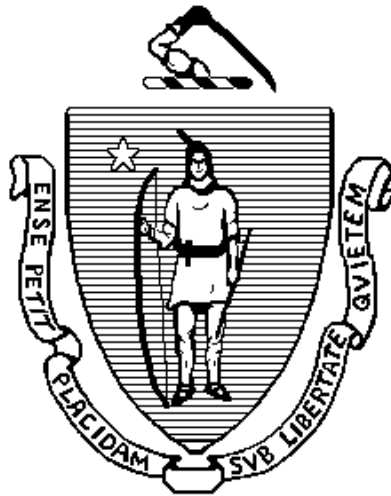


Commonwealth of Massachusetts



Statutory Basis Financial Report

For the Fiscal Year Ended June 30, 2008

Martin J. Benison, CGFM
State Comptroller

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

This Document is available at the Comptroller's website: www.mass.gov/osc



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Introductory Section



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

October 29, 2008

***To the Citizens of the Commonwealth of Massachusetts,
Governor Deval L. Patrick, 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, 2008 (FY08).

The Commonwealth completed the year ended June 30, 2008 with a budgetary loss (excess of expenditures and uses over revenues and sources) of approximately \$495 million, decreasing budgeted fund balances to slightly over \$2.4 billion. Of total budgeted fund balance, over \$2.1 billion is retained in the Stabilization Fund, compared to a balance of over \$2.3 billion at the end of 2007. The Stabilization Fund balance compares favorably to that of other states, but even so represents only 23 days of total budgeted expenditures and other uses for FY08. The significant financial uncertainty and tight credit markets resulting from the unstable world and national economies counsels caution in budgeting and in use of the Stabilization Fund to assist the Commonwealth in weathering what is predicted to be an economic downturn for states lasting more than one fiscal year.

During FY08, budgeted tax revenues overall rose approximately 5.7%. Income taxes grew 9.5%, offsetting declines in other categories such as sales and use taxes, which declined by 2.9% and corporate taxes, which fell by approximately 4.8%. All other taxes combined rose by approximately 4.3%.

The Commonwealth experienced positive job growth and relatively low unemployment during FY08 compared to the nation as a whole. The unemployment rate for the Commonwealth was 4.4% at the beginning of the year and fell as low as 4.1% in April. Increases in May and June as the national economic decline began to be reflected in Massachusetts brought the Commonwealth's rate to 5.2% at year end, still comparing favorably to the national average of 5.5%. As late as April 2008, unemployment was only at 4.1% in the Commonwealth. The FY09 budget forecasts total revenues for budgetary purposes at approximately \$27.5 billion, or approximately \$900 million less than FY08's budgeted revenues. However, spending was appropriated for FY09 at \$28.2 billion, amounting to approximately \$679 million operating loss or structural deficit. The Governor has already announced spending cuts to attempt to alleviate this deficit.

As of the publication of this report, the Commonwealth has experienced additional impacts of the world and national economy. On October 15th, the Secretary of Administration and Finance issued a revised revenue forecast reducing fiscal 2009 (FY09) forecasted revenues by \$1.1 billion, putting the estimated budget short-fall of \$1.1 billion to

\$1.4 billion. To address this short-fall, the Governor announced administrative actions, as well as proposed legislative solutions including:

- Voluntary cuts and contributions to solve the budget gap from entities outside the Governor's budget cutting authority including the Legislature, Constitutional Officers, the Judiciary, and payments to authorities totaling approximately \$100 million.
- \$755 million in cuts across Executive Branch agencies and implementation of \$146 million in additional spending controls to eliminate the need for additional funding.
- A proposal to restructure state employee health insurance contributions which is expected to save approximately \$29 million. The proposal changes employee contributions from a system based on date of hire and on salary level.
- A proposal for \$168 million in additional revenues and savings.
- A proposal to use an additional \$200 million in reserves from stabilization.

These measures should bring the Commonwealth closer to fiscal balance. The Commonwealth continues to struggle with very tight cash flow conditions.

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 FY08 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 the different presentation for depreciation expense, the presentation of all types of long term obligations, including 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.

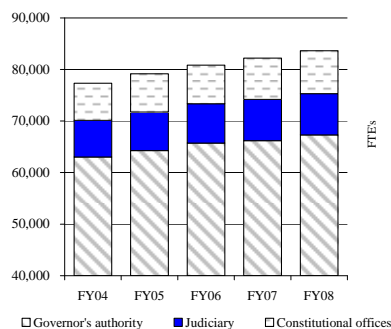
In accordance with Section 12 of Chapter 7A, Massachusetts General Laws, the Office of the Comptroller transmits the SBFR on October 31st. The SBFR report for fiscal year ended June 30, 2008 herein is audited by KPMG LLP and represents the closing of the Commonwealth's books for the fiscal year. This audit is conducted in conjunction with the Office of the State Auditor, which provides knowledge, expertise and resources to audit the financial statements.

Financial Highlights

The following represent significant events over the last fiscal year that impacted the financial condition of the Commonwealth:

- Because of the slow down of tax revenue growth, no funds were held aside during the year in cumulative state tax revenues in excess of permissible limits. \$75 million in interest and \$240 million in principal were transferred from the Stabilization Fund. An additional \$2.2 million was deposited from tax revenues of certain lottery winners who sold their stream of future winnings in exchange for current payments.
- The Commonwealth received settlements related to the Central Artery/Tunnel project from several contractors totaling approximately \$414 million, of which approximately \$397 million was deposited into a non-budgeted special revenue fund for future maintenance on the project and approximately \$17 million was deposited into a capital project fund for current construction.
- Tobacco settlement proceeds for the year were approximately \$288 million, reflecting the first year of receipts of strategic contribution payments to the Commonwealth because the Commonwealth was an original litigant against the tobacco manufacturers. The entire amount was used in support of current operations. \$150 million was redeemed from the accumulated unspent balance of tobacco settlement proceeds during the year to support operations. At the end of FY08, the entire accumulated balance of approximately \$336 million was transferred to the State Retirement Benefits Trust Fund to pay for Other Post Employment Benefits for retirees, also known as OPEB.

**Full Time Equivalent Workforce
Including Higher Education
June 2003 – June 2008**



The budgeted full-time equivalent workforce, including higher education, increased by 1,426 persons from FY07 or 1.7%: 1,033 FTE's were added under the Governor's authority, 29 FTE's in the Judiciary and 365 in the Constitutional Offices.

Health Care Reform and Waivers

Implementation of the Commonwealth's landmark Health Care Reform law continued in FY08. Health insurance coverage of individuals expanded significantly during the first year of the individual mandate. Total General Fund transfers into the Commonwealth Care Trust Fund rose to approximately \$1 billion in FY08, up from \$722 million in FY07. This reflected increasing enrollment in Commonwealth Care, one component of nearly 440,000 residents having newly enrolled in health insurance through a combination of private and public programs by April of 2008. One impact of this is a reduction in free care through the state's hospitals and community health centers.

The Commonwealth operates the majority of its Medicaid program under a federal section 1115 demonstration project waiver. This waiver expired on June 30, 2008. The federal government granted extensions for the July 1, 2008 to June 30, 2011 period during July, August and September of 2008 (FY09) during the negotiation process. On September 30, 2008, the Commonwealth announced it had reached an agreement in principle with the federal government for this waiver, including health care reform provisions. The agreement authorizes federal reimbursement for approximately \$21 billion in spending from FY09 through FY11, \$4.3 billion more in spending than was authorized for FY06 through FY08. Federal reimbursement will be able to be claimed for all programs at current eligibility and benefit levels, including Commonwealth Care's subsidized coverage of adults up to 300% of federal poverty level.

In addition, subsequent to year end and to further subsidize health care reform, the Commonwealth adopted revised regulations that require employers with 11 or more full-time equivalent employees to make a "fair and reasonable" premium contribution to their employees' health insurance or pay a fee to the Commonwealth. Previously, the regulations provided that an employer met the "fair and reasonable" contribution standard if either (i) 25% or more of its full-time employees enrolled in the employer's group health plan or (ii) it offered to contribute at least 33% towards the premium cost for a group health plan for full-time employees who worked at least 90 days. The revised regulations, which will take effect January 1, 2009, maintain this test for firms with 50 or fewer full-time employees but require larger firms to meet both the employee enrollment and the employer contribution standards. Moreover, under the revised regulations, firms would also be considered to meet the "fair and reasonable contribution" standard if 75% or more of their full-time employees enroll in their group health plans.

Other Post-Employment Benefits – OPEB

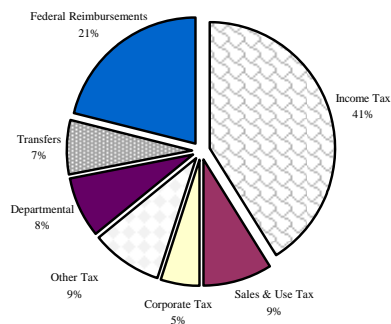
In FY08, the Commonwealth began funding and disclosing its liability for other post employment benefits, including retiree health care and life insurance costs. The initial liability developed last year was estimated to range from \$7.6 billion to \$13.6 billion depending on how aggressively the Commonwealth acts to fund the liability, and consequently whether a lower or higher discount rate was appropriate. On a statutory basis, the Commonwealth contributed nearly \$355 million to OPEB costs and transferred the balance of over \$336 million in the Health Care Security Trust to the State Retiree Benefits Trust Fund.

On August 5, 2008, a Special Commission to study OPEB released its report. The bi-partisan Commission was comprised of members of the House and the Senate and the Administration. The report recommends that tobacco settlement proceeds be used to fund OPEB, phasing in over four years to 90% of proceeds. Secondly, the Commission recommends that 50% of any unanticipated surplus funds in a given budget cycle as part of the Stabilization calculation be directed to fund OPEB. Finally, the Commission recommends combining the pension and OPEB funding process with the predominant portion funding the remaining pension obligation until 2023 and upon full pension funding, keeping the appropriations steadily rising until OPEB is funded. This actuarial liability is being updated to reflect these recommendations. This updated valuation will be available in November.

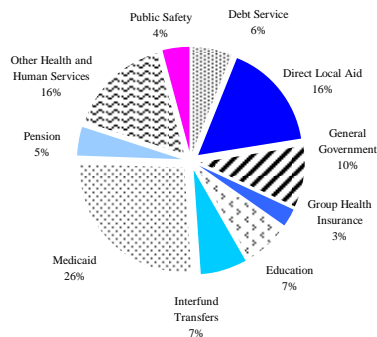
Lottery Deficit

In FY08, the State Lottery transferred approximately \$935 million in the aggregate to municipalities as mandated by the general appropriation act, regardless of the actual amount available in the State Lottery Fund. Lottery revenues for FY08 increased 5.2% to approximately \$4.9 billion. Prizes were approximately \$3.9 billion and operating expenses and other mandated transfers were nearly \$1.2 billion. Subsequent to year end, legislation was passed transferring up to \$117 million from the General Fund into the Lottery to cure any current year deficit and an additional approximately \$119 million from the General Fund to cure the FY07 deficit. Of the \$117 million authorization, approximately \$81 million was transferred to reduce the Lottery's deficit to approximately \$32 million. A transfer to eliminate this balance will be made in FY09. To help ensure that the Lottery Fund remains stable, the FY09 budget provides for \$811 million in local aid from the Lottery Fund and an additional \$124 million from the General Fund.

Budgeted Revenues and Other Sources



Budgeted Expenditures and Other Uses



The Budgeted Funds

The General Appropriation Act (GAA) authorized approximately \$25.4 billion in spending, exclusive of approximately \$451 million in FY07 spending authorized to be continued into FY08 as part of a final FY07 supplemental budget.

Supplemental budgets during the year authorized \$367.5 million in appropriations. Subsequent to year end, one additional supplemental budget was enacted totaling approximately \$46.5 million. The year's supplemental appropriation and transfer activity included:

- \$48.4 million for additional snow and ice removal costs from highways, plus an additional \$27.1 million for a snow and ice reserve account and another \$2.4 million for parkway snow and ice removal.
- \$36 million for additional managed health care spending.
- \$29.5 million due to increased group insurance commission costs, with approximately \$11 million for retiree health care.
- \$25 million for home heating assistance for low income families.
- \$25 million for a reserve account for county corrections.
- Approximately \$22.5 million for private counsel compensation for indigent defendants. Additional amounts were appropriated for court costs and public defenders.
- \$20 million in a collective bargaining reserve in addition to direct appropriations for specific union contracts.
- \$14.2 million for transitional aid to needy families.
- \$13.5 million for transitional aid to families with dependent children.
- \$10 million for correctional facilities.

A total of 96 budgetary appropriations were supplemented during the year.

Budgeted expenditures and other uses, including transfers to non-budgeted funds, increased by nearly \$3.6 billion. Of this amount, programs and services rose by approximately \$1.1 billion and transfers to non-budgeted funds, largely related to Health Care Reform, increased by nearly \$913 million. Deficit elimination transfers pursuant to statute also increased budgeted transfers by \$1.6 billion, almost entirely due to the deficit in the Highway Fund, eliminated by a General Fund transfer.

The Budgeted Funds – Operations table on page 7 displays the FY08 summary of budgeted funds, compared to FY07. The FY08 financial statements for each of the 11 individual budgeted funds are included in the financial section of this report. In FY09 and in future years, if revenue growth slows, the challenge will be to continue to match spending to available revenues.

In conducting the budget process, the Commonwealth excludes from their forecast 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. In FY08, transfers among the Budgeted Funds decreased 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 the financial statements.

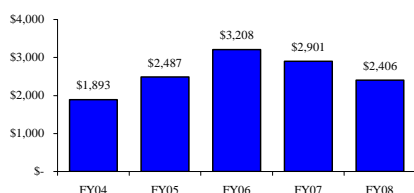
Budgeted Funds - Operations
(Amounts in thousands)

	2007	2008
Beginning fund balances:		
Reserved and designated.....	\$ 947,182	\$ 451,312
Reserved for Stabilization Fund.....	2,154,664	2,335,021
Undesignated.....	106,204	114,682
Total.....	<u>3,208,050</u>	<u>2,901,015</u>
Revenues and other sources:		
Taxes.....	18,444,891	19,488,540
Federal reimbursements.....	6,167,575	6,429,469
Departmental and other revenues.....	2,218,414	2,355,878
Interfund transfers from non-budgeted funds and other sources.....	<u>1,785,002</u>	<u>2,039,288</u>
Budgeted revenues and other sources.....	<u>28,615,882</u>	<u>30,313,175</u>
Intragovernmental Service Fund revenues.....	192,639	222,763
Interfund transfers among budgeted funds and other sources.....	<u>360,331</u>	<u>2,003,543</u>
Total revenues and other sources.....	<u>29,168,852</u>	<u>32,539,481</u>
Expenditures and other uses:		
Programs and services.....	24,237,614	25,363,667
Debt service.....	2,084,453	1,867,908
Pension.....	1,335,176	1,398,600
Interfund transfers to non-budgeted funds and other uses.....	<u>1,265,674</u>	<u>2,178,195</u>
Budgeted expenditures and other uses.....	<u>28,922,917</u>	<u>30,808,370</u>
Intragovernmental Service Fund expenditures.....	192,639	222,763
Interfund transfers among budgeted funds and other uses.....	<u>360,331</u>	<u>2,003,543</u>
Total expenditures and other uses.....	<u>29,475,887</u>	<u>33,034,676</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses.....	<u>(307,035)</u>	<u>(495,195)</u>
Ending fund balances:		
Reserved and designated.....	451,312	171,479
Reserved for Stabilization Fund.....	2,335,021	2,119,194
Undesignated.....	<u>114,682</u>	<u>115,147</u>
Total.....	<u>\$ 2,901,015</u>	<u>\$ 2,405,820</u>

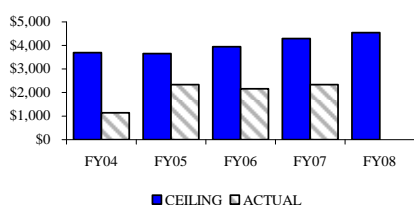
The graph of Budgeted Funds – Fund Balance on page 8 portrays the combined fund balance in the budgeted funds for the past five years.

At June 30, 2008, the ending balance is comprised mainly of the statutory fund balance of the General Fund and the Stabilization Fund. Deficit elimination authorized in statute occurred in FY08, eliminating deficits in the Highway Fund and the Workforce Training Fund by

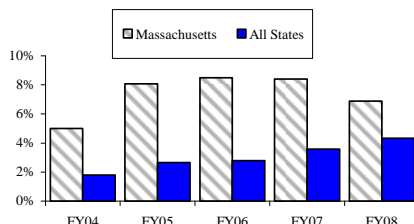
Budgeted Funds – Fund Balance (Amounts in Millions)



Stabilization Fund Balance (Amounts in Millions)



Stabilization Fund Percentage of Budget Compared To Other States



surplus undesignated balances in the General Fund, Massachusetts Tourism Fund and Division of Energy Resources Credit Trust Fund.

Due to designations of fund balances, \$146 million of the total budgeted fund balance, exclusive of stabilization, is reserved for appropriation in FY09. The remainder is undesignated.

The Stabilization Fund

As states around the country are struggling with ongoing fiscal difficulties, the importance of the Stabilization Fund cannot be underestimated. During FY08, according to the National Association of State Budget Officers, 13 states cut their budgets during the year after their general appropriation acts had passed. The June 2008 “Fiscal Survey of the States” showed states were trying to reduce or eliminate budget gaps during FY08 by increasing fees, laying off and furloughing personnel, offering early retirement incentives, instituting across the board or targeted cuts and reorganizing. The Commonwealth took specific activities in the Stabilization Fund this year to help attain fiscal balance, including transferring \$75 million in investment earnings and \$240 million in principal to the General Fund. In FY09, all of the Stabilization Fund investment earnings and \$310 million in principal will transfer to the General Fund.

Even with these activities, the fund maintains a healthy balance compared to other states. The survey published in June 2008, again ranked the Commonwealth second in the nation in FY07 in terms of the balance in stabilization. Five states had no stabilization fund balance at the end of FY07. Of states with over \$10 billion in General Fund expenditures in FY07, the Commonwealth’s Stabilization Fund balance as a percentage of expenditures ranked third in the nation behind Maryland and Connecticut. Georgia, Minnesota and Virginia followed. As the graphic on the left portrays, the Commonwealth continues to outpace the rest of the nation in this key element of fiscal condition. The Commonwealth is as prepared as it can be for this rainy day that is upon us.

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 FY08, the Commonwealth maintained 57 of these funds, while another 5 are inactive.

The largest non-budgeted funds in terms of revenues include the Lottery, Federal Grants, the funds that account for the operations of health care reform and the Health Care Security Trust (HST), (which is designated to receive tobacco settlement funds before transfer to the General Fund), Grant Anticipation, MBTA State and Local Contribution Fund, the School Modernization and Reconstruction Trust (SMART) Fund and new this year, the Central Artery / Tunnel Project Repair and Maintenance Trust Fund. This fund commenced operations

in FY08 to account for portions of settlements received from the Central Artery / Tunnel project contractors to be used for repairs and maintenance for the project in the future. During FY08, nearly \$397 million of new revenues came into this fund from these settlements.

The table Non-Budgeted Funds – Operations below includes a summary of the FY08 non-budgeted funds. Financial statements for each of the individual funds are included in the financial section of this report.

As previously discussed, the State Lottery Funds ended the year with a deficit of approximately \$32 million, due to the mandatory distribution of over \$1 billion to cities and towns in the FY08 GAA. The Commonwealth enacted legislation to solve most of the prior Lottery deficits by capping amounts transferring from the Fund in FY09. Any overage is to be transferred from the General Fund. This deficit is reflected in the Non-Budgeted Funds – Operations Table below:

Non-Budgeted Funds - Operations
(Amounts in thousands)

	2007	2008
Beginning fund balance.....	\$ 1,852,953	\$ 1,734,537
Revenues and other sources:		
Taxes.....	1,404,296	1,520,789
Assessments.....	635,305	503,998
Federal grants and reimbursements.....	2,626,284	2,552,579
Tobacco settlement revenue.....	247,340	288,490
Departmental and miscellaneous.....	4,925,135	5,054,710
Transfers and other sources.....	1,889,575	2,783,693
Total revenues and other sources.....	11,727,935	12,704,259
Expenditures and other uses:		
Programs and services.....	9,083,630	9,682,520
Debt service.....	255,209	251,650
Transfers and other uses.....	2,507,512	2,594,531
Total expenditures and other uses.....	11,846,351	12,528,701
Excess (deficiency) of revenues and other sources over expenditures and other uses.....	(118,416)	175,558
Ending fund balance.....	\$ 1,734,537	\$ 1,910,095

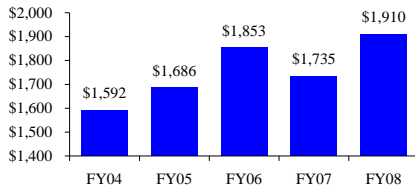
The HST reports all revenues received from the Master Settlement Agreement (MSA) between the states and the tobacco industry to recover healthcare costs for tobacco related illnesses. The MSA estimates Commonwealth revenues for the first 25 years of the settlement to be approximately \$7.6 billion. However, this estimate is subject to future adjustments, including adjustments for inflation and changes in the volume of domestic cigarette sales. In FY08, the Commonwealth received over \$288 million or approximately 87.4% of the estimated amounts shown in the MSA. Receipts were up in FY08 due to the initial Strategic Contribution Fund payments under the terms of the MSA. These payments are projected to be received through FY17. The FY08 GAA directed all MSA receipts to the General Fund. \$157 million of the HST fund balance also transferred to the General Fund during FY08 pursuant to legislation, along with an additional \$36 million of investment earnings transferred to the General Fund. After these transfers, the remaining fund balance of over \$336 million transferred to the State Retiree Benefits Trust Fund.

Continuing in FY08, a portion of the Commonwealth's federal transportation funds were dedicated to paying off prior year expenditures of the Central Artery/Tunnel Project (CA/T) which were temporarily financed through Federal Grant Anticipation Notes (GANS).

During FY98, the Legislature authorized the issuance of \$1.5 billion in GANS to finance the current cash needs of the CA/T. All of the GANS have been issued. The GANS are not considered general obligation debt of the Commonwealth. The proceeds of the GANS were used to temporarily finance federally eligible expenditures until federal funds were authorized. Continuing in FY08, federal funds were drawn down to reimburse the Commonwealth for these prior year expenses. From this year through 2015, these eligible expenses will be reimbursed by the federal government and the reimbursement will be used to retire 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. Approximately \$388 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 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. As a result, the original as well as the refunding notes are reported on the Commonwealth's books until the maturity dates. The balance in the fund for FY08 represents approximately \$619 million held for payment of interest on the GANS inclusive of an escrow for payment of GANS involved with the aforementioned cross-over refunding.

The Universal Health Care funds, including the Commonwealth Care, Essential Community Provider, Medical Assistance, the Health Safety Net and the Medical Security Trust Funds, largely related to Health Care Reform, revenues and other financing sources were nearly \$2.1 billion in FY08, rising from over \$1.8 billion in FY07. This is due to the increases in activity and enrollments under the Health Care Reform acts.

***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. Increases this year are largely due to Central Artery/Tunnel settlements received in a Non-Budgeted Fund enacted for maintenance of the project, offset by deficits in the Lottery Fund and two other smaller funds. For example, the Government Land Bank Fund has a chronic structural fund deficit. The FY08 deficit balance of \$35 million remains an unbudgeted drain on 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 \$11 million deficit exists in the Motor Vehicle Inspection Fund. In accordance with General Laws, this deficit must be eliminated and the Fund must be in balance by June 30, 2009. As indicated in previous years, more consolidation and elimination is needed for these funds.

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 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, tax exempt bonds are not routinely sold in anticipation of expenditures.

The Commonwealth issued over \$1.3 billion in debt this year, including over \$25 million in original issue premiums. No refunding debt was issued this year.

25% of the Commonwealth's general obligation debt has been issued as variable rate bonds as of June 30, 2008. Included in this variable debt were approximately \$566 million in auction rate securities (about 4% of all general obligation debt) as of June 30, 2008. Beginning in February 2008 several auctions of the Commonwealth's auction rate bonds began to fail, meaning there were not enough bids from investors to purchase securities being offered for sale by existing holders. These auction failures have been systemic throughout the municipal bond market, caused primarily by widespread downgrades and negative rating outlooks of a number of municipal bond issuers other than the Commonwealth. The failed and unsubscribed auctions have resulted in higher interest costs, but as of June 30, 2008, none of these costs have exceeded their budgeted debt service amount of 5%. Subsequent to year end, the Commonwealth refunded its Series 2007 D-1 and D-2 auction rate bonds and replaced them with fixed rate bonds.

Central Artery / Tunnel Project
(Amounts in Millions)

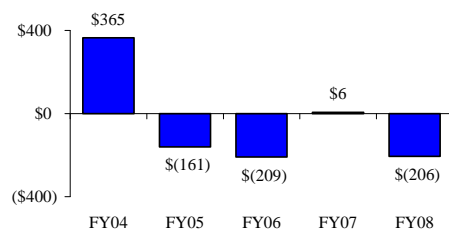
Sources of Funds:	2008
Federal Funds	\$ 6,866
GANS (temporary financing of federal funds)	1,501
Massport and Turnpike Authorities	1,776
Commonwealth debt and other sources	<u>4,225</u>
Total Sources	<u>14,368</u>
Costs of Construction:	
Cumulative costs previous to FY08	\$ 14,293
Current Fiscal Year Spending	<u>75</u>
Actual Costs through End of Fiscal Year	<u>14,368</u>
Estimated remaining costs:	<u>430</u>
Total Estimated Costs of Construction:	<u>\$ 14,798</u>

These remaining variable rate bonds are largely “swapped” to synthetically fixed interest rates.

The CA/T project is winding down. Settlements were received during the fiscal year between the Commonwealth and several contractors totaling approximately \$414 million, of which approximately \$17 million was deposited into the Central Artery / Statewide Road and Bridge Infrastructure Fund and the remainder was deposited into the Central Artery / Tunnel Project Repair and Maintenance Trust Fund. As of May 2007, an updated cost estimate stood at \$14.798 billion for the project. However, the finance plan related to this cost estimate has not been approved by the federal government. As a result, the remaining \$162 million of federal funds for the project have been withheld from the project pending federal approval. Because of this delay, the Commonwealth is or has paid for the final pieces of the project through operating revenues. The Commonwealth continues to work with the federal government to resolve all issues surrounding the final financing plan. The chart on the left shows the total spending for the CA/T for 2008 and for the life of the project.

During FY07, Massport paid the Commonwealth approximately \$25 million in partial satisfaction of amounts owed for certain portions of the CA/T project consisting of roadways, viaducts and other structures located at Logan International Airport in East Boston. \$12.4 million remains to be paid.

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



The graph Capital Projects Funds – Fund Balance (Deficit) shows the combined fund balance in Capital Projects Funds for the past five years. 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 page 14 includes the FY08 Capital Projects Funds, summarized and compared to FY07. Financial statements for each of the individual funds are included in the financial section of this report.

The Administration continues to oversee a coordinated fiscal strategy for the management of Capital Project Funds. This strategy includes a five – year capital budget linked to debt management and capital management. The focus of this strategy is to manage capital spending within outstanding debt levels the Administration considers appropriate for the Commonwealth. An important part of the strategy is to control capital spending within an administrative “cap.”

As part of this strategy, the Administration restructured the bond funded portion of the cap to \$1.5 billion for FY08 and increasing \$125 million annually through FY12. Under the plan, an annual borrowing limit was set to keep debt service expenditures, inclusive of all debt, grant anticipation notes, all forms of contract assistance and certain capital lease financings to 8% of budgeted revenues. However, we must

be vigilant in these times of tight liquidity to sell bonds where authorized and possible and where they will fit into caps to keep operating cash flowing.

At and subsequent to year end, the Commonwealth enacted several sweeping bond authorizations including:

- \$2.2 billion for new higher education buildings, renovation projects and capital improvements at each of the Commonwealth's public higher education campuses.
- \$40 million for a Massachusetts Broadband Institute within a separate authority of the Commonwealth (the Massachusetts Technology Collaborative).
- Nearly \$1.3 billion for affordable housing.
- \$1.6 billion for transportation improvements (leveraging \$1.9 billion in federal reimbursements) in order to bring the Commonwealth into compliance with federal highway administration and federal transit authority orders.
- A second \$1.4 billion bond bill for roads, bridges and other transportation related projects.
- Nearly \$1.7 billion for open space, parks, "clean energy" projects and to rebuild park infrastructure.
- \$3.3 billion of general government capital needs for public safety, municipal and state facilities, information technology, correctional and court facilities. Information technology initiatives will modernize systems at the Department of Revenue and the Registry of Motor Vehicles.
- An additional nearly \$3 billion to finance an accelerated structurally deficient bridge program that includes over 250 bridge projects over the next eight years with approximately \$1.9 billion in special obligation bonds secured by a portion of gasoline taxation and \$1.1 billion of GANS.

De-authorization of previously issued capital appropriations are also included as part of many of these bills. These de-authorizations will occur in FY09. Even though the new authorizations are for approximately \$15 billion, the Commonwealth will determine the timing and extent of capital spending and bonding as part of its five year capital plan.

Capital Projects Funds - Operations
(Amounts in thousands)

	2007	2008
Beginning fund balance (deficit).....	\$ (208,820)	\$ 5,674
Revenues and other sources:		
Federal grants and reimbursements.....	24,881	20,583
Departmental and miscellaneous.....	70,030	67,687
Proceeds from bonds, including premiums.....	1,603,940	1,305,945
Proceeds of refunding bonds.....	1,530,558	-
Transfer for Federal Reimbursements.....	332,244	326,358
Transfers and other sources.....	237,455	187,671
Total revenues and other sources.....	3,799,108	1,908,244
Expenditures and other uses:		
Acquisition of assets.....	1,804,298	1,899,306
Payments to refunded bond escrow.....	1,530,558	-
Transfers and other uses.....	249,758	220,264
Total expenditures and other uses.....	3,584,614	2,119,570
Excess (deficiency) of revenues and other sources over expenditures and uses.....	214,494	(211,326)
Ending fund balance (deficit).....	\$ 5,674	\$ (205,652)

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 Post Employment Benefit Trust Funds. The table on the following page, which excludes assets held on a purely custodial capacity in so-called Agency Funds, summarizes the FY08 activity of the Fiduciary Funds. Nearly 96% of the Fiduciary Fund assets are related to the Commonwealth's Post – Employment Benefit Trust Funds detailed in fund statements found in this report.

An approximately \$1.3 billion operating loss in this fund group is primarily the net of three significant events:

- The net change in value of pension assets decreased by approximately \$1.1 billion, reflecting equity and credit market declines. However the Pension Reserves Investment Trust Fund (PRIT) continues to return an average annual return of 10.9% since its inception in 1985.
- An inflow of \$328 million from the Health Care Security Trust Fund to fund past employment health care benefits.

- Employer and employee contributions exceeded payments to the unemployed in the Commonwealth from the Unemployment Compensation Trust Fund by approximately \$147 million, even though expenditures from the Fund increased by \$155 million during the year.

The pension valuation is based on data as of January 1, 2008. Details of this valuation are outlined in Note 11 to the financial statements. The value of pension assets of the public retirement systems increased from FY07 to FY08, resulting in an increase in funded status from 75.2% to 78.6%. During FY07 and FY08, the Public Employee Retirement Administration Commission completed an updated experience study Analyses (covering the years 2000-2005) of the State Retirement System in 2007 and the Massachusetts Teachers' Retirement System in 2008. January 1, 2008 is the first actuarial valuation using the revised assumptions. Overall the total cost using the revised assumptions is about the same as the cost using the prior assumptions. There was a slight increase in actuarial accrued liability and a slight decrease in employer normal cost. Actuarial value of assets used in the valuation stood at 90.5% of market value for the State Retirement System and 90.4% of market value for the Massachusetts Teachers' Retirement System.

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

	2007	2008
Beginning fund balance.....	\$ 40,912,902	\$ 48,085,648
Revenues and other sources:		
Taxes.....	1,622,561	1,542,900
Federal reimbursements.....	50,440	70,962
Departmental and other revenues.....	2,444,595	3,674,793
Interfund transfers and other sources.....	10,254	18,810
Unrealized and realized investment earnings / (losses).....	7,883,547	(1,138,794)
Total revenues and sources.....	12,011,397	4,168,671
Expenditures and other uses:		
Expenditures.....	4,703,215	5,402,579
Interfund transfers.....	135,436	111,091
Total expenditures and uses.....	4,838,651	5,513,670
Excess of revenues and sources over expenditures and uses / (expenditures and uses over revenues and sources).....	7,172,746	(1,344,999)
Ending fund balance.....	\$ 48,085,648	\$ 46,740,649

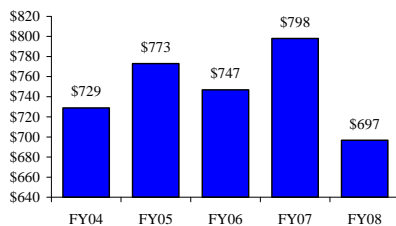
The Non-Appropriated Funds of Higher Education

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 made 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)

	2007	2008
Beginning fund balance.....	\$ 747,388	\$ 798,090
Revenues and other sources:		
Federal grants and reimbursements.....	440,802	386,747
Departmental and miscellaneous.....	1,250,399	1,563,499
Transfers and other sources	1,050,713	876,236
Total revenues and other sources.....	2,741,914	2,826,482
Expenditures and other uses:		
Programs and services.....	2,691,212	2,927,824
Total expenditures and uses.....	2,691,212	2,927,824
Excess (deficiency) of revenues and other sources over expenditures and other uses.....	50,702	(101,342)
Ending fund balance.....	\$ 798,090	\$ 696,748

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



The Non-Appropriated Funds of Higher Education – Operations table includes the FY08 funds, summarized and compared to FY07. 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 approximately \$418 million for the University of Massachusetts, approximately \$124 million for the State College system and approximately \$155 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.

Comptroller Priorities

The Office of the Comptroller continues to work in collaboration with Department Chief Financial Officers to balance efficiency and accountability in Commonwealth financial operations. An ongoing key to this balance is the Office of the Comptroller and CFO's working in partnership in implementing these goals. 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, 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.

In FY08, attention was focused on improving financial efficiency and accountability within the Commonwealth with a focus on environmentally friendly information dissemination and further expanding the use of the complete capabilities of the financial system. The Comptroller launched a number of parallel initiatives to accomplish these goals:

- ***Paperless Remittance Advices***

The Commonwealth has gone to almost 100% electronic funds transfer for employee payments; however the accompanying pay advice was still distributed manually to most employees. The Comptroller provides a secure web site where employees through a login and password can access their pay advice and prior period information, increasing employee access to information at a significantly reduced cost. The site provides secure access to an informational W-2. In FY07, we released a complete upgrade of this application and rolled it out to the entirety of State Government. In FY08, our focus was marketing to employees to use this site as their primary source for payroll advices. Now employees use self-service to suppress their advice through PayInfo and in the first 4 months the number of employees doubled to 19% or almost 14,000. Our "going green" campaign continues in FY09.

- ***Internal Audit***

We have redeployed existing staff from processing and pre-audit functions within the office to a Quality Assurance Bureau. Using specialized data analysis tools, the Bureau supplements standard agency reviews with data mining techniques which identify transactions by risk profile, thus allowing the bureau to target certain risk profiles on a statewide basis.

- ***Streamlined Customer Support***

The office supports state fiscal staff in a variety of ways. An independent assessment of these offerings identified potential improvements. In FY08, we updated our training program, initiated more outreach to fiscal staff outside the Boston area and enhanced on-line resources including updated and additional job aids and completely re-vamped e-learning sessions. Webcast training, as

well as a webcast option for the several user group meetings offered by this office, is widely used and valued by the many local and satellite business offices around the Commonwealth.

- *Paperless Transactions*
To the extent transaction profiles do not warrant delegation, using MMARS to capture supporting documentation electronically within the actual transaction reduces initial processing costs along with the long term costs of archiving and later retrieving those documents. In the initial pilot, 7,000 transactions were converted to be completely paperless.
- *Maximizing Prompt Pay Discounts*
The Comptroller's Office establishes system parameters to automatically schedule payments for issuance based on the cash flow needs of the Commonwealth along with maximizing discounts offered by vendors for prompt payment. Year over year, the growth of discounts offered with vendor contracts (18%) and discounts realized by departments (32%) brings real savings to departments' line items. In FY08 \$3.4 million was saved. This will continue to be a high profile project for FY09.
- *E-Receipts*
Security of credit card and other revenue transactions where a citizen interacts with the Commonwealth is extremely important. During the year, we worked with two vendors to test the systems and business processes that are part of the flow of e-commerce. These tests will continue to evolve in the future as data security standards change due to technology and security threats. We are also focused on increasing receipts through e-commerce. The obstacle to increasing internet – based transactions has been the cost of credit card fees that can escalate dramatically for large payments. Departments have started to accept automated clearing house (ACH) receipts, lowering the cost of e-commerce dramatically. The Commonwealth is about to procure a new e-commerce contract during FY09 with a goal of increasing services and lowering costs.

In FY09 we have outlined ongoing initiatives:

- *Upgrade of MMARS*
With much of the work performed in FY08, as of this report we are live with the upgrade of the financial system, MMARS. The expertise and commitment of Commonwealth employees allows us to perform these upgrades in house with existing operational resources. Continuing our established strategy to keep current with the baseline system provides expanding opportunities to streamline financial operations, compliance and reporting.
- *Web Applications*

In addition to the financial system, the Comptroller maintains seven interactive web sites serving Commonwealth vendors, state employees, and processing internal transactions between this office and state departments. During FY08, we undertook a major initiative to provide a singular platform to house and secure these

applications and functionality for Intranet operations. In FY09 development and implementation of the specialty programs will be incorporated within the framework.

- *Encouraging Shared Services*
Shared services that are performed properly and authorized in law may lower the overall cost of operations through the reduction of redundant functions within Secretariats. The Commonwealth should also consider consolidating back office functions for smaller departments to increase internal controls and lower costs.
- *Upgrade of HR/CMS*
The Human Resource/Compensation Management System is being upgraded over the next 2 years. This multi-phase upgrade will enable the Commonwealth to bring processing and functional improvements, including time and attendance and labor, to the central payroll system. In addition, the ability to offer enterprise-wide talent management solutions and self-service functionality to employee directed data will present sustained benefits to the Commonwealth.
- *Reinvigorating Internal Controls*
The economic downturn led to difficult but necessary actions earlier this month by the Governor and the Secretary of Administration and Finance to make cuts in spending across the Commonwealth. Our immediate task will be to support departments in swiftly but thoughtfully implementing these reductions. Second, during an economic downturn, it is vitally important to maintain internal controls to continue operations and safeguard resources. Over the years, we have instituted strong internal controls through an ongoing campaign. We will continue to train agencies and review agency operations, working with agencies to lower risk.

As we close the books for FY08, I again would like to express my thanks to the many dedicated employees within the Office of the Comptroller. I am proud to have all the employees of the Comptroller's Office on my team to help tackle these and other difficult issues as we prepare for the year ahead. And a special note of congratulations to Steve Hamilton and the members of the Disaster Recovery team: Kathy Lambert, Rob Pashkowsky, Wing Chan, Peter Murphy, Ralph DeParolisa, who were recipients of the 2008 Manuel Carballo Governor's Award for Excellence in Public Service, the highest award the Commonwealth issues for individuals excelling to the pinnacle of what it means to be a public servant.

Respectfully submitted,

Martin J. Benison
Comptroller of the Commonwealth



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CONSTITUTIONAL OFFICERS

Deval L. Patrick
Governor

Timothy P. Murray
Lieutenant Governor

William F. Galvin
Secretary of State

Martha Coakley
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

Phillip Rapoza
Chief Justice, Appeals Court

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

REPORT PREPARED BY:

Eric S. Berman, CPA
Deputy Comptroller

Financial Reporting And Analysis Bureau:

Bhavdeep J. Trivedi
Director

John Haran, CPA, CGFM
Accountant

Pauline Lieu, CPA, CGFM
Accountant

Neil Gouse, CGFM
Accountant

Frank Conlon
Accountant

Patricia McKenna
Accountant

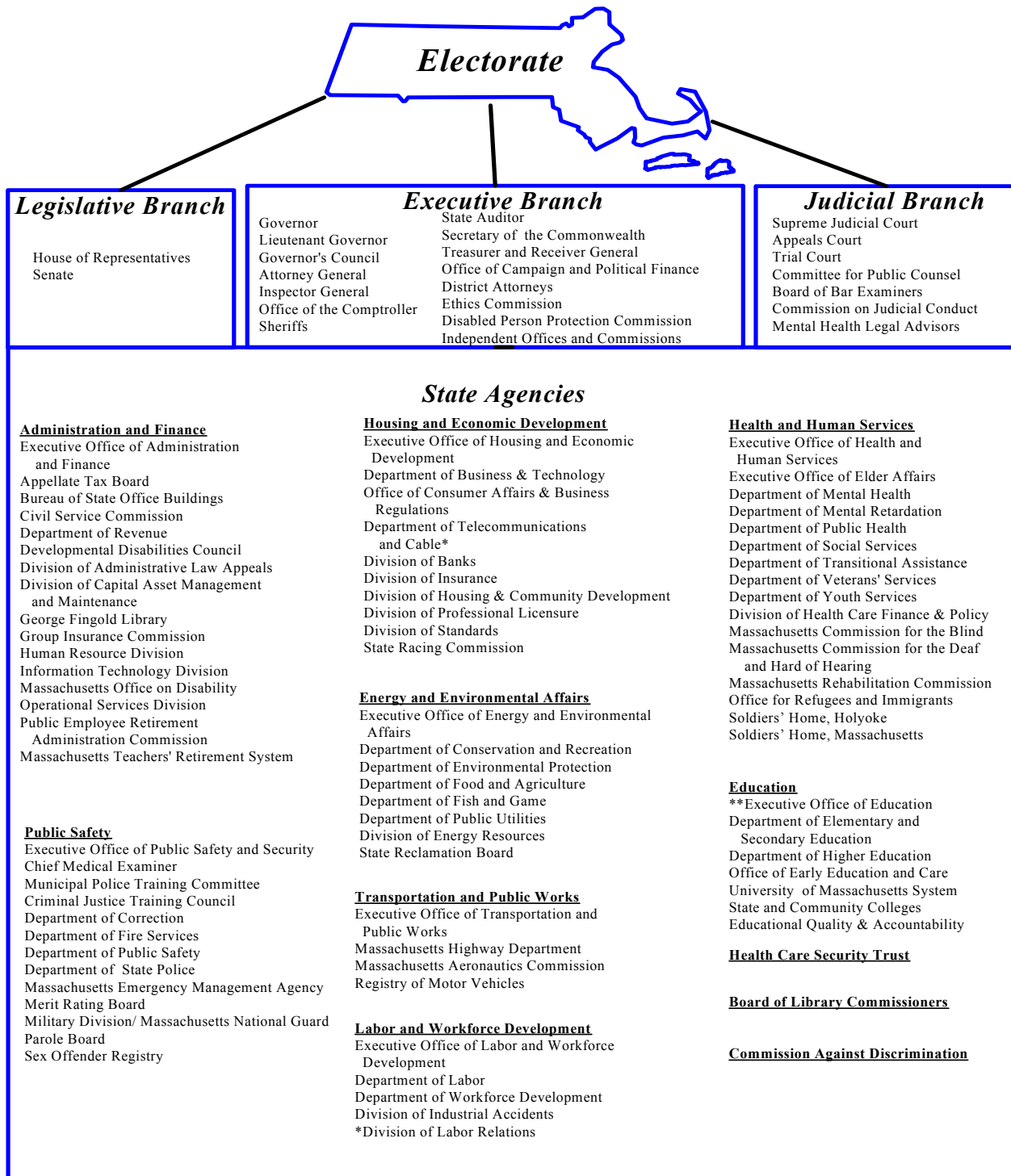
Ryan Prentiss
Systems Analyst

Cathy Hunter
Administrative Assistant

Accounting Bureau

Julia P. Burns, CGFM
Director

Lauren Johnson
Art Direction
Director Resource Management



As of June 30, 2008

*Established November 12, 2007 in accordance with Article 87 of the Massachusetts Constitution

**Established March 10, 2008 in accordance with Article 87 of the Massachusetts Constitution

ADVISORY BOARD TO THE COMPTROLLER

Leslie A. Kirwan (Chair)
Secretary for Administration and Finance

A. Joseph DeNucci
Auditor

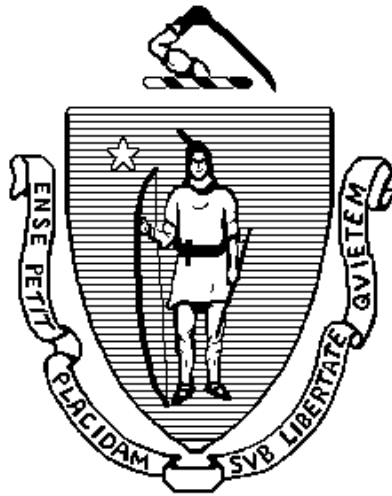
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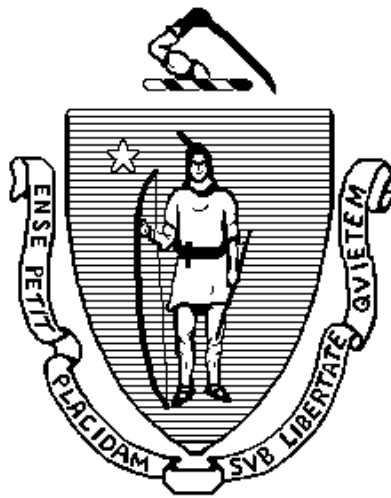
Martha Coakley
Attorney General

Diana Salemy
Gubernatorial Appointee

Financial Section



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



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KPMG LLP
99 High Street
Boston, MA 02110-2371

Telephone 617 988 1000
Fax 617 507 8321
Internet www.us.kpmg.com

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, 2008, 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. The prior year summarized comparative information has been derived from the Commonwealth of Massachusetts' 2007 combined financial statements - statutory basis and in our report dated October 26, 2007 we expressed an unqualified opinion on those financial statements.

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 also 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 statements – statutory basis presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2, the combined financial statements – statutory basis were prepared in conformity with the basis of accounting that demonstrates compliance with Massachusetts General Laws and budgetary principles of the Commonwealth of Massachusetts, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.



In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Commonwealth of Massachusetts, as of June 30, 2008, 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 introductory section, combining and individual fund statements – statutory basis, supplemental information and statistical section listed in the foregoing table of contents, are presented for purposes of additional analysis and are not a required part of the combined financial statements – statutory basis of the Commonwealth of Massachusetts. The 2008 combining and individual fund statements - statutory basis and supplemental information have been subjected to the auditing procedures applied in our audit of the combined financial statements – statutory basis and, in our opinion, are fairly stated in all material respects in relation to the combined financial statements – statutory basis for the year ended June 30, 2008, taken as a whole. We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the Commonwealth of Massachusetts' combined financial statements - statutory basis for the year ended June 30, 2007, which are not presented with the accompanying financial statements. In our report dated October 26, 2007, we expressed an unqualified opinion on those financial statements. In our opinion, the 2007 combining and individual fund statements - statutory basis and supplemental information are fairly stated in all material respects in relation to the combined financial statements-statutory basis for the year ended June 30, 2007, taken as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the combined financial statements – statutory basis and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we will issue a report on our consideration of the Commonwealth of Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing 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.

KPMG LLP

October 29, 2008

Combined Financial Statements - Statutory Basis

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

June 30, 2008
(Amounts in thousands)

	Governmental Fund Types		
	Budgeted	Non-Budgeted Special Revenue	Capital Projects
ASSETS AND OTHER DEBITS			
Cash and short-term investments.....	\$ 2,290,681	\$ 1,340,473	\$ 240,675
Cash on deposit with U.S. Treasury.....	-	-	-
Cash with fiscal agent.....	15,619	755,002	154,990
Investments.....	388,077	40,543	-
Assets held in trust.....	-	-	-
Receivables, net of allowance for uncollectibles:			
Due from federal government.....	441,748	361,755	1,743
Other receivables.....	17,757	2,873	-
Due from cities and towns.....	6,674	-	-
Due from other funds.....	5,609	-	65,060
Fixed assets:			
Land.....	-	-	-
Buildings.....	-	-	-
Machinery and equipment.....	-	-	-
Infrastructure.....	-	-	-
Construction in progress.....	-	-	-
Amount available for retirement of long-term obligations.....	-	-	-
Amount to be provided for retirement of long-term obligations.....	-	-	-
Total assets and other debits.....	<u>\$ 3,166,165</u>	<u>\$ 2,500,646</u>	<u>\$ 462,468</u>
LIABILITIES, FUND EQUITY AND OTHER CREDITS			
Liabilities:			
Deficiency in cash and short-term investments.....	\$ -	\$ 44,198	\$ 386,289
Accounts payable.....	659,658	475,159	278,260
Accrued payroll.....	100,687	6,134	3,571
Agency liabilities.....	-	-	-
Due to cities and towns.....	-	-	-
Due to other funds.....	-	65,060	-
Capital leases.....	-	-	-
Compensated absences.....	-	-	-
Bonds and notes payable.....	-	-	-
Claims and judgments.....	-	-	-
Workers compensation.....	-	-	-
Total liabilities.....	<u>760,345</u>	<u>590,551</u>	<u>668,120</u>
Fund equity and other credits:			
Investment in general fixed assets.....	-	-	-
Fund balances (deficit):			
Reserved for:			
Continuing appropriations.....	155,860	-	-
Commonwealth Stabilization.....	2,119,194	-	-
Bay State Competitiveness Investment.....	-	-	-
Debt service.....	15,619	755,002	154,990
Employees' post - employment benefits.....	-	-	-
Unemployment benefits.....	-	-	-
Capital projects.....	-	-	102,760
Unreserved:			
Designated for specific purpose.....	-	1,233,867	-
Undesignated.....	115,147	(78,774)	(463,402)
Total fund equity and other credits.....	<u>2,405,820</u>	<u>1,910,095</u>	<u>(205,652)</u>
Total liabilities fund equity and other credits.....	<u>\$ 3,166,165</u>	<u>\$ 2,500,646</u>	<u>\$ 462,468</u>

See notes to combined financial statements - statutory basis.

Fiduciary Fund Types	Account Groups		Totals (Memorandum only)	
	General Fixed Assets	General Long-term Obligations	2008	2007
Trust and Agency				
\$ 965,198	\$ -	\$ -	\$ 4,837,027	\$ 5,955,742
1,412,712	-	-	1,412,712	1,257,898
-	-	-	925,611	970,991
44,863,921	-	-	45,292,541	47,330,395
778,156	-	-	778,156	867,785
-	-	-	805,246	982,988
9,194	-	-	29,824	59,077
-	-	-	6,674	58,637
-	-	-	70,669	74,582
-	1,134,678	-	1,134,678	1,092,159
-	4,002,898	-	4,002,898	1,985,557
-	892,717	-	892,717	256,401
-	18,989,743	-	18,989,743	13,444,423
-	2,471,075	-	2,471,075	2,279,521
-	-	925,611	925,611	970,991
-	-	18,659,229	18,659,229	18,913,993
<u>\$ 48,029,181</u>	<u>\$ 27,491,111</u>	<u>\$ 19,584,840</u>	<u>\$ 101,234,411</u>	<u>\$ 96,501,140</u>
\$ -	\$ -	\$ -	\$ 430,487	\$ 1,652,751
133,589	-	-	1,546,666	1,779,193
1,129	-	-	111,521	84,055
1,072,040	-	-	1,072,040	1,183,241
70,330	-	-	70,330	51,565
5,609	-	-	70,669	74,582
-	-	83,741	83,741	81,351
-	-	468,579	468,579	424,822
-	-	18,734,440	18,734,440	18,948,201
-	-	27,000	27,000	118,000
-	-	271,080	271,080	312,610
<u>1,282,697</u>	<u>-</u>	<u>19,584,840</u>	<u>22,886,553</u>	<u>24,710,371</u>
-	27,491,111	-	27,491,111	19,058,061
-	-	-	155,860	341,036
-	-	-	2,119,194	2,335,021
-	-	-	-	100,000
-	-	-	925,611	970,991
44,883,404	-	-	44,883,404	46,432,275
1,404,947	-	-	1,404,947	1,257,898
-	-	-	102,760	128,048
458,133	-	-	1,692,000	1,599,107
-	-	-	(427,029)	(431,668)
<u>46,746,484</u>	<u>27,491,111</u>	<u>-</u>	<u>78,347,858</u>	<u>71,790,769</u>
<u>\$ 48,029,181</u>	<u>\$ 27,491,111</u>	<u>\$ 19,584,840</u>	<u>\$ 101,234,411</u>	<u>\$ 96,501,140</u>

All Governmental Fund Types And Expendable Trust Funds
Combined Statements Of Revenues, Expenditures And Changes In Fund Balances - Statutory Basis
Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	Governmental Fund Types		
	Budgeted	Non-Budgeted Special Revenue	Capital Projects
REVENUES AND OTHER FINANCING SOURCES			
Revenues:			
Taxes.....	\$ 19,488,540	\$ 1,520,789	\$ -
Assessments.....	302,184	503,998	-
Federal grants and reimbursements.....	6,429,469	2,552,579	20,583
Tobacco settlement revenue.....	-	288,490	-
Departmental.....	1,866,898	5,054,710	20,153
Payments from authorities.....	-	-	12,500
Miscellaneous.....	409,559	802,906	35,034
Total revenues.....	28,496,650	10,723,472	88,270
Other financing sources:			
Proceeds of general and special obligation bonds.....	-	-	1,280,824
Bond premiums.....	-	-	25,121
Proceeds of refunding bonds.....	-	-	-
Fringe benefit cost recovery.....	359,297	-	-
Lottery reimbursements.....	103,126	-	-
Lottery distributions.....	1,014,642	-	-
Lottery deficit support.....	-	200,019	-
Tobacco settlement transfer.....	288,490	-	-
Excess permissible tax revenue.....	-	-	-
Operating transfers in.....	368,854	194,129	19,491
Health care quality trust transfer.....	-	-	-
Uncompensated care pool transfer.....	-	-	-
Health safety net trust transfer.....	-	109,276	-
Commonwealth care transfer.....	-	1,047,663	-
Medical assistance transfer.....	-	376,700	-
Stabilization transfer.....	315,000	-	-
Transfer for Bay State Competitiveness Investment.....	-	53,000	-
Other fund deficit support.....	1,593,422	-	-
Federal reimbursement transfer in.....	-	-	326,358
State share of federal highway construction.....	-	-	168,180
Other sources.....	-	-	-
Total other financing sources.....	4,042,831	1,980,787	1,819,974
Total revenues and other financing sources.....	32,539,481	12,704,259	1,908,244
EXPENDITURES AND OTHER FINANCING USES			
Expenditures:			
Legislature.....	58,090	-	-
Judiciary.....	812,105	2,019	17,235
Inspector General.....	3,136	61	-
Governor and Lieutenant Governor.....	8,757	-	-
Secretary of the Commonwealth.....	43,981	6,740	1,860
Treasurer and Receiver-General.....	125,326	5,485,941	27,643
Auditor of the Commonwealth.....	18,999	-	-
Attorney General.....	43,396	8,778	3,355
Ethics Commission.....	1,629	-	-
District Attorney.....	101,954	2,290	-
Office of Campaign & Political Finance.....	1,170	-	-
Sheriff's Departments.....	291,713	2,507	1,838
Disabled Persons Protection Commission.....	2,017	47	-
Board of Library Commissioners.....	32,888	3,257	9,714
Comptroller.....	11,910	1,757	-
Administration and finance.....	1,658,550	182,991	169,240
Energy and environmental affairs.....	227,374	53,017	192,647
Health and human services.....	4,872,307	2,340,056	46,030
Transportation and public works.....	266,344	47,358	1,064,120
Executive Office of Education:			
Early education and care.....	549,880	9,796	461
Department of elementary and secondary education.....	485,847	805,736	926
Higher education.....	1,084,406	10,946	40,535
Public safety and homeland security.....	1,265,371	92,899	22,892

Fiduciary Fund Type	Totals (Memorandum only)	
Expendable Trust	2008	2007
\$ 1,542,900	\$ 22,552,229	\$ 21,471,748
55,948	862,130	848,821
70,962	9,073,593	8,869,180
-	288,490	247,340
160,483	7,102,244	6,743,116
-	12,500	-
337,660	1,585,159	1,027,407
2,167,953	41,476,345	39,207,612
-	1,280,824	1,551,492
-	25,121	52,448
-	-	1,530,558
-	359,297	285,025
-	103,126	97,324
-	1,014,642	999,642
-	200,019	-
-	288,490	247,340
-	-	86,986
8,739	591,213	499,133
-	-	288,905
-	-	290,000
-	109,276	-
-	1,047,663	722,100
-	376,700	364,013
-	315,000	90,883
10,000	63,000	100,000
-	1,593,422	-
-	326,358	332,244
-	168,180	211,174
71	71	92
18,810	7,862,402	7,749,359
2,186,763	49,338,747	46,956,971
-	58,090	59,103
448	831,807	787,929
-	3,197	3,170
-	8,757	5,129
-	52,581	54,745
62,893	5,701,803	5,331,709
70	19,069	18,345
4,100	59,629	57,829
-	1,629	1,554
6,376	110,620	101,681
-	1,170	2,446
252	296,310	276,002
-	2,064	1,903
21	45,880	16,606
35	13,702	13,772
9,141	2,019,922	2,189,567
31,646	504,684	483,391
39,438	7,297,831	6,631,636
644	1,378,466	1,404,086
-	560,137	517,647
5,637	1,298,146	1,188,160
6,628	1,142,515	1,158,768
44,558	1,425,720	1,258,791

All Governmental Fund Types And Expendable Trust Funds
Combined Statements Of Revenues, Expenditures And Changes In Fund Balances - Statutory Basis
Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	Governmental Fund Types		
	Budgeted	Non-Budgeted Special Revenue	Capital Projects
Expenditures (continued):			
Housing and economic development.....	247,850	438,226	170,583
Labor and workforce development.....	84,620	178,250	10,846
Direct local aid.....	5,040,468	9,848	-
Medicaid.....	8,246,342	-	-
Pension.....	1,398,600	-	-
Debt service:			
Principal retirement.....	1,047,444	132,287	104,651
Interest and fiscal charges.....	820,464	119,363	14,730
Total expenditures.....	28,852,938	9,934,170	1,899,306
Other financing uses:			
Payments to refunded bond escrow agent.....	-	-	-
Fringe benefit cost assessment.....	90,716	78,960	48,473
Lottery operating reimbursements.....	-	103,126	-
Lottery distributions.....	-	1,014,642	-
Federal reimbursement transfer out.....	-	326,358	-
State share of federal highway construction.....	-	-	168,180
Tobacco settlement transfer.....	-	288,490	-
Health care quality improvement transfer.....	-	-	-
Excess permissible tax revenue.....	-	-	-
Uncompensated care pool transfer.....	-	-	-
Lottery deficit support.....	200,019	-	-
Health safety net trust transfer.....	-	109,276	-
Operating transfers out.....	142,275	343,327	3,611
Commonwealth care transfer.....	1,045,863	1,800	-
Medical assistance transfer.....	376,700	-	-
State retiree benefits transfer.....	354,743	328,552	-
Stabilization transfer.....	315,000	-	-
Transfer for Bay State Competitiveness Investment	63,000	-	-
Other fund deficit support.....	1,593,422	-	-
Total other financing uses.....	4,181,738	2,594,531	220,264
Total expenditures and other financing uses.....	33,034,676	12,528,701	2,119,570
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(495,195)	175,558	(211,326)
Fund balances at beginning of year.....	2,901,015	1,734,537	5,674
Fund balances at end of year.....	\$ 2,405,820	\$ 1,910,095	\$ (205,652)

See notes to combined financial statements - statutory basis.

Fiduciary Fund Type	Totals (Memorandum only)	
Expendable Trust	2008	2007
22,931	879,590	2,138,329
1,636,981	1,910,697	449,970
-	5,050,316	5,041,017
-	8,246,342	7,840,906
-	1,398,600	1,335,176
-	1,284,382	1,416,538
-	954,557	935,279
1,871,799	42,558,213	40,721,184
-	-	1,530,558
10,482	228,631	190,350
-	103,126	97,324
-	1,014,642	999,642
-	326,358	332,244
-	168,180	211,174
-	288,490	247,340
-	-	288,905
-	-	86,986
-	-	290,000
-	200,019	-
-	109,276	-
100,609	589,822	497,750
-	1,047,663	722,100
-	376,700	364,013
-	683,295	-
-	315,000	90,883
-	63,000	100,000
-	1,593,422	-
111,091	7,107,624	6,049,269
1,982,890	49,665,837	46,770,453
203,873	(327,090)	186,518
1,653,373	6,294,599	6,108,081
\$ 1,857,246	\$ 5,967,509	\$ 6,294,599

Budgeted Funds

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

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES AND OTHER FINANCING SOURCES			
Revenues:			
Taxes.....	\$ 18,488,300	\$ 19,488,540	\$ 1,000,240
Assessments.....	-	302,184	302,184
Federal grants and reimbursements.....	6,428,500	6,429,469	969
Departmental.....	2,402,400	1,866,898	(535,502)
Miscellaneous.....	89,000	409,559	320,559
Total revenues.....	27,408,200	28,496,650	1,088,450
Other financing sources:			
Fringe benefit cost recovery.....	-	359,297	359,297
Lottery reimbursements.....	104,988	103,126	(1,862)
Lottery distributions.....	1,014,642	1,014,642	-
Tobacco settlement transfer.....	244,000	288,490	44,490
Operating transfers in.....	642,213	368,854	(273,359)
Stabilization transfer.....	315,000	315,000	-
Other fund deficit support.....	-	1,593,422	1,593,422
Total other financing sources.....	2,320,843	4,042,831	1,721,988
Total revenues and other financing sources.....	29,729,043	32,539,481	2,810,438
EXPENDITURES AND OTHER FINANCING USES			
Expenditures:			
Legislature.....	89,975	58,090	31,885
Judiciary.....	821,713	812,105	9,608
Inspector General.....	3,261	3,136	125
Governor and Lieutenant Governor.....	10,246	8,757	1,489
Secretary of the Commonwealth.....	44,197	43,981	216
Treasurer and Receiver-General.....	138,845	125,326	13,519
Auditor of the Commonwealth.....	19,002	18,999	3
Attorney General.....	43,918	43,396	522
Ethics Commission.....	1,641	1,629	12
District Attorney.....	102,871	101,954	917
Office of Campaign & Political Finance.....	1,194	1,170	24
Sheriff's Departments.....	295,525	291,713	3,812
Disabled Persons Protection Commission.....	2,019	2,017	2
Board of Library Commissioners.....	32,888	32,888	-
Comptroller.....	12,261	11,910	351
Administration and finance.....	1,734,887	1,658,550	76,337
Energy and environmental affairs.....	235,303	227,374	7,929
Health and human services.....	4,927,339	4,872,307	55,032
Transportation and public works.....	281,405	266,344	15,061
Executive Office of Education:			
Early education and care.....	551,474	549,880	1,594
Department of elementary and secondary education.....	512,764	485,847	26,917
Higher education.....	1,087,956	1,084,406	3,550
Public safety and homeland security.....	1,291,783	1,265,371	26,412
Housing and economic development.....	267,305	247,850	19,455
Labor and workforce development.....	106,084	84,620	21,464
Direct local aid.....	5,040,468	5,040,468	-
Medicaid.....	8,248,486	8,246,342	2,144
Pension.....	1,398,600	1,398,600	-
Debt service:			
Principal retirement.....	1,061,811	1,047,444	14,367
Interest and fiscal charges.....	836,828	820,464	16,364
Total expenditures.....	29,202,049	28,852,938	349,111
Other financing uses:			
Fringe benefit cost assessment.....	-	90,716	(90,716)
Operating transfers out.....	117,614	142,275	(24,661)
Commonwealth care transfer.....	789,650	1,045,863	(256,213)
Medical assistance transfer.....	251,000	376,700	(125,700)
State retiree benefits.....	343,243	354,743	(11,500)
Stabilization transfer.....	315,000	315,000	-
Lottery deficit support.....	-	200,019	(200,019)
Transfer for Bay State Competitiveness Investment.....	63,000	63,000	-
Other fund deficit support.....	-	1,593,422	(1,593,422)
Total other financing uses.....	1,879,507	4,181,738	(2,302,231)
Total expenditures and other financing uses.....	31,081,556	33,034,676	(1,953,120)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(1,352,513)	(495,195)	857,318
Fund balances at beginning of year.....	2,901,015	2,901,015	-
Fund balances at end of year.....	\$ 1,548,502	\$ 2,405,820	\$ 857,318

See notes to combined financial statements - statutory basis.

Nonexpendable Trust Fund

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

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	(Memorandum only) 2007
REVENUES		
Revenues:		
Investment earnings.....	\$ -	\$ -
Total revenues.....	-	-
EXPENSES		
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.

Post - Employment Benefit Trust Funds

Combined Statements of Changes in Net Assets Available for Post - Employment Benefits - Statutory Basis

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	(Memorandum only) 2007
Additions:		
Contributions.....	\$ 2,082,388	\$ 1,335,747
Other additions.....	1,038,314	531,027
Total contributions.....	<u>3,120,702</u>	<u>1,866,774</u>
Net investment income:		
Net appreciation in fair value of investments.....	(1,138,793)	7,883,547
Total additions.....	<u>1,981,909</u>	<u>9,750,321</u>
Deductions:		
Administration reimbursement.....	22,548	22,364
Retirement benefits and refunds.....	3,508,232	2,952,686
Total deductions.....	<u>3,530,780</u>	<u>2,975,050</u>
Net increase / (decrease)	(1,548,871)	6,775,271
Net assets available for post - employment benefits at beginning of year (fund balances reserved for employees' post - employment benefits).....	<u>46,432,275</u>	<u>39,657,004</u>
Net assets available for post - employment benefits at end of year (fund balances reserved for employees' post - employment benefits).....	<u>\$ 44,883,404</u>	<u>\$ 46,432,275</u>

See notes to combined financial statements - statutory basis.

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1. FINANCIAL STATEMENT PRESENTATION

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.

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. 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 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, Stabilization 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.

Post Employment Benefit Trust Funds – account for the net assets available for plan benefits held in trust for the State Employees' and Teachers' Retirement Systems and Other Post Employment Benefits (OPEB) for retirees.

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, except for Institutions of Higher Education.

General Long-term Obligations Account Group (GLTDAG) – accounts for long-term obligations of the Commonwealth.

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 the statutory basis of accounting, revenues are generally recognized when cash deposits are received by the Treasury. However, generally, 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. Loans due from the City of Springfield are not included in these amounts due because amounts are due beyond one fiscal year, even though any amount owed cannot be forgiven and amounts unpaid will be charged against the city's local aid beginning in FY13. Repayment began in FY08 with approximately \$2.6 million received and recorded in the General Fund. 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.

The Post Employment Benefit Funds are reported using a flow of economic resources measurement focus and the accrual basis of accounting on both the statutory and GAAP basis, except statutory basis does not include certain receivables and payables. 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 external mixed investment pool, the Massachusetts Municipal Depository Trust (MMDT). MMDT is comprised of two portfolios, a Cash Fund and a Short Term Bond Fund. For a complete copy of MMDT's separately issued financial statements, please feel free to contact the Trust's investment adviser at 800-392-6095, or James McDonald, Assistant Treasurer, Cash Management Department, at 617-367-9333.

Statutes authorize investment in obligations of the U.S. Treasury, authorized bonds of all states, bankers 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. The Cash Fund investments are carried at cost, which approximates fair value.

The Pension Trust funds invest in the Pension Reserves Investment Trust (PRIT) Fund, an external investment pool managed by the Pension Reserves Investment Management (PRIM) Board. The State Employees' and Teachers' PERS are required to invest in the PRIT Fund and comprise approximately 41.3% and 46.4% of the net assets of the PRIT Fund respectively. The remaining net assets of the PRIT Fund are owned by other governmental entities that are not part of the Commonwealth's statutory basis entity. Hereafter, the amounts disclosed in the footnotes related to the PRIT Fund represent totals of the PRIT Fund and are not meant to reflect the pro-rata share of the State Employees' and Teachers' PERS. For a complete copy of PRIT's separately issued financial statements, contact the PRIM Board at 84 State Street, Boston, MA 02109.

The Commonwealth's investments, including those of the PRIT Fund, are comprised of investments in marketable securities; primarily domestic and international equities and fixed income securities as well as non-marketable securities; primarily real estate, venture capital and private equity limited partnerships, hedge fund of funds and other alternative investments. Marketable securities, including the Short Term Bond Fund component of MMDT, are reported at fair value based upon quoted market prices. Non-marketable securities are reported at estimated fair values as determined by management with input from the PRIM Board and its investment managers. Non-marketable securities representing real estate, timber and alternative investment interests comprise approximately 31.1% of the net assets / fund balance of the Pension Trust Funds and 40.7% of the Health Care Security Trust Fund (HST). As of

July 1, 2008, the Health Care Security Trust assumed investment responsibility for OPEB funds.

The investments of the PRIT Fund are held separately from those of other Commonwealth funds, with the exception of their investments in the MMDT. Security transactions are recorded on the trade date the securities are purchased or sold. The cost of a security is the purchase price or, in the case of assets transferred to PRIT by a Participating or Purchasing System, the fair value of the securities on the transfer date.

C. *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."

D. *Due from Cities and Towns*

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

E. *Dedicated Revenue and Pledges*

The Commonwealth has a number of pledges of revenue streams for its own bonds and various other bond issues of other authorities. These other authority's debts are not included in the SBFR, but are included in the CAFR.

Approximately \$2.0 billion in revenues from federal grants passed through the Federal Grants Fund represents the greatest source of dedicated revenues. A portion of these grants are dedicated to funding the principal portion only of federal grant anticipation notes issued in fiscal 1998, 1999, 2001 and refunding notes in fiscal 2003. Total principal remaining to be paid on these federal grant anticipation notes is approximately \$1.5 billion. Maturities are from FY09 through FY15. Principal paid during FY08 was approximately \$130.5 million.

On August 4, 2008, the Governor approved legislation authorizing the issuance of an additional \$1.1 billion of grant anticipation notes secured by future federal funds. Any such notes will not be secured by a contingent pledge of motor fuels excises. The Commonwealth intends to begin to amortize the principal of any such notes beginning in fiscal 2016, after the original federal grant anticipation notes have been paid in full.

Commonwealth gas taxes are partially pledged to fund highway construction. As of June 30, 2008, 6.86 cents of the total 21 cent per gallon gasoline tax are pledged to fund approximately \$483 million of principal and approximately \$191 million in interest on the outstanding debt as of June 30, 2008. These bonds mature from FY09 to FY23 and were sold in various series issued previous to FY08. Annual principal and interest on the bonds are expected to require less than approximately 30% of net current year revenues. Principal and interest paid during FY08 amounted to approximately \$136.2 million and \$66.6 million, respectively, inclusive of crossover refunding amounts matured.

Subsequent to year end, the Governor approved legislation that authorizes the issuance of an additional \$1.9 billion of special obligation bonds secured by a pledge of motor fuels excise tax receipts to fund a portion of the Commonwealth's accelerated structurally deficient bridge program. The legislation provides for a pledge of up to 10¢ of the 21¢ motor fuels excise tax to secure the outstanding special obligation bonds described above and the bridge program bonds.

Portions of Commonwealth sales taxes are pledged as security for bonds issued by the Massachusetts Bay Transportation Authority (MBTA) and the Massachusetts School Building Authority (MSBA) amounting up to 1% of applicable sales, respectively, for the authorities. Total dedicated sales tax revenue that was directed to the MBTA in FY08 was approximately \$756 million. Dedicated revenues to the MBTA rise by either 3%, or the greater of the rise in the consumer price index in Boston, or annual sales taxes, with a floor of 0% annually.

The MSBA also receives a pledge of sales tax that will increase to 1% of applicable sales in the Commonwealth by FY11. In FY08, approximately \$635 million or 85% of the dedicated sales tax revenue stream was directed to the MSBA. This amount rises to approximately \$702 million or 90% of the dedicated sales tax revenue stream in FY09.

The Commonwealth has also pledged surcharges from areas contiguous to convention centers, and the Worcester DCU Arena and Convention Center to support such centers' operations. Sales taxes within the Convention Center districts support approximately \$644 million of outstanding principal and related premiums approximately \$630 million of interest on debts related to these Convention Centers. Taxes collected in FY08 were approximately \$78.9 million, while debt service on the bonds was approximately \$34.5 million.

F. *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.

G. *General Fixed Assets*

General fixed asset acquisitions are recorded as expenditures in the acquiring fund and capitalized in the General Fixed Assets Account Group (GFAAG), 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.

H. *Interfund / Intrafund Transactions*

For statutory purposes, the Commonwealth capitalizes all land, equipment and vehicles with a cost in excess of \$50,000 and infrastructure and buildings with a cost in excess of \$100,000 at the date of acquisition with an expected useful life greater than one year. Interest incurred during construction is not capitalized.

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 \$1,391,000 due to higher education non-appropriated fund activity, which is not included in the combined statements – statutory basis.

I. Risk Management

The Commonwealth is self-insured for state employees workers' compensation, casualty, theft, tort claims and other losses. Such liabilities are not recognized in the governmental funds 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. The long-term portion of these amounts are presented in the General Long-Term Obligation Account Group.

J. 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, but paid after, are reported as expenditures and statutory basis liabilities as a component of accounts payable.

K. Current Employee Benefits

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

L. Fringe Benefit Cost Recovery

The Commonwealth 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 approximately \$359,297,000 in the budgeted funds result from costs assessments of approximately \$228,631,000 in the governmental fund types and the expendable trust funds. The remainder of approximately \$130,666,000 is assessed to the higher education non-appropriated activity, which is not included in the statutory basis financial report.

Ticket revenues are recognized when sold and prizes awarded by the Massachusetts State Lottery Commission are recognized as drawings are held. Games expenditures are accrued at year end only for open jackpots for Big Game, Megabucks and for FY07, an instant game drawn on July 4, 2007.

M. Lottery Revenue and Prizes

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:

N. Fund Balances

“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 Bay State Competitiveness Investment Fund” – are funds set aside by Sections 47, 48 and 90 of Chapter 61, Acts of 2007, as modified by Section 58 of Chapter 140, Acts of 2007, for expenditure subject to appropriation by June 30, 2008 with any unexpended balance returned to the General Fund. All funds were appropriated during FY08.

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

“Reserved for employees’ post employment benefits” – 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. Total Columns –
Memorandum Only**

Total and subtotal columns on the combined financial statements – statutory basis are captioned “Memorandum Only” to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present consolidated financial position, results of operations or changes in financial position. Interfund eliminations have not been made in the aggregation of this data.

The financial statements include certain prior year summarized comparative information in total but not by fund. Such information does not include sufficient detail to constitute a full comparative presentation. Accordingly, such information should be read in conjunction with the Commonwealth’s financial statements for the year ended June 30, 2007 from which the summarized information was derived.

P. Estimates

The preparation of the Statutory Basis Financial Report requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures at the date of the financial report. Estimates also affect the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Q. Reclassifications

Certain reclassifications have been made to the 2007 balances to conform to the presentation used in 2008.

3. BUDGETARY CONTROL

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 Legislature may direct that certain revenues be retained and made available for spending within an appropriation. Fringe benefits, pension costs, and certain other costs which are mandated by state finance law are not itemized in the appropriation process and are not separately budgeted.

Because revenue budgets are not updated subsequent to the original appropriation act, the comparison of the initial revenue budget to the subsequent, and often modified, expenditure budget can be misleading. Also, these financial statements portray fund accounting with gross inflows and outflows, thus creating a difference to separately published budget documents, which eliminate some interfund activity. In conducting the budget process, the Commonwealth excludes those interfund transactions that by their nature have no impact on the combined fund balance of the budgeted funds. 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 FY08 (amounts in thousands):

	Revenues	Expenditures
General Appropriation Act, Chapter 61 of the Acts of 2007:		
Direct appropriations.....	\$ 28,329,977	\$ 25,418,341
Estimated revenues, transfers, direct appropriations retained revenue appropriations, interagency chargebacks and appropriations carried forward from FY2007	1,399,066	2,110,557
Total original budget.....	29,729,043	27,528,898
Supplemental Acts of 2007:		
Chapter 67.....	-	1,000
Chapter 140.....	-	462
Chapter 174.....	-	15,000
Chapter 206.....	-	5,000
Chapter 228.....	-	62,307
Supplemental Acts of 2008:		
Chapter 62.....	-	89,247
Chapter 120.....	-	84,343
Chapter 130.....	-	5,000
Chapter 135.....	-	105,130
Total as of June 30, 2008	29,729,043	27,896,387
Supplemental Acts of 2008, passed after June 30:		
Chapter 302	-	46,526
Total budgeted revenues and expenditures per Legislative action.....	29,729,043	27,942,913
Plus: Transfers of revenues and expenditures (including rounding).....	-	3,138,643
Budgeted revenues and expenditures as reported.....	\$ 29,729,043	\$ 31,081,556

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.....	\$ 32,539,481	\$ 33,034,676
Adjustments to revenues and expenditures		
Transfer of revenues to the Intragovernmental Service Fund	(222,763)	(222,763)
Adjustments to other financing sources and uses:		
Fringe benefit cost assessments.....	(90,716)	(90,716)
Transfer of expenditures from the Intragovernmental Service Fund to the General Fund.....	(1,011)	(1,011)
RMV license plates.....	(3,277)	(3,277)
Transfers from Stabilization Fund to General Fund.....	(315,000)	(315,000)
Other fund deficit support	(1,593,422)	(1,593,422)
Other	(117)	(117)
Actual as presented on budgetary documents.....	<u>\$ 30,313,175</u>	<u>\$ 30,808,370</u>

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, SHORT-TERM INVESTMENTS AND INVESTMENTS

The Commonwealth maintains cash in the MMDT Cash Fund that is available for use by all funds. Each fund type's net equity in the Cash Fund is displayed on the combined balance sheet as either "Cash and short-term investments" or "Deficiency in cash and short-term investments."

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

Cash and short-term investments.....	\$ 4,837,027
Cash on deposit with U. S. Treasury.....	1,412,712
Cash with fiscal agent.....	925,611
Deficiency in cash and short-term investments.....	<u>(430,487)</u>
Total.....	<u>\$ 6,744,863</u>

Custodial Credit Risk – Pooled Cash

Custodial credit risk is the risk that in the event of a bank failure, deposits and investments may not be returned to the Commonwealth. Cash balances represent amounts held in bank depository accounts that may be subject to custodial credit risk. As of June 30, 2008, of the approximately \$56,652,000 in pooled cash, \$56,152,000 was exposed to this risk.

Custodial Credit Risk – HST

HST manages exposure to custodial credit risk by requiring all of its investment managers to hold investments in separate accounts with HST's custodian. As of June 30, 2008, HST held no amount of cash that was exposed to this risk.

Interest Rate Risk – Non PRIT Funds

Interest rate risk is the extent that changes in interest rates of debt investments will adversely affect the fair value of an investment. These investments include certain short – term cash equivalents, various long-term items and restricted assets by maturity in years. The Treasury 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.

As of June 30, 2008 the MMDT Cash Fund is considered a cash equivalent by the Commonwealth as its weighted average maturity is less than 64 days.

The Massachusetts General Laws authorize investments in the MMDT Cash Fund to include money market funds operated in accordance with Section 270.2a-7 of Title 17 of the Code of Federal Regulations or in any other security that qualifies for inclusion in a fund operated in accordance with Section 270.2a-7 of Title 17 of the Code of Federal Regulations as amended from time to time.

The HST manages exposure to fair value loss arising from movements in interest rates with its fixed income investment securities by having the PRIM Board establish duration guidelines. The guidelines with each individual manager require that the effective duration of the HST's domestic fixed investment portfolio be within a specified percentage or number of years of the effective duration band of the appropriate benchmark index.

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 duration numbers provided in the following table. HST 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. The HST had debt investments totaling approximately \$107 million at fair value with a range of effective weighted average duration from 0.83 to 8.83 years at June 30, 2008.

The Short Term Bond Fund assesses risk by using duration. Duration is managed to within 0.5 years of the duration of the benchmark, the Lehman Brothers® 1 to 5 year Government / Credit Index. Duration is the weighted

maturity of the security's cash flows, where the present values of the cash flows serve as the weights.

For the Short Term Bond Fund, the weighted average maturity is 3.3 years. Investments in the MMDT Short Term Bond Fund have a fair value of \$394.9 million have investment maturities ranging from less than one year to more than ten years and with approximately 5% of the investment's fair values maturing in less than 1 year, approximately 67% from one to five years, approximately 3% from six to ten years and approximately 25% more than ten years.

Credit Risk – Non – PRIT 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.

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 regarding credit ratings of investments. Credit ratings associated with the Commonwealth's investment in MMDT for the cash fund ranged from A1 / P1 to unrated, with approximately 97% rated A1 / P1, approximately 3% rated A2 / P2 at fair value.

For the Short Term Bond Fund, investments were approximately 18% at AAA, approximately 18% from A to AA, approximately 12% BBB and approximately 52% held in US Government or Government Agency Obligations.

Credit Risk - HST

For the HST, 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 AA- at June 30, 2008. For the fixed income securities as of June 30, 2008 for the HST, approximately \$43 million was rated AAA, \$13 million rated AA to A, \$13 million rated BB to B and \$38 million either unrated or CCC or less.

Foreign Currency Risk – HST

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of investments. HST manages exposure to foreign currencies by establishing investment guidelines with each of its international managers. These guidelines set maximum investment balances for any currency and / or country holdings must be within a certain percentage of predefined benchmarks. HST's investments in foreign currencies as of June 30, 2008 were approximately \$0.2 million in cash and investments, \$50 million in equities, \$5 million in fixed income investments and \$11 million in alternative investments.

Interest Rate Risk – PRIT 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. The PRIT Fund had debt investments totaling approximately \$14.3 billion at fair value with an effective weighted average duration range from .08 to 9.42 years at June 30, 2008.

Credit Risk - PRIT Funds

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

Credit risk for derivative instruments held by PRIT results from counterparty risk. PRIT is exposed to credit risk resulting from counterparties being unable to meet their obligations under the terms of the derivative agreements. 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 AA- at June 30, 2008.

Credit ratings associated with the Commonwealth's investment in the PRIT Fund ranged from AAA to A- investments with a fair value of approximately \$6.8 billion, BBB to B- investments with a fair value of approximately \$1.3 billion and the remaining \$6.2 billion rated CCC to C-, unrated or are investments that are explicitly backed by the U. S. Government.

Foreign Currency Risk – PRIT Funds

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of investments. The Treasury does not have a policy regarding foreign currency risk for the Pension Trust. The PRIM Board manages PRIT's exposure to foreign currencies by holding a percentage of PRIT's non-U.S. dollar denominated investments to U.S. dollars through forward foreign currency contracts. The PRIT Fund's investments in foreign currencies as of June 30, 2008 were approximately \$140 million in cash and investments, \$12.9 billion in equities, \$2.2 billion in fixed income investments and \$711 million in alternative investments.

Concentration of Credit Risk –HST and PRIT

The PRIM Board manages HST's and 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.

MMDT, HST and PRIT have no investments at fair value, that exceed 5% of HST or PRIT's net assets held in trust for pool participants as of June 30, 2008.

HST and PRIT may invest in derivative transactions. These investments of the Commonwealth may involve a degree of risk not accounted for on the respective financial statements. Descriptions of such derivatives are as follows:

A. Derivative Instruments*Forward Currency Contracts*

The HST and PRIT 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 contracts are marked-to-market daily and the change in market value is recorded as an unrealized gain or loss by HST and PRIT.

When a contract is closed, PRIT records 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.

As of June 30, 2008, HST had open foreign exchange contracts with combined net unrealized gains of approximately \$8,852,000 with various delivery dates from July to September. As of June 30, 2008, PRIT had open foreign exchange contracts with combined net unrealized losses of \$8,897,000 with various delivery dates to May, 2009.

Futures Contracts

The HST and PRIT may purchase and sell financial futures contracts to hedge against changes in the values of securities the fund owns or expects to purchase. Upon entering such contracts, they must pledge to the broker an amount of cash or securities equal to a percentage of the contract amount.

The potential risk is that the change in the value of futures contracts 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 HST and 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 HST and PRIT may also invest in financial futures contracts for non-hedging purposes.

The HST held 300 financial futures contracts at June 30, 2008, with various expirations during FY09 and FY10. These contracts were mainly for Eurodollars, US Treasury securities and in the S&P 500 E-Mini Index. The total notional amount of these contracts as of June 30, 2008 was approximately \$38,398,000, with an aggregated fair value as of that date of approximately \$38,268,000, yielding an unrealized net appreciation (depreciation) of approximately (\$130,000).

PRIT held 10,184 contracts outstanding at June 30, 2008 with various expirations from FY09 to FY10. These contracts are for cash and cash equivalents, fixed income, equities and commodities. The aggregated notional exposure amount as of June 30, 2008 was \$6,125,675,000, with a fair value of \$6,057,582,000, yielding an unrealized net appreciation (depreciation) of approximately (\$68,093,000).

Payments are made or received by the PRIT each day, depending on the daily fluctuations in the value of the underlying security and are recorded as unrealized gains or losses. When the contracts are closed, the HST and Pension Trust Funds recognize a realized gain or loss.

Swaps – PRIT

PRIT has entered into interest rate swap contracts for the purpose of hedging the floating-rate interest exposure of its financed real estate investments. The swap contracts are reported at fair value, which represents their estimated liquidation values (costs). PRIT either receives cash from the swap counterparties or pays the swap counterparties monthly depending on whether the fixed-rate interest is lower or higher than the variable-rate interest. Variable rate interest received is the Federal Funds Effective Rate with fixed rates paid ranging from 0.08% to 7.65%. Changes in fair value are included as part of investment income.

As of June 30, 2008, PRIT had contracts in effect with an aggregated notional amount of approximately \$9.0 billion to various investment banks that had maturity dates from FY09 to FY41. The contracts have an aggregate negative fair value of (\$28,576,000). PRIT values these contracts using standard methods and techniques including the discounted cash flow analysis and option pricing models.

PRIT has various other swap contracts outstanding as of June 30, 2008 but have similar purposes and valuation techniques to those previously disclosed. Counterparty exposure was with various major investment companies with ratings ranging from A+ to AA+ and various other banks with other ratings. Open swap contracts as of June 30, 2008 were as follows (amounts expressed in thousands):

		2008					
Counterparty	Credit Ratings	Interest Rate Swaps		Credit Default Swaps		Total Return Swaps	
		Gross Notional	Fair Value	Gross Notional	Fair Value	Gross Notional	Fair Value
Morgan Stanley Capital Svcs. Inc.	A-	\$1,330,147	\$ (1,887)	\$ 223,300	\$ 2,044	\$ 99,804	\$ (2,621)
AIG	AA-	-	-	-	-	1,373,805	112,975
Citibank	AA-	1,110,387	1,313	9,550	(203)	-	-
Merrill Lynch Capital Services Inc.	A+	235,090	53	74,000	2,673	639,474	(45,055)
Credit Suisse	A-	-	-	6,200	(10)	725,997	(50,366)
Deutsche Bank AG	AA-	534,253	(8,181)	156,580	4,555	-	-
Barclays Bank PLC	AA-	583,448	(1,859)	78,700	1,001	-	-
Bank of America	AA-	586,900	209	13,620	77	-	-
Goldman Sachs International	AA-	25,084	102	87,690	(415)	450,268	(35,470)
All others	Various	222,232	375	173,391	700	258,242	(8,586)
		<u>\$4,627,541</u>	<u>\$ (9,875)</u>	<u>\$ 823,031</u>	<u>\$ 10,422</u>	<u>\$ 3,547,590</u>	<u>\$ (29,123)</u>

5. SHORT-TERM FINANCING AND CREDIT AGREEMENTS

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 FY07, the Commonwealth issued RANs through its commercial paper program on a periodic basis to meet cash flow needs. A maximum of \$400,000,000 of RANs were outstanding at any time during the year. All RANs were retired before the end of June 2008.

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.

Since FY04, Massport was expected to make various payments to the Commonwealth under various transfer agreements related to portions of the Central Artery / Tunnel Project. Payments were received and applied in previous years. Payments were made totaling \$12,500,000 during FY08 to retire previously issued Commonwealth BANs. An additional \$12,400,000 remains receivable.

C. Credit Facilities

During FY08, the Commonwealth maintained credit facilities to provide liquidity support for commercial paper notes totaling \$1,000,000,000. The Commonwealth has a total of five credit facilities to provide such liquidity support, each in the amount of \$200,000,000. These facilities expire in periods at various times through 2015.

In addition, the Commonwealth maintains standby bond purchase agreements for various bond issuances sold from FY97 through FY06. These agreements total \$2,505,310,000 with fees ranging from 0.10% to 0.22% of related debt.

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, 2007	Issued / Drawn	Redeemed / Repaid	Ending Balance June 30, 2008	Credit Limit June 30, 2008
General Fund:					
Revenue anticipation notes.....	\$ -	\$ 800,000	\$ (800,000)	\$ -	\$ -
Credit Facility agreements.....	-	-	-	-	1,000,000
Subtotal - General Fund activity.....	-	800,000	(800,000)	-	1,000,000
Capital Projects Funds:					
Bond anticipation notes.....	-	-	-	-	-
Subtotal - Capital Projects Funds activity.....	-	-	-	-	-
Total short-term financing and credit agreement activity.....	\$ -	\$ 800,000	\$ (800,000)	\$ -	\$ 1,000,000

6. LONG-TERM DEBT

Under the Massachusetts Constitution, 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 hereto. However, the property of the Commonwealth is not subject to attachment or levy to pay a judgment, and the satisfaction of any judgment generally requires legislative appropriation. Enforcement of a claim for the payment of principal or interest on bonds and notes of the Commonwealth may also be subject to the provisions of federal or Commonwealth statutes, if any, enacted to extend the time for payment or impose other constraints upon enforcement.

As of June 30, 2008, the Commonwealth had issued two types of long-term debt obligations: general obligation bonds and special obligation bonds. General obligation bonds, which account for the large majority of the Commonwealth's indebtedness, are backed by the full faith and credit of the Commonwealth. Special obligation bonds are bonds secured by all or a portion of a specific

revenue source and are not general obligations of the Commonwealth. The following is a summary of the Commonwealth's outstanding debt, excluding unamortized discounts and premiums, exclusive of capital leases, (amounts in thousands):

<u>Type of Bond</u>	<u>Amount Outstanding</u>
General Obligation Bonds.....	\$16,194,901
Special Obligation Bonds, including GANs.....	2,662,874
Outstanding Bonds.....	\$18,857,775
Less: Unamortized Premiums.....	(123,335)
Outstanding Principal.....	<u>\$18,734,440</u>

General obligation bonds include not only such bonds, but college opportunity bonds and debt assumed from former counties. Special obligation bonds include all notes and bonds secured by federal transportation reimbursements, a portion of the Commonwealth's motor fuel excise tax and bonds secured by certain taxes and fees levied.

The following is a table of the structure of general obligation bonds that are outstanding as of June 30, 2008:

<u>General Obligation Bonds</u>	<u>Amount Outstanding</u>	<u>Percent of Total GO</u>
Fixed Rate Bonds.....	\$12,147,066	75%
Variable Rate Bonds.....	4,047,835	25%

The following is a table of the different types of variable rate general obligation bonds:

<u>Variable Rate GO Bonds</u>	<u>Amount Outstanding</u>	<u>Percent of Total GO</u>
Variable Rate Demand Bonds.....	\$ 2,439,160	15%
Auction Rate Securities.....	565,425	4%
CPI-Index Bonds.....	197,455	1%
LIBOR and Other Index Bonds.....	845,795	5%

The following is a table of the different type of special obligation bonds currently outstanding:

<u>Type of Bond</u>	<u>Amount Outstanding</u>
Special Obligation Dedicated Tax Revenue Bonds (Convention Center Bonds).....	\$ 643,715
Special Obligation Revenue Bonds (Gas Tax Bonds).....	482,953
Special Obligation Federal Highway Grant Anticipation Notes (GANS).....	<u>1,536,206</u>
Total Special Obligation Bonds.....	\$ 2,662,874
Less: Unamortized Premiums.....	<u>(14,904)</u>
Outstanding Special Obligation Principal.....	<u>\$ 2,647,970</u>

A. General Obligation Bonds

General Obligation Bonds are authorized and issued primarily to provide funds for Commonwealth capital projects and Commonwealth supported local government improvements. The Commonwealth issues general obligation bonds and notes pursuant to Chapter 29 of the General Laws. These bonds are backed by the full faith and credit of the Commonwealth and are 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 bond authorizations and capital spending in arrears, as expenditures are made, unless the proceeds are allocated at the time of issuance.

In addition, certain bonds are issued for specific programs approved by the Legislature. These bonds are known as College Opportunity Bonds. As of June 30, 2008, the Commonwealth had outstanding approximately \$158 million in variable "U. Plan" bonds, sold in conjunction with a college savings program administered by the Massachusetts Educational Facility Authority (MEFA). These bonds bear deferred interest at a rate equal to the percentage change in the consumer price index plus 2% together with current interest at the rate of 0.5%.

In terms of bond structure, the large majority of general obligation bonds have been sold as fixed rate obligations. As of June 30, 2008, approximately 75% of the Commonwealth's outstanding GO debt was fixed-rate bonds. The remaining 25% of outstanding GO debt was variable rate bonds – bonds whose rate of interest fluctuate based on market or market index changes. The outstanding GO variable rate debt consists of several variable rate structures. Most are variable rate demand bonds or VRDBs. These are long-term bonds whose interest rates re-set daily or weekly. Because these bonds offer bondholders a "put" or tender feature, they are supported by standby liquidity facilities provided by commercial banks which require the applicable bank to purchase any bonds that are tendered and not successfully remarketed. As of June 30, 2008, the Commonwealth had \$2.4 billion in outstanding VRDBs. This accounts for approximately 15% of total general obligation debt and approximately 60% of total general obligation variable-rate debt. All of these bonds are uninsured. As of June 30, 2008, none of the Commonwealth's outstanding VRDBs have been subject to failed remarketing and "put" back to the banks; consequently, there has never been a draw on a liquidity facility.

The Commonwealth has also issued general obligation variable-rate debt in the form of auction-rate securities. Like VRDBs, these are long-term bonds whose

interest rates are re-set at pre-determined, short-term intervals. Unlike VRDBs, these bonds do not provide bondholders with a put feature and therefore do not require a supporting credit facility. The Commonwealth's auction-rate securities have long-term nominal maturities of over 20 years with interest rates re-set every seven days. A periodic "Dutch auction" process is designed to provide a mechanism of liquidity to bondholders, with bonds re-priced and traded in auctions managed by broker-dealers. As of June 30, 2008, approximately \$565 million in Commonwealth general obligation auction-rate securities were outstanding. This represents approximately 4% of total general obligation indebtedness and approximately 14% of total general obligation variable-rate debt.

Auction Rate Failures During FY08

Beginning in February, 2008, several auctions of the Commonwealth's auction-rate bonds began to fail, meaning there were insufficient bids from investors to purchase the securities being offered for sale by existing holders. Four of the Commonwealth's six series of auction-rate bonds have experienced auction failure since February 13, 2008. Auction failures have been systemic throughout the municipal bond market, driven by credit and liquidity concerns caused primarily by widespread downgrades and negative rating outlooks of a number of municipal bond insurers. Upon auction failure, the interest rate paid to bondholders is the failure rate as specified in the bond documents. For the four series of Commonwealth bonds whose auctions have failed (approximately \$401 million in debt obligations), the failure rate is based on a multiple of indices, with a maximum rate of 12%. The failed and undersubscribed auctions have resulted in higher interest costs, but as of June 30, 2008, none of these costs have exceeded their budgeted debt service amount of 5%.

Subsequent to the close of the fiscal year, in September 2008, the Commonwealth refunded its Series 2007 D-1 and D-2 auction rate bonds and replaced them with fixed rate bonds.

The remaining outstanding GO variable-rate debt pays interest to bondholders based on certain indices. For example, as of June 30, 2008, the Commonwealth had approximately \$198 million of bonds that pay interest based on the consumer price index (CPI), as well as approximately \$846 million of bonds that pay interest based on the three-month London interbank offered rate (LIBOR). These bonds make up approximately 1% and 5% of total outstanding general obligation indebtedness, respectively. All of the CPI and LIBOR bonds are hedged with interest rate swaps pursuant to which the Commonwealth receives from the swap counterparty the precise variable-rate interest due on the bonds.

B. Special Obligation Bonds

Highway Fund. Section 20 of Chapter 29 of the General Laws authorizes the Commonwealth to issue special obligation bonds secured by all or a portion of revenues accounted to the Highway Fund. Revenues, which are currently accounted for in the Highway Fund, are primarily derived from taxes and fees relating to the operation or use of motor vehicles in the Commonwealth, including the motor fuels excise tax. Chapter 33 of the Acts of 1991 authorizes the Commonwealth to issue such special obligation bonds in an aggregate amount not to exceed \$1.125 billion. As of June 30, 2008, the Commonwealth had outstanding approximately \$483 million of such special obligation bonds inclusive of unamortized premiums secured by a pledge of 6.86¢ of the 21¢ Commonwealth motor fuels excise tax. These amounts are exclusive of crossover refunding bonds, which have been issued to refund a portion of the

outstanding special obligation bonds in fiscal 2012. Of the total amount outstanding, approximately \$96 million was issued as variable rate debt with interest rates tied to the consumer price index (CPI). These bonds have been hedged via a floating-to-fixed interest rate swap agreement in which the floating rate received from the swap counterparty matches the floating rate paid to bondholders.

On August 4, 2008, the Governor approved legislation that authorizes the issuance of an additional \$1.9 billion of special obligation bonds secured by a pledge of motor fuels excise tax receipts to fund a portion of the Commonwealth's accelerated structurally deficient bridge program. The legislation provides for a pledge of up to 10¢ of the 21¢ motor fuels excise tax to secure the outstanding special obligation bonds described above and the bridge program bonds.

Convention Center Fund. Chapter 152 of the Acts of 1997, as amended, authorizes \$694.4 million of special obligation bonds to be issued for the purposes of building a new convention center in Boston (\$609.4 million), the Springfield Civic Center (\$66 million) and the Worcester convention center (\$19 million). The bonds are payable from moneys credited to the Convention Center Fund created by such legislation, which include certain hotel tax receipts from hotels in Boston, Cambridge, Springfield and Worcester, a surcharge on car rentals in Boston, a parking surcharge at all three facilities, a surcharge on sightseeing tours and cruises in Boston and sales tax receipts from certain hotels and other retail establishments in Boston, Cambridge and Springfield. The legislation requires a capital reserve fund to be maintained at a level equal to maximum annual debt service and provides that if the fund falls below its required balance, the 2.75% convention center financing fee in Boston is to be increased (though the overall hotel tax in Boston, including the fee, cannot exceed 14%). In June, 2004, the Commonwealth issued \$686.7 million of special obligation bonds secured solely by the pledge of receipts of tax revenues within the special districts surrounding the centers and other special revenues connected to such facilities, approximately \$644 million inclusive of unamortized premiums of which remained outstanding as of June 30, 2008. Of this amount, approximately \$87 million was issued as variable rate debt with interest rates tied to the CPI. These bonds have been hedged via a floating-to fixed interest rate swap agreement in which the floating rate received from the swap counterparty matches the floating rate paid to bondholders.

Federal Grant Anticipation Notes. The Commonwealth has issued three series of federal grant anticipation notes (not including a refunding) yielding aggregate net proceeds of \$1.5 billion, the full amount authorized to finance the current cash flow needs of the Central Artery Tunnel (CA/T) project, in anticipation of future federal reimbursements. The legislation authorizing such notes contains a statutory covenant that as long as any such grant anticipation notes remain outstanding, the Commonwealth will deposit all federal highway reimbursements into the Grant Anticipation Note Trust Fund, to be released to the Commonwealth once all the debt service and reserve funding obligations of the trust agreement securing the grant anticipation notes have been met. If the United States Congress reduces the aggregate amount appropriated nationwide for federal highway spending to less than \$17.1 billion and debt service coverage with respect to the notes falls below 120%, then the legislation further pledges an additional 10¢ per gallon of existing motor fuel tax collections will be deposited into the trust fund, to be used for debt service on the notes, subject to legislative appropriation. Principal amortization of the notes began in fiscal 2006 and will continue through fiscal 2015. Under the trust agreement securing

the notes, aggregate annual debt service on grant anticipation notes may not exceed \$216 million unless the rating agencies rating the notes confirm that exceeding \$216 million in annual debt service will not cause them to withdraw or reduce their credit ratings. Such notes and the interest thereon are secured solely by the pledge of federal highway construction reimbursement payments and by a contingent pledge of certain motor fuels excises. In practice, the interest on such notes has been paid from Commonwealth appropriations.

On July 16, 2003, the Commonwealth issued \$408 million of special obligation refunding notes for the purpose of refunding approximately \$418 million of outstanding federal grant anticipation notes in December, 2008 and December 2010. The escrows funded by crossover refunding notes and related premiums are used only to secure the principal related to the crossover refunding portion. The interest related to these maturities is not secured by this escrow. Rather, it will be paid from the existing stream of either federal grants or appropriations. Interest on a portion of the newly issued refunding notes is paid from the proceeds of the escrow until the aforementioned prior notes are called for redemption. This crossover refunding results in economic savings to the Commonwealth similar to a traditional refunding, but does not meet the accounting definition of legal defeasance of debt, in which case the defeased debt and the related escrow accounts would have been removed from the GLTDAG. Accordingly, both the refunded debt and the refunding debt are reported in the GLTDAG until such time as principal amounts are repaid. Similarly, the refunding escrows established with the proceeds from the refunding notes are also recorded on the financial statements until such proceeds are expended for debt service. Pursuant to the crossover refunding method employed, interest on the notes will be paid solely by an escrow account established with the proceeds of the notes. Upon the redemption of \$418 million of outstanding federal grant anticipation notes on the crossover dates in 2008 and 2010, the refunding notes will become secured by the Grant Anticipation Note Trust Fund.

As of June 30, 2008, approximately \$1.5 billion of such notes, inclusive of the special obligation crossover refunding notes and unamortized premiums remained outstanding. All of these notes are fixed-rate obligations.

On August 4, 2008, the Governor approved legislation authorizing the issuance of an additional \$1.1 billion of grant anticipation notes secured by future federal funds. Any such notes will not be secured by a contingent pledge of motor fuels excises. The Commonwealth intends to begin to amortize the principle of any such notes in fiscal 2016, after the federal grant anticipation notes for the CA/T project described above have been paid in full. Similar to the notes issued for the CA/T project, the Commonwealth expects to pay interest on the notes for the bridge program from Commonwealth appropriations.

**C. *Interest Rate Swap
Agreements – Objectives
and Risks***

Under legislation approved by the Governor on August 11, 2008, scheduled, periodic payments to be made by the Commonwealth pursuant to swap agreements in existence on August 1, 2008 or entered into after such date shall constitute general obligations of the Commonwealth for which its full faith and credit is pledged. The floating rate received by the Commonwealth is used to offset the variable rate paid to bondholders. In most cases, only the net difference in interest payments is actually exchanged with the counterparty. In all cases, the Commonwealth remains responsible for making interest payments to the variable-rate bondholders. The intended effect of the agreements is essentially to fix the Commonwealth's interest rate obligations with respect to

its variable-rate bonds. As of June 30, 2008, all of the Commonwealth's interest rate swaps were floating-to-fixed rate agreements. The remaining variable-rate debt of approximately \$1.0 billion, or approximately 6% of the total outstanding general obligation debt, is un-hedged and, accordingly, floats with interest rates re-set on a daily or weekly basis.

The Commonwealth has entered into interest rate swap agreements for the sole purpose of hedging the interest rates on outstanding variable rate bonds, taking advantage of the fact that these bonds generally lower interest costs. Other than the net interest expenditures resulting from these agreements, no amounts are recorded in the financial statements. In addition, the Commonwealth is authorized to pledge its credit in support of scheduled, periodic payments to be made by the Commonwealth under interest rate swaps and other hedging agreements related to bonds or notes of the Commonwealth.

Of the Commonwealth's variable-rate debt outstanding of approximately \$4.0 billion, or approximately 25% of total general obligation debt, approximately \$3.2 billion had interest rates synthetically fixed by means of floating-to-fixed interest rate exchange ("SWAP") agreements. The Commonwealth has entered into interest rate swaps with various counterparties pursuant to which the counterparties are obligated to pay the Commonwealth an amount equal to the variable-rate payment on the related bonds or a payment based on a market index of tax-exempt variable rate bonds, and the Commonwealth is obligated to pay the counterparties a stipulated fixed rate. The floating rate received by the Commonwealth from swap counterparties is used to offset the variable rate paid to bondholders. In most cases, only the net difference in interest payments is actually exchanged with the counterparty. In all cases, the Commonwealth remains responsible for making interest payments to the variable-rate bondholders. The intended effect of the agreements is essentially to fix the Commonwealth's interest rate obligations with respect to its variable-rate bonds. For example, during a period when interest rates rise, the Commonwealth would likely receive higher payments from swap counterparties that would be used to offset higher payments to bondholders of the outstanding variable rate bonds. During a period when interest rates decline, the reduction in interest payments to bondholders would likely offset the higher payments made to swap counterparties. But in both scenarios, the net obligation of the Commonwealth is fixed through the life of the swap and bonds. As of June 30, 2008, all of the Commonwealth's interest rate swaps were floating-to-fixed rate agreements and were deemed qualified hedges.

The table on the following page details this activity.

Objective of the Interest Rate Swap Agreements

In connection with the issuance of variable rate refunding bonds in 1997, 1998, 2001, 2003, 2005, and 2007, the Commonwealth entered into interest rate swap agreements with certain counterparties. Additional swap agreements, as well as on a 2005 series of gas tax bonds, were initiated as part of the Convention Centers' permanent financing in FY04. The purpose of all these agreements is to effectively fix the interest rate payable on the corresponding variable rate refunding bonds, and to achieve synthetic interest rates that are 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 2009 to 2037. The swaps' total notional value of \$3,203,825,000 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 2.925% 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 Outstanding (thousands)	Effective Date	Fixed Rate Paid (Range)	Variable Rate Received	Fair Market Value as of 6/30 (thousands)	Final Termination Date	Counterparty	Counterparty Credit Rating
<i>General Obligation Bonds:</i>								
Series 1997B	\$ 162,768	8/12/1997	4.659%	Cost of Funds	\$ (11,995)	August 1, 2015	Goldman Sachs Mit Mar Der Prod	Aaa / AAA
Series 1997B	108,512	8/12/1997	4.659%	Cost of Funds	(7,806)	August 1, 2015	AMBAC	Aa3 / AA
Series 1998A & B	298,308	9/17/1998	4.174%	Cost of Funds	(13,925)	September 1, 2016	Lehman Brothers Der Prod	N / A
Series 1998A & B	198,872	9/17/1998	4.174%	Cost of Funds	(9,720)	September 1, 2016	Salomon / Citigroup Morgan Stanley Der Prod	Aa1 / AA
Series 2001B & C	496,225	2/20/2001	4.150%	Cost of Funds	(27,167)	January 1, 2021	Goldman Sachs Mit Mar Der Prod	Aaa / AAA
Series 2003B	87,455	3/12/2003	4.500%	Cost of Funds/CPI	2,166	March 1, 2014	Lehman Brothers Special Fin	N / A
Series 2003B	10,000	3/12/2003	4.500%	Cost of Funds/CPI	172	March 1, 2013	Citibank N.A.	Aa1 / AA
Series 2005A	548,885	3/29/2005	2.925%-4.00%	SIFMA	(12,212)	February 1, 2028	Citibank N.A.	Aa1 / AA
Series 2006C	100,000	11/29/2006	3.73%-3.85%	Cost of Funds/CPI	(1,747)	November 1, 2020	Lehman Brothers Special Fin	N / A
Series 2007A	400,000	5/30/2007	4.420%	LIBOR	(12,049)	May 1, 2037	Lehman Brothers Special Fin	N / A
Series 2007A (refunding)	445,795	5/30/2007	3.963% - 4.083%	LIBOR	(16,252)	November 2, 2025	Merrill Lynch Cap Serv	AA- / A-1+
Series 2007D	109,283	8/16/2007	3.942%	SIFMA - 3 bps	(4,319)	August 1, 2018	Bear Stearns Fin Prod	Aaa / AAA
Series 2007D	<u>54,642</u>	8/16/2007	3.942%	SIFMA - 3 bps	<u>2,170</u>	August 1, 2018		
Subtotal	<u>3,020,745</u>				<u>(112,684)</u>			
<i>Special Obligation Dedicated Tax Revenue Bonds</i>								
Series 2004	28,863	6/29/2004	4.45% - 5.25%	Cost of Funds/CPI	(841)	January 1, 2018	Goldman Sachs Cap Markets	Aa3 / AA-
Series 2004	28,863	6/29/2004	4.45% - 5.25%	Cost of Funds/CPI	(539)	January 1, 2018	JPMorgan Chase Bank	Aaa / AA
Series 2004	28,864	6/29/2004	4.45% - 5.25%	Cost of Funds/CPI	532	January 1, 2018	Bear Stearns / JP Morgan	Aaa / AA
Series 2005A	<u>96,490</u>	6/12/2005	4.771% - 5.06%	Cost of Funds/CPI	<u>(1,572)</u>	June 1, 2022	Merrill Lynch Cap Serv	AA- / A-1+
Subtotal	<u>183,080</u>				<u>(2,420)</u>			
Total	<u>\$ 3,203,825</u>				<u>\$ (115,104)</u>			

During September and October of 2008, swaps designated with an N/A were mostly replaced due to the bankruptcy of Lehman Brothers Special Financing, Lehman Brothers Derivative Products, Inc. and related entities. The 1998 A&B swap above is in the process of being replaced as of the opinion date. The 2003B swap was replaced by Deutsche Bank AG which has a credit rating of Aa1 / AA-. The 2007A swap was replaced by Barclay's Bank

PLC which is rated Aa1 / AA. The 2007A (refunding) swap was replaced by Deutsche Bank AG and Bank of New York Mellon and is rated Aaa / AA. The acquisition of the Bear Stearns Company by JP Morgan Chase and Co did not have an effect on the Commonwealth's swaps.

In addition, the Commonwealth is contingently liable for swaps associated with the Route 3 North Transportation Improvement Association Lease Revenue Bonds and the City of Chelsea Commonwealth Lease Revenue Bonds. These transactions are further discussed in Note 12 to the Combined Financial Statements – Statutory Basis.

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, 2008) 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 (\$115,104,000) as of June 30, 2008. If all the Commonwealth's swap agreements had been terminated as of the end of fiscal year 2008 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 amount estimated if certain termination events occurred, as described below. Based on the terms and provisions of the swap agreements, an involuntary termination of the swaps due to an event of the Commonwealth is remote. In the case of a voluntary termination due to an event of a counterparty, the Commonwealth would likely seek to maintain the existing hedge by replacing that counterparty with another.

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 SIFMA 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 the 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. However, to avoid a termination payment and to maintain the interest rate hedge, the Commonwealth would likely seek to replace counterparties to the swap agreement.

On September 15, 2008, Lehman Brothers Holdings Inc. ("LBHI"), the corporate parent of Lehman Brothers Derivatives Products Inc ("LBDP") and Lehman Brothers Special Financing Inc. ("LBSF"), filed for bankruptcy. At the time of the filing, the Commonwealth had outstanding interest rate swaps with LBDP and LBSF. The Commonwealth's outstanding interest rate swap with LBDP was subject to automatic termination upon such bankruptcy filing, with payment of a termination amount by the Commonwealth due within five days of notice of such termination. However, no notice of termination was given and, on September 16, 2008, the swap was assigned by the parties to LBSF, and is no longer subject to automatic termination. LBHI was the guarantor of the swaps originally entered into with LBSF, and as a result of LBHI's bankruptcy filing, those swaps are subject to termination at the option of the Commonwealth. On October 8, 2008, LBSF was replaced on the 2003 and 2007 swaps at no cost to the Commonwealth. These swaps have been assigned to new counterparties. It is the Commonwealth's intention to assign the 1998 swap to different counterparties in the near future without incurring termination costs. The Commonwealth could owe a termination payment if this swap were to be terminated at this time and was not assigned to replacement counterparties.

D. Outstanding Debt

Debt service on the swapped variable rate bonds is as follows (assuming a short term rate of 3.5%, a LIBOR rate of 5.5%, a securities industry and financial markets association (SIFMA) rate of 2.566% and a CPI rate of 3%). Negative amounts represent a net benefit to the Commonwealth based on current rates. (amounts in thousands):

Fiscal Year Ending June 30	Variable-Rate Bonds		Interest Rate Swaps, Net	Total
	Principal	Interest		
2009	\$ 12,305	\$ 130,011	\$ 4,963	\$ 147,279
2010	34,895	128,931	4,828	168,654
2011	25,315	128,003	4,674	157,992
2012	119,445	124,482	3,807	247,734
2013	195,640	118,606	2,222	316,468
2014-2018	1,097,875	489,106	(19,183)	1,567,798
2019-2023	933,990	302,416	(46,945)	1,189,461
2024-2028	562,850	110,232	(25,882)	647,200
2029-2033	112,315	50,776	(13,803)	149,288
2034-2037	109,195	13,616	(3,701)	119,110
Total	<u>\$ 3,203,825</u>	<u>\$ 1,596,179</u>	<u>\$ (89,020)</u>	<u>\$ 4,710,984</u>

For financial reporting purposes, the GLTDAG shows bond principal at face value, exclusive of any unamortized premiums, discounts and issuance costs. For capital appreciation bonds, the outstanding amount represents total principal and accreted interest to be repaid.

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 (excluding unamortized premiums, discounts and issuance cost) and debt authorized and unissued at June 30, 2008 is as follows (amounts in thousands):

Purpose	Bonds Outstanding	Fiscal Year Maturities	Authorized and Unissued
GANs.....	\$ 1,535,380	2009-2015	\$ -
Capital Projects:			
General.....	6,445,118	2009-2038	3,972,697
Highway.....	8,323,108	2009-2038	2,962,949
Local Aid.....	1,792,134	2009-2031	47,352
Other.....	638,700	2009-2029	60,448
	<u>17,199,060</u>		<u>7,043,446</u>
Total.....	<u>\$ 18,734,440</u>		<u>\$ 7,043,446</u>

Interest rates on the Commonwealth's debt outstanding at the end of FY08 ranged from 0.5% to 6.6%.

Changes in long-term debt outstanding (excluding unamortized premium, discount and issuance cost) and bonds authorized - unissued for the year ended June 30, 2008 are as follows (amounts in thousands):

	Bonds Outstanding	Authorized and Unissued
Balance July 1, 2007.....	\$ 18,736,961	\$ 8,349,391
General obligation bonds:		
Proceeds, defined as Principal, Premium less discount and issuance costs	1,305,945	(1,305,945)
Less: Net premium	(25,121)	-
Less: General Obligation Refunding Bonds:	-	-
Less: Principal on Refunding Bonds.....	(103,615)	-
Plus: Increase in bonds authorized.....	-	-
Less: Bonds retired.....	(1,179,730)	-
Balance June 30, 2008.....	<u>\$ 18,734,440</u>	<u>\$ 7,043,446</u>

* Includes unallocated proceeds of approximately \$213.2 million.

The difference between the principal on refunding bonds in the above table and the amounts indicated on the combined balance sheet – statutory basis for all fund types and account groups is the result of a cash defeasance of outstanding debt accomplished during FY08. At June 30, 2008, debt service requirements to maturity for principal (excluding unamortized premium discount, capital appreciation and issuance costs) and interest including all variable rate interest not hedged by swap agreements (assumed interest rate is 5%), except for auction rate securities which are actual as of June 30, 2008, are as follows (amounts in thousands):

Fiscal Year Ended June 30,	Principal	Interest	Total
2009.....	\$ 1,227,029	\$ 908,002	\$ 2,135,031
2010.....	1,193,980	845,899	2,039,879
2011.....	1,267,930	781,586	2,049,516
2012.....	1,169,384	714,869	1,884,253
2013.....	1,232,062	654,080	1,886,142
2014-2018.....	5,015,155	2,454,838	7,469,993
2019-2023.....	3,932,168	1,413,215	5,345,383
2024-2028.....	2,132,717	618,742	2,751,459
2029-2033.....	1,066,570	240,510	1,307,080
2034-2038.....	497,445	59,092	556,537
Total	<u>\$ 18,734,440</u>	<u>\$ 8,690,833</u>	<u>\$ 27,425,273</u>

The Commonwealth issued bonds and notes through both competitive and negotiated sales during FY08. The costs for legal counsel and underwriting fees for bond sales were approximately \$426,000 and \$6,017,000 respectively.

E. 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. With the exception of the crossover refunding activity discussed previously, the trust

account assets and the liabilities for the defeased bonds are not included in the financial statements. At June 30, 2008, approximately \$6,251,938,000 of bonds outstanding from activities in prior fiscal years are considered defeased.

F. 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 FY08 was approximately \$15,585,725,000. Outstanding debt subject to the limit at June 30, 2008 was approximately \$13,504,384,000. 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):

	<u>Debt Outstanding</u>
Balance June 30, 2008.....	\$ 18,734,440
Less amounts excluded:	
Premium and issuance cost.....	123,335
Special Obligation principal.....	(1,126,668)
GANs principal.....	(1,536,206)
County Debt Assumed.....	(375)
MBTA Forward Funding.....	(309,203)
SMART bonds.....	(946,285)
Central Artery / Tunnel.....	(1,434,654)
Outstanding direct debt.....	<u>\$ 13,504,384</u>

G. Administration Debt Limit

During fiscal year 2008, the administration announced a policy that sets the annual borrowing limit at a level designed to keep debt service at a maximum of 8% of budgeted revenues. For this purpose, debt service includes principal and interest payments on all general obligation debt, special obligation gas tax debt, interest on federal grant anticipation notes, general obligation contract assistance payment obligations and budgetary contract assistance payment obligations on certain capital lease financings. Debt of the Massachusetts School Building Authority and of the Massachusetts Bay Transportation Authority that is supported by the portion of the sales tax legally dedicated to such entities is not included for purposes of this analysis, as the Commonwealth is not liable for such debt; similarly, the sales tax revenues legally dedicated to such entities are not included in the budgeted revenue projections.

In addition to keeping debt service at a maximum of 8% of budgeted revenues, the debt management policy limits future annual growth in the bond cap to not more than \$125 million through fiscal 2012. This additional constraint is designed to ensure that projected growth in the bond cap will be held to stable and sustainable levels.

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

The following table shows the annual bond cap, the resulting total annual debt service payment obligations and the debt service as a percentage of budgeted revenues.

Bond Cap (in millions except for percentages)

	Fiscal 2008
Bond Cap	\$ 1,500
Total Debt Service Obligations	2,010
Budgeted Revenue	30,313
Debt Service as % of Budgeted Revenues	6.63%

H. Subsequent Bond Issuances

In September 2008, the Commonwealth sold general obligation bonds series 2008 A with a principal amount of \$652,790,000 with maturities from FY10 to FY39. In addition, two series of auction rate securities sold originally in series 2007A were refunded in this issuance totaling \$163,650,000. These securities originally matured on August 1, 2018, but were called on October 8, 2008 and October 10, 2008 at a price of 100%.

7. FIXED ASSETS

Capital asset activities reflected in the General Fixed Asset Account Group for the fiscal year ended June 30, 2008 are as follows:

	July 1, 2007 Beginning Balance	Increases	Decreases	June 30, 2008 Ending Balance
Capital assets not being depreciated:				
Land	\$ 753,152	\$ 43,101	\$ (1,639)	\$ 794,614
Land Central Artery / Tunnel Project	339,007	1,077	(20)	340,064
Construction in process - non - Central Artery / Tunnel Project	2,148,211	501,262	(192,463)	2,457,010
Construction in process - Central Artery / Tunnel Project	127,681	-	(113,616)	14,065
Total capital assets not being depreciated	3,368,051	545,440	(307,738)	3,605,753
Capital assets being depreciated:				
Buildings	3,908,337	94,711	(150)	4,002,898
Machinery and equipment	859,137	47,898	(14,318)	892,717
Infrastructure non - Central Artery / Tunnel Project.....	11,101,175	120,459	-	11,221,634
Infrastructure - Central Artery / Tunnel Project.....	7,573,825	194,367	(83)	7,768,109
Total capital assets being depreciated.....	23,442,474	457,435	(14,551)	23,885,358
General Fixed Assets Account Group.....	\$ 26,810,525	\$ 1,002,875	\$ (322,289)	\$ 27,491,111

The Institutions of Higher Education report separately for fixed assets for GAAP purposes only. During FY08, the Commonwealth did not transfer infrastructure or land related to the Central Artery / Tunnel Project to the Massachusetts Turnpike Authority, pursuant to Chapter 11 of the Acts of 1997, as amended.

8. 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, 2008, capital lease / purchase expenditures totaled approximately \$26,380,000.

At June 30, 2008, the Commonwealth's aggregate outstanding liability under capital leases, based on the present value of the net minimum lease payments, exclusive of Institutions of Higher Education, totaled approximately \$83,741,000. This liability is reported in the GLTDAG. Equipment acquired under capital leases and included in the GFAAG totaled approximately \$93,771,000.

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. Operating lease expenditures for the fiscal year ended June 30, 2008 were approximately \$205,269,000.

The following is a schedule of future minimum payments under non-cancelable leases as of June 30, 2008 (amounts in thousands):

	<u>Capital Leases</u>		<u>Operating</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Leases</u>	
2009	\$ 13,621	\$ 4,182	\$ 125,201	\$ 143,004
2010	13,014	3,994	101,522	118,530
2011	10,430	3,200	74,679	88,309
2012	7,910	2,429	59,061	69,400
2013	5,567	1,709	39,024	46,300
2014-2018	13,574	4,166	113,921	131,661
2019-2023	13,149	4,035	55,100	72,284
2024-2028	6,476	1,987	46,597	55,060
2029-2033	-	-	46,201	46,201
Total.....	<u>\$ 83,741</u>	<u>\$ 25,702</u>	<u>\$ 661,306</u>	<u>\$ 770,749</u>

9. INDIVIDUAL FUND DEFICITS

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 deficit, individual fund deficits of \$463,402,000 are offset by capital funds earmarked in reserve for the other Capital Projects Funds of approximately \$257,750,000.

The following Budgeted, Non-Budgeted Special Revenue and Capital Projects Funds are included in the combined totals and have individual fund undesignated deficits at June 30, 2008, as follows (amounts in thousands):

Non-Budgeted Special Revenue:	
Lottery Funds:	
State Lottery Fund.....	\$ (32,374)
Other:	
Government Land Bank Fund.....	(35,097)
Motor Vehicle Safety Inspection Trust Fund.....	(11,303)
Total Non - Budgeted Funds.....	<u>(78,774)</u>
Capital Projects:	
Capital Investment Trust Fund.....	(98)
Capital Improvement and Investment Trust Fund.....	(183)
Capital Expenditure Reserve Fund.....	(9,245)
Highway Capital Projects Fund.....	(438,212)
Local Capital Projects Fund.....	(664)
Government Land Bank Capital Projects Fund.....	<u>(15,000)</u>
Total Capital Projects Funds.....	<u>(463,402)</u>
Total	<u>\$ (542,176)</u>

Transfers and the cash defeasance of debt which occurred in FY08 were not included as appropriations in the general appropriation act. Therefore, no action is necessary to cure those deficits. None of the funds detailed above were in deficit due to finance-related contractual provisions and were allowed to be in deficit by General Law.

10. MEDICAID COSTS

The Commonwealth's Medicaid program, called MassHealth, provides health care to low-income children and families, certain low-income adults, disabled individuals and low-income elders. The program, administered by the Office of Medicaid within the Executive Office of Health and Human Services, receives 50% in federal reimbursement on most expenditures. Beginning in fiscal 1999, payments for some children's benefits became 65% federally reimbursable under the State Children's Health Insurance Program (SCHIP). Congress and the Centers for Medicare and Medicaid Services are currently considering the reauthorization of the national SCHIP program, which is presently authorized through March, 2009.

Approximately 32.5% of the Commonwealth's budget, including transfers, is devoted to Medicaid. It is the largest and has been one of the fastest growing items in the Commonwealth's budget. For the fiscal year ended June 30, 2008, the General Fund includes approximately \$8.2 billion in expenditures for Medicaid claims. The combined financial statements – statutory basis include Medicaid claims processed but unpaid at June 30, 2008 of approximately \$5.2 million as accounts payable.

11. RETIREMENT AND OTHER POST EMPLOYMENT BENEFITS

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 reimbursed to the City of Boston by the Commonwealth). The members of the retirement systems do not participate in the Social Security System.

A. Plan Descriptions

The Massachusetts *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 Massachusetts State Retirement Board and is part of the reporting entity and does not issue a stand alone financial report.

The Massachusetts *Teachers' Retirement System* (MTRS) is a defined benefit PERS managed by the Commonwealth on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a non-employer contributor and is responsible for all contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except the City of Boston), towns, regional school districts and Quincy College. Consequently, the Commonwealth reports the MTRS as a single employer PERS with special funding responsibilities. The MTRS is administered by the Commonwealth and is part of the reporting entity and does not issue a stand-alone financial report.

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. Benefits are recorded when due and payable.

Membership – Membership in SERS and MTRS as of January 1, 2008, the date of the most recent valuation, is as follows:

	<u>SERS</u>	<u>MTRS</u>
Retirees and beneficiaries		
currently receiving benefits.....	50,495	50,024
Terminated employees entitled to		
benefits but not yet receiving them....	3,955	N/A
Subtotal.....	54,450	50,024
Current members.....	85,602	89,636
Total.....	140,052	139,660

B. Benefit Provisions

Massachusetts General Laws establish uniform benefit and contribution requirements for all contributory PERS. These requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. Benefit payments are based upon a member's age, length of creditable service, and group creditable service, and group classification. The authority for amending these provisions rests with the Legislature.

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of twenty years of service or upon reaching the age of 55 with ten years of service. Normal retirement for most employees occurs at age 65; for certain hazardous duty and public safety positions, normal retirement is at age 55.

C. Funding and Contributions Policy

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 and TRS 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.

D. Other Financing Situations

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

The actuarial accrued liability for COLAs as of January 1, 2008 was \$376,000,000.

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

The Commonwealth's responsibility to the BTRS is only for those costs based on annual certifications provided by the State – Boston Retirement System (SBRS) to the TRS. Those costs are funded in arrears. The cost of pension benefits of the other participants is the responsibility of the City of Boston. The SBRS is not administered by the Commonwealth and is not part of the reporting entity of the Commonwealth. For a complete copy of SBRS's separately issued financial statements, please contact the City of Boston Retirement Board at 617-635-4305.

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

A table of Pension Funding Progress is presented as supplemental information on page 309 of this report.

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

Chapter 32 of the General Laws directs the Secretary of Administration and Finance to prepare a funding schedule to meet actuarially determined requirements, and to update this funding schedule every three years on the basis of new actuarial valuation reports prepared under the Secretary's direction. Any such schedule is subject to legislative approval. If a schedule is not so approved, payments are to be made in accordance with the most recently approved schedule. Under the current schedule adopted in 2004, the amortization payments are designed to eliminate the unfunded liability by fiscal year 2023 on a 4.50% increasing basis. The funding schedule as published follows an acceptable actuarial funding methodology to compute normal cost and the unfunded accrued actuarial liability.

Contributions by the Commonwealth of \$1,398,630,000 were made during the fiscal year ended June 30, 2008. Of this amount \$69,600,000 represents budgeted payments for COLAs granted to participants in retirement systems of cities, towns and counties and approximately \$105,420,000 represents payments to the City of Boston to reimburse in arrears amounts for the BTRS.

**E. Commonwealth Post
Employment Obligations
Other than Pensions**

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 Group Insurance Commission (GIC) of the Commonwealth manages the Commonwealth's defined benefit OPEB plan as an agent multiple employer program including the Commonwealth and 340 municipalities and other non-Commonwealth governmental entities. These entities that participate in the GIC are responsible for paying premiums at the same rate to the GIC and therefore benefit from the Commonwealth's premium rates. The GIC is part of the Trustees of the State Retiree Benefits Trust Fund (SRBTF). Per a subsequent act of the Legislature to the FY08 General Appropriation Act, Trustees of the SRBTF include, among others, representatives of GIC and HST.

The SRBTF can only be revoked when all such health care and other non-pension benefits, current and future have been paid or defeased. GIC administers benefit payments, while the other Trustees and GIC vote on investment decisions.

Funding Policy

The Commonwealth recognizes its share of the costs when paid. The FY08 General Appropriation Act transferred approximately \$344 million to the SRBTF and a supplemental budget transferred over \$11 million in addition, with a total appropriation of nearly \$355 million. Furthermore the FY08 General Appropriation Act directed the transfer of the balance in the HST to the SRBTF. The transfer from the HST to the SRBTF was approximately \$336 million. Therefore, total contributions in FY08 were approximately \$683 million, net of transferred payables.

There are approximately 140,700 participants eligible to receive benefits as of the most recent actuary report. In fiscal 2008, the contribution rates for employees and retirees are as follows:

<u>Hire Date / Retirement Date</u>	<u>% Contributed</u>
Employees hired before July 1, 2003.....	15% of premiums
Employees hired on or after July 1, 2003.....	20% of premiums
Retirees on or before July 1, 1994.....	10% of premiums
Retirees after July 1, 1994.....	15% of premiums
Survivors.....	10% of premiums

In July 2008, a joint legislative - administrative commission report was released recommending funding options for OPEB in addition to employee contributions and appropriations. In its report, the special commission recommends that the Commonwealth develop a strategy to pre-fund the Commonwealth's OPEB liability. The commission identifies three funding sources -- tobacco settlement funds, unanticipated budgetary surpluses and annual legislative appropriations -- and recommends funneling funds from all three sources to the SRBTF in order to address the unfunded OPEB liability. With regard to tobacco settlement funds, the commission advises a phased-in approach, whereby a specified percentage of the settlement funds (increasing from 25% of such funds in year one to 90% of such funds in year four and thereafter) would be transferred to the SRBTF. In addition to using the tobacco settlement funds, the commission further recommends that the Commonwealth allocate 50% of any unanticipated surplus funds in a budget surplus year to the SRBTF. Finally, the commission recommends that annual appropriations to the SRBTF be included in each annual budget in a similar manner to pensions so as to eliminate the unfunded liability by 2038. The fiscal 2009 budget does not include any of the special commission's recommendations for addressing the Commonwealth's OPEB liability. Many of the recommendations will require separate legislation.

12. COMMITMENTS

**A. MBTA and Other
Authorities**

The Commonwealth continues to guarantee certain Massachusetts Bay Transportation Authority (MBTA) debt outstanding at June 30, 2008, totaling \$955,340,000.

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.

Additional commitments of the Commonwealth remain for the University of Massachusetts Building Authority and the Massachusetts State College Building Authority. As of June 30, 2008, the University of Massachusetts Building Authority has committed debt of approximately \$999 million, of which approximately \$156 million is guaranteed by the Commonwealth. The Massachusetts State College Building Authority has approximately \$554 million of outstanding debt, of which approximately \$50 million is guaranteed by the Commonwealth.

B. Saltonstall Building

The 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. Other Construction
Commitments**

At June 30, 2008, the Commonwealth had commitments of approximately \$787.9 million related to ongoing construction projects.

**D. Contractual Assistance to
Authorities**

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

General obligation contract assistance liabilities arise from statutory requirements for payments by the Commonwealth to the Massachusetts Water Pollution Abatement Trust, the Massachusetts Turnpike Authority and the MDFA that are used by such entities to pay a portion of the debt service on

certain of their outstanding bonds. Such liabilities constitute a pledge of the Commonwealth's credit for which a two-thirds vote of the Legislature is required.

During FY08 a law was enacted amending a 2006 law authorizing an "infrastructure investment incentive" program, known as "I-Cubed." The amendment, among other things, clarifies the manner in which the program is to be financed and the security for the related bonds. Under the program, up to \$250 million of public infrastructure improvements to support significant new private developments may be financed by bonds issued by the MDFA that will be secured by and payable from a general obligation pledge of contract assistance from the Commonwealth. Until a related new private development is completed and occupied, the developer's property will be assessed by the municipality in amounts equal to the debt service cost on the bonds to reimburse the Commonwealth for such cost. After each phase of the private development is completed and occupied, the municipality will be required to reimburse the Commonwealth for any portion of the debt service cost on the bonds that is not covered by new state tax revenues generated from the related private development. The municipality's reimbursement obligation will be secured by a general obligation pledge of the municipality, a local aid intercept and a reserve fund which must be funded in an amount equal to or greater than two years of debt service on the bonds. The obligation of the municipality ends when the Commonwealth has collected revenues sufficient to pay principal and interest payments to date plus all remaining principal payments due. Regulations are still being developed pursuant to this legislation, and no such bonds have yet been issued.

Subsequent to year end legislation was enacted including an authorization to finance up to \$43 million of the costs of a parkway at the former South Weymouth naval air base to support the development of the former base. Similar to the I-Cubed program financing model, the bonds to finance the parkway would be issued by MassDevelopment and would be secured and payable from a general obligation pledge of contract assistance from the Commonwealth. In the event that the new state tax revenues generated from the new private development are less than the debt service cost on the bonds, the South Shore Tri-Town Development Corporation, a public entity with municipal taxing and other powers over the geographic area of the former base, would be required to reimburse the Commonwealth for any such shortfall. The legislation provides that such payment obligations of the Corporation be secured by a general obligation pledge of the Corporation.

Budgetary contract assistance liabilities do not constitute a pledge of the Commonwealth's credit. Contingent liabilities relate to debt obligations of independent authorities and agencies of the Commonwealth, or payment obligations of such entities on hedging transactions related to such debt, that are expected to be paid without Commonwealth assistance, but for which the Commonwealth has some kind of liability if expected payment sources do not materialize. These liabilities consist of guaranties and similar obligations with respect to which the Commonwealth's credit has been or may be pledged. Under legislation approved by the Governor on August 11, 2008, the Commonwealth may pledge its credit to guarantee payment obligations of the Massachusetts Turnpike Authority with respect to certain hedging transactions or

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

By the virtue of the bankruptcy filing by Lehman Brothers Holdings Inc ("LBHI") as described in Note 6 to the financial statements, the interest rate swaps with Lehman Brothers Special Financing ("LBSF") are subject to termination at the option of the Turnpike Authority. The Turnpike Authority would owe a termination payment on each of these swaptions if there were to be terminated at this time. The Turnpike Authority is evaluating its options and has made no decision at this time regarding the Lehman swaptions. This action could trigger the contingent guarantee discussed above.

**E. *Route 3 North
Transportation
Improvements
Association,
Commonwealth Lease
Revenue Bonds, and
Other***

Route 3 North Transportation Improvements Association Commonwealth Lease Revenue Bonds. In August, 2000, the Route 3 North Transportation Improvements Association (the "Association") issued approximately \$394.3 million of lease revenue bonds to finance the reconstruction and widening of a portion of state Route 3 North. In May, 2002, the Route 3 North Transportation Improvements Association issued approximately \$312.7 million of additional lease revenue bonds, \$305.6 million of which were issued as refunding bonds. In connection with the financing, the Commonwealth leased the portion of the highway to be improved to the Association, and the Association leased the property back to the Commonwealth pursuant to a sublease. Under the sublease, the Commonwealth is obligated to make payments equal to the debt service on the bonds and certain other expenses associated with the project. The obligations of the Commonwealth do not constitute a general obligation or a pledge of the credit of the Commonwealth and are subject to annual appropriation by the Legislature. On May 9, 2007, the Commonwealth sold general obligation bonds to refund approximately \$53.4 million of the lease revenue bonds. As of June 30, 2008, the Route 3 North Transportation Improvements Association had \$376.5 million of such lease revenue bonds outstanding, of which \$82.5 million are fixed-rate bonds and \$294 million are variable-rate bonds with an associated interest rate swap agreement. The variable-rate bonds and the associated swap agreement are insured by Ambac. If Ambac were to be downgraded below certain thresholds specified in the swap agreement, the agreement could become subject to termination at the option of the counterparty, triggering termination costs (currently estimated at approximately \$46 million) for which the Commonwealth would be liable under the sublease. In connection with the recent credit deterioration and ratings downgrades of Ambac, there have been failed remarketings with respect to the variable-rate bonds, and the counterparty under the associated interest rate swap agreement exercised its right to make variable payments to the Association

related to a taxable index rather than to pay the Association's variable interest costs, for which the Commonwealth is liable under the sublease. For fiscal 2008, such increased costs amounted to approximately \$1 million, which were funded by supplemental appropriations approved by the Governor on August 8, 2008. Such increased costs have continued in fiscal 2009. For the 30-day period ended on July 15, 2008, such increased costs amounted to approximately \$1.3 million. The Commonwealth is planning to refinance the variable-rate bonds as Commonwealth general obligation bonds, as authorized by legislation approved May 29, 2008. In connection with any such refinancing, the Commonwealth may terminate existing debt service deposit agreements which provide an advance payment of \$8.3 million when such agreements were entered into in 2000. The termination value of the agreements is currently estimated to be approximately \$6 million. In 2005, the developer of the project submitted a request for equitable adjustment pursuant to the development agreement between the developer, the Executive Office of Transportation and Construction and the Massachusetts Highway Department. As of June 11, 2008, the parties reached a settlement in principle with the developer. On June 23, 2008, the developer filed for bankruptcy protection. On August 8, 2008, the Commonwealth, the developer and the sureties executed a settlement agreement resolving all claims on the project. Due to the developer's bankruptcy filing on June 23, 2008, however, the developer will not be able to agree to the settlement unless the Bankruptcy Court approves it and no appeal is taken. If final approval is not obtained from the Bankruptcy Court, the settlement agreement will be null and void, except to the extent the parties further agree in writing.

City of Chelsea Commonwealth Lease Revenue Bonds. By the virtue of the bankruptcy filing by LBHI as described in Note 6 to the financial statements, the interest rate swaps with LBSF are subject to termination at the option of the Commonwealth. The Commonwealth is currently considering structuring alternatives including assigning these swaps to different counterparties or refunding the bonds.

13. CONTINGENCIES

A. *Settlements and Judgments*

A number of lawsuits are pending or threatened against the Commonwealth, which arise from the ordinary course of operations. These include claims for property damage and personal injury, breaches of contract, condemnation proceedings and other alleged violations of law. 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 \$27,000,000 in total which is included in the GLTDAG.

B. *Workers' Compensation*

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, 2008 is estimated to be \$271,080,000, in total which is included in the GLTDAG.

C. *Federal Assistance*

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. At June 30, 2008 the

Commonwealth estimated that liabilities, if any, which may result from such audits are not material.

D. *Escheat Property*

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 FY08 totaled approximately \$81,077,000. A portion of accumulated claims since the law's enactment represent a contingency, because claims for refunds can be made by the owners of the property.

E. *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.

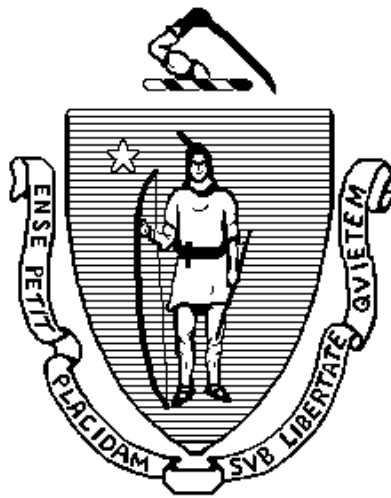
In FY08, the Commonwealth received approximately \$288,490,000 or 87% of the estimated amounts shown in the MSA. All received amounts were transferred to the General Fund.

Amounts received in FY08 continued to be less than had previously been projected as payments under the MSA. The Commonwealth's allocable share of the base amounts payable under the MSA is approximately 4.05%. The Commonwealth's allocable share of the base amounts under the agreement through 2025 is nearly \$7.6 billion, subject to adjustments, reductions and offsets. However, in pending litigation, tobacco manufacturers are claiming that because of certain developments, they are entitled to reduce future payments under the MSA, and certain manufacturers withheld payments to the states due in FY06 and FY07. The Commonwealth continues to pursue legal action to compel the payment of these additional funds and to obtain a legal determination that the Commonwealth is immune from the claimed downward adjustment to its settlement payments.

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, 2006, 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.

F. *Ballot Initiative*

Ballot Question 1 would reduce the state income tax from 5.30% to 2.65% effective January 1, 2009, and eliminate the income tax effective January 1, 2010. If approved by the voters and fully implemented, Question 1 would result in the loss of more than \$12.5 billion in annual state income tax revenue.



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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. The residual balance of the Temporary Holding Fund is closed to the Stabilization Fund to the extent of expenditures from the 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 expenditures 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.

Bay State Competitiveness Investment Fund – to account for funds received as part of the calculation of consolidated net surplus for FY07 and available for appropriation in FY08. This fund expired on June 30, 2008.

BUDGETED ENVIRONMENTAL FUND:

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.

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. The fund is not allowed to carry a deficit at the end of the fiscal year.

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.

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.

Dam Safety Trust Fund - to account for all receipts and revenues generated through agreements executed between the department of environmental management and public or private entities for dam safety purposes, and all fines, costs, expenses, and interest imposed.

International Educational and Foreign Language Grant Program Fund – to account for appropriations, bond proceeds or other monies authorized to be used by the Commissioner of Education to increase the number of Massachusetts students, teachers, administrators and education policymakers to support programs and activities that advance cultural awareness through grants to local and regional high schools to support international education programs and promote the study of foreign languages.



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Budgeted Funds
Combining Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	General	Highway	Commonwealth Stabilization
ASSETS			
Cash and short-term investments.....	\$ 480,969	\$ 18,230	\$ 1,731,117
Cash with fiscal agent.....	-	15,619	-
Investments.....	-	-	388,077
Receivables, net of allowance for uncollectibles:			
Due from federal government.....	441,748	-	-
Other receivables.....	17,757	-	-
Due from cities and towns.....	6,674	-	-
Due from other funds.....	5,609	-	-
Total assets.....	<u>\$ 952,757</u>	<u>\$ 33,849</u>	<u>\$ 2,119,194</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Deficiency in cash and short-term investments.....	\$ -	\$ -	\$ -
Accounts payable.....	624,232	9,909	-
Accrued payroll.....	91,517	7,736	-
Total liabilities.....	<u>715,749</u>	<u>17,645</u>	<u>-</u>
Fund balances (deficit):			
Reserved for:			
Continuing appropriations.....	131,961	585	-
Commonwealth Stabilization.....	-	-	2,119,194
Bay State Competitiveness Investment.....	-	-	-
Debt service.....	-	15,619	-
Unreserved:			
Undesignated.....	105,047	-	-
Total fund balances (deficit).....	<u>237,008</u>	<u>16,204</u>	<u>2,119,194</u>
Total liabilities and fund balances.....	<u>\$ 952,757</u>	<u>\$ 33,849</u>	<u>\$ 2,119,194</u>

See independent auditors' report

Administrative Control	Environmental	Other	Totals (Memorandum only)	
			2008	2007
\$ 20,212	\$ 10,576	\$ 29,577	\$ 2,290,681	\$ 3,991,494
-	-	-	15,619	10,276
-	-	-	388,077	371,442
-	-	-	441,748	579,536
-	-	-	17,757	11,927
-	-	-	6,674	7,115
-	-	-	5,609	-
<u>\$ 20,212</u>	<u>\$ 10,576</u>	<u>\$ 29,577</u>	<u>\$ 3,166,165</u>	<u>\$ 4,971,790</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,281,517
15,194	327	9,996	659,658	713,703
1,215	149	70	100,687	75,555
<u>16,409</u>	<u>476</u>	<u>10,066</u>	<u>760,345</u>	<u>2,070,775</u>
3,803	-	19,511	155,860	341,036
-	-	-	2,119,194	2,335,021
-	-	-	-	100,000
-	-	-	15,619	10,276
-	10,100	-	115,147	114,682
<u>3,803</u>	<u>10,100</u>	<u>19,511</u>	<u>2,405,820</u>	<u>2,901,015</u>
<u>\$ 20,212</u>	<u>\$ 10,576</u>	<u>\$ 29,577</u>	<u>\$ 3,166,165</u>	<u>\$ 4,971,790</u>

Budgeted Funds

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

Fiscal Year Ended June 30, 2008

(Amounts in thousands)

	General	Highway	Commonwealth Stabilization
REVENUES AND OTHER FINANCING SOURCES			
Revenues:			
Taxes.....	\$ 18,848,150	\$ 574,045	\$ 2,243
Assessments.....	288,556	13,628	-
Federal grants and reimbursements.....	6,426,929	750	-
Departmental.....	1,223,937	406,056	-
Miscellaneous.....	311,434	1,135	96,930
Total revenues.....	27,099,006	995,614	99,173
Other financing sources:			
Fringe benefit cost recovery.....	359,297	-	-
Lottery reimbursements.....	103,126	-	-
Lottery distributions.....	1,014,642	-	-
Tobacco settlement transfer.....	288,490	-	-
Excess permissible tax revenue.....	-	-	-
Operating transfers in.....	365,122	3,615	-
Stabilization transfer.....	315,000	-	-
Transfer for Bay State Competitiveness Investment.....	-	-	-
Other fund deficit support.....	-	1,571,583	-
Total other financing sources.....	2,445,677	1,575,198	-
Total revenues and other financing sources.....	29,544,683	2,570,812	99,173
EXPENDITURES AND OTHER FINANCING USES			
Expenditures:			
Legislature.....	58,090	-	-
Judiciary.....	812,105	-	-
Inspector General.....	3,136	-	-
Governor and Lieutenant Governor.....	8,737	-	-
Secretary of the Commonwealth.....	43,865	-	-
Treasurer and Receiver-General.....	124,382	919	-
Auditor of the Commonwealth.....	18,999	-	-
Attorney General.....	42,916	480	-
Ethics Commission.....	1,629	-	-
District Attorney.....	98,003	3,951	-
Office of Campaign & Political Finance.....	1,170	-	-
Sheriff's Departments.....	291,241	472	-
Disabled Persons Protection Commission.....	2,017	-	-
Board of Library Commissioners.....	32,888	-	-
Comptroller.....	8,940	7	-
Administration and finance.....	1,482,131	5,836	-
Energy and environmental affairs.....	216,256	-	-
Health and human services.....	4,796,463	-	-
Transportation and public works.....	176,298	88,804	-
Executive Office of Education:			
Early education and care.....	549,880	-	-
Department of elementary and secondary education.....	485,847	-	-
Higher education.....	1,084,406	-	-
Public safety and homeland security.....	1,006,953	245,690	-
Housing and economic development.....	209,313	59	-
Labor and workforce development.....	59,515	-	-
Direct local aid.....	5,040,468	-	-
Medicaid.....	8,246,342	-	-
Pension.....	1,398,600	-	-
Debt service:			
Principal retirement.....	635,027	412,417	-
Interest and fiscal charges.....	431,228	389,236	-
Total expenditures.....	27,366,845	1,147,871	-
Other financing uses:			
Fringe benefit cost assessment.....	-	87,416	-
Lottery deficit support.....	200,019	-	-
Excess permissible tax revenue.....	-	-	-
Operating transfers out.....	118,496	22,768	-
Commonwealth care transfer.....	1,045,863	-	-
Medical assistance transfer.....	376,700	-	-
State retiree benefits transfer.....	354,743	-	-
Stabilization transfer.....	-	-	315,000
Transfer for Bay State Competitiveness Investment.....	-	-	-
Other fund deficit support.....	1,585,673	-	-
Total other financing uses.....	3,681,494	110,184	315,000
Total expenditures and other financing uses.....	31,048,339	1,258,055	315,000
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(1,503,656)	1,312,757	(215,827)
Fund balances (deficit) at beginning of year.....	1,740,664	(1,296,553)	2,335,021
Fund balances (deficit) at end of year.....	\$ 237,008	\$ 16,204	\$ 2,119,194

See independent auditors' report

Administrative Control	Environmental	Other	Totals (Memorandum only)	
			2008	2007
\$ -	\$ 894	\$ 63,208	\$ 19,488,540	\$ 18,444,891
-	-	-	302,184	158,623
-	1,790	-	6,429,469	6,167,575
229,373	6,876	656	1,866,898	1,803,714
-	60	-	409,559	448,716
229,373	9,620	63,864	28,496,650	27,023,519
-	-	-	359,297	285,025
-	-	-	103,126	97,324
-	-	-	1,014,642	999,642
-	-	-	288,490	247,340
-	-	-	-	86,986
-	117	-	368,854	238,133
-	-	-	315,000	90,883
-	-	-	-	100,000
-	-	21,839	1,593,422	-
-	117	21,839	4,042,831	2,145,333
229,373	9,737	85,703	32,539,481	29,168,852
-	-	-	58,090	59,103
-	-	-	812,105	778,788
-	-	-	3,136	3,033
20	-	-	8,757	5,129
116	-	-	43,981	45,262
25	-	-	125,326	129,945
-	-	-	18,999	18,267
-	-	-	43,396	39,249
-	-	-	1,629	1,554
-	-	-	101,954	93,044
-	-	-	1,170	1,107
-	-	-	291,713	268,903
-	-	-	2,017	1,903
-	-	-	32,888	6,656
2,963	-	-	11,910	12,032
170,583	-	-	1,658,550	1,768,265
341	10,742	35	227,374	236,341
75,844	-	-	4,872,307	4,653,862
1,242	-	-	266,344	284,141
-	-	-	549,880	506,743
-	-	-	485,847	377,219
-	-	-	1,084,406	1,115,696
12,728	-	-	1,265,371	1,087,132
-	-	38,478	247,850	332,787
-	-	25,105	84,620	20,281
-	-	-	5,040,468	5,033,364
-	-	-	8,246,342	7,550,447
-	-	-	1,398,600	1,335,176
-	-	-	1,047,444	1,285,937
-	-	-	820,464	798,516
263,862	10,742	63,618	28,852,938	27,849,882
-	2,305	995	90,716	79,070
-	-	-	200,019	-
-	-	-	-	86,986
1,011	-	-	142,275	182,953
-	-	-	1,045,863	722,100
-	-	-	376,700	364,013
-	-	-	354,743	-
-	-	-	315,000	90,883
63,000	-	-	63,000	100,000
-	-	7,749	1,593,422	-
64,011	2,305	8,744	4,181,738	1,626,005
327,873	13,047	72,362	33,034,676	29,475,887
(98,500)	(3,310)	13,341	(495,195)	(307,035)
102,303	13,410	6,170	2,901,015	3,208,050
\$ 3,803	\$ 10,100	\$ 19,511	\$ 2,405,820	\$ 2,901,015

Budgeted Funds

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

Fiscal Year Ended June 30, 2008

(Amounts in thousands)

	General			Highway		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES AND OTHER FINANCING SOURCES						
Revenues:						
Taxes.....	\$ 17,849,800	\$ 18,848,150	\$ 998,350	\$ 576,100	\$ 574,045	\$ (2,055)
Assessments.....	-	288,556	288,556	-	13,628	13,628
Federal grants and reimbursements.....	6,419,900	6,426,929	7,029	3,600	750	(2,850)
Departmental.....	1,973,100	1,223,937	(749,163)	422,500	406,056	(16,444)
Miscellaneous.....	-	311,434	311,434	-	1,135	1,135
Total revenues.....	26,242,800	27,099,006	856,206	1,002,200	995,614	(6,586)
Other financing sources:						
Fringe benefit cost recovery.....	-	359,297	359,297	-	-	-
Lottery reimbursements.....	104,988	103,126	(1,862)	-	-	-
Lottery distributions.....	1,014,642	1,014,642	-	-	-	-
Tobacco settlement transfer.....	244,000	288,490	44,490	-	-	-
Operating transfers in.....	642,113	365,122	(276,991)	-	3,615	3,615
Stabilization transfer.....	315,000	315,000	-	-	-	-
Other fund deficit support.....	-	-	-	-	1,571,583	1,571,583
Total other financing sources.....	2,320,743	2,445,677	124,934	-	1,575,198	1,575,198
Total revenues and other financing sources.....	28,563,543	29,544,683	981,140	1,002,200	2,570,812	1,568,612
EXPENDITURES AND OTHER FINANCING USES						
Expenditures:						
Legislature.....	89,975	58,090	31,885	-	-	-
Judiciary.....	821,713	812,105	9,608	-	-	-
Inspector General.....	3,261	3,136	125	-	-	-
Governor and Lieutenant Governor.....	10,206	8,737	1,469	-	-	-
Secretary of the Commonwealth.....	44,081	43,865	216	-	-	-
Treasurer and Receiver-General.....	137,778	124,382	13,396	1,042	919	123
Auditor of the Commonwealth.....	19,002	18,999	3	-	-	-
Attorney General.....	43,437	42,916	521	481	480	1
Ethics Commission.....	1,641	1,629	12	-	-	-
District Attorney.....	98,409	98,003	406	4,462	3,951	511
Office of Campaign and Political Finance.....	1,194	1,170	24	-	-	-
Sheriff's Departments.....	294,986	291,241	3,745	539	472	67
Disabled Persons Protection Commission.....	2,019	2,017	2	-	-	-
Board of Library Commissioners.....	32,888	32,888	-	-	-	-
Comptroller.....	9,012	8,940	72	7	7	-
Administration and finance.....	1,516,319	1,482,131	34,188	5,862	5,836	26
Energy and environmental affairs.....	222,805	216,256	6,549	-	-	-
Health and human services.....	4,835,165	4,796,463	38,702	-	-	-
Transportation and public works.....	181,052	176,298	4,754	98,853	88,804	10,049
Executive Office of Education:						
Early education and care.....	551,474	549,880	1,594	-	-	-
Department of elementary and secondary education.....	512,764	485,847	26,917	-	-	-
Higher education.....	1,087,931	1,084,406	3,525	-	-	-
Public safety and homeland security.....	1,028,114	1,006,953	21,161	250,079	245,690	4,389
Housing and economic development.....	225,326	209,313	16,013	71	59	12
Labor and workforce development.....	62,097	59,515	2,582	-	-	-
Direct local aid.....	5,040,468	5,040,468	-	-	-	-
Medicaid.....	8,248,486	8,246,342	2,144	-	-	-
Pension.....	1,398,600	1,398,600	-	-	-	-
Debt service:						
Principal retirement.....	641,937	635,027	6,910	419,874	412,417	7,457
Interest and fiscal charges.....	436,735	431,228	5,507	400,093	389,236	10,857
Total expenditures.....	27,598,875	27,366,845	232,030	1,181,363	1,147,871	33,492
Other financing uses:						
Fringe benefit cost assessment.....	-	-	-	-	87,416	(87,416)
Operating transfers out.....	117,214	118,496	(1,282)	400	22,768	(22,368)
Commonwealth care transfer.....	789,650	1,045,863	(256,213)	-	-	-
Medical assistance transfer.....	251,000	376,700	(125,700)	-	-	-
State retiree benefits transfer.....	343,243	354,743	(11,500)	-	-	-
Stabilization transfer.....	-	-	-	-	-	-
Lottery deficit support.....	-	200,019	(200,019)	-	-	-
Transfer for Bay State Competitiveness Investment.....	-	-	-	-	-	-
Other fund deficit support.....	-	1,585,673	(1,585,673)	-	-	-
Total other financing uses.....	1,501,107	3,681,494	(2,180,387)	400	110,184	(109,784)
Total expenditures and other financing uses.....	29,099,982	31,048,339	(1,948,357)	1,181,763	1,258,055	(76,292)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(536,439)	(1,503,656)	(967,217)	(179,563)	1,312,757	1,492,320
Fund balances (deficit) at beginning of year.....	1,740,664	1,740,664	-	(1,296,553)	(1,296,553)	-
Fund balances (deficit) at end of year.....	\$ 1,204,225	\$ 237,008	\$ (967,217)	\$ (1,476,116)	\$ 16,204	\$ 1,492,320

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continued

Budgeted Funds

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

Fiscal Year Ended June 30, 2008

(Amounts in thousands)

	Other			Totals (Memorandum only)		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES AND OTHER FINANCING SOURCES						
Revenues:						
Taxes.....	\$ 61,500	\$ 63,208	\$ 1,708	\$ 18,488,300	\$ 19,488,540	\$ 1,000,240
Assessments.....	-	-	-	-	302,184	302,184
Federal grants and reimbursements.....	-	-	-	6,428,500	6,429,469	969
Departmental.....	-	656	656	2,402,400	1,866,898	(535,502)
Miscellaneous.....	-	-	-	89,000	409,559	320,559
Total revenues.....	61,500	63,864	2,364	27,408,200	28,496,650	1,088,450
Other financing sources:						
Fringe benefit cost recovery.....	-	-	-	-	359,297	359,297
Lottery reimbursements.....	-	-	-	104,988	103,126	(1,862)
Lottery distributions.....	-	-	-	1,014,642	1,014,642	-
Tobacco settlement transfer.....	-	-	-	244,000	288,490	44,490
Operating transfers in.....	-	-	-	642,213	368,854	(273,359)
Stabilization transfer.....	-	-	-	315,000	315,000	-
Other fund deficit support.....	-	21,839	21,839	-	1,593,422	1,593,422
Total other financing sources.....	-	21,839	21,839	2,320,843	4,042,831	1,721,988
Total revenues and other financing sources.....	61,500	85,703	24,203	29,729,043	32,539,481	2,810,438
EXPENDITURES AND OTHER FINANCING USES						
Expenditures:						
Legislature.....	-	-	-	89,975	58,090	31,885
Judiciary.....	-	-	-	821,713	812,105	9,608
Inspector General.....	-	-	-	3,261	3,136	125
Governor and Lieutenant Governor.....	-	-	-	10,246	8,757	1,489
Secretary of the Commonwealth.....	-	-	-	44,197	43,981	216
Treasurer and Receiver-General.....	-	-	-	138,845	125,326	13,519
Auditor of the Commonwealth.....	-	-	-	19,002	18,999	3
Attorney General.....	-	-	-	43,918	43,396	522
Ethics Commission.....	-	-	-	1,641	1,629	12
District Attorney.....	-	-	-	102,871	101,954	917
Office of Campaign and Political Finance.....	-	-	-	1,194	1,170	24
Sheriff's Departments.....	-	-	-	295,525	291,713	3,812
Disabled Persons Protection Commission.....	-	-	-	2,019	2,017	2
Board of Library Commissioners.....	-	-	-	32,888	32,888	-
Comptroller.....	-	-	-	12,261	11,910	351
Administration and finance.....	-	-	-	1,734,887	1,658,550	76,337
Energy and environmental affairs.....	130	35	95	235,303	227,374	7,929
Health and human services.....	-	-	-	4,927,339	4,872,307	55,032
Transportation and public works.....	-	-	-	281,405	266,344	15,061
Executive Office of Education:						
Early education and care.....	-	-	-	551,474	549,880	1,594
Department of elementary and secondary education.....	-	-	-	512,764	485,847	26,917
Higher education.....	-	-	-	1,087,956	1,084,406	3,550
Public safety and homeland security.....	-	-	-	1,291,783	1,265,371	26,412
Housing and economic development.....	41,908	38,478	3,430	267,305	247,850	19,455
Labor and workforce development.....	43,987	25,105	18,882	106,084	84,620	21,464
Direct local aid.....	-	-	-	5,040,468	5,040,468	-
Medicaid.....	-	-	-	8,248,486	8,246,342	2,144
Pension.....	-	-	-	1,398,600	1,398,600	-
Debt service:						
Principal retirement.....	-	-	-	1,061,811	1,047,444	14,367
Interest and fiscal charges.....	-	-	-	836,828	820,464	16,364
Total expenditures.....	86,025	63,618	22,407	29,202,049	28,852,938	349,111
Other financing uses:						
Fringe benefit cost assessment.....	-	995	(995)	-	90,716	(90,716)
Operating transfers out.....	-	-	-	117,614	142,275	(24,661)
Commonwealth care transfer.....	-	-	-	789,650	1,045,863	(256,213)
Medical assistance transfer.....	-	-	-	251,000	376,700	(125,700)
State retiree benefits.....	-	-	-	343,243	354,743	(11,500)
Stabilization transfer.....	-	-	-	315,000	315,000	-
Lottery deficit support.....	-	-	-	-	200,019	(200,019)
Transfer for Bay State Competitiveness Investment.....	-	-	-	63,000	63,000	-
Other fund deficit support.....	-	7,749	(7,749)	-	1,593,422	(1,593,422)
Total other financing uses.....	-	8,744	(8,744)	1,879,507	4,181,738	(2,302,231)
Total expenditures and other financing uses.....	86,025	72,362	13,663	31,081,556	33,034,676	(1,953,120)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(24,525)	13,341	37,866	(1,352,513)	(495,195)	857,318
Fund balances (deficit) at beginning of year.....	6,170	6,170	-	2,901,015	2,901,015	-
Fund balances (deficit) at end of year.....	\$ (18,355)	\$ 19,511	\$ 37,866	\$ 1,548,502	\$ 2,405,820	\$ 857,318

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General Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	2008	2007
ASSETS		
Cash and short-term investments.....	\$ 480,969	\$ 1,876,922
Receivables, net of allowance for uncollectibles:		
Due from federal government.....	441,748	579,536
Other receivables.....	17,757	11,927
Due from cities and towns.....	6,674	7,115
Due from other funds.....	5,609	-
Total assets.....	<u>\$ 952,757</u>	<u>\$ 2,475,500</u>
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 624,232	\$ 666,646
Accrued payroll.....	91,517	68,190
Total liabilities.....	<u>715,749</u>	<u>734,836</u>
Fund balance:		
Reserved fund balance:		
Reserved for continuing appropriations.....	131,961	317,096
Unreserved fund balance (deficit):		
Undesignated.....	105,047	1,423,568
Total fund balance (deficit).....	<u>237,008</u>	<u>1,740,664</u>
Total liabilities and fund balance.....	<u>\$ 952,757</u>	<u>\$ 2,475,500</u>

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

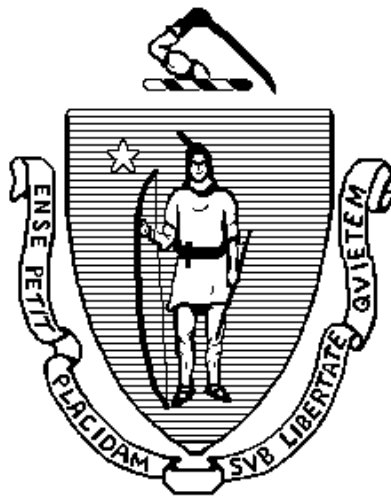
Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008 Budget	2008 Actual	Variance Favorable (Unfavorable)	2007 Actual
REVENUES AND OTHER FINANCING SOURCES				
Revenues:				
Taxes.....	\$ 17,849,800	\$ 18,848,150	\$ 998,350	\$ 17,803,365
Assessments.....	-	288,556	288,556	145,854
Federal grants and reimbursements.....	6,419,900	6,426,929	7,029	6,161,110
Departmental.....	1,973,100	1,223,937	(749,163)	1,199,120
Miscellaneous.....	-	311,434	311,434	360,371
Total revenues.....	26,242,800	27,099,006	856,206	25,669,820
Other financing sources:				
Fringe benefit cost recovery.....	-	359,297	359,297	285,025
Lottery reimbursements.....	104,988	103,126	(1,862)	97,324
Lottery distributions.....	1,014,642	1,014,642	-	999,642
Operating transfers in.....	642,113	365,122	(276,991)	237,300
Stabilization transfers.....	315,000	315,000	-	-
Tobacco settlement transfer.....	244,000	288,490	44,490	247,340
Excess permissible tax revenue.....	-	-	-	43,493
Total other financing sources.....	2,320,743	2,445,677	124,934	1,910,124
Total revenues and other financing sources.....	28,563,543	29,544,683	981,140	27,579,944
EXPENDITURES AND OTHER FINANCING USES				
Expenditures:				
Legislature.....	89,975	58,090	31,885	59,103
Judiciary.....	821,713	812,105	9,608	778,788
Inspector General.....	3,261	3,136	125	3,033
Governor and Lieutenant Governor.....	10,206	8,737	1,469	5,126
Secretary of the Commonwealth.....	44,081	43,865	216	45,148
Treasurer and Receiver-General.....	137,778	124,382	13,396	128,376
Auditor of the Commonwealth.....	19,002	18,999	3	18,267
Attorney General.....	43,437	42,916	521	38,769
Ethics Commission.....	1,641	1,629	12	1,554
District Attorney.....	98,409	98,003	406	89,275
Office of Campaign and Political Finance.....	1,194	1,170	24	1,107
Sheriff's Departments.....	294,986	291,241	3,745	268,132
Disabled Persons Protection Commission.....	2,019	2,017	2	1,903
Board of Library Commissioners.....	32,888	32,888	-	6,656
Comptroller.....	9,012	8,940	72	9,199

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

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008 Budget	2008 Actual	Variance Favorable (Unfavorable)	2007 Actual
Expenditures (continued):				
Administration and finance.....	1,516,319	1,482,131	34,188	1,626,063
Energy and environmental affairs.....	222,805	216,256	6,549	225,573
Health and human services.....	4,835,165	4,796,463	38,702	4,609,840
Transportation and public works.....	181,052	176,298	4,754	204,428
Executive Office of Education:				
Early education and care.....	551,474	549,880	1,594	506,743
Department of elementary and secondary education.....	512,764	485,847	26,917	377,219
Higher education.....	1,087,931	1,084,406	3,525	1,115,696
Public safety and homeland security.....	1,028,114	1,006,953	21,161	825,259
Housing and economic development.....	225,326	209,313	16,013	263,493
Labor and workforce development.....	62,097	59,515	2,582	11,828
Direct local aid.....	5,040,468	5,040,468	-	5,033,364
Medicaid.....	8,248,486	8,246,342	2,144	7,550,447
Pension.....	1,398,600	1,398,600	-	1,335,176
Debt service:				
Principal retirement.....	641,937	635,027	6,910	896,789
Interest and fiscal charges.....	436,735	431,228	5,507	415,854
Total expenditures.....	27,598,875	27,366,845	232,030	26,452,208
Other financing uses:				
Excess permissible tax revenue.....	-	-	-	43,493
Operating transfers out.....	117,214	118,496	(1,282)	153,412
Commonwealth care transfer.....	789,650	1,045,863	(256,213)	722,100
Medical assistance transfer.....	251,000	376,700	(125,700)	364,013
State retiree benefits transfer.....	343,243	354,743	(11,500)	-
Lottery deficit support.....	-	200,019	(200,019)	-
Transfer for Bay State Competitiveness Investment.....	-	-	-	100,000
Other fund deficit support.....	-	1,585,673	(1,585,673)	-
Stabilization transfer.....	-	-	-	90,883
Total other financing uses.....	1,501,107	3,681,494	(2,180,387)	1,473,901
Total expenditures and other financing uses.....	29,099,982	31,048,339	(1,948,357)	27,926,109
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(536,439)	(1,503,656)	(967,217)	(346,165)
Fund balance (deficit) at beginning of year.....	1,740,664	1,740,664	-	2,086,829
Fund balance (deficit) at end of year.....	\$ 1,204,225	\$ 237,008	\$ (967,217)	\$ 1,740,664



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Highway Fund

Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	2008	2007
ASSETS		
Cash and short-term investments.....	\$ 18,230	\$ -
Cash with fiscal agent.....	15,619	10,276
Total assets.....	<u>\$ 33,849</u>	<u>\$ 10,276</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ -	\$ 1,281,517
Accounts payable.....	9,909	19,036
Accrued payroll.....	7,736	6,276
Total liabilities.....	<u>17,645</u>	<u>1,306,829</u>
Fund balance:		
Reserved fund balance:		
Reserved for continuing appropriations.....	585	642
Reserved for debt service.....	15,619	10,276
Unreserved fund balance (deficit):		
Undesignated.....	-	(1,307,471)
Total fund balance (deficit).....	<u>16,204</u>	<u>(1,296,553)</u>
Total liabilities and fund balance.....	<u>\$ 33,849</u>	<u>\$ 10,276</u>

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

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008 Budget	2008 Actual	Variance Favorable (Unfavorable)	2007 Actual
REVENUES AND OTHER FINANCING SOURCES				
Revenues:				
Taxes.....	\$ 576,100	\$ 574,045	\$ (2,055)	\$ 577,622
Assessments.....	-	13,628	13,628	12,769
Federal grants and reimbursements.....	3,600	750	(2,850)	856
Departmental.....	422,500	406,056	(16,444)	399,233
Miscellaneous.....	-	1,135	1,135	1,420
Total revenues.....	1,002,200	995,614	(6,586)	991,900
Other financing sources:				
Operating transfers in.....	-	3,615	3,615	701
Other fund deficit support.....	-	1,571,583	1,571,583	-
Total other financing sources.....	-	1,575,198	1,575,198	701
Total revenues and other financing sources.....	1,002,200	2,570,812	1,568,612	992,601
EXPENDITURES AND OTHER FINANCING USES				
Expenditures:				
Governor and Lieutenant Governor.....	-	-	-	3
Treasurer and Receiver-General.....	1,042	919	123	869
Attorney General.....	481	480	1	480
District Attorney.....	4,462	3,951	511	3,769
Sheriff's Departments.....	539	472	67	771
Comptroller.....	7	7	-	-
Administration and finance.....	5,862	5,836	26	6,078
Transportation and public works.....	98,853	88,804	10,049	78,732
Public safety and homeland security.....	250,079	245,690	4,389	250,101
Housing and economic development.....	71	59	12	55
Debt service:				
Principal retirement.....	419,874	412,417	7,457	389,148
Interest and fiscal charges.....	400,093	389,236	10,857	382,662
Total expenditures.....	1,181,363	1,147,871	33,492	1,112,668
Other financing uses:				
Fringe benefit cost assessment.....	-	87,416	(87,416)	76,448
Operating transfers out.....	400	22,768	(22,368)	29,030
Total other financing uses.....	400	110,184	(109,784)	105,478
Total expenditures and other financing uses.....	1,181,763	1,258,055	(76,292)	1,218,146
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(179,563)	1,312,757	1,492,320	(225,545)
Fund balance (deficit) at beginning of year.....	(1,296,553)	(1,296,553)	-	(1,071,008)
Fund balance (deficit) at end of year.....	\$ (1,476,116)	\$ 16,204	\$ 1,492,320	\$ (1,296,553)

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

June 30, 2008
(Amounts in thousands)

	2008	2007
ASSETS		
Cash and short-term investments.....	\$ -	\$ 1,852,605
Cash with fiscal agent.....	15,619	10,276
Total assets.....	<u>\$ 15,619</u>	<u>\$ 1,862,881</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	<u>-</u>	<u>-</u>
Fund balance:		
Reserved fund balance:		
Reserved for debt service.....	15,619	10,276
Unreserved fund balance (deficit):		
Undesignated.....	<u>-</u>	<u>1,852,605</u>
Total fund balance (deficit).....	<u>15,619</u>	<u>1,862,881</u>
Total liabilities and fund balance.....	<u>\$ 15,619</u>	<u>\$ 1,862,881</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, 2008
(Amounts in thousands)

	2008 Budget	2008 Actual	Variance Favorable (Unfavorable)	2007 Actual
REVENUES AND OTHER FINANCING SOURCES				
Revenues:				
Taxes.....	\$ 194,785	\$ 194,785	\$ -	\$ 148,047
Miscellaneous.....	-	531	531	851
Total revenues.....	194,785	195,316	531	148,898
Other financing sources:				
Operating transfers in.....	-	3,611	3,611	701
Total other financing sources.....	-	3,611	3,611	701
Total revenues and other financing sources.....	194,785	198,927	4,142	149,599
EXPENDITURES AND OTHER FINANCING USES				
Expenditures:				
Debt service:				
Principal retirement.....	32,545	32,545	-	30,325
Interest and fiscal charges.....	23,990	23,990	-	28,542
Total expenditures.....	56,535	56,535	-	58,867
Other financing uses:				
Other fund deficit support.....	-	1,989,654	(1,989,654)	-
Total other financing uses.....	-	1,989,654	(1,989,654)	-
Total expenditures and other financing uses.....	56,535	2,046,189	(1,989,654)	58,867
Excess (deficiency) of revenues and other financing over expenditures and other financing uses.....	138,250	(1,847,262)	(1,985,512)	90,732
Fund balance (deficit) at beginning of year.....	1,862,881	1,862,881	-	1,772,149
Fund balance (deficit) at end of year.....	\$ 2,001,130	\$ 15,619	\$ (1,985,512)	\$ 1,862,881

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, 2008
(Amounts in thousands)

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and short-term investments.....	\$ 1,731,117	\$ 1,963,579
Investments.....	<u>388,077</u>	<u>371,442</u>
Total assets.....	<u><u>\$ 2,119,194</u></u>	<u><u>\$ 2,335,021</u></u>
LIABILITIES AND FUND EQUITY		
Liabilities:		
Accounts payable.....	<u>\$ -</u>	<u>\$ -</u>
Total liabilities.....	<u>-</u>	<u>-</u>
Fund balance:		
Reserved fund balance:		
Reserved for Stabilization.....	<u>2,119,194</u>	<u>2,335,021</u>
Total fund balance (deficit).....	<u>2,119,194</u>	<u>2,335,021</u>
Total liabilities and fund balance.....	<u><u>\$ 2,119,194</u></u>	<u><u>\$ 2,335,021</u></u>

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

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008 Budget	2008 Actual	Variance Favorable (Unfavorable)	2007 Actual
REVENUES AND OTHER FINANCING SOURCES				
Revenues:				
Taxes.....	\$ -	\$ 2,243	\$ 2,243	\$ 2,680
Miscellaneous.....	89,000	96,930	7,930	86,794
Total revenues.....	89,000	99,173	10,173	89,474
Other financing sources:				
Stabilization transfer.....	-	-	-	90,883
Total other financing sources.....	-	-	-	90,883
Total revenues and other financing sources.....	89,000	99,173	10,173	180,357
EXPENDITURES AND OTHER FINANCING USES				
Expenditures:				
Administration and finance.....	-	-	-	-
Total expenditures.....	-	-	-	-
Other financing uses:				
Stabilization transfer.....	315,000	315,000	-	-
Total other financing uses.....	315,000	315,000	-	-
Total expenditures and other financing uses.....	315,000	315,000	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(226,000)	(215,827)	10,173	180,357
Fund balance (deficit) at beginning of year.....	2,335,021	2,335,021	-	2,154,664
Fund balance (deficit) at end of year.....	\$ 2,109,021	\$ 2,119,194	\$ 10,173	\$ 2,335,021

Administrative Control Funds
Combining Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

ASSETS	Temporary Holding Fund	Intra- Governmental Service	Bay State Competitiveness Investment Fund	Totals (Memorandum only)	
				2008	2007
Cash and short-term investments.....	\$ -	\$ 20,212	\$ -	\$ 20,212	\$ 118,543
Total assets.....	<u>\$ -</u>	<u>\$ 20,212</u>	<u>\$ -</u>	<u>\$ 20,212</u>	<u>\$ 118,543</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable.....	\$ -	\$ 15,194	\$ -	\$ 15,194	\$ 15,319
Accrued payroll.....	-	1,215	-	1,215	921
Total liabilities.....	<u>-</u>	<u>16,409</u>	<u>-</u>	<u>16,409</u>	<u>16,240</u>
Fund balances (deficits):					
Reserved for:					
Continuing appropriations.....	-	3,803	-	3,803	2,303
Bay State Competitiveness Investment.....	-	-	-	-	100,000
Total fund balances (deficits).....	<u>-</u>	<u>3,803</u>	<u>-</u>	<u>3,803</u>	<u>102,303</u>
Total liabilities and fund balances.....	<u>\$ -</u>	<u>\$ 20,212</u>	<u>\$ -</u>	<u>\$ 20,212</u>	<u>\$ 118,543</u>
See independent auditors' report					

Administrative Control Funds

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

Fiscal Year Ended June 30, 2008

(Amounts in thousands)

				Totals (Memorandum only)	
	Temporary Holding Fund	Intra- Governmental Service	Bay State Competitiveness Investment Fund	2008	2007
REVENUES AND OTHER FINANCING SOURCES					
Revenues:					
Departmental.....	\$ -	\$ 229,373	\$ -	\$ 229,373	\$ 198,035
Total revenues.....	-	229,373	-	229,373	198,035
Other financing sources:					
Excess permissible tax revenue.....	-	-	-	-	43,493
Transfer for Bay State Competitiveness Investment.....	-	-	-	-	100,000
Total other financing sources.....	-	-	-	-	143,493
Total revenues and other financing sources.....	-	229,373	-	229,373	341,528
EXPENDITURES AND OTHER FINANCING USES					
Expenditures:					
Governor and Lieutenant Governor.....	-	20	-	20	-
Secretary of the Commonwealth.....	-	116	-	116	114
Treasurer and Receiver-General.....	-	25	-	25	-
Comptroller.....	-	2,963	-	2,963	2,833
Administration and finance.....	-	133,583	37,000	170,583	136,124
Energy and environmental affairs.....	-	341	-	341	344
Health and human services.....	-	75,844	-	75,844	44,022
Transportation and public works.....	-	1,242	-	1,242	981
Public safety and homeland security.....	-	12,728	-	12,728	11,772
Total expenditures.....	-	226,862	37,000	263,862	196,190
Other financing uses:					
Operating transfers out.....	-	1,011	-	1,011	511
Transfer for Bay State Competitiveness Investment.....	-	-	63,000	63,000	-
Excess permissible tax revenue.....	-	-	-	-	43,493
Total other financing uses.....	-	1,011	63,000	64,011	44,004
Total expenditures and other financing uses.....	-	227,873	100,000	327,873	240,194
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	-	1,500	(100,000)	(98,500)	101,334
Fund balances (deficit) at beginning of year.....	-	2,303	100,000	102,303	969
Fund balances (deficit) at end of year.....	\$ -	\$ 3,803	\$ -	\$ 3,803	\$ 102,303

See independent auditors' report

Temporary Holding Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and short-term investments.....	\$ -	\$ -
Total assets.....	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCE		
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, 2008
(Amounts in thousands)

	2008 Budget	2008 Actual	Variance Favorable (Unfavorable)	2007 Actual
REVENUES AND OTHER FINANCING SOURCES				
Revenues:				
Miscellaneous.....	\$ -	\$ -	\$ -	\$ -
Total revenues.....	-	-	-	-
Other financing sources:				
Excess permissible tax revenue.....	-	-	-	43,493
Total other financing sources.....	-	-	-	43,493
Total revenues and other financing sources.....	-	-	-	43,493
EXPENDITURES AND OTHER FINANCING USES				
Expenditures:				
Administration and finance.....	-	-	-	-
Total expenditures.....	-	-	-	-
Other financing uses:				
Excess permissible tax revenue.....	-	-	-	43,493
Total other financing uses.....	-	-	-	43,493
Total expenditures and other financing uses.....	-	-	-	43,493
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, 2008
(Amounts in thousands)

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and short-term investments.....	\$ 20,212	\$ 18,543
Total assets.....	<u>\$ 20,212</u>	<u>\$ 18,543</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 15,194	\$ 15,319
Accrued payroll.....	<u>1,215</u>	<u>921</u>
Total liabilities.....	<u>16,409</u>	<u>16,240</u>
Fund balance:		
Reserved fund balance:		
Reserved for continuing appropriations.....	<u>3,803</u>	<u>2,303</u>
Total fund balance (deficit)	<u>3,803</u>	<u>2,303</u>
Total liabilities and fund balance.....	<u>\$ 20,212</u>	<u>\$ 18,543</u>

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

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008 Budget	2008 Actual	Variance Favorable (Unfavorable)	2007 Actual
REVENUES AND OTHER FINANCING SOURCES				
Revenues:				
Departmental.....	\$ -	\$ 229,373	\$ 229,373	\$ 198,035
Total revenues.....	-	229,373	229,373	198,035
Other financing sources:				
Operating transfers in.....	-	-	-	-
Total other financing sources.....	-	-	-	-
Total revenues and other financing sources.....	-	229,373	229,373	198,035
EXPENDITURES AND OTHER FINANCING USES				
Expenditures:				
Governor and Lieutenant Governor.....	40	20	20	-
Secretary of the Commonwealth.....	116	116	-	114
Treasurer and Receiver-General.....	25	25	-	-
Comptroller.....	3,242	2,963	279	2,833
Administration and finance.....	175,706	133,583	42,123	136,124
Energy and environmental affairs.....	510	341	169	344
Health and human services.....	92,174	75,844	16,330	44,022
Transportation and public works.....	1,500	1,242	258	981
Higher education.....	25	-	25	-
Public safety and homeland security.....	13,590	12,728	862	11,772
Total expenditures.....	286,928	226,862	60,066	196,190
Other financing uses:				
Operating transfers out.....	-	1,011	(1,011)	511
Total other financing uses.....	-	1,011	(1,011)	511
Total expenditures and other financing uses.....	286,928	227,873	59,055	196,701
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(286,928)	1,500	288,428	1,334
Fund balance (deficit) at beginning of year.....	2,303	2,303	-	969
Fund balance (deficit) at end of year.....	\$ (284,625)	\$ 3,803	\$ 288,428	\$ 2,303

Bay State Competitiveness Investment Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and short-term investments.....	\$ -	\$ 100,000
Total assets.....	<u>\$ -</u>	<u>\$ 100,000</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	<u>-</u>	<u>-</u>
Fund balance:		
Reserved fund balance:		
Reserved for Bay State Competitiveness Investment.....	-	100,000
Total fund balance (deficit)	<u>-</u>	<u>100,000</u>
Total liabilities and fund balance.....	<u>\$ -</u>	<u>\$ 100,000</u>

Bay State Competitiveness Investment Fund
Statement of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008 Budget	2008 Actual	Variance Favorable (Unfavorable)	2007 Actual
REVENUES AND OTHER FINANCING SOURCES				
Revenues:				
Miscellaneous.....	\$ -	\$ -	\$ -	\$ -
Total revenues.....	-	-	-	-
Other financing sources:				
Transfer for Bay State Competitiveness Investment.....	-	-	-	100,000
Total other financing sources.....	-	-	-	100,000
Total revenues and other financing sources.....	-	-	-	100,000
EXPENDITURES AND OTHER FINANCING USES				
Expenditures:				
Administration and finance.....	37,000	37,000	-	-
Total expenditures.....	37,000	37,000	-	-
Other financing uses:				
Operating transfers out.....	-	-	-	-
Transfer for Bay State Competitiveness Investment.....	63,000	63,000	-	-
Total other financing uses.....	63,000	63,000	-	-
Total expenditures and other financing uses.....	100,000	100,000	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(100,000)	(100,000)	-	100,000
Fund balance (deficit) at beginning of year.....	100,000	100,000	-	-
Fund balance (deficit) at end of year.....	\$ -	\$ -	\$ -	\$ 100,000

Inland Fisheries And Game Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and short-term investments.....	\$ 10,576	\$ 14,287
Total assets.....	<u>\$ 10,576</u>	<u>\$ 14,287</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 327	\$ 761
Accrued payroll.....	<u>149</u>	<u>116</u>
Total liabilities.....	<u>476</u>	<u>877</u>
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	<u>10,100</u>	<u>13,410</u>
Total fund balance (deficit).....	<u>10,100</u>	<u>13,410</u>
Total liabilities and fund balance.....	<u>\$ 10,576</u>	<u>\$ 14,287</u>

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

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008 Budget	2008 Actual	Variance Favorable (Unfavorable)	2007 Actual
REVENUES AND OTHER FINANCING SOURCES				
Revenues:				
Taxes.....	\$ 900	\$ 894	\$ (6)	\$ 894
Federal grants and reimbursements.....	5,000	1,790	(3,210)	5,609
Departmental.....	6,800	6,876	76	6,857
Miscellaneous.....	-	60	60	69
Total revenues.....	<u>12,700</u>	<u>9,620</u>	<u>(3,080)</u>	<u>13,429</u>
Other financing sources:				
Operating transfers in.....	100	117	17	132
Total other financing sources.....	<u>100</u>	<u>117</u>	<u>17</u>	<u>132</u>
Total revenues and other financing sources.....	<u>12,800</u>	<u>9,737</u>	<u>(3,063)</u>	<u>13,561</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures:				
Energy and environmental affairs.....	11,858	10,742	1,116	10,094
Total expenditures.....	<u>11,858</u>	<u>10,742</u>	<u>1,116</u>	<u>10,094</u>
Other financing uses				
Fringe benefit cost assessment.....	-	2,305	(2,305)	1,787
Total other financing uses.....	<u>-</u>	<u>2,305</u>	<u>(2,305)</u>	<u>1,787</u>
Total expenditures and other financing uses.....	<u>11,858</u>	<u>13,047</u>	<u>(1,189)</u>	<u>11,881</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	942	(3,310)	(4,252)	1,680
Fund balance (deficit) at beginning of year.....	<u>13,410</u>	<u>13,410</u>	<u>-</u>	<u>11,730</u>
Fund balance (deficit) at end of year.....	<u>\$ 14,352</u>	<u>\$ 10,100</u>	<u>\$ (4,252)</u>	<u>\$ 13,410</u>

Workforce Training Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	2008	2007
ASSETS		
Cash and short-term investments.....	\$ 21,523	\$ 6,844
Total assets.....	<u>\$ 21,523</u>	<u>\$ 6,844</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 2,600	\$ 5,314
Accrued payroll.....	<u>39</u>	<u>32</u>
Total liabilities.....	<u>2,639</u>	<u>5,346</u>
Fund balance:		
Reserved fund balance:		
Reserved for continuing appropriations.....	18,884	18,000
Unreserved fund balance (deficit):		
Undesignated.....	<u>-</u>	<u>(16,502)</u>
Total fund balance (deficit).....	<u>18,884</u>	<u>1,498</u>
Total liabilities and fund balance.....	<u>\$ 21,523</u>	<u>\$ 6,844</u>

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

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008 Budget	2008 Actual	Variance Favorable (Unfavorable)	2007 Actual
REVENUES AND OTHER FINANCING SOURCES				
Revenues:				
Taxes.....	\$ 21,500	\$ 21,509	\$ 9	\$ 21,449
Miscellaneous.....	-	-	-	62
Total revenues.....	21,500	21,509	9	21,511
Other financing sources:				
Other fund deficit support.....	-	21,839	21,839	-
Total other financing sources.....	-	21,839	21,839	-
Total revenues and other financing sources.....	21,500	43,348	21,848	21,511
EXPENDITURES AND OTHER FINANCING USES				
Expenditures:				
Housing and economic development.....	250	250	-	26,057
Labor and workforce development.....	43,987	25,105	18,882	8,453
Total expenditures.....	44,237	25,355	18,882	34,510
Other financing uses:				
Fringe benefit cost assessment.....	-	607	(607)	550
Total other financing uses.....	-	607	(607)	550
Total expenditures and other financing uses.....	44,237	25,962	18,275	35,060
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses...	(22,737)	17,386	40,123	(13,549)
Fund balance (deficit) at beginning of year.....	1,498	1,498	-	15,047
Fund balance (deficit) at end of year.....	\$ (21,239)	\$ 18,884	\$ 40,123	\$ 1,498

Division of Energy Resources Credit Trust Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	2008	2007
ASSETS		
Cash and short-term investments.....	\$ -	\$ 2,025
Total assets.....	<u>\$ -</u>	<u>\$ 2,025</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	<u>-</u>	<u>-</u>
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	-	2,025
Total fund balance (deficit).....	<u>-</u>	<u>2,025</u>
Total liabilities and fund balance.....	<u>\$ -</u>	<u>\$ 2,025</u>

Division of Energy Resources Credit Trust Fund
Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008 Budget	2008 Actual	Variance Favorable (Unfavorable)	2007 Actual
REVENUES AND OTHER FINANCING SOURCES				
Revenues:				
Departmental.....	\$ -	\$ 656	\$ 656	\$ 469
Total revenues.....	-	656	656	469
Other financing sources:				
Operating transfers in.....	-	-	-	-
Total other financing sources.....	-	-	-	-
Total revenues and other financing sources.....	-	656	656	469
EXPENDITURES AND OTHER FINANCING USES				
Expenditures:				
Energy and environmental affairs.....	-	-	-	-
Total expenditures.....	-	-	-	-
Other financing uses:				
Other fund deficit support.....	-	2,681	(2,681)	-
Total other financing uses.....	-	2,681	(2,681)	-
Total expenditures and other financing uses.....	-	2,681	(2,681)	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	-	(2,025)	(2,025)	469
Fund balance (deficit) at beginning of year.....	2,025	2,025	-	1,556
Fund balance (deficit) at end of year.....	\$ 2,025	\$ -	\$ (2,025)	\$ 2,025

Massachusetts Tourism Fund
Balance Sheet - Statutory Basis

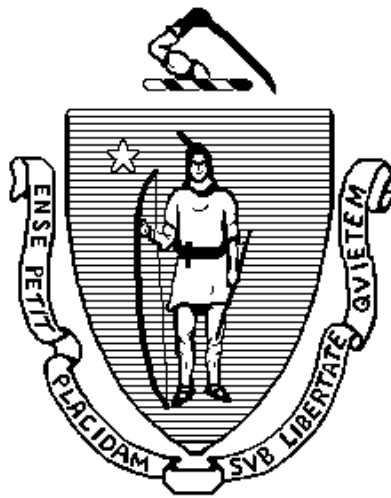
June 30, 2008
(Amounts in thousands)

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and short-term investments.....	\$ 8,054	\$ 9,294
Total assets.....	<u>\$ 8,054</u>	<u>\$ 9,294</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 7,396	\$ 6,627
Accrued payroll.....	<u>31</u>	<u>20</u>
Total liabilities.....	<u>7,427</u>	<u>6,647</u>
Fund balance:		
Reserved fund balance:		
Reserved for continuing appropriations.....	627	2,995
Unreserved fund balance (deficit):		
Undesignated.....	<u>-</u>	<u>(348)</u>
Total fund balance (deficit).....	<u>627</u>	<u>2,647</u>
Total liabilities and fund balance.....	<u>\$ 8,054</u>	<u>\$ 9,294</u>

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

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008 Budget	2008 Actual	Variance Favorable (Unfavorable)	2007 Actual
REVENUES AND OTHER FINANCING SOURCES				
Revenues:				
Taxes.....	\$ 40,000	\$ 41,699	\$ 1,699	\$ 38,881
Total revenues.....	40,000	41,699	1,699	38,881
Other financing sources:				
Operating transfers in.....	-	-	-	-
Total other financing sources.....	-	-	-	-
Total revenues and other financing sources.....	40,000	41,699	1,699	38,881
EXPENDITURES AND OTHER FINANCING USES				
Expenditures:				
Treasurer and Receiver-General.....	-	-	-	700
Energy and environmental affairs.....	130	35	95	330
Housing and economic development.....	41,658	38,228	3,430	43,182
Total expenditures.....	41,788	38,263	3,525	44,212
Other financing uses:				
Fringe benefit cost assessment.....	-	388	(388)	285
Other fund deficit support.....	-	5,068	(5,068)	-
Total other financing uses.....	-	5,456	(5,456)	285
Total expenditures and other financing uses.....	41,788	43,719	(1,931)	44,497
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(1,788)	(2,020)	(232)	(5,616)
Fund balance (deficit) at beginning of year.....	2,647	2,647	-	8,263
Fund balance (deficit) at end of year.....	\$ 859	\$ 627	\$ (232)	\$ 2,647



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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 five 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.

Commonwealth Care Trust Fund – to collect fair share employer assessments, free rider surcharges, transfers from the Health Safety Net Trust Fund, any funds that may be appropriated or transferred for deposit into the trust fund for the purposes of the demonstration program approved the Secretary of the United States Department of Health and Human Services under section 1115 of the Social Security Act, as extended or renewed from time to time and individual health care coverage penalties for the purpose of

providing health care coverage in accordance with the act providing access to affordable, quality, accountable health care of 2006.

Essential Community Provider Trust Fund – to account for transfers and interests; used for payments to acute care hospitals and community health centers, as defined in Chapter 58, Acts of 2006, Section 8.

Medical Assistance Trust Fund – to account for any funds directed to the Commonwealth from public entities and federal revenues related to medical assistance; to be used for medical assistance payments to entities authorized by the general court.

Health Safety Net Trust Fund – to account for reimbursing hospitals and community health centers for a portion of the cost of reimbursable health services provided to low-income, uninsured or underinsured residents 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. Though not repealed, the balance in the fund was transferred to the Health Safety Net Trust Fund on October 1, 2007.

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.

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. Though not repealed, the balance in the Health Care Security Trust Fund will be transferred to the State Retiree Benefits Trust Fund on or before June 30, 2008.

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.

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. Though not repealed, the balance in this fund was transferred to the General Fund as of October 1, 2007.

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. This fund closed on September 30, 2006 and any remaining balance was transferred to the Essential Community Provider Trust Fund.

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. This fund closed as of June 30, 2008 with all amounts now reported in the General Fund.

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.

Smart Growth Housing Trust Fund – This fund is controlled by the Department of Housing and Community Development for the purpose of making payments to communities under Smart Growth and Housing Production program. Revenues are from sale of surplus property for the total amount of sales between \$25 million to \$50 million, or appropriations from the General Fund and monetary sanctions imposed by the department.

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.

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.

Workforce Competitiveness Trust Fund – to account for funds to support the development and implementation of employer and work responsive programs to enhance worker skills, income, productivity and retention and to increase the quality and competitiveness of Massachusetts firms. The fund is administered by the Executive Office of Labor and Workforce Development.

Cigarette Fire Safety & Firefighter Protection Act Enforcement Fund – to account for the Fire Safety certification fees submitted by cigarette manufacturers. The fund is used solely to support state processing, testing, enforcement and oversight activities related to implementation of the cigarette fire safety regulation.

Massachusetts Board of Higher Education Scholar-Internship Match Fund – to provide a match for industry scholarships given to Massachusetts students going on to study for a post-secondary degree at Massachusetts public higher education institutions. The amount to be matched through the Scholar-Internship Match Fund shall not exceed \$5,000 per student, contingent upon receiving a corresponding industry scholarship or internship of up to the same amount.

Central Artery /Tunnel Project Repair and Maintenance Trust Fund – to account for any costs incurred in connection with the repairs and maintenance of the Central Artery and the Ted Williams Tunnel.

District Local Technical Assistance Fund – to account for grants to regional planning agencies for technical assistance to municipalities and to develop a state-wide zoning, land use planning, conservation, public safety planning, information technology and statistical trend modeling under the supervision of the Department of Housing and Community Development. The annual expenditures cannot exceed \$2.8 million in any fiscal year.

Educational Rewards Grant Program Fund – to account for grants to students in accredited post-secondary certificate or vocational technology programs or associate degree in targeted high-demand occupations.

Government Land Bank Fund – to account for proceeds from disposition, conversion and redevelopment of land used for industrial and low income housing developments. 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.

Commonwealth Covenant Fund – to support programs that provide accessible tuition loan repayments to students who attend public universities or colleges in Massachusetts and stay to pursue careers in the STEM (Science, Technology, Engineering and Math) fields.

Massachusetts Alternative and Clean Energy Investment Trust Fund – to account for any funds invested in clean energy technology research and issue seed grants to companies, universities and nonprofits to encourage the creation of clean technology ventures and the training of workers to perform associated green jobs.

Mosquito and Greenhead Fly Control Fund – to account for assessments to cities and towns of various mosquito control districts; 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, Buzzards 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.

Massachusetts Military Family Relief Fund – to account for revenues received by the Commonwealth under the provisions of section 6K of Chapter 62, from public and private sources as gifts, grants, and donations to further the purposes of the fund, which is to help members of the

Massachusetts National Guard and Massachusetts residents who are members of the Armed Forces of the United States and who were called to active duty after September 11, 2001.

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 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.

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

Energy Technology Development Fund – to account for revenues received from miscellaneous trusts, gifts and donations to be administered and expended by the commissioner of the Division of Energy Resources to promote energy efficiency and the research development and commercialization of new energy technologies.

Natural Resources Damages Trust Fund – to account for gifts, grants and other contributions received to fund natural resources restoration projects.

Department of Mental Retardation Trust Fund – to account for any receipts from assessments transfers by Department of Mental Retardation for public facilities and any other federal financial participation. Expenditures are for operating the intermediate care facilities and community residences serving individuals with mental retardation.

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.

Fire Prevention and Public Safety Fund – to account for all penalties recovered under the cigarette fire safety regulation act to be used for fire safety and prevention programs.

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

June 30, 2008
(Amounts in thousands)

	Federal Grants	Lotteries	Universal Health Care
ASSETS			
Cash and short-term investments.....	\$ -	\$ 9,474	\$ 482,298
Cash with fiscal agent.....	-	-	-
Investments.....	-	-	-
Receivables, net of allowance for uncollectibles:			
Due from federal government.....	295,137	-	-
Other receivables.....	-	2,797	-
Due from cities and towns.....	-	-	-
Total assets.....	<u>\$ 295,137</u>	<u>\$ 12,271</u>	<u>\$ 482,298</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Deficiency in cash and short-term investments.....	\$ 44,198	\$ -	\$ -
Accounts payable.....	208,585	44,645	73,830
Accrued payroll.....	5,170	-	53
Due to other funds.....	-	-	-
Total liabilities.....	<u>257,953</u>	<u>44,645</u>	<u>73,883</u>
Fund balances:			
Reserved for:			
Debt service.....	-	-	-
Unreserved:			
Designated for specific purpose.....	37,184	-	408,415
Undesignated.....	-	(32,374)	-
Total fund balances (deficit).....	<u>37,184</u>	<u>(32,374)</u>	<u>408,415</u>
Total liabilities and fund balances.....	<u>\$ 295,137</u>	<u>\$ 12,271</u>	<u>\$ 482,298</u>

See independent auditors' report

Totals (Memorandum only)		
Other	2008	2007
\$ 848,701	\$ 1,340,473	\$ 903,305
755,002	755,002	703,043
40,543	40,543	552,515
66,618	361,755	401,875
76	2,873	39,972
-	-	51,522
<u>\$ 1,710,940</u>	<u>\$ 2,500,646</u>	<u>\$ 2,652,232</u>
\$ -	\$ 44,198	\$ 186,055
148,099	475,159	652,109
911	6,134	4,949
<u>65,060</u>	<u>65,060</u>	<u>74,582</u>
<u>214,070</u>	<u>590,551</u>	<u>917,695</u>
755,002	755,002	703,043
788,268	1,233,867	1,197,798
<u>(46,400)</u>	<u>(78,774)</u>	<u>(166,304)</u>
<u>1,496,870</u>	<u>1,910,095</u>	<u>1,734,537</u>
<u>\$ 1,710,940</u>	<u>\$ 2,500,646</u>	<u>\$ 2,652,232</u>

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

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	Federal Grants	Lotteries	Universal Health Care
REVENUES AND OTHER FINANCING SOURCES			
Revenues:			
Taxes.....	\$ -	\$ 1,006	\$ 12,364
Assessments.....	-	-	330,650
Federal grants and reimbursements.....	2,065,355	-	-
Tobacco settlement revenue.....	-	-	-
Departmental.....	-	4,906,312	50,133
Miscellaneous.....	38	9,164	138,760
Total revenues.....	2,065,393	4,916,482	531,907
Other financing sources:			
Operating transfers in.....	1,384	71,699	28,000
Health care security trust transfer.....	-	-	-
Lottery deficit support.....	-	200,019	-
Uncompensated care pool transfer.....	-	-	-
Health safety net trust transfer.....	-	-	109,276
Commonwealth care transfer.....	-	-	1,047,663
Medical assistance transfer.....	-	-	376,700
Transfer for Bay State Competitiveness Investment.....	-	-	-
Total other financing sources.....	1,384	271,718	1,561,639
Total revenues and other financing sources.....	2,066,777	5,188,200	2,093,546
EXPENDITURES AND OTHER FINANCING USES			
Expenditures:			
Judiciary.....	459	-	-
Inspector General.....	-	-	61
Secretary of the Commonwealth.....	1,207	-	-
Treasurer and Receiver-General.....	772	3,902,052	-
Attorney General.....	8,383	-	-
District Attorney.....	2,135	-	-
Office of Campaign and Political Finance.....	-	-	-
Sheriff's Departments.....	2,507	-	-
Disabled Persons Protection Commission.....	47	-	-
Board of Library Commissioners.....	3,257	-	-
Comptroller.....	-	-	-
Administration and finance.....	6,965	-	-
Energy and environmental affairs.....	31,016	-	-
Health and human services.....	384,429	-	1,799,291
Transportation and public works.....	11,539	-	-
Executive Office of Education:			
Early education and care.....	9,019	-	-
Department of elementary and secondary education.....	805,736	-	-
Higher education.....	8,703	-	-
Public safety and homeland security.....	91,337	-	-
Housing and economic development.....	426,043	-	-
Labor and workforce development.....	136,167	-	38,529
Direct local aid.....	-	-	-
Medicaid.....	-	-	-
Debt service:			
Principal retirement.....	-	-	-
Interest and fiscal charges.....	-	-	-
Total expenditures.....	1,929,721	3,902,052	1,837,881
Other financing uses:			
Fringe benefit cost assessment.....	55,706	10,223	983
Lottery operating reimbursements.....	-	103,126	-
Lottery distributions.....	-	1,014,642	-
Federal reimbursement transfer out.....	-	-	-
Tobacco settlement transfer.....	-	-	-
Health care quality improvement transfer.....	-	-	-
Uncompensated care pool transfer.....	-	-	-
State retiree benefits transfer.....	-	-	-
Commonwealth care transfer.....	-	-	1,800
Health safety net trust transfer.....	-	-	109,276
Operating transfers out.....	45,223	71,699	2,709
Total other financing uses.....	100,929	1,199,690	114,768
Total expenditures and other financing uses.....	2,030,650	5,101,742	1,952,649
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	36,127	86,458	140,897
Fund balances (deficit) at beginning of year.....	1,057	(118,832)	267,518
Fund balances (deficit) at end of year.....	\$ 37,184	\$ (32,374)	\$ 408,415

See independent auditors' report

Other	Totals (Memorandum only)	
	2008	2007
\$ 1,507,419	\$ 1,520,789	\$ 1,404,296
173,348	503,998	635,305
487,224	2,552,579	2,626,284
288,490	288,490	247,340
98,265	5,054,710	4,793,147
654,944	802,906	131,988
<u>3,209,690</u>	<u>10,723,472</u>	<u>9,838,360</u>
93,046	194,129	224,557
-	-	288,905
-	200,019	-
-	-	290,000
-	109,276	-
-	1,047,663	722,100
-	376,700	364,013
53,000	53,000	-
<u>146,046</u>	<u>1,980,787</u>	<u>1,889,575</u>
<u>3,355,736</u>	<u>12,704,259</u>	<u>11,727,935</u>
1,560	2,019	2,369
-	61	137
5,533	6,740	6,357
1,583,117	5,485,941	5,124,147
395	8,778	9,651
155	2,290	2,740
-	-	1,339
-	2,507	2,809
-	47	-
-	3,257	2,977
1,757	1,757	1,740
176,026	182,991	149,874
22,001	53,017	51,040
156,336	2,340,056	1,901,148
35,819	47,358	43,447
777	9,796	10,904
-	805,736	805,548
2,243	10,946	9,963
1,562	92,899	84,026
12,183	438,226	528,220
3,554	178,250	47,082
9,848	9,848	7,653
-	-	290,459
132,287	132,287	130,601
119,363	119,363	124,608
<u>2,264,516</u>	<u>9,934,170</u>	<u>9,338,839</u>
12,048	78,960	65,803
-	103,126	97,324
-	1,014,642	999,642
326,358	326,358	332,244
288,490	288,490	247,340
-	-	288,905
-	-	290,000
328,552	328,552	-
-	1,800	-
-	109,276	-
<u>223,696</u>	<u>343,327</u>	<u>186,254</u>
<u>1,179,144</u>	<u>2,594,531</u>	<u>2,507,512</u>
<u>3,443,660</u>	<u>12,528,701</u>	<u>11,846,351</u>
(87,924)	175,558	(118,416)
<u>1,584,794</u>	<u>1,734,537</u>	<u>1,852,953</u>
<u>\$ 1,496,870</u>	<u>\$ 1,910,095</u>	<u>\$ 1,734,537</u>

Federal Grants Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	<u>2008</u>	<u>2007</u>
ASSETS		
Receivables, net of allowance for uncollectibles:		
Due from federal government.....	\$ 295,137	\$ 325,248
Total assets.....	<u>\$ 295,137</u>	<u>\$ 325,248</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ 44,198	\$ 92,563
Accounts payable.....	208,585	227,376
Accrued payroll.....	<u>5,170</u>	<u>4,252</u>
Total liabilities.....	<u>257,953</u>	<u>324,191</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	<u>37,184</u>	<u>1,057</u>
Total fund balance (deficit).....	<u>37,184</u>	<u>1,057</u>
Total liabilities and fund balance.....	<u>\$ 295,137</u>	<u>\$ 325,248</u>

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

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Federal grants and reimbursements.....	\$ 2,065,355	\$ 1,989,118
Miscellaneous.....	38	474
Total revenues.....	<u>2,065,393</u>	<u>1,989,592</u>
Other financing sources:		
Operating transfers in.....	1,384	814
Total other financing sources.....	<u>1,384</u>	<u>814</u>
Total revenues and other financing sources.....	<u>2,066,777</u>	<u>1,990,406</u>
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Judiciary.....	459	565
Secretary of the Commonwealth.....	1,207	631
Treasurer and Receiver-General.....	772	1,047
Attorney General.....	8,383	9,254
District Attorney.....	2,135	2,578
Sheriff's Departments.....	2,507	2,809
Disabled Persons Protection Commission.....	47	-
Board of Library Commissioners.....	3,257	2,977
Administration and finance.....	6,965	15,954
Energy and environmental affairs.....	31,016	32,739
Health and human services.....	384,429	374,100
Transportation and public works.....	11,539	10,279
Executive Office of Education:		
Early education and care.....	9,019	10,690
Department of elementary and secondary education.....	805,736	805,548
Higher education.....	8,703	9,159
Public safety and homeland security.....	91,337	82,014
Housing and economic development.....	426,043	497,370
Labor and workforce development.....	136,167	39,246
Total expenditures.....	<u>1,929,721</u>	<u>1,896,960</u>
Other financing uses:		
Fringe benefit cost assessment.....	55,706	49,376
Operating transfers out.....	45,223	46,393
Total other financing uses.....	<u>100,929</u>	<u>95,769</u>
Total expenditures and other financing uses.....	<u>2,030,650</u>	<u>1,992,729</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	36,127	(2,323)
Fund balance (deficit) at beginning of year.....	1,057	3,380
Fund balance (deficit) at end of year.....	<u>\$ 37,184</u>	<u>\$ 1,057</u>

State Lottery Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	2008	2007
ASSETS		
Cash and short-term investments.....	\$ 5,782	\$ -
Receivables, net of allowance for uncollectibles:		
Other receivables.....	2,797	2,185
Total assets.....	<u>\$ 8,579</u>	<u>\$ 2,185</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ -	\$ 47,299
Accounts payable.....	40,953	73,718
Total liabilities.....	<u>40,953</u>	<u>121,017</u>
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	(32,374)	(118,832)
Total fund balance (deficit).....	(32,374)	(118,832)
Total liabilities and fund balance.....	<u>\$ 8,579</u>	<u>\$ 2,185</u>

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

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Taxes.....	\$ 1,006	\$ 1,124
Departmental.....	4,762,481	4,502,396
Miscellaneous.....	8,403	12,833
Total revenues.....	<u>4,771,890</u>	<u>4,516,353</u>
Other financing sources:		
Lottery deficit support.....	200,019	-
Total other financing sources.....	<u>200,019</u>	<u>-</u>
Total revenues and other financing sources.....	<u>4,971,909</u>	<u>4,516,353</u>
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Treasurer and Receiver-General.....	3,776,342	3,550,776
Total expenditures.....	<u>3,776,342</u>	<u>3,550,776</u>
Other financing uses:		
Fringe benefit cost assessment.....	10,223	5,958
Lottery operating reimbursements	91,159	87,934
Lottery distributions.....	936,028	921,028
Operating transfers out.....	71,699	69,489
Total other financing uses.....	<u>1,109,109</u>	<u>1,084,409</u>
Total expenditures and other financing uses.....	<u>4,885,451</u>	<u>4,635,185</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	86,458	(118,832)
Fund balance (deficit) at beginning of year.....	(118,832)	-
Fund balance (deficit) at end of year.....	<u>\$ (32,374)</u>	<u>\$ (118,832)</u>

Arts Lottery Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and short-term investments.....	\$ 3,692	\$ 4,577
Receivables, net of allowance for uncollectibles:		
Other receivables.....	<u>-</u>	<u>854</u>
Total assets.....	<u>\$ 3,692</u>	<u>\$ 5,431</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	<u>\$ 3,692</u>	<u>\$ 5,431</u>
Total liabilities.....	<u>3,692</u>	<u>5,431</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>\$ 3,692</u>	<u>\$ 5,431</u>

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

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Departmental.....	\$ 143,831	\$ 154,393
Miscellaneous.....	761	691
Total revenues.....	144,592	155,084
Other financing sources:		
Operating transfers in.....	71,699	69,489
Total other financing sources.....	71,699	69,489
Total revenues and other financing sources.....	216,291	224,573
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Treasurer and Receiver-General.....	125,710	136,569
Total expenditures.....	125,710	136,569
Other financing uses:		
Lottery operating reimbursements	11,967	9,390
Lottery distributions.....	78,614	78,614
Total other financing uses.....	90,581	88,004
Total expenditures and other financing uses.....	216,291	224,573
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.....	\$ -	\$ -

Commonwealth Care Trust Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	2008	2007
ASSETS		
Cash and short-term investments.....	\$ 184,257	\$ 28,173
Other receivables.....	-	1,358
Total assets.....	<u>\$ 184,257</u>	<u>\$ 29,531</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 139	\$ -
Total liabilities.....	<u>139</u>	<u>-</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	184,118	29,531
Total fund balance (deficit).....	<u>184,118</u>	<u>29,531</u>
Total liabilities and fund balance.....	<u>\$ 184,257</u>	<u>\$ 29,531</u>

Commonwealth Care Trust Fund
Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Taxes.....	\$ 12,364	\$ -
Departmental.....	2,021	4,342
Miscellaneous.....	25,504	-
Total revenues.....	39,889	4,342
Other financing sources:		
Commonwealth care transfer.....	1,047,663	722,100
Total other financing sources.....	1,047,663	722,100
Total revenues and other financing sources.....	1,087,552	726,442
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Health and human services.....	897,670	406,911
Labor and workforce development.....	1,244	-
Total expenditures.....	898,914	406,911
Other financing uses:		
Fringe benefit cost assessment.....	139	-
Operating transfers out.....	12	-
Uncompensated care pool transfer.....	-	290,000
Health safety net trust transfer.....	33,900	-
Total other financing uses.....	34,051	290,000
Total expenditures and other financing uses.....	932,965	696,911
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	154,587	29,531
Fund balance (deficit) at beginning of year.....	29,531	-
Fund balance (deficit) at end of year.....	\$ 184,118	\$ 29,531

Essential Community Provider Trust Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	2008	2007
ASSETS		
Cash and short-term investments.....	\$ 410	\$ 9,648
Total assets.....	<u>\$ 410</u>	<u>\$ 9,648</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 95	\$ -
Total liabilities.....	<u>95</u>	<u>-</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	315	9,648
Total fund balance (deficit).....	<u>315</u>	<u>9,648</u>
Total liabilities and fund balance.....	<u>\$ 410</u>	<u>\$ 9,648</u>

Essential Community Provider Trust Fund
Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Departmental.....	\$ -	\$ -
Total revenues.....	-	-
Other financing sources:		
Operating transfers in.....	28,000	47,648
Total other financing sources.....	28,000	47,648
Total revenues and other financing sources.....	28,000	47,648
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Health and human services.....	37,333	38,000
Total expenditures.....	37,333	38,000
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	37,333	38,000
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(9,333)	9,648
Fund balance (deficit) at beginning of year.....	9,648	-
Fund balance (deficit) at end of year.....	\$ 315	\$ 9,648

Medical Assistance Trust Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	2008	2007
ASSETS		
Cash and short-term investments.....	\$ 102,759	\$ 125,000
Total assets.....	<u>\$ 102,759</u>	<u>\$ 125,000</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 64,000	\$ 125,000
Total liabilities.....	<u>64,000</u>	<u>125,000</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	<u>38,759</u>	<u>-</u>
Total fund balance (deficit).....	<u>38,759</u>	<u>-</u>
Total liabilities and fund balance.....	<u>\$ 102,759</u>	<u>\$ 125,000</u>

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

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Miscellaneous.....	\$ 107,250	\$ -
Total revenues.....	107,250	-
Other financing sources:		
Medical assistance transfer.....	376,700	364,013
Total other financing sources.....	376,700	364,013
Total revenues and other financing sources.....	483,950	364,013
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Health and human services.....	445,191	434,013
Total expenditures.....	445,191	434,013
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	445,191	434,013
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	38,759	(70,000)
Fund balance (deficit) at beginning of year.....	-	70,000
Fund balance (deficit) at end of year.....	\$ 38,759	\$ -

Health Safety Net Trust Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	2008	2007
ASSETS		
Cash and short-term investments.....	\$ 102,182	\$ -
Total assets.....	<u>\$ 102,182</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 7,468	\$ -
Total liabilities.....	<u>7,468</u>	<u>-</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	94,714	-
Total fund balance (deficit).....	<u>94,714</u>	<u>-</u>
Total liabilities and fund balance.....	<u>\$ 102,182</u>	<u>\$ -</u>

Health Safety Net Trust Fund
Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Assessments.....	\$ 257,304	\$ -
Miscellaneous.....	3,563	-
Total revenues.....	260,867	-
Other financing sources:		
Health safety net trust transfer.....	109,276	-
Total other financing sources.....	109,276	-
Total revenues and other financing sources.....	370,143	-
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Inspector General.....	35	-
Health and human services.....	275,394	-
Total expenditures.....	275,429	-
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	275,429	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	94,714	-
Fund balance (deficit) at beginning of year.....	-	-
Fund balance (deficit) at end of year.....	\$ 94,714	\$ -

Uncompensated Care Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	2008	2007
ASSETS		
Cash and short-term investments.....	\$ -	\$ 155,284
Total assets.....	<u>\$ -</u>	<u>\$ 155,284</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ -	\$ 10,796
Total liabilities.....	<u>-</u>	<u>10,796</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	-	144,488
Total fund balance (deficit).....	<u>-</u>	<u>144,488</u>
Total liabilities and fund balance.....	<u>\$ -</u>	<u>\$ 155,284</u>

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

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Assessments.....	\$ 73,346	\$ 319,568
Miscellaneous.....	1,271	7,093
Total revenues.....	74,617	326,661
Other financing sources:		
Uncompensated care pool transfer.....	-	290,000
Total other financing sources.....	-	290,000
Total revenues and other financing sources.....	74,617	616,661
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Inspector General.....	26	137
Health and human services.....	143,703	617,362
Total expenditures.....	143,729	617,499
Other financing uses:		
Operating transfers out.....	-	12,159
Health safety net trust transfer.....	75,376	-
Total other financing uses.....	75,376	12,159
Total expenditures and other financing uses.....	219,105	629,658
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(144,488)	(12,997)
Fund balance (deficit) at beginning of year.....	144,488	157,485
Fund balance (deficit) at end of year.....	\$ -	\$ 144,488

Medical Security Trust Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	2008	2007
ASSETS		
Cash and short-term investments.....	\$ 92,690	\$ 85,386
Total assets.....	<u>\$ 92,690</u>	<u>\$ 85,386</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 2,128	\$ 1,502
Accrued payroll.....	<u>53</u>	<u>33</u>
Total liabilities.....	<u>2,181</u>	<u>1,535</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	<u>90,509</u>	<u>83,851</u>
Total fund balance (deficit).....	<u>90,509</u>	<u>83,851</u>
Total liabilities and fund balance.....	<u>\$ 92,690</u>	<u>\$ 85,386</u>

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

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Departmental.....	\$ 48,112	\$ 48,617
Miscellaneous.....	1,172	378
Total revenues.....	49,284	48,995
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	49,284	48,995
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Treasurer and Receiver-General.....	-	1
Housing and economic development.....	-	18,459
Labor and workforce development.....	37,285	7,239
Total expenditures.....	37,285	25,699
Other financing uses:		
Fringe benefit cost assessment.....	844	586
Commonwealth care transfer.....	1,800	-
Operating transfers out.....	2,697	2,664
Total other financing uses.....	5,341	3,250
Total expenditures and other financing uses.....	42,626	28,949
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	6,658	20,046
Fund balance (deficit) at beginning of year.....	83,851	63,805
Fund balance (deficit) at end of year.....	\$ 90,509	\$ 83,851

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

June 30, 2008
(Amounts in thousands)

	2008	2007
ASSETS		
Cash and short-term investments.....	\$ 579	\$ 761
Total assets.....	<u>\$ 579</u>	<u>\$ 761</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 134	\$ 301
Accrued payroll.....	<u>177</u>	<u>23</u>
Total liabilities.....	<u>311</u>	<u>324</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	<u>268</u>	<u>437</u>
Total fund balance (deficit).....	<u>268</u>	<u>437</u>
Total liabilities and fund balance.....	<u>\$ 579</u>	<u>\$ 761</u>

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

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Assessments.....	\$ 3,517	\$ 3,386
Departmental.....	208	207
Total revenues.....	3,725	3,593
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	3,725	3,593
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Energy and environmental affairs.....	2,979	870
Housing and economic development.....	81	2,007
Total expenditures.....	3,060	2,877
Other financing uses:		
Fringe benefit cost assessment.....	625	401
Operating transfers out.....	209	202
Total other financing uses.....	834	603
Total expenditures and other financing uses.....	3,894	3,480
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(169)	113
Fund balance (deficit) at beginning of year.....	437	324
Fund balance (deficit) at end of year.....	\$ 268	\$ 437

Liability Management and Reduction Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	2008	2007
ASSETS		
Cash and short-term investments.....	\$ 3,421	\$ 2,953
Total assets.....	<u>\$ 3,421</u>	<u>\$ 2,953</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 257	\$ 191
Accrued payroll.....	<u>2</u>	<u>1</u>
Total liabilities.....	<u>259</u>	<u>192</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	<u>3,162</u>	<u>2,761</u>
Total fund balance (deficit).....	<u>3,162</u>	<u>2,761</u>
Total liabilities and fund balance.....	<u>\$ 3,421</u>	<u>\$ 2,953</u>

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

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Departmental.....	\$ 2,188	\$ 2,341
Miscellaneous.....	51	59
Total revenues.....	2,239	2,400
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	2,239	2,400
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Attorney General.....	54	82
Comptroller.....	1,757	1,740
Total expenditures.....	1,811	1,822
Other financing uses:		
Fringe benefit cost assessment.....	27	21
Total other financing uses.....	27	21
Total expenditures and other financing uses.....	1,838	1,843
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	401	557
Fund balance (deficit) at beginning of year.....	2,761	2,204
Fund balance (deficit) at end of year.....	\$ 3,162	\$ 2,761

Health Care Security Trust Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	2008	2007
ASSETS		
Cash and short-term investments.....	\$ -	\$ 7,375
Investments.....	40,543	552,515
Receivables, net of allowance for uncollectibles:		
Other receivables.....	-	35,575
Total assets.....	<u>\$ 40,543</u>	<u>\$ 595,465</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ -	\$ 85,739
Accrued payroll.....	-	3
Total liabilities.....	<u>-</u>	<u>85,742</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	40,543	509,723
Total fund balance (deficit).....	<u>40,543</u>	<u>509,723</u>
Total liabilities and fund balance.....	<u>\$ 40,543</u>	<u>\$ 595,465</u>

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

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Assessments.....	\$ -	\$ 148,441
Federal grants reimbursements.....	-	145,288
Departmental.....	-	186
Tobacco settlement revenue.....	288,490	247,340
Miscellaneous.....	179,347	62,068
Total revenues.....	467,837	603,323
Other financing sources:		
Operating transfer in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	467,837	603,323
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Administration and finance	9	9
Health and human services	126,768	480
Total expenditures.....	126,777	489
Other financing uses:		
Fringe benefit cost assessment.....	53	42
Tobacco settlement transfer.....	288,490	247,340
Health care quality improvement transfer.....	-	288,905
State retiree benefits transfer.....	328,552	-
Operating transfers out.....	193,145	28,566
Total other financing uses.....	810,240	564,853
Total expenditures and other financing uses.....	937,017	565,342
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(469,180)	37,981
Fund balance (deficit) at beginning of year.....	509,723	471,742
Fund balance (deficit) at end of year.....	\$ 40,543	\$ 509,723

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

June 30, 2008
(Amounts in thousands)

	2008	2007
ASSETS		
Cash and short-term investments.....	\$ 1,037	\$ 751
Total assets.....	<u>\$ 1,037</u>	<u>\$ 751</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 199	\$ -
Total liabilities.....	<u>199</u>	<u>-</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	838	751
Total fund balance (deficit).....	<u>838</u>	<u>751</u>
Total liabilities and fund balance.....	<u>\$ 1,037</u>	<u>\$ 751</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, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Departmental.....	\$ 286	\$ 389
Total revenues.....	286	389
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	286	389
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Health and human services.....	199	690
Total expenditures.....	199	690
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	199	690
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	87	(301)
Fund balance (deficit) at beginning of year.....	751	1,052
Fund balance (deficit) at end of year.....	\$ 838	\$ 751

MBTA State and Local Contribution Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	2008	2007
ASSETS		
Cash and short-term investments.....	\$ 76,569	\$ 80,499
Total assets.....	<u>\$ 76,569</u>	<u>\$ 80,499</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 76,569	\$ 80,499
Total liabilities.....	<u>76,569</u>	<u>80,499</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	-	-
Total fund balance (deficit).....	<u>-</u>	<u>-</u>
Total liabilities and fund balance.....	<u>\$ 76,569</u>	<u>\$ 80,499</u>

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

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Taxes.....	\$ 755,982	\$ 733,963
Assessments.....	142,913	139,428
Total revenues.....	898,895	873,391
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	898,895	873,391
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Treasurer and Receiver-General.....	898,895	873,391
Total expenditures.....	898,895	873,391
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	898,895	873,391
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, 2008
(Amounts in thousands)

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and short-term investments.....	\$ 6,796	\$ 5,757
Total assets.....	<u>\$ 6,796</u>	<u>\$ 5,757</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 58	\$ 43
Accrued payroll.....	<u>2</u>	<u>1</u>
Total liabilities.....	<u>60</u>	<u>44</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	<u>6,736</u>	<u>5,713</u>
Total fund balance (deficit).....	<u>6,736</u>	<u>5,713</u>
Total liabilities and fund balance.....	<u>\$ 6,796</u>	<u>\$ 5,757</u>

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

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Miscellaneous.....	\$ 223	\$ 249
Total revenues.....	223	249
Other financing sources:		
Operating transfers in.....	2,619	2,596
Total other financing sources.....	2,619	2,596
Total revenues and other financing sources.....	2,842	2,845
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Health and human services.....	1,779	1,258
Total expenditures.....	1,779	1,258
Other financing uses:		
Fringe benefit cost assessment.....	29	24
Operating transfers out.....	11	11
Total other financing uses.....	40	35
Total expenditures and other financing uses.....	1,819	1,293
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	1,023	1,552
Fund balance (deficit) at beginning of year.....	5,713	4,161
Fund balance (deficit) at end of year.....	\$ 6,736	\$ 5,713

MBTA Infrastructure Renovation Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and short-term investments.....	\$ 10,983	\$ 19,115
Total assets.....	<u>\$ 10,983</u>	<u>\$ 19,115</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 206	\$ 1,625
Total liabilities.....	<u>206</u>	<u>1,625</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	<u>10,777</u>	<u>17,490</u>
Total fund balance (deficit).....	<u>10,777</u>	<u>17,490</u>
Total liabilities and fund balance.....	<u>\$ 10,983</u>	<u>\$ 19,115</u>

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

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Miscellaneous.....	\$ 606	\$ 1,216
Total revenues.....	606	1,216
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	606	1,216
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Treasurer and Receiver-General.....	7,319	18,429
Total expenditures.....	7,319	18,429
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	7,319	18,429
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(6,713)	(17,213)
Fund balance (deficit) at beginning of year.....	17,490	34,703
Fund balance (deficit) at end of year.....	\$ 10,777	\$ 17,490

Community Preservation Trust Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	2008	2007
ASSETS		
Cash and short-term investments.....	\$ 59,976	\$ 97,173
Total assets.....	<u>\$ 59,976</u>	<u>\$ 97,173</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ -	\$ 18
Total liabilities.....	<u>-</u>	<u>18</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	59,976	97,155
Total fund balance (deficit).....	<u>59,976</u>	<u>97,155</u>
Total liabilities and fund balance.....	<u>\$ 59,976</u>	<u>\$ 97,173</u>

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

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Taxes.....	\$ 27,031	\$ 31,914
Miscellaneous.....	3,997	4,364
Total revenues.....	31,028	36,278
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	31,028	36,278
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Administration and finance.....	68,186	58,740
Total expenditures.....	68,186	58,740
Other financing uses:		
Fringe benefit cost assessment	17	17
Operating transfers out.....	4	5
Total other financing uses.....	21	22
Total expenditures and other financing uses.....	68,207	58,762
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(37,179)	(22,484)
Fund balance (deficit) at beginning of year.....	97,155	119,639
Fund balance (deficit) at end of year.....	\$ 59,976	\$ 97,155

Health Insurance Portability and Accountability Act Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash and short-term investments.....	\$ 10,026	\$ 11,795
Receivables, net of allowance for uncollectibles:		
Due from federal government.....	<u>-</u>	<u>1,489</u>
Total assets.....	<u>\$ 10,026</u>	<u>\$ 13,284</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 2,014	\$ 2,205
Accrued payroll.....	<u>-</u>	<u>31</u>
Total liabilities.....	<u>2,014</u>	<u>2,236</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	<u>8,012</u>	<u>11,048</u>
Total fund balance (deficit).....	<u>8,012</u>	<u>11,048</u>
Total liabilities and fund balance.....	<u>\$ 10,026</u>	<u>\$ 13,284</u>

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

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Federal grants and reimbursements.....	\$ 10,575	\$ 16,524
Miscellaneous.....	198	-
Total revenues.....	10,773	16,524
Other financing sources:		
Operating transfers in.....	-	1,486
Total other financing sources.....	-	1,486
Total revenues and other financing sources.....	10,773	18,010
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Health and human services.....	13,302	14,441
Total expenditures.....	13,302	14,441
Other financing uses:		
Fringe benefit cost assessment.....	197	337
Operating transfers out.....	310	529
Total other financing uses.....	507	866
Total expenditures and other financing uses.....	13,809	15,307
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(3,036)	2,703
Fund balance (deficit) at beginning of year.....	11,048	8,345
Fund balance (deficit) at end of year.....	\$ 8,012	\$ 11,048

State Racing Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	2008	2007
ASSETS		
Cash and short-term investments.....	\$ 603	\$ 665
Total assets.....	<u>603</u>	<u>665</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 143	\$ 123
Accrued payroll.....	<u>19</u>	<u>16</u>
Total liabilities.....	<u>162</u>	<u>139</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	<u>441</u>	<u>526</u>
Total fund balance (deficit).....	<u>441</u>	<u>526</u>
Total liabilities and fund balance.....	<u>\$ 603</u>	<u>\$ 665</u>

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

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Taxes.....	\$ 3,496	\$ 3,859
Assessments.....	746	760
Departmental.....	681	705
Miscellaneous.....	1,219	1,293
Total revenues.....	6,142	6,617
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	6,142	6,617
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Energy and environmental affairs.....	241	256
Health and human services.....	130	-
Housing and economic development.....	2,273	2,425
Total expenditures.....	2,644	2,681
Other financing uses:		
Operating transfers out.....	3,583	3,713
Total other financing uses.....	3,583	3,713
Total expenditures and other financing uses.....	6,227	6,394
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(85)	223
Fund balance (deficit) at beginning of year.....	526	303
Fund balance (deficit) at end of year.....	\$ 441	\$ 526

Division of Professional Licensure Trust Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	2008	2007
ASSETS		
Cash and short-term investments.....	\$ 2,167	\$ 2,392
Total assets.....	<u>\$ 2,167</u>	<u>\$ 2,392</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 193	\$ 518
Accrued payroll.....	<u>138</u>	<u>128</u>
Total liabilities.....	<u>331</u>	<u>646</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	<u>1,836</u>	<u>1,746</u>
Total fund balance (deficit).....	<u>1,836</u>	<u>1,746</u>
Total liabilities and fund balance.....	<u>\$ 2,167</u>	<u>\$ 2,392</u>

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

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Departmental.....	\$ 6,861	\$ 4,596
Total revenues.....	6,861	4,596
Other financing sources:		
Operating transfers in.....	-	106
Total other financing sources.....	-	106
Total revenues and other financing sources.....	6,861	4,702
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Housing and economic development.....	4,453	3,892
Total expenditures.....	4,453	3,892
Other financing uses:		
Fringe benefit cost assessment.....	658	435
Operating transfers out.....	1,660	203
Total other financing uses.....	2,318	638
Total expenditures and other financing uses.....	6,771	4,530
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	90	172
Fund balance (deficit) at beginning of year.....	1,746	1,574
Fund balance (deficit) at end of year.....	\$ 1,836	\$ 1,746

Victims of Drunk Driving Trust Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	2008	2007
ASSETS		
Cash and short-term investments.....	\$ 1,828	\$ 1,588
Total assets.....	<u>\$ 1,828</u>	<u>\$ 1,588</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 74	\$ 100
Total liabilities.....	<u>74</u>	<u>100</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	<u>1,754</u>	<u>1,488</u>
Total fund balance (deficit).....	<u>1,754</u>	<u>1,488</u>
Total liabilities and fund balance.....	<u>\$ 1,828</u>	<u>\$ 1,588</u>

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

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Departmental.....	\$ 562	\$ 502
Miscellaneous.....	45	52
Total revenues.....	607	554
Other financing sources:		
Operating transfers in.....	-	457
Total other financing sources.....	-	457
Total revenues and other financing sources.....	607	1,011
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Attorney General.....	341	315
Total expenditures.....	341	315
Other financing uses:		
Operating transfers out.....	-	457
Total other financing uses.....	-	457
Total expenditures and other financing uses.....	341	772
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	266	239
Fund balance (deficit) at beginning of year.....	1,488	1,249
Fund balance (deficit) at end of year.....	\$ 1,754	\$ 1,488

Health Care Quality Improvement Trust Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and short-term investments.....	\$ -	\$ 2,491
Total assets.....	<u>\$ -</u>	<u>\$ 2,491</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ -	\$ 315
Total liabilities.....	<u>-</u>	<u>315</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	-	2,176
Total fund balance (deficit).....	<u>-</u>	<u>2,176</u>
Total liabilities and fund balance.....	<u>\$ -</u>	<u>\$ 2,491</u>

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

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Departmental.....	\$ -	\$ -
Total revenues.....	-	-
Other financing sources:		
Health care security trust transfer.....	-	288,905
Total other financing sources.....	-	288,905
Total revenues and other financing sources.....	-	288,905
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Medicaid.....	-	290,459
Total expenditures.....	-	290,459
Other financing uses:		
Operating transfers out.....	2,176	-
Total other financing uses.....	2,176	-
Total expenditures and other financing uses.....	2,176	290,459
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(2,176)	(1,554)
Fund balance (deficit) at beginning of year.....	2,176	3,730
Fund balance (deficit) at end of year.....	\$ -	\$ 2,176

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

June 30, 2008
(Amounts in thousands)

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and short-term investments.....	\$ 320	\$ 101
Total assets.....	<u>\$ 320</u>	<u>\$ 101</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 139	\$ 8
Total liabilities.....	<u>139</u>	<u>8</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	<u>181</u>	<u>93</u>
Total fund balance (deficit).....	<u>181</u>	<u>93</u>
Total liabilities and fund balance.....	<u>\$ 320</u>	<u>\$ 101</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, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Departmental.....	\$ 267	\$ 180
Total revenues.....	<u>267</u>	<u>180</u>
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	<u>267</u>	<u>180</u>
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Public safety and homeland security.....	179	162
Total expenditures.....	<u>179</u>	<u>162</u>
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	<u>179</u>	<u>162</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	88	18
Fund balance (deficit) at beginning of year.....	93	75
Fund balance (deficit) at end of year.....	<u>\$ 181</u>	<u>\$ 93</u>

Registers Technological Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	2008	2007
ASSETS		
Cash and short-term investments.....	\$ 1,557	\$ 1,893
Total assets.....	<u>\$ 1,557</u>	<u>\$ 1,893</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 1,286	\$ 514
Accrued payroll.....	<u>5</u>	<u>7</u>
Total liabilities.....	<u>1,291</u>	<u>521</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	<u>266</u>	<u>1,372</u>
Total fund balance (deficit).....	<u>266</u>	<u>1,372</u>
Total liabilities and fund balance.....	<u>\$ 1,557</u>	<u>\$ 1,893</u>

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

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Departmental.....	\$ 4,732	\$ 5,469
Miscellaneous.....	-	153
Total revenues.....	4,732	5,622
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	4,732	5,622
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Secretary of the Commonwealth.....	5,533	5,726
Total expenditures.....	5,533	5,726
Other financing uses:		
Fringe benefit cost assessment.....	91	79
Operating transfers out.....	214	164
Total other financing uses.....	305	243
Total expenditures and other financing uses.....	5,838	5,969
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(1,106)	(347)
Fund balance (deficit) at beginning of year.....	1,372	1,719
Fund balance (deficit) at end of year.....	\$ 266	\$ 1,372

County Registers Technological Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and short-term investments.....	\$ 6,340	\$ 4,926
Receivables, net of allowance for uncollectibles:		
Other receivables.....	<u>76</u>	<u>-</u>
Total assets.....	<u>\$ 6,416</u>	<u>\$ 4,926</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	<u>\$ -</u>	<u>\$ -</u>
Total liabilities.....	<u>-</u>	<u>-</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	<u>6,416</u>	<u>4,926</u>
Total fund balance (deficit).....	<u>6,416</u>	<u>4,926</u>
Total liabilities and fund balance.....	<u>\$ 6,416</u>	<u>\$ 4,926</u>

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

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Departmental.....	\$ 2,655	\$ 3,056
Total revenues.....	2,655	3,056
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	2,655	3,056
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Administration and finance.....	1,165	1,782
Total expenditures.....	1,165	1,782
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	1,165	1,782
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	1,490	1,274
Fund balance (deficit) at beginning of year.....	4,926	3,652
Fund balance (deficit) at end of year.....	\$ 6,416	\$ 4,926

State Election Campaign Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	2008	2007
ASSETS		
Cash and short-term investments.....	\$ 959	\$ 636
Total assets.....	<u>\$ 959</u>	<u>\$ 636</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	<u>-</u>	<u>-</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	<u>959</u>	<u>636</u>
Total fund balance (deficit).....	<u>959</u>	<u>636</u>
Total liabilities and fund balance.....	<u>\$ 959</u>	<u>\$ 636</u>

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

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Miscellaneous.....	\$ 323	\$ 361
Total revenues.....	323	361
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	323	361
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Office of Campaign & Political Finance.....	-	1,339
Total expenditures.....	-	1,339
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	-	1,339
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	323	(978)
Fund balance (deficit) at beginning of year.....	636	1,614
Fund balance (deficit) at end of year.....	\$ 959	\$ 636

Distressed Provider Expendable Trust Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and short-term investments.....	\$ -	\$ -
Total assets.....	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	<u>-</u>	<u>-</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>\$ -</u>	<u>\$ -</u>

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

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Federal grants and reimbursements.....	\$ -	\$ 572
Total revenues.....	-	572
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	-	572
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Health and human services.....	-	684
Total expenditures.....	-	684
Other financing uses:		
Operating transfers out.....	-	148
Total other financing uses.....	-	148
Total expenditures and other financing uses.....	-	832
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	-	(260)
Fund balance (deficit) at beginning of year.....	-	260
Fund balance (deficit) at end of year.....	\$ -	\$ -

Springfield Fiscal Recovery Trust Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	2008	2007
ASSETS		
Cash and short-term investments.....	\$ -	\$ 22,377
Due from cities and towns.....	-	51,522
Total assets.....	<u>\$ -</u>	<u>\$ 73,899</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ -	\$ 21,886
Accrued payroll.....	-	13
Total liabilities.....	<u>-</u>	<u>21,899</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	-	52,000
Total fund balance (deficit).....	<u>-</u>	<u>52,000</u>
Total liabilities and fund balance.....	<u>\$ -</u>	<u>\$ 73,899</u>

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

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Miscellaneous.....	\$ -	\$ 4,537
Total revenues.....	-	4,537
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	-	4,537
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Administration and finance.....	52,000	1,239
Total expenditures.....	52,000	1,239
Other financing uses:		
Fringe benefit cost assessment.....	-	116
Operating transfers out.....	-	5
Total other financing uses.....	-	121
Total expenditures and other financing uses.....	52,000	1,360
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(52,000)	3,177
Fund balance (deficit) at beginning of year.....	52,000	48,823
Fund balance (deficit) at end of year.....	\$ -	\$ 52,000

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

June 30, 2008
(Amounts in thousands)

	2008	2007
ASSETS		
Cash and short-term investments.....	\$ 295	\$ 148
Total assets.....	<u>\$ 295</u>	<u>\$ 148</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	<u>-</u>	<u>-</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	295	148
Total fund balance (deficit).....	<u>295</u>	<u>148</u>
Total liabilities and fund balance.....	<u>\$ 295</u>	<u>\$ 148</u>

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

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Departmental.....	\$ 147	\$ 146
Total revenues.....	147	146
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	147	146
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Judiciary.....	-	299
Total expenditures.....	-	299
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	-	299
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	147	(153)
Fund balance (deficit) at beginning of year.....	148	301
Fund balance (deficit) at end of year.....	\$ 295	\$ 148

Smart Growth Housing Trust Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	2008	2007
ASSETS		
Cash and short-term investments.....	\$ 18,116	\$ 1,339
Total assets.....	<u>\$ 18,116</u>	<u>\$ 1,339</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 75	\$ -
Total liabilities.....	<u>75</u>	<u>-</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	18,041	1,339
Total fund balance (deficit).....	<u>18,041</u>	<u>1,339</u>
Total liabilities and fund balance.....	<u>\$ 18,116</u>	<u>\$ 1,339</u>

Smart Growth Housing Trust Fund
Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Departmental.....	\$ 12,000	\$ -
Total revenues.....	12,000	-
Other financing sources:		
Operating transfers in.....	78	-
Transfer for Bay State Competitiveness Investment.....	10,000	-
Total other financing sources.....	10,078	-
Total revenues and other financing sources.....	22,078	-
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Housing and economic development.....	5,376	2,010
Total expenditures.....	5,376	2,010
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	5,376	2,010
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	16,702	(2,010)
Fund balance (deficit) at beginning of year.....	1,339	3,349
Fund balance (deficit) at end of year.....	\$ 18,041	\$ 1,339

Special Projects Permitting and Oversight Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and short-term investments.....	\$ 121	\$ 67
Total assets.....	<u>\$ 121</u>	<u>\$ 67</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accrued payroll.....	\$ 2	\$ -
Total liabilities.....	<u>2</u>	<u>-</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	119	67
Total fund balance (deficit).....	<u>119</u>	<u>67</u>
Total liabilities and fund balance.....	<u>\$ 121</u>	<u>\$ 67</u>

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

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Departmental.....	\$ 148	\$ 97
Total revenues.....	148	97
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	148	97
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Energy and environmental affairs.....	64	108
Total expenditures.....	64	108
Other financing uses:		
Fringe benefit cost assessment.....	22	28
Operating transfers out.....	10	15
Total other financing uses.....	32	43
Total expenditures and other financing uses.....	96	151
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	52	(54)
Fund balance (deficit) at beginning of year.....	67	121
Fund balance (deficit) at end of year.....	\$ 119	\$ 67

School Modernization and Reconstruction Trust Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	2008	2007
ASSETS		
Cash and short-term investments.....	\$ 97,197	\$ 64,297
Total assets.....	<u>\$ 97,197</u>	<u>\$ 64,297</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 49,637	\$ 76
Total liabilities.....	<u>49,637</u>	<u>76</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	47,560	64,221
Total fund balance (deficit).....	<u>47,560</u>	<u>64,221</u>
Total liabilities and fund balance.....	<u>\$ 97,197</u>	<u>\$ 64,297</u>

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

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Taxes.....	\$ 634,700	\$ 557,400
Total revenues.....	634,700	557,400
Other financing sources:		
Operating transfer out	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	634,700	557,400
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Treasurer and Receiver-General.....	651,361	543,934
Total expenditures.....	651,361	543,934
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	651,361	543,934
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(16,661)	13,466
Fund balance (deficit) at beginning of year.....	64,221	50,755
Fund balance (deficit) at end of year.....	\$ 47,560	\$ 64,221

Roche Community Rink Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	2008	2007
ASSETS		
Cash and short-term investments.....	\$ 142	\$ 107
Total assets.....	<u>\$ 142</u>	<u>\$ 107</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	<u>-</u>	<u>-</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	142	107
Total fund balance (deficit).....	<u>142</u>	<u>107</u>
Total liabilities and fund balance.....	<u>\$ 142</u>	<u>\$ 107</u>

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

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Departmental.....	\$ 35	\$ 33
Total revenues.....	35	33
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	35	33
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Energy and environmental affairs.....	-	-
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.....	35	33
Fund balance (deficit) at beginning of year.....	107	74
Fund balance (deficit) at end of year.....	\$ 142	\$ 107

Workforce Competitiveness Trust Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	2008	2007
ASSETS		
Cash and short-term investments.....	\$ 14,762	\$ 16,672
Total assets.....	<u>\$ 14,762</u>	<u>\$ 16,672</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 1,190	\$ -
Total liabilities.....	<u>1,190</u>	<u>-</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	13,572	16,672
Total fund balance (deficit).....	<u>13,572</u>	<u>16,672</u>
Total liabilities and fund balance.....	<u>\$ 14,762</u>	<u>\$ 16,672</u>

Workforce Competitiveness Trust Fund
Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Departmental.....	\$ -	\$ -
Total revenues.....	-	-
Other financing sources:		
Operating transfers in.....	-	7,000
Total other financing sources.....	-	7,000
Total revenues and other financing sources.....	-	7,000
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Housing and economic development.....	-	996
Labor and workforce development.....	3,100	332
Total expenditures.....	3,100	1,328
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	3,100	1,328
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(3,100)	5,672
Fund balance (deficit) at beginning of year.....	16,672	11,000
Fund balance (deficit) at end of year.....	\$ 13,572	\$ 16,672

Cigarette Fire Safety and Firefighter Protection Act Enforcement Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	2008	2007
ASSETS		
Cash and short-term investments.....	\$ 2,014	\$ -
Total assets.....	<u>\$ 2,014</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accrued payroll.....	\$ 1	\$ -
Total liabilities.....	<u>1</u>	<u>-</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	2,013	-
Total fund balance (deficit).....	<u>2,013</u>	<u>-</u>
Total liabilities and fund balance.....	<u>\$ 2,014</u>	<u>\$ -</u>

Cigarette Fire Safety and Firefighter Protection Act Enforcement Fund
Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Departmental.....	\$ 2,034	\$ -
Total revenues.....	2,034	-
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	2,034	-
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Public safety and homeland security.....	13	-
Total expenditures.....	13	-
Other financing uses:		
Fringe benefit cost assessment.....	5	-
Operating transfers out.....	3	-
Total other financing uses.....	8	-
Total expenditures and other financing uses.....	21	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	2,013	-
Fund balance (deficit) at beginning of year.....	-	-
Fund balance (deficit) at end of year.....	\$ 2,013	\$ -

Massachusetts Board of Higher Education Scholar-Internship Match Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and short-term investments.....	\$ 2,434	\$ 2,482
Total assets.....	<u>\$ 2,434</u>	<u>\$ 2,482</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 10	\$ -
Total liabilities.....	<u>10</u>	<u>-</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	<u>2,424</u>	<u>2,482</u>
Total fund balance (deficit).....	<u>2,424</u>	<u>2,482</u>
Total liabilities and fund balance.....	<u>\$ 2,434</u>	<u>\$ 2,482</u>

Massachusetts Board of Higher Education Scholar-Internship Match Fund
Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	<u>2008</u>	<u>2007</u>
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Departmental.....	\$ -	\$ -
Total revenues.....	<u>-</u>	<u>-</u>
Other financing sources:		
Operating transfers in.....	<u>-</u>	<u>-</u>
Total other financing sources.....	<u>-</u>	<u>-</u>
Total revenues and other financing sources.....	<u>-</u>	<u>-</u>
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Higher education.....	<u>44</u>	<u>16</u>
Total expenditures.....	<u>44</u>	<u>16</u>
Other financing uses:		
Fringe benefit cost assessment.....	5	-
Operating transfers out.....	<u>9</u>	<u>2</u>
Total other financing uses.....	<u>14</u>	<u>2</u>
Total expenditures and other financing uses.....	<u>58</u>	<u>18</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(58)	(18)
Fund balance (deficit) at beginning of year.....	<u>2,482</u>	<u>2,500</u>
Fund balance (deficit) at end of year.....	<u>\$ 2,424</u>	<u>\$ 2,482</u>

Central Artery/Tunnel Project Repair and Maintenance Trust Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	2008	2007
ASSETS		
Cash and short-term investments.....	\$ 396,802	\$ -
Total assets.....	<u>\$ 396,802</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	<u>-</u>	<u>-</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	396,802	-
Total fund balance (deficit).....	<u>396,802</u>	<u>-</u>
Total liabilities and fund balance.....	<u>\$ 396,802</u>	<u>\$ -</u>

Central Artery/Tunnel Project Repair and Maintenance Trust Fund
Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Miscellaneous.....	\$ 396,802	\$ -
Total revenues.....	396,802	-
Other financing sources:		
Operating transfer out	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	396,802	-
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Treasurer and Receiver-General.....	-	-
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.....	396,802	-
Fund balance (deficit) at beginning of year.....	-	-
Fund balance (deficit) at end of year.....	\$ 396,802	\$ -

District Local Technical Assistance Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and short-term investments.....	\$ 44	\$ 42
Total assets.....	<u>\$ 44</u>	<u>\$ 42</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	<u>-</u>	<u>-</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	44	42
Total fund balance (deficit).....	<u>44</u>	<u>42</u>
Total liabilities and fund balance.....	<u>\$ 44</u>	<u>\$ 42</u>

District Local Technical Assistance Fund
Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Miscellaneous.....	\$ 2	\$ 42
Total revenues.....	2	42
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	2	42
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Administration and finance.....	-	1,850
Total expenditures.....	-	1,850
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	-	1,850
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	2	(1,808)
Fund balance (deficit) at beginning of year.....	42	1,850
Fund balance (deficit) at end of year.....	\$ 44	\$ 42

Educational Rewards Grant Program Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and short-term investments.....	\$ 1,244	\$ 1,500
Total assets.....	<u>\$ 1,244</u>	<u>\$ 1,500</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 3	\$ 2
Total liabilities.....	<u>3</u>	<u>2</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	1,241	1,498
Total fund balance (deficit).....	<u>1,241</u>	<u>1,498</u>
Total liabilities and fund balance.....	<u>\$ 1,244</u>	<u>\$ 1,500</u>

Educational Rewards Grant Program Fund
Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Departmental.....	\$ -	\$ -
Total revenues.....	-	-
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	-	-
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Higher education.....	254	2
Total expenditures.....	254	2
Other financing uses:		
Operating transfers out.....	3	-
Total other financing uses.....	3	-
Total expenditures and other financing uses.....	257	2
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(257)	(2)
Fund balance (deficit) at beginning of year.....	1,498	1,500
Fund balance (deficit) at end of year.....	\$ 1,241	\$ 1,498

Government Land Bank Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	2008	2007
ASSETS		
Cash and short-term investments.....	\$ -	\$ -
Total assets.....	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCE		
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, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Departmental.....	\$ -	\$ 52
Total revenues.....	-	52
Other financing sources:		
Operating transfers in.....	4,341	8,959
Total other financing sources.....	4,341	8,959
Total revenues and other financing sources.....	4,341	9,011
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Debt service:		
Principal retirement.....	2,047	6,776
Interest and fiscal charges.....	2,294	2,235
Total expenditures.....	4,341	9,011
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	4,341	9,011
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, 2008
(Amounts in thousands)

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and short-term investments.....	\$ 1,675	\$ 2,191
Total assets.....	<u>\$ 1,675</u>	<u>\$ 2,191</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 136	\$ 126
Accrued payroll.....	<u>29</u>	<u>19</u>
Total liabilities.....	<u>165</u>	<u>145</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	<u>1,510</u>	<u>2,046</u>
Total fund balance (deficit).....	<u>1,510</u>	<u>2,046</u>
Total liabilities and fund balance.....	<u>\$ 1,675</u>	<u>\$ 2,191</u>

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

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Federal grants and reimbursements.....	\$ 37	\$ 1,536
Departmental.....	587	594
Miscellaneous.....	307	213
Total revenues.....	931	2,343
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	931	2,343
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Energy and environmental affairs.....	1,249	928
Total expenditures.....	1,249	928
Other financing uses:		
Fringe benefit cost assessment.....	218	139
Total other financing uses.....	218	139
Total expenditures and other financing uses.....	1,467	1,067
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(536)	1,276
Fund balance (deficit) at beginning of year.....	2,046	770
Fund balance (deficit) at end of year.....	\$ 1,510	\$ 2,046

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

June 30, 2008
(Amounts in thousands)

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and short-term investments.....	\$ 5,151	\$ 3,162
Total assets.....	<u>\$ 5,151</u>	<u>\$ 3,162</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 10	\$ 16
Accrued payroll.....	<u>2</u>	<u>-</u>
Total liabilities.....	<u>12</u>	<u>16</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	<u>5,139</u>	<u>3,146</u>
Total fund balance (deficit).....	<u>5,139</u>	<u>3,146</u>
Total liabilities and fund balance.....	<u>\$ 5,151</u>	<u>\$ 3,162</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, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Miscellaneous.....	\$ 8	\$ -
Total revenues.....	8	-
Other financing sources:		
Operating transfers in.....	4,017	7
Total other financing sources.....	4,017	7
Total revenues and other financing sources.....	4,025	7
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Higher education.....	1,945	786
Total expenditures.....	1,945	786
Other financing uses:		
Fringe benefit cost assessment.....	44	36
Operating transfers out.....	43	45
Total other financing uses.....	87	81
Total expenditures and other financing uses.....	2,032	867
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	1,993	(860)
Fund balance (deficit) at beginning of year.....	3,146	4,006
Fund balance (deficit) at end of year.....	\$ 5,139	\$ 3,146

Commonwealth Covenant Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	2008	2007
ASSETS		
Cash and short-term investments.....	\$ 3,623	\$ -
Total assets.....	<u>\$ 3,623</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 1	\$ -
Accrued payroll.....	<u>9</u>	<u>-</u>
Total liabilities.....	<u>10</u>	<u>-</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	<u>3,613</u>	<u>-</u>
Total fund balance (deficit).....	<u>3,613</u>	<u>-</u>
Total liabilities and fund balance.....	<u>\$ 3,623</u>	<u>\$ -</u>

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

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Departmental.....	\$ -	\$ -
Total revenues.....	-	-
Other financing sources:		
Operating transfers in.....	3,750	-
Total other financing sources.....	3,750	-
Total revenues and other financing sources.....	3,750	-
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Treasurer and Receiever-General.....	96	-
Total expenditures.....	96	-
Other financing uses:		
Fringe benefit cost assessment.....	32	-
Operating transfers out.....	9	-
Total other financing uses.....	41	-
Total expenditures and other financing uses.....	137	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	3,613	-
Fund balance (deficit) at beginning of year.....	-	-
Fund balance (deficit) at end of year.....	\$ 3,613	\$ -

Massachusetts Alternative and Clean Energy Investment Trust Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	2008	2007
ASSETS		
Cash and short-term investments.....	\$ 43,000	\$ -
Total assets.....	<u>\$ 43,000</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	<u>-</u>	<u>-</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	43,000	-
Total fund balance (deficit).....	<u>43,000</u>	<u>-</u>
Total liabilities and fund balance.....	<u>\$ 43,000</u>	<u>\$ -</u>

Massachusetts Alternative and Clean Energy Investment Trust Fund
Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Departmental.....	\$ -	\$ -
Total revenues.....	-	-
Other financing sources:		
Transfer for Bay State Competitiveness Investment.....	43,000	-
Total other financing sources.....	43,000	-
Total revenues and other financing sources.....	43,000	-
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Treasurer and Receiver-General.....	-	-
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.....	43,000	-
Fund balance (deficit) at beginning of year.....	-	-
Fund balance (deficit) at end of year.....	\$ 43,000	\$ -

Mosquito And Greenhead Fly Control Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and short-term investments.....	\$ 1,433	\$ 410
Total assets.....	<u>\$ 1,433</u>	<u>\$ 410</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 271	\$ 382
Accrued payroll.....	<u>129</u>	<u>108</u>
Total liabilities.....	<u>400</u>	<u>490</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	1,033	-
Undesignated.....	<u>-</u>	<u>(80)</u>
Total fund balance (deficit).....	<u>1,033</u>	<u>(80)</u>
Total liabilities and fund balance.....	<u>\$ 1,433</u>	<u>\$ 410</u>

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

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Assessments.....	\$ 9,052	\$ 8,422
Departmental.....	630	641
Total revenues.....	9,682	9,063
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	9,682	9,063
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Energy and environmental affairs.....	8,305	8,208
Total expenditures.....	8,305	8,208
Other financing uses:		
Fringe benefit cost assessment.....	264	1,082
Total other financing uses.....	264	1,082
Total expenditures and other financing uses.....	8,569	9,290
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	1,113	(227)
Fund balance (deficit) at beginning of year.....	(80)	147
Fund balance (deficit) at end of year.....	\$ 1,033	\$ (80)

Oil Overcharge Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and short-term investments.....	\$ 813	\$ 1,082
Total assets.....	<u>\$ 813</u>	<u>\$ 1,082</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 24	\$ 58
Accrued payroll.....	<u>5</u>	<u>2</u>
Total liabilities.....	<u>29</u>	<u>60</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	<u>784</u>	<u>1,022</u>
Total fund balance (deficit).....	<u>784</u>	<u>1,022</u>
Total liabilities and fund balance.....	<u>\$ 813</u>	<u>\$ 1,082</u>

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

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Federal grants and reimbursements.....	\$ -	\$ 2
Miscellaneous.....	63	230
Total revenues.....	63	232
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	63	232
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Energy and environmental affairs.....	256	104
Housing and economic development.....	-	271
Total expenditures.....	256	375
Other financing uses:		
Fringe benefit cost assessment.....	33	16
Operating transfers out.....	12	23
Total other financing uses.....	45	39
Total expenditures and other financing uses.....	301	414
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(238)	(182)
Fund balance (deficit) at beginning of year.....	1,022	1,204
Fund balance (deficit) at end of year.....	\$ 784	\$ 1,022

Environmental Trust Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	2008	2007
ASSETS		
Cash and short-term investments.....	\$ 4,446	\$ 4,379
Total assets.....	<u>\$ 4,446</u>	<u>\$ 4,379</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 283	\$ 121
Accrued payroll.....	<u>3</u>	<u>-</u>
Total liabilities.....	<u>286</u>	<u>121</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	<u>4,160</u>	<u>4,258</u>
Total fund balance (deficit).....	<u>4,160</u>	<u>4,258</u>
Total liabilities and fund balance.....	<u>\$ 4,446</u>	<u>\$ 4,379</u>

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

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Departmental.....	\$ 1,001	\$ 1,131
Miscellaneous.....	187	281
Total revenues.....	1,188	1,412
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	1,188	1,412
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Energy and environmental affairs.....	1,171	1,003
Transportation and public works.....	60	81
Total expenditures.....	1,231	1,084
Other financing uses:		
Fringe benefit cost assessment.....	28	44
Operating transfers out.....	27	37
Total other financing uses.....	55	81
Total expenditures and other financing uses.....	1,286	1,165
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(98)	247
Fund balance (deficit) at beginning of year.....	4,258	4,011
Fund balance (deficit) at end of year.....	\$ 4,160	\$ 4,258

Children's Trust Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	2008	2007
ASSETS		
Cash and short-term investments.....	\$ 314	\$ 336
Total assets.....	<u>\$ 314</u>	<u>\$ 336</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 5	\$ 10
Total liabilities.....	<u>5</u>	<u>10</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	309	326
Total fund balance (deficit).....	<u>309</u>	<u>326</u>
Total liabilities and fund balance.....	<u>\$ 314</u>	<u>\$ 336</u>

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

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Miscellaneous.....	\$ 11	\$ 62
Total revenues.....	11	62
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	11	62
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Judiciary.....	12	3
Early education and care.....	15	11
Total expenditures.....	27	14
Other financing uses:		
Operating transfers out.....	1	1
Total other financing uses.....	1	1
Total expenditures and other financing uses.....	28	15
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(17)	47
Fund balance (deficit) at beginning of year.....	326	279
Fund balance (deficit) at end of year.....	\$ 309	\$ 326

Child Support Enforcement Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and short-term investments.....	\$ 14,733	\$ 9,281
Receivables, net of allowance for uncollectibles:		
Due from federal government.....	<u>1,559</u>	<u>556</u>
Total assets.....	<u>\$ 16,292</u>	<u>\$ 9,837</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 1,443	\$ 954
Accrued payroll.....	<u>81</u>	<u>71</u>
Total liabilities.....	<u>1,524</u>	<u>1,025</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	<u>14,768</u>	<u>8,812</u>
Total fund balance (deficit).....	<u>14,768</u>	<u>8,812</u>
Total liabilities and fund balance.....	<u>\$ 16,292</u>	<u>\$ 9,837</u>

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

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Federal grants and reimbursements.....	\$ 13,024	\$ 10,760
Departmental.....	5,043	3,998
Miscellaneous.....	1	18
Total revenues.....	18,068	14,776
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	18,068	14,776
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Judiciary.....	1,548	1,502
Treasurer and Receiver-General.....	6	-
District Attorney.....	155	162
Administration and finance.....	9,046	11,649
Health and human services.....	208	245
Housing and economic development.....	-	25
Labor and workforce development.....	40	10
Total expenditures.....	11,003	13,593
Other financing uses:		
Fringe benefit cost assessment.....	741	243
Operating transfers out.....	368	31
Total other financing uses.....	1,109	274
Total expenditures and other financing uses.....	12,112	13,867
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	5,956	909
Fund balance (deficit) at beginning of year.....	8,812	7,903
Fund balance (deficit) at end of year.....	\$ 14,768	\$ 8,812

Massachusetts Military Family Relief Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	2008	2007
ASSETS		
Cash and short-term investments.....	\$ 581	\$ 336
Total assets.....	<u>\$ 581</u>	<u>\$ 336</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	<u>-</u>	<u>-</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	581	336
Total fund balance (deficit).....	<u>581</u>	<u>336</u>
Total liabilities and fund balance.....	<u>\$ 581</u>	<u>\$ 336</u>

Massachusetts Military Family Relief Fund
Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Miscellaneous.....	\$ 295	\$ 264
Total revenues.....	295	264
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	295	264
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Public safety and homeland security.....	50	90
Total expenditures.....	50	90
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	50	90
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	245	174
Fund balance (deficit) at beginning of year.....	336	162
Fund balance (deficit) at end of year.....	\$ 581	\$ 336

Department of Industrial Accidents Special Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	2008	2007
ASSETS		
Cash and short-term investments.....	\$ 2,513	\$ 5,907
Total assets.....	<u>\$ 2,513</u>	<u>\$ 5,907</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 43	\$ 273
Total liabilities.....	<u>43</u>	<u>273</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	<u>2,470</u>	<u>5,634</u>
Total fund balance (deficit).....	<u>2,470</u>	<u>5,634</u>
Total liabilities and fund balance.....	<u>\$ 2,513</u>	<u>\$ 5,907</u>

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

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Assessments.....	\$ 17,120	\$ 15,300
Departmental.....	4,863	4,977
Miscellaneous.....	456	786
Total revenues.....	22,439	21,063
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	22,439	21,063
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Housing and economic development.....	-	765
Labor and workforce development.....	414	255
Total expenditures.....	414	1,020
Other financing uses:		
Fringe benefit cost assessment.....	5,459	4,227
Operating transfers out.....	19,730	19,383
Total other financing uses.....	25,189	23,610
Total expenditures and other financing uses.....	25,603	24,630
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(3,164)	(3,567)
Fund balance (deficit) at beginning of year.....	5,634	9,201
Fund balance (deficit) at end of year.....	\$ 2,470	\$ 5,634

County Correction Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	2008	2007
ASSETS		
Cash and short-term investments.....	\$ 816	\$ 3,438
Total assets.....	<u>\$ 816</u>	<u>\$ 3,438</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	<u>-</u>	<u>-</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	816	3,438
Total fund balance (deficit).....	<u>816</u>	<u>3,438</u>
Total liabilities and fund balance.....	<u>\$ 816</u>	<u>\$ 3,438</u>

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

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Taxes.....	\$ 7,226	\$ 9,689
Total revenues.....	7,226	9,689
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	7,226	9,689
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Direct local aid.....	9,848	7,653
Total expenditures.....	9,848	7,653
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	9,848	7,653
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(2,622)	2,036
Fund balance (deficit) at beginning of year.....	3,438	1,402
Fund balance (deficit) at end of year.....	\$ 816	\$ 3,438

Massachusetts AIDS Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	2008	2007
ASSETS		
Cash and short-term investments.....	\$ 276	\$ 290
Total assets.....	<u>\$ 276</u>	<u>\$ 290</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	<u>-</u>	<u>-</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	276	290
Total fund balance (deficit).....	<u>276</u>	<u>290</u>
Total liabilities and fund balance.....	<u>\$ 276</u>	<u>\$ 290</u>

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

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Miscellaneous.....	\$ 151	\$ 147
Total revenues.....	151	147
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	151	147
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Health and human services.....	165	165
Total expenditures.....	165	165
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	165	165
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(14)	(18)
Fund balance (deficit) at beginning of year.....	290	308
Fund balance (deficit) at end of year.....	\$ 276	\$ 290

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

June 30, 2008
(Amounts in thousands)

	2008	2007
ASSETS		
Cash and short-term investments.....	\$ 8,160	\$ 9,562
Total assets.....	<u>\$ 8,160</u>	<u>\$ 9,562</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 1,386	\$ 1,216
Accrued payroll.....	<u>19</u>	<u>12</u>
Total liabilities.....	<u>1,405</u>	<u>1,228</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	<u>6,755</u>	<u>8,334</u>
Total fund balance (deficit).....	<u>6,755</u>	<u>8,334</u>
Total liabilities and fund balance.....	<u>\$ 8,160</u>	<u>\$ 9,562</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, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Departmental.....	\$ 6,950	\$ 6,994
Miscellaneous.....	418	551
Total revenues.....	<u>7,368</u>	<u>7,545</u>
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	<u>7,368</u>	<u>7,545</u>
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Health and human services.....	8,714	8,358
Total expenditures.....	<u>8,714</u>	<u>8,358</u>
Other financing uses:		
Fringe benefit cost assessment.....	189	102
Operating transfers out.....	44	20
Total other financing uses.....	<u>233</u>	<u>122</u>
Total expenditures and other financing uses.....	<u>8,947</u>	<u>8,480</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(1,579)	(935)
Fund balance (deficit) at beginning of year.....	8,334	9,269
Fund balance (deficit) at end of year.....	<u>\$ 6,755</u>	<u>\$ 8,334</u>

Board Of Registration In Medicine Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts In Thousands)

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and short-term investments.....	\$ 1,733	\$ 1,309
Total assets.....	<u>\$ 1,733</u>	<u>\$ 1,309</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 552	\$ 643
Accrued payroll.....	<u>119</u>	<u>87</u>
Total liabilities.....	<u>671</u>	<u>730</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	<u>1,062</u>	<u>579</u>
Total fund balance (deficit).....	<u>1,062</u>	<u>579</u>
Total liabilities and fund balance.....	<u>\$ 1,733</u>	<u>\$ 1,309</u>

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

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Departmental.....	\$ 4,646	\$ 5,066
Total revenues.....	4,646	5,066
Other financing sources:		
Operating transfers in.....	1,777	-
Total other financing sources.....	1,777	-
Total revenues and other financing sources.....	6,423	5,066
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Health and human services.....	5,071	4,441
Total expenditures.....	5,071	4,441
Other financing uses:		
Fringe benefit cost assessment.....	636	388
Operating transfers out.....	233	184
Total other financing uses.....	869	572
Total expenditures and other financing uses.....	5,940	5,013
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	483	53
Fund balance (deficit) at beginning of year.....	579	526
Fund balance (deficit) at end of year.....	\$ 1,062	\$ 579

Water Pollution Abatement Projects Administration Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	2008	2007
ASSETS		
Cash and short-term investments.....	\$ 1,838	\$ 494
Total assets.....	<u>\$ 1,838</u>	<u>\$ 494</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 1,117	\$ 411
Accrued payroll.....	<u>86</u>	<u>72</u>
Total liabilities.....	<u>1,203</u>	<u>483</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	<u>635</u>	<u>11</u>
Total fund balance (deficit).....	<u>635</u>	<u>11</u>
Total liabilities and fund balance.....	<u>\$ 1,838</u>	<u>\$ 494</u>

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

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Miscellaneous.....	\$ 10,834	\$ 7,510
Total revenues.....	10,834	7,510
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	10,834	-
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Administration and finance.....	1,112	-
Energy and environmental affairs.....	5,901	4,917
Public safety and homeland security.....	39	3
Total expenditures.....	7,052	4,920
Other financing uses:		
Fringe benefit cost assessment.....	1,455	1,135
Operating transfers out.....	1,703	1,620
Total other financing uses.....	3,158	2,755
Total expenditures and other financing uses.....	10,210	7,675
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	624	(165)
Fund balance (deficit) at beginning of year.....	11	176
Fund balance (deficit) at end of year.....	\$ 635	\$ 11

Commonwealth Sewer Rate Relief Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	2008	2007
ASSETS		
Cash and short-term investments.....	\$ -	\$ 25
Total assets.....	\$ -	\$ 25
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	-	-
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	-	25
Total fund balance (deficit).....	-	25
Total liabilities and fund balance.....	\$ -	\$ 25

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

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Departmental.....	\$ -	\$ -
Total revenues.....	-	-
Other financing sources:		
Operating transfers in.....	23,000	25,000
Total other financing sources.....	23,000	25,000
Total revenues and other financing sources.....	23,000	25,000
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Administration and finance.....	23,025	25,006
Total expenditures.....	23,025	25,006
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	23,025	25,006
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(25)	(6)
Fund balance (deficit) at beginning of year.....	25	31
Fund balance (deficit) at end of year.....	\$ -	\$ 25

Motor Vehicle Safety Inspection Trust Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	2008	2007
ASSETS		
Cash and short-term investments.....	\$ -	\$ -
Total assets.....	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ 9,337	\$ 11,096
Accounts payable.....	1,883	1,129
Accrued payroll.....	<u>83</u>	<u>70</u>
Total liabilities.....	<u>11,303</u>	<u>12,295</u>
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	<u>(11,303)</u>	<u>(12,295)</u>
Total fund balance (deficit).....	<u>(11,303)</u>	<u>(12,295)</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, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Departmental.....	\$ 39,995	\$ 40,287
Total revenues.....	39,995	40,287
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	39,995	40,287
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Energy and environmental affairs.....	1,835	1,907
Transportation and public works.....	35,759	33,087
Total expenditures.....	37,594	34,994
Other financing uses:		
Fringe benefit cost assessment.....	1,220	971
Operating transfers out.....	189	185
Total other financing uses.....	1,409	1,156
Total expenditures and other financing uses.....	39,003	36,150
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	992	4,137
Fund balance (deficit) at beginning of year.....	(12,295)	(16,432)
Fund balance (deficit) at end of year.....	\$ (11,303)	\$ (12,295)

Child Care Quality Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	2008	2007
ASSETS		
Cash and short-term investments.....	\$ 498	\$ 868
Total assets.....	<u>\$ 498</u>	<u>\$ 868</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 160	\$ 72
Total liabilities.....	<u>160</u>	<u>72</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	<u>338</u>	<u>796</u>
Total fund balance (deficit).....	<u>338</u>	<u>796</u>
Total liabilities and fund balance.....	<u>\$ 498</u>	<u>\$ 868</u>

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

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Departmental.....	\$ 304	\$ 319
Total revenues.....	304	319
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	304	319
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Early education and care.....	762	203
Total expenditures.....	762	203
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	762	203
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(458)	116
Fund balance (deficit) at beginning of year.....	796	680
Fund balance (deficit) at end of year.....	\$ 338	\$ 796

Convention and Exhibition Center Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and short-term investments.....	\$ 72,286	\$ 88,858
Cash with fiscal agent.....	<u>130,851</u>	<u>83,999</u>
Total assets.....	<u>\$ 203,137</u>	<u>\$ 172,857</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 8,456	\$ 8,529
Total liabilities.....	<u>8,456</u>	<u>8,529</u>
Fund balance:		
Reserved fund balance:		
Reserved for debt service.....	130,851	83,999
Unreserved fund balance (deficit):		
Designated for specific purpose.....	<u>63,830</u>	<u>80,329</u>
Total fund balance (deficit).....	<u>194,681</u>	<u>164,328</u>
Total liabilities and fund balance.....	<u>\$ 203,137</u>	<u>\$ 172,857</u>

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

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Taxes.....	\$ 78,984	\$ 66,347
Miscellaneous.....	8,452	7,366
Total revenues.....	87,436	73,713
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	87,436	73,713
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Administration and finance.....	21,483	33,645
Debt service:		
Interest and fiscal charges.....	35,600	34,486
Total expenditures.....	57,083	68,131
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	57,083	68,131
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	30,353	5,582
Fund balance (deficit) at beginning of year.....	164,328	158,746
Fund balance (deficit) at end of year.....	\$ 194,681	\$ 164,328

Firearms Fingerprint Identity Verification Trust Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	2008	2007
ASSETS		
Cash and short-term investments.....	\$ 2,018	\$ 1,898
Total assets.....	<u>\$ 2,018</u>	<u>\$ 1,898</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 142	\$ 183
Total liabilities.....	<u>142</u>	<u>183</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	<u>1,876</u>	<u>1,715</u>
Total fund balance (deficit).....	<u>1,876</u>	<u>1,715</u>
Total liabilities and fund balance.....	<u>\$ 2,018</u>	<u>\$ 1,898</u>

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

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Departmental.....	\$ 1,442	\$ 1,433
Total revenues.....	1,442	1,433
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	1,442	1,433
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Public safety and homeland security	1,281	1,757
Total expenditures.....	1,281	1,757
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	1,281	1,757
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	161	(324)
Fund balance (deficit) at beginning of year.....	1,715	2,039
Fund balance (deficit) at end of year.....	\$ 1,876	\$ 1,715

Grant Anticipation Note Trust Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and short-term investments.....	\$ 10,896	\$ 11,509
Cash with fiscal agent.....	624,151	619,044
Receivables, net of allowance for uncollectibles:		
Due from federal government.....	<u>65,059</u>	<u>74,582</u>
Total assets.....	<u>\$ 700,106</u>	<u>\$ 705,135</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Due to other funds.....	<u>\$ 65,060</u>	<u>\$ 74,582</u>
Total liabilities.....	<u>65,060</u>	<u>74,582</u>
Fund balance:		
Reserved fund balance:		
Reserved for debt service.....	624,151	619,044
Unreserved fund balance (deficit):		
Designated for specific purpose.....	<u>10,895</u>	<u>11,509</u>
Total fund balance (deficit).....	<u>635,046</u>	<u>630,553</u>
Total liabilities and fund balance.....	<u>\$ 700,106</u>	<u>\$ 705,135</u>

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

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Federal grants and reimbursements.....	\$ 463,588	\$ 462,484
Miscellaneous.....	50,948	18,697
Total revenues.....	514,536	481,181
Other financing sources:		
Operating transfers in.....	53,464	60,995
Total other financing sources.....	53,464	60,995
Total revenues and other financing sources.....	568,000	542,176
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Treasurer and Receiver-General.....	25,440	-
Debt service:		
Principal retirement.....	130,240	123,825
Interest and fiscal charges.....	81,469	87,887
Total expenditures.....	237,149	211,712
Other financing uses:		
Federal reimbursement transfer out.....	326,358	332,244
Total other financing uses.....	326,358	332,244
Total expenditures and other financing uses.....	563,507	543,956
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	4,493	(1,780)
Fund balance (deficit) at beginning of year.....	630,553	632,333
Fund balance (deficit) at end of year.....	\$ 635,046	\$ 630,553



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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 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 Conservation and Recreation 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, 2008
(Amounts in thousands)

	General Capital Projects	Capital Investment Trust	Convention and Exhibition Center Capital	Capital Improvements and Investment Trust	Capital Expenditure Reserve
ASSETS					
Cash and short-term investments.....	\$ 135,371	\$ -	\$ 11,893	\$ -	\$ -
Cash with fiscal agent.....	-	-	-	-	-
Receivables, net of allowance for uncollectibles:					
Due from federal government.....	1,743	-	-	-	-
Due from other funds.....	-	-	-	-	-
Total assets.....	<u>\$ 137,114</u>	<u>\$ -</u>	<u>\$ 11,893</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Deficiency in cash and short-term investments.....	\$ -	\$ 98	\$ -	\$ 102	\$ 9,245
Accounts payable.....	133,892	-	-	81	-
Accrued payroll.....	1,020	-	-	-	-
Total liabilities.....	<u>134,912</u>	<u>98</u>	<u>-</u>	<u>183</u>	<u>\$ 9,245</u>
Fund balance:					
Reserved for:					
Debt service.....	-	-	-	-	-
Capital projects.....	2,202	-	11,893	-	-
Unreserved:					
Undesignated.....	-	(98)	-	(183)	(9,245)
Total fund balance (deficits).....	<u>2,202</u>	<u>(98)</u>	<u>11,893</u>	<u>(183)</u>	<u>(9,245)</u>
Total liabilities and fund balances.....	<u>\$ 137,114</u>	<u>\$ -</u>	<u>\$ 11,893</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report

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)	
					2008	2007
\$ -	\$ 8,283	\$ 83,521	\$ -	\$ 1,607	\$ 240,675	\$ 137,457
154,990	-	-	-	-	154,990	257,672
-	-	-	-	-	1,743	1,577
-	65,060	-	-	-	65,060	74,582
<u>\$ 154,990</u>	<u>\$ 73,343</u>	<u>\$ 83,521</u>	<u>\$ -</u>	<u>\$ 1,607</u>	<u>\$ 462,468</u>	<u>\$ 471,288</u>
\$ 367,191	\$ -	\$ -	\$ 9,653	\$ -	\$ 386,289	\$ 185,179
69,144	67,525	-	5,347	2,271	278,260	277,742
1,877	674	-	-	-	3,571	2,693
<u>438,212</u>	<u>68,199</u>	<u>-</u>	<u>15,000</u>	<u>2,271</u>	<u>668,120</u>	<u>465,614</u>
154,990	-	-	-	-	154,990	257,672
-	5,144	83,521	-	-	102,760	128,048
(438,212)	-	-	(15,000)	(664)	(463,402)	(380,046)
(283,222)	5,144	83,521	(15,000)	(664)	(205,652)	5,674
<u>\$ 154,990</u>	<u>\$ 73,343</u>	<u>\$ 83,521</u>	<u>\$ -</u>	<u>\$ 1,607</u>	<u>\$ 462,468</u>	<u>\$ 471,288</u>

Capital Projects Funds
Combining Statements Of Revenues, Expenditures And Changes In Fund Balances - Statutory Basis

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	General Capital Projects	Capital Investment Trust	Convention and Exhibition Center Capital	Capital Improvements and Investment Trust	Capital Expenditure Reserve
REVENUES AND OTHER FINANCING SOURCES					
Revenues:					
Federal grants and reimbursements.....	\$ 19,911	\$ -	\$ -	\$ -	\$ -
Departmental.....	-	-	-	-	-
Payments from authorities.....	-	-	-	-	12,500
Miscellaneous.....	-	-	-	-	-
Total revenues.....	19,911	-	-	-	12,500
Other financing sources:					
Proceeds of general and special obligation bonds.....	831,177	-	-	87	-
Bonds premium.....	16,302	-	-	2	-
Proceeds of refunding bonds.....	-	-	-	-	-
Operating transfers in.....	-	-	-	-	-
Federal reimbursement transfer in.....	-	-	-	-	-
State share of federal highway construction.....	-	-	-	-	-
Total other financing sources.....	847,479	-	-	89	-
Total revenues and other financing sources.....	867,390	-	-	89	12,500
EXPENDITURES AND OTHER FINANCING USES					
Expenditures:					
Judiciary.....	16,985	98	-	-	-
Secretary of the Commonwealth.....	1,742	-	-	-	-
Treasurer and Receiver-General.....	11,295	-	-	-	-
Attorney General.....	2,405	-	-	-	-
Sheriff's Departments.....	1,838	-	-	-	-
Board of Library Commissioners.....	9,714	-	-	-	-
Administration and finance.....	162,914	-	-	68	-
Energy and environmental affairs.....	157,267	-	-	154	-
Health and human services.....	46,030	-	-	-	-
Transportation and public works.....	32,825	-	-	-	360
Executive Office of Education:					
Early education and care.....	461	-	-	-	-
Department of elementary and secondary education.....	926	-	-	-	-
Higher education.....	40,535	-	-	-	-
Public safety and homeland security.....	21,704	-	-	-	-
Housing and economic development.....	170,302	-	-	-	-
Labor and workforce development.....	10,846	-	-	-	-
Debt service:					
Principal retirement.....	-	-	-	-	-
Interest and fiscal charges.....	-	-	-	-	-
Total expenditures.....	687,789	98	-	222	360
Other financing uses:					
Payments to refunded bond escrow agent.....	-	-	-	-	-
Fringe benefit cost assessment.....	12,936	-	-	2	-
State share of federal highway construction.....	-	-	-	-	-
Operating transfers out.....	-	-	-	-	-
Total other financing uses.....	12,936	-	-	2	-
Total expenditures and other financing uses.....	700,725	98	-	224	360
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	166,665	(98)	-	(135)	12,140
Fund balances (deficits) at beginning of year.....	(164,463)	-	11,893	(48)	(21,385)
Fund balances (deficits) at end of year.....	\$ 2,202	\$ (98)	\$ 11,893	\$ (183)	\$ (9,245)

See independent auditors' report

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)	
					2008	2007
\$ -	\$ 672	\$ -	\$ -	\$ -	\$ 20,583	\$ 24,881
-	305	19,848	-	-	20,153	407
-	-	-	-	-	12,500	25,100
31,031	-	4,003	-	-	35,034	44,523
31,031	977	23,851	-	-	88,270	94,911
422,137	-	-	18,066	9,357	1,280,824	1,551,492
8,279	-	-	354	184	25,121	52,448
-	-	-	-	-	-	1,530,558
-	-	19,491	-	-	19,491	26,281
-	326,358	-	-	-	326,358	332,244
-	168,180	-	-	-	168,180	211,174
430,416	494,538	19,491	18,420	9,541	1,819,974	3,704,197
461,447	495,515	43,342	18,420	9,541	1,908,244	3,799,108
-	-	-	-	152	17,235	6,553
-	118	-	-	-	1,860	3,108
10,711	-	-	-	5,637	27,643	10,537
194	666	-	-	90	3,355	3,530
-	-	-	-	-	1,838	3,679
-	-	-	-	-	9,714	6,875
500	-	-	5,347	411	169,240	261,359
30,762	780	-	-	3,684	192,647	162,460
-	-	-	-	-	46,030	44,954
477,146	482,190	71,599	-	-	1,064,120	1,076,077
-	-	-	-	-	461	-
-	-	-	-	-	926	389
-	-	-	-	-	40,535	27,389
-	794	-	-	394	22,892	28,714
-	281	-	-	-	170,583	156,519
-	-	-	-	-	10,846	-
104,651	-	-	-	-	104,651	-
14,730	-	-	-	-	14,730	12,155
638,694	484,829	71,599	5,347	10,368	1,899,306	1,804,298
-	-	-	-	-	-	1,530,558
25,779	9,709	-	-	47	48,473	37,883
168,180	-	-	-	-	168,180	211,174
3,611	-	-	-	-	3,611	701
197,570	9,709	-	-	47	220,264	1,780,316
836,264	494,538	71,599	5,347	10,415	2,119,570	3,584,614
(374,817)	977	(28,257)	13,073	(874)	(211,326)	214,494
91,595	4,167	111,778	(28,073)	210	5,674	(208,820)
\$ (283,222)	\$ 5,144	\$ 83,521	\$ (15,000)	\$ (664)	\$ (205,652)	\$ 5,674

General Capital Projects Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	2008	2007
ASSETS		
Cash and short-term investments.....	\$ 135,371	\$ -
Receivables, net of allowance for uncollectibles:		
Due from federal government.....	1,743	1,577
Total assets.....	<u>\$ 137,114</u>	<u>\$ 1,577</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ -	\$ 43,016
Accounts payable.....	133,892	122,319
Accrued payroll.....	1,020	705
Total liabilities.....	<u>134,912</u>	<u>166,040</u>
Fund balance:		
Reserve fund balance:		
Reserved for capital projects.....	2,202	-
Unreserved fund balance (deficit):		
Undesignated.....	-	(164,463)
Total fund balance (deficit)	<u>2,202</u>	<u>(164,463)</u>
Total liabilities and fund balance.....	<u>\$ 137,114</u>	<u>\$ 1,577</u>

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

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Federal grants and reimbursements.....	\$ 19,911	\$ 23,968
Miscellaneous.....	-	2,473
Total revenues.....	19,911	26,441
Other financing sources:		
Proceeds of general and special obligation bonds	831,177	815,495
Bond premiums.....	16,302	26,273
Proceeds of refunding bonds.....	-	491,560
Total other financing sources.....	847,479	1,333,328
Total revenues and other financing sources.....	867,390	1,359,769
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Judiciary.....	16,985	5,988
Secretary of the Commonwealth.....	1,742	2,941
Treasurer and Receiver-General.....	11,295	4,591
Attorney General.....	2,405	2,238
Sheriff's Departments.....	1,838	3,679
Board of Library Commissioner.....	9,714	6,875
Administration and finance.....	162,914	243,935
Energy and environmental affairs.....	157,267	128,396
Early education & care.....	461	-
Health and human services.....	46,030	44,954
Transportation and public works.....	32,825	55,589
Department of elementary and secondary education.....	926	389
Higher education.....	40,535	27,389
Public safety and homeland security.....	21,704	28,713
Housing and economic development.....	170,302	156,296
Labor and workforce development.....	10,846	-
Total expenditures.....	687,789	711,973
Other financing uses:		
Payments to refunded bond escrow agent.....	-	491,560
Fringe benefit cost assessment.....	12,936	9,175
Total other financing uses.....	12,936	500,735
Total expenditures and other financing uses.....	700,725	1,212,708
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	166,665	147,061
Fund balance (deficit) at beginning of year.....	(164,463)	(311,524)
Fund balance (deficit) at end of year.....	\$ 2,202	\$ (164,463)

Capital Investment Trust Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	2008	2007
ASSETS		
Cash and short-term investments.....	\$ -	\$ 46
Total assets.....	<u>\$ -</u>	<u>\$ 46</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ 98	\$ -
Accounts payable.....	<u>-</u>	<u>46</u>
Total liabilities.....	<u>98</u>	<u>46</u>
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	<u>(98)</u>	<u>-</u>
Total fund balance (deficit)	<u>(98)</u>	<u>-</u>
Total liabilities and fund balance.....	<u>\$ -</u>	<u>\$ 46</u>

Capital Investment Trust Fund
Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Departmental.....	\$ -	\$ -
Total revenues.....	-	-
Other financing sources:		
Proceeds of general and special obligation bonds	-	358
Total other financing sources.....	-	358
Total revenues and other financing sources.....	-	358
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Judiciary.....	98	320
Administration and finance.....	-	38
Total expenditures.....	98	358
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	98	358
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(98)	-
Fund balance (deficit) at beginning of year.....	-	-
Fund balance at end of year.....	\$ (98)	\$ -

Convention and Exhibition Center Capital Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and short-term investments.....	\$ 11,893	\$ 11,893
Total assets.....	<u>\$ 11,893</u>	<u>\$ 11,893</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	<u>-</u>	<u>-</u>
Fund balance:		
Reserved fund balance:		
Reserved for capital projects.....	11,893	11,893
Total fund balance (deficit).....	<u>11,893</u>	<u>11,893</u>
Total liabilities and fund balance.....	<u>\$ 11,893</u>	<u>\$ 11,893</u>

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

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Miscellaneous.....	\$ -	\$ -
Total revenues.....	-	-
Other financing sources:		
Proceeds of general and special obligation bonds	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	-	-
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Administration and finance.....	-	2,201
Total expenditures.....	-	2,201
Other financing uses:		
Payments to refunded bond escrow agent.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	-	2,201
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	-	(2,201)
Fund balance (deficit) at beginning of year.....	11,893	14,094
Fund balance (deficit) at end of year.....	\$ 11,893	\$ 11,893

Capital Improvements and Investment Trust Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and short-term investments.....	\$ -	\$ 281
Total assets.....	<u>\$ -</u>	<u>\$ 281</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ 102	\$ -
Accounts payable.....	81	327
Accrued payroll.....	<u>-</u>	<u>2</u>
Total liabilities.....	<u>183</u>	<u>329</u>
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	<u>(183)</u>	<u>(48)</u>
Total fund balance (deficit)	<u>(183)</u>	<u>(48)</u>
Total liabilities and fund balance.....	<u>\$ -</u>	<u>\$ 281</u>

Capital Improvements and Investment Trust Fund
Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Departmental.....	\$ -	\$ -
Total revenues.....	-	-
Other financing sources:		
Proceeds of general and special obligation bonds	87	4,256
Bond premiums.....	2	-
Total other financing sources.....	89	4,256
Total revenues and other financing sources.....	89	4,256
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Administration and finance.....	68	147
Energy and environmental affairs.....	154	749
Total expenditures.....	222	896
Other financing uses:		
Fringe benefit cost assessment.....	2	13
Total other financing uses.....	2	13
Total expenditures and other financing uses.....	224	909
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(135)	3,347
Fund balance (deficit) at beginning of year.....	(48)	(3,395)
Fund balance (deficit) at end of year.....	\$ (183)	\$ (48)

Capital Expenditure Reserve Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	2008	2007
ASSETS		
Cash and short-term investments.....	\$ -	\$ -
Total assets.....	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ 9,245	\$ 17,760
Accounts payable.....	<u>-</u>	<u>3,625</u>
Total liabilities.....	<u>9,245</u>	<u>21,385</u>
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	<u>(9,245)</u>	<u>(21,385)</u>
Total fund balance (deficit)	<u>(9,245)</u>	<u>(21,385)</u>
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, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Payments from authorities.....	\$ 12,500	\$ 25,100
Total revenues.....	12,500	25,100
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	12,500	25,100
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Transportation and public works.....	360	48,610
Total expenditures.....	360	48,610
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	360	48,610
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	12,140	(23,510)
Fund balance (deficit) at beginning of year.....	(21,385)	2,125
Fund balance (deficit) at end of year.....	\$ (9,245)	\$ (21,385)

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

June 30, 2008
(Amounts in thousands)

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash with fiscal agent.....	\$ 154,990	\$ 257,672
Total assets.....	<u>\$ 154,990</u>	<u>\$ 257,672</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ 367,191	\$ 109,403
Accounts payable.....	69,144	54,721
Accrued payroll.....	<u>1,877</u>	<u>1,953</u>
Total liabilities.....	<u>438,212</u>	<u>166,077</u>
Fund balance:		
Reserved fund balance:		
Reserved for debt service.....	154,990	257,672
Unreserved fund balance (deficit):		
Undesignated.....	<u>(438,212)</u>	<u>(166,077)</u>
Total fund balance (deficit).....	<u>(283,222)</u>	<u>91,595</u>
Total liabilities and fund balance.....	<u>\$ 154,990</u>	<u>\$ 257,672</u>

Highway Capital Projects Fund
Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Miscellaneous.....	\$ 31,031	\$ 11,567
Total revenues.....	31,031	11,567
Other financing sources:		
Proceeds of general and special obligation bonds	422,137	707,356
Bond premiums.....	8,279	26,174
Proceeds of refunding bonds.....	-	382,611
Total other financing sources.....	430,416	1,116,141
Total revenues and other financing sources.....	461,447	1,127,708
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Treasurer and Receiver-General	10,711	-
Attorney General.....	194	390
Administration and finance.....	500	1,370
Energy and environmental affairs.....	30,762	29,230
Transportation and public works.....	477,146	389,081
Debt service:		
Principal retirement.....	104,651	-
Interest and fiscal charges.....	14,730	12,155
Total expenditures.....	638,694	432,226
Other financing uses:		
Payments to refunded bond escrow agent.....	-	382,611
Fringe benefit cost assessment.....	25,779	20,980
State share of federal highway	168,180	211,174
Operating transfers out.....	3,611	701
Total other financing uses.....	197,570	615,466
Total expenditures and other financing uses.....	836,264	1,047,692
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(374,817)	80,016
Fund balance (deficit) at beginning of year.....	91,595	11,579
Fund balance (deficit) at end of year.....	\$ (283,222)	\$ 91,595

Federal Highway Construction Program Capital Projects Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and short-term investments.....	\$ 8,283	\$ 3,418
Due from other funds.....	<u>65,060</u>	<u>74,582</u>
Total assets.....	<u><u>\$ 73,343</u></u>	<u><u>\$ 78,000</u></u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 67,525	\$ 73,827
Accrued payroll.....	<u>674</u>	<u>6</u>
Total liabilities.....	<u>68,199</u>	<u>73,833</u>
Fund balance:		
Reserved fund balance:		
Reserved for capital projects.....	<u>5,144</u>	<u>4,167</u>
Total fund balance (deficit).....	<u>5,144</u>	<u>4,167</u>
Total liabilities and fund balance.....	<u><u>\$ 73,343</u></u>	<u><u>\$ 78,000</u></u>

Federal Highway Construction Program Capital Projects Fund
Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Federal grants and reimbursements.....	\$ 672	\$ 913
Departmental.....	305	407
Miscellaneous.....	-	23,672
Total revenues.....	<u>977</u>	<u>24,992</u>
Other financing sources:		
Federal reimbursement transfers in.....	326,358	332,244
State share of federal highway construction.....	<u>168,180</u>	<u>211,174</u>
Total other financing sources.....	<u>494,538</u>	<u>543,418</u>
Total revenues and other financing sources.....	<u>495,515</u>	<u>568,410</u>
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Secretary of the Commonwealth.....	118	167
Attorney General.....	666	902
Energy and environmental affairs.....	780	1,289
Transportation and public works.....	482,190	557,030
Public safety and homeland security.....	794	1
Housing and economic development.....	<u>281</u>	<u>223</u>
Total expenditures.....	<u>484,829</u>	<u>559,612</u>
Other financing uses:		
Fringe benefit cost assessment.....	<u>9,709</u>	<u>7,635</u>
Total other financing uses.....	<u>9,709</u>	<u>7,635</u>
Total expenditures and other financing uses.....	<u>494,538</u>	<u>567,247</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	977	1,163
Fund balance (deficit) at beginning of year.....	<u>4,167</u>	<u>3,004</u>
Fund balance (deficit) at end of year.....	<u>\$ 5,144</u>	<u>\$ 4,167</u>

Central Artery Statewide Road and Bridge Infrastructure Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	2008	2007
ASSETS		
Cash and short-term investments.....	\$ 83,521	\$ 120,585
Total assets.....	<u>\$ 83,521</u>	<u>\$ 120,585</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ -	\$ 8,807
Total liabilities.....	<u>-</u>	<u>8,807</u>
Fund balance:		
Reserved fund balance:		
Reserved for capital projects.....	83,521	111,778
Total fund balance (deficit)	<u>83,521</u>	<u>111,778</u>
Total liabilities and fund balance.....	<u>\$ 83,521</u>	<u>\$ 120,585</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, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Departmental.....	\$ 19,848	\$ -
Miscellaneous.....	4,003	6,811
Total revenues.....	23,851	6,811
Other financing sources:		
Operating transfers in.....	19,491	26,281
Total other financing sources.....	19,491	26,281
Total revenues and other financing sources.....	43,342	33,092
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Energy and environmental affairs.....	-	240
Transportation and public works.....	71,599	25,767
Total expenditures.....	71,599	26,007
Other financing uses:		
Fringe benefit cost assessment.....	-	29
Total other financing uses.....	-	29
Total expenditures and other financing uses.....	71,599	26,036
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(28,257)	7,056
Fund balance (deficit) at beginning of year.....	111,778	104,722
Fund balance (deficit) at end of year.....	\$ 83,521	\$ 111,778

Government Land Bank Capital Projects Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	2008	2007
ASSETS		
Cash and short-term investments.....	\$ -	\$ -
Total assets.....	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ 9,653	\$ 15,000
Accounts payable.....	<u>5,347</u>	<u>13,073</u>
Total liabilities.....	<u>15,000</u>	<u>28,073</u>
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	<u>(15,000)</u>	<u>(28,073)</u>
Total fund balance (deficit).....	<u>(15,000)</u>	<u>(28,073)</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, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Departmental.....	\$ -	\$ -
Total revenues.....	-	-
Other financing sources:		
Proceeds of general and special obligation bonds	18,066	-
Bond premiums.....	354	-
Total other financing sources.....	18,420	-
Total revenues and other financing sources.....	18,420	-
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Administration and finance.....	5,347	13,073
Total expenditures.....	5,347	13,073
Other financing uses:		
Payments to refunded bonds escrow.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	5,347	13,073
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	13,073	(13,073)
Fund balance (deficit) at beginning of year.....	(28,073)	(15,000)
Fund balance (deficit) at end of year.....	\$ (15,000)	\$ (28,073)

Local Capital Projects Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

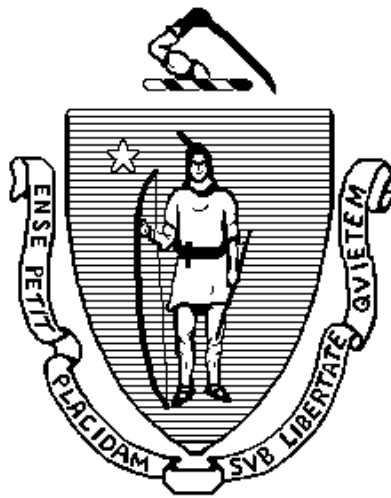
	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and short-term investments.....	\$ 1,607	\$ 1,234
Total assets.....	<u>\$ 1,607</u>	<u>\$ 1,234</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 2,271	\$ 997
Accrued payroll.....	<u>-</u>	<u>27</u>
Total liabilities.....	<u>2,271</u>	<u>1,024</u>
Fund balance:		
Reserved fund balance:		
Reserved for capital projects.....	-	210
Unreserved fund balance (deficit):		
Undesignated.....	<u>(664)</u>	<u>-</u>
Total fund balance (deficit)	<u>(664)</u>	<u>210</u>
Total liabilities and fund balance.....	<u>\$ 1,607</u>	<u>\$ 1,234</u>

Local Capital Projects Fund

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

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Federal grants and reimbursements.....	\$ -	\$ -
Total revenues.....	-	-
Other financing sources:		
Proceeds of general and special obligation bonds	9,357	24,028
Bond premiums.....	184	-
Proceeds of refunding bonds.....	-	656,387
Total other financing sources.....	9,541	680,415
Total revenues and other financing sources.....	9,541	680,415
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Judiciary.....	152	245
Treasurer and Receiver-General.....	5,637	5,946
Attorney General.....	90	-
Administration and finance.....	411	595
Energy and environmental affairs.....	3,684	2,556
Public safety and homeland security.....	394	-
Total expenditures.....	10,368	9,342
Other financing uses:		
Payments to refunded bond escrow agent.....	-	656,387
Fringe benefit cost assessment.....	47	51
Total other financing uses.....	47	656,438
Total expenditures and other financing uses.....	10,415	665,780
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(874)	14,635
Fund balance (deficit) at beginning of year.....	210	(14,425)
Fund balance (deficit) at end of year.....	\$ (664)	\$ 210



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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.

POST - EMPLOYMENT BENEFITS 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.

State Retiree Benefits Trust Fund – to account for the assets, liabilities and fund balances held in an irrevocable trust by the Commonwealth solely for the purpose of payment of the costs of health care and other non-pension benefits (OPEB) for retired members of the state retirement system. The Group Insurance Commission is responsible for administering the payment of, and determining the terms, conditions, schedule of benefits, carriers and eligibility for, health care and other non-pension benefits for retired members of the state retirement system.

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, 2008
(Amounts in thousands)

	Expendable Trust Funds	Nonexpendable Trust Funds	Post - Employment Benefit Trust Funds
ASSETS			
Cash and short-term investments.....	\$ 496,053	\$ 5,834	\$ 54,404
Cash on deposit with U.S. Treasury.....	1,412,712	-	-
Investments.....	-	-	44,863,921
Assets held in trust.....	-	-	-
Other receivables, net of allowance for uncollectibles.....	9,194	-	-
Total assets.....	<u>\$ 1,917,959</u>	<u>\$ 5,834</u>	<u>\$ 44,918,325</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable.....	\$ 53,975	\$ -	\$ 34,921
Accrued payroll.....	1,129	-	-
Agency liabilities.....	-	-	-
Due to cities and towns.....	-	-	-
Due to other funds.....	5,609	-	-
Total liabilities.....	<u>60,713</u>	<u>-</u>	<u>34,921</u>
Fund balances:			
Reserved for:			
Employees' post - employment benefits.....	-	-	44,883,404
Unemployment benefits.....	1,404,947	-	-
Unreserved:			
Designated for specific purpose.....	452,299	5,834	-
Total fund balances.....	<u>1,857,246</u>	<u>5,834</u>	<u>44,883,404</u>
Total liabilities and fund balances.....	<u>\$ 1,917,959</u>	<u>\$ 5,834</u>	<u>\$ 44,918,325</u>

See independent auditors' report

Agency Funds	Totals (Memorandum only)	
	2008	2007
\$ 408,907	\$ 965,198	\$ 923,486
-	1,412,712	1,257,898
-	44,863,921	46,406,438
778,156	778,156	867,785
-	9,194	7,178
<u>\$ 1,187,063</u>	<u>\$ 48,029,181</u>	<u>\$ 49,462,785</u>
\$ 44,693	\$ 133,589	\$ 135,639
-	1,129	858
1,072,040	1,072,040	1,183,241
70,330	70,330	51,565
-	5,609	-
<u>1,187,063</u>	<u>1,282,697</u>	<u>1,371,303</u>
-	44,883,404	46,432,275
-	1,404,947	1,257,898
-	458,133	401,309
-	46,746,484	48,091,482
<u>\$ 1,187,063</u>	<u>\$ 48,029,181</u>	<u>\$ 49,462,785</u>

Expendable Trust Funds
Combining Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	Expendable Trusts	Unemployment Compensation Trust	Totals (Memorandum only)	
			2008	2007
ASSETS				
Cash and short-term investments.....	\$ 496,053	\$ -	\$ 496,053	\$ 444,441
Cash on deposit with U.S. Treasury.....	-	1,412,712	1,412,712	1,257,898
Other receivables.....	9,194	-	9,194	7,178
Total assets.....	<u>\$ 505,247</u>	<u>\$ 1,412,712</u>	<u>\$ 1,917,959</u>	<u>\$ 1,709,517</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable.....	\$ 46,210	\$ 7,765	\$ 53,975	\$ 55,286
Accrued payroll.....	1,129	-	1,129	858
Due to other funds.....	5,609	-	5,609	-
Total liabilities.....	<u>52,948</u>	<u>7,765</u>	<u>60,713</u>	<u>56,144</u>
Fund balances:				
Reserved for:				
Unemployment benefits.....	-	1,404,947	1,404,947	1,257,898
Unreserved:				
Designated for specific purpose.....	452,299	-	452,299	395,475
Total fund balances.....	<u>452,299</u>	<u>1,404,947</u>	<u>1,857,246</u>	<u>1,653,373</u>
Total liabilities and fund balances.....	<u>\$ 505,247</u>	<u>\$ 1,412,712</u>	<u>\$ 1,917,959</u>	<u>\$ 1,709,517</u>

See independent auditors' report

Expendable Trust Funds
Combining Statements Of Revenues, Expenses And Changes In Fund Balances - Statutory Basis

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

			Totals (Memorandum only)	
	Expendable Trusts	Unemployment Compensation Trust	2008	2007
REVENUES AND OTHER FINANCING SOURCES				
Revenues:				
Taxes.....	\$ -	\$ 1,542,900	\$ 1,542,900	\$ 1,622,561
Assessments.....	55,948	-	55,948	54,893
Federal grants and reimbursements.....	32,071	38,891	70,962	50,440
Departmental.....	65,899	94,584	160,483	145,848
Miscellaneous.....	275,101	62,559	337,660	377,080
Total revenues.....	429,019	1,738,934	2,167,953	2,250,822
Other financing sources:				
Operating transfers in.....	8,739	-	8,739	10,162
Transfer for Bay State Competitiveness Investment.....	10,000	-	10,000	-
Other sources.....	71	-	71	92
Total other financing sources.....	18,810	-	18,810	10,254
Total revenues and other financing sources.....	447,829	1,738,934	2,186,763	2,261,076
EXPENDITURES AND OTHER FINANCING USES				
Expenditures:				
Judiciary.....	448	-	448	219
Secretary of the Commonwealth.....	-	-	-	18
Treasurer and Receiver-General	62,893	-	62,893	67,080
Auditor of the Commonwealth.....	70	-	70	78
Attorney General.....	4,100	-	4,100	5,399
District Attorney.....	6,376	-	6,376	5,897
Sheriff's Departments.....	252	-	252	611
Board of Library Commissioners.....	21	-	21	98
Comptroller.....	35	-	35	-
Administration and finance.....	9,141	-	9,141	10,069
Energy and environmental affairs.....	31,646	-	31,646	33,550
Health and human services.....	39,438	-	39,438	31,672
Transportation and public works.....	644	-	644	421
Executive Office of Education:				
Department of elementary and secondary education.....	5,637	-	5,637	5,004
Higher education.....	6,628	-	6,628	5,720
Public safety and homeland security.....	44,558	-	44,558	58,919
Housing and economic development.....	22,931	-	22,931	1,120,803
Labor and workforce development.....	45,096	1,591,885	1,636,981	382,607
Total expenditures.....	279,914	1,591,885	1,871,799	1,728,165
Other financing uses:				
Fringe benefit cost assessment.....	10,482	-	10,482	7,594
Operating transfers out.....	100,609	-	100,609	127,842
Total other financing uses.....	111,091	-	111,091	135,436
Total expenditures and other financing uses.....	391,005	1,591,885	1,982,890	1,863,601
Excess and other financing sources over expenditures and other financing uses.....	56,824	147,049	203,873	397,475
Fund balances at beginning of year.....	395,475	1,257,898	1,653,373	1,255,898
Fund balances at end of year.....	\$ 452,299	\$ 1,404,947	\$ 1,857,246	\$ 1,653,373

See independent auditors' report

Expendable Trust Fund - External
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and short-term investments.....	\$ 464,119	\$ 412,544
Other receivables.....	<u>9,194</u>	<u>7,178</u>
Total assets.....	<u><u>\$ 473,313</u></u>	<u><u>\$ 419,722</u></u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable.....	\$ 45,330	\$ 54,430
Accrued payroll.....	978	736
Due to other funds.....	<u>5,609</u>	<u>-</u>
Total liabilities.....	<u>51,917</u>	<u>55,166</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	<u>421,396</u>	<u>364,556</u>
Total fund balances (deficit).....	<u>421,396</u>	<u>364,556</u>
Total liabilities and fund balances.....	<u><u>\$ 473,313</u></u>	<u><u>\$ 419,722</u></u>

Expendable Trust Fund - External
Statement Of Revenues, Expenditures And Changes In Fund Balances - Statutory Basis

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Assessments.....	\$ 55,864	\$ 54,561
Federal grants and reimbursements.....	32,071	16,734
Departmental.....	60,513	60,201
Miscellaneous.....	266,745	318,506
Total revenues.....	415,193	450,002
Other financing sources:		
Operating transfers in.....	8,739	10,152
Transfer for Bay State Competitiveness Investment.....	10,000	-
Total other financing sources.....	18,739	10,152
Total revenues and other financing sources.....	433,932	460,154
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Judiciary.....	448	219
Secretary of the Commonwealth.....	-	18
Treasurer and Receiver-General	62,380	66,673
Auditor of the Commonwealth.....	70	78
Attorney General.....	1,926	2,039
District Attorney.....	6,140	5,624
Sheriff's Departments.....	238	605
Board of Library Commissioners.....	21	98
Comptroller.....	35	-
Administration and finance.....	7,147	5,174
Energy and environmental affairs.....	30,004	32,711
Housing and community development.....	-	7,136
Health and human services.....	36,409	29,515
Transportation and public works.....	596	414
Department of elementary and secondary education.....	5,637	5,004
Higher education.....	6,628	5,720
Public safety and homeland security.....	44,542	58,919
Housing and economic development.....	22,430	46,212
Labor and workforce development.....	45,096	13,366
Total expenditures.....	269,747	279,525
Other financing uses:		
Fringe benefit cost assessment.....	8,877	6,623
Operating transfers out.....	98,468	126,453
Total other financing uses.....	107,345	133,076
Total expenditures and other financing uses.....	377,092	412,601
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	56,840	47,553
Fund balances (deficit) at beginning of year.....	364,556	317,003
Fund balances (deficit) at end of year.....	\$ 421,396	\$ 364,556

Revolving Loan Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and short-term investments.....	\$ 4,460	\$ 5,499
Total assets.....	<u>\$ 4,460</u>	<u>\$ 5,499</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	<u>-</u>	<u>-</u>
Fund balance:		
Unreserved:		
Designated for specific purpose.....	4,460	5,499
Total fund balances (deficit).....	<u>4,460</u>	<u>5,499</u>
Total liabilities and fund balances.....	<u>\$ 4,460</u>	<u>\$ 5,499</u>

Revolving Loan Fund
Statement Of Revenues, Expenditures And Changes In Fund Balances - Statutory Basis

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Miscellaneous.....	\$ 274	\$ 460
Total revenues.....	274	460
Other financing sources:		
Other sources.....	71	92
Total other financing sources.....	71	92
Total revenues and other financing sources.....	345	552
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Housing and economic development.....	-	-
Total expenditures.....	-	-
Other financing uses:		
Operating transfers out.....	1,384	814
Total other financing uses.....	1,384	814
Total expenditures and other financing uses.....	1,384	814
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(1,039)	(262)
Fund balances (deficit) at beginning of year.....	5,499	5,761
Fund balances (deficit) at end of year.....	\$ 4,460	\$ 5,499

Expendable Trust Fund - Internal
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and short-term investments.....	\$ 27,474	\$ 26,398
Total assets.....	<u>\$ 27,474</u>	<u>\$ 26,398</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable.....	\$ 880	\$ 856
Accrued payroll.....	<u>151</u>	<u>122</u>
Total liabilities.....	<u>1,031</u>	<u>978</u>
Fund balance:		
Unreserved.:		
Designated for specific purpose.....	<u>26,443</u>	<u>25,420</u>
Total fund balances (deficit).....	<u>26,443</u>	<u>25,420</u>
Total liabilities and fund balances.....	<u>\$ 27,474</u>	<u>\$ 26,398</u>

Expendable Trust Fund - Internal
Statement Of Revenues, Expenditures And Changes In Fund Balances - Statutory Basis

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Assessments.....	\$ 84	\$ 332
Departmental.....	5,386	7,708
Miscellaneous.....	8,082	9,911
Total revenues.....	13,552	17,951
Other financing sources:		
Operating transfers in.....	-	10
Total other financing sources.....	-	10
Total revenues and other financing sources.....	13,552	17,961
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Treasurer and Receiver-General.....	513	407
Attorney General	2,174	3,360
District Attorney.....	236	273
Sheriff's Departments.....	14	6
Administration and finance.....	1,994	4,895
Energy and environmental affairs.....	1,642	839
Health and human services.....	3,029	2,157
Transportation and public works.....	48	7
Public safety and homeland security.....	16	-
Housing and economic development.....	501	235
Total expenditures.....	10,167	12,179
Other financing uses:		
Fringe benefit cost assessment.....	1,605	971
Operating transfers out.....	757	575
Total other financing uses.....	2,362	1,546
Total expenditures and other financing uses.....	12,529	13,725
Excess (deficiency)of revenues and other financing sources over expenditures and other financing uses.....	1,023	4,236
Fund balances (deficit) at beginning of year.....	25,420	21,184
Fund balances (deficit) at end of year.....	\$ 26,443	\$ 25,420

Unemployment Compensation Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash on deposit with U.S. Treasury.....	\$ 1,412,712	\$ 1,257,898
Total assets.....	<u>\$ 1,412,712</u>	<u>\$ 1,257,898</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable.....	\$ 7,765	\$ -
Total liabilities.....	<u>7,765</u>	<u>-</u>
Fund balance:		
Reserved for:		
Unemployment benefits.....	<u>1,404,947</u>	<u>1,257,898</u>
Total fund balances (deficit).....	<u>1,404,947</u>	<u>1,257,898</u>
Total liabilities and fund balances.....	<u>\$ 1,412,712</u>	<u>\$ 1,257,898</u>

Unemployment Compensation Fund
Statement Of Revenues, Expenditures And Changes In Fund Balances - Statutory Basis

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	2008	2007
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Taxes.....	\$ 1,542,900	\$ 1,622,561
Federal grants and reimbursements.....	38,891	33,706
Departmental.....	94,584	77,939
Miscellaneous.....	62,559	48,203
Total revenues.....	1,738,934	1,782,409
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	1,738,934	1,782,409
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Housing and economic development.....	-	1,067,220
Labor and workforce development.....	1,591,885	369,241
Total expenditures.....	1,591,885	1,436,461
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	1,591,885	1,436,461
Excess (deficiency)of revenues and other financing sources over expenditures and other financing uses.....	147,049	345,948
Fund balances (deficit) at beginning of year.....	1,257,898	911,950
Fund balances (deficit) at end of year.....	\$ 1,404,947	\$ 1,257,898

Nonexpendable Trust Fund
Balance Sheet - Statutory Basis

June 30, 2008
(Amounts in thousands)

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and short-term investments.....	\$ 5,834	\$ 5,834
Total assets.....	<u>\$ 5,834</u>	<u>\$ 5,834</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	<u>-</u>	<u>-</u>
Fund balances:		
Reserved for:		
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, 2008
(Amounts in thousands)

	2008	2007
REVENUES		
Revenues:		
Investment earnings.....	\$ -	\$ -
Total revenues.....	-	-
EXPENSES		
Expenses:		
Treasurer and Receiver-General.....	-	-
Total expenses.....	-	-
Excess (deficiency) of revenues over expenses.....	-	-
Fund balances (deficit) at beginning of year.....	5,834	5,834
Fund balances (deficit) at end of year.....	\$ 5,834	\$ 5,834

Post - Employment Benefit Trust Funds
Combining Statements of Net Assets Available for Post - Employment Benefits - Statutory Basis

June 30, 2008
(Amounts in thousands)

	Pension Trust Funds			Totals (Memorandum only)	
	State Employees' PERS	Teachers' PERS	State Retiree Benefits	2008	2007
ASSETS					
Cash and short-term investments.....	\$ 32,514	\$ 21,890	\$ -	\$ 54,404	\$ 29,108
Investments.....	20,969,937	23,539,379	354,605	44,863,921	46,406,438
Total assets.....	<u>\$ 21,002,451</u>	<u>\$ 23,561,269</u>	<u>\$ 354,605</u>	<u>\$ 44,918,325</u>	<u>\$ 46,435,546</u>
LIABILITIES					
Accounts payable.....	\$ 1,327	\$ 7,947	\$ 25,647	\$ 34,921	\$ 3,271
Total liabilities.....	<u>1,327</u>	<u>7,947</u>	<u>25,647</u>	<u>34,921</u>	<u>3,271</u>
Net assets available for post - employment benefits (fund balances reserved for employees' post - employment benefits).....	<u>\$ 21,001,124</u>	<u>\$ 23,553,322</u>	<u>\$ 328,958</u>	<u>\$ 44,883,404</u>	<u>\$ 46,432,275</u>
See independent auditors' report					

Post - Employment Benefit Trust Funds

Combined Statements of Changes in Net Assets Available for Post - Employment Benefits - Statutory Basis

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	Pension Trust Funds			Totals (Memorandum only)	
	State Employees' PERS	Teachers' PERS	State Retiree Benefits	2008	2007
Additions:					
Contributions.....	\$ 491,734	\$ 907,360	\$ 683,294	\$ 2,082,388	\$ 1,335,747
Other additions.....	464,330	573,984	-	1,038,314	531,027
Total contributions.....	956,064	1,481,344	683,294	3,120,702	1,866,774
Net investment (loss) income:					
Net appreciation (depreciation) of investments.....	(506,581)	(632,212)	-	(1,138,793)	7,883,547
Total additions.....	449,483	849,132	683,294	1,981,909	9,750,321
Deductions:					
Administration reimbursement.....	7,572	14,976		22,548	22,364
Retirement benefits and refunds.....	1,294,574	1,859,322	354,336	3,508,232	2,952,686
Total deductions.....	1,302,146	1,874,298	354,336	3,530,780	2,975,050
Net increase (decrease).....	(852,663)	(1,025,166)	328,958	(1,548,871)	6,775,271
Net (decrease) assets available for post - employment benefits at beginning of year (fund balances reserved for employees' post - employment benefits).....	21,853,787	24,578,488	-	46,432,275	39,657,004
Net assets available for post - employment benefits at end of year (fund balances reserved for employees' post - employment benefits).....	\$ 21,001,124	\$ 23,553,322	\$ 328,958	\$ 44,883,404	\$ 46,432,275
See independent auditors' report					

Agency Funds
Statement Of Changes In Assets And Liabilities - Statutory Basis

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	(Memorandum only)			
	Balance June 30, 2007	Additions	Deductions	Balance June 30, 2008
ASSETS				
Cash and short-term investments.....	\$ 444,103	\$ 8,976,445	\$ 9,011,641	\$ 408,907
Assets held in trust.....	867,785	256,498	346,127	778,156
Total assets.....	<u>\$ 1,311,888</u>	<u>\$ 9,232,943</u>	<u>\$ 9,357,768</u>	<u>\$ 1,187,063</u>
LIABILITIES				
Accounts payable.....	\$ 77,082	\$ 4,790,259	\$ 4,822,648	\$ 44,693
Due to cities and towns.....	51,565	450,390	431,625	70,330
Due to federal government.....	-	78	78	-
Agency liabilities.....	<u>1,183,241</u>	<u>3,893,737</u>	<u>4,004,938</u>	<u>1,072,040</u>
Total liabilities.....	<u>\$ 1,311,888</u>	<u>\$ 9,134,464</u>	<u>\$ 9,259,289</u>	<u>\$ 1,187,063</u>

Supplemental Information



Calculation of Transfers – Stabilization and Tax Reduction Funds
Non-Tax Revenue Initiatives
Schedule of Pension Funding Progress – Last Six Fiscal Years

See independent auditors' report

Calculation of Transfers: Stabilization Fund

June 30, 2008

This statement is prepared on the statutory basis of accounting pursuant to General Laws Chapter 29, Section 5c, as amended most recently by Chapter 306 of the Acts of 2008, 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.

	Amounts in thousands
I. Undesignated Budgeted Fund Balances before calculation of transfers:	
General Fund	\$ 130,047
Highway Fund	-
Workforce Training Fund	-
Division of Energy Resources Credit Trust Fund	-
Massachusetts Tourism Fund	-
International Educational and Foreign Language Grant Program Fund	-
Consolidated undesignated fund balance / (deficit) in the Operating Funds.....	\$ 130,047
Less: Amount to be carried forward per Chapter 29, Section 5c(a) per Schedule A	105,047
Less: Amount to be deposited in the Stabilization Fund also per Chapter 29, Section 5c(a) per Schedule A ..	
<i>Not Applicable for FY2008 Per Chapter 61 of the Acts of 2007, Section 65.....</i>	<u>Not Applicable</u>
Net consolidated net surplus as defined in Chapter 29, Section 5c, as amended to be deposited into the Stabilization Fund.....	<u>\$ 25,000</u>

Chapter 306 of the Acts of 2008, Section 11 Transfers:

If the Consolidated net surplus is \$25,000,000 or less, transfer amount to the Massachusetts Life Sciences Investment Fund.....	\$ 25,000
If the Consolidated net surplus is \$41,000,000 or more, transfer amounts as follows:	
Massachusetts Life Sciences Investment Fund.....	-
Workforce competitiveness Trust Fund.....	-
Massachusetts Science, Technology, Engineering, and Mathematics Grant Fund.....	-
Endowment Incentive Holding Fund.....	-
Farm Capital Linked Loan Fund.....	-
Rose Fitzgerald Kennedy Greenway Conservancy, Inc.....	-
Total Transfers of Amounts in Excess of \$41,000,000	-
Remaining Amount to transfer to the Stabilization Fund	<u>\$ -</u>
If the Consolidated net surplus is more than \$25,000,000 but less than \$41,000,000, proportional transfer amounts:	
Massachusetts Life Sciences Investment Fund (\$25,000,000 no reduction).....	-
Workforce competitiveness Trust Fund (\$3,000,000, reduced)	-
Massachusetts Science, Technology, Engineering, and Mathematics Grant Fund (\$2,000,000, reduced).....	-
Endowment Incentive Holding Fund (\$4,000,000, reduced).....	-
Farm Capital Linked Loan Fund (\$5,000,000 reduced)	-
Rose Fitzgerald Kennedy Greenway Conservancy, Inc (\$2,000,000, reduced).....	-
Total Transfers of Amounts more than \$25,000,000, but less than \$41,000,000	-
Remaining Amount to transfer to the Stabilization Fund	<u>\$ -</u>

Chapter 302 of the Acts of 2008, Section 5 Fund Balance Consolidation:

Balances Before Consolidation:

General Fund	\$ 1,715,720
Highway Fund.....	(1,571,583)
Workforce Training Fund	(21,839)
Division of Energy Resources Credit Trust Fund	2,681
Massachusetts Tourism Fund	5,068
International Educational and Foreign Language Grant Program Fund	-
Total	<u>\$ 130,047</u>

Fund Balance Consolidation Amounts to / (from):

Highway Fund.....	\$ 1,571,583
Workforce Training Fund	21,839
General Fund	(1,715,720)
Division of Energy Resources Credit Trust Fund	(2,681)
Massachusetts Tourism Fund	(5,068)
International Educational and Foreign Language Grant Program Fund	-
Net.....	<u>\$ (130,047)</u>

Stabilization Balance Reconciliation:

Balance as of July 1, 2007	\$ 2,335,021
Investment income, certain tax revenues and other recoveries.....	99,173
Transfers from Stabilization	(315,000)
Stabilization Fund Balance	<u>\$ 2,119,194</u>

Calculation Of Transfers: Tax Reduction Fund

June 30, 2008
(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. Sup

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.....	\$ 2,119,194
Allowable Stabilization Fund balance (per Schedule B).....	<u>4,546,976</u>
Stabilization Fund excess, if any, transferable to Tax Reduction Fund.....	<u>\$ -</u>

Part 2: Status of Stabilization Fund after transfers:

Stabilization Fund balance.....	\$ 2,119,194
Transfer to Tax Reduction Fund.....	<u>-</u>
Stabilization Fund balance after transfer to Tax Reduction Fund.....	<u>\$ 2,119,194</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
FY2007 Tax Revenues By Revenue Class and
Calculation of Allowable Net Surplus

June 30, 2008
(Amounts in thousands)

Alcoholic Beverages.....	\$ 71,169
Banks: Commercial and Savings.....	547,809
Cigarette.....	436,942
Corporations.....	1,511,974
Deeds.....	161,139
Estate and Inheritance.....	253,966
Income.....	12,483,777
Insurance.....	368,606
Health Trust Fund.....	12,365
Motor and Special Fuels.....	672,654
Public Utilities.....	120,173
Room Occupancy.....	173,666
Sales and Use.....	4,098,089
Club Alcoholic Beverages.....	766
Motor Vehicle Excise.....	96
Convention Center Surcharges.....	13,018
Community Preservation.....	27,031
State Racing.....	3,496
Beano	2,515
Raffles and Bazaars.....	929
DOI Excess and Surplus Lines.....	27,590
Boxing.....	50
UI Surcharge.....	21,509
FY 2008 state tax revenue.....	<u>\$ 21,009,329</u>
0.5% of total tax revenue.....	105,047
Allowable consolidated net surplus	<u>\$ 105,047</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, 2008
(Amounts in thousands)

Total budgeted revenues and other financial resources pertaining to the budgeted funds.....	\$	32,539,481
Elimination of budgetary interfund activity exclusive of fund closure (per Schedule C).....		<u>(2,226,306)</u>
Budgeted revenues and other financial resources pertaining to the budgeted funds.....		30,313,175
Allowable Stabilization Fund balance, 15% of budgeted revenue.....	\$	<u><u>4,546,976</u></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, 2008
(Amounts in thousands)

Adjustments to revenues :	
Transfer to the Intragovernmental Service Fund Revenues.....	\$ (222,763)
Adjustments to other financing sources and uses:	
Fringe benefit cost assessments.....	(90,716)
Transfer from the Intragovernmental Service Fund to the General Fund.....	(1,011)
RMV license -plates.....	(3,277)
Transfer from Stabilization Fund to General Fund	(315,000)
Other fund deficit support	(1,593,422)
Other	<u>(117)</u>
Elimination of budgetary interfund activity	<u><u>\$ (2,226,306)</u></u>

Schedule D

Calculation of Transfers: Temporary Holding Fund

June 30, 2008
(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.

Period Ending:	September 30, 2007	December 31, 2007	March 31, 2008	June 30, 2008
Cumulative net state tax revenues, 2008	\$ 4,796,700	\$ 9,194,513	\$ 14,485,334	\$ 21,009,329
Cumulative net state tax revenues, 2007.....	\$ 4,542,170	\$ 8,831,036	\$ 13,659,294	\$ 19,848,064
Permissible growth rate defined as				
inflation plus 2%, but not less than 0%	6.94%	6.93%	7.41%	7.66%
Permissible state tax revenues defined as				
cumulative net state tax revenues,				
2007 multiplied by 1 plus the permissible growth rate.....	\$ 4,857,306	\$ 9,442,585	\$ 14,671,584	\$ 21,368,426
Cumulative net state tax revenues 2008				
in excess of permissible state tax revenues.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Non-Tax Revenue Initiatives

June 30, 2008
(Amounts in thousands)

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

I. 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 FY07 were (amounts in thousands):

<u>Department Collectors</u>	<u>Collections</u>	<u>Fees</u>
Allen Daniel Associates, Inc.....	\$ 383	\$ 64
Collecto Inc.....	3,068	506
Glenn Associates, Inc.....	339	49
OSI Collection Services, Inc.....	433	56
Walker Associates, Inc.....	5,301	914
Windham Professionals.....	1,225	199
Total.....	<u>\$ 10,749</u>	<u>\$ 1,788</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) (amounts in thousands):

<u>Department Collectors</u>	<u>Collections</u>	<u>Fees</u>
Allen Daniel Associates, Inc.....	\$ 336	\$ 56
Collecto Inc.....	1,695	263
Glenn Associates, Inc.....	332	48
OSI Collection Services, Inc.....	141	15
Walker Associates, Inc.....	-	-
Windham Professionals.....	240	40
Total.....	<u>\$ 2,744</u>	<u>\$ 422</u>

II. 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 FY07, the following amounts were generated (amounts in thousands):

Gross revenue maximization realized.....	\$ 886,299
Amounts credited to the federal government.....	-
Contractor payments.....	<u>(19,476)</u>
Net revenue maximization realized.....	<u>\$ 866,823</u>

III. 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 FY07, the following amounts were generated (amounts in thousands):

State expenditures avoided.....	\$ 431,502
Amounts credited to the federal government in provider offsets.....	-
Contractor payments.....	<u>(15,409)</u>
Net cost savings / avoidance.....	<u>\$ 416,093</u>

IV. 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. FY07 activity (amounts in thousands):

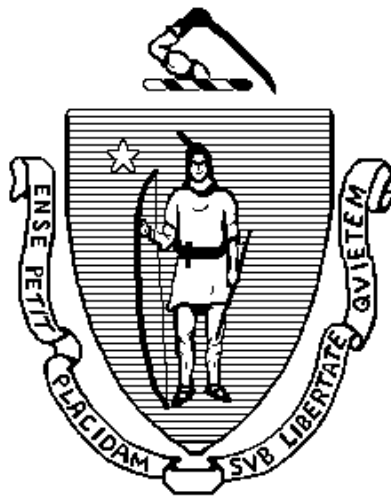
Total Commonwealth intercepts.....	\$ 7,279
Amounts included above that were intercepted on behalf of the Institutions of Higher Education.....	\$ 4,212

**Schedule of Pension Funding Progress
Last Six Fiscal Years**

(Amounts in thousands except for percentages)

	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Unfunded Actuarial Liability (UAAL)	Funded Ratio	Annual Covered Payroll *	UAAL as a % of Covered Payroll *
State Employees' Retirement System						
Actuarial Valuation as of January 1, 2008....	\$ 20,400,656	\$ 22,820,502	\$ 2,419,846	89.4%	\$ 4,574,233	52.9%
Actuarial Valuation as of January 1, 2007....	18,445,225	21,670,810	3,225,585	85.1%	4,391,891	73.4%
Actuarial Valuation as of January 1, 2006....	16,638,043	20,406,926	3,768,883	81.5%	4,200,577	89.7%
Actuarial Valuation as of January 1, 2005....	16,211,000	19,575,000	3,364,000	82.8%	3,967,000	84.8%
Actuarial Valuation as of January 1, 2004....	15,931,000	18,966,000	3,065,000	84.0%	3,842,000	79.8%
Actuarial Valuation as of January 1, 2003....	13,947,000	17,551,000	3,604,000	79.5%	3,779,000	95.4%
Teachers' Retirement System						
Actuarial Valuation as of January 1, 2008....	\$ 22,883,553	\$ 30,955,504	\$ 8,071,951	73.9%	\$ 5,163,498	156.3%
Actuarial Valuation as of January 1, 2007....	20,820,392	29,320,714	8,500,322	71.0%	4,969,092	171.1%
Actuarial Valuation as of January 1, 2006....	18,683,295	27,787,716	9,104,421	67.2%	4,819,325	188.9%
Actuarial Valuation as of January 1, 2005....	17,683,000	26,167,000	8,483,000	67.6%	4,643,000	182.7%
Actuarial Valuation as of January 1, 2004....	17,075,000	24,519,000	8,444,000	69.6%	4,556,000	163.4%
Actuarial Valuation as of January 1, 2003....	14,762,000	22,892,000	8,129,000	64.5%	4,406,000	184.5%

For a complete analysis of the Commonwealth's actuarial valuation report, please go to <http://www.mass.gov/perac/valuation/2008commonwealth.pdf>. Alternatively, copies of the Commonwealth's actuarial valuation reports may be obtained by contacting the Massachusetts Public Employee Retirement Administration Commission, 5 Middlesex Avenue, Suite 304, Somerville, MA 02145. Telephone number: 617-666-4446.



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Statistical Section



Ten-Year Schedules – Statutory Basis
Higher Education Non-appropriated Funds – Statutory Basis

Unaudited – See independent auditors' report

Ten-Year Schedule Of Revenues And Other Financing Sources
All Governmental Fund Types - Statutory Basis

June 30, 2008
(Amounts in millions)

	2008	% Total	2007	% Total	2006	% Total	2005	% Total
Taxes.....	\$ 21,009	44.6	\$ 19,849	44.4	\$ 18,593	43.9	\$ 17,192	40.7
Federal reimbursements.....	6,937	14.7	6,830	15.3	6,307	14.9	6,018	14.3
Federal grants.....	2,065	4.4	1,989	4.5	2,046	4.8	1,996	4.7
Lotteries.....	4,915	10.4	4,670	10.4	4,739	11.2	4,705	11.2
Assessments.....	806	1.7	794	1.8	793	1.9	785	1.9
Motor vehicle licenses and registrations.....	376	0.8	374	0.8	361	0.9	401	1.0
Fees, investment earnings, etc.....	3,200	6.8	2,450	5.6	2,891	6.8	2,945	6.8
Proceeds of general and special obligation bonds and related premiums.....	1,306	2.8	1,604	3.6	1,838	4.3	1,354	3.2
Proceeds of refunding bonds.....	-	0.0	1,531	3.4	633	1.5	1,385	3.3
Other interfund transfers.....	6,538	13.9	4,605	10.3	4,145	9.8	5,409	12.8
Total revenues and other financing sources.....	<u>\$ 47,152</u>	<u>100.0</u>	<u>\$ 44,696</u>	<u>100.0</u>	<u>\$ 42,346</u>	<u>100.0</u>	<u>\$ 42,190</u>	<u>100.0</u>

2004	% Total	2003	% Total	2002	% Total	2001	% Total	2000	% Total	1999	% Total
\$ 16,055	36.8	\$ 15,032	36.2	\$ 14,341	39.6	\$ 16,753	43.5	\$ 15,702	41.0	\$ 14,304	42.1
6,331	14.5	5,528	13.3	5,237	14.5	4,668	12.1	4,364	11.4	4,230	12.5
2,024	4.6	1,852	4.5	1,595	4.4	1,450	3.8	1,360	3.6	1,236	3.6
4,605	10.6	4,425	10.7	4,425	12.2	4,138	10.7	3,913	10.2	3,572	10.5
746	1.7	634	1.5	582	1.6	585	1.5	487	1.3	534	1.6
376	0.9	383	0.9	326	0.9	311	0.8	285	0.7	281	0.8
2,556	5.9	2,140	5.2	2,122	5.9	2,212	5.7	2,014	5.3	2,638	7.8
1,993	4.6	1,911	4.6	1,358	3.7	1,912	5.0	1,762	4.6	1,334	3.9
3,302	7.6	3,398	8.2	1,501	4.1	999	2.6	-	0.0	499	1.5
5,629	12.9	6,173	14.9	4,749	13.1	5,487	14.3	8,403	21.9	5,317	15.7
<u>\$ 43,617</u>	<u>100.0</u>	<u>\$ 41,476</u>	<u>100.0</u>	<u>\$ 36,236</u>	<u>100.0</u>	<u>\$ 38,515</u>	<u>100.0</u>	<u>\$ 38,290</u>	<u>100.0</u>	<u>\$ 33,945</u>	<u>100.0</u>

Ten-Year Schedule Of Tax Revenues By Source
All Governmental Fund Types - Statutory Basis

June 30, 2008
(Amounts in millions)

	2008	% Total	2007	% Total	2006	% Total	2005	% Total
Income.....	\$ 12,484	59.4	\$ 11,400	57.4	\$ 10,483	56.4	\$ 9,690	56.4
Sales and use.....	4,098	19.5	4,076	20.5	4,009	21.6	3,891	22.6
Corporations.....	1,512	7.2	1,588	8.0	1,391	7.5	1,063	6.2
Motor fuels.....	673	3.2	676	3.4	672	3.6	685	4.0
Cigarette.....	437	2.1	438	2.2	435	2.3	424	2.5
Insurance.....	369	1.8	369	1.9	397	2.1	373	2.2
Estate and inheritance.....	254	1.2	250	1.3	196	1.1	255	1.5
Banks.....	548	2.6	341	1.7	350	1.9	199	1.2
Alcoholic beverages.....	72	0.3	71	0.4	70	0.4	69	0.4
Other.....	562	2.7	640	3.2	590	3.1	543	3.3
Total taxes.....	<u>\$ 21,009</u>	<u>100.0</u>	<u>\$ 19,849</u>	<u>100.0</u>	<u>\$ 18,593</u>	<u>100.0</u>	<u>\$ 17,192</u>	<u>100.0</u>

2004	% Total	2003	% Total	2002	% Total	2001	% Total	2000	% Total	1999	% Total
\$ 8,830	55.0	\$ 8,026	53.4	\$ 7,913	55.2	\$ 9,903	59.1	\$ 9,042	57.6	\$ 8,037	56.2
3,743	23.3	3,708	24.7	3,696	25.8	3,756	22.4	3,565	22.7	3,270	22.9
998	6.2	875	5.8	587	4.2	945	5.7	1,131	7.2	1,009	7.1
684	4.3	676	4.5	667	4.7	660	3.9	653	4.2	637	4.5
425	2.6	451	3.0	275	1.9	271	1.6	280	1.8	284	2.0
374	2.3	345	2.3	348	2.4	323	1.9	306	1.9	317	2.2
195	1.2	181	1.2	200	1.4	203	1.2	167	1.1	174	1.2
239	1.5	269	1.8	137	1.0	180	1.1	93	0.6	109	0.8
69	0.4	67	0.5	66	0.5	65	0.4	64	0.4	61	0.4
498	3.2	434	2.9	452	3.2	447	2.7	401	2.6	406	2.8
<u>\$ 16,055</u>	<u>100.0</u>	<u>\$ 15,032</u>	<u>100.0</u>	<u>\$ 14,341</u>	<u>100.0</u>	<u>\$ 16,753</u>	<u>100.0</u>	<u>\$ 15,702</u>	<u>100.0</u>	<u>\$ 14,304</u>	<u>100.0</u>

Ten-Year Schedule Of Expenditures And Other Financing Uses By Secretariat
All Governmental Fund Types - Statutory Basis

June 30, 2008
(Amounts in millions)

	2008	% Total	2007	% Total	2006	% Total	2005	% Total
Legislature.....	\$ 58	0.1	\$ 59	0.1	\$ 55	0.1	\$ 54	0.1
Judiciary.....	831	1.7	788	1.8	672	1.6	634	1.5
Inspector General.....	3	-	3	-	3	-	4	-
Governor and Lieutenant Governor.....	9	-	5	-	5	-	5	-
Secretary of the Commonwealth.....	53	0.1	55	0.1	45	0.1	50	0.1
Treasurer and Receiver-General.....	5,640	11.8	5,267	11.7	5,635	13.6	5,760	13.7
Auditor of the Commonwealth.....	19	-	18	-	19	-	18	-
Attorney General.....	56	0.1	52	0.1	49	0.1	45	0.1
Ethics Commission.....	2	-	2	-	1	-	2	-
District Attorney.....	104	0.2	96	0.2	88	0.2	82	0.2
Office of Campaign and Political Finance.....	1	-	2	-	1	-	1	-
Sheriff's Departments.....	296	0.7	275	0.6	251	0.6	226	0.5
Disabled Persons Protection Commission.....	2	-	2	-	2	-	2	-
Board of Library Commissioners.....	46	0.1	42	0.1	49	0.1	47	0.1
Comptroller.....	14	-	14	-	14	0.0	21	-
Administration and finance.....	7,059	14.8	7,043	15.7	6,601	16.1	6,235	14.8
Energy and environmental affairs.....	473	1.0	450	1.0	390	0.9	346	0.8
Housing and community development.....	-	-	509	1.1	659	1.6	597	1.4
Health and human services.....	15,504	32.5	14,456	32.2	13,539	32.6	13,383	31.8
Transportation and public works.....	1,378	2.9	1,404	3.1	1,376	3.3	1,569	3.7
Executive Office of Education:								
Early education and care.....	560	1.2	518	1.2	482	1.2	-	-
Department of elementary and secondary education..	1,293	2.7	1,265	2.8	1,228	3.0	1,307	3.1
Higher education.....	1,136	2.4	1,153	2.6	1,016	2.4	943	2.2
Public safety and homeland security.....	1,381	2.9	1,253	2.8	1,180	2.8	1,111	2.6
Housing and economic development	857	1.8	508	1.1	323	0.8	299	0.7
Labor and workforce development.....	274	0.6	67	0.1	-	-	-	-
Elder affairs.....	-	-	-	-	-	-	-	-
Consumer affairs.....	-	-	-	-	-	-	-	-
Labor.....	-	-	-	-	-	-	-	-
Pension.....	1,399	2.9	1,335	3.0	1,275	3.1	1,217	2.9
Debt service.....	2,239	4.7	2,352	5.2	2,028	4.9	1,719	4.1
Payments to refunded bond escrow agent.....	-	-	1,531	3.4	633	1.5	1,153	2.7
Other fund deficit support.....	1,593	3.3	-	-	-	-	-	-
Other interfund transfers.....	5,403	11.3	4,383	9.8	3,887	9.4	5,197	12.4
Total expenditures and other financing uses.....	<u>\$ 47,683</u>	<u>100</u>	<u>\$ 44,907</u>	<u>100</u>	<u>\$ 41,506</u>	<u>100.0</u>	<u>\$ 42,027</u>	<u>100.0</u>

Schedule reflects changes in accordance with Article 87 of the Massachusetts constitution at various times over the last ten years at point of implementation

2004	% Total	2003	% Total	2002	% Total	2001	% Total	2000	% Total	1999	% Total
\$ 51	0.1	\$ 55	0.1	\$ 59	0.2	\$ 58	0.2	\$ 53	0.2	\$ 51	0.2
599	1.4	589	1.4	589	1.5	604	1.6	570	1.5	532	1.6
2	-	2	-	2	-	3	-	3	-	3	-
5	-	5	-	6	-	6	-	6	-	5	-
45	0.1	49	0.1	41	0.1	50	0.1	50	0.1	48	0.1
4,600	11.1	4,416	10.5	4,398	11.4	4,155	11.3	3,841	10.0	3,982	12.0
16	-	17	-	16	-	16	-	15	-	14	-
44	0.1	45	0.1	47	0.1	43	0.1	37	0.1	35	0.1
1	-	1	-	2	-	2	-	1	-	1	-
81	0.2	79	0.2	88	0.2	85	0.2	78	0.2	74	0.2
1	-	1	-	2	-	2	-	1	-	1	-
218	0.5	216	0.5	217	0.6	203	0.6	176	0.5	132	0.4
2	-	2	-	2	-	2	-	2	0.0	2	-
48	0.1	46	0.1	58	0.2	57	0.2	61	0.2	51	0.2
35	0.1	21	-	11	-	11	-	9	-	9	-
6,184	15.0	6,241	14.9	6,315	16.4	5,937	16.1	5,616	14.6	1,522	4.6
336	0.8	357	0.9	440	1.1	426	1.2	395	1.0	375	1.1
589	1.4	568	1.4	533	1.4	527	1.4	497	1.3	448	1.4
12,504	30.1	11,338	27.0	11,124	28.9	10,058	27.3	9,394	24.3	8,785	26.5
1,586	3.8	1,844	4.4	2,052	5.3	2,212	6.0	3,402	8.8	3,010	9.1
-	-	-	-	-	-	-	-	-	-	-	-
1,627	3.9	1,587	3.8	1,563	4.1	1,422	3.9	1,287	3.3	3,706	11.2
854	2.1	1,002	2.4	1,085	2.8	1,142	3.1	1,032	2.7	964	2.9
1,160	2.8	1,156	2.8	1,138	3.0	1,104	3.0	1,009	2.6	1,020	3.1
326	0.8	31	0.1	36	0.1	53	0.1	43	0.1	60	0.2
-	-	-	-	-	-	-	-	-	-	-	-
-	-	315	0.8	304	0.8	241	0.7	217	0.6	197	0.6
-	-	55	0.1	58	0.2	59	0.2	55	0.1	52	0.2
-	-	282	0.7	237	0.6	195	0.5	211	0.5	193	0.6
702	1.7	813	1.9	796	2.1	1,040	2.8	986	2.6	990	3.0
1,605	3.9	1,467	3.5	1,382	3.6	739	2.0	1,237	3.2	1,212	3.7
2,833	6.8	3,398	8.1	1,277	3.3	1,649	4.5	-	-	499	1.5
-	-	-	-	-	-	-	-	2,980	7.7	-	-
5,503	13.2	5,963	14.2	4,626	12.0	4,761	12.9	5,319	13.8	5,149	15.6
<u>\$ 41,556</u>	<u>100.0</u>	<u>\$ 41,961</u>	<u>100.0</u>	<u>\$ 38,504</u>	<u>100.0</u>	<u>\$ 36,862</u>	<u>100.0</u>	<u>\$ 38,583</u>	<u>100.0</u>	<u>\$ 33,124</u>	<u>100.0</u>

**Ten-Year Schedule Of Budgeted Funds Expenditures and Other Uses By
Major Program Category**
June 30, 2008
(Amounts in millions)

	2008*	2007	2006	2005	2004	2003	2002	2001	2000	1999
Direct local aid.....	\$ 5,040	\$ 5,033	\$ 4,619	\$ 4,477	\$ 4,784	\$ 5,069	\$ 5,189	\$ 4,969	\$ 4,674	\$ 4,310
Medicaid.**.....	8,246	7,550	6,852	5,977	5,742	5,485	5,259	4,642	4,270	3,856
Other health and human services.....	4,872	-	-	-	-	-	-	-	-	-
Public assistance.....	-	1,258	1,129	1,095	1,019	1,019	1,030	991	959	988
Elementary and secondary education.....	486	-	-	-	-	-	-	-	-	-
Higher education.....	1,085	1,116	988	915	831	969	1,030	1,102	996	930
Early education and care.....	550	-	-	-	-	-	-	-	-	-
Public safety.....	1,265	-	-	-	-	-	-	-	-	-
Energy and environment.....	227	-	-	-	-	-	-	-	-	-
MBTA and regional transit authorities.....	-	52	50	49	53	42	49	69	592	538
Pension.....	1,399	1,335	1,275	1,217	702	813	796	1,040	986	990
Group health insurance.....	853	1,022	964	846	788	739	717	641	589	566
Debt service.....	1,868	2,085	1,666	1,581	1,420	1,374	1,305	676	1,193	1,174
Major programs.....	25,891	19,451	17,543	16,157	15,339	15,510	15,375	14,130	14,259	13,352
Other program expenditures.....	2,739	8,206	7,651	7,127	6,819	6,700	7,254	7,163	7,251	6,411
Interfund transfers and other uses.....	4,405	1,819	1,749	2,726	2,749	3,540	2,046	1,772	4,538	1,884
Total expenditures and other uses.....	\$ 33,035	\$ 29,476	\$ 26,943	\$ 26,010	\$ 24,907	\$ 25,750	\$ 24,675	\$ 23,065	\$ 26,048	\$ 21,647

* Current presentation aligned with Bond Official Statements - Commonwealth Expenditures - Budgeted Operating Funds

** Exclusive of Non-Budgeted Medicaid spending from FY03 through FY2007 within the Health Care Quality Improvement Fund totalling \$201 million, \$288 million, \$292 million, \$292 million and \$290 million in FY03 through FY07 respectively.

Ten-Year Schedule Of Long-Term Bonds And Notes Outstanding

Fiscal Year Ended June 30, 2008
(Amounts in millions)

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
General obligation bonds.....	\$ 16,085	\$ 16,033	\$ 15,393	\$ 14,492	\$ 14,143	\$ 13,651	\$ 12,618	\$ 11,961	\$ 10,897	\$ 10,301
Grant anticipation notes*.....	1,536	1,666	1,789	1,907	1,907	1,499	1,499	1,499	922	922
Special obligation bonds.....	1,113	1,249	1,279	1,458	1,332	813	838	539	564	586
Commonwealth long-term bonds.....	\$ 18,734	\$ 18,948	\$ 18,461	\$ 17,857	\$ 17,382	\$ 15,963	\$ 14,955	\$ 13,999	\$ 12,383	\$ 11,809

*Inclusive of cross-over refunding notes inclusive of unamortized premiums.

Schedule Of Central Artery / Tunnel Project Spending and Funding Sources

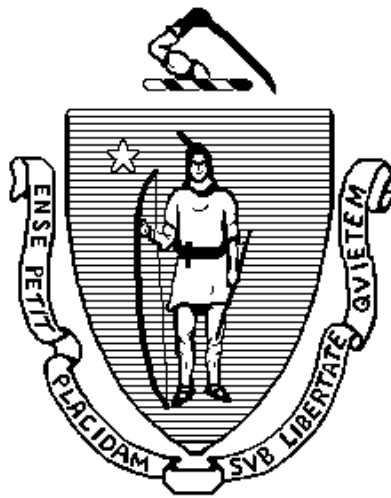
Fiscal Year Ended June 30, 2008
(Amounts in millions)

		Life of Project										
		Cumulative	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Federal Funds.....	\$	6,866	\$ (28)	\$ (16)	\$ (2)	\$ 53	\$ 363	\$ 291	\$ 314	\$ 290	\$ 332	\$ 429
Grant anticipation notes.....		1,501	-	-	-	-	-	24	9	353	408	412
Commonwealth debt and other Funds (subject to administrative cap).....		1,766	31	145	3	68	59	160	143	235	229	(142)
Commonwealth debt and other Funds (not subject to administrative cap).....		2,435	72	26	234	388	269	502	665	279	-	-
Payments from the Massachusetts Turnpike Authority or the Massachusetts Port Authority or related interest.....		1,776	-	49	44	-	-	11	52	106	481	817
Settlement Revenues.....		24	-	24	-	-	-	-	-	-	-	-
Total Commonwealth Spending.....	\$	14,368	\$ 75	\$ 228	\$ 279	\$ 509	\$ 691	\$ 988	\$ 1,183	\$ 1,263	\$ 1,450	\$ 1,516

* Source: Massachusetts Highway Department. Totals may not add due to rounding. In addition, the Massachusetts Turnpike Authority has contributed cumulatively \$140,000,000 for the life of the project to FY2008 and Insurance Trust Revenues have amounted to approximately \$62,181,000 offsetting spending.

** Negative amounts in any fiscal year are caused by the Massachusetts Highway Department reclassifying prior year expenditures to a different funding source.

1998	1997	1996	1995	1994	1993	1992	1991	1990
\$ 900	\$ 630	\$ 479	\$ 857	\$ 769	\$ 494	\$ 302	\$ 174	\$ 236
295	-	-	-	-	-	-	-	-
116	293	286	22	16	16	34	26	26
-	-	-	-	-	-	-	-	-
113	60	43	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
\$ 1,424	\$ 983	\$ 808	\$ 879	\$ 785	\$ 510	\$ 336	\$200	\$ 262



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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, 2008
(Amounts in thousands)

	University of Massachusetts	State Colleges	Community Colleges	TOTALS	
				2008	2007
Revenues and other financing sources					
Federal grants and reimbursements.....	\$ 288,541	\$ 26,870	\$ 71,336	\$ 386,747	\$ 440,802
Departmental revenue.....	837,859	269,349	268,778	1,375,986	1,165,074
Miscellaneous revenue.....	722,413	211,652	129,684	1,063,749	1,136,038
Total revenues and other financing sources.....	1,848,813	507,871	469,798	2,826,482	2,741,914
Expenditures and other financing uses (by MMARS subsidiary):					
AA Regular employee compensation.....	466,920	66,508	73,595	607,023	577,876
BB Regular employee related expenses.....	21,142	4,492	3,173	28,807	27,098
CC Special employees and contracted services.....	166,021	71,332	90,822	328,175	315,666
DD Pension and insurance.....	190,238	25,903	22,772	238,913	178,816
EE Administrative expenditures.....	81,286	56,890	59,868	198,044	172,098
FF Facility operational supplies.....	137,740	16,262	21,959	175,961	136,939
GG Energy costs and space rental.....	129,678	33,603	22,066	185,347	143,317
HH Consultant services.....	191,830	15,380	8,035	215,245	200,908
JJ Operational services.....	29,818	27,358	6,585	63,761	54,315
KK Equipment purchase.....	29,973	9,513	7,288	46,774	48,420
LL Equipment leases, maintenance and repair.....	22,349	13,272	8,988	44,609	34,727
MM Purchased client services and programs.....	17,625	1,881	7,527	27,033	24,042
NN Construction and improvements.....	88,245	47,991	16,189	152,425	129,449
PP Aid to local governments.....	-	-	690	690	590
RR Benefit programs.....	173,372	60,027	81,400	314,799	269,241
SS Debt payment.....	-	16,409	1,349	17,758	2,514
TT Loans and special payments.....	94,411	85,736	10,204	190,351	286,979
UU Information technology (IT) expenses	58,244	16,850	17,015	92,109	88,217
Total expenditures and other uses.....	1,898,892	569,407	459,525	2,927,824	2,691,212
Excess (deficiency) of revenues and other financing sources over expenditures and other uses.....	(50,079)	(61,536)	10,273	(101,342)	50,702
Fund balance (deficit) at beginning of year.....	467,915	185,667	144,508	798,090	747,388
Fund balance (deficit) at end of year.....	\$ 417,836	\$ 124,131	\$ 154,781	\$ 696,748	\$ 798,090

University Of Massachusetts
Higher Education Non-Appropriated Activity - Statutory Basis

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	<u>2008</u>	<u>2007</u>
Revenues and other financing sources		
Federal grants and reimbursements.....	\$ 288,541	\$ 322,970
Departmental revenue.....	837,859	633,834
Miscellaneous revenue.....	<u>722,413</u>	<u>877,473</u>
Total revenues and other financing sources.....	<u>1,848,813</u>	<u>1,834,277</u>
Expenditures and other financing uses (by MMARS subsidiary):		
AA Regular employee compensation.....	466,920	451,425
BB Regular employee related expenses.....	21,142	19,063
CC Special employees and contracted services.....	166,021	159,263
DD Pension and insurance.....	190,238	139,200
EE Administrative expenditures.....	81,286	74,486
FF Facility operational supplies.....	137,740	107,344
GG Energy costs and space rental.....	129,678	100,992
HH Consultant services.....	191,830	182,579
JJ Operational services.....	29,818	28,058
KK Equipment purchase.....	29,973	33,917
LL Equipment leases, maintenance and repair.....	22,349	20,084
MM Purchased client services and programs.....	17,625	17,951
NN Construction and improvements.....	88,245	84,450
RR Benefit programs.....	173,372	161,774
TT Loans and special payments.....	94,411	200,261
UU Information technology (IT) expenses	<u>58,244</u>	<u>57,532</u>
Total expenditures and other financing uses.....	<u>1,898,892</u>	<u>1,838,379</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(50,079)	(4,102)
Fund balance (deficit) at beginning of year.....	<u>467,915</u>	<u>472,017</u>
Fund balance (deficit) at end of year.....	<u>\$ 417,836</u>	<u>\$ 467,915</u>

State College System
Combining Higher Education Non-Appropriated Activity - Statutory Basis

Fiscal Year Ended June 30, 2008
(Amounts in thousands)

	Bridgewater State College	Framingham State College	Fitchburg State College	Massachusetts College of Art
Revenues and other financing sources				
Federal grants and reimbursements.....	\$ 5,655	\$ 1,905	\$ 3,743	\$ 1,530
Departmental revenue.....	71,742	29,504	31,372	20,367
Miscellaneous revenue.....	37,129	28,738	15,222	7,749
Total revenues and other financing sources.....	114,526	60,147	50,337	29,646
Expenditures and other financing uses (by MMARS subsidiary):				
AA Regular employee compensation.....	29,048	2,133	5,636	5,167
BB Regular employee related expenses.....	1,091	267	296	459
CC Special employees and contracted services.....	14,200	7,198	8,989	4,170
DD Pension and insurance.....	11,108	1,465	1,975	494
EE Administrative expenditures.....	10,558	20,529	1,042	1,617
FF Facility operational supplies.....	2,302	1,540	832	1,051
GG Energy costs and space rental.....	4,322	2,987	2,518	1,839
HH Consultant services.....	2,775	1,095	1,036	1,630
JJ Operational services.....	7,733	3,622	84	1,223
KK Equipment purchase.....	3,247	706	1,173	599
LL Equipment leases, maintenance and repair.....	4,930	524	527	682
MM Purchased client services and programs.....	532	296	196	-
NN Construction and improvements.....	5,134	2,827	1,233	2,962
PP Aid to local governments.....	-	-	-	-
RR Benefit programs.....	9,879	2,767	4,779	2,654
SS Debt payment.....	-	686	-	-
TT Loans and special payments.....	7,717	4,574	18,045	1,968
UU Information technology (IT) expenses	717	4,206	2,294	1,886
Total expenditures and other financing uses.....	115,293	57,422	50,655	28,401
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(767)	2,725	(318)	1,245
Fund balance (deficit) at beginning of year.....	24,522	25,144	28,276	8,152
Fund balance (deficit) at end of year.....	\$ 23,755	\$ 27,869	\$ 27,958	\$ 9,397

Massachusetts Maritime Academy	Massachusetts College of Liberal Arts	Salem State College	Worcester State College	Westfield State College	TOTALS	
					2008	2007
\$ 457	\$ 1,817	\$ 6,377	\$ 1,771	\$ 3,615	\$ 26,870	\$ 51,202
15,598	16,707	5,314	34,459	44,286	269,349	255,108
4,980	5,668	82,125	15,596	14,444	211,652	159,568
21,035	24,192	93,816	51,826	62,345	507,871	465,878
1,830	2,618	11,820	1,602	6,654	66,508	64,328
730	401	217	579	452	4,492	3,544
3,822	2,273	14,584	6,488	9,608	71,332	65,652
901	788	4,992	537	3,643	25,903	21,748
1,707	2,187	7,308	9,911	2,031	56,890	43,122
1,361	533	2,618	5,119	906	16,262	10,178
1,736	1,898	4,465	9,590	4,248	33,603	24,151
537	767	1,310	4,941	1,289	15,380	10,207
4,454	3,568	1,597	3,563	1,514	27,358	20,679
779	338	494	1,829	348	9,513	8,018
362	661	591	4,470	525	13,272	7,000
-	-	551	-	306	1,881	1,752
773	1,527	6,817	22,419	4,299	47,991	35,133
-	-	-	-	-	-	9
429	3,736	11,244	20,106	4,433	60,027	40,869
-	13	-	15,553	157	16,409	667
2,793	1,596	33,167	698	15,178	85,736	77,198
974	183	3,926	250	2,414	16,850	15,776
23,188	23,087	105,701	107,655	58,005	569,407	450,031
(2,153)	1,105	(11,885)	(55,829)	4,340	(61,536)	15,847
5,365	10,002	5,457	54,129	24,621	185,667	169,820
\$ 3,212	\$ 11,107	\$ (6,428)	\$ (1,700)	\$ 28,961	\$ 124,131	\$ 185,667

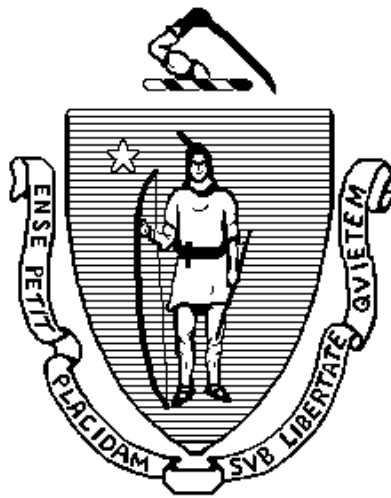
Community College System
Combining Higher Education Non-Appropriated Activity - Statutory Basis

Fiscal Year Ended June 30, 2008

(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
Revenues and other financing sources							
Federal grants and reimbursements.....	\$ 4,424	\$ 7,617	\$ 7,639	\$ 2,472	\$ 2,549	\$ 6,297	\$ 6,478
Departmental revenue.....	7,469	26,524	20,022	9,515	9,839	13,863	15,340
Miscellaneous revenue.....	2,500	13,073	13,623	6,112	5,654	12,080	6,550
Total revenues and other financing sources.....	14,393	47,214	41,284	18,099	18,042	32,240	28,368
Expenditures and other financing uses (by MMARS subsidiary):							
AA Regular employee compensation.....	17	14,693	5,230	2,722	2,408	3,510	4,454
BB Regular employee related expenses.....	81	123	288	160	210	337	95
CC Special employees and contracted services.....	2,280	9,583	9,740	5,092	4,666	6,597	6,953
DD Pension and insurance.....	767	1,158	2,645	1,594	1,123	1,566	1,577
EE Administrative expenditures.....	734	2,676	1,689	1,192	835	1,888	2,069
FF Facility operational supplies.....	475	797	743	432	981	2,942	1,177
GG Energy costs and space rental.....	1,004	1,242	1,717	764	1,624	1,313	1,528
HH Consultant services.....	313	663	917	376	587	248	240
JJ Operational services.....	547	1,354	414	183	251	1,720	201
KK Equipment purchase.....	248	617	677	366	115	199	483
LL Equipment leases, maintenance and repair.....	117	634	218	308	137	179	1,042
MM Purchased client services and programs.....	3,470	535	1,231	-	-	44	361
NN Construction and improvements.....	630	2,423	3,635	630	354	2,962	675
PP Aid to local governments.....	121	-	268	-	-	-	-
RR Benefit programs.....	2,586	8,409	7,153	3,903	3,399	8,242	6,123
SS Debt payment.....	-	-	-	-	-	195	-
TT Loans and special payments.....	872	-	140	26	59	-	2,211
UU Information technology (IT) expenses.....	621	2,600	1,494	1,089	760	1,633	1,268
Total expenditures and other financing uses.....	14,883	47,507	38,199	18,837	17,509	33,575	30,457
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses....	(490)	(293)	3,085	(738)	533	(1,335)	(2,089)
Fund balance (deficit) at beginning of year.....	3,365	21,039	19,477	10,008	1,279	9,566	7,925
Fund balance (deficit) at end of year.....	\$ 2,875	\$ 20,746	\$ 22,562	\$ 9,270	\$ 1,812	\$ 8,231	\$ 5,836

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	
								2008	2007
\$ 2,308	\$ 7,286	\$ 699	\$ -	\$ 8,664	\$ 4,903	\$ 4,328	\$ 5,673	\$ 71,336	\$ 66,630
15,916	21,280	18,631	46,662	21,415	14,687	2,800	24,815	268,778	276,132
1,724	20,490	6,189	3,167	9,752	5,734	14,463	8,574	129,684	98,997
19,948	49,056	25,519	49,829	39,831	25,324	21,591	39,062	469,798	441,759
465	13,221	6,484	2,074	13,702	3,209	385	1,021	73,595	62,123
132	592	341	2	91	321	73	327	3,173	4,491
92	9,345	6,024	43	6,746	1,372	15,788	6,502	90,822	90,751
389	5,864	1,330	801	1,141	2,095	191	531	22,772	17,868
1,856	2,321	3,780	34,004	1,772	1,843	533	2,677	59,868	54,490
545	1,045	1,141	66	3,076	4,040	734	3,766	21,959	19,417
2,153	4,014	2,106	86	1,535	1,154	441	1,386	22,066	18,174
-	3	489	1	1,173	1,005	199	1,821	8,035	8,122
-	67	259	31	166	194	357	841	6,585	5,578
-	2,006	1,132	2	306	575	56	506	7,288	6,485
-	559	1,168	7	190	2,128	122	2,179	8,988	7,643
140	-	344	-	176	-	1	1,225	7,527	4,339
1,960	-	707	-	467	1,121	317	308	16,189	9,866
-	-	293	-	-	-	8	-	690	581
2,566	122	1,834	12,762	6,994	7,201	1,907	8,199	81,400	66,598
-	-	-	-	1,037	117	-	-	1,349	1,847
-	5,142	1,164	-	-	507	83	-	10,204	9,520
2,881	30	21	-	1,459	2,481	623	55	17,015	14,909
13,179	44,331	28,617	49,879	40,031	29,363	21,818	31,344	459,525	402,802
6,769	4,725	(3,098)	(50)	(200)	(4,039)	(227)	7,718	10,273	38,957
15,469	(5,318)	3,160	4,025	6,927	6,412	6,438	34,738	144,508	105,551
\$ 22,238	\$ (593)	\$ 62	\$ 3,975	\$ 6,727	\$ 2,373	\$ 6,211	\$ 42,456	\$ 154,781	\$ 144,508



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