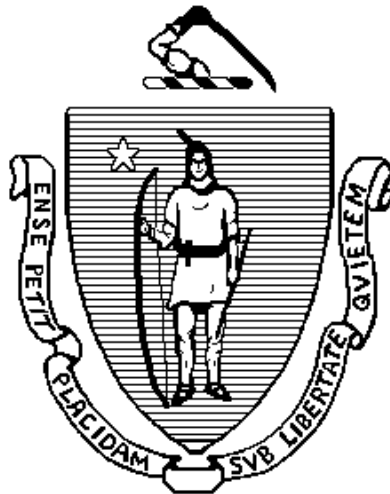


Commonwealth of Massachusetts



Statutory Basis Financial Report

For the Fiscal Year Ended June 30, 2007

Martin J. Benison, CGFM
State Comptroller

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

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

Fountain Pond State Park, Great Barrington

Courtesy of the Massachusetts Department of Conservation and
Recreation (DCR)

Photograph by Kindra Clineff ©, for the DCR

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For the Fiscal Year Ended June 30, 2007

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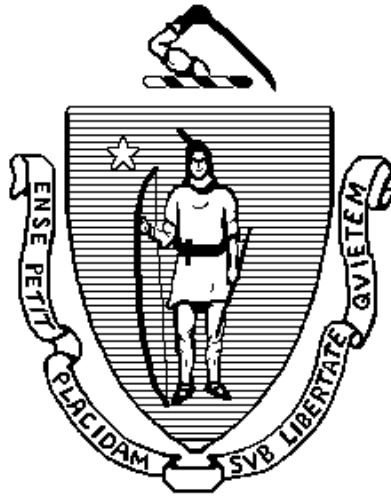
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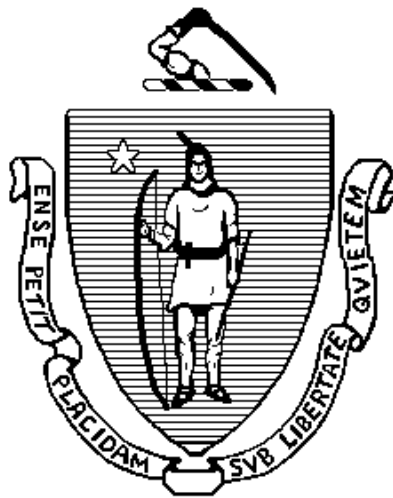
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Introductory Section



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Advisory Board to the Comptroller



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

October 26, 2007

*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, 2007 (FY07).

The Commonwealth completed the year ended June 30, 2007 with a budgetary loss (excess of expenditures and uses over revenues and sources) of approximately \$307 million, decreasing budgeted fund balances to slightly over \$2.9 billion. Of this balance, over \$2.3 billion is retained in the Stabilization Fund. This is the largest balance in the history of the fund, and higher than any 'rainy day' fund balance reported to the National Association of State Budget Officers for fiscal year 2006 (FY06.) The balance represents nearly 29 days of total budgeted expenditures and other uses for FY07. This measure is a view of fiscal sustainability. Tax revenues rose approximately 6.7% this year, increasing in most categories. Income receipts increased by nearly \$1.0 billion alone. Sales and use tax receipts were up only 1.7% though, reflecting a soft economy. Corporate receipts were up over 14% however. Estate and Inheritance taxation was up over 27%. Motor fuels, cigarette and alcoholic beverage taxation had fractional gains. Declining were financial institutions and insurance taxes.

In spite of the overall improvements in the economy, and in the financial condition of the Commonwealth, our financial picture will remain cautious for the near future. Unemployment was at 5.0% in June, with the national rate at 4.5%. The Commonwealth started the year at 5.0% as well. With the exception of April 2007, the Commonwealth continued its trend since January 2006 of lagging the nation in unemployment as a whole. The FY08 budget forecasts total revenues for budgetary purposes at \$26.6 billion, or 5.1% more than FY07's projected revenues in the budget of \$25.3 billion. However, spending is appropriated for FY08 at \$26.8 billion, amounting to a nearly \$189 million operating loss or structural deficit.

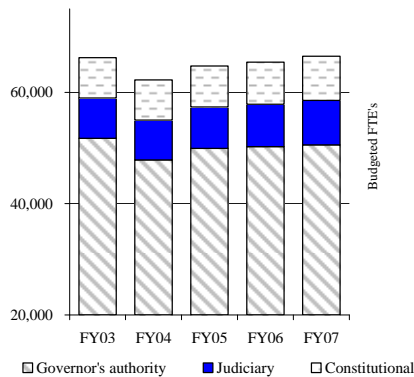
Financial Highlights

FY07 was a year of continued implementation of FY06's health care reform legislation, growth in tax receipts, and growth in spending.

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

Due to higher tax revenues, approximately \$43 million was held aside during the year in cumulative state tax revenues in excess of permissible limits. Because no appropriations were made from stabilization during the year, this amount was deposited into stabilization at the close of the fiscal year. An additional \$3 million was deposited from tax revenues of certain lottery winners who sold their stream of future winnings in exchange for current payments, and the year end Stabilization Fund calculation resulted in additional deposits of approximately \$91 million into the Fund.

Budgeted Full Time Equivalent Workforce Including Budgeted Higher Education June 2003 – June 2007



- The stabilization fund calculation was revised this year, setting aside \$100 million to the new Bay State Competitiveness Investment Fund. This fund is set to close on June 30, 2008 and expenditures are subject to appropriation.
- Tobacco settlement proceeds for the year were approximately \$247 million. The entire amount was used in support of current operations. The Commonwealth has continued to refrain from issuing tobacco settlement bonds or pension obligation bonds. \$7 million was redeemed from the accumulated unspent balance of tobacco settlement proceeds during the year to support health care reform. In FY08, the entire accumulated balance, net of any funds to be transferred to the general fund pursuant to pending legislation, will be used to fund the new State Retirement Benefits Trust Fund to pay for Other Post Employment Benefits, also known as OPEB.
- The budgeted full time equivalent workforce, including higher education, increased slightly from 65,447 in FY06 to 66,483. The graphic to the left details the changes over the last five years.

Health Care Legislation

On April 12, 2006, The Commonwealth enacted “An Act Providing Access to Affordable, Quality, Accountable Health Care.” This act was in response to a notification from the federal Centers for Medicare and Medicaid Services (CMS) that a federally approved plan for reducing the number of uninsured individuals in the Commonwealth needed to be in place by July 1, 2006 in order for federal funding to be made available to the Commonwealth for fiscal 2007 and beyond. This new law was approved by CMS in late July. The approval secures \$385 million of federal Medicaid revenue for fiscal 2006 through 2008. The health care reform legislation is projected to provide health insurance coverage for 95% of the Commonwealth’s uninsured by 2009, reducing reliance on the Commonwealth’s Uncompensated Care Pool.

Other Post-Employment Benefits – OPEB

New accounting standards will require the Commonwealth to begin disclosing its liability for other post employment benefits and the status of its efforts to fund that liability in its FY08 financial reports. An initial valuation report by an independent actuarial firm of the Commonwealth's liability for these health care and life insurance benefits was released in June of this year. The report presented two separate calculations of the Commonwealth's OPEB liability, depending on whether the liability would be prefunded or remain on a pay-as-you-go basis.

According to the report, assuming no prefunding, the actuarial accrued liability of the Commonwealth for OPEB obligations earned through January 1, 2006 is \$13.287 billion. To fully amortize this liability over a 30-year period utilizing an amortization growth rate of 4.5% per year would require annual required contributions commencing at \$1.062 billion for the initial year and projected to increase to \$2.758 billion in FY16. However, if prefunding is assumed, the actuarial accrued liability is reduced to \$7.562 billion.

The Commonwealth also enacted an irrevocable trust, the State Retiree Benefits Trust Fund, which will invest these contributions (pay as you go amounts and additional funding) and pay benefits. Contributions, calculated by the actuary, were projected to range from \$763.1 million in FY08 (approximately \$350 million more than the current pay-as-you-go amount,) to \$3.770 billion in FY37, assuming funding of the Trust. Unfunded, these contributions will range from \$1.203 billion in FY08 to \$18.546 billion in FY37. Contributions in FY08 are estimated to include \$343.2 million of transfers from the General Fund to the Trust Fund and any residual balance in the Health Care Security Trust Fund as of June 30, 2008. It is estimated that, combined, these two amounts will approximate the contributions calculated by the actuary for FY08.

The difference between the value of prefunded and pay-as-you-go OPEB liabilities is due to the discount rate used in the calculation. In the absence of prefunding, the discount rate must approximate the Commonwealth's rate of return on non-pension (liquid) investments over the long term, estimated at 4.5% for the purpose of this study. In the event of prefunding, the discount rate would increase to a standard return on long-term investments, estimated at 8.25%. In order to qualify its OPEB liabilities as prefunded, the Commonwealth has enacted legislation providing for the escrowing of annual contributions in an irrevocable trust, in the manner similar to the pension model.

The FY08 budget created a legislative study Commission looking for future funding and structuring opportunities for OPEB. The Commission's report is due in December 2007.

Lottery Deficit

In FY07, the State Lottery transferred approximately \$921 million in the aggregate to municipalities as mandated by the general appropriation act, regardless of the actual amount available in the State Lottery Fund. Lottery revenues for FY07 dropped 1.4% to \$4.740 billion. Prizes were \$3.687 billion and operating expenses and other mandated transfers were nearly \$1.173 billion, leaving an operating deficit in the fund of nearly \$119 million. There is no provision in current law for dealing with this shortfall in available lottery revenues. The deficit in this fund must be resolved and expenditures from this fund must be brought in line with revenues in FY08. The Lottery is discussing solutions with Legislature.

The FY08 budget assumes an increase in lottery distributions of \$15 million over FY07. According to information provided by the Lottery, for the Lottery to generate revenue adequate to support these transfers, sales would need to grow an estimated \$650 million or 15%. The

average growth in Lottery sales over the last five years has been approximately \$49 million or 1%.

Overview of the Financial Statements

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

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

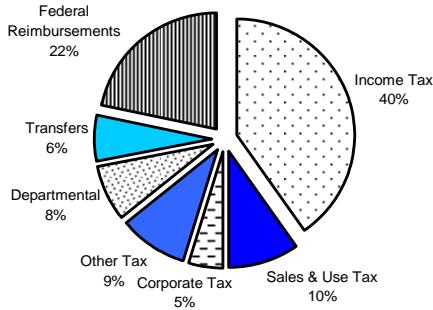
The SBFR is intended to satisfy the requirements of state finance law, and to present fairly the results of FY07 activity in the Commonwealth's funds. The report contains computations required by state finance law, including the certification of transfers to and balances in the Stabilization Fund and Tax Reduction Fund.

Basis of Accounting

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

In accordance with Section 12 of Chapter 7A, Massachusetts General Laws, the Office of the Comptroller transmits the SBFR on October 31st. The SBFR report for fiscal year ended June 30, 2007 herein is audited by KPMG, LLP and represents the closing of the Commonwealth's books for the fiscal year. This audit is conducted in conjunction with the Office of the State Auditor, which provides knowledge, expertise and resources to audit the financial statements.

**Budgeted
Revenues and Other
Sources**



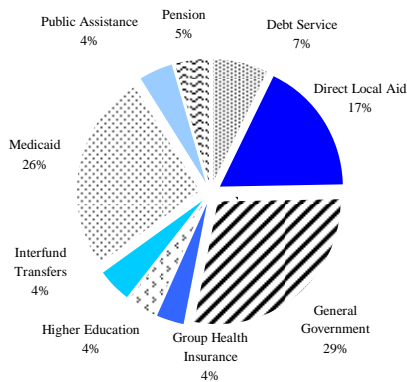
The Budgeted Funds

In FY07, expenditures and other uses outpaced revenues and other sources, resulting in an operating loss of \$307 million. Though total revenues and other sources rose by \$1.5 billion, total expenditures and other uses also increased by over \$2.5 billion. Approximately \$2.0 billion of this rise was in normal programs and services, led by the following programmatic increases: \$415 million in local aid, \$698 million in Medicaid, \$59 million in group health insurance, \$129 million in public assistance and \$128 million in higher education. Additionally, budgeted fund spending grew by \$419 million in debt service and \$61 million for pensions. The remaining increases were in interfund transfers.

Any assessment of surplus or deficit should be viewed over a period of time. In that assessment, a structural balance is considered to be achieved when revenues exceed expenditures over a period of years. After operating deficits in FY02 and FY03, reliance on the significant use of prior year surpluses slowed in FY04 and FY05. In FY06, the Commonwealth deposited \$354 million into the Stabilization Fund. In FY07, the Commonwealth is depositing nearly \$91 million. However, a \$307 million operating loss occurred due to spending of prior balances, including spending of approximately \$936 million of prior year authorization spend down in FY07.

If FY07, budgeted revenues and other sources increased by 8.8% from FY06 as a result of the aforementioned tax growth of 6.7%. Federal financial participation reimbursements rose 18.38%, largely due to the increase in Medicaid spending. Departmental revenues rose 5.9%.

**Budgeted Expenditures
and Other Uses**



The General Appropriation Act (GAA) authorized approximately \$25.2 billion in spending. During the fiscal year, former Governor Romney, pursuant to Section 9C of Chapter 29 of the General Laws, decreased fiscal 2007 spending authorizations by \$425 million, reflecting many items previously vetoed, but overridden, as well as a broad-based decrease of 1% of most appropriations in executive branch agencies under the control of the Governor. Section 9C requires that if the Secretary of Administration and Finance determines that available revenues will be insufficient to meet all of the expenditures authorized to be made from any fund, the Governor shall reduce allotments accordingly, propose to the Legislature the raising of sufficient additional revenue or recommend an appropriation from Stabilization. Some of these cuts were restored in December 2006. In January, Governor Patrick restored the remaining cuts, based on updated revenue forecasts.

Supplemental budgets during the year authorized \$123 million in appropriations. Subsequent to year end, two additional supplemental budgets were enacted totaling approximately \$224 million. The year's supplemental appropriation and transfer activity included:

- \$20 million to fund a review of tunnel portions of the Central Artery / Tunnel Project, (CA/T). Other parts of this act granted the Governor authority over safety inspections and reopening of the CA/T components that were closed subsequent to the

July 2006 ceiling panel collapse in the Ted Williams connector tunnel.

- \$30 million to the Brownfields Redevelopment Fund which was originally part of an economic stimulus act in FY06 that was returned for amendment. \$15 million had been included in the FY06 statutory basis financial statements and an additional \$15 million is included with these financial statements.
- As part of a May supplemental budget, \$22 million was approved for the Department of Corrections, nearly \$16 million for the Department of Social Services, \$15 million for public safety including \$11 million to combat gang violence and \$4 million for municipal police, \$8 million for snow and ice removal and nearly \$4 million to support dairy farms.
- A Supplemental Budget passed in October 2007 transferred \$9.5 million to community health centers.
- A second Supplemental Budget, passed in October 2007, appropriated over \$214 million in spending, plus an additional small amount of FY08 spending and approximately \$291 million in appropriations to be continued into FY08. These included approximately \$132 million for collective bargaining, \$20 million for public defenders, \$16 million for health and human services, \$13 million for higher education, nearly \$6 million for housing and community development, approximately \$5 million for settlements and judgments and \$2 million for district attorneys. The budget also set appropriations from the Bay State Competitiveness Investment Fund for FY08.

Budgeted expenditures and other uses, including transfers to non-budgeted funds, increased by over \$2.5 billion. There was a \$419 million increase in debt service. Pension funding increased by \$61 million. Medicaid, which accounts for over a quarter of the Commonwealth's budget, grew at 10.2%. This is largely due to a full year of health care reform.

The Budgeted Funds – Operations table on page 7 displays the FY07 summary of budgeted funds, compared to FY06. The FY07 financial statements for each of the 12 individual budgeted funds are included in the financial section of this report. In FY08 and in future years, if revenue growth slows, the challenge will be to continue to match spending to available revenues.

In conducting the budget process, the Commonwealth's fiscal office excludes from their forecast those "interfund" transactions within the budgeted funds that are included in this report because by their nature, they have no impact on the combined fund balance of the budgeted funds. The table Budgeted Funds – Operations isolates this "interfund" activity from the budgeted sources and uses to align forecasts prepared during the budget process to actual amounts in this report. In FY07, transfers among the Budgeted Funds decreased as a result of funds provided from Stabilization Fund to other funds to balance the budget

for the year as well as year-end transfers back into the Stabilization Fund. A detailed list of these interfund transfers is included in Note 3 of the financial statements.

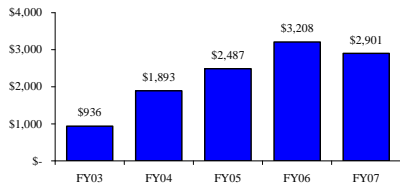
Budgeted Funds - Operations
(Amounts in thousands)

	2006	2007
Beginning fund balances:		
Reserved and designated.....	\$ 355,615	\$ 947,182
Reserved for Transitional Escrow.....	304,838	-
Reserved for Stabilization Fund.....	1,728,355	2,154,664
Undesignated.....	98,379	106,204
Total.....	2,487,187	3,208,050
Revenues and other sources:		
Taxes.....	17,286,156	18,444,891
Federal reimbursements.....	5,210,163	6,167,575
Departmental and other revenues.....	2,094,279	2,218,414
Interfund transfers from non-budgeted funds and other sources.....	1,714,868	1,785,002
Budgeted revenues and other sources.....	26,305,466	28,615,882
Intragovernmental Service Fund revenues.....	187,897	192,639
Interfund transfers among budgeted funds and other sources.....	1,170,225	360,331
Total revenues and other sources.....	27,663,588	29,168,852
Expenditures and other uses:		
Programs and services.....	22,253,148	24,237,614
Debt service.....	1,665,534	2,084,453
Pension.....	1,274,675	1,335,176
Interfund transfers to non-budgeted funds and other uses.....	391,246	1,265,674
Budgeted expenditures and other uses.....	25,584,603	28,922,917
Intragovernmental Service Fund expenditures.....	187,897	192,639
Interfund transfers among budgeted funds and other uses.....	1,170,225	360,331
Total expenditures and other uses.....	26,942,725	29,475,887
Excess (deficiency) of revenues and other sources over expenditures and other uses.....	720,863	(307,035)
Ending fund balances:		
Reserved and designated.....	947,182	451,312
Reserved for Stabilization Fund.....	2,154,664	2,335,021
Undesignated.....	106,204	114,682
Total.....	\$ 3,208,050	\$ 2,901,015

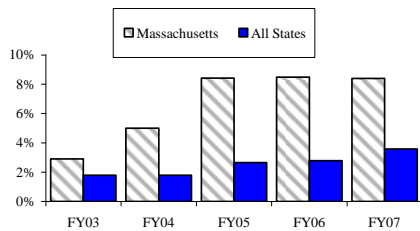
The graph of **Budgeted Funds – Fund Balance** on page 8 portrays the combined fund balance in the budgeted funds for the past five years. These balances reflect the reliance on these resources from FY01 through FY03 and again in FY07 as spending was adjusted to align with the lower revenue base.

At June 30, 2007, the ending balance is comprised mainly of the statutory fund balance of the General Fund, the Stabilization Fund, the Workforce Training Fund and the Massachusetts Tourism Fund, offset by a \$1.3 billion deficit in the Highway Fund. The Inland Fisheries and Game Fund is not part of the calculation of year end transfers to the

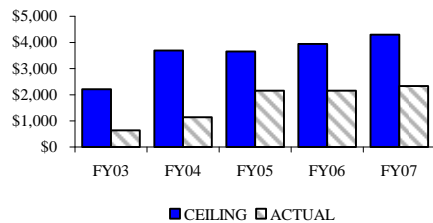
**Budgeted Funds – Fund Balance
(Amounts in Millions)**



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



**Stabilization Fund Balance
(Amounts in Thousands)**



Stabilization Fund. Due to designations within these fund balances, \$451 million of the total budgeted fund balance, exclusive of stabilization, is reserved for appropriation in FY08. The remainder is undesignated.

The Stabilization Fund

With the rapid depletion of the accumulated balances earlier in this decade, the importance of the balance in the Stabilization Fund and its direct correlation to the financial condition of the Commonwealth is clear. The National Governor’s Association, along with the National Association of State Budget Officers in their annual “The Fiscal Survey of States,” published in June 2007, again ranked the Commonwealth second in the nation in FY06 in terms of the balance in stabilization. Nine states had no stabilization balance at the end of FY06. Also, of states with over \$10 billion in General Fund expenditures in FY06, the Commonwealth’s stabilization balance as a percentage of expenditures once again led the nation, with Connecticut, Minnesota, Virginia and Maryland following. As the graphic at the left portrays, the Commonwealth has continued to outpace the rest of the nation in this key element of fiscal condition.

State finance law, as amended during FY03, increased the maximum balance that may accumulate in the Stabilization Fund to a level equal to 15% of budgeted revenues and other sources. The law then directs that any amount in excess of this “cap” be transferred to the Tax Reduction Fund for future, one-time, personal income tax rebates. Due to the significant transfers out of Stabilization over the last three years, it will be several years before the “cap” will be reached. The details of these calculations can be found on pages 298 through 303 of this report. The graph Stabilization Fund - Fund Balance portrays this “cap” and the balance of the fund over a five-year period. A balanced budget or “consolidated net surplus” was redefined for FY04 to include all undesignated fund balances in the budgeted funds except for the Inland Fisheries and Game Fund. For FY05 and FY06, an additional 0.5% of current year tax revenues was deposited into the Stabilization Fund before the year-end surplus was determined.

The FY08 GAA created a “Bay State Competitiveness Investment Fund” which directs a portion of the FY07 consolidated net surplus to the fund after statutorily required amounts are deposited in the Stabilization Fund and designated to be carried forward into FY08. As part of the calculation of consolidated net surplus, the Commonwealth deposited \$100 million into this fund, which will be subject to appropriation in FY08 and will revert upon the fund’s expiration on June 30, 2008.

The Non-Budgeted Funds

The Non-Budgeted Funds represent operations in which the government has imposed its sovereign authority but has excluded these operations from the annual budget process. During FY07, the Commonwealth maintained 62 of these funds, including certain funds that had previously been reported as budgeted. This is an increase of seven from FY05. Three new funds in FY07 relate to the new health care reform bill. The largest non-budgeted funds in terms of revenues include the

Lottery, Federal Grants, Health Care Security Trust (designated to receive tobacco settlement funds before transfer to the General Fund), Grant Anticipation, MBTA State and Local Contribution Fund, the Medical Security Trust, the Health Care Quality Improvement Fund, the School Modernization and Reconstruction Trust (SMART) Fund and the Uncompensated Care Funds. These funds are commonly referred to as special or dedicated revenue funds whose revenues are matched to related expenditures.

The table Non-Budgeted Funds – Operations below includes a summary of the FY07 non-budgeted funds. Financial statements for each of the individual funds are included in the financial section of this report. Several of these funds are worth mentioning.

At June 30, 2007, the Federal Grants Fund had a positive fund balance, but reported a deficiency in cash within the fund. This cash deficiency results from the Commonwealth’s drawing funds from the federal government a few days after applicable cash disbursements had been made to ensure an “interest neutral” timing of the federal – state cash exchange. These requirements were established by the Cash Management Improvement Act of 1990.

As previously indicated, the State Lottery Funds ended the year with a deficit of approximately \$119 million, due to the mandatory distribution of nearly \$921 million to cities and towns in the FY07 GAA. There is no provision in current law for dealing with this shortfall in net lottery revenues. This deficit encompasses the entire deficiency in the Non-Budgeted Funds – Operations Table below:

Non-Budgeted Funds - Operations
(Amounts in thousands)

	2006	2007
Beginning fund balance.....	\$ 1,686,128	\$ 1,852,953
Revenues and other sources:		
Taxes.....	1,307,249	1,404,296
Assessments.....	646,747	635,305
Federal grants and reimbursements.....	3,111,778	2,626,284
Tobacco Settlement revenue.....	236,305	247,340
Departmental and miscellaneous.....	5,438,997	4,925,135
Transfers and other sources.....	798,938	1,889,575
Total revenues and other sources.....	11,540,014	11,727,935
Expenditures and other uses:		
Programs and services.....	8,964,311	9,083,630
Debt service.....	249,586	255,209
Transfers and other uses.....	2,159,292	2,507,512
Total expenditures and other uses.....	11,373,189	11,846,351
Excess (deficiency) of revenues and other sources over expenditures and other uses.....	166,825	(118,416)
Ending fund balance.....	\$ 1,852,953	\$ 1,734,537

The Health Care Security Trust Fund (HST) reports all revenues received from the Master Settlement Agreement (MSA) between the states and the tobacco industry to recover healthcare costs for tobacco related illnesses. The MSA estimates Commonwealth revenues for the first 25 years of the settlement to be approximately \$7.6 billion. However, this estimate is prior to possible future adjustments, including adjustments for inflation and changes in the volume of domestic cigarette sales. In FY07, the Commonwealth received over \$247 million or 87.4% of the estimated amounts shown in the MSA. The FY07 GAA directed all MSA receipts to the General Fund. Furthermore, the Health Care Reform of FY06, transferred an additional \$7 million from the HST during FY07. The HST also returned approximately \$22 million in FY06 investment earnings to the General Fund during FY07 pursuant to Massachusetts General Laws. During FY08 the balance in the HST, after any transfers to the General Fund, is slated to transfer to the State Retiree Benefits Trust Fund. Although not repealed, the fund's operations will only be to the receipt and transfer of MSA funds beyond FY08. The Fund was also used as a cash flow mechanism for the Health Care Quality Improvement Fund. The Health Care Quality Improvement Fund ceased operations on September 30, 2007 as a result of the Health Care Reform act. Operations will be reported in the fund for only the first quarter of FY08, with the remaining part of the year in the General Fund.

As noted, the amount the Commonwealth received continued to be less than had previously been projected as payments under the MSA for FY07. The Commonwealth's allocable share of the base amounts payable under the master settlement agreement is approximately 4.04%. The Commonwealth's allocable share of the base amounts under the agreement through 2025 is more than \$8.3 billion, subject to adjustments, reductions and offsets. However, in pending litigation tobacco manufacturers are claiming that because of certain developments they are entitled to reduce future payments under the master settlement agreement, and certain manufacturers withheld payments to the states due in April 2006 and April 2007. The Commonwealth was also awarded approximately \$414 million from a separate Strategic Contribution Fund established under the MSA to reward certain states' particular contributions to the national tobacco litigation effort. This additional amount, also subject to a number of adjustments, reductions and offsets, is due to the Commonwealth in equal installments beginning in FY08 through FY17.

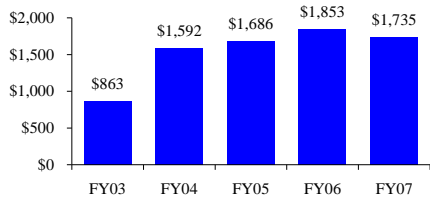
Continuing in FY07, a portion of the Commonwealth's federal transportation funds were dedicated to paying off prior year expenditures of the Central Artery / Tunnel Project (CA/T) which were temporarily financed through Federal Grant Anticipation Notes (GANS).

During FY98, the Legislature authorized the issuance of \$1.5 billion in GANS to finance the current cash needs of the Project. All of the GANS have been issued. The GANS are not considered general obligation debt of the Commonwealth. The proceeds of the GANS were used to temporarily finance federally eligible expenditures until federal funds were authorized. Continuing in FY07, federal funds were drawn down to reimburse the Commonwealth for these prior year expenses. From

this year through 2015, these eligible expenses will be reimbursed by the federal government and the reimbursement will be used to retire the GANS. Activity related to issuance of GANS and the accumulation of pledged funds and the payment of debt service is accounted for in the Grant Anticipation Note Trust Fund. In July 2003, the Commonwealth completed a cross-over refunding of the GANS. Approximately \$388 million in GANS issued in 1998 and 2000 at coupons ranging from 5.125% to 5.75% that will mature on December 15, 2008 and 2010, respectively, were partially refinanced with \$408 million of refunding notes with yields of 2.51% to 3.39%. The interest on the newly issued refunding notes is paid from an escrow until final redemption. This technique results in economic savings, but does not result in the legal defeasance of the notes. As a result, the original as well as the refunding notes are reported on Commonwealth's books until the maturity dates. The balance in the fund for FY07 represents approximately \$619 million held for payment of interest on the GANS inclusive of an escrow for payment of GANS involved with the aforementioned cross-over refunding.

The Universal Health Care funds, including the Uncompensated Care, Medical Security Trust and the funds used for Health Care Reform, revenues and other financing sources increased by nearly \$255 million from FY06. This was due to a full year of activity surrounding the landmark health care reform legislation of FY06.

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



The graph Non-Budgeted Funds - Fund Balance shows the combined fund balance in the Non-Budgeted funds for the past five years. As previously mentioned, the reduction this year is entirely due to the deficit in the State Lottery Funds. Had the State Lottery Funds ended the year in balance, the FY06 to FY07 change would have been a positive \$416,000. As indicated in previous years, more consolidation and elimination is needed for these funds. For example, the Government Land Bank Fund has a chronic structural fund deficit. The FY07 deficit balance of \$35 million remains an unbudgeted drain on the General Fund. While steps have been taken to stop the growth in this deficit, the Fund should be abolished and the deficit transferred into the General Fund. An additional \$12 million deficit exists in the Motor Vehicle Inspection Fund. In accordance with General Laws, this deficit must be eliminated and the Fund must be in balance by June 30, 2009.

The Capital Projects Funds

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

The structure of these funds is such that each capital outlay authorization is in balance, creating authorization for inflows, (which may be from sales of bonds, federal reimbursements or other revenues)

and authorization for expenditures. Imbalances due to timing differences develop when the expenditure precedes the inflow of funds from the sale of bonds or federal reimbursements. Because of federal tax arbitrage rules, tax exempt bonds are not routinely sold in anticipation of expenditures.

The Commonwealth issued over \$3 billion in debt this year, inclusive of over \$52 million in original issue premiums. Of the \$3 billion, over \$1.6 billion was used to fund ongoing projects. The remaining \$1.4 billion was in the form of general obligation refunding debt, of which \$497 million refunded prior year school building assistance program debt to capitalize the School Building Authority. The Commonwealth also restructured \$229 million in capital projects that were formerly paid from operating funds. Bonds were sold to fund these projects in May.

As part of the same sale, the Commonwealth issued general obligation bonds to defease all outstanding Massachusetts Convention Center Authority and Foxborough Industrial Development Financing Authority general obligation contract assistance, for which it was liable for from operating funds to be appropriated in future years. In addition, the Commonwealth reduced its budgetary liability for lease revenue bonds issued by the Route 3 North Transportation Improvements Association in the same sale. The total proceeds will finance approximately \$129 million of such future assistance, of which approximately \$15 million is for the Convention Center, approximately \$60 million is for Foxborough and approximately \$53 million is for Route 3 North.

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

Sources of Funds:	<u>2007</u>
Federal Funds	\$ 7.049
GANS (temporary financing of federal funds)	1.500
Massport and Turnpike Authorities	2.057
Commonwealth debt and other sources	<u>4.192</u>
Total Sources	<u><u>\$ 14.798</u></u>
Costs of Construction:	
Cumulative costs previous to FY07	\$ 14.206
Current Fiscal Year Spending	<u>0.277</u>
Actual Costs through End of Fiscal Year	14.483
Estimated remaining costs:	<u>0.315</u>
Total Estimated Costs of Construction:	<u><u>\$ 14.798</u></u>

A significant portion of the Capital Projects activity continues to relate to the CA/T. The CA/T has been the target of an enormous amount of public scrutiny. The Commonwealth officially raised the estimate of the cost of the CA/T to \$14.798 billion, approximately 57% of which is financed by the federal government with the balance from state sources. A new finance plan was filed with the federal highway administration in May 2007. It is currently under review. It is expected that the shortfall of \$210 million, inclusive of undrawn federal funds, will be made up by \$140 million in additional registry of motor vehicles receipts deposited into the statewide road and bridge fund (which contains the transportation infrastructure fund or TIF) and \$70 million of additional Commonwealth bonds. Any costs above the \$14.798 billion will have to be borne by the Turnpike Authority per the agreement. All cost recoveries, insurance proceeds and the sale of certain real estate of the Turnpike Authority will be used to pay for the additional bonding and other costs up to the \$210 million. If the recoveries are less than \$210 million, then the Turnpike Authority must pay the difference to the Commonwealth not later than January 1, 2011.

The Turnpike Authority is also in the process of working with our office to ascertain whether or not its books and records can be reported through the Commonwealth's accounting system, MMARS.

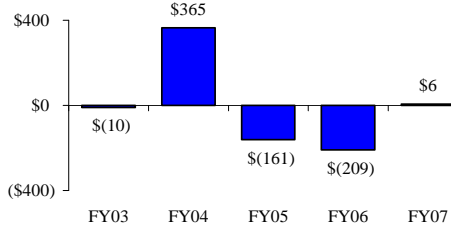
On June 4, 2007, the Commonwealth received final payment of nearly \$59 million in a settlement with American International Group for reimbursement of overpayments to the owner-controlled insurance program for the CA/T and accrued interest on the payments. The Commonwealth credited the federal government approximately \$24

million of this settlement allocable to prior federal contributions to offset current federal grant payment obligations to the Commonwealth. Of the remaining amount, the final supplemental budget contained legislation transferring \$13 million of the settlement proceeds to the TIF to help provide financing for the CA/T shortfall.

Subsequent to FY07 year end, the National Transportation Safety Board released its findings pertaining to the July 2006 collapse of ceiling panels in the Interstate 90 connector. The Board’s assessment was that the proximate cause of the failure was the use of a fast-setting epoxy anchoring system which was susceptible to “creep” – the tendency for slippage or elongation with the application of sustained tensile loads. Subsequent to the collapse, a full inspection was conducted, and continues today, inspecting all aspects of the project’s design, construction and life safety systems. Immediate concerns have been remediated with additional design modifications and adjustments made as necessary to ensure the safety of the motoring public.

During FY07, Massport paid the Commonwealth approximately \$25 million in partial satisfaction of amounts owed for certain portions of the CA/T project consisting of roadways, viaducts and other structures located at Logan International Airport in East Boston. Of the \$50 million that was owed at that time, approximately \$25 million remained to be paid as of June 30, 2007. On July 20, 2007, Massport paid an additional \$12.5 million of this balance. \$12.4 million remains to be paid as of the date of this report.

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



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

The Capital Projects Funds – Operations table on the next page includes the FY07 Capital Projects Funds, summarized and compared to FY07. Financial statements for each of the individual funds are included in the financial section of this report.

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

As part of this strategy, subsequent to year end, the Administration restructured the bond funded portion of the cap to \$1.5 billion for FY08 and increasing \$125 million annually through FY12. Under the plan, an annual borrowing limit was set to keep debt service expenditures, inclusive of all debt, grant anticipation notes, all forms of contract

assistance and certain capital lease financings to within 8% of budgeted revenues.

Furthermore, at the outset of FY08 the Commonwealth sold \$1.3 billion of bonds, which were sold in advance of capital spending instead of in arrears. The majority of the proceeds were deposited into guaranteed investment contracts, with monthly scheduled payments from those contracts dedicated to paying capital project costs during FY08 and part of FY09.

Capital Projects Funds - Operations
(Amounts in thousands)

	<u>2006</u>	<u>2007</u>
Beginning fund balance (deficit).....	\$ (160,900)	\$ (208,820)
Revenues and other sources:		
Federal grants and reimbursements.....	30,906	24,881
Departmental and miscellaneous.....	177,851	70,030
General and special obligation financing.....	1,838,491	1,603,940
Proceeds of refunding bonds.....	633,425	1,530,558
Transfer for Federal Reimbursements.....	327,459	332,244
Transfers and other sources.....	<u>133,871</u>	<u>237,455</u>
Total revenues and other sources.....	<u>3,142,003</u>	<u>3,799,108</u>
Expenditures and other uses:		
Acquisition of assets.....	2,390,063	1,804,298
Payments to refunded bond escrow.....	633,425	1,530,558
Transfers and other uses.....	<u>166,435</u>	<u>249,758</u>
Total expenditures and other uses.....	<u>3,189,923</u>	<u>3,584,614</u>
Excess (deficiency) of revenues and other sources over expenditures and uses.....	<u>(47,920)</u>	<u>214,494</u>
Ending fund balance (deficit).....	<u>\$ (208,820)</u>	<u>\$ 5,674</u>

The Fiduciary Funds (Excluding Agency Funds)

The Fiduciary Funds record the Commonwealth's responsibility for assets it controls on behalf of other parties. Examples of such funds are the Unemployment Compensation and Pension Trust Funds. The table on the following page, which excludes assets held on a purely custodial capacity in so-called Agency Funds, summarizes the FY07 activity of the Fiduciary Funds. Nearly 94% of the Fiduciary Fund assets are related to the Commonwealth's Pension Funds detailed in fund statements found in this report.

An approximately \$7.2 billion operating gain in this fund group is primarily the net of two significant events:

- The net change in value of pension assets increased by approximately \$7.9 billion.
- Employer and employee contributions exceeded payments to the unemployed in the Commonwealth from the Unemployment Compensation Trust Fund by approximately \$346 million, even though expenditures from the Fund increased by \$87 million during the year..

The pension valuation is based on data as of January 1, 2007. Details of this valuation are outlined in Note 11 to the financial statements. The value of pension assets of the public retirement systems increased from FY06 to FY07, resulting in an increase in funded status from 71.5% to 75.2%. Beginning with the FY07 valuation, actuarial values of assets are between 90% and 110% of market value. In prior valuations, this range was 85% to 115%. Using this approach, the actuarial value as of January 1, 2007 was adjusted to 90%. Under the previous method, it would have been reported at 88.6% of market rates.

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

	2006	2007
Beginning fund balance.....	\$ 35,548,123	\$ 40,912,902
Revenues and other sources:		
Taxes.....	1,720,473	1,622,561
Federal reimbursements.....	51,516	50,440
Departmental and other revenues.....	3,328,492	2,444,595
Interfund transfers and other sources.....	10,923	10,254
Unrealized and realized investment earnings.....	5,564,877	7,883,547
Total revenues and sources.....	10,676,281	12,011,397
Expenditures and other uses:		
Expenditures.....	5,126,463	4,703,215
Interfund transfers.....	185,039	135,436
Total expenditures and uses.....	5,311,502	4,838,651
Excess of revenues and sources over expenditures and uses.....	5,364,779	7,172,746
Ending fund balance.....	\$ 40,912,902	\$ 48,085,648

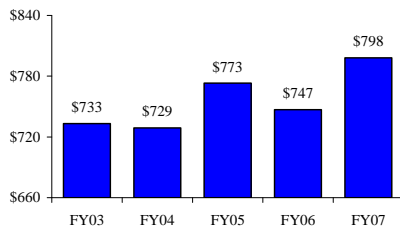
The Non-Appropriated Funds of Higher Education

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

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

	2006	2007
Beginning fund balance.....	\$ 773,246	\$ 747,388
Revenues and other sources:		
Federal Grants and reimbursements.....	402,443	440,802
Departmental and miscellaneous.....	1,167,638	1,250,399
Transfers and other sources	794,387	1,050,713
Total revenues and other sources.....	2,364,468	2,741,914
Expenditures and other uses:		
Programs and services.....	2,390,326	2,691,212
Total expenditures and uses.....	2,390,326	2,691,212
Excess (deficiency) of revenues and other sources over expenditures and other uses.....	(25,858)	50,702
Ending fund balance.....	\$ 747,388	\$ 798,090

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



The Non-Appropriated Funds of Higher Education – Operations table includes the FY07 funds, summarized and compared to FY06. Financial statements for each of the individual funds are included in the statistical section of this report. The graph Non-Appropriated Funds of Higher Education – Fund Balance shows the combined fund balance for the past five years. The combined balance represents approximately \$4468 million for the University of Massachusetts, approximately \$185 million for the State College system and approximately \$145 million for the Community Colleges. These balances are designated for specific purposes, such as restrictions on endowments or other specialized purposes specified by the funding contributions.

Comptroller Priorities

The Commonwealth has many accomplishments in FY07 of which it can be proud.

The Office of the Comptroller continues to work in collaboration with CFOs to balance efficiency and accountability in Commonwealth financial operations. Six years ago, an annual Chief Fiscal Officers (CFO) conference began which brings together CFOs from across the state to evaluate policies, share best practices and develop fiscal strategies to support the priorities and move the Commonwealth forward. The CFO conference is built around the concept of PARTNERS, which stands for People, Accountability, Responsibility, Trust, Negotiation, Efficiency, Risk assessment and mitigation and Solutions. We have emphasized that systems depend on people who are integral to those systems. This recognizes that fiscal officers of the Commonwealth are being given increased authority and at the same time being held accountable, ensuring a balance of efficiency and integrity of the financial operations of the Commonwealth. We strike this balance between efficiency and integrity of operations through constant risk assessment and effective risk mitigation.

In FY07, attention was focused on improving financial efficiency and accountability within the Commonwealth with a focus on maximizing use of the complete capability of the new system. The Comptroller launched a number of parallel initiatives to accomplish these goals:

- *Internal Audit*
Benefiting from efficiencies in the new application, we redeployed existing staff from processing and pre-audit functions to a quality assurance bureau. Using specialized data analysis tools, the Bureau supplements standard agency reviews with data mining techniques which filter out low risk transactions, thus allowing the Bureau to target certain risk profiles on a statewide basis.
- *Transaction Delegation*
We continue to assess transactions that this office pre-audits based on risk and to delegate the approval of those low risk transactions to department CFOs. This reduces the transaction processing cost without significantly increasing the overall transaction risk profile. Of the 2.5 million transactions entered by departments, fewer than 10% are work-flowed to the Comptroller for pre-audit.
- *Paperless Transactions*
To the extent transaction profiles do not warrant delegation, using MMARS to capture supporting documentation electronically within the actual transaction reduces initial processing costs along with the long term costs of archiving and later retrieving those documents. In the initial pilot, 7,000 transactions were converted to be completely paperless.

- *Maximizing Prompt Pay Discounts*
The Comptroller's Office establishes system parameters to automatically schedule payments for issuance based on the cash flow needs of the Commonwealth along with maximizing discounts offered by vendors for prompt payment. In FY06, the Commonwealth realized \$1.2 million in prompt payment discounts. In FY07, we doubled that amount to \$2.3 million. However, discounts can only be taken where they are negotiated. Much work remains to be done: of more than 31,500 active contracts, fewer than approximately 9,000 offer prompt payment discount terms.
- *Payable Audits*
We have engaged an accounts payable audit firm. During FY07, the firm reviewed all payments from FY05 and FY06, identifying any erroneous payments as well as instances where contract terms such as volume rebates were not paid. The vendor is compensated based on performance. In addition to the potential cost savings, this will serve as an additional test of controls.
- *E-Receipts*
Finally, the Comptroller's Office in conjunction with Administration and Finance and the Information Technology Division, has engaged in a focused effort to increase the number of citizen and business transactions that can be completed over the internet.

The obstacle to increasing internet based transactions has been the cost of credit card fees that can escalate dramatically for large payments. As part of this project we are piloting lower cost payment alternatives including electronic checks.

Departments are being selected and functionality will be added this winter. Citizens and business have come to expect electronic transactions in their daily lives and the Commonwealth has a responsibility to deliver on that expectation.

In FY08 we have outlined ongoing initiatives:

- *Web Applications*
In addition to the financial system, the Comptroller maintains seven interactive web sites serving Commonwealth vendors, state employees, and processing internal transactions between this office and state departments. During FY08, we will undertake a major initiative to update and consolidate these applications and functionality to improve performance.
- *Paperless Remittance Advices*
The Commonwealth has gone to almost 100% electronic funds transfer for employee payments; however the accompanying pay stub is still distributed manually to most employees. The Comptroller provides a secure web site where employees through a login and password can access their pay stub and prior period information, increasing employee access to information at a significantly reduced cost. The site provides secure access to an informational W-2. In FY07, we released a complete upgrade of this application and rolled it out to the entirety of State

Government. In FY08, we will focus on encouraging employees to use this site as the primary source for payroll advices, and assisting departments in eliminating paper whenever possible.

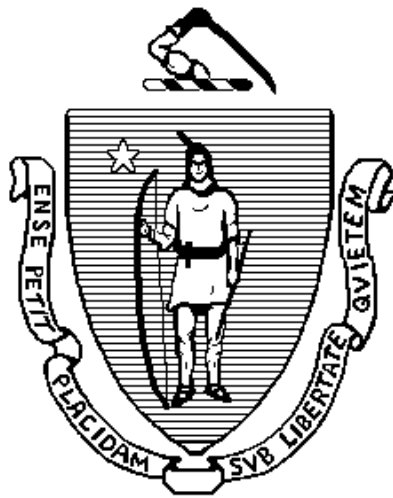
- *Streamlined Customer Support*

The office supports state fiscal staff in a variety of ways. An FY07 independent assessment of these offerings identified potential improvements. In FY08, we will update our training program, initiate more outreach to fiscal staff outside the Boston area and enhance on-line resources.

In closing, I would like to express my thanks to the many dedicated employees within the Office of the Comptroller. Continuing to carry out our mission and meet the goals that are set meant another successful year in the Comptroller's Office. I am proud to have them all on my team as another year of initiatives is now underway.

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

Salvatore F. DiMasi
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JUDICIAL OFFICERS

Margaret H. Marshall
Chief Justice, Supreme Judicial Court

Phillip Rapoza
Chief Justice, Appeals Court

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

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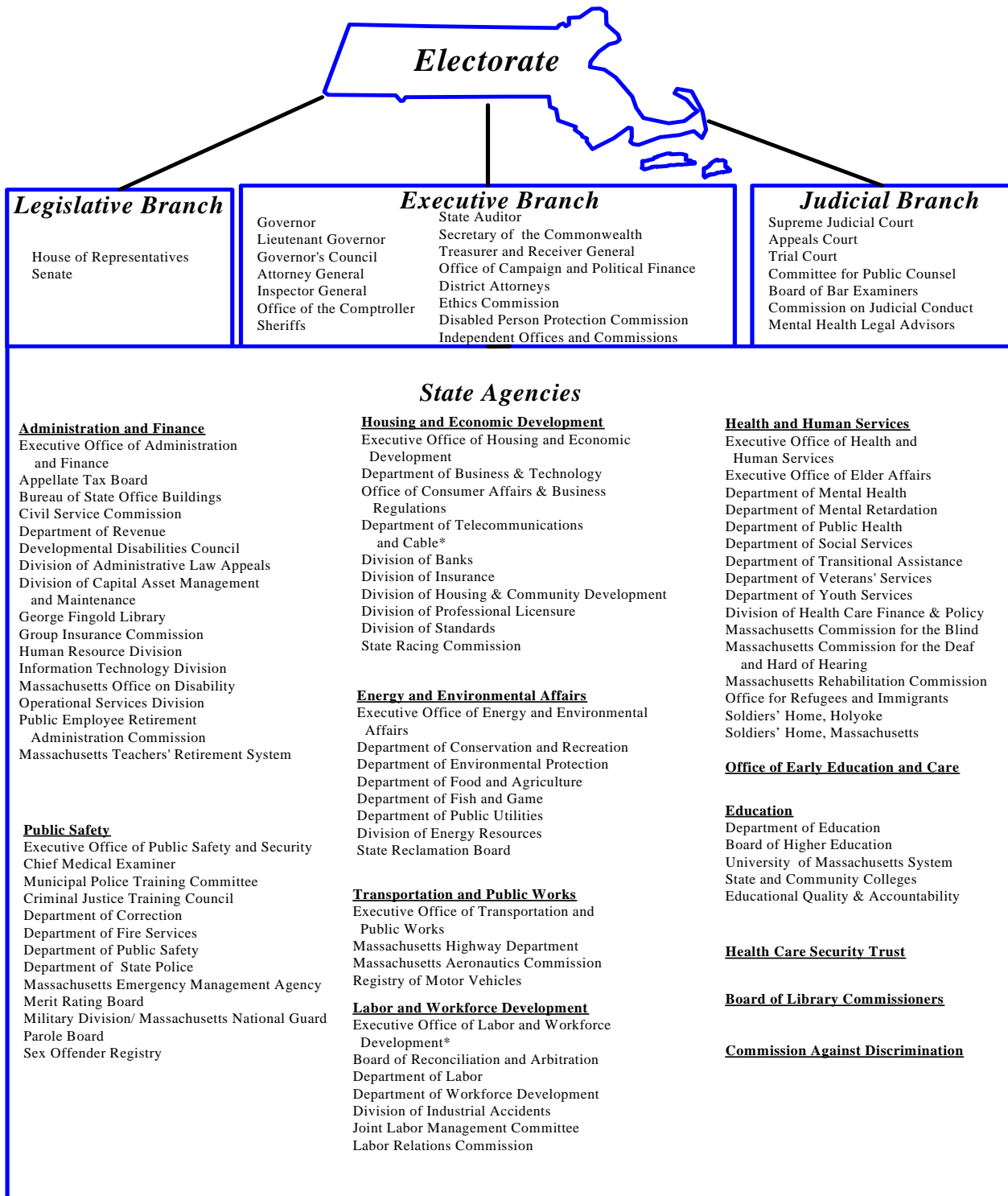
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Director

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As of June 30, 2007

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

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

A. Joseph DeNucci
Auditor

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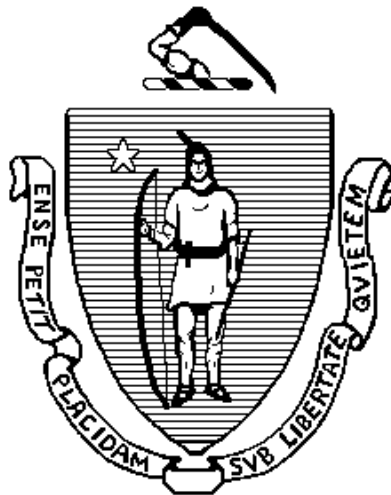
Robert A. Mulligan
Chief Justice for Administration and Management, Trial Court

Martha Coakley
Attorney General

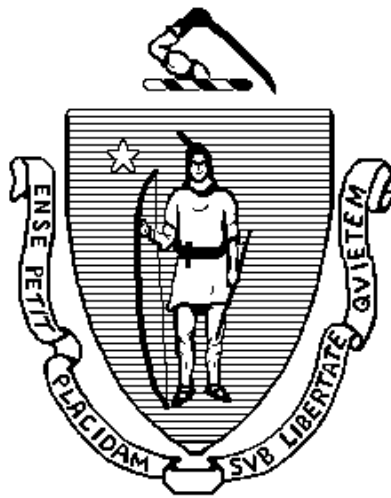
Thomas M. Whitney
Gubernatorial Appointee

Diana Salemy
Gubernatorial Appointee

Financial Section



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



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Independent Auditors' Report

Mr. Martin Benison, Comptroller The
Commonwealth of Massachusetts

We have audited the accompanying combined financial statements – statutory basis of the Commonwealth of Massachusetts as of and for the year ended June 30, 2007, as listed in the table of contents. These combined financial statements – statutory basis are the responsibility of the management of the Commonwealth of Massachusetts. Our responsibility is to express an opinion on these combined financial statements – statutory basis based on our audit. The prior year summarized comparative information has been derived from the Commonwealth of Massachusetts' 2006 combined financial statements - statutory basis which were audited by other auditors and whose report dated October 27, 2006 expressed an unqualified opinion on those financial statements.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Commonwealth of Massachusetts, as of June 30, 2007, and the results of its operations for the year then ended, on the basis of accounting described in note 2.



Our audit was conducted for the purpose of forming an opinion on the combined financial statements – statutory basis, taken as a whole. The introductory section, combining and individual fund statements – statutory basis, supplemental information and statistical section listed in the foregoing table of contents, are presented for purposes of additional analysis and are not a required part of the combined financial statements – statutory basis of the Commonwealth of Massachusetts. The 2007 combining and individual fund statements – statutory basis and supplemental information have been subjected to the auditing procedures applied in our audit of the combined financial statements – statutory basis and, in our opinion, are fairly stated in all material respects in relation to the combined financial statements – statutory basis for the year ended June 30, 2007, taken as a whole. The Commonwealth of Massachusetts’ combined financial statements – statutory basis for the year ended June 30, 2006, which are not presented with the accompanying financial statements, were audited by other auditors whose report thereon dated October 27, 2006, expressed an unqualified opinion on the combined financial statements – statutory basis. Their report on the 2006 combining and individual fund statements – statutory basis and supplemental information stated that, in their opinion, such information was fairly stated in all material respects in relation to the combined financial statements – statutory basis for the year ended June 30, 2006. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the combined financial statements – statutory basis and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2007, on our consideration of the Commonwealth of Massachusetts’ internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

October 26, 2007

Combined Financial Statements - Statutory Basis

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

June 30, 2007
(Amounts in thousands)

	Governmental Fund Types		
	Budgeted	Non-Budgeted Special Revenue	Capital Projects
ASSETS AND OTHER DEBITS			
Cash and short-term investments.....	\$ 3,991,494	\$ 903,305	\$ 137,457
Cash on deposit with U.S. Treasury.....	-	-	-
Cash with fiscal agent.....	10,276	703,043	257,672
Investments.....	371,442	552,515	-
Assets held in trust.....	-	-	-
Receivables, net of allowance for uncollectibles:			
Due from federal government.....	579,536	401,875	1,577
Other receivables.....	11,927	38,614	-
Due from cities and towns.....	7,115	52,880	-
Due from other funds.....	-	-	74,582
Fixed assets:			
Land.....	-	-	-
Buildings.....	-	-	-
Machinery and equipment.....	-	-	-
Infrastructure.....	-	-	-
Construction in progress.....	-	-	-
Amount available for retirement of long-term obligations.....	-	-	-
Amount to be provided for retirement of long-term obligations.....	-	-	-
Other assets.....	-	-	-
Total assets and other debits.....	<u>\$ 4,971,790</u>	<u>\$ 2,652,232</u>	<u>\$ 471,288</u>
LIABILITIES, FUND EQUITY AND OTHER CREDITS			
Liabilities:			
Deficiency in cash and short-term investments.....	\$ 1,281,517	\$ 186,055	\$ 185,179
Accounts payable.....	789,258	657,058	280,435
Agency liabilities.....	-	-	-
Due to cities and towns.....	-	-	-
Due to other funds.....	-	74,582	-
Capital leases.....	-	-	-
Compensated absences.....	-	-	-
Bonds and notes payable.....	-	-	-
Claims and judgments.....	-	-	-
Workers compensation.....	-	-	-
Total liabilities.....	<u>2,070,775</u>	<u>917,695</u>	<u>465,614</u>
Fund equity and other credits:			
Investment in general fixed assets.....	-	-	-
Fund balances (deficit):			
Reserved for:			
Continuing appropriations.....	341,036	-	-
Commonwealth stabilization.....	2,335,021	-	-
Bay State Competitiveness Investment.....	100,000	-	-
Debt service.....	10,276	672,810	257,672
Employees' pension benefits.....	-	-	-
Unemployment benefits.....	-	-	-
Capital projects.....	-	-	128,048
Unreserved:			
Designated for specific purpose.....	-	1,228,031	-
Undesignated.....	114,682	(166,304)	(380,046)
Total fund equity and other credits.....	<u>2,901,015</u>	<u>1,734,537</u>	<u>5,674</u>
Total liabilities fund equity and other credits.....	<u>\$ 4,971,790</u>	<u>\$ 2,652,232</u>	<u>\$ 471,288</u>

See notes to combined financial statements - statutory basis.

Fiduciary Fund Types	Account Groups		Totals (Memorandum only)	
	General Fixed Assets	General Long-term Obligations	2007	2006
\$ 923,486	\$ -	\$ -	\$ 5,955,742	\$ 7,113,932
1,257,898	-	-	1,257,898	911,951
-	-	-	970,991	944,159
46,406,438	-	-	47,330,395	40,339,881
867,785	-	-	867,785	1,359,400
-	-	-	982,988	659,809
7,178	-	-	57,719	490,089
-	-	-	59,995	34,626
-	-	-	74,582	64,910
-	1,092,159	-	1,092,159	1,244,524
-	1,985,557	-	1,985,557	6,444,067
-	256,401	-	256,401	1,617,298
-	13,444,423	-	13,444,423	-
-	2,279,521	-	2,279,521	463,901
-	-	970,991	970,991	944,159
-	-	18,913,993	18,913,993	17,680,857
-	-	-	-	3,283
<u>\$ 49,462,785</u>	<u>\$ 19,058,061</u>	<u>\$ 19,884,984</u>	<u>\$ 96,501,140</u>	<u>\$ 80,316,846</u>
\$ -	\$ -	\$ -	\$ 1,652,751	\$ 1,575,296
136,497	-	-	1,863,248	2,755,575
1,183,241	-	-	1,183,241	1,683,145
51,565	-	-	51,565	47,095
-	-	-	74,582	64,910
-	-	81,351	81,351	163,610
-	-	424,822	424,822	-
-	-	18,948,201	18,948,201	18,486,506
-	-	118,000	118,000	-
-	-	312,610	312,610	-
<u>1,371,303</u>	<u>-</u>	<u>19,884,984</u>	<u>24,710,371</u>	<u>24,776,137</u>
-	19,058,061	-	19,058,061	9,769,790
-	-	-	341,036	936,495
-	-	-	2,335,021	2,154,664
-	-	-	100,000	-
-	-	-	940,758	944,159
46,432,275	-	-	46,432,275	39,657,004
1,257,898	-	-	1,257,898	911,950
-	-	-	128,048	123,945
401,309	-	-	1,629,340	1,579,747
-	-	-	(431,668)	(537,045)
<u>48,091,482</u>	<u>19,058,061</u>	<u>-</u>	<u>71,790,769</u>	<u>55,540,709</u>
<u>\$ 49,462,785</u>	<u>\$ 19,058,061</u>	<u>\$ 19,884,984</u>	<u>\$ 96,501,140</u>	<u>\$ 80,316,846</u>

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

Fiscal Year Ended June 30, 2007
 (Amounts in thousands)

	Governmental Fund Types		
	Budgeted	Non-Budgeted Special Revenue	Capital Projects
REVENUES AND OTHER FINANCING SOURCES			
Revenues:			
Taxes.....	\$ 18,444,891	\$ 1,404,296	\$ -
Assessments.....	158,623	635,305	-
Federal grants and reimbursements.....	6,167,575	2,626,284	24,881
Tobacco settlement revenue.....	-	247,340	-
Departmental.....	1,803,714	4,793,147	407
Miscellaneous.....	448,716	131,988	69,623
Total revenues.....	<u>27,023,519</u>	<u>9,838,360</u>	<u>94,911</u>
Other financing sources:			
Proceeds of general and special obligation bonds.....	-	-	1,603,940
Proceeds of refunding bonds.....	-	-	1,530,558
Fringe benefit cost recovery.....	285,025	-	-
Lottery reimbursements.....	97,324	-	-
Lottery distributions.....	999,642	-	-
Tobacco settlement transfer.....	247,340	-	-
Excess permissible tax revenue.....	86,986	-	-
Operating transfers in.....	238,133	176,909	26,281
Health care quality trust transfer.....	-	288,905	-
Uncompensated care pool transfer.....	-	290,000	-
Universal health transfer.....	-	1,133,761	-
Stabilization transfer.....	90,883	-	-
Transfer for transitional escrow.....	-	-	-
Transfer for Bay State Competitiveness Investment.....	100,000	-	-
Fund consolidation transfer.....	-	-	-
Federal reimbursement transfer in.....	-	-	332,244
State share of federal highway construction.....	-	-	211,174
Other sources.....	-	-	-
Total other financing sources.....	<u>2,145,333</u>	<u>1,889,575</u>	<u>3,704,197</u>
Total revenues and other financing sources.....	<u>29,168,852</u>	<u>11,727,935</u>	<u>3,799,108</u>
EXPENDITURES AND OTHER FINANCING USES			
Expenditures:			
Legislature.....	59,103	-	-
Judiciary.....	778,788	2,369	6,553
Inspector General.....	3,033	137	-
Governor and Lieutenant Governor.....	5,129	-	-
Secretary of the Commonwealth.....	45,262	6,357	3,108
Treasurer and Receiver-General.....	129,945	5,124,147	10,537
Auditor of the Commonwealth.....	18,267	-	-
Attorney General.....	39,249	9,651	3,530
Ethics Commission.....	1,554	-	-
District Attorney.....	93,044	2,740	-
Office of Campaign & Political Finance.....	1,107	1,339	-
Sheriff's Departments.....	268,903	2,809	3,679
Disabled Persons Protection Commission.....	1,903	-	-
Board of Library Commissioners.....	6,656	2,977	6,875
Comptroller.....	12,032	1,740	-
Administration and finance.....	1,768,265	149,874	261,359
Energy and environmental affairs.....	236,341	51,040	162,460
Housing and community development.....	96,169	299,542	113,437
Early education and care.....	506,743	10,904	-
Health and human services.....	4,653,862	1,901,148	44,954
Transportation and public works.....	284,141	43,447	1,076,077
Education.....	377,219	805,548	389
Higher education.....	1,115,696	9,963	27,389
Public safety and homeland security.....	1,087,132	84,026	28,714

Fiduciary Fund Type	Totals (Memorandum only)	
Expendable Trust	2007	2006
\$ 1,622,561	\$ 21,471,748	\$ 20,313,878
54,893	848,821	846,239
50,440	8,869,180	8,404,363
-	247,340	236,305
145,848	6,743,116	7,277,094
377,080	1,027,407	941,259
<u>2,250,822</u>	<u>39,207,612</u>	<u>38,019,138</u>
-	1,603,940	1,838,491
-	1,530,558	633,425
-	285,025	238,043
-	97,324	89,730
-	999,642	941,601
-	247,340	236,305
-	86,986	104,206
10,162	451,485	659,920
-	288,905	289,050
-	290,000	171,900
-	1,133,761	-
-	90,883	373,990
-	-	303,838
-	100,000	-
-	-	324,769
-	332,244	327,459
-	211,174	93,797
92	92	1,676
<u>10,254</u>	<u>7,749,359</u>	<u>6,628,200</u>
<u>2,261,076</u>	<u>46,956,971</u>	<u>44,647,338</u>
-	59,103	54,552
219	787,929	671,785
-	3,170	3,352
-	5,129	4,640
18	54,745	44,876
67,080	5,331,709	5,684,555
78	18,345	19,343
5,399	57,829	54,200
-	1,554	1,446
5,897	101,681	94,397
-	2,446	1,067
611	276,002	250,532
-	1,903	2,017
98	16,606	24,529
-	13,772	14,150
10,069	2,189,567	2,134,168
33,550	483,391	421,622
7,136	516,284	661,779
-	517,647	481,783
31,672	6,631,636	6,426,794
421	1,404,086	1,376,837
5,004	1,188,160	1,162,804
5,720	1,158,768	1,023,209
58,919	1,258,791	1,167,834

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

Fiscal Year Ended June 30, 2007
 (Amounts in thousands)

	Governmental Fund Types		
	Budgeted	Non-Budgeted Special Revenue	Capital Projects
Expenditures (continued):			
Housing and economic development.....	236,618	228,678	43,082
Labor and workforce development.....	20,281	47,082	-
Direct local aid.....	5,033,364	7,653	-
Medicaid.....	7,550,447	290,459	-
Pension.....	1,335,176	-	-
Debt service:			
Principal retirement.....	1,285,937	130,601	-
Interest and fiscal charges.....	798,516	124,608	12,155
Total expenditures.....	27,849,882	9,338,839	1,804,298
Other financing uses:			
Payments to refunded bond escrow agent.....	-	-	1,530,558
Fringe benefit cost assessment.....	79,070	65,803	37,883
Lottery operating reimbursements.....	-	97,324	-
Lottery distributions.....	-	999,642	-
Federal reimbursement transfer out.....	-	332,244	-
State share of federal highway construction.....	-	-	211,174
Tobacco settlement transfer.....	-	247,340	-
Health care quality trust transfer.....	-	288,905	-
Excess permissible tax revenue.....	86,986	-	-
Uncompensated care pool transfer.....	-	290,000	-
Universal health transfer.....	1,133,613	148	-
Operating transfers out.....	135,453	186,106	701
Stabilization transfer.....	90,883	-	-
Transfer for transitional escrow.....	-	-	-
Transfer for Bay State Competitiveness Investment	100,000	-	-
Fund consolidation transfer.....	-	-	-
Total other financing uses.....	1,626,005	2,507,512	1,780,316
Total expenditures and other financing uses.....	29,475,887	11,846,351	3,584,614
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(307,035)	(118,416)	214,494
Fund balances at beginning of year.....	3,208,050	1,852,953	(208,820)
Fund balances at end of year.....	\$ 2,901,015	\$ 1,734,537	\$ 5,674

See notes to combined financial statements - statutory basis.

Fiduciary Fund Type	Totals (Memorandum only)	
Expendable Trust	2007	2006
1,113,667	1,622,045	1,736,327
382,607	449,970	-
-	5,041,017	4,631,743
-	7,840,906	7,144,630
-	1,335,176	1,274,675
-	1,416,538	1,128,487
-	935,279	899,954
<u>1,728,165</u>	<u>40,721,184</u>	<u>38,598,087</u>
-	1,530,558	633,425
7,594	190,350	152,666
-	97,324	89,730
-	999,642	941,601
-	332,244	327,459
-	211,174	93,797
-	247,340	236,305
-	288,905	289,050
-	86,986	104,206
-	290,000	171,900
-	1,133,761	-
127,842	450,102	662,926
-	90,883	373,990
-	-	303,838
-	100,000	-
-	-	324,769
<u>135,436</u>	<u>6,049,269</u>	<u>4,705,662</u>
<u>1,863,601</u>	<u>46,770,453</u>	<u>43,303,749</u>
397,475	186,518	1,343,589
1,255,898	6,108,081	4,764,492
<u>\$ 1,653,373</u>	<u>\$ 6,294,599</u>	<u>\$ 6,108,081</u>

Budgeted Funds

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES AND OTHER FINANCING SOURCES			
Revenues:			
Taxes.....	\$ 17,662,500	\$ 18,444,891	\$ 782,391
Assessments.....	-	158,623	158,623
Federal grants and reimbursements.....	6,170,100	6,167,575	(2,525)
Departmental.....	2,096,600	1,803,714	(292,886)
Miscellaneous.....	45,000	448,716	403,716
Total revenues.....	<u>25,974,200</u>	<u>27,023,519</u>	<u>1,049,319</u>
Other financing sources:			
Fringe benefit cost recovery.....	-	285,025	285,025
Lottery reimbursements.....	100,000	97,324	(2,676)
Lottery distributions.....	999,642	999,642	-
Tobacco settlement transfer.....	260,000	247,340	(12,660)
Excess permissible tax revenue.....	-	86,986	86,986
Operating transfers in.....	507,258	238,133	(269,125)
Stabilization transfer.....	-	90,883	90,883
Transfer for Bay State Competitiveness Investment.....	-	100,000	100,000
Total other financing sources.....	<u>1,866,900</u>	<u>2,145,333</u>	<u>278,433</u>
Total revenues and other financing sources.....	<u>27,841,100</u>	<u>29,168,852</u>	<u>1,327,752</u>
EXPENDITURES AND OTHER FINANCING USES			
Expenditures:			
Legislature.....	89,513	59,103	30,410
Judiciary.....	803,768	778,788	24,980
Inspector General.....	3,211	3,033	178
Governor and Lieutenant Governor.....	6,223	5,129	1,094
Secretary of the Commonwealth.....	48,918	45,262	3,656
Treasurer and Receiver-General.....	146,219	129,945	16,274
Auditor of the Commonwealth.....	18,275	18,267	8
Attorney General.....	41,266	39,249	2,017
Ethics Commission.....	1,554	-	-
District Attorney.....	95,307	93,044	2,263
Office of Campaign & Political Finance.....	1,110	1,107	3
Sheriff's Departments.....	272,801	268,903	3,898
Disabled Persons Protection Commission.....	1,903	1,903	-
Board of Library Commissioners.....	6,656	6,656	-
Comptroller.....	17,428	12,032	5,396
Administration and finance.....	1,964,037	1,768,265	195,772
Energy and environmental affairs.....	246,985	236,341	10,644
Housing and community development.....	97,247	96,169	1,078
Early education and care.....	510,629	506,743	3,886
Health and human services.....	4,724,925	4,653,862	71,063
Transportation and public works.....	309,609	284,141	25,468
Education.....	394,736	377,219	17,517
Higher education.....	1,136,786	1,115,696	21,090
Public safety and homeland security.....	1,124,048	1,087,132	36,916
Housing and economic development.....	271,677	236,618	35,059
Labor and workforce development.....	27,245	20,281	6,964
Direct local aid.....	5,037,024	5,033,364	3,660
Medicaid.....	7,579,752	7,550,447	29,305
Pension.....	1,335,176	1,335,176	-
Debt service:			
Principal retirement.....	1,071,580	1,285,937	(214,357)
Interest and fiscal charges.....	809,656	798,516	11,140
Total expenditures.....	<u>28,195,264</u>	<u>27,849,882</u>	<u>345,382</u>
Other financing uses:			
Fringe benefit cost assessment.....	65,400	79,070	(13,670)
Excess permissible tax revenue.....	-	86,986	(86,986)
Universal health transfer.....	1,115,600	1,133,613	(18,013)
Operating transfers out.....	123,295	135,453	(12,158)
Stabilization transfer.....	-	90,883	(90,883)
Transfer for Bay State Competitiveness Investment.....	-	100,000	(100,000)
Total other financing uses.....	<u>1,304,295</u>	<u>1,626,005</u>	<u>(321,710)</u>
Total expenditures and other financing uses.....	<u>29,499,559</u>	<u>29,475,887</u>	<u>23,672</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(1,658,459)	(307,035)	1,351,424
Fund balances at beginning of year.....	3,208,050	3,208,050	-
Fund balances (deficit) at end of year.....	<u>\$ 1,549,591</u>	<u>\$ 2,901,015</u>	<u>\$ 1,351,424</u>

See notes to combined financial statements - statutory basis.

Nonexpendable Trust Fund

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	2007	(Memorandum only) 2006
REVENUES		
Revenues:		
Investment earnings.....	\$ -	\$ -
Total revenues.....	-	-
EXPENSES		
Expenses:		
Treasurer and Receiver-General.....	-	-
Total expenses.....	-	-
Excess (deficiency) of revenues over expenses.....	-	-
Fund balances at beginning of year.....	5,834	5,834
Fund balances at end of year.....	\$ 5,834	\$ 5,834

See notes to combined financial statements - statutory basis.

Pension Trust Funds

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	2007	(Memorandum only) 2006
Additions:		
Contributions.....	\$ 1,335,747	\$ 1,148,096
Other additions.....	531,027	722,475
Total contributions.....	1,866,774	1,870,571
Net investment income:		
Net appreciation in fair value of investments.....	7,883,547	5,926,698
Total additions.....	9,750,321	7,797,269
Deductions:		
Administration reimbursement.....	22,364	16,847
Retirement benefits and refunds.....	2,952,686	2,919,464
Total deductions.....	2,975,050	2,936,311
Net increase	6,775,271	4,860,958
Net assets available for pension benefits at beginning of year (fund balances reserved for employees' pension benefits).....	39,657,004	34,796,046
Net assets available for pension benefits at end of year (fund balances reserved for employees' pension benefits).....	\$ 46,432,275	\$ 39,657,004

See notes to combined financial statements - statutory basis.

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1. FINANCIAL STATEMENT PRESENTATION

A. Introduction

The accompanying combined financial statements (Statutory Basis Financial Report) of the Commonwealth of Massachusetts (the Commonwealth) are presented in accordance with the requirements of Section 12 of Chapter 7A as amended by Section 4 of Chapter 88 of the Acts of 1997 of the Massachusetts General Laws. The Office of the Comptroller also publishes the Commonwealth's Comprehensive Annual Financial Report (CAFR) which is prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for governments.

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

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

B. Statutory Basis

The Commonwealth reports its statutory basis financial position and results of operations in funds and account groups. The operations of each fund are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures/expenses. Transactions between funds within a fund type, if any, have not been eliminated.

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

C. Governmental Fund Types

The Fund types and account groups are organized as follows:

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

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

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

Capital Projects Funds – account for financial resources used to acquire or construct major capital assets and to finance local capital projects. These resources are derived from proceeds of bonds and other obligations, which are generally received after related expenditures have been incurred, operating transfers authorized by the Legislature and from federal reimbursements. Deficit balances in Capital Projects Funds represent amounts to be financed.

D. Fiduciary Fund Types

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

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

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

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

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

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

E. Account Groups

General Fixed Assets Account Group – accounts for the general fixed assets of the Commonwealth and capital leases, except for Institutions of Higher Education.

General Long-term Obligations Account Group (GLTDAG) – accounts for long-term obligations of the Commonwealth except for the Owner Controlled Insurance Program and certain other accruals necessary for GAAP.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**A. Statutory Basis of Accounting**

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

Under the statutory basis of accounting, revenues are generally recognized when cash deposits are received by the Treasury. However, generally, revenues receivable for federal grants and reimbursements are recognized when related expenditures are incurred. Amounts due from political subdivisions of the Commonwealth are recognized when considered measurable and available. Loans due from the City of Springfield are included in these amounts due because any amount owed cannot be forgiven and amounts unpaid will be charged against the city's local aid beginning in FY13. Repayment begins in FY08. Deeds excise taxes are recognized at the time of collection by the counties and the Commonwealth.

Under the statutory basis of accounting, expenditures are generally recorded when the related cash disbursement occurs. At year-end, payroll is accrued and payables are recognized, to the extent of approved encumbrances, for goods or services received by June 30. Costs incurred under the federally-sponsored Medicaid program, amounts required to settle claims and judgments against the Commonwealth, and certain other liabilities are not recognized until they are encumbered or otherwise processed for payment.

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

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

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

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

The Office of the Treasurer and Receiver-General (Treasury) manages the Commonwealth's short term external mixed investment pool, the Massachusetts Municipal Depository Trust (MMDT). MMDT is comprised of two portfolios, a Cash Fund and a Short Term Bond Fund. For a complete copy of MMDT's separately issued financial statements, please feel free to contact the Trust's investment adviser at 800-392-6095, or James McDonald, Assistant Treasurer, Cash Management Department, at 617-367-9333.

Statutes authorize investment in obligations of the U.S. Treasury, authorized bonds of all states, bankers acceptances, certificates of deposit, commercial paper rated within the three highest classifications established by Standard & Poor's Corporation and Moody's Commercial Paper Record and repurchase agreements that any of these obligations secure. The Cash Fund investments are carried at cost, which approximates fair value.

The Pension Trust funds invest in the Pension Reserves Investment Trust (PRIT) Fund, an external investment pool managed by the Pension Reserves Investment Management (PRIM) Board. The State Employees' and Teachers' PERS are required to invest in the PRIT Fund and comprise approximately 43% and 49% of the net assets of the PRIT Fund. The remaining net assets of the PRIT Fund are owned by other governmental entities that are not part of the Commonwealth's statutory basis entity. Hereafter, the amounts disclosed in the footnotes related to the PRIT Fund represent totals of the PRIT Fund and are not meant to reflect the pro-rata share of the State Employees' and Teachers' PERS. For a complete copy of PRIT's separately issued financial statements, contact the PRIM Board at 84 State Street, Boston, MA 02109.

The Commonwealth's investments, including those of the PRIT Fund, are comprised of investments in marketable securities; primarily domestic and international equities and fixed income securities as well as non-marketable securities; primarily real estate, venture capital and private equity limited partnerships, hedge fund of funds and other alternative investments. Marketable securities, including the Short Term Bond Fund component of MMDT, are reported at fair value based upon quoted market prices. Non-marketable securities are reported at estimated fair values as determined by management with input from the PRIM Board and its investment managers. Non-marketable securities comprise approximately 28% and 27% of the net assets/fund balance of the State Employees' PERS, Teachers' PERS and the Health Care Security Trust Fund (HST).

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

C. Securities Lending Program

The PRIT and the HST participate in securities lending programs. Under these programs, the Trusts receive a fee for allowing brokerage firms to borrow certain securities for a predetermined period of time, securing such loans with cash or collateral typically equaling 102% to 105% of the fair value of the security borrowed. The collateral securities cannot be pledged or sold by the PRIT and HST unless the lending agents default. The lending agents are required to indemnify PRIT and HST in the event that they fail to return the securities on loan (and if the collateral is inadequate to replace the securities on loan) or if the lending agents fail to perform their obligations as stipulated in the agreements. There were no losses resulting from default of the lending agents during the years ending June 30, 2007. At June 30, 2007, the fair value of the securities on loan from HST was approximately \$7,900,000 and the fair value of the associated collateral amounted to \$8,700,000 of which zero was cash. At June 30, 2007, the fair value of the securities on loan from PRIT was approximately \$1,323,000 and the fair value of the associated collateral amounted to \$1,386,000, of which \$450,000 was cash.

D. Receivables

Receivables are stated net of estimated allowances for uncollectible accounts. Reimbursements due to the Commonwealth for its expenditures on federally funded reimbursement and grant programs are reported as "Due from federal government."

E. *Due from Cities and Towns*

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

On July 9, 2004, the Governor signed Chapter 169 of the Acts of 2004, related to the financial ability of the City of Springfield, (the City). Section 2 of the Act provides for \$52,000,000 in zero interest loans to be drawn from time to time by a finance control board established by the Act. This activity is recorded in the Springfield Fiscal Recovery Trust Fund, a non-budgeted fund. The loans are to be paid back to the Commonwealth no later than June 30, 2012. During FY07, approximately \$25,700,000 in cash flow was issued to the City from the Trust Fund. The loan balance of \$52,000,000 is reflected as “Due from Cities and Towns.” No further revolving activity will continue after FY07. The Act provides for no forgiveness of the loans and failure to repay the full value of loans disbursed from the fund to the City shall result in an equally commensurate reduction in local aid payments made by the Commonwealth to the City beginning in FY13.

F. *Dedicated Revenue*

The Commonwealth has various streams of dedicated revenues reflected in non-budgeted fund activity. Approximately \$2.0 billion in revenues from federal grants passed through the Federal Grants Fund represents the greatest source of dedicated revenues.

The largest pledge of tax revenues apportions a “dedicated sales tax” amounting to 1% of applicable sales in the Commonwealth directly to the Massachusetts Bay Transportation Authority (MBTA). Total dedicated sales tax revenue directed to the MBTA in FY07 was approximately \$734,000,000.

In FY06, the legislature began phasing in a second dedication of sales tax revenues. \$557,400,000 of dedicated sales tax revenue was pledged to fund school construction via a transfer to the Massachusetts School Building Authority. This amount rises to a minimum of approximately \$634,700,000 or 85% of dedicated 1% sales tax stream, whichever is larger in FY08. In future years these amounts rise further per statute until a full 1% of applicable sales tax is pledged in FY11.

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

G. *Inventories*

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

H. *General Fixed Assets*

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

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

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

Applicable capital assets are depreciated using the straight-line method. Estimated useful lives are as follows:

<i>Type of Asset</i>	Estimated Useful Life (in years)
Buildings	40
Infrastructure - roads, bridges and tunnels	40
Infrastructure - beaches, boardwalks, bikeways, etc.	25
Infrastructure - dams, water and sewer systems	50
Furniture	10
Library collections that are not historical treasures	15
Equipment, office equipment and life safety equipment	10
Computer hardware and software	3 to 7
Vehicles	5

I. *Interfund / Intrafund Transactions*

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

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

J. *Risk Management*

Transfers in and out net to approximately \$1,384,000 due to higher education non-appropriated fund activity, which is not included in the combined statements – statutory basis.

The Commonwealth does not insure for state employees workers' compensation, casualty, theft, tort claims and other losses. Such liabilities are not recognized in the governmental funds on the statutory basis until encumbered and / or processed for payment. For employees workers' compensation, the Commonwealth assumes the full risk of claims filed under a program managed by the Human Resources Division.

For personal injury or property damages, Chapter 258 of the Massachusetts General Laws (General Laws) limits the risk assumed by the Commonwealth to \$100,000 per occurrence, in most circumstances. The Group Insurance Commission administers contributory health care and other insurance programs for the Commonwealth's employees and retirees. The long-term portion of these amounts are presented in the General Long-Term Obligation Account Group.

- K. Encumbrances** Encumbrance accounting is utilized in the Governmental Fund Types as a significant aspect of budgetary control. The full amounts of purchase orders, contracts and other commitments of appropriated resources are encumbered and recorded as deductions from appropriations prior to actual expenditure, ensuring that such commitments do not exceed appropriations. Encumbrances outstanding at year-end for goods or services received on or before June 30, but paid after, are reported as expenditures and statutory basis liabilities as a component of accounts payable.
- L. 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.
- M. Fringe Benefit Cost Recovery** The Commonwealth appropriates and pays the fringe benefit costs of its employees and retirees through the General Fund. These fringe benefits include the costs of employees' health insurance, pensions, unemployment compensation, and other costs necessary to support the state work force. As directed by Chapter 29, Sections 5D and 6B(f) of the Massachusetts General Laws, these costs are assessed to other funds based on their payroll costs, net of credits for direct payments. Since these fringe benefit costs and pensions are not appropriated in the budget, the required assessment creates a variance between budget and actual expenditures at year-end. The fringe benefit cost recoveries of approximately \$285,025,000 in the budgeted funds result from costs assessments of approximately \$190,350,000 in the governmental fund types and the expendable trust funds. The remainder of approximately \$94,675,000 is assessed to the higher education non-appropriated activity, which is not included in the statutory basis financial report.
- N. 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 Big Game, Megabucks and for FY07, an instant game drawn on July 4, 2007.
- O. Fund Balances** The Commonwealth reports fund balances as reserved where legally restricted for a specific future use. Otherwise, these balances are considered unreserved.
- Fund balance has been reserved as follows:
- “Reserved for continuing appropriations” – are unexpended amounts in appropriations, which the Legislature has specifically authorized to be carried into the next FY.
- “Reserved for Commonwealth stabilization” – are amounts set aside in the Commonwealth Stabilization Fund in accordance with 5C of Chapter 29 of the Massachusetts General Laws.
- “Reserved for Bay State Competitiveness Investment Fund” – are funds set aside by Sections 47, 48 and 90 of Chapter 61, Acts of 2007, as modified by Section 58 of Chapter 140, Acts of 2007, for expenditure subject to appropriation by June 30, 2008 with any unexpended balance returned to the General Fund.

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

“Reserved for employees’ pension benefits” – Commonwealth’s public employee retirement systems which cannot be used for any other purpose.

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

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

Unreserved fund balance is segregated into two components:

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

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

**P. Total Columns –
Memorandum Only**

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

The financial statements include certain prior year summarized comparative information in total but not by fund. Such information does not include sufficient detail to constitute a full comparative presentation. Accordingly, such information should be read in conjunction with the Commonwealth’s financial statements for the year ended June 30, 2006 from which the summarized information was derived.

Q. 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.

R. Reclassifications

Certain reclassifications have been made to the 2006 balances to conform to the presentation used in 2007.

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. 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 FY07 (amounts in thousands):

	Revenues	Expenditures
General Appropriation Act, Chapter 139 of the Acts of 2006:		
Direct appropriations.....	\$ 27,499,100	\$ 24,313,186
Estimated revenues, transfers, direct appropriations retained revenue appropriations, interagency chargebacks and appropriations carried forward from FY2006	<u>342,000</u>	<u>2,312,435</u>
Total original budget.....	27,841,100	26,625,621
Supplemental Acts of 2006:		
Chapter 153.....	-	20,000
Supplemental Acts of 2007:		
Chapter 16.....	-	17,624
Chapter 42.....	-	85,439
Total as of June 30, 2007	27,841,100	26,748,684
Supplemental Acts of 2007, passed after June 30:		
Chapter 122		9,500
Chapter 140	<u>-</u>	<u>214,761</u>
Subtotal.....	27,841,100	26,972,945
Less: Governor's Actions with regard to Chapter 29, Section 9C....	<u>-</u>	<u>(17,386)</u>
Total budgeted revenues and expenditures per Legislative action.....	27,841,100	26,955,559
Plus: Transfers of revenues and expenditures (including rounding).....	<u>-</u>	<u>2,544,000</u>
Budgeted revenues and expenditures as reported.....	<u>\$ 27,841,100</u>	<u>\$ 29,499,559</u>

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.....	\$ 29,168,852	\$ 29,475,887
Adjustments to revenues and expenditures		
Transfer of revenues to the Intragovernmental Service Fund	(192,639)	(192,639)
Adjustments to other financing sources and uses:		
Fringe benefit cost assessments.....	(79,070)	(79,070)
Year-end Stabilization Transfer.....	(90,883)	(90,883)
Transfer of expenditures from the Intragovernmental Service Fund to the General Fund.....	(511)	(511)
RMV license plates.....	(2,749)	(2,749)
Excess Permissible Tax Revenue transfer from General Fund to Temporary Holding Fund.....	(43,493)	(43,493)
Year-End Excess Permissible Tax Revenue transfer from Temporary Holding Fund to Stabilization Fund and General Fund.....	(43,493)	(43,493)
Bay State competitiveness investment transfer.....	(100,000)	(100,000)
Other	<u>(132)</u>	<u>(132)</u>
Actual as presented on budgetary documents.....	<u>\$ 28,615,882</u>	<u>\$ 28,922,917</u>

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

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

4. DEPOSITS, SHORT-TERM INVESTMENTS AND INVESTMENTS

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

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

Cash and short-term investments.....	\$ 5,955,742
Cash on deposit with U. S. Treasury.....	1,257,898
Cash with fiscal agent.....	970,991
Deficiency in cash and short-term investments.....	<u>(1,652,751)</u>
 Total.....	 <u>\$ 6,531,880</u>

Custodial Credit Risk – Pooled Cash

Custodial credit risk is the risk that in the event of a bank failure, deposits and investments may not be returned to the Commonwealth. Cash balances represent amounts held in bank depository accounts that may be subject to custodial credit risk. As of June 30, 2007, of the approximately \$64,402,000 in pooled cash, \$64,073,000 was exposed to this risk.

Custodial Credit Risk – HST

HST manages exposure to custodial credit risk by requiring all of its investment managers to hold investments in separate accounts with HST’s custodian. As of June 30, 2007 approximately \$393,000 of the HST’s approximately \$494,000 in cash was exposed to this risk.

Interest Rate Risk – Non Pension Trust Funds

Interest rate risk is the extent that changes in interest rates of debt investments will adversely affect the fair value of an investment. These investments include certain short – term cash equivalents, various long-term items and restricted assets by maturity in years. The Treasury minimizes the risk of the market value of securities falling due to changes in interest rates by maintaining an effective duration of less than 90 days and holding all of the portfolio’s total market value in securities with a maturity of six months or less.

The tables below and on the next page provide information about the interest rate risk associated with the Commonwealth's investments, exclusive of its Pension Trust Funds but inclusive of the HST, which is also managed by the PRIM Board.

As of June 30, 2007 the MMDT Cash Fund is considered a cash equivalent by the Commonwealth as its weighted average maturity is less than 64 days.

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

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

Effective duration is a measure of a fixed income investment's exposure to fair value changes arising from changes in interest rates. Effective duration makes assumptions regarding the most likely timing and amounts of variable cash flows. These assumptions take into consideration factors indicative of investments highly sensitive to interest rate changes including callable options, prepayments and other factors. These factors are reflected in the effective duration numbers provided in the following table. HST compares the effective duration of a manager's portfolio to the Lehman Brothers Aggregate Index for domestic core fixed income securities and the Merrill Lynch High Yield Master II Index for domestic high yield fixed income securities. The following table shows the debt investments by investment type, fair value and effective weighted duration rate at June 30 for HST:

Investment	Fair value (Amounts in thousands)	Effective weighed duration rate (Amounts expressed in years)
Asset Backed Securities.....	\$ 6,446	0.79
Commercial Mortgage Backed Securities.....	6,012	4.22
Commercial Paper.....	1,714	0.14
Corporate Bonds and Other Credits.....	37,516	3.97
Municipal Bonds.....	421	6.43
Non-U.S. Government Backed C.M.O.s.....	4,190	2
Other Pooled Funds.....	29,365	NA
Pooled Money Market Fund.....	7,508	0.08
U.S. Government Agencies.....	1,700	1.16
U.S. Government Mortgage Backed Securities.....	33,824	4.5
U.S. Government Bonds.....	<u>8,821</u>	7.78
Total HST fixed income and short - term investments...	<u>\$ 137,517</u>	

The Short Term Bond Fund assesses risk by using duration. Duration is managed to within 0.5 years of the duration of the benchmark, the Lehman Brothers® 1 to 5 year Government / Credit Index. Duration is the weighted maturity of the security's cash flows, where the present values of the cash flows serve as the weights.

For the Short Term Bond Fund, the weighted average maturity is 14.7 years. Investments in the MMDT Short Term Bond Fund are as follows: (amounts in thousands):

<u>Investment</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>			
		<u>Less than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>More than 10</u>
Asset Backed Securities.....	\$ 61,172	\$ -	\$ 49,907	\$ 5,035	\$ 6,230
Collateralized Mortgage Obligations.....	28,017	-	-	1,594	26,423
Commercial Mortgage Securities.....	63,313	-	2,071	-	61,242
Nonconvertible Bonds.....	102,884	5,188	96,167	1,529	-
Repurchase Agreements.....	1,447	1,447	-	-	-
US Government Agency Mortgage Securities.....	65,984	-	-	-	65,984
US Government Agency Obligations.....	47,928	-	47,928	-	-
Total Investments.....	370,745	6,635	196,073	8,158	159,878
Other Assets.....	697	697	-	-	-
Net Investments.....	\$ 371,442	\$ 7,332	\$ 196,073	\$ 8,158	\$ 159,878

Credit Risk – Non – Pension Trust Funds

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Commonwealth, exclusive of Pension Trust Funds, minimizes concentration of credit risk, the risk attributed to the magnitude of the investment in a single issuer. The Commonwealth's investment policy prohibits the Treasury from investing more than 10% of the total investment portfolio into any single financial institution or issuer, excluding various public entity securities and repurchase agreements. There are no restrictions in the amount that can be invested in public entity securities; however, the portfolio may be invested in U.S. Treasury obligations and repurchase agreements.

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

	Fair Value	Quality Ratings						
		A1 / P1	A2 / P2	AAA	AA+ to AA-	A+ to A-	BBB+ to BBB-	BB+ to Unrated
Cash Fund								
Asset-Backed Securities.....	\$ 23,801	\$ 23,801	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Certificates of Deposit.....	600,851	-	-	-	-	-	-	600,851
Commercial Paper.....	686,424	507,663	178,761	-	-	-	-	-
Master Notes.....	100,061	-	-	-	-	-	-	100,061
Medium-Term Notes.....	920,826	11,645	-	-	-	-	-	909,180
Repurchase Agreements.....	681,785	-	-	-	-	-	-	681,785
Subtotal.....	3,013,748	543,109	178,761	-	-	-	-	2,291,877
Other Liabilities.....	(11,703)	-	-	-	-	-	-	(11,703)
Cash Fund Net Assets.....	<u>\$ 3,002,045</u>	<u>\$ 543,109</u>	<u>\$ 178,761</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,280,174</u>
Short Term Bond Fund								
Asset Backed Securities.....	61,172	-	-	34,386	2,118	12,113	9,078	3,477
Collateralized Mortgage Obligations.....	28,017	-	-	5,170	-	-	402	22,445
Commercial Mortgage Securities.....	63,313	-	-	49,684	275	-	-	13,354
Nonconvertible Bonds.....	102,884	-	-	3,447	20,811	29,477	48,412	737
US Government Agency - Mortgage Securities.....	65,984	-	-	-	-	-	-	65,984
US Government and Government Agency Obligations.....	47,928	-	-	47,928	-	-	-	-
Repurchase Agreements.....	1,447	-	-	-	-	-	-	1,447
Total Investments.....	370,745	-	-	140,615	23,204	41,590	57,892	107,444
Net other Assets (Total).....	697	-	-	-	-	-	-	697
Short Term Bond Fund Net Assets.....	<u>\$ 371,442</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 140,615</u>	<u>\$ 23,204</u>	<u>\$ 41,590</u>	<u>\$ 57,892</u>	<u>\$ 108,141</u>

Credit Risk - HST

For the HST, the weighted quality average rating of the debt securities portfolio, excluding pooled investments, investments explicitly backed by the United States Government and other nonrated investments was AA- at June 30, 2007. The following represents the fixed income securities as of June 30, 2007 (amounts in thousands):

Investment	Fair Value	Quality Ratings				
		AAA	AA+ to AA-	A+ to A-	BBB+ to BBB-	BB+ to Unrated
Asset backed securities.....	\$ 6,446	\$ 6,357	\$ -	\$ -	\$ -	\$ 89
Commercial mortgage backed securities.....	6,012	5,734	-	-	-	278
Non-U.S. government backed C.M.O.'s.....	4,190	4,190	-	-	-	-
Commercial paper and CD's.....	1,714	1,574	100	-	-	40
Corporate bonds and other credits.....	37,516	5,638	7,148	4,738	7,767	12,225
U.S. government agencies.....	1,700	1,550	150	-	-	-
U.S. government backed securities.....	33,405	33,405	-	-	-	-
Municipal bonds.....	421	-	102	-	318	1
Pooled money market fund.....	7,508	-	-	-	-	7,508
Other pooled funds.....	29,365	-	-	-	-	29,365
Total credit risk, fixed income and short-term investments.....	128,277	<u>\$ 58,448</u>	<u>\$ 7,500</u>	<u>\$ 4,738</u>	<u>\$ 8,085</u>	<u>\$ 49,506</u>
Fixed income investments explicitly backed by the U.S. Government.....	9,240	-	-	-	-	-
Total fixed income and short-term investments.....	<u>\$ 137,517</u>	-	-	-	-	-

Foreign Currency Risk – HST

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of investments. HST manages exposure to foreign currencies by establishing investment guidelines with each of its international managers. These guidelines set maximum investment balances for any currency and / or country holdings must be within a certain percentage of predefined benchmarks. The following table represents HST's foreign currency exposure at June 30, 2007 (amounts in thousands):

	Cash and Short-Term Investments	Equity	Fixed Income	Alternative Investments	Total
Australian Dollar.....	\$ 22	\$ 3,353	\$ -	\$ -	\$ 3,375
British Pound.....	134	20,926	-	-	21,060
Canadian Dollar.....	6	-	418	-	424
Columbian Peso.....	-	-	99	-	99
Danish Krone.....	126	1,487	-	-	1,613
Euro.....	(13)	24,098	-	-	24,085
Hong Kong Dollar.....	13	2,599	-	-	2,612
Iceland Krona.....	-	-	455	-	455
Japanese Yen.....	124	18,519	1,231	-	19,874
Mexican Peso.....	22	-	1,090	-	1,112
New Zealand Dollar.....	1	57	218	-	276
Norwegian Krone.....	-	1,108	-	-	1,108
South African Com Rand.....	-	-	140	-	140
Singapore Dollar.....	18	974	917	-	1,909
South Korean Won.....	-	-	434	-	434
Swedish Krona.....	22	3,463	-	-	3,485
Swiss Franc.....	17	5,640	-	-	5,657
Uruguayan Peso.....	-	-	147	-	147
International fixed income pooled funds (various currencies).....	-	-	-	7,468	7,468
Total securities subject to foreign currency risk.....	492	82,224	5,149	7,468	95,333
International investments denominated in U.S. Dollars.....	-	7,976	3,562	-	11,538
Total international investments, deposits and cash.....	\$ 492	\$ 90,200	\$ 8,711	\$ 7,468	\$ 106,871

Interest Rate Risk – Pension Trust Funds

As pension trust funds have a different investment horizon, the PRIM Board manages PRIT's exposure to fair value loss arising from movements in interest rates by establishing duration guidelines with its debt securities investment managers. The guidelines with each individual manager require that the duration of the domestic debt investment portfolio be within a specified percentage or number of years of the duration band of the appropriate benchmark index. For emerging markets fixed income investments, the portfolio must have a duration with a band ranging from three to eight years.

Effective duration is a measure of a fixed income investment's exposure to fair value changes arising from changes in interest rates. Effective duration makes assumptions regarding the most likely timing and amounts of variable cash flows. These assumptions take into consideration factors indicative of investments highly sensitive to interest rate changes, including callable options, prepayments and other factors. These factors are reflected in the effective durations numbers provided in the table on the following page.

The PRIM Board compares the effective duration of a manager's portfolio to the Lehman Brothers Aggregate Index for domestic core "fixed income" securities and the Merrill Lynch® High Yield Master II Index for domestic high yield fixed income securities. At June 30, 2007, the following table shows the debt investments by investment type, fair value and effective weighted duration rate. (Amounts in thousands except for years):

<u>Investment</u>	<u>Fair Value</u>	<u>Effective Weighted Duration Rate</u> (Years)
Asset backed securities.....	\$ 548,549	0.47
Commercial mortgage backed securities.....	409,315	4.54
Non-U. S. Government backed C.M.O.'s.....	312,453	1.95
Commercial paper and CD's.....	344,479	0.13
Repurchase agreements.....	-	-
Corporate bonds and other credits.....	2,548,707	3.69
U.S. Government bonds.....	1,159,641	6.35
U.S. Government agencies.....	486,510	1.52
U.S. Government TIPS.....	1,283,166	6.26
U.S. Government mortgage backed securities.....	2,810,034	4.43
Global inflation linked bonds.....	492,333	7.15
Municipal bonds.....	12,978	7.79
Pooled money market fund.....	1,540,446	0.08
Other pooled funds.....	<u>1,322,664</u>	NA
Total PRIT fixed income and short-term investments.....	<u>\$ 13,271,275</u>	

Credit Risk - Pension Trust Funds

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

Credit risk for derivative instruments held by PRIT results from counterparty risk. PRIT is exposed to credit risk resulting from counterparties being unable to meet their obligations under the terms of the derivative agreements. The weighted quality average rating of the debt securities portfolio, excluding pooled investments, investments explicitly backed by the United States Government and other nonrated investments was AA- at June 30, 2007.

The following presents the PRIT Fund's debt securities credit ratings at June 30, 2007 (amounts in thousands):

<u>Investment</u>	<u>Fair Value</u>	<u>AAA</u>	<u>AA+ to AA-</u>	<u>A+ to A-</u>	<u>BBB+ to BBB-</u>	<u>BB+ to Unrated</u>
Asset backed securities.....	\$ 548,549	\$ 546,184	\$ 1,482	\$ -	\$ 305	\$ 578
Commercial mortgage backed securities.....	409,315	395,696	-	-	-	13,619
Non-U.S. government backed C.M.O.s.....	312,453	312,453	-	-	-	-
Commercial paper and CD's.....	344,479	197,757	49,983	-	-	96,739
Corporate bonds and other credits.....	2,548,707	175,823	355,745	418,942	476,334	1,121,863
U.S. government agencies.....	486,510	484,777	1,733	-	-	-
U.S. government backed securities.....	2,734,317	2,685,118	-	-	-	49,199
Global inflation linked bonds.....	492,333	447,980	26,041	18,259	-	53
Municipal bonds.....	12,978	835	7,776	-	3,917	450
Pooled money market fund.....	1,540,446	-	-	-	-	1,540,446
Other pooled funds.....	1,322,664	-	-	-	-	1,322,664
Total credit risk, fixed income and short-term investments.....	10,752,751	\$ 5,246,623	\$ 442,760	\$ 437,201	\$ 480,556	\$ 4,145,611
Fixed income investments explicitly backed by the U.S. Government.....	2,518,524	-	-	-	-	-
Total PRIT fixed income and short-term investments.....	\$ 13,271,275	-	-	-	-	-

Foreign Currency Risk – Pension Trust Funds

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of investments. The Treasury does not have a policy regarding foreign currency risk for the Pension Trust. The PRIM Board manages PRIT's exposure to foreign currencies by holding a percentage of PRIT's non-U.S. dollar denominated investments to U.S. dollars through forward foreign currency contracts. The following table on the next page represents PRIT's foreign currency exposure at June 30, 2007 (amounts in thousands):

	Cash and Short-Term Investments	Equity	Fixed Income	Alternative Investments	Total
Argentine Peso.....	\$ 14	\$ 1,030	\$ -	\$ -	\$ 1,044
Australian Dollar.....	2,540	488,524	1,176	-	492,240
Brazilian Real.....	1,006	177,952	13,012	-	191,970
British Pound.....	50,517	2,381,104	202,267	-	2,633,888
Canadian Dollar.....	421	19,643	23,081	-	43,145
Chilean Peso.....	59	4,336	-	-	4,395
Columbian Peso.....	-	3,480	2,417	-	5,897
Czech Koruna.....	-	3,393	-	-	3,393
Danish Krone.....	836	136,481	-	-	137,317
Eqyptian Pound.....	-	10,989	-	-	10,989
Euro.....	45,704	3,405,704	231,279	-	3,682,687
Greek Drachma.....	4	-	-	-	4
Hong Kong Dollar.....	3,633	484,998	680	-	489,311
Hungarian Forint.....	10	8,427	-	-	8,437
Iceland Krona.....	-	-	15,618	-	15,618
Indian Rupee.....	39	40,425	-	-	40,464
Indonesian Rupian.....	500	27,910	3,852	-	32,262
Israeli Shekel.....	56	13,828	-	-	13,884
Japanese Yen.....	24,283	2,199,599	60,682	-	2,284,564
Malaysian Ringgit.....	779	144,331	-	-	145,110
Mexican Peso.....	486	74,404	32,631	-	107,521
Taiwan Dollar.....	1,487	229,881	-	-	231,368
Turkish Lira.....	-	33,331	-	-	33,331
New Zealand Dollar.....	829	10,107	9,411	-	20,347
Norwegian Krone.....	877	92,244	-	-	93,121
Peruvian Neuvo Sol.....	-	690	-	-	690
Philippines Peso.....	53	41,786	-	-	41,839
Polish Zloty.....	-	33,698	-	-	33,698
Russian Rubel.....	-	41,422	-	-	41,422
South African Rand.....	105	114,552	2,691	-	117,348
Singapore Dollar.....	1,396	98,732	4,839	-	104,967
South Korean Won.....	-	487,922	4,749	-	492,671
Swedish Krona.....	6,060	329,647	41,196	-	376,903
Swiss Franc.....	10,650	678,813	-	-	689,463
Thailand Baht.....	366	69,731	-	-	70,097
Uruguayan Peso.....	-	-	3,260	-	3,260
Alternative investment funds denominated in foreign currencies (various currencies).....	-	-	-	514,487	514,487
International equity pooled funds (various currencies).....	-	381,742	-	-	381,742
International fixed income pooled funds (various currencies).....	-	-	76,784	-	76,784
Total securities subject to foreign currency risk.....	152,710	12,270,856	729,625	514,487	13,667,678
International investments denominated in U.S. Dollars.....	-	1,036,407	1,143,818	-	2,180,225
Total PRIT international investments, deposits and cash.....	\$ 152,710	\$13,307,263	\$1,873,443	\$ 514,487	\$ 15,847,903

Concentration of Credit Risk –HST and PRIT

The PRIM Board manages HST's and PRIT's exposure to concentration of credit risk by establishing guidelines with each investment manager, that limit the percent of investment in any single issue or issuer.

MMDT, HST and PRIT have no investments at fair value, that exceed 5% of HST or PRIT's net assets held in trust for pool participants as of June 30, 2007.

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

A. Derivative Instruments*Forward Currency Contracts*

The HST and PRIT enter into forward currency contracts to hedge the exposure to changes in foreign currency exchange rates on foreign portfolio holdings. The market value of the contract will fluctuate with changes in currency exchange rates. Risks may arise upon entering these contracts from the potential inability of counterparties to meet the terms of their contracts and from unanticipated movements in the value of a foreign currency relative to the U.S. dollar.

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

When a contract is closed, PRIT records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.

As of June 30, 2007, HST had open foreign exchange contracts with combined net unrealized gains of approximately \$3,322,000 with various delivery dates in July 2007. As of June 30, 2007, PRIT had open foreign exchange contracts with combined net unrealized losses of \$2,105,000 with various delivery dates to November, 2007.

Futures Contracts

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

The potential risk is that the change in the value of futures contracts primarily corresponds with the value of underlying instruments, which may correspond to the change in value of the hedged instruments. In addition, there is a risk that HST and PRIT may not be able to close out its future positions due to a non-liquid secondary market. Risks may arise from the potential inability of a counterparty to meet the terms of a contract and from unanticipated movements in the value of a foreign currency relative to the U.S. dollar.

The HST and PRIT may also invest in financial futures contracts for non-hedging purposes.

The HST held 290 financial futures contracts at June 30, 2007, with various expirations during FY08 and FY09. These contracts were mainly for Eurodollars, US Treasury securities and in the S&P 500 E-Mini Index. The total notional amount of these contracts as of June 30, 2007 was approximately \$41,126,000, with an aggregated fair value as of that date of approximately \$41,089,000, yielding an unrealized net appreciation (depreciation) of approximately (\$37,000).

PRIT held 14,303 contracts outstanding at June 30, 2007 with various expirations from FY08 to FY10. These contracts are for cash and cash equivalents, fixed income, equities and commodities. The aggregated notional exposure amount as of June 30, 2007 was \$3,727,536,000, with a fair value of \$3,724,293,000, yielding an unrealized net appreciation (depreciation) of approximately (\$3,243,000).

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

Swaps – PRIT and HST

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

As of June 30, 2007, PRIT had nine contracts in effect with an aggregated notional amount of \$450,000,000 to six investment banks, with fixed rates paid ranging from 3.17% to 4.27% that had effective dates ranging from FY02 to FY05 and maturity dates from FY08 to FY16. The contracts have an aggregate fair value of \$20,345,000. PRIT values these contracts using standard methods and techniques including the discounted cash flow analysis and option pricing models.

PRIT has various other swap contracts outstanding as of June 30, 2007 but have similar purposes and valuation techniques to those previously disclosed. Counterparty exposure was with 6 major investment companies with ratings ranging from AA-to AA and various other banks with other ratings. Open swap contracts as of June 30, 2007 were as follows (amounts expressed in thousands except for number of contracts):

	<u>Number of Open Contracts</u>	<u>PRIT Pays</u>	<u>PRIT Receives</u>	<u>Maturity Dates (range)</u>	<u>Aggregate Notional Amount</u>	<u>Aggregate Unrealized Appreciation / (Depreciation) Amount</u>
Interest rate swaps fix pay.....	8	1.51%-6.50%	Various 3 month, 6 month, inflation protection and constant maturing mortgage rates	FY07-FY36	\$ 2,791,323	\$ 22,171
Interest rate swaps variable pay.....	9	Various 3 month, 6 month rates and option premiums	2% - 9.92%	FY09-FY38	1,735,681	(8,466)
Credit default swaps.....	33	Various ranges from 0.15% - 1.20% and credit default protection	Various ranges from 0.10% - 2.39% and credit default protection	FY08- FY17	308,050	1,703
Equity index swaps.....	1	LIBOR-1 to LIBOR +2	S&P 500	FY08	2,077,575	5,835
Commodity swaps.....	1	0.25%-0.26%	AIG Excess Return Commodity	FY08	978,348	(17,473)

5. SHORT-TERM FINANCING AND CREDIT AGREEMENTS

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

A. General Fund

The balance of revenue anticipation notes (RANs) outstanding may fluctuate during a fiscal year, but must be reduced to zero at June 30. During FY07, the Commonwealth issued RANs through its commercial paper program on a periodic basis to meet cash flow needs. A maximum of \$900,000,000 of RANs were outstanding at any time during the year. In addition, the Commonwealth issued \$400,000,000 in 90 day notes that were issued and retired in the spring of 2007 that were not backed by the Commonwealth’s credit facilities. All RANs were retired before the end of June 2007.

B. Capital Project Funds

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

Beginning in FY02 and continuing through FY07, the Commonwealth periodically issued BANs through the commercial paper program. BANs were rolled over and paid down at various times during the fiscal year. No more than \$25,100,000 of BANs were outstanding under the commercial paper program at any time during FY07. At June 30, 2007, no BANs remain outstanding.

On March 28, 2002, \$180,000,000 in General Obligation BANs were also issued to finance costs of the Central Artery / Tunnel Project, in advance of receiving certain contributions from the Massachusetts Port Authority (Massport). The BANs were retired prior to and during FY07. These BANs are a component of the BANs activity described above.

On December 31, 2003, Massport was expected to make an additional payment to the Commonwealth under the Transfer Agreement of \$50,000,000. This payment was received and applied in August of 2005, leaving a balance of BANs of \$25,100,000. These BANs were retired during FY07. A final payment of \$50,000,000 was due on December 31, 2004 under the Transfer Agreement only to the extent that Massport has received assets of commensurate value. Payments were made totaling \$25,100,000 during FY07 to retire the aforementioned BANs. An additional \$12,500,000 has been received in FY08 to further retire this amount due under the Transfer Agreement.

C. Credit Facilities

During FY07, the Commonwealth maintained credit facilities to provide liquidity support for commercial paper notes totaling \$1,000,000,000. The Commonwealth has a total of five credit facilities to provide such liquidity support, each in the amount of \$200,000,000. These facilities expire in periods from December 2007 through November 2015 at various times, with an optional termination at January 2010 or January 2015.

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

	Beginning Balance July 1, 2006	Issued / Drawn	Redeemed / Repaid	Ending Balance June 30, 2007	Credit Limit June 30, 2007
General Fund:					
Revenue anticipation notes.....	\$ -	\$ 1,300,000	\$ (1,300,000)	\$ -	\$ -
Credit Facility agreements.....	-	-	-	-	1,000,000
Subtotal - General Fund activity.....	-	1,300,000	(1,300,000)	-	1,000,000
Capital Projects Funds:					
Bond anticipation notes.....	25,100	-	(25,100)	-	-
Subtotal - Capital Projects Funds activity.....	25,100	-	(25,100)	-	-
Total short-term financing and credit agreement activity.....	<u>\$ 25,100</u>	<u>\$ 1,300,000</u>	<u>\$ (1,325,100)</u>	<u>\$ -</u>	<u>\$ 1,000,000</u>

6. LONG-TERM DEBT

Under the Constitution of the Commonwealth of Massachusetts, the Commonwealth may borrow money (a) for defense, (b) in anticipation of receipts from taxes or other sources, any such loan to be paid out of the revenue of the year in which the loan is made, or (c) by a two-thirds vote of the members of each house of the Legislature present and voting thereon. The Constitution further provides that borrowed money shall not be expended for any other purpose than that for which it was borrowed or for the reduction or discharge of the principal of the loan. In addition, the Commonwealth may give, loan or pledge its credit to another entity by a two-thirds vote of the members of each house of the Legislature. The Legislature may not in any manner allow the Commonwealth credit to be given or loaned to or in aid of any individual, or of any private association, or of any corporation, which is privately owned or managed.

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

As of June 30, 2007, the Commonwealth had two types of long-term debt outstanding, general obligation bonds and special obligation bonds. The following is a summary of the Commonwealth's debt, exclusive of capital leases, outstanding by type of debt (amounts in thousands):

	<u>Amount Outstanding</u>
<u>General Obligation Debt:</u>	
General Obligation Bonds:	
Fixed rate.....	\$ 12,146,876
Variable rate.....	3,488,600
Auction rate securities.....	401,500
College opportunity bonds.....	86,263
County debt assumed.....	450
Grant anticipation notes (inclusive of cross-over refunding notes).....	<u>1,665,620</u>
Subtotal - General Obligation Debt at Par.....	17,789,309
Discount / (Premium) and issuance cost, general obligations.....	<u>(89,858)</u>
Subtotal General Obligation Debt.....	17,699,451
<u>Special Obligation Debt:</u>	
Special Obligation Bonds (inclusive of cross-over refunding bonds):	
Fixed rate.....	1,077,861
Variable rate.....	<u>183,080</u>
Subtotal - Special Obligation Debt at Par.....	1,260,941
Discount / (Premium) and issuance cost, special obligations.....	<u>(12,191)</u>
Subtotal - Special Obligation Debt.....	<u>1,248,750</u>
Total Outstanding Debt.....	<u>\$ 18,948,201</u>

A. General Obligation Bonds

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

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

i. College Opportunity Bonds

Some Commonwealth general obligation debt is issued in the form of College Opportunity Bonds (COBs) as authorized by the Massachusetts General Laws. These bonds are sold to fund the Commonwealth's "U. Plan" which is part of a college savings program administered by the Massachusetts Educational Financing Authority. These bonds are privately placed and are structured to meet the needs of investors in this plan. Such bonds were initially issued in fiscal year 1996, and have been issued in each subsequent fiscal year, including FY07, during which approximately \$10,112,000, (including accretion), of such bonds were issued. Outstanding COBs of approximately \$86,263,000 have maturity dates ranging from FY08 through FY27. COBs have an accreting interest component payable at maturity. The annual accretion rate of each COB's maturity is a variable rate equal to the annual change in the Consumer Price Index (CPI) plus 2.0%. Assuming the CPI averages 3.5% during the life of the outstanding COBs the payments due at maturities of the COBs will total approximately \$165,235,000, including accretion. In addition, COBs pay current interest in the amount of 0.5% per year of the initial amount still outstanding.

ii. County Debt Assumed

Chapter 38 of the Acts of 1997 and Chapter 300 of the Acts of 1998 abolished governments of several Massachusetts counties on various effective dates. As part of these provisions, the Commonwealth assumed the outstanding debt of Middlesex County on July 1, 1997, of Hampden and Worcester Counties on July 1, 1998, that of Essex County on July 1, 1999 and that of Berkshire County on July 1, 2000. The county debt assumed has become general obligation debt of the Commonwealth. As of June 30, 2007, \$450,000 of these obligations remain outstanding.

iii. Variable Rate Demand Bonds

Included in the long-term debt is \$2,445,350,000 of general obligation variable rate demand bonds (VRDBs) maturing from 2008 through 2030 in varying amounts, of which \$1,819,760,000 is swapped to fixed rates. The redemption schedule for these bonds is included in the bond redemption schedule contained herein. The interest rate on the VRDBs is determined either weekly or daily based on the activity of the Commonwealth's remarketing agents, and interest is paid monthly. On any reset date, holders of the VRDBs can require the Commonwealth (acting through its remarketing and tender agents) to repurchase the bonds. The remarketing agent is authorized to use its best efforts to resell any repurchased bonds by adjusting the interest rates offered. The Commonwealth pays an annual fee to the remarketing agents equal to 0.05% of the outstanding par amount of the bonds.

Under the provisions of stand-by bond-purchase agreements entered into by the Commonwealth with certain commercial banks, the remarketing and tender agents are entitled to draw amounts sufficient to pay the purchase price of any

bonds that cannot be resold. During any such period, the Commonwealth is required to pay the bank(s) at an interest rate based on their respective prime lending rates. If the remarketing agent is unable to resell any put bonds within six months of the put date, the stand-by bond-purchase agreements include provisions to convert any such bonds to installment loans payable over an extended period of time, with interest payable at a rate based on the bank(s) prime lending rate(s). The stand-by bond-purchase agreements expire on various dates between December of 2007 and December 2015. The Commonwealth is required to renew or replace these agreements as long as the VRDBs remain outstanding.

*iv Other Variable Rate
Bonds*

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

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

Similar to the 2003 Bonds, the Convention Center Bonds pay interest semiannually, but mature serially from FY15 to FY18.

During FY07, as part of Series 2006C General Obligation Refunding Bonds, the Commonwealth sold \$172,975,000 of bonds at par, including \$100,000,000 of noncallable CPI bonds maturing in FY18, FY19, FY20 and FY21. These bonds are subject to the same provisions of previous CPI bonds and have a spread to CPI ranging from 0.86% for the FY18 maturities to 0.89% for the FY21 bonds.

Also during FY07, as part of the Series 2007A General Obligation Bonds with a par of \$498,565,000, included are \$400,000,000 of LIBOR index bonds term issues maturing in FY37. The LIBOR index bonds were insured in two separate insured tranches. The bonds pay interest quarterly beginning August 1, 2007 at a rate of 67% of the three month LIBOR rate plus 0.57%. These bonds have a redemption premium of 0.32% if they are called. At the same time, an interest rate swap was initiated, setting a synthetic fixed rate on these bonds of 4.42%.

The Commonwealth also sold \$553,135,000 of Series 2007A General Obligation Refunding Bonds, including \$445,795,000 of LIBOR index bonds, term issues maturing in FY19, FY21 and FY26. Similarly to the Series 2007A General Obligation Bonds, these bonds pay interest quarterly at 67% of the three month LIBOR rate commencing August 1, 2007. The FY19 bonds pay an additional 0.46%, the FY21 maturities pay an additional 0.21% and the FY26 bonds pay an additional 0.30% above the three month LIBOR rate. The Commonwealth also initiated an interest rate swap for these bonds, setting a synthetic fixed rate of 3.936% for the FY19 and FY21 bonds and 4.083% for the FY26 maturity.

Both issues of LIBOR index bonds are subject to an optional call in whole or in part by the Commonwealth. If called prior to the call date in FY17, the redemption price will equal 100% of the principal amount plus the fixed spread for LIBOR bonds of that maturity plus accrued interest to the date of redemption. After FY17, the redemption price is at par, plus accrued interest.

Part of the proceeds of the Series 2007A General Obligation Refunding Bonds were used to fund the Commonwealth's out year contract assistance obligations that were to be paid to the Massachusetts Convention Center Authority, the Foxborough Industrial Development Financing Authority and the Route 3 North Transportation Improvements Association. These obligations were not previously debts of the Commonwealth until appropriated. Therefore for financial reporting purposes, the bonds for these obligations are reported as new debt, however, bondholders may refer to them as refunding bonds.

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

v *Auction Rate Securities*

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

Subsequent to year end, the Commonwealth sold \$81,975,000 of Series D-1 and \$81,950,000 of Series D-2 auction rate securities, maturing in FY19. These bonds have similar provisions to the previously issued ARS.

B. *Special Obligation Bonds*

The Commonwealth also issues special obligation revenue bonds as authorized by Massachusetts General Laws. Such bonds may be secured by all or a portion of revenues credited to the Highway Fund and are not general obligations of the Commonwealth. At June 30, 2007, the Commonwealth had outstanding approximately \$1,260,941,000 of such special obligation bonds, exclusive of unamortized premium. These bonds are secured by a pledge of 6.86 cents of the 21 cent motor fuel excise tax imposed on gasoline.

The Commonwealth has three series' of crossover refunding bonds outstanding, two of which are special obligation bonds while the remaining series are grant anticipation notes. The escrows funded by crossover refunding bonds and related premiums are used only to secure the principal related to the crossover refunding portion. The interest related to these maturities is not secured by this escrow. Rather, it will be paid from the existing stream of motor fuel excise taxes (or in the case of the grant anticipation notes from either federal grants or appropriations.) Interest on a portion of the newly issued refunding bonds is paid from the proceeds of the escrow until the aforementioned prior bonds are called for redemption. This crossover refunding results in economic savings to the Commonwealth similar to a traditional refunding, but does not meet the accounting definition of a legal defeasance of debt, in which case the defeased debt and the related escrow accounts would have been removed from the GLTDAG. Accordingly, both the refunded debt and the refunding debt are reported in the GLTDAG until such time as principal amounts are repaid. Similarly, the refunding escrows established with the proceeds from the refunding bonds are also recorded on the financial statements until such proceeds are expended for debt service. As of June 30, 2007, \$106,205,000 in special obligation crossover refundings remained outstanding, exclusive of the crossover refunded grant anticipation notes.

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

**C. Federal Highway Grant
Anticipation Notes**

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

In July of 2004, the Commonwealth sold \$408,015,000 of GANs crossover refunding notes, Series 2003A. As previously discussed, these notes are Special Obligations of the Commonwealth. The escrow funded by the notes was used to secure the principal related to \$418,340,000 of GANs, including related call premiums, in previously issued series callable on December 15, 2008 and 2010. Inclusive of the cross-over refunding notes, at June 30, 2007, the Commonwealth has approximately \$1,665,620,000 of GANs outstanding, including accreted interest on capital appreciation bonds with maturity dates ranging from 2008 to 2015, of which \$418,340,000 is related to the crossover refunding transaction.

**D. Interest Rate Swap
Agreements**

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

Objective of the Interest Rate Swap Agreements

In connection with the issuance of variable rate refunding bonds in 1997, 1998, 2001, 2003, 2005, and 2007, the Commonwealth entered into interest rate swap agreements with certain counterparties. Additional swap agreements were initiated as part of the Convention Centers' permanent financing in FY04. The purpose of these agreements is to effectively fix the interest rate payable on the corresponding variable rate refunding bonds, and to achieve synthetic interest rates that are lower than the rate that could have been achieved on a natural fixed rate basis at the time the agreements were entered into.

Terms of the Interest Rate Swap Agreements

The bonds and related swap agreements have final maturities ranging from 2008 to 2037. The swaps' total notional value of \$3,046,090,000 matches the par amount of the related variable rate refunding bonds. Under the swap agreements, the Commonwealth pays the relevant counterparties fixed rates ranging from 2.925% to 5.25% and receives variable rate payments equal to the amount of variable rate payments the Commonwealth pays on the related variable rate refunding bonds.

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

Associated Bond Issue	Notional Amounts Outstanding (thousands)	Effective Date	Fixed Rate Paid (Range)	Variable Rate Received	Fair Market Values (thousands)	Final Termination Date	Counterparty Credit Rating
<i>General Obligation Bonds:</i>							
Series 1997B	\$ 162,768	8/12/1997	4.659%	Cost of Funds	\$ (7,524)	August 1, 2015	AAA/Aaa
Series 1997B	108,512	8/12/1997	4.659%	Cost of Funds	(4,774)	August 1, 2015	AAA/Aaa
Series 1998A & B	299,712	9/17/1998	4.174%	Cost of Funds	(7,918)	September 1, 2016	AAA/Aaa
Series 1998A & B	199,808	9/17/1998	4.174%	Cost of Funds	(4,487)	September 1, 2016	AAA/Aaa
Series 2001B & C	496,225	2/20/2001	4.150%	Cost of Funds	(5,402)	January 1, 2021	AAA/Aaa
Series 2003B	87,455	3/12/2003	4.500%	Cost of Funds/CPI	600	March 1, 2014	AAA/Aaa
Series 2003B	10,000	3/12/2003	4.500%	Cost of Funds/CPI	83	March 1, 2013	A+/A1
Series 2005A	552,735	3/29/2005	2.925%-4.00%	SIFMA	12,671	February 1, 2028	AA+/Aaa
Series 2006C	100,000	11/29/2006	3.73%-3.85%	Cost of Funds/CPI	347	November 1, 2020	AA+/Aaa
Series 2007A	400,000	5/30/2007	4.420%	LIBOR	8,000	May 1, 2037	A+/A1
Series 2007A (refunding)	<u>445,795</u>	5/30/2007	3.963% - 4.083%	LIBOR	<u>11,836</u>	November 2, 2025	A+/A1
Subtotal	<u>2,863,010</u>				<u>3,432</u>		
<i>Special Obligation Dedicated Tax Revenue Bonds (CPI Based Swaps):</i>							
Series 2004	28,863	6/29/2004	4.45% - 5.25%	Cost of Funds/CPI	(1,338)	January 1, 2018	AA/Aaa
Series 2004	28,863	6/29/2004	4.45% - 5.25%	Cost of Funds/CPI	(1,397)	January 1, 2018	AA-/Aa3
Series 2004	28,864	6/29/2004	4.45% - 5.25%	Cost of Funds/CPI	(1,190)	January 1, 2018	A+/A1
Series 2005A	<u>96,490</u>	6/12/2005	4.771% - 5.06%	Cost of Funds/CPI	<u>(2,901)</u>	June 1, 2022	AA-/Aa3
Subtotal	<u>183,080</u>				<u>(6,826)</u>		
Total	<u>\$ 3,046,090</u>				<u>\$ (3,394)</u>		

Fair Market Value of the Interest Rate Swap Agreements

Swap rates for the types and remaining terms of the Commonwealth's swap agreements are generally lower (as of June 30, 2007) than those that prevailed when the various swap contracts were entered into. This is the result of two factors: (1) lower interest rates in general; and (2) the shortening of the remaining terms of the swap contracts due to the passage of time and an upward sloping yield curve for such instruments. As a result, the Commonwealth's swap agreements have an estimated fair market value of negative \$3,394,000 as of June 30, 2007. If all the Commonwealth's swap agreements had been terminated as of the end of fiscal year 2007 the Commonwealth would have been required to make a payment of this magnitude. Although the Commonwealth has the option of terminating its swap agreements at any time (and either make or receive any termination payment due), the Commonwealth's counterparties do not have such an option. Therefore, the Commonwealth would only have to make a payment of the magnitude estimated if certain termination events occurred, as described below.

Credit Risk of the Interest Rate Swap Agreements

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

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

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

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

Termination Risk of the Interest Rate Swap Agreements

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

E. Outstanding Debt

Debt service on the swapped variable rate bonds is as follows (assuming a short term rate of 3.50% and a CPI rate of 3%). Negative amounts represent a net benefit to the Commonwealth based on current rates. (amounts in thousands):

Fiscal Year Ending June 30	Variable-Rate Bonds		Interest Rate Swaps, Net	Total
	Principal	Interest		
2008	\$ 6,190	\$ 126,164	\$ 2,657	\$ 135,011
2009	12,030	125,857	2,661	140,548
2010	34,545	124,785	2,529	161,859
2011	22,265	123,900	2,400	148,565
2012	119,445	120,418	1,553	241,416
2013-2017	1,062,615	507,633	(18,518)	1,551,730
2018-2022	758,895	341,130	(49,146)	1,050,879
2023-2027	629,175	200,579	(46,607)	783,147
2028-2032	930	145,702	(32,997)	113,635
2033-2037	400,000	109,260	(29,700)	479,560
Total	\$ 3,046,090	\$ 1,925,428	\$ (165,168)	\$ 4,806,350

For financial reporting purposes, long-term debt is carried at its face value, plus any unamortized premiums, discounts and issuance costs. For capital appreciation bonds, the outstanding amount represents total principal and accreted interest to be repaid.

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

Long-term debt outstanding (including unamortized premiums, discounts and issuance cost) and debt authorized and unissued at June 30, 2007 is as follows (amounts in thousands):

Purpose	Bonds Outstanding	Fiscal Year Maturities	Authorized and Unissued
GANs.....	\$ 1,665,620	2008-2015	\$ -
Capital Projects:			
General.....	6,248,143	2008-2031	4,607,051
Highway.....	8,456,204	2008-2034	3,606,180
Local Aid.....	1,935,138	2008-2031	56,893
Other.....	643,096	2008-2029	78,867
	<u>17,282,581</u>		<u>8,348,991</u>
Total.....	\$ 18,948,201		\$ 8,348,991

Interest rates on the Commonwealth's debt outstanding at the end of FY07 ranged from 0.0% to 8.0%.

Changes in long-term debt outstanding (including unamortized premium, discount and issuance cost) and bonds authorized - unissued for the year ended June 30, 2007 are as follows (amounts in thousands):

	Bonds Outstanding	Authorized and Unissued
Balance July 1, 2006.....	\$ 18,461,406	\$ 7,668,331
General obligation bonds:		
Principal, less discount and issuance costs *.....	1,603,945	(1,603,940)
Net premium	(47,460)	-
General obligation refunding bonds:		
Principal on Refunding Bonds.....	1,427,835	-
Principal on Refunded Bonds.....	(1,364,527)	-
Retired premium on Refunded Bonds.....	55,477	-
Increase in bonds authorized.....		2,284,600
Bonds retired.....	(1,188,475)	-
Balance June 30, 2007.....	<u>\$ 18,948,201</u>	<u>\$ 8,348,991</u>

* Includes unallocated proceeds of approximately \$5,000.

The difference between the principal on refunding bonds in the above table and the amounts indicated on the combined balance sheet – statutory basis for all fund types and account groups is the result of a cash defeasance of outstanding debt accomplished during FY07. At June 30, 2007, debt service requirements to maturity for principal (including unamortized premium discount, capital appreciation and issuance costs) and interest including all variable rate interest not hedged by swap agreements (assumed interest rate is 5%), except for auction rate securities which are actual as of June 30, 2007, are as follows (amounts in thousands):

Fiscal Year Ended	<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008.....	\$	1,179,730	\$ 920,036	\$ 2,099,766
2009.....		1,212,450	864,964	2,077,414
2010.....		1,178,462	803,521	1,981,983
2011.....		1,251,736	739,876	1,991,612
2012.....		1,149,882	673,817	1,823,699
2013-2017.....		5,642,258	2,494,683	8,136,941
2018-2022.....		3,799,886	1,377,911	5,177,797
2023-2027.....		2,335,237	561,199	2,896,436
2028-2032.....		967,090	180,910	1,148,000
2033-2037.....		231,470	26,379	257,849
Total	<u>\$</u>	<u>18,948,201</u>	<u>\$ 8,643,296</u>	<u>\$ 27,591,497</u>

The Commonwealth issued bonds and notes through both competitive and negotiated sales during FY07. The costs for legal counsel and underwriting fees for bond sales were \$539,000 and \$11,859,000 respectively.

F. Bonds Defeased Through Refunding during FY07

As authorized by the Massachusetts General Laws, the Commonwealth advance refunded certain general obligation bonds through the issuance of \$1,427,835,000 of general obligation refunding bonds during FY07. Net proceeds, including premiums, but after issuance costs totaled approximately \$1,530,558,000 which were used to purchase U. S. Government and U.S. Agency securities, which were deposited in irrevocable trusts with an escrow agent to provide for all future debt service payments of the refunded bonds. As a result, the refunded bonds are considered to be defeased and the liabilities therefore have been removed from the GLTDAG. As a result of these refundings, the Commonwealth decreased current year debt service payments and has taken advantage of lower interest rates, and it has decreased its aggregate debt service payments by approximately \$133,952,000 until FY27 and will experience an economic gain (the difference between the present values of the debt service payments of the refunded and refunding bonds) of approximately \$64,805,000. These economic gains are not recognized on a statutory basis. At June 30, 2007, approximately all of the bonds defeased and refunded during FY07 remain outstanding.

G. Prior Defeasance

In prior years, the Commonwealth defeased certain general and special obligation bonds by purchasing securities (from the proceeds of refunding bonds or from surplus operating funds) and placing them in irrevocable trusts to provide for all future debt service payments on the defeased bonds. With the exception of the crossover refunding activity discussed previously, the trust account assets and the liabilities for the defeased bonds are not included in the financial statements. At June 30, 2007, approximately \$7,194,109,000 of bonds outstanding from activities in prior fiscal years are considered defeased.

H. Statutory Debt Limit

The Massachusetts General Laws establish limits on the amount of direct debt outstanding. By statutorily limiting the Commonwealth’s ability to issue direct debt, this limit provides a control on annual capital spending. The direct debt limit for FY07 was approximately \$14,843,547,000. Outstanding debt subject to the limit at June 30, 2007 was approximately \$13,344,140,000. The limit increases 5% per year.

For purposes of determining compliance with the limit, outstanding direct debt is defined by statute to include general obligation bonds at the amount of their original net proceeds. It excludes BANs, discount and issuance costs, if any, special obligation bonds, GANs, refunded bonds, certain refunding bonds, debt issued by counties, debt issued in conjunction with the MBTA Forward Funding, certain Central Artery / Tunnel debt and debt issued for the SMART program. The amounts excluded from the debt limit are as follows (amounts in thousands):

	<u>Debt Outstanding</u>
Balance June 30, 2007.....	\$ 18,948,201
Less amounts excluded:	
Premium and issuance cost.....	102,048
Special Obligation principal.....	(1,260,941)
GANs principal.....	(1,666,690)
County Debt Assumed.....	(450)
MBTA Forward Funding.....	(368,873)
SMART bonds.....	(946,285)
Central Artery / Tunnel.....	<u>(1,462,870)</u>
Outstanding direct debt.....	<u>\$ 13,344,140</u>

I. Subsequent Bond Issuances

In July of 2007, the Commonwealth completed three general obligation bond sales, selling amounts in advance of need for FY08. \$1,107,090,000 of Series 2007 C general obligation fixed rate bonds were sold at the same time as \$81,975,000 Series 2007 D-1 and \$81,950,000 Series 2007 D-2 auction rate securities. The proceeds will be used to fund capital spending for FY08 and part of FY09.

7. FIXED ASSETS

Capital asset activities for the fiscal year ended June 30, 2007 are as follows:

	July 1, 2006 Beginning Balance	Increases	Decreases	June 30, 2007 Ending Balance
Capital assets not being depreciated:				
Land	\$ 728,417	\$ 24,750	\$ (15)	\$ 753,152
Land Central Artery / Tunnel Project	463,867	40,120	(164,980)	339,007
Construction in process - non - Central Artery / Tunnel Project	1,689,497	700,201	(237,858)	2,151,840
Construction in process - Central Artery / Tunnel Project	133,743	-	(6,062)	127,681
Total capital assets not being depreciated	3,015,524	765,071	(408,915)	3,371,680
Capital assets being depreciated:				
Buildings	3,853,952	151,437	(97,052)	3,908,337
Machinery and equipment	793,334	79,210	(13,407)	859,137
Infrastructure non - Central Artery / Tunnel Project.....	10,966,443	134,763	(31)	11,101,175
Infrastructure - Central Artery / Tunnel Project.....	11,870,964	1,367,923	(5,185,245)	8,053,642
Total capital assets being depreciated.....	\$ 27,484,693	\$ 1,733,333	\$ (5,295,735)	\$ 23,922,291
Less, accumulated depreciation:				
Buildings	(1,844,129)	59,705	(138,357)	(1,922,780)
Machinery and equipment	(575,491)	58,669	(85,914)	(602,736)
Infrastructure non - Central Artery / Tunnel Project.....	(4,806,329)	254,333	(508,945)	(5,060,941)
Infrastructure - Central Artery / Tunnel Project.....	(777,100)	729,248	(601,601)	(649,453)
Total accumulated depreciation	(8,003,049)	1,101,955	(1,334,817)	(8,235,910)
Total capital assets being depreciated, net	19,481,644	2,835,288	(6,630,552)	15,686,381
Total capital assets	\$ 22,497,168	\$ 3,600,359	\$ (7,039,467)	\$ 19,058,061

Infrastructure is included at historical cost and like other assets, is not depreciated under the Statutory Basis of Accounting. The Institutions of Higher Education report separately for fixed assets for GAAP purposes only. During FY07, the Commonwealth transferred approximately \$5.2 billion in infrastructure and \$165 million in land related to the Central Artery / Tunnel Project to the Massachusetts Turnpike Authority, pursuant to Chapter 11 of the Acts of 1997, as amended.

8. LEASES

In order to finance the acquisition of equipment, the Commonwealth has entered into various lease / purchase agreements, including tax-exempt lease purchase (TELP) agreements, which are accounted for as capital leases. Lease agreements are for various terms and contain clauses indicating that their continuation is subject to appropriation by the Legislature. For the fiscal year ended June 30, 2007, capital lease / purchase expenditures totaled approximately \$47,179,000.

At June 30, 2007, the Commonwealth's aggregate outstanding liability under capital leases, based on the present value of the net minimum lease payments, exclusive of Institutions of Higher Education, totaled approximately \$81,351,000. This liability is reported in the GLTDAG. Equipment acquired under capital leases and included in the GFAAG totaled approximately \$98,689,000.

The Commonwealth has numerous operating lease agreements for real property and equipment with varying terms. These agreements contain provisions indicating that continuation is subject to appropriation by the Legislature. Operating lease expenditures for the fiscal year ended June 30, 2007 were approximately \$178,043,000.

The following is a schedule of future minimum payments under non-cancelable leases as of June 30, 2007 (amounts in thousands):

	<u>Capital Leases</u>		<u>Operating</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Leases</u>	
2008.....	\$ 17,946	\$ 5,388	\$ 135,638	\$ 158,972
2009.....	10,920	3,278	97,370	111,568
2010.....	10,658	3,200	75,785	89,643
2011.....	5,911	1,776	58,511	66,198
2012.....	3,766	1,131	165,640	170,537
2013-2017.....	12,334	3,703	60,264	76,301
2018-2022.....	13,329	4,001	46,929	64,259
2023-2027.....	6,487	1,947	46,732	55,166
2028-2032.....	-	-	18,597	18,597
2033-2037.....	-	-	-	-
Total.....	<u>\$ 81,351</u>	<u>\$ 24,424</u>	<u>\$ 705,466</u>	<u>\$ 811,241</u>

9. INDIVIDUAL FUND DEFICITS

The Capital Projects Fund deficit reported in the following table reflects the time lag between capital expenditures and the sale of related bonds. To arrive at the combined capital projects fund balance, this individual fund deficit of \$164,463,000 and three other fund deficits totaling \$49,506,000 are offset by capital funds earmarked in the Central Artery Statewide Road and Bridge Infrastructure Fund of \$111,778,000 along with \$107,865,000 held 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, 2007, as follows (amounts in thousands):

Budgeted Funds:	
Highway Fund.....	\$ (1,296,553)
Total Budgeted Funds.....	<u>(1,296,553)</u>
Non-Budgeted Special Revenue:	
Lottery Funds:	
State Lottery Fund.....	(118,832)
Other:	
Government Land Bank Fund.....	(35,097)
Mosquito and Greenhead Fly Control Fund.....	(80)
Motor Vehicle Safety Inspection Trust Fund.....	<u>(12,295)</u>
Total Non - Budgeted Funds.....	<u>(166,304)</u>
Capital Projects:	
General Capital Projects Fund.....	(164,463)
Capital Improvements and Investment Trust Fund.....	(48)
Capital Expenditure Reserve Fund.....	(21,385)
Highway Capital Projects Fund.....	(166,077)
Government Land Bank Capital Project Fund.....	<u>(28,073)</u>
Total Capital Projects Funds.....	<u>(380,046)</u>
Total	<u>\$ (1,842,903)</u>

Transfers and the cash defeasance of debt which occurred in FY07 were not included as appropriations in the general appropriation act. Therefore, no action is necessary to cure those deficits. None of the funds detailed above were in deficit due to finance-related contractual provisions and were allowed to be in deficit by General Law.

10. MEDICAID COSTS

The Commonwealth provides medical care for low-income, elderly and other residents who qualify for such assistance under the federally-sponsored Medical Assistance Program (Medicaid). The Commonwealth pays the full cost of care and is reimbursed by the federal government for approximately 50 percent of that cost. For the fiscal year ended June 30, 2007, the General Fund includes \$7,550,447,000 in expenditures for Medicaid claims. An additional \$290,459,000 of Medicaid expenditures were reported in the non-budgeted special revenue fund, the Health Care Quality Improvement Fund.

The combined financial statements – statutory basis include Medicaid claims processed but unpaid at June 30, 2007 of approximately \$7,700,000 as accounts payable.

11. RETIREMENT AND OTHER POST EMPLOYMENT BENEFITS

The Commonwealth is statutorily responsible for the pension benefits for Commonwealth employees (members of the State Employees’ Retirement System) and for teachers of the cities, towns, regional school districts throughout the Commonwealth and Quincy College (members of the Teachers’ Retirement System, except for teachers in the Boston public schools, who are members of the State-Boston Retirement System but whose pensions are reimbursed to the City of Boston by the Commonwealth). The members of the retirement systems do not participate in the Social Security System.

The Commonwealth has assumed responsibility for payment of cost-of-living adjustments (COLA) for the separate (non-teacher) retirement systems of its cities, towns and counties, granted in fiscal year 1981 to 1997. The Commonwealth performs this valuation on an annual basis.

A. Plan Descriptions

The Massachusetts *State Employees’ Retirement System* (SERS) is a single employer defined benefit public employee retirement system (PERS), covering substantially all employees of the Commonwealth and certain employees of the independent authorities and agencies, including the state police officers at the Massachusetts Port Authority and the Massachusetts Turnpike Authority. The SERS is administered by the Massachusetts State Retirement Board and is part of the reporting entity and does not issue a stand alone financial report.

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

Certain Commonwealth employees and current retirees employed prior to the establishment of the State Employees’ Retirement System are covered on a “pay-as-you-go” basis. During the year ended June 30, 2007, the Commonwealth’s pension expenditure included payments totaling \$10,014,000 to current retirees employed prior to the establishment of the current plans and the non-contributory plans. Benefits are recorded when due and payable.

Membership – Membership in SERS and MTRS as of January 1, 2007, the date of the most recent valuation, is as follows:

	<u>SERS</u>	<u>MTRS</u>
Retirees and beneficiaries		
currently receiving benefits.....	50,412	47,635
Terminated employees entitled to		
benefits but not yet receiving them....	3,852	N/A
Subtotal.....	<u>54,264</u>	<u>47,635</u>
Current members.....	<u>84,677</u>	<u>88,962</u>
Total.....	<u><u>138,941</u></u>	<u><u>136,597</u></u>

B. Benefit Provisions

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

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

C. Funding and Contributions Policy

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

D. Other Financing Situations

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

The actuarial accrued liability for COLA as of January 1, 2007 was \$402,000,000.

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

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

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

A table of Pension Funding Progress is presented as supplemental information on page 306 of this report.

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

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

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

Contributions by the Commonwealth of \$1,335,176,000 were made during the fiscal year ended June 30, 2007. Of this amount \$56,486,000 represents payments for COLA granted to participants in retirement systems of cities, towns and counties and approximately \$93,300,000 represents payments to the City of Boston to reimburse in arrears amounts for the BTRS.

D. Commonwealth Post Employment Obligations Other than Pensions

In addition to providing pension benefits, under Chapter 32A of the Massachusetts General Laws, the Commonwealth is required to provide certain health care and life insurance benefits for retired employees of the Commonwealth, housing authorities, redevelopment authorities, and certain other governmental agencies. Substantially all of the Commonwealth’s employees may become eligible for these benefits if they reach retirement age while working for the Commonwealth. Eligible retirees are required to contribute a specified percentage of the health care benefit costs which is comparable to contributions required from employees. The Commonwealth is reimbursed for the cost of benefits to retirees of the eligible authorities and non-state agencies. The Commonwealth recognizes its share of the costs of providing these benefits when paid. These payments totaled approximately \$335,314,000 for the fiscal year ended June 30, 2007. There are approximately 52,920 participants eligible to receive benefits at June 30, 2007. In fiscal 2007, the contribution rates are 15% for all employees.

New accounting standards will require the Commonwealth to begin disclosing its liability on a GAAP basis for other post employment benefits (commonly referred to as "OPEB") in its FY08 financial reports. An initial valuation report by an independent actuarial firm of the Commonwealth's liability for these health care and life insurance benefits was released in June 2006. The report presented two separate calculations of the Commonwealth's OPEB liability, depending on whether the liability would be prefunded.

The Commonwealth's FY08 General Appropriation Act contained several sections with regard to OPEB. The Act established a State Retiree Benefits Trust Fund, (SRBTF) with PRIM as trustee and administrator. Other members of the board of trustees of the fund including the Secretary for Administration and Finance and the Executive Director of the Group Insurance Commission. The SRBTF will deposit, invest and disburse amounts set aside solely to meet liabilities of the state employees' retirement system for health care and other non-pension benefits for retired members of the system. The SRBTF will receive any revenue from appropriations or other monies authorized by the general court and specifically designated to be credited to the fund, and any gifts, grants, private contributions, investment income earned on the fund's assets and all other sources. Money remaining in the fund at the end of a fiscal year shall not revert to the General Fund. Upon request of the Group Insurance Commission, the trustees may expend funds solely to pay the costs of health care and other non-pension benefits for retired members of the state retirement system with the Group Insurance Commission responsible for administering the payment of, and determining the terms, conditions, schedule of benefits, carriers and eligibility for, health care and other non-pension benefits for retired members. The Board may authorize funds to be invested as part of the PRIT fund. The SRBTF is deemed an irrevocable trust as it can only be revoked when all such health care and other non-pension benefits, current and future, have been paid or defeased.

The General Appropriation Act directs the Comptroller to transfer during FY08 \$343,242,800 from the General Fund to the SRBTF according to a schedule developed in consultation with the State Treasurer and the Secretary for Administration and Finance. The Act further directs the Comptroller to transfer the balance in the Health Care Security Trust, including any accrued revenues to the State Retiree Benefits Trust Fund on or before June 30, 2008. Finally, the Act enables a special commission to investigate and study the Commonwealth's liability for OPEB. The commission is charged with examine further legislation necessary to comply with OPEB standards under GAAP, a possible amortization schedule to fund the Commonwealth's liability and alternatively, borrowing against future tobacco litigation proceeds to fund OPEB. The commission's report is due to various legislative bodies on or before December 31, 2007.

12. COMMITMENTS

A. *MBTA and Other Authorities*

The Commonwealth continues to guarantee certain Massachusetts Bay Transportation Authority (MBTA) debt outstanding at June 30, 2007, totaling \$1,305,465,000.

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

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

In May of 2007, the Commonwealth issued \$553,135,000 of General Obligation Refunding Bonds, 2007 Series A, a portion of which were issued to refund bonds of the Massachusetts Convention Center Authority (MCCA), the town of Foxborough Industrial Development Financing Authority and the Route 3 North Transportation Improvements Association. Because of this transaction, the Commonwealth refinanced its outstanding contract assistance liability for these entities, totaling approximately \$128,500,000.

Additional commitments of the Commonwealth remain for the University of Massachusetts Building Authority for \$644,750,000, of which only approximately \$29.8 million is guaranteed. No short-term regional transit authority debt is guaranteed.

B. *Saltonstall Building*

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

C. *Central Artery / Tunnel Project*

The Central Artery / Tunnel Project is the largest single component of the Commonwealth's capital program according to the finance plan filed as of October 1, 2004. The current cost estimate is \$14.798 billion. The plan includes a maximum obligation of \$8.549 billion from the federal government. The finance plan is currently under review. At June 30, 2007, the Commonwealth had commitments of approximately \$621,189,000 related to ongoing construction projects. The Central Artery/Tunnel Project continues to anticipate federal participation and payments from the Massachusetts Turnpike Authority (MTA) MassPort.

13. CONTINGENCIES

A. *Settlements and Judgments*

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

\$118,000,000 in total, of which \$38,000,000 is estimated to be paid during FY08.

B. *Workers' Compensation*

Under the statutory basis of accounting, workers' compensation costs are recognized when claims are presented and paid. The Commonwealth's outstanding liability for such claims at June 30, 2007 is estimated to be \$312,600,000, of which approximately \$39,080,000 is expected to be paid during FY08.

C. *Federal Assistance*

The Commonwealth receives significant financial assistance from the federal government. Entitlement to these resources is generally contingent upon compliance with terms and conditions of the grant or reimbursement agreements and with applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all federal financial assistance is subject to financial and compliance audits. Any disallowances become liabilities of the fund, which received the assistance. At June 30, 2007, the Commonwealth estimated that liabilities, if any, which may result from such audits are not material.

D. *Escheat Property*

Chapter 200A of the Massachusetts General Laws, the Commonwealth's Abandoned Property Law, requires deposit of certain unclaimed assets into a managed Fiduciary Fund. These unclaimed assets are to be remitted to the General Fund each June 30, where it is included as miscellaneous revenue. Amounts remitted during FY07 totaled approximately \$121,834,000. A portion of accumulated claims since the law's enactment represent a contingency, because claims for refunds can be made by the owners of the property.

E. *Tobacco Settlement*

A Master Settlement Agreement (MSA) was executed in November of 1998 between five tobacco companies and 46 states, including the Commonwealth. The MSA called for, among other things, annual payments to the states in perpetuity. These payments have been estimated to total more than \$200 billion over the first 25 years, subject to various offsets, reductions, and adjustments.

In FY07, the Commonwealth received approximately \$247,340,000 or 87% of the estimated amounts shown in the MSA. All received amounts were transferred to the General Fund.

Amounts received in FY07 continued to be less than had previously been projected as payments under the MSA. The Commonwealth's allocable share of the base amounts payable under the MSA is approximately 4.04%. The Commonwealth's allocable share of the base amounts under the agreement through 2025 is more than \$8.3 billion, subject to adjustments, reductions and offsets. However, in pending litigation, tobacco manufacturers are claiming that because of certain developments, they are entitled to reduce future payments under the MSA, and certain manufacturers withheld payments to the states due in FY06 and FY07. The Commonwealth continues to pursue legal action to compel the payment of these additional funds and to obtain a legal determination that the Commonwealth is immune from the claimed downward adjustment to its settlement payments.

In FY04, a Suffolk Superior Court jury rejected the claims of the Commonwealth's private tobacco attorneys that they should be paid a fee amounting to 25% of the Commonwealth's tobacco settlement money. The jury awarded the plaintiffs 10.5% of the amount the Commonwealth receives under the MSA through 2025. To date, however, the attorneys have received more than 10.5% of what the Commonwealth has received under the MSA. As of June 30, 2006, the Commonwealth owes nothing under the jury award. Whether the Commonwealth will in the future be required to pay any sum on private counsel's claim will depend on the actual payments received by the Commonwealth under the MSA through 2025, as well as on the amounts the attorneys receive through the arbitration payments.

F. SEC Inquiry

In late August and early September, 2006, the Securities and Exchange Commission (SEC) sent certain departments and instrumentalities of the Commonwealth letters requesting voluntary provision of documents and information regarding safety reviews of the CA/T project during the period January 1, 2004 to September 2006 and related disclosures. The Commonwealth has provided the requested documents.

Combining and Individual Fund Financial Statements - Statutory Basis



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Individual Budgeted Funds

MAJOR BUDGETED FUNDS:

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

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

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

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

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

Temporary Holding Fund – to account for cumulative tax revenues during the fiscal year in excess of

permissible tax revenues as defined in Chapter 62F, Section 6A of the General Laws. The fund balance in the fund closes annually to the Stabilization Fund to the extent of expenditures from that fund. Any remaining balance transfers to the General Fund.

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

Transitional Escrow Fund - to account for the undesignated fund balances in budgetary funds from FY2005 before transfers pursuant to clause (b) of section 5c of Chapter 29 of the General Laws. This fund expired on June 30, 2006. The unexpended balance in the fund was transferred 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.

BUDGETED ENVIRONMENTAL FUND:

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

OTHER BUDGETED FUNDS:

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

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

Division of Energy Resources Credit Trust Fund – to account for the receipt, retention, redemption sale or transfer of energy conservation credits, renewable energy certificates or credits, emission credits and similar allowances. The Division of Energy Resources may expend these funds, subject to appropriation for the implementation of programs for energy reliability, renewable energy, public procurement of energy and

energy efficiency and climatic change. Any unexpended balance in the fund at the close of a fiscal year is retained in the fund. The fund is not allowed to carry a deficit at the end of the fiscal year.

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

Children's and Seniors' Health Care Assistance Fund – to account for a portion of the cigarette and smokeless tobacco tax, inventory tax and related investment income; to be appropriated for the provision of medical benefits to expansion beneficiaries and a five year pilot program of pharmacy assistance. This fund was closed as of June 30, 2006. this fund was repealed effective June 30, 2006 according to Chapter 139, Acts of 2006, Section 36 and 130. All fund activity will be reported in the General Fund. The fund balance at the end of FY2006 has been transferred to the General Fund.

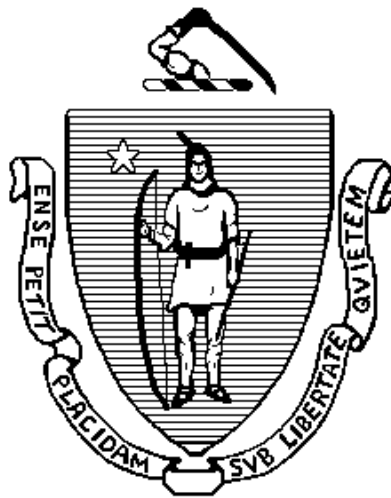
The following funds have been enacted in legislation but are inactive:

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

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

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

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



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Budgeted Funds
Combining Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

ASSETS	<u>General</u>	<u>Highway</u>	<u>Commonwealth Stabilization</u>
Cash and short-term investments.....	\$ 1,876,922	\$ -	\$ 1,963,579
Cash with fiscal agent.....	-	10,276	-
Investments.....	-	-	371,442
Receivables, net of allowance for uncollectibles:			
Due from federal government.....	579,536	-	-
Other receivables.....	11,927	-	-
Due from cities and towns.....	7,115	-	-
Total assets.....	<u>\$ 2,475,500</u>	<u>\$ 10,276</u>	<u>\$ 2,335,021</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Deficiency in cash and short-term investments.....	\$ -	\$ 1,281,517	\$ -
Accounts payable.....	734,836	25,312	-
Total liabilities.....	<u>734,836</u>	<u>1,306,829</u>	<u>-</u>
Fund balances (deficit):			
Reserved for:			
Continuing appropriations.....	317,096	642	-
Commonwealth stabilization.....	-	-	2,335,021
Bay State Competitiveness Investment.....	-	-	-
Debt service.....	-	10,276	-
Unreserved:			
Undesignated.....	1,423,568	(1,307,471)	-
Total fund balances (deficit).....	<u>1,740,664</u>	<u>(1,296,553)</u>	<u>2,335,021</u>
Total liabilities and fund balances.....	<u>\$ 2,475,500</u>	<u>\$ 10,276</u>	<u>\$ 2,335,021</u>

See independent auditors' report

Administrative Control	Environmental	Other	Totals (Memorandum only)	
			2007	2006
\$ 118,543	\$ 14,287	\$ 18,163	\$ 3,991,494	\$ 4,213,528
-	-	-	10,276	10,687
-	-	-	371,442	352,673
-	-	-	579,536	289,488
-	-	-	11,927	54,291
-	-	-	7,115	12,001
<u>\$ 118,543</u>	<u>\$ 14,287</u>	<u>\$ 18,163</u>	<u>\$ 4,971,790</u>	<u>\$ 4,932,668</u>
\$ -	\$ -	\$ -	\$ 1,281,517	\$ 1,066,511
16,240	877	11,993	789,258	658,107
<u>16,240</u>	<u>877</u>	<u>11,993</u>	<u>2,070,775</u>	<u>1,724,618</u>
2,303	-	20,995	341,036	936,495
-	-	-	2,335,021	2,154,664
100,000	-	-	100,000	-
-	-	-	10,276	10,687
-	13,410	(14,825)	114,682	106,204
<u>102,303</u>	<u>13,410</u>	<u>6,170</u>	<u>2,901,015</u>	<u>3,208,050</u>
<u>\$ 118,543</u>	<u>\$ 14,287</u>	<u>\$ 18,163</u>	<u>\$ 4,971,790</u>	<u>\$ 4,932,668</u>

Budgeted Funds

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	General	Highway	Commonwealth Stabilization
REVENUES AND OTHER FINANCING SOURCES			
Revenues:			
Taxes.....	\$ 17,803,365	\$ 577,622	\$ 2,680
Assessments.....	145,854	12,769	-
Federal grants and reimbursements.....	6,161,110	856	-
Departmental.....	1,199,120	399,233	-
Miscellaneous.....	360,371	1,420	86,794
Total revenues.....	25,669,820	991,900	89,474
Other financing sources:			
Fringe benefit cost recovery.....	285,025	-	-
Lottery reimbursements.....	97,324	-	-
Lottery distributions.....	999,642	-	-
Tobacco settlement transfer.....	247,340	-	-
Excess permissible tax revenue.....	43,493	-	-
Operating transfers in.....	237,300	701	-
Stabilization transfer.....	-	-	90,883
Transfer for transitional escrow.....	-	-	-
Transfer for Bay State Competitiveness Investment.....	-	-	-
Fund consolidation transfer.....	-	-	-
Total other financing sources.....	1,910,124	701	90,883
Total revenues and other financing sources.....	27,579,944	992,601	180,357
EXPENDITURES AND OTHER FINANCING USES			
Expenditures:			
Legislature.....	59,103	-	-
Judiciary.....	778,788	-	-
Inspector General.....	3,033	-	-
Governor and Lieutenant Governor.....	5,126	3	-
Secretary of the Commonwealth.....	45,148	-	-
Treasurer and Receiver-General.....	128,376	869	-
Auditor of the Commonwealth.....	18,267	-	-
Attorney General.....	38,769	480	-
Ethics Commission.....	1,554	-	-
District Attorney.....	89,275	3,769	-
Office of Campaign & Political Finance.....	1,107	-	-
Sheriff's Departments.....	268,132	771	-
Disabled Persons Protection Commission.....	1,903	-	-
Board of Library Commissioners.....	6,656	-	-
Comptroller.....	9,199	-	-
Administration and finance.....	1,626,063	6,078	-
Energy and environmental affairs.....	225,573	-	-
Housing and community development.....	95,794	-	-
Early education and care.....	506,743	-	-
Health and human services.....	4,609,840	-	-
Transportation and public works.....	204,428	78,732	-
Education.....	377,219	-	-
Higher education.....	1,115,696	-	-
Public safety and homeland security.....	825,259	250,101	-
Housing and economic development.....	167,699	55	-
Labor and workforce development.....	11,828	-	-
Direct local aid.....	5,033,364	-	-
Medicaid.....	7,550,447	-	-
Pension.....	1,335,176	-	-
Debt service:			
Principal retirement.....	896,789	389,148	-
Interest and fiscal charges.....	415,854	382,662	-
Total expenditures.....	26,452,208	1,112,668	-
Other financing uses:			
Fringe benefit cost assessment.....	-	76,448	-
Excess permissible tax revenue.....	43,493	-	-
Uncompensated care pool transfer.....	-	-	-
Universal health transfer.....	1,133,613	-	-
Operating transfers out.....	105,912	29,030	-
Stabilization transfer.....	90,883	-	-
Transfer for transitional escrow.....	-	-	-
Transfer for Bay State Competitiveness Investment.....	100,000	-	-
Fund consolidation transfer.....	-	-	-
Total other financing uses.....	1,473,901	105,478	-
Total expenditures and other financing uses.....	27,926,109	1,218,146	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(346,165)	(225,545)	180,357
Fund balances (deficit) at beginning of year.....	2,086,829	(1,071,008)	2,154,664
Fund balances (deficit) at end of year.....	\$ 1,740,664	\$ (1,296,553)	\$ 2,335,021

See independent auditors' report

#NAME?

Administrative Control	Environmental	Other	Totals (Memorandum only)	
			2007	2006
\$ -	\$ 894	\$ 60,330	\$ 18,444,891	\$ 17,286,156
-	-	-	158,623	146,116
-	5,609	-	6,167,575	5,210,163
198,035	6,857	469	1,803,714	1,827,736
-	69	62	448,716	308,324
<u>198,035</u>	<u>13,429</u>	<u>60,861</u>	<u>27,023,519</u>	<u>24,778,495</u>
-	-	-	285,025	238,043
-	-	-	97,324	89,730
-	-	-	999,642	941,601
-	-	-	247,340	236,305
43,493	-	-	86,986	104,206
-	132	-	238,133	272,611
-	-	-	90,883	373,990
-	-	-	-	303,838
100,000	-	-	100,000	-
-	-	-	-	324,769
<u>143,493</u>	<u>132</u>	<u>-</u>	<u>2,145,333</u>	<u>2,885,093</u>
<u>341,528</u>	<u>13,561</u>	<u>60,861</u>	<u>29,168,852</u>	<u>27,663,588</u>
-	-	-	59,103	54,552
-	-	-	778,788	658,603
-	-	-	3,033	2,763
-	-	-	5,129	4,640
114	-	-	45,262	37,474
-	-	700	129,945	124,921
-	-	-	18,267	17,317
-	-	-	39,249	37,070
-	-	-	1,554	1,446
-	-	-	93,044	85,692
-	-	-	1,107	1,067
-	-	-	268,903	243,628
-	-	-	1,903	1,805
-	-	-	6,656	5,289
2,833	-	-	12,032	11,513
136,124	-	-	1,768,265	1,735,465
344	10,094	330	236,341	199,782
-	-	375	96,169	117,273
-	-	-	506,743	470,497
44,022	-	-	4,653,862	4,464,191
981	-	-	284,141	212,954
-	-	-	377,219	338,958
-	-	-	1,115,696	987,779
11,772	-	-	1,087,132	1,011,376
-	-	68,864	236,618	143,694
-	-	8,453	20,281	-
-	-	-	5,033,364	4,618,832
-	-	-	7,550,447	6,852,464
-	-	-	1,335,176	1,274,675
-	-	-	1,285,937	905,106
-	-	-	798,516	760,428
<u>196,190</u>	<u>10,094</u>	<u>78,722</u>	<u>27,849,882</u>	<u>25,381,254</u>
-	1,787	835	79,070	59,200
43,493	-	-	86,986	104,206
-	-	-	-	171,900
-	-	-	1,133,613	-
511	-	-	135,453	223,568
-	-	-	90,883	373,990
-	-	-	-	303,838
-	-	-	100,000	-
-	-	-	-	324,769
<u>44,004</u>	<u>1,787</u>	<u>835</u>	<u>1,626,005</u>	<u>1,561,471</u>
<u>240,194</u>	<u>11,881</u>	<u>79,557</u>	<u>29,475,887</u>	<u>26,942,725</u>
101,334	1,680	(18,696)	(307,035)	720,863
969	11,730	24,866	3,208,050	2,487,187
<u>\$ 102,303</u>	<u>\$ 13,410</u>	<u>\$ 6,170</u>	<u>\$ 2,901,015</u>	<u>\$ 3,208,050</u>
#NAME?			#NAME?	

Budgeted Funds

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

Fiscal Year Ended June 30, 2007

(Amounts in thousands)

	General			Highway		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES AND OTHER FINANCING SOURCES						
Revenues:						
Taxes.....	\$ 17,016,500	\$ 17,803,365	\$ 786,865	\$ 586,000	\$ 577,622	\$ (8,378)
Assessments.....	-	145,854	145,854	-	12,769	12,769
Federal grants and reimbursements.....	6,161,500	6,161,110	(390)	3,700	856	(2,844)
Departmental.....	1,647,100	1,199,120	(447,980)	442,800	399,233	(43,567)
Miscellaneous.....	-	360,371	360,371	-	1,420	1,420
Total revenues.....	24,825,100	25,669,820	844,720	1,032,500	991,900	(40,600)
Other financing sources:						
Fringe benefit cost recovery.....	-	285,025	285,025	-	-	-
Lottery reimbursements.....	100,000	97,324	(2,676)	-	-	-
Lottery distributions.....	999,642	999,642	-	-	-	-
Tobacco settlement transfer.....	260,000	247,340	(12,660)	-	-	-
Excess permissible tax revenue.....	-	43,493	43,493	-	-	-
Operating transfers in.....	506,358	237,300	(269,058)	800	701	(99)
Stabilization transfer.....	-	-	-	-	-	-
Transfer for Bay State Competitiveness Investment.....	-	-	-	-	-	-
Total other financing sources.....	1,866,000	1,910,124	44,124	800	701	(99)
Total revenues and other financing sources.....	26,691,100	27,579,944	888,844	1,033,300	992,601	(40,699)
EXPENDITURES AND OTHER FINANCING USES						
Expenditures:						
Legislature.....	89,513	59,103	30,410	-	-	-
Judiciary.....	803,768	778,788	24,980	-	-	-
Inspector General.....	3,211	3,033	178	-	-	-
Governor and Lieutenant Governor.....	6,219	5,126	1,093	4	3	1
Secretary of the Commonwealth.....	48,802	45,148	3,654	-	-	-
Treasurer and Receiver-General.....	144,496	128,376	16,120	1,023	869	154
Auditor of the Commonwealth.....	18,275	18,267	8	-	-	-
Attorney General.....	40,786	38,769	2,017	480	480	-
Ethics Commission.....	1,554	1,554	-	-	-	-
District Attorney.....	91,206	89,275	1,931	4,101	3,769	332
Office of Campaign and Political Finance.....	1,110	1,107	3	-	-	-
Sheriff's Departments.....	271,929	268,132	3,797	872	771	101
Disabled Persons Protection Commission.....	1,903	1,903	-	-	-	-
Board of Library Commissioners.....	6,656	6,656	-	-	-	-
Comptroller.....	14,383	9,199	5,184	-	-	-
Administration and finance.....	1,788,500	1,626,063	162,437	6,101	6,078	23
Energy and environmental affairs.....	234,322	225,573	8,749	-	-	-
Housing and community development.....	96,872	95,794	1,078	-	-	-
Early education and care.....	510,629	506,743	3,886	-	-	-
Health and human services.....	4,679,111	4,609,840	69,271	-	-	-
Transportation and public works.....	221,855	204,428	17,427	86,754	78,732	8,022
Education.....	394,736	377,219	17,517	-	-	-
Higher education.....	1,136,786	1,115,696	21,090	-	-	-
Public safety and homeland security.....	856,433	825,259	31,174	254,051	250,101	3,950
Housing and economic development.....	185,669	167,699	17,970	58	55	3
Labor and workforce development.....	14,064	11,828	2,236	-	-	-
Direct local aid.....	5,037,024	5,033,364	3,660	-	-	-
Medicaid.....	7,579,752	7,550,447	29,305	-	-	-
Pension.....	1,335,176	1,335,176	-	-	-	-
Debt service:						
Principal retirement.....	677,310	896,789	(219,479)	394,270	389,148	5,122
Interest and fiscal charges.....	420,855	415,854	5,001	388,801	382,662	6,139
Total expenditures.....	26,712,905	26,452,208	260,697	1,136,515	1,112,668	23,847
Other financing uses:						
Fringe benefit cost assessment.....	-	-	-	63,200	76,448	(13,248)
Excess permissible tax revenue.....	-	43,493	(43,493)	-	-	-
Universal health transfer.....	1,115,600	1,133,613	(18,013)	-	-	-
Operating transfers out.....	85,995	105,912	(19,917)	37,300	29,030	8,270
Stabilization transfer.....	-	90,883	(90,883)	-	-	-
Transfer for Bay State Competitiveness Investment.....	-	100,000	(100,000)	-	-	-
Total other financing uses.....	1,201,595	1,473,901	(272,306)	100,500	105,478	(4,978)
Total expenditures and other financing uses.....	27,914,500	27,926,109	(11,609)	1,237,015	1,218,146	18,869
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(1,223,400)	(346,165)	877,235	(203,715)	(225,545)	(21,830)
Fund balances (deficit) at beginning of year.....	2,086,829	2,086,829	-	(1,071,008)	(1,071,008)	-
Fund balances (deficit) at end of year.....	\$ 863,429	\$ 1,740,664	\$ 877,235	\$ (1,274,723)	\$ (1,296,553)	\$ (21,830)

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Budgeted Funds

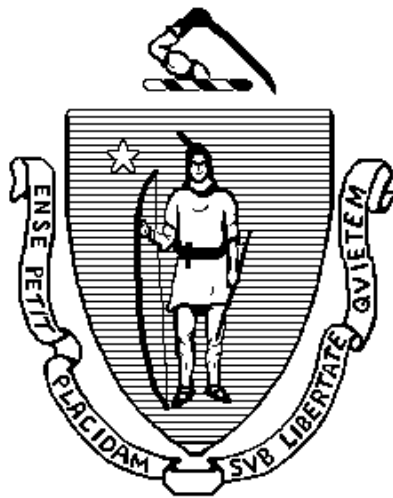
Combining Statements Of Revenues, Expenditures And Changes In Fund Balances - Statutory Basis - Budget And Actual

Fiscal Year Ended June 30, 2007

(Amounts in thousands)

	Other			Totals (Memorandum only)		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES AND OTHER FINANCING SOURCES						
Revenues:						
Taxes.....	\$ 59,100	\$ 60,330	\$ 1,230	\$ 17,662,500	\$ 18,444,891	\$ 782,391
Assessments.....	-	-	-	-	158,623	158,623
Federal grants and reimbursements.....	-	-	-	6,170,100	6,167,575	(2,525)
Departmental.....	-	469	469	2,096,600	1,803,714	(292,886)
Miscellaneous.....	-	62	62	45,000	448,716	403,716
Total revenues.....	59,100	60,861	1,761	25,974,200	27,023,519	1,049,319
Other financing sources:						
Fringe benefit cost recovery.....	-	-	-	-	285,025	285,025
Lottery reimbursements.....	-	-	-	100,000	97,324	(2,676)
Lottery distributions.....	-	-	-	999,642	999,642	-
Tobacco settlement transfer.....	-	-	-	260,000	247,340	(12,660)
Excess permissible tax revenue.....	-	-	-	-	86,986	86,986
Operating transfers in.....	-	-	-	507,258	238,133	(269,125)
Stabilization transfer.....	-	-	-	-	90,883	90,883
Transfer for Bay State Competitiveness Investment.....	-	-	-	-	100,000	100,000
Total other financing sources.....	-	-	-	1,866,900	2,145,333	278,433
Total revenues and other financing sources.....	59,100	60,861	1,761	27,841,100	29,168,852	1,327,752
EXPENDITURES AND OTHER FINANCING USES						
Expenditures:						
Legislature.....	-	-	-	89,513	59,103	30,410
Judiciary.....	-	-	-	803,768	778,788	24,980
Inspector General.....	-	-	-	3,211	3,033	178
Governor and Lieutenant Governor.....	-	-	-	6,223	5,129	1,094
Secretary of the Commonwealth.....	-	-	-	48,918	45,262	3,656
Treasurer and Receiver-General.....	700	700	-	146,219	129,945	16,274
Auditor of the Commonwealth.....	-	-	-	18,275	18,267	8
Attorney General.....	-	-	-	41,266	39,249	2,017
Ethics Commission.....	-	-	-	1,554	1,554	-
District Attorney.....	-	-	-	95,307	93,044	2,263
Office of Campaign and Political Finance.....	-	-	-	1,110	1,107	3
Sheriff's Departments.....	-	-	-	272,801	268,903	3,898
Disabled Persons Protection Commission.....	-	-	-	1,903	1,903	-
Board of Library Commissioners.....	-	-	-	6,656	6,656	-
Comptroller.....	-	-	-	17,428	12,032	5,396
Administration and finance.....	-	-	-	1,964,037	1,768,265	195,772
Energy and environmental affairs.....	425	330	95	246,985	236,341	10,644
Housing and community development.....	375	375	-	97,247	96,169	1,078
Early education and care.....	-	-	-	510,629	506,743	3,886
Health and human services.....	-	-	-	4,724,925	4,653,862	71,063
Transportation and public works.....	-	-	-	309,609	284,141	25,468
Education.....	-	-	-	394,736	377,219	17,517
Higher education.....	-	-	-	1,136,786	1,115,696	21,090
Public safety and homeland security.....	-	-	-	1,124,048	1,087,132	36,916
Housing and economic development.....	85,950	68,864	17,086	271,677	236,618	35,059
Labor and workforce development.....	13,181	8,453	4,728	27,245	20,281	6,964
Direct local aid.....	-	-	-	5,037,024	5,033,364	3,660
Medicaid.....	-	-	-	7,579,752	7,550,447	29,305
Pension.....	-	-	-	1,335,176	1,335,176	-
Debt service:						
Principal retirement.....	-	-	-	1,071,580	1,285,937	(214,357)
Interest and fiscal charges.....	-	-	-	809,656	798,516	11,140
Total expenditures.....	100,631	78,722	21,909	28,195,264	27,849,882	345,382
Other financing uses:						
Fringe benefit cost assessment.....	600	835	(235)	65,400	79,070	(13,670)
Excess permissible tax revenue.....	-	-	-	-	86,986	(86,986)
Universal health transfer.....	-	-	-	1,115,600	1,133,613	(18,013)
Operating transfers out.....	-	-	-	123,295	135,453	(12,158)
Stabilization transfer.....	-	-	-	-	90,883	(90,883)
Transfer for Bay State Competitiveness Investment.....	-	-	-	-	100,000	(100,000)
Total other financing uses.....	600	835	(235)	1,304,295	1,626,005	(321,710)
Total expenditures and other financing uses.....	101,231	79,557	21,674	29,499,559	29,475,887	23,672
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(42,131)	(18,696)	23,435	(1,658,459)	(307,035)	1,351,424
Fund balances (deficit) at beginning of year.....	24,866	24,866	-	3,208,050	3,208,050	-
Fund balances (deficit) at end of year.....	\$ (17,265)	\$ 6,170	\$ 23,435	\$ 1,549,591	\$ 2,901,015	\$ 1,351,424

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General Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Cash and short-term investments.....	\$ 1,876,922	\$ 2,351,007
Receivables, net of allowance for uncollectibles:		
Due from federal government.....	579,536	289,488
Other receivables.....	11,927	54,291
Due from cities and towns.....	7,115	12,001
Total assets.....	\$ 2,475,500	\$ 2,706,787
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 734,836	\$ 619,958
Total liabilities.....	734,836	619,958
Fund balance:		
Reserved fund balance:		
Reserved for continuing appropriations.....	317,096	903,369
Unreserved fund balance (deficit):		
Undesignated.....	1,423,568	1,183,460
Total fund balance (deficit).....	1,740,664	2,086,829
Total liabilities and fund balance.....	\$ 2,475,500	\$ 2,706,787

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

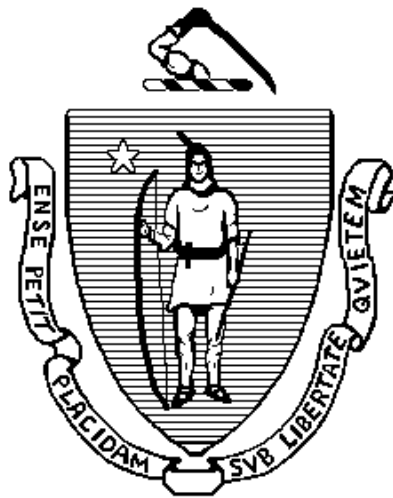
Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	2007 Budget	2007 Actual	Variance Favorable (Unfavorable)	2006 Actual
REVENUES AND OTHER FINANCING SOURCES				
Revenues:				
Taxes.....	\$ 17,016,500	\$ 17,803,365	\$ 786,865	\$ 16,573,385
Assessments.....	-	145,854	145,854	133,033
Federal grants and reimbursements.....	6,161,500	6,161,110	(390)	4,891,412
Departmental.....	1,647,100	1,199,120	(447,980)	1,238,699
Miscellaneous.....	-	360,371	360,371	238,623
Total revenues.....	<u>24,825,100</u>	<u>25,669,820</u>	<u>844,720</u>	<u>23,075,152</u>
Other financing sources:				
Fringe benefit cost recovery.....	-	285,025	285,025	238,043
Lottery reimbursements.....	100,000	97,324	(2,676)	89,730
Lottery distributions.....	999,642	999,642	-	941,601
Operating transfers in.....	506,358	237,300	(269,058)	271,887
Stabilization transfers.....	-	-	-	20,000
Tobacco settlement transfer.....	260,000	247,340	(12,660)	236,305
Excess permissible tax revenue.....	-	43,493	43,493	32,103
Transfer for transitional escrow.....	-	-	-	303,838
Total other financing sources.....	<u>1,866,000</u>	<u>1,910,124</u>	<u>44,124</u>	<u>2,133,507</u>
Total revenues and other financing sources.....	<u>26,691,100</u>	<u>27,579,944</u>	<u>888,844</u>	<u>25,208,659</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures:				
Legislature.....	89,513	59,103	30,410	54,552
Judiciary.....	803,768	778,788	24,980	658,603
Inspector General.....	3,211	3,033	178	2,763
Governor and Lieutenant Governor.....	6,219	5,126	1,093	4,640
Secretary of the Commonwealth.....	48,802	45,148	3,654	37,361
Treasurer and Receiver-General.....	144,496	128,376	16,120	124,017
Auditor of the Commonwealth.....	18,275	18,267	8	17,317
Attorney General.....	40,786	38,769	2,017	36,637
Ethics Commission.....	1,554	1,554	-	1,446
District Attorney.....	91,206	89,275	1,931	82,048
Office of Campaign and Political Finance.....	1,110	1,107	3	1,067
Sheriff's Departments.....	271,929	268,132	3,797	243,178
Disabled Persons Protection Commission.....	1,903	1,903	-	1,805
Board of Library Commissioners.....	6,656	6,656	-	5,289
Comptroller.....	14,383	9,199	5,184	8,709

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	2007 Budget	2007 Actual	Variance Favorable (Unfavorable)	2006 Actual
Expenditures (continued):				
Administration and finance.....	1,788,500	1,626,063	162,437	1,595,333
Energy and environmental affairs.....	234,322	225,573	8,749	188,879
Housing and community development.....	96,872	95,794	1,078	117,028
Early education and care.....	510,629	506,743	3,886	470,497
Health and human services.....	4,679,111	4,609,840	69,271	4,416,216
Transportation and public works.....	221,855	204,428	17,427	111,705
Education.....	394,736	377,219	17,517	338,958
Higher education.....	1,136,786	1,115,696	21,090	987,779
Public safety and homeland security.....	856,433	825,259	31,174	794,879
Housing and economic development.....	185,669	167,699	17,970	87,778
Labor and workforce development.....	14,064	11,828	2,236	-
Direct local aid.....	5,037,024	5,033,364	3,660	4,618,832
Medicaid.....	7,579,752	7,550,447	29,305	6,389,156
Pension.....	1,335,176	1,335,176	-	1,274,675
Debt service:				
Principal retirement.....	677,310	896,789	(219,479)	491,372
Interest and fiscal charges.....	420,855	415,854	5,001	367,060
Total expenditures.....	<u>26,712,905</u>	<u>26,452,208</u>	<u>260,697</u>	<u>23,529,579</u>
Other financing uses:				
Excess permissible tax revenue.....	-	43,493	(43,493)	52,103
Uncompensated care pool transfer	-	-	-	171,900
Universal health transfer.....	1,115,600	1,133,613	(18,013)	-
Operating transfers out.....	85,995	105,912	(19,917)	179,350
Transfer for Bay State Competitiveness Investment.....	-	100,000	(100,000)	-
Fund consolidation transfer.....	-	-	-	324,769
Stabilization transfer.....	-	90,883	(90,883)	353,990
Total other financing uses.....	<u>1,201,595</u>	<u>1,473,901</u>	<u>(272,306)</u>	<u>1,082,112</u>
Total expenditures and other financing uses.....	<u>27,914,500</u>	<u>27,926,109</u>	<u>(11,609)</u>	<u>24,611,691</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(1,223,400)	(346,165)	877,235	596,968
Fund balance (deficit) at beginning of year.....	2,086,829	2,086,829	-	1,489,861
Fund balance (deficit) at end of year.....	<u>\$ 863,429</u>	<u>\$ 1,740,664</u>	<u>\$ 877,235</u>	<u>\$ 2,086,829</u>



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Highway Fund
Balance Sheet - Statutory Basis
 June 30, 2007
 (Amounts in thousands)

	2007	2006
ASSETS		
Cash with fiscal agent.....	\$ 10,276	\$ 10,687
Total assets.....	\$ 10,276	\$ 10,687
LIABILITIES AND FUND BALANCE		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ 1,281,517	\$ 1,066,511
Accounts payable.....	25,312	15,184
Total liabilities.....	1,306,829	1,081,695
Fund balance:		
Reserved fund balance:		
Reserved for continuing appropriations.....	642	1,413
Reserved for debt service.....	10,276	10,687
Unreserved fund balance (deficit):		
Undesignated.....	(1,307,471)	(1,083,108)
Total fund balance (deficit).....	(1,296,553)	(1,071,008)
Total liabilities and fund balance.....	\$ 10,276	\$ 10,687

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	2007 Budget	2007 Actual	Variance Favorable (Unfavorable)	2006 Actual
REVENUES AND OTHER FINANCING SOURCES				
Revenues:				
Taxes.....	\$ 586,000	\$ 577,622	\$ (8,378)	\$ 574,424
Assessments.....	-	12,769	12,769	13,083
Federal grants and reimbursements.....	3,700	856	(2,844)	1,452
Departmental.....	442,800	399,233	(43,567)	386,251
Miscellaneous.....	-	1,420	1,420	1,454
Total revenues.....	<u>1,032,500</u>	<u>991,900</u>	<u>(40,600)</u>	<u>976,664</u>
Other financing sources:				
Operating transfers in.....	800	701	(99)	595
Total other financing sources.....	<u>800</u>	<u>701</u>	<u>(99)</u>	<u>595</u>
Total revenues and other financing sources.....	<u>1,033,300</u>	<u>992,601</u>	<u>(40,699)</u>	<u>977,259</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures:				
Governor and Lieutenant Governor.....	4	3	1	-
Treasurer and Receiver-General.....	1,023	869	154	904
Attorney General.....	480	480	-	431
District Attorney.....	4,101	3,769	332	3,644
Sheriff's Departments.....	872	771	101	450
Administration and finance.....	6,101	6,078	23	6,031
Transportation and public works.....	86,754	78,732	8,022	100,427
Public safety and homeland security.....	254,051	250,101	3,950	206,352
Housing and economic development.....	58	55	3	50
Debt service:				
Principal retirement.....	394,270	389,148	5,122	413,734
Interest and fiscal charges.....	388,801	382,662	6,139	393,368
Total expenditures.....	<u>1,136,515</u>	<u>1,112,668</u>	<u>23,847</u>	<u>1,125,391</u>
Other financing uses:				
Fringe benefit cost assessment.....	63,200	76,448	(13,248)	55,343
Operating transfers out.....	37,300	29,030	8,270	43,297
Total other financing uses.....	<u>100,500</u>	<u>105,478</u>	<u>(4,978)</u>	<u>98,640</u>
Total expenditures and other financing uses.....	<u>1,237,015</u>	<u>1,218,146</u>	<u>18,869</u>	<u>1,224,031</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(203,715)	(225,545)	(21,830)	(246,772)
Fund balance (deficit) at beginning of year.....	<u>(1,071,008)</u>	<u>(1,071,008)</u>	<u>-</u>	<u>(824,236)</u>
Fund balance (deficit) at end of year.....	<u>\$ (1,274,723)</u>	<u>\$ (1,296,553)</u>	<u>\$ (21,830)</u>	<u>\$ (1,071,008)</u>

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

June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Cash and short-term investments.....	\$ 1,852,605	\$ 1,761,462
Cash with fiscal agent.....	10,276	10,687
Total assets.....	\$ 1,862,881	\$ 1,772,149
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	-	-
Fund balance:		
Reserved fund balance:		
Reserved for debt service.....	10,276	10,687
Unreserved fund balance (deficit):		
Undesignated.....	1,852,605	1,761,462
Total fund balance (deficit).....	1,862,881	1,772,149
Total liabilities and fund balance.....	\$ 1,862,881	\$ 1,772,149

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

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	2007 Budget	2007 Actual	Variance Favorable (Unfavorable)	2006 Actual
REVENUES AND OTHER FINANCING SOURCES				
Revenues:				
Taxes.....	\$ 148,047	\$ 148,047	\$ -	\$ 239,469
Miscellaneous.....	-	851	851	912
Total revenues.....	<u>148,047</u>	<u>148,898</u>	<u>851</u>	<u>240,381</u>
Other financing sources:				
Operating transfers in.....	-	701	701	595
Total other financing sources.....	-	701	701	595
Total revenues and other financing sources.....	<u>148,047</u>	<u>149,599</u>	<u>1,552</u>	<u>240,976</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures:				
Debt service:				
Principal retirement.....	30,714	30,325	(389)	28,565
Interest and fiscal charges.....	<u>28,908</u>	<u>28,542</u>	<u>(366)</u>	<u>27,980</u>
Total expenditures.....	<u>59,622</u>	<u>58,867</u>	<u>(755)</u>	<u>56,545</u>
Other financing uses:				
Operating transfers out.....	-	-	-	6,913
Total other financing uses.....	-	-	-	6,913
Total expenditures and other financing uses.....	<u>59,622</u>	<u>58,867</u>	<u>(755)</u>	<u>63,458</u>
Excess (deficiency) of revenues and other financing over expenditures and other financing uses.....	88,425	90,732	797	177,518
Fund balance (deficit) at beginning of year.....	<u>1,772,149</u>	<u>1,772,149</u>	-	<u>1,594,631</u>
Fund balance (deficit) at end of year.....	<u>\$ 1,860,574</u>	<u>\$ 1,862,881</u>	<u>\$ 797</u>	<u>\$ 1,772,149</u>

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

Commonwealth Stabilization Fund
Balance Sheet- Statutory Basis

June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Cash and short-term investments.....	\$ 1,963,579	\$ 1,801,991
Investments.....	371,442	352,673
Total assets.....	\$ 2,335,021	\$ 2,154,664
LIABILITIES AND FUND EQUITY		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	-	-
Fund balance:		
Reserved fund balance:		
Reserved for stabilization.....	2,335,021	2,154,664
Total fund balance (deficit).....	2,335,021	2,154,664
Total liabilities and fund balance.....	\$ 2,335,021	\$ 2,154,664

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	2007 Budget	2007 Actual	Variance Favorable (Unfavorable)	2006 Actual
REVENUES AND OTHER FINANCING SOURCES				
Revenues:				
Taxes.....	\$ -	\$ 2,680	\$ 2,680	\$ 4,204
Miscellaneous.....	45,000	86,794	41,794	68,115
Total revenues.....	<u>45,000</u>	<u>89,474</u>	<u>44,474</u>	<u>72,319</u>
Other financing sources:				
Excess permissible tax revenue.....	-	-	-	20,000
Stabilization transfer.....	-	90,883	90,883	353,990
Total other financing sources.....	<u>-</u>	<u>90,883</u>	<u>90,883</u>	<u>373,990</u>
Total revenues and other financing sources.....	<u>45,000</u>	<u>180,357</u>	<u>135,357</u>	<u>446,309</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures:				
Administration and finance.....	-	-	-	-
Total expenditures.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing uses:				
Stabilization transfer.....	-	-	-	20,000
Total other financing uses.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,000</u>
Total expenditures and other financing uses.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,000</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	45,000	180,357	135,357	426,309
Fund balance (deficit) at beginning of year.....	<u>2,154,664</u>	<u>2,154,664</u>	<u>-</u>	<u>1,728,355</u>
Fund balance (deficit) at end of year.....	<u>\$ 2,199,664</u>	<u>\$ 2,335,021</u>	<u>\$ 135,357</u>	<u>\$ 2,154,664</u>

Administrative Control Funds
Combining Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

ASSETS	Temporary Holding Fund	Intra- Governmental Service	Transitional Escrow Fund	Bay State Competitiveness Investment Fund	Totals (Memorandum only)	
					2007	2006
Cash and short-term investments.....	\$ -	\$ 18,543	\$ -	\$ 100,000	\$ 118,543	\$ 16,247
Total assets.....	<u>\$ -</u>	<u>\$ 18,543</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 118,543</u>	<u>\$ 16,247</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable.....	\$ -	\$ 16,240	\$ -	\$ -	\$ 16,240	\$ 15,278
Total liabilities.....	<u>-</u>	<u>16,240</u>	<u>-</u>	<u>-</u>	<u>16,240</u>	<u>15,278</u>
Fund balances (deficits):						
Reserved for:						
Continuing appropriations.....	-	2,303	-	-	2,303	969
Bay State Competitiveness Investment.....	-	-	-	100,000	100,000	-
Total fund balances (deficits).....	<u>-</u>	<u>2,303</u>	<u>-</u>	<u>100,000</u>	<u>102,303</u>	<u>969</u>
Total liabilities and fund balances.....	<u>\$ -</u>	<u>\$ 18,543</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 118,543</u>	<u>\$ 16,247</u>

See independent auditors' report

Administrative Control Funds

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

Fiscal Year Ended June 30, 2007

(Amounts in thousands)

	Temporary Holding Fund	Intra- Governmental Service	Transitional Escrow Fund	Bay State Competitiveness Investment Fund	Totals (Memorandum only)	
					2007	2006
REVENUES AND OTHER FINANCING SOURCES						
Revenues:						
Departmental.....	\$ -	\$ 198,035	\$ -	\$ -	\$ 198,035	\$ 192,425
Total revenues.....	-	198,035	-	-	198,035	192,425
Other financing sources:						
Excess permissible tax revenue.....	43,493	-	-	-	43,493	52,103
Transfer for Bay State Competitiveness Investment.....	-	-	-	100,000	100,000	-
Total other financing sources.....	43,493	-	-	100,000	143,493	52,103
Total revenues and other financing sources.....	43,493	198,035	-	100,000	341,528	244,528
EXPENDITURES AND OTHER FINANCING USES						
Expenditures:						
Secretary of the Commonwealth.....	-	114	-	-	114	113
Comptroller.....	-	2,833	-	-	2,833	2,804
Administration and finance.....	-	136,124	-	-	136,124	134,093
Energy and environmental affairs.....	-	344	-	-	344	336
Health and human services.....	-	44,022	-	-	44,022	43,384
Transportation and public works.....	-	981	-	-	981	822
Public safety and homeland security.....	-	11,772	-	-	11,772	10,145
Housing and economic development.....	-	-	-	-	-	1,000
Total expenditures.....	-	196,190	-	-	196,190	192,697
Other financing uses:						
Operating transfers out.....	-	511	-	-	511	921
Transfer for transitional escrow.....	-	-	-	-	-	303,838
Excess permissible tax revenue.....	43,493	-	-	-	43,493	52,103
Total other financing uses.....	43,493	511	-	-	44,004	356,862
Total expenditures and other financing uses.....	43,493	196,701	-	-	240,194	549,559
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	-	1,334	-	100,000	101,334	(305,031)
Fund balances (deficit) at beginning of year.....	-	969	-	-	969	306,000
Fund balances (deficit) at end of year.....	\$ -	\$ 2,303	\$ -	\$ 100,000	\$ 102,303	\$ 969

See independent auditors' report

Temporary Holding Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Cash and short-term investments.....	\$ -	\$ -
Total assets.....	\$ -	\$ -
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	-	-
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	-	-
Total fund balance (deficit)	-	-
Total liabilities and fund balance.....	\$ -	\$ -

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	2007 Budget	2007 Actual	Variance Favorable (Unfavorable)	2006 Actual
REVENUES AND OTHER FINANCING SOURCES				
Revenues:				
Miscellaneous.....	\$ -	\$ -	\$ -	\$ -
Total revenues.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources:				
Excess permissible tax revenue.....	-	43,493	43,493	52,103
Total other financing sources.....	<u>-</u>	<u>43,493</u>	<u>43,493</u>	<u>52,103</u>
Total revenues and other financing sources.....	<u>-</u>	<u>43,493</u>	<u>43,493</u>	<u>52,103</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures:				
Administration and finance.....	-	-	-	-
Total expenditures.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing uses:				
Excess permissible tax revenue.....	-	43,493	(43,493)	52,103
Total other financing uses.....	<u>-</u>	<u>43,493</u>	<u>(43,493)</u>	<u>52,103</u>
Total expenditures and other financing uses.....	<u>-</u>	<u>43,493</u>	<u>(43,493)</u>	<u>52,103</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	-	-	-	-
Fund balance (deficit) at beginning of year.....	-	-	-	-
Fund balance (deficit) at end of year.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Intragovernmental Service Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Cash and short-term investments.....	\$ 18,543	\$ 16,247
Total assets.....	\$ 18,543	\$ 16,247
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 16,240	\$ 15,278
Total liabilities.....	16,240	15,278
Fund balance:		
Reserved fund balance:		
Reserved for continuing appropriations.....	2,303	969
Total fund balance (deficit)	2,303	969
Total liabilities and fund balance.....	\$ 18,543	\$ 16,247

Intragovernmental Service Fund

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	2007 Budget	2007 Actual	Variance Favorable (Unfavorable)	2006 Actual
REVENUES AND OTHER FINANCING SOURCES				
Revenues:				
Departmental.....	\$ -	\$ 198,035	\$ 198,035	\$ 192,425
Total revenues.....	<u>-</u>	<u>198,035</u>	<u>198,035</u>	<u>192,425</u>
Other financing sources:				
Operating transfers in.....	-	-	-	-
Total other financing sources.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and other financing sources.....	<u>-</u>	<u>198,035</u>	<u>198,035</u>	<u>192,425</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures:				
Secretary of the Commonwealth.....	116	114	2	113
Comptroller.....	3,045	2,833	212	2,804
Administration and finance.....	169,436	136,124	33,312	134,093
Energy and environmental affairs.....	510	344	166	336
Health and human services.....	45,814	44,022	1,792	43,384
Transportation and public works.....	1,000	981	19	822
Public safety and homeland security.....	13,564	11,772	1,792	10,145
Total expenditures.....	<u>233,485</u>	<u>196,190</u>	<u>37,295</u>	<u>191,697</u>
Other financing uses:				
Operating transfers out.....	-	511	(511)	921
Total other financing uses.....	<u>-</u>	<u>511</u>	<u>(511)</u>	<u>921</u>
Total expenditures and other financing uses.....	<u>233,485</u>	<u>196,701</u>	<u>36,784</u>	<u>192,618</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....				
	(233,485)	1,334	234,819	(193)
Fund balance (deficit) at beginning of year.....	969	969	-	1,162
Fund balance (deficit) at end of year.....	<u>\$ (232,516)</u>	<u>\$ 2,303</u>	<u>\$ 234,819</u>	<u>\$ 969</u>

Transitional Escrow Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Cash and short-term investments.....	\$ -	\$ -
Total assets.....	\$ -	\$ -
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	-	-
Fund balance:		
Reserved fund balance:		
Reserved for transitional escrow.....	-	-
Total fund balance (deficit)	-	-
Total liabilities and fund balance.....	\$ -	\$ -

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	2007 Budget	2007 Actual	Variance Favorable (Unfavorable)	2006 Actual
REVENUES AND OTHER FINANCING SOURCES				
Revenues:				
Miscellaneous.....	\$ -	\$ -	\$ -	\$ -
Total revenues.....	-	-	-	-
Other financing sources:				
Transfer for transitional escrow.....	-	-	-	-
Total other financing sources.....	-	-	-	-
Total revenues and other financing sources.....	-	-	-	-
EXPENDITURES AND OTHER FINANCING USES				
Expenditures:				
Housing and economic development.....	-	-	-	1,000
Total expenditures.....	-	-	-	1,000
Other financing uses:				
Transfer for transitional escrow.....	-	-	-	303,838
Total other financing uses.....	-	-	-	303,838
Total expenditures and other financing uses.....	-	-	-	304,838
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	-	-	-	(304,838)
Fund balance (deficit) at beginning of year.....	-	-	-	304,838
Fund balance (deficit) at end of year.....	\$ -	\$ -	\$ -	\$ -

Bay State Competitiveness Investment Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Cash and short-term investments.....	\$ 100,000	\$ -
Total assets.....	\$ 100,000	\$ -
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	-	-
Fund balance:		
Reserved fund balance:		
Reserved for Bay State Competitiveness Investment.....	100,000	-
Total fund balance (deficit)	100,000	-
Total liabilities and fund balance.....	\$ 100,000	\$ -

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	2007 Budget	2007 Actual	Variance Favorable (Unfavorable)	2006 Actual
REVENUES AND OTHER FINANCING SOURCES				
Revenues:				
Miscellaneous.....	\$ -	\$ -	\$ -	\$ -
Total revenues.....	-	-	-	-
Other financing sources:				
Transfer for Bay State Competitiveness Investment.....	-	100,000	100,000	-
Total other financing sources.....	-	100,000	100,000	-
Total revenues and other financing sources.....	-	100,000	100,000	-
EXPENDITURES AND OTHER FINANCING USES				
Expenditures:				
Legislature.....	-	-	-	-
Total expenditures.....	-	-	-	-
Other financing uses:				
Total other financing uses.....	-	-	-	-
Total expenditures and other financing uses.....	-	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	-	100,000	100,000	-
Fund balance (deficit) at beginning of year.....	-	-	-	-
Fund balance (deficit) at end of year.....	\$ -	\$ 100,000	\$ 100,000	\$ -

Inland Fisheries And Game Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Cash and short-term investments.....	\$ 14,287	\$ 12,398
Total assets.....	\$ 14,287	\$ 12,398
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 877	\$ 668
Total liabilities.....	877	668
Fund balance:		
Reserved for continuing appropriations.....	-	50
Unreserved fund balance (deficit):		
Undesignated.....	13,410	11,680
Total fund balance (deficit).....	13,410	11,730
Total liabilities and fund balance.....	\$ 14,287	\$ 12,398

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	2007 Budget	2007 Actual	Variance Favorable (Unfavorable)	2006 Actual
REVENUES AND OTHER FINANCING SOURCES				
Revenues:				
Taxes.....	\$ 900	\$ 894	\$ (6)	\$ 886
Federal grants and reimbursements.....	4,900	5,609	709	3,617
Departmental.....	6,700	6,857	157	6,659
Miscellaneous.....	-	69	69	38
Total revenues.....	<u>12,500</u>	<u>13,429</u>	<u>929</u>	<u>11,200</u>
Other financing sources:				
Operating transfers in.....	100	132	32	129
Total other financing sources.....	<u>100</u>	<u>132</u>	<u>32</u>	<u>129</u>
Total revenues and other financing sources.....	<u>12,600</u>	<u>13,561</u>	<u>961</u>	<u>11,329</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures:				
Energy and environmental affairs.....	11,728	10,094	1,634	10,517
Total expenditures.....	<u>11,728</u>	<u>10,094</u>	<u>1,634</u>	<u>10,517</u>
Other financing uses				
Fringe benefit cost assessment.....	1,600	1,787	(187)	1,502
Total other financing uses.....	<u>1,600</u>	<u>1,787</u>	<u>(187)</u>	<u>1,502</u>
Total expenditures and other financing uses.....	<u>13,328</u>	<u>11,881</u>	<u>1,447</u>	<u>12,019</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(728)	1,680	2,408	(690)
Fund balance (deficit) at beginning of year.....	11,730	11,730	-	12,420
Fund balance (deficit) at end of year.....	<u>\$ 11,002</u>	<u>\$ 13,410</u>	<u>\$ 2,408</u>	<u>\$ 11,730</u>

Workforce Training Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Cash and short-term investments.....	\$ 6,844	\$ 17,503
Total assets.....	\$ 6,844	\$ 17,503
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 5,346	\$ 2,456
Total liabilities.....	5,346	2,456
Fund balance:		
Reserved fund balance:		
Reserved for continuing appropriations.....	18,000	22,290
Unreserved fund balance (deficit):		
Undesignated.....	(16,502)	(7,243)
Total fund balance (deficit).....	1,498	15,047
Total liabilities and fund balance.....	\$ 6,844	\$ 17,503

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	2007 Budget	2007 Actual	Variance Favorable (Unfavorable)	2006 Actual
REVENUES AND OTHER FINANCING SOURCES				
Revenues:				
Taxes.....	\$ 21,400	\$ 21,449	\$ 49	\$ 21,400
Miscellaneous.....	-	62	62	-
Total revenues.....	<u>21,400</u>	<u>21,511</u>	<u>111</u>	<u>21,400</u>
Other financing sources:				
Operating transfers in.....	-	-	-	-
Total other financing sources.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and other financing sources.....	<u>21,400</u>	<u>21,511</u>	<u>111</u>	<u>21,400</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures:				
Housing and community development.....	375	375	-	245
Housing and economic development.....	39,868	25,682	14,186	26,128
Labor and workforce development.....	13,181	8,453	4,728	-
Total expenditures.....	<u>53,424</u>	<u>34,510</u>	<u>18,914</u>	<u>26,373</u>
Other financing uses:				
Fringe benefit cost assessment.....	300	550	(250)	427
Total other financing uses.....	<u>300</u>	<u>550</u>	<u>(250)</u>	<u>427</u>
Total expenditures and other financing uses.....	<u>53,724</u>	<u>35,060</u>	<u>18,664</u>	<u>26,800</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses....	(32,324)	(13,549)	18,775	(5,400)
Fund balance (deficit) at beginning of year.....	<u>15,047</u>	<u>15,047</u>	<u>-</u>	<u>20,447</u>
Fund balance (deficit) at end of year.....	<u>\$ (17,277)</u>	<u>\$ 1,498</u>	<u>\$ 18,775</u>	<u>\$ 15,047</u>

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

June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Cash and short-term investments.....	\$ 2,025	\$ 1,556
Total assets.....	\$ 2,025	\$ 1,556
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	-	-
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	2,025	1,556
Total fund balance (deficit).....	2,025	1,556
Total liabilities and fund balance.....	\$ 2,025	\$ 1,556

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	2007 Budget	2007 Actual	Variance Favorable (Unfavorable)	2006 Actual
REVENUES AND OTHER FINANCING SOURCES				
Revenues:				
Departmental.....	\$ -	\$ 469	\$ 469	\$ 1,556
Total revenues.....	<u>-</u>	<u>469</u>	<u>469</u>	<u>1,556</u>
Other financing sources:				
Operating transfers in.....	-	-	-	-
Total other financing sources.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and other financing sources.....	<u>-</u>	<u>469</u>	<u>469</u>	<u>1,556</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures:				
Energy and environmental affairs.....	-	-	-	-
Total expenditures.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing uses:				
Operating transfers out.....	-	-	-	-
Total other financing uses.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures and other financing uses.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	-	469	469	1,556
Fund balance (deficit) at beginning of year.....	1,556	1,556	-	-
Fund balance (deficit) at end of year.....	<u>\$ 1,556</u>	<u>\$ 2,025</u>	<u>\$ 469</u>	<u>\$ 1,556</u>

Massachusetts Tourism Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash and short-term investments.....	\$ 9,294	\$ 12,826
Total assets.....	<u>\$ 9,294</u>	<u>\$ 12,826</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 6,647	\$ 4,563
Total liabilities.....	<u>6,647</u>	<u>4,563</u>
Fund balance:		
Reserved fund balance:		
Reserved for continuing appropriations.....	2,995	8,404
Unreserved fund balance (deficit):		
Undesignated.....	<u>(348)</u>	<u>(141)</u>
Total fund balance (deficit).....	<u>2,647</u>	<u>8,263</u>
Total liabilities and fund balance.....	<u>\$ 9,294</u>	<u>\$ 12,826</u>

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	2007 Budget	2007 Actual	Variance Favorable (Unfavorable)	2006 Actual
REVENUES AND OTHER FINANCING SOURCES				
Revenues:				
Taxes.....	\$ 37,700	\$ 38,881	\$ 1,181	\$ 37,033
Total revenues.....	<u>37,700</u>	<u>38,881</u>	<u>1,181</u>	<u>37,033</u>
Other financing sources:				
Operating transfers in.....	-	-	-	-
Total other financing sources.....	-	-	-	-
Total revenues and other financing sources.....	<u>37,700</u>	<u>38,881</u>	<u>1,181</u>	<u>37,033</u>
EXPENDITURES AND OTHER FINANCING USES				
Expenditures:				
Treasurer and Receiver General.....	700	700	-	-
Energy and environmental affairs.....	425	330	95	50
Housing and economic development.....	46,082	43,182	2,900	28,738
Total expenditures.....	<u>47,207</u>	<u>44,212</u>	<u>2,995</u>	<u>28,788</u>
Other financing uses:				
Fringe benefit cost assessment.....	300	285	15	236
Total other financing uses.....	<u>300</u>	<u>285</u>	<u>15</u>	<u>236</u>
Total expenditures and other financing uses.....	<u>47,507</u>	<u>44,497</u>	<u>3,010</u>	<u>29,024</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(9,807)	(5,616)	4,191	8,009
Fund balance (deficit) at beginning of year.....	<u>8,263</u>	<u>8,263</u>	<u>-</u>	<u>254</u>
Fund balance (deficit) at end of year.....	<u>\$ (1,544)</u>	<u>\$ 2,647</u>	<u>\$ 4,191</u>	<u>\$ 8,263</u>

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

June 30, 2007
(Amounts in thousands)

	<u>2007</u>	<u>2006</u>
ASSETS		
Receivables, net of allowance for uncollectibles:		
Due from federal government.....	\$ -	\$ -
Total assets.....	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	<u>-</u>	<u>-</u>
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	<u>-</u>	<u>-</u>
Total fund balance (deficit).....	<u>-</u>	<u>-</u>
Total liabilities and fund balance.....	<u>\$ -</u>	<u>\$ -</u>

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	2007 Budget	2007 Actual	Variance Favorable (Unfavorable)	2006 Actual
REVENUES AND OTHER FINANCING SOURCES				
Revenues:				
Taxes.....	\$ -	\$ -	\$ -	\$ 74,824
Federal grants and reimbursements.....	-	-	-	313,682
Departmental.....	-	-	-	2,146
Miscellaneous.....	-	-	-	94
Total revenues.....	-	-	-	390,746
Other financing sources:				
Fund consolidation transfer.....	-	-	-	324,769
Total other financing sources.....	-	-	-	324,769
Total revenues and other financing sources.....	-	-	-	715,515
EXPENDITURES AND OTHER FINANCING USES				
Expenditures:				
Attorney General.....	-	-	-	2
Administration and finance.....	-	-	-	8
Health and human services.....	-	-	-	4,591
Medicaid.....	-	-	-	463,308
Total expenditures.....	-	-	-	467,909
Other financing uses:				
Fringe benefit cost assessment.....	-	-	-	1,692
Total other financing uses.....	-	-	-	1,692
Total expenditures and other financing uses.....	-	-	-	469,601
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.	-	-	-	245,914
Fund balance (deficit) at beginning of year.....	-	-	-	(245,914)
Fund balance (deficit) at end of year.....	\$ -	\$ -	\$ -	\$ -



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Non-Budgeted Funds

SPECIAL REVENUE FUNDS:

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

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

LOTTERY FUNDS:

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

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

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

UNIVERSAL HEALTH CARE FUNDS:

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

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

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

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

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

Uncompensated Care Fund – to account for funds received from hospitals, transfers from budgeted funds and federal reimbursements; used for the purposes of the Uncompensated Care Pool. Though not repealed, the balance in the fund will transfer to the Health Safety Net Trust Fund on October 1, 2007.

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

OTHER FUNDS:

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

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

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

Health Care Security Trust Fund – to account for revenues received from tobacco companies under the tobacco settlement, interest income fees and federal grants as well as expenditures to the Health Care Quality Improvement Fund for health related services and programs intended to control or reduce the use of tobacco in the Commonwealth. Though not repealed, the balance in the Health Care Security Trust Fund will be transferred to the State Retiree Benefits Trust Fund on or before June 30, 2008.

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

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

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

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

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

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

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

Division of Professional Licensure Trust Fund – to support programs and administrative costs of the Division of Professional Licensure. Revenues are from professional

registration fees and expenditures are for regulatory purpose. The fund is not allowed to incur deficit. Any year end balance in excess of 20% of prior year’s expenditures reverts to the General Fund.

Victims of Drunk Driving Trust Fund – to account for fines collected from convicted individuals of driving under the influence of various substances defined by the law. Expenditures are for grants to community based programs to provide counseling and support services to victims of accidents.

Health Care Quality Improvement Trust Fund – to account for transferred fees and federal participation from the Health Care Security Trust fund paid by health care providers. Expenditures are to health care providers for Medicaid related services. Though not repealed, the balance in this fund will transfer to the General Fund as of October 1, 2007.

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

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

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

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

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

of 2004 renamed this fund from the Essential Community Provider Expendable Trust Fund. This fund closed on September 30, 2006 and any remaining balance will be transferred to the Essential Community Provider Trust Fund.

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

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

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

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

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

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

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

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.

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.

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

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

Government Land Bank Fund – to account for proceeds from disposition, conversion and redevelopment of land used for industrial and low income housing developments. Payments of principal and interest on bonds and notes of the Massachusetts Development Finance Agency.

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

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

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

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

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

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

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

Massachusetts Military Family Relief Fund – to account for revenues received by the Commonwealth under the provisions of section 6K of Chapter 62, from public and private sources as gifts, grants, and donations to further the purposes of the fund, which is to help members of the Massachusetts National Guard and Massachusetts residents who are members of the Armed Forces of the United States and who were called to active duty after September 11, 2001.

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

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

Massachusetts AIDS Fund – to account for gifts, grants, and donations; used for research, treatment, and education related to acquired immune deficiency syndrome.

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

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

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

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

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

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

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

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

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

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

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

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

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.

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

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

June 30, 2007
(Amounts in thousands)

ASSETS	<u>Federal Grants</u>	<u>Lotteries</u>	<u>Universal Health Care</u>
Cash and short-term investments.....	\$ -	\$ 4,577	\$ 403,491
Cash with fiscal agent.....	-	-	-
Investments.....	-	-	-
Receivables, net of allowance for uncollectibles:			
Due from federal government.....	325,248	-	-
Other receivables.....	-	3,039	-
Due from cities and towns.....	-	-	1,358
Total assets.....	<u>\$ 325,248</u>	<u>\$ 7,616</u>	<u>\$ 404,849</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Deficiency in cash and short-term investments.....	\$ 92,563	\$ 47,299	\$ -
Accounts payable.....	231,628	79,149	137,331
Due to other funds.....	-	-	-
Total liabilities.....	<u>324,191</u>	<u>126,448</u>	<u>137,331</u>
Fund balances:			
Reserved for:			
Debt service.....	-	-	-
Unreserved:			
Designated for specific purpose.....	1,057	-	267,518
Undesignated.....	-	(118,832)	-
Total fund balances.....	<u>1,057</u>	<u>(118,832)</u>	<u>267,518</u>
Total liabilities and fund balances.....	<u>\$ 325,248</u>	<u>\$ 7,616</u>	<u>\$ 404,849</u>

See independent auditors' report

Totals (Memorandum only)		
Other	2007	2006
\$ 495,237	\$ 903,305	\$ 842,809
703,043	703,043	674,517
552,515	552,515	515,758
76,627	401,875	358,420
35,575	38,614	26,878
51,522	52,880	22,625
<u>\$ 1,914,519</u>	<u>\$ 2,652,232</u>	<u>\$ 2,441,007</u>
\$ 46,193	\$ 186,055	\$ 49,397
208,950	657,058	473,747
74,582	74,582	64,910
<u>329,725</u>	<u>917,695</u>	<u>588,054</u>
672,810	672,810	674,517
959,456	1,228,031	1,229,965
(47,472)	(166,304)	(51,529)
<u>1,584,794</u>	<u>1,734,537</u>	<u>1,852,953</u>
<u>\$ 1,914,519</u>	<u>\$ 2,652,232</u>	<u>\$ 2,441,007</u>

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	Federal Grants	Lotteries	Universal Health Care
REVENUES AND OTHER FINANCING SOURCES			
Revenues:			
Taxes.....	\$ -	\$ 1,124	\$ -
Assessments.....	-	-	319,568
Federal grants and reimbursements.....	1,989,118	-	-
Tobacco settlement revenue.....	-	-	-
Departmental.....	-	4,656,789	52,959
Miscellaneous.....	474	13,524	7,471
Total revenues.....	<u>1,989,592</u>	<u>4,671,437</u>	<u>379,998</u>
Other financing sources:			
Operating transfers in.....	814	69,489	-
Health care security trust transfer.....	-	-	-
Uncompensated care pool transfer.....	-	-	290,000
Universal health transfer.....	-	-	1,133,761
Total other financing sources.....	<u>814</u>	<u>69,489</u>	<u>1,423,761</u>
Total revenues and other financing sources.....	<u>1,990,406</u>	<u>4,740,926</u>	<u>1,803,759</u>
EXPENDITURES AND OTHER FINANCING USES			
Expenditures:			
Judiciary.....	565	-	-
Inspector General.....	-	-	137
Secretary of the Commonwealth.....	631	-	-
Treasurer and Receiver-General.....	1,047	3,687,345	1
Attorney General.....	9,254	-	-
District Attorney.....	2,578	-	-
Office of Campaign and Political Finance.....	-	-	-
Sheriff's Departments.....	2,809	-	-
Board of Library Commissioners.....	2,977	-	-
Comptroller.....	-	-	-
Administration and finance.....	15,954	-	-
Energy and environmental affairs.....	32,739	-	-
Housing and community development.....	298,035	-	-
Early education and care.....	10,690	-	-
Health and human services.....	374,100	-	1,496,286
Transportation and public works.....	10,279	-	-
Education.....	805,548	-	-
Higher education.....	9,159	-	-
Public safety and homeland security.....	82,014	-	-
Housing and economic development.....	199,335	-	18,459
Labor and workforce development.....	39,246	-	7,239
Direct local aid.....	-	-	-
Medicaid.....	-	-	-
Debt service:			
Principal retirement.....	-	-	-
Interest and fiscal charges.....	-	-	-
Total expenditures.....	<u>1,896,960</u>	<u>3,687,345</u>	<u>1,522,122</u>
Other financing uses:			
Fringe benefit cost assessment.....	49,376	5,958	586
Lottery operating reimbursements.....	-	97,324	-
Lottery distributions.....	-	999,642	-
Federal reimbursement transfer out.....	-	-	-
Tobacco settlement transfer.....	-	-	-
Health care quality improvement transfer.....	-	-	-
Uncompensated care pool transfer.....	-	-	290,000
Universal health transfer.....	-	-	-
Operating transfers out.....	46,393	69,489	14,823
Total other financing uses.....	<u>95,769</u>	<u>1,172,413</u>	<u>305,409</u>
Total expenditures and other financing uses.....	<u>1,992,729</u>	<u>4,859,758</u>	<u>1,827,531</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(2,323)	(118,832)	(23,772)
Fund balances at beginning of year.....	3,380	-	291,290
Fund balances (deficit) at end of year.....	<u>\$ 1,057</u>	<u>\$ (118,832)</u>	<u>\$ 267,518</u>

See independent auditors' report

Other	Totals (Memorandum only)	
	2007	2006
\$ 1,403,172	\$ 1,404,296	\$ 1,307,249
315,737	635,305	646,747
637,166	2,626,284	3,111,778
247,340	247,340	236,305
83,399	4,793,147	5,335,796
110,519	131,988	103,201
<u>2,797,333</u>	<u>9,838,360</u>	<u>10,741,076</u>
106,606	176,909	337,988
288,905	288,905	289,050
-	290,000	171,900
-	1,133,761	-
<u>395,511</u>	<u>1,889,575</u>	<u>798,938</u>
<u>3,192,844</u>	<u>11,727,935</u>	<u>11,540,014</u>
1,804	2,369	3,581
-	137	589
5,726	6,357	6,090
1,435,754	5,124,147	5,042,746
397	9,651	9,604
162	2,740	2,162
1,339	1,339	-
-	2,809	3,595
-	2,977	2,912
1,740	1,740	2,288
133,920	149,874	100,483
18,301	51,040	50,520
1,507	299,542	415,342
214	10,904	11,286
30,762	1,901,148	1,860,750
33,168	43,447	43,215
-	805,548	818,262
804	9,963	9,350
2,012	84,026	98,653
10,884	228,678	177,805
597	47,082	-
7,653	7,653	12,911
290,459	290,459	292,166
130,601	130,601	119,415
124,608	124,608	130,171
<u>2,232,412</u>	<u>9,338,839</u>	<u>9,213,896</u>
9,883	65,803	55,119
-	97,324	89,730
-	999,642	941,601
332,244	332,244	327,459
247,340	247,340	236,305
288,905	288,905	289,050
-	290,000	-
148	148	-
55,401	186,106	220,028
<u>933,921</u>	<u>2,507,512</u>	<u>2,159,292</u>
<u>3,166,333</u>	<u>11,846,351</u>	<u>11,373,188</u>
26,511	(118,416)	166,826
<u>1,558,283</u>	<u>1,852,953</u>	<u>1,686,127</u>
<u>\$ 1,584,794</u>	<u>\$ 1,734,537</u>	<u>\$ 1,852,953</u>

Federal Grants Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Receivables, net of allowance for uncollectibles:		
Due from federal government.....	\$ 325,248	\$ 288,281
Total assets.....	\$ 325,248	\$ 288,281
LIABILITIES AND FUND BALANCE		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ 92,563	\$ 49,397
Accounts payable.....	231,628	235,504
Total liabilities.....	324,191	284,901
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	1,057	3,380
Total fund balance (deficit).....	1,057	3,380
Total liabilities and fund balance.....	\$ 325,248	\$ 288,281

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	2007	2006
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Federal grants and reimbursements.....	\$ 1,989,118	\$ 2,045,961
Miscellaneous.....	474	126
Total revenues.....	<u>1,989,592</u>	<u>2,046,087</u>
Other financing sources:		
Operating transfers in.....	814	744
Total other financing sources.....	<u>814</u>	<u>744</u>
Total revenues and other financing sources.....	<u>1,990,406</u>	<u>2,046,831</u>
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Judiciary.....	565	795
Secretary of the Commonwealth.....	631	425
Treasurer and Receiver-General.....	1,047	1,396
Attorney General.....	9,254	9,234
District Attorney.....	2,578	2,010
Sheriff's Departments.....	2,809	3,420
Board of Library Commissioners.....	2,977	2,912
Administration and finance.....	15,954	8,003
Energy and environmental affairs.....	32,739	33,369
Housing and community development.....	298,035	415,342
Early education and care.....	10,690	11,150
Health and human services.....	374,100	383,643
Transportation and public works.....	10,279	10,617
Education.....	805,548	818,262
Higher education.....	9,159	8,860
Public safety and homeland security.....	82,014	97,316
Housing and economic development.....	199,335	149,225
Labor and workforce development.....	39,246	-
Total expenditures.....	<u>1,896,960</u>	<u>1,955,979</u>
Other financing uses:		
Fringe benefit cost assessment.....	49,376	42,708
Operating transfers out.....	46,393	44,965
Total other financing uses.....	<u>95,769</u>	<u>87,673</u>
Total expenditures and other financing uses.....	<u>1,992,729</u>	<u>2,043,652</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(2,323)	3,179
Fund balance (deficit) at beginning of year.....	3,380	201
Fund balance (deficit) at end of year.....	<u>\$ 1,057</u>	<u>\$ 3,380</u>

State Lottery Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Cash and short-term investments.....	\$ -	\$ 31,160
Receivables, net of allowance for uncollectibles:		
Other receivables.....	2,185	1,862
Total assets.....	\$ 2,185	\$ 33,022
LIABILITIES AND FUND BALANCE		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ 47,299	\$ -
Accounts payable.....	73,718	33,022
Total liabilities.....	121,017	33,022
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	(118,832)	-
Total fund balance (deficit).....	(118,832)	-
Total liabilities and fund balance.....	\$ 2,185	\$ 33,022

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	<u>2007</u>	<u>2006</u>
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Taxes.....	\$ 1,124	\$ 1,229
Departmental.....	4,502,396	4,557,107
Miscellaneous.....	12,833	11,477
Total revenues.....	<u>4,516,353</u>	<u>4,569,813</u>
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	<u>4,516,353</u>	<u>4,569,813</u>
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Treasurer and Receiver-General.....	<u>3,550,776</u>	<u>3,553,930</u>
Total expenditures.....	<u>3,550,776</u>	<u>3,553,930</u>
Other financing uses:		
Fringe benefit cost assessment.....	5,958	3,234
Lottery operating reimbursements	87,934	81,588
Lottery distributions.....	921,028	862,987
Operating transfers out.....	69,489	68,074
Total other financing uses.....	<u>1,084,409</u>	<u>1,015,883</u>
Total expenditures and other financing uses.....	<u>4,635,185</u>	<u>4,569,813</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(118,832)	-
Fund balance (deficit) at beginning of year.....	-	-
Fund balance (deficit) at end of year.....	<u>\$ (118,832)</u>	<u>\$ -</u>

Arts Lottery Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash and short-term investments.....	\$ 4,577	\$ 3,611
Receivables, net of allowance for uncollectibles:		
Other receivables.....	<u>854</u>	<u>1,800</u>
Total assets.....	<u>\$ 5,431</u>	<u>\$ 5,411</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	<u>\$ 5,431</u>	<u>\$ 5,411</u>
Total liabilities.....	<u>5,431</u>	<u>5,411</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	<u>-</u>	<u>-</u>
Total fund balance (deficit).....	<u>-</u>	<u>-</u>
Total liabilities and fund balance.....	<u>\$ 5,431</u>	<u>\$ 5,411</u>

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	2007	2006
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Departmental.....	\$ 154,393	\$ 169,462
Miscellaneous.....	691	570
Total revenues.....	<u>155,084</u>	<u>170,032</u>
Other financing sources:		
Operating transfers in.....	69,489	68,074
Total other financing sources.....	<u>69,489</u>	<u>68,074</u>
Total revenues and other financing sources.....	<u>224,573</u>	<u>238,106</u>
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Treasurer and Receiver-General.....	136,569	151,350
Total expenditures.....	<u>136,569</u>	<u>151,350</u>
Other financing uses:		
Lottery operating reimbursements	9,390	8,142
Lottery distributions.....	78,614	78,614
Total other financing uses.....	<u>88,004</u>	<u>86,756</u>
Total expenditures and other financing uses.....	<u>224,573</u>	<u>238,106</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	-	-
Fund balance (deficit) at beginning of year.....	-	-
Fund balance (deficit) at end of year.....	<u>\$ -</u>	<u>\$ -</u>

Commonwealth Care Trust Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Cash and short-term investments.....	\$ 28,173	\$ -
Other receivables.....	1,358	-
Total assets.....	\$ 29,531	\$ -
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	-	-
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	29,531	-
Total fund balance (deficit).....	29,531	-
Total liabilities and fund balance.....	\$ 29,531	\$ -

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	<u>2007</u>	<u>2006</u>
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Departmental.....	\$ 4,342	\$ -
Total revenues.....	<u>4,342</u>	<u>-</u>
Other financing sources:		
Universal health transfer.....	722,100	-
Total other financing sources.....	<u>722,100</u>	<u>-</u>
Total revenues and other financing sources.....	<u>726,442</u>	<u>-</u>
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Health and human services.....	406,911	-
Total expenditures.....	<u>406,911</u>	<u>-</u>
Other financing uses:		
Uncompensated care pool transfer.....	290,000	-
Total other financing uses.....	<u>290,000</u>	<u>-</u>
Total expenditures and other financing uses.....	<u>696,911</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	29,531	-
Fund balance (deficit) at beginning of year.....	-	-
Fund balance (deficit) at end of year.....	<u>\$ 29,531</u>	<u>\$ -</u>

Essential Community Provider Trust Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Cash and short-term investments.....	\$ 9,648	\$ -
Total assets.....	\$ 9,648	\$ -
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	-	-
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	9,648	-
Total fund balance (deficit).....	9,648	-
Total liabilities and fund balance.....	\$ 9,648	\$ -

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	<u>2007</u>	<u>2006</u>
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Departmental.....	\$ -	\$ -
Total revenues.....	<u>-</u>	<u>-</u>
Other financing sources:		
Universal health transfer.....	47,648	-
Total other financing sources.....	<u>47,648</u>	<u>-</u>
Total revenues and other financing sources.....	<u>47,648</u>	<u>-</u>
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Health and human services.....	38,000	-
Total expenditures.....	<u>38,000</u>	<u>-</u>
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	<u>-</u>	<u>-</u>
Total expenditures and other financing uses.....	<u>38,000</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	9,648	-
Fund balance (deficit) at beginning of year.....	-	-
Fund balance (deficit) at end of year.....	<u>\$ 9,648</u>	<u>\$ -</u>

Medical Assistance Trust Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Cash and short-term investments.....	\$ 125,000	\$ 70,000
Total assets.....	\$ 125,000	\$ 70,000
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 125,000	\$ -
Total liabilities.....	125,000	-
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	-	70,000
Total fund balance (deficit).....	-	70,000
Total liabilities and fund balance.....	\$ 125,000	\$ 70,000

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	<u>2007</u>	<u>2006</u>
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Departmental.....	\$ -	\$ -
Total revenues.....	<u>-</u>	<u>-</u>
Other financing sources:		
Operating transfers in.....	-	70,000
Universal health transfer.....	364,013	-
Total other financing sources.....	<u>364,013</u>	<u>70,000</u>
Total revenues and other financing sources.....	<u>364,013</u>	<u>70,000</u>
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Health and human services.....	434,013	-
Total expenditures.....	<u>434,013</u>	<u>-</u>
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	<u>-</u>	<u>-</u>
Total expenditures and other financing uses.....	<u>434,013</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(70,000)	70,000
Fund balance (deficit) at beginning of year.....	70,000	-
Fund balance (deficit) at end of year.....	<u>\$ -</u>	<u>\$ 70,000</u>

Uncompensated Care Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Cash and short-term investments.....	\$ 155,284	\$ 170,180
Total assets.....	\$ 155,284	\$ 170,180
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 10,796	\$ 12,695
Total liabilities.....	10,796	12,695
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	144,488	157,485
Total fund balance (deficit).....	144,488	157,485
Total liabilities and fund balance.....	\$ 155,284	\$ 170,180

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	2007	2006
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Assessments.....	\$ 319,568	\$ 330,825
Federal grants and reimbursements.....	-	433,578
Departmental.....	-	476,936
Miscellaneous.....	7,093	7,754
Total revenues.....	<u>326,661</u>	<u>1,249,093</u>
Other financing sources:		
Operating transfers in.....	-	10,004
Uncompensated care pool transfer.....	290,000	171,900
Total other financing sources.....	<u>290,000</u>	<u>181,904</u>
Total revenues and other financing sources.....	<u>616,661</u>	<u>1,430,997</u>
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Inspector General.....	137	589
Health and human services.....	617,362	1,394,332
Total expenditures.....	<u>617,499</u>	<u>1,394,921</u>
Other financing uses:		
Fringe benefit cost assessment.....	-	43
Operating transfers out.....	12,159	43,395
Total other financing uses.....	<u>12,159</u>	<u>43,438</u>
Total expenditures and other financing uses.....	<u>629,658</u>	<u>1,438,359</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(12,997)	(7,362)
Fund balance (deficit) at beginning of year.....	157,485	164,847
Fund balance (deficit) at end of year.....	<u>\$ 144,488</u>	<u>\$ 157,485</u>

Medical Security Trust Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Cash and short-term investments.....	\$ 85,386	\$ 64,263
Total assets.....	\$ 85,386	\$ 64,263
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 1,535	\$ 458
Total liabilities.....	1,535	458
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	83,851	63,805
Total fund balance (deficit).....	83,851	63,805
Total liabilities and fund balance.....	\$ 85,386	\$ 64,263

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	<u>2007</u>	<u>2006</u>
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Departmental.....	\$ 48,617	\$ 47,592
Miscellaneous.....	378	329
Total revenues.....	<u>48,995</u>	<u>47,921</u>
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	<u>-</u>	<u>-</u>
Total revenues and other financing sources.....	<u>48,995</u>	<u>47,921</u>
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Treasurer and Receiver-General.....	1	15
Administration and finance.....	-	47
Housing and economic development.....	18,459	18,490
Labor and workforce development.....	7,239	-
Total expenditures.....	<u>25,699</u>	<u>18,552</u>
Other financing uses:		
Fringe benefit cost assessment.....	586	463
Operating transfers out.....	2,664	2,741
Total other financing uses.....	<u>3,250</u>	<u>3,204</u>
Total expenditures and other financing uses.....	<u>28,949</u>	<u>21,756</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	20,046	26,165
Fund balance (deficit) at beginning of year.....	63,805	37,640
Fund balance (deficit) at end of year.....	<u>\$ 83,851</u>	<u>\$ 63,805</u>

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

June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Cash and short-term investments.....	\$ 761	\$ 775
Total assets.....	\$ 761	\$ 775
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 324	\$ 451
Total liabilities.....	324	451
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	437	324
Total fund balance (deficit).....	437	324
Total liabilities and fund balance.....	\$ 761	\$ 775

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	2007	2006
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Assessments.....	\$ 3,386	\$ 3,170
Departmental.....	207	170
Total revenues.....	<u>3,593</u>	<u>3,340</u>
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	<u>3,593</u>	<u>3,340</u>
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Energy and environmental affairs.....	870	-
Housing and economic development.....	2,007	2,781
Total expenditures.....	<u>2,877</u>	<u>2,781</u>
Other financing uses:		
Fringe benefit cost assessment.....	401	374
Operating transfers out.....	202	199
Total other financing uses.....	<u>603</u>	<u>573</u>
Total expenditures and other financing uses.....	<u>3,480</u>	<u>3,354</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	113	(14)
Fund balance (deficit) at beginning of year.....	324	338
Fund balance (deficit) at end of year.....	<u>\$ 437</u>	<u>\$ 324</u>

Liability Management and Reduction Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Cash and short-term investments.....	\$ 2,953	\$ 2,641
Total assets.....	\$ 2,953	\$ 2,641
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 192	\$ 437
Total liabilities.....	192	437
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	2,761	2,204
Total fund balance (deficit).....	2,761	2,204
Total liabilities and fund balance.....	\$ 2,953	\$ 2,641

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	2007	2006
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Departmental.....	\$ 2,341	\$ 2,376
Miscellaneous.....	59	44
Total revenues.....	<u>2,400</u>	<u>2,420</u>
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	<u>2,400</u>	<u>2,420</u>
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Attorney General.....	82	69
Comptroller.....	1,740	2,288
Total expenditures.....	<u>1,822</u>	<u>2,357</u>
Other financing uses:		
Fringe benefit cost assessment.....	21	18
Operating transfers out.....	-	7
Total other financing uses.....	<u>21</u>	<u>25</u>
Total expenditures and other financing uses.....	<u>1,843</u>	<u>2,382</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	557	38
Fund balance (deficit) at beginning of year.....	2,204	2,166
Fund balance (deficit) at end of year.....	<u>\$ 2,761</u>	<u>\$ 2,204</u>

Health Care Security Trust Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Cash and short-term investments.....	\$ 7,375	\$ 3,105
Investments.....	552,515	515,758
Receivables, net of allowance for uncollectibles:		
Other receivables.....	35,575	23,216
Total assets.....	\$ 595,465	\$ 542,079
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 85,742	\$ 70,337
Total liabilities.....	85,742	70,337
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	509,723	471,742
Total fund balance (deficit).....	509,723	471,742
Total liabilities and fund balance.....	\$ 595,465	\$ 542,079

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	2007	2006
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Assessments.....	\$ 148,441	\$ 150,319
Federal grants reimbursements.....	145,288	144,767
Departmental.....	186	218
Tobacco settlement revenue.....	247,340	236,305
Miscellaneous income.....	62,068	53,576
Total revenues.....	<u>603,323</u>	<u>585,185</u>
Other financing sources:		
Other sources.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	<u>603,323</u>	<u>585,185</u>
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Administration and finance	9	7
Health and human services	480	376
Total expenditures.....	<u>489</u>	<u>383</u>
Other financing uses:		
Fringe benefit cost assessment.....	42	34
Tobacco settlement transfer.....	247,340	236,305
Health care quality improvement transfer.....	288,905	289,050
Operating transfers out.....	28,566	31,261
Total other financing uses.....	<u>564,853</u>	<u>556,650</u>
Total expenditures and other financing uses.....	<u>565,342</u>	<u>557,033</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	37,981	28,152
Fund balance (deficit) at beginning of year.....	471,742	443,590
Fund balance (deficit) at end of year.....	<u>\$ 509,723</u>	<u>\$ 471,742</u>

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

June 30, 2007
(Amounts in thousands)

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash and short-term investments.....	\$ 751	\$ 1,052
Total assets.....	<u>\$ 751</u>	<u>\$ 1,052</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	<u>-</u>	<u>-</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	<u>751</u>	<u>1,052</u>
Total fund balance (deficit).....	<u>751</u>	<u>1,052</u>
Total liabilities and fund balance.....	<u>\$ 751</u>	<u>\$ 1,052</u>

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	<u>2007</u>	<u>2006</u>
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Departmental.....	\$ 389	\$ 332
Total revenues.....	<u>389</u>	<u>332</u>
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	<u>389</u>	<u>332</u>
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Health and human services.....	690	544
Total expenditures.....	<u>690</u>	<u>544</u>
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	<u>690</u>	<u>544</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(301)	(212)
Fund balance (deficit) at beginning of year.....	<u>1,052</u>	<u>1,264</u>
Fund balance (deficit) at end of year.....	<u>\$ 751</u>	<u>\$ 1,052</u>

MBTA State and Local Contribution Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Cash and short-term investments.....	\$ 80,499	\$ 65,514
Total assets.....	\$ 80,499	\$ 65,514
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 80,499	\$ 65,514
Total liabilities.....	80,499	65,514
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	-	-
Total fund balance (deficit).....	-	-
Total liabilities and fund balance.....	\$ 80,499	\$ 65,514

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	<u>2007</u>	<u>2006</u>
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Taxes.....	\$ 733,963	\$ 712,586
Assessments.....	<u>139,428</u>	<u>136,027</u>
Total revenues.....	<u>873,391</u>	<u>848,613</u>
Other financing sources:		
Operating transfers in.....	<u>-</u>	<u>-</u>
Total other financing sources.....	<u>-</u>	<u>-</u>
Total revenues and other financing sources.....	<u>873,391</u>	<u>848,613</u>
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Treasurer and Receiver-General.....	<u>873,391</u>	<u>848,613</u>
Total expenditures.....	<u>873,391</u>	<u>848,613</u>
Other financing uses:		
Operating transfers out.....	<u>-</u>	<u>-</u>
Total other financing uses.....	<u>-</u>	<u>-</u>
Total expenditures and other financing uses.....	<u>873,391</u>	<u>848,613</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	-	-
Fund balance (deficit) at beginning of year.....	-	-
Fund balance (deficit) at end of year.....	<u>\$ -</u>	<u>\$ -</u>

Catastrophic Illness in Children Relief Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Cash and short-term investments.....	\$ 5,757	\$ 4,296
Total assets.....	\$ 5,757	\$ 4,296
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 44	\$ 135
Total liabilities.....	44	135
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	5,713	4,161
Total fund balance (deficit).....	5,713	4,161
Total liabilities and fund balance.....	\$ 5,757	\$ 4,296

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	<u>2007</u>	<u>2006</u>
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Miscellaneous.....	\$ 249	\$ 136
Total revenues.....	<u>249</u>	<u>136</u>
Other financing sources:		
Operating transfers in.....	<u>2,596</u>	<u>2,664</u>
Total other financing sources.....	<u>2,596</u>	<u>2,664</u>
Total revenues and other financing sources.....	<u>2,845</u>	<u>2,800</u>
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Health and human services.....	<u>1,258</u>	<u>1,487</u>
Total expenditures.....	<u>1,258</u>	<u>1,487</u>
Other financing uses:		
Fringe benefit cost assessment.....	24	1
Operating transfers out.....	<u>11</u>	<u>1</u>
Total other financing uses.....	<u>35</u>	<u>2</u>
Total expenditures and other financing uses.....	<u>1,293</u>	<u>1,489</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	1,552	1,311
Fund balance (deficit) at beginning of year.....	<u>4,161</u>	<u>2,850</u>
Fund balance (deficit) at end of year.....	<u>\$ 5,713</u>	<u>\$ 4,161</u>

MBTA Infrastructure Renovation Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash and short-term investments.....	\$ 19,115	\$ 40,000
Total assets.....	<u>\$ 19,115</u>	<u>\$ 40,000</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 1,625	\$ 5,297
Total liabilities.....	<u>1,625</u>	<u>5,297</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	<u>17,490</u>	<u>34,703</u>
Total fund balance (deficit).....	<u>17,490</u>	<u>34,703</u>
Total liabilities and fund balance.....	<u>\$ 19,115</u>	<u>\$ 40,000</u>

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	2007	2006
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Miscellaneous.....	\$ 1,216	\$ -
Total revenues.....	1,216	-
Other financing sources:		
Operating transfers in.....	-	40,000
Total other financing sources.....	-	40,000
Total revenues and other financing sources.....	1,216	40,000
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Treasurer and Receiver-General.....	18,429	12,861
Total expenditures.....	18,429	12,861
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	18,429	12,861
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(17,213)	27,139
Fund balance (deficit) at beginning of year.....	34,703	7,564
Fund balance (deficit) at end of year.....	\$ 17,490	\$ 34,703

Community Preservation Trust Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Cash and short-term investments.....	\$ 97,173	\$ 119,639
Total assets.....	\$ 97,173	\$ 119,639
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 18	\$ -
Total liabilities.....	18	-
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	97,155	119,639
Total fund balance (deficit).....	97,155	119,639
Total liabilities and fund balance.....	\$ 97,173	\$ 119,639

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	2007	2006
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Taxes.....	\$ 31,914	\$ 36,088
Miscellaneous.....	4,364	3,890
Total revenues.....	<u>36,278</u>	<u>39,978</u>
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	<u>36,278</u>	<u>39,978</u>
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Administration and finance.....	58,740	46,692
Total expenditures.....	<u>58,740</u>	<u>46,692</u>
Other financing uses:		
Fringe benefit cost assessment	17	89
Operating transfers out.....	5	31
Total other financing uses.....	<u>22</u>	<u>120</u>
Total expenditures and other financing uses.....	<u>58,762</u>	<u>46,812</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(22,484)	(6,834)
Fund balance (deficit) at beginning of year.....	119,639	126,473
Fund balance (deficit) at end of year.....	<u>\$ 97,155</u>	<u>\$ 119,639</u>

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

June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Cash and short-term investments.....	\$ 11,795	\$ 8,826
Receivables, net of allowance for uncollectibles:		
Due from federal government.....	1,489	1,737
Total assets.....	\$ 13,284	\$ 10,563
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 2,236	\$ 2,218
Total liabilities.....	2,236	2,218
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	11,048	8,345
Total fund balance (deficit).....	11,048	8,345
Total liabilities and fund balance.....	\$ 13,284	\$ 10,563

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	<u>2007</u>	<u>2006</u>
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Federal grants and reimbursements.....	\$ 16,524	\$ 13,377
Total revenues.....	<u>16,524</u>	<u>13,377</u>
Other financing sources:		
Operating transfers in.....	1,486	-
Total other financing sources.....	<u>1,486</u>	<u>-</u>
Total revenues and other financing sources.....	<u>18,010</u>	<u>13,377</u>
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Health and human services.....	14,441	18,537
Total expenditures.....	<u>14,441</u>	<u>18,537</u>
Other financing uses:		
Fringe benefit cost assessment.....	337	590
Operating transfers out.....	529	1,812
Total other financing uses.....	<u>866</u>	<u>2,402</u>
Total expenditures and other financing uses.....	<u>15,307</u>	<u>20,939</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	2,703	(7,562)
Fund balance (deficit) at beginning of year.....	8,345	15,907
Fund balance (deficit) at end of year.....	<u>\$ 11,048</u>	<u>\$ 8,345</u>

State Racing Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Cash and short-term investments.....	\$ 665	\$ 402
Total assets.....	665	402
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 139	\$ 99
Total liabilities.....	139	99
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	526	303
Total fund balance (deficit).....	526	303
Total liabilities and fund balance.....	\$ 665	\$ 402

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	2007	2006
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Taxes.....	\$ 3,859	\$ 4,181
Assessments.....	760	740
Departmental.....	705	711
Miscellaneous.....	1,293	1,436
Total revenues.....	<u>6,617</u>	<u>7,068</u>
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	<u>6,617</u>	<u>7,068</u>
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Energy and environmental affairs.....	256	183
Health and human services.....	-	228
Housing and economic development.....	2,425	3,016
Total expenditures.....	<u>2,681</u>	<u>3,427</u>
Other financing uses:		
Operating transfers out.....	3,713	4,032
Total other financing uses.....	3,713	4,032
Total expenditures and other financing uses.....	<u>6,394</u>	<u>7,459</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	223	(391)
Fund balance (deficit) at beginning of year.....	303	694
Fund balance (deficit) at end of year.....	<u>\$ 526</u>	<u>\$ 303</u>

Division of Professional Licensure Trust Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Cash and short-term investments.....	\$ 2,392	\$ 2,015
Total assets.....	\$ 2,392	\$ 2,015
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 646	\$ 441
Total liabilities.....	646	441
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	1,746	1,574
Total fund balance (deficit).....	1,746	1,574
Total liabilities and fund balance.....	\$ 2,392	\$ 2,015

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	<u>2007</u>	<u>2006</u>
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Departmental.....	\$ 4,596	\$ 5,583
Total revenues.....	<u>4,596</u>	<u>5,583</u>
Other financing sources:		
Operating transfers in.....	<u>106</u>	<u>-</u>
Total other financing sources.....	<u>106</u>	<u>-</u>
Total revenues and other financing sources.....	<u>4,702</u>	<u>5,583</u>
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Housing and economic development.....	<u>3,892</u>	<u>3,536</u>
Total expenditures.....	<u>3,892</u>	<u>3,536</u>
Other financing uses:		
Fringe benefit cost assessment.....	435	398
Operating transfers out.....	<u>203</u>	<u>1,591</u>
Total other financing uses.....	<u>638</u>	<u>1,989</u>
Total expenditures and other financing uses.....	<u>4,530</u>	<u>5,525</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	172	58
Fund balance (deficit) at beginning of year.....	<u>1,574</u>	<u>1,516</u>
Fund balance (deficit) at end of year.....	<u>\$ 1,746</u>	<u>\$ 1,574</u>

Victims of Drunk Driving Trust Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Cash and short-term investments.....	\$ 1,588	\$ 1,338
Total assets.....	\$ 1,588	\$ 1,338
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 100	\$ 89
Total liabilities.....	100	89
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	1,488	1,249
Total fund balance (deficit).....	1,488	1,249
Total liabilities and fund balance.....	\$ 1,588	\$ 1,338

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	2007	2006
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Departmental.....	\$ 502	\$ 483
Miscellaneous.....	52	39
Total revenues.....	554	522
Other financing sources:		
Operating transfers in.....	457	-
Total other financing sources.....	457	-
Total revenues and other financing sources.....	1,011	522
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Attorney General.....	315	301
Total expenditures.....	315	301
Other financing uses:		
Operating transfers out.....	457	1
Total other financing uses.....	457	1
Total expenditures and other financing uses.....	772	302
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	239	220
Fund balance (deficit) at beginning of year.....	1,249	1,029
Fund balance (deficit) at end of year.....	\$ 1,488	\$ 1,249

Health Care Quality Improvement Trust Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Cash and short-term investments.....	\$ 2,491	\$ 4,097
Total assets.....	\$ 2,491	\$ 4,097
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 315	\$ 367
Total liabilities.....	315	367
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	2,176	3,730
Total fund balance (deficit).....	2,176	3,730
Total liabilities and fund balance.....	\$ 2,491	\$ 4,097

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	2007	2006
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Departmental.....	\$ -	\$ -
Total revenues.....	-	-
Other financing sources:		
Health care security trust transfer.....	288,905	289,050
Total other financing sources.....	288,905	289,050
Total revenues and other financing sources.....	288,905	289,050
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Medicaid.....	290,459	292,166
Total expenditures.....	290,459	292,166
Other financing uses:		
Fringe benefit cost assessment.....	-	27
Operating transfers out.....	-	14
Total other financing uses.....	-	41
Total expenditures and other financing uses.....	290,459	292,207
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(1,554)	(3,157)
Fund balance (deficit) at beginning of year.....	3,730	6,887
Fund balance (deficit) at end of year.....	\$ 2,176	\$ 3,730

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

June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Cash and short-term investments.....	\$ 101	\$ 140
Total assets.....	\$ 101	\$ 140
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 8	\$ 65
Total liabilities.....	8	65
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	93	75
Total fund balance (deficit).....	93	75
Total liabilities and fund balance.....	\$ 101	\$ 140

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

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	<u>2007</u>	<u>2006</u>
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Departmental.....	\$ 180	\$ 120
Total revenues.....	<u>180</u>	<u>120</u>
Other financing sources:		
Operating transfers in.....	<u>-</u>	<u>-</u>
Total other financing sources.....	<u>-</u>	<u>-</u>
Total revenues and other financing sources.....	<u>180</u>	<u>120</u>
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Public safety and homeland security.....	<u>162</u>	<u>184</u>
Total expenditures.....	<u>162</u>	<u>184</u>
Other financing uses:		
Operating transfers out.....	<u>-</u>	<u>2</u>
Total other financing uses.....	<u>-</u>	<u>2</u>
Total expenditures and other financing uses.....	<u>162</u>	<u>186</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	18	(66)
Fund balance (deficit) at beginning of year.....	<u>75</u>	<u>141</u>
Fund balance (deficit) at end of year.....	<u>\$ 93</u>	<u>\$ 75</u>

Registers Technological Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Cash and short-term investments.....	\$ 1,893	\$ 2,357
Total assets.....	\$ 1,893	\$ 2,357
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 521	\$ 638
Total liabilities.....	521	638
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	1,372	1,719
Total fund balance (deficit).....	1,372	1,719
Total liabilities and fund balance.....	\$ 1,893	\$ 2,357

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	<u>2007</u>	<u>2006</u>
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Departmental.....	\$ 5,469	\$ 6,456
Miscellaneous.....	153	-
Total revenues.....	<u>5,622</u>	<u>6,456</u>
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	<u>5,622</u>	<u>6,456</u>
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Secretary of the Commonwealth.....	<u>5,726</u>	<u>5,665</u>
Total expenditures.....	<u>5,726</u>	<u>5,665</u>
Other financing uses:		
Fringe benefit cost assessment.....	79	81
Operating transfers out.....	<u>164</u>	<u>391</u>
Total other financing uses.....	<u>243</u>	<u>472</u>
Total expenditures and other financing uses.....	<u>5,969</u>	<u>6,137</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(347)	319
Fund balance (deficit) at beginning of year.....	<u>1,719</u>	<u>1,400</u>
Fund balance (deficit) at end of year.....	<u>\$ 1,372</u>	<u>\$ 1,719</u>

County Registers Technological Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Cash and short-term investments.....	\$ 4,926	\$ 3,652
Total assets.....	\$ 4,926	\$ 3,652
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	-	-
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	4,926	3,652
Total fund balance (deficit).....	4,926	3,652
Total liabilities and fund balance.....	\$ 4,926	\$ 3,652

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	2007	2006
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Departmental.....	\$ 3,056	\$ 3,386
Total revenues.....	3,056	3,386
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	3,056	3,386
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Administration and finance.....	1,782	2,949
Total expenditures.....	1,782	2,949
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	1,782	2,949
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	1,274	437
Fund balance (deficit) at beginning of year.....	3,652	3,215
Fund balance (deficit) at end of year.....	\$ 4,926	\$ 3,652

State Election Campaign Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash and short-term investments.....	\$ 636	\$ 1,614
Total assets.....	<u>\$ 636</u>	<u>\$ 1,614</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	<u>-</u>	<u>-</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	<u>636</u>	<u>1,614</u>
Total fund balance (deficit).....	<u>636</u>	<u>1,614</u>
Total liabilities and fund balance.....	<u>\$ 636</u>	<u>\$ 1,614</u>

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	2007	2006
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Miscellaneous.....	\$ 361	\$ 367
Total revenues.....	361	367
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	361	367
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Office of campaign and political finance.....	1,339	-
Total expenditures.....	1,339	-
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	1,339	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(978)	367
Fund balance (deficit) at beginning of year.....	1,614	1,247
Fund balance (deficit) at end of year.....	\$ 636	\$ 1,614

Distressed Provider Expendable Trust Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Cash and short-term investments.....	\$ -	\$ 25,909
Total assets.....	\$ -	\$ 25,909
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ -	\$ 25,649
Total liabilities.....	-	25,649
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	-	260
Total fund balance (deficit).....	-	260
Total liabilities and fund balance.....	\$ -	\$ 25,909

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	2007	2006
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Federal grants and reimbursements.....	\$ 572	\$ 7,350
Total revenues.....	<u>572</u>	<u>7,350</u>
Other financing sources:		
Operating transfers in.....	-	43,355
Total other financing sources.....	<u>-</u>	<u>43,355</u>
Total revenues and other financing sources.....	<u>572</u>	<u>50,705</u>
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Health and human service.....	684	50,445
Total expenditures.....	<u>684</u>	<u>50,445</u>
Other financing uses:		
Universal health transfer.....	148	-
Total other financing uses.....	<u>148</u>	<u>-</u>
Total expenditures and other financing uses.....	<u>832</u>	<u>50,445</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(260)	260
Fund balance (deficit) at beginning of year.....	260	-
Fund balance (deficit) at end of year.....	<u>\$ -</u>	<u>\$ 260</u>

Springfield Fiscal Recovery Trust Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Cash and short-term investments.....	\$ 22,377	\$ 26,422
Due from cities and towns.....	51,522	22,625
Total assets.....	\$ 73,899	\$ 49,047
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 21,899	\$ 224
Total liabilities.....	21,899	224
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	52,000	48,823
Total fund balance (deficit).....	52,000	48,823
Total liabilities and fund balance.....	\$ 73,899	\$ 49,047

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	2007	2006
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Miscellaneous.....	\$ 4,537	\$ -
Total revenues.....	<u>4,537</u>	<u>-</u>
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	<u>-</u>	<u>-</u>
Total revenues and other financing sources.....	<u>4,537</u>	<u>-</u>
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Administration and finance.....	1,239	1,769
Total expenditures.....	<u>1,239</u>	<u>1,769</u>
Other financing uses:		
Fringe benefit cost assessment.....	116	68
Operating transfers out.....	5	152
Total other financing uses.....	<u>121</u>	<u>220</u>
Total expenditures and other financing uses.....	<u>1,360</u>	<u>1,989</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	3,177	(1,989)
Fund balance (deficit) at beginning of year.....	48,823	50,812
Fund balance (deficit) at end of year.....	<u>\$ 52,000</u>	<u>\$ 48,823</u>

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

June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Cash and short-term investments.....	\$ 148	\$ 301
Total assets.....	\$ 148	\$ 301
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	-	-
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	148	301
Total fund balance (deficit).....	148	301
Total liabilities and fund balance.....	\$ 148	\$ 301

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	2007	2006
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Departmental.....	\$ 146	\$ 154
Total revenues.....	146	154
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	146	154
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Judiciary.....	299	-
Total expenditures.....	299	-
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	299	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(153)	154
Fund balance (deficit) at beginning of year.....	301	147
Fund balance (deficit) at end of year.....	\$ 148	\$ 301

Smart Growth Housing Trust Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash and short-term investments.....	\$ 1,339	\$ 3,349
Total assets.....	<u>\$ 1,339</u>	<u>\$ 3,349</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	<u>-</u>	<u>-</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	1,339	3,349
Total fund balance (deficit).....	<u>1,339</u>	<u>3,349</u>
Total liabilities and fund balance.....	<u>\$ 1,339</u>	<u>\$ 3,349</u>

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	2007	2006
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Departmental.....	\$ -	\$ 200
Miscellaneous.....	-	3,149
Total revenues.....	-	3,349
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	-	3,349
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Housing and community development.....	1,507	-
Housing and economic development.....	503	-
Total expenditures.....	2,010	-
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	2,010	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(2,010)	3,349
Fund balance (deficit) at beginning of year.....	3,349	-
Fund balance (deficit) at end of year.....	\$ 1,339	\$ 3,349

Special Projects Permitting and Oversight Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash and short-term investments.....	\$ 67	\$ 121
Total assets.....	<u>\$ 67</u>	<u>\$ 121</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	<u>-</u>	<u>-</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	<u>67</u>	<u>121</u>
Total fund balance (deficit).....	<u>67</u>	<u>121</u>
Total liabilities and fund balance.....	<u>\$ 67</u>	<u>\$ 121</u>

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	2007	2006
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Departmental.....	\$ 97	\$ 220
Total revenues.....	97	220
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	97	220
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Energy and environmental affairs.....	108	181
Total expenditures.....	108	181
Other financing uses:		
Fringe benefit cost assessment.....	28	36
Operating transfers out.....	15	21
Total other financing uses.....	43	57
Total expenditures and other financing uses.....	151	238
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(54)	(18)
Fund balance (deficit) at beginning of year.....	121	139
Fund balance (deficit) at end of year.....	\$ 67	\$ 121

School Modernization and Reconstruction Trust Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Cash and short-term investments.....	\$ 64,297	\$ 51,117
Total assets.....	\$ 64,297	\$ 51,117
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 76	\$ 362
Total liabilities.....	76	362
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	64,221	50,755
Total fund balance (deficit).....	64,221	50,755
Total liabilities and fund balance.....	\$ 64,297	\$ 51,117

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	<u>2007</u>	<u>2006</u>
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Taxes.....	\$ 557,400	\$ 488,700
Miscellaneous.....	-	219
Total revenues.....	<u>557,400</u>	<u>488,919</u>
Other financing sources:		
Operating transfer out	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	<u>557,400</u>	<u>488,919</u>
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Treasurer and Receiver-General.....	<u>543,934</u>	<u>474,581</u>
Total expenditures.....	<u>543,934</u>	<u>474,581</u>
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	<u>543,934</u>	<u>474,581</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	13,466	14,338
Fund balance (deficit) at beginning of year.....	<u>50,755</u>	<u>36,417</u>
Fund balance (deficit) at end of year.....	<u>\$ 64,221</u>	<u>\$ 50,755</u>

Civil Process Technology Improvement Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Cash and short-term investments.....	\$ -	\$ 26
Total assets.....	\$ -	\$ 26
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ -	\$ 26
Total liabilities.....	-	26
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	-	-
Total fund balance (deficit).....	-	-
Total liabilities and fund balance.....	\$ -	\$ 26

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	2007	2006
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Departmental.....	\$ -	\$ -
Total revenues.....	-	-
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	-	-
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Sheriff's Departments.....	-	175
Total expenditures.....	-	175
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	-	175
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	-	(175)
Fund balance (deficit) at beginning of year.....	-	175
Fund balance (deficit) at end of year.....	\$ -	\$ -

Roche Community Rink Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Cash and short-term investments.....	\$ 107	\$ 74
Total assets.....	\$ 107	\$ 74
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	-	-
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	107	74
Total fund balance (deficit).....	107	74
Total liabilities and fund balance.....	\$ 107	\$ 74

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	2007	2006
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Departmental.....	\$ 33	\$ 15
Total revenues.....	33	15
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	33	15
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Energy and environmental affairs.....	-	-
Total expenditures.....	-	-
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	33	15
Fund balance (deficit) at beginning of year.....	74	59
Fund balance (deficit) at end of year.....	\$ 107	\$ 74

Workforce Competitiveness Trust Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Cash and short-term investments.....	\$ 16,672	\$ 11,000
Total assets.....	\$ 16,672	\$ 11,000
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	-	-
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	16,672	11,000
Total fund balance (deficit).....	16,672	11,000
Total liabilities and fund balance.....	\$ 16,672	\$ 11,000

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	2007	2006
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Departmental.....	\$ -	\$ -
Total revenues.....	-	-
Other financing sources:		
Operating transfers in.....	7,000	11,000
Total other financing sources.....	7,000	11,000
Total revenues and other financing sources.....	7,000	11,000
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Housing and economic development.....	996	-
Labor and workforce development.....	332	-
Total expenditures.....	1,328	-
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	1,328	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	5,672	11,000
Fund balance (deficit) at beginning of year.....	11,000	-
Fund balance (deficit) at end of year.....	\$ 16,672	\$ 11,000

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

June 30, 2007
(Amounts in thousands)

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash and short-term investments.....	\$ 2,482	\$ 2,500
Total assets.....	<u>\$ 2,482</u>	<u>\$ 2,500</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	<u>-</u>	<u>-</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	<u>2,482</u>	<u>2,500</u>
Total fund balance (deficit).....	<u>2,482</u>	<u>2,500</u>
Total liabilities and fund balance.....	<u>\$ 2,482</u>	<u>\$ 2,500</u>

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	<u>2007</u>	<u>2006</u>
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Departmental.....	\$ -	\$ -
Total revenues.....	<u>-</u>	<u>-</u>
Other financing sources:		
Operating transfers in.....	-	2,500
Total other financing sources.....	<u>-</u>	<u>2,500</u>
Total revenues and other financing sources.....	<u>-</u>	<u>2,500</u>
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Higher education.....	16	-
Total expenditures.....	<u>16</u>	<u>-</u>
Other financing uses:		
Operating transfers out.....	2	-
Total other financing uses.....	<u>2</u>	<u>-</u>
Total expenditures and other financing uses.....	<u>18</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(18)	2,500
Fund balance (deficit) at beginning of year.....	2,500	-
Fund balance (deficit) at end of year.....	<u>\$ 2,482</u>	<u>\$ 2,500</u>

District Local Technical Assistance Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Cash and short-term investments.....	\$ 42	\$ 1,850
Total assets.....	\$ 42	\$ 1,850
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	-	-
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	42	1,850
Total fund balance (deficit).....	42	1,850
Total liabilities and fund balance.....	\$ 42	\$ 1,850

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	<u>2007</u>	<u>2006</u>
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Miscellaneous.....	\$ 42	\$ -
Total revenues.....	<u>42</u>	<u>-</u>
Other financing sources:		
Operating transfers in.....	-	1,850
Total other financing sources.....	<u>-</u>	<u>1,850</u>
Total revenues and other financing sources.....	<u>42</u>	<u>1,850</u>
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Administration and finance.....	1,850	-
Total expenditures.....	<u>1,850</u>	<u>-</u>
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	<u>-</u>	<u>-</u>
Total expenditures and other financing uses.....	<u>1,850</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(1,808)	1,850
Fund balance (deficit) at beginning of year.....	1,850	-
Fund balance (deficit) at end of year.....	<u>\$ 42</u>	<u>\$ 1,850</u>

Educational Rewards Grant Program Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash and short-term investments.....	\$ 1,500	\$ 1,500
Total assets.....	<u>\$ 1,500</u>	<u>\$ 1,500</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 2	\$ -
Total liabilities.....	<u>2</u>	<u>-</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	<u>1,498</u>	<u>1,500</u>
Total fund balance (deficit).....	<u>1,498</u>	<u>1,500</u>
Total liabilities and fund balance.....	<u>\$ 1,500</u>	<u>\$ 1,500</u>

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	<u>2007</u>	<u>2006</u>
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Departmental.....	\$ -	\$ -
Total revenues.....	<u>-</u>	<u>-</u>
Other financing sources:		
Operating transfers in.....	-	1,500
Total other financing sources.....	<u>-</u>	<u>1,500</u>
Total revenues and other financing sources.....	<u>-</u>	<u>1,500</u>
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Higher Education.....	<u>2</u>	<u>-</u>
Total expenditures.....	<u>2</u>	<u>-</u>
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	<u>-</u>	<u>-</u>
Total expenditures and other financing uses.....	<u>2</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(2)	1,500
Fund balance (deficit) at beginning of year.....	<u>1,500</u>	<u>-</u>
Fund balance (deficit) at end of year.....	<u>\$ 1,498</u>	<u>\$ 1,500</u>

Government Land Bank Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Cash and short-term investments.....	\$ -	\$ -
Total assets.....	\$ -	\$ -
LIABILITIES AND FUND BALANCE		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ 35,097	\$ 35,097
Total liabilities.....	35,097	35,097
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	(35,097)	(35,097)
Total fund balance (deficit).....	(35,097)	(35,097)
Total liabilities and fund balance.....	\$ -	\$ -

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	<u>2007</u>	<u>2006</u>
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Departmental.....	\$ 52	\$ 1,599
Total revenues.....	<u>52</u>	<u>1,599</u>
Other financing sources:		
Operating transfers in.....	<u>8,959</u>	<u>2,311</u>
Total other financing sources.....	<u>8,959</u>	<u>2,311</u>
Total revenues and other financing sources.....	<u>9,011</u>	<u>3,910</u>
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Debt service:		
Principal retirement.....	6,776	1,520
Interest and fiscal charges.....	<u>2,235</u>	<u>2,390</u>
Total expenditures.....	<u>9,011</u>	<u>3,910</u>
Other financing uses:		
Operating transfers out.....	<u>-</u>	<u>-</u>
Total other financing uses.....	<u>-</u>	<u>-</u>
Total expenditures and other financing uses.....	<u>9,011</u>	<u>3,910</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	-	-
Fund balance (deficit) at beginning of year.....	<u>(35,097)</u>	<u>(35,097)</u>
Fund balance (deficit) at end of year.....	<u>\$ (35,097)</u>	<u>\$ (35,097)</u>

Natural Heritage And Endangered Species Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Cash and short-term investments.....	\$ 2,191	\$ 790
Total assets.....	\$ 2,191	\$ 790
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 145	\$ 20
Total liabilities.....	145	20
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	2,046	770
Total fund balance (deficit).....	2,046	770
Total liabilities and fund balance.....	\$ 2,191	\$ 790

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	2007	2006
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Federal grants and reimbursements.....	\$ 1,536	\$ 867
Departmental.....	594	302
Miscellaneous.....	213	254
Total revenues.....	2,343	1,423
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	2,343	1,423
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Energy and environmental affairs.....	928	683
Total expenditures.....	928	683
Other financing uses:		
Fringe benefit cost assessment.....	139	122
Total other financing uses.....	139	122
Total expenditures and other financing uses.....	1,067	805
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	1,276	618
Fund balance (deficit) at beginning of year.....	770	152
Fund balance (deficit) at end of year.....	\$ 2,046	\$ 770

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

June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Cash and short-term investments.....	\$ 3,162	\$ 4,061
Total assets.....	\$ 3,162	\$ 4,061
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 16	\$ 55
Total liabilities.....	16	55
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	3,146	4,006
Total fund balance (deficit).....	3,146	4,006
Total liabilities and fund balance.....	\$ 3,162	\$ 4,061

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	<u>2007</u>	<u>2006</u>
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Departmental.....	\$ -	\$ -
Total revenues.....	<u>-</u>	<u>-</u>
Other financing sources:		
Operating transfers in.....	7	4,000
Total other financing sources.....	<u>7</u>	<u>4,000</u>
Total revenues and other financing sources.....	<u>7</u>	<u>4,000</u>
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Higher education.....	786	463
Total expenditures.....	<u>786</u>	<u>463</u>
Other financing uses:		
Fringe benefit cost assessment.....	36	7
Operating transfers out.....	45	8
Total other financing uses.....	<u>81</u>	<u>15</u>
Total expenditures and other financing uses.....	<u>867</u>	<u>478</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(860)	3,522
Fund balance (deficit) at beginning of year.....	<u>4,006</u>	<u>484</u>
Fund balance (deficit) at end of year.....	<u>\$ 3,146</u>	<u>\$ 4,006</u>

Mosquito And Greenhead Fly Control Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Cash and short-term investments.....	\$ 410	\$ 378
Total assets.....	\$ 410	\$ 378
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 490	\$ 231
Total liabilities.....	490	231
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	(80)	147
Total fund balance (deficit).....	(80)	147
Total liabilities and fund balance.....	\$ 410	\$ 378

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	<u>2007</u>	<u>2006</u>
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Assessments.....	\$ 8,422	\$ 7,671
Departmental.....	641	711
Miscellaneous.....	<u>-</u>	<u>4</u>
Total revenues.....	<u>9,063</u>	<u>8,386</u>
Other financing sources:		
Operating transfers in.....	<u>-</u>	<u>-</u>
Total other financing sources.....	<u>-</u>	<u>-</u>
Total revenues and other financing sources.....	<u>9,063</u>	<u>8,386</u>
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Energy and environmental affairs.....	<u>8,208</u>	<u>7,532</u>
Total expenditures.....	<u>8,208</u>	<u>7,532</u>
Other financing uses:		
Fringe benefit cost assessment.....	<u>1,082</u>	<u>843</u>
Total other financing uses.....	<u>1,082</u>	<u>843</u>
Total expenditures and other financing uses.....	<u>9,290</u>	<u>8,375</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(227)	11
Fund balance (deficit) at beginning of year.....	<u>147</u>	<u>136</u>
Fund balance (deficit) at end of year.....	<u>\$ (80)</u>	<u>\$ 147</u>

Oil Overcharge Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Cash and short-term investments.....	\$ 1,082	\$ 1,239
Total assets.....	\$ 1,082	\$ 1,239
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 60	\$ 35
Total liabilities.....	60	35
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	1,022	1,204
Total fund balance (deficit).....	1,022	1,204
Total liabilities and fund balance.....	\$ 1,082	\$ 1,239

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	2007	2006
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Federal grants and reimbursements.....	\$ 2	\$ -
Miscellaneous.....	230	378
Total revenues.....	<u>232</u>	<u>378</u>
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	<u>232</u>	<u>378</u>
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Energy and environmental affairs.....	104	318
Housing and economic development.....	271	318
Total expenditures.....	<u>375</u>	<u>318</u>
Other financing uses:		
Fringe benefit cost assessment.....	16	18
Operating transfers out.....	23	15
Total other financing uses.....	<u>39</u>	<u>33</u>
Total expenditures and other financing uses.....	<u>414</u>	<u>351</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(182)	27
Fund balance (deficit) at beginning of year.....	1,204	1,177
Fund balance (deficit) at end of year.....	<u>\$ 1,022</u>	<u>\$ 1,204</u>

Environmental Trust Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Cash and short-term investments.....	\$ 4,379	\$ 4,200
Total assets.....	\$ 4,379	\$ 4,200
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 121	\$ 189
Total liabilities.....	121	189
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	4,258	4,011
Total fund balance (deficit).....	4,258	4,011
Total liabilities and fund balance.....	\$ 4,379	\$ 4,200

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	<u>2007</u>	<u>2006</u>
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Departmental.....	\$ 1,131	\$ 1,181
Miscellaneous.....	281	220
Total revenues.....	<u>1,412</u>	<u>1,401</u>
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	<u>1,412</u>	<u>1,401</u>
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Energy and environmental affairs.....	1,003	1,775
Transportation and public works.....	81	40
Total expenditures.....	<u>1,084</u>	<u>1,815</u>
Other financing uses:		
Fringe benefit cost assessment.....	44	46
Operating transfers out.....	37	72
Total other financing uses.....	<u>81</u>	<u>118</u>
Total expenditures and other financing uses.....	<u>1,165</u>	<u>1,933</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	247	(532)
Fund balance (deficit) at beginning of year.....	4,011	4,543
Fund balance (deficit) at end of year.....	<u>\$ 4,258</u>	<u>\$ 4,011</u>

Children's Trust Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash and short-term investments.....	\$ 336	\$ 279
Total assets.....	<u>\$ 336</u>	<u>\$ 279</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 10	\$ -
Total liabilities.....	<u>10</u>	<u>-</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	326	279
Total fund balance (deficit).....	<u>326</u>	<u>279</u>
Total liabilities and fund balance.....	<u>\$ 336</u>	<u>\$ 279</u>

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	<u>2007</u>	<u>2006</u>
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Miscellaneous.....	\$ 62	\$ 10
Total revenues.....	<u>62</u>	<u>10</u>
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	<u>-</u>	<u>-</u>
Total revenues and other financing sources.....	<u>62</u>	<u>10</u>
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Judiciary.....	3	-
Early education and care.....	11	2
Total expenditures.....	<u>14</u>	<u>2</u>
Other financing uses:		
Operating transfers out.....	1	-
Total other financing uses.....	<u>1</u>	<u>-</u>
Total expenditures and other financing uses.....	<u>15</u>	<u>2</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	47	8
Fund balance (deficit) at beginning of year.....	279	271
Fund balance (deficit) at end of year.....	<u>\$ 326</u>	<u>\$ 279</u>

Child Support Enforcement Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Cash and short-term investments.....	\$ 9,281	\$ 8,526
Receivables, net of allowance for uncollectibles:		
Due from federal government.....	556	3,492
Total assets.....	\$ 9,837	\$ 12,018
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 1,025	\$ 4,115
Total liabilities.....	1,025	4,115
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	8,812	7,903
Total fund balance (deficit).....	8,812	7,903
Total liabilities and fund balance.....	\$ 9,837	\$ 12,018

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	2007	2006
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Federal grants and reimbursements.....	\$ 10,760	\$ 14,594
Departmental.....	3,998	2,349
Miscellaneous.....	18	-
Total revenues.....	<u>14,776</u>	<u>16,943</u>
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	<u>14,776</u>	<u>16,943</u>
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Judiciary.....	1,502	2,786
District Attorney.....	162	152
Administration and finance.....	11,649	11,911
Health and human services.....	245	1,076
Housing and economic development.....	25	-
Labor and workforce development.....	10	-
Total expenditures.....	<u>13,593</u>	<u>15,925</u>
Other financing uses:		
Fringe benefit cost assessment.....	243	313
Operating transfers out.....	31	224
Total other financing uses.....	<u>274</u>	<u>537</u>
Total expenditures and other financing uses.....	<u>13,867</u>	<u>16,462</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	909	481
Fund balance (deficit) at beginning of year.....	7,903	7,422
Fund balance (deficit) at end of year.....	<u>\$ 8,812</u>	<u>\$ 7,903</u>

Massachusetts Military Family Relief Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash and short-term investments.....	\$ 336	\$ 162
Total assets.....	<u>\$ 336</u>	<u>\$ 162</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	<u>-</u>	<u>-</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	<u>336</u>	<u>162</u>
Total fund balance (deficit).....	<u>336</u>	<u>162</u>
Total liabilities and fund balance.....	<u>\$ 336</u>	<u>\$ 162</u>

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	<u>2007</u>	<u>2006</u>
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Miscellaneous.....	\$ 264	\$ 182
Total revenues.....	<u>264</u>	<u>182</u>
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	<u>264</u>	<u>182</u>
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Public safety and homeland security.....	90	20
Total expenditures.....	<u>90</u>	<u>20</u>
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	<u>90</u>	<u>20</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	174	162
Fund balance (deficit) at beginning of year.....	<u>162</u>	<u>-</u>
Fund balance (deficit) at end of year.....	<u>\$ 336</u>	<u>\$ 162</u>

Department of Industrial Accidents Special Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Cash and short-term investments.....	\$ 5,907	\$ 9,379
Total assets.....	\$ 5,907	\$ 9,379
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 273	\$ 178
Total liabilities.....	273	178
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	5,634	9,201
Total fund balance (deficit).....	5,634	9,201
Total liabilities and fund balance.....	\$ 5,907	\$ 9,379

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	2007	2006
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Assessments.....	\$ 15,300	\$ 17,995
Departmental.....	4,977	4,637
Miscellaneous.....	786	671
Total revenues.....	<u>21,063</u>	<u>23,303</u>
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	<u>21,063</u>	<u>23,303</u>
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Housing and economic development.....	765	439
Labor and workforce development.....	255	-
Total expenditures.....	<u>1,020</u>	<u>439</u>
Other financing uses:		
Fringe benefit cost assessment.....	4,227	3,615
Operating transfers out.....	19,383	19,197
Total other financing uses.....	<u>23,610</u>	<u>22,812</u>
Total expenditures and other financing uses.....	<u>24,630</u>	<u>23,251</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(3,567)	52
Fund balance (deficit) at beginning of year.....	9,201	9,149
Fund balance (deficit) at end of year.....	<u>\$ 5,634</u>	<u>\$ 9,201</u>

County Correction Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Cash and short-term investments.....	\$ 3,438	\$ 2,059
Total assets.....	\$ 3,438	\$ 2,059
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ -	\$ 657
Total liabilities.....	-	657
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	3,438	1,402
Total fund balance (deficit).....	3,438	1,402
Total liabilities and fund balance.....	\$ 3,438	\$ 2,059

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	2007	2006
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Taxes.....	\$ 9,689	\$ 9,413
Total revenues.....	9,689	9,413
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	9,689	9,413
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Direct local aid.....	7,653	12,911
Total expenditures.....	7,653	12,911
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	7,653	12,911
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	2,036	(3,498)
Fund balance (deficit) at beginning of year.....	1,402	4,900
Fund balance (deficit) at end of year.....	\$ 3,438	\$ 1,402

Massachusetts AIDS Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Cash and short-term investments.....	\$ 290	\$ 320
Total assets.....	\$ 290	\$ 320
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ -	\$ 12
Total liabilities.....	-	12
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	290	308
Total fund balance (deficit).....	290	308
Total liabilities and fund balance.....	\$ 290	\$ 320

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	2007	2006
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Miscellaneous.....	\$ 147	\$ 173
Total revenues.....	147	173
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	147	173
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Health and human services.....	165	165
Total expenditures.....	165	165
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	165	165
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(18)	8
Fund balance (deficit) at beginning of year.....	308	300
Fund balance (deficit) at end of year.....	\$ 290	\$ 308

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

June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Cash and short-term investments.....	\$ 9,562	\$ 10,457
Total assets.....	\$ 9,562	\$ 10,457
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 1,228	\$ 1,188
Total liabilities.....	1,228	1,188
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	8,334	9,269
Total fund balance (deficit).....	8,334	9,269
Total liabilities and fund balance.....	\$ 9,562	\$ 10,457

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	<u>2007</u>	<u>2006</u>
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Departmental.....	\$ 6,994	\$ 7,637
Miscellaneous.....	551	439
Total revenues.....	<u>7,545</u>	<u>8,076</u>
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	<u>7,545</u>	<u>8,076</u>
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Health and human services.....	8,358	6,684
Total expenditures.....	<u>8,358</u>	<u>6,684</u>
Other financing uses:		
Fringe benefit cost assessment.....	102	57
Operating transfers out.....	20	10
Total other financing uses.....	<u>122</u>	<u>67</u>
Total expenditures and other financing uses.....	<u>8,480</u>	<u>6,751</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(935)	1,325
Fund balance (deficit) at beginning of year.....	9,269	7,944
Fund balance (deficit) at end of year.....	<u>\$ 8,334</u>	<u>\$ 9,269</u>

Board Of Registration In Medicine Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts In Thousands)

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash and short-term investments.....	\$ 1,309	\$ 895
Total assets.....	<u>\$ 1,309</u>	<u>\$ 895</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 730	\$ 369
Total liabilities.....	<u>730</u>	<u>369</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	<u>579</u>	<u>526</u>
Total fund balance (deficit).....	<u>579</u>	<u>526</u>
Total liabilities and fund balance.....	<u>\$ 1,309</u>	<u>\$ 895</u>

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	2007	2006
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Departmental.....	\$ 5,066	\$ 4,239
Total revenues.....	<u>5,066</u>	<u>4,239</u>
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	<u>-</u>	<u>-</u>
Total revenues and other financing sources.....	<u>5,066</u>	<u>4,239</u>
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Health and human services.....	4,441	3,233
Higher education.....	-	27
Total expenditures.....	<u>4,441</u>	<u>3,260</u>
Other financing uses:		
Fringe benefit cost assessment.....	388	268
Operating transfers out.....	184	185
Total other financing uses.....	<u>572</u>	<u>453</u>
Total expenditures and other financing uses.....	<u>5,013</u>	<u>3,713</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	53	526
Fund balance (deficit) at beginning of year.....	526	-
Fund balance (deficit) at end of year.....	<u>\$ 579</u>	<u>\$ 526</u>

Water Pollution Abatement Projects Administration Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Cash and short-term investments.....	\$ 494	\$ 691
Total assets.....	\$ 494	\$ 691
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 483	\$ 515
Total liabilities.....	483	515
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	11	176
Total fund balance (deficit).....	11	176
Total liabilities and fund balance.....	\$ 494	\$ 691

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	<u>2007</u>	<u>2006</u>
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Miscellaneous.....	\$ 7,510	\$ 7,413
Total revenues.....	<u>7,510</u>	<u>7,413</u>
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	<u>-</u>	<u>-</u>
Total revenues and other financing sources.....	<u>7,510</u>	<u>7,413</u>
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Energy and environmental affairs.....	4,917	4,913
Public safety and homeland security.....	3	28
Total expenditures.....	<u>4,920</u>	<u>4,941</u>
Other financing uses:		
Fringe benefit cost assessment.....	1,135	957
Operating transfers out.....	1,620	1,492
Total other financing uses.....	<u>2,755</u>	<u>2,449</u>
Total expenditures and other financing uses.....	<u>7,675</u>	<u>7,390</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(165)	23
Fund balance (deficit) at beginning of year.....	176	153
Fund balance (deficit) at end of year.....	<u>\$ 11</u>	<u>\$ 176</u>

Commonwealth Sewer Rate Relief Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Cash and short-term investments.....	\$ 25	\$ 31
Total assets.....	\$ 25	\$ 31
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	-	-
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	25	31
Total fund balance (deficit).....	25	31
Total liabilities and fund balance.....	\$ 25	\$ 31

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	2007	2006
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Departmental.....	\$ -	\$ -
Total revenues.....	-	-
Other financing sources:		
Operating transfers in.....	25,000	12,500
Total other financing sources.....	25,000	12,500
Total revenues and other financing sources.....	25,000	12,500
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Administration and finance.....	25,006	12,492
Total expenditures.....	25,006	12,492
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	25,006	12,492
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(6)	8
Fund balance (deficit) at beginning of year.....	31	23
Fund balance (deficit) at end of year.....	\$ 25	\$ 31

Motor Vehicle Safety Inspection Trust Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Cash and short-term investments.....	\$ -	\$ -
Total assets.....	\$ -	\$ -
LIABILITIES AND FUND BALANCE		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ 11,096	\$ 14,811
Accounts payable.....	1,199	1,621
Total liabilities.....	12,295	16,432
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	(12,295)	(16,432)
Total fund balance (deficit).....	(12,295)	(16,432)
Total liabilities and fund balance.....	\$ -	\$ -

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	2007	2006
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Departmental.....	\$ 40,287	\$ 40,165
Total revenues.....	<u>40,287</u>	<u>40,165</u>
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	<u>-</u>	<u>-</u>
Total revenues and other financing sources.....	<u>40,287</u>	<u>40,165</u>
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Energy and environmental affairs.....	1,907	1,884
Transportation and public works.....	33,087	32,558
Total expenditures.....	<u>34,994</u>	<u>34,442</u>
Other financing uses:		
Fringe benefit cost assessment.....	971	709
Operating transfers out.....	185	135
Total other financing uses.....	<u>1,156</u>	<u>844</u>
Total expenditures and other financing uses.....	<u>36,150</u>	<u>35,286</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	4,137	4,879
Fund balance (deficit) at beginning of year.....	(16,432)	(21,311)
Fund balance (deficit) at end of year.....	<u>\$ (12,295)</u>	<u>\$ (16,432)</u>

Child Care Quality Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Cash and short-term investments.....	\$ 868	\$ 726
Total assets.....	\$ 868	\$ 726
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 72	\$ 46
Total liabilities.....	72	46
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	796	680
Total fund balance (deficit).....	796	680
Total liabilities and fund balance.....	\$ 868	\$ 726

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	2007	2006
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Departmental.....	\$ 319	\$ 321
Total revenues.....	<u>319</u>	<u>321</u>
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	<u>-</u>	<u>-</u>
Total revenues and other financing sources.....	<u>319</u>	<u>321</u>
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Early education and care.....	203	134
Total expenditures.....	<u>203</u>	<u>134</u>
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	<u>-</u>	<u>-</u>
Total expenditures and other financing uses.....	<u>203</u>	<u>134</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	116	187
Fund balance (deficit) at beginning of year.....	680	493
Fund balance (deficit) at end of year.....	<u>\$ 796</u>	<u>\$ 680</u>

Convention and Exhibition Center Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Cash and short-term investments.....	\$ 88,858	\$ 109,853
Cash with fiscal agent.....	83,999	53,766
Total assets.....	\$ 172,857	\$ 163,619
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 8,529	\$ 4,873
Total liabilities.....	8,529	4,873
Fund balance:		
Reserved fund balance:		
Reserved for debt service.....	53,766	53,766
Unreserved fund balance (deficit):		
Designated for specific purpose.....	110,562	104,980
Total fund balance (deficit).....	164,328	158,746
Total liabilities and fund balance.....	\$ 172,857	\$ 163,619

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	2007	2006
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Taxes.....	\$ 66,347	\$ 55,052
Miscellaneous.....	7,366	7,160
Total revenues.....	<u>73,713</u>	<u>62,212</u>
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	<u>73,713</u>	<u>62,212</u>
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Administration and finance.....	33,645	16,613
Debt service:		
Interest and fiscal charges.....	34,486	33,964
Total expenditures.....	<u>68,131</u>	<u>50,577</u>
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	<u>68,131</u>	<u>50,577</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	5,582	11,635
Fund balance (deficit) at beginning of year.....	158,746	147,111
Fund balance (deficit) at end of year.....	<u>\$ 164,328</u>	<u>\$ 158,746</u>

Firearms Fingerprint Identity Verification Trust Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash and short-term investments.....	\$ 1,898	\$ 2,243
Total assets.....	<u>\$ 1,898</u>	<u>\$ 2,243</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 183	\$ 204
Total liabilities.....	<u>183</u>	<u>204</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	<u>1,715</u>	<u>2,039</u>
Total fund balance (deficit).....	<u>1,715</u>	<u>2,039</u>
Total liabilities and fund balance.....	<u>\$ 1,898</u>	<u>\$ 2,243</u>

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	<u>2007</u>	<u>2006</u>
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Departmental.....	\$ 1,433	\$ 1,134
Total revenues.....	<u>1,433</u>	<u>1,134</u>
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	<u>-</u>	<u>-</u>
Total revenues and other financing sources.....	<u>1,433</u>	<u>1,134</u>
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Public safety and homeland security	<u>1,757</u>	<u>1,105</u>
Total expenditures.....	<u>1,757</u>	<u>1,105</u>
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	<u>-</u>	<u>-</u>
Total expenditures and other financing uses.....	<u>1,757</u>	<u>1,105</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(324)	29
Fund balance (deficit) at beginning of year.....	<u>2,039</u>	<u>2,010</u>
Fund balance (deficit) at end of year.....	<u>\$ 1,715</u>	<u>\$ 2,039</u>

Grant Anticipation Note Trust Fund
Balance Sheet - Statutory Basis

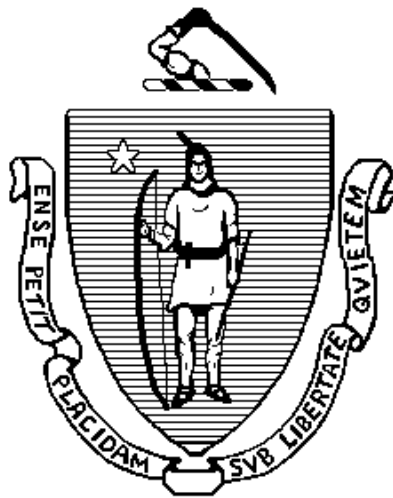
June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Cash and short-term investments.....	\$ 11,509	\$ 11,582
Cash with fiscal agent.....	619,044	620,751
Receivables, net of allowance for uncollectibles:		
Due from federal government.....	74,582	64,910
Total assets.....	\$ 705,135	\$ 697,243
LIABILITIES AND FUND BALANCE		
Liabilities:		
Due to other funds.....	\$ 74,582	\$ 64,910
Total liabilities.....	74,582	64,910
Fund balance:		
Reserved fund balance:		
Reserved for debt service.....	619,044	620,751
Unreserved fund balance (deficit):		
Designated for specific purpose.....	11,509	11,582
Total fund balance (deficit).....	630,553	632,333
Total liabilities and fund balance.....	\$ 705,135	\$ 697,243

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	2007	2006
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Federal grants and reimbursements.....	\$ 462,484	\$ 451,284
Miscellaneous.....	18,697	3,185
Total revenues.....	481,181	454,469
Other financing sources:		
Operating transfers in.....	60,995	67,486
Total other financing sources.....	60,995	67,486
Total revenues and other financing sources.....	542,176	521,955
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Debt service:		
Principal retirement.....	123,825	117,895
Interest and fiscal charges.....	87,887	93,817
Total expenditures.....	211,712	211,712
Other financing uses:		
Federal reimbursement transfers out.....	332,244	327,459
Total other financing uses.....	332,244	327,459
Total expenditures and other financing uses.....	543,956	539,171
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(1,780)	(17,216)
Fund balance (deficit) at beginning of year.....	632,333	649,549
Fund balance (deficit) at end of year.....	\$ 630,553	\$ 632,333



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Capital Projects Funds

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

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

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

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

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

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

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

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

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

Central Artery Statewide Road and Bridge Infrastructure Fund - to account for bond proceeds, certain revenues from Registry of Motor Vehicle fees, (net of debt service expenditures) and payments from authorities. The purpose of expenditures of the fund is to meet the estimated additional costs associated with the Central Artery/Ted Williams Tunnel Project and for costs of the statewide road and bridge program.

OTHER FUNDS:

These funds account for the proceeds of bonds used to to finance land and transportation equipment for economic development.

Government Land Bank Capital Projects Fund - to account for proceeds of bonds used to finance the acquisition, holding, protection, maintenance, repair or use of lands and for personnel and the administrative costs of the Massachusetts Development Finance Agency.

LOCAL AID FUNDS:

Local Capital Projects Fund - to account for the proceeds of bonds sold to finance the construction of correctional facilities, water pollution abatement projects and other local projects in specific localities of the Commonwealth. The fund accounts for the proceeds of bonds to finance improvements to lockup facilities, state police lockup facilities and to finance improvements to County Correctional Facilities, and other monies received by the Department of Conservation and Recreation pertaining to state parks, reservations and recreation areas outside the metropolitan parks district; used for purposes of state parks, reservations and recreation areas outside the metropolitan parks district.

Capital Projects Funds
Combining Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

ASSETS	General Capital Projects	Capital Investment Trust	Convention and Exhibition Center Capital	Capital Improvements and Investment Trust	Capital Expenditure Reserve
Cash and short-term investments.....	\$ -	\$ 46	\$ 11,893	\$ 281	\$ -
Cash with fiscal agent.....	-	-	-	-	-
Receivables, net of allowance for uncollectibles:					
Due from federal government.....	1,577	-	-	-	-
Due from other funds.....	-	-	-	-	-
Total assets.....	<u>\$ 1,577</u>	<u>\$ 46</u>	<u>\$ 11,893</u>	<u>\$ 281</u>	<u>\$ -</u>
 LIABILITIES AND FUND BALANCES					
Liabilities:					
Deficiency in cash and short-term investments.....	\$ 43,016	\$ -	\$ -	\$ -	\$ 17,760
Accounts payable.....	123,024	46	-	329	3,625
Bonds and notes payable.....	-	-	-	-	-
Total liabilities.....	<u>166,040</u>	<u>46</u>	<u>-</u>	<u>329</u>	<u>\$ 21,385</u>
Fund balance:					
Reserved for:					
Debt service.....	-	-	-	-	-
Capital projects.....	-	-	11,893	-	-
Unreserved:					
Undesignated.....	(164,463)	-	-	(48)	(21,385)
Total fund balance (deficits).....	<u>(164,463)</u>	<u>-</u>	<u>11,893</u>	<u>(48)</u>	<u>(21,385)</u>
Total liabilities and fund balances.....	<u>\$ 1,577</u>	<u>\$ 46</u>	<u>\$ 11,893</u>	<u>\$ 281</u>	<u>\$ -</u>

See independent auditors' report

Highway Capital Projects	Federal Highway Construction Program	Central Artery Statewide Road and Bridge Infrastructure	Government Land Bank Capital Projects	Local Capital Projects	Totals (Memorandum only)	
					2007	2006
\$ -	\$ 3,418	\$ 120,585	\$ -	\$ 1,234	\$ 137,457	\$ 162,246
257,672	-	-	-	-	257,672	258,955
-	-	-	-	-	1,577	11,901
-	74,582	-	-	-	74,582	64,910
<u>\$ 257,672</u>	<u>\$ 78,000</u>	<u>\$ 120,585</u>	<u>\$ -</u>	<u>\$ 1,234</u>	<u>\$ 471,288</u>	<u>\$ 498,012</u>
\$ 109,403	\$ -	\$ -	\$ 15,000	\$ -	\$ 185,179	\$ 459,388
56,674	73,833	8,807	13,073	1,024	280,435	222,344
-	-	-	-	-	-	25,100
<u>166,077</u>	<u>73,833</u>	<u>8,807</u>	<u>28,073</u>	<u>1,024</u>	<u>465,614</u>	<u>706,832</u>
257,672	-	-	-	-	257,672	258,955
-	4,167	111,778	-	210	128,048	123,945
(166,077)	-	-	(28,073)	-	(380,046)	(591,720)
91,595	4,167	111,778	(28,073)	210	5,674	(208,820)
<u>\$ 257,672</u>	<u>\$ 78,000</u>	<u>\$ 120,585</u>	<u>\$ -</u>	<u>\$ 1,234</u>	<u>\$ 471,288</u>	<u>\$ 498,012</u>

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

Fiscal Year Ended June 30, 2007
 (Amounts in thousands)

	General Capital Projects	Capital Investment Trust	Convention and Exhibition Center Capital	Capital Improvements and Investment Trust	Capital Expenditure Reserve
REVENUES AND OTHER FINANCING SOURCES					
Revenues:					
Federal grants and reimbursements.....	\$ 23,968	\$ -	\$ -	\$ -	\$ -
Departmental.....	-	-	-	-	-
Payments from authorities.....	-	-	-	-	25,100
Miscellaneous.....	2,473	-	-	-	-
Total revenues.....	<u>26,441</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,100</u>
Other financing sources:					
Proceeds of general and special obligation bonds.....	841,768	358	-	4,256	-
Proceeds of refunding bonds.....	491,560	-	-	-	-
Operating transfers in.....	-	-	-	-	-
Federal reimbursement transfer in.....	-	-	-	-	-
State share of federal highway construction.....	-	-	-	-	-
Total other financing sources.....	<u>1,333,328</u>	<u>358</u>	<u>-</u>	<u>4,256</u>	<u>-</u>
Total revenues and other financing sources.....	<u>1,359,769</u>	<u>358</u>	<u>-</u>	<u>4,256</u>	<u>25,100</u>
EXPENDITURES AND OTHER FINANCING USES					
Expenditures:					
Judiciary.....	5,988	320	-	-	-
Secretary of the Commonwealth.....	2,941	-	-	-	-
Treasurer and Receiver-General.....	4,591	-	-	-	-
Auditor of the Commonwealth.....	-	-	-	-	-
Attorney General.....	2,238	-	-	-	-
Sheriff's Departments.....	3,679	-	-	-	-
Disabled Persons Protection Commission.....	-	-	-	-	-
Board of Library Commissioners.....	6,875	-	-	-	-
Comptroller.....	-	-	-	-	-
Administration and finance.....	243,935	38	2,201	147	-
Energy and environmental affairs.....	128,396	-	-	749	-
Housing and community development.....	113,437	-	-	-	-
Health and human services.....	44,954	-	-	-	-
Transportation and public works.....	55,589	-	-	-	48,610
Education.....	389	-	-	-	-
Higher education.....	27,389	-	-	-	-
Public safety and homeland security.....	28,713	-	-	-	-
Housing and economic development.....	42,859	-	-	-	-
Debt service:					
Principal Retirement.....	-	-	-	-	-
Interest and fiscal charges.....	-	-	-	-	-
Total expenditures.....	<u>711,973</u>	<u>358</u>	<u>2,201</u>	<u>896</u>	<u>48,610</u>
Other financing uses:					
Payments to refunded bond escrow agent.....	491,560	-	-	-	-
Fringe benefit cost assessment.....	9,175	-	-	13	-
State share of federal highway construction.....	-	-	-	-	-
Operating transfers out.....	-	-	-	-	-
Total other financing uses.....	<u>500,735</u>	<u>-</u>	<u>-</u>	<u>13</u>	<u>-</u>
Total expenditures and other financing uses.....	<u>1,212,708</u>	<u>358</u>	<u>2,201</u>	<u>909</u>	<u>48,610</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	147,061	-	(2,201)	3,347	(23,510)
Fund balances (deficits) at beginning of year.....	(311,524)	-	14,094	(3,395)	2,125
Fund balances (deficits) at end of year.....	<u>\$ (164,463)</u>	<u>\$ -</u>	<u>\$ 11,893</u>	<u>\$ (48)</u>	<u>\$ (21,385)</u>

See independent auditors' report

Highway Capital Projects	Federal Highway Construction Program	Central Artery Statewide Road and Bridge Infrastructure	Government Land Bank Capital Projects	Local Capital Projects	Totals	
					(Memorandum only)	
					2007	2006
\$ -	\$ 913	\$ -	\$ -	\$ -	\$ 24,881	\$ 30,906
-	407	-	-	-	407	1,130
-	-	-	-	-	25,100	145,000
11,567	23,672	6,811	-	-	44,523	31,721
<u>11,567</u>	<u>24,992</u>	<u>6,811</u>	<u>-</u>	<u>-</u>	<u>94,911</u>	<u>208,757</u>
733,530	-	-	-	24,028	1,603,940	1,838,491
382,611	-	-	-	656,387	1,530,558	633,425
-	-	26,281	-	-	26,281	40,074
-	332,244	-	-	-	332,244	327,459
-	211,174	-	-	-	211,174	93,797
<u>1,116,141</u>	<u>543,418</u>	<u>26,281</u>	<u>-</u>	<u>680,415</u>	<u>3,704,197</u>	<u>2,933,246</u>
<u>1,127,708</u>	<u>568,410</u>	<u>33,092</u>	<u>-</u>	<u>680,415</u>	<u>3,799,108</u>	<u>3,142,003</u>
-	-	-	-	245	6,553	9,337
-	167	-	-	-	3,108	1,305
-	-	-	-	5,946	10,537	463,989
-	-	-	-	-	-	1,403
390	902	-	-	-	3,530	2,281
-	-	-	-	-	3,679	3,284
-	-	-	-	-	-	212
-	-	-	-	-	6,875	16,302
-	-	-	-	-	-	349
1,370	-	-	13,073	595	261,359	290,688
29,230	1,289	240	-	2,556	162,460	139,970
-	-	-	-	-	113,437	126,190
-	-	-	-	-	44,954	56,537
389,081	557,030	25,767	-	-	1,076,077	1,119,658
-	-	-	-	-	389	854
-	-	-	-	-	27,389	19,328
-	1	-	-	-	28,714	23,818
-	223	-	-	-	43,082	1,237
-	-	-	-	-	-	103,966
<u>12,155</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,155</u>	<u>9,355</u>
<u>432,226</u>	<u>559,612</u>	<u>26,007</u>	<u>13,073</u>	<u>9,342</u>	<u>1,804,298</u>	<u>2,390,063</u>
382,611	-	-	-	656,387	1,530,558	633,425
20,980	7,635	29	-	51	37,883	32,041
211,174	-	-	-	-	211,174	93,797
701	-	-	-	-	701	40,597
<u>615,466</u>	<u>7,635</u>	<u>29</u>	<u>-</u>	<u>656,438</u>	<u>1,780,316</u>	<u>799,860</u>
<u>1,047,692</u>	<u>567,247</u>	<u>26,036</u>	<u>13,073</u>	<u>665,780</u>	<u>3,584,614</u>	<u>3,189,923</u>
80,016	1,163	7,056	(13,073)	14,635	214,494	(47,920)
11,579	3,004	104,722	(15,000)	(14,425)	(208,820)	(160,900)
<u>\$ 91,595</u>	<u>\$ 4,167</u>	<u>\$ 111,778</u>	<u>\$ (28,073)</u>	<u>\$ 210</u>	<u>\$ 5,674</u>	<u>\$ (208,820)</u>

General Capital Projects Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Receivables, net of allowance for uncollectibles:		
Due from federal government.....	\$ 1,577	\$ 11,901
Total assets.....	\$ 1,577	\$ 11,901
LIABILITIES AND FUND BALANCE		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ 43,016	\$ 206,202
Accounts payable.....	123,024	117,223
Total liabilities.....	166,040	323,425
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	(164,463)	(311,524)
Total fund balance (deficit)	(164,463)	(311,524)
Total liabilities and fund balance.....	\$ 1,577	\$ 11,901

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	2007	2006
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Federal grants and reimbursements.....	\$ 23,968	\$ 30,409
Miscellaneous.....	2,473	-
Total revenues.....	<u>26,441</u>	<u>30,409</u>
Other financing sources:		
Proceeds of general obligation bonds.....	841,768	1,339,705
Proceeds of refunding bonds.....	491,560	-
Total other financing sources.....	<u>1,333,328</u>	<u>1,339,705</u>
Total revenues and other financing sources.....	<u>1,359,769</u>	<u>1,370,114</u>
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Judiciary.....	5,988	8,982
Secretary of the Commonwealth.....	2,941	1,209
Treasurer and Receiver-General.....	4,591	438,310
Auditor of the Commonwealth.....	-	1,403
Attorney General.....	2,238	1,504
Sheriff's Departments.....	3,679	3,284
Disabled Persons Protection Commission.....	-	212
Board of Library Commissioner.....	6,875	16,302
Comptroller.....	-	349
Administration and finance.....	243,935	273,240
Energy and environmental affairs.....	128,396	118,215
Housing and community development.....	113,437	125,193
Health and human services.....	44,954	56,537
Transportation and public works.....	55,589	53,537
Education.....	389	854
Higher education.....	27,389	19,328
Public safety and homeland security.....	28,713	23,301
Housing and economic development.....	42,859	983
Total expenditures.....	<u>711,973</u>	<u>1,142,743</u>
Other financing uses:		
Payments to refunded bond escrow agent.....	491,560	-
Fringe benefit cost assessment.....	9,175	7,604
Total other financing uses.....	<u>500,735</u>	<u>7,604</u>
Total expenditures and other financing uses.....	<u>1,212,708</u>	<u>1,150,347</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	147,061	219,767
Fund balance (deficit) at beginning of year.....	(311,524)	(531,291)
Fund balance (deficit) at end of year.....	<u>\$ (164,463)</u>	<u>\$ (311,524)</u>

Capital Investment Trust Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Cash and short-term investments.....	\$ 46	\$ -
Total assets.....	\$ 46	\$ -
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 46	\$ -
Total liabilities.....	46	-
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	-	-
Total fund balance (deficit)	-	-
Total liabilities and fund balance.....	\$ 46	\$ -

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	2007	2006
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Departmental.....	\$ -	\$ -
Total revenues.....	-	-
Other financing sources:		
Proceeds of general obligation bonds.....	358	757
Total other financing sources.....	358	757
Total revenues and other financing sources.....	358	757
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Judiciary.....	320	-
Administration and finance.....	38	-
Total expenditures.....	358	-
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	358	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	-	757
Fund balance (deficit) at beginning of year.....	-	(757)
Fund balance at end of year.....	\$ -	\$ -

Convention and Exhibition Center Capital Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Cash and short-term investments.....	\$ 11,893	\$ 14,094
Total assets.....	\$ 11,893	\$ 14,094
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	-	-
Fund balance:		
Reserved fund balance:		
Reserved for capital projects.....	11,893	14,094
Total fund balance (deficit).....	11,893	14,094
Total liabilities and fund balance.....	\$ 11,893	\$ 14,094

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	<u>2007</u>	<u>2006</u>
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Miscellaneous.....	\$ -	\$ -
Total revenues.....	<u>-</u>	<u>-</u>
Other financing sources:		
Proceeds of refunding bonds.....	-	633,425
Total other financing sources.....	<u>-</u>	<u>633,425</u>
Total revenues and other financing sources.....	<u>-</u>	<u>633,425</u>
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Attorney General.....	-	8
Administration and finance.....	2,201	12,116
Total expenditures.....	<u>2,201</u>	<u>12,124</u>
Other financing uses:		
Payments to refunded bond escrow agent.....	-	633,425
Total other financing uses.....	<u>-</u>	<u>633,425</u>
Total expenditures and other financing uses.....	<u>2,201</u>	<u>645,549</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(2,201)	(12,124)
Fund balance (deficit) at beginning of year.....	14,094	26,218
Fund balance (deficit) at end of year.....	<u>\$ 11,893</u>	<u>\$ 14,094</u>

Capital Improvements and Investment Trust Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Cash and short-term investments.....	\$ 281	\$ -
Total assets.....	\$ 281	\$ -
LIABILITIES AND FUND BALANCE		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ -	\$ 2,255
Accounts payable.....	329	1,140
Total liabilities.....	329	3,395
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	(48)	(3,395)
Total fund balance (deficit)	(48)	(3,395)
Total liabilities and fund balance.....	\$ 281	\$ -

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	2007	2006
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Departmental.....	\$ -	\$ -
Total revenues.....	-	-
Other financing sources:		
Proceeds of general obligation bonds.....	4,256	13,670
Total other financing sources.....	4,256	13,670
Total revenues and other financing sources.....	4,256	13,670
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Administration and finance.....	147	128
Energy and environmental affairs.....	749	3,037
Housing and community development.....	-	952
Public safety and homeland security.....	-	418
Total expenditures.....	896	4,535
Other financing uses:		
Fringe benefit cost assessment.....	13	6
Total other financing uses.....	13	6
Total expenditures and other financing uses.....	909	4,541
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	3,347	9,129
Fund balance (deficit) at beginning of year.....	(3,395)	(12,524)
Fund balance (deficit) at end of year.....	\$ (48)	\$ (3,395)

Capital Expenditure Reserve Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Cash and short-term investments.....	\$ -	\$ 36,192
Total assets.....	\$ -	\$ 36,192
LIABILITIES AND FUND BALANCE		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ 17,760	\$ -
Accounts payable.....	3,625	8,967
Bonds and notes payable.....	-	25,100
Total liabilities.....	21,385	34,067
Fund balance:		
Reserved fund balance:		
Reserved for capital projects.....	-	2,125
Unreserved fund balance (deficit):		
Undesignated.....	(21,385)	-
Total fund balance (deficit)	(21,385)	2,125
Total liabilities and fund balance.....	\$ -	\$ 36,192

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	<u>2007</u>	<u>2006</u>
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Payments from authorities.....	\$ 25,100	\$ 145,000
Total revenues.....	<u>25,100</u>	<u>145,000</u>
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	<u>25,100</u>	<u>145,000</u>
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Transportation and public works.....	48,610	44,046
Total expenditures.....	<u>48,610</u>	<u>44,046</u>
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	<u>48,610</u>	<u>44,046</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(23,510)	100,954
Fund balance (deficit) at beginning of year.....	2,125	(98,829)
Fund balance (deficit) at end of year.....	<u>\$ (21,385)</u>	<u>\$ 2,125</u>

Highway Capital Projects Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Cash with fiscal agent.....	\$ 257,672	\$ 258,955
Total assets.....	\$ 257,672	\$ 258,955
LIABILITIES AND FUND BALANCE		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ 109,403	\$ 207,598
Accounts payable.....	56,674	39,778
Total liabilities.....	166,077	247,376
Fund balance:		
Reserved fund balance:		
Reserved for debt service.....	257,672	258,955
Unreserved fund balance (deficit):		
Undesignated.....	(166,077)	(247,376)
Total fund balance (deficit).....	91,595	11,579
Total liabilities and fund balance.....	\$ 257,672	\$ 258,955

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	2007	2006
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Miscellaneous.....	\$ 11,567	\$ 20,168
Total revenues.....	<u>11,567</u>	<u>20,168</u>
Other financing sources:		
Proceeds of general and special obligation bonds.....	733,530	474,124
Proceeds of refunding bonds.....	382,611	-
Operating transfers in.....	-	6,913
Total other financing sources.....	<u>1,116,141</u>	<u>481,037</u>
Total revenues and other financing sources.....	<u>1,127,708</u>	<u>501,205</u>
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Treasurer and Receiver - General.....	-	18,362
Attorney General.....	390	322
Administration and finance.....	1,370	118
Energy and environmental affairs.....	29,230	15,571
Housing and community development.....	-	45
Transportation and public works.....	389,081	373,979
Debt service:		
Principal Retirement.....	-	103,966
Interest and fiscal charges.....	12,155	9,355
Total expenditures.....	<u>432,226</u>	<u>521,718</u>
Other financing uses:		
Payments to refunded bond escrow agent.....	382,611	-
Fringe benefit cost assessment.....	20,980	18,961
State share of federal highway	211,174	93,797
Operating transfers out.....	701	596
Total other financing uses.....	<u>615,466</u>	<u>113,354</u>
Total expenditures and other financing uses.....	<u>1,047,692</u>	<u>635,072</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	80,016	(133,867)
Fund balance (deficit) at beginning of year.....	<u>11,579</u>	<u>145,446</u>
Fund balance (deficit) at end of year.....	<u>\$ 91,595</u>	<u>\$ 11,579</u>

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

June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Cash and short-term investments.....	\$ 3,418	\$ -
Due from other funds.....	74,582	64,910
Total assets.....	\$ 78,000	\$ 64,910
LIABILITIES AND FUND BALANCE		
Liabilities:		
Deficiency in cash and short-term investment.....	\$ -	\$ 19,359
Accounts payable.....	73,833	42,547
Total liabilities.....	73,833	61,906
Fund balance:		
Reserved fund balance:		
Reserved for capital projects.....	4,167	3,004
Total fund balance (deficit).....	4,167	3,004
Total liabilities and fund balance.....	\$ 78,000	\$ 64,910

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	<u>2007</u>	<u>2006</u>
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Federal grants and reimbursements.....	\$ 913	\$ 497
Departmental.....	407	1,130
Miscellaneous.....	<u>23,672</u>	<u>-</u>
Total revenues.....	<u>24,992</u>	<u>1,627</u>
Other financing sources:		
Federal reimbursement transfers in.....	332,244	327,459
State share of federal highway construction.....	<u>211,174</u>	<u>93,797</u>
Total other financing sources.....	<u>543,418</u>	<u>421,256</u>
Total revenues and other financing sources.....	<u>568,410</u>	<u>422,883</u>
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Secretary of the Commonwealth.....	167	96
Attorney General.....	902	447
Energy and environmental affairs.....	1,289	1,438
Transportation and public works.....	557,030	414,852
Public safety and homeland security.....	1	99
Housing and economic development.....	<u>223</u>	<u>254</u>
Total expenditures.....	<u>559,612</u>	<u>417,186</u>
Other financing uses:		
Fringe benefit cost assessment.....	<u>7,635</u>	<u>5,427</u>
Total other financing uses.....	<u>7,635</u>	<u>5,427</u>
Total expenditures and other financing uses.....	<u>567,247</u>	<u>422,613</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	1,163	270
Fund balance (deficit) at beginning of year.....	<u>3,004</u>	<u>2,734</u>
Fund balance (deficit) at end of year.....	<u>\$ 4,167</u>	<u>\$ 3,004</u>

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

June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Cash and short-term investments.....	\$ 120,585	\$ 111,960
Total assets.....	\$ 120,585	\$ 111,960
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable.....	\$ 8,807	\$ 7,238
Total liabilities.....	8,807	7,238
Fund balance:		
Reserved fund balance:		
Reserved for capital projects.....	111,778	104,722
Total fund balance (deficit)	111,778	104,722
Total liabilities and fund balance.....	\$ 120,585	\$ 111,960

Central Artery Statewide Road and Bridge Infrastructure Fund
Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	<u>2007</u>	<u>2006</u>
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Miscellaneous.....	\$ 6,811	\$ 11,553
Total revenues.....	<u>6,811</u>	<u>11,553</u>
Other financing sources:		
Operating transfers in.....	<u>26,281</u>	<u>33,161</u>
Total other financing sources.....	<u>26,281</u>	<u>33,161</u>
Total revenues and other financing sources.....	<u>33,092</u>	<u>44,714</u>
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Energy and environmental affairs.....	240	1,152
Transportation and public works.....	<u>25,767</u>	<u>233,244</u>
Total expenditures.....	<u>26,007</u>	<u>234,396</u>
Other financing uses:		
Fringe benefit cost assessment.....	29	43
Operating transfers out.....	<u>-</u>	<u>40,001</u>
Total other financing uses.....	<u>29</u>	<u>40,044</u>
Total expenditures and other financing uses.....	<u>26,036</u>	<u>274,440</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	7,056	(229,726)
Fund balance (deficit) at beginning of year.....	<u>104,722</u>	<u>334,448</u>
Fund balance (deficit) at end of year.....	<u>\$ 111,778</u>	<u>\$ 104,722</u>

Government Land Bank Capital Projects Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Cash and short-term investments.....	\$ -	\$ -
Total assets.....	\$ -	\$ -
LIABILITIES AND FUND BALANCE		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ 15,000	\$ 10,000
Accounts payable.....	13,073	5,000
Total liabilities.....	28,073	15,000
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	(28,073)	(15,000)
Total fund balance (deficit).....	(28,073)	(15,000)
Total liabilities and fund balance.....	\$ -	\$ -

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	2007	2006
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Departmental.....	\$ -	\$ -
Total revenues.....	-	-
Other financing sources:		
Proceeds of refunding bonds.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	-	-
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Administration and finance.....	13,073	5,000
Total expenditures.....	13,073	5,000
Other financing uses:		
Payments to refunded bonds escrow.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	13,073	5,000
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(13,073)	(5,000)
Fund balance (deficit) at beginning of year.....	(15,000)	(10,000)
Fund balance (deficit) at end of year.....	\$ (28,073)	\$ (15,000)

Local Capital Projects Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

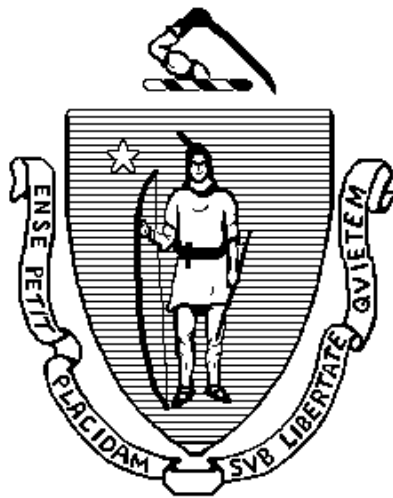
	2007	2006
ASSETS		
Cash and short-term investments.....	\$ 1,234	\$ -
Total assets.....	\$ 1,234	\$ -
LIABILITIES AND FUND BALANCE		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ -	\$ 13,974
Accounts payable.....	1,024	451
Total liabilities.....	1,024	14,425
Fund balance:		
Reserved fund balance:		
Reserved for capital projects.....	210	-
Unreserved fund balance (deficit):		
Undesignated.....	-	(14,425)
Total fund balance (deficit)	210	(14,425)
Total liabilities and fund balance.....	\$ 1,234	\$ -

Local Capital Projects Fund

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	2007	2006
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Federal grants and reimbursements.....	\$ -	\$ -
Total revenues.....	-	-
Other financing sources:		
Proceeds of general obligation bonds.....	24,028	10,235
Proceeds of refunding bonds.....	656,387	-
Total other financing sources.....	680,415	10,235
Total revenues and other financing sources.....	680,415	10,235
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Judiciary.....	245	355
Treasurer and Receiver-General.....	5,946	7,317
Administration and finance.....	595	86
Energy and environmental affairs.....	2,556	557
Total expenditures.....	9,342	8,315
Other financing uses:		
Payments to refunded bond escrow agent.....	656,387	-
Fringe benefit cost assessment.....	51	-
Total other financing uses.....	656,438	-
Total expenditures and other financing uses.....	665,780	8,315
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	14,635	1,920
Fund balance (deficit) at beginning of year.....	(14,425)	(16,345)
Fund balance (deficit) at end of year.....	\$ 210	\$ (14,425)



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Fiduciary Fund Types

The Fiduciary Funds are used to account for assets held by the Commonwealth in a trustee capacity or as an agent for individuals, private organizations or other governments. The funds include Expendable and Non – Expendable Trust Funds, Pension Funds, as well as Agency Funds.

EXPENDABLE TRUST FUNDS:

Expendable Trust Fund – to account for various gifts, bequests or contributions held by the Commonwealth of which both principal and interest may be expended for purposes designated by the donor.

Revolving Loan Fund – to account for Federal grants, investment and interest income to be expended for loans to non-profit private entities to establish housing for individuals recovering from alcohol or drug abuse and for loans to local housing authorities.

Expendable Trust Fund - Internal – to account for various gifts, bequests or contributions held by the Commonwealth, solely for the benefit of Commonwealth entities, of which both principal and interest may be expended for purposes designated by the donor.

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

NONEXPENDABLE TRUST FUNDS:

Nonexpendable Trust Fund – to account for various gifts and bequests held by the Commonwealth, of which only the income may be expended for purposes specified by the donor.

PENSION TRUST FUNDS:

Pension Trust Funds – to account for the assets, liabilities and fund balances held in trust by the State Employees', State Teachers' Retirement Systems and the State – Boston Retirement System for the payment of retirement, disability and death benefits to members of these retirement systems.

AGENCY FUNDS:

Agency Funds – to account for cash, investments held or managed by the Commonwealth on behalf of others. These include the investments made by cities, towns and local authorities in the Municipal Depository Trust, employees' contributions to the deferred compensation plan, annuity contracts held for lottery prize winners, local option taxes collected but not yet remitted, assets held in escrow accounts by the Commonwealth's court system and human service departments, child support payments collected or receivable and not yet remitted to custodial parents, and deposits required from insurance companies and similar organizations.

Fiduciary Fund Types
Combining Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

ASSETS	<u>Expendable Trust Funds</u>	<u>Nonexpendable Trust Funds</u>	<u>Pension Trust Funds</u>
Cash and short-term investments.....	\$ 444,441	\$ 5,834	\$ 29,108
Cash on deposit with U.S. Treasury.....	1,257,898	-	-
Investments.....	-	-	46,406,438
Assets held in trust.....	-	-	-
Other receivables, net of allowance for uncollectibles.....	7,178	-	-
Other assets.....	-	-	-
Total assets.....	<u>\$ 1,709,517</u>	<u>\$ 5,834</u>	<u>\$ 46,435,546</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable.....	\$ 56,144	\$ -	\$ 3,271
Agency liabilities.....	-	-	-
Due to cities and towns.....	-	-	-
Total liabilities.....	<u>56,144</u>	<u>-</u>	<u>3,271</u>
 Fund balances:			
Reserved for:			
Employees' pension benefits.....	-	-	46,432,275
Unemployment benefits.....	1,257,898	-	-
Unreserved:			
Designated for specific purpose.....	395,475	5,834	-
Total fund balances.....	<u>1,653,373</u>	<u>5,834</u>	<u>46,432,275</u>
Total liabilities and fund balances.....	<u>\$ 1,709,517</u>	<u>\$ 5,834</u>	<u>\$ 46,435,546</u>

See independent auditors' report

Agency Funds	Totals (Memorandum only)	
	2007	2006
\$ 444,103	\$ 923,486	\$ 1,895,349
-	1,257,898	911,951
-	46,406,438	39,471,450
867,785	867,785	1,359,400
-	7,178	408,920
-	-	3,283
<u>\$ 1,311,888</u>	<u>\$ 49,462,785</u>	<u>\$ 44,050,353</u>
\$ 77,082	\$ 136,497	\$ 1,401,377
1,183,241	1,183,241	1,683,145
<u>51,565</u>	<u>51,565</u>	<u>47,095</u>
<u>1,311,888</u>	<u>1,371,303</u>	<u>3,131,617</u>
-	46,432,275	39,657,004
-	1,257,898	911,950
-	401,309	349,782
-	48,091,482	40,918,736
<u>\$ 1,311,888</u>	<u>\$ 49,462,785</u>	<u>\$ 44,050,353</u>

Expendable Trust Funds
Combining Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	Expendable Trusts	Unemployment Compensation Trust	Totals (Memorandum only)	
			2007	2006
ASSETS				
Cash and short-term investments.....	\$ 444,441	\$ -	\$ 444,441	\$ 377,987
Cash on deposit with U.S. Treasury.....	-	1,257,898	1,257,898	911,951
Other receivables.....	7,178	-	7,178	-
Total assets.....	<u>\$ 451,619</u>	<u>\$ 1,257,898</u>	<u>\$ 1,709,517</u>	<u>\$ 1,289,938</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable.....	\$ 56,144	\$ -	\$ 56,144	\$ 34,040
Total liabilities.....	<u>56,144</u>	<u>-</u>	<u>56,144</u>	<u>34,040</u>
Fund balances:				
Reserved for:				
Unemployment benefits.....	-	1,257,898	1,257,898	911,950
Unreserved:				
Designated for specific purpose.....	395,475	-	395,475	343,948
Total fund balances.....	<u>395,475</u>	<u>1,257,898</u>	<u>1,653,373</u>	<u>1,255,898</u>
Total liabilities and fund balances.....	<u>\$ 451,619</u>	<u>\$ 1,257,898</u>	<u>\$ 1,709,517</u>	<u>\$ 1,289,938</u>

See independent auditors' report

Expendable Trust Funds

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	Expendable Trusts	Unemployment Compensation Trust	Totals (Memorandum only)	
			2007	2006
REVENUES AND OTHER FINANCING SOURCES				
Revenues:				
Taxes.....	\$ -	\$ 1,622,561	\$ 1,622,561	\$ 1,720,473
Assessments.....	54,893	-	54,893	53,376
Federal grants and reimbursements.....	16,734	33,706	50,440	51,516
Departmental.....	67,909	77,939	145,848	112,432
Miscellaneous.....	328,877	48,203	377,080	353,013
Total revenues.....	468,413	1,782,409	2,250,822	2,290,810
Other financing sources:				
Operating transfers in.....	10,162	-	10,162	9,247
Other sources.....	92	-	92	1,676
Total other financing sources.....	10,254	-	10,254	10,923
Total revenues and other financing sources.....	478,667	1,782,409	2,261,076	2,301,733
EXPENDITURES AND OTHER FINANCING USES				
Expenditures:				
Judiciary.....	219	-	219	264
Secretary of the Commonwealth.....	18	-	18	7
Treasurer and Receiver-General.....	67,080	-	67,080	52,899
Auditor of the Commonwealth.....	78	-	78	623
Attorney General.....	5,399	-	5,399	5,245
District Attorney.....	5,897	-	5,897	6,543
Sheriff's Departments.....	611	-	611	25
Board of library commissioners.....	98	-	98	26
Administration and finance.....	10,069	-	10,069	7,532
Energy and environmental affairs.....	33,550	-	33,550	31,350
Housing and community development.....	7,136	-	7,136	2,974
Health and human services.....	31,672	-	31,672	45,316
Transportation and public works.....	421	-	421	1,010
Education.....	5,004	-	5,004	4,730
Higher education.....	5,720	-	5,720	6,752
Public safety and homeland security.....	58,919	-	58,919	33,987
Housing and economic development.....	46,447	1,067,220	1,113,667	1,413,591
Labor and workforce development.....	13,366	369,241	382,607	-
Total expenditures.....	291,704	1,436,461	1,728,165	1,612,874
Other financing uses:				
Fringe benefit cost assessment.....	7,594	-	7,594	6,306
Operating transfers out.....	127,842	-	127,842	178,733
Total other financing uses.....	135,436	-	135,436	185,039
Total expenditures and other financing uses.....	427,140	1,436,461	1,863,601	1,797,913
Excess and other financing sources over expenditures and other financing uses.....	51,527	345,948	397,475	503,820
Fund balances at beginning of year.....	343,948	911,950	1,255,898	752,078
Fund balances at end of year.....	\$ 395,475	\$ 1,257,898	\$ 1,653,373	\$ 1,255,898

See independent auditors' report

Expendable Trust Fund - External
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash and short-term investments.....	\$ 412,544	\$ 350,402
Other receivables.....	<u>7,178</u>	<u>-</u>
Total assets.....	<u>\$ 419,722</u>	<u>\$ 350,402</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable.....	\$ 55,166	\$ 33,399
Total liabilities.....	<u>55,166</u>	<u>33,399</u>
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	<u>364,556</u>	<u>317,003</u>
Total fund balances (deficit).....	<u>364,556</u>	<u>317,003</u>
Total liabilities and fund balances.....	<u>\$ 419,722</u>	<u>\$ 350,402</u>

Expendable Trust Fund - External

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	2007	2006
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Assessments.....	\$ 54,561	\$ 53,066
Federal grants and reimbursements.....	16,734	16,272
Departmental.....	60,201	44,050
Miscellaneous.....	318,506	322,067
Total revenues.....	<u>450,002</u>	<u>435,455</u>
Other financing sources:		
Operating transfers in.....	10,152	9,247
Total other financing sources.....	<u>10,152</u>	<u>9,247</u>
Total revenues and other financing sources.....	<u>460,154</u>	<u>444,702</u>
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Judiciary.....	219	264
Secretary of the Commonwealth.....	18	7
Treasurer and Receiver-General	66,673	52,899
Auditor of the Commonwealth.....	78	623
Attorney General.....	2,039	2,651
District Attorney.....	5,624	6,264
Sheriff's Departments.....	605	15
Board of library commissioners.....	98	26
Administration and finance.....	5,174	6,919
Energy and environmental affairs.....	32,711	31,012
Housing and community development.....	7,136	2,974
Health and human services.....	29,515	42,893
Transportation and public works.....	414	1,010
Education.....	5,004	4,730
Higher education.....	5,720	6,752
Public safety and homeland security.....	58,919	33,987
Housing and economic development.....	46,212	63,818
Labor and workforce development.....	13,366	-
Total expenditures.....	<u>279,525</u>	<u>256,844</u>
Other financing uses:		
Fringe benefit cost assessment.....	6,623	5,777
Operating transfers out.....	126,453	177,635
Total other financing uses.....	<u>133,076</u>	<u>183,412</u>
Total expenditures and other financing uses.....	<u>412,601</u>	<u>440,256</u>
Excess (deficiency)of revenues and other financing sources over expenditures and other financing uses.....	47,553	4,446
Fund balances (deficit) at beginning of year.....	317,003	312,557
Fund balances (deficit) at end of year.....	<u>\$ 364,556</u>	<u>\$ 317,003</u>

Revolving Loan Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Cash and short-term investments.....	\$ 5,499	\$ 5,761
Total assets.....	\$ 5,499	\$ 5,761
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	-	-
Fund balance:		
Unreserved:		
Designated for specific purpose.....	5,499	5,761
Total fund balances (deficit).....	5,499	5,761
Total liabilities and fund balances.....	\$ 5,499	\$ 5,761

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	<u>2007</u>	<u>2006</u>
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Miscellaneous.....	\$ 460	\$ 368
Total revenues.....	<u>460</u>	<u>368</u>
Other financing sources:		
Other sources.....	<u>92</u>	<u>1,676</u>
Total other financing sources.....	<u>92</u>	<u>1,676</u>
Total revenues and other financing sources.....	<u>552</u>	<u>2,044</u>
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Housing and economic development.....	<u>-</u>	<u>-</u>
Total expenditures.....	<u>-</u>	<u>-</u>
Other financing uses:		
Operating transfers out.....	<u>814</u>	<u>744</u>
Total other financing uses.....	<u>814</u>	<u>744</u>
Total expenditures and other financing uses.....	<u>814</u>	<u>744</u>
Excess (deficiency)of revenues and other financing sources over expenditures and other financing uses.....	(262)	1,300
Fund balances (deficit) at beginning of year.....	<u>5,761</u>	<u>4,461</u>
Fund balances (deficit) at end of year.....	<u>\$ 5,499</u>	<u>\$ 5,761</u>

**Expendable Trust Fund - Internal
Balance Sheet - Statutory Basis**

June 30, 2007
(Amounts in thousands)

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash and short-term investments.....	\$ 26,398	\$ 21,824
Total assets.....	<u>\$ 26,398</u>	<u>\$ 21,824</u>
 LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable.....	\$ 978	\$ 640
Total liabilities.....	<u>978</u>	<u>640</u>
Fund balance:		
Unreserved.:		
Designated for specific purpose.....	<u>25,420</u>	<u>21,184</u>
Total fund balances (deficit).....	<u>25,420</u>	<u>21,184</u>
Total liabilities and fund balances.....	<u>\$ 26,398</u>	<u>\$ 21,824</u>

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	2007	2006
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Assessments.....	\$ 332	\$ 310
Departmental.....	7,708	4,760
Miscellaneous.....	9,911	3,458
Total revenues.....	17,951	8,528
Other financing sources:		
Operating transfers in.....	10	-
Total other financing sources.....	10	-
Total revenues and other financing sources.....	17,961	8,528
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Treasurer and Receiver - General.....	407	-
Attorney General	3,360	2,594
District Attorney.....	273	279
Sheriff's Departments.....	6	10
Administration and finance.....	4,895	613
Energy and environmental affairs.....	839	338
Health and human services.....	2,157	2,423
Transportation and public works.....	7	-
Housing and economic development.....	235	266
Total expenditures.....	12,179	6,523
Other financing uses:		
Fringe benefit cost assessment.....	971	529
Operating transfers out.....	575	354
Total other financing uses.....	1,546	883
Total expenditures and other financing uses.....	13,725	7,406
Excess (deficiency)of revenues and other financing sources over expenditures and other financing uses.....	4,236	1,122
Fund balances (deficit) at beginning of year.....	21,184	20,062
Fund balances (deficit) at end of year.....	\$ 25,420	\$ 21,184

Unemployment Compensation Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash on deposit with U.S. Treasury.....	\$ 1,257,898	\$ 911,951
Total assets.....	<u>\$ 1,257,898</u>	<u>\$ 911,951</u>
 LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable.....	\$ -	\$ 1
Total liabilities.....	<u>-</u>	<u>1</u>
Fund balance:		
Reserved for:		
Unemployment benefits.....	<u>1,257,898</u>	<u>911,950</u>
Total fund balances (deficit).....	<u>1,257,898</u>	<u>911,950</u>
Total liabilities and fund balances.....	<u>\$ 1,257,898</u>	<u>\$ 911,951</u>

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	2007	2006
REVENUES AND OTHER FINANCING SOURCES		
Revenues:		
Taxes.....	\$ 1,622,561	\$ 1,720,473
Federal grants and reimbursements.....	33,706	35,244
Departmental.....	77,939	63,622
Miscellaneous.....	48,203	27,120
Total revenues.....	1,782,409	1,846,459
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	1,782,409	1,846,459
EXPENDITURES AND OTHER FINANCING USES		
Expenditures:		
Housing and economic development.....	1,067,220	1,349,507
Labor and workforce development.....	369,241	-
Total expenditures.....	1,436,461	1,349,507
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	1,436,461	1,349,507
Excess (deficiency)of revenues and other financing sources over expenditures and other financing uses.....	345,948	496,952
Fund balances (deficit) at beginning of year.....	911,950	414,998
Fund balances (deficit) at end of year.....	\$ 1,257,898	\$ 911,950

Nonexpendable Trust Fund
Balance Sheet - Statutory Basis

June 30, 2007
(Amounts in thousands)

	2007	2006
ASSETS		
Cash and short-term investments.....	\$ 5,834	\$ 5,834
Total assets.....	\$ 5,834	\$ 5,834
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	-	-
Fund balances:		
Reserved for:		
Designated for specific purpose.....	5,834	5,834
Total fund balances (deficit).....	5,834	5,834
Total liabilities and fund balances.....	\$ 5,834	\$ 5,834

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

Fiscal Year Ended June 30, 2007
 (Amounts in thousands)

	<u>2007</u>	<u>2006</u>
REVENUES		
Revenues:		
Investment earnings.....	\$ -	\$ -
Total revenues.....	<u>-</u>	<u>-</u>
 EXPENSES		
Expenses:		
Treasurer and Receiver-General.....	<u>-</u>	<u>-</u>
Total expenses.....	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenses.....	-	-
Fund balances (deficit) at beginning of year.....	<u>5,834</u>	<u>5,834</u>
Fund balances (deficit) at end of year.....	<u>\$ 5,834</u>	<u>\$ 5,834</u>

Pension Trust Funds

Combining Statements of Net Assets Available for Pension Benefits - Statutory Basis

June 30, 2007
(Amounts in thousands)

	State Employees' PERS	Teachers' PERS	Totals (Memorandum only)	
			2007	2006
ASSETS				
Cash and short-term investments.....	\$ 18,595	\$ 10,513	\$ 29,108	\$ 1,081,099
Investments.....	21,836,919	24,569,519	46,406,438	39,883,653
Total assets.....	<u>\$ 21,855,514</u>	<u>\$ 24,580,032</u>	<u>\$ 46,435,546</u>	<u>\$ 40,964,752</u>
LIABILITIES				
Accounts payable.....	\$ 1,726	\$ 1,545	\$ 3,271	\$ 1,307,748
Total liabilities.....	<u>1,726</u>	<u>1,545</u>	<u>3,271</u>	<u>1,307,748</u>
Net assets available for pension benefits (fund balances reserved for employees' pension benefits).....	<u>\$ 21,853,788</u>	<u>\$ 24,578,487</u>	<u>\$ 46,432,275</u>	<u>\$ 39,657,004</u>
See independent auditors' report				

Pension Trust Funds

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	State Employees' PERS	Teachers' PERS	Totals (Memorandum only)	
			2007	2006
Additions:				
Contributions.....	\$ 475,634	\$ 860,113	\$ 1,335,747	\$ 1,148,096
Other additions.....	227,511	303,516	531,027	722,475
Total contributions.....	<u>703,145</u>	<u>1,163,629</u>	<u>1,866,774</u>	<u>1,870,571</u>
Net investment (loss) income:				
Net appreciation (depreciation) of investments.....	4,280,763	3,602,784	7,883,547	5,926,698
Total additions.....	<u>4,983,908</u>	<u>4,766,413</u>	<u>9,750,321</u>	<u>7,797,269</u>
Deductions:				
Administration reimbursement.....	7,037	15,327	22,364	16,847
Retirement benefits and refunds.....	1,266,313	1,686,373	2,952,686	2,919,464
Total deductions.....	<u>1,273,350</u>	<u>1,701,700</u>	<u>2,975,050</u>	<u>2,936,311</u>
Net increase (decrease).....	3,710,558	3,064,713	6,775,271	4,860,958
Net (decrease) assets available for pension benefits at beginning of year (fund balances reserved for employees' pension benefits).....	<u>18,143,230</u>	<u>21,513,774</u>	<u>39,657,004</u>	<u>34,796,046</u>
Net assets available for pension benefits at end of year (fund balances reserved for employees' pension benefits).....	<u>\$ 21,853,788</u>	<u>\$ 24,578,487</u>	<u>\$ 46,432,275</u>	<u>\$ 39,657,004</u>

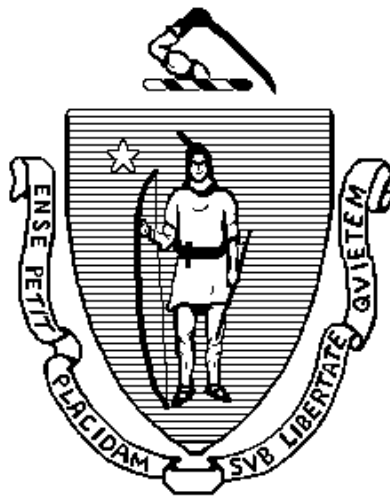
See independent auditors' report

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	(Memorandum only) Balance June 30, 2006	Additions	Deductions	Balance June 30, 2007
ASSETS				
Cash and short-term investments.....	\$ 430,429	\$ 8,769,818	\$ 8,756,144	\$ 444,103
Assets held in trust.....	<u>1,359,400</u>	<u>328,225</u>	<u>819,840</u>	<u>867,785</u>
Total assets.....	<u>\$ 1,789,829</u>	<u>\$ 9,098,043</u>	<u>\$ 9,575,984</u>	<u>\$ 1,311,888</u>
LIABILITIES				
Accounts payable.....	\$ 59,589	\$ 4,559,228	\$ 4,541,735	\$ 77,082
Due to cities and towns.....	47,095	435,089	430,619	51,565
Due to federal government.....	-	47	47	-
Agency liabilities.....	<u>1,683,145</u>	<u>4,347,647</u>	<u>4,847,551</u>	<u>1,183,241</u>
Total liabilities.....	<u>\$ 1,789,829</u>	<u>\$ 9,342,011</u>	<u>\$ 9,819,952</u>	<u>\$ 1,311,888</u>

Supplemental Information



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

See independent auditors' report

Calculation of Transfers: Stabilization Fund

June 30, 2007
(Amounts in thousands)

This statement is prepared on the statutory basis of accounting pursuant to General Laws Chapter 29, Section 5c, as amended most recently by Chapter 61 of the Acts of 2007, which superceded certain parts of the Section 5c. It presents information contained in the official books and accounting records of the Commonwealth. Financial statements supporting this calculation are presented in the Financial Section of this report.

I. Undesignated Budgeted Fund Balances before calculation of transfers:	
General Fund	\$ 1,614,451
Highway Fund	(1,307,471)
Workforce Training Fund	(16,502)
Massachusetts Tourism Fund	(349)
International Educational and Foreign Language Grant Program Fund	-
Children's and Seniors' Health Care Assistance Fund	-
Consolidated undesignated fund balance / (deficit) in the operating Funds.....	\$ 290,129

II. Carryforward of 0.5% of tax revenue to the General Fund:	
0.5% of Tax Revenue as Calculated on Schedule A	99,246

III. Consolidated Net Surplus	
stabilization	\$ 190,883

IV. If Consolidated Net Surplus is Greater than \$150,000,000, then transfer \$100,000,000 to Bay State Competitiveness Investment Fund.	
Transfer to the Bay State Competitiveness Investment Fund from the General Fund.....	\$ 100,000
If Consolidated Net Surplus is Greater than \$50,000,000, but less than \$100,000,000 then transfer \$50,000,000 to Bay State Competitiveness Investment Fund. Otherwise, "Not Applicable."	
Transfer to the Bay State Competitiveness Investment Fund	Not Applicable
If Consolidated Net Surplus is less than \$50,000,000, then transfer the amount to the Stabilization Fund. Otherwise, "Not Applicable."	
Transfer to the Stabilization Fund	Not Applicable

Total Transfers to Stabilization	
Undesignated Operating Fund balance, net of tax revenue carryforward to the general	190,883
Total Transfers Required	190,883
Less: transfer to the Bay State Competitiveness Investment Fund	(100,000)
Total Transfers to the Stabilization Fund	\$ 90,883

Transfers to Stabilization Funded From:	
General Fund	\$ 90,883
Highway Fund.....	-
Workforce Training Fund	-
Massachusetts Tourism Fund	-
International Educational and Foreign Language Grant Program Fund	-
Children's and Seniors' Health Care Assistance Fund	-
Total Transfers to the Stabilization Fund	\$ 90,883

Remaining Balances in Budgeted Operating Funds after Transfers:	
General Fund	\$ 1,423,568
Highway Fund.....	(1,307,471)
Workforce Training Fund	(16,502)
Massachusetts Tourism Fund	(349)
International Educational and Foreign Language Grant Program Fund	-
Children's and Seniors' Health Care Assistance Fund	-
Net Remaining Budgetary Fund Balances	\$ 99,246

Stabilization Balance Reconciliation:	
Balance as of July 1, 2006	\$ 2,154,664
Investment income, certain tax revenues and other recoveries.....	89,474
Transfers to Stabilization per calculation above.....	90,883
Stabilization Fund Balance	\$ 2,335,021

Calculation Of Transfers: Tax Reduction Fund

June 30, 2007
(Amounts in thousands)

This statement is prepared pursuant to Chapters 29 of the Massachusetts General Laws, as amended. It is prepared on the statutory basis of accounting and presents information contained in the official books and accounting records of the Commonwealth. Sup

The computation is as follows:

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

Undesignated fund balance in the Stabilization Fund.....	\$ 2,335,021
Allowable Stabilization Fund balance (per Schedule B).....	<u>4,292,382</u>
Stabilization Fund excess, if any, transferable to Tax Reduction Fund.....	<u>\$ -</u>

Part 2: Status of Stabilization Fund after transfers:

Stabilization Fund balance.....	\$ 2,335,021
Transfer to Tax Reduction Fund.....	<u>-</u>
Stabilization Fund balance after transfer to Tax Reduction Fund.....	<u>\$ 2,335,021</u>

Part 3: Status of Tax Reduction Fund after transfers:

Tax Reduction Fund balance.....	\$ -
Transfers from Stabilization Fund.....	<u>-</u>
Tax Reduction Fund balance after transfers.....	<u>\$ -</u>

Schedule A
FY2007 Tax Revenues By Revenue Class and
Calculation of Allowable Net Surplus

June 30, 2007
(Amounts in thousands)

Alcoholic Beverages.....	\$ 70,958
Banks: Commercial and Savings.....	340,937
Cigarette.....	438,074
Corporations.....	1,587,636
Deeds.....	203,767
Estate and Inheritance.....	249,597
Income.....	11,399,649
Insurance.....	369,030
Motor and Special Fuels.....	676,119
Public Utilities.....	178,325
Room Occupancy.....	157,515
Sales and Use.....	4,075,549
Club Alcoholic Beverages.....	770
Motor Vehicle Excise.....	74
Convention Center Surcharges.....	11,911
Community Preservation.....	31,914
State Racing.....	3,859
Beano	2,811
Raffles and Bazaars.....	967
DOI Excess and Surplus Lines.....	28,250
Boxing.....	27
UI Surcharge.....	21,449
	\$ 19,849,188
	\$ 19,849,188
0.5% of total tax revenue.....	99,246
Allowable consolidated net surplus	\$ 99,246
	\$ 99,246

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, 2007
(Amounts in thousands)

Total budgeted revenues and other financial resources pertaining to the budgeted funds.....	\$	29,168,852
Elimination of budgetary interfund activity exclusive of fund closure (per Schedule C).....		(552,970)
Budgeted revenues and other financial resources pertaining to the budgeted funds.....		28,615,882
Allowable Stabilization Fund balance, 15% of budgeted revenue.....	\$	4,292,382

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, 2007
(Amounts in thousands)

Adjustments to revenues :	
Transfer to the Intragovernmental Service Fund Revenues.....	\$ (192,639)
Adjustments to other financing sources and uses:	
Fringe benefit cost assessments.....	(79,070)
Year end Stabilization Fund transfer.....	(90,883)
Baystate Competiveness Investment fund.....	(100,000)
Transfer from the Intragovernmental Service Fund to the General Fund.....	(511)
RMV license -plates.....	(2,749)
Transfer from the General Fund to the Temporary Holding Fund -permissible tax	(43,493)
Year end transfer from the Temporary Holding Fund to the General Fund.....	(43,493)
Other	(132)
Elimination of budgetary interfund activity	<u>\$ (552,970)</u>

Schedule D
Calculation of Transfers: Temporary Holding Fund

June 30, 2007
(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:	<u>September 30, 2006</u>	<u>December 31, 2006</u>	<u>March 31, 2007</u>	<u>June 30, 2007</u>
Cumulative net state tax revenues, 2007	\$ 4,542,171	\$ 8,831,036	\$ 13,659,295	\$ 19,848,064
Cumulative net state tax revenues, 2006.....	\$ 4,367,285	\$ 8,526,671	\$ 12,946,485	\$ 18,592,175
Permissible growth rate defined as				
inflation plus 2%, but not less than 0%.....	8.05%	7.62%	6.92%	6.52%
Permissible state tax revenues defined as				
cumulative net state tax revenues,				
2006 multiplied by 1 plus the permissible growth rate.....	<u>4,718,720</u>	<u>9,175,977</u>	<u>13,841,734</u>	<u>19,804,571</u>
Cumulative net state tax revenues 2007				
in excess of permissible state tax revenues.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,493</u>

Non-Tax Revenue Initiatives

June 30, 2007
(Amounts in thousands)

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

I. Debt Collection:

Pursuant to Massachusetts General Laws Chapter 29, Section D, Chapter 7A Section 8, allows private debt collection agencies to engage in debt collection for the Commonwealth. The fees paid are contingency based from the proceeds collected. Collections and fees paid during FY07 were (amounts in thousands):

<u>Department Collectors</u>	<u>Collections</u>	<u>Fees</u>
Allen Daniel Associates, Inc.....	\$ 847	\$ 140
Collecto Inc.....	2,046	404
Delta Management Associates, Inc.....	1,049	189
Glenn Associates, Inc.....	305	51
Gragil Associates, Inc.....	30	7
OSI Collection Services, Inc.....	1,085	190
Walker Associates, Inc.....	118	16
Windham Professionals.....	<u>2,077</u>	<u>348</u>
Total.....	<u>\$ 7,557</u>	<u>\$ 1,345</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.....	\$ 739	\$ 129
Collecto Inc.....	1,755	352
Delta Management Associates, Inc.....	955	173
Glenn Associates, Inc.....	305	51
OSI Collection Services, Inc.....	725	128
Walker Associates, Inc.....	2	1
Windham Professionals.....	<u>1,890</u>	<u>312</u>
Total.....	<u>\$ 6,371</u>	<u>\$ 1,146</u>

II. Revenue Maximization:

Pursuant to Massachusetts General Law Chapter 29 Section 29E, contractors were engaged on a contingent fee basis to assist several of the Commonwealth's departments in the identification and collection of federal and other non-tax revenues. During FY07, the following amounts were generated (amounts in thousands):

Gross revenue maximization realized.....	\$ 230,453
Amounts credited to the federal government.....	(107,567)
Contractor payments.....	<u>(9,613)</u>
Net revenue maximization realized.....	<u>\$ 113,273</u>

III. Cost Avoidance:

The Comptroller's appropriation authorizes contract arrangements engaged on a contingent fee basis for the purpose of identification and pursuit of cost saving / avoidance opportunities. During FY07, the following amounts were generated (amounts in thousands):

State expenditures avoided.....	\$ 388,390
Amounts credited to the federal government in provider offsets.....	(142,317)
Contractor payments.....	<u>(23,799)</u>
Net cost savings / avoidance.....	<u>\$ 222,274</u>

IV. Intercept:

Intercept is authorized by M.G.L. Chapter 7A Section 3 and 815 CMR 9:06. Intercept is an automated process that offsets Commonwealth payments to delinquent receivables that have been approved by the Office of the State Comptroller. FY07 activity (amounts in thousands):

Total Commonwealth intercepts.....	\$ 5,803
Amounts included above that were intercepted on behalf of the Institutions of Higher Education.....	\$ 3,719

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

(Amounts in thousands except for percentages)

	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Unfunded Actuarial Liability (UAAL)	Funded Ratio	Annual Covered Payroll *	UAAL as a % of Covered Payroll *
State Employees' Retirement System						
Actuarial Valuation as of January 1, 2007....	\$ 18,445,225	\$ 21,670,810	\$ 3,225,585	85.1%	\$ 4,391,891	73.4%
Actuarial Valuation as of January 1, 2006....	16,638,043	20,406,926	3,768,883	81.5%	4,200,577	89.7%
Actuarial Valuation as of January 1, 2005....	16,211,000	19,575,000	3,364,000	82.8%	3,967,000	84.8%
Actuarial Valuation as of January 1, 2004....	15,931,000	18,966,000	3,065,000	84.0%	3,842,000	79.8%
Actuarial Valuation as of January 1, 2003....	13,947,000	17,551,000	3,604,000	79.5%	3,779,000	95.4%
Actuarial Valuation as of January 1, 2002....	15,002,000	15,961,000	959,000	94.0%	4,034,000	23.8%
Teachers' Retirement System						
Actuarial Valuation as of January 1, 2007....	\$ 20,820,392	\$ 29,320,714	\$ 8,500,322	71.0%	\$ 4,969,092	171.1%
Actuarial Valuation as of January 1, 2006....	18,683,295	27,787,716	9,104,421	67.2%	4,819,325	188.9%
Actuarial Valuation as of January 1, 2005....	17,683,000	26,167,000	8,483,000	67.6%	4,643,000	182.7%
Actuarial Valuation as of January 1, 2004....	17,075,000	24,519,000	7,444,000	69.6%	4,556,000	163.4%
Actuarial Valuation as of January 1, 2003....	14,762,000	22,892,000	8,129,000	64.5%	4,406,000	184.5%
Actuarial Valuation as of January 1, 2002....	15,712,000	20,620,000	4,908,000	76.2%	4,264,000	115.1%

For a complete analysis of the Commonwealth's actuarial valuation report, please go to <http://www.mass.gov/perac/valuation/2007commonwealth.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.

Statistical Section



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

Unaudited – See independent auditors' report

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

June 30, 2007
(Amounts in millions)

	2007	%	2006	%	2005	%	2004	%
		Total		Total		Total		Total
Taxes.....	\$ 19,849	44.4	\$ 18,593	43.9	\$ 17,192	40.7	\$ 16,055	36.8
Federal reimbursements.....	6,830	15.3	6,307	14.9	6,018	14.3	6,331	14.5
Federal grants.....	1,989	4.5	2,046	4.8	1,996	4.7	2,024	4.6
Lotteries.....	4,670	10.4	4,739	11.2	4,705	11.2	4,605	10.6
Assessments.....	794	1.8	793	1.9	785	1.9	746	1.7
Motor vehicle licenses and registrations.....	374	0.8	361	0.9	401	1.0	376	0.9
Fees, investment earnings, etc.....	2,450	5.6	2,891	6.8	2,945	6.8	2,556	5.9
Proceeds of general and special obligation bonds.....	1,604	3.6	1,838	4.3	1,354	3.2	1,993	4.6
Proceeds of refunding bonds.....	1,531	3.4	633	1.5	1,385	3.3	3,302	7.6
Other interfund transfers.....	4,605	10.3	4,145	9.8	5,409	12.8	5,629	12.9
Other financing sources.....	-	0.0	-	0.0	-	-	-	-
Total revenues and other financing sources.....	\$ 44,696	100.0	\$ 42,346	100.0	\$ 42,190	100.0	\$ 43,617	100.0

	2003	% Total	2002	% Total	2001	% Total	2000	% Total	1999	% Total	1998	% Total
\$	15,032	36.2	\$ 14,341	39.6	\$ 16,753	43.5	\$ 15,702	41.0	\$ 14,304	42.1	\$ 14,038	43.7
	5,528	13.3	5,237	14.5	4,668	12.1	4,364	11.4	4,230	12.5	4,409	13.7
	1,852	4.5	1,595	4.4	1,450	3.8	1,360	3.6	1,236	3.6	1,220	3.8
	4,425	10.7	4,425	12.2	4,138	10.7	3,913	10.2	3,572	10.5	3,430	10.7
	634	1.5	582	1.6	585	1.5	487	1.3	534	1.6	517	1.6
	383	0.9	326	0.9	311	0.8	285	0.7	281	0.8	295	0.9
	2,140	5.2	2,122	5.9	2,212	5.7	2,014	5.3	2,638	7.8	1,647	5.1
	1,911	4.6	1,358	3.7	1,912	5.0	1,762	4.6	1,334	3.9	1,447	4.5
	3,398	8.2	1,501	4.1	999	2.6	-	0.0	499	1.5	862	2.7
	6,173	14.9	4,749	13.1	5,487	14.3	8,403	21.9	5,317	15.7	4,240	13.2
	-	-	-	-	-	-	-	-	-	-	-	-
\$	<u>41,476</u>	<u>100.0</u>	\$ <u>36,236</u>	<u>100.0</u>	\$ <u>38,515</u>	<u>100.0</u>	\$ <u>38,290</u>	<u>100.0</u>	\$ <u>33,945</u>	<u>100.0</u>	\$ <u>32,105</u>	<u>100.0</u>

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

June 30, 2007
(Amounts in millions)

	2007	% Total	2006	% Total	2005	% Total	2004	% Total
Income.....	\$ 11,400	57.4	\$ 10,483	56.4	\$ 9,690	56.4	\$ 8,830	55.0
Sales and use.....	4,076	20.5	4,009	21.6	3,891	22.6	3,743	23.3
Corporations.....	1,588	8.0	1,391	7.5	1,063	6.2	998	6.2
Motor fuels.....	676	3.4	672	3.6	685	4.0	684	4.3
Cigarette.....	438	2.2	435	2.3	424	2.5	425	2.6
Insurance.....	369	1.9	397	2.1	373	2.2	374	2.3
Estate and inheritance.....	250	1.3	196	1.1	255	1.5	195	1.2
Banks.....	341	1.7	350	1.9	199	1.2	239	1.5
Alcoholic beverages.....	71	0.4	70	0.4	69	0.4	69	0.4
Other.....	640	3.2	590	3.1	543	3.3	498	3.2
Total taxes.....	<u>\$ 19,849</u>	<u>100.0</u>	<u>\$ 18,593</u>	<u>100.0</u>	<u>\$ 17,192</u>	<u>100.0</u>	<u>\$ 16,055</u>	<u>100.0</u>

2003	% Total	2002	% Total	2001	% Total	2000	% Total	1999	% Total	1998	% Total
\$ 8,026	53.4	\$ 7,913	55.2	\$ 9,903	59.1	\$ 9,042	57.6	\$ 8,037	56.2	\$ 8,032	57.2
3,708	24.7	3,696	25.8	3,756	22.4	3,565	22.7	3,270	22.9	2,963	21.1
875	5.8	587	4.2	945	5.7	1,131	7.2	1,009	7.1	1,067	7.6
676	4.5	667	4.7	660	3.9	653	4.2	637	4.5	621	4.4
451	3.0	275	1.9	271	1.6	280	1.8	284	2.0	301	2.1
345	2.3	348	2.4	323	1.9	306	1.9	317	2.2	303	2.2
181	1.2	200	1.4	203	1.2	167	1.1	174	1.2	191	1.4
269	1.8	137	1.0	180	1.1	93	0.6	109	0.8	156	1.1
67	0.5	66	0.5	65	0.4	64	0.4	61	0.4	61	0.4
434	2.9	452	3.2	447	2.7	401	2.6	406	2.8	343	2.4
<u>\$ 15,032</u>	<u>100.0</u>	<u>\$ 14,341</u>	<u>100.0</u>	<u>\$ 16,753</u>	<u>100.0</u>	<u>\$ 15,702</u>	<u>100.0</u>	<u>\$ 14,304</u>	<u>100.0</u>	<u>\$ 14,038</u>	<u>100.0</u>

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

June 30, 2007
(Amounts in millions)

	2007	% Total	2006	% Total	2005	% Total	2004	% Total
Legislature.....	\$ 59	0.1	\$ 55	0.1	\$ 54	0.1	\$ 51	0.1
Judiciary.....	788	1.8	672	1.6	634	1.5	599	1.4
Inspector General.....	3	0.0	3	0.0	4	0.0	2	-
Governor and Lieutenant Governor.....	5	0.0	5	0.0	5	0.0	5	-
Secretary of the Commonwealth.....	55	0.1	45	0.1	50	0.1	45	0.1
Treasurer and Receiver-General.....	5,267	11.7	5,635	13.6	5,760	13.7	4,600	11.1
Auditor of the Commonwealth.....	18	0.0	19	0.0	18	0.0	16	-
Attorney General.....	52	0.1	49	0.1	45	0.1	44	0.1
Ethics Commission.....	2	0.0	1	0.0	2	0.0	1	-
District Attorney.....	96	0.2	88	0.2	82	0.2	81	0.2
Office of campaign and political finance.....	2	0.0	1	0.0	1	0.0	1	-
Sheriff's Departments.....	275	0.6	251	0.6	226	0.5	218	0.5
Disabled persons protection commission.....	2	0.0	2	0.0	2	0.0	2	-
Board of library commissioners.....	42	0.1	49	0.1	47	0.1	48	0.1
Comptroller.....	14	0.0	14	0.0	21	0.0	35	0.1
Administration and finance.....	7,043	15.7	6,601	16.1	6,235	14.8	6,184	15.0
Energy and environmental affairs.....	450	1.0	390	0.9	346	0.8	336	0.8
Housing and community development.....	509	1.1	659	1.6	597	1.4	589	1.4
Early education and care.....	518	1.2	482	1.2	-	0.0	-	0.0
Health and human services.....	14,456	32.2	13,539	32.6	13,383	31.8	12,504	30.1
Transportation and construction.....	1,404	3.1	1,376	3.3	1,569	3.7	1,586	3.8
Education.....	1,265	2.8	1,228	3.0	1,307	3.1	1,627	3.9
Higher education.....	1,153	2.6	1,016	2.4	943	2.2	854	2.1
Public safety and homeland security.....	1,253	2.8	1,180	2.8	1,111	2.6	1,160	2.8
Housing and economic development	508	1.1	323	0.8	299	0.7	326	0.8
Labor and workforce development.....	67	0.1	-	0.0	-	0.0	-	-
Elder affairs.....	-	0.0	-	0.0	-	0.0	-	-
Consumer affairs.....	-	0.0	-	0.0	-	0.0	-	0.0
Labor.....	-	0.0	-	0.0	-	0.0	-	-
Pension.....	1,335	3.0	1,275	3.1	1,217	2.9	702	1.7
Debt service.....	2,352	5.2	2,028	4.9	1,719	4.1	1,605	3.9
Payments to refunded bond escrow agent.....	1,531	3.4	633	1.5	1,153	2.7	2,833	6.8
Fund deficit support.....	-	0.0	-	0.0	-	0.0	-	-
Other interfund transfers.....	4,383	9.8	3,887	9.4	5,197	12.4	5,503	13.2
Total expenditures and other financing uses.....	\$ 44,907	\$ 100	\$ 41,506	100.0	\$ 42,027	100.0	\$ 41,556	100.0

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

2003	% Total	2002	% Total	2001	% Total	2000	% Total	1999	% Total	1998	% Total
\$ 55	0.1	\$ 59	0.2	\$ 58	0.2	\$ 53	0.2	\$ 51	0.2	\$ 51	0.2
589	1.4	589	1.5	604	1.6	570	1.5	532	1.6	476	1.5
2	-	2	-	3	-	3	-	3	-	2	-
5	-	6	-	6	-	6	-	5	-	5	-
49	0.1	41	0.1	50	0.1	50	0.1	48	0.1	29	0.1
4,416	10.5	4,398	11.4	4,155	11.3	3,841	10.0	3,982	12.0	3,780	12.1
17	-	16	-	16	-	15	-	14	-	15	0.1
45	0.1	47	0.1	43	0.1	37	0.1	35	0.1	35	0.1
1	-	2	-	2	-	1	-	1	-	1	-
79	0.2	88	0.2	85	0.2	78	0.2	74	0.2	69	0.2
1	-	2	-	2	-	1	-	1	-	1	-
216	0.5	217	0.6	203	0.6	176	0.5	132	0.4	41	0.1
2	-	2	-	2	-	2	0.0	2	-	2	-
46	0.1	58	0.2	57	0.2	61	0.2	51	0.2	45	0.1
21	-	11	-	11	-	9	-	9	-	10	-
6,241	14.9	6,315	16.4	5,937	16.1	5,616	14.6	1,522	4.6	1,487	4.8
357	0.9	440	1.1	426	1.2	395	1.0	375	1.1	367	1.2
568	1.4	533	1.4	527	1.4	497	1.3	448	1.4	437	1.4
-	0.0	-	0.0	0	0.0	0	0.0	0	0.0	-	0.0
11,338	27.0	11,124	28.9	10,058	27.3	9,394	24.3	8,785	26.5	8,478	27.2
1,844	4.4	2,052	5.3	2,212	6.0	3,402	8.8	3,010	9.1	2,835	9.1
1,587	3.8	1,563	4.1	1,422	3.9	1,287	3.3	3,706	11.2	3,314	10.6
1,002	2.4	1,085	2.8	1,142	3.1	1,032	2.7	964	2.9	893	2.9
1,156	2.8	1,138	3.0	1,104	3.0	1,009	2.6	1,020	3.1	966	3.1
31	0.1	36	0.1	53	0.1	43	0.1	60	0.2	38	0.1
-	0.0	-	0.0	0	0.0	0	0.0	0	0.0	-	0.0
315	0.8	304	0.8	241	0.7	217	0.6	197	0.6	188	0.6
55	0.1	58	0.2	59	0.2	55	0.1	52	0.2	40	0.1
282	0.7	237	0.6	195	0.5	211	0.5	193	0.6	214	0.7
813	1.9	796	2.1	1,040	2.8	986	2.6	990	3.0	1,070	3.4
1,467	3.5	1,382	3.6	739	2.0	1,237	3.2	1,212	3.7	1,215	3.9
3,398	8.1	1,277	3.3	1,649	4.5	-	-	499	1.5	862	2.8
-	-	-	-	-	-	2,980	7.7	-	-	-	-
5,963	14.2	4,626	12.0	4,761	12.9	5,319	13.8	5,149	15.6	4,199	13.5
<u>\$ 41,961</u>	<u>100.0</u>	<u>\$ 38,504</u>	<u>100.0</u>	<u>\$ 36,862</u>	<u>100.0</u>	<u>\$ 38,583</u>	<u>100.0</u>	<u>\$ 33,124</u>	<u>100.0</u>	<u>\$ 31,163</u>	<u>100.0</u>

**Ten-Year Schedule Of Budgeted Funds Expenditures and Other Uses By
Major Program Category**
June 30, 2007
(Amounts in millions)

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Direct local aid.....	\$ 5,033	\$ 4,619	\$ 4,477	\$ 4,784	\$ 5,069	\$ 5,189	\$ 4,969	\$ 4,674	\$ 4,310	\$ 3,949
Medicaid*.....	7,550	6,852	5,977	5,742	5,485	5,259	4,642	4,270	3,856	3,666
Public assistance.....	1,258	1,129	1,095	1,019	1,019	1,030	991	959	988	1,023
Higher education.....	1,116	988	915	831	969	1,030	1,102	996	930	862
MBTA and regional transit authorities.....	52	50	49	53	42	49	69	592	538	530
Pension.....	1,335	1,275	1,217	702	813	796	1,040	986	990	1,070
Group health insurance.....	1,022	964	846	788	739	717	641	589	566	550
Debt service.....	2,085	1,666	1,581	1,420	1,374	1,305	676	1,193	1,174	1,213
Major programs.....	19,451	17,543	16,157	15,339	15,510	15,375	14,130	14,259	13,352	12,863
Other program expenditures.....	8,206	7,651	7,127	6,819	6,700	7,254	7,163	7,251	6,411	5,900
Interfund transfers and other uses.....	1,819	1,749	2,726	2,749	3,540	2,046	1,772	4,538	1,884	1,844
Total expenditures and other uses.....	\$ 29,476	\$ 26,943	\$ 26,010	\$ 24,907	\$ 25,750	\$ 24,675	\$ 23,065	\$ 26,048	\$ 21,647	\$ 20,607

* Exclusive of Non-Budgeted Medicaid spending beginning in FY03 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, 2007
(Amounts in millions)

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
General obligation bonds.....	\$ 16,033	\$ 15,393	\$ 14,492	\$ 14,143	\$ 13,651	\$ 12,618	\$ 11,961	\$ 10,897	\$ 10,301	\$ 9,873
Grant anticipation notes*.....	1,666	1,789	1,907	1,907	1,499	1,499	1,499	922	922	600
Special obligation bonds.....	1,249	1,279	1,458	1,332	813	838	539	564	586	606
Commonwealth long-term bonds.....	\$ 18,948	\$ 18,461	\$ 17,857	\$ 17,382	\$ 15,963	\$ 14,955	\$ 13,999	\$ 12,383	\$ 11,809	\$ 11,079

*Inclusive of cross-over refunding notes.



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HIGHER EDUCATION NON- APPROPRIATED ACTIVITY

The Commonwealth's Public Institutions of Higher Education are allowed, by their enabling statutes, to collect, retain, and expend certain fees, rents, donations and other types of revenue. These financial resources are important elements to the overall financial operations of the respective institutions, and are in addition to amounts made available from appropriations. The Public Institutions of Higher Education include:

University of Massachusetts System – The University system includes the campuses at Amherst, Worcester, Boston, Lowell, Dartmouth and certain institutes and programs operated by the Office of the University President.

State College System – The State College System includes the nine state colleges, which provide four-year post-secondary education programs. These colleges include:

- Bridgewater State College
- Framingham State College
- Fitchburg State College
- Massachusetts College of Art
- Massachusetts Maritime Academy
- Massachusetts College of Liberal Arts
- Salem State College
- Worcester State College
- Westfield State College

Community College System - The Community College System includes the fifteen community colleges, which provide two-year post secondary education programs.

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

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	University	State	Community	TOTALS	
	of Massachusetts	Colleges	Colleges	2007	2006
Revenues and other financing sources					
Federal grants and reimbursements.....	\$ 322,970	\$ 51,202	\$ 66,630	\$ 440,802	\$ 402,443
Departmental revenues.....	633,834	255,108	276,132	1,165,074	1,066,027
Miscellaneous revenues.....	877,473	159,568	98,997	1,136,038	895,998
Total revenues and other financing sources.....	<u>1,834,277</u>	<u>465,878</u>	<u>441,759</u>	<u>2,741,914</u>	<u>2,364,468</u>
Expenditures and other financing uses (by MMARS subsidiary):					
AA Regular employee compensation.....	451,425	64,328	62,123	577,876	539,963
BB Regular employee related expenses.....	19,063	3,544	4,491	27,098	26,806
CC Special employees and contracted services.....	159,263	65,652	90,751	315,666	302,038
DD Pension and insurance.....	139,200	21,748	17,868	178,816	135,442
EE Administrative expenditures.....	74,486	43,122	54,490	172,098	164,202
FF Facility operational supplies.....	107,344	10,178	19,417	136,939	162,568
GG Energy costs and space rental.....	100,992	24,151	18,174	143,317	149,102
HH Consultant services.....	182,579	10,207	8,122	200,908	170,094
JJ Operational services.....	28,058	20,679	5,578	54,315	84,677
KK Equipment purchase.....	33,917	8,018	6,485	48,420	41,205
LL Equipment leases, maintenance and repair.....	20,084	7,000	7,643	34,727	37,247
MM Purchased client services and programs.....	17,951	1,752	4,339	24,042	18,393
NN Construction and improvements.....	84,450	35,133	9,866	129,449	101,872
PP Aid to local governments.....	-	9	581	590	410
RR Benefit programs.....	161,774	40,869	66,598	269,241	169,969
SS Debt payment.....	-	667	1,847	2,514	10,058
TT Loans and special payments.....	200,261	77,198	9,520	286,979	192,552
UU Information technology (IT) expenses	57,532	15,776	14,909	88,217	83,728
Total expenditures and other uses.....	<u>1,838,379</u>	<u>450,031</u>	<u>402,802</u>	<u>2,691,212</u>	<u>2,390,326</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses.....	(4,102)	15,847	38,957	50,702	(25,858)
Fund balance (deficit) at beginning of year.....	472,017	169,820	105,551	747,388	773,246
Fund balance (deficit) at end of year.....	<u>\$ 467,915</u>	<u>\$ 185,667</u>	<u>\$ 144,508</u>	<u>\$ 798,090</u>	<u>\$ 747,388</u>

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	<u>2007</u>	<u>2006</u>
Revenues and other financing sources		
Federal grants and reimbursements.....	\$ 322,970	\$ 298,145
Departmental revenues.....	633,834	598,527
Miscellaneous revenues.....	<u>877,473</u>	<u>642,254</u>
Total revenues and other financing sources.....	<u>1,834,277</u>	<u>1,538,926</u>
Expenditures and other financing uses (by MMARS subsidiary):		
AA Regular employee compensation.....	451,425	417,954
BB Regular employee related expenses.....	19,063	19,520
CC Special employees and contracted services.....	159,263	153,113
DD Pension and insurance.....	139,200	102,255
EE Administrative expenditures.....	74,486	69,695
FF Facility operational supplies.....	107,344	130,088
GG Energy costs and space rental.....	100,992	109,004
HH Consultant services.....	182,579	150,096
JJ Operational services.....	28,058	49,218
KK Equipment purchase.....	33,917	27,182
LL Equipment leases, maintenance and repair.....	20,084	21,517
MM Purchased client services and programs.....	17,951	13,026
NN Construction and improvements.....	84,450	79,211
PP Aid to local governments.....	-	26
RR Benefit programs.....	161,774	57,933
RR Benefit programs.....	-	212
TT Loans and special payments.....	200,261	125,854
UU Information technology (IT) expenses.....	<u>57,532</u>	<u>57,977</u>
Total expenditures and other financing uses.....	<u>1,838,379</u>	<u>1,583,881</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(4,102)	(44,955)
Fund balance (deficit) at beginning of year.....	<u>472,017</u>	<u>516,972</u>
Fund balance (deficit) at end of year.....	<u>\$ 467,915</u>	<u>\$ 472,017</u>

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

Fiscal Year Ended June 30, 2007
(Amounts in thousands)

	Bridgewater State College	Framingham State College	Fitchburg State College	Massachusetts College of Art
Revenues and other financing sources				
Federal grants and reimbursements.....	\$ 4,225	\$ 1,678	\$ 4,017	\$ 1,356
Departmental revenues.....	63,618	25,990	30,445	19,565
Miscellaneous revenues.....	26,265	24,513	17,227	7,192
Total revenues and other financing sources.....	<u>94,108</u>	<u>52,181</u>	<u>51,689</u>	<u>28,113</u>
Expenditures and other financing uses (by MMARS subsidiary):				
AA Regular employee compensation.....	28,902	2,117	5,840	4,779
BB Regular employee related expenses.....	700	196	291	412
CC Special employees and contracted services.....	11,160	6,718	9,794	3,860
DD Pension and insurance.....	9,347	1,234	1,871	521
EE Administrative expenditures.....	6,745	17,698	1,271	1,311
FF Facility operational supplies.....	1,129	1,093	978	1,015
GG Energy costs and space rental.....	2,999	2,764	2,963	1,858
HH Consultant services.....	1,939	765	1,583	1,087
JJ Operational services.....	4,843	3,466	36	1,068
KK Equipment purchase.....	1,623	986	582	720
LL Equipment leases, maintenance and repair.....	2,279	517	477	663
MM Purchased client services and programs.....	572	204	255	-
NN Construction and improvements.....	2,316	1,964	10,579	2,328
PP Aid to local governments.....	-	9	-	-
RR Benefit programs.....	8,413	2,391	4,186	2,468
SS Debt payment.....	-	452	-	-
TT Loans and special payments.....	5,611	8,857	13,302	1,977
UU Information technology (IT) expenses	716	2,237	3,563	1,902
Total expenditures and other financing uses.....	<u>89,294</u>	<u>53,668</u>	<u>57,571</u>	<u>25,969</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	4,814	(1,487)	(5,882)	2,144
Fund balance (deficit) at beginning of year.....	19,708	26,631	34,158	6,008
Fund balance (deficit) at end of year.....	<u>\$ 24,522</u>	<u>\$ 25,144</u>	<u>\$ 28,276</u>	<u>\$ 8,152</u>

Massachusetts Maritime Academy	Massachusetts College of Liberal Arts	Salem State College	Worcester State College	Westfield State College	TOTALS	
					2007	2006
\$ 511	\$ 1,548	\$ 32,172	\$ 2,473	\$ 3,222	\$ 51,202	\$ 49,510
15,645	14,520	11,899	31,155	42,271	255,108	228,988
6,130	8,144	49,055	9,597	11,445	159,568	144,295
<u>22,286</u>	<u>24,212</u>	<u>93,126</u>	<u>43,225</u>	<u>56,938</u>	<u>465,878</u>	<u>422,793</u>
940	3,184	10,915	1,597	6,054	64,328	58,089
392	311	305	642	295	3,544	3,983
3,653	2,079	13,595	6,204	8,589	65,652	59,512
776	587	4,015	446	2,951	21,748	17,227
1,202	2,675	7,247	3,053	1,920	43,122	41,604
1,537	493	1,641	1,413	879	10,178	12,064
1,392	1,655	3,515	3,556	3,449	24,151	22,646
910	777	1,044	1,102	1,000	10,207	8,923
4,029	3,395	1,579	1,002	1,261	20,679	24,878
931	473	1,421	836	446	8,018	5,798
249	530	748	1,173	364	7,000	6,599
-	-	435	-	286	1,752	1,574
2,007	802	7,416	4,634	3,087	35,133	16,949
-	-	-	-	-	9	-
483	3,244	10,535	4,969	4,180	40,869	37,417
-	13	-	-	202	667	8,106
2,122	1,649	30,646	185	12,849	77,198	62,772
657	523	3,804	405	1,969	15,776	13,720
<u>21,280</u>	<u>22,390</u>	<u>98,861</u>	<u>31,217</u>	<u>49,781</u>	<u>450,031</u>	<u>401,861</u>
1,006	1,822	(5,735)	12,008	7,157	15,847	20,932
4,359	8,180	11,192	42,121	17,464	169,820	148,888
<u>\$ 5,365</u>	<u>\$ 10,002</u>	<u>\$ 5,457</u>	<u>\$ 54,129</u>	<u>\$ 24,621</u>	<u>\$ 185,667</u>	<u>\$ 169,820</u>

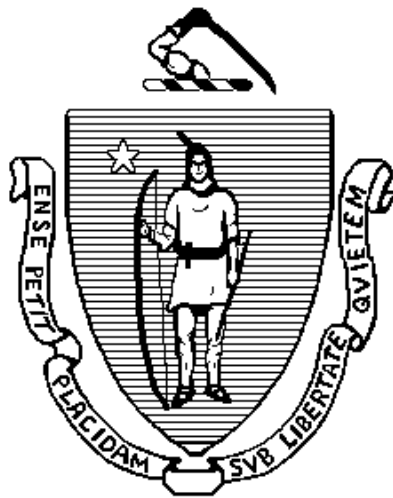
Community College System
Combining Higher Education Non-Appropriated Activity - Statutory Basis

Fiscal Year Ended June 30, 2007

(Amounts in thousands)

	Berkshire Community College	Bunker Hill Community College	Bristol Community College	Cape Cod Community College	Greenfield Community College	Holyoke Community College	Massasoit Community College
Revenues and other financing sources							
Federal grants and reimbursements.....	\$ 1,736	\$ 6,437	\$ 6,236	\$ 2,283	\$ 1,944	\$ 5,145	\$ 5,668
Departmental revenues.....	8,319	31,097	13,919	9,141	7,475	12,987	17,351
Miscellaneous revenues.....	2,056	10,994	12,010	6,288	8,160	9,699	3,877
Total revenues and other financing sources.....	<u>12,111</u>	<u>48,528</u>	<u>32,165</u>	<u>17,712</u>	<u>17,579</u>	<u>27,831</u>	<u>26,896</u>
Expenditures and other financing uses (by MMARS subsidiary):							
AA Regular employee compensation.....	1,029	10,505	3,873	2,368	4,580	2,434	2,368
BB Regular employee related expenses.....	101	328	223	214	183	339	187
CC Special employees and contracted services.....	2,330	8,447	8,880	4,692	3,872	6,181	5,694
DD Pension and insurance.....	652	820	1,855	1,199	968	1,040	1,037
EE Administrative expenditures.....	646	2,420	1,505	1,245	653	1,810	2,236
FF Facility operational supplies.....	587	732	694	393	794	2,825	1,062
GG Energy costs and space rental.....	824	1,224	1,484	739	726	1,020	1,536
HH Consultant services.....	352	388	786	501	348	368	193
JJ Operational services.....	546	1,174	314	119	242	750	11
KK Equipment purchase.....	167	599	366	170	97	405	340
LL Equipment leases, maintenance and repair.....	142	678	221	287	126	173	1,301
MM Purchased client services and programs.....	7	483	1,579	-	18	139	279
NN Construction and improvements.....	634	1,979	715	440	254	1,260	527
PP Aid to local governments.....	8	-	443	-	-	-	-
RR Benefit programs.....	2,367	6,685	5,852	3,079	2,785	6,881	5,363
SS Debt payment.....	-	-	-	-	-	210	-
TT Loans and special payments.....	102	-	744	35	315	-	1,997
UU Information technology (IT) expenses.....	860	1,982	888	1,397	630	1,283	375
Total expenditures and other financing uses.....	<u>11,354</u>	<u>38,444</u>	<u>30,422</u>	<u>16,878</u>	<u>16,591</u>	<u>27,118</u>	<u>24,506</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	757	10,084	1,743	834	988	713	2,390
Fund balance (deficit) at beginning of year.....	2,608	10,955	17,734	9,174	290	8,853	5,535
Fund balance (deficit) at end of year.....	<u>\$ 3,365</u>	<u>\$ 21,039</u>	<u>\$ 19,477</u>	<u>\$ 10,008</u>	<u>\$ 1,278</u>	<u>\$ 9,566</u>	<u>\$ 7,925</u>

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	
								2007	2006
\$ 1,893	\$ 5,439	\$ 333	\$ -	\$ 8,015	\$ 3,713	\$ 9,841	\$ 7,947	\$ 66,630	\$ 54,788
18,275	22,267	18,219	42,420	20,484	21,162	5,123	27,893	276,132	238,512
2,272	11,629	5,979	3,178	8,178	2,703	3,639	8,335	98,997	109,449
<u>22,440</u>	<u>39,335</u>	<u>24,531</u>	<u>45,598</u>	<u>36,677</u>	<u>27,578</u>	<u>18,603</u>	<u>44,175</u>	<u>441,759</u>	<u>402,749</u>
725	11,282	5,753	2,101	9,581	3,838	409	1,277	62,123	63,920
208	602	250	3	1,261	294	116	182	4,491	3,303
6,265	9,100	4,330	55	6,064	6,205	12,255	6,381	90,751	89,413
595	4,548	1,301	658	856	1,626	167	546	17,868	15,960
1,887	2,349	1,552	32,318	1,662	1,620	563	2,024	54,490	52,903
565	1,174	957	10	3,012	3,276	560	2,776	19,417	20,416
2,203	3,771	1,780	46	1,438	1,001	13	369	18,174	17,452
-	2	953	8	1,172	1,171	222	1,658	8,122	11,075
367	575	156	18	137	164	216	789	5,578	10,581
-	1,706	1,190	21	427	512	67	418	6,485	8,225
-	640	577	1	156	1,165	187	1,989	7,643	9,131
124	-	269	-	197	-	4	1,240	4,339	3,793
1,516	-	999	-	593	518	310	121	9,866	5,712
-	-	115	-	-	-	15	-	581	384
2,005	219	1,173	10,792	6,241	4,053	1,184	7,919	66,598	74,619
161	-	-	-	1,341	135	-	-	1,847	1,740
-	5,312	875	-	-	132	8	-	9,520	3,926
3,553	27	18	-	2,555	948	344	49	14,909	12,031
<u>20,174</u>	<u>41,307</u>	<u>22,248</u>	<u>46,031</u>	<u>36,693</u>	<u>26,658</u>	<u>16,640</u>	<u>27,738</u>	<u>402,802</u>	<u>404,584</u>
2,266	(1,972)	2,283	(433)	(16)	920	1,963	16,437	38,957	(1,835)
13,203	(3,346)	877	4,458	6,943	5,493	4,475	18,301	105,551	107,386
<u>\$ 15,469</u>	<u>\$ (5,318)</u>	<u>\$ 3,160</u>	<u>\$ 4,025</u>	<u>\$ 6,927</u>	<u>\$ 6,413</u>	<u>\$ 6,438</u>	<u>\$ 34,738</u>	<u>\$ 144,508</u>	<u>\$ 105,551</u>



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