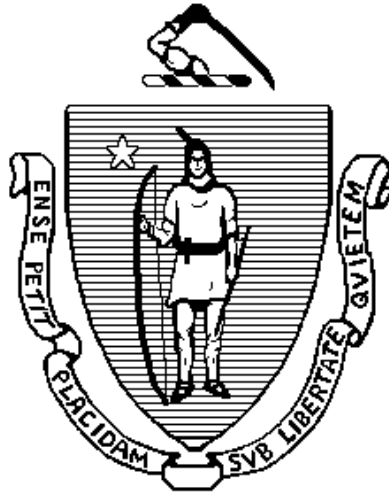


# Commonwealth of Massachusetts



## Statutory Basis Financial Report

*For the Fiscal Year Ended June 30, 2005*

Martin J. Benison, CGFM  
*State Comptroller*

Prepared by  
*The Financial Reporting and Analysis Bureau  
Office of the State Comptroller*

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Bartlett's Illustrated Map of Boston, Places of Amusement & It's Architectural Features, 1871

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# Statutory Basis Financial Report

For the Fiscal Year Ended June 30, 2005

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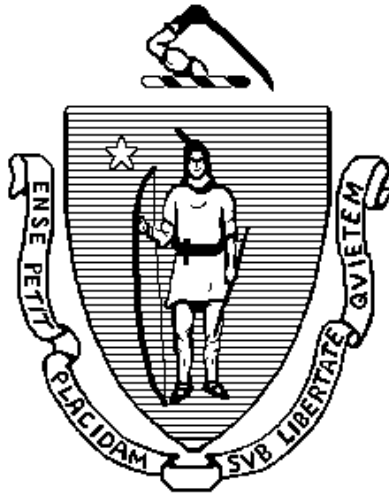
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# *Introductory Section*



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Acknowledgements  
Organization Chart of State Government  
Advisory Board to the Comptroller



*Martin J. Benison, Comptroller  
One Ashburton Place  
Boston, MA 02108*

*October 28, 2005*

***To the Citizens of the Commonwealth of Massachusetts,  
Governor Mitt Romney, and Honorable Members of the  
General Court***

I am pleased to present to you the Statutory Basis Financial Report (SBFR) of the Commonwealth for the fiscal year ended June 30, 2005 (FY05).

FY05 is the initial year of reporting for the Commonwealth's new web – based accounting system. This system was the most significant system upgrade for the Commonwealth in almost two decades. Through countless hours and teamwork involving all departments and our vendor, CGI-AMS of Fairfax, Virginia, we are proud to say that the system has most of its success factors. We have paid vendors since the day we turned the system on. Payroll was paid on a timely basis and revenue was collected. All of us who were used to our legacy system have had to learn to think differently and in some cases adjust business practices without compromising internal controls. I thank all of my staff and the many departments' staffs that work on the system on a daily basis for working with us to make this report happen. In FY06 (FY06) and beyond the challenge is to fully implement the functionality to fully achieve our return on investment.

The Commonwealth has continued to recover economically from the downturn of FY2002 (FY02) through FY2003 (FY03). Tax revenues from all sources continued to increase, rising by 8.9% after increasing by smaller percentages in FY03 and FY04. Unemployment continues to be slightly better than the nation, beginning the fiscal year at 5.3% and ending the year at 4.7%. Inflation in the Commonwealth however has risen to a non-seasonally adjusted 3.97% from July 2004 to July 2005. Fuel and utility prices (measured before the oil price shock related to Hurricane Katrina) rose nearly at nearly 15.7% over the same period. Fuel and utility prices will assuredly have a negative effect on the Commonwealth's economy as we continue into FY06. The Commonwealth continued to make difficult decisions to meet these challenges that lie ahead:

- In a reform of the nearly sixty year old school building assistance program, a The Massachusetts School Building Authority was created to finance school construction on a go-forward basis. In doing so, the Commonwealth has controlled the rate of spending and increased oversight and accountability of the program.



- In July 2004, the Governor signed into law an act that centralizes transportation planning and oversight. Transportation authorities such as the Turnpike and the Port Authority will remain legally separate. However, the Secretary of Transportation will serve as either chairperson or as a board member of those authorities beginning in FY08.
- To limit spending during the year, the Commonwealth continued to temporarily hold aside tax revenues that represent growth in excess of inflation. Beginning with this fiscal year, a portion of tax revenues also was directly deposited into the Stabilization Fund at fiscal year end to protect against the next economic downturn that is sure to come.
- Transfers from Stabilization Fund were used primarily to fund a final supplemental budget, funding Medicaid and other health – related spending, additional local aid, capital projects and other items.

Additional challenges lie ahead. Pension funding costs in FY05 were nearly double FY04, due to the actuarial phase-in of market losses in previous years, and the delay of the transfer of the Hynes Convention Center to the Commonwealth Retirement System to fund pension costs and early retirement. In future years, such costs are estimated to grow at approximately 4.8% per year.

The City of Springfield has come under fiscal oversight of the Commonwealth. The Commonwealth has appointed a fiscal control board and authorized up to \$52 million in loans to help the city. The board's ability to loan funds to the City expires on June 30, 2007. Repayments are due from the City without interest charges on or before June 30, 2012.

The Commonwealth finished the year ended June 30, 2005 with a budgetary gain (excess of revenues and sources over expenditures and uses) of approximately \$594 million increasing budgeted fund balances to \$2.5 billion. Of this balance, \$1.7 billion is sequestered in the Stabilization Fund. This balance represents 26 days of the total budgeted expenditures and other uses of FY05. An additional \$305 million is reserved in a Transitional Escrow Fund. This fund will supplement appropriations for FY06. In spite of the overall improvements in the economy, and in the financial condition of the Commonwealth, the challenges detailed above mean that our financial picture will remain cautious for the near future.

### ***Financial Highlights***

In the current fiscal year, the Commonwealth continued to take measures to maintain fiscal balance. Examples are as follows:

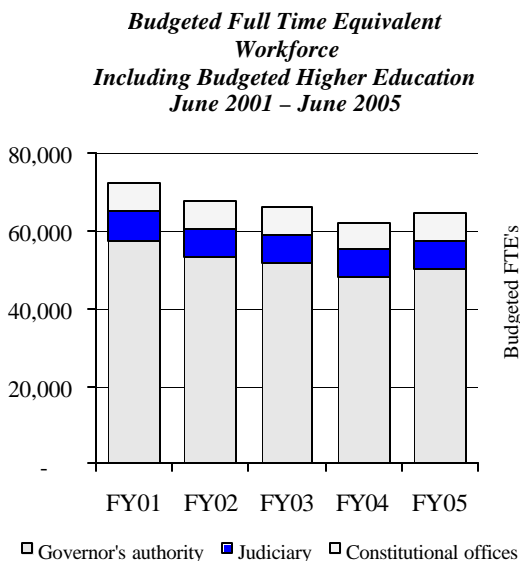
- \$343 million was transferred from the Stabilization Fund to pay for current expenditures. However, at the close of the

fiscal year, \$136 million was redeposited into the fund from tax revenues held aside during FY05. An additional \$691 million was transferred to the fund from operations, prior to the annual surplus calculation. Approximately \$4 million was deposited from tax revenues of certain lottery winners who sold their stream of future winnings in exchange for current payments. Also, nearly \$90,000 was recovered from Central Artery Project Costs. Finally, in FY05, an additional 0.5% of current year net tax revenues was deposited into the Stabilization Fund, amounting to \$85.9 million.

- Tobacco settlement proceeds for the year were \$257.4 million. The entire amount was used in support of current operations. The Commonwealth continues to refrain from issuing tobacco settlement bonds or pension obligation bonds, which many of our peer states have either considered or sold.
- To fund a cash flow deficit in the Unemployment Compensation Fund due to higher payments to recipients than receipts, the Commonwealth received interest-free loans from the federal government between March and April 2005, incurring a net total liability of \$208.5 million. All of these borrowings were paid back in May 2005. The balance of the fund has grown though to nearly \$415 million, or 24.7% of FY05 benefits paid.

The Commonwealth also took measures operationally to achieve balance and better fiscal management:

- The budgeted full time equivalent workforce including higher education, dropped from 66,024 as of June 2003 to 62,019 as of June 2004, but increased to 64,513 as of June 30, 2005. The graphic to the left details the changes over the last five years.
- Continuing in FY05, the employee's share of group health insurance premiums was 20% of the cost of the insurance for those who earn more than \$35,000. All new employees hired after June 30, 2003 contribute 25% of the cost of the insurance, regardless of salary. However, this figure reverts to the pre-2004 figure of 15% on January 1, 2006 for all employees.
- Tax decreases put in place earlier than FY02 remain frozen. The income tax rate remains at 5.3%. The graduated capital gains tax portion was challenged before the Supreme Judicial Court for Suffolk County in FY04. The FY05 General Appropriation Act attempted to fix the date of the latest change in capital gains rates to January 1, 2002 and offered a remediation for taxpayers who incurred capital gains from January 1, 2002 to April 30, 2002. However, the Supreme Judicial Court found these acts unconstitutional, effectively setting the capital gains transition date back to January 1, 2002 unless the Legislature takes further action. The Governor filed legislation reinstating the former graduated capital gains tax rates in effect in early 2002 as legal and enforceable and



extending these rates for all of 2002. Should this action become law, refunds may be due to taxpayers.

### ***Overview of the Financial Statements***

This report includes the reports on the activity and balances of the budgeted funds, non-budgeted special revenue funds, capital project funds, fiduciary funds and the non-appropriated funds of higher education.

The financial operations of these funds are maintained in the Massachusetts Management Accounting and Reporting System, (MMARS). The statewide accounting system is operated by the Commonwealth and contains detailed information summarized in this report.

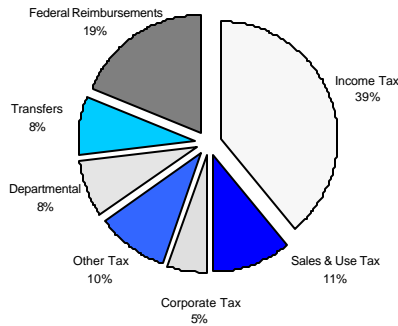
The SBFR is intended to satisfy the requirements of state finance law, and to present fairly the results of FY05 activity in the Commonwealth's funds. The report contains computations required by state finance law, including the certification of transfers to and balances in the Stabilization Fund and Tax Reduction Fund.

### ***Basis of Accounting***

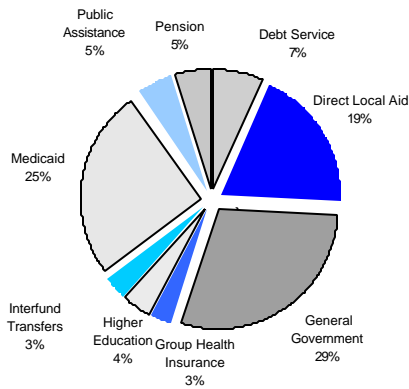
The statutory basis of accounting, defined in Massachusetts law, is used to budget and control fiscal operations. The statutory basis of accounting is not in conformity with accounting principles generally accepted in the United States of America, (GAAP) as defined for governments by the Government Accounting Standards Board (GASB). This report's purpose is to document compliance with Massachusetts state finance law. I will report the Commonwealth's financial position on a GAAP basis in December, in our Comprehensive Annual Financial Report, (CAFR). This report, which will be prepared in accordance with GAAP, provides a basis for comparison with other governments. There are significant differences between what is contained in the SBFR fund balance, revenues and expenditures and what will be presented in December under GAAP. The major differences include presentation of the historical cost of infrastructure (roads and bridges,) the recording of depreciation expense, the presentation of all types of debt on the face of the financial statements and the presentation of those financial statements in an all – encompassing, net assets and net expense format.

In accordance with Massachusetts General Laws, the Office of the Comptroller transmits the SBFR on or before October 31<sup>st</sup>. The SBFR report for fiscal year ended June 30, 2005 herein is audited by Deloitte & Touche, Independent Certified Public Accountants, and represents the conclusion of financial activity and the closing of the Commonwealth's books on the statutory basis of accounting for the fiscal year. This audit is conducted in conjunction with the Office of the State Auditor, which provides knowledge, expertise and resources to audit the financial statements.

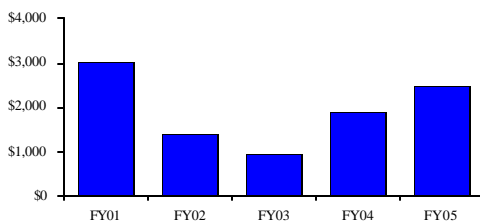
### ***Budgeted Revenues and Other Sources***



### ***Budgeted Expenditures and Other Uses***



### ***Budgeted Funds – Fund Balance (Amounts in Millions)***



## ***The Budgeted Funds***

In FY05, revenues and other sources continued to outpace expenditures and other uses of budgeted funds, resulting in an operating surplus of over \$594 million. This surplus is primarily a result of a rise in budgeted revenues and other sources of nearly \$385 million led by over \$718 million in increased budgeted tax revenues and over \$101 million in increased departmental revenues. Budgeted expenditures and other uses were up by more than 4.0% for FY05 largely isolated to increased pension funding, debt service increases and interfund transfers.

Any assessment surplus or deficit should be viewed in a trend. In that assessment, generally accepted standards indicate that a structural balance is achieved when revenues exceed expenditures over a period of multiple years. After operating deficits in FY02 and FY03, reliance on the significant use of prior year surpluses slowed in FY04 and continued to slow in FY05. As a result of FY05 operations, the Commonwealth was able to deposit \$691 million plus an additional 0.5% of tax revenues (nearly \$86 million) to the Stabilization Fund. In FY06 and in future years, the challenge will be to continue to match spending to available revenues.

In FY05, budgeted revenues and other sources increased 1.6% from FY04, primarily a result of tax revenue growth, departmental revenues and transfers from non-budgeted funds. Federal reimbursements declined approximately 7.9%. However, federal revenues in non-budgeted funds rose by 2.4%. From a multi-year perspective, the proportion of revenue sources demonstrate that tax revenues from all sources increased slightly with offsetting proportional drops in transfers and federal reimbursements.

Budgeted expenditures and other uses, including transfers to non-budgeted funds increased by 4.0%, primarily due to a \$515 million increase in pension funding mandated by the legislature and a \$161 million increase in debt service. Program services spending only increased by 2.2%, or \$448 million, primarily in Medicaid and other health and human services costs. The Budgeted Funds – Operations table on page 6 displays the FY05 summary of budgeted funds, compared to FY04. The FY05 financial statements for each of the 12 individual budgeted funds are included in the financial section of this report.

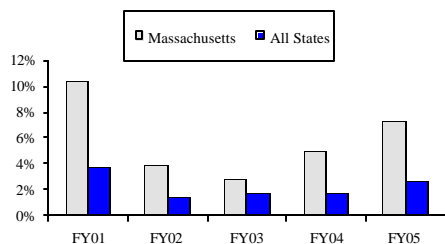
In conducting the budget process, the Commonwealth excludes those “interfund” transactions within the budgeted funds that are included in this report because by their nature, they have no impact on the combined fund balance of the budgeted funds. The table Budgeted Funds – Operations isolates this “interfund” activity from the budgeted sources and uses to align forecasts prepared during the budget process to actual amounts in this report. Transfers among the Budgeted Funds increased as a result of funds provided from Stabilization Fund to other funds to balance the budget for the year as well as year-end transfers back into the Stabilization Fund. A detailed list of these interfund transfers is included in Note 3 of this report.

**Budgeted Funds - Operations**  
**(Amounts in thousands)**

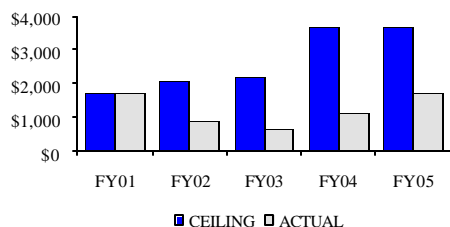
	2004	2005
Beginning fund balances:		
Reserved and designated.....	\$ 76,735	\$ 664,574
Reserved for Stabilization Fund.....	641,325	1,137,320
Undesignated.....	218,010	90,911
Total.....	936,070	1,892,805
Statutory fund reclassification.....	(183,285)	-
Adjusted beginning balance.....	\$ 752,785	\$ 1,892,805
Revenues and other sources:		
Taxes.....	15,268,976	15,987,399
Federal reimbursements.....	5,098,536	4,696,883
Departmental and other revenues.....	1,847,766	1,948,903
Interfund transfers from non-budgeted funds and other sources.....	1,773,068	1,740,248
Budgeted revenues and other sources.....	23,988,346	24,373,433
Intragovernmental Service Fund revenues.....	133,707	185,859
Interfund transfers among budgeted funds and other sources.....	1,924,930	2,045,364
Total revenues and other sources.....	26,046,983	26,604,656
Expenditures and other uses:		
Programs and services.....	20,036,542	20,486,991
Debt service.....	1,419,603	1,580,747
Pension.....	701,902	1,216,936
Interfund transfers to non-budgeted funds and other uses.....	690,279	494,377
Budgeted expenditures and other uses.....	22,848,326	23,779,051
Intragovernmental Service Fund expenditures.....	133,707	185,859
Interfund transfers among budgeted funds and other uses.....	1,924,930	2,045,364
Total expenditures and other uses.....	24,906,963	26,010,274
Excess of revenues and other sources over expenditures and other uses.....	1,140,020	594,382
Ending fund balances:		
Reserved and designated.....	664,574	355,615
Reserved for Transitional Escrow.....	-	304,838
Reserved for Stabilization Fund.....	1,137,320	1,728,355
Undesignated.....	90,911	98,379
Total.....	\$ 1,892,805	\$ 2,487,187

The graph of Budgeted Funds – Fund Balance, on page 5, portrays the combined fund balance in the budgeted funds for the past five years. This “bottom line” perspective demonstrates the accumulation of resources attributable to balanced budgets through FY01 and the reliance on these resources through FY03 as spending was adjusted to align with the lower revenue base. As part of the General Appropriation Act of FY04, the Convention and Exhibition Center

### ***Stabilization Fund Balance as a Percentage of Budgeted Expenditures***



### ***Stabilization Fund – Fund Balance (Amounts in Millions)***



### ***Stabilization Fund Activity in FY 2005 (Amounts in Thousands)***

Balance as of June 30, 2004 .....	\$ 1,137,320
Add: Investment income .....	17,270
Taxes.....	3,996
Recoveries of Central Artery Project Costs.....	90
FY05 Statutory Transfer.....	691,000
0.5% of tax revenue per statute.....	85,959
Transfers from Temporary Holding Fund .....	<u>135,991</u>
Subtotal .....	2,071,626
Less: Transfers and Appropriations from Stabilization .....	(343,271)
Balance as of June 30, 2005 .....	<u>\$ 1,728,355</u>

Fund, a large contributor to budgeted fund balance was redefined as non-budgeted, resulting in a beginning balance restatement for FY04. Fifty other budgeted funds were either reclassified to non-budgeted, trust funds or closed as part of the General Appropriation Act, all of which are reflected as a restatement of beginning fund balance, leaving a clearer definition of budgetary activity. In FY05, the ending balance is comprised of the statutory fund balance of the General Fund, the Stabilization Fund, the Workforce Training Fund, the Massachusetts Tourism Fund and the Transitional Escrow Fund, offset by deficits in the Highway and Children's and Senior's Health Care Assistance Funds. A solution needs to be found to address the chronic deficit in the Children's and Senior's Fund. Due to designations within these fund balances, \$660 million of the total budgeted fund balance, exclusive of stabilization, is either reserved or is available for appropriation in FY06. The remainder is undesignated.

#### ***The Stabilization Fund***

With the rapid depletion of the accumulated balances over the last three years, the importance of the balance in the Stabilization Fund and its direct correlation to the financial condition of the Commonwealth is clear. The National Governor's Association, along with the National Association of State Budget Officers in their annual "The Fiscal Survey of States" ranked the Commonwealth in FY04, third in the nation in terms of the balance of stabilization. Nine states had no stabilization balance at the end of FY04. Even more impressive, of states with over \$10 billion in General Fund expenditures in FY04, the Commonwealth's stabilization balance, as a percentage of expenditures, was first in the nation with Florida and California following. As the graphic at the left portrays, the Commonwealth has continued to outpace the rest of the nation in this key element of fiscal condition.

State finance law, as amended during FY03, increased the maximum balance that may accumulate in the Stabilization Fund to a level equal to 10% of budgeted revenues and other sources. This ceiling increased to 15% in FY04. The law then directs that any amount in excess of this "cap" be transferred to the Tax Reduction Fund for future, one-time, personal income tax rebates. Due to the significant transfers out of Stabilization over the last three years, it will be a while before the "cap" will be reached. The details of these calculations can be found on pages 278 through 283 of this report.

The graph, Stabilization Fund - Fund Balance portrays this "cap" and the balance of the fund over a five-year period. A balanced budget or "Consolidated Net Surplus," was redefined for FY04 to include all undesignated fund balances in the budgeted funds except for the Inland Fisheries and Game Fund. Starting this year, an additional 0.5% of current year tax revenues was deposited into the Stabilization Fund before the year-end surplus is determined.

The trend to fragment the budget into such special interest funds was addressed with consolidation and closure of the majority of budgeted funds activity in FY03. In the future, we must be very careful in only adding budgeted funds when absolutely necessary.

## ***The Non-Budgeted Funds***

The Non-Budgeted Funds represent operations in which the government has imposed its sovereign authority, but has excluded these operations from the annual budget process. During FY05, the Commonwealth maintained 51 of these funds, including certain funds that had previously been reported as budgeted. The largest non-budgeted funds in terms of revenues include the Lottery, Federal Grants, Health Care Security Trust (designated to receive tobacco settlement funds before transfer to the General Fund), Grant Anticipation, MBTA State and Local Contribution Fund, the Medical Security Trust, the Health Care Quality Improvement Fund, the new School Modernization and Reconstruction Trust (SMART) Fund and the Uncompensated Care Funds. These funds are commonly referred to as special or dedicated revenue funds whose revenues are matched to related expenditures.

The table, Non-Budgeted Funds – Operations, includes a summary of the FY05 non-budgeted funds. Financial statements for each of the individual funds are included in the financial section of this report. Several of these funds are worth mentioning.

At June 30, 2005, the Federal Grants Fund had a positive fund balance, but there is a deficiency in cash within the fund. This cash deficiency results from the Commonwealth drawing funds from the federal government a few days after applicable cash disbursements had been made to ensure an “interest neutral” timing of the federal – state cash exchange. These requirements were established by the Cash Management Improvement Act of 1990. Within the Lottery Funds, gross revenues continued to increase this fiscal year. The Lottery continues to be a strong source of cash flow for the Commonwealth.

### **Non-Budgeted Funds - Operations (Amounts in thousands)**

	2004	2005
Beginning fund balance.....	\$ 862,572	\$ 1,592,311
Legislative fund reclassification.....	183,285	-
Adjusted beginning balance.....	1,045,857	1,592,311
Revenues and other sources:		
Taxes.....	785,642	1,204,447
Assessments.....	619,013	662,491
Federal grants and reimbursements.....	3,252,986	3,305,415
Tobacco Settlement revenue.....	253,621	257,417
Departmental and miscellaneous.....	5,406,115	5,758,109
Transfers and other sources.....	1,647,220	1,052,134
Total revenues and other sources.....	11,964,597	12,240,013
Expenditures and other uses:		
Programs and services.....	8,602,787	9,553,409
Debt service.....	96,219	118,018
Transfers and other uses.....	2,719,137	2,474,769
Total expenditures and other uses.....	11,418,143	12,146,196
Excess of revenues and other sources over expenditures and other uses.....	546,454	93,817
Ending fund balance.....	\$ 1,592,311	\$ 1,686,128

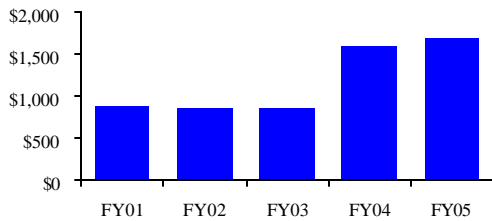
The Health Care Security Trust Fund (HST) reports all revenues received from the Master Settlement Agreement (MSA) between the states and the tobacco industry to recover healthcare costs for tobacco related illnesses. The MSA estimates the Commonwealth revenues for the first 25 years of the settlement to be approximately \$7.6 billion. However, this estimate is prior to possible future adjustments, including adjustments for inflation and changes in the volume of domestic cigarette sales. In FY05, the Commonwealth received over \$257 million or 91.0% of the estimated amounts shown in the MSA. All HST proceeds received in FY05 were transferred to the General Fund. The Fund was also used as a cash flow mechanism for the new Health Care Quality Improvement Fund. The HST also returned \$43.9 million in FY04 investment earnings to the General Fund during FY05 pursuant to Massachusetts General Laws.

During FY98, the Legislature authorized the issuance of up to \$1.5 billion in Federal Grant Anticipation Notes, (GANS) to finance the current cash needs of the Project. All of the GANS have been issued. The GANS are not considered general obligation debt of the Commonwealth. These proceeds of the GANS are being used to pay for federally eligible expenditures. GANS activity related to the Central Artery / Tunnel Project (CA/T) continued this year, though only for debt service and for previous expenses that became reimbursable by the federal government. From this year through 2015, these eligible expenses will be reimbursed by the federal government and the reimbursement will be used to payoff the GANS. Activity related to issuance of GANS and the accumulation of pledged funds and the payment of debt service is accounted for in the Grant Anticipation Note Trust Fund. In July 2003, the Commonwealth completed a cross-over refunding of the GANS. \$388.1 million in GANS issued in 1998 and 2000 at coupons ranging from 5.125% to 5.75% that will mature on December 15, 2008 and 2010, respectively, were partially refinanced with \$408.0 million of refunding notes with yields of 2.51% to 3.39%. The interest on the newly issued refunding notes is paid from an escrow until final redemption. This technique results in economic savings, but does not result in the legal defeasance of the notes. The result is the original as well as the refunding notes are reported on Commonwealth's books until the maturity dates. The \$649 million surplus in the fund for FY05 represents \$542 million held for payment of interest on the GANS inclusive of an escrow for payment of GANS involved with the aforementioned crossover refunding. The fund also started to accumulate grant draws to pay principal amounts coming due in FY06 during FY05.

The Universal Health Care funds, including the Uncompensated Care and Medical Security Trust Funds, have reported revenue and other financing source increases of over \$633 million. However, \$345 million was transferred out to fund operations this year due to the continued high cost of health care. As of the end of FY05, these funds have a combined fund balance of over \$202 million.



***Non-Budgeted Funds –  
Fund Balance  
(Amounts in Millions)***



The graph Non-Budgeted Funds - Fund Balance shows the combined fund balance in the Non-Budgeted funds for the past five years. In each year, the entire balance is designated for the specific purpose of the fund. The overall growth in fund balance in these funds this fiscal year was primarily due to deposits into the Community Preservation Trust Fund. As indicated in previous years, more consolidation and elimination is needed for these funds. For example, the Government Land Bank Fund has a chronic structural fund deficit. The FY05 deficit balance of \$35 million remains an unbudgeted drain in cash flows in the General Fund. While steps have been taken to stop the growth in this deficit, the Fund should be abolished and the deficit transferred into the General Fund. An additional \$21 million deficit exists in the Motor Vehicle Inspection Fund. Amendments to the enabling statute to the Fund mandate that the Fund must be in balance by June 30, 2009.

***The Capital Projects Funds***

The purpose of these funds is to account for the construction or acquisition of capital assets. The Governor may propose capital outlay budgets, which, upon enactment by the Legislature and approval by the Governor, become capital outlay acts. Capital outlay acts financed through the sale of debt require a two-thirds vote of the Legislature. Numerous acts may be combined for reporting in an individual Capital Project Fund, but each act is accounted for separately within the Capital Projects Fund. These accounts record authorizations for expenditures in itemized capital appropriation accounts and equivalent authorizations to issue bonds or notes in anticipation of federal reimbursements.

The structure of these funds is such that each capital outlay authorization is in balance, creating authorization for inflows, which may be from sales of bonds, federal reimbursements or other revenues and authorization for expenditures. Imbalances due to timing differences develop when the expenditure precedes the inflow of funds from the sale of bonds or federal reimbursements. Because of federal tax arbitrage rules, it is more difficult to sell bonds in anticipation of expenditures. The sale of bonds in advance is not commonplace in the Commonwealth.

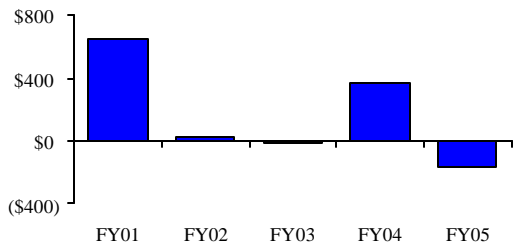
The Commonwealth issued over \$2.7 billion in debt this year. Of this amount, \$1.4 billion, inclusive of premiums, was used to fund ongoing projects, including \$500 million to fund school construction as part of the restructuring of the school building assistance program and nearly \$1.3 billion was issued in the form of general and special obligation refunding bonds, taking advantage of low interest rates.

A significant portion of the Capital Projects activity continues to relate to the Central Artery / Tunnel Project (CA/T). The CA/T has been the target of an enormous amount of public scrutiny. The Commonwealth has aggressively responded to these concerns regarding the integrity of the cost estimates. For the third year, an independent evaluation of the entire estimate for the project has been undertaken. The current cost of the project still stands at \$14.625 billion. The federal government has capped its contribution to this project at \$8.5 billion or 59% of the budget. The finance plan also includes Commonwealth sources to fund

**Central Artery / Tunnel Project**  
**(Amounts in Billions)**

Sources of Funds:	2004	2005
Federal Funds	\$ 7.049	\$ 7.049
GANS	1.500	1.500
Massachusetts Turnpike Authority	1.658	1.658
Massachusetts Port Authority	0.302	0.302
Other Commonwealth Debt	3.931	3.931
Commonwealth Operating Funds and Investment Earnings	0.185	0.185
<b>Total Sources</b>	<b>\$ 14.625</b>	<b>\$ 14.625</b>
<b>Costs of Construction:</b>		
Cumulative Costs at Beginning of Fiscal Year	\$ 12.728	\$ 13.317
Current Fiscal Year Spending	0.589	0.811
Actual Costs through End of Fiscal Year	13.317	14.128
Estimated Spending:		
FY05	0.801	-
FY06	0.507	0.497
<b>Total Estimated Costs of Construction:</b>	<b>\$ 14.625</b>	<b>\$ 14.625</b>

**Capital Projects Funds –  
Fund Balance (Deficit)**  
**(Amounts in Millions)**



a large portion of the project. The project is over 97% complete as of the latest Project Management Monthly report released in September 2005.

The major elements of the project are open to traffic. In addition, completion of various ramps, surface reconstruction projects and other features is required for substantial completion of the CA/T Project as a whole. The date of substantial completion of the CA/T Project is projected for the late fall of 2005, except for construction of one ramp and of the downtown surface street system, which is scheduled for completion before the end of 2005. Final surfacing of the surface roadways is likely to occur in the Spring of 2006.

Pursuant to statute and agreements with the Massachusetts Turnpike Authority (MTA) and the Massachusetts Port Authority (MassPort), the entities have committed to significant ongoing contributions to the Commonwealth as part of the financing for this project. These funds are in addition to funds from the Commonwealth and federal funds for the project. In August 2005, MassPort remitted to the Commonwealth \$50 million as part of this commitment. The funds were used to retire bond anticipation notes.

The graph Capital Projects Funds – Fund Balance (Deficit) shows the combined fund balance in Capital Projects Funds for the past five years. The graph shows a deficit in the funds in FY05 due to the timing of bond sales. A bond sale in August 2005 erased this deficit. The majority of the individual funds remain in deficit due to the timing differences between bonding and expenditures offset by surpluses in three funds. These three funds include a fund for central artery and statewide roads and bridge construction, a fund for the Commonwealth's Convention Centers and a fund for the federal highway construction program. These funds contain designated reserves or escrows where the Commonwealth is able to legally arbitrage revenues consistent with the provisions of the existing tax code.

The Capital Projects Funds – Operations table on the next page, includes the FY05 Capital Projects Funds, summarized and compared to FY04. Financial statements for each of the individual funds are included in the financial section of this report.

The Administration has implemented a coordinated fiscal strategy for the management of Capital Projects Funds. This strategy includes a five-year capital budget linked to debt management and cash management. The focus of this strategy is to manage capital spending and outstanding debt to levels the Administration considers appropriate for the Commonwealth. An important part of the strategy is to control capital spending within an annual administrative "cap."

**Capital Projects Funds - Operations**  
(Amounts in thousands)

	2004	2005
Beginning fund balance (deficit).....	\$ (9,994)	\$ 364,849
Revenues and other sources:		
Federal grants and reimbursements.....	3,408	11,626
Departmental and miscellaneous.....	22,985	23,513
General and special obligation financing.....	1,993,080	1,354,228
Proceeds of refunding bonds.....	2,832,866	1,384,763
Transfer for Federal Reimbursements.....	598,955	331,436
Transfers and other sources.....	154,428	239,552
Total revenues and other sources.....	5,605,722	3,345,118
Expenditures and other uses:		
Acquisition of assets.....	2,229,611	2,534,947
Payments to refunded bond escrow.....	2,832,866	1,153,150
Transfers and other uses.....	168,402	182,770
Total expenditures and other uses.....	5,230,879	3,870,867
Excess (deficiency) of revenues and other sources over expenditures and uses.....	374,843	(525,749)
Ending fund balance (deficit).....	\$ 364,849	\$ (160,900)

***The Fiduciary Funds (Excluding Agency Funds)***

The Fiduciary Funds record the Commonwealth's responsibility for assets it controls on behalf of other parties. Examples of such funds are the Unemployment Compensation and Pension Trust Funds. The table on the following page, which excludes assets held on a purely custodial capacity in so-called Agency Funds, summarizes the FY05 activity of the Fiduciary Funds. Nearly 98% of the Fiduciary Fund assets are related to the Commonwealth's Pension Fund detailed in fund statements found in this report.

The \$3.8 billion operating gain in this fund group is primarily the result of the net of two significant events:

- The net change in value of pension assets increased by over \$4.0 billion.
- Payments to the unemployed in the Commonwealth were exceeded employer contributions to the Unemployment Compensation Trust Fund by nearly \$293 million. Expenditures from the Fund reduced during the year, reflecting an improving economy.

The pension valuation is based on data as of January 1, 2005. Details of this valuation are outlined in Note 10. The value of pension assets of the public retirement system decreased from FY04 to FY05 from 73.9% funded to 72.3% funded. This was due to the continued phase in of realized and unrealized losses from 2002 to 2004. However, within the systems, the Teachers' Retirement System and the State – Boston Retirement System are funded at 67.6% and 48.8% respectively. A long term solution is needed to address these funding concerns.

**Fiduciary Fund - Operations (Excluding Non-Expendable Trusts)**  
(Amounts in thousands)

	2004	2005
Beginning fund balance.....	\$ 27,673,480	\$ 31,721,983
Revenues and other sources:		
Taxes.....	1,264,364	1,670,942
Federal reimbursements.....	831,727	262,973
Departmental and other revenues.....	1,943,489	2,419,738
Interfund transfers and other sources.....	178,553	179,008
Unrealized and realized investment earnings / (losses).....	5,104,754	4,021,248
Total revenues and sources.....	9,322,887	8,553,909
Expenditures and other uses:		
Expenditures.....	5,031,389	4,460,781
Interfund transfers.....	242,995	266,988
Total expenditures and uses.....	5,274,384	4,727,769
Deficiency of revenues and sources over expenditures and uses.....	4,048,503	3,826,140
Ending fund balance.....	\$ 31,721,983	\$ 35,548,123

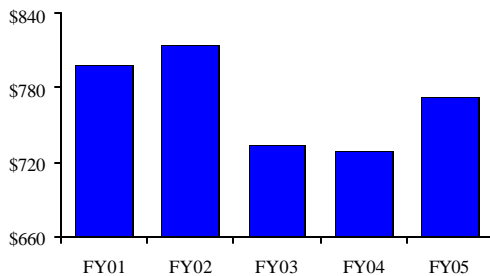
***The Non-Appropriated Funds of Higher Education***

The SBFR includes the financial operations of the non-appropriated funds of the 25 institutions of higher education in the statistical section of this report. Each institution of higher education is authorized and directed in its enabling statute to collect, retain and expend certain fees, rents, sales, donations, federal financial participation and other types of revenue through campus based systems. These financial resources are integral parts of the total financial activity of each campus. They also represent resources in addition to amounts made available from Commonwealth appropriations. Over the past few years, significant efforts have been taken by our office and the institutions to improve the accuracy and timeliness of the higher education segment of the financial report.

**Non-Appropriated Funds Of Higher Education - Operations**  
(Amounts in thousands)

	2004	2005
Beginning fund balance.....	\$ 733,274	\$ 729,079
Revenues and other sources:		
Federal Grants and reimbursements.....	339,160	348,340
Departmental and miscellaneous.....	1,550,644	1,056,087
Transfers and other sources .....	150,694	999,404
Total revenues and other sources.....	2,040,498	2,403,831
Expenditures and other uses:		
Programs and services.....	2,044,693	2,359,664
Total expenditures and uses.....	2,044,693	2,359,664
Excess (deficiency) of revenues and other sources over expenditures and other uses.....	(4,195)	44,167
Ending fund balance.....	\$ 729,079	\$ 773,246

***Non-Appropriated Funds of Higher  
Education – Fund Balance***  
(Amounts in Millions)



The Non-Appropriated Funds of Higher Education – Operations table includes the FY05 funds, summarized and compared to FY04. Financial statements for each of the individual funds are included in the statistical section of this report. The graph Non-Appropriated Funds of Higher Education – Fund Balance shows the combined fund balance for the past five years. The combined balance represents \$518 million for the University of Massachusetts, \$149 million for the State College system and \$107 million for the Community Colleges. These balances are designated for specific purposes, such as restrictions on endowments or other specialized purposes specified by the funding contributions.

### ***Financial System***

In September of 2002 the Commonwealth undertook a two-year project to upgrade its statewide accounting system to a web based software with minimal customizations.

The issuance of this report marks the completion of the first full year of implementation.. The system is on track, meeting the major success factors outlined at the initiation of the project, including:

- The system went live on schedule at the opening of FY05.
- The project came in under budget returning \$2 million of the project contingency fund.
- The system was available to users 96% of its scheduled up time, 9:00 AM until 6:00 PM Monday through Friday. The system is usually available for additional time in the morning outside these planned hours.
- 100% of critical payments were issued on schedule. The system issued a payment file to the Treasurer each day

with the exception of two. On these two days the problem was corrected within 24 hours.

- 1.3 million payments, totaling \$31.5 Billion, have been issued by the system.
- Billings over \$1.9 million to the federal government were executed.
- The financial statements contained herein were prepared using the system and issued on schedule with an unqualified opinion included on pages 23 and 24. No material weaknesses were identified.

Some issues and challenges remain:

- The nightly cycle still frequently requires manual intervention to complete on schedule.
- On line response time occasionally slows down preventing users from working effectively in the system.
- Users still request additional training and assistance in some of the more complicated areas of the application.

While these areas result in frustration they are not serious enough to impede the Commonwealth functions. The Chief Information Officer of the Commonwealth, CGI-AMS and I have an aggressive action plan monitored on a weekly basis to address these remaining issues.

## ***Conclusion***

The Commonwealth has many accomplishments in FY05 of which it can be proud.

As stated at the outset of this introduction, the Commonwealth has successfully implemented the updated MMARS system. We couldn't have presented this report without the PARTNERS effort with departments begun four years ago. The fourth Chief Fiscal Officers (CFO) conference brought together CFOs from across the Commonwealth for meetings. PARTNERS stands for people, accountability, responsibility, trust, negotiation, efficiency, risk assessment and mitigation, and solutions. We have emphasized that systems depend on people who are integral to those systems. This recognizes that fiscal officers of the Commonwealth are being given increased authority and at the same time being held accountable for their actions, ensuring a balance of efficiency and integrity of the financial operations of the Commonwealth. We strike this balance between efficiency and integrity of operations through constant risk assessment and effective risk mitigation. As part of this effort, our office has started a Quality Assurance Bureau, that is tasked to not only improve the integrity of the financial operations of the Commonwealth in a collaborative manner with departments, but also to do the same for our internal operations, similar to entities found within non-governmental entities. We will continue to strive to find solutions to many of the Commonwealth's problems in conjunction with the rest of the CFOs, so that full input is heard. To this end, we have commenced a departmental advisory group to provide to us continuous feedback on MMARs and other financial operations.

Part of the strategy of the MMARS upgrade was to ensure that the Commonwealth can upgrade to current releases in the future at a reasonable cost. The goal is to keep current with technology in the future and at the same time control the total cost of system ownership. Benefits will accrue directly to the users of the financial system. In addition, this updated technology will allow for the future integration of Commonwealth internet-based applications into “back office” financial systems. We will use this same strategy as we begin the process of upgrading the Commonwealth’s Human Resource Compensation Management System (HRCMS,) beginning in FY06.

Departments had many challenges during FY05 as part of the implementation of MMARS. Business practices had to be reassessed and in some cases, personnel had to be redeployed to meet these challenges. Throughout it all though, we maintained the high standards of internal controls because we were all conscious of the risk environment that we do business in. The challenge of maintaining effective controls is greater than ever. We continue to ask each department, at its highest levels, to assess its risks and target controls to manage those risks efficiently and effectively. To this end, the Office of the Comptroller, in conjunction with the Office of the State Auditor, has continued a multi-pronged effort to improve controls throughout the Commonwealth.

I again would like to express my thanks to the many dedicated employees within the Office of the State Comptroller. We have had another successful year within the office, though filled with many long hours for all of us to get to this day. I am proud to have all the employees of the Comptroller’s Office on my team to help tackle these and other difficult issues of the future.

Respectfully submitted,

Martin J. Benison  
Comptroller of the Commonwealth

## **CONSTITUTIONAL OFFICERS**

Mitt Romney  
*Governor*

Kerry Healey  
*Lieutenant Governor*

William F. Galvin  
*Secretary of State*

Thomas F. Reilly  
*Attorney General*

Timothy P. Cahill  
*Treasurer and Receiver-General*

A. Joseph DeNucci  
*Auditor*

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*President of the Senate*

Salvatore F. DiMasi  
*Speaker of the House*

## **JUDICIAL OFFICERS**

Margaret H. Marshall  
*Chief Justice, Supreme Judicial Court*

Christopher J. Armstrong  
*Chief Justice, Appeals Court*

Robert A. Mulligan  
*Chief Justice for Administration and Management, Trial Court*



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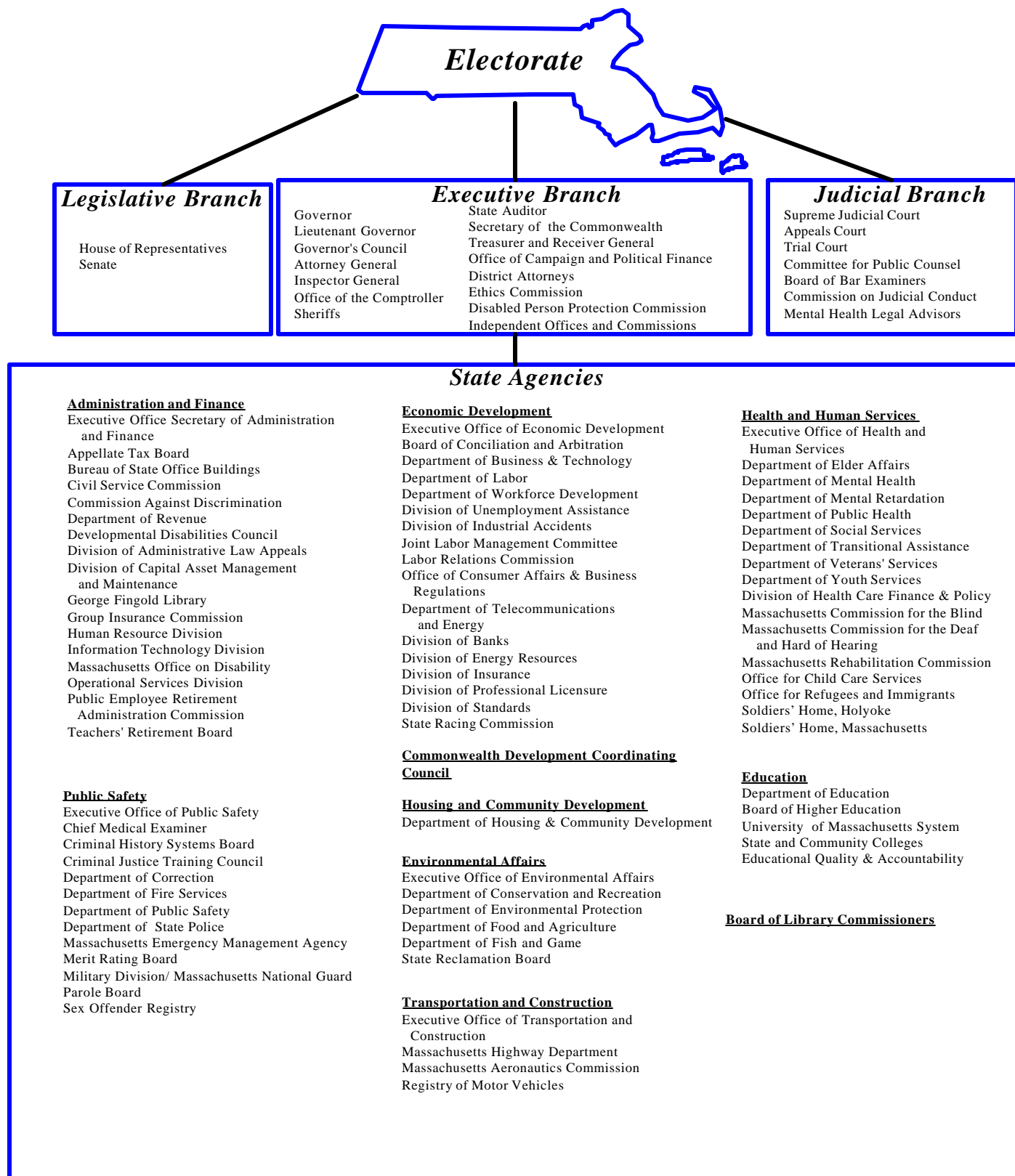
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Cathy Hunter  
*Administrative Assistant*

**Accounting Bureau**

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*Director*

Lauren Johnson  
*Art Direction*  
*Director Resource Management*



*\*As of June 30, 2005*

## **ADVISORY BOARD TO THE COMPTROLLER**

Mr. Thomas H. Trimarco (Chair)  
*Secretary for Administration and Finance*

A. Joseph DeNucci  
*Auditor*

Timothy P. Cahill  
*Treasurer and Receiver-General*

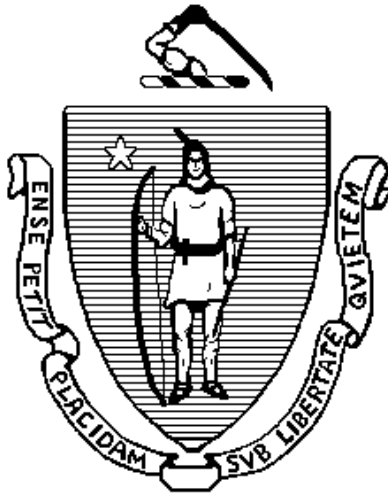
Robert A. Mulligan  
*Chief Justice for Administration and Management, Trial Court*

Thomas F. Reilly  
*Attorney General*

Thomas M. Whitney  
*Gubernatorial Appointee*

Mel Alan Barkan  
*Gubernatorial Appointee*

# *Financial Section*



Independent Auditor's Report  
Combined Financial Statements – Statutory Basis  
Combining and Individual Fund Financial Statements – Statutory Basis



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**INDEPENDENT AUDITORS' REPORT**

Mr. Martin Benison, Comptroller  
The Commonwealth of Massachusetts

We have audited the accompanying combined financial statements – statutory basis of the Commonwealth of Massachusetts as of and for the year ended June 30, 2005, as listed in the table of contents. These combined financial statements – statutory basis are the responsibility of the management of the Commonwealth of Massachusetts. Our responsibility is to express an opinion on these combined financial statements – statutory basis based on our audit. We did not audit the financial statements of the Pension Reserves Investment Trust for the year ended June 30, 2005, which is the investment vehicle of the Commonwealth of Massachusetts' Pension Trust Funds, the financial statements of which represent 92.2 percent of the assets and 71.7 percent of the revenues of the Fiduciary Fund Type, or the Health Care Security Trust for the year ended June 30, 2005, the financial statements of which represent 21.9 percent of the assets and 5.1 percent of the revenues of the Special Revenue Non-Budgeted Fund Type. Those financial statements were audited by another auditor whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Pension Reserve Investment Trust and the Health Care Security Trust, is based solely on the reports of the other auditor.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements – statutory basis are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commonwealth of Massachusetts' internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements – statutory basis, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combined financial statement – statutory basis presentation. We believe that our audit and the reports of the other auditor provide a reasonable basis for our opinion.

As discussed in Note 2 to the combined financial statements – statutory basis, the Commonwealth of Massachusetts prepares its combined financial statements - statutory basis on a prescribed basis of accounting that demonstrates compliance with General Laws and budgetary principles and funds of the Commonwealth of Massachusetts, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, based on our audit and the reports of another auditor, such combined financial statements – statutory basis referred to above present fairly, in all material respects, the financial position of the Commonwealth of Massachusetts, as of June 30, 2005, and the results of its operations for the year then ended, on the basis of accounting described in Note 2.

Our audit was conducted for the purpose of forming an opinion on the combined financial statements – statutory basis, taken as a whole. The combining and individual fund statements – statutory basis and supplemental information listed in the foregoing table of contents, are presented for the purpose of additional analysis and are not a required part of the combined financial statements – statutory basis of the Commonwealth of Massachusetts. These financial statements and schedules are also the responsibility of the management of the Commonwealth of Massachusetts. Such additional information has been subjected to the auditing procedures applied in our audit of the combined financial statements – statutory basis and, in our opinion, based on our audit of the combined financial statements – statutory basis, is fairly stated in all material respects when considered in relation to the combined financial statements – statutory basis taken as a whole.

We did not audit the data included in the introductory and statistical sections of this report, and accordingly, we express no opinion on such data.

In accordance with Government Auditing Standards, we have also issued our report dated October 28, 2005, on our consideration of the Commonwealth of Massachusetts' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. This report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the use of elected and appointed officials of the Commonwealth of Massachusetts and is not intended to be and should not be used by anyone other than these specified parties.

October 28, 2005

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# *Combined Financial Statements - Statutory Basis*



**All Fund Types And Account Groups**  
**Combined Balance Sheet - Statutory Basis**

June 30, 2005 and 2004  
(Amounts in thousands)

	Governmental Fund Types		
	Budgeted	Non-Budgeted Special Revenue	Capital Projects
<b>ASSETS AND OTHER DEBITS</b>			
Cash and short-term investments.....	\$ 3,983,591	\$ 774,793	\$ 405,332
Cash on deposit with U.S. Treasury.....	-	-	-
Cash with fiscal agent.....	26,060	577,499	364,153
Investments.....	-	507,833	-
Assets held in trust.....	-	-	-
Receivables, net of allowance for uncollectibles:			
Due from federal government.....	390,273	500,294	6,211
Other receivables.....	7,837	22,340	-
Due from cities and towns.....	8,884	21,000	-
Due from other funds.....	-	-	110,563
Fixed assets:			
Land.....	-	-	-
Buildings.....	-	-	-
Machinery and equipment.....	-	-	-
Construction in progress.....	-	-	-
Amount available for retirement of long-term obligations.....	-	-	-
Amount to be provided for retirement of long-term obligations.....	-	-	-
Other assets.....	-	-	-
Total assets and other debits.....	<u>\$ 4,416,645</u>	<u>\$ 2,403,759</u>	<u>\$ 886,259</u>
<b>LIABILITIES, FUND EQUITY AND OTHER CREDITS</b>			
Liabilities:			
Deficiency in cash and short-term investments.....	\$ 1,077,153	\$ 148,734	\$ 616,036
Accounts payable.....	852,305	458,335	291,023
Agency liabilities.....	-	-	-
Due to federal government.....	-	-	-
Due to cities and towns.....	-	-	-
Due to other funds.....	-	110,563	-
Capital leases.....	-	-	-
Bonds and notes payable.....	-	-	140,100
Total liabilities.....	<u>1,929,458</u>	<u>717,632</u>	<u>1,047,159</u>
Fund equity and other credits:			
Investment in general fixed assets.....	-	-	-
Fund balances (deficit):			
Reserved for:			
Continuing appropriations.....	329,555	-	-
Commonwealth stabilization.....	1,728,355	-	-
Transitional escrow.....	304,838	-	-
Debt service.....	26,060	577,499	364,153
Employees' pension benefits.....	-	-	-
Unemployment benefits.....	-	-	-
Capital projects.....	-	-	363,400
Unreserved:			
Designated for specific purpose.....	-	1,165,036	-
Undesignated.....	98,379	(56,408)	(888,453)
Total fund equity and other credits.....	<u>2,487,187</u>	<u>1,686,127</u>	<u>(160,900)</u>
Total liabilities fund equity and other credits.....	<u>\$ 4,416,645</u>	<u>\$ 2,403,759</u>	<u>\$ 886,259</u>

See notes to combined financial statements - statutory basis.

Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)	
	General Fixed Assets	General Long-term Obligations	2005	2004
\$ 1,788,334	\$ -	\$ -	\$ 6,952,050	\$ 7,212,367
414,998	-	-	414,998	122,449
-	-	-	967,712	761,285
35,153,266	-	-	35,661,099	30,171,694
1,879,723	-	-	1,879,723	2,981,982
-	-	-	896,778	1,216,338
598,142	-	-	628,319	908,062
-	-	-	29,884	2,674
-	-	-	110,563	334,427
-	1,205,618	-	1,205,618	746,160
-	6,351,749	-	6,351,749	6,126,494
-	1,630,636	-	1,630,636	1,524,124
-	513,907	-	513,907	310,238
-	-	967,712	967,712	761,285
-	-	17,062,417	17,062,417	16,752,730
19,788	-	-	19,788	2,155
<u>\$ 39,854,251</u>	<u>\$ 9,701,910</u>	<u>\$ 18,030,129</u>	<u>\$ 75,292,953</u>	<u>\$ 69,934,464</u>
\$ -	\$ -	\$ -	\$ 1,841,923	\$ 1,461,004
2,084,643	-	-	3,686,306	3,006,081
2,160,059	-	-	2,160,059	3,223,206
-	-	-	-	5
55,591	-	-	55,591	35,828
-	-	-	110,563	334,427
-	-	173,331	173,331	131,843
-	-	17,856,798	17,996,898	17,457,272
<u>4,300,293</u>	<u>-</u>	<u>18,030,129</u>	<u>26,024,671</u>	<u>25,649,666</u>
-	9,701,910	-	9,701,910	8,707,016
-	-	-	329,555	638,510
-	-	-	1,728,355	1,137,320
-	-	-	304,838	-
-	-	-	967,712	761,285
34,796,046	-	-	34,796,046	31,228,478
414,998	-	-	414,998	122,449
-	-	-	363,400	742,207
342,914	-	-	1,507,950	1,501,529
-	-	-	(846,482)	(553,996)
<u>35,553,958</u>	<u>9,701,910</u>	<u>-</u>	<u>49,268,282</u>	<u>44,284,798</u>
<u>\$ 39,854,251</u>	<u>\$ 9,701,910</u>	<u>\$ 18,030,129</u>	<u>\$ 75,292,953</u>	<u>\$ 69,934,464</u>

**All Governmental Fund Types And Expendable Trust Funds**  
**Combined Statements Of Revenues, Expenditures And Changes In Fund Balances - Statutory Basis**

Fiscal Years Ended June 30, 2005 and 2004  
(Amounts in thousands)

	Governmental Fund Types		
	Budgeted	Non-Budgeted Special Revenue	Capital Projects
<b>REVENUES AND OTHER FINANCING SOURCES</b>			
Revenues:			
Taxes.....	\$ 15,987,399	\$ 1,204,447	\$ -
Assessments.....	122,303	662,491	-
Federal grants and reimbursements.....	4,696,883	3,305,415	11,626
Tobacco settlement revenue.....	-	257,417	-
Departmental.....	1,840,320	5,686,903	403
Miscellaneous.....	172,139	71,206	23,110
Total revenues.....	22,819,044	11,187,879	35,139
Other financing sources:			
Proceeds of general and special obligation bonds.....	-	-	1,354,228
Proceeds of refunding bonds.....	-	-	1,384,763
Fringe benefit cost recovery.....	215,338	-	-
Lottery reimbursements.....	86,614	-	-
Lottery distributions.....	927,791	-	-
Tobacco settlement transfer.....	257,417	-	-
Excess permissible tax revenue.....	271,982	-	-
Municipal medicaid transfer.....	-	-	-
Operating transfers in.....	331,402	410,066	85,368
Health care security trust transfer.....	-	289,050	-
Economic stimulus trust transfer.....	-	-	-
Uncompensated care pool transfer.....	-	309,100	-
School building assistance transfer.....	-	-	-
Stabilization transfer.....	1,120,230	-	-
Transfer for transitional escrow.....	304,838	-	-
Federal reimbursement transfer in.....	-	-	331,436
State share of federal highway construction.....	-	-	154,184
Federal medicaid assistance percentage escrow transfer.....	270,000	-	-
Other sources.....	-	43,918	-
Total other financing sources.....	3,785,612	1,052,134	3,309,979
Total revenues and other financing sources.....	26,604,656	12,240,013	3,345,118
<b>EXPENDITURES AND OTHER FINANCING USES</b>			
Expenditures:			
Legislature.....	53,681	-	-
Judiciary.....	607,170	4,019	22,553
Inspector General.....	2,258	1,049	415
Governor and Lieutenant Governor.....	4,805	-	259
Secretary of the Commonwealth.....	41,290	6,608	2,528
Treasurer and Receiver-General.....	112,773	5,067,052	576,700
Auditor of the Commonwealth.....	16,989	-	571
Attorney General.....	34,988	9,439	868
Ethics Commission.....	1,265	-	279
District Attorney.....	79,594	2,792	-
Office of Campaign & Political Finance.....	993	-	-
Sheriff's Departments.....	221,543	3,062	1,530
Disabled Persons Protection Commission.....	1,704	6	-
Board of Library Commissioners.....	3,578	2,906	16,698
Comptroller.....	10,653	2,415	7,534
Administration and finance.....	1,507,874	87,361	297,151
Environmental affairs.....	179,926	46,870	119,532
Housing and community development.....	94,674	383,025	119,652
Health and human services.....	4,598,966	2,473,110	29,441
Transportation and construction.....	244,165	51,194	1,273,462
Education.....	417,732	830,660	-
Higher education.....	914,960	10,477	17,554
Public safety and homeland security.....	940,975	97,797	26,734

Fiduciary Fund Type		Totals (Memorandum Only)	
Expendable Trust		2005	2004
\$	1,670,942	\$ 18,862,788	\$ 17,318,982
	53,078	837,872	773,576
	262,973	8,276,897	9,186,657
	-	257,417	253,621
	88,146	7,615,772	7,176,799
	292,349	558,804	462,707
	2,367,488	36,409,550	35,172,342
	-	1,354,228	1,993,080
	-	1,384,763	3,301,972
	-	215,338	177,646
	-	86,614	78,426
	-	927,791	904,417
	-	257,417	253,621
	-	271,982	714,868
	160,000	160,000	160,000
	18,628	845,464	872,848
	-	289,050	315,612
	-	-	100,900
	-	309,100	245,000
	-	-	150,000
	-	1,120,230	1,160,705
	-	304,838	-
	-	331,436	599,040
	-	154,184	74,448
	-	270,000	-
	380	44,298	517
	179,008	8,326,733	11,103,100
	2,546,496	44,736,283	46,275,442
	-	53,681	50,535
	220	633,962	598,952
	-	3,722	2,359
	-	5,064	4,892
	10	50,436	44,968
	289	5,756,814	4,597,069
	61	17,621	16,497
	3,232	48,527	45,825
	-	1,544	1,260
	6,243	88,629	86,296
	-	993	994
	8	226,143	217,787
	-	1,710	1,615
	211	23,393	25,894
	-	20,602	35,420
	7,383	1,899,769	2,006,727
	21,459	367,787	347,600
	5,125	602,476	591,857
	188,388	7,289,905	6,549,929
	574	1,569,395	1,586,514
	3,875	1,252,267	1,181,689
	6,267	949,258	860,396
	40,519	1,106,025	1,063,316

**All Governmental Fund Types And Expendable Trust Funds**  
**Combined Statements Of Revenues, Expenditures And Changes In Fund Balances - Statutory Basis**

Fiscal Years Ended June 30, 2005 and 2004  
(Amounts in thousands)

	Governmental Fund Types		
	Budgeted	Non-Budgeted Special Revenue	Capital Projects
Expenditures (continued):			
Economic development.....	126,403	172,094	763
Direct local aid.....	4,476,670	9,850	-
Medicaid.....	5,977,221	291,623	-
Pension.....	1,216,936	-	-
Debt service:			
Principal retirement.....	880,128	2,139	-
Interest and fiscal charges.....	700,619	115,880	20,723
Total expenditures.....	23,470,533	9,671,428	2,534,947
Other financing uses:			
Payments to refunded bond escrow agent.....	-	-	1,153,150
Fringe benefit cost assessment.....	52,019	52,518	28,563
Lottery operating reimbursements.....	-	86,614	-
Lottery distributions.....	-	927,791	-
Federal reimbursement transfer out.....	-	331,436	-
State share of federal highway construction.....	-	-	154,184
Tobacco settlement transfer.....	-	257,417	-
Health care quality improvement transfer.....	-	289,050	-
Economic stimulus trust transfer.....	-	-	-
Excess permissible tax revenue.....	271,982	-	-
Uncompensated care pool transfer.....	309,100	-	-
School building assistance transfer.....	-	-	-
Municipal medicaid transfer.....	-	160,000	-
Operating transfers out.....	211,572	369,943	23
Stabilization transfer.....	1,120,230	-	-
Transfer for transitional escrow.....	304,838	-	-
Federal medicaid assistance percentage escrow transfer.....	270,000	-	-
Total other financing uses.....	2,539,741	2,474,769	1,335,920
Total expenditures and other financing uses.....	26,010,274	12,146,197	3,870,867
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	594,382	93,816	(525,749)
Fund balances at beginning of year.....	1,892,805	1,592,311	364,849
Fund balances at end of year.....	\$ 2,487,187	\$ 1,686,127	\$ (160,900)

See notes to combined financial statements - statutory basis.

Fiduciary Fund Type	Totals (Memorandum Only)	
Expendable Trust	2005	2004
1,737,071	2,036,331	2,881,105
-	4,486,520	4,790,255
-	6,268,844	6,030,894
-	1,216,936	701,902
-	882,267	826,882
-	837,222	777,968
2,020,935	37,697,843	35,927,397
-	1,153,150	2,832,866
7,700	140,800	120,116
-	86,614	78,426
-	927,791	904,417
-	331,436	599,040
-	154,184	74,448
-	257,417	253,621
-	289,050	315,612
-	-	100,900
-	271,982	714,868
-	309,100	245,000
-	-	150,000
-	160,000	160,000
259,288	840,826	868,589
-	1,120,230	1,160,705
-	304,838	-
-	270,000	-
266,988	6,617,418	8,578,608
2,287,923	44,315,261	44,506,005
258,573	421,022	1,769,437
493,505	4,343,470	2,574,033
\$ 752,078	\$ 4,764,492	\$ 4,343,470

# Budgeted Funds

## Combined Statements Of Revenues, Expenditures And Changes In Fund Balances - Statutory Basis - Budget and Actual

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES AND OTHER FINANCING SOURCES</b>			
Revenues:			
Taxes.....	\$ 14,888,200	\$ 15,987,399	\$ 1,099,199
Assessments.....	-	122,303	122,303
Federal grants and reimbursements.....	5,029,200	4,696,883	(332,317)
Departmental.....	1,844,300	1,840,320	(3,980)
Miscellaneous.....	5,700	172,139	166,439
Total revenues.....	21,767,400	22,819,044	1,051,644
Other financing sources:			
Fringe benefit cost recovery.....	-	215,338	215,338
Lottery reimbursements.....	86,900	86,614	(286)
Lottery distributions.....	963,959	927,791	(36,168)
Tobacco settlement transfer.....	240,000	257,417	17,417
Excess permissible tax revenue.....	-	271,982	271,982
Operating transfers in.....	318,441	331,402	12,961
Stabilization transfer.....	340,000	1,120,230	780,230
Transfer for transitional escrow.....	-	304,838	304,838
Federal medicaid assistance percentage escrow transfer.....	270,000	270,000	-
Total other financing sources.....	2,219,300	3,785,612	1,566,312
Total revenues and other financing sources.....	23,986,700	26,604,656	2,617,956
<b>EXPENDITURES AND OTHER FINANCING USES</b>			
Expenditures:			
Legislature.....	80,820	53,681	27,139
Judiciary.....	618,960	607,170	11,790
Inspector General.....	2,625	2,258	367
Governor and Lieutenant Governor.....	5,363	4,805	558
Secretary of the Commonwealth.....	43,337	41,290	2,047
Treasurer and Receiver-General.....	131,557	112,773	18,784
Auditor of the Commonwealth.....	16,998	16,989	9
Attorney General.....	36,668	34,988	1,680
Ethics Commission.....	1,265	1,265	-
District Attorney.....	80,051	79,594	457
Office of Campaign & Political Finance.....	998	993	5
Sheriff's Departments.....	225,668	221,543	4,125
Disabled Persons Protection Commission.....	1,705	1,704	1
Board of Library Commissioners.....	3,580	3,578	2
Comptroller.....	14,336	10,653	3,683
Administration and finance.....	1,680,197	1,507,874	172,323
Environmental affairs.....	234,328	179,926	54,402
Housing and community development.....	97,609	94,674	2,935
Health and human services.....	4,709,511	4,598,966	110,545
Transportation and construction.....	245,863	244,165	1,698
Education.....	429,047	417,732	11,315
Higher education.....	917,609	914,960	2,649
Public safety and homeland security.....	995,533	940,975	54,558
Economic development.....	159,965	126,403	33,562
Direct local aid.....	4,477,449	4,476,670	779
Medicaid.....	6,498,247	5,977,221	521,026
Pension.....	1,216,936	1,216,936	-
Debt service:			
Principal retirement.....	887,571	880,128	7,443
Interest and fiscal charges.....	753,019	700,619	52,400
Total expenditures.....	24,566,815	23,470,533	1,096,282
Other financing uses:			
Fringe benefit cost assessment.....	30,600	52,019	(21,419)
Excess permissible tax revenue.....	-	271,982	(271,982)
Uncompensated care pool transfer.....	75,000	309,100	(234,100)
Operating transfers out.....	159,649	211,572	(51,923)
Stabilization transfer.....	340,000	1,120,230	(780,230)
Transfer for transitional escrow.....	-	304,838	(304,838)
Federal medicaid assistance percentage escrow transfer.....	270,000	270,000	-
Total other financing uses.....	875,249	2,539,741	(1,664,492)
Total expenditures and other financing uses.....	25,442,064	26,010,274	(568,210)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(1,455,364)	594,382	2,049,746
Fund balances at beginning of year.....	1,892,805	1,892,805	-
Fund balances (deficit) at end of year.....	\$ 437,441	\$ 2,487,187	\$ 2,049,746

See notes to combined financial statements - statutory basis.

## Nonexpendable Trust Fund

### Statement Of Revenues, Expenses And Changes In Fund Balances - Statutory Basis

Fiscal Years Ended June 30, 2005 and 2004

(Amounts in thousands)

	2005	2004
<b>REVENUES</b>		
Revenues:		
Investment earnings.....	\$ -	\$ -
Total revenues.....	-	-
<b>EXPENSES</b>		
Expenses:		
Treasurer and Receiver-General.....	-	-
Total expenses.....	-	-
Excess (deficiency) of revenues over expenses.....	-	-
Fund balances at beginning of year.....	5,834	5,834
Fund balances at end of year.....	\$ 5,834	\$ 5,834

See notes to combined financial statements - statutory basis.



## Pension Trust Funds

### Combined Statements of Changes in Net Assets Available for Pension Benefits - Statutory Basis

Fiscal Years Ended June 30, 2005 and 2004  
(Amounts in thousands)

	2005	2004
Additions:		
Contributions:		
Commonwealth contributions.....	\$ 1,112,195	\$ 687,335
Employees contributions.....	873,970	882,741
Total contributions.....	1,986,165	1,570,076
Net investment income:		
Net appreciation in fair value of investments.....	3,048,638	4,276,991
Interest.....	424,602	356,339
Dividends.....	397,976	348,352
Real estate operating income, net.....	188,063	166,116
Alternative investments.....	9,543	14,064
Other.....	51,165	9,240
Total investment income.....	4,119,987	5,171,102
Less: investment expense.....	98,739	76,432
Net investment income.....	4,021,248	5,094,670
Total additions.....	6,007,413	6,664,746
Deductions:		
Administration reimbursement.....	15,374	14,579
Retirement benefits and refunds.....	2,424,471	2,309,785
Total deductions.....	2,439,845	2,324,364
Net increase .....	3,567,568	4,340,382
Net assets available for pension benefits at beginning of year (fund balances reserved for employees' pension benefits).....	31,228,478	26,888,096
Net assets available for pension benefits at end of year (fund balances reserved for employees' pension benefits).....	\$ 34,796,046	\$ 31,228,478

See notes to combined financial statements - statutory basis.

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**1. FINANCIAL STATEMENT PRESENTATION**

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**A. Introduction**

The accompanying combined financial statements (Statutory Basis Financial Report) of the Commonwealth of Massachusetts (the Commonwealth) are presented in accordance with the requirements of Section 12 of Chapter 7A as amended by Section 4 of Chapter 88 of the Acts of 1997 of the Massachusetts General Laws. The Office of the Comptroller also publishes the Commonwealth's Comprehensive Annual Financial Report (CAFR) which is prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for governments. GAAP is prescribed by the Governmental Accounting Standards Board (GASB), the authoritative standard-setting body for establishing governmental accounting and financial reporting principles.

The Statutory Basis Financial Report (SBFR) includes all the budgeted and non-budgeted funds and account groups of the Commonwealth, as recorded by the Office of the Comptroller in compliance with Massachusetts General Laws and in accordance with the Commonwealth's budgetary principles.

The Statutory Basis Financial Report's Financial Statements are not intended to include independent authorities, non-appropriated funds of higher education or other organizations included in the Commonwealth's reporting entity as it would be defined under GAAP.

**B. Statutory Basis**

The Commonwealth reports its statutory basis financial position and results of operations in funds and account groups, 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 balances, revenues and expenditures/expenses. Transactions between funds within a fund type, if any, have not been eliminated.

Account groups are accounting entities used to provide accountability for the Commonwealth's general fixed assets and long-term obligations. They are not considered funds because they do not report expendable available financial resources and related liabilities.

**C. Governmental Fund Types**

The Fund types and account groups are organized as follows:

Governmental Fund Types account for the general governmental activities of the Commonwealth.

*Budgeted Funds* – are the primary operating funds of the Commonwealth. They account for all budgeted governmental transactions. Major budgeted funds include the General and Highway funds, which are identified by the Comptroller as the operating funds of the Commonwealth.

*Non-Budgeted Special Revenue Funds* – are established by law to account for specific revenue sources that have been segregated from the budgeted funds to support specific governmental activities such as federal grants, funds related to the tobacco settlement and the operations of the state lottery.

*Capital Projects Funds* – account for financial resources used to acquire or construct major capital assets and to finance local capital projects. These

resources are derived from proceeds of bonds and other obligations, which are generally received after related expenditures have been incurred, operating transfers authorized by the Legislature and from federal reimbursements. Deficit balances in Capital Projects Funds represent amounts to be financed.

#### **D. Fiduciary Fund Types**

Fiduciary Funds account for assets held by the Commonwealth in a trustee capacity (Trust Funds), or as an agent (Agency Funds) for individuals, private organizations, other governmental units, and/or other funds.

*Expendable Trust Funds* – account for trusts whose principal and investment income may be expended for a designated purpose.

*Nonexpendable Trust Funds* – account for trusts whose principal cannot be spent.

*Pension Trust Funds* – account for the net assets available for plan benefits held in trust for the State Employees' and Teachers' Retirement Systems.

*Agency Funds* – account for assets the Commonwealth holds on behalf of others. Agency Funds are custodial in nature and do not involve measurement of operations.

#### **E. Account Groups**

Account Groups establish control and accountability over the Commonwealth's general fixed assets and long-term obligations.

*General Fixed Assets Account Group* – accounts for the general fixed assets of the Commonwealth and capital leases.

*General Long-term Obligations Account Group* – accounts for long-term bonds and notes issued by the Commonwealth and capital leases.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **A. Statutory Basis of Accounting**

The SBFR is prepared from the Commonwealth's books and records and other official reports which are maintained on the basis of accounting used in the preparation of the Commonwealth's legally adopted annual budget (statutory basis). The statutory basis emphasizes accountability and budgetary control of appropriations. The SBFR is not intended to present the Commonwealth's financial condition and results of operations in conformity with GAAP. Under GAAP, the books are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting.

Under the statutory basis of accounting, revenues are generally recognized when cash deposits are received by the Treasury. However, revenues receivable for federal grants and reimbursements are recognized when related expenditures are incurred. Amounts due from political subdivisions of the Commonwealth are recognized when considered measurable and available. Deeds excise taxes are recognized at the time of collection by the counties and the Commonwealth.

Under the statutory basis of accounting, expenditures are generally recorded when the related cash disbursement occurs. At year-end, payroll is accrued and payables are recognized, to the extent of approved encumbrances, for goods or

services received by June 30. Costs incurred under the federally-sponsored Medicaid program, amounts required to settle claims and judgments against the Commonwealth, and certain other liabilities are not recognized until they are encumbered or otherwise processed for payment. Under GAAP, expenditures are recorded in the period in which the related fund liability is incurred.

The Pension Trust Funds are reported using a flow of economic resources measurement focus and the accrual basis of accounting on both the statutory and GAAP basis. Under this method, additions are recorded when earned and deductions are recorded at the time liabilities are incurred. This measurement focus emphasizes the determination of net change in assets available for pension benefits.

The accounting policies followed in preparing the accompanying statutory basis financial report are described in the remainder of this section.

**B. *Cash, Short-term  
Investments and  
Investments***

The Commonwealth follows the practice of pooling the cash and cash equivalents of its Governmental and Fiduciary Funds. 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, Expendable Trust Funds and, when so directed by law, to certain Special Revenue and Capital Projects Funds.

The Office of the Treasurer and Receiver-General (Treasury) manages the Commonwealth's short-term investment pool. Statutes authorize investment in obligations of the U. S. Treasury, authorized bonds of all states, banker's acceptances, certificates of deposit, commercial paper rated within the three highest classifications established by Standard & Poor's Corporation and Moody's Commercial Paper Record and repurchase agreements that any of these obligations secure. Such investments are carried at cost, which approximates fair value.

The Pension Trust Funds, with investments of approximately \$37,702,829,000 at fair value and the Health Care Security Trust Account investments of approximately \$156,655,000 at fair value, are permitted to make investments in equity securities, fixed income securities, real estate, timber and other alternative investments. For investments traded in an active market, the fair value of the investment will be its market price. The Pension Trust Funds include investments in real estate, venture capital funds, real estate funds, limited partnerships, futures pools, international hedge pools, commodities pools, balanced pools, leveraged buyouts, private placements and other alternative investments. The structure, risk profile, return potential and marketability differ from traditional equity and fixed income investments. Concentration of credit risk exists if a number of companies in which the fund has invested are engaged in similar activities and have similar economic characteristics that could cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. To mitigate the exposure to concentrations of risk, the Pension Trust Funds invest in a variety of industries located in diverse geographic areas. As of June 30, 2005, the estimated fair values, determined by management with input from the investment managers, of these real estate and alternative investments were \$7,505,233,000 of the Pension Trust Funds, representing 18.8% of the total assets of the Fiduciary Fund Type.

Other investments, mainly in escrows, the Pension Trust Funds and the Health Care Security Trust Fund (HST) are reported as fair value in the financial statements. The investments of the Pension Trust Funds are held separately from those of other Commonwealth funds, with the exception of their investments in the Massachusetts Municipal Depository Trust (MMDT). The Pension Trust Funds and the HST are permitted to make investments in equity securities, fixed income securities, real estate and other alternative investments.

**C. *Securities Lending Program***

The Pension Trust Funds participate in securities lending programs. Under these programs, the Trusts receive a fee for allowing brokerage firms to borrow certain securities for a predetermined period of time, securing such loans with cash or collateral typically equaling 102% to 105% of the fair value of the security borrowed. The collateral securities cannot be pledged or sold by the Pension Reserve Investment Trust (PRIT) unless the lending agents default. The lending agents are required to indemnify PRIT in the event that they fail to return the securities on loan (and if the collateral is inadequate to replace the securities on loan) or if the lending agents fail to perform their obligations as stipulated in the agreements. There were no losses resulting from default of the lending agents during the years ending June 30, 2005 and 2004. At June 30, 2005, the fair value of the securities on loan from PRIT was approximately \$1,877,595,000. The fair value of the collateral held by PRIT amounted to \$1,953,412,000 at June 30, 2005, of which \$1,101,100,000 was cash.

**D. *Receivables***

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 "Due from federal government."

**E. *Due from Cities and Towns***

Represents reimbursement due to the Commonwealth for its expenditures on certain programs for the benefit of cities and towns.

On July 9, 2004, the Governor signed Chapter 169 of the Acts of 2004, related to the financial ability of the City of Springfield. Section 2 of the Act provides for \$52,000,000 in zero interest loans to be drawn from time to time by a finance control board established by the act. This activity is recorded in the Springfield Fiscal Recovery Trust Fund, a non-budgeted fund. The loans are to be paid back to the Commonwealth no later than June 30, 2012. During FY2005, \$100,000,000 in cash flow was issued to the City from the Trust Fund. Of this amount, \$78,000,000 was repaid to the Commonwealth before June 30, 2005 and the remaining \$22,000,000 is reflected as "Due from Cities and Towns." It is anticipated that this revolving activity will continue for the foreseeable future. The Act provides for no forgiveness of the loans and failure to repay the full value of loans disbursed from the fund to the city shall result in an equally commensurate reduction in local aid payments made by the Commonwealth to the City in FY2013.

**F. *Dedicated Revenue***

The Commonwealth has various streams of dedicated revenues reflected in non-budgeted fund activity. Approximately \$2.0 billion in revenues from federal grants passed through the Federal Grants Fund represents the greatest source of dedicated revenues. The largest pledge of tax revenues apportions a "dedicated sales tax" amounting to 1% of applicable sales in the Commonwealth directly to the Massachusetts Bay Transportation Authority (MBTA). Total dedicated sales tax revenue directed to the MBTA in FY05 was approximately \$704,809,000.

In FY05, the legislature began phasing in a dedication of sales tax revenues

amounting to 1% of applicable sales. \$395,700,000 of dedicated sales tax revenue was pledged to fund school construction via a transfer to the Massachusetts School Building Authority. This amount rises to a minimum of \$488,700,000 or 70% of dedicated sales taxes, whichever is larger in FY2006. In future years these amounts rise further per statute until 1% of applicable sales is pledged in FY2011.

Other major dedicated tax revenue streams include surcharges from areas contiguous to convention centers to support such centers' operations, motor fuels taxes to support highway construction, repairs and maintenance and cigarette taxation to support health and human service costs.

#### **G. Inventories**

The costs of materials and supplies are recorded as expenditures in Governmental Funds when purchased. Such inventories are not material in total to the financial statements and therefore are not presented.

#### **H. General Fixed Assets**

General fixed asset acquisitions are recorded as expenditures in the acquiring fund and capitalized in the General Fixed Assets Account Group in the year purchased. General fixed assets are recorded at historical cost, or at estimated historical cost if actual historical cost is not available. Donated fixed assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Improvements are capitalized.

The Commonwealth capitalizes all land except land associated with infrastructure. It capitalizes buildings and equipment, including computer software, with a cost in excess of \$100,000 and \$50,000 respectively at the date of acquisition and with an expected useful life greater than one year. Public domain general fixed assets and infrastructure (roads, bridges, tunnels, dams, water and sewer systems, etc.) are not capitalized. Interest incurred during construction is not material and is not capitalized. Under the statutory basis of accounting, no depreciation is taken on general fixed assets.

#### **I. Interfund / Intrafund Transactions**

During the course of its operations, the Commonwealth records transactions between funds and / or between departments. On the statutory basis, transactions between Governmental and Fiduciary Fund Types are recorded as adjustments to the funds' cash accounts. As a result, a fund may report a deficiency in cash and short-term investments.

Transactions of a buyer/seller nature between departments within a fund are not eliminated.

Transfers in and out net to approximately \$4,638,000 due to higher education non-appropriated fund activity, which is not included in the combined statements – statutory basis.

#### **J. Risk Management**

The Commonwealth does not insure for state employees workers' compensation, casualty, theft, tort claims and other losses. Such liabilities are not recognized on the statutory basis until encumbered and / or processed for payment. 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, Chapter 258 of the Massachusetts General Laws (General Laws) limits the risk assumed by the Commonwealth to



\$100,000 per occurrence, in most circumstances. The Group Insurance Commission administers contributory health care and other insurance programs for the Commonwealth's employees and retirees.

**K. *Encumbrances***

Encumbrance accounting is utilized in the Governmental Fund Types as a significant aspect of budgetary control. The full amounts of purchase orders, contracts and other commitments of appropriated resources are encumbered and recorded as deductions from appropriations prior to actual expenditure, ensuring that such commitments do not exceed appropriations. Encumbrances outstanding at year-end for goods or services received on or before June 30 are reported as expenditures and statutory basis liabilities as a component of accounts payable.

**L. *Fringe Benefit Cost Recovery***

The Commonwealth appropriates and pays the fringe benefit costs of its employees and retirees through the General Fund. These fringe benefits include the costs of employees' health insurance, pensions, unemployment compensation, and other costs necessary to support the state work force. As directed by Chapter 29, Sections 5D and 6B(f) of the Massachusetts General Laws, these costs are assessed to other funds based on their payroll costs, net of credits for direct payments. Since these fringe benefit costs and pensions are not appropriated in the budget, the required assessment creates a variance between budget and actual expenditures at year-end. The fringe benefit cost recoveries of \$215,338,000 in the budgeted funds result from costs assessments of \$140,800,000 in the governmental fund types and the expendable trust funds. The remainder of \$74,538,000 is assessed to the higher education non-appropriated activity, which is not included in the statutory basis financial report.

**M. *Lottery Revenue and Prizes***

Ticket revenues are recognized when sold and prizes awarded by the Massachusetts Lottery Commission are recognized as drawings are held.

**N. *Fund Balances***

The Commonwealth reports fund balances as reserved where legally restricted for a specific future use. Otherwise, these balances are considered unreserved.

Fund balance has been reserved as follows:

"Reserved for continuing appropriations" – are unexpended amounts in appropriations, which the Legislature has specifically authorized to be carried into the next FY.

"Reserved for Commonwealth stabilization" – are amounts set aside in the Commonwealth Stabilization Fund in accordance with 5C of Chapter 29 of the Massachusetts General Laws.

"Reserved for transitional escrow" – are funds set aside by Section 16 of Chapter 106, Acts of 2005 for expenditure subject to appropriation by June 30, 2006 with any unexpended balance returned to the Commonwealth Stabilization Fund.

"Reserved for debt service" – are amounts held by fiscal agents or the Commonwealth to fund future debt service obligations.

"Reserved for employees' pension benefits" – are the net assets of the Commonwealth's public employee retirement systems which cannot be used for any other purpose.

“Reserved for unemployment benefits” – are amounts reserved for payment of unemployment compensation.

“Reserved for capital projects” - are amounts reserved for capital projects.

Unreserved fund balance is segregated into two components:

“Designated for specific purpose” – are all unreserved fund balances for which the Legislature or Executive Branch has evidenced an intention to restrict for a specific purpose.

“Undesignated” – consists of cumulative surpluses or deficits of the Governmental Fund Types not otherwise designated.

**O. *Reclassification***

Certain reclassifications have been made to the FY2004 account balances to conform to the presentation in FY2005.

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**3. BUDGETARY CONTROL**

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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.

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 Legislation 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. 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. An example of this is the lack of a budget for pension costs.

Generally, expenditures may not exceed the level of spending authorized for an appropriation account. However, the Commonwealth is statutorily required to pay debt service, regardless of whether such amounts are appropriated.

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 FY05 (amounts in thousands):

	<u>Revenues</u>	<u>Expenditures</u>
General Appropriation Act, Chapter 149 of the Acts of 2004:		
Direct appropriations.....	\$ 22,548,599	\$ 21,281,758
Estimated revenues, transfers, direct appropriations retained revenue appropriations, interagency chargebacks and appropriations carried forward from FY2004 .....	1,438,101	1,818,140
Total original budget.....	23,986,700	23,099,898
Supplemental Acts of 2004:		
* Chapter 352.....	-	(750)
Chapter 462.....	-	350
Chapter 502.....	-	3,271
Supplemental Acts of 2005:		
Chapter 65.....	-	118,544
Chapter 35.....	-	79,568
Chapter 81.....	-	25,000
Total before June 30, 2005 .....	23,986,700	23,325,881
Supplemental Acts of 2005, passed after June 30:		
Chapter 106 .....	-	129,447
Total budgeted revenues and expenditures per Legislative action .....	23,986,700	23,455,328
Plus: Transfers of revenues and expenditures (including rounding).....	-	1,986,736
Budgeted revenues and expenditures as reported.....	\$ 23,986,700	\$ 25,442,064

\* The negative supplemental appropriation is the outcome of a pilot program implemented at certain state college institutions whereby they were allowed to retain and spend out - of - state tuitions. The offsetting estimated state savings was reduced from the institutions original General Appropriation Act allocation.

The following table identifies the interfund activity from budgeted sources and uses to reconcile forecasts prepared during the budget process to the results presented in these statements: (amounts in thousands)

	Revenues and Other Financing Sources	Expenditures and Other Financing Uses
Actual as presented in the combined budget and actual statement - statutory basis.....	\$ 26,604,656	\$ 26,010,274
Adjustments to revenues and expenditures		
Transfer to the Intragovernmental Service Fund revenues.....	(185,859)	(185,859)
Adjustments to other financing sources and uses:		
Fringe benefit cost assessments.....	(52,019)	(52,019)
Year-end Stabilization Transfer.....	(85,959)	(85,959)
Transfer from the Intragovernmental Service Fund to the General Fund.....	(1,927)	(1,927)
RMV license plates.....	(3,513)	(3,513)
Transfer from the Federal Medicaid Assistance Percentage Escrow Fund to the General Fund.....	(270,000)	(270,000)
Stabilization transfers to the General Fund.....	(343,271)	(343,271)
Excess Permissible Tax Revenue Transfer from General Fund to Temporary Holding Fund.....	(135,991)	(135,991)
Year-End Excess Permissible Tax Revenue Transfer from Temporary Holding Fund to Stabilization Fund .....	(135,991)	(135,991)
Transfers to the Transitional Escrow Fund per Chapter 106 of the Acts of 2005.....	(304,838)	(304,838)
Transfers to the Stabilization Fund per Chapter 106 of the Acts of 2005 .....	(691,000)	(691,000)
Other .....	(20,855)	(20,855)
Actual as presented on budgetary documents.....	\$ 24,373,433	\$ 23,779,051

The section divider for the budgeted funds contains a list of budgeted funds grouped by categories.

The Office of the Comptroller has the responsibility to ensure that budgetary control is maintained on an individual appropriation account basis. Budgetary control is exercised through the state accounting system, Massachusetts Management Accounting and Reporting System (MMARS). Encumbrances and expenditures are not allowed to exceed the appropriation account's spending authorization.

#### 4. DEPOSITS AND INVESTMENTS

The Commonwealth maintains a cash and short-term investment pool that is available for use by all funds. Each fund type's net equity in this pool is displayed on the combined balance sheet as either "Cash and short-term investments" or "Deficiency in cash and short-term investments." The investments of the Pension Trust Funds are held in a separate trust.

The Treasury manages the Commonwealth's short-term investment pool. Statutes authorize investment in obligations of the U.S. Treasury, authorized bonds of all states, banker's acceptances, certificates of deposit, commercial paper rated within the three highest classifications established by two or more nationally recognized statistical rating organizations and repurchase agreements that any of these obligations secure. Such investments are carried at cost, which approximates fair value.

Pooled cash and short-term investments include the following (amounts in thousands):

Cash and short-term investments.....	\$ 6,952,051
Cash with fiscal agent.....	967,712
Cash on deposit with U. S. Treasury.....	414,998
Deficiency in cash and short-term investments.....	<u>(1,841,923)</u>
Total.....	<u>\$ 6,492,838</u>

Other investments, mainly in escrows, the Pension Trust Funds and the HST are reported at fair value in the financial statements. The investments of the Pension Trust Funds are held separately from those of other Commonwealth funds, with the exception of their investments in the Massachusetts Municipal Depository Trust (MMDT). The Pension Trust Funds and the HST are permitted to make investments in equity securities, fixed income securities, real estate and other alternative investments. In the following table these alternative investments, venture capital and futures pools are classified as other investments.

#### *Interest Rate Risk – Non Pension Trust Funds*

Interest rate risk is the extent that changes in interest rates of debt investments will adversely affect the fair value of an investment. The following table (in thousands of dollars) provides information about the interest rate risk associated with the Commonwealth's investments, exclusive of its Pension Trust Funds but inclusive of the Health Care Security Trust, which is managed by PRIT. These investments include certain short – term cash equivalents, various long-term items and restricted assets by maturity in years. The Treasury minimizes the risk of the market value of securities falling due to changes in interest rates by maintaining an effective duration of less than 90 days and holding all of the portfolio's total market value in securities with a maturity of six months or less. Because of the short – term nature of these investments, they are defined as cash equivalents. Therefore, they are not investments.

#### *Credit Risk – Non – Pension Trust Funds*

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 10% of the total investment portfolio into any single financial institution or issuer, excluding various public entity securities and repurchase agreements. There are no restrictions in the amount that can be invested in public entity securities; however, the portfolio may be invested in U.S. Treasury obligations and repurchase agreements. During FY05, the Commonwealth, exclusive of Pension Trust Funds, maintained an investment with Sovereign Bank, which was valued at 9.1% of the portfolio's total fair value as of June 30, 2005. This investment contains funds in a daily reset account with interest accruing at the London Inter- Bank Offered Rate (LIBOR).

The Treasury requires investments in commercial paper and bankers' acceptances have the highest letter and numerical ranking as rated by nationally recognized statistical ratings organizations as defined by the investment act of 1940. The Treasury does not have any additional policies regard credit ratings of investments. The following table (in thousands of dollars) provides information on the credit ratings associated with the Commonwealth's investments in debt securities:

<b><u>Rated and Unrated Investments</u></b>	<b><u>Fair Value</u></b>	<b><u>Quality Ratings</u></b>	
		<b><u>A1 / P1</u></b>	<b><u>Unrated</u></b>
Certificates of deposit.....	\$ 461,588	\$ 45,188	\$ 416,400
Yankee dollars, foreign banks.....	588,159	588,159	-
Commercial paper.....	1,842,747	1,842,747	-
Federal agencies.....	30,096	30,096	-
Master note agreements.....	10,845	10,845	-
Medium term notes.....	570,247	570,247	-
Repurchase agreements.....	426,837	-	426,837
Other deposits, assets and liabilities, net.....	474,326	-	474,326
<b>Total Fixed Income Investments.....</b>	<b>\$ 4,404,845</b>	<b>\$ 3,087,282</b>	<b>\$1,317,563</b>

#### *Interest Rate Risk – Pension Trust Funds*

As pension trust funds have a different investment horizon, the PRIM Board manages PRIT's exposure to fair value loss arising from movements in interest rates by establishing duration guidelines with its debt securities investment managers. The guidelines with each individual manager require that the duration of the domestic debt investment portfolio be within a specified percentage or number of years of the 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. These factors are reflected in the effective durations numbers provided in the table on the following page.

The PRIM Board compares the effective duration of a manager's portfolio to the Lehman Brothers Aggregate Index for domestic core "fixed income" securities and the Merrill Lynch High Yield Master II Index for domestic high yield fixed income securities. At June 30, 2005, the following table shows the debt investments by investment type, fair value and effective weighted duration rate.

<u>Investment</u>	<u>Fair Value</u>	<u>Effective Weighted Duration Rate (Years)</u>
Asset backed securities.....	\$ 198,820	2.08
Commercial mortgage backed securities.....	142,051	3.66
Non-U. S. Government backed C.M.O.s.....	56,128	3.92
Commercial paper.....	62,960	0.11
Corporate bonds and other credits.....	2,945,971	3.83
U.S. Government bonds.....	774,531	5.73
U.S. Government agencies.....	336,781	2.27
U.S. Government TIPS.....	1,743,098	6.15
U.S. Government mortgage backed securities.....	1,652,586	2.35
Municipal bonds.....	16,706	9.72
Pooled money market fund.....	908,415	0.08
Other pooled funds.....	<u>790,782</u>	<u>NA</u>
Total fixed income and short-term investments.....	<u>\$ 9,628,829</u>	

#### *Credit Risk - Pension Trust 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 market value range of securities to be held with a specific minimum credit rating and the overall weighted average credit rating of the portfolio.

The weighted quality average rating of the debt securities portfolio, excluding pooled investments, investments explicitly backed by the United States Government and other nonrated investments was A - at June 30, 2005.

The following presents the PRIT Fund's debt securities credit ratings at June 30, 2005:

<u>Investment</u>	<u>Fair Value</u>	<u>AAA</u>	<u>AA+ to AA-</u>	<u>A+ to A-</u>	<u>BBB+ to BBB-</u>	<u>BB+ to Unrated</u>
Asset backed securities.....	\$ 198,820	\$ 188,287	\$ -	\$ -	\$ -	\$ 10,533
Commercial mortgage backed securities.....	142,051	134,446	1,028	-	-	6,577
Non-U.S. government backed C.M.O.s.....	56,128	50,324	-	-	-	5,804
Commercial paper.....	62,960	60,678	-	-	-	2,282
Corporate bonds and other credits.....	2,945,971	163,083	146,974	254,539	537,465	1,843,910
U.S. government agencies.....	336,781	335,301	1,480	-	-	-
U.S. government backed securities.....	1,566,771	1,502,868	-	-	-	63,903
Municipal bonds.....	16,706	3,286	4,047	-	9,373	-
Pooled money market fund.....	908,415	-	908,415	-	-	-
Other pooled funds.....	<u>790,782</u>	-	-	-	-	790,782
Total credit risk, fixed income and short-term investments.....	7,025,385	<u>\$ 2,438,273</u>	<u>\$1,061,944</u>	<u>\$ 254,539</u>	<u>\$ 546,838</u>	<u>\$ 2,723,791</u>
Fixed income investments explicitly backed by the U.S. Government.....	<u>2,603,444</u>					
Total fixed income and short-term investments.....	<u>\$ 9,628,829</u>					

#### *Foreign Currency Risk – Pension Trust 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. The PRIM Board manages PRIT's exposure to foreign currencies by holding a percentage of PRIT's non-U.S. dollar denominated investments to U.S. dollars through forward foreign currency contracts. The following table on the next page represents PRIT's foreign currency exposure at June 30, 2005:

*Continued*



	Cash and Short-Term Investments	Equity	Fixed Income	Alternative Investments	Total
Argentine Peso.....	\$ 54	\$ 326	\$ -	\$ -	\$ 380
Australian Dollar.....	8,827	221,406	776	-	231,009
Brazilian Real.....	1,236	159,214	-	-	160,450
British Pound.....	14,448	1,300,740	4,568	-	1,319,756
Canadian Dollar.....	3	-	1,338	-	1,341
Chilean Peso.....	168	8,778	-	-	8,946
Columbian Peso.....	27	4,088	-	-	4,115
Czech Coruna.....	16	2,833	-	-	2,849
Danish Krone.....	528	59,084	-	-	59,612
Egyptian Pound.....	1,470	11,247	-	-	12,717
Euro.....	26,676	1,742,675	50,635	-	1,819,986
Greek Drachma.....	4	-	-	-	4
Hong Kong Dollar.....	1,656	270,597	400	-	272,653
Hungarian Forint.....	106	10,424	-	-	10,530
Indian Rupee.....	-	375	-	-	375
Indonesian Rupian.....	26	43,940	-	-	43,966
Israeli Shekel.....	98	17,711	-	-	17,809
Japanese Yen.....	10,297	1,268,502	1,487	-	1,280,286
Malaysian Ringgit.....	896	89,023	-	-	89,919
Mexican Peso.....	29	49,905	-	-	49,934
Taiwan Dollar.....	4,128	174,257	-	-	178,385
Turkish Lira.....	77	42,772	-	-	42,849
New Zealand Dollar.....	538	18,499	-	-	19,037
Norwegian Krone.....	611	27,096	-	-	27,707
Pakistan Rupee.....	-	2,438	-	-	2,438
Peruvian Nuevo Sol.....	-	1,411	-	-	1,411
Philippines Peso.....	104	11,738	-	-	11,842
Polish Zloty.....	102	24,023	-	-	24,125
Russian Rubel.....	-	918	-	-	918
South African Rand.....	500	188,415	14	-	188,929
Singapore Dollar.....	873	75,057	-	-	75,930
South Korean Won.....	1,083	432,351	-	-	433,434
Swedish Krona.....	2,562	170,633	-	-	173,195
Swiss Franc.....	4,186	274,105	-	-	278,291
Thailand Baht.....	78	43,436	-	-	43,514
Alternative investment funds denominated in foreign currencies (various currencies).....	-	-	-	284,155	284,155
International equity pooled funds (various currencies).....	-	295,173	-	-	295,173
International fixed income pooled funds (various currencies).....	-	-	58,424	-	58,424
Total securities subject to foreign currency risk.....	81,407	7,043,190	117,642	284,155	7,526,394
International investments denominated in U.S. Dollars.....	-	808,216	1,139,831	-	1,948,047
<b>Total international investments, deposits and cash.....</b>	<b>\$ 81,407</b>	<b>\$ 7,851,406</b>	<b>\$1,257,473</b>	<b>\$ 284,155</b>	<b>\$ 9,474,441</b>

*Concentration of Credit Risk – Pension Trust Funds*

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 assets held in trust for pool participants as of June 30, 2005.

**A. *Financial Instruments  
with Off-Balance  
Sheet Risk***

PRIT may invest in other off-balance sheet transactions. These investments of the Commonwealth may involve a degree of risk not accounted for on the respective financial statements. Descriptions of such "off-balance sheet risks" are as follows:

*Forward Currency Contracts*

The Pension Trust Funds enter into forward currency contracts to hedge the exposure to changes in foreign currency exchange rates on foreign portfolio holdings. The market value of the contract will fluctuate with changes in currency exchange rates. Risks may arise upon entering these contracts 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 contract is marked-to-market daily and the change in market value is recorded by the fund as an unrealized gain or loss by the Pension Trust Fund.

When the contract is closed, the Pension Trust Funds record a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed. Fluctuations in the value of forward currency contracts are recorded as unrealized gains or losses by the Pension Trust Funds.

As of June 30, 2005, PRIT had open foreign exchange contracts with combined net unrealized gains of \$17,768,000 with various delivery dates to November, 2005.

*Futures Contracts*

The Pension Trust Funds 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 primarily corresponds with the value of underlying instruments, which may 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 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.

The Pension Trust Funds may also invest in financial futures contracts for non-hedging purposes.

Payments are made or received by the Pension Trust Funds 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 Pension Trust Funds recognize a realized gain or loss.

*Options*

PRIT is also engaged in selling or “writing” options. The Pension Trust Funds, as writers of options, may have no control over whether the underlying securities may be sold (call) or purchased (put) and, as a result, bear the market risk of an unfavorable change in the price of the security underlying the written option. As of June 30, 2005, there were no material options outstanding.

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**5. SHORT-TERM FINANCING AND CREDIT AGREEMENTS**

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Massachusetts General Laws authorize the Treasurer to issue temporary notes in anticipation of revenue or bond financing. When this short-term debt does not meet long-term financing criteria, it is classified as a fund liability. Short-term debt may be issued on either a stand-alone basis or through a commercial paper program maintained by the Commonwealth.

**A. General Fund**

The balance of revenue anticipation notes (RANs) outstanding may fluctuate during a fiscal year, but must be reduced to zero at June 30. During FY05, the Commonwealth issued RANs through its commercial paper program on a periodic basis to meet cash flow needs. A maximum of \$700,000,000 of RANs were outstanding at any time during the year. All RANs were retired before the end of June 2005.

**B. Capital Project Funds**

The Commonwealth may issue bond anticipation notes (BANs) to temporarily finance its capital projects. BANs may be issued either on a stand-alone basis or through the Commonwealth's commercial paper program.

Beginning in FY03 and continuing through FY05, the Commonwealth periodically issued BANs through the commercial paper program. BANs were rolled over and paid down at various times during the fiscal year. No more than \$375,100,000 of BANs were outstanding under the commercial paper program at any time during FY05. At June 30, 2005, BANs totaling \$140,100,000 remain outstanding.

On March 28, 2002, \$180,000,000 in General Obligation BANs were also issued to finance costs of the Central Artery / Tunnel Project, in advance of receiving certain contributions from the Massachusetts Port Authority (Massport). The majority of the BANs were retired previous to FY2005. During June 2003, Massport delivered to the Commonwealth \$104,900,000 pursuant to Section 12 of Chapter 81A of the General Laws and the Roadway Transfer Agreement dated as of March 23, 1999, as amended (the "Transfer Agreement") among Massport, the Commonwealth, acting by and through the Massachusetts Highway Department, and the Massachusetts Turnpike Authority. This payment of \$104,900,000 was applied to retire a portion of the commercial paper BANs. \$75,100,000 of such BANs remains outstanding as of June 30, 2005 and represent a component of the \$140,100,000 in BANs outstanding.

On December 31, 2003, Massport was expected to make an additional payment to the Commonwealth under the Transfer Agreement of \$50,000,000. This payment was received and applied in August of 2005, leaving a balance of BANs of \$25,100,000. A final payment of \$50,000,000 was due on December 31, 2004 under the Transfer Agreement only to the extent that Massport has received assets of commensurate value. Massport has informed the Commonwealth that such assets have not been received and that Massport therefore will withhold the final payment until such assets are transferred. Massport and the Commonwealth have not agreed on a scheduled date of payment.

**C. Line-of-Credit Facilities**

During FY05, the Commonwealth maintained line-of-credit facilities to provide liquidity support for commercial paper notes totaling \$1,000,000,000. The Commonwealth has a total of five line-of-credit facilities to provide such liquidity support, each in the amount of \$200,000,000. These facilities expire in periods from September 2005, through November 2015 at various times, with an optional termination at January 2010. The annual cost of these facilities ranges from 0.12% to 0.16%.

The following schedule details short – term financing and credit agreement activity, net, for all funds for the fiscal year (amounts in thousands):

	Beginning Balance July 1, 2004	Issued / Drawn	Redeemed / Repaid	Ending Balance June 30, 2005	Credit Limit June 30, 2005
General Fund:					
Revenue anticipation notes.....	\$ -	\$ 700,000	\$ (700,000)	\$ -	\$ 1,000,000
Line-of-credit agreements.....	-	-	-	-	-
Subtotal - General Fund activity.....	-	700,000	(700,000)	-	1,000,000
Capital Projects Funds:					
Bond anticipation notes.....	75,100	365,000	(300,000)	140,100	-
Subtotal - Capital Projects Funds activity.....	75,100	365,000	(300,000)	140,100	-
Total short-term financing and credit agreement activity.....	<u>\$ 75,100</u>	<u>\$ 1,065,000</u>	<u>\$ (1,000,000)</u>	<u>\$ 140,100</u>	<u>\$ 1,000,000</u>

**6. LONG-TERM DEBT**

Under the Constitution of the Commonwealth of Massachusetts, the Commonwealth may borrow money (a) for defense, (b) 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, or (c) by a two-thirds vote of the members of each house of the Legislature present and voting thereon. 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. In addition, the Commonwealth may give, loan or pledge its credit to another entity by a two-thirds vote of the members of each house of the Legislature. The Legislature may not in any manner allow the Commonwealth 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 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 thereto. 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.

As of June 30, 2005, the Commonwealth had three types of long-term debt outstanding, general obligation bonds, special obligation bonds and federal highway grant anticipation notes. The following is a summary of the Commonwealth's debt outstanding by type of debt (amounts in thousands):

	Amount Outstanding
<b><u>General Obligation Debt:</u></b>	
General Obligation Bonds:	
Fixed rate.....	\$ 11,841,879
Variable rate.....	2,199,795
Auction rate securities.....	401,500
College opportunity bonds.....	91,074
County debt assumed.....	600
Grant anticipation notes (inclusive of cross-over refunding notes).....	1,907,340
Discount / (Premium) and issuance cost, general obligations.....	<u>(33,762)</u>
<b>Subtotal - General Obligation Debt.....</b>	<b>16,408,426</b>
<b><u>Special Obligation Debt:</u></b>	
Special Obligation Bonds (inclusive of cross-over refunding bonds):	
Fixed rate.....	\$ 1,302,469
Variable rate.....	<u>183,080</u>
<b>Subtotal - Special Obligation Debt.....</b>	<b>1,485,549</b>
Discount / (Premium) and issuance cost, special obligations.....	<u>(37,176)</u>
<b>Total Outstanding Debt.....</b>	<b><u>\$ 17,856,799</u></b>

**A. General Obligation Bonds**

General Obligation Bonds are authorized and issued primarily to provide funds for Commonwealth-owned capital projects and Commonwealth supported local government improvements. They are backed by the full faith and credit of the Commonwealth and paid from the Governmental Funds, from which debt service principal and interest payments are appropriated. Massachusetts General Laws provide for the allocation of bond proceeds to these authorizations in arrears, as expenditures are made, unless the proceeds are allocated at the time of issuance.

In FY2005, the Commonwealth sold \$500,000,000 in General Obligation Bonds to partially capitalize the Massachusetts School Modernization and Reconstruction Trust (SMART). The proceeds of the debt (half of the total authorization of \$1 billion,) were used to fund school construction projects throughout the Commonwealth pursuant to changes in the funding of school building assistance initiated during the fiscal year.

In addition, forms of general obligation bonds are issued for specific programs approved by the Legislature. These are as follows:

**i. College Opportunity Bonds**

Some Commonwealth general obligation debt is issued in the form of College Opportunity Bonds (COBs) as authorized by the Massachusetts General Laws. These bonds are sold to fund the Commonwealth's "U. Plan" which is part of a college savings program administered by the Massachusetts Educational Financing Authority. These bonds are privately placed and are structured to meet the needs of investors in this plan. Such bonds were initially issued in fiscal year 1996, and have been issued in each subsequent fiscal year, including FY05, during which approximately \$11,990,000, (including accretion), of such bonds were issued. Outstanding COBs have maturity dates ranging from 2006 through 2025. COBs have an accreting interest component payable at maturity. The annual accretion rate of each COB's maturity is a variable rate equal to the annual change in the Consumer Price Index (CPI) plus 2.0%. Assuming the CPI averages 3.5% during the life of the outstanding COBs the payments due at maturities of the COBs will total approximately \$169,548,000, including accretion. In addition, COBs pay current interest in the amount of 0.5% per year of the initial amount still outstanding. The full faith and credit of the Commonwealth back these bonds.

**ii. County Debt Assumed**

Chapter 38 of the Acts of 1997 and Chapter 300 of the Acts of 1998 abolished governments of several Massachusetts counties on various effective dates. As part of these provisions, the Commonwealth assumed the outstanding debt of Middlesex County on July 1, 1997, of Hampden and Worcester Counties on July 1, 1998, that of Essex County on July 1, 1999 and that of Berkshire County on July 1, 2000. The county debt assumed has become general obligation debt of the Commonwealth. As of June 30, 2005, \$600,000 of these obligations remain outstanding.

**iii. Variable Rate Demand  
Bonds**

Included in the long-term debt is \$2,199,795,000 of general obligation variable rate demand bonds (VRDBs) maturing from 2008 through 2030 in varying amounts, of which \$1,924,205,000 is swapped to fixed rates. The redemption schedule for these bonds is included in the bond redemption schedule contained herein. The interest rate on the VRDBs is determined either weekly or daily based on the activity of the Commonwealth's remarketing agents, and interest is paid monthly. On any reset date, holders of the VRDBs can require the Commonwealth (acting through its remarketing and tender agents) to repurchase the bonds (a "put"). The remarketing agent is authorized to use its best efforts to resell any repurchased bonds by adjusting the interest rates offered. The Commonwealth pays an annual fee to the remarketing agents equal to 0.05% of the outstanding par amount of the bonds.

Under the provisions of stand-by bond-purchase agreements entered into by the Commonwealth with certain commercial banks, the remarketing and tender agents are entitled to draw amounts sufficient to pay the purchase price of any bonds that cannot be resold. During any such period, the Commonwealth is required to pay the bank(s) at an interest rate based on their respective prime lending rates. If the remarketing agent is unable to resell any put bonds within six months of the put date, the stand-by bond-purchase agreements include provisions to convert any such bonds to installment loans payable over an extended period of time, with interest payable at a rate based on the bank(s) prime lending rate(s). The stand-by bond-purchase agreements expire on various dates between September of 2005 and December 2015. The Commonwealth is required to renew or replace these agreements as long as the VRDBs remain outstanding. The Commonwealth currently pays an annual fee to maintain these agreements, which range from 0.12% to 0.22% of the par amount of the bonds.

**iv Other Variable Rate  
Bonds**

As part of its refunding activities during FY03, the Commonwealth issued \$97,455,000 of refunding bonds which pay a variable rate interest that depends on changes in the Consumer Price Index (CPI). These bonds, which pay interest every six months, are not subject to periodic remarketing, nor do bondholders have the right to "put" such bonds back to the Commonwealth.

On June 29, 2004 as part of the Commonwealth's issuance of the Convention and Exhibition Center Special Obligation Bonds, \$86,590,000 of such bonds were issued paying a variable rate of interest also indexed to changes in the CPI. Similar to the 2003 Bonds, the Convention Center Bonds pay interest semiannually, but mature serially from FY15 to FY18.

As detailed in the variable rate debt schedule, these CPI based bonds all have been swapped to fixed rates ranging from 4.45% to 5.25%.

**v Auction Rate  
Securities**

Also included in the long-term debt is \$401,500,000 of General Obligation Auction Rate Securities (ARS) maturing in varying amounts from 2020 through 2030. The interest rate payable on the bonds changes weekly as determined pursuant to specified auction procedures. Interest on the bonds is payable weekly. In the case of a failed auction (i.e., insufficient bids to clear the market) existing buyers may be required to hold their bonds with interest payable at a rate equal to a percentage of an ARS industry index, up to a maximum rate of 12.0%.



**B. Special Obligation Bonds**

The Commonwealth also issues special obligation revenue bonds as authorized by Massachusetts General Laws. Such bonds may be secured by all or a portion of revenues credited to the Highway Fund and are not general obligations of the Commonwealth. At June 30, 2005, the Commonwealth had outstanding \$1,458,375,000 of such special obligation bonds, inclusive of unamortized premium, of which \$1,448,372,000 is allocated to debt not subject to the Commonwealth's statutory debt limit. These bonds are secured by a pledge of 6.86 cents of the 21 cent motor fuel excise tax imposed on gasoline.

In March of 2005, the Commonwealth sold \$216,765,000 of special obligation revenue bonds, Series 2005A. The bonds generated \$25,705,000 of premium. Of the proceeds, \$216,725,000 was issued to refund prior special obligation bonds, including \$73,495,000 of bonds pursuant to a crossover refunding. The remainder was used to fund capital spending in the Commonwealth. The escrow funded by the refunding bonds and related premium will be used only to secure the principal related to the crossover refunding portion (as well as exclusive of related call premiums.) These particular bonds will mature on June 1, 2008. The interest related to these maturities is not secured by this escrow. Rather, it will be paid from the existing stream of motor fuel excise taxes. Interest on a portion of the newly issued refunding bonds will be paid from the proceeds of the escrow until the aforementioned prior bonds are called for redemption. This crossover refunding results in economic savings to the Commonwealth similar to a normal refunding, but does not meet the accounting definition of defeasance of debt, in which case the defeased debt and the related escrow accounts would have been removed. Until such time as the escrow is used to repay the principal of the refunded bonds, such amounts will be reported in the Highway Capital Projects Fund. Additional special obligation refunding bonds that were the result of crossover refundings, were sold during FY2002. As of June 30, 2005, \$389,425,000 from both cross over refundings remained outstanding.

The remainder of unrefunded special obligation debt is attributable to the aforementioned gasoline tax bonds and other bonds that permanently financed the Commonwealth's convention and exhibition centers in Boston, Springfield and Worcester, which are secured by certain taxes collected related to those facilities.

**C. Federal Highway Grant  
Anticipation Notes**

The Commonwealth also issued Federal Highway GANs to finance current cash flow for the Central Artery/Tunnel Project in anticipation of future federal reimbursements. Section 9 through 10D of Chapter 11 of the Acts of 1997, as amended by Chapter 121 of the Acts of 1998, authorizes the Commonwealth to sell up to \$1,500,000,000 in GANs. Prior to FY2005, all GANs authorized were issued. All Federal Highway Construction reimbursements and reimbursements from the federal highway construction trust funds are pledged to the repayment of the GANs. These notes are secured by the pledge of Federal Highway Construction Reimbursements without a general obligation pledge. Under certain limited circumstances, a portion of the revenue from the Commonwealth's motor fuels excise tax may be used to pay debt service on the GANs.

In July of 2004, the Commonwealth sold \$408,015,000 of GANs refunding notes, Series 2003A. These notes are Special Obligations of the Commonwealth. The escrow funded by the notes will be used to secure the principal related to \$418,340,000 of GANs, including related call premiums, in previously issued series callable on December 15, 2008 and 2010. The interest related to these maturities is not secured by this escrow. Rather, it will be paid from Commonwealth appropriations or the existing stream of future federal grants. Interest on the newly issued refunding notes will be paid from the proceeds of the escrow until the aforementioned prior notes are called for redemption. For the purposes of the pledge but not for accounting purposes, at the time of call, the refunding notes will become GANs. This results in economic savings to the Commonwealth similar to a normal refunding, but does not meet the accounting definition of defeasance of debt, in which case the defeased debt and the related escrow accounts would have been removed. Until such time as the escrow is issued to repay the principal of the refunded notes, such amounts will be reported in the Grant Anticipation Note Trust Fund. Inclusive of the cross-over refunding notes, at June 30, 2004, the Commonwealth has \$1,907,340,000 of GANs outstanding, including accreted interest on capital appreciation bonds with maturity dates ranging from 2006 to 2015.

**D. Interest Rate Swap  
Agreements**

The Commonwealth enters into interest rate swap agreements to modify interest rates on outstanding debt. Other than the net interest expenditures resulting from these agreements, no amounts are recorded in the financial statements.

*Objective of the Interest Rate Swap Agreements*

In connection with the issuance of variable rate refunding bonds in 1997, 1998, 2001, 2003 and 2005, the Commonwealth entered into interest rate swap agreements with certain counterparties. Additional swap agreements were initiated as part of the Convention centers permanent financing in FY2004. The purpose of these agreements is to effectively fix the interest rate payable on the corresponding variable rate refunding bonds, and to achieve an all-in synthetic interest rate that is lower than the rate that could have been achieved on a natural fixed rate basis at the time the agreements were entered into.

*Terms of the Interest Rate Swap Agreements*

The bonds and related swap agreements have final maturities ranging from 2005 to 2028. The swaps' total notional value of \$2,107,285,000 matches the par amount of the related variable rate refunding bonds. Under the swap agreements, the Commonwealth pays the relevant counterparties' fixed rates ranging from 2.56% to 5.25% and receives variable rate payments equal to the amount of variable rate payments the Commonwealth pays on the related variable rate refunding bonds.

The following chart details the Commonwealth's outstanding swaps and related bond issuances:

Associated Bond Issue	Notional Amounts (thousands)	Effective Date	Fixed Rate Paid (Range)	Variable Rate Received	Fair Market Values (thousands)	Final Termination Date	Counterparty Credit Rating
<i>General Obligation Bonds:</i>							
Series 1997B	\$ 162,768	8/12/1997	4.659%	Cost of Funds	\$ (15,634)	August 1, 2015	AA+/Aaa
Series 1997B	108,512	8/12/1997	4.659%	Cost of Funds	(11,653)	August 1, 2015	AAA/Aaa
Series 1998A & B	299,712	9/17/1998	4.174%	Cost of Funds	(25,297)	September 1, 2016	AAA/Aaa
Series 1998A & B	199,808	9/17/1998	4.174%	Cost of Funds	(13,586)	September 1, 2016	AAA/Aaa
Series 2001B & C	496,225	2/20/2001	4.150%	Cost of Funds	(61,394)	January 1, 2021	AAA/Aaa
Series 2003B	87,455	3/12/2003	4.500%	Cost of Funds/CPI	(303)	March 1, 2014	AA+/Aaa
Series 2003B	10,000	3/12/2003	4.500%	Cost of Funds/CPI	42	March 1, 2013	A/A2
Series 2005A	559,725	3/29/2005	2.22% - 4.00%	BMA	(13,479)	February 1, 2028	AA-/Aa2
Subtotal	<u>1,924,205</u>				<u>\$ (141,304)</u>		
<i>Special Obligation Dedicated Tax Revenue Bonds (CPI Based Swaps):</i>							
Series 2004	28,863	6/29/2004	4.45% - 5.25%	Cost of Funds/CPI	2,226	January 1, 2018	A/A1
Series 2004	28,863	6/29/2004	4.45% - 5.25%	Cost of Funds/CPI	(2,305)	January 1, 2018	A+/Aa3
Series 2004	28,863	6/29/2004	4.45% - 5.25%	Cost of Funds/CPI	(2,401)	January 1, 2018	AA-/Aa2
Series 2005A	<u>96,490</u>	6/12/2005	4.78% - 5.06%	Cost of Funds/CPI	<u>(5,736)</u>	June 1, 2022	AA-/Aa3
Subtotal	<u>183,080</u>				<u>\$ (8,216)</u>		
Total	\$ 2,107,285				\$ (149,520)		

#### *Fair Market Value of the Interest Rate Swap Agreements*

Swap rates for the types and remaining terms of the Commonwealth's swap agreements are generally lower (as of June 30, 2005) than those that prevailed when the various swap contracts were entered into. This is the result of two factors: (1) lower interest rates in general; and (2) the shortening of the remaining terms of the swap contracts due to the passage of time and an upward sloping yield curve for such instruments. As a result, the Commonwealth's swap agreements have an estimated fair market value of negative \$149,520,000 as of June 30, 2005. If all the Commonwealth's swap agreements had been terminated as of the end of fiscal year 2005 the Commonwealth would have been required to make a payment of this magnitude. Although the Commonwealth has the option of terminating its swap agreements at any time (and either make or receive any termination payment due), the Commonwealth's counterparties do not have such an option. Therefore, the Commonwealth would only have to make a payment of the magnitude estimated if certain termination events occurred, as described below.

#### *Credit Risk of the Interest Rate Swap Agreements*

The swap contracts require that the Commonwealth's counterparties maintain certain ratings levels. If they fail to maintain such ratings, the Commonwealth could choose to terminate the related swap agreement and receive or pay a termination payment depending on the interest rates at the time. Similarly, the Commonwealth is required to maintain a certain credit rating under the agreements, generally in the "A" category. If the Commonwealth's rating fell below those levels, the Commonwealth's counterparties could choose to make variable rate payments based on a market index (instead of the actual bond rate) which would subject the Commonwealth to basis risk, as noted below.

*Basis, Market and Rollover Risk of the Interest Rate Swap Agreements*

Because the terms on the interest rate swap agreements require the Commonwealth's counterparties to make variable rate payments equal to those the Commonwealth makes on the related variable rate bonds, the Commonwealth is not generally subject to any basis or market risk as a result of these agreements. Under certain circumstances, such as a downgrade of the credit rating of the bonds or the enactment of tax-related legislation which causes the related bonds to trade differently, the swap agreements provide that the Commonwealth's counterparties, may, at their option, pay a variable rate that is based on one or more market indices such as LIBOR or the BMA swap index. Under these circumstances, the Commonwealth would be subject to basis risk if these indices varied significantly from the variable rates that were determined for the Commonwealth's variable rate demand bonds through the associated remarketing process.

The swap contracts have the same maturity dates and amortizations as the related bonds. Therefore, the Commonwealth is not subject to any rollover risk as a result of these agreements.

*Termination Risk of the Interest Rate Swap Agreements*

The swap contracts use the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The swap agreements are not otherwise subject to termination except at the Commonwealth's option. If one or more of the swap agreements were terminated, then related variable rate bonds would no longer be hedged and the Commonwealth would no longer be paying a synthetic fixed rate with respect to the bonds. In addition, if at the time of termination, the swap had a negative fair value, the Commonwealth would incur a loss and would be required to settle with the related counterparty or counterparties at the swaps' fair market values.

*Interest Rate Swap Agreement Dispute*

The Commonwealth is party to an interest rate swap agreement relating to the Commonwealth's General Obligation Bonds, 2001 Series B and 2001 Series C. The swap documentation provides that the method for determining the floating rate obligation of the counterparty may change upon an "Event of Taxability". The swap counterparty has asserted that an Event of Taxability has occurred and that, as a result, commencing May 3, 2004, the Commonwealth's monthly net payments to the counterparty must be increased. The Commonwealth disagrees with this assertion and, on April 23, 2004, filed a complaint in Suffolk County Superior Court. The swap payment made by the Commonwealth on May 3, 2004 and each monthly payment made thereafter have been calculated based on the pre-existing method. Had they been calculated as asserted by the swap counterparty, under marked conditions on each such payment date through June 1, 2005, the payments would have been approximately \$1.7 million greater in the aggregate. The termination value of this swap as of June 30, 2005 is believed to have been approximately \$61.4 million in favor of the swap counterparty and will vary from time to time. The Commonwealth has continued to make net swap payments based on its actual variable rate bond payments pending legal developments.

Debt service on the variable rate bonds is as follows (assuming a short term rate of 2.75% and a CPI rate of 3%) (amounts in thousands):

Fiscal Year Ending June 30	Variable-Rate Bonds		Interest Rate		Total
	Principal	Interest	Swaps, Net		
2006	\$ 3,245	\$ 58,622	\$ 30,231	\$	92,098
2007	3,745	58,528	30,235		92,508
2008	6,190	58,376	30,207		94,773
2009	12,030	58,135	30,145		100,310
2010	34,545	57,292	29,784		121,621
2011-2015	722,010	243,062	124,284		1,089,356
2016-2020	817,915	119,305	56,807		994,027
2021-2025	408,650	38,357	17,220		464,227
2026-2031	98,955	4,487	2,016		105,458
Total	<u>\$ 2,107,285</u>	<u>\$ 696,164</u>	<u>\$ 350,929</u>	<u>\$</u>	<u>3,154,378</u>

#### E. Outstanding Debt

For financial reporting purposes, long-term debt is carried at its face value, which includes discount and any issuance costs. The outstanding amount represents the total principal to be repaid. For capital appreciation bonds, the outstanding amount represents total principal and accreted interest to be repaid. When short-term debt has been refinanced on a long-term basis, it is reported as outstanding at its face amount.

The amount of long-term debt authorized but unissued is measured in accordance with the statutory basis of accounting. Only the net proceeds (exclusive of discount and costs of issuance) are deducted from the total authorized by the Legislature.

Long-term debt outstanding (including unamortized discount and issuance cost) and debt authorized and unissued at June 30, 2005 is as follows (amounts in thousands):

Purpose	Bonds Outstanding	Fiscal Year Maturities	Authorized and Unissued
GANs.....	\$ 1,907,340	2006-2015	\$ -
Capital Projects:			
General.....	6,004,267	2005-2031	4,903,055
Highway.....	8,837,377	2005-2034	3,907,063
Local Aid.....	1,049,668	2005-2031	593,693
Other.....	58,146	2005-2029	103,010
	<u>15,949,459</u>		<u>9,506,821</u>
Total.....	<u>\$ 17,856,799</u>		<u>\$ 9,506,821</u>

Interest rates on the Commonwealth's debt outstanding at the end of FY05 ranged from 0.0% to 8.0%.

Changes in long-term debt outstanding (including discount and issuance cost) and bonds authorized - unissued for the year ended June 30, 2005 are as follows (amounts in thousands):

	Bonds Outstanding	Authorized and Unissued
Balance July 1, 2004.....	\$ 17,382,172	\$ 6,827,993
General and special obligation bonds:		
Principal, less discount and issuance costs.....	1,354,226	(1,354,226)
Net premium and issuance costs.....	(86,945)	-
General and Special obligation refunding bonds:		
Principal on Refunding Bonds.....	1,296,532	-
Principal on Refunded Bonds.....	(1,230,673)	-
Retired premium on Refunded Bonds.....	23,753	-
Increase in bonds authorized.....	-	4,041,138
Decrease in bonds authorized.....		(8,084)
Bonds retired.....	(882,266)	-
Balance June 30, 2005.....	<u>\$ 17,856,799</u>	<u>\$ 9,506,821</u>

At June 30, 2005, debt service requirements to maturity for principal (including unamortized discount, capital appreciation and issuance costs) and interest including all variable rate interest not hedged by swap agreements (assumed interest rate is 5%) are as follows (amounts in thousands):

Fiscal Year Ended June 30,	Principal	Interest	Total
2006.....	\$ 1,024,522	\$ 886,927	\$ 1,911,449
2007.....	1,072,597	840,831	1,913,428
2008.....	1,097,010	785,623	1,882,633
2009.....	1,105,235	729,723	1,834,958
2010.....	1,051,320	673,298	1,724,618
2011-2015.....	5,283,141	2,549,006	7,832,147
2016-2020.....	3,404,067	1,393,035	4,797,102
2021-2025.....	2,507,867	599,824	3,107,691
2026-2030.....	916,560	240,054	1,156,614
2031-2033.....	394,480	31,617	426,097
Total	<u>\$ 17,856,799</u>	<u>\$ 8,729,938</u>	<u>\$ 26,586,737</u>

The Commonwealth issued bonds and notes through both competitive and negotiated sales during FY05. The costs for legal counsel and underwriting fees for bond sales were \$470,000 and \$10,209,000 respectively. In addition, the Commonwealth paid \$176,000 for disclosure counsel services.

**F. Bonds Defeased Through Refunding during FY05**

As authorized by the Massachusetts General Laws, the Commonwealth advance refunded certain general and special obligation bonds through the issuance of \$1,395,377,000 of general and special obligation refunding bonds, inclusive of premiums, during FY05. Net proceeds after issuance costs totaled approximately \$1,377,083,000 were used to purchase U.S. Government and U.S. Government Agency securities, which were deposited in irrevocable trusts with an escrow agent to provide for all future debt service payments of the refunded bonds. As a result, with the exception of the aforementioned crossover refunding bonds, the refunded bonds are considered to be defeased, and the liabilities therefore have been removed from the General Long-term Obligations Account Group. As a result of these refundings, the Commonwealth decreased current year debt service payments and has taken advantage of lower interest rates, and it has decreased its aggregate debt service payments by approximately \$112,274,000 over the next 23 years and will experience an economic gain (the difference between the present values of the debt service payments of the refunded and refunding bonds) of approximately \$67,273,000. At June 30, 2005, approximately \$1,286,720,000 of the bonds defeased and refunded during FY2005 remain outstanding.

**G. Prior Defeasance**

In prior years, the Commonwealth defeased certain general and special obligation bonds by purchasing securities (from the proceeds of refunding bonds or from surplus operating funds) and placing them in irrevocable trusts to provide for all future debt service payments on the defeased bonds. Accordingly, exclusive of the aforementioned crossover refunding, the trust account assets and the liabilities for the defeased bonds are not included in the financial statements. At June 30, 2005, approximately \$5,264,035,000 of bonds outstanding from activities in prior fiscal years are considered defeased.

**H. Statutory Debt Limit**

The Massachusetts General Laws establish limits on the amount of direct debt outstanding. By statutorily limiting the Commonwealth's ability to issue direct debt, this limit provides a control on annual capital spending. The direct debt limit for FY05 was approximately \$13,463,535,000. Outstanding debt subject to the limit at June 30, 2005 was approximately \$12,185,286,000. The limit increases 5% per year.

For purposes of determining compliance with the limit, outstanding direct debt is defined by statute to include general obligation bonds at the amount of their original net proceeds. It excludes BANs, discount and issuance costs, 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 and debt issued for the SMART program. The amounts excluded from the debt limit are as follows (amounts in thousands):

	Debt Outstanding
Balance June 30, 2005.....	\$ 17,856,799
Less amounts excluded:	
Premium and issuance cost.....	70,937
Special Obligation principal.....	(1,485,548)
GANs principal.....	(1,908,015)
County Debt Assumed.....	(600)
MBTA Forward Funding.....	(511,546)
SMART bonds.....	(500,000)
Central Artery / Tunnel.....	(1,336,741)
Outstanding direct debt.....	<u>\$ 12,185,286</u>

**I. Subsequent Bond Issuances**

In July of 2005, the Commonwealth sold \$527,635,000 in Special Obligation Revenue Refunding Bonds. The proceeds were used to refund the majority of the Convention and Exhibition Center Special Obligation Bonds sold during FY2004.

In August of 2005, the Commonwealth sold \$400,000,000 of General Obligation Bonds, 2005 Series B. The proceeds were used to fund capital spending.

Also in August of 2005, the Commonwealth issued an additional series of College Opportunity Bonds totaling \$11,581,000. This includes an initial amount of \$7,078,000 plus an expected \$4,503,000 in interest to be accreted through maturity.

In October of 2005, the Commonwealth sold \$701,895,000 of General Obligation Bonds, 2005 Series C and \$60,000,000 of 2005 Series D (Federally taxable bonds.) The proceeds were used to fund capital spending.

**7. LEASES**

In order to finance the acquisition of equipment, the Commonwealth has entered into various lease / purchase agreements, including tax-exempt lease purchase (TELP) agreements, which are accounted for as capital leases. Lease agreements are for various terms and contain clauses indicating that their continuation is subject to appropriation by the Legislature. For the fiscal year ended June 30, 2005, capital lease / purchase expenditures totaled approximately \$30,205,000.

At June 30, 2005, the Commonwealth's aggregate outstanding liability under capital leases, based on the present value of the net minimum lease payments, totaled approximately \$173,331,000. This liability is reported in the General Long-Term Obligations Account Group. Equipment acquired under capital leases and included in the General Fixed Assets Account Group totaled approximately \$95,713,000.

The Commonwealth has numerous operating lease agreements for real property and equipment with varying terms. These agreements contain provisions indicating that continuation is subject to appropriation by the Legislature.

Certain colleges have capital leases for energy projects with guaranteed energy savings. The result of these savings yields zero interest due from 2014 – 2022 on these leases.

Operating lease expenditures for the fiscal year ended June 30, 2005 were approximately \$192,683,000.



The following is a schedule of future minimum payments under non-cancelable leases as of June 30, 2005 (amounts in thousands):

	Capital Leases		Operating	
	<u>Principal</u>	<u>Interest</u>	<u>Leases</u>	<u>Total</u>
2006.....	\$ 40,794	\$ 7,207	\$ 159,127	\$ 207,128
2007.....	33,017	5,477	108,094	146,588
2008.....	30,393	4,485	78,671	113,549
2009.....	16,347	2,618	60,209	79,174
2010.....	16,596	2,122	41,511	60,229
2011-2015.....	31,894	2,914	215,058	249,866
2016-2020.....	2,228	338	41,414	43,980
2021-2025.....	2,062	312	46,732	49,106
2026-2029.....	-	-	37,386	37,386
Total.....	<u>\$ 173,331</u>	<u>\$ 25,473</u>	<u>\$ 788,202</u>	<u>\$ 987,006</u>

## 8. INDIVIDUAL FUND DEFICITS

In order to resolve the deficits in the budgeted funds, the Comptroller has recommended authorization of transfers from other budgeted funds with surplus balances or a plan of fund consolidation. For the Non-Budgeted Special Revenue Funds, the Comptroller has recommended similar budgeted transfers to subsidize and resolve the deficits or consolidation of such funds into budgeted funds. In both cases, such steps require legislative action.

The Capital Projects Fund deficit reported in the following table reflects the time lag between capital expenditures and the sale of related bonds. To arrive at the combined capital projects fund balance, this individual fund deficit of \$531,291,000 is offset by capital funds earmarked in the Central Artery Statewide Road and Bridge Infrastructure Fund of \$334,448,000 along with \$363,971,000 held in escrow for the two crossover refunding Special Obligation Bonds series' and \$26,218,000 in reserve for the other Capital Projects Funds.

The General Capital Projects Fund deficit is inclusive of SMART expenditures for school construction in the Commonwealth. \$500 million of expenditures occurred in FY2005 for school construction with the remainder of the \$1 billion authorization expected to occur in FY2006.

The following Budgeted, Non-Budgeted Special Revenue and Capital Projects Funds are included in the combined totals and have individual fund deficits at June 30, 2005, as follows (amounts in thousands):

Budgeted Funds:	
Highway Fund.....	\$ (824,236)
Children's and Seniors' Health Care Assistance Fund.....	(245,914)
Total Budgeted Funds.....	<u>(1,070,150)</u>
Non-Budgeted Special Revenue:	
Other:	
Government Land Bank Fund.....	(35,097)
Motor Vehicle Safety Inspection Trust Fund.....	(21,311)
Total Non - Budgeted Funds.....	<u>(56,408)</u>
Capital Projects:	
General Capital Projects Fund.....	(531,291)
Capital Investment Trust Fund.....	(757)
Capital Improvements and Investment Trust Fund.....	(12,524)
Capital Expenditure Reserve Fund.....	(98,829)
Government Land Bank Capital Project Fund.....	(10,000)
Local Capital Projects Fund.....	(16,345)
Total Capital Projects Funds.....	<u>(669,746)</u>
Total .....	<u>\$ (1,796,304)</u>

## 9. MEDICAID COSTS

The Commonwealth provides medical care for low-income, elderly and other residents who qualify for such assistance under the federally-sponsored Medical Assistance Program (Medicaid). The Commonwealth pays the full cost of care and is reimbursed by the federal government for 50 percent of that cost. For the fiscal year ended June 30, 2005, the General Fund, and Children's and Seniors' Health Fund include \$5,977,221,000 in expenditures for Medicaid claims processed for payment. An additional \$291,623,000 of Medicaid expenditures were reported in the non-budgeted special revenue fund, the Health Care Quality Improvement Fund.

The combined financial statements – statutory basis include Medicaid claims processed but unpaid at June 30, 2005 of approximately \$127,929,000 as accounts payable. The Commonwealth estimates its total liability, as determined in accordance with GAAP, at \$693,100,000 including the amounts reported as accounts payable at June 30, 2005. This amount includes estimates of both the cost of care provided as of June 30, 2005, for which claims have not been processed and other costs. Of this amount, \$359,685,000 is expected to be reimbursed by the federal government and third party recoveries.

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**10. RETIREMENT SYSTEMS**

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**A. Primary Government**

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, except for teachers in the Boston public schools, who are members of the State-Boston Retirement System but whose pensions are also the responsibility of the Commonwealth). The members of the retirement systems do not participate in the Social Security System.

The Commonwealth has assumed responsibility for payment of cost-of-living adjustments (COLA) for the separate (non-teacher) retirement systems of its cities, towns and counties, granted in fiscal year 1981 to 1996. The Commonwealth performs this valuation on an annual basis.

**B. Plan Descriptions**

The *State Employees' Retirement System* (SERS) is a single employer defined benefit public employee retirement system (PERS), 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 and the Massachusetts Turnpike Authority. The SERS is administered by the Commonwealth and is part of the reporting entity and does not issue a stand alone financial report.

The *Teachers' Retirement System* (TRS) is an agent multiple employer defined benefit PERS. The Commonwealth is a non-employer contributor and is responsible for all contributions and future benefit requirements of the TRS. The TRS covers certified teachers in cities (except the City of Boston), towns, regional school districts and Quincy College. The TRS is administered by the Commonwealth and is part of the reporting entity and does not issue a stand-alone financial report.

The *State – Boston Retirement System* (SBRS) is a hybrid multiple employer defined benefit PERS. SBRS provides pension benefits to all full-time employees upon commencement of employment with any of the various government agencies covered by SBRS. The Commonwealth is a non-employer contributor and is only responsible for the actual cost of pension benefits for SBRS participants who serve in the City of Boston's School Department in a teaching capacity (BTRS). The cost of pension benefits of the other participants is the responsibility of the City of Boston. SBRS is not administered by the Commonwealth and is not part of the reporting entity and a stand-alone financial report is not available.

Certain Commonwealth employees and current retirees employed prior to the establishment of the State Employees' Retirement System are covered on a "pay-as-you-go" basis. During the year ended June 30, 2005, the Commonwealth's pension expenditure included payments totaling \$11,631,000 to current retirees employed prior to the establishment of the current plans and the non-contributory plans.

The policy for post-retirement benefit increases for all retirees of the SERS, TRS, BTRS and COLA of local governments is subject to legislative approval.

*Membership* – Membership in SERS, TRS and BTRS as of January 1, 2005, the date of the most recent valuation, is as follows:

	<u>SERS</u>	<u>TRS</u>	<u>BTRS</u>
Retirees and beneficiaries			
currently receiving benefits.....	50,907	42,164	3,155
Terminated employees entitled to benefits but not yet receiving them....	3,033	N/A	183
Subtotal.....	53,940	42,164	3,338
Current employees:			
Vested*.....	41,432	44,021	3,218
Non-vested*.....	40,250	44,006	2,562
Subtotal.....	81,682	88,027	5,780
Total.....	135,622	130,191	9,118

\* Estimated

### C. *Benefit Provisions*

Massachusetts General Laws establish uniform benefit and contribution requirements for all contributory PERS. These requirements provide for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular 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 is 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.

### D. *Funding Progress*

During FY01, the Legislature passed Chapter 114 of the Acts of 2000, which modified Chapter 32 of the General Laws. This modification became effective on July 1, 2001. In Chapter 114, teachers who are members of the State Teachers Retirement System, or teachers who are members of the State – Boston Retirement System before 1975, who resigned or took an unpaid leave of absence because of maternity leave will be allowed to “buy back” into the fund up to a maximum of four years. The member must pay the amount determined by the Retirement Board by December 31, 2001 to qualify, as long as the member has worked longer than ten years. If the member completes ten years of service after December 31, 2001, payment can be made within 18 months of completion of ten years of service. In addition, the law creates a superannuation retirement benefit program for all teachers hired on or after July 1, 2001. This program has a contribution rate of 11 percent of regular compensation. To be eligible for the alternative benefit at retirement, the teacher must have completed thirty years of eligible service. All previous members may elect to participate in the program, as long as they participate with the equivalent of a minimum of five years of employee contributions at the new rate. If the member retires before five years, the teacher must pay into the system, the amount that would have been paid in one lump sum, or in installments as the Board may prescribe. The alternative benefit is calculated as the percentage of average compensation determined under the current formula increased by 2% of the average annual compensation for each full year of service in excess of 24 years. The election to participate is irrevocable.

The following table presents the schedule of funding progress as presented in the most recent actuarial valuations at the dates indicated (amounts in thousands):

Actuarial Valuation as of January 1	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Unfunded Actuarial Liability (UAL)	Funded Ratio %	Annual Covered Payroll *	UAL as a % of Covered Payroll
State Employees' Retirement System						
2005	\$ 16,211,000	\$ 19,575,000	\$ 3,364,000	82.8 %	\$ 3,967,000	84.8 %
2004	15,931,000	18,966,000	3,065,000	84.0	3,842,000	79.8 %
2003	13,947,000	17,551,000	3,604,000	79.5	3,779,000	95.4
2002	15,002,000	15,961,000	959,000	94.0	4,034,000	23.8
2001	13,922,000	15,170,000	1,248,000	91.8	3,700,000	33.7
2000	13,364,000	14,138,000	773,000	94.5	3,472,000	22.3
1998	9,914,000	11,361,000	1,447,000	87.3	3,111,000	46.5
1996	7,366,000	9,441,000	2,075,000	78.0	2,989,000	69.4
1995	5,879,000	8,602,000	2,723,000	68.3	2,992,000	91.0
1993	5,071,000	8,738,000	3,667,000	58.0	2,919,000	125.6
Teachers' Retirement System						
2005	17,683,000	26,167,000	8,483,000	67.6	4,643,000	182.7
2004	17,075,000	24,519,000	7,444,000	69.6	4,556,000	163.4
2003	14,762,000	22,892,000	8,129,000	64.5	4,406,000	184.5
2002	15,712,000	20,620,000	4,908,000	76.2	4,264,000	115.1
2001	14,390,000	18,170,000	3,779,000	79.2	4,072,000	92.8
2000	13,681,000	16,420,000	2,739,000	83.3	3,704,000	73.9
1998	10,170,000	13,095,000	2,925,000	77.7	3,175,000	92.1
1996	7,553,000	10,252,000	2,699,000	73.7	2,810,000	96.0
1995	6,014,000	9,712,000	3,698,000	61.9	2,667,000	138.7
1993	5,142,000	8,921,000	3,779,000	57.6	2,428,000	155.6
State - Boston Retirement System ( Boston Teachers)						
2005	1,044,000	2,141,000	1,097,000	48.8	379,000	289.4
2004	1,040,000	2,022,000	982,000	51.4	368,000	266.8
2003	919,000	1,918,000	998,000	47.9	387,000	257.9
2002	984,000	1,756,000	772,000	56.0	370,000	208.6
2001	918,000	1,502,000	583,000	61.1	304,000	191.8
2000	860,000	1,381,000	521,000	62.3	285,000	182.8
1998	699,000	1,219,000	520,000	57.3	285,000	182.5
1996	549,000	1,025,000	476,000	53.6	274,000	173.7
1995	438,000	833,000	395,000	52.6	232,000	170.3
1993	370,000	743,000	373,000	49.8	206,000	181.1

\* - The covered payroll amounts approximate the employer payroll.

#### E. Pension Actuarial Valuation

The Commonwealth's pension actuarial valuation was performed as of January 1, 2005 pursuant to Chapter 32 of the General Laws of the Commonwealth of Massachusetts and based on the plan provisions at that time. The following are the most significant assumptions used in preparing the 2005 actuarial valuation:

Investment return.....	8.25% per year
Interest rate credited to annuity savings.....	3.5% per year
Cost of living increases.....	3% per year
Mortality.....	RP-2000 Health Annuitant table projected with scale AA (gender distinct). This is applicable to both pre-retirement and post-retirement benefits. Adjustments made for disabled members and certain other groups.
Salary Increases.....	Based on analysis of past experience - ranges from 4.75% to 8.5% for groups 1 and 2, 5.5% to 9.5% for group 3, 5.5% to 12% for group 4 and 4.75% to 9.5% for teachers.

**F. Contributions Required  
and Contributions Made**

The total contributions required for SERS, TRS and SBRS are based on the entry age normal cost method using the same actuarial assumptions used to compute the net pension obligation.

The Commonwealth was financially responsible for the COLA granted to participants in various retirement systems of cities, towns and counties in fiscal year 1981 to 1996. 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 the respective system. Any future COLA granted by the Legislature to employees of these plans will be the responsibility of the individual system. The individual employer governments are also responsible for the basic pension benefits. The retirement systems are not administered by the Commonwealth and are not part of the reporting entity. The actuarial accrued liability for COLA as of January 1, 2005 was \$475,000,000.

The retirement systems' funding policies have been established by Chapter 32 of the Massachusetts General Laws. The Legislature has the authority to amend these policies. The annuity portion of the SERS, TRS and BTRS 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.

Member contributions vary depending on the most recent date of membership:

<u>Hire Date</u>	<u>% of Compensation</u>
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

The Commonwealth's contribution for the pension benefit portion of the retirement allowance of SERS and TRS and required payments to cover BTRS and COLA contributions were originally established on a "pay-as-you-go" basis. As a result, amounts were appropriated each year to pay current benefits, without a systematic provision to fully fund future liabilities already incurred. Beginning in fiscal year 1988, the Commonwealth enacted the Pension Reform Act of 1987 and addressed the unfunded liability of SERS, TRS and its participation in SBRS and its COLA obligation.

This legislation also directed the Secretary of Administration and Finance to prepare a funding schedule to meet these 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 2004, the amortization payments are designed to eliminate the unfunded liability by fiscal year 2023 on a 4.50% increasing basis. Contributions by the Commonwealth of \$1,216,936,000 were made during the fiscal year ended June 30, 2005. Of this amount \$59,520,000 represents payments for COLA granted to participants in retirement systems of cities, towns and counties. The Commonwealth schedule encompasses SERS, TRS and Boston Teachers.

GAAP requires that pension expenditures (costs) be based on the actuarially required contribution determined using an acceptable actuarial cost method and that they be not less than:

- Normal cost plus amortization of net pension obligation cost
- Interest and amortization on any unfunded prior service costs

The funding schedule discussed above follows an acceptable actuarial funding methodology to compute normal cost and the unfunded accrued actuarial liability.

The following table presents the schedule of employer contributions (amounts in thousands):

Actuarial Valuation as of January 1	Annual Required Contribution (ARC)	Interest on NPO	Amortization of NPO	Pension Cost	Actual Contribution Made	Net Pension (Obligation) / Asset (NPO)	% of ARC Contributed	% of Pension Cost Contributed
State Employees' Retirement System								
2005	\$ 390,867	\$ (102,399)	\$ (88,069)	\$ 376,538	\$ 415,296	\$ 1,279,953	106 %	110 %
2004	349,557	(109,346)	(90,749)	330,960	246,754	1,241,195	71	75
2003	397,698	(117,299)	(96,940)	377,338	280,929	1,325,401	71	74
2002	215,795	(111,506)	(92,152)	196,441	266,660	1,421,811	124	136
2001	275,204	(109,731)	(133,387)	298,861	320,381	1,351,592	116	107
2000	352,084	(108,400)	107,190	350,873	367,000	1,330,071	104	105
1999	319,454	(103,188)	98,556	314,822	378,000	1,313,944	118	120
1998	261,255	(83,446)	77,180	254,989	494,289	1,250,766	189	194
1997	246,037	(65,478)	41,889	222,448	463,590	1,011,466	188	208
1996	232,158	(46,918)	29,523	214,763	433,114	770,324	187	202
Teachers' Retirement System								
2005	699,722	(45,553)	(39,178)	693,347	682,000	540,806	97	98
2004	610,841	(65,373)	(54,255)	599,722	359,476	552,153	59	60
2003	651,021	(83,468)	(68,980)	636,534	417,204	792,400	64	66
2002	411,225	(82,377)	(68,079)	396,927	410,143	1,011,729	100	103
2001	475,053	(78,498)	(95,421)	491,976	539,000	998,513	113	110
2000	480,873	(79,487)	78,599	479,985	468,000	951,489	97	98
1999	373,777	(70,312)	67,155	370,620	481,826	963,474	129	130
1998	315,474	(59,126)	54,686	311,034	446,619	852,267	142	144
1997	245,426	(44,832)	28,681	229,275	418,519	716,682	171	183
1996	232,403	(30,311)	19,073	221,165	392,003	527,439	169	177
Boston Teachers Retirement System								
2005	85,679	7,877	6,775	86,800	86,000	(96,279)	100	99
2004	74,787	5,374	4,460	75,701	45,364	(95,480)	61	60
2003	76,151	3,411	2,819	76,743	52,944	(65,142)	70	69
2002	940,003	(67)	(56)	93,992	51,833	41,343	6	55
2001	66,820	1,542	1,875	66,488	86,000	815	129	129
2000	58,266	448	(443)	58,271	45,000	18,697	77	77
1999	53,453	(989)	944	53,409	36,000	5,426	67	67
1998	48,795	(2,114)	1,995	48,636	35,000	11,983	72	72
1997	34,621	(2,082)	1,332	33,871	35,000	25,619	101	103
1996	32,908	(1,860)	1,171	32,219	34,822	24,490	106	108

**G. *Post-retirement Health  
Care and Life Insurance  
Benefits***

In addition to providing pension benefits, under Chapter 32A of the Massachusetts General Laws, 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 is comparable to contributions required from employees. The Commonwealth is reimbursed for the cost of benefits to retirees of the eligible authorities and non-state agencies. The Commonwealth recognizes its share of the costs of providing these benefits when paid. These payments totaled approximately \$316,693,000 for the fiscal year ended June 30, 2005. There are approximately 53,334 participants eligible to receive benefits at June 30, 2005.

The Commonwealth has not performed an actuarial valuation of its post-retirement health care and life insurance benefit liability. Private industry typically sees an actuarial accrued liability of 10 to 20 times the current annual payments. For the Commonwealth, this would extrapolate to an actuarial accrued liability of \$2.5 billion to \$5 billion.

The FY04 General Appropriation Act changed the employee contribution rates for group health insurance, with the exception of current employees earning less than \$35,000 and retirees. Current employees as of July 1, 2003 will contribute 20% to their health insurance costs if they earn over \$35,000. New employees will contribute 25%. In fiscal 2006, the contribution rates will return to 15% for all employees.

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**11. COMMITMENTS**

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**A. *MBTA and Other  
Authorities***

The Commonwealth continues to guarantee certain Massachusetts Bay Transportation Authority (MBTA) debt outstanding at June 30, 2005, totaling \$1,791,835,000.

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.

In addition to the residual obligations of the MBTA, the Commonwealth guarantees debt of a number of Public Authorities. At June 30, 2005, the aggregate outstanding debt for which the Commonwealth is obligated to provide contract assistance support totaled approximately \$1,569,206,000 long-term, of which \$687,310,000 is for the Route 3 North Transportation Improvements Association and \$642,390,000 is for the University of Massachusetts Building Authority. No short-term regional transit authority debt is guaranteed.



**B. *Saltonstall Building***

The Massachusetts Development Finance Agency (MDFA) was authorized in legislation to undertake redevelopment of the Saltonstall State Office Building (Building) and its surrounding area. Under the provisions of MDFA's bond authorization, the Building is to be leased by the MDFA for a lease term of up to 50 years with extension terms permitted for an aggregate 30 more years. The MDFA renovated the Building leased half of it back to the Commonwealth for office space and related parking for a comparable lease term. The remainder of the Building and surrounding area has been redeveloped as private office space, housing and retail establishments. The Commonwealth is obligated for future lease payments for space it rents. However, this obligation is not a general obligation or a pledge of credit of the Commonwealth. Though MDFA's bonds are revenue obligations, with pledges of the public and private lease payments, the Commonwealth's lease payments are due upon occupancy and are subject to annual appropriation. The Commonwealth has commenced occupancy of the Building.

**C. *Central Artery / Tunnel Project***

The Central Artery / Tunnel Project is the largest single component of the Commonwealth's capital program according to the finance plan filed as of October 1, 2004. The current cost estimate is \$14.625 billion. The plan includes a maximum obligation of \$8.549 billion from the federal government. The finance plan is currently under review.

At June 30, 2005, the Commonwealth had commitments of approximately \$418,930,000 related to ongoing construction projects. The Central Artery/Tunnel Project continues to anticipate federal participation and payments from the Massachusetts Turnpike Authority (MTA) and the Massachusetts Port Authority (MassPort).

**12. CONTINGENCIES**

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. 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 Attorney General estimates the liability to be approximately \$30,000,000 to be paid during FY06. No accrual has been made for this amount in the combined financial statements – statutory basis.

Under the statutory basis of accounting, workers' compensation costs are recognized when claims are presented and paid. The Commonwealth's outstanding liability for such claims at June 30, 2005 is estimated to be \$312,600,000, of which approximately \$39,390,000 is expected to be paid during FY06. No accrual has been made for these amounts in the combined financial statements – statutory basis.

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. Any disallowances become liabilities of the fund, which received the assistance. At June 30, 2005, the Commonwealth estimated that liabilities, if any, which may result from such audits are not material.

Chapter 200A of the Massachusetts General Laws, 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 General Fund each June 30, where it is included as miscellaneous revenue. Amounts remitted during FY05 totaled approximately \$172,502,000. Since inception, approximately \$1,492,533,000 has been remitted. A portion of this amount represents a contingency, because claims for refunds can be made by the owners of the property.

**A. Tobacco Settlement**

A Master Settlement Agreement (MSA) was executed in November of 1998 between five tobacco companies and 46 states, including the Commonwealth. 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 FY05, the Commonwealth received approximately \$257,417,000 or 91% of the estimated amounts shown in the MSA. All received amounts were transferred to the General Fund.

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. To date, however, the attorneys have received more than 10.5% of what the Commonwealth has received under the MSA. As of June 30, 2005, 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.

**B. Unemployment  
Compensation Fund**

During FY04, the Commonwealth received interest free loans from the federal government to fund the unemployment compensation operating deficit, the fund balance declined by \$368.2 million. All of these borrowings were paid back in May 2004. No additional revenues were needed to be collected from employers in order to pay accrued interest as the loans were interest free. The fund balance in the Unemployment Compensation Fund stands at approximately \$122.5 million as of June 30, 2004. On October 13, 2004, the Commissioner of the Division of Unemployment Assistance announced that further loans will be needed in FY05 to pay unemployment benefits.

**13. NON-TAX REVENUE INITIATIVES**

Chapter 653, Acts of 1989, amended Chapter 29 of the Massachusetts General Laws by adding Sections 29D and 29E, which authorize certain non-tax revenue initiatives and require reporting thereon, as follows.

**A. Debt Collection**

Pursuant to Massachusetts General Laws Chapter 29, Section D, Chapter 7A Section 8, allows private debt collection agencies to engage in debt collection for the Commonwealth. The fees paid are contingency based from the proceeds collected. Collections and fees paid during FY05 were:

Department Collectors	Collections	Fees
ACS State & Local Solutions .....	\$ 1,590	\$ 425
Allen Daniel Associates.....	436	79
Collecto Inc.....	2,231	496
Delta Management Associates, Inc....	531	107
Glenn Associates, Inc.....	786	149
Gragil Associates, Inc.....	79	18
NCO Financial Systems, Inc.....	1	-
OSI Collection Services,, Inc.....	1,153	243
Walker Associates Inc.....	875	140
Windham Professionals, Inc.....	1,398	317
Total.....	<u>\$ 9,080</u>	<u>\$ 1,974</u>

Under the same program, the following amounts were collected and fees paid for institutions of higher education: (These figures are a subset of the above).

Department Collectors	Collections	Fees
Collecto Inc.....	\$ 385	\$ 69
Delta Management Associates, Inc....	1,481	338
Glenn Associates, Inc.....	775	141
NCO Financial Systems, Inc.....	1	-
OSI Collection Services, Inc.....	518	109
Windham Professionals.....	264	56
Total.....	<u>\$ 3,424</u>	<u>\$ 713</u>

**B. Revenue Maximization**

Pursuant to Massachusetts General Law Chapter 29 Section 29E, contractors were engaged on a contingent fee basis to assist several of the Commonwealth's departments in the identification and collection of federal and other non-tax revenues. During FY05, \$236,445,000 was generated through such efforts, of which \$109,303,000 was credited back to the federal government. After contractor payments of \$8,865,000, the Commonwealth received \$118,277,000.

**C. Cost Avoidance**

The Comptroller's appropriation authorizes contract arrangements engaged on a contingent fee basis for the purpose of identification and pursuit of cost saving/avoidance opportunities. During FY05, \$374,994,000 of state expenditures were avoided, of which \$142,344,000 would have been funded by the federal government. After contractor payments of \$25,169,000, the Commonwealth had a net cost saving / avoidance of approximately \$207,482,000.

**D. Intercept**

Intercept is authorized by M.G.L. Chapter 7A Section 3 and 815 CMR 9:06. Intercept is an automated process that offsets Commonwealth payments to delinquent receivables that have been approved by the Office of the State Comptroller. In FY05, the Commonwealth intercepted \$3,692,000 of which \$1,710,000 was on behalf of institutions of higher education.



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# *Combining and Individual Fund Financial Statements - Statutory Basis*



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# *Individual Budgeted Funds*

## **MAJOR BUDGETED FUNDS:**

**The General Fund** - The General Fund is the Commonwealth's primary Governmental Fund. All governmental activities not specifically directed to another fund are accounted for in the General Fund. As a result, most budgeted expenditures of the Executive secretariats, the Legislature, constitutional offices, Judiciary, institutions of higher education and independent commissions are paid for from the General Fund. It similarly receives a significant portion of sales, individual income and corporate taxes, and the full amount of most other governmental taxes.

**Highway Fund** - to account for highway user taxes including the gas tax and fees; used to finance highway maintenance and safety services, and provide matching funds for federally sponsored highway projects as required.

**Infrastructure Fund (Subfund of Highway Fund)** - details specific components of revenue and expenditure related to the Highway Fund segregated per instructions in Section 2 O of Chapter 29 of the General Laws.

**The Commonwealth Stabilization Fund** - to account for amounts calculated in accordance with state finance law and maintain a reserve to enhance the Commonwealth's fiscal stability. Per the FY2005 General Appropriation Act tax revenues from certain lottery winners selling their stream of future winnings in exchange for current payments will be recorded in this fund. In FY2004, these functions were expanded to include cost recoveries from the Central Artery / Tunnel Project and the residual balance of the Temporary Holding Fund to the extent of expenditures from the Stabilization Fund.

**Administrative Control Funds** - account for the revenues generated by certain administrative functions of government, for which the Legislature has required that separate funds be established. These funds include:

**Temporary Holding Fund** - to account for cumulative tax revenues during the fiscal year in excess of permissible tax revenues as defined in Chapter 62F, Section 6A of the General Laws. The fund balance in the fund closes annually to the Stabilization Fund to the extent of revenues from that fund. Any remaining balance transfers to the General Fund.

**Intragovernmental Service Fund** - to account for the charges of any state agency for services provided by another state agency, for example, charges levied by the public employee retirement administration for workers compensation chargeback.

**Transitional Escrow Fund** - to account for the undesignated fund balances in budgetary funds from FY2005 before transfers pursuant to clause (b) of section 5c of Chapter 29 of the General Laws. This fund will expire on June 30, 2006, at which time the unexpended balance in the fund will transfer to the Stabilization Fund.

## **BUDGETED ENVIRONMENTAL FUNDS:**

These funds account for a variety of revenues, which finance programs to preserve, protect and enhance the environment. These funds include:

**Inland Fisheries and Game Fund** - to account for revenues from license and permit fees for inland fishing, hunting, trapping, and sporting licenses and revenue producing stamps or the sales of land, rights and properties, gifts, interest, and federal grant reimbursements; used for developing, maintaining and operating the Division of Fisheries and Wildlife.

## **OTHER BUDGETED FUNDS:**

These funds account for a variety of miscellaneous taxes, fees, fines and other revenues, which are restricted to the financing of specific Commonwealth programs.

**Workforce Training Fund** - to account for revenues from new unemployment surcharge of .075% of unemployment taxable wages on employers; to provide grants to employers and labor groups to provide education and training to new and existing employees.

**Federal Medicaid Assistance Percentage Escrow Fund** - to account for the inflows associated with Commonwealth Medicaid reimbursements in accordance with the Federal Jobs Growth Reconciliation Act of 2003 during FY2004.



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The fund expired on June 30, 2005, with all remaining balances transferred to the General Fund.

***Massachusetts Tourism Fund*** - to account for revenues received from hotel taxes; used to fund the Office of Travel and Tourism promotions and the Massachusetts Convention Center Authority.

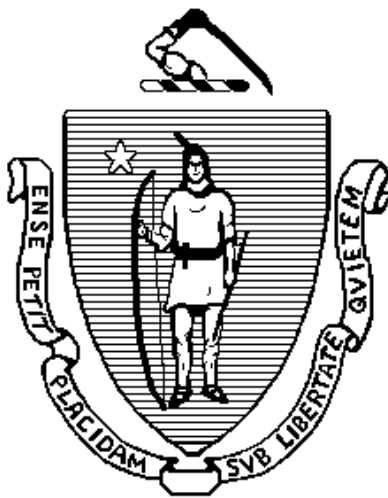
***Children's and Seniors' Health Care Assistance Fund*** – to account for a portion of the cigarette and smokeless tobacco tax, inventory tax and related investment income; to be appropriated for the provision of medical benefits to expansion beneficiaries and a five year pilot program of pharmacy assistance.

The following funds have been enacted in legislation but are inactive:

***Collective Bargaining Reserve Fund*** - to account for transfers from the general fund, which may be used to fund negotiated contracts for state employees.

***Tax Reduction Fund*** – to account for the maintenance of a reserve, which shall be used only to reduce personal income taxes.

***Division of Energy Resources Credit Trust Fund*** – to account for the receipt, retention, redemption sale or transfer of energy conservation credits, renewable energy certificates or credits, emission credits and similar allowances. The Division of Energy Resources may expend these funds, subject to appropriation for the implementation of programs for energy reliability, renewable energy, public procurement of energy and energy efficiency and climatic change. Any unexpended balance in the fund at the close of a fiscal year is retained in the fund and the fund may not carry a deficit at the end of the state fiscal year.



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**Budgeted Funds**  
Combining Balance Sheet - Statutory Basis

June 30, 2005 and 2004  
(Amounts in thousands)

	General	Highway	Commonwealth Stabilization
<b>ASSETS</b>			
Cash and short-term investments.....	\$ 1,918,271	\$ -	\$ 1,728,355
Cash with fiscal agent.....	-	26,060	-
Receivables, net of allowance for uncollectibles:			
Due from federal government.....	373,218	-	-
Other receivables.....	7,837	-	-
Due from cities and towns.....	8,884	-	-
Due from other funds.....	-	-	-
Total assets.....	<u>\$ 2,308,210</u>	<u>\$ 26,060</u>	<u>\$ 1,728,355</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Deficiency in cash and short-term investments.....	\$ -	\$ 840,040	\$ -
Accounts payable.....	818,349	10,256	-
Total liabilities.....	<u>818,349</u>	<u>850,296</u>	<u>-</u>
Fund balances (deficit):			
Reserved for:			
Continuing appropriations.....	302,484	272	-
Commonwealth stabilization.....	-	-	1,728,355
Transitional escrow.....	-	-	-
Debt service.....	-	26,060	-
Unreserved:			
Undesignated.....	<u>1,187,377</u>	<u>(850,568)</u>	<u>-</u>
Total fund balances (deficit).....	<u>1,489,861</u>	<u>(824,236)</u>	<u>1,728,355</u>
Total liabilities and fund balances.....	<u>\$ 2,308,210</u>	<u>\$ 26,060</u>	<u>\$ 1,728,355</u>

Administrative Control	Environmental	Other	Totals (Memorandum only)	
			2005	2004
\$ 323,938	\$ 13,027	\$ -	\$ 3,983,591	\$ 2,832,914
-	-	-	26,060	26,064
-	-	17,055	390,273	443,771
-	-	-	7,837	13,921
-	-	-	8,884	2,674
-	-	-	-	47
<u>\$ 323,938</u>	<u>\$ 13,027</u>	<u>\$ 17,055</u>	<u>\$ 4,416,645</u>	<u>\$ 3,319,391</u>
\$ -	\$ -	\$ 237,113	\$ 1,077,153	\$ 704,479
17,938	607	5,155	852,305	722,107
<u>17,938</u>	<u>607</u>	<u>242,268</u>	<u>1,929,458</u>	<u>1,426,586</u>
1,162	-	25,637	329,555	638,510
-	-	-	1,728,355	1,137,320
304,838	-	-	304,838	-
-	-	-	26,060	26,064
-	12,420	(250,850)	98,379	90,911
<u>306,000</u>	<u>12,420</u>	<u>(225,213)</u>	<u>2,487,187</u>	<u>1,892,805</u>
<u>\$ 323,938</u>	<u>\$ 13,027</u>	<u>\$ 17,055</u>	<u>\$ 4,416,645</u>	<u>\$ 3,319,391</u>

## Budgeted Funds

### Combining Statements Of Revenues, Expenditures And Changes In Fund Balances - Statutory Basis

Fiscal Years Ended June 30, 2005 and 2004  
(Amounts in thousands)

	General	Highway	Commonwealth Stabilization
<b>REVENUES AND OTHER FINANCING SOURCES</b>			
Revenues:			
Taxes.....	\$ 15,267,938	\$ 586,488	\$ 3,996
Assessments.....	110,583	11,720	-
Federal grants and reimbursements.....	4,389,553	1,526	-
Departmental.....	1,223,310	420,443	90
Miscellaneous.....	153,127	1,470	17,270
Total revenues.....	<u>21,144,511</u>	<u>1,021,647</u>	<u>21,356</u>
Other financing sources:			
Fringe benefit cost recovery.....	215,338	-	-
Lottery reimbursements.....	86,614	-	-
Lottery distributions.....	927,791	-	-
Tobacco settlement transfer.....	257,417	-	-
Excess permissible tax revenue.....	-	-	135,991
Operating transfers in.....	308,541	20,751	-
Stabilization transfer.....	343,271	-	776,959
Transfer for transitional escrow.....	-	-	-
Federal reimbursement transfer in.....	-	-	-
Federal medicaid assistance percentage escrow transfer.....	270,000	-	-
Total other financing sources.....	<u>2,408,972</u>	<u>20,751</u>	<u>912,950</u>
Total revenues and other financing sources.....	<u>23,553,483</u>	<u>1,042,398</u>	<u>934,306</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>			
Expenditures:			
Legislature.....	53,681	-	-
Judiciary.....	607,170	-	-
Inspector General.....	2,258	-	-
Governor and Lieutenant Governor.....	4,805	-	-
Secretary of the Commonwealth.....	41,175	-	-
Treasurer and Receiver-General.....	111,793	980	-
Auditor of the Commonwealth.....	16,989	-	-
Attorney General.....	34,554	431	-
Ethics Commission.....	1,265	-	-
District Attorney.....	76,377	3,217	-
Office of Campaign & Political Finance.....	993	-	-
Sheriff's Departments.....	221,167	376	-
Disabled Persons Protection Commission.....	1,704	-	-
Board of Library Commissioners.....	3,578	-	-
Comptroller.....	8,453	-	-
Administration and finance.....	1,363,566	5,553	-
Environmental affairs.....	170,512	-	-
Housing and community development.....	94,174	-	-
Health and human services.....	4,560,168	-	-
Transportation and construction.....	152,496	91,099	-
Education.....	417,732	-	-
Higher education.....	914,960	-	-
Public safety and homeland security.....	741,257	191,624	-
Economic development.....	81,636	60	-
Direct local aid.....	4,476,670	-	-
Medicaid.....	5,519,235	-	-
Pension.....	1,216,936	-	-
Debt service:			
Principal retirement.....	514,707	365,421	-
Interest and fiscal charges.....	340,876	359,743	-
Total expenditures.....	<u>21,750,887</u>	<u>1,018,504</u>	<u>-</u>
Other financing uses:			
Fringe benefit cost assessment.....	-	48,454	-
Economic stimulus trust transfer.....	-	-	-
Excess permissible tax revenue.....	135,991	-	-
Uncompensated care pool transfer.....	309,100	-	-
School building assistance transfer.....	-	-	-
Operating transfers out.....	100,014	109,631	-
Stabilization transfer.....	766,504	-	343,271
Transfer for transitional escrow.....	304,838	-	-
Federal medicaid assistance percentage escrow transfer.....	-	-	-
Total other financing uses.....	<u>1,616,447</u>	<u>158,085</u>	<u>343,271</u>
Total expenditures and other financing uses.....	<u>23,367,334</u>	<u>1,176,589</u>	<u>343,271</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	186,149	(134,191)	591,035
Fund balances (deficit) at beginning of year.....	1,303,712	(690,045)	1,137,320
Legislative fund reclassification.....	-	-	-
Fund balances (deficit) at end of year.....	<u>\$ 1,489,861</u>	<u>\$ (824,236)</u>	<u>\$ 1,728,355</u>

Administrative Control	Environmental	Other	Totals (Memorandum only)	
			2005	2004
\$ -	\$ 901	\$ 128,076	\$ 15,987,399	\$ 15,268,976
-	-	-	122,303	126,621
-	3,365	302,439	4,696,883	5,098,536
186,981	7,306	2,190	1,840,320	1,729,992
-	32	240	172,139	124,860
186,981	11,604	432,945	22,819,044	22,348,985
-	-	-	215,338	177,646
-	-	-	86,614	78,426
-	-	-	927,791	904,417
-	-	-	257,417	253,621
135,991	-	-	271,982	714,868
2,013	97	-	331,402	408,230
-	-	-	1,120,230	1,160,705
304,838	-	-	304,838	-
-	-	-	-	85
-	-	-	270,000	-
442,842	97	-	3,785,612	3,697,998
629,823	11,701	432,945	26,604,656	26,046,983
-	-	-	53,681	50,535
-	-	-	607,170	572,504
-	-	-	2,258	2,280
-	-	-	4,805	4,892
115	-	-	41,290	34,272
-	-	-	112,773	108,623
-	-	-	16,989	16,222
-	-	3	34,988	33,011
-	-	-	1,265	1,260
-	-	-	79,594	76,924
-	-	-	993	994
-	-	-	221,543	214,711
-	-	-	1,704	1,567
-	-	-	3,578	3,178
2,200	-	-	10,653	8,427
138,754	-	1	1,507,874	1,381,518
340	9,044	30	179,926	168,526
-	-	500	94,674	67,573
36,249	-	2,549	4,598,966	4,516,362
570	-	-	244,165	136,946
-	-	-	417,732	348,650
-	-	-	914,960	831,295
8,094	-	-	940,975	889,294
-	-	44,707	126,403	101,674
-	-	-	4,476,670	4,783,983
-	-	457,986	5,977,221	5,742,398
-	-	-	1,216,936	701,902
-	-	-	880,128	826,353
-	-	-	700,619	665,880
186,322	9,044	505,776	23,470,533	22,291,754
-	1,374	2,191	52,019	46,262
-	-	-	-	67,266
135,991	-	-	271,982	714,868
-	-	-	309,100	245,000
-	-	-	-	150,000
1,927	-	-	211,572	231,108
-	-	10,455	1,120,230	1,160,705
-	-	-	304,838	-
-	-	270,000	270,000	-
137,918	1,374	282,646	2,539,741	2,615,209
324,240	10,418	788,422	26,010,274	24,906,963
305,583	1,283	(355,477)	594,382	1,140,020
417	11,137	130,264	1,892,805	936,070
-	-	-	-	(183,285)
\$ 306,000	\$ 12,420	\$ (225,213)	\$ 2,487,187	\$ 1,892,805

## Budgeted Funds

### Combining Statements Of Revenues, Expenditures And Changes In Fund Balances - Statutory Basis - Budget And Actual

Fiscal Year Ended June 30, 2005

(Amounts in thousands)

	General			Highway		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES AND OTHER FINANCING SOURCES</b>						
Revenues:						
Taxes.....	\$ 14,150,400	\$ 15,267,938	\$ 1,117,538	\$ 600,000	\$ 586,488	\$ (13,512)
Assessments.....	-	110,583	110,583	-	11,720	11,720
Federal grants and reimbursements.....	4,685,900	4,389,553	(296,347)	3,600	1,526	(2,074)
Departmental.....	1,396,600	1,223,310	(173,290)	435,400	420,443	(14,957)
Miscellaneous.....	-	153,127	153,127	-	1,470	1,470
Total revenues.....	20,232,900	21,144,511	911,611	1,039,000	1,021,647	(17,353)
Other financing sources:						
Fringe benefit cost recovery.....	-	215,338	215,338	-	-	-
Lottery reimbursements.....	86,900	86,614	(286)	-	-	-
Lottery distributions.....	963,959	927,791	(36,168)	-	-	-
Tobacco settlement transfer.....	240,000	257,417	17,417	-	-	-
Excess permissible tax revenue .....	-	-	-	-	-	-
Operating transfers in.....	311,841	308,541	(3,300)	6,500	20,751	14,251
Stabilization transfer.....	340,000	343,271	3,271	-	-	-
Transfer for transitional escrow.....	-	-	-	-	-	-
Federal medicaid assistance percentage escrow transfer.....	270,000	270,000	-	-	-	-
Total other financing sources.....	2,212,700	2,408,972	196,272	6,500	20,751	14,251
Total revenues and other financing sources.....	22,445,600	23,553,483	1,107,883	1,045,500	1,042,398	(3,102)
<b>EXPENDITURES AND OTHER FINANCING USES</b>						
Expenditures:						
Legislature.....	80,820	53,681	27,139	-	-	-
Judiciary.....	618,960	607,170	11,790	-	-	-
Inspector General.....	2,625	2,258	367	-	-	-
Governor and Lieutenant Governor.....	5,363	4,805	558	-	-	-
Secretary of the Commonwealth.....	43,212	41,175	2,037	-	-	-
Treasurer and Receiver-General.....	130,488	111,793	18,695	1,069	980	89
Auditor of the Commonwealth.....	16,998	16,989	9	-	-	-
Attorney General.....	36,229	34,554	1,675	432	431	1
Ethics Commission.....	1,265	1,265	-	-	-	-
District Attorney.....	76,550	76,377	173	3,501	3,217	284
Office of Campaign and Political Finance.....	998	993	5	-	-	-
Sheriff's Departments.....	225,292	221,167	4,125	376	376	-
Disabled Persons Protection Commission.....	1,705	1,704	1	-	-	-
Board of Library Commissioners.....	3,580	3,578	2	-	-	-
Comptroller.....	8,680	8,453	227	-	-	-
Administration and finance.....	1,507,760	1,363,566	144,194	5,574	5,553	21
Environmental affairs.....	223,861	170,512	53,349	-	-	-
Housing and community development.....	97,109	94,174	2,935	-	-	-
Health and human services.....	4,666,207	4,560,168	106,039	-	-	-
Transportation and construction.....	154,201	152,496	1,705	91,062	91,099	(37)
Education.....	429,047	417,732	11,315	-	-	-
Higher education.....	917,609	914,960	2,649	-	-	-
Public safety and homeland security.....	785,416	741,257	44,159	196,894	191,624	5,270
Economic development.....	87,975	81,636	6,339	62	60	2
Direct local aid.....	4,477,449	4,476,670	779	-	-	-
Medicaid.....	5,990,571	5,519,235	471,336	-	-	-
Pension.....	1,216,936	1,216,936	-	-	-	-
Debt service:						
Principal retirement.....	519,143	514,707	4,436	368,428	365,421	3,007
Interest and fiscal charges.....	352,103	340,876	11,227	400,916	359,743	41,173
Total expenditures.....	22,678,152	21,750,887	927,265	1,068,314	1,018,504	49,810
Other financing uses:						
Fringe benefit cost assessment.....	-	-	-	28,400	48,454	(20,054)
Excess permissible tax revenue .....	-	135,991	(135,991)	-	-	-
Uncompensated care pool transfer .....	75,000	309,100	(234,100)	-	-	-
Operating transfers out.....	86,698	100,014	(13,316)	72,951	109,631	(36,680)
Stabilization transfer.....	-	766,504	(766,504)	-	-	-
Transfer for transitional escrow.....	-	304,838	(304,838)	-	-	-
Federal medicaid assistance percentage escrow transfer.....	-	-	-	-	-	-
Total other financing uses.....	161,698	1,616,447	(1,454,749)	101,351	158,085	(56,734)
Total expenditures and other financing uses.....	22,839,850	23,367,334	(527,484)	1,169,665	1,176,589	(6,924)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(394,250)	186,149	580,399	(124,166)	(134,191)	(10,025)
Fund balances (deficit) at beginning of year.....	1,303,712	1,303,712	-	(690,045)	(690,045)	-
Fund balances (deficit) at end of year.....	\$ 909,462	\$ 1,489,861	\$ 580,399	\$ (814,211)	\$ (824,236)	\$ (10,025)

## Statutory Basis Financial Report



## Budgeted Funds

### Combining Statements Of Revenues, Expenditures And Changes In Fund Balances - Statutory Basis - Budget And Actual

Fiscal Year Ended June 30, 2005

(Amounts in thousands)

	Other			Totals (Memorandum only)		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES AND OTHER FINANCING SOURCES</b>						
Revenues:						
Taxes.....	\$ 124,200	\$ 128,076	\$ 3,876	\$ 14,888,200	\$ 15,987,399	\$ 1,099,199
Assessments.....	-	-	-	-	122,303	122,303
Federal grants and reimbursements.....	337,200	302,439	(34,761)	5,029,200	4,696,883	(332,317)
Departmental.....	6,200	2,190	(4,010)	1,844,300	1,840,320	(3,980)
Miscellaneous.....	-	240	240	5,700	172,139	166,439
Total revenues.....	467,600	432,945	(34,655)	21,767,400	22,819,044	1,051,644
Other financing sources:						
Fringe benefit cost recovery.....	-	-	-	-	215,338	215,338
Lottery reimbursements.....	-	-	-	86,900	86,614	(286)
Lottery distributions.....	-	-	-	963,959	927,791	(36,168)
Tobacco settlement transfer.....	-	-	-	240,000	257,417	17,417
Excess permissible tax revenue .....	-	-	-	-	271,982	271,982
Operating transfers in.....	-	-	-	318,441	331,402	12,961
Stabilization transfer.....	-	-	-	340,000	1,120,230	780,230
Transfer for transitional escrow.....	-	-	-	-	304,838	304,838
Federal medicaid assistance percentage escrow transfer.....	-	-	-	270,000	270,000	-
Total other financing sources.....	-	-	-	2,219,300	3,785,612	1,566,312
Total revenues and other financing sources.....	467,600	432,945	(34,655)	23,986,700	26,604,656	2,617,956
<b>EXPENDITURES AND OTHER FINANCING USES</b>						
Expenditures:						
Legislature.....	-	-	-	80,820	53,681	27,139
Judiciary.....	-	-	-	618,960	607,170	11,790
Inspector General.....	-	-	-	2,625	2,258	367
Governor and Lieutenant Governor.....	-	-	-	5,363	4,805	558
Secretary of the Commonwealth.....	-	-	-	43,337	41,290	2,047
Treasurer and Receiver-General.....	-	-	-	131,557	112,773	18,784
Auditor of the Commonwealth.....	-	-	-	16,998	16,989	9
Attorney General.....	7	3	4	36,668	34,988	1,680
Ethics Commission.....	-	-	-	1,265	1,265	-
District Attorney.....	-	-	-	80,051	79,594	457
Office of Campaign and Political Finance.....	-	-	-	998	993	5
Sheriff's Departments.....	-	-	-	225,668	221,543	4,125
Disabled Persons Protection Commission.....	-	-	-	1,705	1,704	1
Board of Library Commissioners.....	-	-	-	3,580	3,578	2
Comptroller.....	-	-	-	14,336	10,653	3,683
Administration and finance.....	2	1	1	1,680,197	1,507,874	172,323
Environmental affairs.....	100	30	70	234,328	179,926	54,402
Housing and community development.....	500	500	-	97,609	94,674	2,935
Health and human services.....	4,997	2,549	2,448	4,709,511	4,598,966	110,545
Transportation and construction.....	-	-	-	245,863	244,165	1,698
Education.....	-	-	-	429,047	417,732	11,315
Higher education.....	-	-	-	917,609	914,960	2,649
Public safety and homeland security .....	-	-	-	995,533	940,975	54,558
Economic development.....	71,928	44,707	27,221	159,965	126,403	33,562
Direct local aid.....	-	-	-	4,477,449	4,476,670	779
Medicaid.....	507,676	457,986	49,690	6,498,247	5,977,221	521,026
Pension.....	-	-	-	1,216,936	1,216,936	-
Debt service:						
Principal retirement.....	-	-	-	887,571	880,128	7,443
Interest and fiscal charges.....	-	-	-	753,019	700,619	52,400
Total expenditures.....	585,210	505,776	79,434	24,566,815	23,470,533	1,096,282
Other financing uses:						
Fringe benefit cost assessment.....	2,200	2,191	9	30,600	52,019	(21,419)
Excess permissible tax revenue.....	-	-	-	-	271,982	(271,982)
Uncompensated care pool transfer .....	-	-	-	75,000	309,100	(234,100)
Operating transfers out.....	-	-	-	159,649	211,572	(51,923)
Stabilization transfer.....	-	10,455	(10,455)	340,000	1,120,230	(780,230)
Transfer for transitional escrow.....	-	-	-	-	304,838	(304,838)
Federal medicaid assistance percentage escrow transfer.....	270,000	270,000	-	270,000	270,000	-
Total other financing uses.....	272,200	282,646	(10,446)	875,249	2,539,741	(1,664,492)
Total expenditures and other financing uses.....	857,410	788,422	68,988	25,442,064	26,010,274	(568,210)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(389,810)	(355,477)	34,333	(1,455,364)	594,382	2,049,746
Fund balances (deficit) at beginning of year.....	130,264	130,264	-	1,892,805	1,892,805	-
Fund balances (deficit) at end of year.....	\$ (259,546)	\$ (225,213)	\$ 34,333	\$ 437,441	\$ 2,487,187	\$ 2,049,746



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**General Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2005  
(Amounts in thousands)

	<u>2005</u>	<u>2004</u>
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 1,918,271	\$ 1,563,318
Receivables, net of allowance for uncollectibles:		
Due from federal government.....	373,218	410,954
Other receivables.....	7,837	13,921
Due from cities and towns.....	8,884	2,674
Total assets.....	<u>\$ 2,308,210</u>	<u>\$ 1,990,867</u>
 <b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 818,349	\$ 687,155
Total liabilities.....	<u>818,349</u>	<u>687,155</u>
Fund balance:		
Reserved fund balance:		
Reserved for continuing appropriations.....	302,484	345,241
Unreserved fund balance (deficit):		
Undesignated.....	1,187,377	958,471
Total fund balance (deficit).....	<u>1,489,861</u>	<u>1,303,712</u>
Total liabilities and fund balance.....	<u>\$ 2,308,210</u>	<u>\$ 1,990,867</u>

**General Fund**  
Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005 Budget	2005 Actual	Variance Favorable (Unfavorable)	2004 Actual
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Taxes.....	\$ 14,150,400	\$ 15,267,938	\$ 1,117,538	\$ 14,558,577
Assessments.....	-	110,583	110,583	115,131
Federal grants and reimbursements.....	4,685,900	4,389,553	(296,347)	4,349,022
Departmental.....	1,396,600	1,223,310	(173,290)	1,200,833
Miscellaneous.....	-	153,127	153,127	118,085
Total revenues.....	20,232,900	21,144,511	911,611	20,341,648
Other financing sources:				
Fringe benefit cost recovery.....	-	215,338	215,338	177,646
Lottery reimbursements.....	86,900	86,614	(286)	78,426
Lottery distributions.....	963,959	927,791	(36,168)	904,417
Operating transfers in.....	311,841	308,541	(3,300)	320,761
Stabilization transfers.....	340,000	343,271	3,271	491,468
Tobacco settlement transfer.....	240,000	257,417	17,417	253,621
Federal medicaid assistance percentage escrow transfer.....	270,000	270,000	-	-
Total other financing sources.....	2,212,700	2,408,972	196,272	2,226,339
Total revenues and other financing sources.....	22,445,600	23,553,483	1,107,883	22,567,987
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Legislature.....	80,820	53,681	27,139	50,535
Judiciary.....	618,960	607,170	11,790	572,504
Inspector General.....	2,625	2,258	367	2,280
Governor and Lieutenant Governor.....	5,363	4,805	558	4,892
Secretary of the Commonwealth.....	43,212	41,175	2,037	34,158
Treasurer and Receiver-General.....	130,488	111,793	18,695	107,474
Auditor of the Commonwealth.....	16,998	16,989	9	16,222
Attorney General.....	36,229	34,554	1,675	32,572
Ethics Commission.....	1,265	1,265	-	1,260
District Attorney.....	76,550	76,377	173	73,913
Office of Campaign and Political Finance.....	998	993	5	994
Sheriff's Departments.....	225,292	221,167	4,125	214,351
Disabled Persons Protection Commission.....	1,705	1,704	1	1,567
Board of Library Commissioners.....	3,580	3,578	2	3,178
Comptroller.....	8,680	8,453	227	8,427

**General Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005 Budget	2005 Actual	Variance Favorable (Unfavorable)	2004 Actual
Expenditures (continued):				
Administration and finance.....	1,507,760	1,363,566	144,194	1,266,255
Environmental affairs.....	223,861	170,512	53,349	159,679
Housing and community development.....	97,109	94,174	2,935	67,217
Health and human services.....	4,666,207	4,560,168	106,039	4,482,500
Transportation and construction.....	154,201	152,496	1,705	91,999
Education.....	429,047	417,732	11,315	348,650
Higher education.....	917,609	914,960	2,649	831,295
Public safety and homeland security.....	785,416	741,257	44,159	635,509
Economic development.....	87,975	81,636	6,339	63,212
Direct local aid.....	4,477,449	4,476,670	779	4,783,983
Medicaid.....	5,990,571	5,519,235	471,336	5,261,238
Pension.....	1,216,936	1,216,936	-	699,309
Debt service:				
Principal retirement.....	519,143	514,707	4,436	436,995
Interest and fiscal charges.....	352,103	340,876	11,227	322,031
Total expenditures.....	22,678,152	21,750,887	927,265	20,574,199
Other financing uses:				
Excess permissible tax revenue.....	-	135,991	(135,991)	357,403
Uncompensated care pool transfer .....	75,000	309,100	(234,100)	245,000
School building assistance transfer .....	-	-	-	150,000
Operating transfers out.....	86,698	100,014	(13,316)	146,593
Transfer for transitional escrow.....	-	304,838	(304,838)	-
Stabilization transfer.....	-	766,504	(766,504)	538,926
Total other financing uses.....	161,698	1,616,447	(1,454,749)	1,437,922
Total expenditures and other financing uses.....	22,839,850	23,367,334	(527,484)	22,012,121
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(394,250)	186,149	580,399	555,866
Fund balance (deficit) at beginning of year.....	1,303,712	1,303,712	-	747,846
Fund balance (deficit) at end of year.....	\$ 909,462	\$ 1,489,861	\$ 580,399	\$ 1,303,712



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**Highway Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>ASSETS</b>		
Cash with fiscal agent.....	\$ 26,060	\$ 26,064
Due from other funds.....	-	47
Total assets.....	<u>\$ 26,060</u>	<u>\$ 26,111</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ 840,040	\$ 704,479
Accounts payable.....	<u>10,256</u>	<u>11,677</u>
Total liabilities.....	<u>850,296</u>	<u>716,156</u>
Fund balance:		
Reserved fund balance:		
Reserved for continuing appropriations.....	272	424
Reserved for debt service.....	26,060	26,064
Unreserved fund balance (deficit):		
Undesignated.....	<u>(850,568)</u>	<u>(716,533)</u>
Total fund balance (deficit).....	<u>(824,236)</u>	<u>(690,045)</u>
Total liabilities and fund balance.....	<u>\$ 26,060</u>	<u>\$ 26,111</u>

# Highway Fund

## Statement of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005 Budget	2005 Actual	Variance Favorable (Unfavorable)	2004 Actual
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Taxes.....	\$ 600,000	\$ 586,488	\$ (13,512)	\$ 585,226
Assessments.....	-	11,720	11,720	11,490
Federal grants and reimbursements.....	3,600	1,526	(2,074)	1,952
Departmental.....	435,400	420,443	(14,957)	398,231
Miscellaneous.....	-	1,470	1,470	1,304
Total revenues.....	1,039,000	1,021,647	(17,353)	998,203
Other financing sources:				
Stabilization transfer.....	-	-	-	200
Operating transfers in.....	6,500	20,751	14,251	68,713
Federal reimbursement transfer in .....	-	-	-	85
Total other financing sources.....	6,500	20,751	14,251	68,998
Total revenues and other financing sources.....	1,045,500	1,042,398	(3,102)	1,067,201
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Treasurer and Receiver-General.....	1,069	980	89	1,149
Attorney General.....	432	431	1	432
District Attorney.....	3,501	3,217	284	3,011
Sheriff's Departments.....	376	376	-	360
Administration and finance.....	5,574	5,553	21	5,746
Environmental affairs.....	-	-	-	1
Housing and community development.....	-	-	-	156
Transportation and construction.....	91,062	91,099	(37)	44,552
Public safety and homeland security.....	196,894	191,624	5,270	244,790
Economic development.....	62	60	2	61
Pension.....	-	-	-	2,593
Debt service:				
Principal retirement.....	368,428	365,421	3,007	389,358
Interest and fiscal charges.....	400,916	359,743	41,173	343,849
Total expenditures.....	1,068,315	1,018,504	49,811	1,036,058
Other financing uses:				
Fringe benefit cost assessment.....	28,400	48,454	(20,054)	41,743
Operating transfers out.....	72,951	109,631	(36,680)	83,418
Total other financing uses.....	101,351	158,085	(56,734)	125,161
Total expenditures and other financing uses.....	1,169,666	1,176,589	(6,924)	1,161,219
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(124,166)	(134,191)	(10,025)	(94,018)
Fund balance (deficit) at beginning of year.....	(690,045)	(690,045)	-	(596,027)
Fund balance (deficit) at end of year.....	\$ (814,211)	\$ (824,236)	\$ (10,025)	\$ (690,045)



**Infrastructure Fund (Subfund Of Highway Fund)**  
**Balance Sheet - Statutory Basis**

June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 1,568,571	\$ 1,409,460
Cash with fiscal agent.....	26,060	26,064
Total assets.....	<u>\$ 1,594,631</u>	<u>\$ 1,435,524</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	<u>-</u>	<u>-</u>
Fund balance:		
Reserved fund balance:		
Reserved for debt service.....	26,060	26,064
Unreserved fund balance (deficit):		
Undesignated.....	<u>1,568,571</u>	<u>1,409,460</u>
Total fund balance (deficit).....	<u>1,594,631</u>	<u>1,435,524</u>
Total liabilities and fund balance.....	<u>\$ 1,594,631</u>	<u>\$ 1,435,524</u>

Note: The Infrastructure Fund was established by Section 16 of Chapter 121, Acts of 1990 as a subfund of the Highway Fund, and it is a component of, not an addition to, that fund. The entire Highway Fund, including this subfund, is presented in the preceding financial statements labeled Highway Fund.

**Infrastructure Fund (Subfund Of Highway Fund)**  
**Statement of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005 Budget	2005 Actual	Variance Favorable (Unfavorable)	2004 Actual
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Taxes.....	\$ 196,210	\$ 196,210	\$ -	\$ 196,380
Miscellaneous.....	-	576	576	186
Total revenues.....	196,210	196,786	576	196,566
Other financing sources:				
Operating transfers in.....	-	20,751	20,751	68,713
Total other financing sources.....	-	20,751	20,751	68,713
Total revenues and other financing sources.....	196,210	217,537	21,327	265,279
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Debt service:				
Principal retirement.....	27,370	27,370	-	94,508
Interest and fiscal charges.....	21,008	21,008	-	30,243
Total expenditures.....	48,378	48,378	-	124,751
Other financing uses:				
Operating transfers out.....	10,673	10,052	621	6,172
Total other financing uses.....	10,673	10,052	621	6,172
Total expenditures and other financing uses.....	59,051	58,430	621	130,923
Excess (deficiency) of revenues and other financing over expenditures and other financing uses.....	137,159	159,107	21,948	134,356
Fund balance (deficit) at beginning of year.....	1,435,524	1,435,524	-	1,301,168
Fund balance (deficit) at end of year.....	\$ 1,572,683	\$ 1,594,631	\$ 21,948	\$ 1,435,524

Note: The Infrastructure Fund was established by Section 16 of Chapter 121, Acts of 1990 as a subfund of the Highway Fund, and it is a component of, not an addition to, that fund. The entire Highway Fund, including this subfund, is presented in the preceding financial statements labeled Highway Fund.

**Commonwealth Stabilization Fund**  
Balance Sheet- Statutory Basis

June 30, 2005  
(Amounts in thousands)

	<u>2005</u>	<u>2004</u>
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 1,728,355	\$ 1,137,320
Total assets.....	<u>\$ 1,728,355</u>	<u>\$ 1,137,320</u>
<b>LIABILITIES AND FUND EQUITY</b>		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	<u>-</u>	<u>-</u>
Fund balance:		
Reserved fund balance:		
Reserved for stabilization.....	1,728,355	1,137,320
Total fund balance (deficit).....	<u>1,728,355</u>	<u>1,137,320</u>
Total liabilities and fund balance.....	<u>\$ 1,728,355</u>	<u>\$ 1,137,320</u>

**Commonwealth Stabilization Fund**  
Statement of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005 Budget	2005 Actual	Variance Favorable (Unfavorable)	2004 Actual
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Taxes.....	\$ 12,700	\$ 3,996	\$ (8,704)	\$ -
Departmental.....	-	90	90	695
Miscellaneous.....	5,700	17,270	11,570	5,259
Total revenues.....	<u>18,400</u>	<u>21,356</u>	<u>2,956</u>	<u>5,954</u>
Other financing sources:				
Excess permissible tax revenue.....	-	135,991	135,991	357,465
Stabilization transfer.....	-	776,959	776,959	663,457
Total other financing sources.....	<u>-</u>	<u>912,950</u>	<u>912,950</u>	<u>1,020,922</u>
Total revenues and other financing sources.....	<u>18,400</u>	<u>934,306</u>	<u>915,906</u>	<u>1,026,876</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Administration and finance.....	-	-	-	-
Total expenditures.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing uses:				
Economic stimulus trust transfer.....	-	-	-	33,633
Stabilization transfer.....	340,000	343,271	(3,271)	497,248
Total other financing uses.....	<u>340,000</u>	<u>343,271</u>	<u>(3,271)</u>	<u>530,881</u>
Total expenditures and other financing uses.....	<u>340,000</u>	<u>343,271</u>	<u>(3,271)</u>	<u>530,881</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(321,600)	591,035	912,635	495,995
Fund balance (deficit) at beginning of year.....	1,137,320	1,137,320	-	641,325
Fund balance (deficit) at end of year.....	<u>\$ 815,720</u>	<u>\$ 1,728,355</u>	<u>\$ 912,635</u>	<u>\$ 1,137,320</u>

**Administrative Control Funds**  
Combining Balance Sheet - Statutory Basis

June 30, 2005  
(Amounts in thousands)

ASSETS	Temporary Holding Fund	Intra- Governmental Service	Transitional Escrow Fund	2005	2004
Cash and short-term investments.....	\$ -	\$ 19,100	\$ 304,838	\$ 323,938	\$ 15,521
Total assets.....	<u>\$ -</u>	<u>\$ 19,100</u>	<u>\$ 304,838</u>	<u>\$ 323,938</u>	<u>\$ 15,521</u>
 <b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable.....	\$ -	\$ 17,938	\$ -	\$ 17,938	\$ 15,104
Total liabilities.....	<u>-</u>	<u>17,938</u>	<u>-</u>	<u>17,938</u>	<u>15,104</u>
Fund balances (deficits):					
Reserved for:					
Continuing appropriations.....	-	1,162	-	1,162	417
Transitional escrow.....	<u>-</u>	<u>-</u>	<u>304,838</u>	<u>304,838</u>	<u>-</u>
Total fund balances (deficits).....	<u>-</u>	<u>1,162</u>	<u>304,838</u>	<u>306,000</u>	<u>417</u>
Total liabilities and fund balances.....	<u>\$ -</u>	<u>\$ 19,100</u>	<u>\$ 304,838</u>	<u>\$ 323,938</u>	<u>\$ 15,521</u>

## Administrative Control Funds

### Combining Statement Of Revenues, Expenditures And Changes In Fund Balances - Statutory Basis

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	Temporary Holding Fund	Intra- Governmental Service	Transitional Escrow Fund	2005	2004
<b>REVENUES AND OTHER FINANCING SOURCES</b>					
Revenues:					
Departmental.....	\$ -	\$ 186,981	\$ -	\$ 186,981	\$ 118,263
Miscellaneous.....	-	-	-	-	62
Total revenues.....	-	186,981	-	186,981	118,325
Other financing sources:					
Excess permissible tax revenue.....	135,991	-	-	135,991	357,403
Operating transfers in.....	-	2,013	-	2,013	18,585
Transfer for transitional escrow.....	-	-	304,838	304,838	-
Total other financing sources.....	135,991	2,013	304,838	442,842	375,988
Total revenues and other financing sources.....	135,991	188,994	304,838	629,823	494,313
<b>EXPENDITURES AND OTHER FINANCING USES</b>					
Expenditures:					
Secretary of the Commonwealth.....	-	115	-	115	114
Comptroller.....	-	2,200	-	2,200	-
Administration and finance.....	-	138,754	-	138,754	108,951
Environmental affairs.....	-	340	-	340	358
Health and human services.....	-	36,249	-	36,249	15,413
Transportation and construction.....	-	570	-	570	395
Public safety and homeland security.....	-	8,094	-	8,094	8,995
Total expenditures.....	-	186,322	-	186,322	134,226
Other financing uses:					
Fringe benefit cost assessment.....	-	-	-	-	1,592
Operating transfers out.....	-	1,927	-	1,927	613
Excess permissible tax revenue.....	135,991	-	-	135,991	357,465
Total other financing uses.....	135,991	1,927	-	137,918	359,670
Total expenditures and other financing uses.....	135,991	188,249	-	324,240	493,896
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	-	745	304,838	305,583	417
Fund balances (deficit) at beginning of year.....	-	417	-	417	-
Fund balances (deficit) at end of year.....	\$ -	\$ 1,162	\$ 304,838	\$ 306,000	\$ 417

**Temporary Holding Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2005  
(Amounts in thousands)

	<u>2005</u>	<u>2004</u>
<b>ASSETS</b>		
Cash and short-term investments.....	\$ -	\$ -
Total assets.....	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	<u>-</u>	<u>-</u>
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	<u>-</u>	<u>-</u>
Total fund balance (deficit) .....	<u>-</u>	<u>-</u>
Total liabilities and fund balance.....	<u>\$ -</u>	<u>\$ -</u>

**Temporary Holding Fund**  
**Statement of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005 Budget	2005 Actual	Variance Favorable (Unfavorable)	2004 Actual
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Miscellaneous.....	\$ -	\$ -	\$ -	\$ 62
Total revenues.....	-	-	-	62
Other financing sources:				
Excess permissible tax revenue.....	-	135,991	135,991	357,403
Total other financing sources.....	-	135,991	135,991	357,403
Total revenues and other financing sources.....	-	135,991	135,991	357,465
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Administration and finance.....	-	-	-	-
Total expenditures.....	-	-	-	-
Other financing uses:				
Excess permissible tax revenue.....	-	135,991	(135,991)	357,465
Total other financing uses.....	-	135,991	(135,991)	357,465
Total expenditures and other financing uses.....	-	135,991	(135,991)	357,465
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	-	-	-	-
Fund balance (deficit) at beginning of year.....	-	-	-	-
Fund balance (deficit) at end of year.....	\$ -	\$ -	\$ -	\$ -



**Intragovernmental Service Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2005  
(Amounts in thousands)

	<u>2005</u>	<u>2004</u>
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 19,100	\$ 15,521
Total assets.....	<u>\$ 19,100</u>	<u>\$ 15,521</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 17,938	\$ 15,104
Total liabilities.....	<u>17,938</u>	<u>15,104</u>
Fund balance:		
Reserved fund balance:		
Reserved for continuing appropriations.....	<u>1,162</u>	<u>417</u>
Total fund balance (deficit) .....	<u>1,162</u>	<u>417</u>
Total liabilities and fund balance.....	<u>\$ 19,100</u>	<u>\$ 15,521</u>

**Intragovernmental Service Fund**  
**Statement of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005 Budget	2005 Actual	Variance Favorable (Unfavorable)	2004 Actual
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Departmental.....	\$ -	\$ 186,981	\$ 186,981	\$ 118,263
Total revenues.....	-	186,981	186,981	118,263
Other financing sources:				
Operating transfers in.....	-	2,013	2,013	18,585
Total other financing sources.....	-	2,013	2,013	18,585
Total revenues and other financing sources.....	-	188,994	188,994	136,848
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Secretary of the Commonwealth.....	125	115	10	114
Comptroller.....	5,656	2,200	3,456	-
Administration and finance.....	166,861	138,754	28,107	108,951
Environmental affairs.....	510	340	170	358
Health and human services.....	38,307	36,249	2,058	15,413
Transportation and construction.....	600	570	30	395
Public safety and homeland security.....	13,223	8,094	5,129	8,995
Total expenditures.....	225,282	186,322	38,960	134,226
Other financing uses:				
Fringe benefit cost assessment.....	-	-	-	1,592
Operating transfers out.....	-	1,927	(1,927)	613
Total other financing uses.....	-	1,927	(1,927)	2,205
Total expenditures and other financing uses.....	225,282	188,249	37,033	136,431
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(225,282)	745	226,027	417
Fund balance (deficit) at beginning of year.....	417	417	-	-
Fund balance (deficit) at end of year.....	\$ (224,865)	\$ 1,162	\$ 226,027	\$ 417

**Transitional Escrow Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2005  
(Amounts in thousands)

	<u>2005</u>	<u>2004</u>
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 304,838	\$ -
Total assets.....	<u>\$ 304,838</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	<u>-</u>	<u>-</u>
Fund balance:		
Reserved fund balance:		
Reserved for transitional escrow.....	304,838	-
Total fund balance (deficit) .....	<u>304,838</u>	<u>-</u>
Total liabilities and fund balance.....	<u>\$ 304,838</u>	<u>\$ -</u>

**Transitional Escrow Fund**  
**Statement of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005 Budget	2005 Actual	Variance Favorable (Unfavorable)	2004 Actual
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Miscellaneous.....	\$ -	\$ -	\$ -	\$ -
Total revenues.....	-	-	-	-
Other financing sources:				
Transfer for transitional escrow.....	-	304,838	304,838	-
Total other financing sources.....	-	304,838	304,838	-
Total revenues and other financing sources.....	-	304,838	304,838	-
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Administration and finance.....	-	-	-	-
Total expenditures.....	-	-	-	-
Other financing uses:				
Transfer for transitional escrow.....	-	-	-	-
Total other financing uses.....	-	-	-	-
Total expenditures and other financing uses.....	-	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	-	304,838	304,838	-
Fund balance (deficit) at beginning of year.....	-	-	-	-
Fund balance (deficit) at end of year.....	\$ -	\$ 304,838	\$ 304,838	\$ -

**Inland Fisheries And Game Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 13,027	\$ 11,142
Total assets.....	<u>\$ 13,027</u>	<u>\$ 11,142</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 607	\$ 5
Total liabilities.....	<u>607</u>	<u>5</u>
Fund balance:		
Reserved fund balance:		
Reserved for continuing appropriations.....	-	500
Unreserved fund balance (deficit):		
Undesignated.....	<u>12,420</u>	<u>10,637</u>
Total fund balance (deficit).....	<u>12,420</u>	<u>11,137</u>
Total liabilities and fund balance.....	<u>\$ 13,027</u>	<u>\$ 11,142</u>

**Inland Fisheries And Game Fund**  
Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005 Budget	2005 Actual	Variance Favorable (Unfavorable)	2004 Actual
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Taxes.....	\$ 900	\$ 901	\$ 1	\$ 902
Federal grants and reimbursements.....	2,500	3,365	865	5,709
Departmental.....	6,100	7,306	1,206	8,089
Miscellaneous.....	-	32	32	19
Total revenues.....	<u>9,500</u>	<u>11,604</u>	<u>2,104</u>	<u>14,719</u>
Other financing sources:				
Operating transfers in.....	<u>100</u>	<u>97</u>	<u>(3)</u>	<u>171</u>
Total other financing sources.....	<u>100</u>	<u>97</u>	<u>(3)</u>	<u>171</u>
Total revenues and other financing sources.....	<u>9,600</u>	<u>11,701</u>	<u>2,101</u>	<u>14,890</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Environmental affairs.....	<u>9,857</u>	<u>9,044</u>	<u>813</u>	<u>8,488</u>
Total expenditures.....	<u>9,857</u>	<u>9,044</u>	<u>813</u>	<u>8,488</u>
Other financing uses				
Fringe benefit cost assessment.....	<u>-</u>	<u>1,374</u>	<u>(1,374)</u>	<u>1,098</u>
Total other financing uses.....	<u>-</u>	<u>1,374</u>	<u>(1,374)</u>	<u>1,098</u>
Total expenditures and other financing uses.....	<u>9,857</u>	<u>10,418</u>	<u>(561)</u>	<u>9,586</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(257)	1,283	1,540	5,304
Fund balance (deficit) at beginning of year.....	<u>11,137</u>	<u>11,137</u>	<u>-</u>	<u>5,833</u>
Fund balance (deficit) at end of year.....	<u>\$ 10,880</u>	<u>\$ 12,420</u>	<u>\$ 1,540</u>	<u>\$ 11,137</u>

**Workforce Training Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2005  
(Amounts in thousands)

	<u>2005</u>	<u>2004</u>
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 23,304	\$ 24,281
Total assets.....	<u>\$ 23,304</u>	<u>\$ 24,281</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 2,857	\$ 3,513
Total liabilities.....	<u>2,857</u>	<u>3,513</u>
Fund balance:		
Reserved fund balance:		
Reserved for continuing appropriations.....	25,383	20,768
Unreserved fund balance (deficit):		
Undesignated.....	<u>(4,936)</u>	<u>-</u>
Total fund balance (deficit).....	<u>20,447</u>	<u>20,768</u>
Total liabilities and fund balance.....	<u>\$ 23,304</u>	<u>\$ 24,281</u>

**Workforce Training Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005 Budget	2005 Actual	Variance Favorable (Unfavorable)	2004 Actual
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Taxes.....	\$ 21,000	\$ 21,135	\$ 135	\$ 20,451
Total revenues.....	21,000	21,135	135	20,451
Other financing sources:				
Stabilization transfer.....	-	-	-	300
Total other financing sources.....	-	-	-	300
Total revenues and other financing sources.....	21,000	21,135	135	20,751
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Housing and community development.....	500	500	-	200
Economic development.....	45,997	20,619	25,378	21,784
Total expenditures.....	46,497	21,119	25,378	21,984
Other financing uses:				
Fringe benefit cost assessment.....	200	337	(137)	185
Stabilization transfer.....	-	-	-	10,511
Operating transfers out.....	-	-	-	3
Total other financing uses.....	200	337	(137)	10,699
Total expenditures and other financing uses.....	46,697	21,456	25,241	32,683
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(25,697)	(321)	25,376	(11,932)
Fund balance (deficit) at beginning of year.....	20,768	20,768	-	32,700
Fund balance (deficit) at end of year.....	\$ (4,929)	\$ 20,447	\$ 25,376	\$ 20,768



**Federal Medicaid Assistance Percentage Escrow Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2005  
(Amounts in thousands)

	<u>2005</u>	<u>2004</u>
<b>ASSETS</b>		
Cash and short-term investments.....	\$ -	\$ 260,118
Receivables, net of allowance for uncollectibles:		
Due from federal government.....	<u>-</u>	<u>9,882</u>
Total assets.....	<u><u>\$ -</u></u>	<u><u>\$ 270,000</u></u>

**LIABILITIES AND FUND BALANCE**

Liabilities:		
Accounts payable.....	<u>\$ -</u>	<u>\$ -</u>
Total liabilities.....	<u>-</u>	<u>-</u>
Fund balance:		
Reserved fund balance:		
Reserved for continuing appropriations.....	<u>-</u>	<u>270,000</u>
Total fund balance (deficit).....	<u>-</u>	<u>270,000</u>
Total liabilities and fund balance.....	<u><u>\$ -</u></u>	<u><u>\$ 270,000</u></u>

**Federal Medicaid Assistance Percentage Escrow Fund**  
Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005 Budget	2005 Actual	Variance Favorable (Unfavorable)	2004 Actual
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Federal grants and reimbursements.....	\$ -	\$ -	\$ -	\$ 402,753
Total revenues.....	-	-	-	402,753
Other financing sources:				
Operating transfers in.....	-	-	-	-
Total other financing sources.....	-	-	-	-
Total revenues and other financing sources.....	-	-	-	402,753
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Health and human services.....	-	-	-	-
Total expenditures.....	-	-	-	-
Other financing uses:				
Economic stimulus trust transfer.....	-	-	-	33,633
Stabilization transfer.....	-	-	-	99,120
Federal medicaid assistance percentage escrow transfer.....	270,000	270,000	-	-
Total other financing uses.....	270,000	270,000	-	132,753
Total expenditures and other financing uses.....	270,000	270,000	-	132,753
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(270,000)	(270,000)	-	270,000
Fund balance (deficit) at beginning of year.....	270,000	270,000	-	-
Fund balance (deficit) at end of year.....	\$ -	\$ -	\$ -	\$ 270,000

**Massachusetts Tourism Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 2,463	\$ 1,509
Total assets.....	<u>\$ 2,463</u>	<u>\$ 1,509</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 2,209	\$ 619
Total liabilities.....	<u>2,209</u>	<u>619</u>
Fund balance:		
Reserved fund balance:		
Reserved for continuing appropriations.....	254	890
Total fund balance (deficit).....	<u>254</u>	<u>890</u>
Total liabilities and fund balance.....	<u>\$ 2,463</u>	<u>\$ 1,509</u>

**Massachusetts Tourism Fund**  
Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005 Budget	2005 Actual	Variance Favorable (Unfavorable)	2004 Actual
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Taxes.....	\$ 32,200	\$ 34,245	\$ 2,045	\$ 31,116
Total revenues.....	32,200	34,245	2,045	31,116
Other financing sources:				
Stabilization transfer.....	-	-	-	890
Total other financing sources.....	-	-	-	890
Total revenues and other financing sources.....	32,200	34,245	2,045	32,006
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Administration and finance.....	2	1	1	-
Environmental affairs.....	100	30	70	-
Economic development.....	25,931	24,088	1,843	16,617
Total expenditures.....	26,033	24,119	1,914	16,617
Other financing uses:				
Fringe benefit cost assessment.....	400	307	93	258
Stabilization transfer.....	-	10,455	(10,455)	14,900
Operating transfers out.....	-	-	-	4
Total other financing uses.....	400	10,762	(10,362)	15,162
Total expenditures and other financing uses.....	26,433	34,881	(8,448)	31,779
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	5,767	(636)	(6,403)	227
Fund balance (deficit) at beginning of year.....	890	890	-	663
Fund balance (deficit) at end of year.....	\$ 6,657	\$ 254	\$ (6,403)	\$ 890

**Children's and Seniors' Health Care Assistance Fund**  
Balance Sheet - Statutory Basis

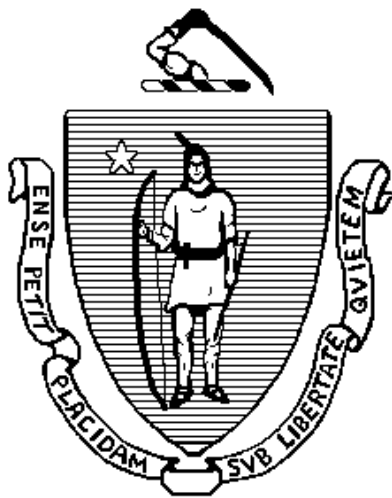
June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>ASSETS</b>		
Receivables, net of allowance for uncollectibles:		
Due from federal government.....	\$ 17,055	\$ 22,935
Total assets.....	<u>\$ 17,055</u>	<u>\$ 22,935</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ 262,880	\$ 180,295
Accounts payable.....	89	4,034
Total liabilities.....	<u>262,969</u>	<u>184,329</u>
Fund balance:		
Reserved fund balance:		
Reserved for continuing appropriations.....	-	270
Unreserved fund balance (deficit):		
Undesignated.....	(245,914)	(161,664)
Total fund balance (deficit).....	<u>(245,914)</u>	<u>(161,394)</u>
Total liabilities and fund balance.....	<u>\$ 17,055</u>	<u>\$ 22,935</u>

**Children's and Seniors' Health Care Assistance Fund**  
Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005 Budget	2005 Actual	Variance Favorable (Unfavorable)	2004 Actual
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Taxes.....	\$ 71,000	\$ 72,696	\$ 1,696	\$ 72,704
Federal grants and reimbursements.....	337,200	302,439	(34,761)	339,100
Departmental.....	6,200	2,190	(4,010)	3,881
Miscellaneous.....	-	240	240	131
Total revenues.....	<u>414,400</u>	<u>377,565</u>	<u>(36,835)</u>	<u>415,816</u>
Other financing sources:				
Stabilization transfer.....	-	-	-	4,390
Total other financing sources.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,390</u>
Total revenues and other financing sources.....	<u>414,400</u>	<u>377,565</u>	<u>(36,835)</u>	<u>420,206</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Attorney General.....	7	3	4	7
Administration and finance.....	-	-	-	566
Health and human services.....	4,997	2,549	2,448	18,449
Medicaid.....	<u>507,676</u>	<u>457,986</u>	<u>49,690</u>	<u>481,160</u>
Total expenditures.....	<u>512,680</u>	<u>460,538</u>	<u>52,142</u>	<u>500,182</u>
Other financing uses:				
Fringe benefit cost assessment.....	<u>1,600</u>	<u>1,547</u>	<u>53</u>	<u>1,386</u>
Total other financing uses.....	<u>1,600</u>	<u>1,547</u>	<u>53</u>	<u>1,386</u>
Total expenditures and other financing uses.....	<u>514,280</u>	<u>462,085</u>	<u>52,195</u>	<u>501,568</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses....	(99,880)	(84,520)	15,360	(81,362)
Fund balance (deficit) at beginning of year.....	<u>(161,394)</u>	<u>(161,394)</u>	<u>-</u>	<u>(80,032)</u>
Fund balance (deficit) at end of year.....	<u>\$ (261,274)</u>	<u>\$ (245,914)</u>	<u>\$ 15,360</u>	<u>\$ (161,394)</u>



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# ***Non-Budgeted Funds***

## **SPECIAL REVENUE FUNDS:**

These funds account for the proceeds of specific revenue sources that are restricted to finance specific functions. Funds that are not subject to appropriation are considered Non-budgeted Special Revenue Funds.

***Federal Grants 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.

## **LOTTERY FUNDS:**

The two lottery funds account for the operations of the State and Arts Lotteries.

***State Lottery Fund*** – to account for revenue from sale of lottery tickets and for the payment of prizes, expenses of the State Lottery Commission and the distribution to municipalities and school districts. Transfers are made to the General Fund.

***Arts Lottery Fund*** - to account for revenues from sale of lottery tickets, for payment of prizes and the expenses of the State Lottery Commission, and for the administration of the Arts Lottery Council. Transfers are made to the General Fund.

## **UNIVERSAL HEALTH CARE FUNDS:**

The two Universal Healthcare Funds account for assessments and other revenues that are dedicated to making health care and health insurance accessible and affordable to all Citizens of the Commonwealth.

***Uncompensated Care Fund*** – to account for funds received from hospitals, transfers from budgeted funds and federal reimbursements; used for the purposes of the Uncompensated Care Pool.

***Medical Security Trust Fund*** – to account for premiums, fees, and contributions; used for health insurance for workers receiving unemployment insurance.

## **OTHER FUNDS:**

The other minor special revenue funds account for a variety of miscellaneous taxes, assessments, fees, fines and other revenues, which are restricted to the financing of specific Commonwealth programs.

***Department of Telecommunication and Energy Trust Fund*** – to account for expenditures by the Department of Telecommunications and Energy for activities of the department related to the regulation of electric companies.

***Liability Management and Reduction Fund*** - to account for chargebacks assessed to departments as premiums for the provision of insurance coverage for state agencies to cover payment of judgements, settlements and litigation costs in tort claims.

***Debt Defeasance Trust Fund*** – to account for transfers from General Fund and Highway Fund for purpose of defeasing debt pursuant to Chapter 55 of the Acts of 1999 section 6, 7 and 8, as amended, and Sections 13 and 17 of Chapter 87 of the Acts of 2000. The Fund was repealed as of June 30, 2005. Any remaining balances were transferred to the General Fund during FY2005.

***Health Care Security Trust Fund*** – to account for revenues received from tobacco companies under the tobacco settlement, interest income fees and federal grants as well as expenditures to the Health Care Quality Improvement Fund for health related services and programs intended to control or reduce the use of tobacco in the Commonwealth.

***Commonwealth of Massachusetts Civil Monetary Penalty (CMP) Fund*** – to account for civil monetary penalties paid by nursing homes participating in the medical program for the protection of health and property of residents in a nursing home if the facility is found deficient.

***MBTA State and Local Contribution Fund*** – to account for the transfer of revenue and MBTA service area assessments from the Commonwealth to the MBTA as set forth in Massachusetts General Laws, Chapter 10, Section 35T.



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***Catastrophic Illness in Children Relief Fund*** – to account for receipts from a portion of an employer’s unemployment health insurance contribution and certain Federal financial participation. The assistance is for medical expenses of childhood catastrophic illnesses not covered by any other State and Federal program and subject to certain family income limits.

***MBTA Infrastructure Renovation Fund*** – to account for supplemental appropriations beyond the MBTA State and Local Contribution Fund for certain MBTA infrastructure improvements. Funds are to be used for, but not limited to, compliance with the American with Disabilities Act, elevator and escalator improvements, waterproofing, fare gates, signage, lighting and structural improvements only. No rolling stock is to be acquired through the fund.

***Community Preservation Trust Fund*** – to account for revenues received from surcharges on real estate property taxes, public and private sources as gifts, grants and donations, from damages, penalties costs from litigation settlements and surcharge on municipal liens imposed by the cities and towns who accept funds from the trust, to further community open – space preservation programs.

***Health Insurance Portability and Accountability Act Fund*** – to account for revenues received from Federal reimbursements under the Social Security Act, other Federal reimbursements, grants, gifts or other contributions to meet the costs of compliance with the Federal Health Insurance Portability and Accountability Act of 1996 (HIPPA).

***State Racing Fund*** – to record activity described in Section 9, Chapter 139, Acts of 2001 for improvements to the horse and greyhound racing industry in the Commonwealth. Revenues are from taxes, assessments and expenditures are for related programs.

***Division of Professional Licensure Trust Fund*** – to support programs and administrative costs of the Division of Professional Licensure. Revenues are from professional registration fees and expenditures are for regulatory purpose. The fund is not allowed to incur deficit. Any year end balance in excess of 20% of prior year’s expenditures reverts to the General Fund.

***Victims of Drunk Driving Trust Fund*** – to account for fines collected from convicted individuals of driving under the influence of various substances defined by the law. Expenditures are for grants to community based programs

to provide counseling and support services to victims of accidents.

***Health Care Quality Improvement Trust Fund*** – to account for transferred fees and federal participation from the Health Care Security Trust fund paid by health care providers. Expenditures are to health care providers for Medicaid related services.

***Department of Fire Services Hazardous Materials Emergency Mitigation Response Recovery Trust Fund*** – to account for monies received from fees, fines and investment income up to a maximum of \$250,000 per year. All revenues in excess of \$250,000 are transferred to the General Fund and may be made available for appropriation. Expenditures are for emergency hazardous materials response and mitigation costs up to a maximum of \$250,000 per year.

***Registers Technological Fund*** – to account for funds received from deeds excise taxes for the benefit of abolished counties. Expenditures are for technological improvements at the registries of deeds in those counties.

***County Registers Technological Fund*** – to account for monies received from deeds excise taxes for Barnstable, Bristol, Dukes, Norfolk, Plymouth and Nantucket Counties. Expenditures are for technical improvements at those counties.

***State Election Campaign Fund*** – to account for the costs of quadrennial statewide elections provided for through tax contributions from citizens.

***Distressed Provider Expendable Trust Fund*** – to account for the financial support to community health centers, community health center-based managed care organizations, and other essential community providers that serve populations in need of community-based care, clinical support, care coordination services, pharmacy management services or other special needs for continuing community care including, but not limited to, those populations that are chronically ill, elderly, or disabled. Chapter 241 of the Acts of 2004 renamed this fund from the Essential Community Provider Expendable Trust Fund.

***Economic Stimulus Trust Fund*** - to account programs established in Chapter 141 of the Acts of 2003 including workforce development grants, international marketing and tourism promotion, new technology development, for ‘brownfields’ redevelopment and to the Massachusetts

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Mathematics, Science, Technology and Engineering Grant Fund. The fund expired on June 30, 2005.

***Springfield Fiscal Recovery Trust Fund*** - to account for interest free loans to the City of Springfield, the goal of which is to bring fiscal stability to the City.

***Counsel for Indigent Salary Enhancement Trust Fund*** – to account for fees collected for private applications for criminal complaints for misdemeanors in Commonwealth courts and investment revenues. Expenditures are for rate enhancements for advocates for the indigent.

***Special Projects Permitting and Oversight Fund*** - to account for environmental permitting fees. Expenditures are for permitting, technical assistance, compliance and other activities related to environmental oversight.

***School Modernization and Reconstruction Trust Fund*** - to account for dedicated sales tax revenues in support of the School Building Assistance Program.

***Civil Process Technology Improvement Fund*** – to account for 20% of civil process fees received by the Commonwealth gifts, grants and investment earnings to be used to improve the efficiency, accessibility and accountability of the service of civil process in the Commonwealth.

***Roche Community Rink Fund*** – to account for revenues generated from fees, fines, leases, gifts, grants, interest or any other revenue sources at the Roche Community Rink, formerly the Bryant Rink, in the West Roxbury section of the city of Boston. Expenditures are for operational costs, capital improvements, equipment and maintenance of said rink, including the costs of personnel, but no expenditures shall be made from the fund that shall cause the fund to be in deficit at the close of a fiscal year.

***Government Land Bank Fund*** – to account for proceeds from disposition, conversion and redevelopment of land used for payments of principal and interest on bonds and notes of the Massachusetts Development Finance Agency.

***Natural Heritage and Endangered Species Fund*** - to account for revenues from public and private sources and/or the federal government as reimbursements, grants, donations or other receipts; used to acquire by purchase, lease, easement or license land critical to nongame wildlife and endangered species for purposes of protecting and enhancing nongame wildlife.

***Massachusetts Mathematics, Science, Technology and Engineering Grant Fund*** – to account for the support provided to Massachusetts students who want to participate in programs that support careers in fields related to mathematics, science, technology, and engineering. The grants also support curriculum development in those fields.

***Mosquito and Greenhead Fly Control Fund*** –to account for assessments to cities and towns of various mosquito control districts; appropriated to support activities designed to control mosquitoes and /or “greenhead” flies.

***Oil Overcharge Fund*** – to account for the fines and penalties collected under federal litigation from certain oil companies; used to provide fuel assistance and home insulation for low-income residents.

***Environmental Trust Fund*** – to account for fines, gifts and grants used for restoration, protection and improvement of the quality of Boston Harbor, Lynn Harbor, Massachusetts Bay, Buzzard’s Bay and Cape Cod Bay.

***Children’s Trust Fund*** – to account for gifts, grants, interest, and donations to the Child Abuse Prevention Board and certain appropriations designated to be transferred to the fund; used for support programs to raise awareness of child abuse and prevention programs.

***Child Support Enforcement Fund*** – to account for Federal grants used for activities associated with the collection of child support.

***Department of Industrial Accidents Special Fund*** – to account for assessments to employers and cities and towns for workers’ compensation insurance premiums and penalties assessed against employers who fail to insure for the workers’ compensation; used to reimburse the General Fund for the operating account of the Department of Industrial Accidents and for administrative overhead.

***County Correction Fund*** – to account for approximately 7.5% of the deeds excise tax distributed to counties for the operation of county correctional facilities.

***Massachusetts AIDS Fund*** – to account for gifts, grants, and donations; used for research, treatment, and

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education related to acquired immune deficiency syndrome.

***Trust Fund for the Head Injury Treatment Services Fund***

- to account for revenues from a surcharge on fines resulting from 'driving under the influence' convictions; funds the Massachusetts Rehabilitation Commission's statewide head injury program to develop and maintain non-residential rehabilitation services for head injured persons,

***Board of Registration in Medicine Fund*** – to account for certain revenues and expenditures of the Board.

***Water Pollution Abatement Projects Administration Fund***

– to account for transfers from the Water Pollution Abatement Trust and general obligation bond proceeds; used for the administration of the Department of Environmental Protection to fund water pollution abatement projects.

***Commonwealth Sewer Rate Relief Fund*** – to account for transfers of amounts from the General Fund or other funds; used for the purpose of mitigating sewer rate increases and making sewer rate relief grants to municipalities.

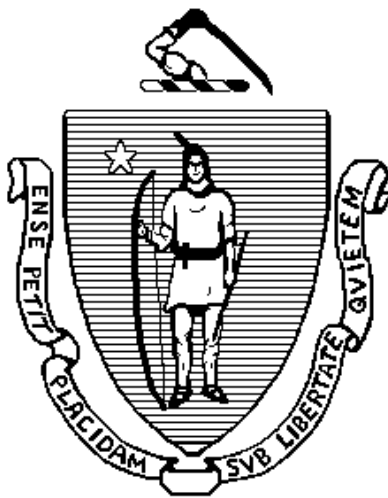
***Motor Vehicle Safety Inspection Trust Fund*** – to account for vehicle inspection fees for administration and operation of safety inspection programs by the Registry of Motor Vehicles.

***Child Care Quality Fund*** – to account for expenditures by the commissioner of the Office for Children for providing grants for not-for-profit childcare organizations for the purpose of improving childcare services.

***Convention and Exhibition Center Fund*** – to account for surcharges imposed on tourist tickets, such as cruise and for any land-based sightseeing located in the Commonwealth to finance the construction of a new Boston Convention Center along with centers in Worcester and Springfield.

***Firearms Fingerprint Identity Verification Trust Fund*** – to account for fees paid in firearms registrations for the purposes of financing fingerprint identification verifications with the fingerprint records maintained by the Federal Bureau of Investigations or any other federal agency for the verification of firearms license application identities.

***Grant Anticipation Note Trust Fund*** - to account for proceeds to cover grant anticipation note expenditures and pay the related debt service of the proceeds.



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**Non-Budgeted Special Revenue Funds**  
Combining Balance Sheet - Statutory Basis

June 30, 2005 and 2004  
(Amounts in thousands)

	Federal Grants	Lotteries	Universal Health Care
<b>ASSETS</b>			
Cash and short-term investments.....	\$ -	\$ 24,434	\$ 213,777
Cash with fiscal agent.....	-	-	-
Investments.....	-	-	-
Receivables, net of allowance for uncollectibles:			
Due from federal government.....	381,467	-	-
Other receivables.....	-	4,402	-
Due from cities and towns.....	-	-	-
Total assets.....	<u>\$ 381,467</u>	<u>\$ 28,836</u>	<u>\$ 213,777</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Deficiency in cash and short-term investments.....	\$ 148,734	\$ -	\$ -
Accounts payable.....	232,532	28,836	11,290
Due to other funds.....	-	-	-
Total liabilities.....	<u>381,266</u>	<u>28,836</u>	<u>11,290</u>
Fund balances:			
Reserved for:			
Debt service.....	-	-	-
Capital projects.....	-	-	-
Unreserved:			
Designated for specific purpose.....	201	-	202,487
Undesignated.....	-	-	-
Total fund balances.....	<u>201</u>	<u>-</u>	<u>202,487</u>
Total liabilities and fund balances.....	<u>\$ 381,467</u>	<u>\$ 28,836</u>	<u>\$ 213,777</u>

Totals (Memorandum only)		
Other	2005	2004
\$ 536,582	\$ 774,793	\$ 947,036
577,499	577,499	521,040
507,833	507,833	374,568
118,827	500,294	772,567
17,938	22,340	47,567
21,000	21,000	-
<u>\$ 1,779,679</u>	<u>\$ 2,403,759</u>	<u>\$ 2,662,778</u>
\$ -	\$ 148,734	\$ 157,064
185,677	458,335	578,976
110,563	110,563	334,427
<u>296,240</u>	<u>717,632</u>	<u>1,070,467</u>
577,499	577,499	521,040
-	-	7,465
962,348	1,165,036	1,124,639
(56,408)	(56,408)	(60,833)
<u>1,483,439</u>	<u>1,686,127</u>	<u>1,592,311</u>
<u>\$ 1,779,679</u>	<u>\$ 2,403,759</u>	<u>\$ 2,662,778</u>

**Non-Budgeted Special Revenue Funds**  
Combining Statements Of Revenues, Expenditures And Changes In Fund Balances - Statutory Basis

Fiscal Year Ended June 30, 2005 and 2004  
(Amounts in thousands)

	Federal Grants	Lotteries	Universal Health Care
<b>REVENUES AND OTHER FINANCING SOURCES</b>			
Revenues:			
Taxes.....	\$ -	\$ 1,392	\$ -
Assessments.....	-	-	350,141
Federal grants and reimbursements.....	1,996,375	-	673,167
Tobacco settlement revenue.....	-	-	-
Departmental.....	-	4,698,822	907,008
Miscellaneous.....	88	6,480	4,025
Total revenues.....	1,996,463	4,706,694	1,934,341
Other financing sources:			
Proceeds of refunding bonds.....	-	-	-
Operating transfers in.....	864	60,999	230,637
Health care security trust transfer .....	-	-	-
Economic stimulus trust transfer .....	-	-	-
Uncompensated care pool transfer .....	-	-	309,100
School building assistance transfer .....	-	-	-
Other sources .....	-	-	-
Total other financing sources.....	864	60,999	539,737
Total revenues and other financing sources.....	1,997,327	4,767,693	2,474,078
<b>EXPENDITURES AND OTHER FINANCING USES</b>			
Expenditures:			
Judiciary.....	1,207	-	-
Inspector General.....	-	-	1,049
Secretary of the Commonwealth.....	707	-	-
Treasurer and Receiver-General.....	1,170	3,689,057	185
Attorney General.....	9,104	-	-
District Attorney.....	2,631	-	-
Sheriff's Departments.....	2,866	-	-
Disabled Persons Protection Commission.....	6	-	-
Board of Library Commissioners.....	2,906	-	-
Comptroller.....	-	-	-
Administration and finance.....	9,805	-	106
Environmental affairs.....	30,922	-	-
Housing and community development.....	383,025	-	-
Health and human services.....	380,991	-	2,034,852
Transportation and construction.....	17,714	-	-
Education.....	830,660	-	-
Higher education.....	8,848	-	-
Public safety and homeland security.....	97,625	-	-
Economic development.....	143,591	-	18,021
Direct local aid.....	-	-	-
Medicaid.....	-	-	-
Debt service:			
Principal retirement.....	-	-	-
Interest and fiscal charges.....	-	-	-
Total expenditures.....	1,923,778	3,689,057	2,054,213
Other financing uses:			
Fringe benefit cost assessment.....	40,296	3,232	457
Lottery operating reimbursements.....	-	86,614	-
Lottery distributions.....	-	927,791	-
Federal reimbursement transfer out.....	-	-	-
Tobacco settlement transfer.....	-	-	-
Health care quality improvement transfer.....	-	-	-
Economic stimulus trust transfer.....	-	-	-
Municipal medicaid transfer.....	-	-	160,000
Operating transfers out.....	44,400	60,999	184,389
Total other financing uses.....	84,696	1,078,636	344,846
Total expenditures and other financing uses.....	2,008,474	4,767,693	2,399,059
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(11,147)	-	75,019
Fund balances at beginning of year.....	11,348	-	127,468
Legislative fund reclassification.....	-	-	-
Fund balances at end of year.....	\$ 201	\$ -	\$ 202,487

Other	Totals (Memorandum only)	
	2005	2004
\$ 1,203,055	\$ 1,204,447	\$ 785,642
312,350	662,491	619,013
635,873	3,305,415	3,252,986
257,417	257,417	253,621
81,073	5,686,903	5,363,151
60,613	71,206	42,964
2,550,381	11,187,879	10,317,377
-	-	469,106
117,566	410,066	366,602
289,050	289,050	315,612
-	-	100,900
-	309,100	245,000
-	-	150,000
43,918	43,918	-
450,534	1,052,134	1,647,220
3,000,915	12,240,013	11,964,597
2,812	4,019	3,834
-	1,049	-
5,901	6,608	8,623
1,376,640	5,067,052	4,476,746
335	9,439	10,246
161	2,792	3,710
196	3,062	2,736
-	6	48
-	2,906	3,216
2,415	2,415	1,807
77,450	87,361	224,519
15,948	46,870	46,042
-	383,025	401,161
57,267	2,473,110	1,928,169
33,480	51,194	17,354
-	830,660	831,220
1,629	10,477	8,879
172	97,797	119,908
10,482	172,094	219,801
9,850	9,850	6,272
291,623	291,623	288,496
2,139	2,139	529
115,880	115,880	95,690
2,004,380	9,671,428	8,699,006
8,533	52,518	45,639
-	86,614	78,426
-	927,791	904,417
331,436	331,436	599,040
257,417	257,417	253,621
289,050	289,050	315,612
-	-	33,634
-	160,000	160,000
80,155	369,943	328,748
966,591	2,474,769	2,719,137
2,970,971	12,146,197	11,418,143
29,944	93,816	546,454
1,453,495	1,592,311	862,572
-	-	183,285
\$ 1,483,439	\$ 1,686,127	\$ 1,592,311



**Federal Grants Fund**  
Balance Sheet - Statutory Basis

June 30, 2005  
(Amounts in thousands)

	<u>2005</u>	<u>2004</u>
<b>ASSETS</b>		
Receivables, net of allowance for uncollectibles:		
Due from federal government.....	\$ 381,467	\$ 390,931
Total assets.....	<u>\$ 381,467</u>	<u>\$ 390,931</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ 148,734	\$ 157,064
Accounts payable.....	<u>232,532</u>	<u>222,519</u>
Total liabilities.....	<u>381,266</u>	<u>379,583</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	<u>201</u>	<u>11,348</u>
Total fund balance (deficit).....	<u>201</u>	<u>11,348</u>
Total liabilities and fund balance.....	<u>\$ 381,467</u>	<u>\$ 390,931</u>

**Federal Grants Fund**  
Statement of Revenues, Expenditures and Changes in Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Federal grants and reimbursements.....	\$ 1,996,375	\$ 2,024,105
Miscellaneous.....	88	56
Total revenues.....	<u>1,996,463</u>	<u>2,024,161</u>
Other financing sources:		
Operating transfers in.....	864	4,152
Total other financing sources.....	<u>864</u>	<u>4,152</u>
Total revenues and other financing sources.....	<u>1,997,327</u>	<u>2,028,313</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Judiciary.....	1,207	1,040
Secretary of the Commonwealth.....	707	690
Treasurer and Receiver-General.....	1,170	836
Attorney General.....	9,104	10,078
District Attorney.....	2,631	3,537
Sheriff's Departments.....	2,866	2,736
Disabled Persons Protection Commission.....	6	48
Board of Library Commissioners.....	2,906	3,216
Administration and finance.....	9,805	7,614
Environmental affairs.....	30,922	30,223
Housing and community development.....	383,025	401,126
Health and human services.....	380,991	375,457
Transportation and construction.....	17,714	17,354
Education.....	830,660	831,220
Higher education.....	8,848	8,480
Public safety and homeland security.....	97,625	87,604
Economic development.....	143,591	165,076
Total expenditures.....	<u>1,923,778</u>	<u>1,946,335</u>
Other financing uses:		
Fringe benefit cost assessment.....	40,296	35,393
Operating transfers out.....	44,400	45,120
Total other financing uses.....	<u>84,696</u>	<u>80,513</u>
Total expenditures and other financing uses.....	<u>2,008,474</u>	<u>2,026,848</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(11,147)	1,465
Fund balance (deficit) at beginning of year.....	11,348	9,883
Fund balance (deficit) at end of year.....	<u>\$ 201</u>	<u>\$ 11,348</u>

**State Lottery Fund**  
Balance Sheet - Statutory Basis

June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 22,608	\$ 24,071
Receivables, net of allowance for uncollectibles:		
Other receivables.....	1,391	1,200
Total assets.....	<u>\$ 23,999</u>	<u>\$ 25,271</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 23,999	\$ 25,271
Total liabilities.....	<u>23,999</u>	<u>25,271</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	-	-
Total fund balance (deficit).....	-	-
Total liabilities and fund balance.....	<u>\$ 23,999</u>	<u>\$ 25,271</u>

**State Lottery Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2005

(Amounts in thousands)

	2005	2004
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Taxes.....	\$ 1,392	\$ 1,699
Departmental.....	4,501,663	4,339,674
Miscellaneous.....	5,783	1,465
Total revenues.....	4,508,838	4,342,838
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	4,508,838	4,342,838
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Treasurer and Receiver-General.....	3,516,163	3,404,477
Total expenditures.....	3,516,163	3,404,477
Other financing uses:		
Fringe benefit cost assessment.....	3,232	2,393
Lottery operating reimbursements .....	79,267	71,576
Lottery distributions.....	849,177	825,803
Operating transfers out.....	60,999	38,589
Total other financing uses.....	992,675	938,361
Total expenditures and other financing uses.....	4,508,838	4,342,838
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	-	-
Fund balance (deficit) at beginning of year.....	-	-
Fund balance (deficit) at end of year.....	\$ -	\$ -

**Arts Lottery Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 1,826	\$ 9,627
Receivables, net of allowance for uncollectibles:		
Other receivables.....	3,011	838
Total assets.....	<u>\$ 4,837</u>	<u>\$ 10,465</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 4,837	\$ 10,465
Total liabilities.....	<u>4,837</u>	<u>10,465</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	-	-
Total fund balance (deficit).....	-	-
Total liabilities and fund balance.....	<u>\$ 4,837</u>	<u>\$ 10,465</u>

## Arts Lottery Fund

### Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2005

(Amounts in thousands)

	2005	2004
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Departmental.....	\$ 197,159	\$ 263,592
Miscellaneous.....	697	483
Total revenues.....	197,856	264,075
Other financing sources:		
Operating transfers in.....	60,999	38,589
Total other financing sources.....	60,999	38,589
Total revenues and other financing sources.....	258,855	302,664
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Treasurer and Receiver-General.....	172,894	217,200
Total expenditures.....	172,894	217,200
Other financing uses:		
Lottery operating reimbursements .....	7,347	6,850
Lottery distributions.....	78,614	78,614
Total other financing uses.....	85,961	85,464
Total expenditures and other financing uses.....	258,855	302,664
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	-	-
Fund balance (deficit) at beginning of year.....	-	-
Fund balance (deficit) at end of year.....	\$ -	\$ -

**Uncompensated Care Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 175,826	\$ 202,090
Receivables, net of allowance for uncollectibles:		
Due from federal government.....	-	45,529
Other receivables.....	-	45,529
Total assets.....	<u>\$ 175,826</u>	<u>\$ 293,148</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 10,979	\$ 179,784
Total liabilities.....	<u>10,979</u>	<u>179,784</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	164,847	113,364
Total fund balance (deficit).....	<u>164,847</u>	<u>113,364</u>
Total liabilities and fund balance.....	<u>\$ 175,826</u>	<u>\$ 293,148</u>

**Uncompensated Care Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Assessments.....	\$ 350,141	\$ 313,030
Federal grants and reimbursements.....	673,167	445,792
Departmental.....	862,412	632,176
Miscellaneous.....	3,830	1,488
Total revenues.....	<u>1,889,550</u>	<u>1,392,486</u>
Other financing sources:		
Operating transfers in.....	230,637	157,759
Uncompensated care pool transfer.....	309,100	245,000
Total other financing sources.....	<u>539,737</u>	<u>402,759</u>
Total revenues and other financing sources.....	<u>2,429,287</u>	<u>1,795,245</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Inspector General.....	1,049	-
Health and human services.....	2,034,852	1,470,078
Total expenditures.....	<u>2,035,901</u>	<u>1,470,078</u>
Other financing uses:		
Fringe benefit cost assessment.....	65	-
Municipal medicaid transfer.....	160,000	160,000
Operating transfers out.....	181,838	186,414
Total other financing uses.....	<u>341,903</u>	<u>346,414</u>
Total expenditures and other financing uses.....	<u>2,377,804</u>	<u>1,816,492</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	51,483	(21,247)
Fund balance (deficit) at beginning of year.....	113,364	134,611
Fund balance (deficit) at end of year.....	<u>\$ 164,847</u>	<u>\$ 113,364</u>



**Medical Security Trust Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 37,951	\$ 14,491
Total assets.....	<u>\$ 37,951</u>	<u>\$ 14,491</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 311	\$ 387
Total liabilities.....	<u>311</u>	<u>387</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	37,640	14,104
Total fund balance (deficit).....	<u>37,640</u>	<u>14,104</u>
Total liabilities and fund balance.....	<u>\$ 37,951</u>	<u>\$ 14,491</u>

**Medical Security Trust Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Departmental.....	\$ 44,596	\$ 45,430
Miscellaneous.....	195	35
Total revenues.....	44,791	45,465
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	44,791	45,465
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Treasurer and Receiver-General.....	185	-
Administration and finance.....	106	100
Economic development.....	18,021	38,815
Total expenditures.....	18,312	38,915
Other financing uses:		
Fringe benefit cost assessment.....	392	342
Operating transfers out.....	2,551	82
Total other financing uses.....	2,943	424
Total expenditures and other financing uses.....	21,255	39,339
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	23,536	6,126
Fund balance (deficit) at beginning of year.....	14,104	7,978
Fund balance (deficit) at end of year.....	\$ 37,640	\$ 14,104

**Department of Telecommunication and Energy Trust Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2005  
(Amounts in thousands)

	<u>2005</u>	<u>2004</u>
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 593	\$ 384
Total assets.....	<u>\$ 593</u>	<u>\$ 384</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 255	\$ 105
Total liabilities.....	<u>255</u>	<u>105</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	<u>338</u>	<u>279</u>
Total fund balance (deficit).....	<u>338</u>	<u>279</u>
Total liabilities and fund balance.....	<u>\$ 593</u>	<u>\$ 384</u>

**Department of Telecommunication and Energy Trust Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Assessments.....	\$ 3,184	\$ 3,155
Departmental.....	161	356
Total revenues.....	<u>3,345</u>	<u>3,511</u>
Other financing sources:		
Operating transfers in.....	-	7
Total other financing sources.....	-	7
Total revenues and other financing sources.....	<u>3,345</u>	<u>3,518</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Economic development.....	2,663	3,067
Total expenditures.....	<u>2,663</u>	<u>3,067</u>
Other financing uses:		
Fringe benefit cost assessment.....	415	409
Operating transfers out.....	208	14
Total other financing uses.....	<u>623</u>	<u>423</u>
Total expenditures and other financing uses.....	<u>3,286</u>	<u>3,490</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	59	28
Fund balance (deficit) at beginning of year.....	279	251
Fund balance (deficit) at end of year.....	<u>\$ 338</u>	<u>\$ 279</u>

**Liability Management and Reduction Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2005  
(Amounts in thousands)

	<u>2005</u>	<u>2004</u>
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 2,385	\$ 2,258
Total assets.....	<u>\$ 2,385</u>	<u>\$ 2,258</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 219	\$ 58
Total liabilities.....	<u>219</u>	<u>58</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	<u>2,166</u>	<u>2,200</u>
Total fund balance (deficit).....	<u>2,166</u>	<u>2,200</u>
Total liabilities and fund balance.....	<u>\$ 2,385</u>	<u>\$ 2,258</u>

**Liability Management and Reduction Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Departmental.....	\$ 2,440	\$ 2,654
Miscellaneous.....	22	12
Total revenues.....	<u>2,462</u>	<u>2,666</u>
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	<u>2,462</u>	<u>2,666</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Attorney General.....	58	83
Comptroller.....	2,415	1,807
Total expenditures.....	<u>2,473</u>	<u>1,890</u>
Other financing uses:		
Fringe benefit cost assessment.....	17	14
Operating transfers out.....	6	-
Total other financing uses.....	<u>23</u>	<u>14</u>
Total expenditures and other financing uses.....	<u>2,496</u>	<u>1,904</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(34)	762
Fund balance (deficit) at beginning of year.....	2,200	1,438
Fund balance (deficit) at end of year.....	<u>\$ 2,166</u>	<u>\$ 2,200</u>

**Debt Defeasance Trust Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2005  
(Amounts in thousands)

	<u>2005</u>	<u>2004</u>
<b>ASSETS</b>		
Cash and short-term investments.....	\$ -	\$ 7,465
Total assets.....	<u>\$ -</u>	<u>\$ 7,465</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	<u>-</u>	<u>-</u>
Fund balance:		
Reserved fund balance:		
Reserved for capital projects.....	-	7,465
Total fund balance (deficit).....	<u>-</u>	<u>7,465</u>
Total liabilities and fund balance.....	<u>\$ -</u>	<u>\$ 7,465</u>

**Debt Defeasance Trust Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Miscellaneous.....	\$ -	\$ -
Total revenues.....	-	-
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	-	-
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Treasurer and Receiver - General.....	-	-
Total expenditures.....	-	-
Other financing uses:		
Operating transfers out.....	7,465	-
Total other financing uses.....	7,465	-
Total expenditures and other financing uses.....	7,465	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(7,465)	-
Fund balance (deficit) at beginning of year.....	7,465	7,465
Fund balance (deficit) at end of year.....	\$ -	\$ 7,465



# Health Care Security Trust Fund

## Balance Sheet - Statutory Basis

June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>ASSETS</b>		
Cash and short-term investments.....	\$ -	\$ 83,147
Investments.....	507,833	374,568
Receivables, net of allowance for uncollectibles:		
Other receivables.....	17,938	-
Total assets.....	<u>\$ 525,771</u>	<u>\$ 457,715</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ 2,506	\$ -
Accounts payable.....	79,675	37,750
Total liabilities.....	<u>82,181</u>	<u>37,750</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	443,590	419,965
Total fund balance (deficit).....	443,590	419,965
Total liabilities and fund balance.....	<u>\$ 525,771</u>	<u>\$ 457,715</u>

**Health Care Security Trust Fund**  
Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Assessments.....	\$ 147,021	\$ 142,642
Federal grants reimbursements.....	144,372	144,248
Departmental.....	158	139
Tobacco settlement revenue.....	257,417	253,621
Miscellaneous income.....	21,520	4,861
Total revenues.....	<u>570,488</u>	<u>545,511</u>
Other financing sources:		
Other sources.....	<u>43,918</u>	<u>-</u>
Total other financing sources.....	<u>43,918</u>	<u>-</u>
Total revenues and other financing sources.....	<u>614,406</u>	<u>545,511</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Administration and finance .....	6	6
Health and human services .....	<u>330</u>	<u>420</u>
Total expenditures.....	<u>336</u>	<u>426</u>
Other financing uses:		
Fringe benefit cost assessment.....	29	23
Tobacco settlement transfer.....	257,417	253,621
Health care quality improvement transfer.....	289,050	315,612
Economic stimulus trust transfer.....	-	33,634
Operating transfers out.....	<u>43,949</u>	<u>-</u>
Total other financing uses.....	<u>590,445</u>	<u>602,890</u>
Total expenditures and other financing uses.....	<u>590,781</u>	<u>603,316</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	23,625	(57,805)
Fund balance (deficit) at beginning of year.....	<u>419,965</u>	<u>477,770</u>
Fund balance (deficit) at end of year.....	<u>\$ 443,590</u>	<u>\$ 419,965</u>

**Commonwealth of Massachusetts Civil Monetary Penalty (CMP) Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 1,449	\$ 1,466
Total assets.....	<u>\$ 1,449</u>	<u>\$ 1,466</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 185	\$ -
Total liabilities.....	<u>185</u>	<u>-</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	1,264	1,466
Total fund balance (deficit).....	<u>1,264</u>	<u>1,466</u>
Total liabilities and fund balance.....	<u>\$ 1,449</u>	<u>\$ 1,466</u>

**Commonwealth of Massachusetts Civil Monetary Penalty (CMP) Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Departmental.....	\$ 497	\$ 260
Total revenues.....	497	260
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	497	260
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Health and human services.....	699	300
Total expenditures.....	699	300
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	699	300
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(202)	(40)
Fund balance (deficit) at beginning of year.....	1,466	1,506
Fund balance (deficit) at end of year.....	\$ 1,264	\$ 1,466

**MBTA State and Local Contribution Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2005  
(Amounts in thousands)

	<u>2005</u>	<u>2004</u>
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 63,785	\$ 64,534
Total assets.....	<u>\$ 63,785</u>	<u>\$ 64,534</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 63,785	\$ 64,534
Total liabilities.....	<u>63,785</u>	<u>64,534</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	<u>-</u>	<u>-</u>
Total fund balance (deficit).....	<u>-</u>	<u>-</u>
Total liabilities and fund balance.....	<u>\$ 63,785</u>	<u>\$ 64,534</u>

**MBTA State and Local Contribution Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Taxes.....	\$ 704,809	\$ 684,280
Assessments.....	137,732	139,438
Total revenues.....	842,541	823,718
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	842,541	823,718
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Treasurer and Receiver-General.....	842,541	823,718
Total expenditures.....	842,541	823,718
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	842,541	823,718
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	-	-
Fund balance (deficit) at beginning of year.....	-	-
Fund balance (deficit) at end of year.....	\$ -	\$ -

**Catastrophic Illness in Children Relief Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2005  
(Amounts in thousands)

	<u>2005</u>	<u>2004</u>
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 3,108	\$ 1,683
Total assets.....	<u>\$ 3,108</u>	<u>\$ 1,683</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 258	\$ 196
Total liabilities.....	<u>258</u>	<u>196</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	<u>2,850</u>	<u>1,487</u>
Total fund balance (deficit).....	<u>2,850</u>	<u>1,487</u>
Total liabilities and fund balance.....	<u>\$ 3,108</u>	<u>\$ 1,683</u>

**Catastrophic Illness in Children Relief Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	<u>2005</u>	<u>2004</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Miscellaneous.....	\$ 120	\$ 47
Total revenues.....	<u>120</u>	<u>47</u>
Other financing sources:		
Operating transfers in.....	<u>2,486</u>	<u>-</u>
Total other financing sources.....	<u>2,486</u>	<u>-</u>
Total revenues and other financing sources.....	<u>2,606</u>	<u>47</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Health and human services.....	<u>1,243</u>	<u>3,171</u>
Total expenditures.....	<u>1,243</u>	<u>3,171</u>
Other financing uses:		
Operating transfers out.....	<u>-</u>	<u>-</u>
Total other financing uses.....	<u>-</u>	<u>-</u>
Total expenditures and other financing uses.....	<u>1,243</u>	<u>3,171</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	1,363	(3,124)
Fund balance (deficit) at beginning of year.....	<u>1,487</u>	<u>4,611</u>
Fund balance (deficit) at end of year.....	<u>\$ 2,850</u>	<u>\$ 1,487</u>



**MBTA Infrastructure Renovation Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2005  
(Amounts in thousands)

	<u>2005</u>	<u>2004</u>
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 11,400	\$ 31,818
Total assets.....	<u>\$ 11,400</u>	<u>\$ 31,818</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 3,836	\$ 2,251
Total liabilities.....	<u>3,836</u>	<u>2,251</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	<u>7,564</u>	<u>29,567</u>
Total fund balance (deficit).....	<u>7,564</u>	<u>29,567</u>
Total liabilities and fund balance.....	<u>\$ 11,400</u>	<u>\$ 31,818</u>

**MBTA Infrastructure Renovation Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Miscellaneous.....	\$ 474	\$ 280
Total revenues.....	474	280
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	474	280
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Treasurer and Receiver-General.....	22,477	16,149
Total expenditures.....	22,477	16,149
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	22,477	16,149
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(22,003)	(15,869)
Fund balance (deficit) at beginning of year.....	29,567	45,436
Fund balance (deficit) at end of year.....	\$ 7,564	\$ 29,567

**Community Preservation Trust Fund**  
Balance Sheet - Statutory Basis

June 30, 2005  
(Amounts in thousands)

	<u>2005</u>	<u>2004</u>
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 126,473	\$ 118,069
Total assets.....	<u>\$ 126,473</u>	<u>\$ 118,069</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	<u>-</u>	<u>-</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	126,473	118,069
Total fund balance (deficit).....	<u>126,473</u>	<u>118,069</u>
Total liabilities and fund balance.....	<u>\$ 126,473</u>	<u>\$ 118,069</u>

**Community Preservation Trust Fund**  
Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Taxes.....	\$ 37,406	\$ 50,520
Miscellaneous.....	1,820	928
Total revenues.....	<u>39,226</u>	<u>51,448</u>
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	<u>-</u>	<u>-</u>
Total revenues and other financing sources.....	<u>39,226</u>	<u>51,448</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Administration and finance.....	30,822	27,380
Total expenditures.....	<u>30,822</u>	<u>27,380</u>
Other financing uses:		
Fringe benefit cost assessment .....	-	50
Total other financing uses.....	<u>-</u>	<u>50</u>
Total expenditures and other financing uses.....	<u>30,822</u>	<u>27,430</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	8,404	24,018
Fund balance (deficit) at beginning of year.....	118,069	94,051
Fund balance (deficit) at end of year.....	<u>\$ 126,473</u>	<u>\$ 118,069</u>

# Health Insurance Portability and Accountability Act Fund

## Balance Sheet - Statutory Basis

June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 15,023	\$ 12,423
Receivables, net of allowance for uncollectibles:		
Due from federal government.....	2,541	3,088
Total assets.....	<u>\$ 17,564</u>	<u>\$ 15,511</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 1,657	\$ 2,579
Total liabilities.....	<u>1,657</u>	<u>2,579</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	15,907	12,932
Total fund balance (deficit).....	<u>15,907</u>	<u>12,932</u>
Total liabilities and fund balance.....	<u>\$ 17,564</u>	<u>\$ 15,511</u>

**Health Insurance Portability and Accountability Act Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Federal grants and reimbursements.....	\$ 21,567	\$ 20,337
Total revenues.....	21,567	20,337
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	21,567	20,337
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Health and human services.....	17,305	21,604
Total expenditures.....	17,305	21,604
Other financing uses:		
Fringe benefit cost assessment.....	556	230
Operating transfers out.....	731	3
Total other financing uses.....	1,287	233
Total expenditures and other financing uses.....	18,592	21,837
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	2,975	(1,500)
Fund balance (deficit) at beginning of year.....	12,932	14,432
Fund balance (deficit) at end of year.....	\$ 15,907	\$ 12,932

**State Racing Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 927	\$ 1,042
Total assets.....	<u>927</u>	<u>\$ 1,042</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 233	\$ 116
Total liabilities.....	<u>233</u>	<u>116</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	<u>694</u>	<u>926</u>
Total fund balance (deficit).....	<u>694</u>	<u>926</u>
Total liabilities and fund balance.....	<u>\$ 927</u>	<u>\$ 1,042</u>

**State Racing Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Taxes.....	\$ 4,677	\$ 5,697
Assessments.....	743	761
Departmental.....	791	859
Miscellaneous.....	1,549	1,678
Total revenues.....	7,760	8,995
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	7,760	8,995
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Environmental affairs.....	107	295
Health and human services.....	162	213
Economic development.....	3,327	6,408
Total expenditures.....	3,596	6,916
Other financing uses:		
Fringe benefit cost assessment.....	28	42
Operating transfers out.....	4,368	4,044
Total other financing uses.....	4,396	4,086
Total expenditures and other financing uses.....	7,992	11,002
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(232)	(2,007)
Fund balance (deficit) at beginning of year.....	926	2,933
Fund balance (deficit) at end of year.....	\$ 694	\$ 926



**Division of Professional Licensure Trust Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 1,770	\$ 1,393
Total assets.....	<u>\$ 1,770</u>	<u>\$ 1,393</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 254	\$ 125
Total liabilities.....	<u>254</u>	<u>125</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	1,516	1,268
Total fund balance (deficit).....	<u>1,516</u>	<u>1,268</u>
Total liabilities and fund balance.....	<u>\$ 1,770</u>	<u>\$ 1,393</u>

**Division of Professional Licensure Trust Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Departmental.....	\$ 4,365	\$ 4,858
Miscellaneous.....	-	709
Total revenues.....	4,365	5,567
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	4,365	5,567
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Economic development.....	3,597	3,004
Total expenditures.....	3,597	3,004
Other financing uses:		
Fringe benefit cost assessment.....	443	476
Operating transfers out.....	77	882
Total other financing uses.....	520	1,358
Total expenditures and other financing uses.....	4,117	4,362
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	248	1,205
Fund balance (deficit) at beginning of year.....	1,268	63
Fund balance (deficit) at end of year.....	\$ 1,516	\$ 1,268

**Victims of Drunk Driving Trust Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 1,093	\$ 827
Total assets.....	<u>\$ 1,093</u>	<u>\$ 827</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 64	\$ 32
Total liabilities.....	<u>64</u>	<u>32</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	1,029	795
Total fund balance (deficit).....	<u>1,029</u>	<u>795</u>
Total liabilities and fund balance.....	<u>\$ 1,093</u>	<u>\$ 827</u>

**Victims of Drunk Driving Trust Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Departmental.....	\$ 504	\$ 506
Miscellaneous.....	8	-
Total revenues.....	512	506
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	512	506
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Attorney General.....	277	85
Total expenditures.....	277	85
Other financing uses:		
Operating transfers out.....	1	-
Total other financing uses.....	1	-
Total expenditures and other financing uses.....	278	85
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	234	421
Fund balance (deficit) at beginning of year.....	795	374
Fund balance (deficit) at end of year.....	\$ 1,029	\$ 795

**Health Care Quality Improvement Trust Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2005  
(Amounts in thousands)

	<u>2005</u>	<u>2004</u>
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 7,937	\$ 16,142
Total assets.....	<u>\$ 7,937</u>	<u>\$ 16,142</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 1,050	\$ 6,626
Total liabilities.....	<u>1,050</u>	<u>6,626</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	6,887	9,516
Total fund balance (deficit).....	<u>6,887</u>	<u>9,516</u>
Total liabilities and fund balance.....	<u>\$ 7,937</u>	<u>\$ 16,142</u>

**Health Care Quality Improvement Trust Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Departmental.....	\$ -	\$ -
Total revenues.....	-	-
Other financing sources:		
Health care security trust transfer.....	289,050	315,612
Total other financing sources.....	289,050	315,612
Total revenues and other financing sources.....	289,050	315,612
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Health and human services.....	-	19,297
Economic development.....	-	446
Medicaid.....	291,623	288,496
Total expenditures.....	291,623	308,239
Other financing uses:		
Fringe benefit cost assessment.....	37	167
Operating transfers out.....	19	-
Total other financing uses.....	56	167
Total expenditures and other financing uses.....	291,679	308,406
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(2,629)	7,206
Fund balance (deficit) at beginning of year.....	9,516	2,310
Fund balance (deficit) at end of year.....	\$ 6,887	\$ 9,516

**Department of Fire Services Hazardous Material Emergency Mitigation Response  
Recovery Trust Fund  
Balance Sheet - Statutory Basis**

June 30, 2005  
(Amounts in thousands)

	<u>2005</u>	<u>2004</u>
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 176	\$ 116
Total assets.....	<u>\$ 176</u>	<u>\$ 116</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 35	\$ 40
Total liabilities.....	<u>35</u>	<u>40</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	141	76
Total fund balance (deficit).....	<u>141</u>	<u>76</u>
Total liabilities and fund balance.....	<u>\$ 176</u>	<u>\$ 116</u>

**Department of Fire Services Hazardous Material Emergency Mitigation Response  
Recovery Trust Fund**

**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Departmental.....	\$ 128	\$ 153
Miscellaneous.....	3	-
Total revenues.....	<u>131</u>	<u>153</u>
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	<u>131</u>	<u>153</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Public safety and homeland security.....	66	115
Total expenditures.....	<u>66</u>	<u>115</u>
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	<u>66</u>	<u>115</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	65	38
Fund balance (deficit) at beginning of year.....	76	38
Fund balance (deficit) at end of year.....	<u>\$ 141</u>	<u>\$ 76</u>



**Registers Technological Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 1,727	\$ 1,468
Total assets.....	<u>\$ 1,727</u>	<u>\$ 1,468</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 327	\$ 376
Total liabilities.....	<u>327</u>	<u>376</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	1,400	1,092
Total fund balance (deficit).....	<u>1,400</u>	<u>1,092</u>
Total liabilities and fund balance.....	<u>\$ 1,727</u>	<u>\$ 1,468</u>

**Registers Technological Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Departmental.....	\$ 6,728	\$ 8,583
Total revenues.....	6,728	8,583
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	6,728	8,583
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Judiciary.....	76	27
Secretary of the Commonwealth.....	5,901	7,933
Total expenditures.....	5,977	7,960
Other financing uses:		
Fringe benefit cost assessment.....	94	87
Operating transfers out.....	349	1
Total other financing uses.....	443	88
Total expenditures and other financing uses.....	6,420	8,048
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	308	535
Fund balance (deficit) at beginning of year.....	1,092	557
Fund balance (deficit) at end of year.....	\$ 1,400	\$ 1,092

**County Registers Technological Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 3,464	\$ 2,803
Total assets.....	<u>\$ 3,464</u>	<u>\$ 2,803</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 249	\$ -
Total liabilities.....	<u>249</u>	<u>-</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	3,215	2,803
Total fund balance (deficit).....	<u>3,215</u>	<u>2,803</u>
Total liabilities and fund balance.....	<u>\$ 3,464</u>	<u>\$ 2,803</u>

**County Registers Technological Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Departmental.....	\$ 3,622	\$ 4,599
Total revenues.....	3,622	4,599
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	3,622	4,599
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Administration and finance.....	3,210	2,642
Total expenditures.....	3,210	2,642
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	3,210	2,642
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	412	1,957
Fund balance (deficit) at beginning of year.....	2,803	846
Fund balance (deficit) at end of year.....	\$ 3,215	\$ 2,803

**State Election Campaign Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 1,247	\$ 909
Total assets.....	<u>\$ 1,247</u>	<u>\$ 909</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	<u>-</u>	<u>-</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	1,247	909
Total fund balance (deficit).....	<u>1,247</u>	<u>909</u>
Total liabilities and fund balance.....	<u>\$ 1,247</u>	<u>\$ 909</u>

**State Election Campaign Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Departmental.....	\$ -	\$ 89
Miscellaneous.....	338	343
Total revenues.....	338	432
Other financing sources:		
Operating transfers in.....	-	477
Total other financing sources.....	-	477
Total revenues and other financing sources.....	338	909
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Office of Campaign and Political Finance.....	-	-
Total expenditures.....	-	-
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	338	909
Fund balance (deficit) at beginning of year.....	909	-
Fund balance (deficit) at end of year.....	\$ 1,247	\$ 909

**Distressed Provider Expendable Trust Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 12,495	\$ 1,212
Total assets.....	<u>\$ 12,495</u>	<u>\$ 1,212</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 12,495	\$ 150
Total liabilities.....	<u>12,495</u>	<u>150</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	-	1,062
Total fund balance (deficit).....	<u>-</u>	<u>1,062</u>
Total liabilities and fund balance.....	<u>\$ 12,495</u>	<u>\$ 1,212</u>

**Distressed Provider Expendable Trust Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Departmental.....	\$ -	\$ -
Total revenues.....	-	-
Other financing sources:		
Operating transfers in.....	26,150	28,655
Total other financing sources.....	26,150	28,655
Total revenues and other financing sources.....	26,150	28,655
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Health and human service.....	27,212	27,593
Total expenditures.....	27,212	27,593
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	27,212	27,593
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(1,062)	1,062
Fund balance (deficit) at beginning of year.....	1,062	-
Fund balance (deficit) at end of year.....	\$ -	\$ 1,062



**Economic Stimulus Trust Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>ASSETS</b>		
Cash and short-term investments.....	\$ -	\$ -
Total assets.....	\$ -	\$ -
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	-	-
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	-	-
Total fund balance (deficit).....	-	-
Total liabilities and fund balance.....	\$ -	\$ -

**Economic Stimulus Trust Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Miscellaneous.....	\$ 37	\$ 218
Total revenues.....	37	218
Other financing sources:		
Economic stimulus trust transfer.....	-	100,900
Total other financing sources.....	-	100,900
Total revenues and other financing sources.....	37	101,118
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Administration and finance.....	-	68,000
Total expenditures.....	-	68,000
Other financing uses:		
Operating transfers out.....	37	33,118
Total other financing uses.....	37	33,118
Total expenditures and other financing uses.....	37	101,118
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	-	-
Fund balance (deficit) at beginning of year.....	-	-
Fund balance (deficit) at end of year.....	\$ -	\$ -

**Springfield Fiscal Recovery Trust Fund**  
Balance Sheet - Statutory Basis

June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 30,107	\$ 52,000
Due from cities and towns.....	21,000	-
Total assets.....	<u>\$ 51,107</u>	<u>\$ 52,000</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 295	\$ -
Total liabilities.....	<u>295</u>	<u>-</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	50,812	52,000
Total fund balance (deficit).....	50,812	52,000
Total liabilities and fund balance.....	<u>\$ 51,107</u>	<u>\$ 52,000</u>

**Springfield Fiscal Recovery Trust Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Departmental.....	\$ -	\$ -
Total revenues.....	-	-
Other financing sources:		
Operating transfers in.....	-	52,000
Total other financing sources.....	-	52,000
Total revenues and other financing sources.....	-	52,000
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Administration and finance.....	1,064	-
Total expenditures.....	1,064	-
Other financing uses:		
Fringe benefit cost assessment.....	44	-
Operating transfers out.....	80	-
Total other financing uses.....	124	-
Total expenditures and other financing uses.....	1,188	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(1,188)	52,000
Fund balance (deficit) at beginning of year.....	52,000	-
Fund balance (deficit) at end of year.....	\$ 50,812	\$ 52,000

**Counsel for Indigent Salary Enhancement Trust Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 147	\$ -
Total assets.....	<u>\$ 147</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	<u>-</u>	<u>-</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	147	-
Total fund balance (deficit).....	<u>147</u>	<u>-</u>
Total liabilities and fund balance.....	<u>\$ 147</u>	<u>\$ -</u>

**Counsel for Indigent Salary Enhancement Trust Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Departmental.....	\$ 147	\$ -
Total revenues.....	147	-
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	147	-
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Judiciary.....	-	-
Total expenditures.....	-	-
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	147	-
Fund balance (deficit) at beginning of year.....	-	-
Fund balance (deficit) at end of year.....	\$ 147	\$ -

**Special Projects Permitting and Oversight Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 139	\$ -
Total assets.....	<u>\$ 139</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	<u>-</u>	<u>-</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	139	-
Total fund balance (deficit).....	<u>139</u>	<u>-</u>
Total liabilities and fund balance.....	<u>\$ 139</u>	<u>\$ -</u>

**Special Projects Permitting and Oversight Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Departmental.....	\$ 336	\$ -
Total revenues.....	336	-
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	336	-
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Environmental affairs.....	140	-
Total expenditures.....	140	-
Other financing uses:		
Fringe benefit cost assessment.....	36	-
Operating transfers out.....	21	-
Total other financing uses.....	57	-
Total expenditures and other financing uses.....	197	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	139	-
Fund balance (deficit) at beginning of year.....	-	-
Fund balance (deficit) at end of year.....	\$ 139	\$ -



**School Modernization and Reconstruction Trust Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 36,417	\$ 150,000
Total assets.....	<u>\$ 36,417</u>	<u>\$ 150,000</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	<u>-</u>	<u>-</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	<u>36,417</u>	<u>150,000</u>
Total fund balance (deficit).....	<u>36,417</u>	<u>150,000</u>
Total liabilities and fund balance.....	<u>\$ 36,417</u>	<u>\$ 150,000</u>

**School Modernization and Reconstruction Trust Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Taxes.....	\$ 395,700	\$ -
Miscellaneous.....	2,326	-
Total revenues.....	398,026	-
Other financing sources:		
School building assistance transfer .....	-	150,000
Total other financing sources.....	-	150,000
Total revenues and other financing sources.....	398,026	150,000
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Treasurer and Receiver-General.....	511,609	-
Total expenditures.....	511,609	-
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	511,609	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(113,583)	150,000
Fund balance (deficit) at beginning of year.....	150,000	-
Fund balance (deficit) at end of year.....	\$ 36,417	\$ 150,000

**Civil Process Technology Improvement Fund**  
Balance Sheet - Statutory Basis

June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 196	\$ -
Total assets.....	<u>\$ 196</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 21	\$ -
Total liabilities.....	<u>21</u>	<u>-</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	175	-
Total fund balance (deficit).....	<u>175</u>	<u>-</u>
Total liabilities and fund balance.....	<u>\$ 196</u>	<u>\$ -</u>

**Civil Process Technology Improvement Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Departmental.....	\$ 389	\$ -
Total revenues.....	389	-
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	389	-
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Sheriff's Departments.....	196	-
Total expenditures.....	196	-
Other financing uses:		
Operating transfers out.....	18	-
Total other financing uses.....	18	-
Total expenditures and other financing uses.....	214	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	175	-
Fund balance (deficit) at beginning of year.....	-	-
Fund balance (deficit) at end of year.....	\$ 175	\$ -

**Roche Community Rink Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 59	\$ -
Total assets.....	<u>\$ 59</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	<u>-</u>	<u>-</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	59	-
Total fund balance (deficit).....	<u>59</u>	<u>-</u>
Total liabilities and fund balance.....	<u>\$ 59</u>	<u>\$ -</u>

**Roche Community Rink Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Departmental.....	\$ 162	\$ -
Total revenues.....	162	-
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	162	-
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Environmental affairs.....	103	-
Total expenditures.....	103	-
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	103	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	59	-
Fund balance (deficit) at beginning of year.....	-	-
Fund balance (deficit) at end of year.....	\$ 59	\$ -

**Government Land Bank Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>ASSETS</b>		
Cash and short-term investments.....	\$ -	\$ -
Total assets.....	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ 35,097	\$ 35,097
Total liabilities.....	<u>35,097</u>	<u>35,097</u>
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	<u>(35,097)</u>	<u>(35,097)</u>
Total fund balance (deficit).....	<u>(35,097)</u>	<u>(35,097)</u>
Total liabilities and fund balance.....	<u>\$ -</u>	<u>\$ -</u>

**Government Land Bank Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Departmental.....	\$ 66	\$ 98
Total revenues.....	66	98
Other financing sources:		
Operating transfers in.....	4,380	2,655
Total other financing sources.....	4,380	2,655
Total revenues and other financing sources.....	4,446	2,753
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Debt service:		
Principal retirement.....	2,139	529
Interest and fiscal charges.....	2,307	2,224
Total expenditures.....	4,446	2,753
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	4,446	2,753
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	-	-
Fund balance (deficit) at beginning of year.....	(35,097)	(35,097)
Fund balance (deficit) at end of year.....	\$ (35,097)	\$ (35,097)



**Natural Heritage And Endangered Species Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2005  
(Amounts in thousands)

	<u>2005</u>	<u>2004</u>
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 224	\$ 167
Total assets.....	<u>\$ 224</u>	<u>\$ 167</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 72	\$ 17
Total liabilities.....	<u>72</u>	<u>17</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	152	150
Total fund balance (deficit).....	<u>152</u>	<u>150</u>
Total liabilities and fund balance.....	<u>\$ 224</u>	<u>\$ 167</u>

**Natural Heritage And Endangered Species Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Federal grants and reimbursements.....	\$ 502	\$ 98
Departmental.....	44	79
Miscellaneous.....	226	323
Total revenues.....	772	500
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	772	500
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Environmental affairs.....	648	544
Total expenditures.....	648	544
Other financing uses:		
Fringe benefit cost assessment.....	122	106
Operating transfers out.....	-	1
Total other financing uses.....	122	107
Total expenditures and other financing uses.....	770	651
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	2	(151)
Fund balance (deficit) at beginning of year.....	150	301
Fund balance (deficit) at end of year.....	\$ 152	\$ 150

**Massachusetts Mathematics, Science, Technology and  
Engineering Grant Fund**  
Balance Sheet - Statutory Basis

June 30, 2005  
(Amounts in thousands)

	<u>2005</u>	<u>2004</u>
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 484	\$ 2,355
Total assets.....	<u>\$ 484</u>	<u>\$ 2,355</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ -	\$ 255
Total liabilities.....	<u>-</u>	<u>255</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	484	2,100
Total fund balance (deficit).....	<u>484</u>	<u>2,100</u>
Total liabilities and fund balance.....	<u>\$ 484</u>	<u>\$ 2,355</u>

**Massachusetts Mathematics, Science, Technology and  
Engineering Grant Fund**  
Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Departmental.....	\$ -	\$ -
Total revenues.....	-	-
Other financing sources:		
Operating transfers in.....	-	2,500
Total other financing sources.....	-	2,500
Total revenues and other financing sources.....	-	2,500
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Higher education.....	1,597	399
Total expenditures.....	1,597	399
Other financing uses:		
Fringe benefit cost assessment.....	6	1
Operating transfers out.....	13	-
Total other financing uses.....	19	1
Total expenditures and other financing uses.....	1,616	400
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(1,616)	2,100
Fund balance (deficit) at beginning of year.....	2,100	-
Fund balance (deficit) at end of year.....	\$ 484	\$ 2,100

**Mosquito And Greenhead Fly Control Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2005  
(Amounts in thousands)

	<u>2005</u>	<u>2004</u>
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 306	\$ 227
Total assets.....	<u>\$ 306</u>	<u>\$ 227</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 170	\$ 308
Total liabilities.....	<u>170</u>	<u>308</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	136	-
Undesignated.....	<u>-</u>	<u>(81)</u>
Total fund balance (deficit).....	<u>136</u>	<u>(81)</u>
Total liabilities and fund balance.....	<u>\$ 306</u>	<u>\$ 227</u>

**Mosquito And Greenhead Fly Control Fund**  
**Statement of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Assessments.....	\$ 7,311	\$ 7,181
Departmental.....	628	613
Total revenues.....	<u>7,939</u>	<u>7,794</u>
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	<u>7,939</u>	<u>7,794</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Environmental affairs.....	6,937	6,997
Total expenditures.....	<u>6,937</u>	<u>6,997</u>
Other financing uses:		
Fringe benefit cost assessment.....	785	746
Operating transfers out.....	-	16
Total other financing uses.....	<u>785</u>	<u>762</u>
Total expenditures and other financing uses.....	<u>7,722</u>	<u>7,759</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	217	35
Fund balance (deficit) at beginning of year.....	(81)	(116)
Fund balance (deficit) at end of year.....	<u>\$ 136</u>	<u>\$ (81)</u>

**Oil Overcharge Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2005  
(Amounts in thousands)

	<u>2005</u>	<u>2004</u>
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 1,196	\$ 2,388
Total assets.....	<u>\$ 1,196</u>	<u>\$ 2,388</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 19	\$ 81
Total liabilities.....	<u>19</u>	<u>81</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	<u>1,177</u>	<u>2,307</u>
Total fund balance (deficit).....	<u>1,177</u>	<u>2,307</u>
Total liabilities and fund balance.....	<u>\$ 1,196</u>	<u>\$ 2,388</u>

**Oil Overcharge Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Federal grants and reimbursements.....	\$ 3	\$ 1
Miscellaneous.....	48	32
Total revenues.....	51	33
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	51	33
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Housing and community development.....	-	35
Economic development.....	842	1,700
Total expenditures.....	842	1,735
Other financing uses:		
Fringe benefit cost assessment.....	167	237
Operating transfers out.....	172	8
Total other financing uses.....	339	245
Total expenditures and other financing uses.....	1,181	1,980
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(1,130)	(1,947)
Fund balance (deficit) at beginning of year.....	2,307	4,254
Fund balance (deficit) at end of year.....	\$ 1,177	\$ 2,307



**Environmental Trust Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 4,666	\$ 5,391
Total assets.....	<u>\$ 4,666</u>	<u>\$ 5,391</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 123	\$ 184
Total liabilities.....	<u>123</u>	<u>184</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	4,543	5,207
Total fund balance (deficit).....	<u>4,543</u>	<u>5,207</u>
Total liabilities and fund balance.....	<u>\$ 4,666</u>	<u>\$ 5,391</u>

**Environmental Trust Fund**  
Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Departmental.....	\$ 1,180	\$ 1,184
Miscellaneous.....	108	55
Total revenues.....	1,288	1,239
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	1,288	1,239
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Environmental affairs.....	1,748	1,527
Public safety and homeland security.....	-	77
Transportation and construction.....	83	-
Total expenditures.....	1,831	1,604
Other financing uses:		
Fringe benefit cost assessment.....	40	30
Operating transfers out.....	81	66
Total other financing uses.....	121	96
Total expenditures and other financing uses.....	1,952	1,700
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(664)	(461)
Fund balance (deficit) at beginning of year.....	5,207	5,668
Fund balance (deficit) at end of year.....	\$ 4,543	\$ 5,207

**Children's Trust Fund**  
Balance Sheet - Statutory Basis

June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 272	\$ 266
Total assets.....	<u>\$ 272</u>	<u>\$ 266</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 1	-
Total liabilities.....	<u>1</u>	<u>-</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	271	266
Total fund balance (deficit).....	<u>271</u>	<u>266</u>
Total liabilities and fund balance.....	<u>\$ 272</u>	<u>\$ 266</u>

**Children's Trust Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Miscellaneous.....	\$ 11	\$ 3
Total revenues.....	11	3
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	11	3
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Health and human services.....	6	-
Total expenditures.....	6	-
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	6	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	5	3
Fund balance (deficit) at beginning of year.....	266	263
Fund balance (deficit) at end of year.....	\$ 271	\$ 266

**Child Support Enforcement Fund**  
Balance Sheet - Statutory Basis

June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 4,710	\$ 4,616
Receivables, net of allowance for uncollectibles:		
Due from federal government.....	5,723	3,096
Total assets.....	<u>\$ 10,433</u>	<u>\$ 7,712</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 3,011	\$ 4,973
Total liabilities.....	<u>3,011</u>	<u>4,973</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	7,422	2,739
Total fund balance (deficit).....	<u>7,422</u>	<u>2,739</u>
Total liabilities and fund balance.....	<u>\$ 10,433</u>	<u>\$ 7,712</u>

**Child Support Enforcement Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Federal grants and reimbursements.....	\$ 20,098	\$ 19,365
Departmental.....	730	6
Total revenues.....	20,828	19,371
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	20,828	19,371
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Judiciary.....	2,736	2,767
Treasurer and Receiver - General.....	13	-
District Attorney.....	161	173
Administration and finance.....	12,527	17,262
Health and human services.....	205	136
Public safety and homeland security.....	-	5
Economic development.....	53	57
Total expenditures.....	15,695	20,400
Other financing uses:		
Fringe benefit cost assessment.....	364	241
Operating transfers out.....	86	18
Total other financing uses.....	450	259
Total expenditures and other financing uses.....	16,145	20,659
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	4,683	(1,288)
Fund balance (deficit) at beginning of year.....	2,739	4,027
Fund balance (deficit) at end of year.....	\$ 7,422	\$ 2,739

**Department of Industrial Accidents Special Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 9,149	\$ 10,091
Total assets.....	<u>\$ 9,149</u>	<u>\$ 10,091</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	<u>-</u>	<u>-</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	9,149	10,091
Total fund balance (deficit).....	<u>9,149</u>	<u>10,091</u>
Total liabilities and fund balance.....	<u>\$ 9,149</u>	<u>\$ 10,091</u>

**Department of Industrial Accidents Special Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Assessments.....	\$ 16,359	\$ 12,806
Departmental.....	4,964	4,755
Miscellaneous.....	350	194
Total revenues.....	<u>21,673</u>	<u>17,755</u>
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	<u>21,673</u>	<u>17,755</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Economic development.....	-	1,228
Total expenditures.....	-	1,228
Other financing uses:		
Fringe benefit cost assessment.....	3,606	2,989
Operating transfers out.....	19,009	18,176
Total other financing uses.....	<u>22,615</u>	<u>21,165</u>
Total expenditures and other financing uses.....	<u>22,615</u>	<u>22,393</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(942)	(4,638)
Fund balance (deficit) at beginning of year.....	10,091	14,729
Fund balance (deficit) at end of year.....	<u>\$ 9,149</u>	<u>\$ 10,091</u>



**County Correction Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 4,900	\$ 5,018
Total assets.....	<u>\$ 4,900</u>	<u>\$ 5,018</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ -	\$ 170
Total liabilities.....	<u>-</u>	<u>170</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	4,900	4,848
Total fund balance (deficit).....	<u>4,900</u>	<u>4,848</u>
Total liabilities and fund balance.....	<u>\$ 4,900</u>	<u>\$ 5,018</u>

**County Correction Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Taxes.....	\$ 9,902	\$ 8,343
Total revenues.....	9,902	8,343
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	9,902	8,343
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Direct local aid.....	9,850	6,272
Total expenditures.....	9,850	6,272
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	9,850	6,272
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	52	2,071
Fund balance (deficit) at beginning of year.....	4,848	2,777
Fund balance (deficit) at end of year.....	\$ 4,900	\$ 4,848

**Massachusetts AIDS Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 323	\$ 296
Total assets.....	<u>\$ 323</u>	<u>\$ 296</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 23	\$ 2
Total liabilities.....	<u>23</u>	<u>2</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	300	294
Total fund balance (deficit).....	<u>300</u>	<u>294</u>
Total liabilities and fund balance.....	<u>\$ 323</u>	<u>\$ 296</u>

**Massachusetts AIDS Fund**  
Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Miscellaneous.....	\$ 171	\$ 186
Total revenues.....	171	186
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	171	186
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Health and human services.....	165	134
Total expenditures.....	165	134
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	165	134
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	6	52
Fund balance (deficit) at beginning of year.....	294	242
Fund balance (deficit) at end of year.....	\$ 300	\$ 294

**Trust Fund for the Head Injury Treatment Service Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 8,775	\$ 9,350
Total assets.....	<u>\$ 8,775</u>	<u>\$ 9,350</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 831	\$ 1,125
Total liabilities.....	<u>831</u>	<u>1,125</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	7,944	8,225
Total fund balance (deficit).....	<u>7,944</u>	<u>8,225</u>
Total liabilities and fund balance.....	<u>\$ 8,775</u>	<u>\$ 9,350</u>

**Trust Fund for the Head Injury Treatment Service Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Departmental.....	\$ 6,148	\$ 6,608
Miscellaneous.....	215	101
Total revenues.....	<u>6,363</u>	<u>6,709</u>
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	<u>6,363</u>	<u>6,709</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Health and human services.....	6,609	6,636
Total expenditures.....	<u>6,609</u>	<u>6,636</u>
Other financing uses:		
Fringe benefit cost assessment.....	30	22
Operating transfers out.....	5	-
Total other financing uses.....	<u>35</u>	<u>22</u>
Total expenditures and other financing uses.....	<u>6,644</u>	<u>6,658</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(281)	51
Fund balance (deficit) at beginning of year.....	8,225	8,174
Fund balance (deficit) at end of year.....	<u>\$ 7,944</u>	<u>\$ 8,225</u>

**Board Of Registration In Medicine Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2005  
(Amounts In Thousands)

	2005	2004
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 511	\$ 297
Total assets.....	<u>\$ 511</u>	<u>\$ 297</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 511	\$ 297
Total liabilities.....	<u>511</u>	<u>297</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	-	-
Total fund balance (deficit).....	-	-
Total liabilities and fund balance.....	<u>\$ 511</u>	<u>\$ 297</u>

**Board Of Registration In Medicine Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Departmental.....	\$ 5,040	\$ 4,211
Total revenues.....	5,040	4,211
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	5,040	4,211
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Health and human services.....	2,936	2,677
Higher education.....	32	-
Total expenditures.....	2,968	2,677
Other financing uses:		
Fringe benefit cost assessment.....	194	221
Operating transfers out.....	1,878	1,313
Total other financing uses.....	2,072	1,534
Total expenditures and other financing uses.....	5,040	4,211
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	-	-
Fund balance (deficit) at beginning of year.....	-	-
Fund balance (deficit) at end of year.....	\$ -	\$ -



**Water Pollution Abatement Projects Administration Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 509	\$ 1,670
Total assets.....	<u>\$ 509</u>	<u>\$ 1,670</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 356	\$ 569
Total liabilities.....	<u>356</u>	<u>569</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	153	1,101
Total fund balance (deficit).....	<u>153</u>	<u>1,101</u>
Total liabilities and fund balance.....	<u>\$ 509</u>	<u>\$ 1,670</u>

**Water Pollution Abatement Projects Administration Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Miscellaneous.....	\$ 5,653	\$ 7,531
Total revenues.....	5,653	7,531
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	5,653	7,531
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Environmental affairs.....	4,418	5,009
Total expenditures.....	4,418	5,009
Other financing uses:		
Fringe benefit cost assessment.....	855	814
Operating transfers out.....	1,328	876
Total other financing uses.....	2,183	1,690
Total expenditures and other financing uses.....	6,601	6,699
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(948)	832
Fund balance (deficit) at beginning of year.....	1,101	269
Fund balance (deficit) at end of year.....	\$ 153	\$ 1,101

**Commonwealth Sewer Rate Relief Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 23	\$ 1
Total assets.....	<u>\$ 23</u>	<u>\$ 1</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	<u>-</u>	<u>-</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	23	1
Total fund balance (deficit).....	<u>23</u>	<u>1</u>
Total liabilities and fund balance.....	<u>\$ 23</u>	<u>\$ 1</u>

**Commonwealth Sewer Rate Relief Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Departmental.....	\$ -	\$ -
Total revenues.....	-	-
Other financing sources:		
Operating transfers in.....	10,000	5,000
Total other financing sources.....	10,000	5,000
Total revenues and other financing sources.....	10,000	5,000
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Administration and finance.....	9,978	5,029
Total expenditures.....	9,978	5,029
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	9,978	5,029
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	22	(29)
Fund balance (deficit) at beginning of year.....	1	30
Fund balance (deficit) at end of year.....	\$ 23	\$ 1

**Motor Vehicle Safety Inspection Trust Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2005  
(Amounts in thousands)

	<u>2005</u>	<u>2004</u>
<b>ASSETS</b>		
Cash and short-term investments.....	\$ -	\$ -
Total assets.....	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ 19,599	\$ 24,504
Accounts payable.....	<u>1,712</u>	<u>1,151</u>
Total liabilities.....	<u>21,311</u>	<u>25,655</u>
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	<u>(21,311)</u>	<u>(25,655)</u>
Total fund balance (deficit).....	<u>(21,311)</u>	<u>(25,655)</u>
Total liabilities and fund balance.....	<u>\$ -</u>	<u>\$ -</u>

**Motor Vehicle Safety Inspection Trust Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Departmental.....	\$ 40,486	\$ 40,242
Total revenues.....	40,486	40,242
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	40,486	40,242
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Environmental affairs.....	1,847	1,447
Public safety and homeland security.....	-	32,107
Transportation and construction.....	33,397	-
Total expenditures.....	35,244	33,554
Other financing uses:		
Fringe benefit cost assessment.....	659	606
Operating transfers out.....	239	7
Total other financing uses.....	898	613
Total expenditures and other financing uses.....	36,142	34,167
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	4,344	6,075
Fund balance (deficit) at beginning of year.....	(25,655)	(31,730)
Fund balance (deficit) at end of year.....	\$ (21,311)	\$ (25,655)

**Child Care Quality Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 620	\$ 847
Total assets.....	<u>\$ 620</u>	<u>\$ 847</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 127	\$ 292
Total liabilities.....	<u>127</u>	<u>292</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	493	555
Total fund balance (deficit).....	<u>493</u>	<u>555</u>
Total liabilities and fund balance.....	<u>\$ 620</u>	<u>\$ 847</u>

**Child Care Quality Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Departmental.....	\$ 333	\$ 316
Total revenues.....	333	316
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	333	316
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Health and human services.....	395	453
Total expenditures.....	395	453
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	395	453
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(62)	(137)
Fund balance (deficit) at beginning of year.....	555	692
Fund balance (deficit) at end of year.....	\$ 493	\$ 555



**Convention and Exhibition Center Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 125,740	\$ 146,339
Cash with fiscal agent.....	35,169	-
Total assets.....	<u>\$ 160,909</u>	<u>\$ 146,339</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 13,798	\$ 16,188
Total liabilities.....	<u>13,798</u>	<u>16,188</u>
Fund balance:		
Reserved fund balance:		
Reserved for debt service.....	35,169	-
Unreserved fund balance (deficit):		
Designated for specific purpose.....	111,942	130,151
Total fund balance (deficit).....	<u>147,111</u>	<u>130,151</u>
Total liabilities and fund balance.....	<u>\$ 160,909</u>	<u>\$ 146,339</u>

**Convention and Exhibition Center Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Taxes.....	\$ 50,561	\$ 35,103
Miscellaneous.....	4,592	1,882
Total revenues.....	55,153	36,985
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	55,153	36,985
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Treasurer and Receiver-General.....	-	12,266
Administration and finance.....	19,843	69,378
Debt service:		
Interest and fiscal charges.....	18,350	-
Total expenditures.....	38,193	81,644
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	38,193	81,644
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	16,960	(44,659)
Fund balance (deficit) at beginning of year.....	130,151	174,810
Fund balance (deficit) at end of year.....	\$ 147,111	\$ 130,151

**Firearms Fingerprint Identity Verification Trust Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2005  
(Amounts in thousands)

	<u>2005</u>	<u>2004</u>
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 2,040	\$ 1,111
Total assets.....	<u>\$ 2,040</u>	<u>\$ 1,111</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 30	\$ -
Total liabilities.....	<u>30</u>	<u>-</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	<u>2,010</u>	<u>1,111</u>
Total fund balance (deficit).....	<u>2,010</u>	<u>1,111</u>
Total liabilities and fund balance.....	<u>\$ 2,040</u>	<u>\$ 1,111</u>

**Firearms Fingerprint Identity Verification Trust Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Departmental.....	\$ 1,026	\$ 1,111
Total revenues.....	1,026	1,111
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	1,026	1,111
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Public safety and homeland security .....	106	-
Total expenditures.....	106	-
Other financing uses:		
Fringe benefit cost assessment.....	6	-
Operating transfers out.....	15	-
Total other financing uses.....	21	-
Total expenditures and other financing uses.....	127	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	899	1,111
Fund balance (deficit) at beginning of year.....	1,111	-
Fund balance (deficit) at end of year.....	\$ 2,010	\$ 1,111

**Grant Anticipation Note Trust Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 107,219	\$ 14,769
Cash with fiscal agent.....	542,330	521,040
Receivables, net of allowance for uncollectibles:		
Due from federal government.....	110,563	329,923
Total assets.....	<u>\$ 760,112</u>	<u>\$ 865,732</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Due to other funds.....	\$ 110,563	\$ 334,427
Total liabilities.....	<u>110,563</u>	<u>334,427</u>
Fund balance:		
Reserved fund balance:		
Reserved for debt service.....	542,330	521,040
Unreserved fund balance (deficit):		
Designated for specific purpose.....	107,219	10,265
Total fund balance (deficit).....	<u>649,549</u>	<u>531,305</u>
Total liabilities and fund balance.....	<u>\$ 760,112</u>	<u>\$ 865,732</u>

**Grant Anticipation Note Trust Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Federal grants and reimbursements.....	\$ 449,331	\$ 599,040
Miscellaneous.....	21,022	20,054
Total revenues.....	470,353	619,094
Other financing sources:		
Proceeds of grant anticipation notes.....	-	469,106
Operating transfers in.....	74,550	74,808
Total other financing sources.....	74,550	543,914
Total revenues and other financing sources.....	544,903	1,163,008
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Treasurer and Receiver-General.....	-	2,100
Administration and finance.....	-	27,108
Debt service:		
Interest and fiscal charges.....	95,223	93,466
Total expenditures.....	95,223	122,674
Other financing uses:		
Federal reimbursement transfers out.....	331,436	599,040
Total other financing uses.....	331,436	599,040
Total expenditures and other financing uses.....	426,659	721,714
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	118,244	441,294
Fund balance (deficit) at beginning of year.....	531,305	90,011
Fund balance (deficit) at end of year.....	\$ 649,549	\$ 531,305



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# Capital Projects Funds

The Capital Projects Funds are used to account for the financial resources used to acquire or construct major capital assets of the Commonwealth and to finance local governmental capital projects.

**General Capital Projects Fund** - to account for proceeds of bonds sold to fund the construction or acquisition of capital assets for general Commonwealth purposes, excluding highway construction and projects targeted for specific localities or purposes.

**Capital Investment Trust Fund** - to account for a transfer from the General Fund to finance appropriated items of a capital nature pursuant to sections 2E and 107 of Chapter 88 of the Acts of 1997.

**Convention and Exhibition Center Capital Fund** -to account for proceeds of bonds to finance the construction of a convention center in Boston.

**Capital Improvements and Investment Trust Fund** - to account for the Commonwealth's reimbursement to cities and towns for expenses incurred for projects for construction and reconstruction of town and county ways.

**Capital Expenditure Reserve Fund** - to account for amounts paid by the Massachusetts Turnpike Authority as payment toward the acquisition cost of the Third Harbor Tunnel and Federal financial participation money related to expenditure amounts paid by the Massachusetts Port Authority as determined by a feasibility study; used to pay principal and interest on certain bonds, related notes or direct capital expenditures.

**Highway Capital Projects Fund** - to account for the proceeds of bonds sold to finance construction of state highways and to fund the Commonwealth's share of Federally sponsored highway construction.

**Federal Highway Construction Program Capital Projects Fund** - to account for federal highway construction grants which, with the Commonwealth's required share of matching funds, finance interstate

highways and similar projects within Massachusetts to promote a nationwide highway system.

**Central Artery Statewide Road and Bridge Infrastructure Fund** - to account for bond proceeds, certain revenues from Registry of Motor Vehicle fees, (net of debt service expenditures) and payments from authorities. The purpose of expenditures of the fund is to meet the estimated additional costs associated with the Central Artery/Ted Williams Tunnel Project and for costs of the statewide road and bridge program.

## OTHER FUNDS:

These funds account for the proceeds of bonds used to to finance land and transportation equipment for economic development.

**Government Land Bank Capital Projects Fund** - to account for proceeds of bonds used to finance the acquisition, holding, protection, maintenance, repair or use of lands and for personnel and the administrative costs of the Massachusetts Development Finance Agency.

## LOCAL AID FUNDS:

**Local Capital Projects Fund** - to account for the proceeds of bonds sold to finance the construction of correctional facilities, water pollution abatement projects and other local projects in specific localities of the Commonwealth. The fund accounts for the proceeds of bonds to finance improvements to lockup facilities, state police lockup facilities and to finance improvements to County Correctional Facilities, and other monies received by the Department of Environmental Management pertaining to state parks, reservations and recreation areas outside the metropolitan parks district; used for purposes of state parks, reservations and recreation areas outside the metropolitan parks district.



**Capital Projects Funds**  
Combining Balance Sheet - Statutory Basis

June 30, 2005 and 2004  
(Amounts in thousands)

	General Capital Projects	Capital Investment Trust	Convention and Exhibition Center Capital	Capital Improvements and Investment Trust	Capital Expenditure Reserve	Highway Capital Projects
<b>ASSETS</b>						
Cash and short-term investments.....	\$ -	\$ -	\$ 27,849	\$ -	\$ -	\$ -
Cash with fiscal agent.....	-	-	-	-	-	364,153
Receivables, net of allowance for uncollectibles:						
Due from federal government.....	6,211	-	-	-	-	-
Due from other funds.....	-	-	-	-	-	-
Total assets.....	<u>\$ 6,211</u>	<u>\$ -</u>	<u>\$ 27,849</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 364,153</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Deficiency in cash and short-term investments.....	\$ 337,601	\$ 757	\$ -	\$ 8,908	\$ 23,729	\$ 178,751
Accounts payable.....	134,901	-	1,631	3,616	-	39,956
Bonds and notes payable.....	65,000	-	-	-	75,100	-
Total liabilities.....	<u>537,502</u>	<u>757</u>	<u>1,631</u>	<u>12,524</u>	<u>\$ 98,829</u>	<u>218,707</u>
Fund balance:						
Reserved for:						
Debt service.....	-	-	-	-	-	364,153
Capital projects.....	-	-	26,218	-	-	-
Unreserved:						
Undesignated.....	<u>(531,291)</u>	<u>(757)</u>	<u>-</u>	<u>(12,524)</u>	<u>(98,829)</u>	<u>(218,707)</u>
Total fund balance (deficits).....	<u>(531,291)</u>	<u>(757)</u>	<u>26,218</u>	<u>(12,524)</u>	<u>(98,829)</u>	<u>145,446</u>
Total liabilities and fund balances.....	<u>\$ 6,211</u>	<u>\$ -</u>	<u>\$ 27,849</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 364,153</u>

Federal Highway Construction Program	Central Artery Statewide Road and Bridge Infrastructure	Government Land Bank Capital Projects	Local Capital Projects	Totals (Memorandum only)	
				2005	2004
\$ -	\$ 377,483	\$ -	\$ -	\$ 405,332	\$ 792,874
-	-	-	-	364,153	214,181
-	-	-	-	6,211	-
110,563	-	-	-	110,563	334,380
<u>\$ 110,563</u>	<u>\$ 377,483</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 886,259</u>	<u>\$ 1,341,435</u>
\$ 45,067	\$ -	\$ 5,000	\$ 16,223	\$ 616,036	\$ 599,461
62,762	43,035	5,000	122	291,023	302,025
-	-	-	-	140,100	75,100
107,829	43,035	10,000	16,345	1,047,159	976,586
-	-	-	-	364,153	214,181
2,734	334,448	-	-	363,400	734,742
-	-	(10,000)	(16,345)	(888,453)	(584,074)
2,734	334,448	(10,000)	(16,345)	(160,900)	364,849
<u>\$ 110,563</u>	<u>\$ 377,483</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 886,259</u>	<u>\$ 1,341,435</u>

**Capital Projects Funds**  
Combining Statements Of Revenues, Expenditures And Changes In Fund Balances - Statutory Basis

Fiscal Years Ended June 30, 2005 and 2004  
(Amounts in thousands)

	General Capital Projects	Capital Investment Trust	Convention and Exhibition Center Capital	Capital Improvements and Investment Trust	Capital Expenditure Reserve
<b>REVENUES AND OTHER FINANCING SOURCES</b>					
Revenues:					
Federal grants and reimbursements.....	\$ 10,788	\$ -	\$ -	\$ -	\$ -
Departmental.....	-	-	-	-	-
Miscellaneous.....	-	-	-	-	-
Total revenues.....	10,788	-	-	-	-
Other financing sources:					
Proceeds of general and special obligation bonds.....	973,472	-	-	5,107	-
Proceeds of refunding bonds.....	471,811	-	-	-	-
Operating transfers in.....	-	-	-	-	-
Federal reimbursement transfer in.....	-	-	-	-	-
State share of federal highway construction.....	-	-	-	-	-
Total other financing sources.....	1,445,283	-	-	5,107	-
Total revenues and other financing sources.....	1,456,071	-	-	5,107	-
<b>EXPENDITURES AND OTHER FINANCING USES</b>					
Expenditures:					
Judiciary.....	22,418	-	-	-	-
Inspector General.....	251	-	-	-	-
Governor and Lieutenant Governor.....	259	-	-	-	-
Secretary of the Commonwealth.....	1,239	-	-	1,256	-
Treasurer and Receiver-General.....	567,500	-	-	-	-
Auditor of the Commonwealth.....	571	-	-	-	-
Attorney General.....	267	-	-	-	-
Ethics Commission.....	279	-	-	-	-
Sheriff's Departments.....	1,530	-	-	-	-
Board of Library Commissioners.....	16,698	-	-	-	-
Comptroller.....	7,534	-	-	-	-
Administration and finance.....	233,520	-	54,155	1,426	-
Environmental affairs.....	93,642	2	-	5,337	-
Housing and community development.....	117,582	-	-	2,070	-
Health and human services.....	29,441	-	-	-	-
Transportation and construction.....	90,509	-	-	-	-
Education.....	-	-	-	-	-
Higher education.....	17,554	-	-	-	-
Public safety and homeland security.....	25,838	-	-	304	-
Economic development.....	567	-	-	-	-
Debt service:					
Interest and fiscal charges.....	-	-	-	-	-
Total expenditures.....	1,227,199	2	54,155	10,393	-
Other financing uses:					
Payments to refunded bond escrow agent.....	471,811	-	-	-	-
Fringe benefit cost assessment.....	6,126	-	-	14	-
State share of federal highway construction.....	-	-	-	-	-
Operating transfers out.....	20	-	-	-	-
Total other financing uses.....	477,957	-	-	14	-
Total expenditures and other financing uses.....	1,705,156	2	54,155	10,407	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(249,085)	(2)	(54,155)	(5,300)	-
Fund balances (deficits) at beginning of year.....	(282,206)	(755)	80,373	(7,224)	(98,829)
Fund balances (deficits) at end of year.....	\$ (531,291)	\$ (757)	\$ 26,218	\$ (12,524)	\$ (98,829)

Highway Capital Projects	Federal Highway Construction Program	Central Artery Statewide Road and Bridge Infrastructure	Government Land Bank Capital Projects	Local Capital Projects	Totals (Memorandum only)	
					2005	2004
\$ -	\$ 838	\$ -	\$ -	\$ -	\$ 11,626	\$ 3,408
-	403	-	-	-	403	5,504
9,031	-	14,079	-	-	23,110	17,481
9,031	1,241	14,079	-	-	35,139	26,393
367,921	-	-	-	7,728	1,354,228	1,993,080
873,919	-	-	3,162	35,871	1,384,763	2,832,866
10,052	-	75,316	-	-	85,368	79,980
-	331,436	-	-	-	331,436	598,955
-	154,184	-	-	-	154,184	74,448
1,251,892	485,620	75,316	3,162	43,599	3,309,979	5,579,329
1,260,923	486,861	89,395	3,162	43,599	3,345,118	5,605,722
-	-	-	-	135	22,553	22,363
164	-	-	-	-	415	79
-	-	-	-	-	259	-
-	33	-	-	-	2,528	2,033
-	-	-	-	9,200	576,700	11,700
-	-	-	-	-	571	-
430	171	-	-	-	868	796
-	-	-	-	-	279	-
-	-	-	-	-	1,530	273
-	-	-	-	-	16,698	19,500
-	-	-	-	-	7,534	25,186
1,984	-	-	5,000	1,066	297,151	396,963
18,949	1,041	384	-	177	119,532	121,777
-	-	-	-	-	119,652	120,213
-	-	-	-	-	29,441	16,456
213,676	482,212	487,065	-	-	1,273,462	1,431,713
-	-	-	-	-	-	2
-	-	-	-	-	17,554	14,027
-	592	-	-	-	26,734	25,233
-	196	-	-	-	763	4,899
20,723	-	-	-	-	20,723	16,398
255,926	484,245	487,449	5,000	10,578	2,534,947	2,229,611
642,306	-	-	3,162	35,871	1,153,150	2,832,866
20,678	1,669	76	-	-	28,563	23,089
154,184	-	-	-	-	154,184	74,448
-	-	3	-	-	23	70,865
817,168	1,669	79	3,162	35,871	1,335,920	3,001,268
1,073,094	485,914	487,528	8,162	46,449	3,870,867	5,230,879
187,829	947	(398,133)	(5,000)	(2,850)	(525,749)	374,843
(42,383)	1,787	732,581	(5,000)	(13,495)	364,849	(9,994)
\$ 145,446	\$ 2,734	\$ 334,448	\$ (10,000)	\$ (16,345)	\$ (160,900)	\$ 364,849

**General Capital Projects Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2005  
(Amounts in thousands)

	<u>2005</u>	<u>2004</u>
<b>ASSETS</b>		
Receivables, net of allowance for uncollectibles:		
Due from federal government.....	\$ 6,211	\$ -
Total assets.....	<u>\$ 6,211</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ 337,601	\$ 175,113
Accounts payable.....	134,901	107,093
Bonds and notes payable.....	65,000	-
Total liabilities.....	<u>537,502</u>	<u>282,206</u>
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	(531,291)	(282,206)
Total fund balance (deficit) .....	<u>(531,291)</u>	<u>(282,206)</u>
Total liabilities and fund balance.....	<u>\$ 6,211</u>	<u>\$ -</u>

**General Capital Projects Fund**  
Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Federal grants and reimbursements.....	\$ 10,788	\$ -
Total revenues.....	10,788	-
Other financing sources:		
Proceeds of general obligation bonds.....	973,472	606,864
Proceeds of refunding bonds.....	471,811	1,124,215
Total other financing sources.....	1,445,283	1,731,079
Total revenues and other financing sources.....	1,456,071	1,731,079
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Judiciary.....	22,418	22,306
Inspector General.....	251	3
Governor and Lieutenant Governor.....	259	-
Secretary of the Commonwealth.....	1,239	1,259
Treasurer and Receiver-General.....	567,500	2,500
Auditor of the Commonwealth.....	571	-
Attorney General.....	267	140
Ethics Commission.....	279	-
Sheriff's Departments.....	1,530	271
Board of Library Commissioner.....	16,698	11,890
Comptroller.....	7,534	25,186
Administration and finance.....	233,520	236,548
Environmental affairs.....	93,642	93,779
Housing and community development.....	117,582	119,839
Health and human services.....	29,441	16,427
Transportation and construction.....	90,509	44,635
Higher education.....	17,554	14,015
Public safety and homeland security.....	25,838	24,541
Economic development.....	567	4,763
Total expenditures.....	1,227,199	618,102
Other financing uses:		
Payments to refunded bond escrow agent.....	471,811	1,124,215
Fringe benefit cost assessment.....	6,126	5,508
Operating transfers out.....	20	1,762
Total other financing uses.....	477,957	1,131,485
Total expenditures and other financing uses.....	1,705,156	1,749,587
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses .....	(249,085)	(18,508)
Fund balance (deficit) at beginning of year.....	(282,206)	(263,698)

**Capital Investment Trust Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2005  
(Amounts in thousands)

	<u>2005</u>	<u>2004</u>
<b>ASSETS</b>		
Cash and short-term investments.....	\$ -	\$ -
Total assets.....	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ 757	\$ 613
Accounts payable.....	<u>-</u>	<u>142</u>
Total liabilities.....	<u>757</u>	<u>755</u>
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	<u>(757)</u>	<u>(755)</u>
Total fund balance (deficit) .....	<u>(757)</u>	<u>(755)</u>
Total liabilities and fund balance.....	<u>\$ -</u>	<u>\$ -</u>

**Capital Investment Trust Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Departmental.....	\$ -	\$ -
Total revenues.....	-	-
Other financing sources:		
Proceeds of general obligation bonds.....	-	868
Total other financing sources.....	-	868
Total revenues and other financing sources.....	-	868
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Administration and finance.....	-	23
Environmental affairs.....	2	202
Public safety and homeland security.....	-	26
Total expenditures.....	2	251
Other financing uses:		
Fringe benefit cost assessment.....	-	1
Total other financing uses.....	-	1
Total expenditures and other financing uses.....	2	252
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses .....	(2)	616
Fund balance (deficit) at beginning of year.....	(755)	(1,371)
Fund balance at end of year.....	\$ (757)	\$ (755)



**Convention and Exhibition Center Capital Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2005  
(Amounts in thousands)

	<u>2005</u>	<u>2004</u>
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 27,849	\$ 100,882
Total assets.....	<u>\$ 27,849</u>	<u>\$ 100,882</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 1,631	\$ 20,509
Total liabilities.....	<u>1,631</u>	<u>20,509</u>
Fund balance:		
Reserved fund balance:		
Reserved for capital projects.....	<u>26,218</u>	<u>80,373</u>
Total fund balance (deficit).....	<u>26,218</u>	<u>80,373</u>
Total liabilities and fund balance.....	<u>\$ 27,849</u>	<u>\$ 100,882</u>

**Convention and Exhibition Center Capital Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Miscellaneous.....	\$ -	\$ 2,482
Total revenues.....	-	2,482
Other financing sources:		
Proceeds of general obligation bonds.....	-	693,400
Total other financing sources.....	-	693,400
Total revenues and other financing sources.....	-	695,882
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Administration and finance.....	54,155	112,941
Total expenditures.....	54,155	112,941
Other financing uses:		
Fringe benefit cost assessment.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	54,155	112,941
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses .....	(54,155)	582,941
Fund balance (deficit) at beginning of year.....	80,373	(502,568)
Fund balance (deficit) at end of year.....	\$ 26,218	\$ 80,373

**Capital Improvements and Investment Trust Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2005  
(Amounts in thousands)

	<u>2005</u>	<u>2004</u>
<b>ASSETS</b>		
Cash and short-term investments.....	\$ -	\$ -
Total assets.....	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ 8,908	\$ 5,319
Accounts payable.....	<u>3,616</u>	<u>1,905</u>
Total liabilities.....	<u>12,524</u>	<u>7,224</u>
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	<u>(12,524)</u>	<u>(7,224)</u>
Total fund balance (deficit) .....	<u>(12,524)</u>	<u>(7,224)</u>
Total liabilities and fund balance.....	<u>\$ -</u>	<u>\$ -</u>

**Capital Improvements and Investment Trust Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Departmental.....	\$ -	\$ -
Total revenues.....	-	-
Other financing sources:		
Proceeds of general obligation bonds.....	5,107	60,887
Total other financing sources.....	5,107	60,887
Total revenues and other financing sources.....	5,107	60,887
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Secretary of Commonwealth.....	1,256	712
Sheriff's Departments.....	-	2
Board of Library Commissioners.....	-	7,610
Administration and finance.....	1,426	2,259
Environmental affairs.....	5,337	1,607
Housing and community development.....	2,070	374
Education.....	-	2
Higher education.....	-	12
Public safety and homeland security.....	304	566
Total expenditures.....	10,393	13,144
Other financing uses:		
Fringe benefit cost assessment.....	14	30
Operating transfers out.....	-	1
Total other financing uses.....	14	31
Total expenditures and other financing uses.....	10,407	13,175
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses .....	(5,300)	47,712
Fund balance (deficit) at beginning of year.....	(7,224)	(54,936)
Fund balance (deficit) at end of year.....	\$ (12,524)	\$ (7,224)

**Capital Expenditure Reserve Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>ASSETS</b>		
Cash and short-term investments.....	\$ -	\$ -
Total assets.....	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ 23,729	\$ 23,729
Bonds and notes payable.....	75,100	75,100
Total liabilities.....	<u>98,829</u>	<u>98,829</u>
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	(98,829)	(98,829)
Total fund balance (deficit) .....	(98,829)	(98,829)
Total liabilities and fund balance.....	<u>\$ -</u>	<u>\$ -</u>

**Capital Expenditure Reserve Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Payments from authorities.....	\$ -	\$ -
Total revenues.....	-	-
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	-	-
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Transportation and construction.....	-	-
Total expenditures.....	-	-
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses .....	-	-
Fund balance (deficit) at beginning of year.....	(98,829)	(98,829)
Fund balance (deficit) at end of year.....	\$ (98,829)	\$ (98,829)

# **Highway Capital Projects Fund** **Balance Sheet - Statutory Basis**

June 30, 2005  
(Amounts in thousands)

	<u>2005</u>	<u>2004</u>
<b>ASSETS</b>		
Cash with fiscal agent.....	\$ 364,153	\$ 134,182
Total assets.....	<u>\$ 364,153</u>	<u>\$ 134,182</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ 178,751	\$ 120,293
Accounts payable.....	39,956	56,272
Total liabilities.....	<u>218,707</u>	<u>176,565</u>
Fund balance:		
Reserved fund balance:		
Reserved for debt service.....	364,153	134,182
Unreserved fund balance (deficit):		
Undesignated.....	<u>(218,707)</u>	<u>(176,565)</u>
Total fund balance (deficit).....	<u>145,446</u>	<u>(42,383)</u>
Total liabilities and fund balance.....	<u>\$ 364,153</u>	<u>\$ 134,182</u>

# Highway Capital Projects Fund

## Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Miscellaneous.....	\$ 9,031	\$ 3,585
Total revenues.....	9,031	3,585
Other financing sources:		
Proceeds of general and special obligation bonds.....	367,921	546,901
Proceeds of refunding bonds.....	873,919	1,635,615
Operating transfers in.....	10,052	6,172
Total other financing sources.....	1,251,892	2,188,688
Total revenues and other financing sources.....	1,260,923	2,192,273
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Inspector General.....	164	76
Attorney General.....	430	440
Administration and finance.....	1,984	35,667
Environmental affairs.....	18,949	17,283
Transportation and construction.....	213,676	339,867
Economic development.....	-	136
Debt service:		
Interest and fiscal charges.....	20,723	16,398
Total expenditures.....	255,926	409,867
Other financing uses:		
Payments to refunded bond escrow agent.....	642,306	1,635,615
Fringe benefit cost assessment.....	20,678	13,641
State share of federal highway .....	154,184	74,448
Operating transfers out.....	-	69,028
Total other financing uses.....	817,168	1,792,732
Total expenditures and other financing uses.....	1,073,094	2,202,599
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses .....	187,829	(10,326)
Fund balance (deficit) at beginning of year.....	(42,383)	(32,057)
Fund balance (deficit) at end of year.....	\$ 145,446	\$ (42,383)



**Federal Highway Construction Program Capital Projects Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2005  
(Amounts in thousands)

	<u>2005</u>	<u>2004</u>
<b>ASSETS</b>		
Due from other funds.....	\$ 110,563	\$ 334,380
Total assets.....	<u>\$ 110,563</u>	<u>\$ 334,380</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Deficiency in cash and short-term investment.....	\$ 45,067	\$ 265,401
Accounts payable.....	62,762	67,192
Total liabilities.....	<u>107,829</u>	<u>332,593</u>
Fund balance:		
Reserved fund balance:		
Reserved for capital projects.....	2,734	1,787
Total fund balance (deficit).....	2,734	1,787
Total liabilities and fund balance.....	<u>\$ 110,563</u>	<u>\$ 334,380</u>

**Federal Highway Construction Program Capital Projects Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Federal grants and reimbursements.....	\$ 838	\$ 3,408
Departmental.....	403	5,504
Total revenues.....	1,241	8,912
Other financing sources:		
Federal reimbursement transfers in.....	331,436	598,955
State share of federal highway construction.....	154,184	74,448
Total other financing sources.....	485,620	673,403
Total revenues and other financing sources.....	486,861	682,315
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Secretary of the Commonwealth.....	33	62
Attorney General.....	171	216
Administration and finance.....	-	3,287
Environmental affairs.....	1,041	3,697
Transportation and construction.....	482,212	678,502
Public safety and homeland security.....	592	100
Economic development.....	196	-
Total expenditures.....	484,245	685,864
Other financing uses:		
Fringe benefit cost assessment.....	1,669	3,886
Total other financing uses.....	1,669	3,886
Total expenditures and other financing uses.....	485,914	689,750
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses .....	947	(7,435)
Fund balance (deficit) at beginning of year.....	1,787	9,222
Fund balance (deficit) at end of year.....	\$ 2,734	\$ 1,787

**Central Artery Statewide Road and Bridge Infrastructure Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2005  
(Amounts in thousands)

	<u>2005</u>	<u>2004</u>
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 377,483	\$ 691,992
Cash with fiscal agent.....	-	79,999
Total assets.....	<u>\$ 377,483</u>	<u>\$ 771,991</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 43,035	\$ 39,410
Total liabilities.....	<u>43,035</u>	<u>39,410</u>
Fund balance:		
Reserved fund balance:		
Reserved for capital projects.....	334,448	652,582
Reserved for debt service.....	-	79,999
Total fund balance (deficit) .....	<u>334,448</u>	<u>732,581</u>
Total liabilities and fund balance.....	<u>\$ 377,483</u>	<u>\$ 771,991</u>

**Central Artery Statewide Road and Bridge Infrastructure Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Miscellaneous.....	\$ 14,079	\$ 11,414
Total revenues.....	14,079	11,414
Other financing sources:		
Proceeds of general obligation bonds.....	-	80,004
Operating transfers in.....	75,316	73,808
Total other financing sources.....	75,316	153,812
Total revenues and other financing sources.....	89,395	165,226
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Environmental affairs.....	384	65
Transportation and construction.....	487,065	368,709
Total expenditures.....	487,449	368,774
Other financing uses:		
Fringe benefit cost assessmentt.....	76	15
Operating transfers out.....	3	74
Total other financing uses.....	79	89
Total expenditures and other financing uses.....	487,528	368,863
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses .....	(398,133)	(203,637)
Fund balance (deficit) at beginning of year.....	732,581	936,218
Fund balance (deficit) at end of year.....	\$ 334,448	\$ 732,581

**Government Land Bank Capital Projects Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2005  
(Amounts in thousands)

	<u>2005</u>	<u>2004</u>
<b>ASSETS</b>		
Cash and short-term investments.....	\$ -	\$ -
Total assets.....	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ 5,000	\$ -
Accounts payable.....	<u>5,000</u>	<u>5,000</u>
Total liabilities.....	<u>10,000</u>	<u>5,000</u>
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	<u>(10,000)</u>	<u>(5,000)</u>
Total fund balance (deficit).....	<u>(10,000)</u>	<u>(5,000)</u>
Total liabilities and fund balance.....	<u>\$ -</u>	<u>\$ -</u>

**Government Land Bank Capital Projects Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Departmental.....	\$ -	\$ -
Total revenues.....	-	-
Other financing sources:		
Proceeds of general obligation bonds.....	-	838
Proceeds of refunding bonds.....	3,162	9,739
Total other financing sources.....	3,162	10,577
Total revenues and other financing sources.....	3,162	10,577
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Administration and finance.....	5,000	5,000
Total expenditures.....	5,000	5,000
Other financing uses:		
Payments to refunded bonds escrow.....	3,162	9,739
Total other financing uses.....	3,162	9,739
Total expenditures and other financing uses.....	8,162	14,739
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses .....	(5,000)	(4,162)
Fund balance (deficit) at beginning of year.....	(5,000)	(838)
Fund balance (deficit) at end of year.....	\$ (10,000)	\$ (5,000)

**Local Capital Projects Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2005  
(Amounts in thousands)

	<u>2005</u>	<u>2004</u>
<b>ASSETS</b>		
Cash and short-term investments.....	\$ -	\$ -
Total assets.....	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ 16,223	\$ 8,993
Accounts payable.....	<u>122</u>	<u>4,502</u>
Total liabilities.....	<u>16,345</u>	<u>13,495</u>
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	<u>(16,345)</u>	<u>(13,495)</u>
Total fund balance (deficit) .....	<u>(16,345)</u>	<u>(13,495)</u>
Total liabilities and fund balance.....	<u>\$ -</u>	<u>\$ -</u>

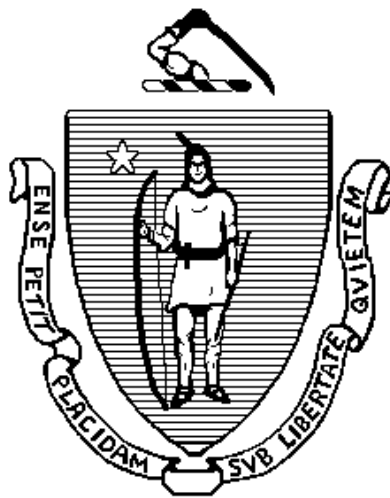
## Local Capital Projects Fund

### Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Federal grants and reimbursements.....	\$ -	\$ -
Total revenues.....	-	-
Other financing sources:		
Proceeds of general obligation bonds.....	7,728	3,318
Proceeds of refunding bonds.....	35,871	63,297
Total other financing sources.....	43,599	66,615
Total revenues and other financing sources.....	43,599	66,615
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Judiciary.....	135	57
Treasurer and Receiver-General.....	9,200	9,200
Administration and finance.....	1,066	1,238
Environmental affairs.....	177	5,144
Health and human services.....	-	29
Total expenditures.....	10,578	15,668
Other financing uses:		
Payments to refunded bond escrow agent.....	35,871	63,297
Fringe benefit cost assessment.....	-	8
Total other financing uses.....	35,871	63,305
Total expenditures and other financing uses.....	46,449	78,973
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses .....	(2,850)	(12,358)
Fund balance (deficit) at beginning of year.....	(13,495)	(1,137)
Fund balance (deficit) at end of year.....	\$ (16,345)	\$ (13,495)





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# *Fiduciary Fund Types*

The Fiduciary Funds are used to account for assets held by the Commonwealth in a trustee capacity or as an agent for individuals, private organizations or other governments. The funds include Expendable and Non – Expendable Trust Funds, Pension Funds, as well as Agency Funds.

## **EXPENDABLE TRUST FUNDS:**

*Expendable Trust Fund* – to account for various gifts, bequests or contributions held by the Commonwealth of which both principal and interest may be expended for purposes designated by the donor.

*Revolving Loan Fund* – to account for Federal grants, investment and interest income to be expended for loans to non-profit private entities to establish housing for individuals recovering from alcohol or drug abuse and for loans to local housing authorities.

*Expendable Trust Fund - Internal* – to account for various gifts, bequests or contributions held by the Commonwealth, solely for the benefit of Commonwealth entities, of which both principal and interest may be expended for purposes designated by the donor.

*Unemployment Compensation Fund* – to account for unemployment taxes collected from employers, 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.

## **NONEXPENDABLE TRUST FUNDS:**

*Nonexpendable Trust Fund* – to account for various gifts and bequests held by the Commonwealth, of which only the income may be expended for purposes specified by the donor.

## **PENSION TRUST FUNDS:**

*Pension Trust Funds* – to account for the assets, liabilities and fund balances held in trust by the State Employees', State Teachers' Retirement Systems and the State – Boston Retirement System for the payment of retirement, disability and death benefits to members of these retirement systems.

## **AGENCY FUNDS:**

*Agency Funds* – to account for cash, investments held or managed by the Commonwealth on behalf of others. These include the investments made by cities, towns and local authorities in the Municipal Depository Trust, employees' contributions to the deferred compensation plan, annuity contracts held for lottery prize winners, local option taxes collected but not yet remitted, assets held in escrow accounts by the Commonwealth's court system and human service departments, child support payments collected or receivable and not yet remitted to custodial parents, and deposits required from insurance companies and similar organizations.

**Fiduciary Fund Types**  
Combining Balance Sheet - Statutory Basis

June 30, 2005 and 2004  
(Amounts in thousands)

	Expendable Trust Funds	Nonexpendable Trust Funds	Pension Trust Funds
<b>ASSETS</b>			
Cash and short-term investments.....	\$ 410,901	\$ 5,834	\$ 979,718
Cash on deposit with U.S. Treasury.....	414,998	-	-
Investments.....	-	-	35,153,266
Assets held in trust.....	-	-	-
Other receivables, net of allowance for uncollectibles.....	-	-	598,142
Other assets.....	-	-	19,788
Total assets.....	<u>\$ 825,899</u>	<u>\$ 5,834</u>	<u>\$ 36,750,914</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable.....	\$ 73,821	\$ -	\$ 1,954,868
Agency liabilities.....	-	-	-
Due to federal government.....	-	-	-
Due to cities and towns.....	-	-	-
Total liabilities.....	<u>73,821</u>	<u>-</u>	<u>1,954,868</u>
Fund balances:			
Reserved for:			
Employees' pension benefits.....	-	-	34,796,046
Unemployment benefits.....	414,998	-	-
Unreserved:			
Designated for specific purpose.....	<u>337,080</u>	<u>5,834</u>	<u>-</u>
Total fund balances.....	<u>752,078</u>	<u>5,834</u>	<u>34,796,046</u>
Total liabilities and fund balances.....	<u>\$ 825,899</u>	<u>\$ 5,834</u>	<u>\$ 36,750,914</u>

Agency Funds	Totals (Memorandum only)	
	2005	2004
\$ 391,881	\$ 1,788,334	\$ 2,639,543
-	414,998	122,449
-	35,153,266	29,797,126
1,879,723	1,879,723	2,981,982
-	598,142	846,574
-	19,788	2,155
<u>\$ 2,271,604</u>	<u>\$ 39,854,251</u>	<u>\$ 36,389,829</u>

\$ 55,954	\$ 2,084,643	\$ 1,402,973
2,160,059	2,160,059	3,223,206
-	-	5
<u>55,591</u>	<u>55,591</u>	<u>35,828</u>
<u>2,271,604</u>	<u>4,300,293</u>	<u>4,662,012</u>

-	34,796,046	31,228,478
-	414,998	122,449
-	342,914	376,890
-	35,553,958	31,727,817
<u>\$ 2,271,604</u>	<u>\$ 39,854,251</u>	<u>\$ 36,389,829</u>

**Expendable Trust Funds**  
Combining Balance Sheet - Statutory Basis

June 30, 2005 and 2004  
(Amounts in thousands)

(Amounts in thousands)			Totals	
			(Memorandum only)	
	Expendable Trusts	Unemployment Compensation Trust	2005	2004
ASSETS				
Cash and short-term investments.....	\$ 410,901	\$ -	\$ 410,901	\$ 434,446
Cash on deposit with U.S. Treasury.....	-	414,998	414,998	122,449
Total assets.....	<u>\$ 410,901</u>	<u>\$ 414,998</u>	<u>\$ 825,899</u>	<u>\$ 556,895</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable.....	\$ 73,821	\$ -	\$ 73,821	\$ 63,390
Total liabilities.....	<u>73,821</u>	<u>-</u>	<u>73,821</u>	<u>63,390</u>
Fund balances:				
Reserved for:				
Unemployment benefits.....	-	414,998	414,998	122,449
Unreserved:				
Designated for specific purpose.....	337,080	-	337,080	371,056
Total fund balances.....	<u>337,080</u>	<u>414,998</u>	<u>752,078</u>	<u>493,505</u>
Total liabilities and fund balances.....	<u>\$ 410,901</u>	<u>\$ 414,998</u>	<u>\$ 825,899</u>	<u>\$ 556,895</u>

## Expendable Trust Funds

### Combining Statements Of Revenues, Expenses And Changes In Fund Balances - Statutory Basis

Fiscal Years Ended June 30, 2005 and 2004  
(Amounts in thousands)

	(Amounts in thousands)		Totals	
	Expendable Trusts	Unemployment Compensation Trust	(Memorandum only)	
			2005	2004
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Taxes.....	\$ -	\$ 1,670,942	\$ 1,670,942	\$ 1,264,364
Assessments.....	53,078	-	53,078	27,942
Federal grants and reimbursements.....	20,204	242,769	262,973	831,727
Departmental.....	38,569	49,577	88,146	78,152
Miscellaneous.....	282,959	9,390	292,349	277,402
Total revenues.....	394,810	1,972,678	2,367,488	2,479,587
Other financing sources:				
Municipal medicaid transfer.....	160,000	-	160,000	160,000
Operating transfers in.....	18,628	-	18,628	18,036
Other sources.....	380	-	380	517
Total other financing sources.....	179,008	-	179,008	178,553
Total revenues and other financing sources.....	573,818	1,972,678	2,546,496	2,658,140
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Judiciary.....	220	-	220	251
Secretary of the Commonwealth.....	10	-	10	40
Treasurer and Receiver-General .....	289	-	289	-
Auditor of the Commonwealth.....	61	-	61	275
Attorney General.....	3,232	-	3,232	1,772
District Attorney.....	6,243	-	6,243	5,662
Sheriff's Departments.....	8	-	8	67
Board of library commissioners.....	211	-	211	-
Administration and finance.....	7,383	-	7,383	3,727
Environmental affairs.....	21,459	-	21,459	11,255
Housing and community development.....	5,125	-	5,125	2,910
Health and human services.....	188,388	-	188,388	88,942
Transportation and construction.....	574	-	574	501
Education.....	3,875	-	3,875	1,817
Higher education.....	6,267	-	6,267	6,195
Public safety and homeland security.....	40,519	-	40,519	28,881
Economic development.....	56,942	1,680,129	1,737,071	2,554,731
Total expenditures.....	340,806	1,680,129	2,020,935	2,707,026
Other financing uses:				
Fringe benefit cost assessment.....	7,700	-	7,700	5,126
Operating transfers out.....	259,288	-	259,288	237,868
Total other financing uses.....	266,988	-	266,988	242,994
Total expenditures and other financing uses.....	607,794	1,680,129	2,287,923	2,950,020
Excess and other financing sources over expenditures and other financing uses.....	(33,976)	292,549	258,573	(291,880)
Fund balances at beginning of year.....	371,056	122,449	493,505	785,385
Fund balances at end of year.....	\$ 337,080	\$ 414,998	\$ 752,078	\$ 493,505

**Expendable Trust Fund - External**  
**Balance Sheet - Statutory Basis**

June 30, 2005  
(Amounts in thousands)

	<u>2005</u>	<u>2004</u>
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 385,876	\$ 416,960
Total assets.....	<u>\$ 385,876</u>	<u>\$ 416,960</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable.....	\$ 73,319	\$ 62,209
Total liabilities.....	<u>73,319</u>	<u>62,209</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	<u>312,557</u>	<u>354,751</u>
Total fund balances (deficit).....	<u>312,557</u>	<u>354,751</u>
Total liabilities and fund balances.....	<u>\$ 385,876</u>	<u>\$ 416,960</u>

**Expendable Trust Fund - External**  
**Statement Of Revenues, Expenditures And Changes In Fund Balances - Statutory Basis**

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Assessments.....	\$ 52,558	\$ 27,884
Federal grants and reimbursements.....	20,204	20,449
Departmental.....	35,120	33,735
Miscellaneous.....	272,771	260,939
Total revenues.....	380,653	343,007
Other financing sources:		
Municipal medicaid transfer.....	160,000	160,000
Operating transfers in.....	18,628	18,036
Total other financing sources.....	178,628	178,036
Total revenues and other financing sources.....	559,281	521,043
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Judiciary.....	220	249
Secretary of the Commonwealth.....	10	40
Treasurer and Receiver-General .....	289	-
Auditor of the Commonwealth.....	61	275
Attorney General.....	1,829	1,772
District Attorney.....	6,034	5,527
Sheriff's Departments.....	1	63
Board of library commissioners.....	211	-
Administration and finance.....	7,376	2,724
Environmental affairs.....	21,154	10,701
Housing and community development.....	5,005	2,886
Health and human services.....	186,123	87,362
Transportation and construction.....	574	501
Education.....	3,875	1,817
Higher education.....	6,267	6,195
Public safety and homeland security.....	40,510	28,881
Economic development.....	56,496	60,521
Total expenditures.....	336,035	209,514
Other financing uses:		
Fringe benefit cost assessment.....	7,259	4,959
Operating transfers out.....	258,181	165,531
Total other financing uses.....	265,440	170,490
Total expenditures and other financing uses.....	601,475	380,004
Excess (deficiency)of revenues and other financing sources over expenditures and other financing uses.....	(42,194)	141,039
Fund balances (deficit) at beginning of year.....	354,751	213,712
Fund balances (deficit) at end of year.....	\$ 312,557	\$ 354,751



**Revolving Loan Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2005  
(Amounts in thousands)

	<u>2005</u>	<u>2004</u>
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 4,461	\$ 4,892
Total assets.....	<u>\$ 4,461</u>	<u>\$ 4,892</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	<u>-</u>	<u>-</u>
Fund balance:		
Unreserved:		
Designated for specific purpose.....	<u>4,461</u>	<u>4,892</u>
Total fund balances (deficit).....	<u>4,461</u>	<u>4,892</u>
Total liabilities and fund balances.....	<u>\$ 4,461</u>	<u>\$ 4,892</u>

**Revolving Loan Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balances - Statutory Basis**

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Miscellaneous.....	\$ 180	\$ 7
Total revenues.....	180	7
Other financing sources:		
Other sources.....	380	517
Total other financing sources.....	380	517
Total revenues and other financing sources.....	560	524
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Housing and community development.....	120	24
Health and human services.....	7	7
Total expenditures.....	127	31
Other financing uses:		
Operating transfers out.....	864	3,947
Total other financing uses.....	864	3,947
Total expenditures and other financing uses.....	991	3,978
Excess (deficiency)of revenues and other financing sources over expenditures and other financing uses.....	(431)	(3,454)
Fund balances (deficit) at beginning of year.....	4,892	8,346
Fund balances (deficit) at end of year.....	\$ 4,461	\$ 4,892

**Expendable Trust Fund - Internal**  
**Balance Sheet - Statutory Basis**

June 30, 2005  
(Amounts in thousands)

	<u>2005</u>	<u>2004</u>
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 20,564	\$ 12,594
Total assets.....	<u>\$ 20,564</u>	<u>\$ 12,594</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable.....	\$ 502	\$ 1,181
Total liabilities.....	<u>502</u>	<u>1,181</u>
Fund balance:		
Unreserved.:		
Designated for specific purpose.....	<u>20,062</u>	<u>11,413</u>
Total fund balances (deficit).....	<u>20,062</u>	<u>11,413</u>
Total liabilities and fund balances.....	<u>\$ 20,564</u>	<u>\$ 12,594</u>

**Expendable Trust Fund - Internal**  
**Statement Of Revenues, Expenditures And Changes In Fund Balances - Statutory Basis**

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Assessments.....	\$ 520	\$ 58
Departmental.....	3,449	4,136
Miscellaneous.....	10,008	6,372
Total revenues.....	13,977	10,566
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	13,977	10,566
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Judiciary.....	-	2
Attorney General .....	1,403	-
District Attorney.....	209	135
Sheriff's Departments.....	7	4
Administration and finance.....	7	1,003
Environmental affairs.....	305	554
Health and human services.....	2,258	1,573
Public safety and homeland security.....	9	-
Economic development.....	446	-
Total expenditures.....	4,644	3,271
Other financing uses:		
Fringe benefit cost assessment.....	441	167
Operating transfers out.....	243	10
Total other financing uses.....	684	177
Total expenditures and other financing uses.....	5,328	3,448
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	8,649	7,118
Fund balances (deficit) at beginning of year.....	11,413	4,295
Fund balances (deficit) at end of year.....	\$ 20,062	\$ 11,413

**Unemployment Compensation Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2005  
(Amounts in thousands)

	<u>2005</u>	<u>2004</u>
<b>ASSETS</b>		
Cash on deposit with U.S. Treasury.....	\$ 414,998	\$ 122,449
Total assets.....	<u>\$ 414,998</u>	<u>\$ 122,449</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	<u>-</u>	<u>-</u>
Fund balance:		
Reserved for:		
Unemployment benefits.....	<u>414,998</u>	<u>122,449</u>
Total fund balances (deficit).....	<u>414,998</u>	<u>122,449</u>
Total liabilities and fund balances.....	<u>\$ 414,998</u>	<u>\$ 122,449</u>

**Unemployment Compensation Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balances - Statutory Basis**

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	2005	2004
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Taxes.....	\$ 1,670,942	\$ 1,264,364
Federal grants and reimbursements.....	242,769	811,278
Departmental.....	49,577	40,281
Miscellaneous.....	9,390	10,084
Total revenues.....	<u>1,972,678</u>	<u>2,126,007</u>
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	<u>1,972,678</u>	<u>2,126,007</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Economic development.....	1,680,129	2,494,210
Total expenditures.....	<u>1,680,129</u>	<u>2,494,210</u>
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	<u>1,680,129</u>	<u>2,494,210</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	292,549	(368,203)
Fund balances (deficit) at beginning of year.....	122,449	490,652
Fund balances (deficit) at end of year.....	<u>\$ 414,998</u>	<u>\$ 122,449</u>

**Nonexpendable Trust Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2005  
(Amounts in thousands)

	<u>2005</u>	<u>2004</u>
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 5,834	\$ 5,834
Total assets.....	<u>\$ 5,834</u>	<u>\$ 5,834</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	<u>-</u>	<u>-</u>
Fund balances:		
Designated for specific purpose.....	5,834	5,834
Total fund balances (deficit).....	<u>5,834</u>	<u>5,834</u>
Total liabilities and fund balances.....	<u>\$ 5,834</u>	<u>\$ 5,834</u>

**Nonexpendable Trust Fund**  
**Statement Of Revenues, Expenses And Changes In Fund Balances - Statutory Basis**

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	<u>2005</u>	<u>2004</u>
<b>REVENUES</b>		
Revenues:		
Investment earnings.....	\$ -	\$ -
Total revenues.....	<u>-</u>	<u>-</u>
<b>EXPENSES</b>		
Expenses:		
Treasurer and Receiver-General.....	<u>-</u>	<u>-</u>
Total expenses.....	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenses.....	-	-
Fund balances (deficit) at beginning of year.....	<u>5,834</u>	<u>5,834</u>
Fund balances (deficit) at end of year.....	<u>\$ 5,834</u>	<u>\$ 5,834</u>



# **Pension Trust Funds**

## **Combining Statements of Net Assets Available for Pension Benefits - Statutory Basis**

June 30, 2005 and 2004  
(Amounts in thousands)

	State Employees' PERS	Teachers' PERS	Totals (Memorandum only)	
			2005	2004
ASSETS				
Cash and short-term investments.....	\$ 381,725	\$ 597,993	\$ 979,718	\$ 1,896,724
Investments at fair value.....	16,419,403	18,733,863	35,153,266	29,797,126
Other receivables, net of allowance for uncollectible:	252,952	345,190	598,142	846,574
Other assets.....	9,392	10,396	19,788	2,155
Total assets.....	\$ 17,063,472	\$ 19,687,442	\$ 36,750,914	\$ 32,542,579
LIABILITIES				
Accounts payable.....	\$ 929,847	\$ 1,025,021	\$ 1,954,868	\$ 1,314,101
Total liabilities.....	929,847	1,025,021	1,954,868	1,314,101
Net assets available for pension benefits (fund balances reserved for employees' pension benefits).....	\$ 16,133,625	\$ 18,662,421	\$ 34,796,046	\$ 31,228,478

## Pension Trust Funds

### Combined Statements of Changes in Net Assets Available for Pension Benefits - Statutory Basis

Fiscal Years Ended June 30, 2005 and 2004

(Amounts in thousands)

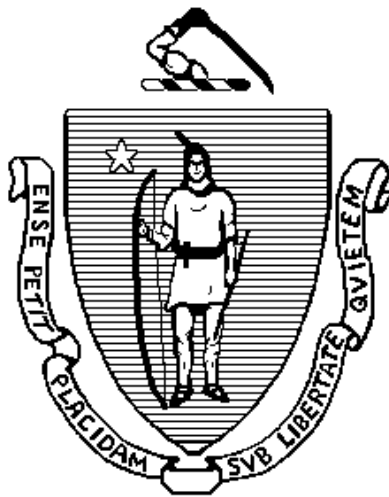
	State Employees' PERS	Teachers' PERS	Totals (Memorandum only)	
			2005	2004
Additions:				
Contribution:				
Commonwealth contributions.....	\$ 438,326	\$ 673,869	\$ 1,112,195	\$ 687,335
Employees contributions.....	366,262	507,708	873,970	882,741
Total contributions.....	804,588	1,181,577	1,986,165	1,570,076
Net investment (loss) income:				
Net appreciation (depreciation) in fair value of investments.....	1,457,145	1,591,493	3,048,638	4,276,991
Interest.....	202,945	221,657	424,602	356,339
Dividends.....	190,219	207,757	397,976	348,352
Real estate operating income, net.....	89,888	98,175	188,063	166,116
Alternative investments.....	4,561	4,982	9,543	14,064
Other.....	24,455	26,710	51,165	9,240
Total investment (loss) income.....	1,969,213	2,150,774	4,119,987	5,171,102
Less: investment expense .....	47,194	51,545	98,739	76,432
Net investment (loss) income .....	1,922,019	2,099,229	4,021,248	5,094,670
Total additions.....	2,726,607	3,280,806	6,007,413	6,664,746
Deductions:				
Administration reimbursement.....	6,174	9,200	15,374	14,579
Retirement benefits and refunds.....	1,159,083	1,265,388	2,424,471	2,309,785
Total deductions.....	1,165,257	1,274,588	2,439,845	2,324,364
Net increase (decrease).....	1,561,350	2,006,218	3,567,568	4,340,382
Net (decrease) assets available for pension benefits at beginning of year (fund balances reserved for employees' pension benefits).....	14,572,275	16,656,203	31,228,478	26,888,096
Net assets available for pension benefits at end of year (fund balances reserved for employees' pension benefits).....	\$ 16,133,625	\$ 18,662,421	\$ 34,796,046	\$ 31,228,478

**Agency Funds**  
**Statement Of Changes In Assets And Liabilities - Statutory Basis**

Fiscal Years Ended June 30, 2004 and 2005  
(Amounts in thousands)

	Balance June 30, 2004	Additions	Deductions	Balance June 30, 2005
<b>ASSETS</b>				
Cash and short-term investments.....	\$ 302,539	\$ 7,273,276	\$ 7,183,934	\$ 391,881
Assets held in trust.....	2,981,982	1,285	1,103,544	1,879,723
Total assets.....	<u>\$ 3,284,521</u>	<u>\$ 7,274,561</u>	<u>\$ 8,287,478</u>	<u>\$ 2,271,604</u>
<b>LIABILITIES</b>				
Accounts payable.....	\$ 25,482	\$ 3,472,842	\$ 3,442,370	\$ 55,954
Due to cities and towns.....	35,828	394,277	374,514	55,591
Due to federal government.....	5	73	78	-
Agency liabilities.....	3,223,206	3,407,386	4,470,533	2,160,059
Total liabilities.....	<u>\$ 3,284,521</u>	<u>\$ 7,274,578</u>	<u>\$ 8,287,495</u>	<u>\$ 2,271,604</u>

# *Supplemental Information*



Calculation of Transfers – Stabilization and Tax Reduction Funds

## Calculation of Transfers: Stabilization Fund

June 30, 2005  
(Amounts in thousands)

This statement is prepared on the statutory basis of accounting pursuant to General Laws Chapter 29, Section 5c, as amended most recently by Chapter 106 of the Acts of 2005 which superceded certain parts of the 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.

**Part 1:** Undesignated fund balance / (deficit) in the operating Funds, unless specifically exempted by General Laws:

General Fund .....	\$ 2,258,719
Highway Fund .....	(850,568)
Workforce Training Fund .....	(4,936)
Division of Energy Resources Credit Trust Fund .....	-
Massachusetts Tourism Fund .....	10,455
Children's and Seniors' Health Care Assistance Fund .....	(245,914)
<b>Consolidated undesignated fund balance / (deficit) in the operating Funds.....</b>	<b>\$ 1,167,756</b>
Less: Amount carried forward to fiscal year 2006 - 0.5% of FY2005 total tax revenue per Schedule A.....	85,959
Less: Amount to be deposited in the Stabilization Fund -0.5% of FY2005 total tax revenue per Schedule A...	85,959
<b>Net consolidated net surplus / (deficit) to be deposited into the Stabilization Fund</b>	<b>.....</b>
<b>per Chapter 26 of the Acts of 2003, Section 164 .....</b>	<b>\$ 995,838</b>

**Part 2:** Transfers to the Stabilization Fund per Section 18 of Chapter 106 of the Acts of 2005:

From the General Fund .....	\$ 680,545
From the Highway Fund .....	-
From the Workforce Training Fund .....	-
From the Federal Medicaid Assistance Percentage Escrow Fund .....	-
From the Division of Energy Resources Credit Trust Fund .....	-
From the Massachusetts Tourism Fund .....	10,455
From the Children's and Seniors' Health Care Assistance Fund .....	-
<b>Total transfers to the Stabilization Fund .....</b>	<b>\$ 691,000</b>

**Part 3:** Status of consolidated net surplus after Stabilization Fund transfers - Undesignated Fund Balance / (deficit):

General Fund .....	\$ 1,406,256
Highway Fund .....	(850,568)
Workforce Training Fund .....	(4,936)
Federal Medicaid Assistance Percentage Escrow Fund .....	-
Division of Energy Resources Credit Trust Fund .....	-
Massachusetts Tourism Fund .....	-
Children's and Seniors' Health Care Assistance Fund .....	-
<b>Consolidated net surplus after the annual transfer.....</b>	<b>\$ 304,838</b>

**Part 4:** Transfer to Transitional Escrow Fund:

Excess to be transferred from the remaining consolidated net surplus.....	<b>\$ 304,838</b>
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**Part 5:** Fiscal 2005 Stabilization Fund activity:

Reserved for Stabilization - Balance as of June 30, 2004 .....	\$ 1,137,320
Consolidated net surplus pursuant to Part 2, above.....	691,000
Plus: Interest income, certain tax revenues and recoveries .....	21,356
Plus: 0.5% of FY2005 total tax revenue per Part 1, above .....	85,959
<b>Subtotal .....</b>	<b>1,935,635</b>
Add: Temporary Holding Fund transfer.....	135,991
Less: Transfers to the General Fund.....	(343,271)
<b>Subtotal, transfers and appropriations from the Stabilization Fund.....</b>	<b>(207,280)</b>
<b>Net transfers and appropriations from the Stabilization Fund during FY 2005.....</b>	<b>(207,280)</b>
<b>Reserved for Stabilization Fund - balance as of June 30, 2005 .....</b>	<b>\$ 1,728,355</b>

## Calculation Of Transfers: Tax Reduction Fund

June 30, 2005  
(Amounts in thousands)

This statement is prepared pursuant to Chapters 29 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 15% of budgeted revenues and other financial resources:

Undesignated fund balance in the Stabilization Fund.....	\$ 1,728,355
Allowable Stabilization Fund balance (per Schedule B).....	<u>3,656,015</u>
Stabilization Fund excess, if any, transferable to Tax Reduction Fund.....	<u>\$ -</u>

Part 2: Status of Stabilization Fund after transfers:

Stabilization Fund balance.....	\$ 1,728,355
Transfer to Tax Reduction Fund.....	<u>-</u>
Stabilization Fund balance after transfer to Tax Reduction Fund.....	<u>\$ 1,728,355</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>

**Schedule A**  
**FY2005 Tax Revenues By Revenue Class and**  
**Calculation of Allowable Net Surplus**

June 30, 2005  
(Amounts in thousands)

Alcoholic Beverages.....	\$	68,630
Banks: Commercial and Savings.....		198,938
Cigarette.....		423,637
Corporations.....		1,062,722
Deeds.....		230,235
Estate and Inheritance.....		255,127
Income.....		9,690,270
Insurance.....		372,823
Motor and Special Fuels.....		685,537
Public Utilities.....		71,136
Room Occupancy.....		133,487
Sales and Use.....		3,890,945
Club Alcoholic Beverages.....		621
Motor Vehicle Excise.....		70
Convention Center Surcharges.....		10,390
Community Preservation.....		37,406
State Racing.....		4,677
Beano .....		3,425
Raffles and Bazaars.....		1,038
DOI Excess and Surplus Lines.....		29,480
Boxing.....		90
UI Surcharge.....		21,135
FY 2005 state tax revenue.....	\$	<u>17,191,819</u>
0.5% of total tax revenue.....		85,959
Allowable consolidated net surplus .....	\$	<u>85,959</u>

This schedule is prepared on the statutory basis of accounting. It presents tax revenues as reported in the governmental funds of the Commonwealth. It differs from the schedule of tax collections prepared by the Comptroller, Commissioner of Revenue and State Auditor for calculations in accordance with Chapter 62F, of the General Laws as amended.

## Schedule B Calculation of Cap on Stabilization Fund

June 30, 2005  
(Amounts in thousands)

Total budgeted revenues and other financial resources pertaining to the budgeted funds.....	\$ 26,604,656
Elimination of budgetary interfund activity exclusive of fund closure (per Schedule C).....	<u>(2,231,223)</u>
Budgeted revenues and other financial resources pertaining to the budgeted funds.....	24,373,433
Allowable Stabilization Fund balance, 15% of budgeted revenue.....	<u>\$ 3,656,015</u>

Calculation of Stabilization Fund Transfers as defined by Massachusetts General Laws Chapter 29 section 5c as most recently amended by Chapter 26 of the Acts of 2003.



# **Schedule C** **Detail of Elimination of Budgetary Inter Fund Activity**

June 30, 2005  
(Amounts in thousands)

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Adjustments to revenues :	
Transfer to the Intragovernmental Service Fund Revenues.....	\$ (185,859)
Adjustments to other financing sources and uses:	
Fringe benefit cost assessments.....	(52,019)
Year end Stabilization Fund transfer.....	(85,959)
Transfer from the Intragovernmental Service Fund to the General Fund.....	(1,927)
RMV license -plates.....	(3,513)
Transfer from the Federal Medicaid Assistance Percentage Escrow Fund to the General Fund.....	(270,000)
Transfer from the Stabilization Fund to the General Fund .....	(343,271)
Transfer from the General Fund to the Temporary Holding Fund -permissible tax .....	(135,991)
Year end transfer from the Temporary Holding Fund to the Stabilization Fund.....	(135,991)
Transfer to the Transitional Escrow Fund per Chapter 106 of FY 2005.....	(304,838)
Transfer to the Stabilization Fund per Chapter 106 of FY 2005 .....	(691,000)
Other .....	<u>(20,855)</u>
Elimination of budgetary interfund activity	<u><u>\$ (2,231,223)</u></u>

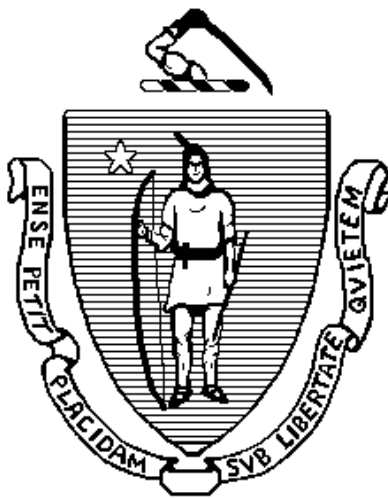
## Schedule D

### Calculation of Transfers: Temporary Holding Fund

June 30, 2005  
(Amounts in thousands)

This statement is prepared on the statutory basis of accounting pursuant to General Laws Chapter 62F, Section 6A, as amended most recently by Chapter 26 of the Acts of 2003, Sections 203 and 715. 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.

<b>Quarter Ending:</b>	<u>September 30, 2004</u>	<u>December 31, 2004</u>	<u>March 31, 2005</u>	<u>June 30, 2005</u>
Cumulative net state tax revenues, 2005 .....	\$ 4,046,871	\$ 7,889,352	\$ 11,994,248	\$ 17,190,450
Cumulative net state tax revenues, 2004.....	3,827,761	7,436,091	11,241,206	16,052,917
Permissible growth rate defined as				
inflation plus 2%, but not less than 0%.....	4.54%	4.80%	5.41%	6.24%
Permissible state tax revenues defined as				
cumulative net state tax revenues,				
2004 multiplied by 1 plus the permissible growth rate.....	<u>4,001,694</u>	<u>7,792,800</u>	<u>11,849,018</u>	<u>17,054,459</u>
<b>Cumulative net state tax revenues 2005</b>				
<b>in excess of permissible state tax revenues.....</b>	<b><u>\$ 45,177</u></b>	<b><u>\$ 96,552</u></b>	<b><u>\$ 145,230</u></b>	<b><u>\$ 135,991</u></b>



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# *Statistical Section*



Ten-Year Schedules – Statutory Basis  
Higher Education Non-appropriated Funds – Statutory Basis

**Ten-Year Schedule Of Revenues And Other Financing Sources**  
All Governmental Fund Types - Statutory Basis

June 30, 2005  
(Amounts in millions)

	2005	% Total	2004	% Total	2003	% Total	2002	% Total
Taxes.....	\$ 17,192	40.7	\$ 16,055	36.8	\$ 15,032	36.2	\$ 14,341	39.6
Federal reimbursements.....	6,018	14.3	6,331	14.5	5,528	13.3	5,237	14.5
Federal grants.....	1,996	4.7	2,024	4.6	1,852	4.5	1,595	4.4
Lotteries.....	4,705	11.2	4,605	10.6	4,425	10.7	4,425	12.2
Assessments.....	785	1.9	746	1.7	634	1.5	582	1.6
Motor vehicle licenses and registrations.....	401	1.0	376	0.9	383	0.9	326	0.9
Fees, investment earnings, etc.....	2,945	6.8	2,556	5.9	2,140	5.2	2,122	5.9
Proceeds of general and special obligation bonds..	1,354	3.2	1,993	4.6	1,911	4.6	1,358	3.7
Proceeds of refunding bonds.....	1,385	3.3	3,302	7.6	3,398	8.2	1,501	4.1
Other interfund transfers.....	5,409	12.8	5,629	12.9	6,173	14.9	4,749	13.1
Other financing sources.....	-	-	-	-	-	-	-	-
Total revenues and other financing sources.....	<u>\$ 42,190</u>	<u>100.0</u>	<u>\$ 43,617</u>	<u>100.0</u>	<u>\$ 41,476</u>	<u>100.0</u>	<u>\$ 36,236</u>	<u>100.0</u>

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2001	% Total	2000	% Total	1999	% Total	1998	% Total	1997	% Total	1996	% Total
\$ 16,753	43.5	\$ 15,702	41.0	\$ 14,304	42.1	\$ 14,038	43.7	\$ 12,874	46.8	\$ 12,058	46.8
4,668	12.1	4,364	11.4	4,230	12.5	4,409	13.7	4,084	14.9	3,957	15.4
1,450	3.8	1,360	3.6	1,236	3.6	1,220	3.8	1,185	4.3	1,188	4.6
4,138	10.7	3,913	10.2	3,572	10.5	3,430	10.7	3,377	12.3	3,195	12.4
585	1.5	487	1.3	534	1.6	517	1.6	557	2.0	557	2.2
311	0.8	285	0.7	281	0.8	295	0.9	295	1.1	263	1.0
2,212	5.7	2,014	5.3	2,638	7.8	1,647	5.1	1,085	3.9	1,291	5.0
1,912	5.0	1,762	4.6	1,334	3.9	1,447	4.5	899	3.3	1,087	4.2
999	2.6	-	0.0	499	1.5	862	2.7	723	2.6	-	0.0
5,487	14.3	8,403	21.9	5,317	15.7	4,240	13.2	2,416	8.8	2,150	8.4
-	-	-	-	-	-	-	-	-	-	-	-
<u>\$ 38,515</u>	<u>100.0</u>	<u>\$ 38,290</u>	<u>100.0</u>	<u>\$ 33,945</u>	<u>100.0</u>	<u>\$ 32,105</u>	<u>100.0</u>	<u>\$ 27,495</u>	<u>100.0</u>	<u>\$ 25,746</u>	<u>100.0</u>

**Ten-Year Schedule Of Tax Revenues By Source**  
All Governmental Fund Types - Statutory Basis

June 30, 2005  
(Amounts in millions)

	2005	% Total	2004	% Total	2003	% Total	2002	% Total
Income.....	\$ 9,690	56.4	\$ 8,830	55.0	\$ 8,026	53.4	\$ 7,913	55.2
Sales and use.....	3,891	22.6	3,743	23.3	3,708	24.7	3,696	25.8
Corporations.....	1,063	6.2	998	6.2	875	5.8	587	4.2
Motor fuels.....	685	4.0	684	4.3	676	4.5	667	4.7
Cigarette.....	424	2.5	425	2.6	451	3.0	275	1.9
Insurance.....	373	2.2	374	2.3	345	2.3	348	2.4
Estate and inheritance.....	255	1.5	195	1.2	181	1.2	200	1.4
Banks.....	199	1.2	239	1.5	269	1.8	137	1.0
Alcoholic beverages.....	69	0.4	69	0.4	67	0.5	66	0.5
Other.....	543	3.3	498	3.2	434	2.9	452	3.2
Total taxes.....	<u>\$ 17,192</u>	<u>100.0</u>	<u>\$ 16,055</u>	<u>100.0</u>	<u>\$ 15,032</u>	<u>100.0</u>	<u>\$ 14,341</u>	<u>100.0</u>

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2001	% Total	2000	% Total	1999	% Total	1998	% Total	1997	% Total	1996	% Total
\$ 9,903	59.1	\$ 9,042	57.6	\$ 8,037	56.2	\$ 8,032	57.2	\$ 7,182	55.8	\$ 6,707	55.6
3,756	22.4	3,565	22.7	3,270	22.9	2,963	21.1	2,876	22.3	2,610	21.6
945	5.7	1,131	7.2	1,009	7.1	1,067	7.6	964	7.5	876	7.3
660	3.9	653	4.2	637	4.5	621	4.4	603	4.7	599	5.0
271	1.6	280	1.8	284	2.0	301	2.1	282	2.2	233	1.9
323	1.9	306	1.9	317	2.2	303	2.2	289	2.2	285	2.4
203	1.2	167	1.1	174	1.2	191	1.4	203	1.6	188	1.6
180	1.1	93	0.6	109	0.8	156	1.1	140	1.1	219	1.8
65	0.4	64	0.4	61	0.4	61	0.4	60	0.5	60	0.5
447	2.7	401	2.6	406	2.8	343	2.4	275	2.1	281	2.3
<u>\$ 16,753</u>	<u>100.0</u>	<u>\$ 15,702</u>	<u>100.0</u>	<u>\$ 14,304</u>	<u>100.0</u>	<u>\$ 14,038</u>	<u>100.0</u>	<u>\$ 12,874</u>	<u>100.0</u>	<u>\$ 12,058</u>	<u>100.0</u>



**Ten-Year Schedule Of Expenditures And Other Financing Uses By Secretariat**  
All Governmental Fund Types - Statutory Basis

June 30, 2005  
(Amounts in millions)

	2005	% Total	2004	% Total	2003	% Total	2002	% Total
Legislature.....	\$ 54	0.1	\$ 51	0.1	\$ 55	0.1	\$ 59	0.2
Judiciary.....	634	1.5	599	1.4	589	1.4	589	1.5
Inspector General.....	4	0.0	2	-	2	-	2	-
Governor and Lieutenant Governor.....	5	0.0	5	-	5	-	6	-
Secretary of the Commonwealth.....	50	0.1	45	0.1	49	0.1	41	0.1
Treasurer and Receiver-General.....	5,760	13.7	4,600	11.1	4,416	10.5	4,398	11.4
Auditor of the Commonwealth.....	18	0.0	16	-	17	-	16	-
Attorney General.....	45	0.1	44	0.1	45	0.1	47	0.1
Ethics Commission.....	2	0.0	1	-	1	-	2	-
District Attorney.....	82	0.2	81	0.2	79	0.2	88	0.2
Office of Campaign and Political Finance....	1	0.0	1	-	1	-	2	-
Sheriff's Departments.....	226	0.5	218	0.5	216	0.5	217	0.6
Disabled Persons Protection Commission....	2	0.0	2	-	2	-	2	-
Board of Library Commissioners.....	47	0.1	48	0.1	46	0.1	58	0.2
Comptroller.....	21	0.0	35	0.1	21	-	11	-
Administration and finance.....	6,235	14.8	6,184	15.0	6,241	14.9	6,315	16.4
Environmental affairs.....	346	0.8	336	0.8	357	0.9	440	1.1
Communities and development.....	597	1.4	589	1.4	568	1.4	533	1.4
Health and human services.....	13,383	31.8	12,504	30.1	11,338	27.0	11,124	28.9
Transportation and construction.....	1,569	3.7	1,586	3.8	1,844	4.4	2,052	5.3
Education.....	1,307	3.1	1,627	3.9	1,587	3.8	1,563	4.1
Educational affairs.....	-	0.0	-	-	-	-	-	-
Higher education.....	943	2.2	854	2.1	1,002	2.4	1,085	2.8
Public safety.....	1,111	2.6	1,160	2.8	1,156	2.8	1,138	3.0
Economic development.....	-	0.0	-	-	31	0.1	36	0.1
Elder affairs.....	-	0.0	-	-	315	0.8	304	0.8
Consumer affairs.....	299	0.7	326	0.8	55	0.1	58	0.2
Labor.....	-	0.0	-	-	282	0.7	237	0.6
Pension.....	1,217	2.9	702	1.7	813	1.9	796	2.1
Debt service.....	1,719	4.1	1,605	3.9	1,467	3.5	1,382	3.6
Payments to refunded bond escrow agent....	1,153	2.7	2,833	6.8	3,398	8.1	1,277	3.3
Fund deficit support.....	-	0.0	-	-	-	-	-	-
Other interfund transfers.....	5,197	12.4	5,503	13.2	5,963	14.2	4,626	12.0
Total expenditures and other financing uses.	<u>\$ 42,027</u>	<u>100.0</u>	<u>\$ 41,556</u>	<u>100.0</u>	<u>\$ 41,961</u>	<u>100.0</u>	<u>\$ 38,504</u>	<u>100.0</u>

2001	% Total	2000	% Total	1999	% Total	1998	% Total	1997	% Total	1996	% Total
\$ 58	0.2	\$ 53	0.2	\$ 51	0.2	\$ 51	0.2	\$ 52	0.2	\$ 49	0.2
604	1.6	570	1.5	532	1.6	476	1.5	438	1.6	405	1.6
3	-	3	-	3	-	2	-	2	-	2	-
6	-	6	-	5	-	5	-	5	-	5	-
50	0.1	50	0.1	48	0.1	29	0.1	18	0.1	17	0.1
4,155	11.3	3,841	10.0	3,982	12.0	3,780	12.1	3,694	13.6	3,518	14.0
16	-	15	-	14	-	15	0.1	13	0.1	12	-
43	0.1	37	0.1	35	0.1	35	0.1	28	0.1	26	0.1
2	-	1	-	1	-	1	-	1	-	1	-
85	0.2	78	0.2	74	0.2	69	0.2	61	0.2	56	0.2
2	-	1	-	1	-	1	-	1	-	1	-
203	0.6	176	0.5	132	0.4	41	0.1	-	-	-	-
2	-	2	0.0	2	-	2	-	1	-	1	-
57	0.2	61	0.2	51	0.2	45	0.1	42	0.2	35	0.2
11	-	9	-	9	-	10	-	8	-	9	-
5,937	16.1	5,616	14.6	1,522	4.6	1,487	4.8	1,328	4.9	1,173	4.7
426	1.2	395	1.0	375	1.1	367	1.2	309	1.1	327	1.3
527	1.4	497	1.3	448	1.4	437	1.4	419	1.5	418	1.7
10,058	27.3	9,394	24.3	8,785	26.5	8,478	27.2	7,730	28.4	7,743	30.9
2,212	6.0	3,402	8.8	3,010	9.1	2,835	9.1	2,507	9.2	2,274	9.1
1,422	3.9	1,287	3.3	3,706	11.2	3,314	10.6	2,963	10.9	2,656	10.6
-	-	-	-	-	-	-	-	-	-	14	0.1
1,142	3.1	1,032	2.7	964	2.9	893	2.9	818	3.0	764	3.0
1,104	3.0	1,009	2.6	1,020	3.1	966	3.1	979	3.6	956	3.8
53	0.1	43	0.1	60	0.2	38	0.1	42	0.2	113	0.5
241	0.7	217	0.6	197	0.6	188	0.6	167	0.6	162	0.6
59	0.2	55	0.1	52	0.2	40	0.1	37	0.1	35	0.2
195	0.5	211	0.5	193	0.6	214	0.7	193	0.7	118	0.5
1,040	2.8	986	2.6	990	3.0	1,070	3.4	1,069	3.9	1,005	4.0
739	2.0	1,237	3.2	1,212	3.7	1,215	3.9	1,278	4.7	1,192	4.8
1,649	4.5	-	-	499	1.5	862	2.8	723	2.7	-	-
-	-	2,980	7.7	-	-	-	-	-	-	-	-
4,761	12.9	5,319	13.8	5,149	15.6	4,199	13.5	2,284	8.4	1,970	7.9
<u>\$ 36,862</u>	<u>100.0</u>	<u>\$ 38,583</u>	<u>100.0</u>	<u>\$ 33,124</u>	<u>100.0</u>	<u>\$ 31,163</u>	<u>100.0</u>	<u>\$ 27,210</u>	<u>100.0</u>	<u>\$ 25,057</u>	<u>100.0</u>

**Ten-Year Schedule Of Budgeted Funds Expenditures and Other Uses By  
Major Program Category**  
June 30, 2005  
(Amounts in millions)

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Direct local aid.....	\$ 4,477	\$ 4,784	\$ 5,069	\$ 5,189	\$ 4,969	\$ 4,674	\$ 4,310	\$ 3,949	\$ 3,558	\$ 3,246
Medicaid.*.....	5,977	5,742	5,485	5,259	4,642	4,270	3,856	3,666	3,456	3,416
Public assistance.....	1,095	1,019	1,019	1,030	991	959	988	1,023	1,090	1,089
Higher education.....	915	831	969	1,030	1,102	996	930	862	806	744
MBTA and regional transit authorities.....	49	53	42	49	69	592	538	530	520	518
Pension.....	1,217	702	813	796	1,040	986	990	1,070	1,069	1,005
Group health insurance.....	846	788	739	717	641	589	566	550	522	519
Debt service.....	1,581	1,420	1,374	1,305	676	1,193	1,174	1,213	1,276	1,184
Major programs.....	16,157	15,339	15,510	15,375	14,130	14,259	13,352	12,863	12,297	11,721
Other program expenditures.....	7,127	6,819	6,700	7,254	7,163	7,251	6,411	5,900	5,502	5,357
Interfund transfers and other uses.....	2,726	2,749	3,540	2,046	1,772	4,538	1,884	1,844	1,201	847
Total expenditures and other uses.....	\$ 26,010	\$ 24,907	\$ 25,750	\$ 24,675	\$ 23,065	\$ 26,048	\$ 21,647	\$ 20,607	\$ 19,000	\$ 17,925

\* Exclusive of Non-Budgeted Medicaid spending beginning in FY03 within the Health Care Quality Improvement Fund totalling \$201 million, \$288 million and \$292 million in FY03 through FY05 respectively.

## Ten-Year Schedule Of Long-Term Bonds And Notes Outstanding

Fiscal Year Ended June 30, 2005  
(Amounts in millions)

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
General obligation bonds.....	\$ 14,492	\$ 14,143	\$ 13,651	\$ 12,618	\$ 11,961	\$ 10,897	\$ 10,301	\$ 9,873	\$ 9,620	\$ 9,148
Grant anticipation notes*.....	1,907	1,907	1,499	1,499	1,499	922	922	600	-	-
Dedicated income tax bonds.....	-	-	-	-	-	-	-	-	130	383
Special obligation bonds.....	1,458	1,332	813	838	539	564	586	606	521	535
Commonwealth long-term bonds.....	<u>\$ 17,857</u>	<u>\$ 17,382</u>	<u>\$ 15,963</u>	<u>\$ 14,955</u>	<u>\$ 13,999</u>	<u>\$ 12,383</u>	<u>\$ 11,809</u>	<u>\$ 11,079</u>	<u>\$ 10,271</u>	<u>\$ 10,066</u>

\*Inclusive of cross-over refunding notes.



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# ***HIGHER EDUCATION NON- APPROPRIATED ACTIVITY***

The Commonwealth's Public Institutions of Higher Education are allowed, by their enabling statutes, to collect, retain, and expend certain fees, rents, donations and other types of revenue. These financial resources are important elements to the overall financial operations of the respective institutions, and are in addition to amounts made available from appropriations. The Public Institutions of Higher Education include:

***University of Massachusetts System*** – The University system includes the campuses at Amherst, Worcester, Boston, Lowell, Dartmouth and certain institutes and programs operated by the Office of the University President.

***State College System*** – The State College System includes the nine state colleges, which provide four-year post-secondary education programs. These colleges include:

Bridgewater State College  
Framingham State College  
Fitchburg State College  
Massachusetts College of Art  
Massachusetts Maritime Academy  
Massachusetts College of Liberal Arts  
Salem State College  
Worcester State College  
Westfield State College

***Community College System*** - The Community College System includes the fifteen community colleges, which provide two-year post secondary education programs.

Berkshire Community College  
Bunker Hill Community College  
Bristol 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  
Roxbury Community College  
Springfield Technical Community College

**Higher Education System**  
Combining Higher Education Non-Appropriated Activity - Statutory Basis

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	University of Massachusetts	State Colleges	Community Colleges	TOTALS	
				2005	2004
<b>Revenues and other financing sources</b>					
Federal grants and reimbursements.....	\$ 256,660	\$ 25,558	\$ 66,122	\$ 348,340	\$ 339,160
Departmental revenues.....	584,033	240,017	232,037	1,056,087	861,617
Miscellaneous revenues.....	801,858	107,944	89,602	999,404	839,721
Total revenues and other financing sources.....	1,642,551	373,519	387,761	2,403,831	2,040,498
<b>Expenditures and other financing uses</b> (by MMARS subsidiary):					
AA Regular employee compensation.....	410,877	53,543	64,297	528,717	489,369
BB Regular employee related expenses.....	16,782	3,511	2,994	23,287	21,970
CC Special employees and contracted services.....	162,187	52,980	83,359	298,526	287,352
DD Pension and insurance.....	85,844	16,128	16,495	118,467	144,385
EE Administrative expenditures.....	92,733	42,671	56,433	191,837	153,311
FF Facility operational supplies.....	172,416	11,461	19,344	203,221	139,601
GG Energy costs and space rental.....	96,861	17,764	14,502	129,127	118,448
HH Consultant services.....	167,047	11,616	13,017	191,680	145,297
JJ Operational services.....	70,571	24,580	11,585	106,736	83,329
KK Equipment purchase.....	49,888	10,996	9,223	70,107	59,920
LL Equipment leases, maintenance and repair.....	44,159	8,057	11,443	63,659	45,725
MM Purchased client services and programs.....	4,523	1,621	2,854	8,998	14,099
NN Construction and improvements.....	56,162	16,722	4,579	77,463	49,630
PP Aid to local governments.....	929	15	445	1,389	215
RR Benefit programs.....	93,922	40,123	73,409	207,454	148,018
SS Debt payment.....	-	5,828	1,530	7,358	5,707
TT Loans and special payments.....	64,648	61,258	5,732	131,638	138,317
Total expenditures and other uses.....	1,589,549	378,874	391,241	2,359,664	2,044,693
Excess (deficiency) of revenues and other financing sources over expenditures and other uses.....	53,002	(5,355)	(3,480)	44,167	(4,195)
Fund balance (deficit) at beginning of year.....	463,970	154,243	110,866	729,079	733,274
Fund balance (deficit) at end of year.....	\$ 516,972	\$ 148,888	\$ 107,386	\$ 773,246	\$ 729,079

**University Of Massachusetts**  
Higher Education Non-Appropriated Activity - Statutory Basis

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	<u>2005</u>	<u>2004</u>
<b>Revenues and other financing sources</b>		
Federal grants and reimbursements.....	\$ 256,660	\$ 253,610
Departmental revenues.....	584,033	397,544
Miscellaneous revenues.....	<u>801,858</u>	<u>621,934</u>
Total revenues and other financing sources.....	<u>1,642,551</u>	<u>1,273,088</u>
<b>Expenditures and other financing uses</b> (by MMARS subsidiary):		
AA Regular employee compensation.....	410,877	382,613
BB Regular employee related expenses.....	16,782	15,936
CC Special employees and contracted services.....	162,187	157,725
DD Pension and insurance.....	85,844	117,365
EE Administrative expenditures.....	92,733	70,844
FF Facility operational supplies.....	172,416	110,366
GG Energy costs and space rental.....	96,861	86,032
HH Consultant services.....	167,047	120,342
JJ Operational services.....	70,571	50,063
KK Equipment purchase.....	49,888	44,504
LL Equipment leases, maintenance and repair.....	44,159	24,276
MM Purchased client services and programs.....	4,523	10,059
NN Construction and improvements.....	56,162	33,266
PP Aid to local governments.....	929	8
RR Benefit programs.....	93,922	41,033
TT Loans and special payments.....	<u>64,648</u>	<u>59,794</u>
Total expenditures and other financing uses.....	<u>1,589,549</u>	<u>1,324,226</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	53,002	(51,138)
Fund balance (deficit) at beginning of year.....	463,970	515,108
Fund balance (deficit) at end of year.....	<u>\$ 516,972</u>	<u>\$ 463,970</u>



**State College System**  
Combining Higher Education Non-Appropriated Activity - Statutory Basis

Fiscal Year Ended June 30, 2005  
(Amounts in thousands)

	Bridgewater State College	Framingham State College	Fitchburg State College	Massachusetts College of Art
<b>Revenues and other financing sources</b>				
Federal grants and reimbursements.....	\$ 4,566	\$ 1,614	\$ 3,805	\$ 1,300
Departmental revenues.....	52,185	22,399	23,935	13,968
Miscellaneous revenues.....	24,923	21,736	11,046	6,626
Total revenues and other financing sources.....	81,674	45,749	38,786	21,894
<b>Expenditures and other financing uses</b> (by MMARS subsidiary):				
AA Regular employee compensation.....	21,686	2,341	4,280	5,208
BB Regular employee related expenses.....	828	181	238	288
CC Special employees and contracted services.....	9,644	6,260	6,867	2,829
DD Pension and insurance.....	5,560	1,093	1,462	568
EE Administrative expenditures.....	6,870	15,509	2,657	1,525
FF Facility operational supplies.....	2,169	1,081	997	1,024
GG Energy costs and space rental.....	3,045	2,100	1,270	1,572
HH Consultant services.....	2,014	1,545	2,489	694
JJ Operational services.....	5,596	3,536	1,552	2,371
KK Equipment purchase.....	2,015	1,609	1,547	1,000
LL Equipment leases, maintenance and repair.....	1,674	592	847	1,106
MM Purchased client services and programs.....	521	193	315	-
NN Construction and improvements.....	2,397	1,068	1,569	660
PP Aid to local governments.....	-	-	-	-
RR Benefit programs.....	8,001	2,092	3,361	1,929
SS Debt payment.....	-	181	-	-
TT Loans and special payments.....	5,794	5,182	7,401	1,978
Total expenditures and other financing uses.....	77,814	44,563	36,852	22,752
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	3,860	1,186	1,934	(858)
Fund balance (deficit) at beginning of year.....	18,999	25,977	20,776	5,852
Fund balance (deficit) at end of year.....	\$ 22,859	\$ 27,163	\$ 22,710	\$ 4,994

Massachusetts Maritime Academy	Massachusetts College of Liberal Arts	Salem State College	Worcester State College	Westfield State College	TOTALS	
					2005	2004
\$ 494	\$ 1,534	\$ 6,886	\$ 2,622	\$ 2,737	\$ 25,558	\$ 22,429
11,764	11,857	38,893	25,977	39,039	240,017	240,336
5,087	9,600	13,840	6,632	8,454	107,944	110,002
17,345	22,991	59,619	35,231	50,230	373,519	372,767
2,617	2,148	8,492	1,627	5,144	53,543	44,254
372	237	554	506	307	3,511	2,893
2,908	1,925	11,281	4,918	6,348	52,980	48,246
1,012	488	3,312	261	2,372	16,128	12,250
1,568	2,041	6,708	3,151	2,642	42,671	33,241
1,279	589	2,250	1,069	1,003	11,461	9,829
1,484	1,030	2,955	1,753	2,555	17,764	16,873
484	666	1,945	880	899	11,616	10,811
3,584	3,267	2,499	845	1,330	24,580	21,116
1,011	294	2,343	601	576	10,996	8,100
241	745	1,316	889	647	8,057	9,915
-	-	312	-	280	1,621	1,726
32	875	2,582	2,358	5,181	16,722	12,425
-	-	-	15	-	15	-
476	2,928	13,046	4,716	3,574	40,123	31,639
-	-	-	2,770	2,877	5,828	4,254
1,352	2,211	22,008	277	15,055	61,258	73,423
18,420	19,444	81,603	26,636	50,790	378,874	340,995
(1,075)	3,547	(21,984)	8,595	(560)	(5,355)	31,772
4,862	3,670	39,176	22,290	12,641	154,243	122,471
\$ 3,787	\$ 7,217	\$ 17,192	\$ 30,885	\$ 12,081	\$ 148,888	\$ 154,243

**Community College System**  
Combining Higher Education Non-Appropriated Activity - Statutory Basis

Fiscal Year Ended June 30, 2005

(Amounts in thousands)

	Berkshire Community College	Bunker Hill Community College	Bristol Community College	Cape Cod Community College	Greenfield Community College	Holyoke Community College	Massasoit Community College
<b>Revenues and other financing sources</b>							
Federal grants and reimbursements.....	\$ 1,596	\$ 6,329	\$ 7,030	\$ 2,223	\$ 2,089	\$ 5,404	\$ 5,693
Departmental revenues.....	7,307	18,099	12,356	8,520	7,680	10,539	16,084
Miscellaneous revenues.....	1,581	9,157	9,564	5,078	9,317	8,620	3,929
Total revenues and other financing sources.....	10,484	33,585	28,950	15,821	19,086	24,563	25,706
<b>Expenditures and other financing uses</b> (by MMARS subsidiary):							
AA Regular employee compensation.....	828	10,443	5,292	1,955	5,736	1,761	3,838
BB Regular employee related expenses.....	94	344	217	171	187	313	133
CC Special employees and contracted services.....	2,208	6,666	6,077	4,184	4,417	5,778	6,322
DD Pension and insurance.....	508	794	2,153	971	1,822	708	1,105
EE Administrative expenditures.....	1,285	3,176	1,794	1,495	1,342	2,113	1,836
FF Facility operational supplies.....	1,039	714	747	474	979	2,721	1,006
GG Energy costs and space rental.....	423	1,065	1,119	578	612	636	1,106
HH Consultant services.....	252	916	1,195	553	336	858	183
JJ Operational services.....	770	2,880	1,135	428	467	781	333
KK Equipment purchase.....	251	1,710	703	295	506	799	874
LL Equipment leases, maintenance and repair.....	200	819	257	619	376	270	1,546
MM Purchased client services and programs.....	7	281	1,059	-	12	59	56
NN Construction and improvements.....	59	10	329	-	28	1,310	320
PP Aid to local governments.....	189	-	17	-	-	-	-
RR Benefit programs.....	2,241	6,395	5,866	2,822	3,042	6,555	5,004
SS Debt payment.....	-	-	-	-	-	-	-
TT Loans and special payments.....	97	100	140	16	316	-	2,165
Total expenditures and other financing uses.....	10,451	36,313	28,100	14,561	20,178	24,662	25,827
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	33	(2,728)	850	1,260	(1,092)	(99)	(121)
Fund balance (deficit) at beginning of year.....	3,660	14,986	14,139	8,026	2,264	10,041	5,477
Fund balance (deficit) at end of year.....	\$ 3,693	\$ 12,258	\$ 14,989	\$ 9,286	\$ 1,172	\$ 9,942	\$ 5,356

Massachusetts Bay Community College	Middlesex Community College	Mount Wachusett Community College	Northern Essex Community College	North Shore Community College	Quinsigamond Community College	Roxbury Community College	Springfield Technical Community College	TOTALS	
								2005	2004
\$ 2,194	\$ 5,300	\$ 4,595	\$ -	\$ 8,255	\$ 3,741	\$ 6,173	\$ 5,500	\$ 66,122	\$ 63,121
11,550	27,656	13,651	35,766	22,897	19,057	4,831	16,044	232,037	223,737
1,718	1,156	4,976	5,462	8,311	3,527	8,360	8,846	89,602	107,785
15,462	34,112	23,222	41,228	39,463	26,325	19,364	30,390	387,761	394,643
655	11,072	6,773	2,143	9,621	1,801	488	1,891	64,297	62,502
260	393	225	-	106	176	90	285	2,994	3,141
4,058	8,653	4,354	32	5,741	6,462	12,815	5,592	83,359	81,382
269	4,035	1,031	536	791	721	186	865	16,495	14,770
1,848	2,030	1,878	27,877	5,234	1,826	623	2,076	56,433	49,226
520	943	835	21	2,853	2,938	545	3,009	19,344	19,406
1,762	1,728	1,212	69	1,230	987	412	1,563	14,502	15,543
1,523	1,212	1,525	-	1,010	1,443	338	1,673	13,017	14,144
1,330	1,124	133	32	378	492	474	828	11,585	12,150
337	379	729	1,102	371	325	146	696	9,223	7,316
590	680	825	-	950	2,169	169	1,973	11,443	11,534
-	-	190	-	76	-	-	1,114	2,854	2,314
230	-	237	-	13	33	5	2,005	4,579	3,939
-	-	239	-	-	-	-	-	445	207
2,241	4,365	3,881	10,205	5,734	5,408	1,140	8,510	73,409	75,345
221	-	54	-	1,151	104	-	-	1,530	1,453
-	147	84	2,241	-	337	89	-	5,732	5,100
15,844	36,761	24,205	44,258	35,259	25,222	17,520	32,080	391,241	379,472
(382)	(2,649)	(983)	(3,030)	4,204	1,103	1,844	(1,690)	(3,480)	15,171
16,527	2,436	3,772	7,046	7,316	2,870	897	11,409	110,866	95,695
\$ 16,145	\$ (213)	\$ 2,789	\$ 4,016	\$ 11,520	\$ 3,973	\$ 2,741	\$ 9,719	\$ 107,386	\$ 110,866



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