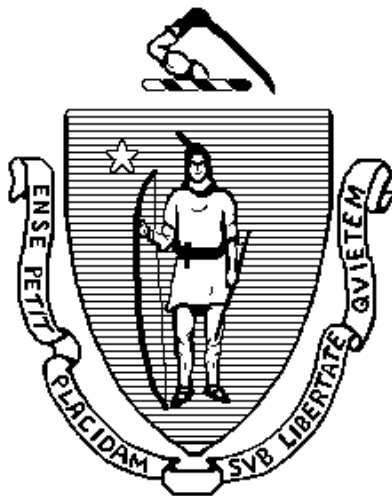


# Commonwealth of Massachusetts



## Statutory Basis Financial Report

*For the Fiscal Year Ended June 30, 2010*

Martin J. Benison, CGFM  
*Comptroller of the Commonwealth*

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

This Document is available at the Comptroller's website: [www.mass.gov/osc](http://www.mass.gov/osc)

### The 1629 Charter of the Massachusetts Bay

Also known as the Winthrop Charter, this manuscript was brought from England to the New World by John Winthrop on the ship Arbella in 1630. The beginnings of representative government in American can be traced to this manuscript.

Courtesy of the Commonwealth Museum at the Massachusetts Archives

Photography by Jennifer Fauxsmith

# Statutory Basis Financial Report

For the Fiscal Year Ended June 30, 2010

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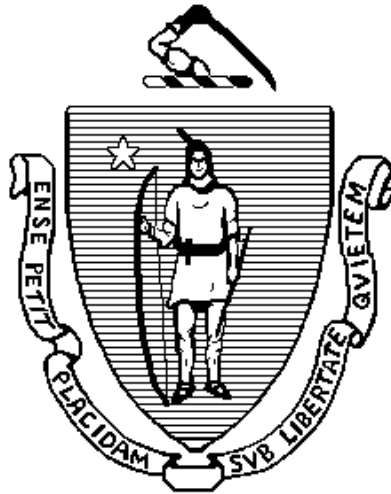
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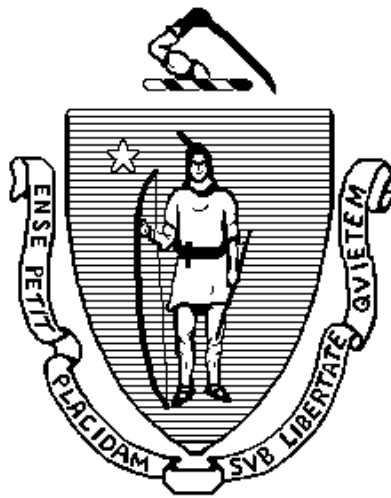
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# *Introductory Section*



Comptroller's Letter of Transmittal  
Constitutional, Legislative and Judicial Officers  
Acknowledgements  
Organization Chart of State Government  
Advisory Board to the Comptroller



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

***October 31, 2010***

***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, 2010 (FY10).

This SBFR, reflecting a legislative change enacted during FY09, is in a streamlined format. In addition, the change calls for the report to be reviewed and not audited. It is important to note the Comprehensive Annual Financial Report (CAFR) remains audited. This means the underlying activity in the SBFR report receives the same audit coverage but through a streamlined process. This affords more of a concentration on the budgeted operations of the Commonwealth for this report, without changing processes and procedures on the other funds. The important Stabilization Fund calculation and supporting schedules are included in this report and are found in the supplemental information section. The non-budgeted special revenue and capital projects funds are now presented in tabular form, which we believe simplifies the presentation of the Commonwealth's financial operations. We hope you appreciate this more streamlined approach and encourage your feedback.

As of June 30, 2010 the Commonwealth had a budgeted fund balance of slightly more than \$900 million and completed the fiscal year with a consolidated net surplus sufficient to meet statutory requirements for \$94 million to be carried forward and reserved as undesignated in FY11; \$10 million to be transferred to the Life Sciences Fund; and \$11.3 million to be deposited into the Stabilization Fund (also known as the "Rainy Day Fund"). This fund balance also reflects the Secretary of Administration and Finance's direction to reduce the budgeted withdrawal from the Rainy Day Fund in FY10 by \$50 million, restoring that amount to the Fund. The total budgeted fund balance of \$900 million represents a budgetary loss (excess of expenditures and uses over revenues and sources) of approximately \$113.6 million. The decline in the total fund balance is due to the amount of prior year revenues used to support current year's expenditures and the total amount of Stabilization Funds drawn during the fiscal year to support budgeted expenditures. Of the total budgeted fund balance, \$669 million is reserved in the Stabilization Fund, compared to a balance of over \$2.3 billion in 2007 before the recession began. \$122 million is reserved for continuing appropriations into fiscal year 2011. The remaining balance of \$111 million is made up of the statutorily required carry forward and other smaller fund balances. The Commonwealth also used \$1.9 billion in funds it received from the federal American Recovery and Reinvestment Act (ARRA) and will receive approximately \$809 million of ARRA funds in FY11.

Additionally, the Fiscal Relief Act passed by congress in July of 2010 provides for an additional \$654 million in federal funding by extending certain provisions of the ARRA legislation and by providing new education funding.

During FY10, budgeted tax revenues increased by 2.3% from FY09. Income taxes declined by 4.5% due to the continuing effects of the national recession. Sales and use taxes increased by \$746 million, or 19.2%, but all of the sales tax growth was the result of an increase in the sales tax rate from 5.0% to 6.25% and elimination of the sales tax exemption on alcoholic beverages, both of which were effective August 1, 2009. The Massachusetts Department of Revenue estimates that those two provisions resulted in increased sales and use tax revenues of \$836 million in FY10 (\$739 million from the rate increase and \$97 million from eliminating the alcoholic beverage exemption); without those increases, FY10 sales tax revenue would have declined by \$90 million, or 2.3% from FY09 due to the recession, which has reduced taxable retail and business-to-business sales. Because taxable sales declined in FY10, the Massachusetts Bay Transportation Authority, which is allocated a proportion of sales tax revenue based on taxable sales, required transfers from the General Fund to fund base revenues required by law.

The Commonwealth made two structural changes to the government operations in FY10.

Effective in November 2009, the Commonwealth implemented a sweeping transportation reform act, creating a new entity, the Massachusetts Department of Transportation (MassDOT). A new budgeted fund, the Commonwealth Transportation Fund, will succeed most of the operations of the Highway Fund in FY10. Transportation reform was implemented merging four state agencies: the Highway Department, Registry of Motor Vehicles, Massachusetts Aeronautics Commission and the Executive Office of Transportation into the MassDOT.

MassDOT also absorbed the former Massachusetts Turnpike Authority, the bridges and certain roads and parkways of the Department of Conservation and Recreation, as well as the Tobin Memorial Bridge operations of the Massachusetts Port Authority. MassDOT will also have more oversight of the Massachusetts Bay Transportation Authority as well as the Regional Transit Authorities.

This entity has attributes of a state department as well as an authority. It operates like a state department for purposes of state finance laws and is reported as part of the Commonwealth for compliance with federal tax law and the Single State Audit. Capital authorizations are appropriated by the legislature and controlled by the Executive Office of Administration and Finance like other state departments. Because this unique entity also maintains attributes of an authority, its activity is segregated in a separate non-budgeted and capital projects section of this report beginning on page 29 and then again on pages 89 to 91.



Then effective on January 1, 2010, the seven remaining county sheriffs were transferred to state government. The sheriff departments of Barnstable, Bristol, Dukes, Nantucket, Norfolk, Plymouth and Suffolk were brought onto the state's accounting and payroll systems with combined budgets of more than \$200 million and almost 3,000 employees. Prior to January these departments were part of county government; however, they received operating budgets as subsidies from the state. During the years 1997 through 2000 seven counties west and north of the Capital were abolished, which resulted in seven sheriff departments becoming part of state government and other former county operations such as the Registries of Deeds being absorbed into active Commonwealth departments. With the exception of the former Suffolk County, the remaining six counties continue operations.

The Commonwealth reduced its reliance on one time solutions in FY10 by \$632 million, from \$3.2 billion in FY09 to \$2.5 billion. Significant one time solutions include:

- A draw on the principal of the Stabilization Fund of nearly \$185 million and the entirety of the investment income, nearly \$22 million, were transferred to the General Fund. In total, \$207 million was used to support operations.
- A total of \$1.9 billion in federal stimulus funds, almost \$600 million more than was included in the FY09 budget including:
  - \$1.328 billion in increased federal share of Medicaid expenditure (also known as FMAP reimbursements).
  - \$457 million to education programs. \$173 million was used to support the state's K-12 education formula (Chapter 70) and \$284 million was used to support higher education campuses.
- A repayment of \$150 million in start up funds from the School Building Assistance Authority.
- One time tax settlement revenues of approximately \$160 million.
- The suspension of the statutorily required deposit of 0.5% of budgeted tax revenues into the Stabilization Fund, saving approximately \$94 million.

As the Commonwealth emerged from recession (which, according to the National Bureau of Economic Research – the official arbiter of when recessions start and end in the United States – ended nationally in June 2009), employment in the Commonwealth began to grow. Between June 2009 and June 2010, on a seasonally adjusted basis, Massachusetts employment grew by 19,000, or 0.6%, compared to an employment decline of 0.2% for the United States as a whole, and in June 2010 the Massachusetts unemployment rate was 9.0%, compared to 9.5% nationally.

The general appropriation act for FY11 was based on a budgeted revenue estimate of approximately \$30.0 billion, of which approximately \$17.7 billion represents taxes available for budget. As of September 30, 2010, FY11 tax collections were \$205 million above the year-to-date benchmark and on October 15, 2010 the Executive Office for Administration and Finance reaffirmed the \$17.7 billion FY11 estimate.

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

This report has been restructured from previous years to bring focus to the budgeted funds. For the budgeted funds, the activity and balances are presented. For all other funds included in this report, the activity – inflows and outflows – are presented in tabular form. This change was predicated on a change in law which afforded the Comptroller flexibility in presentation.

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 FY10 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). Fiduciary Funds are not included in this presentation. I will report the Commonwealth's financial position on a GAAP basis in December, in our Comprehensive Annual Financial Report (CAFR). That report, which will be prepared in accordance with GAAP, provides a basis for comparison with other governments. There are significant differences between what is contained in the SBFR fund balance, revenues and expenditures and what will be presented in December under GAAP. The major differences include presentation 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 of the Massachusetts General Laws, as amended, the Office of the Comptroller transmits the SBFR on October 31<sup>st</sup>. The SBFR for the fiscal year ended June 30, 2010 herein is reviewed, not audited, by KPMG LLP and represents the closing of the Commonwealth's books for the fiscal year. The review is conducted in conjunction with the Office of the State Auditor, which provides knowledge, expertise and resources to review the financial statements.

**American Recovery and  
Reinvestment Act  
Expenditures of Federal  
Award Activity For FY2009  
and FY2010**

Funding Category	FY2010	FY2009
Agriculture.....	\$ 9,332	\$ 249
Department of Defense.....	8,885	-
Housing and Urban Development.....	29,743	-
Justice.....	7,297	12,589
Labor.....	472,714	107,093
Transportation.....	74,422	148
US Treasury.....	40,354	-
National Institute for Arts & Humanities.....	339	-
National Science Foundation.....	66	-
EPA.....	10,431	-
Energy.....	69,193	-
Education.....	606,988	416,196
Health and Human Services.....	1,452,408	888,187
Homeland Security.....	670	-
<b>Total by funding category.....</b>	<b>\$ 2,782,843</b>	<b>\$ 1,424,462</b>
Total budgeted funds.....	\$ 1,420,705	\$ 886,160
Total non-budgeted special revenue funds *.....	857,430	438,065
Total capital projects funds.....	-	-
Total agency funds.....	4,207	-
Total expendable trust funds **.....	426,079	100,238
Total Massachusetts Department of Transportation.....	74,422	-
<b>Total by fund type.....</b>	<b>\$ 2,782,843</b>	<b>\$ 1,424,462</b>

\* Resulted in expenditure reduction in the General Fund  
\*\* Not included in this report

**American Recovery and Reinvestment Act**

For the year ended June 30<sup>th</sup>, ARRA funds received by the Commonwealth in all funds were in excess of \$2.7 billion. Medicaid reimbursement percentages were raised due to ARRA, generating \$1.3 billion of increased revenues.

In many respects ARRA is triggering a re-examination of governmental interaction with its citizens nationwide. ARRA requires heightened scrutiny of processes, policies and procedures, achieving a new level of transparency. The Commonwealth intends in FY11 to exceed the reporting requirements of ARRA in building a citizen-focused, transparent website to disclose not only ARRA activities, but all federal activities and results. Information can be found at <http://www.mass.gov/recovery> for daily updates on how ARRA is benefiting the Commonwealth.

The effect of the government re-organizations discussed previously impacted staffing levels. The elimination of the Massachusetts Turnpike Authority and the transfer of control of the Tobin Bridge from MassPort to MassDOT moved 1,320 employees from these entities to the State payroll. The consolidation of seven county sheriffs into the Commonwealth transferred almost 3,000 employees from county to state government. These transfers were offset by a reduction of approximately 2,300 fulltime equivalent employees due to a combination of employee attrition and layoffs.

Tobacco settlement proceeds for the fiscal year were approximately \$263.7 million. The entire amount was used in support of current operations.

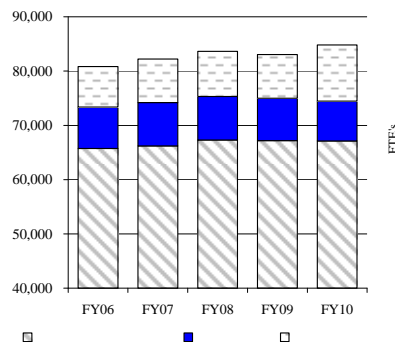
In other non-budgeted fund activity, the Commonwealth commenced operations with other states participating in a Regional Greenhouse Gas Initiative (RGGI). RGGI is a regional strategy to control emissions, including a market-based, multi-state cap-and-trade program that will require electric power generators to reduce their emissions of carbon dioxide. In FY10, this program generated nearly \$62 million of new revenues from four auctions. All of these proceeds are dedicated to funding elements of the green communities act and to lower greenhouse gas emissions.

**Lottery**

In FY10 the Commonwealth transferred approximately \$936.4 million in the aggregate to municipalities in so called lottery aid, of which \$814 million was from lottery profits with the balance supported by the General Fund. Overall, Lottery revenues remained the same at approximately \$4.6 billion for FY09 and FY10.

The FY11 General Appropriation Act contains provisions for \$899 million for unrestricted general government aid. This amount is \$37 million lower than the amount funded in FY10.

**Full Time Equivalent Workforce  
Including Higher Education  
June 2006 – June 2010**

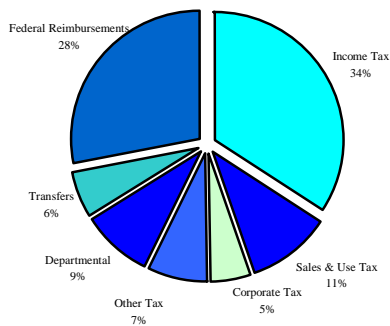


## ***The Budgeted Funds***

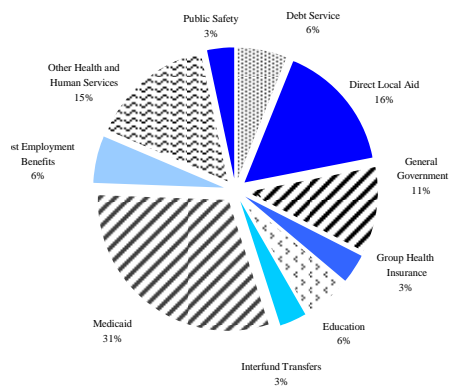
The General Appropriation Act (GAA) authorized approximately \$26.5 billion in spending, exclusive of approximately \$125.5 million in FY09 spending authorized to be continued into FY10 as part of final FY09 supplemental budgets.

The budget as enacted by the Legislature was based on a FY10 tax revenue estimate of \$18.879 billion. The \$18.879 billion estimate reflects the FY10 consensus tax estimate of \$17.989 billion adjusted for the impact of tax law changes enacted as part of the FY10 budget. This estimate was initially revised downward by \$600 million to \$18.279 on October 15, 2009, but was subsequently revised upward to \$18.460 billion on January 7, 2010 as revenues began to perform above benchmark.

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



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



To cover the projected \$600 million tax revenue shortfall reflected in the October 15th revised tax estimate, as well as the additional spending exposures that were anticipated at that time, the Governor authorized approximately \$277 million in spending reductions across most executive branch agencies in October 2009, pursuant to Section 9C of Chapter 29 of the General Laws. Some of the proposed cuts were later restored, in part, as a result of the second revision to the tax revenue estimate in January bringing the total 9C reductions to \$228 million (by the end of the fiscal year the total reductions were reduced to \$215 million). Other solutions used to offset the reduction in the consensus revenue estimate included the use of an additional \$35.6 million in Stabilization Fund reserves, \$126 million in anticipated departmental and other revenues, as well as \$62 million in available federal funds under the American Recovery and Reinvestment Act of 2009 (ARRA). Based on updated guidance provided by the federal government, the Commonwealth was informed that it would be eligible for nearly \$80 million in additional federal Medicaid reimbursements related to a change in the calculation of the state's Medicare "clawback" payments. The Secretary of Administration of Finance instructed the Comptroller to transfer \$50 million from the General Fund back to the Stabilization Fund and use the remaining \$30 million to support fiscal year 2010 expenditures.

Supplemental budgets during the year authorized approximately \$665.4 million in appropriations. Subsequent to year end, an additional supplemental budget was enacted totaling approximately \$73 million in spending related to FY10. The year's significant supplemental appropriation transfer activity included approximately:

- \$32.9 million for additional private counsel compensation
- \$15.2 million for additional health insurance costs for members of the Group Insurance Commission
- \$7.4 million for additional snow and ice removal costs
- \$143.6 million to support additional costs related to the MassHealth Managed Care Program
- \$111.7 million for additional costs related to MassHealth Fee for Service
- \$114.1 million for additional MassHealth senior care related costs
- \$60.1 million for additional Family Shelter Programs

- \$92.0 million to provide for a County Corrections Reserve

A total of 130 budgetary appropriations were supplemented during the year.

Budgeted expenditures and other uses, including transfers to non-budgeted funds, decreased by \$183 million from FY09. However, included in this amount is an increase in programs and services of \$279 million. The majority of the increase in program and service costs is due to the increase in Medicaid costs. Spending for direct local aid increased by \$114 million due to an increase in Chapter 70 education funding.

Debt service decreased by \$31 million. Post employment benefit costs increased by \$82 million. Inter-fund transfers to non-budgeted funds decreased by \$864 million due to re-classification of state retiree benefit expenditures and a decrease in transfers to the Universal Health Care fund.

As part of transportation reform, the Highway Fund was closed and a new fund, the Commonwealth Transportation Fund (CTF), was created. The tax and non-tax revenues previously deposited into the Highway fund now flow to the CTF. The outflow from the CTF has been narrowed to repayment of transportation-related debt previously charged to the Highway Fund and, subject to appropriation, transfers to the newly created Massachusetts Transportation Trust Fund, expenditures from which are controlled by MassDOT. The Highway Fund ended 2009 with a zero balance; accordingly there was no transfer to the CTF on July 1<sup>st</sup> when it opened.

The Budgeted Funds – Operations table on page 8 displays the FY10 summary of budgeted funds, compared to FY09. The FY10 financial statements for each of the seven individual budgeted funds are included in the financial section of this report. In FY11 and in future years, the challenge will be to continue to match spending to available revenues.

In conducting the budget process, the Commonwealth excludes from its 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 FY10, transfers among the Budgeted Funds decreased as a result of a reduction in funds provided from the 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.

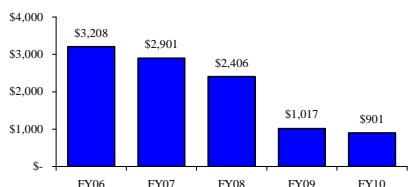
**Budgeted Funds - Operations**  
(Amounts in thousands)

	2009	2010
Beginning fund balances:		
Reserved and designated.....	\$ 171,479	\$ 68,856
Reserved for Stabilization Fund.....	2,119,194	841,344
Undesignated.....	115,147	106,436
Total.....	<u>2,405,820</u>	<u>1,016,636</u>
Revenues and other sources:		
Taxes.....	16,790,021	17,171,378
Federal reimbursements.....	8,250,900	8,548,836
Departmental and other revenues.....	2,326,179	2,800,917
Interfund transfers from non-budgeted funds and other sources.....	1,850,280	1,788,885
Budgeted revenues and other sources.....	<u>29,217,380</u>	<u>30,310,016</u>
Intragovernmental Service Fund revenues.....	227,609	239,252
Interfund transfers among budgeted funds and other sources.....	1,736,208	531,529
Total revenues and other sources.....	<u>31,181,197</u>	<u>31,080,797</u>
Expenditures and other uses:		
Programs and services.....	25,497,274	25,776,277
Debt service.....	1,891,386	1,859,641
Post Employment Benefits.....	1,666,396	1,748,619
Interfund transfers to non-budgeted funds and other uses.....	1,551,508	1,039,047
Budgeted expenditures and other uses.....	<u>30,606,564</u>	<u>30,423,584</u>
Intragovernmental Service Fund expenditures.....	227,609	239,252
Interfund transfers among budgeted funds and other uses.....	1,736,208	531,529
Total expenditures and other uses.....	<u>32,570,381</u>	<u>31,194,365</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses.....	<u>(1,389,184)</u>	<u>(113,568)</u>
Ending fund balances:		
Reserved and designated.....	68,856	121,959
Reserved for Stabilization Fund.....	841,344	669,803
Undesignated.....	106,436	111,306
Total.....	<u>\$ 1,016,636</u>	<u>\$ 903,068</u>

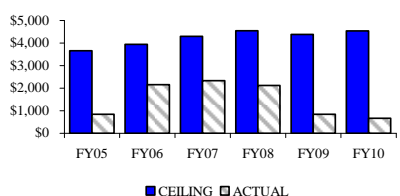
The graph of Budgeted Funds – Fund Balance on page 9 portrays the combined fund balance in the budgeted funds for the past five years.

At June 30, 2010, the ending balance is comprised mainly of the statutory fund balance of the General Fund and the Stabilization Fund. Due to designations of fund balances, \$122 million of the total budgeted fund balance, exclusive of stabilization, is reserved for appropriation in FY11. The remainder is undesignated.

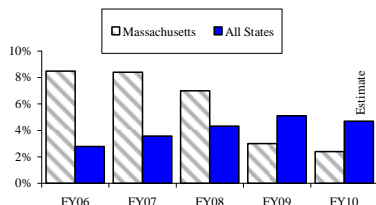
### ***Budgeted Funds – Fund Balance (Amounts in Millions)***



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



### ***Stabilization Fund Percentage of Budget Compared To Other States***



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

As states around the country are struggling with ongoing fiscal difficulties, the importance of the Stabilization Fund cannot be overstated. During FY10, according to the National Association of State Budget Officers' publication *The Fiscal Survey of the States: June 2010*, only ten states did not have to cut their budgets during the year after their general appropriation acts had passed. The survey showed states were trying to reduce or eliminate budget gaps during FY10 by increasing taxes and fees, laying off and furloughing personnel, offering early retirement incentives, instituting across-the-board or targeted cuts and reorganizing. The Commonwealth took specific actions in the Stabilization Fund this year to help attain fiscal balance, including transferring all \$21.8 million of Stabilization Fund investment income, as well as an additional \$184.8 million from the principal of the fund. This amount is \$50 million less than the amount the Secretary of Administration and Finance was authorized to transfer in budgetary acts. The calculation of year end stabilization fund transfers is specified in General Law. This year's budget act included a provision suspending the automatic transfer of 0.5% of budgeted revenues from the General Fund to the Stabilization Fund. In addition, the acts provided for \$10 million to be transferred to the Massachusetts Life Sciences Fund and a residual balance of \$11.3 million was deposited in the Stabilization Fund. For FY11, there are no planned draws on the principal of the Stabilization Fund. Only the investment earnings will be transferred to the General Fund as directed in budgetary acts enacted as of the date of this SBFR.

As can be seen, the Stabilization Fund balance has declined rapidly, but other states are also experiencing declines according to the survey. The survey ranked the Commonwealth sixth in the nation in FY09 (the most recent year for which final stabilization fund balances were available for all states) in terms of the balance in stabilization. Ten states had no stabilization fund balance at the end of FY09. Of the states with over \$10 billion in General Fund expenditures for FY09, the Commonwealth's Stabilization Fund balance as a percentage of expenditures also ranked sixth in the nation. As the graphic on the left portrays, the Commonwealth did not outpace the rest of the nation in this key element of fiscal condition, but excluding Alaska and Texas - which together accounted for more than half of all stabilization fund balances in FY09 - the Massachusetts Stabilization Fund balance as a percentage of total expenditures exceeded the national average.

### ***The Non-Budgeted Funds (Excludes MassDOT)***

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 FY10, the Commonwealth maintained 61 non-budgeted funds, while another five are inactive.

The largest non-budgeted funds in terms of revenues include the Lottery, the Federal Grants Fund and the Commonwealth Care Trust Fund. Other funds that show large inflows have flows comprised of transfers of taxation and grant receipts. These include the MBTA State and Local Contribution Trust Fund, the School Modernization Trust Fund and the Grant Anticipation Notes Trust Fund. As discussed above, the largest new inflow of revenues was received by the RGGI Auction Trust Fund, which generated nearly \$62 million of new revenues from four auctions of cap-and-trade CO<sub>2</sub> credit exchanges. All of these proceeds are dedicated to funding elements of the Green Communities Act and to lower greenhouse gas emissions.

The table Non-Budgeted Funds – Operations below includes a summary of the FY10 non-budgeted funds. Statement of Revenues, Expenditures and Changes in Fund Balance are presented in a table within this report for each of the individual funds in the financial section of this report.

As previously discussed, the State Lottery Funds ended the year with a profit of approximately \$814 million dedicated to cities and towns, slightly above last year's distribution. However, the General Appropriation Act mandated a transfer of Lottery Revenue sharing no less than \$936.4 million, with the balance coming from the General Fund.

**Non-Budgeted Funds - Operations (Excludes MassDOT)**  
(Amounts in thousands)

	2009	2010
Beginning fund balance.....	\$ 1,910,095	\$ 1,418,118
Revenues and other sources:		
Taxes.....	1,722,862	1,621,109
Assessments.....	545,744	553,248
Federal grants and reimbursements.....	3,509,937	3,940,562
Tobacco settlement revenue.....	315,153	263,678
Departmental and miscellaneous.....	5,252,045	4,899,050
Transfers and other sources.....	1,873,467	1,244,366
Total revenues and other sources.....	13,219,208	12,522,013
Expenditures and other uses:		
Programs and services.....	10,929,206	10,306,710
Debt service.....	246,267	249,787
Transfers and other uses.....	2,535,712	2,496,989
Total expenditures and other uses.....	13,711,185	13,053,486
Excess (deficiency) of revenues and other sources over expenditures and other uses.....	(491,977)	(531,473)
Ending fund balance.....	\$ 1,418,118	\$ 886,645

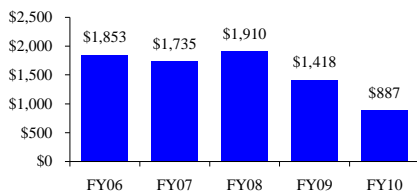


The large apparent operating deficit is a result of the transfer of the Central Artery/Tunnel Project Repair and Maintenance Trust with its balance of \$358 million out of this fund group for presentation with the MassDOT Funds. In addition, the Massachusetts School Building Assistance Authority drew down \$119 million from the School Modernization and Reconstruction Trust.

The other Non-Budgeted Funds with operating deficits in excess of \$10 million include:

- The Medical Security Trust - \$61.8 million and an ending fund deficit of \$18.6 million. This fund, which provides health insurance for individuals on unemployment, saw its balances depleted due to high rates of unemployment, combined with extension of eligibility for benefits up to 99 weeks.
- Smart Growth Housing Trust - \$20.1 million.
- Convention and Exhibition Center Fund - \$15.9 million.

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



The Health Care Security Trust (HST) continues to report 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 FY10 the Commonwealth received over \$263.7 million or approximately 79.9% of the estimated amounts shown in the MSA. FY10 is down from FY09 because FY09 included certain one-time payments from non-participating manufacturers. The Commonwealth continued to receive Strategic Contribution payments in FY10 under the terms of the MSA. These payments are projected to be received through FY17. The FY10 GAA directed all MSA receipts to the General Fund. However, as the HST's fund balance was transferred at the end of FY09 to the State Retiree Benefits Trust Fund, no future HST investment earnings will be transferred to the General Fund.

Continuing in FY10, 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).

For the Universal Health Care funds, including the Commonwealth Care, Essential Community Provider, Medical Assistance, Health Safety Net Fund, Medical Security Trust Fund and Catastrophic Illness in Children Relief Fund, all of which are largely related to Health Care Reform, revenues and other financing sources were nearly \$1.7 billion in FY10, decreasing from approximately \$2.4 billion in FY09. This is due to a decrease in funding and reduction in transfers to the Commonwealth Care Trust fund of nearly \$350 million.

The graph Non-Budgeted Funds - Fund Balance shows the combined fund balance in the Non-Budgeted funds for the past five years. The significant drop in fund balance is the result of the removal of the Central Artery/Tunnel Project Repair and Maintenance Trust with its balance of \$358 million from the fund group for presentation with other MassDOT funds, as reported on page 29 and pages 89 to 91. In addition, the Government Land Bank Fund has a chronic structural fund deficit. The FY10 deficit balance of approximately \$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. As indicated in previous years, more consolidation and elimination is needed for these funds.

### ***The Capital Projects Funds (Excludes MassDOT)***

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.

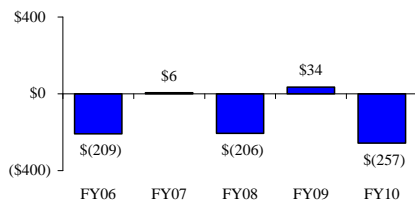
To fund the fiscal 2010 capital budget, the Commonwealth borrowed by issuing \$1.67 billion in long-term general obligation bonds. Two series of bonds sold in fiscal 2010 for new-money needs, the \$956.45 million 2009 Series E and the \$450 million 2010 Series A, were issued as Build America Bonds (BABs). The BABs program is a temporary bond program authorized by the federal government as part of the 2009 America Recovery and Reinvestment Act. Under the BABs program, issuers borrow by selling bonds into the taxable bond market and receive in return a subsidy from the federal government equal to 35% of the interest costs on the bonds. Given market conditions at the time of the Commonwealth's two BABs sales, this program resulted in borrowings whose net interest costs will be significantly lower than the interest on traditional tax-exempt bonds.

Over the course of fiscal 2010, the Commonwealth also refunded an outstanding series of variable rate demand bonds in March 2010 (\$538.12 million Series 2010 A Refunding) due to the expiring line of credit associated with the bonds. In order to reduce its line of credit exposure and lower its borrowing costs, the Commonwealth refunded the bonds by selling SIFMA (The Securities Industry and Financial

Markets Association) Index Bonds. SIFMA Index Bonds are another form of variable rate bonds whose interest rates are based on the SIFMA Index. Unlike variable rate demand bonds, these bonds do not provide investors with a put feature and therefore do not rely on bank lines of credit. The SIFMA Index is a 7-day high-grade market index comprised of tax-exempt variable rate demand bonds.

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 road 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.

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



The Capital Projects Funds – Operations table on the page 14 includes the FY10 Capital Projects Funds, summarized and compared to FY09. 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.”

During FY10, significant capital spending included:

- Accelerated Bridge Program: At the end of FY10, 23 bridge repair projects were completed, 52 were under construction and another 20 were in procurement.
- Maintaining increased funding levels for Chapter 90 municipal road and bridge projects, an increase of \$30 million over annual bond-funded Chapter 90 investments in prior Administrations.
- \$89 million spent on three new court projects that are in the construction phase.
- \$10 million for the Broadband Initiative, which will invest capital funds in long-lived, carrier-neutral infrastructure assets to promote broadband expansion to unserved and underserved areas, starting with Western Massachusetts.
- \$45 million for open space land protection.
- Continued construction on the new psychiatric facility on the grounds of Worcester State Hospital.
- Capital repairs to public housing increased from \$65 million in FY07 to \$125 million in FY10, when ARRA funds for weatherization are included.
- Started construction for major projects at Bridgewater State College, Massachusetts Maritime Academy, North Shore Community College and Greenfield Community College.

During the fiscal year, the Commonwealth passed or agreed to terms to over approximately \$85 million in bond authorizations and the De-authorizations of previously issued capital appropriations of approximately \$69 million. 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)

	2009	2010
Beginning fund balance (deficit).....	\$ (205,652)	\$ 34,211
Revenues and other sources:		
Federal grants and reimbursements.....	24,265	18,051
Departmental and miscellaneous.....	60,003	19,213
Proceeds of general and special obligation bonds.....	2,041,843	1,667,585
Bonds premium.....	98,850	4,098
Proceeds of refunding bonds.....	389,555	538,119
Transfer for federal reimbursements.....	685,963	610,061
Transfers and other sources.....	51,162	175,782
Total revenues and other sources.....	3,351,641	3,032,909
Expenditures and other uses:		
Acquisition and maintenance of capital assets.....	2,611,414	2,480,429
Payments to refunded bond escrow.....	410,308	538,119
Equity Transfer to MassDOT.....	-	110,348
Transfers and other uses.....	90,056	195,084
Total expenditures and other uses.....	3,111,778	3,323,980
Excess (deficiency) of revenues and other sources over expenditures and uses.....	239,863	(291,071)
Ending fund balance (deficit).....	\$ 34,211	\$ (256,860)

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

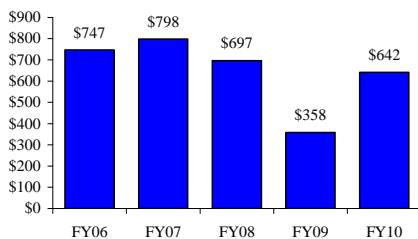
The SBFR includes the financial operations of the non-appropriated funds of the 25 institutions of higher education in the statistical section of this report as reported on MMARS. Each institution of higher education is authorized and directed in its enabling statute to collect, retain and expend certain 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 reporting through the issuance of audited financial statements. As budgeted resources are constrained it is time to eliminate this MMARS reporting and rely on the audited financial statements.

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

	2009	2010
Beginning fund balance.....	\$ 696,748	\$ 357,896
Revenues and other sources:		
Federal grants and reimbursements.....	411,883	547,793
Departmental revenues.....	1,227,258	1,532,550
Transfers and other sources .....	1,295,017	1,643,441
Total revenues and other sources.....	2,934,158	3,723,784
Expenditures and other uses:		
Programs and services.....	3,273,010	3,439,162
Total expenditures and uses.....	3,273,010	3,439,162
Excess (deficiency) of revenues and other sources over expenditures and other uses.....	(338,852)	284,622
Ending fund balance.....	\$ 357,896	\$ 642,518

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

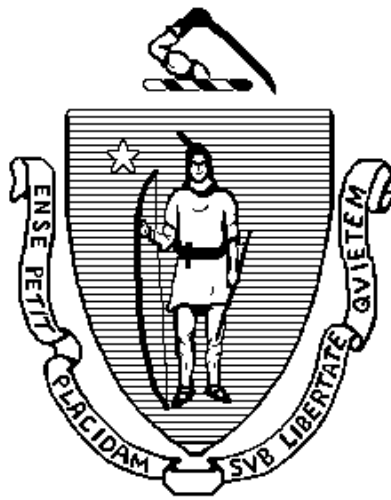


The Non-Appropriated Funds of Higher Education – Operations table includes the FY10 funds, summarized and compared to FY09. Financial statements for each of the individual funds are included in the statistical section of this report. The graph Non-Appropriated Funds of Higher Education – Fund Balance shows the combined fund balance for the past five years. The combined balance represents an approximate \$211.5 million fund balance for the University of Massachusetts, an approximate \$202.7 million fund balance for the State College system and approximate \$228.0 million fund balance 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.

As we close the books for FY10, 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.

Respectfully submitted,

Martin J. Benison  
Comptroller of the Commonwealth



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## **CONSTITUTIONAL OFFICERS**

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*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*

Robert A. DeLeo  
*Speaker of the House*

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Phillip Rapoza  
*Chief Justice, Appeals Court*

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

**REPORT PREPARED BY:**

Howard Merkowitz  
*Deputy Comptroller*

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*Director*

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John Haran, CPA, CGFM  
*Accountant*

Pauline Lieu, CPA, CGFM  
*Accountant*

Neil Gouse, CGFM  
*Accountant*

Frank Conlon  
*Accountant*

Patricia McKenna  
*Accountant*

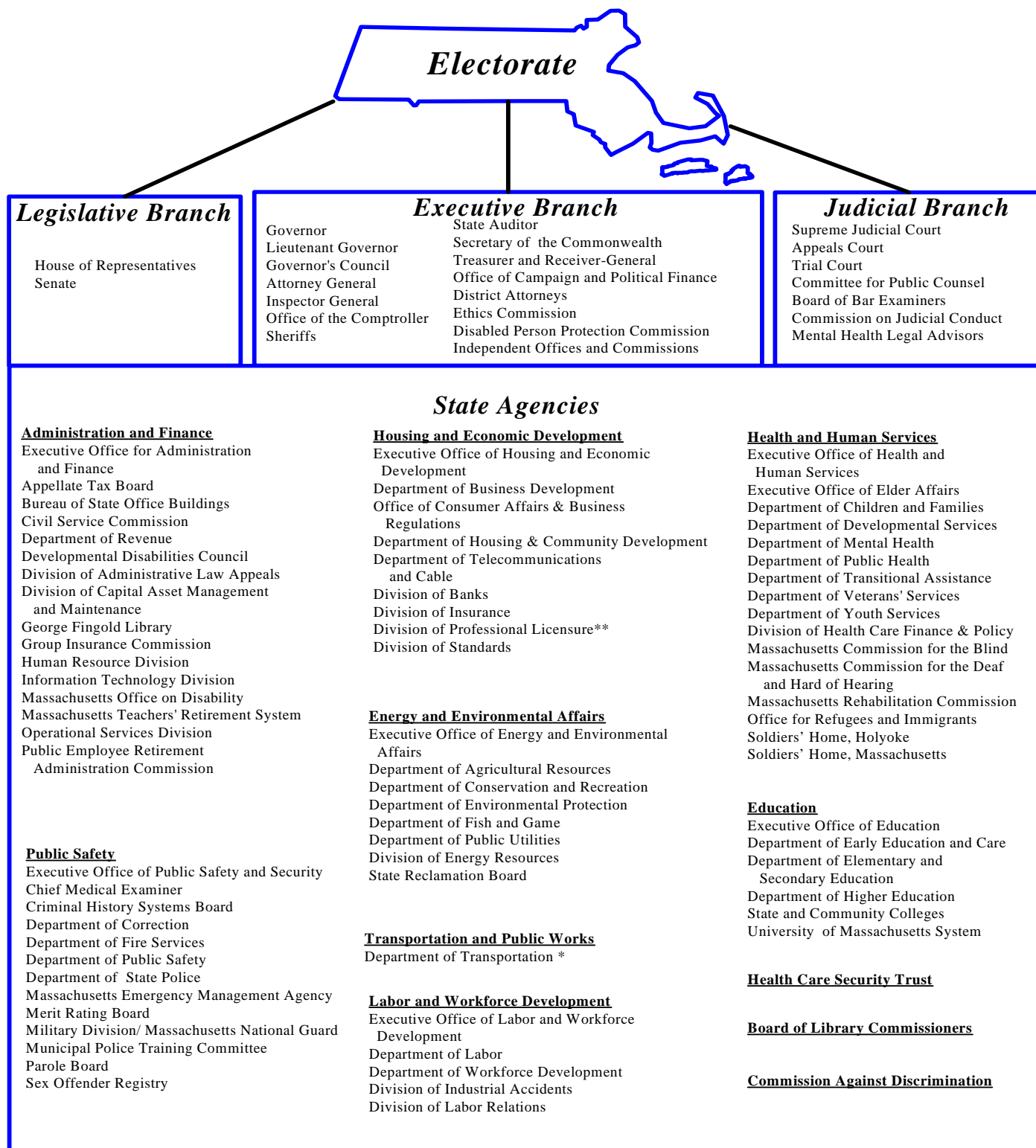
Cathy Hunter  
*Program Coordinator*

**Accounting Bureau**

Julia P. Burns, CGFM  
*Director*

Lauren Johnson  
*Art Direction*  
*Director Resource Management*





As of June 30, 2010

\* Merger of 4 former state departments (Executive Office of Transportation and Public Works, Massachusetts Aeronautics Commission, Massachusetts Highway Department and Registry of Motor Vehicles) and the former Massachusetts Turnpike Authority as of 11/01/09

\*\* State Racing Commission has been merged into Division of Professional Licensure as of 1/1/10

**ADVISORY BOARD TO THE COMPTROLLER**

Jay Gonzalez  
*Secretary for Administration and Finance*

A. Joseph DeNucci  
*Auditor*

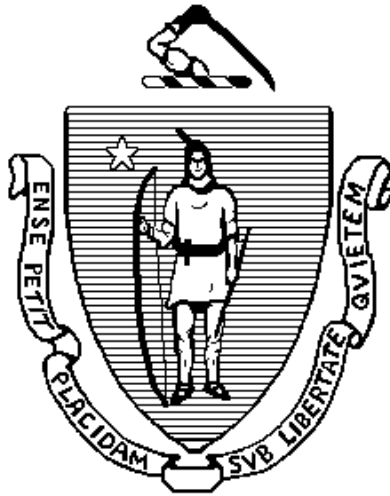
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Robert A. Mulligan  
*Chief Justice for Administration and Management, Trial Court*

Martha Coakley  
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Diana Salemy  
*Gubernatorial Appointee*

# *Financial Section*



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



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## **Independent Accountants' Review Report**

Mr. Martin J. Benison, Comptroller  
Commonwealth of Massachusetts

We have reviewed the accompanying combined financial statements – statutory basis of the Commonwealth of Massachusetts as of and for the year ended June 30, 2010, as listed in the table of contents, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these combined financial statements – statutory basis is the representation of the management of the Commonwealth of Massachusetts.

A review consists principally of inquiries of the Commonwealth of Massachusetts personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

As described in note 1, the combined financial statements – statutory basis were prepared in conformity with the basis of accounting that demonstrates compliance with Section 12 of Chapter 7A Massachusetts General Laws, as amended, and budgetary principles of the Commonwealth of Massachusetts, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

Based on our review, we are not aware of any material modifications that should be made to the accompanying combined financial statements – statutory basis in order for them to be in conformity with the basis of accounting described in note 1.

Our review of the combined financial statements – statutory basis was made for the purpose of expressing limited assurance that there are no material modifications that should be made to the accompanying combined financial statements – statutory basis in order for them to be in conformity with the basis of accounting described in note 1. The introductory section, combining and individual fund financial statements – statutory basis, supplemental information, and statistical section listed in the foregoing table of contents are presented only for purposes of additional analysis and are not a required part of the combined financial statements – statutory basis of the Commonwealth of Massachusetts. The combining and individual fund financial statements – statutory basis and supplemental information have been subjected to the inquiry and analytical procedures applied in the review of the combined financial statements – statutory basis, and we are not aware of any material modifications that should be made to such information. The introductory and statistical sections have not been subjected to the inquiry and analytical procedures applied in the review of the combined financial statements – statutory basis, but was compiled from information that is the representation of management, without audit or review and, accordingly, we do not express an opinion or any other form of assurance on such information.



This report is intended solely for the information and 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 31, 2010

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# *Combined Financial Statements - Statutory Basis*

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

June 30, 2010  
(Amounts in thousands)

	Totals (Memorandum only)	
	2010	2009
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 735,177	\$ 942,373
Cash with fiscal agent.....	10,847	-
Investments.....	254,681	348,482
Receivables, net of allowance for uncollectibles:		
Due from federal government.....	586,379	458,361
Other receivables.....	25,299	15,834
Due from cities and towns.....	3,391	10,305
Total assets.....	<u>\$ 1,615,774</u>	<u>\$ 1,775,355</u>
<b>LIABILITIES AND FUND EQUITY</b>		
Liabilities:		
Accounts payable.....	\$ 596,670	\$ 653,619
Accrued payroll.....	116,036	105,100
Total liabilities.....	<u>712,706</u>	<u>758,719</u>
Fund equity:		
Combined fund balance:		
Reserved for:		
Continuing appropriations.....	111,112	68,856
Commonwealth Stabilization.....	669,803	841,344
Debt service.....	10,847	-
Unreserved:		
Undesignated.....	111,306	106,436
Total fund equity.....	<u>903,068</u>	<u>1,016,636</u>
Total liabilities fund equity.....	<u>\$ 1,615,774</u>	<u>\$ 1,775,355</u>

See accompanying notes to financial statements and accountants' review report



# Budgeted Funds

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

Fiscal Year Ended June 30, 2010  
(Amounts in thousands)

	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES AND OTHER FINANCING SOURCES</b>			
Revenues:			
Taxes.....	\$ 17,524,619	\$ 17,171,378	\$ (353,241)
Assessments.....	-	417,335	417,335
Federal grants and reimbursements.....	8,278,000	8,548,836	270,836
Departmental.....	2,629,800	2,179,794	(450,006)
Miscellaneous.....	15,000	443,040	428,040
Total revenues.....	28,447,419	28,760,383	312,964
Other financing sources:			
Fringe benefit cost recovery.....	-	281,807	281,807
Lottery reimbursements.....	99,632	88,938	(10,694)
Lottery distributions.....	863,369	893,806	30,437
Operating transfers in.....	602,399	299,342	(303,057)
Stabilization transfer.....	214,000	217,843	3,843
Tobacco settlement transfer.....	292,000	263,678	(28,322)
Commonwealth transportation transfer.....	-	275,000	275,000
Total other financing sources.....	2,071,400	2,320,414	249,014
Total revenues and other financing sources.....	30,518,819	31,080,797	561,978
<b>EXPENDITURES AND OTHER FINANCING USES</b>			
Expenditures:			
Legislature.....	69,920	59,453	10,467
Judiciary.....	787,453	767,178	20,275
Inspector General.....	2,735	2,734	1
Governor and Lieutenant Governor.....	5,498	5,245	253
Secretary of the Commonwealth.....	48,044	47,819	225
Treasurer and Receiver-General.....	191,522	175,894	15,628
Auditor of the Commonwealth.....	16,709	16,708	1
Attorney General.....	40,851	40,558	293
Ethics Commission.....	1,731	1,574	157
District Attorney.....	93,052	92,792	260
Office of Campaign & Political Finance.....	1,222	1,175	47
Sheriff's Departments.....	404,363	370,254	34,109
Disabled Persons Protection Commission.....	2,223	2,150	73
Board of Library Commissioners.....	24,680	24,672	8
Comptroller.....	11,353	11,080	273
Administration and finance.....	1,757,816	1,683,109	74,707
Energy and environmental affairs.....	216,603	202,602	14,001
Health and human services.....	4,784,977	4,689,785	95,192
Transportation and public works.....	189,941	66,701	123,240
Massachusetts department of transportation.....	435,702	435,702	-
Executive office of education.....	1,737,951	1,717,211	20,740
Public safety and homeland security.....	1,114,817	1,075,883	38,934
Housing and economic development.....	371,017	359,078	11,939
Labor and workforce development.....	82,396	42,237	40,159
Direct local aid.....	4,837,441	4,837,371	70
Medicaid.....	9,291,193	9,286,565	4,628
Post employment benefits.....	1,748,619	1,748,619	-
Debt service:			
Principal retirement.....	1,067,274	1,048,610	18,664
Interest and fiscal charges.....	843,703	811,030	32,673
Total expenditures.....	30,180,806	29,623,789	557,017
Other financing uses:			
Fringe benefit cost assessment.....	62,000	8,013	53,987
Operating transfers out.....	55,994	124,740	(68,746)
Commonwealth care transfer.....	592,000	631,685	(39,685)
Medical assistance transfer.....	399,000	313,295	85,705
Commonwealth transportation transfer.....	275,000	275,000	-
Stabilization transfer.....	214,000	217,843	(3,843)
Total other financing uses.....	1,597,994	1,570,576	27,418
Total expenditures and other financing uses.....	31,778,800	31,194,365	584,435
Excess (deficiency) of revenues and other financing sources over / (under) expenditures and other financing uses.....	(1,259,981)	(113,568)	1,146,413
Fund balance at beginning of year.....	1,016,636	1,016,636	-
Fund balance at end of year.....	\$ (243,345)	\$ 903,068	\$ 1,146,413

See accompanying notes to financial statements and accountants' review report

**Non-Budgeted Special Revenue and Capital Projects Funds**  
**Combined Statements Of Revenues, Expenditures And Changes In Fund Balances - Statutory Basis**

Fiscal Year Ended June 30, 2010

(Amounts in thousands)

			Totals (Memorandum only)	
	Non-Budgeted Special Revenue	Capital Projects	2010	2009
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Taxes.....	\$ 1,621,109	\$ -	\$ 1,621,109	\$ 1,722,862
Assessments.....	553,248	-	553,248	545,744
Federal grants and reimbursements.....	3,940,562	18,051	3,958,613	3,534,202
Tobacco settlement revenue.....	263,678	-	263,678	315,153
Departmental.....	4,899,050	11,097	4,910,147	4,923,674
Payments from authorities.....	-	-	-	12,400
Miscellaneous.....	117,163	8,116	125,279	375,974
Total revenues.....	11,394,810	37,264	11,432,074	11,430,009
Other financing sources:				
Proceeds of general and special obligation bonds.....	-	1,667,585	1,667,585	2,041,843
Bonds premiums (discounts).....	-	4,098	4,098	98,850
Proceeds of refunding bonds.....	-	538,119	538,119	389,555
Operating transfers in.....	175,511	-	175,511	268,529
Lottery deficit support.....	-	-	-	76,112
Transfer in from Massachusetts department of transportation.....	1,712	-	1,712	-
Health safety net trust transfer.....	-	-	-	127,696
Commonwealth care trust transfer.....	636,685	-	636,685	1,052,459
Medical assistance transfer.....	313,295	-	313,295	374,001
Federal reimbursement transfer in.....	-	610,061	610,061	685,963
State share of federal highway construction.....	-	175,782	175,782	25,832
Total other financing sources.....	1,127,203	2,995,645	4,122,848	5,140,840
Total revenues and other financing sources.....	12,522,013	3,032,909	15,554,922	16,570,849
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Judiciary.....	1,238	20,035	21,273	19,098
Inspector General.....	882	65	947	428
Secretary of the Commonwealth.....	4,184	1,542	5,726	5,605
Treasurer and Receiver-General.....	5,300,897	6,227	5,307,124	5,914,728
Auditor of the Commonwealth.....	-	-	-	1,302
Attorney General.....	9,022	3,149	12,171	12,384
District Attorney.....	2,899	-	2,899	3,674
Sheriff's Departments.....	3,908	3,446	7,354	4,834
Disabled Persons Protection Commission.....	251	-	251	236
Board of Library Commissioners.....	2,877	6,141	9,018	14,093
Comptroller.....	1,601	2,914	4,515	2,814
Administration and finance.....	122,733	424,640	547,373	410,084
Energy and environmental affairs.....	163,233	163,378	326,611	309,841
Health and human services.....	2,002,904	34,934	2,037,838	2,879,654
Transportation and public works.....	16,865	425,874	442,739	1,405,926
Massachusetts department of transportation.....	90	1,106,265	1,106,355	-
Executive office of education.....	1,305,581	25,365	1,330,946	886,669
Public safety and homeland security.....	200,602	31,838	232,440	218,825
Housing and economic development.....	677,532	208,452	885,984	760,491
Labor and workforce development.....	351,951	9,084	361,035	265,689
Direct local aid.....	137,460	-	137,460	417,165
Debt service:				
Principal retirement.....	159,912	-	159,912	139,760
Interest and fiscal charges.....	89,875	7,080	96,955	113,587
Total expenditures.....	10,556,497	2,480,429	13,036,926	13,786,887
Other financing uses:				
Payments to refunded bond escrow agent.....	-	538,119	538,119	410,308
Fringe benefit cost assessment.....	88,952	19,302	108,254	91,052
Lottery operating reimbursements.....	88,938	-	88,938	105,656
Lottery distributions.....	893,806	-	893,806	890,489
Federal reimbursement transfer out.....	610,061	-	610,061	685,963
Tobacco settlement transfer.....	263,678	-	263,678	315,153
Equity transfer to Massachusetts department of transportation.....	357,049	110,348	467,397	-
Commonwealth care transfer.....	5,000	-	5,000	64,500
Health safety net trust transfer.....	-	-	-	127,696
State share of federal highway construction.....	-	175,782	175,782	25,832
Operating transfers out.....	189,505	-	189,505	319,427
Total other financing uses.....	2,496,989	843,551	3,340,540	3,036,076
Total expenditures and other financing uses.....	13,053,486	3,323,980	16,377,466	16,822,963
Excess (deficiency) of revenues and other financing sources over / (under) expenditures and other financing uses.....	(531,473)	(291,071)	(822,544)	(252,114)
Fund balance at beginning of year.....	1,418,118	34,211	1,452,329	1,704,443
Fund balance at end of year.....	\$ 886,645	\$ (256,860)	\$ 629,785	\$ 1,452,329

See accompanying notes to financial statements and accountants' review report

**Massachusetts Department of Transportation**  
**Combined Statements Of Revenues, Expenditures And Changes In Fund Balances - Statutory Basis**

Fiscal Year Ended June 30, 2010

(Amounts in thousands)

	Non-Budgeted Other	Capital Projects	Total
<b>REVENUES AND OTHER FINANCING SOURCES</b>			
Revenues:			
Assessments.....	\$ 19,337	\$ -	\$ 19,337
Federal grants and reimbursements.....	-	-	-
Departmental.....	258,873	4,400	263,273
Other governmental revenue.....	-	-	-
Miscellaneous.....	67,546	52	67,598
Total revenues.....	345,756	4,452	350,208
Other financing sources:			
Proceeds of general and special obligation bonds.....	-	-	-
Proceeds of refunding bonds.....	-	2,005,985	2,005,985
Operating transfers in.....	279,578	1,192,146	1,471,724
Federal reimbursement transfer in.....	-	-	-
State share of federal highway construction.....	-	-	-
Total other financing sources.....	279,578	3,198,131	3,477,709
Total revenues and other financing sources.....	625,334	3,202,583	3,827,917
<b>EXPENDITURES AND OTHER FINANCING USES</b>			
Expenditures:			
Legislature.....	-	-	-
Judiciary.....	-	-	-
Inspector General.....	-	-	-
Governor and Lieutenant Governor.....	-	-	-
Secretary of the Commonwealth.....	-	-	-
Treasurer and Receiver-General.....	-	-	-
Auditor of the Commonwealth.....	-	-	-
Attorney General.....	-	-	-
Ethics Commission.....	-	-	-
District Attorney.....	-	-	-
Office of Campaign & Political Finance.....	-	-	-
Sheriff's Departments.....	-	-	-
Disabled Persons Protection Commission.....	-	-	-
Board of Library Commissioners.....	-	-	-
Comptroller.....	-	-	-
Administration and finance.....	-	-	-
Energy and environmental affairs.....	-	-	-
Health and human services.....	-	-	-
Transportation and public works.....	-	-	-
Massachusetts department of transportation.....	533,706	1,137,479	1,671,185
Executive office of education.....	-	-	-
Public safety and homeland security.....	-	-	-
Housing and economic development.....	-	-	-
Labor and workforce development.....	-	-	-
Debt service:			
Principal retirement.....	-	-	-
Interest and fiscal charges.....	-	-	-
Total expenditures.....	533,706	1,137,479	1,671,185
Other financing uses:			
Payments to refunded bond escrow agent.....	-	2,081,203	2,081,203
Fringe benefit cost assessment.....	16,022	19,949	35,971
Operating transfers out.....	120,869	-	120,869
Total other financing uses.....	136,891	2,101,152	2,238,043
Total expenditures and other financing uses.....	670,597	3,238,631	3,909,228
Excess (deficiency) of revenues and other financing sources over / (under) expenditures and other financing uses.....	(45,263)	(36,048)	(81,311)
Fund balance at beginning of year.....	971,850	110,348	1,082,198
Fund balance at end of year.....	\$ 926,587	\$ 74,300	\$ 1,000,887

See accompanying notes to financial statements and accountants' review report



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**1. FINANCIAL STATEMENT PRESENTATION**

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**A. Introduction**

The accompanying combined financial statements (Statutory Basis Financial Report) of the Commonwealth of Massachusetts (the Commonwealth) are presented in accordance with the requirements of Section 12 of Chapter 7A as amended by Section 4 of Chapter 88 of the Acts of 1997 of the Massachusetts General Laws, as amended most recently by Chapter 26, Section 4 of the Acts of 2009. 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, non-budgeted, special revenue and capital projects funds 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. The operations of each fund are accounted for with a set of self-balancing accounts that comprise its assets and liabilities for Budgeted Funds and fund balances, revenues and expenditures for non-budgeted, special revenue and capital projects funds. Transactions between funds within a fund type, if any, have not been eliminated.

**C. Governmental Fund Types**

The Fund types 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 Commonwealth Transportation Fund (which succeeded the Highway Fund effective July 1, 2009), 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.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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**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. These are largely payments from municipalities reimbursing for pension costs paid from the Commonwealth on their behalf.

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 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 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 (not included in this report) 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. The Cash Fund investments are carried at cost, which approximates fair value and Short Term Bond fund are carried at fair value.

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 MacDonald, Deputy Assistant Treasurer, Cash Management Department, at 617-367-6900.

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.

**C. *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 authorities debts are not included in the SBFR, but are included in the CAFR.

Approximately \$3.1 billion in revenues from federal grants passed through the Federal Grants Fund and represents the greatest source of dedicated revenues. A portion of these grants is 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 (GANs) is approximately \$991 million. Maturities are from FY11 through FY15. Principal paid during FY10 was approximately \$142.8 million.

During FY10, there were no additional authorizations approved to be secured by future federal funds. 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, 2010, 6.86 cents of the total 21 cent per gallon gasoline tax are pledged to fund approximately \$414 million of principal and approximately \$143 million in interest on the outstanding debt as of June 30, 2010. These bonds mature from FY11 to FY23 and were sold in various series issued previous to FY10. Principal and interest paid during FY10 amounted to approximately \$35.5 million and \$23.4 million, respectively.

During FY10, there were no additional authorizations approved for issuance of special obligation bonds secured by a pledge of motor fuels excise tax receipts to fund a portion of the Commonwealth's Accelerated 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 FY10 was approximately \$767 million. Dedicated revenues to the MBTA increase by the greater of the annual rise in the Boston consumer price index or annual sales taxes, with a floor of 0% and a ceiling of 3%.

The MSBA also receives a pledge of sales tax that will increase to 1% of applicable sales in the Commonwealth by FY11. In FY10, approximately \$605 million or 95% of the dedicated sales tax revenue stream was directed to the MSBA. This amount rises to 100% of the dedicated sales tax revenue stream in FY11 with no floor or ceiling.

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 \$639 million of outstanding principal and approximately \$561 million of interest on debts related to these Convention Centers. Taxes collected in FY10 were approximately \$75.4 million, while debt service on the bonds was approximately \$34.5 million.



Finally, as part of the Transportation Modernization Act of 2009, as amended, a further pledge of sales taxes were made. Beginning in FY11, 0.385% of applicable sales and uses on a total tangible property tax rate of 6.25% will be dedicated to funding the operations of the MassDOT. The Act has a floor amount of \$275 million, with a final transfer occurring on or before September 1<sup>st</sup> of the following fiscal year. Of the floor amount, \$160 million will be dedicated to funding the operations of the MBTA while an additional \$15 million will be dedicated to funding the operations of the regional transit authorities. These amounts will be transferred through the Commonwealth Transportation Fund.

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.

**D. *Interfund / Intrafund Transactions***

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

Transfers in and out net to approximately \$445,000 due from higher education non-appropriated fund activity, which is not included in the combined statements – statutory basis.

**E. *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 (not accrued on a statutory basis).

**F. *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 \$281.8 million in the budgeted funds result from cost assessments of approximately \$122.7 million. The remainder of approximately \$159.1 million is assessed to the following two non appropriated activities: \$36.0 million to MassDOT and \$123.1 million to higher education non-appropriated activity, which are not included in the SBFR.

**G. *Lottery Revenue and Prizes***

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 Mega Millions, Powerball and Megabucks.

**H. *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." Other receivables include reimbursement of fringe benefit assessments from authorities and the institutions of higher education along with other departmental receivables.

**I. *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.

**J. *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 limits the risk assumed by the Commonwealth to \$100,000 per occurrence, in most circumstances. The Group Insurance Commission administers contributory health care and other insurance programs for the Commonwealth’s employees and retirees.

**K. *Encumbrances***

Encumbrance accounting is utilized in the Governmental Funds 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.

**L. *Fund Balances***

Fund balance had been reserved as follows:

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

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

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

“Undesignated” – consist of cumulative surplus or deficits of the fund not otherwise designated.

**M. *Total Column – 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, 2009, from which the summarized information was derived.

**N. *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.

**O. *Reclassification***

Certain reclassifications have been made to the 2009 balances to conform to the presentation used in 2010.

**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 FY10 (amounts in thousands):

	Revenues	Expenditures
General Appropriation Act, Chapter 27 of the Acts of 2009:		
Direct appropriations.....	\$ 30,518,819	\$ 26,577,279
Estimated revenues, transfers, direct appropriations retained revenue appropriations, interagency chargebacks and appropriations carried forward from FY2009 .....	-	940,839
Total original budget.....	30,518,819	27,518,118
Supplemental Acts of 2009:		
Chapter 56.....	-	10,000
Chapter 65.....	-	24,970
Chapter 102.....	-	217,291
Chapter 166.....	-	(23,858)
Chapter 186.....	-	41,962
Supplemental Acts of 2010:		
Chapter 86.....	-	196,693
Chapter 112.....	-	64,585
Chapter 120.....	-	202,952
Authorized budgets and transfers for MassDOT.....	-	407,876
Planned Savings - Chapter 29, Section 9C.....	-	(223,672)
Total as of June 30, 2010 .....	30,518,819	28,436,917
Supplemental Acts of 2010, passed after June 30:		
Chapter 359 .....	-	37,124
Total budgeted revenues and expenditures per Legislative action.....	30,518,819	28,474,041
Plus: Transfers of revenues and expenditures (including rounding).....	-	3,304,759
Budgeted revenues and expenditures as reported.....	\$ 30,518,819	\$ 31,778,800

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.....	\$ 31,080,797	\$ 31,194,365
Adjustments to revenues and expenditures		
Transfer of revenues to the Intragovernmental Service Fund .....	(239,252)	(239,252)
Adjustments to other financing sources and uses:		
Fringe benefit cost assessments.....	(8,013)	(8,013)
Transfer of expenditures from the Intragovernmental Service Fund to the General Fund.....	(2,780)	(2,780)
RMV license plates.....	(2,421)	(2,421)
Transfers from Stabilization Fund to General Fund.....	(206,574)	(206,574)
Year end Stabilization Fund transfer.....	(11,269)	(11,269)
Transfer from General Fund to Commonwealth Transportation Fund.....	(275,000)	(275,000)
Commonwealth Transportation Fund year end transfer to General Fund.....	(25,342)	(25,342)
Other .....	(130)	(130)
Actual as presented on budgetary documents.....	\$ 30,310,016	\$ 30,423,584

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. MASSACHUSETTS DEPARTMENT OF TRANSPORTATION (MassDOT)

Effective in November 2009, the Commonwealth implemented a sweeping transportation reform act, creating a new entity, the Massachusetts Department of Transportation (MassDOT). A new budgeted fund, the Commonwealth Transportation Fund will succeed most of the operations of the Highway Fund in FY10. Transportation reform was implemented merging four state agencies: the Highway Department, Registry of Motor Vehicles, Massachusetts Aeronautics Commission and the Executive Office of Transportation into the MassDOT.

MassDOT also absorbed the former Massachusetts Turnpike Authority, the bridges and certain roads and parkways of the Department of Conservation and Recreation, as well as the Tobin Memorial Bridge operations of the Massachusetts Port Authority. MassDOT will also have more oversight of the Massachusetts Bay Transportation Authority as well as the Regional Transit Authorities.

The following table shows a detail of the different types of equity transfers the Commonwealth processed to MassDOT as well as bringing over the MTA balances during FY10.

<u>Transfer From</u> <u>Fund</u>	<u>Amount</u>	<u>Transfer To</u> <u>Fund</u>	<u>Amount</u>
Central Artery Repairs and Maintenance Trust Fund	\$ (357,004,825)	Central Artery Repairs and Maintenance Trust Fund	\$ 357,004,825
Motor Vehicle Safety Inspection Trust Fund	1,712,300	Motor Vehicle Safety Inspection Trust Fund	(1,712,300)
Central Artery Statewide Road and Bridge Infrastructure Fund	(110,347,968)	Central Artery Statewide Road and Bridge Infrastructure Fund	<u>110,347,968</u>
Environmental Trust Fund	(44,123)	Massachusetts Transportation Trust Fund	44,123
Legacy assets brought from Mass Turnpike on 11/1/2009	<u>(616,513,133)</u>	Massachusetts Transportation Trust Fund	<u>616,513,133</u>
			616,557,256
<b>Total Equity Transfer</b>	<u><u>\$ (1,082,197,749)</u></u>	<b>Total Equity Transfer</b>	<u><u>\$ 1,082,197,749</u></u>

#### 5. 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 balance, individual fund deficits are offset by capital funds earmarked in reserve for the other Capital Projects Funds.

The following Budgeted, Non-Budgeted Special Revenue and Capital Projects Funds are included in the combined totals and have individual fund deficits at June 30, 2010, as follows (amounts in thousands): (Excludes MassDOT)

Non-Budgeted Special Revenue:

Universal Health:	
Medical Security Trust Fund.....	(18,607)
Other:	
Government Land Bank Fund.....	(35,033)
Total Non - Budgeted Funds.....	(53,640)
Capital Projects:	
Capital Improvement and Investment Trust Fund.....	(94)
Highway Capital Projects Fund.....	(487,162)
Total Capital Projects Funds.....	(487,256)
Total .....	\$ (540,896)

Transfers and the cash defeasance of debt which occurred in FY10 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.

## 6. 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, typically receives 50% in federal reimbursement on most expenditures. For FY10 additional funding was available due to an increase in reimbursement rate to 61.59% for Federal Medical Assistance Program (FMAP). This rate increase is effective through June 30, 2011. Beginning in fiscal 1999, payments for some children's benefits became 65% federally reimbursable under the State Children's Health Insurance Program (SCHIP).

Approximately 36% 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, 2010, the General Fund includes approximately \$9.3 billion in expenditures for Medicaid claims. The combined financial statements – statutory basis include Medicaid claims processed but unpaid at June 30, 2010 of approximately \$11.3 million as accounts payable.

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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.

*Commonwealth Transportation Fund* – to account for certain revenues of the newly created Massachusetts Department of Transportation, particularly those relating to the use and operation of motor vehicles and trailers, except fees for interstate permitting, together with all contributions and assessments paid into the treasury of the Commonwealth by cities, towns or counties for maintaining, repairing, improving and constructing ways, all refunds and rebates made on account of expenditures on ways by the department, all fuel taxation and other monies received by the Commonwealth in satisfaction of claims by the Commonwealth for damage to highway safety signs, signals, guardrails, curbing and other highway related facilities. Spending is for debt service on general and special obligation debt formerly paid for by the Highway Fund, as well as for amounts, subject to appropriation, to fund the programs and services of the Massachusetts Department of Transportation. This fund also includes activity of the Infrastructure Fund, which was a sub fund of the Highway Fund.

*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 are 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:

*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.

## **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 an unemployment surcharge of .075% on taxable wages on employers; to provide grants to employers and labor groups to provide education and training to new and existing employees.

*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.

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The following fund has been enacted in legislation but is inactive and not presented:

***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.

***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.

***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.

***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. During FY10, the Highway Fund operations were succeeded by the Commonwealth Transportation Fund and the Massachusetts Department of Transportation. As the fund has not been repealed, in FY11 the fund will become inactive.

***Marine Recreational Fisheries Development Fund*** – to account for salt water permit fees collected, funds, grants and gifts received as authorized, including the investment income; used for development and administration of recreational salt water fishing improvement programs.

***Substance Abuse Prevention and Treatment Fund*** – to account for sales tax revenues (non-dedicated) collected from the sale of alcoholic beverages under Chapter 64H; used for substance abuse treatment and prevention services.



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

June 30, 2010  
(Amounts in thousands)

	General	Commonwealth Transportation	Commonwealth Stabilization
<b>ASSETS</b>			
Cash and short-term investments.....	\$ 220,276	\$ 12,271	\$ 415,122
Cash with fiscal agent.....	-	10,847	-
Investments.....	-	-	254,681
Receivables, net of allowance for uncollectibles:			
Due from federal government.....	586,379	-	-
Other receivables.....	25,299	-	-
Due from cities and towns.....	3,391	-	-
Total assets.....	<u>\$ 835,345</u>	<u>\$ 23,118</u>	<u>\$ 669,803</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable.....	\$ 573,233	\$ 5,155	\$ -
Accrued payroll.....	105,459	7,116	-
Total liabilities.....	<u>678,692</u>	<u>12,271</u>	<u>-</u>
Fund balance:			
Reserved for:			
Continuing appropriations.....	102,022	-	-
Commonwealth Stabilization.....	-	-	669,803
Debt service.....	-	10,847	-
Unreserved:			
Undesignated.....	54,631	-	-
Total fund equity.....	<u>156,653</u>	<u>10,847</u>	<u>669,803</u>
Total liabilities and fund equity.....	<u>\$ 835,345</u>	<u>\$ 23,118</u>	<u>\$ 669,803</u>

See accountants' review report

Administrative Control Intragovernmental Service	Environmental Inland Fisheries and Game	Budgeted Other		Totals (Memorandum only)	
		Workforce Training	Massachusetts Tourism	2010	2009
\$ 22,677	\$ 17,849	\$ 18,154	\$ 28,828	\$ 735,177	\$ 942,373
-	-	-	-	10,847	-
-	-	-	-	254,681	348,482
-	-	-	-	586,379	458,361
-	-	-	-	25,299	15,834
-	-	-	-	3,391	10,305
<u>\$ 22,677</u>	<u>\$ 17,849</u>	<u>\$ 18,154</u>	<u>\$ 28,828</u>	<u>\$ 1,615,774</u>	<u>\$ 1,775,355</u>
\$ 15,761	\$ 318	\$ 1,587	\$ 616	\$ 596,670	\$ 653,619
2,826	187	414	34	116,036	105,100
<u>18,587</u>	<u>505</u>	<u>2,001</u>	<u>650</u>	<u>712,706</u>	<u>758,719</u>
4,090	-	5,000	-	111,112	68,856
-	-	-	-	669,803	841,344
-	-	-	-	10,847	-
-	17,344	11,153	28,178	111,306	106,436
4,090	17,344	16,153	28,178	903,068	1,016,636
<u>\$ 22,677</u>	<u>\$ 17,849</u>	<u>\$ 18,154</u>	<u>\$ 28,828</u>	<u>\$ 1,615,774</u>	<u>\$ 1,775,355</u>

# Budgeted Funds

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

Fiscal Year Ended June 30, 2010

(Amounts in thousands)

	General	Commonwealth Transportation	Commonwealth Stabilization
<b>REVENUES AND OTHER FINANCING SOURCES</b>			
Revenues:			
Taxes.....	\$ 16,459,820	\$ 653,783	\$ 1,982
Assessments.....	403,276	14,059	-
Federal grants and reimbursements.....	8,541,886	-	-
Departmental.....	1,437,499	489,840	-
Miscellaneous.....	391,757	29,487	21,782
Total revenues.....	27,234,238	1,187,169	23,764
Other financing sources:			
Fringe benefit cost recovery.....	281,807	-	-
Lottery reimbursements.....	88,938	-	-
Lottery distributions.....	893,806	-	-
Operating transfers in.....	299,212	-	-
Stabilization transfer.....	206,574	-	11,269
Tobacco settlement transfer.....	263,678	-	-
Commonwealth transportation transfer.....	-	275,000	-
Other fund deficit support.....	-	-	-
Total other financing sources.....	2,034,015	275,000	11,269
Total revenues and other financing sources.....	29,268,253	1,462,169	35,033
<b>EXPENDITURES AND OTHER FINANCING USES</b>			
Expenditures:			
Legislature.....	59,453	-	-
Judiciary.....	767,178	-	-
Inspector General.....	2,734	-	-
Governor and Lieutenant Governor.....	5,176	-	-
Secretary of the Commonwealth.....	47,704	-	-
Treasurer and Receiver-General.....	175,894	-	-
Auditor of the Commonwealth.....	16,708	-	-
Attorney General.....	40,558	-	-
Ethics Commission.....	1,574	-	-
District Attorney.....	92,792	-	-
Office of Campaign & Political Finance.....	1,175	-	-
Sheriff's Departments.....	370,009	245	-
Disabled Persons Protection Commission.....	2,150	-	-
Board of Library Commissioners.....	24,672	-	-
Comptroller.....	7,899	-	-
Administration and finance.....	1,531,620	9,618	-
Energy and environmental affairs.....	183,738	8,426	-
Health and human services.....	4,616,556	-	-
Transportation and public works.....	-	66,701	-
Massachusetts department of transportation.....	-	435,702	-
Executive office of education.....	1,717,211	-	-
Public safety and homeland security.....	1,049,249	3,390	-
Housing and economic development.....	351,579	54	-
Labor and workforce development.....	28,305	-	-
Direct local aid.....	4,837,371	-	-
Medicaid.....	9,286,565	-	-
Post employment benefits.....	1,748,619	-	-
Debt service:			
Principal retirement.....	591,573	457,037	-
Interest and fiscal charges.....	411,468	399,562	-
Total expenditures.....	27,969,530	1,380,735	-
Other financing uses:			
Fringe benefit cost assessment.....	-	5,716	-
Operating transfers out.....	57,089	64,871	-
Commonwealth care transfer.....	631,685	-	-
Medical assistance transfer.....	313,295	-	-
Commonwealth transportation transfer.....	275,000	-	-
Lottery deficit support.....	-	-	-
Stabilization transfer.....	11,269	-	206,574
Other fund deficit support.....	-	-	-
Total other financing uses.....	1,288,338	70,587	206,574
Total expenditures and other financing uses.....	29,257,868	1,451,322	206,574
Excess (deficiency) of revenues and other financing sources over / (under) expenditures and other financing uses.....	10,385	10,847	(171,541)
Fund balance at beginning of year.....	146,268	-	841,344
Fund balance at end of year.....	\$ 156,653	\$ 10,847	\$ 669,803

See accountants' review report

Administrative Control Intragovernmental Service	Environmental Inland Fisheries and Game	Budgeted Other		Totals (Memorandum only)	
		Workforce Training	Massachusetts Tourism	2010	2009
\$ -	\$ 866	\$ 19,378	\$ 35,549	\$ 17,171,378	\$ 16,790,021
-	-	-	-	417,335	348,654
-	6,950	-	-	8,548,836	8,250,900
245,308	7,147	-	-	2,179,794	1,944,508
-	14	-	-	443,040	260,626
245,308	14,977	19,378	35,549	28,760,383	27,594,709
-	-	-	-	281,807	262,034
-	-	-	-	88,938	105,656
-	-	-	-	893,806	890,489
-	130	-	-	299,342	339,462
-	-	-	-	217,843	1,453,747
-	-	-	-	263,678	315,153
-	-	-	-	275,000	-
-	-	-	-	-	219,947
-	130	-	-	2,320,414	3,586,488
245,308	15,107	19,378	35,549	31,080,797	31,181,197
-	-	-	-	59,453	60,199
-	-	-	-	767,178	794,938
-	-	-	-	2,734	3,002
60	-	-	9	5,245	8,377
115	-	-	-	47,819	46,986
-	-	-	-	175,894	128,696
-	-	-	-	16,708	18,688
-	-	-	-	40,558	44,266
-	-	-	-	1,574	1,678
-	-	-	-	92,792	100,789
-	-	-	-	1,175	1,129
-	-	-	-	370,254	290,513
-	-	-	-	2,150	2,267
-	-	-	-	24,672	33,652
3,181	-	-	-	11,080	11,679
141,849	-	22	-	1,683,109	1,752,879
412	10,026	-	-	202,602	216,177
73,229	-	-	-	4,689,785	5,051,251
-	-	-	-	66,701	283,313
-	-	-	-	435,702	-
-	-	-	-	1,717,211	2,091,716
23,025	-	-	219	1,075,883	1,236,874
10	-	-	7,435	359,078	220,189
-	-	13,932	-	42,237	65,105
-	-	-	-	4,837,371	4,723,620
-	-	-	-	9,286,565	8,536,900
-	-	-	-	1,748,619	1,666,396
-	-	-	-	1,048,610	1,087,370
-	-	-	-	811,030	804,016
241,881	10,026	13,954	7,663	29,623,789	29,282,665
-	1,609	389	299	8,013	57,415
2,780	-	-	-	124,740	118,535
-	-	-	-	631,685	987,959
-	-	-	-	313,295	374,001
-	-	-	-	275,000	-
-	-	-	-	-	76,112
-	-	-	-	217,843	1,453,747
-	-	-	-	-	219,947
2,780	1,609	389	299	1,570,576	3,287,716
244,661	11,635	14,343	7,962	31,194,365	32,570,381
647	3,472	5,035	27,587	(113,568)	(1,389,184)
3,443	13,872	11,118	591	1,016,636	2,405,820
\$ 4,090	\$ 17,344	\$ 16,153	\$ 28,178	\$ 903,068	\$ 1,016,636

## Budgeted Funds

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

Fiscal Year Ended June 30, 2010

(Amounts in thousands)

	General			Commonwealth Transportation		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES AND OTHER FINANCING SOURCES</b>						
Revenues:						
Taxes.....	\$ 16,828,819	\$ 16,459,820	\$ (368,999)	\$ 637,300	\$ 653,783	\$ 16,483
Assessments.....	-	403,276	403,276	-	14,059	14,059
Federal grants and reimbursements.....	8,272,700	8,541,886	269,186	-	-	-
Departmental.....	2,099,700	1,437,499	(662,201)	523,200	489,840	(33,360)
Miscellaneous.....	-	391,757	391,757	-	29,487	29,487
Total revenues.....	27,201,219	27,234,238	33,019	1,160,500	1,187,169	26,669
Other financing sources:						
Fringe benefit cost recovery.....	-	281,807	281,807	-	-	-
Lottery reimbursements.....	99,632	88,938	(10,694)	-	-	-
Lottery distributions.....	863,369	893,806	30,437	-	-	-
Operating transfers in.....	602,299	299,212	(303,087)	-	-	-
Stabilization transfer.....	214,000	206,574	(7,426)	-	-	-
Tobacco settlement transfer.....	292,000	263,678	(28,322)	-	-	-
Commonwealth transportation transfer.....	-	-	-	-	275,000	275,000
Total other financing sources.....	2,071,300	2,034,015	(37,285)	-	275,000	275,000
Total revenues and other financing sources.....	29,272,519	29,268,253	(4,266)	1,160,500	1,462,169	301,669
<b>EXPENDITURES AND OTHER FINANCING USES</b>						
Expenditures:						
Legislature.....	69,920	59,453	10,467	-	-	-
Judiciary.....	786,946	767,178	19,768	-	-	-
Inspector General.....	2,735	2,734	1	-	-	-
Governor and Lieutenant Governor.....	5,369	5,176	193	-	-	-
Secretary of the Commonwealth.....	47,928	47,704	224	-	-	-
Treasurer and Receiver-General.....	191,522	175,894	15,628	-	-	-
Auditor of the Commonwealth.....	16,709	16,708	1	-	-	-
Attorney General.....	40,851	40,558	293	-	-	-
Ethics Commission.....	1,731	1,574	157	-	-	-
District Attorney.....	93,052	92,792	260	-	-	-
Office of Campaign and Political Finance.....	1,222	1,175	47	-	-	-
Sheriff's Departments.....	404,118	370,009	34,109	245	245	-
Disabled Persons Protection Commission.....	2,223	2,150	73	-	-	-
Board of Library Commissioners.....	24,680	24,672	8	-	-	-
Comptroller.....	8,057	7,899	158	-	-	-
Administration and finance.....	1,543,847	1,531,620	12,227	9,625	9,618	7
Energy and environmental affairs.....	192,557	183,738	8,819	8,567	8,426	141
Health and human services.....	4,666,106	4,616,556	49,550	-	-	-
Transportation and public works.....	-	-	-	177,732	66,701	111,031
Massachusetts department of transportation.....	-	-	-	435,702	435,702	-
Executive office of education.....	1,735,975	1,717,211	18,764	-	-	-
Public safety and homeland security.....	1,071,895	1,049,249	22,646	3,839	3,390	449
Housing and economic development.....	359,397	351,579	7,818	55	54	1
Labor and workforce development.....	32,759	28,305	4,454	-	-	-
Direct local aid.....	4,837,441	4,837,371	70	-	-	-
Medicaid.....	9,291,193	9,286,565	4,628	-	-	-
Post employment benefits.....	1,748,619	1,748,619	-	-	-	-
Debt service:						
Principal retirement.....	600,397	591,573	8,824	466,877	457,037	9,840
Interest and fiscal charges.....	431,297	411,468	19,829	412,406	399,562	12,844
Total expenditures.....	28,208,546	27,969,530	239,016	1,515,047	1,380,735	134,313
Other financing uses:						
Fringe benefit cost assessment.....	-	-	-	59,800	5,716	54,084
Operating transfers out.....	2,000	57,089	(55,089)	53,994	64,871	(10,877)
Commonwealth care transfer.....	592,000	631,685	(39,685)	-	-	-
Medical assistance transfer.....	399,000	313,295	85,705	-	-	-
Commonwealth transportation transfer.....	275,000	275,000	-	-	-	-
Stabilization transfer.....	-	11,269	(11,269)	-	-	-
Total other financing uses.....	1,268,000	1,288,338	(20,338)	113,794	70,587	43,207
Total expenditures and other financing uses.....	29,476,546	29,257,868	218,678	1,628,841	1,451,322	177,520
Excess (deficiency) of revenues and other financing sources over / (under) expenditures and other financing uses.....	(204,027)	10,385	214,412	(468,341)	10,847	479,188
Fund balance at beginning of year.....	146,268	146,268	-	-	-	-
Fund balance at end of year.....	\$ (57,759)	\$ 156,653	\$ 214,412	\$ (468,341)	\$ 10,847	\$ 479,188

See accountants' review report



continued

## Budgeted Funds

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

Fiscal Year Ended June 30, 2010

(Amounts in thousands)

	Budgeted Other					
	Workforce Training			Massachusetts Tourism		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES AND OTHER FINANCING SOURCES</b>						
Revenues:						
Taxes.....	\$ 21,100	\$ 19,378	\$ (1,722)	\$ 36,500	\$ 35,549	\$ (951)
Assessments.....	-	-	-	-	-	-
Federal grants and reimbursements.....	-	-	-	-	-	-
Departmental.....	-	-	-	-	-	-
Miscellaneous.....	-	-	-	-	-	-
Total revenues.....	21,100	19,378	(1,722)	36,500	35,549	(951)
Other financing sources:						
Fringe benefit cost recovery.....	-	-	-	-	-	-
Lottery reimbursements.....	-	-	-	-	-	-
Lottery distributions.....	-	-	-	-	-	-
Operating transfers in.....	-	-	-	-	-	-
Stabilization transfer.....	-	-	-	-	-	-
Tobacco settlement transfer.....	-	-	-	-	-	-
Commonwealth transportation transfer.....	-	-	-	-	-	-
Total other financing sources.....	-	-	-	-	-	-
Total revenues and other financing sources.....	21,100	19,378	(1,722)	36,500	35,549	(951)
<b>EXPENDITURES AND OTHER FINANCING USES</b>						
Expenditures:						
Legislature.....	-	-	-	-	-	-
Judiciary.....	-	-	-	-	-	-
Inspector General.....	-	-	-	-	-	-
Governor and Lieutenant Governor.....	-	-	-	9	9	-
Secretary of the Commonwealth.....	-	-	-	-	-	-
Treasurer and Receiver-General.....	-	-	-	-	-	-
Auditor of the Commonwealth.....	-	-	-	-	-	-
Attorney General.....	-	-	-	-	-	-
Ethics Commission.....	-	-	-	-	-	-
District Attorney.....	-	-	-	-	-	-
Office of Campaign and Political Finance.....	-	-	-	-	-	-
Sheriff's Departments.....	-	-	-	-	-	-
Disabled Persons Protection Commission.....	-	-	-	-	-	-
Board of Library Commissioners.....	-	-	-	-	-	-
Comptroller.....	-	-	-	-	-	-
Administration and finance.....	22	22	-	-	-	-
Energy and environmental affairs.....	-	-	-	-	-	-
Health and human services.....	-	-	-	-	-	-
Transportation and public works.....	-	-	-	-	-	-
Massachusetts department of transportation.....	-	-	-	-	-	-
Executive office of education.....	-	-	-	-	-	-
Public safety and homeland security.....	-	-	-	250	219	31
Housing and economic development.....	-	-	-	7,616	7,435	181
Labor and workforce development.....	30,596	13,932	16,664	-	-	-
Direct local aid.....	-	-	-	-	-	-
Medicaid.....	-	-	-	-	-	-
Post employment benefits.....	-	-	-	-	-	-
Debt service:						
Principal retirement.....	-	-	-	-	-	-
Interest and fiscal charges.....	-	-	-	-	-	-
Total expenditures.....	30,618	13,954	16,664	7,875	7,663	212
Other financing uses:						
Fringe benefit cost assessment.....	400	389	11	300	299	1
Operating transfers out.....	-	-	-	-	-	-
Commonwealth care transfer.....	-	-	-	-	-	-
Medical assistance transfer.....	-	-	-	-	-	-
Commonwealth transportation transfer.....	-	-	-	-	-	-
Stabilization transfer.....	-	-	-	-	-	-
Total other financing uses.....	400	389	11	300	299	1
Total expenditures and other financing uses.....	31,018	14,343	16,675	8,175	7,962	213
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(9,918)	5,035	14,953	28,325	27,587	(738)
Fund balances (deficit) at beginning of year.....	11,118	11,118	-	591	591	-
Fund balances (deficit) at end of year.....	\$ 1,200	\$ 16,153	\$ 14,953	\$ 28,916	\$ 28,178	\$ (738)

See accountants' review report

Totals (Memorandum only)		
Budget	Actual	Variance Favorable (Unfavorable)
\$ 17,524,619	\$ 17,171,378	\$ (353,241)
-	417,335	417,335
8,278,000	8,548,836	270,836
2,629,800	2,179,794	(450,006)
15,000	443,040	428,040
28,447,419	28,760,383	312,964
-	281,807	281,807
99,632	88,938	(10,694)
863,369	893,806	30,437
602,399	299,342	(303,057)
214,000	217,843	3,843
292,000	263,678	(28,322)
-	275,000	275,000
2,071,400	2,320,414	249,014
30,518,819	31,080,797	561,978
69,920	59,453	10,467
787,453	767,178	20,275
2,735	2,734	1
5,498	5,245	253
48,044	47,819	225
191,522	175,894	15,628
16,709	16,708	1
40,851	40,558	293
1,731	1,574	157
93,052	92,792	260
1,222	1,175	47
404,363	370,254	34,109
2,223	2,150	73
24,680	24,672	8
11,353	11,080	273
1,757,816	1,683,109	74,707
216,603	202,602	14,001
4,784,977	4,689,785	95,192
189,941	66,701	123,240
435,702	435,702	-
1,737,951	1,717,211	20,740
1,114,817	1,075,883	38,934
371,017	359,078	11,939
82,396	42,237	40,159
4,837,441	4,837,371	70
9,291,193	9,286,565	4,628
1,748,619	1,748,619	-
1,067,274	1,048,610	18,664
843,703	811,030	32,673
30,180,806	29,623,789	557,017
62,000	8,013	53,987
55,994	124,740	(68,746)
592,000	631,685	(39,685)
399,000	313,295	85,705
275,000	275,000	-
214,000	217,843	(3,843)
1,597,994	1,570,576	27,418
31,778,800	31,194,365	584,435
(1,259,981)	(113,568)	1,146,413
1,016,636	1,016,636	-
\$ (243,345)	\$ 903,068	\$ 1,146,413

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

June 30, 2010  
(Amounts in thousands)

	2010	2009
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 220,276	\$ 380,281
Receivables, net of allowance for uncollectibles:		
Due from federal government.....	586,379	458,361
Other receivables.....	25,299	15,793
Due from cities and towns.....	3,391	10,305
Total assets.....	<u>\$ 835,345</u>	<u>\$ 864,740</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 573,233	\$ 623,216
Accrued payroll.....	105,459	95,256
Total liabilities.....	<u>678,692</u>	<u>718,472</u>
Fund balance:		
Reserved fund balance:		
Reserved for continuing appropriations.....	102,022	53,704
Unreserved fund balance:		
Undesignated.....	54,631	92,564
Total fund balance.....	<u>156,653</u>	<u>146,268</u>
Total liabilities and fund balance.....	<u>\$ 835,345</u>	<u>\$ 864,740</u>

See accountants' review report

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

Fiscal Year Ended June 30, 2010  
(Amounts in thousands)

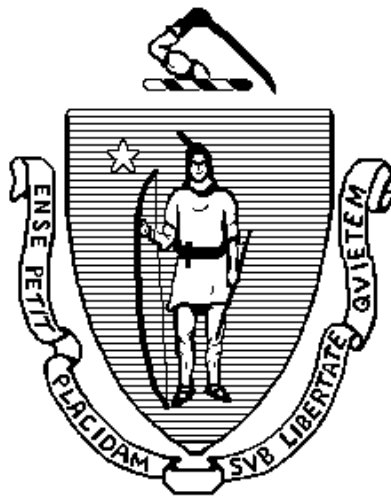
	2010 Budget	2010 Actual	Variance Favorable (Unfavorable)	2009 Actual
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Taxes.....	\$ 16,828,819	\$ 16,459,820	\$ (368,999)	\$ 16,106,806
Assessments.....	-	403,276	403,276	335,141
Federal grants and reimbursements.....	8,272,700	8,541,886	269,186	8,242,161
Departmental.....	2,099,700	1,437,499	(662,201)	1,289,158
Miscellaneous.....	-	391,757	391,757	215,775
Total revenues.....	27,201,219	27,234,238	33,019	26,189,041
Other financing sources:				
Fringe benefit cost recovery.....	-	281,807	281,807	262,034
Lottery reimbursements.....	99,632	88,938	(10,694)	105,656
Lottery distributions.....	863,369	893,806	30,437	890,489
Operating transfers in.....	602,299	299,212	(303,087)	337,980
Stabilization transfers.....	214,000	206,574	(7,426)	1,389,000
Tobacco settlement transfer.....	292,000	263,678	(28,322)	315,153
Total other financing sources.....	2,071,300	2,034,015	(37,285)	3,300,312
Total revenues and other financing sources.....	29,272,519	29,268,253	(4,266)	29,489,353
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Legislature.....	69,920	59,453	10,467	60,199
Judiciary.....	786,946	767,178	19,768	794,938
Inspector General.....	2,735	2,734	1	3,002
Governor and Lieutenant Governor.....	5,369	5,176	193	8,338
Secretary of the Commonwealth.....	47,928	47,704	224	46,870
Treasurer and Receiver-General.....	191,522	175,894	15,628	127,609
Auditor of the Commonwealth.....	16,709	16,708	1	18,688
Attorney General.....	40,851	40,558	293	43,785
Ethics Commission.....	1,731	1,574	157	1,678
District Attorney.....	93,052	92,792	260	96,410
Office of Campaign and Political Finance.....	1,222	1,175	47	1,129
Sheriff's Departments.....	404,118	370,009	34,109	290,089
Disabled Persons Protection Commission.....	2,223	2,150	73	2,267
Board of Library Commissioners.....	24,680	24,672	8	33,652
Comptroller.....	8,057	7,899	158	8,607

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

Fiscal Year Ended June 30, 2010  
(Amounts in thousands)

	2010 Budget	2010 Actual	Variance Favorable (Unfavorable)	2009 Actual
Expenditures (continued):				
Administration and finance.....	1,543,847	1,531,620	12,227	1,613,011
Energy and environmental affairs.....	192,557	183,738	8,819	205,074
Health and human services.....	4,666,106	4,616,556	49,550	4,970,627
Transportation and public works.....	-	-	-	194,491
Executive office of education.....	1,735,975	1,717,211	18,764	2,091,716
Public safety and homeland security.....	1,071,895	1,049,249	22,646	986,750
Housing and economic development.....	359,397	351,579	7,818	193,080
Labor and workforce development.....	32,759	28,305	4,454	42,527
Direct local aid.....	4,837,441	4,837,371	70	4,723,620
Medicaid.....	9,291,193	9,286,565	4,628	8,536,900
Post employment benefits.....	1,748,619	1,748,619	-	1,666,396
Debt service:				
Principal retirement.....	600,397	591,573	8,824	601,448
Interest and fiscal charges.....	431,297	411,468	19,829	423,057
Total expenditures.....	28,208,546	27,969,530	239,016	27,785,958
Other financing uses:				
Operating transfers out.....	2,000	57,089	(55,089)	88,236
Commonwealth care transfer.....	592,000	631,685	(39,685)	987,959
Medical assistance transfer.....	399,000	313,295	85,705	374,001
Commonwealth transportation transfer.....	275,000	275,000	-	-
Lottery deficit support.....	-	-	-	76,112
Stabilization transfer.....	-	11,269	(11,269)	64,747
Other fund deficit support.....	-	-	-	203,080
Total other financing uses.....	1,268,000	1,288,338	(20,338)	1,794,135
Total expenditures and other financing uses.....	29,476,546	29,257,868	218,678	29,580,093
Excess (deficiency) of revenues and other financing sources over / (under) expenditures and other financing uses.....	(204,027)	10,385	214,412	(90,740)
Fund balance (deficit) at beginning of year.....	146,268	146,268	-	237,008
Fund balance (deficit) at end of year.....	\$ (57,759)	\$ 156,653	\$ 214,412	\$ 146,268

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

June 30, 2010  
(Amounts in thousands)

	2010	Previously Highway Fund 2009
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 12,271	\$ 17,835
Cash with fiscal agent.....	10,847	-
Total assets.....	<u>\$ 23,118</u>	<u>\$ 17,835</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 5,155	\$ 9,921
Accrued payroll.....	7,116	7,914
Total liabilities.....	<u>12,271</u>	<u>17,835</u>
Fund balance:		
Reserved fund balance:		
Reserved for debt service.....	10,847	-
Total fund balance.....	<u>10,847</u>	<u>-</u>
Total liabilities and fund balance.....	<u>\$ 23,118</u>	<u>\$ 17,835</u>

See accountants' review report



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

Fiscal Year Ended June 30, 2010  
(Amounts in thousands)

	2010 Budget	2010 Actual	Variance Favorable (Unfavorable)	Previously Highway Fund 2009 Actual
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Taxes.....	\$ 637,300	\$ 653,783	\$ 16,483	\$ 620,527
Assessments.....	-	14,059	14,059	13,513
Federal grants and reimbursements.....	-	-	-	1,024
Departmental.....	523,200	489,840	(33,360)	413,969
Miscellaneous.....	-	29,487	29,487	840
Total revenues.....	1,160,500	1,187,169	26,669	1,049,873
Other financing sources:				
Operating transfers in.....	-	-	-	1,352
Commonwealth transportation transfer.....	-	275,000	275,000	-
Other fund deficit.....	-	-	-	219,947
Total other financing sources.....	-	275,000	275,000	221,299
Total revenues and other financing sources.....	1,160,500	1,462,169	301,669	1,271,172
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Treasurer and Receiver-General.....	-	-	-	1,087
Attorney General.....	-	-	-	481
District Attorney.....	-	-	-	4,379
Sheriff's Departments.....	245	245	-	424
Comptroller.....	-	-	-	1
Administration and finance.....	9,625	9,618	7	5,642
Energy and environmental affairs.....	8,567	8,426	141	-
Transportation and public works.....	177,732	66,701	111,031	87,780
Massachusetts department of transportation.....	435,702	435,702	-	-
Public safety and homeland security.....	3,839	3,390	449	236,987
Housing and economic development.....	55	54	1	64
Debt service:				
Principal retirement.....	466,877	457,037	9,840	485,922
Interest and fiscal charges.....	412,406	399,562	12,844	380,959
Total expenditures.....	1,515,047	1,380,735	134,312	1,203,726
Other financing uses:				
Fringe benefit cost assessment.....	59,800	5,716	54,084	55,214
Operating transfers out.....	53,994	64,871	(10,877)	28,436
Total other financing uses.....	113,794	70,587	43,207	83,650
Total expenditures and other financing uses.....	1,628,841	1,451,322	177,519	1,287,376
Excess (deficiency) of revenues and other financing sources over / (under) expenditures and other financing uses..	(468,341)	10,847	479,188	(16,204)
Fund balance (deficit) at beginning of year.....	-	-	-	16,204
Fund balance (deficit) at end of year.....	\$ (468,341)	\$ 10,847	\$ 479,188	\$ -

See accountants' review report

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

June 30, 2010  
(Amounts in thousands)

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 415,122	\$ 492,862
Investments.....	<u>254,681</u>	<u>348,482</u>
Total assets.....	<u><u>\$ 669,803</u></u>	<u><u>\$ 841,344</u></u>
<b>LIABILITIES AND FUND EQUITY</b>		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	<u>-</u>	<u>-</u>
Fund balance:		
Reserved fund balance:		
Reserved for Commonwealth Stabilization.....	<u>669,803</u>	<u>841,344</u>
Total fund balance.....	<u>669,803</u>	<u>841,344</u>
Total liabilities and fund balance.....	<u><u>\$ 669,803</u></u>	<u><u>\$ 841,344</u></u>

See accountants' review report

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

Fiscal Year Ended June 30, 2010  
(Amounts in thousands)

	2010 Budget	2010 Actual	Variance Favorable (Unfavorable)	2009 Actual
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Taxes.....	\$ -	\$ 1,982	\$ 1,982	\$ 2,436
Miscellaneous.....	15,000	21,782	6,782	43,967
Total revenues.....	15,000	23,764	8,764	46,403
Other financing sources:				
Stabilization transfer.....	-	11,269	11,269	64,747
Total other financing sources.....	-	11,269	11,269	64,747
Total revenues and other financing sources.....	15,000	35,033	20,033	111,150
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Administration and finance.....	-	-	-	-
Total expenditures.....	-	-	-	-
Other financing uses:				
Stabilization transfer.....	214,000	206,574	7,426	1,389,000
Total other financing uses.....	214,000	206,574	7,426	1,389,000
Total expenditures and other financing uses.....	214,000	206,574	7,426	1,389,000
Excess (deficiency) of revenues and other financing sources over / (under) expenditures and other financing uses....	(199,000)	(171,541)	27,459	(1,277,850)
Fund balance (deficit) at beginning of year.....	841,344	841,344	-	2,119,194
Fund balance (deficit) at end of year.....	\$ 642,344	\$ 669,803	\$ 27,459	\$ 841,344

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

June 30, 2010  
(Amounts in thousands)

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 22,677	\$ 21,089
Total assets.....	<u>\$ 22,677</u>	<u>\$ 21,089</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 15,761	\$ 15,963
Accrued payroll.....	<u>2,826</u>	<u>1,683</u>
Total liabilities.....	<u>18,587</u>	<u>17,646</u>
Fund balance:		
Reserved fund balance:		
Reserved for continuing appropriations.....	<u>4,090</u>	<u>3,443</u>
Total fund balance .....	<u>4,090</u>	<u>3,443</u>
Total liabilities and fund balance.....	<u>\$ 22,677</u>	<u>\$ 21,089</u>

See accountants' review report

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

Fiscal Year Ended June 30, 2010  
(Amounts in thousands)

	2010 Budget	2010 Actual	Variance Favorable (Unfavorable)	2009 Actual
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Departmental.....	\$ -	\$ 245,308	\$ 245,308	\$ 234,056
Total revenues.....	-	245,308	245,308	234,056
Other financing sources:				
Operating transfers in.....	-	-	-	-
Total other financing sources.....	-	-	-	-
Total revenues and other financing sources.....	-	245,308	245,308	234,056
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Judiciary.....	507	-	507	-
Governor and Lieutenant Governor.....	120	60	60	39
Secretary of the Commonwealth.....	116	115	1	116
Comptroller.....	3,296	3,181	115	3,071
Administration and finance.....	204,322	141,849	62,473	134,226
Energy and environmental affairs.....	4,842	412	4,430	323
Health and human services.....	118,871	73,229	45,642	80,599
Transportation and public works.....	12,209	-	12,209	1,042
Executive office of education.....	1,976	-	1,976	-
Public safety and homeland security.....	38,833	23,025	15,808	13,137
Housing and economic development.....	3,949	10	3,939	-
Labor and workforce development.....	19,041	-	19,041	-
Total expenditures.....	408,082	241,881	166,201	232,553
Other financing uses:				
Operating transfers out.....	-	2,780	(2,780)	1,863
Total other financing uses.....	-	2,780	(2,780)	1,863
Total expenditures and other financing uses.....	408,082	244,661	163,421	234,416
Excess (deficiency) of revenues and other financing sources over / (under) expenditures and other financing uses.....	(408,082)	647	408,729	(360)
Fund balance (deficit) at beginning of year.....	3,443	3,443	-	3,803
Fund balance (deficit) at end of year.....	\$ (404,639)	\$ 4,090	\$ 408,729	\$ 3,443

See accountants' review report

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

June 30, 2010  
(Amounts in thousands)

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 17,849	\$ 14,557
Total assets.....	<u>\$ 17,849</u>	<u>\$ 14,557</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 318	\$ 508
Accrued payroll.....	<u>187</u>	<u>177</u>
Total liabilities.....	<u>505</u>	<u>685</u>
Fund balance:		
Unreserved fund balance:		
Undesignated.....	<u>17,344</u>	<u>13,872</u>
Total fund balance.....	<u>17,344</u>	<u>13,872</u>
Total liabilities and fund balance.....	<u>\$ 17,849</u>	<u>\$ 14,557</u>

See accountants' review report

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

Fiscal Year Ended June 30, 2010

(Amounts in thousands)

	2010 Budget	2010 Actual	Variance Favorable (Unfavorable)	2009 Actual
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Taxes.....	\$ 900	\$ 866	\$ (34)	\$ 869
Federal grants and reimbursements.....	5,300	6,950	1,650	7,715
Departmental.....	6,900	7,147	247	7,325
Miscellaneous.....	-	14	14	37
Total revenues.....	<u>13,100</u>	<u>14,977</u>	<u>1,877</u>	<u>15,946</u>
Other financing sources:				
Operating transfers in.....	<u>100</u>	<u>130</u>	<u>30</u>	<u>130</u>
Total other financing sources.....	<u>100</u>	<u>130</u>	<u>30</u>	<u>130</u>
Total revenues and other financing sources.....	<u>13,200</u>	<u>15,107</u>	<u>1,907</u>	<u>16,076</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Energy and environmental affairs.....	<u>10,637</u>	<u>10,026</u>	<u>611</u>	<u>10,780</u>
Total expenditures.....	<u>10,637</u>	<u>10,026</u>	<u>611</u>	<u>10,780</u>
Other financing uses				
Fringe benefit cost assessment.....	<u>1,500</u>	<u>1,609</u>	<u>(109)</u>	<u>1,524</u>
Total other financing uses.....	<u>1,500</u>	<u>1,609</u>	<u>(109)</u>	<u>1,524</u>
Total expenditures and other financing uses.....	<u>12,137</u>	<u>11,635</u>	<u>502</u>	<u>12,304</u>
Excess (deficiency) of revenues and other financing sources over / (under) expenditures and other financing uses.....	1,063	3,472	2,409	3,772
Fund balance (deficit) at beginning of year.....	<u>13,872</u>	<u>13,872</u>	<u>-</u>	<u>10,100</u>
Fund balance (deficit) at end of year.....	<u>\$ 14,935</u>	<u>\$ 17,344</u>	<u>\$ 2,409</u>	<u>\$ 13,872</u>

See accountants' review report

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

June 30, 2010  
(Amounts in thousands)

	2010	2009
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 18,154	\$ 12,840
Receivables, net of allowance for uncollectibles:		
Other receivables.....	-	41
Total assets.....	<u>\$ 18,154</u>	<u>\$ 12,881</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 1,587	\$ 1,723
Accrued payroll.....	414	40
Total liabilities.....	<u>2,001</u>	<u>1,763</u>
Fund balance:		
Reserved fund balance:		
Reserved for continuing appropriations.....	5,000	11,118
Unreserved fund balance:		
Undesignated.....	11,153	-
Total fund balance.....	<u>16,153</u>	<u>11,118</u>
Total liabilities and fund balance.....	<u>\$ 18,154</u>	<u>\$ 12,881</u>

See accountants' review report



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

Fiscal Year Ended June 30, 2010  
(Amounts in thousands)

	2010 Budget	2010 Actual	Variance Favorable (Unfavorable)	2009 Actual
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Taxes.....	\$ 21,100	\$ 19,378	\$ (1,722)	\$ 21,073
Miscellaneous.....	-	-	-	7
Total revenues.....	21,100	19,378	(1,722)	21,080
Other financing sources:				
Operating transfers in.....	-	-	-	-
Total other financing sources.....	-	-	-	-
Total revenues and other financing sources.....	21,100	19,378	(1,722)	21,080
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Administration and finance.....	22	22	-	-
Labor and workforce development.....	30,596	13,932	16,664	22,578
Total expenditures.....	30,618	13,954	16,664	22,578
Other financing uses:				
Fringe benefit cost assessment.....	400	389	11	389
Other fund deficit support.....	-	-	-	5,879
Total other financing uses.....	400	389	11	6,268
Total expenditures and other financing uses.....	31,018	14,343	16,675	28,846
Excess (deficiency) of revenues and other financing sources over / (under) expenditures and other financing uses....	(9,918)	5,035	14,953	(7,766)
Fund balance (deficit) at beginning of year.....	11,118	11,118	-	18,884
Fund balance (deficit) at end of year.....	\$ 1,200	\$ 16,153	\$ 14,953	\$ 11,118

See accountants' review report

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

June 30, 2010  
(Amounts in thousands)

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 28,828	\$ 2,909
Total assets.....	<u>\$ 28,828</u>	<u>\$ 2,909</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 616	\$ 2,288
Accrued payroll.....	<u>34</u>	<u>30</u>
Total liabilities.....	<u>650</u>	<u>2,318</u>
Fund balance:		
Reserved fund balance:		
Reserved for continuing appropriations.....	-	591
Unreserved fund balance:		
Undesignated.....	<u>28,178</u>	<u>-</u>
Total fund balance.....	<u>28,178</u>	<u>591</u>
Total liabilities and fund balance.....	<u>\$ 28,828</u>	<u>\$ 2,909</u>

See accountants' review report

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

Fiscal Year Ended June 30, 2010  
(Amounts in thousands)

	2010 Budget	2010 Actual	Variance Favorable (Unfavorable)	2009 Actual
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Taxes.....	\$ 36,500	\$ 35,549	\$ (951)	\$ 38,310
Total revenues.....	36,500	35,549	(951)	38,310
Other financing sources:				
Operating transfers in.....	-	-	-	-
Total other financing sources.....	-	-	-	-
Total revenues and other financing sources.....	36,500	35,549	(951)	38,310
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Governor and Lieutenant Governor.....	9	9	-	-
Health and human services.....	-	-	-	25
Public safety and homeland security.....	250	219	31	-
Housing and economic development.....	7,617	7,435	182	27,045
Total expenditures.....	7,876	7,663	213	27,070
Other financing uses:				
Fringe benefit cost assessment.....	300	299	1	288
Other fund deficit support.....	-	-	-	10,988
Total other financing uses.....	300	299	1	11,276
Total expenditures and other financing uses.....	8,176	7,962	214	38,346
Excess (deficiency) of revenues and other financing sources over / (under) expenditures and other financing uses...	28,324	27,587	(737)	(36)
Fund balance (deficit) at beginning of year.....	591	591	-	627
Fund balance (deficit) at end of year.....	\$ 28,915	\$ 28,178	\$ (737)	\$ 591

See accountants' review report



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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 six 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, cigarette tax revenues, 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 interest; 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.

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

***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.

## **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.

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**Health Care Security Trust Fund** – to account for revenues received from tobacco companies under the tobacco settlement and interest income 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 was transferred to the State Retiree Benefits Trust Fund on 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.

**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 governing simulcasting and to provide certain relief to the 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 a deficit. Any year end balance in excess of 20% of the prior year's expenditures revert 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.

**State Athletic Commission Fund** – to account for licensing fees, other fees and fines collected up to a maximum of \$200,000 per year. All revenues in excess of \$200,000 shall be transferred to the General Fund.

**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.

**Enhanced 911 Fund** – to account for expenditures by the state 911 department to automatically identify a telephone number used to place or route a 911 call.

**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

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Development for the purpose of making payments to communities under the Smart Growth and Housing Production program. Revenues are from the 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.

***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, without further 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.

***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.

***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.

***Cigarette Fire Safety and 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. Effective September 1, 2009, this fund is reported under MassDOT.

***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 degrees in targeted high-demand occupations.

***Massachusetts Nursing and Allied Health Workforce Development Trust Fund*** - to account for funds appropriated, grants, loans, or private donations received; to support programs that encourage carriers in field related to nursing and allied health.

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

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**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.

**Regional Greenhouse Gas Initiative (RGGI) Auction Trust Fund** – to account for expenditures by the department of environmental protection in consultation with the department of energy resources to adopt rules and regulations establishing a carbon dioxide cap to limit and reduce the total carbon dioxide emissions released by electric generating stations that generate electric power.

**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.

**Ocean Resources and Waterways Trust Fund** – to account for funds appropriated, investment income, grants or ocean development mitigation fees received; used to restore or enhance marine habitat and resources impacted by project developments.

**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.

**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. Effective September 1, 2009 this fund is reported under MassDOT,



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***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 certain rooms and sales and use taxes, 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 purpose 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:

***Department of Mental Retardation Trust Fund*** – to account for any receipts from assessments transfers by the 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.

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

***Spinal Cord Injury Trust Fund*** – to account for surcharges for license reinstatement after 3 speeding convictions. Funds are expended for the purpose of medical cure research services for spinal cord injured persons.

***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.

***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.

***Regional Transit Authorities Forward Funding Trust Fund***– to account for revenues allocated to support capital or other eligible activities for regional transit authorities.

***Nantucket Beach Reservation Trust Fund*** – to account for revenues from surcharge on parking in the Nantucket Beach Reservation; used for preservation, maintenance and safety of the Nantucket Beach in the Town of Hull.

***Off Highway Vehicle Program Fund*** – to account for fees, fines and investment income collected for appropriations authorized; used for enforcement and environmental development, repair and restorations of trails and facilities.

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

Fiscal Year Ended June 30, 2010  
(Amounts in thousands)

	Lotteries			Universal Health Care Funds			
	Federal Grants	State Lottery	Arts Lottery	Commonwealth Care Trust	Essential Community Provider Trust	Medical Assistance Trust	Health Safety Net Trust
<b>REVENUES AND OTHER FINANCING SOURCES</b>							
Revenues:							
Taxes.....	\$ -	\$ 878	\$ -	\$ 141,379	\$ -	\$ -	\$ -
Assessments.....	-	-	-	-	-	-	368,538
Federal grants and reimbursements.....	3,133,535	-	-	-	-	-	-
Tobacco settlement revenue.....	-	-	-	-	-	-	-
Departmental.....	-	4,513,454	114,223	13,700	-	-	-
Miscellaneous.....	26	1,065	62	41,821	-	48,205	766
Total revenues.....	3,133,561	4,515,397	114,285	196,900	-	48,205	369,304
Other financing sources:							
Operating transfers in.....	9,000	-	73,449	-	-	-	-
Lottery deficit support.....	-	-	-	-	-	-	-
Transfer in from Massachusetts department of transportation.....	-	-	-	-	-	-	-
Health safety net trust transfer.....	-	-	-	-	-	-	-
Commonwealth care transfer.....	-	-	-	636,685	-	-	-
Medical assistance transfer.....	-	-	-	-	-	313,295	-
Total other financing sources.....	9,000	-	73,449	636,685	-	313,295	-
Total revenues and other financing sources.....	3,142,561	4,515,397	187,734	833,585	-	361,500	369,304
<b>EXPENDITURES AND OTHER FINANCING USES</b>							
Expenditures:							
Judiciary.....	660	-	-	-	-	-	-
Inspector General.....	-	-	-	-	-	-	882
Secretary of the Commonwealth.....	693	-	-	-	-	-	-
Treasurer and Receiver-General.....	2,890	3,540,523	99,431	-	-	-	-
Attorney General.....	8,589	-	-	-	-	-	-
District Attorney.....	2,685	-	-	-	-	-	-
Sheriff's Departments.....	2,988	-	-	-	-	-	-
Disabled Persons Protection Commission.....	251	-	-	-	-	-	-
Board of Library Commissioners.....	2,877	-	-	-	-	-	-
Comptroller.....	-	-	-	-	-	-	-
Administration and finance.....	12,499	-	-	-	-	-	-
Energy and environmental affairs.....	78,339	-	-	-	-	-	-
Health and human services.....	438,415	-	-	801,461	-	361,500	371,068
Transportation and public works.....	11,854	-	-	-	-	-	-
Massachusetts department of transportation.....	-	-	-	-	-	-	-
Executive office of education.....	1,304,121	-	-	-	-	-	-
Public safety and homeland security.....	147,697	-	-	-	-	-	-
Housing and economic development.....	668,112	-	-	-	-	-	-
Labor and workforce development.....	196,289	-	-	-	-	-	-
Direct local aid.....	134,371	-	-	-	-	-	-
Debt service:	-	-	-	-	-	-	-
Principal retirement.....	-	-	-	-	-	-	-
Interest and fiscal charges.....	-	-	-	-	-	-	-
Total expenditures.....	3,013,330	3,540,523	99,431	801,461	-	361,500	371,950
Other financing uses:							
Fringe benefit cost assessment.....	70,558	6,984	-	-	-	-	28
Lottery operating reimbursements.....	-	79,249	9,689	-	-	-	-
Lottery distributions.....	-	815,192	78,614	-	-	-	-
Federal reimbursement transfer out.....	-	-	-	-	-	-	-
Tobacco settlement transfer.....	-	-	-	-	-	-	-
Equity transfer to Massachusetts department of transportation.....	-	-	-	-	-	-	-
Commonwealth care transfer.....	-	-	-	-	-	-	5,000
Health safety net trust transfer.....	-	-	-	-	-	-	-
Operating transfers out.....	53,941	73,449	-	-	-	-	70
Total other financing uses.....	124,499	974,874	88,303	-	-	-	5,098
Total expenditures and other financing uses.....	3,137,829	4,515,397	187,734	801,461	-	361,500	377,048
Excess (deficiency) of revenues and other financing sources over / (under) expenditures and other financing uses.....	4,732	-	-	32,124	-	-	(7,744)
Fund balance (deficit) at beginning of year.....	38,982	-	-	12,470	518	-	114,973
Fund balance (deficit) at end of year.....	\$ 43,714	\$ -	\$ -	\$ 44,594	\$ 518	\$ -	\$ 107,229

See accountants' review report

Universal Health Care Funds		Non-budgeted Other Funds						
Medical Security Trust	Catastrophic Illness in Children Relief	Department of Telecommunication and Energy Trust	Liability Management and Reduction	Health Care Security Trust	Commonwealth of Massachusetts Civil Monetary Penalty (CMP)	MBTA State and Local Contribution	MBTA Infrastructure Renovation	Community Preservation Trust
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 767,057	\$ -	\$ 26,289
-	-	4,680	-	-	-	150,148	-	-
-	-	-	-	-	-	-	-	-
64,525	-	-	2,113	263,678	230	-	-	-
97	23	-	5	-	-	-	37	46
64,622	23	4,680	2,118	263,678	230	917,205	37	26,335
30,000	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
30,000	-	-	-	-	-	-	-	-
94,622	23	4,680	2,118	263,678	230	917,205	37	26,335
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	917,205	2,437	-
-	-	-	61	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
21	-	-	1,601	-	-	-	-	-
-	-	3,029	-	-	-	-	-	31,716
-	2,911	-	-	-	384	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
155,615	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
155,636	2,911	3,029	1,662	-	384	917,205	2,437	31,716
600	89	565	18	-	-	-	-	35
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	263,678	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
145	51	252	-	-	-	-	-	30
745	140	817	18	263,678	-	-	-	65
156,381	3,051	3,846	1,680	263,678	384	917,205	2,437	31,781
(61,759)	(3,028)	834	438	-	(154)	-	(2,400)	(5,446)
43,152	6,319	530	2,717	-	898	-	9,270	31,205
\$ (18,607)	\$ 3,291	\$ 1,364	\$ 3,155	\$ -	\$ 744	\$ -	\$ 6,870	\$ 25,759

continued

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

Fiscal Year Ended June 30, 2010  
(Amounts in thousands)

	Non-budgeted Other Funds						
	Health Insurance Portability and Accountability Act	State Racing	Division of Professional Licensure Trust	Victims of Drunk Driving Trust	State Athletic Commission	Department of Fire Services Hazardous Materials Emergency Mitigation Response Recovery Trust	Registers Technological
<b>REVENUES AND OTHER FINANCING SOURCES</b>							
Revenues:							
Taxes.....	\$ -	\$ 2,098	\$ -	\$ -	\$ 22	\$ -	\$ -
Assessments.....	-	746	-	-	-	-	-
Federal grants and reimbursements.....	13,759	-	-	-	-	-	-
Tobacco settlement revenue.....	-	-	-	-	-	-	-
Departmental.....	-	550	8,560	555	-	137	4,800
Miscellaneous.....	-	566	-	3	-	-	-
Total revenues.....	13,759	3,960	8,560	558	22	137	4,800
Other financing sources:							
Operating transfers in.....	-	-	-	-	-	-	-
Lottery deficit support.....	-	-	-	-	-	-	-
Transfer in from Massachusetts department of transportation.....	-	-	-	-	-	-	-
Health safety net trust transfer.....	-	-	-	-	-	-	-
Commonwealth care transfer.....	-	-	-	-	-	-	-
Medical assistance transfer.....	-	-	-	-	-	-	-
Total other financing sources.....	-	-	-	-	-	-	-
Total revenues and other financing sources.....	13,759	3,960	8,560	558	22	137	4,800
<b>EXPENDITURES AND OTHER FINANCING USES</b>							
Expenditures:							
Judiciary.....	-	-	-	-	-	-	-
Inspector General.....	-	-	-	-	-	-	-
Secretary of the Commonwealth.....	-	-	-	-	-	-	3,491
Treasurer and Receiver-General.....	-	-	-	-	-	-	-
Attorney General.....	-	-	-	372	-	-	-
District Attorney.....	-	-	-	-	-	-	-
Sheriff's Departments.....	-	-	-	-	-	-	-
Disabled Persons Protection Commission.....	-	-	-	-	-	-	-
Board of Library Commissioners.....	-	-	-	-	-	-	-
Comptroller.....	-	-	-	-	-	-	-
Administration and finance.....	-	-	-	-	-	-	-
Energy and environmental affairs.....	-	21	-	-	-	-	-
Health and human services.....	12,989	-	-	-	-	-	-
Transportation and public works.....	-	-	-	-	-	-	-
Massachusetts department of transportation.....	-	-	-	-	-	-	-
Executive office of education.....	-	-	-	-	-	-	-
Public safety and homeland security.....	-	-	-	-	-	85	-
Housing and economic development.....	-	1,120	6,001	-	-	-	-
Labor and workforce development.....	-	-	-	-	-	-	-
Direct local aid.....	-	-	-	-	-	-	-
Debt service:							
Principal retirement.....	-	-	-	-	-	-	-
Interest and fiscal charges.....	-	-	-	-	-	-	-
Total expenditures.....	12,989	1,141	6,001	372	-	85	3,491
Other financing uses:							
Fringe benefit cost assessment.....	26	-	890	-	-	-	266
Lottery operating reimbursements.....	-	-	-	-	-	-	-
Lottery distributions.....	-	-	-	-	-	-	-
Federal reimbursement transfer out.....	-	-	-	-	-	-	-
Tobacco settlement transfer.....	-	-	-	-	-	-	-
Equity transfer to Massachusetts department of transportation.....	-	-	-	-	-	-	-
Commonwealth care transfer.....	-	-	-	-	-	-	-
Health safety net trust transfer.....	-	-	-	-	-	-	-
Operating transfers out.....	114	2,575	521	-	-	-	145
Total other financing uses.....	140	2,575	1,411	-	-	-	411
Total expenditures and other financing uses.....	13,129	3,716	7,412	372	-	85	3,902
Excess (deficiency) of revenues and other financing sources over / (under) expenditures and other financing uses.....	630	244	1,148	186	22	52	898
Fund balance (deficit) at beginning of year.....	7,661	152	872	2,006	-	81	1,511
Fund balance (deficit) at end of year.....	\$ 8,291	\$ 396	\$ 2,020	\$ 2,192	\$ 22	\$ 133	\$ 2,409

See accountants' review report

Non-budgeted Other Funds									
County Registers Technological	State Election Campaign	Enhanced 911	Counsel for Indigent Salary Enhancement Trust	Smart Growth Housing Trust	Special Projects Permitting and Oversight	Division of Energy Resources Credit Trust	School Modernization and Reconstruction Trust	Roche Community Rink	Workforce Competitiveness Trust
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 605,228	\$ -	\$ -
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
2,535	-	71,226	156	165	334	110	-	30	-
-	291	211	-	-	-	-	-	-	3
2,535	291	71,437	156	165	334	110	605,228	30	3
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
2,535	291	71,437	156	165	334	110	605,228	30	3
-	-	-	-	-	-	-	-	-	-
-	-	-	574	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	724,497	-	-
-	-	-	-	-	-	-	-	-	-
-	-	920	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
4,908	-	-	-	-	-	-	-	-	-
-	-	336	-	-	93	342	-	-	-
-	-	90	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	26	-	-	-	-	-	-	-
-	-	51,621	-	-	-	-	-	-	-
-	-	-	-	2,299	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
4,908	-	52,993	574	2,299	93	342	724,497	-	-
-	-	1,107	-	-	23	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
3,000	-	1,564	-	18,005	14	-	-	-	-
3,000	-	2,671	-	18,005	37	-	-	-	-
7,908	-	55,664	574	20,304	130	342	724,497	-	-
(5,373)	291	15,773	(418)	(20,139)	204	(232)	(119,269)	30	3
7,041	1,288	66,656	435	22,589	222	2,794	119,269	178	35
\$ 1,668	\$ 1,579	\$ 82,429	\$ 17	\$ 2,450	\$ 426	\$ 2,562	\$ -	\$ 208	\$ 38

continued

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

Fiscal Year Ended June 30, 2010  
(Amounts in thousands)

	Non-budgeted Other Funds						
	Fire Prevention and Public Safety	Cigarette Fire Safety Firefighter Protection Act Enforcement	Massachusetts Board of Higher Education Scholar-Internship Match	Central Artery/ Tunnel Project Repair and Maintenance Trust	District Local Technical Assistance	Educational Rewards Grant Program	Massachusetts Nursing & Allied Health Workforce Development Trust
<b>REVENUES AND OTHER FINANCING SOURCES</b>							
Revenues:							
Taxes.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Assessments.....	-	-	-	-	-	-	-
Federal grants and reimbursements.....	-	-	-	-	-	-	-
Tobacco settlement revenue.....	-	-	-	-	-	-	-
Departmental.....	13	288	-	-	-	-	-
Miscellaneous.....	-	-	-	653	-	-	2
Total revenues.....	13	288	-	653	-	-	2
Other financing sources:							
Operating transfers in.....	-	-	-	-	2,000	-	257
Lottery deficit support.....	-	-	-	-	-	-	-
Transfer in from Massachusetts department of transportation.....	-	-	-	-	-	-	-
Health safety net trust transfer.....	-	-	-	-	-	-	-
Commonwealth care transfer.....	-	-	-	-	-	-	-
Medical assistance transfer.....	-	-	-	-	-	-	-
Total other financing sources.....	-	-	-	-	2,000	-	257
Total revenues and other financing sources.....	13	288	-	653	2,000	-	259
<b>EXPENDITURES AND OTHER FINANCING USES</b>							
Expenditures:							
Judiciary.....	-	-	-	-	-	-	-
Inspector General.....	-	-	-	-	-	-	-
Secretary of the Commonwealth.....	-	-	-	-	-	-	-
Treasurer and Receiver-General.....	-	-	-	-	-	-	-
Attorney General.....	-	-	-	-	-	-	-
District Attorney.....	-	-	-	-	-	-	-
Sheriff's Departments.....	-	-	-	-	-	-	-
Disabled Persons Protection Commission.....	-	-	-	-	-	-	-
Board of Library Commissioners.....	-	-	-	-	-	-	-
Comptroller.....	-	-	-	-	-	-	-
Administration and finance.....	-	-	-	-	1,932	-	-
Energy and environmental affairs.....	-	-	-	-	-	-	-
Health and human services.....	-	-	-	-	-	-	-
Transportation and public works.....	-	-	-	1,223	-	-	-
Massachusetts department of transportation.....	-	-	-	-	-	-	-
Executive office of education.....	-	-	1	-	-	591	112
Public safety and homeland security.....	17	426	-	-	-	-	-
Housing and economic development.....	-	-	-	-	-	-	-
Labor and workforce development.....	-	-	-	-	-	-	-
Direct local aid.....	-	-	-	-	-	-	-
Debt service:							
Principal retirement.....	-	-	-	-	-	-	-
Interest and fiscal charges.....	-	-	-	-	-	-	-
Total expenditures.....	17	426	1	1,223	1,932	591	112
Other financing uses:							
Fringe benefit cost assessment.....	-	40	-	-	-	-	3
Lottery operating reimbursements.....	-	-	-	-	-	-	-
Lottery distributions.....	-	-	-	-	-	-	-
Federal reimbursement transfer out.....	-	-	-	-	-	-	-
Tobacco settlement transfer.....	-	-	-	-	-	-	-
Equity transfer to Massachusetts department of transportation.....	-	-	-	357,005	-	-	-
Commonwealth care transfer.....	-	-	-	-	-	-	-
Health safety net trust transfer.....	-	-	-	-	-	-	-
Operating transfers out.....	-	61	1,860	-	-	-	13
Total other financing uses.....	-	101	1,860	357,005	-	-	16
Total expenditures and other financing uses.....	17	527	1,861	358,228	1,932	591	128
Excess (deficiency) of revenues and other financing sources over / (under) expenditures and other financing uses.....	(4)	(239)	(1,861)	(357,575)	68	(591)	131
Fund balance (deficit) at beginning of year.....	13	2,076	2,082	357,575	76	639	-
Fund balance (deficit) at end of year.....	\$ 9	\$ 1,837	\$ 221	\$ -	\$ 144	\$ 48	\$ 131

See accountants' review report

Non-budgeted Other Funds									
Government Land Bank	Natural Heritage and Endangered Species	Massachusetts Mathematics, Science, Technology and Engineering Grant	Commonwealth Covenant	Massachusetts Alternative and Clean Energy Investment Trust	Regional Greenhouse Gas Initiative (RGGI) Auction Trust	Mosquito and Greenhead Fly Control	Ocean Resources and Waterways Trust	Oil Overcharge	Environmental Trust
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	275	-	-	-	-	8,942	-	-	-
-	-	-	-	-	-	-	-	-	-
64	474	-	-	-	61,698	668	-	-	1,009
-	788	25	-	-	-	-	1,000	5	20
64	1,537	25	-	-	61,698	9,610	1,000	5	1,029
19,052	-	-	60	5,000	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
19,052	-	-	60	5,000	-	-	-	-	-
19,116	1,537	25	60	5,000	61,698	9,610	1,000	5	1,029
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	60	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	1,581	-	-	6,719	54,841	8,933	2	253	835
-	-	-	-	-	-	59	-	-	-
-	-	-	-	-	-	-	-	-	22
-	-	642	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
17,067	-	-	-	-	-	-	-	-	-
1,985	-	-	-	-	-	-	-	-	-
19,052	1,581	642	60	6,719	54,841	8,992	2	253	857
-	185	39	-	-	-	987	-	-	49
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	44
-	-	-	-	-	-	-	-	-	-
-	459	2,037	3,106	-	5,000	-	-	48	55
-	644	2,076	3,106	-	5,000	987	-	48	148
19,052	2,225	2,718	3,166	6,719	59,841	9,979	2	301	1,005
64	(688)	(2,693)	(3,106)	(1,719)	1,857	(369)	998	(296)	24
(35,097)	765	3,101	3,400	2,018	29,141	1,624	-	724	5,308
\$ (35,033)	\$ 77	\$ 408	\$ 294	\$ 299	\$ 30,998	\$ 1,255	\$ 998	\$ 428	\$ 5,332

continued

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

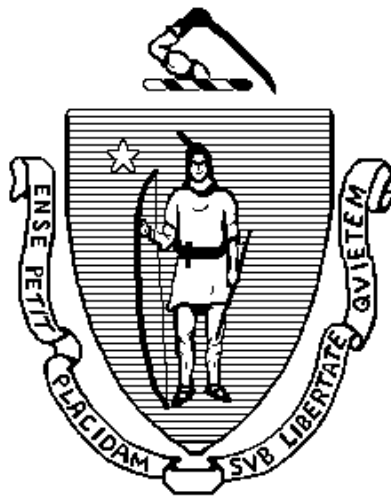
Fiscal Year Ended June 30, 2010  
(Amounts in thousands)

	Non-budgeted Other Funds						
	Children's Trust	Child Support Enforcement	Massachusetts Military Family Relief	Department of Industrial Accidents Special	County Correction	Massachusetts AIDS	Trust Fund for the Head Injury Treatment Services
<b>REVENUES AND OTHER FINANCING SOURCES</b>							
Revenues:							
Taxes.....	\$ -	\$ -	\$ -	\$ -	\$ 2,726	\$ -	\$ -
Assessments.....	-	-	-	20,194	-	-	-
Federal grants and reimbursements.....	-	27,532	-	-	-	-	-
Tobacco settlement revenue.....	-	-	-	-	-	-	-
Departmental.....	-	5,612	-	5,638	-	-	7,049
Miscellaneous.....	1	-	284	12	-	119	37
Total revenues.....	1	33,144	284	25,844	2,726	119	7,086
Other financing sources:							
Operating transfers in.....	-	-	-	-	-	-	-
Lottery deficit support.....	-	-	-	-	-	-	-
Transfer in from Massachusetts department of transportation.....	-	-	-	-	-	-	-
Health safety net trust transfer.....	-	-	-	-	-	-	-
Commonwealth care transfer.....	-	-	-	-	-	-	-
Medical assistance transfer.....	-	-	-	-	-	-	-
Total other financing sources.....	-	-	-	-	-	-	-
Total revenues and other financing sources.....	1	33,144	284	25,844	2,726	119	7,086
<b>EXPENDITURES AND OTHER FINANCING USES</b>							
Expenditures:							
Judiciary.....	1	3	-	-	-	-	-
Inspector General.....	-	-	-	-	-	-	-
Secretary of the Commonwealth.....	-	-	-	-	-	-	-
Treasurer and Receiver-General.....	-	9	-	-	-	-	-
Attorney General.....	-	-	-	-	-	-	-
District Attorney.....	-	214	-	-	-	-	-
Sheriff's Departments.....	-	-	-	-	-	-	-
Disabled Persons Protection Commission.....	-	-	-	-	-	-	-
Board of Library Commissioners.....	-	-	-	-	-	-	-
Comptroller.....	-	-	-	-	-	-	-
Administration and finance.....	-	13,876	-	-	-	-	-
Energy and environmental affairs.....	-	-	-	-	-	-	-
Health and human services.....	-	-	-	-	-	164	8,492
Transportation and public works.....	-	-	-	-	-	-	-
Massachusetts department of transportation.....	-	-	-	-	-	-	-
Executive office of education.....	25	-	-	-	-	-	-
Public safety and homeland security.....	-	-	270	-	-	-	-
Housing and economic development.....	-	-	-	-	-	-	-
Labor and workforce development.....	-	44	-	3	-	-	-
Direct local aid.....	-	-	-	-	3,089	-	-
Debt service:							
Principal retirement.....	-	-	-	-	-	-	-
Interest and fiscal charges.....	-	-	-	-	-	-	-
Total expenditures.....	26	14,146	270	3	3,089	164	8,492
Other financing uses:							
Fringe benefit cost assessment.....	-	66	-	3,612	-	-	126
Lottery operating reimbursements.....	-	-	-	-	-	-	-
Lottery distributions.....	-	-	-	-	-	-	-
Federal reimbursement transfer out.....	-	-	-	-	-	-	-
Tobacco settlement transfer.....	-	-	-	-	-	-	-
Equity transfer to Massachusetts department of transportation.....	-	-	-	-	-	-	-
Commonwealth care transfer.....	-	-	-	-	-	-	-
Health safety net trust transfer.....	-	-	-	-	-	-	-
Operating transfers out.....	1	48	-	19,156	155	-	48
Total other financing uses.....	1	114	-	22,768	155	-	174
Total expenditures and other financing uses.....	27	14,260	270	22,771	3,244	164	8,666
Excess (deficiency) of revenues and other financing sources over / (under) expenditures and other financing uses.....	(26)	18,884	14	3,073	(518)	(45)	(1,580)
Fund balance (deficit) at beginning of year.....	308	27,093	725	4,879	518	240	3,563
Fund balance (deficit) at end of year.....	\$ 282	\$ 45,977	\$ 739	\$ 7,952	\$ -	\$ 195	\$ 1,983

See accountants' review report



Non-budgeted Other Funds								
Board of Registration in Medicine	Water Pollution Abatement Projects Administration	Motor Vehicle Safety Inspection Trust	Child Care Quality	Convention and Exhibition Center	Firearms Fingerprint Identity Verification Trust	Grant Anticipation Note Trust	Totals (Memorandum only)	
							2010	2009
\$ -	\$ -	\$ -	\$ -	\$ 75,432	\$ -	\$ -	\$ 1,621,109	\$ 1,722,862
-	-	-	-	-	-	-	553,248	545,744
-	4,110	-	-	-	-	761,351	3,940,562	3,509,937
-	-	-	-	-	-	-	263,678	315,153
7,796	-	10,206	286	254	592	-	4,899,050	4,889,741
-	7,960	-	-	2,518	-	10,512	117,163	362,304
7,796	12,070	10,206	286	78,204	592	771,863	11,394,810	11,345,741
-	-	-	-	-	-	36,693	175,511	243,199
-	-	-	-	-	-	-	-	76,112
-	-	1,712	-	-	-	-	1,712	-
-	-	-	-	-	-	-	-	127,696
-	-	-	-	-	-	-	636,685	1,052,459
-	-	-	-	-	-	-	313,295	374,001
-	-	1,712	-	-	-	36,693	1,127,203	1,873,467
7,796	12,070	11,918	286	78,204	592	808,556	12,522,013	13,219,208
-	-	-	-	-	-	-	1,238	2,288
-	-	-	-	-	-	-	882	175
-	-	-	-	-	-	-	4,184	3,844
-	-	-	-	1,810	-	12,035	5,300,897	5,535,819
-	-	-	-	-	-	-	9,022	9,288
-	-	-	-	-	-	-	2,899	3,674
-	-	-	-	-	-	-	3,908	2,479
-	-	-	-	-	-	-	251	236
-	-	-	-	-	-	-	2,877	2,873
-	-	-	-	-	-	-	1,601	2,415
-	-	-	-	57,781	-	-	122,733	101,181
-	7,592	317	-	-	-	-	163,233	96,348
5,371	-	-	-	-	-	-	2,002,904	2,822,934
-	-	3,766	-	-	-	-	16,865	104,644
-	-	90	-	-	-	-	90	-
-	-	-	63	-	-	-	1,305,581	850,541
-	-	-	-	-	486	-	200,602	175,992
-	-	-	-	-	-	-	677,532	543,540
-	-	-	-	-	-	-	351,951	253,770
-	-	-	-	-	-	-	137,460	417,165
-	-	-	-	-	-	142,845	159,912	139,760
-	-	-	-	34,486	-	53,404	89,875	106,507
5,371	7,592	4,173	63	94,077	486	208,284	10,556,497	11,175,473
845	1,460	351	-	-	-	-	88,952	56,834
-	-	-	-	-	-	-	88,938	105,656
-	-	-	-	-	-	-	893,806	890,489
-	-	-	-	-	-	610,061	610,061	685,963
-	-	-	-	-	-	-	263,678	315,153
-	-	-	-	-	-	-	357,049	-
-	-	-	-	-	-	-	5,000	64,500
-	-	-	-	-	-	-	-	127,696
487	2,038	1,057	-	-	-	-	189,505	289,421
1,332	3,498	1,408	-	-	-	610,061	2,496,989	2,535,712
6,703	11,090	5,581	63	94,077	486	818,345	13,053,486	13,711,185
1,093	980	6,337	223	(15,873)	106	(9,789)	(531,473)	(491,977)
1,012	214	(6,337)	442	146,969	2,058	369,165	1,418,118	1,910,095
\$ 2,105	\$ 1,194	\$ -	\$ 665	\$ 131,096	\$ 2,164	\$ 359,376	\$ 886,645	\$ 1,418,118



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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. Effective September 1, 2009, this fund includes reimbursements to MassDOT for capital projects activity.

**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. Effective November 1, 2009, this fund was closed

**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. Effective November 1, this fund includes reimbursements to MassDOT for capital projects activity.

**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. Effective November 1, 2009, this fund includes reimbursements to MassDOT for capital projects activity.

**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. Effective November 1, 2009, this fund is reported under MassDOT.

## 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.

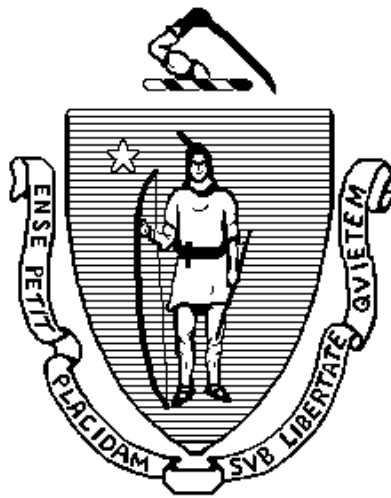
**Capital Projects Funds**  
Combining Statements Of Revenues, Expenditures And Changes In Fund Balances - Statutory Basis

Fiscal Year Ended June 30, 2010  
(Amounts in thousands)

	General Capital Projects	Capital Investment Trust	Convention and Exhibition Center Capital	Capital Improvements and Investment Trust	Capital Expenditure Reserve
<b>REVENUES AND OTHER FINANCING SOURCES</b>					
Revenues:					
Federal grants and reimbursements.....	\$ 16,769	\$ -	\$ -	\$ -	\$ -
Departmental.....	-	-	-	-	-
Payments from authorities.....	-	-	-	-	-
Miscellaneous.....	-	-	-	-	-
Total revenues.....	16,769	-	-	-	-
Other financing sources:					
Proceeds of general and special obligation bonds.....	1,089,760	-	1,000	(2,456)	-
Bonds premiums (discounts).....	7,322	-	-	-	-
Proceeds of refunding bonds.....	162,297	-	-	5,166	-
Operating transfers in.....	-	-	-	-	-
Federal reimbursement transfer in.....	-	-	-	-	-
State share of federal highway construction.....	-	-	-	-	-
Total other financing sources.....	1,259,379	-	1,000	2,710	-
Total revenues and other financing sources.....	1,276,148	-	1,000	2,710	-
<b>EXPENDITURES AND OTHER FINANCING USES</b>					
Expenditures:					
Judiciary.....	20,035	-	-	-	-
Inspector General.....	65	-	-	-	-
Secretary of the Commonwealth.....	1,536	-	-	-	-
Treasurer and Receiver-General.....	6,227	-	-	-	-
Auditor of the Commonwealth.....	-	-	-	-	-
Attorney General.....	2,674	-	-	-	-
Sheriff's Departments.....	3,446	-	-	-	-
Board of Library Commissioners.....	6,141	-	-	-	-
Comptroller.....	1,945	-	-	-	969
Administration and finance.....	417,360	-	4,500	-	-
Energy and environmental affairs.....	145,496	-	-	53	-
Health and human services.....	34,934	-	-	-	-
Transportation and public works.....	7,653	-	-	-	202
Massachusetts department of transportation.....	71,518	-	-	-	-
Executive office of education.....	25,365	-	-	-	-
Public safety and homeland security.....	31,487	-	-	-	-
Housing and economic development.....	198,390	-	-	-	-
Labor and workforce development.....	9,084	-	-	-	-
Debt service:					
Interest and fiscal charges.....	-	-	-	-	-
Total expenditures.....	983,356	-	4,500	53	1,171
Other financing uses:					
Payments to refunded bond escrow agent.....	162,297	-	-	5,166	-
Fringe benefit cost assessment.....	9,677	-	-	-	-
State share of federal highway construction.....	-	-	-	-	-
Equity transfer to Massachusetts department of transportation	-	-	-	-	-
Operating transfers out.....	-	-	-	-	-
Total other financing uses.....	171,974	-	-	5,166	-
Total expenditures and other financing uses.....	1,155,330	-	4,500	5,219	1,171
Excess (deficiency) of revenues and other financing sources over / (under) expenditures and other financing uses..	120,818	-	(3,500)	(2,509)	(1,171)
Fund balance (deficit) at beginning of year.....	101,164	-	11,893	2,415	1,171
Fund balance (deficit) at end of year.....	\$ 221,982	\$ -	\$ 8,393	\$ (94)	\$ -

See accountants' review 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)	
					2010	2009
\$ -	\$ 1,282	\$ -	\$ -	\$ -	\$ 18,051	\$ 24,265
-	217	10,880	-	-	11,097	33,933
-	-	-	-	-	-	12,400
8,081	-	35	-	-	8,116	13,670
8,081	1,499	10,915	-	-	37,264	84,268
574,021	-	-	4,088	1,172	1,667,585	2,041,843
(3,224)	-	-	-	-	4,098	98,850
230,584	-	135,875	-	4,197	538,119	389,555
-	-	-	-	-	-	25,330
-	610,061	-	-	-	610,061	685,963
-	175,782	-	-	-	175,782	25,832
801,381	785,843	135,875	4,088	5,369	2,995,645	3,267,373
809,462	787,342	146,790	4,088	5,369	3,032,909	3,351,641
-	-	-	-	-	20,035	16,810
-	-	-	-	-	65	253
-	6	-	-	-	1,542	1,761
-	-	-	-	-	6,227	378,909
-	-	-	-	-	-	1,302
209	266	-	-	-	3,149	3,096
-	-	-	-	-	3,446	2,355
-	-	-	-	-	6,141	11,220
-	-	-	-	-	2,914	399
-	-	-	2,780	-	424,640	308,903
15,705	1,902	-	-	222	163,378	213,493
-	-	-	-	-	34,934	56,720
174,011	244,008	-	-	-	425,874	1,301,282
489,168	545,579	-	-	-	1,106,265	-
-	-	-	-	-	25,365	36,128
-	41	-	-	310	31,838	42,833
9,761	301	-	-	-	208,452	216,951
-	-	-	-	-	9,084	11,919
7,080	-	-	-	-	7,080	7,080
695,934	792,103	-	2,780	532	2,480,429	2,611,414
230,584	-	135,875	-	4,197	538,119	410,308
7,187	2,438	-	-	-	19,302	34,218
175,782	-	-	-	-	175,782	25,832
-	-	110,348	-	-	110,348	-
-	-	-	-	-	-	30,006
413,553	2,438	246,223	-	4,197	843,551	500,364
1,109,487	794,541	246,223	2,780	4,729	3,323,980	3,111,778
(300,025)	(7,199)	(99,433)	1,308	640	(291,071)	239,863
(187,137)	7,199	99,433	(1,308)	(619)	34,211	(205,652)
\$ (487,162)	\$ -	\$ -	\$ -	\$ 21	\$ (256,860)	\$ 34,211



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# *Massachusetts Department of Transportation (MassDOT) Funds*

Effective November 1, 2009, Massachusetts Department of Transportation Fund is 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.

MassDOT has attributes of a state department as well as an authority. It operates like a state department for purposes of state finance laws and is reported as part of the Commonwealth for compliance with Federal tax law and Single State Audit. The financial activity of MassDOT is included in the non-budgeted and capital funds of the Commonwealth. Capital authorizations are appropriated by the legislature and controlled by the Executive Office of Administration and Finance like other state departments. Because this unique entity also maintains attributes of an authority, its activity is removed from the other Commonwealth non-budgeted and capital projects section and is presented separately in this section of the report.

## **Non Budgeted Funds:**

*Massachusetts Transportation Trust Fund* - to account for assessments, federal grants, departmental revenues, transfers and expenditures related to MassDOT.

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

*Central Artery Repairs and Maintenance Fund* – to account \ for any costs incurred in connection with the repairs and maintenance of the Central Artery and the Ted Williams Tunnel.

## **Capital Project Funds:**

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

*Highway Capital Projects Fund* – to account for the reimbursements received from the Commonwealth 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 reimbursements received from the Commonwealth to 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.

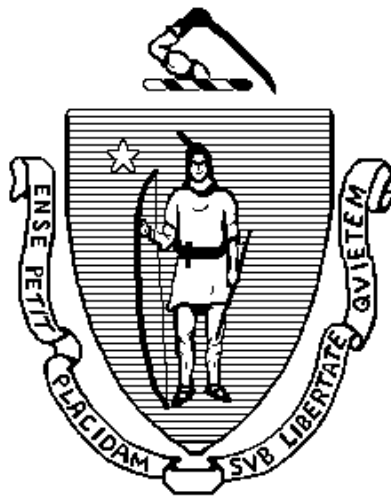
**Massachusetts Department of Transportation**  
Combining Statements Of Revenues, Expenditures And Changes In Fund Balances - Statutory Basis

Fiscal Year Ended June 30, 2010  
(Amounts in thousands)

	Non-budgeted Other Funds			
	Massachusetts Transportation Trust	Motor Vehicle Safety Inspection	Central Artery/ Tunnel Project Maintenance Trust	Totals (Memorandum only)
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Assessments.....	\$ 19,337	\$ -	\$ -	\$ 19,337
Federal grants and reimbursements.....	-	-	-	-
Departmental.....	237,653	21,220	-	258,873
Other governmental revenue.....	-	-	-	-
Miscellaneous.....	36,409	-	31,137	67,546
Total revenues.....	293,399	21,220	31,137	345,756
Other financing sources:				
Proceeds of general and special obligation bonds.....	-	-	-	-
Bonds premium.....	-	-	-	-
Proceeds of refunding bonds.....	-	-	-	-
Operating transfers in.....	246,847	-	32,731	279,578
Federal reimbursement transfer in.....	-	-	-	-
State share of federal highway construction.....	-	-	-	-
Total other financing sources.....	246,847	-	32,731	279,578
Total revenues and other financing sources.....	540,246	21,220	63,868	625,334
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Legislature.....	-	-	-	-
Judiciary.....	-	-	-	-
Inspector General.....	-	-	-	-
Governor and Lieutenant Governor.....	-	-	-	-
Secretary of the Commonwealth.....	-	-	-	-
Treasurer and Receiver-General.....	-	-	-	-
Auditor of the Commonwealth.....	-	-	-	-
Attorney General.....	-	-	-	-
Ethics Commission.....	-	-	-	-
District Attorney.....	-	-	-	-
Office of Campaign & Political Finance.....	-	-	-	-
Sheriff's Departments.....	-	-	-	-
Disabled Persons Protection Commission.....	-	-	-	-
Board of Library Commissioners.....	-	-	-	-
Comptroller.....	-	-	-	-
Administration and finance.....	-	-	-	-
Energy and environmental affairs.....	-	-	-	-
Health and human services.....	-	-	-	-
Transportation and public works.....	-	-	-	-
Massachusetts department of transportation.....	511,099	18,761	3,846	533,706
Executive office of education.....	-	-	-	-
Public safety and homeland security.....	-	-	-	-
Housing and economic development.....	-	-	-	-
Labor and workforce development.....	-	-	-	-
Debt service:				
Principal retirement.....	-	-	-	-
Interest and fiscal charges.....	-	-	-	-
Total expenditures.....	511,099	18,761	3,846	533,706
Other financing uses:				
Payments to refunded bond escrow agent.....	-	-	-	-
Fringe benefit cost assessment.....	15,346	676	-	16,022
Operating transfers out.....	120,704	165	-	120,869
Total other financing uses.....	136,050	841	-	136,891
Total expenditures and other financing uses.....	647,149	19,602	3,846	670,597
Excess (deficiency) of revenues and other financing sources over / (under) expenditures and other financing uses.....	(106,903)	1,618	60,022	(45,263)
Fund balance (deficit) at beginning of year.....	616,557	(1,712)	357,005	971,850
Fund balance (deficit) at end of year.....	\$ 509,654	\$ (94)	\$ 417,027	\$ 926,587
See accountants' review report				



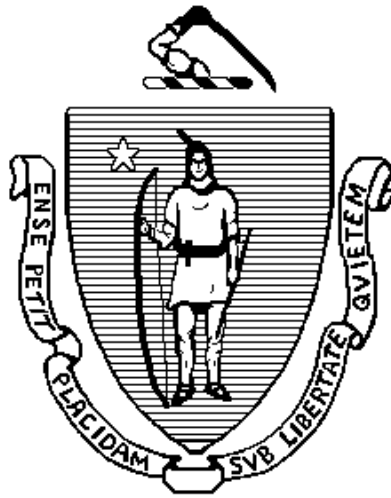
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# *Supplemental Information*

*(Unaudited)*



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

## Calculation of Transfers: Stabilization Fund

June 30, 2010

This statement is prepared on the statutory basis of accounting pursuant to General Laws Chapter 29, Section 5c, as amended most recently by FY 2011 General Appropriation Act Section 142, which superceded certain parts of the Section 5c. It presents information contained in the official accounting records of the Commonwealth. Financial statements supporting this calculation are presented in the Financial Section of this report.

	Amounts in thousands
<b>Undesignated Budgeted Fund Balances before calculation of transfers:</b>	
General Fund .....	\$ 75,900
Commonwealth Transportation Fund .....	-
Workforce Training Fund .....	11,153
Massachusetts Tourism Fund .....	28,178
International Educational and Foreign Language Grant Program Fund .....	-
<b>Net surplus / (deficit).....</b>	<b>\$ 115,231</b>
Less: Amount to be carried forward per Chapter 29, Section 5c(a) per Schedule A .....	93,962
Less: Amount to be deposited in the Stabilization Fund also per Chapter 29, Section 5c(a) per Schedule A -	
<i>Not Applicable for FY2010 Per FY 2010 General Appropriation Act, Section 126.....</i>	<u>Not Applicable</u>
<b>Net consolidated net surplus as defined in Chapter 29, Section 5c, as amended to be deposited into the Stabilization Fund.....</b>	<b>\$ 21,269</b>
<b>Chapter 131 of the Acts of 2010, Section 142 Transfers:</b>	
The comptroller shall transfer \$10,000,000 from the General Fund to the Massachusetts Life Sciences Investment Fund.....	\$ 10,000
Remaining Amount transfered from General Fund to the Stablization Fund .....	<u>\$ 11,269</u>
<b>General Law Section 5c of Chapter 29, Fund Balance Deficit Elimination transfers :</b>	
General Fund .....	\$ -
Commonwealth Transportation Fund .....	-
Workforce Training Fund .....	-
Massachusetts Tourism Fund .....	-
International Educational and Foreign Language Grant Program Fund .....	-
<b>Net.....</b>	<b>\$ -</b>
<b>Fund Balance after Deficit Elimination</b>	
General Fund .....	\$ 75,900
Commonwealth Transportation Fund .....	-
Workforce Training Fund .....	11,153
Massachusetts Tourism Fund .....	28,178
International Educational and Foreign Language Grant Program Fund .....	-
<b>Net.....</b>	<b>\$ 115,231</b>
<b>Stabilization Balance Reconciliation:</b>	
Balance as of July 1, 2009 .....	\$ 841,344
Investment income, certain tax revenues and other recoveries.....	23,764
Less: Transfers from Stabilization Fund	
Investment Income.....	(21,783)
Principal transfers.....	(184,791)
Transfers from Stabilization during the FY 2010 .....	(206,574)
Transfer per Chapter 31 of the Acts of 2010, per the calculation above.....	<u>11,269</u>
<b>Stabilization Fund Balance .....</b>	<b>\$ 669,803</b>

## Calculation Of Transfers: Tax Reduction Fund

June 30, 2010  
(Amounts in thousands)

This statement is prepared pursuant to Chapters 29 of the Massachusetts General Laws, as amended. It is prepared on the statutory basis of accounting and presents information contained in the official books and accounting records of the Commonwealth. Supporting information is presented in individual schedules, as indicated, and in the Financial Section of this report.

The computation is as follows:

Part 1: Comparison of Stabilization Fund, after current fiscal year transfers,  
to 15% of budgeted revenues and other financial resources:

Undesignated fund balance in the Stabilization Fund.....	\$ 669,803
Allowable Stabilization Fund balance (per Schedule B).....	<u>4,546,502</u>
Stabilization Fund excess, if any, transferable to Tax Reduction Fund.....	<u>\$ -</u>

Part 2: Status of Stabilization Fund after transfers:

Stabilization Fund balance.....	\$ 669,803
Transfer to Tax Reduction Fund.....	<u>-</u>
Stabilization Fund balance after transfer to Tax Reduction Fund.....	<u>\$ 669,803</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**  
**FY2010 Tax Revenues By Revenue Class and**  
**Calculation of Allowable Net Surplus**

June 30, 2010  
(Amounts in thousands)

Alcoholic Beverages.....	\$ 70,981
Banks: Commercial and Savings.....	234,870
Cigarette.....	456,251
Corporations.....	1,600,305
Deeds.....	140,639
Estate and Inheritance.....	221,379
Commonwealth Care - cigarette excise.....	141,379
Income.....	10,110,259
Insurance.....	285,175
Motor and Special Fuels.....	654,649
Public Utilities.....	(316)
Room Occupancy.....	151,410
Sales and Use.....	4,625,682
Club Alcoholic Beverages.....	906
Motor Vehicle Excise.....	74
Convention Center Surcharges.....	11,561
Community Preservation.....	26,290
Satellite.....	10,914
State Racing.....	2,098
Beano .....	2,197
Raffles and Bazaars.....	961
Boxing.....	32
DOI Excess and Surplus Lines.....	25,414
UI Surcharge.....	19,377
FY 2010 state tax revenue.....	<u>\$ 18,792,487</u>
0.5% of total tax revenue.....	93,962
Allowable consolidated net surplus .....	<u>\$ 93,962</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, 2010  
(Amounts in thousands)

Total budgeted revenues and other financial resources pertaining to the budgeted funds.....	\$ 31,080,797
Elimination of budgetary interfund activity exclusive of fund closure (per Schedule C).....	<u>(770,781)</u>
Budgeted revenues and other financial resources pertaining to the budgeted funds.....	30,310,016
Allowable Stabilization Fund balance, 15% of budgeted revenue.....	<u><u>\$ 4,546,502</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, 2010  
(Amounts in thousands)

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Adjustments to revenues :		
Transfer to the Intragovernmental Service Fund Revenues.....	\$	(239,252)
Adjustments to other financing sources and uses:		
Fringe benefit cost assessments.....		(8,013)
Transfer from the Intragovernmental Service Fund to the General Fund.....		(2,780)
RMV license -plates.....		(2,421)
Transfer from Stabilization Fund to General Fund .....		(206,574)
Year end transfer from General Fund to the Stabilization Fund .....		(11,269)
Transfer from General Fund to Commonwealth Transportation Fund.....		(275,000)
Transfer from Commonwealth Transportation Fund to the General Fund.....		(25,342)
Other .....		(130)
		<hr/>
Elimination of budgetary interfund activity	\$	<u><u>(770,781)</u></u>



## Schedule D

### Calculation of Transfers: Temporary Holding Fund

June 30, 2010  
(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, 2009	December 31, 2009	March 31, 2010	June 30, 2010
Cumulative net state tax revenues, 2010 .....	\$ 4,374,038	\$ 8,834,580	\$ 13,358,852	\$ 18,792,777
Cumulative net state tax revenues, 2009.....	\$ 4,870,214	\$ 9,200,005	\$ 13,599,204	\$ 18,513,036
Permissible growth rate defined as inflation plus 2%, but not less than 0%.....	4.31%	2.10%	2.00%	1.61%
Permissible state tax revenues defined as cumulative net state tax revenues, 2009 multiplied by 1 plus the permissible growth rate.....	\$ 5,080,266	\$ 9,392,837	\$ 13,871,188	\$ 18,810,911
<b>Cumulative net state tax revenues 2010 in excess of permissible state tax revenues.....</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## Non-Tax Revenue Initiatives

June 30, 2010  
(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 FY10 were (amounts in thousands):

<u>Department Collectors</u>	<u>Collections</u>	<u>Fees</u>
Allen Daniel Associates, Inc.....	\$ 210	\$ 35
Collecto, Inc.....	2,350	402
Glenn Associates, Inc.....	840	140
Windham Professionals.....	<u>556</u>	<u>115</u>
Total.....	<u>\$ 3,956</u>	<u>\$ 692</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.....	\$ 191	32
Collecto, Inc.....	1,489	246
Glenn Associates, Inc.....	529	88
Windham Professionals.....	<u>115</u>	<u>22</u>
Total.....	<u>\$ 2,324</u>	<u>\$ 388</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 FY10, the following amounts were generated (amounts in thousands):

Gross revenue maximization realized.....	\$ 1,847
Contractor payments.....	<u>16</u>
Net revenue maximization realized.....	<u>\$ 1,863</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 FY10, the following amounts were generated (amounts in thousands):

State expenditures avoided.....	\$ 558
Contractor payments.....	<u>15</u>
Net cost savings / avoidance.....	<u>\$ 573</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. FY10 activity (amounts in thousands):

Total Commonwealth intercepts.....	\$ 9,010
Amounts included above that were intercepted on behalf of the Institutions of Higher Education.....	\$ 4,686

## Schedule of Post Employment Benefits

(Amounts in thousands except for percentages)

### Pension Funding Progress for the last six fiscal years

	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Unfunded Actuarial Liability (UAAL)	Funded Ratio	Annual Covered Payroll *	UAAL as a % of Covered Payroll *
<b>State Employees' Retirement System</b>						
Actuarial Valuation as of January 1, 2010....	\$ 19,019,062	\$ 24,862,421	\$ 5,843,359	76.5%	\$ 4,711,563	124.0%
Actuarial Valuation as of January 1, 2009....	16,992,214	23,723,240	6,731,026	71.6%	4,712,655	142.8%
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%
<b>Teachers' Retirement System</b>						
Actuarial Valuation as of January 1, 2010....	\$ 21,262,462	\$ 33,738,966	\$ 12,476,504	63.0%	\$ 5,509,698	226.4%
Actuarial Valuation as of January 1, 2009....	18,927,731	32,543,782	13,616,051	58.2%	5,389,895	252.6%
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%

For a complete analysis of the Commonwealth's actuarial valuation report, please go to <http://www.mass.gov/perac/valuation/2010commonwealth.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.

### State Retiree Benefits Trust Fund

	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Unfunded Actuarial Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a % of Covered Payroll
Actuarial Valuation as of January 1, 2009....	\$ 277,000	\$ 15,305,000	\$ 15,028,000	1.8%	\$ 3,687,000	407.6%
Actuarial Valuation as of January 1, 2008....	\$ 329,000	11,649,000	11,320,000	2.8%	3,958,000	286.0%
Actuarial Valuation as of January 1, 2006....	-	9,812,000	9,812,000	0.0%	3,589,000	273.4%

For a complete analysis of the Commonwealth's actuarial valuation report, please contact the Office of the State Comptroller, 1 Ashburton Place, 9th Floor, Boston, MA 02108.



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# *Statistical Section*

## *(Unaudited)*



\*Excludes MassDOT

Ten-Year Schedules – Statutory Basis

Higher Education Non-appropriated Funds – Statutory Basis

See review report

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

June 30, 2010  
(Amounts in millions)

	2010	% Total	2009	% Total	2008	% Total	2007	% Total
Taxes.....	\$ 18,792	40.3	\$ 18,513	38.8	\$ 21,009	44.6	\$ 19,849	44.4
Federal reimbursements.....	9,374	20.1	9,139	19.1	6,937	14.7	6,830	15.3
Federal grants.....	3,134	6.7	2,646	5.5	2,065	4.4	1,989	4.5
Lotteries.....	4,629	9.9	4,649	9.7	4,915	10.4	4,670	10.4
Assessments.....	971	2.1	894	1.9	806	1.7	794	1.8
Motor vehicle licenses and registrations.....	463	1.0	383	0.8	376	0.8	374	0.8
Fees, investment earnings, etc.....	2,830	6.0	2,800	5.9	3,200	6.8	2,450	5.6
Proceeds of general and special obligation bonds and related premiums.....	1,672	3.6	2,141	4.5	1,306	2.8	1,604	3.6
Proceeds of refunding bonds.....	538	1.2	390	0.8	-	0.0	1,531	3.4
Other interfund transfers.....	4,233	9.1	6,197	13.0	6,538	13.9	4,605	10.3
Total revenues and other financing sources.....	<u>\$ 46,636</u>	<u>100.0</u>	<u>\$ 47,752</u>	<u>100.0</u>	<u>\$ 47,152</u>	<u>100.0</u>	<u>\$ 44,696</u>	<u>100.0</u>

For FY2010, this schedule reflects Budgeted, Non-Budgeted and Capital Projects revenues and other financing sources only.



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

June 30, 2010  
(Amounts in millions)

	2010	% Total	2009	% Total	2008	% Total	2007	% Total
Income.....	\$ 10,110	53.8	\$ 10,584	57.2	\$ 12,484	59.4	\$ 11,400	57.4
Sales and use.....	4,626	24.6	3,880	21.0	4,098	19.5	4,076	20.5
Corporations.....	1,600	8.5	1,549	8.4	1,512	7.2	1,588	8.0
Motor fuels.....	655	3.5	654	3.5	673	3.2	676	3.4
Cigarette.....	456	2.4	457	2.5	437	2.1	438	2.2
Insurance.....	285	1.5	309	1.7	369	1.8	369	1.9
Estate and inheritance.....	221	1.2	260	1.4	254	1.2	250	1.3
Banks.....	235	1.3	243	1.3	548	2.6	341	1.7
Alcoholic beverages.....	72	0.4	73	0.4	72	0.3	71	0.4
Other.....	532	2.8	504	2.6	562	2.7	640	3.2
Total taxes.....	<u>\$ 18,792</u>	<u>100.0</u>	<u>\$ 18,513</u>	<u>100.0</u>	<u>\$ 21,009</u>	<u>100.0</u>	<u>\$ 19,849</u>	<u>100.0</u>

For FY2010, this schedule reflects Budgeted, Non-Budgeted and Capital Projects revenues and other financing sources only.



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2006	% Total	2005	% Total	2004	% Total	2003	% Total	2002	% Total	2001	% Total
\$ 10,483	56.4	\$ 9,690	56.4	\$ 8,830	55.0	\$ 8,026	53.4	\$ 7,913	55.2	\$ 9,903	59.1
4,009	21.6	3,891	22.6	3,743	23.3	3,708	24.7	3,696	25.8	3,756	22.4
1,391	7.5	1,063	6.2	998	6.2	875	5.8	587	4.2	945	5.7
672	3.6	685	4.0	684	4.3	676	4.5	667	4.7	660	3.9
435	2.3	424	2.5	425	2.6	451	3.0	275	1.9	271	1.6
397	2.1	373	2.2	374	2.3	345	2.3	348	2.4	323	1.9
196	1.1	255	1.5	195	1.2	181	1.2	200	1.4	203	1.2
350	1.9	199	1.2	239	1.5	269	1.8	137	1.0	180	1.1
70	0.4	69	0.4	69	0.4	67	0.5	66	0.5	65	0.4
590	3.1	543	3.3	498	3.2	434	2.9	452	3.2	447	2.7
<u>\$ 18,593</u>	<u>100.0</u>	<u>\$ 17,192</u>	<u>100.0</u>	<u>\$ 16,055</u>	<u>100.0</u>	<u>\$ 15,032</u>	<u>100.0</u>	<u>\$ 14,341</u>	<u>100.0</u>	<u>\$ 16,753</u>	<u>100.0</u>

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

June 30, 2010  
(Amounts in millions)

	2010	% Total	2009	% Total	2008	% Total	2007	% Total
Legislature.....	\$ 59	0.1	\$ 60	0.1	\$ 58	0.1	\$ 59	0.1
Judiciary.....	788	1.7	814	1.6	831	1.7	788	1.8
Inspector General.....	4	-	3	-	3	-	3	-
Governor and Lieutenant Governor.....	5	-	8	-	9	-	5	-
Secretary of the Commonwealth.....	54	0.1	53	0.1	53	0.1	55	0.1
Treasurer and Receiver-General.....	5,483	11.5	6,043	12.2	5,640	11.8	5,267	11.7
Auditor of the Commonwealth.....	17	-	20	-	19	-	18	-
Attorney General.....	53	0.1	57	0.1	56	0.1	52	0.1
Ethics Commission.....	2	-	2	-	2	-	2	-
District Attorney.....	96	0.2	104	0.2	104	0.2	96	0.2
Office of Campaign and Political Finance.....	1	-	1	-	1	-	2	-
Sheriff's Departments.....	378	0.8	295	0.6	296	0.7	275	0.6
Disabled Persons Protection Commission.....	2	-	3	-	2	-	2	-
Board of Library Commissioners.....	34	0.1	48	0.1	46	0.1	42	0.1
Comptroller.....	15	-	14	-	14	-	14	-
Administration and finance.....	7,040	14.8	6,892	14.2	7,059	14.8	7,043	15.7
Energy and environmental affairs.....	529	1.1	526	1.1	473	1.0	450	1.0
Housing and community development.....	-	-	-	-	-	-	509	1.1
Health and human services.....	16,044	33.7	16,468	33.3	15,504	32.5	14,456	32.2
Transportation and public works.....	509	1.1	1,689	3.4	1,378	2.9	1,404	3.1
Massachusetts department of transportation.....	1,542	3.2	-	-	-	-	-	-
Executive office of education.....	3,184	6.7	3,390	6.9	2,989	6.3	2,936	6.5
Public safety and homeland security.....	1,308	2.7	1,456	2.9	1,381	2.9	1,253	2.8
Housing and economic development .....	1,245	2.6	981	2.0	857	1.8	508	1.1
Labor and workforce development.....	403	0.8	331	0.7	274	0.6	67	0.1
Elder affairs.....	-	-	-	-	-	-	-	-
Consumer affairs.....	-	-	-	-	-	-	-	-
Labor.....	-	-	-	-	-	-	-	-
Post employment benefits.....	1,749	3.7	1,314	2.7	1,399	2.9	1,335	3.0
Debt service.....	2,117	4.5	2,145	4.3	2,239	4.7	2,352	5.2
Payments to refunded bond escrow agent.....	538	1.1	-	-	-	-	1,531	3.4
Other fund deficit support.....	-	-	220	0.4	1,593	3.3	-	-
Other interfund transfers.....	4,373	9.2	6,456	13.1	5,403	11.3	4,383	9.8
Total expenditures and other financing uses.....	\$ 47,572	100	\$ 49,393	100	\$ 47,683	100	\$ 44,907	100

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

For FY2010, this schedule reflects Budgeted, Non-Budgeted and Capital Projects revenues and other financing sources only.

2006	% Total	2005	% Total	2004	% Total	2003	% Total	2002	% Total	2001	% Total
\$ 55	0.1	\$ 54	0.1	\$ 51	0.1	\$ 55	0.1	\$ 59	0.2	\$ 58	0.2
672	1.6	634	1.5	599	1.4	589	1.4	589	1.5	604	1.6
3	-	4	-	2	-	2	-	2	-	3	-
5	-	5	-	5	-	5	-	6	-	6	-
45	0.1	50	0.1	45	0.1	49	0.1	41	0.1	50	0.1
5,635	13.6	5,760	13.7	4,600	11.1	4,416	10.5	4,398	11.4	4,155	11.3
19	-	18	-	16	-	17	-	16	-	16	-
49	0.1	45	0.1	44	0.1	45	0.1	47	0.1	43	0.1
1	-	2	-	1	-	1	-	2	-	2	-
88	0.2	82	0.2	81	0.2	79	0.2	88	0.2	85	0.2
1	-	1	-	1	-	1	-	2	-	2	-
251	0.6	226	0.5	218	0.5	216	0.5	217	0.6	203	0.6
2	-	2	-	2	-	2	-	2	-	2	-
49	0.1	47	0.1	48	0.1	46	0.1	58	0.2	57	0.2
14	0.0	21	-	35	0.1	21	-	11	-	11	-
6,601	16.1	6,235	14.8	6,184	15.0	6,241	14.9	6,315	16.4	5,937	16.1
390	0.9	346	0.8	336	0.8	357	0.9	440	1.1	426	1.2
659	1.6	597	1.4	589	1.4	568	1.4	533	1.4	527	1.4
13,539	32.6	13,383	31.8	12,504	30.1	11,338	27.0	11,124	28.9	10,058	27.3
1,376	3.3	1,569	3.7	1,586	3.8	1,844	4.4	2,052	5.3	2,212	6.0
-	-	-	-	-	-	-	-	-	-	-	-
2,726	6.6	2,250	5.4	2,481	6.0	2,589	6.2	2,648	6.9	2,564	7.0
1,180	2.8	1,111	2.6	1,160	2.8	1,156	2.8	1,138	3.0	1,104	3.0
323	0.8	299	0.7	326	0.8	31	0.1	36	0.1	53	0.1
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	315	0.8	304	0.8	241	0.7
-	-	-	-	-	-	55	0.1	58	0.2	59	0.2
-	-	-	-	-	-	282	0.7	237	0.6	195	0.5
1,275	3.1	1,217	2.9	702	1.7	813	1.9	796	2.1	1,040	2.8
2,028	4.9	1,719	4.1	1,605	3.9	1,467	3.5	1,382	3.6	739	2.0
633	1.5	1,153	2.7	2,833	6.8	3,398	8.1	1,277	3.3	1,649	4.5
-	-	-	-	-	-	-	-	-	-	-	-
3,887	9.4	5,197	12.4	5,503	13.2	5,963	14.2	4,626	12.0	4,761	12.9
<u>\$ 41,506</u>	<u>100.0</u>	<u>\$ 42,027</u>	<u>100.0</u>	<u>\$ 41,556</u>	<u>100.0</u>	<u>\$ 41,961</u>	<u>100.0</u>	<u>\$ 38,504</u>	<u>100.0</u>	<u>\$ 36,862</u>	<u>100.0</u>

**Ten-Year Schedule Of Budgeted Funds Expenditures and Other Uses By  
Major Program Category**  
June 30, 2010  
(Amounts in millions)

	2010	2009	2008*	2007	2006	2005	2004	2003	2002	2001
Direct local aid.....	\$ 4,837	\$ 4,724	\$ 5,040	\$ 5,033	\$ 4,619	\$ 4,477	\$ 4,784	\$ 5,069	\$ 5,189	\$ 4,969
Medicaid.**.....	9,287	8,537	8,104	7,413	6,726	5,857	5,742	5,485	5,259	4,642
Other health and human services.....	4,616	4,970	5,014	-	-	-	-	-	-	-
Public assistance.....	-	-	-	1,258	1,129	1,095	1,019	1,019	1,030	991
Elementary and secondary education.....	358	496	486	-	-	-	-	-	-	-
Higher education.....	846	1,036	1,085	1,116	988	915	831	969	1,030	1,102
Early education and care.....	513	560	550	-	-	-	-	-	-	-
Public safety.....	1,053	1,224	1,265	-	-	-	-	-	-	-
Energy and environment.....	202	216	227	-	-	-	-	-	-	-
MBTA and regional transit authorities.....	-	-	-	52	50	49	53	42	49	69
Pension.....	1,749	1,314	1,399	1,335	1,275	1,217	702	813	796	1,040
Group health insurance.....	1,064	973	853	1,022	964	846	788	739	717	641
Debt service.....	1,860	1,891	1,868	2,085	1,666	1,581	1,420	1,374	1,305	676
Major programs.....	26,385	25,941	25,891	19,314	17,417	16,037	15,339	15,510	15,375	14,130
Other program expenditures.....	2,999	2,762	2,739	8,343	7,777	7,247	6,819	6,700	7,254	7,163
Interfund transfers and other uses.....	1,810	3,867	4,405	1,819	1,749	2,726	2,749	3,540	2,046	1,772
Total expenditures and other uses.....	\$ 31,194	\$ 32,570	\$ 33,035	\$ 29,476	\$ 26,943	\$ 26,010	\$ 24,907	\$ 25,750	\$ 24,675	\$ 23,065

\* 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, 2010  
(Amounts in millions)

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
General obligation bonds.....	\$17,683	\$17,052	\$ 16,085	\$ 16,033	\$ 15,393	\$ 14,492	\$ 14,143	\$ 13,651	\$ 12,618	\$ 11,961
Grant anticipation notes*.....	991	1,134	1,536	1,666	1,789	1,907	1,907	1,499	1,499	1,499
Special obligation bonds.....	1,053	1,079	1,113	1,249	1,279	1,458	1,332	813	838	539
Commonwealth long-term bonds...	\$ 19,727	\$ 19,265	\$ 18,734	\$ 18,948	\$ 18,461	\$ 17,857	\$ 17,382	\$ 15,963	\$ 14,955	\$ 13,999

\*Inclusive of cross-over refunding notes but exclusive of unamortized premiums.

## Schedule Of Central Artery / Tunnel Project Spending and Funding Sources

Fiscal Year Ended June 30, 2010  
(Amounts in millions)

		Life of Project										
		Cumulative	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Federal Funds.....	\$	7,031	\$ 1	\$ 162	\$ (28)	\$ (16)	\$ (2)	\$ 53	\$ 363	\$ 292	\$ 314	\$ 290
Grant anticipation notes.....		1,500	-	-	-	-	-	-	-	23	9	353
Commonwealth debt and other Funds (subject to administrative cap).....		1,634	4	(136)	31	145	3	68	59	160	143	235
Commonwealth debt and other Funds (not subject to administrative cap).....		2,491	42	14	72	26	234	388	269	502	665	279
Payments from the Massachusetts Turnpike Authority or the Massachusetts Port Authority or related interest.....		1,778	-	2	-	49	44	-	-	11	52	106
Settlement Revenues.....		24	-	-	-	24	-	-	-	-	-	-
Total Commonwealth Spending.....	\$	14,458	\$ 47	\$ 42	\$ 75	\$ 228	\$ 279	\$ 509	\$ 691	\$ 988	\$ 1,183	\$ 1,263

\* Source: MassDOT. Totals may not add due to rounding.

\*\* Negative amounts in any fiscal year are caused by reclassification of prior year expenditures to a different funding source.

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2000	1999	1998	1997	1996	1995	1994	1993	1992
\$ 332	\$ 429	\$ 900	\$ 630	\$ 479	\$ 857	\$ 769	\$ 494	\$ 302
408	412	295	-	-	-	-	-	-
229	(142)	116	293	286	22	16	16	34
-	-	-	-	-	-	-	-	-
481	817	113	60	43	-	-	-	-
-	-	-	-	-	-	-	-	-
\$ 1,450	\$ 1,516	\$ 1,424	\$ 983	\$ 808	\$ 879	\$ 785	\$ 510	\$ 336

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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, 2010  
(Amounts in thousands)

	University of Massachusetts	State Colleges	Community Colleges	TOTALS	
				2010	2009
<b>Revenues and other financing sources</b>					
Federal grants and reimbursements.....	\$ 358,571	\$ 45,395	\$ 143,827	\$ 547,793	\$ 411,883
Departmental revenue.....	872,209	339,401	320,940	1,532,550	1,227,258
Miscellaneous revenue.....	1,077,546	336,285	229,610	1,643,441	1,295,017
Total revenues and other financing sources.....	2,308,326	721,081	694,377	3,723,784	2,934,158
<b>Expenditures and other financing uses</b> (by MMARS subsidiary):					
AA Regular employee compensation.....	539,374	121,173	124,444	784,991	693,210
BB Regular employee related expenses.....	22,962	4,284	2,783	30,029	28,909
CC Special employees and contracted services.....	201,408	97,995	168,996	468,399	408,369
DD Pension and insurance.....	178,521	31,783	26,968	237,272	205,648
EE Administrative expenditures.....	83,173	64,692	55,779	203,644	200,583
FF Facility operational supplies.....	178,220	11,784	21,718	211,722	199,013
GG Energy costs and space rental.....	112,344	27,950	16,195	156,489	195,318
HH Consultant services.....	204,274	9,877	7,171	221,322	210,422
JJ Operational services.....	33,066	21,553	6,584	61,203	58,926
KK Equipment purchase.....	39,389	6,116	5,877	51,382	32,861
LL Equipment leases, maintenance and repair.....	21,655	8,431	7,836	37,922	37,886
MM Purchased client services and programs.....	18,404	2,285	4,394	25,083	29,936
NN Construction and improvements.....	86,380	24,724	12,141	123,245	155,648
PP Aid to local governments.....	-	9	311	320	672
RR Benefit programs.....	172,672	59,263	133,258	365,193	361,792
SS Debt payment.....	-	6,559	1,725	8,284	100,330
TT Loans and special payments.....	219,425	104,863	22,635	346,923	256,836
UU Information technology (IT) expenses .....	71,406	15,613	18,720	105,739	96,651
Total expenditures and other uses.....	2,182,673	618,954	637,535	3,439,162	3,273,010
Excess (deficiency) of revenues and other financing sources over / (under) expenditures and other uses.....	125,653	102,127	56,842	284,622	(338,852)
Fund balance at beginning of year.....	85,885	100,606	171,405	357,896	696,748
Fund balance at end of year.....	\$ 211,538	\$ 202,733	\$ 228,247	\$ 642,518	\$ 357,896

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

Fiscal Year Ended June 30, 2010  
(Amounts in thousands)

	<u>2010</u>	<u>2009</u>
<b>Revenues and other financing sources</b>		
Federal grants and reimbursements.....	\$ 358,571	\$ 288,356
Departmental revenue.....	872,209	630,607
Miscellaneous revenue.....	<u>1,077,546</u>	<u>876,295</u>
Total revenues and other financing sources.....	<u>2,308,326</u>	<u>1,795,258</u>
<b>Expenditures and other financing uses</b> (by MMARS subsidiary):		
AA Regular employee compensation.....	539,374	497,317
BB Regular employee related expenses.....	22,962	21,496
CC Special employees and contracted services.....	201,408	186,409
DD Pension and insurance.....	178,521	160,963
EE Administrative expenditures.....	83,173	83,399
FF Facility operational supplies.....	178,220	159,450
GG Energy costs and space rental.....	112,344	143,535
HH Consultant services.....	204,274	191,379
JJ Operational services.....	33,066	26,372
KK Equipment purchase.....	39,389	18,527
LL Equipment leases, maintenance and repair.....	21,655	21,258
MM Purchased client services and programs.....	18,404	21,850
NN Construction and improvements.....	86,380	88,900
RR Benefit programs.....	172,672	205,234
SS Debt payment.....	-	93,384
TT Loans and special payments.....	219,425	144,169
UU Information technology (IT) expenses .....	<u>71,406</u>	<u>63,567</u>
Total expenditures and other financing uses.....	<u>2,182,673</u>	<u>2,127,209</u>
Excess (deficiency) of revenues and other financing sources over / (under) expenditures and other financing uses.....	125,653	(331,951)
Fund balance at beginning of year.....	<u>85,885</u>	<u>417,836</u>
Fund balance at end of year.....	<u>\$ 211,538</u>	<u>\$ 85,885</u>

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

Fiscal Year Ended June 30, 2010  
(Amounts in thousands)

	Bridgewater State College	Framingham State College	Fitchburg State College	Massachusetts College of Art
<b>Revenues and other financing sources</b>				
Federal grants and reimbursements.....	\$ 9,072	\$ 3,262	\$ 5,396	\$ 2,147
Departmental revenue.....	89,110	23,534	39,947	21,881
Miscellaneous revenue.....	67,665	31,136	22,301	11,616
Total revenues and other financing sources.....	<u>165,847</u>	<u>57,932</u>	<u>67,644</u>	<u>35,644</u>
<b>Expenditures and other financing uses</b> (by MMARS subsidiary):				
AA Regular employee compensation.....	45,017	5,092	10,310	9,247
BB Regular employee related expenses.....	967	207	201	334
CC Special employees and contracted services.....	32,244	7,662	10,500	3,133
DD Pension and insurance.....	12,199	1,399	3,007	867
EE Administrative expenditures.....	19,095	29,474	1,111	1,827
FF Facility operational supplies.....	2,431	677	1,003	1,095
GG Energy costs and space rental.....	4,711	1,324	4,403	1,852
HH Consultant services.....	2,583	702	666	1,435
JJ Operational services.....	8,266	366	40	1,077
KK Equipment purchase.....	2,296	273	1,153	630
LL Equipment leases, maintenance and repair.....	3,698	430	630	184
MM Purchased client services and programs.....	933	303	260	-
NN Construction and improvements.....	2,825	1,539	3,780	3,492
PP Aid to local governments.....	-	-	-	-
RR Benefit programs.....	14,682	3,035	4,709	3,874
SS Debt payment.....	-	271	-	-
TT Loans and special payments.....	10,645	2,279	15,748	1,894
UU Information technology (IT) expenses .....	160	2,022	3,334	1,628
Total expenditures and other financing uses.....	<u>162,752</u>	<u>57,055</u>	<u>60,855</u>	<u>32,569</u>
Excess (deficiency) of revenues and other financing sources over / (under) expenditures and other financing uses.....	3,095	877	6,789	3,075
Fund balance at beginning of year.....	<u>27,322</u>	<u>26,506</u>	<u>24,340</u>	<u>9,580</u>
Fund balance at end of year.....	<u>\$ 30,417</u>	<u>\$ 27,383</u>	<u>\$ 31,129</u>	<u>\$ 12,655</u>

Massachusetts Maritime Academy	Massachusetts College of Liberal Arts	Salem State College	Worcester State College	Westfield State College	TOTALS	
					2010	2009
\$ 919	\$ 2,954	\$ 15,288	\$ 645	\$ 5,712	\$ 45,395	\$ 28,953
24,992	19,198	26,469	40,468	53,802	339,401	312,855
8,008	12,184	142,887	16,390	24,098	336,285	236,735
<u>33,919</u>	<u>34,336</u>	<u>184,644</u>	<u>57,503</u>	<u>83,612</u>	<u>721,081</u>	<u>578,543</u>
6,904	5,780	21,111	1,747	15,965	121,173	92,234
616	415	118	571	855	4,284	4,774
4,930	7,278	15,066	6,524	10,658	97,995	97,661
2,057	1,394	5,805	373	4,682	31,783	23,017
973	2,268	4,557	3,029	2,358	64,692	65,873
1,115	501	2,409	1,454	1,099	11,784	12,723
1,726	1,222	2,322	6,441	3,949	27,950	27,449
931	608	488	1,092	1,372	9,877	11,444
5,485	3,353	768	1,098	1,100	21,553	25,689
656	134	175	393	406	6,116	8,743
362	578	266	1,339	944	8,431	8,779
-	-	369	-	420	2,285	2,947
1,213	1,466	5,543	710	4,156	24,724	43,125
-	-	9	-	-	9	100
871	4,057	15,371	7,065	5,599	59,263	52,396
-	13	-	-	6,275	6,559	5,508
3,501	2,276	48,430	5	20,085	104,863	100,346
1,213	871	4,432	-	1,953	15,613	19,260
<u>32,553</u>	<u>32,214</u>	<u>127,239</u>	<u>31,841</u>	<u>81,876</u>	<u>618,954</u>	<u>602,068</u>
1,366	2,122	57,405	25,662	1,736	102,127	(23,525)
<u>5,116</u>	<u>12,359</u>	<u>(18,375)</u>	<u>(11,994)</u>	<u>25,751</u>	<u>100,606</u>	<u>124,131</u>
<u>\$ 6,482</u>	<u>\$ 14,481</u>	<u>\$ 39,030</u>	<u>\$ 13,668</u>	<u>\$ 27,487</u>	<u>\$ 202,733</u>	<u>\$ 100,606</u>

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

Fiscal Year Ended June 30, 2010

(Amounts in thousands)

	Berkshire Community College	Bunker Hill Community College	Bristol Community College	Cape Cod Community College	Greenfield Community College	Holyoke Community College	Massasoit Community College
<b>Revenues and other financing sources</b>							
Federal grants and reimbursements.....	\$ 4,204	\$ 17,267	\$ 13,177	\$ 4,727	\$ 3,125	\$ 12,182	\$ 11,821
Departmental revenue.....	6,397	34,681	17,400	11,681	8,087	13,441	23,057
Miscellaneous revenue.....	4,661	18,427	35,097	12,088	5,822	17,655	12,765
Total revenues and other financing sources.....	15,262	70,375	65,674	28,496	17,034	43,278	47,643
<b>Expenditures and other financing uses</b> (by MMARS subsidiary):							
AA Regular employee compensation.....	2,175	21,330	7,721	3,785	4,454	7,498	5,570
BB Regular employee related expenses.....	101	124	234	127	122	251	82
CC Special employees and contracted services.....	5,801	12,523	27,286	9,839	4,232	8,089	14,536
DD Pension and insurance.....	674	1,156	2,537	1,349	1,078	2,091	1,999
EE Administrative expenditures.....	856	2,631	1,569	1,115	337	1,856	1,291
FF Facility operational supplies.....	472	863	899	406	932	3,648	1,057
GG Energy costs and space rental.....	563	924	1,884	430	490	514	1,000
HH Consultant services.....	171	643	606	165	362	214	274
JJ Operational services.....	707	1,606	418	208	349	980	247
KK Equipment purchase.....	274	692	268	86	330	218	233
LL Equipment leases, maintenance and repair.....	145	538	254	112	70	184	843
MM Purchased client services and programs.....	76	401	934	-	4	39	469
NN Construction and improvements.....	390	4,615	653	468	165	994	1,001
PP Aid to local governments.....	-	-	-	-	-	-	-
RR Benefit programs.....	2,200	18,272	13,675	6,373	2,841	14,054	8,971
SS Debt payment.....	-	-	-	22	-	129	-
TT Loans and special payments.....	90	-	241	67	53	-	3,660
UU Information technology (IT) expenses.....	654	2,618	1,491	1,129	538	1,191	1,365
Total expenditures and other financing uses.....	15,349	68,936	60,670	25,681	16,357	41,950	42,598
Excess (deficiency) of revenues and other financing sources over / (under) expenditures and other financing uses..	(87)	1,439	5,004	2,815	677	1,328	5,045
Fund balance at beginning of year.....	2,860	14,229	8,393	11,274	1,120	6,548	6,507
Fund balance at end of year.....	\$ 2,773	\$ 15,668	\$ 13,397	\$ 14,089	\$ 1,797	\$ 7,876	\$ 11,552

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	
								2010	2009
\$ 4,599	\$ 17,011	\$ 605	\$ 11,754	\$ 13,935	\$ 12,023	\$ 6,388	\$ 11,009	\$ 143,827	\$ 94,574
17,925	29,141	24,500	36,101	27,217	41,564	2,262	27,486	320,940	283,796
12,944	25,325	13,835	19,847	13,119	5,132	22,883	10,010	229,610	181,987
35,468	71,477	38,940	67,702	54,271	58,719	31,533	48,505	694,377	560,357
3,885	13,459	14,428	6,325	18,960	12,883	541	1,430	124,444	103,659
160	466	207	12	122	347	79	349	2,783	2,639
6,168	22,866	6,813	5,436	7,501	8,977	22,210	6,719	168,996	124,299
2,281	3,894	1,082	1,794	1,520	4,558	287	668	26,968	21,668
1,491	2,186	1,409	33,837	1,571	1,944	531	3,155	55,779	51,311
533	1,109	1,406	10	3,886	4,369	829	1,299	21,718	26,840
1,376	4,096	1,749	58	1,063	1,221	290	537	16,195	24,334
-	2	434	24	750	1,221	400	1,905	7,171	7,599
-	(5)	184	66	206	163	512	943	6,584	6,865
-	733	697	27	343	601	97	1,278	5,877	5,591
-	427	790	2	97	2,156	159	2,059	7,836	7,849
250	-	725	-	80	-	-	1,416	4,394	5,139
1,729	-	176	62	436	868	412	172	12,141	23,623
-	-	311	-	-	-	-	-	311	572
4,854	172	3,216	18,285	12,291	12,022	2,034	13,998	133,258	104,162
34	-	354	-	1,150	36	-	-	1,725	1,438
-	16,454	1,537	-	-	443	90	-	22,635	12,321
3,401	76	46	76	1,371	4,219	490	55	18,720	13,824
26,162	65,935	35,564	66,014	51,347	56,028	28,961	35,983	637,535	543,733
9,306	5,542	3,376	1,688	2,924	2,691	2,572	12,522	56,842	16,624
31,483	1,611	2,179	3,781	7,155	3,993	15,834	54,438	171,405	154,781
\$ 40,789	\$ 7,153	\$ 5,555	\$ 5,469	\$ 10,079	\$ 6,684	\$ 18,406	\$ 66,960	\$ 228,247	\$ 171,405



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