachusetts Growth Capital Corporation" section 105 of chapter 240 of the acts of 2010, the power, functions, assets and liabilities of which have been merged into the Massachusetts Development Finance Agency.

Component Units

MassDOT made arrangements to renew letters of Credit on the MHS Senior Revenue Variable Rate Bonds Series A-1 and A-2, with TD Bank for an annual fee of 0.19% of total obligations and imputed interest. The two existing credit facilities for these bonds Series A-1 and A-2, have principal amounts of \$100 million and \$108 million respectively and expire on April 1, 2025. MassDOT plans to extend these letters of credit for both bond series with a new expiration date of April 1, 2029, upon Board Approval. MassDOT also plans to amend its MHS 2022 Subordinated Bond Series A-1 Standby Purchase Agreement held with TD Bank, and acquire a two basis point drop while maintaining the existing expiration date of November 9, 2027.

In July 2024, the MBTA issued \$988 million Senior Sales Tax Bonds, 2024 Series A and \$98 million Senior Sales Tax Bonds, 2024 Series B (Sustainability Bonds). The 2024 Series A has two Term Bonds, one Term Bond has a coupon rate of 4.00% and annual sinking funds from July 1, 2043, through final maturity on July 1, 2044, and the other has a coupon rate of 5.25% and annual sinking funds from July 1, 2049, through final maturity on July 1, 2052. The 2024 Series B has one Term Bond with a coupon rate of 5.25% and annual sinking funds from July 1, 2052, through final maturity on July 1, 2054. The 2024 Series A has annual principal payments beginning July 1, 2025, through July 1, 2048. The 2024 Series A annual principal amounts due July 1, 2025, through and including July 1, 2036, are subject to a make whole call and annual principal amounts and Term Bonds due July 1, 2037, through July 1, 2052, are subject to an optional call at par on or after July 1, 2034. The 2024 Series B Term Bond is subject to an optional call at par on or after July 1, 2034.

MBTA Automated Fare Collection System - the multi-year contract for automated fare collections system services moved from the implementation work phase to the operations phase. This contract qualifies as an availability payment arrangement and is subject to GASB Statement No. 94 accounting requirements for financial reporting purposes beginning in the fiscal year ending June 30, 2025. At the time the contract moves to the operations phase, in fiscal year 2025, the MBTA estimates a liability for a milestone payment of \$79.9 million to the system operator.

On February 6, 2025, the Massachusetts Clean Water Trust issued \$543 million in Green and Sustainability bonds. These bonds carry interest rate of 5.00%. The first principal payment is due on February 1, 2026 with final maturity on February 1, 2045.



Required Supplementary Information Other Than Management's Discussion and Analysis

(Unaudited)

**Schedule of Revenues, Expenditures and Changes in Fund Balances – Statutory Basis –
Budget and Actual – General Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balances – Statutory Basis –
Budget and Actual – Budgeted Major Governmental Funds - Federal COVID-19
Response Fund**

**Explanation of Differences Between Revenues, Expenditures and Other Financing Sources/
(Uses) for the General Fund on a Budgetary Basis and GAAP Basis**

**Explanation of Differences Between Revenues, Expenditures and Other Financing Sources/
(Uses) for the Federal COVID-19 Response Fund on a Budgetary Basis and GAAP Basis**

Notes to Required Supplementary Information – Budgetary Reporting

Required OPEB and Pension Schedules



Schedule of Revenues, Expenditures and Changes In Fund Balances - Statutory Basis - Budget and Actual
General Fund*
Fiscal Year Ended June 30, 2024
(Amounts in thousands)

	Original Budget	Final Budget	Actual	Variance
REVENUES AND OTHER FINANCING SOURCES				
Revenues:				
Taxes	\$ 36,392,500	\$ 36,392,500	\$36,460,489	\$ 67,989
Assessments	439,833	439,833	426,726	(13,107)
Federal grants and reimbursements	13,724,249	13,724,249	14,596,368	872,119
Tobacco settlement revenue	246,997	246,997	186,209	(60,788)
Departmental	3,852,780	3,852,780	4,152,716	299,936
Miscellaneous	1,087,273	1,087,273	1,378,864	291,591
Total revenues	55,743,632	55,743,632	57,201,372	1,457,740
Other financing sources:				
Fringe benefit cost recovery	629,893	629,893	619,528	(10,365)
Lottery reimbursements	139,872	139,872	142,205	2,333
Lottery distributions	1,077,536	1,077,536	1,124,590	47,054
Operating transfers in	314,863	314,863	402,422	87,559
Stabilization transfer	550,340	550,340	62,197	(488,143)
Total other financing sources	2,712,504	2,712,504	2,350,942	(361,562)
Total revenues and other financing sources	58,456,136	58,456,136	59,552,314	1,096,178
EXPENDITURES AND OTHER FINANCING USES				
Expenditures:				
Legislature	142,678	142,444	89,314	53,130
Judiciary	1,338,876	1,342,861	1,298,213	44,648
Office of Inspector General	9,176	9,286	8,004	1,282
Governor and Lieutenant Governor	9,486	11,678	8,519	3,159
Secretary of the Commonwealth	71,370	75,405	69,840	5,565
Treasurer and Receiver-General	2,348,647	305,341	243,399	61,942
State Auditor	24,859	24,859	22,804	2,055
Attorney General	74,683	75,804	71,333	4,471
State Ethics Commission	3,485	3,485	3,391	94
District Attorneys	172,251	175,694	173,956	1,738
Office of Campaign & Political Finance	2,180	2,175	2,087	88
Sheriff's	705,618	803,228	799,166	4,062
Disabled Persons Protection Commission	12,148	13,859	12,080	1,779
Commission on the Status of Women	949	949	880	69
Office of the Comptroller	66,670	67,324	31,129	36,195
Administration and Finance	5,186,871	2,846,933	1,834,174	1,012,759
Energy and Environmental Affairs	598,467	657,710	498,201	159,509
Health and Human Services	9,085,903	9,688,871	8,992,046	696,825
Technology Services and Security	260,968	262,122	195,299	66,823
Veterans' Services	129,987	129,517	116,586	12,931
Office of the Veteran Advocate	750	690	186	504
Housing and Livable Communities	1,118,760	1,512,131	1,447,469	64,662
Massachusetts Department of Transportation	704	1,098	647	451
Office of the Child Advocate	10,078	8,037	5,426	2,611
Commission Against Discrimination	12,348	12,579	9,827	2,752
Board of Library Commissioners	47,348	47,447	47,408	39
Education	4,597,192	4,213,809	4,066,329	147,480
Center for Health Information and Analysis	33,429	36,005	35,670	335
Public Safety and Security	1,623,152	1,679,798	1,576,777	103,021
Massachusetts Peace Officer Standards and Training Commission	9,779	9,779	7,653	2,126
Commission on the Status of African Americans	150	150	—	150
Commission on the Status of Latinos and Latinas	150	150	—	150
Commission on the Status of Persons with Disabilities	250	250	134	116
Commission on the Social Status of Black Men and Boys	150	150	—	150
Economic Development	249,715	203,440	164,805	38,635

continued

Schedule of Revenues, Expenditures and Changes In Fund Balances - Statutory Basis - Budget and Actual

General Fund*

Fiscal Year Ended June 30, 2024

(Amounts in thousands)

	Original Budget	Final Budget	Actual	Variance
Labor and Workforce Development	116,664	127,005	93,598	33,407
Direct local aid	7,845,865	7,845,865	7,787,152	58,713
Medicaid	19,825,614	20,097,032	20,070,174	26,858
Post employment benefits	—	4,713,315	4,712,254	1,061
Debt service:				
Principal retirement	34,654	725,586	709,928	15,658
Interest and fiscal charges	—	658,508	643,585	14,923
Total expenditures	55,772,024	58,532,369	55,849,443	2,682,926
Other financing uses:				
Fringe benefit cost assessment	—	—	12,478	(12,478)
Operating transfers out	—	2,603,885	2,606,555	(2,670)
Medical assistance transfer	505,000	681,000	505,000	176,000
Stabilization transfer	—	29,542	29,542	—
Other fund deficit support	—	10,382	10,382	—
Total other financing uses	505,000	3,324,809	3,163,957	160,852
Total expenditures and other financing uses	56,277,024	61,857,178	59,013,400	2,843,778
Excess/(deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 2,179,112	\$ (3,401,042)	538,914	\$ 3,939,956
Fund balance at beginning of year			11,432,548	
Fund balance at end of year			<u>\$11,971,462</u>	

* Includes the General Fund, the Commonwealth Stabilization Fund, the Intragovernmental Services Fund and the Transitional Escrow Fund, which are presented separately in the Statutory Basis Financial Report (SBFR).

See Independent Auditors' Report and notes to required supplementary information.

Schedule of Revenues, Expenditures and Changes In Fund Balances - Statutory Basis - Budget and Actual
 Budgeted Major Governmental Funds - Federal COVID-19 Response Fund
 Fiscal Year Ended June 30, 2024
 (Amounts in thousands)

	Original Budget	Final Budget	Actual	Variance
REVENUES AND OTHER FINANCING SOURCES				
Revenues:				
Federal grants and reimbursements	\$ —	\$ —	\$ —	\$ —
Total revenues	—	—	—	—
Other financing sources:				
Operating transfers in	—	—	59,292	59,292
Other fund deficit support	—	—	—	—
Total other financing sources	—	—	59,292	59,292
Total revenues and other financing sources	—	—	59,292	59,292
EXPENDITURES AND OTHER FINANCING USES				
Expenditures:				
State Auditor	361	—	—	—
Attorney General	—	20,000	19,829	171
Sheriff's	—	165	142	23
Administration and Finance	1,457,307	1,889,641	1,461,778	427,863
Energy and Environmental Affairs	73,891	341,614	111,710	229,904
Health and Human Services	439,355	321,912	263,041	58,871
Veterans' Services	—	8,800	350	8,450
Housing and Livable Communities	98,448	397,165	259,187	137,978
Massachusetts Department of Transportation	6,064	12,689	1,120	11,569
Education	19,935	161,027	65,692	95,335
Public Safety and Security	9,247	22,670	14,069	8,601
Economic Development	231,241	296,686	178,028	118,658
Labor and Workforce Development	2,946	38,973	10,918	28,055
Total expenditures	2,338,795	3,511,342	2,385,864	1,125,478
Other financing uses:				
Fringe benefit cost assessment	—	—	310	(310)
Operating transfers out	—	—	—	—
Total other financing uses	—	—	310	(310)
Total expenditures and other financing uses	2,338,795	3,511,342	2,386,174	1,125,168
Excess/(deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ (2,338,795)</u>	<u>\$ (3,511,342)</u>	<u>(2,326,882)</u>	<u>\$ 1,184,460</u>
Fund balance at beginning of year			2,326,882	
Fund balance at end of year			<u>\$ —</u>	



**Explanation of Differences between Revenues, Expenditures and Other Financing Sources/(Uses)
for the General Fund* on a Budgetary Basis and GAAP Basis (in thousands):**

REVENUES

Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 57,201,372
Adjustments for amounts budgeted for on a cash basis, rather than on the modified accrual basis:	
Tax receivable, net	50,809
Tax refunds and abatements payable, net	(429,427)
Federal reimbursements and other receivables	858,828
Reclassifications:	
Higher education revenue is reclassified for GAAP reporting	(53,334)
Inflows from component units and other miscellaneous financing sources	156,040
Certain revenue is reclassified to fiduciary funds for GAAP reporting	(60,669)
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 57,723,619

OTHER FINANCING SOURCES

Actual amounts (budgetary basis) "other financing sources" from the budgetary comparison schedule	\$ 2,350,942
Adjustments and Reclassifications:	
Higher education revenue is reclassified for GAAP reporting	—
Capital outlay on GAAP basis	311,799
Consolidation of transfers between funds	(41,782)
Inflows from component units and other miscellaneous financing sources	(156,018)
Total other financing sources as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 2,464,941

EXPENDITURES

Actual amounts (budgetary basis) "expenditures" from the budgetary comparison schedule	\$ 55,849,443
Adjustments for amounts budgeted for on a cash basis, rather than on the modified accrual basis:	
Medicaid payments	232,855
Compensated absences and other accrued liabilities	(54,975)
Reclassifications:	
Leases and SBITAs additions are additions to expenditures for GAAP purposes on a fund perspective	311,799
Budgetary debt service are reclassified to transfers out to a debt service fund for GAAP purposes as the Commonwealth does not have a statutory debt service fund	(1,353,514)
Certain expenditures are reclassified from Other Financing Uses	1,250
Higher education expenditures are reclassified for GAAP reporting	(2,201,403)
Expenditures to component units reported on a GAAP basis	30,110
Certain expenditures are reclassified to fiduciary funds for GAAP reporting	(60,669)
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 52,754,896

OTHER FINANCING USES

Actual amounts (budgetary basis) "other financing uses" from the budgetary comparison schedule	\$ 3,163,957
Adjustments and Reclassifications:	
Consolidation of transfers between funds	(41,782)
Budgetary higher education amounts are reclassified to transfers under the modified accrual basis	2,148,070
Budgetary debt service are reclassified to transfers out to a debt service fund for GAAP purposes as the Commonwealth does not have a statutory debt service fund	1,353,514
Transfers to component units reported on a GAAP basis	(25,079)
Certain expenditures are reclassified from Other Financing Uses	(1,250)
Total other financing uses as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 6,597,430

* Includes the General Fund, the Commonwealth Stabilization Fund, the Intragovernmental Services Fund, and the Transitional Escrow Fund, which are presented separately in the Statutory Basis Financial Report (SBFR).

See Independent Auditors' Report and notes to required supplementary information.

**Explanation of Differences between Revenues, Expenditures and Other Financing Sources/(Uses)
for the Federal COVID-19 Response Fund on a Budgetary Basis and GAAP Basis (in thousands):**

REVENUES

Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$	—
Adjustments for amounts budgeted for on a cash basis, rather than on the modified accrual basis:		
Federal reimbursements and other receivables		2,326,882
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$	2,326,882

OTHER FINANCING SOURCES

Actual amounts (budgetary basis) "other financing sources" from the budgetary comparison schedule	\$	59,292
Adjustments and Reclassifications:		
Consolidation of transfers between funds		—
Total other financing sources as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$	59,292

EXPENDITURES

Actual amounts (budgetary basis) "expenditures" from the budgetary comparison schedule	\$	2,385,864
Adjustments for amounts budgeted for on a cash basis, rather than on the modified accrual basis:		
Miscellaneous adjustments		(1)
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$	2,385,863

OTHER FINANCING USES

Actual amounts (budgetary basis) "other financing uses" from the budgetary comparison schedule	\$	310
Adjustments and Reclassifications:		
Consolidation of transfers between funds		—
Operating Transfer out are reclassified to Federal revenue under the modified accrual basis		—
Total other financing uses as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$	310

Note to Required Supplementary Information – Budgetary Reporting

The Commonwealth passes a combined budget for all budgeted operations. State finance law requires that a balanced budget be approved by the Governor and the Legislature. The Governor presents an annual budget to the Legislature, which includes estimates of revenues and other financing sources and recommended expenditures and other financing uses. The Legislature, which has full authority to amend the budget, adopts an expenditure budget by appropriating monies at the individual appropriation account level in an annual appropriations act. Generally, expenditures may not exceed the level of spending authorized for an appropriation account.

Before signing the appropriations act, the Governor may veto or reduce any specific item, subject to legislative override. Further changes to the budget established in the annual appropriations act may be made via supplemental appropriation acts or other legislative acts. These must also be signed by the Governor and are subject to the line item veto.

In addition, Massachusetts General Laws authorize the Secretary of Administration and Finance, with the approval of the Governor, upon determination that available revenues will be insufficient to meet authorized expenditures, to withhold allotments of appropriated funds which effectively reduce the account's expenditure budget. The majority of the Commonwealth's appropriations are non-continuing accounts which lapse at the end of each fiscal year. Others are continuing accounts for which the Legislature has authorized that an unspent balance from the prior year be carried forward and made available for spending in the current fiscal year. In addition, the Legislature may direct that certain revenues be retained and made available for spending within an appropriation. Fringe benefits, pension costs, and certain other costs which are mandated by state finance law are not itemized in the appropriation process and are not separately budgeted.

Because revenue budgets are not updated subsequent to the original appropriation act, the comparison of the initial revenue budget to the subsequent, and often modified, expenditure budget can be misleading. Also, these financial statements portray fund accounting with gross inflows and outflows, thus creating a difference to separately published budget documents, which eliminate some interfund activity. In conducting the budget process, the Commonwealth excludes those interfund transactions that by their nature have no impact on the combined fund balance of the budgeted funds.

The FY04 General Appropriation Act (Chapter 26, Section 167 of the Acts of 2003), amended section 9C, directing the Governor to notify the Legislature in writing as to the reasons for and the effect of any reductions in spending. Alternatively, the Governor may propose specific additional revenues to fund the deficiency. The Governor may also propose to transfer funds from the Stabilization Fund to cure the deficiency. This proposal must be delivered to the Legislature 15 days before any reductions take effect.

The following table summarizes budgetary activity for FY24 (amounts in thousands):

General Appropriation Act, Chapter 28 of the Acts of 2023:	Revenues	Expenditures
Direct appropriations	\$ 56,551,000	\$ 55,323,686
Estimated revenues, transfers, retained revenue appropriations, and appropriations carried forward from FY 2023	—	6,062,695
Total original budget	56,551,000	61,386,381
Supplemental Acts of 2023:		
Chapter 77	—	313,637
Supplemental Acts of 2024:		
Chapter 88	—	266,000
Chapter 206	—	530,768
Chapter 248	—	699,035
Total budgeted revenues and expenditures per Legislative action	—	1,809,440
Chapter 29, Section 9C Reductions	—	(492,042)
Plus: Pension contributions and revenue authorized in the General Appropriation Act, and other transfers of revenue and spending	5,687,930	8,387,282
Budgeted revenues and expenditures as reported	\$ 62,238,930	\$ 71,091,061

As the budget is not passed taking into account the structure of funds, but of appropriations, reports contained within the Commonwealth's MMARS accounting system demonstrate budgetary compliance by appropriation. Those reports are available upon request at the Office of the Comptroller, Statewide Financial Reporting Team, at (617) 973-2660 or can be downloaded directly at <https://www.macomptroller.org/fiscal-year-budgetary-reports>.

**Schedule of Changes in the State Employees' Retirement
System (SERS) Net Pension Liability and Related Ratios**

(Amounts in thousands, except for percentages)

	2024	2023	2022	2021	2020*
Total pension liability, July 1	\$ 50,005,000	\$ 48,041,000	\$ 46,476,000	\$ 45,725,000	\$ 43,398,000
Service cost	1,143,160	1,043,783	981,998	968,648	963,828
Interest	3,472,563	3,332,796	3,223,993	3,243,594	3,124,187
Change in benefit terms	—	—	—	—	—
Differences between expected and actual experience	486,506	424,236	160,909	(904,845)	336,183
Changes of assumptions	—	110,000	—	101,000	442,000
Benefit payments, including refunds of member contributions	(3,080,229)	(2,946,815)	(2,801,900)	(2,657,397)	(2,539,198)
Net change in total pension liability	2,022,000	1,964,000	1,565,000	751,000	2,327,000
Total pension liability, June 30 (a)	<u>\$ 52,027,000</u>	<u>\$ 50,005,000</u>	<u>\$ 48,041,000</u>	<u>\$ 46,476,000</u>	<u>\$ 45,725,000</u>
Plan fiduciary net position, July 1	\$ 35,357,510	\$ 34,131,126	\$ 36,039,471	\$ 28,567,300	\$ 28,763,796
Contributions:					
Employers - Commonwealth and MassDOT	1,408,975	1,368,423	1,310,596	1,105,838	1,003,828
Non-employer contributions - Commonwealth	57,185	63,822	56,988	41,963	38,381
Employer and non-employer contributions - other	16,572	13,764	11,454	13,352	9,718
ERIP funding contribution - Commonwealth	28,260	28,449	28,449	28,449	28,724
Plan members	760,851	722,382	693,853	652,911	659,015
Other additions	81,973	130,982	138,957	90,879	90,944
Total contributions	2,353,816	2,327,822	2,240,297	1,933,392	1,830,610
Net investment income (loss)	3,308,422	1,916,176	(1,297,464)	8,232,417	567,319
Benefit payments, including refunds of member contributions	(3,080,229)	(2,946,815)	(2,801,900)	(2,657,397)	(2,539,198)
Administrative expense	(17,632)	(16,120)	(14,461)	(21,685)	(18,089)
Other changes	(20,030)	(54,679)	(34,817)	(14,556)	(37,138)
Net change in plan fiduciary net position	2,544,347	1,226,384	(1,908,345)	7,472,171	(196,496)
Plan fiduciary net position, June 30 (b)	<u>\$ 37,901,857</u>	<u>\$ 35,357,510</u>	<u>\$ 34,131,126</u>	<u>\$ 36,039,471</u>	<u>\$ 28,567,300</u>
Plan net pension liability - June 30 (a) - (b)	<u>\$ 14,125,143</u>	<u>\$ 14,647,490</u>	<u>\$ 13,909,874</u>	<u>\$ 10,436,529</u>	<u>\$ 17,157,700</u>
Plan fiduciary net position as a percentage of the total pension liability	72.9%	70.7%	71.0%	77.5%	62.5%
Covered payroll (as of the actuarial valuation date)	\$ 7,688,333	\$ 7,088,063	\$ 6,651,010	\$ 6,544,575	\$ 6,354,473
Net pension liability as a percentage of covered employee payroll	183.7%	206.7%	209.1%	159.5%	270.0%

* - The covered payroll for FY20 reflects the compensation in the January 1, 2019 actuarial valuation.

See Independent Auditors' Report and notes to the schedule.

2019	2018	2017	2016	2015
\$ 41,225,000	\$ 39,107,000	\$ 37,760,000	\$ 35,425,414	\$ 31,355,000
897,600	856,200	855,440	813,975	700,012
2,965,890	2,852,239	2,813,374	2,638,929	2,411,551
—	—	10,000	400,000	230,302
303,066	102,008	(428,232)	589,009	275,000
434,000	622,000	304,000	—	2,330,000
(2,427,556)	(2,314,447)	(2,207,582)	(2,107,327)	(1,876,451)
2,173,000	2,118,000	1,347,000	2,334,586	4,070,414
<u>\$ 43,398,000</u>	<u>\$ 41,225,000</u>	<u>\$ 39,107,000</u>	<u>\$ 37,760,000</u>	<u>\$ 35,425,414</u>
\$ 27,995,021	\$ 26,282,232	\$ 23,971,156	\$ 24,042,585	\$ 23,930,895
919,545	842,864	716,266	660,818	601,931
37,359	33,310	28,455	21,830	18,040
10,191	9,564	7,999	16,642	15,808
28,724	28,724	29,093	29,093	—
632,730	600,705	604,772	591,948	549,493
104,765	118,124	232,548	397,077	92,503
1,733,314	1,633,291	1,619,133	1,717,408	1,277,775
1,543,398	2,460,748	2,987,632	422,938	800,886
(2,427,556)	(2,314,447)	(2,207,582)	(2,107,327)	(1,876,451)
(15,853)	(16,369)	(30,030)	(20,624)	(15,966)
(64,528)	(50,434)	(58,077)	(83,824)	(74,554)
768,775	1,712,789	2,311,076	(71,429)	111,690
<u>\$ 28,763,796</u>	<u>\$ 27,995,021</u>	<u>\$ 26,282,232</u>	<u>\$ 23,971,156</u>	<u>\$ 24,042,585</u>
<u>\$ 14,634,204</u>	<u>\$ 13,229,979</u>	<u>\$ 12,824,768</u>	<u>\$ 13,788,844</u>	<u>\$ 11,382,829</u>
66.3%	67.9%	67.2%	63.5%	67.9%
\$ 6,354,473	\$ 6,155,194	\$ 5,927,012	\$ 5,792,288	\$ 5,591,911
230.3%	214.9%	216.4%	238.1%	203.6%

FY2024 Changes in Actuarial Assumptions

No changes.

FY2023 Changes in Actuarial Assumptions

Changes of Assumptions:

Change in mortality

The following mortality assumption changes were made in the January 1, 2023 Actuarial Valuation:

- The Mortality improvement scale is updated from MP-2020 to MP-2021. This change increased the pension liability by approximately \$110 million

FY2022 Changes in Actuarial Assumptions

No changes.

FY2021 Changes in Actuarial Assumptions

Changes of Assumptions:

Change in the investment rate of return

SERS changed its discount rate to 7.00% from 7.15%. This change resulted in an increase to the total pension liability of approximately \$726 million.

Change in mortality

The following mortality assumption changes were made in the January 1, 2021 Actuarial Valuation:

- Pre-retirement mortality reflects RP-2014 Blue Collar Employees table projected generationally with Scale MP-2020, set forward 1 year for females.
- Post-retirement mortality reflects RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2020, set forward 1 year for females.
- For disabled retirees, mortality reflects the post-retirement mortality described above, set forward 1 year.

This change resulted in a decrease to the total pension liability of approximately \$625 million.

FY2020 Changes in Actuarial Assumptions

Changes of Assumptions:

Change in the investment rate of return

SERS changed its discount rate to 7.15% from 7.25%. This change resulted in an increase to the total pension liability of approximately \$442 million.

FY2019 Changes in Actuarial Assumptions

Changes of Assumptions:

Change in the investment rate of return

SERS changed its discount rate to 7.25% from 7.35%. This change resulted in an increase to the total pension liability of approximately \$434 million.

NOTES TO THE SERS SCHEDULE

FY2018 Changes in Actuarial Assumptions

Changes of Assumptions:

Change in the investment rate of return

SERS changed its discount rate to 7.35% from 7.50%. This change resulted in an increase to the total pension liability of approximately \$613 million.

Change in mortality

The following mortality assumption changes were made in the January 1, 2018 Actuarial Valuation:

- Disabled members - would reflect the same assumptions as for superannuation retirees, but with an age set forward of one year.

This change resulted in an increase to the total pension liability of approximately \$9 million.

FY2017 Changes in Actuarial Assumptions

Changes of Benefit Terms:

Chapter 79 of the Acts 2014 established an early retirement incentive (ERI) program for certain employees of the highway division of the Massachusetts Department of Transportation whose positions have been eliminated due to automation of toll collections. Most members retiring under the ERI program had a date retirement of October 28, 2016. 112 members took the ERI and retired during FY2017. As a result, the total pension liability of SERS increased by approximately \$10 million.

Changes of Assumptions:

Change in mortality

The following mortality assumption changes were made in the January 1, 2017 Actuarial Valuation:

- Pre-retirement - was changed to RP-2014 Blue Collar Employees table projected generationally with Scale MP-2016 set forward 1 year for females from RP-2000 Employees table projected generationally with Scale BB and a base year of 2009 (gender distinct).
- Post-retirement - was changed to RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2016 set forward 1 year for females from RP-2000 Healthy Annuitant table projected generationally with Scale BB and a base year of 2009 (gender distinct).
- Disabled members - is assumed to be in accordance with the RP-2000 Healthy Annuitant Table projected generationally with Scale BB and a base year of 2015 (gender distinct), and is unchanged from the prior valuation.

These changes resulted in an increase to the total pension of approximately \$304 million.

FY2016 Changes in Actuarial Assumptions

Changes in Benefit Terms:

Chapter 176 of the Acts of 2011 created a one time election for eligible members of the Optional Retirement Plan (ORP) to transfer to the State Employee's Retirement System (SERS) and purchase service for the period while members of the ORP. As a result, the total pension liability of SERS has increased by approximately \$400 million.

FY2015 Changes in Actuarial Assumptions

Changes in Benefit Terms:

In May 2015, Chapter 19 of the Acts of 2015 created an Early Retirement Incentive (ERI) for certain members of SERS who upon election of the ERI retired effective June 30, 2015. As a result, the total pension liability has increased by approximately \$230 million.

Changes of Assumptions:

Change in the investment rate of return

The Commonwealth revised its discount rate to 7.50% from 7.75%. This change resulted in an increase to the total pension liability of approximately \$933 million.

Change in mortality

The following mortality assumption changes were made in the January 1, 2015 Actuarial Valuation:

- Pre-retirement - was changed to RP-2000 Employees table projected generationally with Scale BB and a base year of 2009 (gender distinct) from RP-2000 Employees table projected 22 years with Scale AA.
- Post-retirement - was changed to RP-2000 Healthy Annuitant table projected generationally with Scale BB and a base year of 2009 (gender distinct) from RP-2000 Healthy Annuitant table projected 17 years with Scale AA.
- Disabled members - was changed to be assumed to be in accordance with RP-2000 Healthy Annuitant table projected generationally with Scale BB and a base year of 2015 (gender distinct) from RP-2000 Healthy Annuitant table projected 7 years with Scale AA set forward 3 years for males.

These changes resulted in an increase to the total pension liability of approximately \$1.397 billion.

See Independent Auditors' Report



**Schedule of Changes in the Massachusetts Teachers' Retirement
System (MTRS) Net Pension Liability and Related Ratios**

(Amounts in thousands, except for percentages)

	2024	2023	2022	2021	2020 *
Total pension liability, July 1	\$ 63,314,000	\$ 61,273,000	\$ 59,795,000	\$ 57,862,841	\$ 54,751,000
Service cost	1,259,763	1,182,258	1,084,503	1,085,414	1,019,331
Interest	4,395,268	4,249,912	4,143,763	4,097,558	3,927,724
Differences between expected and actual experience	378,415	(17,711)	(384,483)	(555,322)	495,599
Changes of assumptions	—	111,000	—	584,000	859,000
Benefit payments, including refunds of plan member contributions	(3,568,446)	(3,484,459)	(3,365,783)	(3,279,491)	(3,189,813)
Net change in total pension liability	2,465,000	2,041,000	1,478,000	1,932,159	3,111,841
Total pension liability, June 30 (a)	<u>\$ 65,779,000</u>	<u>\$ 63,314,000</u>	<u>\$ 61,273,000</u>	<u>\$ 59,795,000</u>	<u>\$ 57,862,841</u>
Plan fiduciary net position, July 1	\$ 37,023,729	\$ 35,384,862	\$ 37,088,124	\$ 29,317,997	\$ 29,536,980
Contributions:					
Non-employer	2,417,533	2,148,676	2,104,604	1,748,483	1,553,433
Plan members	987,837	943,929	892,123	833,236	821,105
Other additions	395,017	319,016	276,758	254,903	233,222
Total contributions	3,800,387	3,411,621	3,273,485	2,836,622	2,607,760
Net investment income (loss)	3,501,432	1,997,214	(1,353,547)	8,455,507	581,648
Benefit payments, including refunds of plan member contributions	(3,568,446)	(3,484,459)	(3,365,783)	(3,279,491)	(3,189,813)
Administrative expense	(20,120)	(21,332)	(19,196)	(21,783)	(22,391)
Other changes	(314,443)	(264,177)	(238,221)	(220,728)	(196,187)
Net change (deficits) in plan fiduciary net position	3,398,810	1,638,867	(1,703,262)	7,770,127	(218,983)
Plan fiduciary net position, June 30 (b)	<u>\$ 40,422,539</u>	<u>\$ 37,023,729</u>	<u>\$ 35,384,862</u>	<u>\$ 37,088,124</u>	<u>\$ 29,317,997</u>
Plan net pension liability - June 30 (a) - (b)	<u>\$ 25,356,461</u>	<u>\$ 26,290,271</u>	<u>\$ 25,888,138</u>	<u>\$ 22,706,876</u>	<u>\$ 28,544,844</u>
Plan fiduciary net position as a percentage of the total pension liability	61.5%	58.5%	57.7%	62.0%	50.7%
Covered payroll (as of actuarial valuation date)	\$ 8,731,185	\$ 8,371,450	\$ 7,704,176	\$ 7,670,306	\$ 7,074,960
Net pension liability as a percentage of covered employee payroll	290.4%	314.0%	336.0%	296.0%	403.5%

* - The covered payroll for FY20 reflects the compensation in the January 1, 2019 actuarial valuation.

See Independent Auditors' Report and notes to the schedule.

2019	2018	2017	2016	2015
\$ 52,503,000	\$ 50,024,000	\$ 47,300,000	\$ 45,918,711	\$ 41,435,000
949,262	901,234	891,760	843,800	768,032
3,763,191	3,633,027	3,505,761	3,402,525	3,166,728
50,910	92,317	47,046	(74,025)	153,000
577,000	845,000	1,176,000	—	3,080,000
(3,092,363)	(2,992,578)	(2,896,567)	(2,791,011)	(2,684,049)
2,248,000	2,479,000	2,724,000	1,381,289	4,483,711
<u>\$ 54,751,000</u>	<u>\$ 52,503,000</u>	<u>\$ 50,024,000</u>	<u>\$ 47,300,000</u>	<u>\$ 45,918,711</u>
\$ 28,791,711	\$ 27,138,609	\$ 24,942,072	\$ 25,429,068	\$ 25,538,646
1,443,710	1,314,783	1,235,515	1,124,583	1,021,930
782,431	755,688	730,212	699,422	669,941
234,532	231,734	223,746	202,796	190,925
2,460,673	2,302,205	2,189,473	2,026,801	1,882,796
1,584,770	2,542,576	3,100,352	441,363	845,503
(3,092,363)	(2,992,578)	(2,896,567)	(2,791,011)	(2,684,049)
(18,324)	(19,528)	(24,053)	(24,220)	(23,444)
(189,487)	(179,573)	(172,668)	(139,929)	(130,384)
745,269	1,653,102	2,196,537	(486,996)	(109,578)
<u>\$ 29,536,980</u>	<u>\$ 28,791,711</u>	<u>\$ 27,138,609</u>	<u>\$ 24,942,072</u>	<u>\$ 25,429,068</u>
<u>\$ 25,214,020</u>	<u>\$ 23,711,289</u>	<u>\$ 22,885,391</u>	<u>\$ 22,357,928</u>	<u>\$ 20,489,643</u>
53.9%	54.8%	54.3%	52.7%	55.4%
\$ 7,074,960	\$ 6,829,012	\$ 6,583,871	\$ 6,388,732	\$ 6,204,274
356.4%	347.2%	347.6%	350.0%	330.3%

FY2024 Changes in Actuarial Assumptions

No changes.

FY2023 Changes in Actuarial Assumptions

Changes of Assumptions:

Change in mortality

The following mortality assumption changes were made in the January 1, 2023 Actuarial Valuation:

- The Mortality improvement scale is updated from MP-2020 to MP-2021. This change increased the pension liability by approximately \$111 million

FY2022 Changes in Actuarial Assumptions

No changes.

FY2021 Changes in Actuarial Assumptions

Changes of assumptions:

Change in the investment rate of return

The Commonwealth revised its discount rate to 7.00% from 7.15%. This change resulted in an increase to the total pension liability of approximately \$1.011 billion.

Change in mortality

The following mortality assumption changes were made in the January 1, 2021 Actuarial Valuation:

- Pre-retirement mortality reflects SOA Pub-2010 Teachers Employees mortality table (headcount weighted) projected generationally with Scale MP-2020 (gender distinct).
- Post-retirement mortality reflects SOA Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally with Scale MP-2020 (gender distinct).
- For disabled members, the mortality rate is assumed to be in accordance with the SOA Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally with Scale MP-2020 (gender distinct).

These changes resulted in an decrease to the total pension liability of approximately \$ 427 million.

FY2020 Changes in Actuarial Assumptions

Changes of assumptions:

Change in the investment rate of return

The Commonwealth revised its discount rate to 7.15% from 7.25%. This change resulted in an increase to the total pension liability of approximately \$559 million.

Change in mortality

The following mortality assumption changes were made in the January 1, 2020 Actuarial Valuation:

- Pre-retirement - was changed to Pub-2010 Teachers Employees mortality table (headcount weighted) projected generationally with Scale MP-2018 (gender distinct) from RP-2014 White Collar Employees table projected generationally with Scale MP-2016 (gender distinct).

NOTES TO THE MTRS SCHEDULE

- Post-retirement - was changed to Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally with Scale MP-2018 (gender distinct) from RP-2014 White Collar Healthy Annuitant table projected generationally with Scale MP-2016 (gender distinct).
- Disabled members - was changed to be in accordance with Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally with Scale MP-2018 (gender distinct).

These changes resulted in an increase to the total pension liability of approximately \$300 million.

FY2019 Changes in Actuarial Assumptions

Changes of Assumptions:

Change in the investment rate of return

The Commonwealth revised its discount rate to 7.25% from 7.35%. This change resulted in an increase to the total pension liability of approximately \$577 million.

FY2018 Changes in Actuarial Assumptions

Changes of Assumptions:

Change in the investment rate of return

The Commonwealth revised its discount rate to 7.35% from 7.50%. This change resulted in an increase to the total pension liability of approximately \$845 million.

FY2017 Changes in Actuarial Assumptions

Changes of Assumptions:

Change in mortality

The following mortality assumption changes were made in the January 1, 2017 Actuarial Valuation:

- Pre-retirement - was changed to RP-2014 White Collar Employees table projected generationally with Scale MP-2016 (gender distinct) from RP-2014 Employees table projected generationally with Scale BB).
- Post-retirement - was changed to RP-2014 White Collar Healthy Annuitant table projected generationally with Scale MP-2016 (gender distinct) from RP-2014 Healthy Annuitant table projected generationally with Scale BB).
- Disabled members - is assumed to be in accordance with RP-2014 Healthy Annuitant table projected generationally with Scale BB and a base year of 2014 set forward 4 years and is unchanged from the prior valuation.

These changes resulted in an increase to the total pension liability of approximately \$1.176 billion.

FY2015 Changes in Actuarial Assumptions

Changes of assumptions:

Change in the investment rate of return

The Commonwealth revised its discount rate to 7.50% from 7.75%. This change resulted in an increase to the total pension liability of approximately \$1.190 billion.

NOTES TO THE MTRS SCHEDULE

Change in mortality

The following mortality assumption changes were made in the January 1, 2015 Actuarial Valuation:

- Pre-retirement - was changed to RP-2014 Employees table projected generationally with Scale BB and a base year of 2014 (gender distinct) from RP-2000 Employees table adjusted for "white-collar" employment projected 22 years with Scale AA.
- Post-retirement - was changed to RP-2014 Healthy Annuitant table projected generationally with Scale BB and a base year of 2014 (gender distinct) from RP-2000 Healthy Annuitant table adjusted for large annuity amounts and projected 17 years with Scale AA.
- Disabled members - was changed to be assumed to be in accordance with RP-2014 Healthy Annuitant table projected generationally with Scale BB and a base year of 2014 set forward 4 years from RP-2000 Healthy Annuitant table adjusted for large annuity amounts and projected 7 years with Scale AA set forward 3 years for males.

These changes resulted in an increase to the total pension liability of approximately \$1.890 billion.

See Independent Auditors' Report



Schedule of Changes in the State Retirees' Benefit Trust (SRBT)
Net OPEB Liability and Related Ratios

(Amounts in thousands, except for percentages)

	2024	2023	2022	2021	2020
Total OPEB liability, July 1	\$ 16,470,056	\$ 15,340,605	\$ 17,910,405	\$ 22,105,511	\$ 19,662,106
Service cost	551,863	530,964	774,039	992,669	785,689
Interest	725,635	672,136	510,542	521,143	732,808
Differences between expected and actual experience	(96,894)	591,887	(16,054)	(2,926,517)	(600,057)
Changes of assumptions	(797,949)	(179,432)	(3,328,161)	(2,297,649)	2,050,139
Benefit payments, including refunds of member contributions	(610,921)	(486,104)	(510,166)	(484,752)	(525,174)
Net change in total pension liability	(228,266)	1,129,451	(2,569,800)	(4,195,106)	2,443,405
Total OPEB liability, June 30 (a)	<u>\$ 16,241,790</u>	<u>\$ 16,470,056</u>	<u>\$ 15,340,605</u>	<u>\$ 17,910,405</u>	<u>\$ 22,105,511</u>
Plan fiduciary net position, July 1	\$ 2,266,842	\$ 1,988,383	\$ 1,910,940	\$ 1,414,312	\$ 1,368,548
Contributions:					
Employer	648,694	653,178	660,800	569,989	547,611
Other additions	150	176	175	200	122
Total contributions	648,844	653,354	660,975	570,189	547,733
Net investment income (loss)	221,103	111,455	(73,126)	411,438	23,380
Benefit payments, including refunds of plan member contributions	(610,921)	(486,104)	(510,166)	(484,752)	(525,174)
Administrative expenses	(223)	(246)	(240)	(247)	(175)
Other changes	—	—	—	—	—
Net change in plan fiduciary net position	258,803	278,459	77,443	496,628	45,764
Plan fiduciary net position, June 30 (b)	<u>\$ 2,525,645</u>	<u>\$ 2,266,842</u>	<u>\$ 1,988,383</u>	<u>\$ 1,910,940</u>	<u>\$ 1,414,312</u>
Plan net OPEB liability - June 30 (a) - (b)	<u>\$ 13,716,145</u>	<u>\$ 14,203,214</u>	<u>\$ 13,352,222</u>	<u>\$ 15,999,465</u>	<u>\$ 20,691,199</u>
Plan fiduciary net position as a percentage of the total OPEB liability	15.6%	13.8%	13.0%	10.7%	6.4%
Covered payroll *	\$ 6,395,957	\$ 5,721,250	\$ 5,772,086	\$ 5,594,324	\$ 5,625,684
Net OPEB liability as a percentage of covered employee payroll	214.5%	248.3%	231.3%	286.0%	367.8%

* - Fiscal 2018 through fiscal 2021 covered payroll and fiscal 2017 funded payroll amounts have been restated to exclude certain employees for whose benefit the Commonwealth is not liable.

See Independent Auditors' Report and notes to the schedule.

2019	2018	2017
\$ 19,761,333	\$ 18,480,936	\$ 19,821,600
806,023	792,135	950,800
796,880	691,630	591,900
715,192	218,891	(48,600)
(1,935,139)	21,504	(2,393,700)
(482,183)	(443,763)	(441,064)
(99,227)	1,280,397	(1,340,664)
<u>\$ 19,662,106</u>	<u>\$ 19,761,333</u>	<u>\$ 18,480,936</u>
\$ 1,187,569	\$ 996,407	\$ 866,043
594,916	542,896	465,449
188	133	784
595,104	543,029	466,233
68,229	93,308	105,822
(482,183)	(443,763)	(441,064)
(171)	(150)	(127)
—	(1,262)	(500)
180,979	191,162	130,364
<u>\$ 1,368,548</u>	<u>\$ 1,187,569</u>	<u>\$ 996,407</u>
<u>\$ 18,293,558</u>	<u>\$ 18,573,764</u>	<u>\$ 17,484,529</u>
7.0%	6.0%	5.4%
\$ 5,491,214	\$ 5,296,859	\$ 5,259,298
333.1%	350.7%	332.4%

FY2024 Changes in Actuarial Assumptions**Changes of Assumptions:**Change in discount rate

The discount rate was increased from 4.34% to 4.61% (based on a blend of the Bond Buyer Index rate of 3.93% and the expected rate of return on assets of 7.00%) as required by GASB Statement No.74. This increase in the discount rate resulted in a decrease in the total OPEB liability of approximately \$567 million.

Change in healthcare trend rates

The healthcare trend rates were updated to reflect short-term expectations based on a review of the Commonwealth's emerging experience, industry surveys, and an adjustment to estimate the impact of recent general inflation. Long-term expectations were updated based on the most recent SOA-Getzen trend model. This change resulted in a decrease in the total OPEB liability of approximately \$231 million.

Change in per capita claims costs

Per capita claims costs were updated to reflect FY25 rates, and this change resulted in an increase in the total OPEB liability of approximately \$20 million.

Change in demographic and benefit

The change in demographic and benefit payments experience resulted in a decrease in the total OPEB liability of approximately \$117 million.

FY2023 Changes in Actuarial Assumptions**Changes of Assumptions:**Change in discount rate

The discount rate was increased from 4.30% to 4.34% (based on a blend of the Bond Buyer Index rate of 3.65% and the expected rate of return on assets of 7.00%) as required by GASB Statement No.74. This increase in the discount rate resulted in a decrease in the total OPEB liability of approximately \$85.7 million.

Change in mortality projection scale

Mortality projection scale was updated from MP-2020 to MP2021, consistent with the January 1, 2023 SERS Actuarial Valuation Report. This change resulted in an increase in the total OPEB liability of approximately \$56.9 million.

Change in healthcare trend rates

The healthcare trend rates were updated to reflect short-term expectations based on a review of the Commonwealth's emerging experience, industry surveys, and an adjustment to estimate the impact of recent general inflation. Long-term expectations were updated based on the most recent SOA-Getzen trend model. This change resulted in a decrease in the total OPEB liability of approximately \$150.7 million.

Change in per capita claims costs

Per capita claims costs were updated to reflect FY24 rates, including the new plan offerings as of FY24. This change resulted in an increase in the total OPEB liability of approximately \$615 million.

Change in demographic and benefit

The change in demographic and benefit payments experience resulted in a decrease in the total OPEB liability of approximately \$23 million.

FY2022 Changes in Actuarial Assumptions**Changes of Assumptions:**Change in discount rate

The discount rate was increased from 2.77% to 4.30% (based on a blend of the Bond Buyer Index rate 3.54% and the expected rate of return on assets of 7.00%) as required by GASB Statement No. 74. This increase in the discount rate resulted in a decrease in the total OPEB liability of approximately \$3.601 billion.

Change in per capita claims costs

Per capita claims costs were updated to reflect FY23 rates, including the discontinuation of the Fallon Direct and Select plans as of FY23. This change resulted in a decrease in the total OPEB liability of approximately \$139 million.

Change in healthcare trend rates

The healthcare trend rates were updated to reflect short-term expectations based on a review of the Commonwealth's historical trend rates during the past two fiscal years, along with industry surveys, and an adjustment to estimate the impact of recent general inflation. Long-term expectations were updated based on the most recent SOA-Getzen trend model. This change resulted in an increase in the total OPEB liability of approximately \$273 million.

Change in demographic and benefit

The change in demographic and benefit payments experience resulted in an increase in the total OPEB liability of approximately \$123 million.

FY2021 Changes in Actuarial Assumptions**Changes of Assumptions:**Change in discount rate

The discount rate was increased from 2.28% to 2.77% (based on a blend of the Bond Buyer Index rate 2.16%) as of the measurement date and the expected rate of return on assets of 7.00%) as required by GASB Statement No. 74. This increase in the discount rate resulted in a decrease in the total OPEB liability of approximately \$1.391 billion.

Change in mortality projection scale

Mortality projection scale was updated from MP-2016 to MP2020. This change resulted in a decrease in the total OPEB liability of approximately \$969 million.

Change in per capita claims costs

Per capita claims costs for the Medicare HMO plan (Tufts Medicare Preferred plan) was no longer age-graded. This change resulted in a decrease in the total OPEB liability of approximately \$18 million.

Per capita claims costs were updated to reflect lower-than-expected FY22 rates, driven primarily by an increase in expected Pharmacy Benefits Manager rebates. This change resulted in a decrease in the total OPEB liability of approximately \$2.755 billion.

Change in healthcare trend rates

The healthcare trend rates were updated to reflect short-term expectations based on a review of the Commonwealth's historical trend rates during fiscal years 2020 and 2021, along with industry surveys, separately from non-Medicare and Medicare benefits. This change resulted in an increase in the total OPEB liability of approximately \$79 million.

Change in demographic and benefit

The change in demographic and benefit payments experience resulted in a decrease in the total OPEB liability of approximately \$172 million.

NOTES TO THE SRBT SCHEDULE

FY2020 Changes in Actuarial Assumptions

Change in discount rate

The discount rate was decreased to 2.28% (based on a blend of the Bond Buyer Index rate 2.21%) as of the measurement date and the expected rate of return on assets of 7.15%) as required by GASB Statement No. 74. This decrease in the discount rate resulted in an increase in the total OPEB liability of approximately \$4.272 billion.

Change in excise tax

The excise tax was removed. This resulted in a decrease in the total OPEB liability of approximately \$502 million.

Change in per capita claims costs

Per capita claims costs were updated based on changes in the underlying claims and benefit provisions. This change resulted in a decrease in the total OPEB liability of approximately \$1.749 billion.

Change in medical trend rates

The medical trend rates were updated based on the SOA-Getzen trend rate model version 2020_b, the impact of the discontinuation of the ACA Health Insurer Fee and Excise Tax. The short-term assumptions were based on a review of the Commonwealth's historical trend rates during fiscal years 2019 and 2020, along with industry surveys, separately for non-Medicare and Medicare benefits. This change resulted in an increase in the total OPEB liability of approximately \$706 million.

Change in salary scale

The salary scale assumption was updated from a constant 4% assumption to rates that vary by years of service and group classification, consistent with SERS. This change resulted in a decrease in the total OPEB liability of approximately \$441 million.

Change in future retirees' plan participation rates

The proportion of future retirees cover a spouse was reduced from 80% to 60%. This resulted in a decrease in the total OPEB liability of approximately \$1.117 billion.

35% of employees currently opting out of active employee health coverage are assumed to enroll in retiree coverage. An 8% load was applied to the active liability to estimate the impact of its population. This resulted in an increase in the total OPEB liability of approximately \$531 million.

Change in medical plan election rates

Retirees and spouses (if covered) are assumed to be non-Medicare eligible prior to age 65 and Medicare eligible at age 65, unless their spouse is over age 65 and non-Medicare eligible. This resulted in an increase in the total OPEB liability of approximately \$350 million.

FY2019 Changes in Actuarial Assumptions

Changes of Assumptions:

Change in base OPEB rates for medical and prescriptions

Annually, a recalibration of the underlying healthcare costs is performed using healthcare cost experience from the GIC and developing new per person annual costs under the different health plan options. The expectation is that the new rates will be equal to the prior year rates plus one year of healthcare trend (medical inflation).

This resulted in a decrease to the total OPEB liability of approximately \$1.638 billion.

Change in trend on future costs

The healthcare trend rate decreased from 8.0% in FY2018 to 7.5% in FY2019, which impacts the high cost excise tax. This resulted in a decrease to the total OPEB liability of approximately \$1.067 billion.

NOTES TO THE SRBT SCHEDULE

Change in medical plan election rates

The pre age 65 medical plan election percentages were updated to better reflect plan experience and resulted in a decrease to the total OPEB liability of approximately \$90 million.

Change in future retirees' plan participation rates

Plan participation rate for future retirees was changed from 80% to 85% to better reflect recent plan experience and increased the OPEB liability approximately \$62 million.

Change in discount rate

The discount rate was decreased to 3.69% (based on a blend of the Bond Buyer Index rate (3.51%) as of the measurement date and the expected rate of return on assets) as required by GASB Statement No. 74. This decrease in the discount rate resulted in an increase in the total OPEB liability of approximately \$798 million.

FY2018 Changes in Actuarial Assumptions

Changes of Assumptions:

Change in base OPEB rates for medical and prescriptions

Annually, a recalibration of the underlying healthcare costs is performed using healthcare cost experience from the GIC and developing new per person annual costs under the different health plan options. The expectation is that the new rates will be equal to the prior year rates plus one year of healthcare trend (medical inflation).

This resulted in an increase to the total OPEB liability of approximately \$937 million.

Change in trend on future costs

The healthcare trend rate decreased from 8.5% in FY2017 to 8.0% in FY2018, which impacts the high cost excise tax. This resulted in an increase to the total OPEB liability of approximately \$88 million.

Change in mortality

The following mortality assumption changes were made in the January 1, 2018 Actuarial Valuation:

- Disabled members - would reflect the same assumptions as for superannuation retirees, but with an age set forward of one year.

This change resulted in a decrease to the total OPEB liability of approximately \$2 million.

Change in discount rate

The discount rate was increased to 3.95% (based on a blend of the Bond Buyer Index rate (3.87%) as of the measurement date and the expected rate of return on assets) as required by GASB Statement No. 74. This increase in the discount rate resulted in a decrease to the total OPEB liability of approximately \$1.001 billion.

FY2017 Changes in Actuarial Assumptions

Changes of Assumptions:

Change in discount rate

The discount rate was increased to 3.63% (based on a blend of the Bond Buyer Index rate (3.58%) as of the measurement date and the expected rate of return on assets) as required by GASB Statement No. 74. The June 30, 2016 discount rate was calculated to be 2.80%. This increase in the discount rate resulted in a decrease to the total OPEB liability of approximately \$2.394 billion.

See Independent Auditors' Report

Schedule of Investment Returns

	Fiscal Year Ending June 30									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Annual money-weighted rate of return, net of investment expense - SERS	9.50 %	5.70 %	(3.65)%	29.35 %	2.01 %	5.63 %	9.58 %	12.74 %	1.79 %	3.40 %
Annual money-weighted rate of return, net of investment expense - MTRS	9.52 %	5.70 %	(3.69)%	29.35 %	2.00 %	5.62 %	9.58 %	12.75 %	1.78 %	3.40 %
Annual money-weighted rate of return, net of investment expense - SRBT (1)	9.97 %	5.65 %	(3.85)%	29.40 %	1.75 %	5.87 %	9.46 %	12.90 %	(1)	(1)

(1) - GASB 74 implemented in FY2017.

See Independent Auditors' Report



Schedule of Proportionate Share of the Net Pension Liability and Contributions
State Employees' Retirement System

Last 10 Years
(amounts in thousands)

Proportionate Share of the Net Pension Liability	2024 (measurement date June 30, 2023)	2023 (measurement date June 30, 2022)	2022 (measurement date June 30, 2021)	2021 (measurement date June 30, 2020)	2020 (measurement date June 30, 2019)
Proportion of the net pension liability	93.6%	94.2%	94.2%	94.3%	94.7%
Proportionate share of the net pension liability	\$ 13,713,722	\$ 13,101,342	\$ 9,834,175	\$ 16,180,809	\$ 13,856,209
Plan net position as a percentage of the total pension liability	72.9%	70.7%	71.0%	62.5%	66.3%
Covered payroll	\$ 5,880,270	\$ 5,921,315	\$ 5,734,862	\$ 5,778,859	\$ 5,641,512
Net pension liability as a percentage of covered payroll	233.2%	221.3%	171.5%	280.0%	245.6%

Contributions	Fiscal Year Ending June 30					
	2024	2023	2022	2021	2020	2019
Statutorily required contribution	\$ 1,466,160	\$ 1,432,245	\$ 1,367,584	\$ 1,147,801	\$ 1,042,209	\$ 956,904
Contributions in relation to the statutorily required contribution	1,466,160	1,432,245	1,367,584	1,147,801	1,042,209	956,904
Annual contribution deficiency/(excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Covered payroll	\$ 6,570,028	\$ 5,880,270	\$ 5,921,315	\$ 5,734,862	\$ 5,778,859	\$ 5,641,512
Contributions as a percentage of covered payroll	22.3%	24.4%	23.1%	20.0%	18.0%	17.0%

The State Employees' Retirement System (SERS) is included in the ACFR as a pension trust fund in the fiduciary fund type. SERS is a defined-benefit multiple employer, cost-sharing public employee retirement system.

See Independent Auditors' Report and notes to the schedule

2019 (measurement date June 30, 2018)	2018 (measurement date June 30, 2017)	2017 (measurement date June 30, 2016)	2016 (measurement date June 30, 2015)	2015 (measurement date June 30, 2014)
94.6%	94.5%	94.3%	93.8%	93.9%
\$ 12,520,028	\$ 12,122,363	\$ 12,996,818	\$ 10,682,765	\$ 6,972,443
67.9%	67.2%	63.5%	67.9%	76.3%
\$ 5,440,103	\$ 5,397,203	\$ 5,249,985	\$ 5,136,405	\$ 4,975,346
230.1%	224.6%	247.6%	208.0%	140.1%
2018	2017	2016	2015	2014
\$ 876,174	\$ 744,721	\$ 682,648	\$ 619,971	\$ 571,776
876,174	744,721	682,648	619,971	571,776
\$ —	\$ —	\$ —	\$ —	\$ —
\$ 5,440,103	\$ 5,397,203	\$ 5,249,985	\$ 5,136,405	\$ 4,975,346
16.1%	13.8%	13.0%	12.1%	11.5%

Schedule of Proportionate Share of the Net Pension Liability and Contributions
Massachusetts Teachers' Retirement System

Last 10 Years

(amounts in thousands)

Proportionate Share of the Net Pension Liability	2024 (measurement date June 30, 2023)	2023 (measurement date June 30, 2022)	2022 (measurement date June 30, 2021)	2021 (measurement date June 30, 2020)	2020 (measurement date June 30, 2019)
Proportion of the net pension liability	100.0%	100.0%	100.0%	100.0%	100.0%
Proportionate share of the net pension liability	\$ 26,290,271	\$ 25,888,138	\$ 22,706,876	\$ 28,544,844	\$ 25,214,020
Plan net position as a percentage of the total pension liability	58.5%	57.7%	62.0%	50.7%	53.9%

Contributions	Fiscal Year Ending June 30					
	2024	2023	2022	2021	2020	2019
Statutorily required contribution	\$ 2,417,533	\$ 2,148,676	\$ 2,104,604	\$ 1,748,483	\$ 1,553,433	\$ 1,443,710
Contributions in relation to the statutorily required contribution	2,417,533	2,148,676	2,104,604	1,748,483	1,553,433	1,443,710
Annual contribution deficiency/(excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

The Massachusetts Teachers' Retirement System (MTRS) is included in the ACFR as a pension trust fund in the fiduciary fund type. MTRS is a defined-benefit multiple employer, cost-sharing public employee retirement system.

See Independent Auditors' Report and notes to the schedule

2019 (measurement date June 30, 2018)	2018 (measurement date June 30, 2017)	2017 (measurement date June 30, 2016)	2016 (measurement date June 30, 2015)	2015 (measurement date June 30, 2014)
100.0%	100.0%	100.0%	100.0%	100.0%
\$ 23,711,289	\$ 22,885,391	\$ 22,357,928	\$ 20,489,643	\$ 15,896,354
54.8%	54.3%	52.7%	55.4%	61.6%
2018	2017	2016	2015	2014
\$ 1,314,783	\$ 1,235,515	\$ 1,124,583	\$ 1,021,930	\$ 937,379
1,314,783	1,235,515	1,124,583	1,021,930	937,379
\$ —	\$ —	\$ —	\$ —	\$ —

Schedule of Proportionate Share of the Net Pension Liability and Contributions
Boston Retirement System - Teachers

Last 10 Years

(amounts in thousands)

Proportionate Share of the Net Pension Liability	2024 (measurement date December 31, 2023)	2023 (measurement date December 31, 2022)	2022 (measurement date December 31, 2021)	2021 (measurement date December 31, 2020)	2020 (measurement date December 31, 2019)
Proportion of the net pension liability	61.2%	56.2%	65.5%	60.8%	56.5%
Proportionate share of the net pension liability	\$ 2,586,901	\$ 2,682,386	\$ 2,265,594	\$ 2,416,125	\$ 2,572,923
Plan net position as a percentage of the total pension liability	69.4%	64.1%	73.3%	67.6%	61.9%
Fiscal Year Ending December 31					
Contributions	2023	2022	2021	2020	2019
Statutorily required contribution	\$ 238,472	\$ 196,833	\$ 179,369	\$ 162,976	\$ 157,041
Contributions in relation to the statutorily required contribution	238,472	196,833	179,369	162,976	157,041
Annual contribution deficiency/(excess)	\$ —	\$ —	\$ —	\$ —	\$ —

The Boston Retirement System (BRS) is included in the City of Boston's ACFR. The Boston Teachers' portion of the BRS total pension liability is reported in the Commonwealth's ACFR as a part of the total net pension liability.

See Independent Auditors' Report and notes to the schedule

2019 (measurement date December 31, 2018)	2018 (measurement date December 31, 2017)	2017 (measurement date December 31, 2016)	2016 (measurement date December 31, 2015)	2015 (measurement date December 31, 2014)
55.6%	60.5%	55.9%	54.5%	53.7%
\$ 2,551,190	\$ 2,433,199	\$ 2,325,286	\$ 2,402,267	\$ 2,066,546
58.3%	62.7%	58.4%	55.8%	59.6%
2018	2017	2016	2015	2014
\$ 143,146	\$ 131,298	\$ 132,477	\$ 120,434	\$ 109,485
143,146	131,298	132,477	120,434	109,485
\$ —	\$ —	\$ —	\$ —	\$ —



NOTES TO THE SCHEDULES OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND CONTRIBUTIONS

SERS and MTRS:

In accordance with Chapter 32 of the Massachusetts General Laws (MGL), the Commonwealth's statutorily determined contributions to SERS and MTRS are based on a three-year funding schedule adopted by the legislature based upon the previous year's actuarial valuation. The most recent funding schedule was adopted in January 2023 (for fiscal years 2024 through 2026) based upon the January 1, 2022 actuarial valuation as prepared by the Public Employee Retirement Administration Commission (PERAC) using the following assumptions:

1. The annual required contribution for FY2024 was determined as part of the January 1, 2024 actuarial valuation using the entry age normal cost method.
2. The actuarial assumptions included (a) 7.00% investment return/discount rate, (b) 4.76% discount rate for LDROM only (c) inflation rate of 2.5%, per year (d) 3.50% interest rate credited to the annuity savings fund and (e) 3.00% cost of living increase per year (on the first \$13,000 of an allowance).
3. Salary increases are based on analyses of past experience but range from 4.00% to 9.0% depending on group and length of service.
4. The assumptions do not include post-retirement benefit increases, which are taken into account when granted under amendments to General Laws.
5. The actuarial value of assets (AVA) is determined so that 20% of the investment gain or loss in a given year is recognized annually for the ensuing five years. Therefore, these investment gains and losses are fully recognized after five years. In addition to this treatment of gains and losses, we use a "corridor" approach so that the AVA can never be too far from the market value of assets. Under our approach for the Commonwealth, the AVA cannot be less than 90% nor greater than 110% of the market value. As of January 1, 2024, the calculated AVA is 102.2% of the MVA.
6. Normal costs are amortized using level percentage of payroll.
7. The remaining amortization period for the unfunded pension liability at January 1, 2024 was 12 years to FY36.

BRS-Teachers:

The actuarially determined contributions were calculated as of December 31, 2023. The funding requirements are established for the employers' fiscal year ended June 30, 2023 and later years and are analyzed based on the preceding two years' experience. The following actuarial methods and assumptions were used to determine the required contribution rates:

Actuarial cost method.....	Entry age normal cost method
Amortization method.....	Prior year's contribution increased by 8.85% for BRS excluding Boston Teachers
Remaining amortization period.....	13 years remaining as of January 1, 2023 for Boston Teachers
Asset valuation method.....	Sum of actuarial value at beginning of year, contributions and investment earnings based on the actuarial interest assumption less benefit payments and operating expenses plus 20% of market value at end of year in excess of that sum, plus additional adjustment toward market value as necessary so that final actuarial value is within 20% of market value.
Inflation.....	3.25%
Salary increases.....	Based on years of service, ranging from 7.50% at zero years of service decreasing to 4.00% after 20 years of services for Boston Teachers
Investment rate of return.....	7.00% for Boston Teachers
Cost of Living adjustment.....	5.0% of the first \$15,000 for fiscal 2023 and 3% of first \$15,000 thereafter
See Independent Auditors' Report	

Schedule of Employer Contributions - OPEB
Commonwealth of Massachusetts
Last 8 Years
(amounts in thousands)

Contributions	Fiscal Year Ending June 30				
	2024	2023	2022	2021	2020
Statutorily required contribution	\$ 619,324	\$ 630,606	\$ 637,189	\$ 546,664	\$ 526,494
Contributions in relation to the statutorily required contribution	619,324	630,606	637,189	546,664	526,494
Annual contribution deficiency/(excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Covered payroll*	\$ 6,395,957	\$ 5,721,250	\$ 5,772,086	\$ 5,594,324	\$ 5,625,684
Contributions as a percentage of covered payroll	9.7%	11.0%	11.0%	9.8%	9.4%

* Fiscal 2017 through fiscal 2021 covered payroll and fiscal 2017 funded payroll amounts have been restated to exclude certain employees for whose benefit the Commonwealth is not liable. Fiscal years prior to fiscal 2017 have not been restated and include such employees under funded payroll.

Note: This schedule is intended to present 10 year of data. Additional years will be presented when available.

See Independent Auditors' Report

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<u>2019</u>	<u>2018</u>	<u>2017</u>
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\$ 572,434	\$ 520,703	\$ 419,932
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<u>572,434</u>	<u>520,703</u>	<u>419,932</u>
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<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>
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\$ 5,491,214	\$ 5,296,859	\$ 5,259,298
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10.4%	9.8%	8.0%
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Other Supplementary Information

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Budgetary Basis
– Budget and Actual – Combined General Fund**

Combining Balance Sheet – Other Governmental Funds

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Other
Governmental Funds**

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Budgetary Basis
– Budget and Actual – Other Budgeted Nonmajor Governmental Funds**

Combining Budget to GAAP Reconciliation – Other Budgeted Nonmajor Governmental Funds

**Combining Statement of Fiduciary Net Position - Pension and Post-Employment Benefits Trust
Funds – Pension and OPEB Trust Funds**

**Combining Statement of Changes in Fiduciary Net Position - Pension and Post-Employment
Benefits Trust Funds – Pension and OPEB Trust Funds**

**Combining Statement of Fiduciary Net Position Held in Trust for Pool Participants – External
Investment Trust Funds**

**Combining Statement of Changes in Fiduciary Net Position Held in Trust for Pool Participants –
External Investment Trust Funds**

Combining Statement of Fiduciary Net Position - Custodial Funds

Combining Statement of Changes in Fiduciary Net Position - Custodial Funds

Combining Statement of Net Position – Nonmajor Discretely Presented Component Units

**Combining Statement of Revenues, Expenses and Changes in Net Position – Nonmajor Discretely
Presented Component Units**



Combining Schedule of Revenues, Expenditures and Changes In Fund Balances - Statutory Basis - Budget and Actual

Combined General Fund
Fiscal Year Ended June 30, 2024
(Amounts in thousands)

	General Fund				Commonwealth Stabilization Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
REVENUES AND OTHER FINANCING SOURCES								
Revenues:								
Taxes	\$ 36,392,500	\$ 36,392,500	\$ 36,460,275	\$ 67,775	\$ —	\$ —	\$ 214	\$ 214
Assessments	439,833	439,833	426,726	(13,107)	—	—	—	—
Federal grants and reimbursements	13,724,249	13,724,249	14,596,368	872,119	—	—	—	—
Tobacco settlement revenue	246,997	246,997	186,209	(60,788)	—	—	—	—
Departmental	3,852,780	3,852,780	3,623,622	(229,158)	—	—	—	—
Miscellaneous	907,273	907,273	953,694	46,421	180,000	180,000	425,170	245,170
Total revenues	55,563,632	55,563,632	56,246,894	683,262	180,000	180,000	425,384	245,384
Other financing sources:								
Fringe benefit cost recovery	629,893	629,893	619,528	(10,365)	—	—	—	—
Lottery reimbursements	139,872	139,872	142,205	2,333	—	—	—	—
Lottery distributions	1,077,536	1,077,536	1,124,590	47,054	—	—	—	—
Operating transfers in	314,863	314,863	387,450	72,587	—	—	—	—
Stabilization transfer	—	—	—	—	550,340	550,340	62,197	(488,143)
Total other financing sources	2,162,164	2,162,164	2,273,773	111,609	550,340	550,340	62,197	(488,143)
Total revenues and other financing sources	57,725,796	57,725,796	58,520,667	794,871	730,340	730,340	487,581	(242,759)
EXPENDITURES AND OTHER FINANCING USES								
Expenditures:								
Legislature	142,663	142,444	89,314	53,130	—	—	—	—
Judiciary	1,331,727	1,336,146	1,295,177	40,969	—	—	—	—
Office of Inspector General	9,176	9,171	7,923	1,248	—	—	—	—
Governor and Lieutenant Governor	9,486	11,678	8,519	3,159	—	—	—	—
Secretary of the Commonwealth	71,354	74,739	69,190	5,549	—	—	—	—
Treasurer and Receiver-General	2,337,470	294,160	232,220	61,940	—	—	—	—
State Auditor	24,859	24,859	22,804	2,055	—	—	—	—
Attorney General	74,683	75,802	71,331	4,471	—	—	—	—
State Ethics Commission	3,485	3,485	3,391	94	—	—	—	—
District Attorneys	172,251	175,694	173,956	1,738	—	—	—	—
Office of Campaign & Political Finance	2,180	2,175	2,087	88	—	—	—	—
Sheriff's	705,618	803,228	799,166	4,062	—	—	—	—
Disabled Persons Protection Commission	11,160	11,601	11,594	7	—	—	—	—
Commission on the Status of Women	949	949	880	69	—	—	—	—
Office of the Comptroller	10,352	11,006	10,920	86	—	—	—	—
Administration and finance	4,382,421	2,378,506	1,639,643	738,863	—	—	—	—
Energy and environmental affairs	475,953	481,092	432,749	48,343	—	—	—	—
Health and human services	8,902,482	9,188,472	8,745,424	443,048	—	—	—	—
Technology Services and Security	91,931	93,050	86,190	6,860	—	—	—	—
Veterans' Services	123,289	122,450	109,531	12,919	—	—	—	—
Office of the Veteran Advocate	750	690	186	504	—	—	—	—
Housing and Livable Communities	1,105,723	1,480,545	1,422,598	57,947	—	—	—	—
Massachusetts Department of Transportation	—	93	72	21	—	—	—	—
Office of the Child Advocate	10,078	8,037	5,426	2,611	—	—	—	—
Commission Against Discrimination	12,348	12,579	9,827	2,752	—	—	—	—
Board of Library Commissioners	47,348	47,447	47,408	39	—	—	—	—
Education	4,457,760	4,126,707	4,012,255	114,452	—	—	—	—
Center for Health Information and Analysis	33,395	35,453	35,211	242	—	—	—	—
Public Safety and Security	1,543,389	1,585,205	1,508,262	76,943	—	—	—	—
Massachusetts Peace Officer Standards and Training Commission	9,779	9,779	7,653	2,126	—	—	—	—
Commission on the Status of African Americans	150	150	—	150	—	—	—	—
Commission on the Status of Latinos and Latinas	150	150	—	150	—	—	—	—
Commission on the Status of Persons with Disabilities	250	250	134	116	—	—	—	—
Commission on the Social Status of Black Men and Boys	150	150	—	150	—	—	—	—
Economic Development	196,593	156,921	146,400	10,521	—	—	—	—
Labor and workforce development	112,317	95,642	74,759	20,883	—	—	—	—
Direct local aid	7,845,865	7,845,865	7,787,152	58,713	—	—	—	—
Medicaid	19,825,614	20,097,032	20,070,174	26,858	—	—	—	—
Post employment benefits	—	4,713,315	4,712,254	1,061	—	—	—	—
Debt service:								
Principal retirement	—	690,932	675,274	15,658	—	—	—	—
Interest and fiscal charges	—	658,508	643,585	14,923	—	—	—	—
Total expenditures	54,085,148	56,806,157	54,970,639	1,835,518	—	—	—	—
Other financing uses:								
Fringe benefit cost assessment	—	—	9,966	(9,966)	—	—	—	—
Operating transfers out	—	2,532,444	2,535,114	(2,670)	—	—	—	—
Medical assistance transfer	505,000	681,000	505,000	176,000	—	—	—	—
Stabilization transfer	—	29,542	29,542	—	—	—	—	—
Other fund deficit support	—	10,382	10,382	—	—	—	—	—
Total other financing uses	505,000	3,253,368	3,090,004	163,364	—	—	—	—
Total expenditures and other financing uses	54,590,148	60,059,525	58,060,643	1,998,882	—	—	—	—
Excess/(deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 3,135,648	\$ (2,333,729)	460,024	\$ 2,793,753	\$ 730,340	\$ 730,340	487,581	\$ (242,759)
Fund balances at beginning of year	—	—	1,492,371	—	—	—	8,036,051	—
Fund balances at end of year	—	—	<u>\$ 1,952,395</u>	—	—	—	<u>\$8,523,632</u>	—

See Independent Auditors' Report

Intragovernmental Services Fund				Transitional Escrow Fund				Total General Fund			
Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 36,392,500	\$ 36,392,500	\$ 36,460,489	\$ 67,989
—	—	—	—	—	—	—	—	439,833	439,833	426,726	(13,107)
—	—	—	—	—	—	—	—	13,724,249	13,724,249	14,596,368	872,119
—	—	—	—	—	—	—	—	246,997	246,997	186,209	(60,788)
—	—	529,094	529,094	—	—	—	—	3,852,780	3,852,780	4,152,716	299,936
—	—	—	—	—	—	—	—	1,087,273	1,087,273	1,378,864	291,591
—	—	529,094	529,094	—	—	—	—	55,743,632	55,743,632	57,201,372	1,457,740
—	—	—	—	—	—	—	—	629,893	629,893	619,528	(10,365)
—	—	—	—	—	—	—	—	139,872	139,872	142,205	2,333
—	—	—	—	—	—	—	—	1,077,536	1,077,536	1,124,590	47,054
—	—	—	—	—	—	14,972	14,972	314,863	314,863	402,422	87,559
—	—	—	—	—	—	—	—	550,340	550,340	62,197	(488,143)
—	—	—	—	—	—	14,972	14,972	2,712,504	2,712,504	2,350,942	(361,562)
—	—	529,094	529,094	—	—	14,972	14,972	58,456,136	58,456,136	59,552,314	1,096,178
—	—	—	—	15	—	—	—	142,678	142,444	89,314	53,130
—	—	—	—	7,149	6,715	3,036	3,679	1,338,876	1,342,861	1,298,213	44,648
—	—	—	—	—	115	81	34	9,176	9,286	8,004	1,282
—	—	—	—	—	—	—	—	9,486	11,678	8,519	3,159
16	16	—	16	—	650	650	—	71,370	75,405	69,840	5,565
—	—	—	—	11,177	11,181	11,179	2	2,348,647	305,341	243,399	61,942
—	—	—	—	—	—	—	—	24,859	24,859	22,804	2,055
—	2	2	—	—	—	—	—	74,683	75,804	71,333	4,471
—	—	—	—	—	—	—	—	3,485	3,485	3,391	94
—	—	—	—	—	—	—	—	172,251	175,694	173,956	1,738
—	—	—	—	—	—	—	—	2,180	2,175	2,087	88
—	—	—	—	—	—	—	—	705,618	803,228	799,166	4,062
—	—	—	—	988	2,258	486	1,772	12,148	13,859	12,080	1,779
—	—	—	—	—	—	—	—	949	949	880	69
56,318	56,318	20,209	36,109	—	—	—	—	66,670	67,324	31,129	36,195
223,654	223,615	141,117	82,498	580,796	244,812	53,414	191,398	5,186,871	2,846,933	1,834,174	1,012,759
4,750	4,750	4,675	75	117,764	171,868	60,777	111,091	598,467	657,710	498,201	159,509
169,979	169,979	138,028	31,951	13,442	330,420	108,594	221,826	9,085,903	9,688,871	8,992,046	696,825
169,037	169,072	109,109	59,963	—	—	—	—	260,968	262,122	195,299	66,823
6,698	6,698	6,686	12	—	369	369	—	129,987	129,517	116,586	12,931
—	—	—	—	—	—	—	—	750	690	186	504
—	—	—	—	13,037	31,586	24,871	6,715	1,118,760	1,512,131	1,447,469	64,662
—	—	—	—	704	1,005	575	430	704	1,098	647	451
—	—	—	—	—	—	—	—	10,078	8,037	5,426	2,611
—	—	—	—	—	—	—	—	12,348	12,579	9,827	2,752
—	—	—	—	—	—	—	—	47,348	47,447	47,408	39
2,347	2,347	2,355	(8)	137,085	84,755	51,719	33,036	4,597,192	4,213,809	4,066,329	147,480
—	—	—	—	34	552	459	93	33,429	36,005	35,670	335
77,720	77,720	53,800	23,920	2,043	16,873	14,715	2,158	1,623,152	1,679,798	1,576,777	103,021
—	—	—	—	—	—	—	—	9,779	9,779	7,653	2,126
—	—	—	—	—	—	—	—	150	150	—	150
—	—	—	—	—	—	—	—	150	150	—	150
—	—	—	—	—	—	—	—	250	250	134	116
—	—	—	—	—	—	—	—	150	150	—	150
6,846	6,846	1,197	5,649	46,276	39,673	17,208	22,465	249,715	203,440	164,805	38,635
—	—	—	—	4,347	31,363	18,839	12,524	116,664	127,005	93,598	33,407
—	—	—	—	—	—	—	—	7,845,865	7,845,865	7,787,152	58,713
—	—	—	—	—	—	—	—	19,825,614	20,097,032	20,070,174	26,858
—	—	—	—	—	—	—	—	—	4,713,315	4,712,254	1,061
34,654	34,654	34,654	—	—	—	—	—	34,654	725,586	709,928	15,658
—	—	—	—	—	—	—	—	—	658,508	643,585	14,923
752,019	752,017	511,832	240,185	934,857	974,195	366,972	607,223	55,772,024	58,532,369	55,849,443	2,682,926
—	—	—	—	—	—	2,512	(2,512)	—	—	12,478	(12,478)
—	12,240	12,240	—	—	59,201	59,201	—	—	2,603,885	2,606,555	(2,670)
—	—	—	—	—	—	—	—	505,000	681,000	505,000	176,000
—	—	—	—	—	—	—	—	—	29,542	29,542	—
—	—	—	—	—	—	—	—	—	10,382	10,382	—
—	12,240	12,240	—	—	59,201	61,713	(2,512)	505,000	3,324,809	3,163,957	160,852
752,019	764,257	524,072	240,185	934,857	1,033,396	428,685	604,711	56,277,024	61,857,178	59,013,400	2,843,778
<u>\$ (752,019)</u>	<u>\$ (764,257)</u>	<u>5,022</u>	<u>\$ 769,279</u>	<u>\$ (934,857)</u>	<u>\$ (1,033,396)</u>	<u>(413,713)</u>	<u>\$ 619,683</u>	<u>\$ 2,179,112</u>	<u>\$ (3,401,042)</u>	<u>538,914</u>	<u>\$ 3,939,956</u>
		<u>12,924</u>				<u>1,891,202</u>				<u>11,432,548</u>	
		<u>\$ 17,946</u>				<u>\$ 1,477,489</u>				<u>\$ 11,971,462</u>	

Combining Balance Sheet

Other Governmental Funds

June 30, 2024

(Amounts in thousands)

	Special Revenue					
	Commonwealth Transportation	Universal Health Care	Environmental	Student Opportunity Act Investment	High-Quality Early Education & Care	Education and Transportation
ASSETS						
Cash and cash equivalents	\$ 532	\$ 928,900	\$ 21,619	\$ 925,646	\$ 264,999	\$ 351,152
Restricted cash with fiscal agent	18,836	—	—	—	—	—
Receivables, net of allowance for uncollectibles:						
Taxes	60,923	7,615	79	—	—	—
Due from federal government	—	8,086	4,669	—	—	—
Loans receivable	—	—	—	—	—	—
Other receivables	9,913	79,138	206	—	—	—
Due from other funds	—	—	—	—	—	—
Total assets	\$ 90,204	\$ 1,023,739	\$ 26,573	\$ 925,646	\$ 264,999	\$ 351,152
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 532	\$ 34,752	\$ 1,026	\$ —	\$ —	\$ 146,062
Accrued payroll	—	215	543	—	—	247
Tax refunds and abatements payable	8	—	—	—	—	—
Due to other funds	—	—	—	—	—	—
Due to component units	13,309	14,338	—	—	—	46,465
Unearned revenue	—	—	—	—	—	—
Other accrued liabilities	—	15,765	—	—	—	—
Total liabilities	13,849	65,070	1,569	—	—	192,774
Deferred inflows of resources	—	46,390	—	—	—	—
Total liabilities and deferred inflows of resources	13,849	111,460	1,569	—	—	192,774
Fund balances:						
Restricted	18,836	—	—	—	—	87,379
Committed	57,519	912,279	25,004	925,646	264,999	—
Assigned	—	—	—	—	—	70,999
Unassigned (includes deficits)	—	—	—	—	—	—
Fund balances (deficits)	76,355	912,279	25,004	925,646	264,999	158,378
Total liabilities and fund balances	\$ 90,204	\$ 1,023,739	\$ 26,573	\$ 925,646	\$ 264,999	\$ 351,152

See Independent Auditors' Report

Special Revenue									
Education and Transportation Reserve	Education and Transportation Innovation and Capital	Gaming Revenue	MBTA State & Local Contribution	Debt and Long-Term Liability Reduction Trust	Vaccine Purchase Trust	Enhanced 911	Regional Greenhouse Gas Initiative (RGGI) Auction Trust	Workforce Training Trust	
\$ 181,864	\$ 1,025,962	\$ —	\$ 136,328	\$ 51,083	\$ 188,941	\$ 316,230	\$ 205,306	\$ 45,878	
—	—	—	—	—	—	—	—	—	
—	—	—	56,773	—	—	—	—	5,779	
—	—	—	—	—	—	—	—	—	
—	—	—	—	—	—	—	—	—	
—	—	—	—	—	—	—	—	—	
—	—	—	—	—	—	—	—	—	
\$ 181,864	\$ 1,025,962	\$ —	\$ 193,101	\$ 51,083	\$ 188,941	\$ 316,230	\$ 205,306	\$ 51,657	
\$ —	\$ —	\$ —	\$ —	\$ —	\$ 15,696	\$ 23,775	\$ 2,389	\$ 148	
—	—	—	—	—	4	537	116	—	
—	—	—	438	—	—	—	—	143	
—	—	—	—	—	—	—	—	—	
—	—	—	192,663	—	—	—	—	—	
—	—	—	—	—	—	—	—	—	
—	—	—	193,101	—	15,700	24,312	2,505	291	
—	—	—	—	—	—	—	—	—	
—	—	—	193,101	—	15,700	24,312	2,505	291	
181,864	1,025,962	—	—	—	—	—	—	—	
—	—	—	—	51,083	173,241	291,918	202,801	51,366	
—	—	—	—	—	—	—	—	—	
—	—	—	—	—	—	—	—	—	
181,864	1,025,962	—	—	51,083	173,241	291,918	202,801	51,366	
\$ 181,864	\$ 1,025,962	\$ —	\$ 193,101	\$ 51,083	\$ 188,941	\$ 316,230	\$ 205,306	\$ 51,657	

continued

Combining Balance Sheet

Other Governmental Funds

June 30, 2024

(Amounts in thousands)

	Special Revenue					
	Department of Industrial Accidents	Convention and Exhibition Center	Grant Anticipation Note Trust	Opioid Recovery and Remediation	Expendable Trust	Other
ASSETS						
Cash and cash equivalents	\$ 8,395	\$ —	\$ 17,128	\$ 166,490	\$ 880,514	\$ 1,173,227
Restricted cash with fiscal agent	—	562,981	13,062	—	—	—
Receivables, net of allowance for uncollectibles:						
Taxes	—	11,728	—	—	—	10,476
Due from federal government	—	—	92,138	—	162	154,369
Loans receivable	—	—	—	—	—	10,123
Other receivables	10,984	—	—	431,987	53,398	4,465
Due from other funds	—	—	—	—	—	—
Total assets	\$ 19,379	\$ 574,709	\$ 122,328	\$ 598,477	\$ 934,074	\$ 1,352,660
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 213	\$ 11,333	\$ —	\$ 8,925	\$ 40,908	\$ 101,324
Accrued payroll	—	—	—	13	1,932	2,855
Tax refunds and abatements payable	—	—	—	—	—	—
Due to other funds	—	—	92,138	—	—	141,262
Due to component units	—	—	—	—	3,150	—
Unearned revenue	—	—	—	—	1,802	—
Other accrued liabilities	—	—	—	—	—	—
Total liabilities	213	11,333	92,138	8,938	47,792	245,441
Deferred inflows of resources	—	—	—	400,494	883	—
Total liabilities and deferred inflows of resources	213	11,333	92,138	409,432	48,675	245,441
Fund balances:						
Restricted	—	—	—	—	146,159	—
Committed	19,166	563,376	30,190	189,045	598,819	922,258
Assigned	—	—	—	—	130,917	233,887
Unassigned (includes deficits)	—	—	—	—	9,504	(48,926)
Fund balances (deficits)	19,166	563,376	30,190	189,045	885,399	1,107,219
Total liabilities and fund balances	\$ 19,379	\$ 574,709	\$ 122,328	\$ 598,477	\$ 934,074	\$ 1,352,660

See Independent Auditors' Report

Capital Projects					
Debt Service	General Capital Projects	Highway Capital Projects	Federal Highway Construction Program	Other	Total
\$ 11,940	\$ —	\$ —	\$ 3,473	\$ 8,393	\$ 6,914,000
—	—	—	—	—	594,879
—	—	—	—	—	153,373
2,659	50,136	—	—	—	312,219
—	—	—	—	—	10,123
—	—	—	—	—	590,091
—	—	—	92,138	—	92,138
\$ 14,599	\$ 50,136	\$ —	\$ 95,611	\$ 8,393	\$ 8,666,823
\$ —	\$ 593,637	\$ —	\$ —	\$ —	\$ 980,720
—	1,866	—	—	—	8,328
—	—	—	—	—	589
—	316,236	478,158	—	500	1,028,294
—	261	320,568	120,166	—	710,920
—	—	—	—	—	1,802
—	—	—	—	—	15,765
—	912,000	798,726	120,166	500	2,746,418
—	—	—	—	—	447,767
—	912,000	798,726	120,166	500	3,194,185
14,599	—	—	—	8,393	1,483,191
—	—	—	—	—	5,278,711
—	—	—	—	—	435,803
—	(861,864)	(798,726)	(24,555)	(500)	(1,725,067)
14,599	(861,864)	(798,726)	(24,555)	7,893	5,472,638
\$ 14,599	\$ 50,136	\$ —	\$ 95,611	\$ 8,393	\$ 8,666,823

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Other Governmental Funds
Fiscal Year Ended June 30, 2024
(Amounts in thousands)

	Special Revenue					
	Commonwealth Transportation	Universal Health Care	Environmental	Student Opportunity Act Investment	High-Quality Early Education & Care Affordability	Education and Transportation
REVENUES						
Taxes	\$ 1,502,579	\$ 110,358	\$ 922	\$ —	\$ —	\$ —
Assessments	24,329	486,169	—	—	—	—
Federal grants and reimbursements	—	471,831	9,336	—	—	—
Departmental	685,595	404,047	41,509	—	—	—
Miscellaneous	8,288	6,800	210	—	—	15,876
Total revenues	2,220,791	1,479,205	51,977	—	—	15,876
OTHER FINANCING SOURCES						
Bonds premium	—	—	—	—	—	—
Issuance of general and special obligation bonds	—	—	—	—	—	—
Issuance of current refunding bonds	—	—	—	—	—	—
Transfers in for debt service	—	—	—	—	—	—
Transfers in	69,113	614,371	2,048	425,646	—	2,199,330
Total other financing sources	69,113	614,371	2,048	425,646	—	2,199,330
Total revenues and other financing sources	2,289,904	2,093,576	54,025	425,646	—	2,215,206
EXPENDITURES						
Current:						
Judiciary	—	—	—	—	—	—
Office of Inspector General	—	162	—	—	—	—
Governor and Lieutenant Governor	—	—	—	—	—	—
Secretary of the Commonwealth	—	—	—	—	—	—
Treasurer and Receiver-General	—	—	—	—	—	—
State Auditor	—	—	—	—	—	—
Attorney General	—	—	—	—	—	—
District Attorneys	—	—	—	—	—	—
Sheriffs	—	—	—	—	—	—
Massachusetts Gaming Commission	—	5,175	—	—	—	—
Office of the Comptroller	—	—	—	—	—	—
Administration and Finance	125,000	189,363	6,609	—	—	32,768
Energy and Environmental Affairs	—	—	17,667	—	—	—
Health and Human Services	—	318,139	—	—	—	—
Technology Services and Security	—	—	—	—	—	—
Veterans' Services	—	—	—	—	—	—
Housing and Livable Communities	—	—	—	—	—	—
Massachusetts Department of Transportation	811,109	—	—	—	—	476,500
Cannabis Control Commission	—	—	—	—	—	—
Education	—	—	—	—	225,001	410,024
Public Safety and Security	—	—	—	—	—	—
Economic Development	—	—	—	—	—	—
Labor and Workforce Development	—	563	—	—	—	—
Medicaid	—	1,540,423	—	—	—	—
Post employment benefits	7,501	—	—	—	—	—
Direct local aid	—	—	—	—	—	—
Capital outlay	—	—	—	—	—	—
Debt service	—	—	—	—	—	—
Principal on current refundings	—	—	—	—	—	—
Total expenditures	943,610	2,053,825	24,276	—	225,001	919,292
OTHER FINANCING USES						
Transfers out	322,354	29,263	28,124	—	—	1,350,717
Transfers of appropriations	—	—	—	—	—	28,806
Transfers of bond proceeds	—	—	—	—	—	—
Transfers out for debt service	1,071,045	—	—	—	—	—
Total other financing uses	1,393,399	29,263	28,124	—	—	1,379,523
Total expenditures and other financing uses	2,337,009	2,083,088	52,400	—	225,001	2,298,815
Excess/(deficiency) of revenues and other financing sources over expenditures and other financing uses	(47,105)	10,488	1,625	425,646	(225,001)	(83,609)
Fund balances/(deficits) at beginning of year, as restated	123,460	901,791	23,379	500,000	490,000	241,987
Fund balances/(deficits) at end of year	\$ 76,355	\$ 912,279	\$ 25,004	\$ 925,646	\$ 264,999	\$ 158,378

See Independent Auditors' Report

Special Revenue								
Education and Transportation Reserve	Education and Transportation Innovation and Capital	Gaming Revenue	MBTA State & Local Contribution	Debt and Long-Term Liability Reduction Trust	Vaccine Purchase Trust	Enhanced 911	Regional Greenhouse Gas Initiative (RGGI) Auction Trust	Workforce Training Trust
\$ —	\$ —	\$ 320,922	\$ 1,405,988	\$ —	\$ —	\$ —	\$ —	\$ 26,817
—	—	—	188,360	—	208,455	—	—	—
—	—	—	—	—	—	—	—	—
—	—	20	—	—	—	168,203	169,299	—
1,964	6,531	—	—	—	—	11,204	—	—
1,964	6,531	320,942	1,594,348	—	208,455	179,407	169,299	26,817
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
179,900	1,019,431	—	—	25,626	—	—	—	—
179,900	1,019,431	—	—	25,626	—	—	—	—
181,864	1,025,962	320,942	1,594,348	25,626	208,455	179,407	169,299	26,817
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	1,594,348	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	4,365	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	8	—	—
—	—	—	—	—	—	—	240,710	—
—	—	—	—	—	127,200	51	22	—
—	—	—	—	—	—	13,718	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	126,542	212	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	3,828
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	1,594,348	—	127,200	144,684	240,944	3,828
—	—	320,942	—	—	27	10,077	—	1,255
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	320,942	—	—	27	10,077	—	1,255
—	—	320,942	1,594,348	—	127,227	154,761	240,944	5,083
181,864	1,025,962	—	—	25,626	81,228	24,646	(71,645)	21,734
—	—	—	—	25,457	92,013	267,272	274,446	29,632
\$ 181,864	\$ 1,025,962	\$ —	\$ —	\$ 51,083	\$ 173,241	\$ 291,918	\$ 202,801	\$ 51,366

continued

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Other Governmental Funds
Fiscal Year Ended June 30, 2024
(Amounts in thousands)

	Special Revenue					
	Department of Industrial Accidents	Convention and Exhibition Center	Grant Anticipation Note Trust	Opioid Recovery and Remediation	Expendable Trust	Other
REVENUES						
Taxes	\$ —	\$ 226,511	\$ —	\$ —	\$ —	\$ 382,119
Assessments	—	—	—	—	77,697	763,059
Federal grants and reimbursements	—	—	809,166	—	21,995	889,385
Departmental	21,861	—	—	105,175	48,206	138,057
Miscellaneous	171	24,530	4,467	—	615,146	10,495
Total revenues	22,032	251,041	813,633	105,175	763,044	2,183,115
OTHER FINANCING SOURCES						
Bonds premium	—	—	—	—	—	—
Issuance of general and special obligation bonds	—	—	—	—	—	—
Issuance of current refunding bonds	—	—	—	—	—	—
Transfers in for debt service	—	—	—	—	—	—
Transfers in	—	—	15,310	—	82,175	668,609
Total other financing sources	—	—	15,310	—	82,175	668,609
Total revenues and other financing sources	22,032	251,041	828,943	105,175	845,219	2,851,724
EXPENDITURES						
Current:						
Judiciary	—	—	—	—	59	980
Office of Inspector General	—	—	—	—	2	—
Governor and Lieutenant Governor	—	—	—	—	—	116
Secretary of the Commonwealth	—	—	—	—	—	11,556
Treasurer and Receiver-General	—	—	—	—	173,777	5,156
State Auditor	—	—	—	—	6	—
Attorney General	—	—	—	—	6,744	3,886
District Attorneys	—	—	—	—	6,859	188
Sheriffs	—	—	—	—	4,149	15,560
Massachusetts Gaming Commission	—	—	—	—	—	60,776
Office of the Comptroller	—	—	—	—	815	1,743
Administration and Finance	—	62,848	—	—	94,172	94,375
Energy and Environmental Affairs	—	—	—	—	76,527	67,372
Health and Human Services	—	—	—	20,242	22,397	268,512
Technology Services and Security	—	—	—	—	—	2,124
Veterans' Services	—	—	—	—	1,530	4
Housing and Livable Communities	—	—	—	—	35,122	90,907
Massachusetts Department of Transportation	—	—	—	—	1,824	—
Cannabis Control Commission	—	—	—	—	—	18,901
Education	—	—	—	—	26,718	24,853
Public Safety and Security	—	—	—	—	6,344	21,792
Economic Development	—	—	—	—	2,389	36,548
Labor and Workforce Development	1,690	—	—	—	65,710	28,833
Medicaid	—	—	—	—	—	1,406,160
Post employment benefits	—	—	—	—	—	—
Direct local aid	—	—	—	—	—	161,669
Capital outlay	—	—	—	—	—	—
Debt service	—	—	—	—	—	—
Principal on current refundings	—	—	—	—	—	—
Total expenditures	1,690	62,848	—	20,242	525,144	2,322,011
OTHER FINANCING USES						
Transfers out	28,681	34,933	715,181	92	229,883	327,308
Transfers of appropriations	—	—	—	—	—	18,087
Transfers of bond proceeds	—	—	—	—	—	—
Transfers out for debt service	—	52,433	153,524	—	—	2,676
Total other financing uses	28,681	87,366	868,705	92	229,883	348,071
Total expenditures and other financing uses	30,371	150,214	868,705	20,334	755,027	2,670,082
Excess/(deficiency) of revenues and other financing sources over expenditures and other financing uses	(8,339)	100,827	(39,762)	84,841	90,192	181,642
Fund balances/(deficits) at beginning of year, as restated	27,505	462,549	69,952	104,204	795,207	925,577
Fund balances/(deficits) at end of year	\$ 19,166	\$ 563,376	\$ 30,190	\$ 189,045	\$ 885,399	\$ 1,107,219

See Independent Auditors' Report

Capital Projects					
Debt Service	General Capital Projects	Highway Capital Projects	Federal Highway Construction Program	Other	Total
\$ —	\$ —	\$ —	\$ —	\$ —	\$ 3,976,215
—	—	—	—	—	1,748,069
41,138	87,743	—	—	—	2,330,595
—	—	—	750	—	1,782,722
—	18	2,095	—	—	707,795
41,138	87,761	2,095	750	—	10,545,396
302,652	242,191	139,791	—	—	684,634
—	2,331,100	2,226,004	—	—	4,557,104
2,010,760	—	—	—	—	2,010,760
2,633,192	—	—	—	—	2,633,192
—	—	—	886,152	—	6,187,711
4,946,604	2,573,291	2,365,795	886,152	—	16,073,401
4,987,742	2,661,052	2,367,890	886,902	—	26,618,797
—	—	—	—	—	1,039
—	—	—	—	—	164
—	—	—	—	—	116
—	—	—	—	—	11,556
5,523	6,435	5,568	—	—	1,790,806
—	—	—	—	—	6
—	—	—	—	—	10,630
—	—	—	—	—	7,047
—	—	—	—	—	24,074
—	—	—	—	—	65,951
—	—	—	—	—	2,558
—	—	—	—	—	605,143
—	—	—	—	—	402,276
—	—	—	—	—	756,563
—	—	—	—	—	15,842
—	—	—	—	—	1,534
—	—	—	—	—	126,029
—	561	1,189,429	877,750	—	3,357,173
—	—	—	—	—	18,901
—	—	—	—	—	686,596
—	—	—	—	—	154,890
—	—	—	—	—	38,937
—	—	—	—	—	100,624
—	—	—	—	—	2,946,583
—	—	—	—	—	7,501
—	—	—	—	—	161,669
—	1,658,240	41,637	194	—	1,700,072
2,671,767	—	—	—	—	2,671,767
2,307,889	—	—	—	—	2,307,889
4,985,179	1,665,236	1,236,634	877,944	—	17,973,936
—	14,024	170,974	24,310	—	3,608,146
—	—	—	—	—	46,893
—	167,829	—	—	—	167,829
—	—	—	—	—	1,279,678
—	181,853	170,974	24,310	—	5,102,546
4,985,179	1,847,089	1,407,608	902,254	—	23,076,482
2,563	813,963	960,282	(15,352)	—	3,542,315
12,036	(1,675,827)	(1,759,008)	(9,203)	7,893	1,930,323
\$ 14,599	\$ (861,864)	\$ (798,726)	\$ (24,555)	\$ 7,893	\$ 5,472,638

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budgetary Basis - Budget and Actual
Other Budgeted Nonmajor Governmental Funds
Fiscal Year Ended June 30, 2024
(Amounts in thousands)

	Commonwealth Transportation Fund				Inland Fisheries and Game Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
REVENUES AND OTHER FINANCING SOURCES								
Revenues:								
Taxes	\$ 1,552,400	\$ 1,552,400	\$ 1,503,319	\$ (49,081)	\$ 900	\$ 900	\$ 922	\$ 22
Assessments	26,732	26,732	24,316	(2,416)	—	—	—	—
Federal grants and reimbursements	—	—	—	—	8,600	8,600	6,719	(1,881)
Departmental	683,826	683,826	682,979	(847)	8,819	8,819	9,768	949
Miscellaneous	51	51	8,288	8,237	70	70	209	139
Total revenues	2,263,009	2,263,009	2,218,902	(44,107)	18,389	18,389	17,618	(771)
Other financing sources:								
Operating transfers in	40,450	40,450	69,113	28,663	1,530	1,530	2,048	518
Other fund deficit support	—	—	—	—	—	—	—	—
Total other financing sources	40,450	40,450	69,113	28,663	1,530	1,530	2,048	518
Total revenues and other financing sources	2,303,459	2,303,459	2,288,015	(15,444)	19,919	19,919	19,666	(253)
EXPENDITURES AND OTHER FINANCING USES								
Expenditures:								
Judiciary	—	—	—	—	—	—	—	—
Treasurer and Receiver-General	352,191	—	—	—	—	—	—	—
Sheriffs'	—	—	—	—	—	—	—	—
Administration and Finance	125,000	—	—	—	—	—	—	—
Energy and Environmental Affairs	—	—	—	—	19,163	19,163	16,192	2,971
Health and Human services	—	—	—	—	—	—	—	—
Veterans' Services	—	—	—	—	—	—	—	—
Housing and Livable Communities	—	—	—	—	—	—	—	—
Massachusetts Department of Transportation	187,000	187,000	187,000	—	—	—	—	—
Cannabis Control Commission	—	—	—	—	—	—	—	—
Education	—	—	—	—	—	—	—	—
Public Safety and Security	—	—	—	—	—	—	—	—
Housing and Economic Development	—	—	—	—	—	—	—	—
Labor and Workforce Development	—	—	—	—	—	—	—	—
Direct local aid	—	—	—	—	—	—	—	—
Post employment benefits	—	7,501	7,501	—	—	—	—	—
Debt service:								
Principal retirement	—	466,533	452,723	13,810	—	—	—	—
Interest and fiscal charges	—	629,879	618,322	11,557	—	—	—	—
Total expenditures	664,191	1,290,913	1,265,546	25,367	19,163	19,163	16,192	2,971
Other financing uses:								
Fringe benefit cost assessment	—	—	—	—	—	—	4,562	(4,562)
Operating transfers out	629,551	1,046,749	1,046,749	—	—	—	—	—
Other fund deficit support	—	23,926	23,926	—	—	—	—	—
Total other financing uses	629,551	1,070,675	1,070,675	—	—	—	4,562	(4,562)
Total expenditures and other financing uses	1,293,742	2,361,588	2,336,221	25,367	19,163	19,163	20,754	(1,591)
Excess/(deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses	<u>\$ 1,009,717</u>	<u>\$ (58,129)</u>	<u>(48,206)</u>	<u>\$ 9,923</u>	<u>\$ 756</u>	<u>\$ 756</u>	<u>(1,088)</u>	<u>\$ (1,844)</u>
Fund balances at beginning of year			67,042				16,215	
Fund balances at end of year			<u>\$ 18,836</u>				<u>\$ 15,127</u>	

See Independent Auditors' Report

(continued)

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budgetary Basis - Budget and Actual
Other Budgeted Nonmajor Governmental Funds
Fiscal Year Ended June 30, 2024
(Amounts in thousands)

	Local Capital Projects Fund				Gaming Local Aid Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
REVENUES AND OTHER FINANCING SOURCES								
Revenues:								
Taxes	\$ —	\$ —	\$ —	\$ —	\$ 16,500	\$ 16,500	\$ —	\$ (16,500)
Assessments	—	—	—	—	—	—	—	—
Federal grants and reimbursements	—	—	—	—	—	—	—	—
Departmental	—	—	—	—	13,200	13,200	—	(13,200)
Miscellaneous	—	—	—	—	—	—	—	—
Total revenues	—	—	—	—	29,700	29,700	—	(29,700)
Other financing sources:								
Operating transfers in	11,385	11,385	11,532	147	108,861	108,861	151,008	42,147
Other fund deficit support	—	—	—	—	—	—	—	—
Total other financing sources	11,385	11,385	11,532	147	108,861	108,861	151,008	42,147
Total revenues and other financing sources	11,385	11,385	11,532	147	138,561	138,561	151,008	12,447
EXPENDITURES AND OTHER FINANCING USES								
Expenditures:								
Judiciary	—	—	—	—	—	—	—	—
Treasurer and Receiver-General	—	—	—	—	—	—	—	—
Sheriffs'	—	—	—	—	—	—	—	—
Administration and Finance	—	—	—	—	—	—	—	—
Energy and Environmental Affairs	—	—	—	—	—	—	—	—
Health and Human services	—	—	—	—	—	—	—	—
Veterans' Services	—	—	—	—	—	—	—	—
Housing and Livable Communities	2,500	11,381	11,381	—	—	—	—	—
Massachusetts Department of Transportation	—	—	—	—	—	—	—	—
Cannabis Control Commission	—	—	—	—	—	—	—	—
Education	—	—	—	—	—	—	—	—
Public Safety and Security	—	—	—	—	—	—	—	—
Economic Development	—	—	—	—	—	—	—	—
Labor and Workforce Development	—	—	—	—	—	—	—	—
Direct local aid	—	—	—	—	138,622	138,622	138,622	—
Post employment benefits	—	—	—	—	—	—	—	—
Debt service:								
Principal retirement	—	—	—	—	—	—	—	—
Interest and fiscal charges	—	—	—	—	—	—	—	—
Total expenditures	2,500	11,381	11,381	—	138,622	138,622	138,622	—
Other financing uses:								
Fringe benefit cost assessment	—	—	—	—	—	—	—	—
Operating transfers out	—	139	139	—	—	11,411	11,411	—
Other fund deficit support	—	12	12	—	—	975	975	—
Total other financing uses	—	151	151	—	—	12,386	12,386	—
Total expenditures and other financing uses	2,500	11,532	11,532	—	138,622	151,008	151,008	—
Excess/(deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses	<u>\$ 8,885</u>	<u>\$ (147)</u>	<u>—</u>	<u>\$ 147</u>	<u>\$ (61)</u>	<u>\$ (12,447)</u>	<u>—</u>	<u>\$ 12,447</u>
Fund balances at beginning of year			—				—	
Fund balances at end of year			<u>\$ —</u>				<u>\$ —</u>	

See Independent Auditors' Report

(continued)

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budgetary Basis - Budget and Actual
Other Budgeted Nonmajor Governmental Funds
Fiscal Year Ended June 30, 2024
(Amounts in thousands)

	Marijuana Regulation Fund				Behavioral Health Outreach Access and Support Trust Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
REVENUES AND OTHER FINANCING SOURCES								
Revenues:								
Taxes	\$ 167,300	\$ 167,300	\$ 173,743	\$ 6,443	\$ —	\$ —	\$ —	\$ —
Assessments	—	—	—	—	—	—	—	—
Federal grants and reimbursements	—	—	—	—	—	—	—	—
Departmental	28,796	28,796	19,599	(9,197)	—	—	—	—
Miscellaneous	1	1	—	(1)	—	—	—	—
Total revenues	196,097	196,097	193,342	(2,755)	—	—	—	—
Other financing sources:								
Operating transfers in	—	—	—	—	20,000	20,000	20,000	—
Other fund deficit support	—	—	36,351	36,351	—	—	—	—
Total other financing sources	—	—	36,351	36,351	20,000	20,000	20,000	—
Total revenues and other financing sources	196,097	196,097	229,693	33,596	20,000	20,000	20,000	—
EXPENDITURES AND OTHER FINANCING USES								
Expenditures:								
Judiciary	—	—	—	—	—	1	1	—
Treasurer and Receiver-General	—	—	—	—	—	—	—	—
Sheriffs'	—	—	—	—	—	—	—	—
Administration and Finance	—	4	4	—	—	—	—	—
Energy and Environmental Affairs	1,012	1,012	971	41	—	—	—	—
Health and Human services	—	143,353	135,690	7,663	13,335	22,512	21,886	626
Veterans' Services	—	—	—	—	—	5	4	1
Housing and Livable Communities	—	24	24	—	—	4,275	4,253	22
Massachusetts Department of Transportation	—	—	—	—	—	—	—	—
Cannabis Control Commission	19,964	19,964	18,901	1,063	—	—	—	—
Education	—	14,000	13,824	176	5,206	11,624	9,906	1,718
Public Safety and Security	—	7,588	7,481	107	—	8	7	1
Economic Development	—	15,000	13,940	1,060	—	—	—	—
Labor and Workforce Development	—	—	—	—	—	—	—	—
Direct local aid	—	—	—	—	—	—	—	—
Post employment benefits	—	—	—	—	—	—	—	—
Debt service:								
Principal retirement	—	—	—	—	—	—	—	—
Interest and fiscal charges	—	—	—	—	—	—	—	—
Total expenditures	20,976	200,945	190,835	10,110	18,541	38,425	36,057	2,368
Other financing uses:								
Fringe benefit cost assessment	—	—	11,178	(11,178)	—	—	813	(813)
Operating transfers out	—	27,447	27,447	—	—	—	—	—
Other fund deficit support	—	—	—	—	—	—	—	—
Total other financing uses	—	27,447	38,625	(11,178)	—	—	813	(813)
Total expenditures and other financing uses	20,976	228,392	229,460	(1,068)	18,541	38,425	36,870	1,555
Excess/(deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses	<u>\$ 175,121</u>	<u>\$ (32,295)</u>	233	<u>\$ 32,528</u>	<u>\$ 1,459</u>	<u>\$ (18,425)</u>	(16,870)	<u>\$ 1,555</u>
Fund balances at beginning of year			4,694				22,106	
Fund balances at end of year			<u>\$ 4,927</u>				<u>\$ 5,236</u>	

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(continued)

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budgetary Basis - Budget and Actual
Other Budgeted Nonmajor Governmental Funds
Fiscal Year Ended June 30, 2024
(Amounts in thousands)

	Youth Development and Achievement Fund				Behavioral Health Trust Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
REVENUES AND OTHER FINANCING SOURCES								
Revenues:								
Taxes	\$ 600	\$ 600	\$ —	\$ (600)	\$ —	\$ —	\$ —	\$ —
Assessments	—	—	—	—	—	—	—	—
Federal grants and reimbursements	—	—	—	—	—	—	—	—
Departmental	480	480	—	(480)	—	—	—	—
Miscellaneous	—	—	—	—	—	—	—	—
Total revenues	1,080	1,080	—	(1,080)	—	—	—	—
Other financing sources:								
Operating transfers in	—	—	1,275	1,275	—	—	—	—
Other fund deficit support	—	—	—	—	—	—	—	—
Total other financing sources	—	—	1,275	1,275	—	—	—	—
Total revenues and other financing sources	1,080	1,080	1,275	195	—	—	—	—
EXPENDITURES AND OTHER FINANCING USES								
Expenditures:								
Judiciary	—	—	—	—	—	—	—	—
Treasurer and Receiver-General	—	—	—	—	—	—	—	—
Sheriffs'	—	—	—	—	—	—	—	—
Administration and Finance	—	—	—	—	—	10	7	3
Energy and Environmental Affairs	—	—	—	—	—	—	—	—
Health and Human services	—	—	—	—	192,000	191,990	1,434	190,556
Veterans' Services	—	—	—	—	—	—	—	—
Housing and Livable Communities	—	—	—	—	—	—	—	—
Massachusetts Department of Transportation	—	—	—	—	—	—	—	—
Cannabis Control Commission	—	—	—	—	—	—	—	—
Education	—	1,504	1,092	412	—	—	—	—
Public Safety and Security	—	—	—	—	—	—	—	—
Economic Development	—	—	—	—	—	—	—	—
Labor and Workforce Development	—	—	—	—	—	—	—	—
Direct local aid	—	—	—	—	—	—	—	—
Post employment benefits	—	—	—	—	—	—	—	—
Debt service:								
Principal retirement	—	—	—	—	—	—	—	—
Interest and fiscal charges	—	—	—	—	—	—	—	—
Total expenditures	—	1,504	1,092	412	192,000	192,000	1,441	190,559
Other financing uses:								
Fringe benefit cost assessment	—	—	5	(5)	—	—	3	(3)
Operating transfers out	—	—	—	—	—	—	—	—
Other fund deficit support	—	—	—	—	—	—	—	—
Total other financing uses	—	—	5	(5)	—	—	3	(3)
Total expenditures and other financing uses	—	1,504	1,097	407	192,000	192,000	1,444	190,556
Excess/(deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses	<u>\$ 1,080</u>	<u>\$ (424)</u>	178	<u>\$ 602</u>	<u>\$ (192,000)</u>	<u>\$ (192,000)</u>	(1,444)	<u>\$ 190,556</u>
Fund balances at beginning of year			585				192,650	
Fund balances at end of year			<u>\$ 763</u>				<u>\$ 191,206</u>	

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Castle Island Marine Park Trust Fund				Education and Transportation Fund				Education and Transportation Reserve Fund			
Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	15,876	15,876	—	—	1,964	1,964
—	—	—	—	—	—	15,876	15,876	—	—	1,964	1,964
—	—	—	—	1,000,000	1,000,000	2,199,330	1,199,330	—	—	179,900	179,900
—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	1,000,000	1,000,000	2,199,330	1,199,330	—	—	179,900	179,900
—	—	—	—	1,000,000	1,000,000	2,215,206	1,215,206	—	—	181,864	181,864
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	33,355	32,767	588	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	476,500	476,500	430,036	46,464	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	523,500	465,145	438,830	26,315	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	1,000,000	975,000	901,633	73,367	—	—	—	—
—	—	—	—	—	—	1,387	(1,387)	—	—	—	—
—	—	—	—	—	1,349,330	1,349,330	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	1,349,330	1,350,717	(1,387)	—	—	—	—
—	—	—	—	1,000,000	2,324,330	2,252,350	71,980	—	—	—	—
<u>\$ —</u>	<u>\$ —</u>	<u>—</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (1,324,330)</u>	<u>(37,144)</u>	<u>\$1,287,186</u>	<u>\$ —</u>	<u>\$ —</u>	<u>181,864</u>	<u>\$ 181,864</u>
		250				241,987				—	
		<u>\$ 250</u>				<u>\$ 204,843</u>				<u>\$ 181,864</u>	

(continued)

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budgetary Basis - Budget and Actual
Other Budgeted Nonmajor Governmental Funds
Fiscal Year Ended June 30, 2024
(Amounts in thousands)

	Education and Transportation Innovation and Capital Fund				Early Education and Care Operational Grant Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
REVENUES AND OTHER FINANCING SOURCES								
Revenues:								
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Assessments	—	—	—	—	—	—	—	—
Federal grants and reimbursements	—	—	—	—	—	—	—	—
Departmental	—	—	—	—	—	—	—	—
Miscellaneous	—	—	6,531	6,531	—	—	—	—
Total revenues	—	—	6,531	6,531	—	—	—	—
Other financing sources:								
Operating transfers in	—	—	1,019,431	1,019,431	—	—	150,000	150,000
Other fund deficit support	—	—	—	—	—	—	—	—
Total other financing sources	—	—	1,019,431	1,019,431	—	—	150,000	150,000
Total revenues and other financing sources	—	—	1,025,962	1,025,962	—	—	150,000	150,000
EXPENDITURES AND OTHER FINANCING USES								
Expenditures:								
Judiciary	—	—	—	—	—	—	—	—
Treasurer and Receiver-General	—	—	—	—	—	—	—	—
Sheriffs'	—	—	—	—	—	—	—	—
Administration and Finance	—	—	—	—	—	—	—	—
Energy and Environmental Affairs	—	—	—	—	—	—	—	—
Health and Human services	—	—	—	—	—	—	—	—
Executive Office of Veterans' Services	—	—	—	—	—	—	—	—
Housing and Livable Communities	—	—	—	—	—	—	—	—
Massachusetts Department of Transportation	—	—	—	—	—	—	—	—
Cannabis Control Commission	—	—	—	—	—	—	—	—
Education	—	—	—	—	—	—	—	—
Public Safety and Security	—	—	—	—	—	—	—	—
Economic Development	—	—	—	—	—	—	—	—
Labor and Workforce Development	—	—	—	—	—	—	—	—
Direct local aid	—	—	—	—	—	—	—	—
Post employment benefits	—	—	—	—	—	—	—	—
Debt service:								
Principal retirement	—	—	—	—	—	—	—	—
Interest and fiscal charges	—	—	—	—	—	—	—	—
Total expenditures	—	—	—	—	—	—	—	—
Other financing uses:								
Fringe benefit cost assessment	—	—	—	—	—	—	—	—
Operating transfers out	—	—	—	—	—	—	—	—
Other fund deficit support	—	—	—	—	—	—	—	—
Total other financing uses	—	—	—	—	—	—	—	—
Total expenditures and other financing uses	—	—	—	—	—	—	—	—
Excess/(deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses	<u>\$ —</u>	<u>\$ —</u>	<u>1,025,962</u>	<u>\$1,025,962</u>	<u>\$ —</u>	<u>\$ —</u>	<u>150,000</u>	<u>\$ 150,000</u>
Fund balances at beginning of year			—				—	
Fund balances at end of year			<u>\$1,025,962</u>				<u>\$ 150,000</u>	

See Independent Auditors' Report

Total			
Original Budget	Final Budget	Actual	Variance
\$ 1,737,700	\$ 1,737,700	\$ 1,677,984	\$ (59,716)
26,732	26,732	24,316	(2,416)
8,600	8,600	6,719	(1,881)
767,959	767,959	744,900	(23,059)
122	122	32,870	32,748
2,541,113	2,541,113	2,486,789	(54,324)
1,241,681	1,241,681	4,327,077	3,085,396
—	—	36,351	36,351
1,241,681	1,241,681	4,363,428	3,121,747
3,782,794	3,782,794	6,850,217	3,067,423
—	1	1	—
352,191	—	—	—
—	1	1	—
163,352	43,919	39,388	4,531
22,292	22,292	18,637	3,655
205,335	357,855	159,010	198,845
—	5	4	1
2,500	15,680	15,658	22
663,500	663,500	617,036	46,464
19,964	19,964	18,901	1,063
528,706	723,008	694,379	28,629
—	8,039	7,902	137
11,503	52,575	13,940	38,635
—	6,329	6,309	20
161,669	161,669	161,669	—
—	7,501	7,501	—
—	466,533	452,723	13,810
—	629,879	618,322	11,557
2,131,012	3,178,750	2,831,381	347,369
—	—	21,235	(21,235)
639,551	2,517,825	2,517,824	1
—	25,970	25,970	—
639,551	2,543,795	2,565,029	(21,234)
2,770,563	5,722,545	5,396,410	326,135
<u>\$ 1,012,231</u>	<u>\$ (1,939,751)</u>	1,453,807	<u>\$ 3,393,558</u>
		1,579,068	
		<u>\$ 3,032,875</u>	

Combining Budget to GAAP Reconciliation Other Budgeted Nonmajor Governmental Funds

Fiscal Year Ended June 30, 2024

(Amounts in thousands)

	Commonwealth Transportation Fund	Inland Fisheries and Game Fund	Marine Recreational Fisheries Development Fund	Underground Storage Tank Petroleum Product Cleanup Fund
Total actual revenues - budgetary basis (pages 194-203)	\$ 2,218,902	\$ 17,618	\$ 1,728	\$ 30,000
Adjustments:				
Taxes receivable, net	(738)	—	—	—
Tax refunds and abatements payable, net	(3)	—	—	—
Federal grants receivables, net	—	2,616	—	—
Departmental and other receivables, net	2,630	15	—	—
Miscellaneous adjustments	—	—	—	—
Total actual revenues - GAAP basis (pages 190-193)	<u>\$ 2,220,791</u>	<u>\$ 20,249</u>	<u>\$ 1,728</u>	<u>\$ 30,000</u>
Total actual other financing sources - budgetary basis (pages 194-203) ..	\$ 69,113	\$ 2,048	\$ —	\$ —
Adjustments:				
Miscellaneous adjustments	—	—	—	—
Total actual other financing sources - GAAP basis (pages 190-193)	<u>\$ 69,113</u>	<u>\$ 2,048</u>	<u>\$ —</u>	<u>\$ —</u>
Total actual expenditures - budgetary basis (pages 194-203)	\$ 1,265,546	\$ 16,192	\$ 1,474	\$ 6,610
Adjustment:				
Due to component units accrual, net	788	—	—	—
Miscellaneous adjustments	—	—	1	(1)
Reclassification:				
MassDOT transfers out is reclassified to expenditures	748,322	—	—	—
Higher education expenditures are reclassified to transfers out	—	—	—	—
Debt service principal and interest payments are reclassified to transfers out to the debt service fund	(1,071,046)	—	—	—
Total actual expenditures - GAAP basis (pages 190-193)	<u>\$ 943,610</u>	<u>\$ 16,192</u>	<u>\$ 1,475</u>	<u>\$ 6,609</u>
Total actual other financing uses - budgetary basis (pages 194-203)	\$ 1,070,675	\$ 4,562	\$ 172	\$ 23,390
Adjustment:				
Miscellaneous adjustments	—	—	—	1
Reclassification:				
MassDOT transfers out is reclassified to expenditures	(748,322)	—	—	—
Higher education expenditures are reclassified to transfers out	—	—	—	—
Debt service principal and interest payments are reclassified to transfers out to the debt service fund	1,071,046	—	—	—
Total actual other financing uses - GAAP basis (pages 190-193)	<u>\$ 1,393,399</u>	<u>\$ 4,562</u>	<u>\$ 172</u>	<u>\$ 23,391</u>

* On a GAAP basis, the activities for the Public Safety Trust fund, the Local Capital Projects fund, the Gaming Local Aid fund, the Education Fund, the Gaming Economic Development Fund, the Marijuana Regulation Fund, the Behavioral Health Outreach, Access and Support Trust fund, the Broadband Innovation Fund, the Youth Development and Achievement Fund, the Behavioral Health Trust Fund, and the Early Education and Care Operational Grant Fund are combined in the other special revenue funds in the combined statement of revenues, expenditures and changes in fund balance. The revenues, other financing sources, expenditures and other financing uses of the other special revenue funds are \$2,183,115; \$668,609; \$2,322,011 and \$348,071, respectively (all amounts in thousands).

See Independent Auditors' Report

Public Safety Trust Fund*	Local Capital Projects Fund*	Gaming Local Aid Fund*	Education Fund*	Gaming Economic Development Fund*	Marijuana Regulation Fund*	Behavioral Health Outreach, Access and Support Trust Fund*	Student Opportunity Act Investment Fund	Broadband Innovation Fund*	High-Quality Early Education & Care Affordability Fund
\$ 828	\$ —	\$ —	\$ —	\$ —	\$ 193,342	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	(1,128)	—	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	37,575	—
—	—	—	—	—	1,009	—	—	—	—
—	—	—	—	—	—	—	—	—	—
<u>\$ 828</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 193,223</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 37,575</u>	<u>\$ —</u>
\$ —	\$ 11,532	\$ 151,008	\$ 35,875	\$ 24,344	\$ 36,351	\$ 20,000	\$ 425,646	\$ 37,575	\$ —
—	(1)	(1)	—	—	—	—	—	—	—
<u>\$ —</u>	<u>\$ 11,531</u>	<u>\$ 151,007</u>	<u>\$ 35,875</u>	<u>\$ 24,344</u>	<u>\$ 36,351</u>	<u>\$ 20,000</u>	<u>\$ 425,646</u>	<u>\$ 37,575</u>	<u>\$ —</u>
\$ 417	\$ 11,381	\$ 138,622	\$ 28,771	\$ 6,309	\$ 190,835	\$ 36,057	\$ —	\$ —	\$ 225,001
—	—	—	—	—	—	—	—	—	—
—	—	—	1	(1)	—	(1)	—	—	—
—	—	—	—	—	—	—	—	—	—
(2)	—	—	(5,725)	—	(11,869)	—	—	—	—
—	—	—	—	—	—	—	—	—	—
<u>\$ 415</u>	<u>\$ 11,381</u>	<u>\$ 138,622</u>	<u>\$ 23,047</u>	<u>\$ 6,308</u>	<u>\$ 178,966</u>	<u>\$ 36,056</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 225,001</u>
\$ 57	\$ 151	\$ 12,386	\$ 7,104	\$ 18,794	\$ 38,625	\$ 813	\$ —	\$ 37,575	\$ —
—	(1)	(1)	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
2	—	—	5,725	—	11,869	—	—	—	—
—	—	—	—	—	—	—	—	—	—
<u>\$ 59</u>	<u>\$ 150</u>	<u>\$ 12,385</u>	<u>\$ 12,829</u>	<u>\$ 18,794</u>	<u>\$ 50,494</u>	<u>\$ 813</u>	<u>\$ —</u>	<u>\$ 37,575</u>	<u>\$ —</u>

(continued)

Combining Budget to GAAP Reconciliation
Other Budgeted Nonmajor Governmental Funds

Fiscal Year Ended June 30, 2024

(Amounts in thousands)

	Youth Development and Achievement Fund*	Behavioral Health Trust Fund*	Education and Transportation Fund	Education and Transportation Reserve Fund
Total actual revenues - budgetary basis (pages 194-203)	\$ —	\$ —	\$ 15,876	\$ 1,964
Adjustments:				
Taxes receivable, net	—	—	—	—
Tax refunds and abatements payable, net	—	—	—	—
Federal grants receivables, net	—	—	—	—
Departmental and other receivables, net	—	—	—	—
Miscellaneous adjustments	—	—	—	—
Total actual revenues - GAAP basis (pages 190-193)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 15,876</u>	<u>\$ 1,964</u>
 Total actual other financing sources - budgetary basis (pages 194-203) ..	 \$ 1,275	 \$ —	 \$ 2,199,330	 \$ 179,900
Adjustments:				
Miscellaneous adjustments	—	—	—	—
Total actual other financing sources - GAAP basis (pages 190-193)	<u>\$ 1,275</u>	<u>\$ —</u>	<u>\$ 2,199,330</u>	<u>\$ 179,900</u>
 Total actual expenditures - budgetary basis (pages 194-203)	 \$ 1,092	 \$ 1,441	 \$ 901,633	 \$ —
Adjustment:				
Due to component units accrual, net	—	—	46,464	—
Miscellaneous adjustments	1	—	—	—
Reclassification:				
MassDOT transfers out is reclassified to expenditures	—	—	—	—
Higher education expenditures are reclassified to transfers out	—	—	(28,806)	—
Debt service principal and interest payments are reclassified to transfers out to the debt service fund	—	—	—	—
Total actual expenditures - GAAP basis (pages 190-193)	<u>\$ 1,093</u>	<u>\$ 1,441</u>	<u>\$ 919,291</u>	<u>\$ —</u>
 Total actual other financing uses - budgetary basis (pages 194-203)	 \$ 5	 \$ 3	 \$ 1,350,717	 \$ —
Adjustment:				
Miscellaneous adjustments	—	—	—	—
Reclassification:				
MassDOT transfers out is reclassified to expenditures	—	—	—	—
Higher education expenditures are reclassified to transfers out	—	—	28,806	—
Debt service principal and interest payments are reclassified to transfers out to the debt service fund	—	—	—	—
Total actual other financing uses - GAAP basis (pages 190-193)	<u>\$ 5</u>	<u>\$ 3</u>	<u>\$ 1,379,523</u>	<u>\$ —</u>

Education and Transportation Innovation and Capital Fund	Early Education and Care Operational Grant Fund*	Totals
\$ 6,531	\$ —	\$ 2,486,789
—	—	(1,866)
—	—	(3)
—	—	40,191
—	—	3,654
—	—	—
<u>\$ 6,531</u>	<u>\$ —</u>	<u>\$ 2,528,765</u>
\$ 1,019,431	\$ 150,000	\$ 4,363,428
—	—	(2)
<u>\$ 1,019,431</u>	<u>\$ 150,000</u>	<u>\$ 4,363,426</u>
\$ —	\$ —	\$ 2,831,381
—	—	47,252
—	—	—
—	—	748,322
—	—	(46,402)
—	—	—
—	—	(1,071,046)
<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2,509,507</u>
\$ —	\$ —	\$ 2,565,029
—	—	(1)
—	—	(748,322)
—	—	46,402
—	—	1,071,046
<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2,934,154</u>

Combining Statement of Fiduciary Net Position - Pension and Post-Employment Benefits Trust Funds

Pension and OPEB Trust Funds

June 30, 2024

(Amounts in thousands)

	Pension Trust Funds		OPEB Trust Fund	
	State Employees' PERS	Teacher's PERS	State Retiree Benefits	Total
ASSETS				
Cash and cash equivalents	\$ 147,471	\$ 106,801	\$ 38,167	\$ 292,439
Net investment in PRIT at fair value	37,718,313	40,193,113	2,487,480	80,398,906
Other receivables	95,796	130,980	—	226,776
Other assets	6	441	—	447
Total assets	37,961,586	40,431,335	2,525,647	80,918,568
LIABILITIES				
Accounts payable	59,729	8,796	2	68,527
Net position available for pension and post-employment benefits	\$ 37,901,857	\$ 40,422,539	\$ 2,525,645	\$ 80,850,041

See Independent Auditors' Report

Combining Statement of Changes in Fiduciary Net Position - Pension and Post-Employment Benefits Trust Funds

Pension and OPEB Trust Funds

Fiscal Year Ended June 30, 2024

(Amounts in thousands)

	Pension Trust Funds		OPEB Trust Fund	
	State Employees' PERS	Teacher's PERS	State Retiree Benefits	Total
ADDITIONS				
Contributions:				
Employer contributions - Commonwealth and MassDOT	\$ 1,408,975	\$ —	\$ 648,694	\$ 2,057,669
Non-employer contributions - Commonwealth	57,185	2,417,533	—	2,474,718
Employer and non-employer contributions - other	16,572	—	—	16,572
ERIP funding contribution - Commonwealth	28,260	—	—	28,260
Employee contributions	760,851	987,837	—	1,748,688
Boston teachers' contribution from Commonwealth	—	238,472	—	238,472
Other additions	81,973	156,545	150	238,668
Total contributions	2,353,816	3,800,387	648,844	6,803,047
Net investment gain/(loss):				
Investment gain/(loss)	3,491,408	3,694,807	233,112	7,419,327
Less: investment expense	(182,986)	(193,375)	(12,009)	(388,370)
Net Investment gain/(loss)	3,308,422	3,501,432	221,103	7,030,957
Total additions	5,662,238	7,301,819	869,947	13,834,004
DEDUCTIONS				
Administration	17,632	20,120	223	37,975
Retirement benefits and refunds	3,080,229	3,568,446	610,921	7,259,596
Payments to State Boston Retirement System	—	238,472	—	238,472
Other deductions	20,030	75,971	—	96,001
Total deductions	3,117,891	3,903,009	611,144	7,632,044
Change in net position	2,544,347	3,398,810	258,803	6,201,960
Net position available for pension and post-employment benefits at beginning of year	35,357,510	37,023,729	2,266,842	74,648,081
Net position available for pension and post-employment benefits at end of year	\$ 37,901,857	\$ 40,422,539	\$ 2,525,645	\$ 80,850,041

See Independent Auditors' Report

Combining Statement of Fiduciary Net Position Held in Trust for Pool Participants
External Investment Trust Funds

June 30, 2024

(Amounts in thousands)

	Massachusetts Municipal Depository Trust	Pension Reserves Investment Trust	Total
ASSETS			
Cash and cash equivalents	\$ 8,117,392	\$ —	\$ 8,117,392
Short-term investments	23,695	—	23,695
Net investment in PRIT at fair value	—	24,846,567	24,846,567
Receivables, net of allowance for uncollectibles:			
Other receivables	32,267	—	32,267
Total assets	8,173,354	24,846,567	33,019,921
LIABILITIES			
Accounts payable	14,600	—	14,600
Net position held in trust for pool/pension participants	\$ 8,158,754	\$ 24,846,567	\$ 33,005,321

See Independent Auditors' Report

Combining Statement of Changes in Fiduciary Net Position Held in Trust for Pool Participants
External Investment Trust Funds
Fiscal Year Ended June 30, 2024
(Amounts in thousands)

	Massachusetts Municipal Depository Trust	Pension Reserves Investment Trust	Total
ADDITIONS			
Contributions:			
Other participant contributions	\$ —	\$ 1,606,485	\$ 1,606,485
Proceeds from sale of units	24,745,972	—	24,745,972
Total contributions	24,745,972	1,606,485	26,352,457
Net investment gain/(loss):			
Investment gain/(loss)	421,724	2,526,532	2,948,256
Less: investment expense	(2,267)	(404,086)	(406,353)
Net Investment gain/(loss)	419,457	2,122,446	2,541,903
Total additions	25,165,429	3,728,931	28,894,360
DEDUCTIONS			
Cost of units redeemed	24,435,557	—	24,435,557
Distributions to unit holders from net interest income	419,078	—	419,078
Retirement benefits and refunds	1	1,417,871	1,417,872
Total deductions	24,854,636	1,417,871	26,272,507
Change in net position	310,793	2,311,060	2,621,853
Net position held in trust for pool/participants at beginning of year	7,847,961	22,535,507	30,383,468
Net position held in trust for pool/participants at end of year	\$ 8,158,754	\$ 24,846,567	\$ 33,005,321

See Independent Auditors' Report

Combining Statement of Fiduciary Net Position

Custodial Funds

June 30, 2024

(Amounts in thousands)

	Central Agency Funds	Court Escrow and Client Accounts	Child Support Enforcement	Statutory Bonds and Deposits	Total Custodial Funds
ASSETS					
Cash and cash equivalents	\$ 400,458	\$ 167,457	\$ 35,313	\$ 272,516	\$ 875,744
Investments and restricted investments	—	—	—	473,578	473,578
Receivables, net of allowance for uncollectibles:					
Taxes	46,657	—	—	—	46,657
Other receivables	—	—	138,416	—	138,416
Due from federal government	—	—	1,275	—	1,275
TOTAL ASSETS	447,115	167,457	175,004	746,094	1,535,670
LIABILITIES					
Accounts payable	2,938	257	2,571	9,657	15,423
Due to cities and towns	110,103	—	—	—	110,103
Due to federal government	6	—	—	—	6
Other liabilities	6,559	—	—	—	6,559
TOTAL LIABILITIES	119,606	257	2,571	9,657	132,091
NET POSITION					
Restricted for:					
Individuals, organizations and other governments	<u>\$ 327,509</u>	<u>\$ 167,200</u>	<u>\$ 172,433</u>	<u>\$ 736,437</u>	<u>\$ 1,403,579</u>

See Independent Auditors' Report

Combining Statement of Changes in Fiduciary Net Position
Custodial Funds

Fiscal Year Ended June 30, 2024

(Amounts in thousands)

	Central Agency Funds	Court Escrow and Client Accounts	Child Support Enforcement	Statutory Bonds and Deposits	Total Custodial Funds
ADDITIONS					
Sales tax collections for other governments	\$ 717,173	\$ —	\$ —	\$ —	\$ 717,173
Child support collections	—	—	601,918	—	601,918
Local school aid collections	1,071,883	—	—	—	1,071,883
Municipal health insurance deposit collections	—	—	—	911,312	911,312
Court escrow account collections	—	128,846	—	—	128,846
Other additions	301,903	88,654	251	—	390,808
Investment income (loss):					
Interest, dividends and other investment income	1,460	2,475	1,291	(10,051)	(4,825)
Net investment income (loss)	1,460	2,475	1,291	(10,051)	(4,825)
TOTAL ADDITIONS	\$ 2,092,419	\$ 219,975	\$ 603,460	\$ 901,261	\$ 3,817,115
DEDUCTIONS					
Sales tax payments to other governments	717,173	—	—	—	717,173
Child support payments to individuals	—	—	611,913	—	611,913
Local school aid payments	1,071,883	—	—	—	1,071,883
Municipal health insurance deposit payments	—	—	—	864,345	864,345
Court escrow account payments	—	134,965	—	—	134,965
Other deductions	213,747	101,196	—	—	314,943
TOTAL DEDUCTIONS	\$ 2,002,803	\$ 236,161	\$ 611,913	\$ 864,345	\$ 3,715,222
Change in fiduciary net position	89,616	(16,186)	(8,453)	36,916	101,893
Net position - beginning	237,893	183,386	180,886	699,521	1,301,686
Net position - ending	\$ 327,509	\$ 167,200	\$ 172,433	\$ 736,437	\$ 1,403,579

See Independent Auditors' Report

Combining Statement of Net Position
Nonmajor Discretely Presented Component Units
June 30, 2024
(Amounts in thousands)

	Massachusetts Convention Center Authority	Massachusetts Development Finance Agency	Massachusetts Clean Energy Center	Massachusetts Technology Park Corporation	Massachusetts Housing Partnership	Economic Development Entities	Higher Education Foundations	Total
ASSETS AND DEFERRED OUTFLOWS								
Current assets:								
Cash and cash equivalents	\$ 28,972	\$ 43,057	\$ 14,210	\$ 15,507	\$ 10,573	\$ 114,184	\$ 42,290	\$ 268,793
Short-term investments	—	79,529	6,982	—	61,047	46,046	69,883	263,487
Restricted cash and investments	719	196,794	561,201	36,162	114,778	141,865	8,397	1,059,916
Assets held in trust	59,183	—	—	—	—	—	—	59,183
Receivables, net of allowance for uncollectibles:								
Federal grants and reimbursements	—	—	102	2,836	—	4,614	—	7,552
Loans	542	14,996	—	—	51,085	18,740	162	85,525
Lease receivable	3,370	206	4,619	552	—	—	2,775	11,522
Other receivables	8,123	12,047	7,606	—	18,066	12,377	24,639	82,858
Due from primary government	10,727	2,880	3,150	15,045	—	9,735	1,113	42,650
Inventory	—	—	31	—	—	81	114	226
Other current assets	3,264	5,474	6,680	3,596	—	1,351	907	21,272
Total current assets	114,900	354,983	604,581	73,698	255,549	348,993	150,280	1,902,984
Noncurrent assets:								
Cash and cash equivalents - restricted	1,589	15,590	—	57,179	—	—	—	74,358
Long-term investments	—	6,918	—	—	—	2,111	1,544,796	1,553,825
Endowment investments	—	—	—	—	—	—	53,340	53,340
Lease receivables	15,043	4,127	—	1,608	—	—	46,169	66,947
Other receivables, net	221	328	—	—	—	4,136	19,744	24,429
Loans receivables, net	14,447	115,192	—	—	479,741	64,668	109	674,157
Depreciable capital and right-to-use assets, net	266,087	1,891	44,510	812	—	—	28,101	341,401
Depreciable capital assets, net	330,736	104,572	151,525	37,816	5,096	45,353	77,247	752,345
Other noncurrent assets	—	6,346	—	111	2,557	2,949	255	12,218
Total noncurrent assets	628,123	254,964	196,035	97,526	487,394	119,217	1,769,761	3,553,020
Total assets	743,023	609,947	800,616	171,224	742,943	468,210	1,920,041	5,456,004
Deferred outflows of resources:								
Change in fair value of interest rate swaps	—	—	—	—	12,867	—	—	12,867
Pension	6,829	—	—	—	—	—	—	6,829
OPEB	4,198	—	—	—	—	—	—	4,198
Total deferred outflows of resources	11,027	—	—	—	12,867	—	—	23,894
Total assets and deferred outflows	754,050	609,947	800,616	171,224	755,810	468,210	1,920,041	5,479,898
LIABILITIES AND DEFERRED INFLOWS								
Current liabilities:								
Accounts payable and other liabilities	23,800	19,198	26,248	14,782	3,915	46,212	29,137	163,292
Accrued payroll	—	—	—	207	176	1,098	—	1,481
Compensated absences	1,362	1,155	366	271	—	867	—	4,021
Accrued interest payable	—	284	—	—	1,628	—	—	1,912
Due to primary government	—	659	—	—	—	—	15,926	16,585
Unearned revenue	13,930	28,101	172,690	7,946	—	81,138	13,141	316,946
Right-to use lease and subscription liabilities	346	1,545	782	—	864	1,163	1,801	6,501
Bonds, notes payable and other obligations	—	1,230	—	—	40,276	11,464	953	53,923
Total current liabilities	39,438	52,172	200,086	23,206	46,859	141,942	60,958	564,661
Noncurrent liabilities:								
Compensated absences	663	—	—	279	—	392	—	1,334
Right-to use lease and subscription liabilities	324	945	18,732	2,267	5,825	5,198	18,277	51,568
Due to primary government	—	29,515	—	—	—	—	—	29,515
Unearned revenue	835	—	—	—	—	—	—	835
Bonds, notes payable and other obligations	—	16,775	—	—	462,496	133,428	15,184	627,883
Net pension liability	40,645	—	—	—	—	—	—	40,645
Net OPEB liability	858	—	—	—	—	—	—	858
Other noncurrent liabilities	—	59,476	—	125	151,144	—	3,413	214,158
Total noncurrent liabilities	43,325	106,711	18,732	2,671	619,465	139,018	36,874	966,796
Total liabilities	82,763	158,883	218,818	25,877	666,324	280,960	97,832	1,531,457
Deferred inflows of resources:								
Service concession arrangements	—	—	—	—	—	315	—	315
Pension	3,602	—	—	—	—	—	—	3,602
OPEB	4,206	—	—	—	—	—	—	4,206
Leases	17,772	4,002	4,502	2,095	—	—	43,394	71,765
Total deferred inflows of resources	25,580	4,002	4,502	2,095	—	315	43,394	79,888
Total liabilities and deferred inflows	108,343	162,885	223,320	27,972	666,324	281,275	141,226	1,611,345
NET POSITION								
Net investment/(deficit) in capital assets	596,153	89,613	176,521	36,361	(1,076)	38,992	66,972	1,003,536
Restricted for:								
Other purposes	61,467	229,713	251,889	95,565	21,061	78,616	1,577,804	2,316,115
Unrestricted	(11,913)	127,736	148,886	11,326	69,501	69,327	134,039	548,902
Total net position	\$ 645,707	\$ 447,062	\$ 577,296	\$ 143,252	\$ 89,486	\$ 186,935	\$ 1,778,815	\$3,868,553

Combining Statement of Revenues, Expenses and Changes in Net Position
Nonmajor Discretely Presented Component Units
Fiscal Year Ended June 30, 2024
(Amounts in thousands)

	Massachusetts Convention Center Authority	Massachusetts Development Finance Agency	Massachusetts Clean Energy Center	Massachusetts Technology Park Corporation	Massachusetts Housing Partnership	Economic Development Entities	Higher Education Foundations	Total
Operating revenues:								
Charges for services	\$ 75,332	\$ 74,201	\$ 4,063	\$ 2,692	\$ 11,480	\$ 168,136	\$ 9,881	\$ 345,785
Other	6,495	7,656	72,081	106,121	—	1,754	192,933	387,040
Total operating revenues	81,827	81,857	76,144	108,813	11,480	169,890	202,814	732,825
Operating expenses:								
Cost of services	51,750	56,704	70,953	63,490	2,510	160,732	30,796	436,935
Administration costs	66,215	25,739	21,311	113	13,576	32,557	47,703	207,214
Depreciation and Amortization	37,315	8,925	5,884	4,594	1,056	4,792	2,583	65,149
Total operating expenses	155,280	91,368	98,148	68,197	17,142	198,081	81,082	709,298
Operating income/(loss)	(73,453)	(9,511)	(22,004)	40,616	(5,662)	(28,191)	121,732	23,527
Nonoperating revenues/(expenses):								
Net decrease in fair value of investments	—	—	—	—	611	—	—	611
Operating grants	13,431	436	117,071	—	—	154,392	—	285,330
Interest income	6,083	14,465	—	3,170	3,902	4,560	162,389	194,569
Other nonoperating revenue/(expense)	3,545	(944)	(2,955)	—	7,109	(148,893)	(8,161)	(150,299)
Nonoperating revenues/(expenses), net ..	23,059	13,957	114,116	3,170	11,622	10,059	154,228	330,211
Income/(loss) before contributions	(50,394)	4,446	92,112	43,786	5,960	(18,132)	275,960	353,738
Capital contributions	54,745	14,484	42,124	—	—	17,790	—	129,143
Change in net position	4,351	18,930	134,236	43,786	5,960	(342)	275,960	482,881
Net position - beginning	641,356	428,132	443,060	99,466	83,526	187,277	1,502,855	3,385,672
Net position - ending	\$ 645,707	\$ 447,062	\$ 577,296	\$ 143,252	\$ 89,486	\$ 186,935	\$ 1,778,815	\$ 3,868,553

See Independent Auditors' Report



Statistical Section

(Unaudited)

Schedule of Net Position by Component – Last Ten Fiscal Years

Changes in Net Position – Last Ten Fiscal Years

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Calculation of Transfers: Stabilization Fund

Calculation of Transfer: Tax Reduction Fund

Massachusetts General Information



Statistical Section Narrative and Table of Contents

This part of the Commonwealth of Massachusetts' 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 Commonwealth's overall financial health.

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These schedules contain trend information to help the reader understand how the Commonwealth's financial performance and fiscal health has changed over time. The schedules are presented for the last ten fiscal years, except where noted. Schedules included are:

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Schedule of Net Position by Component

Last Ten Fiscal Years

(Amounts in thousands)

	2024	2023	2022	2021	2020
Governmental activities					
Net investment in capital assets*	\$ (2,346,839)	\$ (1,567,386)	\$ (2,065,404)	\$ (1,958,190)	\$ (1,960,676)
Restricted	2,244,029	924,765	1,285,776	1,320,793	1,543,264
Unrestricted*	(67,288,210)	(69,124,476)	(71,977,915)	(78,418,503)	(77,259,953)
Total governmental activities net position	\$ (67,391,020)	\$ (69,767,097)	\$ (72,757,543)	\$ (79,055,900)	\$ (77,677,365)
Business-type activities					
Net investment in capital assets**	\$ 4,088,920	\$ 3,965,038	\$ 3,761,986	\$ 3,778,471	\$ 3,938,922
Restricted	3,494,444	2,906,317	2,175,161	1,908,425	1,319,929
Unrestricted**	(400,043)	(749,564)	(603,430)	(2,428,455)	(591,205)
Total business-type activities net position	\$ 7,183,321	\$ 6,121,791	\$ 5,333,717	\$ 3,258,441	\$ 4,667,646
Commonwealth net position					
Net investment in capital assets	\$ 1,742,081	\$ 2,397,652	\$ 1,696,582	\$ 1,820,281	\$ 1,978,246
Restricted	5,738,473	3,831,082	3,460,937	3,229,218	2,863,193
Unrestricted	(67,688,253)	(69,874,040)	(72,581,345)	(80,846,958)	(77,851,158)
Total Commonwealth net position	\$ (60,207,699)	\$ (63,645,306)	\$ (67,423,826)	\$ (75,797,459)	\$ (73,009,719)

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* 2023 - 2015 - Governmental activities - reclassification between net investment in capital assets and unrestricted. There was no impact on net position.

**Business-type activities' net investment in capital assets and net position restated for 2024 - information not available for 2022-2015.

2019	2018	2017	2016	2015
\$ (1,647,669)	\$ (1,608,984)	\$ (1,392,773)	\$ (1,220,391)	\$ (684,264)
1,270,844	1,546,202	1,926,716	1,538,662	1,541,566
(73,703,527)	(74,091,706)	(63,920,464)	(58,957,775)	(55,710,397)
\$ (74,080,352)	\$ (74,154,488)	\$ (63,386,521)	\$ (58,639,504)	\$ (54,853,095)
\$ 3,868,576	\$ 3,777,515	\$ 3,623,966	\$ 3,311,658	\$ 3,055,444
2,271,721	1,833,109	1,735,575	1,745,840	1,539,785
(490,819)	(595,311)	722,923	678,667	697,056
\$ 5,649,478	\$ 5,015,313	\$ 6,082,464	\$ 5,736,165	\$ 5,292,285
\$ 2,220,907	\$ 2,330,581	\$ 2,231,193	\$ 2,091,267	\$ 2,371,180
3,542,565	3,379,311	3,662,291	3,284,502	3,081,351
(74,194,346)	(74,849,067)	(63,197,541)	(58,279,108)	(55,013,341)
\$ (68,430,874)	\$ (69,139,175)	\$ (57,304,057)	\$ (52,903,339)	\$ (49,560,810)

**Changes in Net Position
Last Ten Fiscal Years**

(Amounts in thousands)

	2024	2023	2022	2021	2020
EXPENSES					
Governmental Activities:					
General government	\$ 3,690,195	\$ 3,787,362	\$ 3,902,680	\$ 3,522,506	\$ 2,923,397
Judiciary	1,483,297	1,334,037	1,243,650	1,429,817	1,396,370
Direct local aid	7,962,691	7,300,065	6,758,880	6,499,305	6,390,233
Medicaid	23,600,996	24,714,689	22,064,800	20,208,100	19,206,749
Group Health Insurance	2,172,282	1,957,686	1,863,586	1,710,258	1,651,357
Energy and Environmental Affairs	1,312,517	859,147	822,053	900,326	824,062
Housing and Economic Development	3,646,100	2,963,505	2,806,068	2,963,819	1,599,085
Health and Human Services	13,886,097	14,338,681	13,785,541	11,658,328	9,645,198
Transportation and Public Works	3,513,748	2,868,870	3,122,013	3,283,352	2,806,861
Early Elementary and Secondary Education	9,081,911	7,811,625	6,961,534	7,687,798	6,618,282
Public Safety and Security	4,165,298	3,477,565	3,126,435	3,716,834	3,962,024
Labor and Workforce Development	353,961	448,410	440,198	428,225	342,418
Lottery	4,911,262	4,850,287	4,651,322	4,617,789	4,306,512
Interest (unallocated)	1,574,300	1,488,890	1,445,343	1,510,178	1,491,983
Total governmental activities	81,354,655	78,200,819	72,994,103	70,136,635	63,164,531
Business-type Activities:					
Unemployment compensation	2,214,741	1,889,677	3,904,080	19,438,890	11,948,319
Family and Employment Security Trust	1,104,335	899,367	686,343	236,361	5,434
Higher Education:					
University of Massachusetts	4,087,685	3,973,304	3,669,599	3,419,868	3,446,910
State Universities	1,284,954	1,196,945	1,135,857	1,078,315	1,150,987
Community Colleges (Nonmajor)	1,029,525	990,335	967,202	900,821	886,593
Total business-type activities	9,721,240	8,949,628	10,363,081	25,074,255	17,438,243
Total Commonwealth expenses	\$ 91,075,895	\$ 87,150,447	\$ 83,357,184	\$ 95,210,890	\$ 80,602,774
REVENUES					
Program Revenues:					
Governmental Activities:					
Charges for services:					
General government	\$ 686,425	\$ 591,379	\$ 561,303	\$ 747,288	\$ 926,889
Judiciary	62,121	49,371	65,958	59,074	69,737
Medicaid	786,818	665,633	642,125	1,272,228	1,388,195
Group Health Insurance	935,591	935,591	898,761	860,726	822,420
Energy and Environmental Affairs	472,502	414,613	386,816	319,315	280,252
Housing and Economic Development	260,444	246,490	257,188	242,815	225,908
Health and Human Services	3,410,969	2,989,732	2,915,732	1,576,692	822,920
Transportation and Public Works	642,777	605,371	602,857	627,594	568,028
Early Elementary and Secondary Education	7,690	6,411	6,366	6,624	7,365
Public Safety and Security	401,938	361,173	405,960	345,917	370,568
Labor and Workforce Development	24,087	73,409	192,356	56,603	203,992
Lottery	6,171,948	6,142,338	5,861,393	5,827,632	5,391,167
Total charges for services	13,863,310	13,081,511	12,796,815	11,942,508	11,077,441
Operating grants and contributions	27,586,881	27,680,603	27,170,190	22,611,465	18,661,840
Capital grants and contributions	87,743	101,788	114,296	77,259	77,964
Total governmental activities	41,537,934	40,863,902	40,081,301	34,631,232	29,817,245
Business-type Activities:					
Charges for services:					
Unemployment compensation	1,817,877	1,795,731	1,881,248	1,608,603	1,833,362
Family and employment security trust	1,148,319	916,906	925,337	1,005,102	840,600
Higher Education:					
University of Massachusetts	2,064,348	2,125,627	2,001,814	1,636,154	1,844,180
State Universities	602,478	634,710	607,506	562,137	644,932
Community Colleges (Nonmajor)	203,868	198,016	176,012	200,278	221,732
Operating grants and contributions	2,063,238	1,431,347	4,963,847	16,603,329	9,250,714
Capital grants and contributions	11,277	201,144	195,238	174,851	145,646
Total business-type activities	7,911,405	7,303,481	10,751,002	21,790,454	14,781,166
Total Commonwealth program revenues	\$ 49,449,339	\$ 48,167,383	\$ 50,832,303	\$ 56,421,686	\$ 44,598,411
General Revenues and Other Changes in Net Position (all types consolidated):					
Governmental Activities:					
Taxes (all types)	\$ 41,331,611	\$ 39,947,336	\$ 39,803,816	\$ 34,947,335	\$ 30,482,040
Investment earnings and miscellaneous	2,960,072	2,404,903	1,135,334	697,132	1,169,416
Transfers, net	(2,098,885)	(1,928,133)	(1,727,991)	(1,517,599)	(1,404,336)
Total governmental activities	42,192,798	40,424,106	39,211,159	34,126,868	30,247,120
Business-type Activities:					
Investment earnings and miscellaneous	772,480	506,088	(40,636)	356,997	333,608
Transfers, net	2,098,885	1,928,133	1,727,991	1,517,599	1,404,336
Total business-type activities	2,871,365	2,434,221	1,687,355	1,874,596	1,737,944
Total Commonwealth general revenues	\$ 45,064,163	\$ 42,858,327	\$ 40,898,514	\$ 36,001,464	\$ 31,985,064
CHANGES IN NET POSITION					
Governmental activities	\$ 2,376,077	\$ 3,087,189	\$ 6,298,357	\$ (1,378,535)	\$ (3,100,166)
Business-type activities	1,061,530	788,074	2,075,276	(1,409,205)	(919,133)
Total changes in net position	\$ 3,437,607	\$ 3,875,263	\$ 8,373,633	\$ (2,787,740)	\$ (4,019,299)

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	2019		2018		2017		2016		2015
\$	2,766,272	\$	2,792,959	\$	2,764,634	\$	2,616,051	\$	2,703,519
	1,221,969		1,162,698		1,226,221		1,154,038		1,026,429
	6,089,548		5,900,634		5,734,682		5,598,687		5,469,412
	18,093,807		18,105,722		17,182,691		16,825,110		15,086,742
	1,670,238		1,648,278		1,668,100		1,632,703		1,657,018
	701,950		732,161		720,182		1,069,510		671,801
	1,574,628		1,544,103		1,411,189		1,367,957		1,314,980
	8,662,012		8,298,704		8,131,843		7,912,817		7,605,180
	2,554,289		2,483,768		2,535,121		2,711,910		2,689,975
	5,607,240		6,101,603		6,243,115		5,420,052		4,654,161
	3,006,893		2,757,266		2,913,849		2,746,612		2,486,107
	298,930		295,061		312,510		324,678		309,091
	4,445,654		4,325,321		4,128,209		4,299,592		4,109,611
	1,522,183		1,419,910		1,384,248		1,250,004		1,263,218
	58,215,613		57,568,188		56,356,594		54,929,721		51,047,244
	1,483,901		1,552,404		1,514,002		1,499,811		1,598,084
	—		—		—		—		—
	3,282,171		3,307,087		3,167,596		3,151,215		2,809,062
	1,145,531		1,089,551		1,063,196		1,002,577		994,341
	917,967		887,223		936,241		928,067		891,906
	6,829,570		6,836,265		6,681,035		6,581,670		6,293,393
\$	65,045,183	\$	64,404,453	\$	63,037,629	\$	61,511,391	\$	57,340,637
\$	611,834	\$	652,138	\$	594,132	\$	565,434	\$	634,289
	81,567		91,500		95,937		100,568		105,521
	1,129,343		1,054,698		897,542		841,697		1,052,170
	808,194		941,946		802,628		799,011		755,712
	279,267		273,504		249,565		289,738		253,856
	163,315		213,530		194,940		173,941		164,438
	1,411,918		1,292,584		1,359,519		1,224,967		405,710
	627,941		625,595		596,200		577,292		577,430
	8,445		7,846		7,919		7,508		7,649
	338,099		248,234		280,400		284,264		256,596
	307,506		269,293		40,652		38,581		175,130
	5,644,440		5,436,551		5,254,468		5,405,128		5,193,545
	11,411,869		11,107,419		10,373,902		10,308,129		9,582,046
	16,253,915		16,230,934		15,519,380		15,158,087		13,950,227
	66,085		99,002		58,354		85,759		81,475
	27,731,869		27,437,355		25,951,636		25,551,975		23,613,748
	1,852,195		1,617,394		1,468,492		1,611,096		1,492,067
	—		—		—		—		—
	1,860,268		1,907,824		1,882,899		1,875,144		1,602,043
	679,801		658,608		654,170		616,025		583,669
	237,288		259,156		274,868		274,252		266,956
	976,096		931,780		909,228		891,823		936,917
	112,033		160,201		238,621		265,714		206,128
	5,717,681		5,534,963		5,428,278		5,534,054		5,087,780
\$	33,449,550	\$	32,972,318	\$	31,379,914	\$	31,086,029	\$	28,701,528
\$	30,609,957	\$	27,964,093	\$	25,949,577	\$	25,676,303	\$	25,209,826
	1,513,855		1,283,283		995,073		1,161,089		1,251,288
	(1,565,932)		(1,123,731)		(1,286,709)		(1,246,055)		(1,429,174)
	30,557,880		28,123,645		25,657,941		25,591,337		25,031,940
	145,483		423,379		312,347		245,441		7,536
	1,565,932		1,123,731		1,286,709		1,246,055		1,429,174
	1,711,415		1,547,110		1,599,056		1,491,496		1,436,710
\$	32,269,295	\$	29,670,755	\$	27,256,997	\$	27,082,833	\$	26,468,650
\$	74,136	\$	(2,007,188)	\$	(4,747,017)	\$	(3,786,409)	\$	(2,401,556)
	599,526		245,808		346,299		443,880		231,099
\$	673,662	\$	(1,761,380)	\$	(4,400,718)	\$	(3,342,529)	\$	(2,170,457)

Fund Balances, Governmental Funds

Last Ten Fiscal Years

(Modified accrual basis of accounting)

(Amounts in thousands)

	2024	2023	2022 *	2021	2020
General Fund					
Committed (2).....	\$ 8,523,632	\$ 8,036,051	\$ 6,937,864	\$ 4,626,419	\$ 3,501,181
Assigned (3).....	2,848,646	2,322,991	2,542,037	1,070,523	731,696
Unassigned.....	4,078,803	4,255,805	4,451,749	4,045,371	1,697,212
Total General Fund.....	15,451,081	14,614,847	13,931,650	9,742,313	5,930,089
All other governmental funds					
Nonspendable.....	450,897	526,385	615,882	755,378	—
Restricted (1).....	2,244,029	924,765	1,285,777	1,320,793	1,294,124
Committed (2).....	5,278,711	5,085,302	3,403,602	2,179,151	1,824,616
Assigned.....	1,847,637	1,344,555	1,254,362	976,474	951,226
Unassigned.....	(1,725,067)	(3,485,620)	(2,358,148)	(1,156,764)	(942,539)
Total all other governmental funds.....	8,096,207	4,395,387	4,201,475	4,075,032	3,127,427
Total governmental fund balances.....	\$ 23,547,288	\$19,010,234	\$ 18,133,125	\$ 13,817,345	\$ 9,057,516

(1) Restricted fund balance overall increased from FY24 mainly due to an increase of \$1.295 billion 4% surtax transfers to Education and Transportation..

(2) The majority increase in the committed fund balance from FY24 is mainly due to an increase of approximately \$488 million in the ending balance of the Commonwealth's stabilization fund; Student Opportunity Act Trust fund balance of \$426 million; Convention Center fund balance of \$101 million, and an decrease of High-Quality Early Education & Care Affordability Trust Fund fund balance of \$225 million and Behavioral Health Funds \$158 million.

(3) Assigned fund balance increased from FY24 mainly as a result of an increase in authorizations reappropriated from prior years of approximately \$526 million.

See Independent Auditors' Report

* As restated

2019	2018	2017	2016	2015
\$ 3,424,376	\$ 2,001,299	\$ 1,300,678	\$ 1,291,514	\$ 1,252,501
445,216	349,927	98,316	109,328	210,347
2,000,618	1,164,566	939,018	1,173,549	1,280,625
5,870,210	3,515,792	2,338,012	2,574,391	2,743,473
—	—	—	—	—
1,316,707	1,519,833	1,926,716	1,377,671	1,792,461
1,583,112	1,300,923	1,051,009	1,130,574	1,122,866
811,501	605,903	586,339	736,239	366,285
(470,195)	(104,007)	(304,694)	(545,129)	(719,520)
3,241,125	3,322,652	3,259,370	2,699,355	2,562,092
\$ 9,111,335	\$ 6,838,444	\$ 5,597,382	\$ 5,273,746	\$ 5,305,565

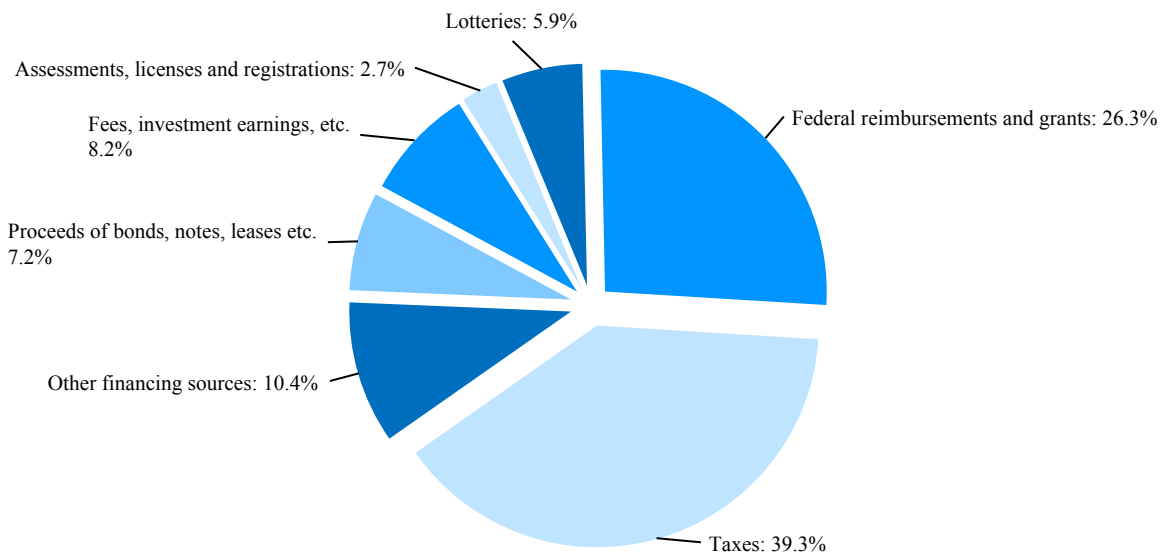
Ten-Year Schedule of Revenues and Other Financing Sources
All Governmental Fund Types - Fund Perspective
(Modified Accrual Basis of Accounting)

(Amounts in millions)

	% 2024		% 2023		% 2022		% 2021		% 2020	
	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total
Taxes	\$ 41,306	39.3	\$ 39,976	42.6	\$ 39,816	43.4	\$ 34,955	41.2	\$ 30,266	41.7
Federal reimbursements	19,384	18.5	19,320	20.6	17,801	19.4	16,438	19.4	14,427	19.9
Federal grants	8,143	7.8	8,473	9.0	9,413	10.2	6,515	7.7	4,048	5.6
Lotteries	6,193	5.9	6,158	6.6	5,864	6.4	5,829	6.9	5,395	7.4
Assessments	2,173	2.1	1,822	1.9	1,585	1.7	1,350	1.6	1,378	1.9
Motor vehicle licenses and registrations	590	0.6	555	0.6	549	0.6	515	0.6	515	0.7
Fees, investment earnings, etc.	8,594	8.2	7,273	7.7	6,166	6.7	5,780	6.8	5,527	7.6
Issuance of general and special obligation bonds	4,557	4.3	1,610	1.7	2,085	2.3	4,216	5.0	2,787	3.8
Issuance of refunding bonds	2,011	1.9	813	0.9	525	0.6	1,766	2.1	1,225	1.7
Bond premiums	685	0.7	248	0.3	369	0.4	786	0.9	276	0.4
Proceeds of capital lease	—	—	—	—	—	—	2	—	1	—
Leases & SBITAs issued	312	0.3	58	—	—	—	—	—	—	—
Other financing sources	11,037	10.4	7,583	8.1	7,668	8.3	6,569	7.8	6,662	9.3
Total revenues and other financing sources	\$104,985	100.0	\$ 93,889	100.0	\$ 91,841	100.0	\$ 84,721	100.0	\$ 72,507	100.0

See Independent Auditors' Report

**Apportionment of Revenues by Source -
Fiscal Year Ended June 30, 2024**



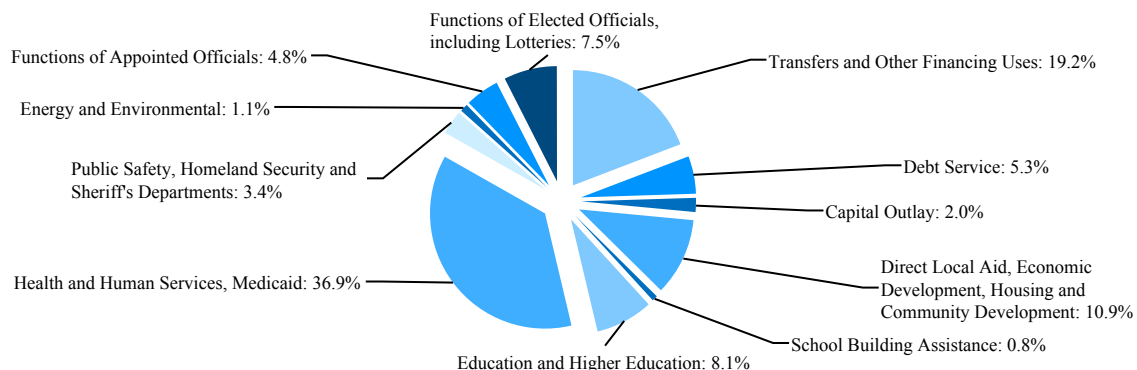
	%		%		%		%		%
2019	Total	2018	Total	2017	Total	2016	Total	2015	Total
\$ 30,618	43.8	\$ 28,243	41.1	\$ 25,828	37.7	\$ 25,746	38.0	\$ 25,258	41.7
12,650	18.1	12,647	18.3	11,932	17.4	11,577	17.1	10,462	17.2
3,678	5.3	3,684	5.3	3,635	5.3	3,656	5.4	3,583	5.9
5,652	8.1	5,442	7.9	5,258	7.7	5,406	8.0	5,194	8.6
1,377	2.0	1,354	2.0	1,219	1.8	1,104	1.6	1,026	1.7
566	0.8	566	0.8	554	0.8	546	0.8	546	0.9
5,794	8.3	5,518	8.0	4,966	7.3	4,957	7.3	4,540	7.5
2,008	2.9	2,779	4.0	3,464	5.1	3,969	5.9	3,761	6.2
819	1.2	993	1.4	1,853	2.7	1,463	2.2	632	1.0
470	0.7	562	0.8	812	1.2	613	0.9	379	0.6
—	—	—	—	1	—	31	—	31	0.1
—	—	—	—	—	—	—	—	—	—
6,143	8.8	7,202	10.4	8,915	13.0	8,682	12.8	5,247	8.6
<u>\$ 69,775</u>	<u>100.0</u>	<u>\$ 68,990</u>	<u>100.0</u>	<u>\$ 68,437</u>	<u>100.0</u>	<u>\$ 67,750</u>	<u>100.0</u>	<u>\$ 60,659</u>	<u>100.0</u>

Ten-Year Schedule of Expenditures and Other Financing Uses by Secretariat
All Governmental Fund Types - Fund Perspective
(Modified Accrual Basis of Accounting)

	(Amounts in millions)									
	2024	% Total	2023	% Total	2022	% Total	2021	% Total	2020	% Total
Legislature	\$ 89	0.1	\$ 83	0.1	\$ 76	0.1	\$ 73	0.1	\$ 70	0.1
Judiciary	1,307	1.3	1,199	1.3	1,095	1.3	1,023	1.3	1,022	1.4
Office of Inspector General	8	—	7	—	6	—	6	—	6	—
Governor and Lieutenant Governor	9	—	7	—	7	—	9	—	7	—
Secretary of the Commonwealth	82	0.1	87	0.1	59	0.1	78	0.1	63	0.1
Treasurer and Receiver-General	7,035	7.0	7,196	7.8	6,743	7.7	6,583	8.1	5,961	8.2
State Auditor	23	—	23	—	21	—	20	—	19	—
Attorney General	74	0.1	115	0.1	165	0.2	112	0.1	108	0.2
State Ethics Commission	3	—	3	—	3	—	2	—	2	—
District Attorneys	186	0.2	171	0.2	161	0.2	154	0.2	150	0.2
Office of Campaign and Political Finance	2	—	2	—	2	—	2	—	2	—
Sheriff's	833	0.8	764	0.8	679	0.8	699	0.9	718	1.0
Disabled Persons Protection Commission	14	—	12	—	10	—	7	—	6	—
Commission on the Status of Women	1	—	1	—	1	—	—	—	—	—
Massachusetts Gaming Commission	66	0.1	59	0.1	56	0.1	46	0.1	44	0.1
Office of the Comptroller	34	—	28	—	27	—	22	—	17	—
Administration and Finance	3,545	3.5	3,161	3.4	3,613	4.2	2,910	3.9	2,490	3.4
Energy and Environmental	1,068	1.1	696	0.7	592	0.7	461	0.6	466	0.6
Health and Human Services	13,381	13.3	14,060	15.2	13,446	15.4	10,702	13.2	8,817	12.1
Technology Services and Security	209	0.2	205	0.2	173	0.2	156	0.2	140	0.2
Veterans' Services	119	0.1	38	—	—	—	—	—	—	—
Office of the Veteran Advocate	—	—	—	—	—	—	—	—	—	—
Housing and Livable Communities	2,620	2.6	284	0.3	—	—	—	—	—	—
Massachusetts Department of Transportation	3,360	3.3	2,776	3.0	3,002	3.4	2,909	3.6	2,486	3.4
Office of the Child Advocate	5	—	5	—	3	—	2	—	2	—
Commission Against Discrimination	10	—	8	—	7	—	7	—	—	—
Cannabis Control Commission	19	—	17	—	14	—	11	—	13	—
Board of Library Commissioners	50	—	45	—	43	—	37	—	33	—
Education*	8,166	8.1	7,085	7.6	6,579	7.5	5,049	6.2	4,323	6.0
Center for Health and Information Analysis	34	—	32	—	29	—	21	—	20	—
Massachusetts School Building Assistance	811	0.8	580	0.6	628	0.7	752	0.9	713	1.0
Public Safety and Security	2,648	2.6	2,138	2.3	1,839	2.1	1,769	2.2	2,066	2.8
Massachusetts Peace Officer Standards and Training Commission	8	—	7	—	2	—	—	—	—	—
Commission on the Status of Persons with Disabilities	—	—	—	—	—	—	—	—	—	—
Economic Development*	390	0.4	2,193	2.4	2,294	2.6	2,440	3.0	1,223	1.7
Labor and Workforce Development*	338	0.3	428	0.5	411	0.5	356	0.4	280	0.4
Medicaid	23,601	23.5	24,715	26.6	22,065	25.3	20,208	25.0	19,207	26.5
Pension	1,825	1.8	2,133	2.3	2,117	2.4	1,657	2.1	1,384	1.9
Direct local aid	7,963	7.9	7,300	7.9	6,759	7.7	6,499	8.0	6,390	8.8
Capital outlay	2,012	2.0	1,516	1.6	1,420	1.6	1,308	1.6	1,051	1.5
Debt service:	—	—	—	—	—	—	—	—	—	—
Principal/commercial paper repayment	1,503	1.5	1,732	1.9	1,780	2.0	1,878	2.3	1,948	2.7
Interest	1,553	1.5	1,497	1.6	1,245	1.4	1,230	1.5	1,238	1.7
Principal on current refunding	2,308	2.3	888	1.0	610	0.7	1,065	1.3	409	0.6
Other financing uses:	—	—	—	—	—	—	—	—	—	—
Payments to refunding bond escrow agent	—	—	—	—	347	0.4	2,469	3.1	1,655	2.3
Transfers	13,136	13.5	9,507	10.4	9,396	10.7	8,084	10.0	8,067	11.1
Total expenditures and other financing uses	\$ 100,448	100.0	\$ 92,803	100.0	\$ 87,525	100.0	\$ 80,816	100.0	\$ 72,616	100.0
Change in Governmental Fund Balance	\$ 4,537		\$ 1,086		\$ 4,316		\$ 3,905		\$ (108)	
Ratio of debt service expenditures to total noncapital expenditures	6.3%		5.0%		4.8%		6.1%		5.8%	

* Reflects departmental and functional reorganizations as of the year implemented. Prior years not restated.
See Independent Auditors' Report

Apportionment of Expenditures - Fiscal Year Ended June 30, 2024



2019	% Total	2018	% Total	2017	% Total	2016	% Total	2015	% Total
\$ 68	0.1	\$ 68	0.1	\$ 67	0.1	\$ 61	0.1	\$ 61	0.1
985	1.5	921	1.4	908	1.3	880	1.3	845	1.4
5	—	5	—	4	—	5	—	5	—
7	—	7	—	7	—	7	—	6	—
55	0.1	45	0.1	51	0.1	44	0.1	50	0.1
6,092	9.0	5,854	8.6	5,657	8.2	5,799	8.7	5,602	9.6
18	—	19	—	18	—	19	—	18	—
107	0.2	98	0.1	76	0.1	67	0.1	41	0.1
2	—	2	—	2	—	2	—	2	—
138	0.2	129	0.2	130	0.2	124	0.2	119	0.2
3	—	2	—	2	—	2	—	3	—
672	1.0	635	0.9	624	0.9	616	0.9	593	1.0
5	—	4	—	3	—	3	—	3	—
—	—	—	—	—	—	—	—	—	—
50	0.1	44	0.1	37	0.1	34	0.1	23	—
16	—	16	—	17	—	17	—	16	—
2,310	3.4	2,475	3.7	2,444	3.6	2,416	3.6	2,490	4.2
477	0.7	445	0.7	405	0.6	436	0.6	417	0.7
8,054	12.0	7,813	11.5	7,463	11.0	7,402	10.9	7,211	12.0
116	0.2	81	0.1	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
2,349	3.5	2,387	3.5	2,391	3.5	2,595	3.8	2,611	4.4
1	—	1	—	1	—	1	—	—	—
—	—	—	—	—	—	—	—	—	—
10	—	2	—	—	—	—	—	—	—
30	—	28	—	28	—	28	—	28	—
3,972	5.9	3,723	5.5	3,589	5.3	3,478	5.1	3,320	5.5
20	—	21	—	23	—	27	—	28	—
572	0.9	550	0.8	621	0.9	626	0.9	732	1.2
1,463	2.2	1,400	2.1	1,374	2.0	1,385	2.0	1,334	2.2
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
1,157	1.7	1,089	1.6	1,021	1.5	1,048	1.5	1,021	1.7
258	0.4	255	0.4	259	0.4	277	0.4	269	0.4
18,094	26.8	18,106	26.9	17,183	25.2	16,825	24.9	15,087	25.2
1,368	2.0	1,294	1.9	1,127	1.7	1,103	1.6	902	1.5
6,090	9.0	5,901	8.7	5,735	8.4	5,599	8.3	5,469	9.1
1,310	1.9	1,253	1.8	1,202	1.8	1,162	1.7	1,205	2.0
—	—	—	—	—	—	—	—	—	—
1,480	2.2	3,706	5.5	4,676	6.9	4,487	6.6	1,781	3.0
1,484	2.2	1,381	2.0	1,262	1.9	1,248	1.8	1,187	2.0
956	1.4	522	0.8	188	0.3	250	0.4	203	0.3
—	—	628	0.9	2,304	3.4	2,613	3.9	615	1.0
7,709	11.4	6,838	10.1	7,215	10.6	7,094	10.5	6,676	11.1
<u>\$ 67,503</u>	<u>100.0</u>	<u>\$ 67,748</u>	<u>100.0</u>	<u>\$ 68,114</u>	<u>100.0</u>	<u>\$ 67,781</u>	<u>100.0</u>	<u>\$ 59,973</u>	<u>100.0</u>
<u>\$ 2,273</u>		<u>\$ 1,241</u>		<u>\$ 324</u>		<u>\$ (32)</u>		<u>\$ 686</u>	
<u>6.7%</u>		<u>9.5%</u>		<u>10.7%</u>		<u>10.5%</u>		<u>6.2%</u>	

Personal Income by Industry
Last Ten Calendar Years

(Amounts in millions)

	2023	2022	2021	2020	2019
Total personal income	\$ 614,224	\$ 594,119	\$ 575,188	\$ 550,584	\$ 511,334
Unearned income	151,920	142,298	152,340	166,915	126,165
Farm earnings	139	126	126	170	108
Nonfarm earnings	462,165	451,695	422,722	383,499	385,061
Private earnings	443,839	433,761	407,096	368,213	369,080
Agricultural services, forestry, fishing	602	573	705	600	625
Mining	456	144	94	146	144
Construction	26,961	27,594	27,349	22,859	23,397
Manufacturing	30,795	30,829	29,969	28,355	28,568
Durable goods	20,814	20,929	20,502	19,760	20,020
Nondurable goods	9,981	9,900	9,467	8,595	8,548
Transportation and utilities	17,282	14,222	12,561	11,669	11,724
Wholesale trade	18,673	18,539	17,366	15,280	15,254
Retail trade	21,304	20,014	19,436	17,303	17,438
Services	327,766	321,846	299,616	272,001	271,930
Government	49,121	48,762	45,595	43,642	44,549
Federal, civilian	6,628	6,018	5,920	5,821	5,647
Military	1,071	1,048	1,001	1,096	1,003
State and local	41,422	41,696	38,674	36,725	37,899
Personal income tax revenue (fiscal year, statutory basis).....	\$ 24,112	\$ 18,995	\$ 24,337	\$ 19,618	\$ 17,361
Total personal income	\$ 614,224	\$ 594,119	\$ 575,188	\$ 550,584	\$ 511,334
Average Effective Rate	3.93 %	3.20 %	4.23 %	3.56 %	3.40 %
Highest Earned Income Tax Rate	5.00 %	5.00 %	5.00 %	5.00 %	5.00 %

Sources: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Information System and the Massachusetts Department of Revenue. Average effective rate is individual income tax revenue divided by personal income.

See Independent Auditors' Report

2018	2017	2016	2015	2014
\$ 483,433	\$ 450,962	\$ 442,500	\$ 415,636	\$ 396,206
118,567	111,017	108,349	97,728	94,494
103	129	151	195	178
364,763	339,816	334,000	317,713	301,534
349,476	323,875	319,931	272,533	262,843
659	716	677	406	354
274	608	379	276	270
23,177	20,609	19,473	17,197	15,481
27,271	26,550	27,181	26,497	25,921
19,239	18,709	18,894	18,193	18,224
8,032	7,841	8,287	8,304	7,697
9,667	8,649	8,330	7,600	7,295
15,102	14,830	14,621	13,938	13,546
16,432	15,982	15,520	14,716	14,137
256,894	235,931	233,750	191,903	185,839
42,557	42,492	41,130	39,921	38,691
5,458	5,477	5,427	5,202	5,007
900	891	860	860	874
36,199	36,124	34,843	33,859	32,810
\$ 17,109	\$ 16,240	\$ 14,394	\$ 14,449	\$ 13,202
\$ 483,433	\$ 450,962	\$ 442,500	\$ 415,636	\$ 396,206
3.54 %	3.60 %	3.25 %	3.48 %	3.33 %
5.05 %	5.10 %	5.10 %	5.15 %	5.20 %

Commonwealth of Massachusetts
Personal Income Tax Filers and Liability by Income Level
Calendar (Tax) Years 2022 and 2013

(Amounts, except income level are in thousands)

Calendar Year 2022 (or Fiscal Year 2023)

Income Level	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
\$100,001 and higher	1,072,748	26.8%	\$ 15,769,367	79.1%
\$75,001 - \$100,000	369,028	9.2%	1,375,515	6.9%
\$50,001 - \$75,000	560,171	14.0%	1,426,894	7.2%
\$25,001 - \$50,000	773,883	19.3%	1,069,645	5.3%
\$10,001 - \$25,000	563,252	14.1%	254,658	1.3%
\$10,000 and lower	665,837	16.6%	33,329	0.2%
Total	<u>4,004,919</u>	<u>100.0%</u>	<u>\$ 19,929,408</u>	<u>100.0%</u>

Calendar Year 2013 (or Fiscal Year 2014)

Income Level	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
\$100,001 and higher	686,997	19.0%	\$ 8,560,243	70.3%
\$75,001 - \$100,000	292,178	8.0%	1,090,098	9.0%
\$50,001 - \$75,000	466,750	12.8%	1,186,250	9.8%
\$25,001 - \$50,000	774,246	21.3%	1,016,766	8.4%
\$10,001 - \$25,000	673,945	18.6%	272,223	2.2%
\$10,000 and lower	738,708	20.3%	31,165	0.3%
Total	<u>3,632,824</u>	<u>100.0%</u>	<u>\$ 12,156,745</u>	<u>100.0%</u>

Source: Massachusetts Department of Revenue - 2022 is the most recent tax year for which complete data is available.

See Independent Auditors' Report

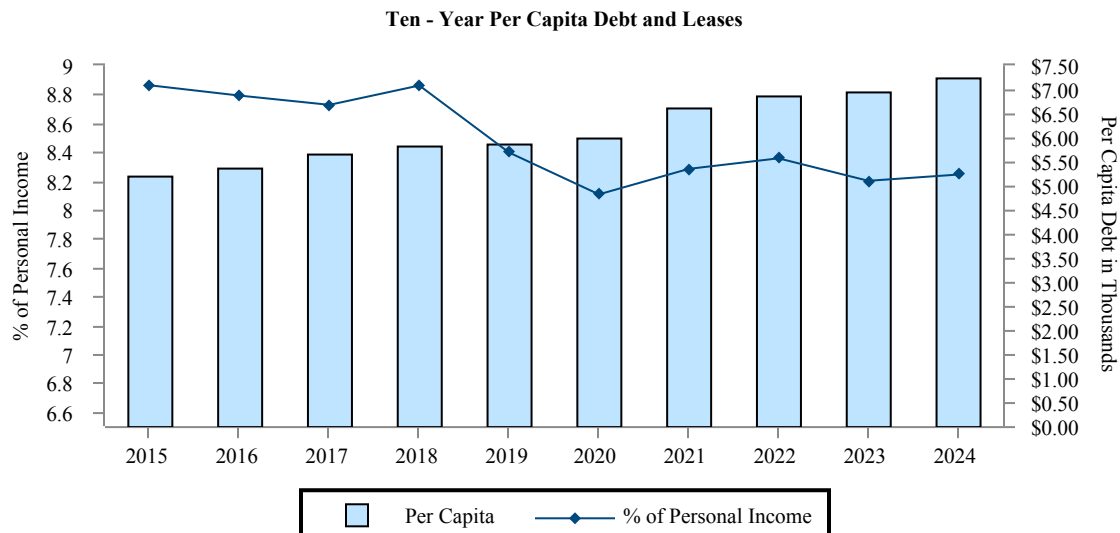
Ten-Year Schedule of Per Capita General Long-Term Bonded Debt and Leases

(Amounts in thousands, except for percentages)

Fiscal Year Ended June 30	Governmental Activities						Business-Type Activities			Total Primary Government	Prior Year Personal Income (6)	Massachusetts Resident Population (4)	Debt as a % of Personal Income	Amount of Debt Per Capita
	Bonded Debt (1)	Right-to-use Leases (5)	SBITA (5)	MSBA Bonded debt (2)	MSBA Leases (5)	MSBA SBITA (5)	Bonded Debt (3)	Right-to-use Leases (5)	SBITA (5)					
2024	\$ 36,194,300	\$ 823,374	\$ 102,898	\$ 5,719,461	\$ 1,216	\$ 118	\$ 6,599,974	\$ 1,137,607	\$ 53,049	\$ 50,631,997	\$614,224,147	7,001	8.2 %	\$ 7.23
2023	32,987,686	830,636	38,193	5,915,372	2,311	399	7,448,982	1,200,797	54,620	48,478,996	594,118,801	6,982	8.2 %	6.94
2022	32,774,329	942,590	—	6,323,688	3,454	—	6,759,878	1,257,644	—	48,061,583	575,187,880	6,985	8.4 %	6.88
2021	32,229,313	14,260	—	6,508,385	—	—	6,842,430	8,724	—	45,603,112	550,584,495	6,894	8.3 %	6.61
2020	30,701,422	17,114	—	6,053,947	—	—	4,667,917	8,842	—	41,449,242	511,333,665	6,895	8.1 %	6.01
2019	30,219,316	19,835	—	6,054,994	—	—	4,284,704	9,589	—	40,588,438	483,433,495	6,886	8.4 %	5.89
2018	29,496,401	22,492	—	5,990,554	—	—	4,438,502	9,825	—	39,957,774	450,961,579	6,864	8.9 %	5.82
2017	28,216,650	30,856	—	5,828,790	—	—	4,529,353	8,979	—	38,614,628	442,500,000	6,827	8.7 %	5.66
2016	26,422,941	41,302	—	5,624,275	—	—	4,438,282	9,887	—	36,536,687	415,636,000	6,797	8.8 %	5.38
2015	24,790,909	42,928	—	5,714,410	—	—	4,553,105	9,895	—	35,111,247	396,206,000	6,765	8.9 %	5.19

- (1) Excludes Massachusetts School Building Authority debt. Bonded debt for each fiscal year includes unamortized premiums or discounts.
- (2) The Massachusetts School Building Authority (MSBA) is presented as a blended component unit in these financial statements.
- (3) Business-type activities bond debt includes Federal Unemployment insurance borrowing under Title XII of the Social Security Act, notes payable of the Institutions of Higher Education and unamortized premiums or discounts.
- (4) Population estimates have been restated to most current United States Census Bureau Data, source: <https://www.census.gov> (U.S. Census Bureau). Population data is reported as of July 1 of the previous year.
- (5) Leases represent right-to-use leases and subscription leases starting 2022 and Capital Leases for periods 2021 and earlier.
- (6) Source: <https://www.bea.gov> (Bureau of Economic Analysis)

See Independent Auditors' Report



Ten Year Schedule of Outstanding Direct Debt and Statutory Debt Limit

(Amounts in thousands)

	2024	2023	2022	2021	2020
Outstanding principal as of June 30 (1).....	\$ 32,361,758	\$ 29,520,860	\$ 29,335,406	\$ 29,048,457	\$ 28,098,890
Plus/(less) amounts excluded:					
Net amortized (discount)/premium and issuance costs	—	—	—	—	—
Total net proceeds/principal	32,361,758	29,520,860	29,335,406	29,048,457	28,098,890
Less net proceeds/principal of direct debt excluded from statutory debt limit:					
Central artery project bonds	(551,473)	(618,232)	(691,378)	(847,790)	(945,574)
Accelerated bridge program	(1,480,072)	(1,507,360)	(1,537,605)	(1,555,220)	(1,663,350)
Grant anticipation notes (2)	(255,805)	(389,675)	(478,235)	(582,550)	(662,270)
School Modernization and Reconstruction Trust Bonds	(143,163)	(242,630)	(337,411)	(430,926)	(496,936)
Convention center bonds	(397,245)	(426,235)	(453,675)	(479,645)	(504,255)
MBTA forward funding bonds	(207)	(207)	(207)	(207)	(207)
Special obligation gas bonds	—	—	—	(28,385)	(55,290)
Rail enhancement program bonds (3)	(2,393,389)	(1,928,881)	(1,958,461)	(1,637,221)	(1,260,565)
Outstanding direct debt, net proceeds/principal	27,140,404	24,407,640	23,878,434	23,486,513	22,510,443
Statutory debt limit	30,655,267	29,195,493	27,805,231	26,481,173	25,220,164
Debt margin (debt limit less direct debt)	<u>\$ 3,514,863</u>	<u>\$ 4,787,853</u>	<u>\$ 3,926,797</u>	<u>\$ 2,994,660</u>	<u>\$ 2,709,721</u>
Debt margin as a percentage of direct debt limit	<u>11.5%</u>	<u>16.4%</u>	<u>14.1%</u>	<u>11.3%</u>	<u>10.7%</u>

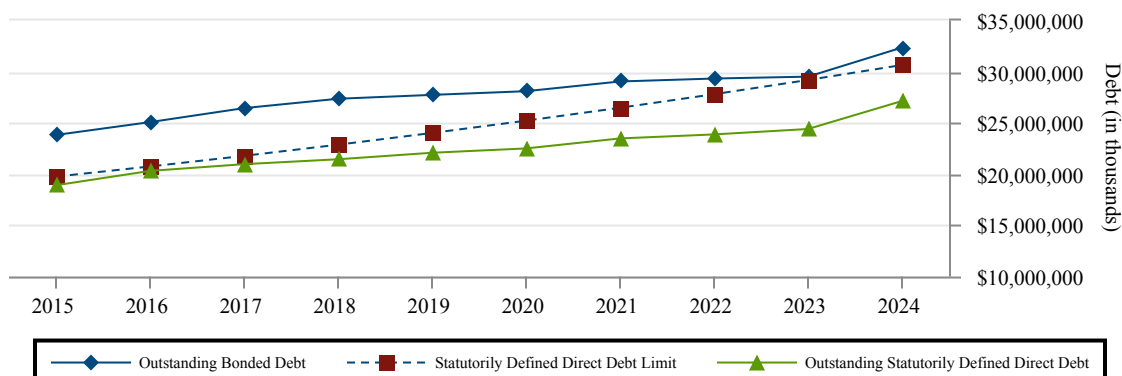
(1) Exclusive of the Massachusetts School Building Authority debt.

(2) Inclusive of crossover refunding amounts.

(3) Section 4 of Chapter 220 of the Acts of 2016 exempted bonds issued under the Rail Enhancement Program from the statutory debt limit.

See Independent Auditors' Report

**Outstanding Bonded Debt, Statutory Direct Debt and Statutory Debt Limit
2015 - 2024**



2019	2018	2017	2016	2015
\$ 27,739,221	\$ 27,360,819	\$ 26,445,665	\$ 25,079,591	\$ 23,826,301
—	—	—	—	—
27,739,221	27,360,819	26,445,665	25,079,591	23,826,301
(1,013,492)	(1,092,519)	(1,110,195)	(1,150,296)	(1,197,127)
(1,665,205)	(1,680,555)	(1,642,730)	(1,535,890)	(1,495,149)
(684,745)	(748,445)	(738,010)	(657,040)	(699,855)
(574,902)	(598,985)	(632,348)	(652,197)	(689,446)
(527,635)	(552,110)	(575,420)	(597,630)	(618,705)
(207)	(207)	(207)	(207)	(207)
(80,930)	(105,230)	(128,270)	(170,735)	(210,635)
(1,104,610)	(1,131,105)	(644,540)	—	—
22,087,495	21,451,663	20,973,945	20,315,596	18,915,177
24,019,204	22,875,433	21,786,126	20,748,692	19,760,659
\$ 1,931,709	\$ 1,423,770	\$ 812,181	\$ 433,096	\$ 845,482
8.0%	6.2%	3.7%	2.1%	4.3%

Ten Fiscal Year Schedule of Pledged Revenue Coverage
Special Obligation Transportation Bonds (Motor Fuels Taxation and Motor Vehicle Fees), Convention Center Bonds (Tax Incremental Financing) and Grant Anticipation Notes (Federal Highway Grants)

(Statutory Basis, Amounts in Thousands, Except for Ratios)

	2024	2023	2022	2021	2020
Commonwealth Transportation Fund Bonds					
The CTF bonds are secured by the full 24 cent per gallon gasoline tax, the full 21 cents per gallon of special fuels taxes (comprised primarily of taxes on diesel fuel), the full tax on liquefied natural gas and all Registry of Motor Vehicle fees deposited in the Commonwealth Transportation Fund. Federal Build America Bonds subsidies are also pledged to all CTF bonds. The 2010 bonds were issued as federally taxable Build America Bonds/ Recovery Zone Economic Development Bonds; the programs provide an interest subsidy of 35-45% directly to the Commonwealth. The interest subsidy is shown as pledged funds and debt service is gross of the subsidy. Revenues pledged to the bonds are available prior to use for any other purposes. Thus, operating expenses paid from these revenue sources are not applicable for the purpose of calculating debt service coverage ratios and are not shown in this table. For years prior to 2023, receipts are net of revenues pledged to Highway Fund bonds, which were issued prior to 2010, and final payments for which were made in 2022.					
CTF Bond Issues (Includes Revenues in Excess of Those Needed to Pay Debt Service on Pre-2010 Highway Bonds, Which Matured in FY22)					
Receipts	\$ 1,361,607	\$ 1,313,036	\$ 1,302,636	\$ 1,266,755	\$ 1,250,653
Operating Expenses	N/A	N/A	N/A	N/A	N/A
Net Available Revenues	\$ 1,361,607	\$ 1,313,036	\$ 1,302,636	\$ 1,266,755	\$ 1,250,653
Annual Debt Service	\$ 233,434	\$ 215,493	\$ 186,189	\$ 189,083	\$ 184,361
Debt Service Coverage Ratio		6.09	7.00	6.70	6.78
Ratings History of Bonds (Fitch, Moody's and S&P)*	NA, Aa1, AAA	NA, Aa1, AAA	NA, Aa1, AA+	NA, Aa1, AA+	NA, Aa1, AA+
Convention Center Bonds					
These bonds are secured by amounts payable to the Convention Center Fund, which include certain hotel tax receipts in Boston, Cambridge, Springfield, surcharges on car rentals, parking, sightseeing tours and cruises and sales tax receipts in those cities. Revenues pledged to the bonds are available prior to use for any other purposes. Thus, operating expenses paid from these revenue sources are not applicable for the purpose of calculating debt service coverage ratios and are not shown in this table.					
Receipts	\$ 225,208	\$ 203,560	\$ 148,719	\$ 45,744	\$ 145,835
Operating Expenses	N/A	N/A	N/A	N/A	N/A
Net Available Revenues	\$ 225,208	\$ 203,560	\$ 148,719	\$ 45,744	\$ 145,835
Annual Debt Service	\$ 52,433	\$ 52,392	\$ 52,350	\$ 52,283	\$ 52,222
Debt Service Coverage Ratio	4.30	3.89	2.84	0.87	2.79
Ratings History of Bonds (Fitch, Moody's and S&P)*	NA, A1, A-	NA, A1, A-	NA, A1, A-	NA, A1, BBB+	NA, A1, A
Grant Anticipation Notes (GANS)					
Grant Anticipation Notes are secured by all federal highway reimbursements, which are deposited in the Grant Anticipation Note Trust fund. Revenues pledged to the notes are available prior to use for any other purposes. Thus, operating expenses paid from these revenue sources are not applicable for the purpose of calculating debt service coverage ratios and are not shown in this table. The 2010 bonds were issued as federally taxable Build America Bonds; the program provides an interest subsidy of 35% directly to the Commonwealth. The interest subsidy is shown as pledged funds and debt service is gross of the subsidy.					
GANS (Includes Revenues in Excess of those Needed to Pay Debt Service Commonwealth Transportation Fund Bonds)					
Receipts	\$ 1,849,669	\$ 1,851,800	\$ 1,744,871	\$ 1,792,915	\$ 1,705,993
Operating Expenses	N/A	N/A	N/A	N/A	N/A
Net Available Revenues	\$ 1,849,669	\$ 1,851,800	\$ 1,744,871	\$ 1,792,915	\$ 1,705,993
Annual Debt Service	\$ 59,369	\$ 62,340	\$ 85,120	\$ 86,773	\$ 86,858
Debt Service Coverage Ratio	31.16	29.70	20.50	20.66	19.64
Ratings History of Bonds (Fitch, Moody's and S&P)*	NR, Aa2, AAA	NR, Aa2, AAA	AA+, Aa2, AAA	AA+, Aa2, AAA	AA+, Aa2, AAA

*Uninsured rating, if available.
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2019	2018	2017	2016	2015
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\$	1,373,116	\$	1,362,788	\$	1,326,734	\$	1,294,357	\$	1,283,248
	N/A		N/A		N/A		N/A		N/A
\$	1,373,116	\$	1,362,788	\$	1,326,734	\$	1,294,357	\$	1,283,248
\$	176,189	\$	149,968	\$	129,024	\$	94,859	\$	81,054
	7.79		9.09		10.28		13.65		15.83
NA, Aa1, AAA	NA, Aa1, AAA	NA, Aa1, AAA	NA, AAA, AAA	NA, AAA, AAA					

\$	164,197	\$	146,872	\$	133,789	\$	134,806	\$	124,937
	N/A		N/A		N/A		N/A		N/A
\$	164,197	\$	146,872	\$	133,789	\$	134,806	\$	124,937
\$	54,601	\$	54,473	\$	54,540	\$	54,540	\$	52,852
	3.01		2.70		2.45		2.47		2.36
NA, A1, A	NA, A1, A	NA, A1, A	NA, A1, A	NA, A1, A					

\$	1,771,001	\$	1,756,726	\$	1,734,397	\$	1,707,187	\$	1,556,243
	N/A		N/A		N/A		N/A		N/A
\$	1,771,001	\$	1,756,726	\$	1,734,397	\$	1,707,187	\$	1,556,243
\$	86,093	\$	83,804	\$	80,486	\$	76,049	\$	33,472
	20.57		20.96		21.55		22.45		46.49
AA+, Aa2, AAA	AA+, Aa2, AAA	AA+, Aa2, AAA	AA+, Aa1, AAA	AA+, Aa1, AAA					

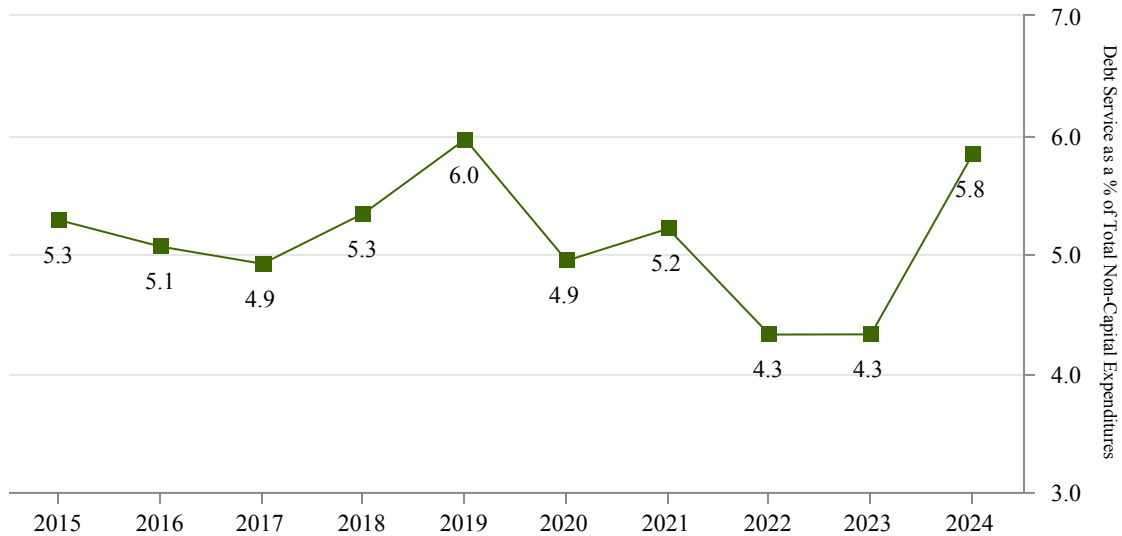
**Ten-Year Schedule of Percentage of Annual Debt Service Expenditures
For General Bonded Debt to Total Non-Capital Expenditures - Fund Perspective
All Governmental Fund Types**
(Amounts in thousands)

Fiscal year ended June 30	Debt service ⁽¹⁾	Total non-capital expenditures ⁽²⁾	Ratio (%)
2024	\$ 4,979,656	\$ 85,377,992	5.8
2023	3,527,748	81,583,443	4.3
2022	3,248,922	75,166,146	4.3
2021	3,572,588	68,543,124	5.2
2020	3,026,865	61,227,675	4.9
2019	3,489,029	58,502,774	6.0
2018	3,040,834	56,925,468	5.3
2017	2,667,043	54,239,919	4.9
2016	2,720,117	53,748,227	5.1
2015	2,703,200	51,171,135	5.3

- (1) Business type activities debts are secured solely by leases between the Institutions of Higher Education and two blended building authorities. Excludes Massachusetts School Building Authority debt service paid by the Authority.
- (2) Expenditures are shown net of Massachusetts School Building Authority expenditures as they are school building assistance capital grants to local cities and towns.

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Debt Service to Non-Capital Expenditures Ratio 2015 - 2024



**Component Units Revenue Bond Coverage
For the Last Ten Fiscal Years**

(Amounts in thousands)

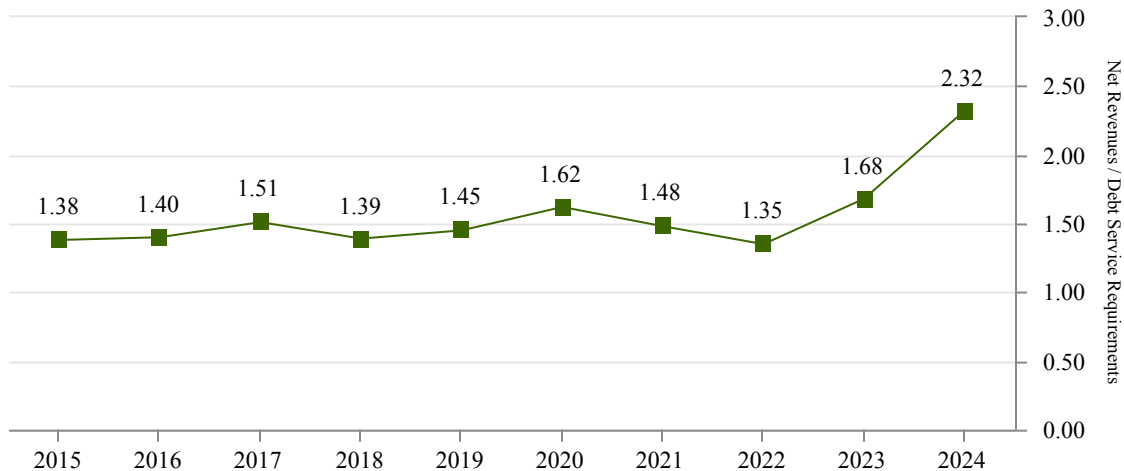
Fiscal year ended June 30	Net Revenues ⁽¹⁾	Debt service requirements ⁽²⁾	Coverage Ratio (%)
2024	\$ 2,655,517	\$ 1,143,897	2.32
2023	2,846,930	1,693,612	1.68
2022	2,393,922	1,773,781	1.35
2021	2,234,478	1,513,531	1.48
2020	2,194,836	1,352,565	1.62
2019	2,073,011	1,431,521	1.45
2018	1,831,742	1,322,491	1.39
2017	1,763,564	1,169,651	1.51
2016	1,817,135	1,298,267	1.40
2015	1,950,292	1,417,420	1.38

- (1) Net revenues represent revenue pledged and available for the repayment of revenue bonds. In most cases, revenue pledged for the bonds is available prior to use for any other purposes. Thus, operating expenses paid from these revenue sources are not applicable when calculating debt service coverage and are not subtracted from pledged revenues.
- (2) Debt service requirements represent total debt service payments made less debt service paid on short-term borrowings of only those Authorities with revenue bonds outstanding.

Source: Office of the Comptroller

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Component Units Revenue Bond Coverage 2015 - 2024



Ten-Year Schedule of Massachusetts and United States Resident Population

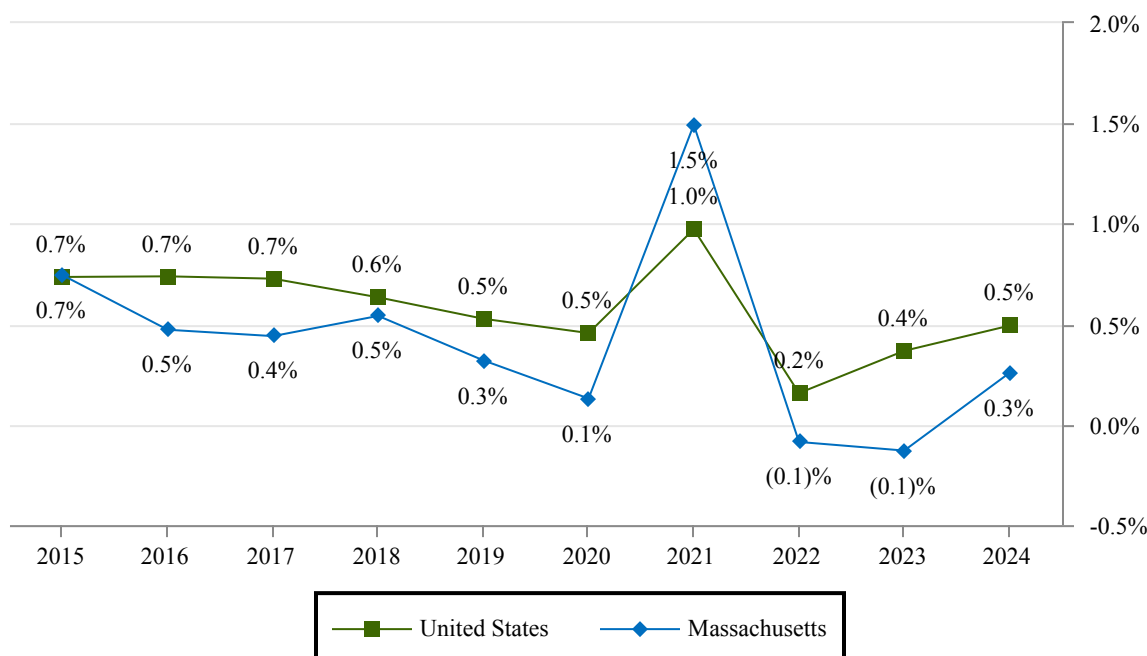
(Amounts in thousands)

Beginning of Fiscal Year	Massachusetts Resident Population (1)	% Change	United States Resident Population (1)	% Change	Massachusetts as % of U.S.
2024	7,001	0.3%	334,915	0.5%	2.1%
2023	6,983	(0.1)%	333,271	0.4%	2.1%
2022	6,992	(0.1)%	332,049	0.2%	2.1%
2021	6,998	1.5%	331,527	1.0%	2.1%
2020	6,895	0.1%	328,330	0.5%	2.1%
2019	6,886	0.3%	326,838	0.5%	2.1%
2018	6,864	0.5%	325,122	0.6%	2.1%
2017	6,827	0.4%	323,072	0.7%	2.1%
2016	6,797	0.5%	320,739	0.7%	2.1%
2015	6,765	0.7%	318,386	0.7%	2.1%

(1) Population estimates have been restated using most current United States Census Bureau Data. Population data is reported as of July 1 of the previous year and has been restated to most recent United States Census Bureau Data.

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**Massachusetts and United States Estimated Year-to-Year Population Change
FY2015 - FY2024**



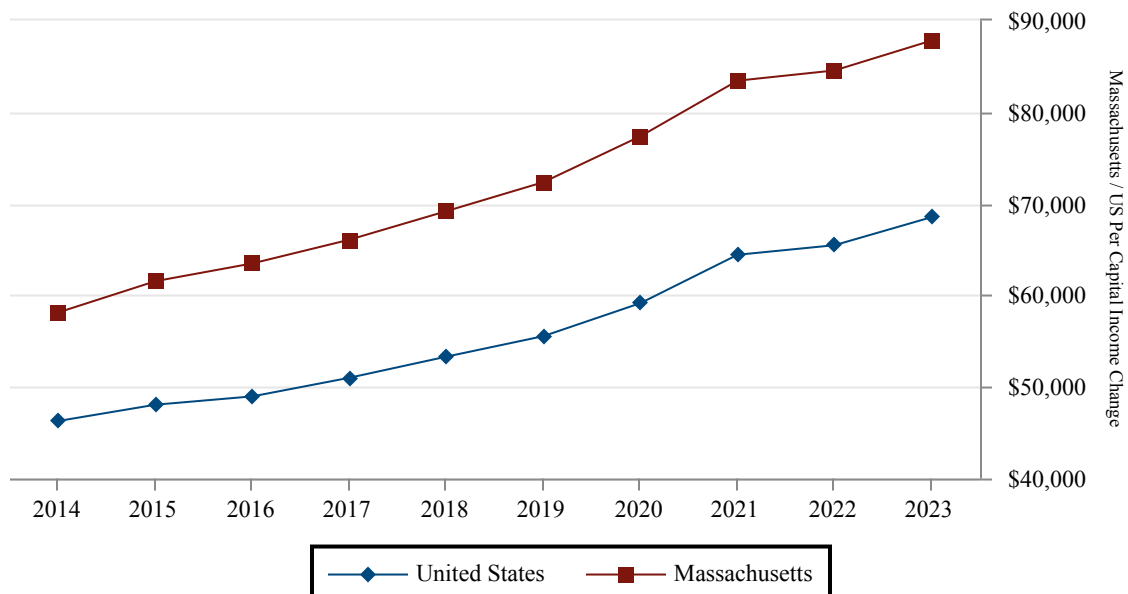
Ten-Year Schedule of Massachusetts and United States Resident Per Capita Net Income

Calendar year	Massachusetts	% Change	United States	% Change	Massachusetts as % of U.S.
2023	\$87,812	3.9%	\$68,531	4.7%	128.1%
2022	84,551	1.3%	65,473	1.6%	129.1%
2021	83,434	7.8%	64,427	8.9%	129.5%
2020	77,371	6.9%	59,151	6.5%	130.8%
2019	72,359	4.6%	55,547	4.2%	130.3%
2018	69,195	4.7%	53,309	4.5%	129.8%
2017	66,076	4.1%	51,004	4.2%	129.6%
2016	63,487	3.2%	48,971	1.9%	129.6%
2015	61,548	5.9%	48,060	3.8%	128.1%
2014	58,141	2.7%	46,287	3.3%	125.6%

Source: Bureau of Economic Analysis, US Department of Commerce. Prior years restated due to revised estimates updated on March 29, 2024.

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**Massachusetts and United States Estimated Per Capita Net Income
2014 - 2023**



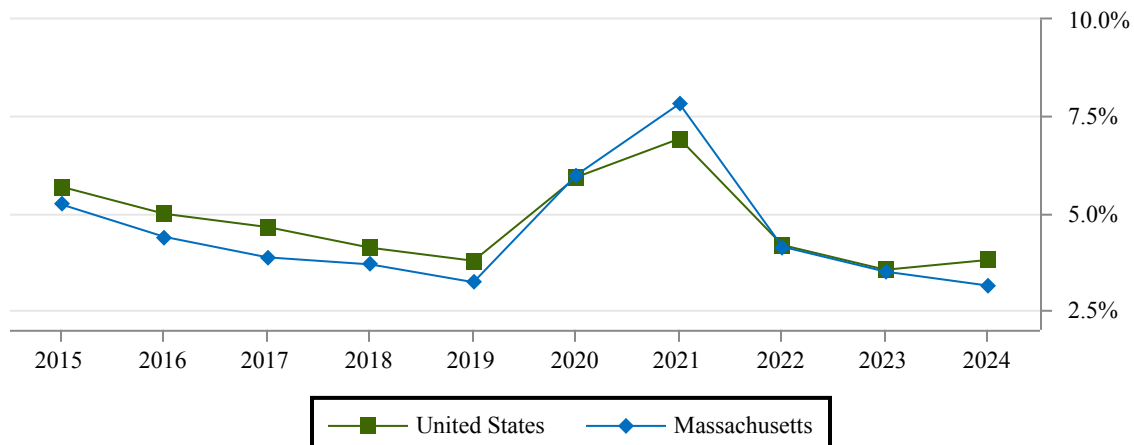
**Ten-Year Schedule of Fiscal Year Annual Average Civilian Labor Force,
Unemployment and Unemployment Rates
For Massachusetts and the United States**
(Amounts in thousands)

Fiscal Year	Massachusetts			United States			Massachusetts Rate as % of U.S. Rate
	Labor Force	Unemployment	Unemployment Rate %	Labor Force	Unemployment	Unemployment Rate %	
2024	3,760	118	3.1%	167,706	6,377	3.8%	81.6%
2023	3,743	131	3.5%	165,575	5,875	3.5%	100.0%
2022	3,743	155	4.1%	162,920	6,817	4.2%	97.6%
2021	3,744	293	7.8%	160,583	11,123	6.9%	113.0%
2020	3,788	227	6.0%	162,561	9,651	5.9%	101.7%
2019	3,842	124	3.2%	162,675	6,148	3.8%	84.2%
2018	3,771	139	3.7%	161,152	6,632	4.1%	90.2%
2017	3,671	142	3.9%	159,790	7,429	4.6%	84.8%
2016	3,594	158	4.4%	158,047	7,887	5.0%	88.0%
2015	3,594	188	5.2%	156,626	8,908	5.7%	91.2%

Source: Federal Bureau of Labor Statistics, August 2024. Seasonally adjusted. Previous data has been updated by the Federal Bureau of Labor Statistics.

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**Massachusetts and United States Average Unemployment Rates
FY2015 to FY2024**



Largest Private Sector Massachusetts Employers 2024 and 2015
(Alphabetical Order)

2024			2015		
Employer	Headquarters	Product or Service	Employer	Headquarters	Product or Service
Bay State Medical Center, Inc.	Springfield	Hospital	Bay State Medical Center, Inc.	Springfield	Hospital
Beth Israel Deaconess Medical Center	Boston	Hospital	Beth Israel Deaconess Medical Center	Boston	Hospital
Boston Medical Center Corporation	Boston	Hospital	Boston Medical Center Corporation	Boston	Hospital
Boston University	Boston	University	Boston University	Boston	University
Brigham and Women's Hospital, Inc.	Boston	Hospital	Brigham and Women's Hospital, Inc.	Boston	Hospital
Dana-Farber Cancer Institute, Inc.	Boston	Hospital	DeMoulas Supermarkets, Inc.	Tewksbury	Supermarket
DeMoulas Supermarkets, Inc.	Tewksbury	Supermarket	EMC Corporation	Hopkinton	Computer Storage & Peripherals
General Hospital Corporation	Boston	Hospital	General Hospital Corporation	Boston	Hospital
Harvard University	Cambridge	University	Harvard University	Cambridge	University
Massachusetts Institute of Technology	Cambridge	University	Massachusetts Institute of Technology	Cambridge	University
New England Medical Center Hospital	Boston	Hospital	Northeastern University	Boston	University
Northeastern University	Boston	University	Partners Healthcare Systems, Inc.	Boston	Hospital
Partners Healthcare Systems, Inc.	Boston	HQ for Health Plan	Shaw's Supermarkets, Inc.	West Bridgewater	Supermarket
Shaw's Supermarkets, Inc.	West Bridgewater	Supermarket	Southcoast Hospitals Group	New Bedford	Hospital
State Street Bank and Trust Company	Boston	Banking	State Street Bank and Trust Company	Boston	Banking
The Children's Hospital Corporation	Boston	Hospital	The Children's Hospital Corporation	Boston	Hospital
The Stop & Shop Supermarkets Company	Quincy	Supermarket	The Stop & Shop Supermarkets Company	Quincy	Supermarket
The TJX Companies, Inc.	Framingham	Retail	The TJX Companies	Framingham	Retail
Tufts University	Somerville	University	Tufts University	Somerville	University
UMASS Memorial Medical Center, Inc.	Worcester	Hospital	UMASS Memorial Medical Center, Inc.	Worcester	Hospital

Source: Massachusetts Executive Office of Labor and Workforce Development, Division of Unemployment Assistance. In addition, Amazon.Com Services, Inc., CVS Pharmacy, Inc, Home Depot U.S.A.; Inc., Target Corp, United Parcel Services, Inc., and Wal-Mart Associates, Inc. are all large Massachusetts employers, but are headquartered outside of Massachusetts. The information is based on the October 2024 employment for employers as registered for unemployment insurance. The list may not include those employers who do business in MA under multiple legal corporations and those who register each store, facility or franchisee as a separate employer.

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Full Time Equivalent Employees
By Function/Program
Last Ten Years

Functions/Programs	2024	2023	2022	2021	2020
General government	7,395	7,150	6,936	6,942	6,890
Judiciary	7,680	7,435	7,094	7,061	7,217
Energy and environmental affairs	3,061	2,823	2,635	2,671	2,626
Health and human services	23,006	21,788	21,447	22,022	22,218
Housing and Livable Communities	500	382	—	—	—
Transportation and construction	4,298	4,031	3,614	3,504	3,584
Education	1,003	953	912	908	887
Public safety and security	16,736	16,418	16,216	16,649	16,907
Economic development	703	657	1,011	980	936
Veterans' Service	738	713	—	—	—
Higher Education:					
University of Massachusetts	15,690	15,374	15,124	14,840	15,324
State universities	5,035	4,964	4,948	4,944	5,136
Community colleges	4,913	4,738	4,712	4,653	4,858
Totals	90,758	87,426	84,649	85,174	86,583
Percentage change	3.8 %	3.3 %	(0.6)%	(1.6)%	0.5 %

Source: Office of the State Comptroller

"Education" includes the Department of Elementary and Secondary Education, the Executive Office of Education, the Board of Higher Education and Early Education and Care. Transportation and construction includes MassDOT. FTE's are rounded. Prior years not restated for changes.

See Independent Auditors' Report

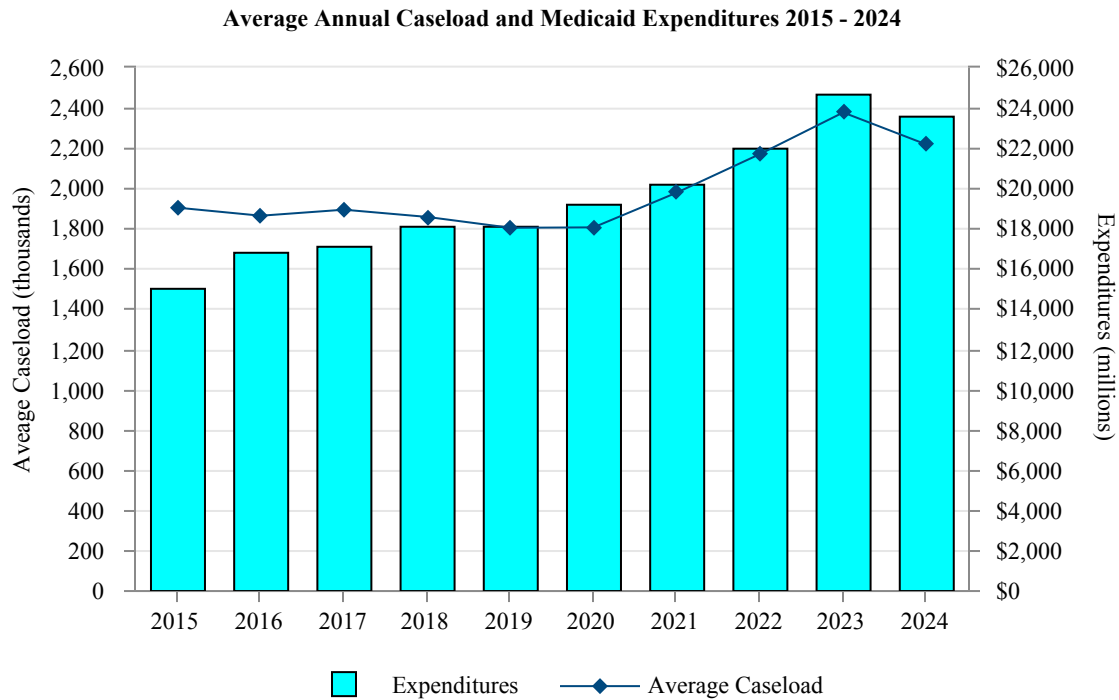
2019	2018	2017	2016	2015	Change - 2024 from 2015
6,900	6,855	6,905	7,018	7,696	(3.9)%
7,164	7,229	7,208	7,264	7,264	5.7 %
2,614	2,533	2,509	2,539	2,689	13.8 %
22,209	22,104	21,817	21,557	22,060	4.3 %
—	—	—	—	—	— %
3,555	3,527	3,482	4,004	4,357	(1.4)%
852	821	815	907	970	3.4 %
16,676	16,502	16,522	16,868	17,057	(1.9)%
922	918	818	844	884	(20.5)%
—	—	—	—	—	— %
15,193	14,737	15,032	15,130	14,670	7.0 %
5,219	5,233	5,186	5,050	5,036	— %
4,816	4,917	5,066	5,032	5,077	(3.2)%
86,120	85,376	85,360	86,213	87,760	3.4 %
0.9 %	— %	(1.0)%	(1.8)%	1.5 %	

**Average Annual Medicaid Caseload and
Medicaid Expenditures - Fund Perspective
Last Ten Fiscal Years**

(Caseload amount in thousands, expenditure amounts in millions)

Fiscal year ended June 30	Average annual caseload	Medicaid expenditures	Average expenditures per case
2024	2,217	\$23,601	10,645
2023	2,377	\$24,715	10,398
2022	2,170	22,065	10,168
2021	1,978	20,208	10,216
2020	1,805	19,207	10,641
2019	1,803	18,094	10,035
2018	1,857	18,106	9,750
2017	1,893	17,183	9,077
2016	1,863	16,825	9,031
2015	1,903	15,087	7,928

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Massachusetts Road Inventory
Calendar Year End, Lane Miles by Type
Last Ten Calendar Years

Calendar Year	Interstate	Arterial	Collector	Local	Total	% Change	Total Urban	Total Rural
2023	3,188	15,580	9,089	47,601	75,458	0.24%	84.2%	15.8%
2022	3,188	15,564	9,086	47,439	75,277	2.96%	84.2%	15.8%
2021	3,190	15,557	9,032	45,333	73,112	0.02%	85.8%	14.2%
2020	3,190	15,588	9,046	45,271	73,095	0.11%	85.8%	14.2%
2019	3,168	15,613	9,049	45,183	73,013	1.10%	85.8%	14.2%
2018	3,199	15,587	9,047	44,383	72,216	(0.58)%	85.7%	14.3%
2017	3,204	15,618	9,051	44,761	72,634	1.16%	85.9%	14.1%
2016	3,204	15,624	9,050	43,926	71,804	(1.02)%	85.9%	14.1%
2015	3,204	15,641	9,048	44,654	72,547	0.24%	85.8%	14.2%
2014	3,211	15,645	9,048	44,472	72,376	(0.01)%	85.7%	14.3%

Source: Massachusetts Highway Department, Bureau of Transportation Planning and Development Annual Road Inventory Reports, Lane Miles Table 8. Exclusive of shoulders

See Independent Auditors' Report

Massachusetts Real Property Owned and Leased
Annual Inventory, Acreage, Improvements and Square Footage
Last Ten Years

Functions/Programs	Survey Year 2024	Survey Year 2023	Survey Year 2022	Survey Year 2021	Survey Year 2020
General Government:					
Total Acreage	3,065	4,087	3,281	3,234	4,615
Number of Improvements	259	258	317	331	330
Gross square footage	4,404,603	4,817,038	5,764,113	5,643,667	5,602,706
Judiciary:					
Total Acreage	152	150	143	144	154
Number of Improvements	77	76	77	73	74
Gross square footage	5,119,828	5,108,767	5,130,191	5,129,991	5,129,991
Energy and environmental affairs:					
Total Acreage	790,817	780,582	354,720	347,857	753,328
Number of Improvements	4,429	4,394	4,161	4,108	3,329
Gross square footage	108,945,697	109,079,497	107,960,374	104,763,962	83,595,589
Housing and economic development:					
Total Acreage	2	2	2	2	2
Number of Improvements	5	6	6	6	6
Gross square footage	57,812	67,412	67,412	67,412	67,412
Health and human services:					
Total Acreage	2,616	2,492	2,018	2,111	2,569
Number of Improvements	487	476	474	466	463
Gross square footage	8,983,483	8,888,144	8,467,766	8,079,366	8,088,467
Transportation and public works:					
Total Acreage	6,866	6,693	1,072	1,061	6,957
Number of Improvements	973	970	1,001	999	1,008
Gross square footage	6,293,626	6,295,186	6,815,457	6,583,261	6,519,615
Education:					
Total Acreage	208	208	150	150	208
Number of Improvements	30	30	30	30	30
Gross square footage	508,706	508,706	508,706	508,706	508,706
Public safety and security:					
Total Acreage	11,619	10,123	9,382	9,352	10,198
Number of Improvements	1,136	1,135	1,079	1,078	1,035
Gross square footage	15,003,893	15,233,261	14,773,374	14,554,396	14,483,439
Higher Education:					
Total Acreage	7,476	7,426	6,589	6,577	5,924
Number of Improvements	1,240	1,208	1,227	1,215	1,178
Gross square footage	43,228,850	42,912,717	43,067,759	42,579,314	42,039,298
Totals for Commonwealth (exclusive of Component Units):					
Total Acreage	822,821	811,763	377,357	370,488	783,955
Number of Improvements	8,636	8,553	8,372	8,306	7,453
Gross square footage	192,546,498	192,910,728	192,555,152	187,910,075	166,035,223
Percentage Change for Commonwealth:					
Acreage	1.4 %	115.1 %	1.9 %	(52.7)%	8.4 %
Improvement	1.0 %	2.2 %	0.8 %	11.4 %	9.9 %
Gross square footage	(0.2)%	0.2 %	2.5 %	13.2 %	74.6 %

Source: Executive Office of Administration and Finance, Division of Capital Asset Management and Maintenance. See <http://www.mass.gov/anf/property-mgmt-and-construction/sale-and-lease-of-state-assets/comprehensive-real-estate-serv/massets-reports.html>

See Independent Auditors' Report

Survey Year 2019	Survey Year 2018	Survey Year 2017	Survey Year 2016	Survey Year 2015
4,812	5,108	4,964	2,488	2,574
307	287	268	118	173
6,056,184	5,848,109	6,054,449	4,808,125	6,803,498
152	155	154	153	153
69	73	75	75	75
4,763,973	4,935,067	5,224,810	4,843,949	4,843,949
692,352	689,821	688,129	680,310	674,046
2,625	2,352	2,184	2,186	2,186
12,292,810	8,410,119	8,214,843	8,134,142	8,134,142
2	2	2	2	2
6	6	6	6	6
78,012	78,012	78,012	78,012	78,012
2,560	2,760	2,862	5,568	5,623
462	455	455	627	627
7,908,283	8,390,655	8,131,022	8,361,435	8,360,310
6,951	7,160	7,195	6,968	6,966
971	965	952	930	929
6,296,235	6,273,557	6,123,984	5,820,282	4,919,282
208	220	208	208	208
30	40	40	40	40
223,706	207,633	207,633	207,633	207,633
10,336	12,071	19,271	19,150	19,150
1,129	1,100	1,118	1,063	1,014
15,394,170	15,176,714	14,998,157	13,845,503	13,376,555
5,923	5,715	6,770	7,244	7,243
1,185	1,136	1,101	1,078	1,076
42,092,601	40,434,772	43,339,713	38,443,057	38,411,260
723,296	723,012	729,555	722,091	715,965
6,784	6,414	6,199	6,123	6,126
95,105,974	89,754,638	92,372,623	84,542,138	85,134,641
— %	(0.9)%	1.0 %	0.9 %	0.7 %
5.8 %	3.5 %	1.2 %	— %	2.5 %
6.0 %	(2.8)%	9.3 %	(0.7)%	6.4 %

Massachusetts Public Higher Education
Enrollment and Degrees Conferred
Last Ten Academic Years

Academic Year	Fall 2023	Fall 2022	Fall 2021	Fall 2020	Fall 2019
ENROLLMENT					
University System					
Undergraduate (FTE)	49,903	50,144	50,720	52,633	53,103
Graduate (FTE)	14,952	14,434	14,066	13,437	12,907
System Enrollment	64,855	64,578	64,786	66,070	66,010
State University System					
Undergraduate (FTE)	27,614	27,004	28,208	31,087	34,807
Graduate (FTE)	5,623	5,611	4,940	5,859	6,003
System Enrollment	33,237	32,615	33,148	36,946	40,810
Community College System					
Undergraduate (FTE)	39,870	41,858	38,503	39,814	47,190
DEGREES CONFERRED					
	2024	2023	2022	2021	2020
University System					
Certificates (MD)	666	732	734	693	604
Associates	49	53	53	70	80
Bachelors	12,634	13,280	13,100	13,364	13,061
Masters	5,256	4,805	4,342	4,111	4,074
Doctoral	725	596	712	599	662
Certificate of Advance Graduate Study	54	57	58	48	49
Post-Baccalaureate Certificate	709	638	749	652	658
First Professional	111	110	86	86	58
Total Degrees	20,204	20,271	19,834	19,623	19,246
State University System					
Certificates	67	60	61	45	54
Bachelors	6,350	6,907	7,478	7,996	8,516
Masters	3,062	3,093	3,199	2,855	2,876
Certificate of Advance Graduate Study	159	134	137	130	138
Post-Baccalaureate Certificate	280	322	276	301	259
Total Degrees	9,918	10,516	11,151	11,327	11,843
Community College System					
Certificates	2,251	2,320	2,295	2,473	2,311
Associates	7,533	7,598	8,641	9,267	9,413
Total Degrees	9,784	9,918	10,936	11,740	11,724
Total All Systems - Degrees	39,906	40,705	41,921	42,690	42,813

Source: Massachusetts Board of Higher Education. Enrollment information based at the start of the academic year.

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Fall 2018	Fall 2017	Fall 2016	Fall 2015	Fall 2014	% Change - 2023 from 2014
56,544	56,275	51,209	50,816	49,725	0.4 %
18,161	18,284	12,769	12,517	12,576	18.9 %
74,705	74,559	63,978	63,333	62,301	4.1 %
35,081	36,074	35,909	34,700	35,507	(22.2) %
6,169	5,694	5,641	8,007	7,507	(25.1) %
41,250	41,768	41,550	42,707	43,014	(22.7)%
47,891	52,306	55,336	59,827	58,764	(32.2) %
2019	2018	2017	2016	2015	% Change - 2024 from 2015
573	571	505	423	435	53.1 %
93	82	73	85	103	(52.4) %
13,118	13,036	12,754	12,124	11,841	6.7 %
4,099	4,013	3,771	3,669	3,787	38.8 %
665	599	602	575	504	43.8 %
67	71	76	86	81	(33.3) %
696	708	842	769	738	(3.9) %
47	49	50	53	64	73.4 %
19,358	19,129	18,673	17,784	17,553	15.1 %
39	28	35	40	29	131.0 %
8,692	8,867	8,775	8,762	8,534	(25.6) %
2,693	2,388	2,283	2,353	2,116	44.7 %
92	85	83	73	63	152.4 %
370	302	359	283	304	(7.9) %
11,886	11,670	11,535	11,511	11,046	(10.2)%
2,886	3,332	3,147	3,131	3,288	(31.5) %
10,276	10,416	11,067	11,317	11,517	(34.6) %
13,162	13,748	14,214	14,448	14,805	(33.9)%
44,406	44,547	44,422	43,743	43,404	(8.1)%

Calculation of Transfers: Stabilization Fund*

Fiscal Year Ended June 30, 2024

(Amounts are in thousands)

This statement is prepared on the statutory basis of accounting pursuant to General Laws Chapter 29, Section 5C. It presents information contained in the official books and accounting records of the Commonwealth. Financial statements supporting this calculation are presented in the Financial Section of this report.

	General Fund	Commonwealth Transportation Fund	Local Capital Projects Fund	Gaming Local Aid Fund	Education Fund	Gaming Economic Development Fund	Marijuana Regulation Fund	Total
Budgeted Fund Undesignated Balances*	\$ 131,953	\$ 304,082	\$ 150	\$ 12,385	\$ 4,633	\$ 8,794	\$ (36,351)	\$ 425,646
Fund Balance Deficit Elimination Transfers Per Section 5C of Ch. 29	(10,382)	(23,926)	(12)	(974)	(365)	(692)	36,351	—
Budgeted Fund Undesignated Balances (Consolidated Net Surplus)	<u>\$ 121,571</u>	<u>\$ 280,156</u>	<u>\$ 138</u>	<u>\$ 11,411</u>	<u>\$ 4,268</u>	<u>\$ 8,102</u>	<u>\$ —</u>	<u>\$ 425,646</u>
Transfer of Consolidated Net Surplus to the Student Opportunity Act Investment Fund, per S. 141 of Ch. 248 of the Acts of 2024**	<u>(121,571)</u>	<u>(280,156)</u>	<u>(138)</u>	<u>(11,411)</u>	<u>(4,268)</u>	<u>(8,102)</u>	<u>—</u>	<u>(425,646)</u>

Stabilization Balance Reconciliation:

Balance as of July 1, 2023	\$ 8,036,051
Capital Gains Tax Revenue Transfers to Stabilization Fund during FY2024 per Chapter 29, Section 5G and Section 142 of Chapter 248 of the Acts of 2024	29,542
Transfer to Stabilization Fund from Abandoned Property Revenue Growth from Prior Fiscal Year	7,030
Certain tax revenues	214
Transfer of 10% of Casino Gaming Tax Revenue (MGM and Encore Casinos)	25,625
Stabilization Fund Interest Earnings	420,764
Accounting Adjustment for Change in Value of Short-Term Bond Fund	4,406
Stabilization Fund Balance as of June 30, 2024	<u>\$ 8,523,632</u>
Memo: Change in Stabilization Fund Balance, FY23-24	\$ 487,581

* Excludes funds not part of the consolidated net surplus or with no FY24 balances or activity

**Supersedes Section 5C of Chapter 29 of the Massachusetts General Laws, which determines the disposition of the consolidated net surplus

Note: Details may not add to totals due to rounding

See Independent Auditors' Report

Calculation of Transfers: Tax Reduction Fund

June 30, 2024

(Amounts in thousands)

This statement is prepared pursuant to Chapters 29 Sections [2H](#) and [2I](#) of the Massachusetts General Laws, as amended. It is prepared on the statutory basis of accounting and presents information contained in the official books and accounting records of the Commonwealth. Supporting information is presented in individual schedules, as indicated, and in the Financial Section of this report.

The computation is as follows:

Part 1: Comparison of Stabilization Fund, after current fiscal year transfers, to 25.5% of budgeted revenues and other financial resources:

Undesignated fund balance in the Stabilization Fund	\$ 8,523,632
Allowable Stabilization Fund balance	<u>14,640,669</u>
 Stabilization Fund excess, if any, transferable to Tax Reduction Fund	 <u><u>\$ —</u></u>

Part 2: Status of Stabilization Fund after transfers:

Stabilization Fund balance	\$ 8,523,632
Transfer to Tax Reduction Fund	<u>—</u>
 Stabilization Fund balance after transfer to Tax Reduction Fund	 <u><u>\$ 8,523,632</u></u>

Part 3: Status of Tax Reduction Fund after transfers:

Tax Reduction Fund balance	\$ —
Transfers from Stabilization Fund	<u>—</u>
 Tax Reduction Fund balance after transfers	 <u><u>\$ —</u></u>

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MASSACHUSETTS GENERAL INFORMATION

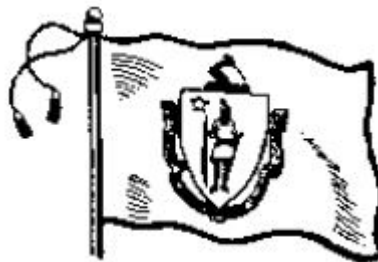
Admitted to Union (6th State): 1788
Population: 7,001,399

Capital: Boston
Nickname: Bay State

The State Seal



The State Flag



The State Seal, adopted by Governor John Hancock and the Council on December 13, 1780 and made official by the General Court on June 4, 1885, is circular and bears a representation of the arms of the Commonwealth encircled with the words "Sigillum Reipublicae Massachusettensis" (Seal of the Republic of Massachusetts). The arms, according to legislative enactment, consists of "a shield having a blue field or surface with an Indian thereon, dressed in a shirt and moccasins, holding in his right hand a bow, and in his left hand an arrow, point downward, all of gold; and in the upper corner of the field, above his right arm, bent at the elbow, clothed and ruffled, with the hand grasping a broadsword."

The State Flag is white, a representation of the coat of arms on both sides. It was adopted in its final form in 1971; before that, the obverse side depicted a pine tree.

The State Flower



The Mayflower

The State Fish



The Cod, a soft-finned fish, usually 10-20 lbs. A sculpture of a cod hangs in the House of Representatives as a tribute to this useful aquatic creature.

The State Bird



The Black Capped Chickadee

The State Dinosaur



Podokesaurus Holyokensis, a mid-Jurassic era dino with a "light and delicate frame" that likely weighed in at 90 pounds and measured about three to six feet in length.

The State Tree



The American Elm was adopted as the official tree March 21, 1941 to commemorate the fact that General George Washington took command of the Continental Army beneath one on Cambridge Common in 1775.

The State Dog



The Boston Terrier, the first purebred dog developed in America (1869), is a cross between an English bulldog and an English terrier.

Beverage: Cranberry Juice
Dessert: Boston Cream Pie

Muffin: The Corn Muffin
Cookie: Chocolate Chip

Horse: The Morgan Horse
Bean: Navy Bean